

A Work Project, presented as part of the requirements for the Award of a Master's degree in
International Development and Public Policy from the Nova School of Business and
Economics.

Women Entrepreneurs in Central America: Educational barriers in the context of the EU-CA
AA and the Global Gateway

Fantine Marie Dayer – 60272

Work project carried out under the supervision of:

Susana Peralta

17/12/2024

Abstract (100 words maximum)

This thesis examines the barriers faced by women entrepreneurs in Central America, including sociocultural norms, limited financial access, and educational gaps. Framed within the EU-Central America Association Agreement (EU-CA AA) and the Global Gateway initiative, the study explores how these frameworks address gender inequality and foster inclusive development. Using qualitative analysis based on secondary sources, the research highlights systemic challenges and evaluates the effectiveness of existing initiatives. The findings highlight the need for targeted interventions to bridge gender gaps while offering practical recommendations to enhance EU-led efforts and promote a more equitable entrepreneurial ecosystem.

Keywords: Women entrepreneurs, Central America, European Union, Gender Equality, Barriers to entrepreneurship

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Table of Contents

CHAPTER 1: Background	5
1. Introduction	5
2. Literature review: gender, trade, and development	7
2.1 Trade as a catalyst for development	7
2.2 Gendered impact of trade liberalization	8
2.3 Impact of foreign aid on gender inequalities and women entrepreneurs	10
3. Methodology and context of the present project	10
4. EU development policy and a global landscape	12
4.1 EU-CA AA and Global Gateway: a comparative context	12
4.2 Gender equality provisions in the EU-CA AA	13
4.3 Initiatives by the EU aimed at promoting gender equality	14
5. Context about the partner region	16
References	18
CHAPTER 2: Sociocultural barriers	21
1. Introduction	21
2. Contextual information on sociocultural barriers	21
2.1. Gender norms and stereotypes	22
2.2. Machismo and patriarchy	23
2.3. Violence and safety concerns	24
2.4. Lack of role models.....	25
3. EU & other initiatives aimed at tackling sociocultural barriers in Latin America	25
3.1 The EU-CA AA and the Global Gateway – Two prominent initiatives	26
3.2 Other initiatives aimed at reducing barriers	28
3.2.1 Vital Voices Global Partnership.....	28
3.2.2 Empretec - Women's Entrepreneurship Program	29
4. Challenges for women entrepreneurs in Central America – Status quo assessment & social context	30
4.1 Labour trends and disparities in women's business ownership.....	31
4.2 Legal framework for gender equality in Central America	31
4.3 Contextual factors affecting women entrepreneurs in Central America	33
5. Recommendations	34
5.1 Addressing gender-inequalities through policies and initiatives.....	35
5.2 Legislation to combat gender violence	35
5.3 Extending successful initiatives in Central America.....	36
6. Conclusion	37
References	39
CHAPTER 3: Educational barriers	42
1. Introduction	42
2. Educational alignment in the EU-CA AA	43

3. Women entrepreneurs’ education in Central America	44
3.1 Characteristics of women-owned businesses in Central America.....	45
3.2 Entrepreneurship skills development in Central American countries	46
4. Assessment of the obstacles faced by women entrepreneurs	49
4.1 Theoretical framework	49
4.2 Gendered skill development gap	50
4.3 Digital literacy and access to ICT gap	52
4.4 Financial literacy and management skills gap	53
5. Evidence on initiatives to mitigate those gaps.....	54
5.1 Trainings and access to ICT	54
5.2 Trainings on financial literacy and management skills	55
5.3 Entrepreneurship and proactive mindset education	56
6. Recommendations.....	56
6.1 Projects and initiatives in place in Central America	56
6.2 Targeted recommendations and implications	58
7. Role of the Global Gateway and EU-CA AA.....	60
8. Conclusion	62
References	64
<i>CHAPTER 4: Economic barriers</i>	<i>67</i>
1. Introduction.....	67
2. Data on barriers.....	68
2.1 Access to financial resources	68
2.2 Sectoral concentration in lower-margin industries.....	69
2.3 Limited access to formal and informal business networks	69
2.4 Infrastructural and digital barriers.....	69
2.5 Regulatory compliance costs.....	70
2.6 Gendered risk perceptions in financial institutions	70
3. Overview of the economic landscape	71
4. Examples of policies adopted.....	74
4.1 Canada: Women Entrepreneurship Strategy (WES)	75
4.2 European Union: Women Innovators Prize	75
4.3 Africa: Affirmative Finance Action for Women in Africa (AFAWA)	76
5. Recommendations.....	77
5.1 Improve access to finance	77
5.2 Encourage sectoral diversification	78
5.3 Address infrastructure and digital barriers	78
5.4 Foster business networks and mentorship opportunities.....	78
5.5 Reform regulatory frameworks	79
5.6 Implementation and monitoring.....	79
References	81
<i>CONCLUDING REMARKS.....</i>	<i>83</i>
<i>APPENDIX.....</i>	<i>84</i>

Table of Abbreviations

- ACP - African, Caribbean, and Pacific
- AFAWA - Affirmative Finance Action for Women in Africa
- AfDB – African Development Bank
- EIB - European Investment Bank
- EU – European Union
- EU-CA AA – European Union and Central America Association Agreement
- CEDAW - Convention on the Elimination of All Forms of Discrimination Against Women
- GAP III - EU's Gender Action Plan III
- GGIA- European Union and Latin America and the Caribbean Global Gateway Investment Agenda
- ICR- Investment Climate Reform
- ILO – International Labour Organization
- ILO WED – International Labour Organization Women’s Entrepreneurship Development
- LAC – Latin America and the Caribbean
- MDGs – Millenium Development Goals
- ROM – Results Oriented Monitoring
- SMEs – Small and medium enterprises
- WES – Women Entrepreneurship Strategy

Table of figures

- Table 1: Skills gap in firms in Central American countries 47
- Table 2: Percentage of women entrepreneurs that received trainings by country 50

CHAPTER 3: Educational barriers

1. Introduction

Reducing gender inequality in education is one of the Millennium Development Goals (MDGs), and it has direct and indirect implications for economic growth (Maïga, 2014). Education not only encompasses formal schooling but also adult training, which is particularly relevant for female entrepreneurs in Central American countries. Namely, these women often have minimal to no training, lacking essential knowledge in areas such as financial literacy and management. In the LAC region, barriers to entrepreneurship education are larger than in other parts of the world (OECD/ECLAC/CAF, 2016). Research shows that the importance of entrepreneurship education and training increases as economies advance and develop (Klinger & Schündeln, 2011). Since Central America is undergoing significant economic development, addressing these barriers is crucial.

This section of the paper examines the educational obstacles faced by women entrepreneurs in Central American countries and explores strategies to mitigate those from the perspective of the EU-CA AA and the Global Gateway.

The analysis is structured as follows: section 2 outlines the principles related to education and gender equality in the EU-CA AA. Section 3 assesses the educational landscape for women entrepreneurs in Central America. While section 4 precisely defines barriers, section 5 presents evidence for overcoming them. Section 6 provides possible policy recommendations, and section 7 investigates the role of the EU-CA AA and the Global Gateway in the process.

2. Educational alignment in the EU-CAAA

One of the main objectives of the EU Global Gateway strategy is to support and strengthen the education sector, aiming at creating favorable conditions for the implementation of the EU-CAAA. The Association Agreement is thus related to the improvement of the education sector and the resulting benefits that its development could spill over to other sectors of the economy.

Under the title of *Social Development and Social Cohesion* (Title III) of the Agreement, it is mentioned that the Parties should cooperate in the implementation of “effective social policies and equitable access to social services for all in a variety of sectors such as in the areas of education“ (Article 42.2 (c)). It implies in a more concrete way to “develop the quality of human resources through the improvement of education and training, including effective vocational training” (Article 42.1(i)) and to “stimulate job creation and entrepreneurship” (Article 42.1(k)). Article 43.1 deals specifically with education and training matters, stating that cooperation should also involve “equitable access to education for all,” and “promote higher education as well as vocational training.” Article 47 deals with gender aspects of the agreement by stating that the Parties should cooperate in creating policies and programs to promote equal opportunities for men and women, and that they should enhance equal access to all public services, including education and vocational training.

The EU-CAAA sets a general framework for all entities to cooperate on gender issues and barriers to education, as well as to create policies and programs to eliminate gender-based discrimination regarding that area and others. Those objectives are among the main areas of focus for the Parties of the agreement and are aligned with the EU Global Gateway principles as well. Indeed, the Global Gateway intends to strengthen initiatives promoting education and training to foster human development (European Commission, n.d.). More precisely, the European Union – Latin America and the Caribbean Global Gateway Investment Agenda

(GGIA), identifies opportunities for investment projects in the region in the realms of fair green transition, inclusive digital transformation, human development, and health progress (European Commission, n.d.b). However, there are for the time being only a few projects related to education on this agenda. Apart from a project for a research center in Panama and a project to enhance access to digital means in El Salvador, there is no further evidence of concrete projects related to education and gender inequalities in Honduras, Guatemala, Costa Rica, and Nicaragua. The focus of the GGIA in Central America seems to be on climate and energy in most countries.

Both the EU-CA AA and the Global Gateway initiatives have the potential to generate a substantial potential impact on women entrepreneur's access to education and training. The Global Gateway being broader in scope can set the framework for a more regional, targeted, and concrete implementation of the EU-CA AA.

3. Women entrepreneurs' education in Central America

Women still face substantial obstacles when it comes to creating an enterprise, especially in developing countries. Lack of education and training is one of the main barriers that women encounter in general when they are starting a business or operating it. First of all, when it comes to basic education, women are disadvantaged. Namely, women experience worldwide a literacy rate that is 6.53 percentage points lower than the literacy rate of men (Statista, 2024a). Then, when it comes to further education, women are also disadvantaged. Namely, they lack access to training and skill-building activities compared to men. Inadequate infrastructural support and lack of entrepreneurship trainings are some of the largest obstacles female entrepreneurs are confronted with. While women entrepreneurship is seen as a crucial component for the economic and social growth of developing countries in particular, the latter have a harder time

accessing business trainings and skills than their male counterparts (Terjesen & Amorós, 2010). The higher rates of women-owned businesses in developing countries are the result of higher barriers to the formal labour market. Namely, the macroeconomic environment in those economies has a larger influence on women's entrepreneurial decisions than on men's (Minniti, 2010).

3.1 Characteristics of women-owned businesses in Central America

Latin and Central America in particular have some of the highest shares of women-owned and led businesses in the world, and the phenomenon is in constant growth, with higher levels of women entrepreneurs than both Europe and Northern America. The age of those female entrepreneurs mostly ranges between 35 and 44 years old (Ruiz-Martínez, Kuschel, & Pastor, 2021). The businesses are very heterogeneous in terms of size and type of services, but most of them are recently-created businesses, which is an observation that applies to low-to-middle income countries in general as well (Alecchi, 2020; Ruiz-Martínez et al., 2021). Central America has among the highest share in the world of women-owned businesses that are started because of necessity reasons, while also being the most unequal region in the world in terms of the vulnerability of sectors to economic hardships (Ruiz-Martínez et al., 2021; Terjesen & Amorós, 2010). Most women-owned businesses are what is called a "tiendita", which is a small convenience shop selling everyday essentials such as household items, basic necessities, groceries, snacks, and is based on informal work. In general, most tienditas owners have not gone beyond middle school in their education (Pisani, 2013). The poor conditions provided by the labour market shift women toward self-employment. Micro and small enterprises (1 to 10 employees) represent 60 to 70% of enterprises in Central America, and among those, 24.5% are owned by women (Tapper, 2006). Central American women-owned businesses show lower productivity levels than their counterparts in more developed countries (Terjesen & Amorós,

2010). Most of those businesses lack proper access to financial and other trainings in order to operate as profitably as possible. Although the share of the informal economy is very difficult to measure, it is deemed that a great amount of women-owned businesses have characteristics of informality, which contribute to keeping those owners trapped in poverty levels (Ruiz-Martínez et al., 2021). All in all, women-owned businesses in Central American countries face significant challenges, limiting their growth and profitability, and creating a difficult environment for sustaining their businesses.

3.2 Entrepreneurship skills development in Central American countries

In the case of the current project, education and entrepreneurship considerations also need to be approached on a country-specific basis. Indeed, the six countries at hand can be grouped into two subgroups. While Honduras, El Salvador, Nicaragua, and Guatemala are considered lower-middle income countries by the World Bank in terms of economic development levels, Costa Rica and Panama are considered as being in the upper-middle income category. Challenges and obstacles related to gender inequalities and entrepreneurship might slightly differ between the subgroups. Moreover, the middle-income trap is very enduring in Latin American countries when compared to Southeast Asian countries for example that proved to be more efficient in attaining the higher income group (Melguizo & Perea, 2016).

In this analysis, and especially when referring to women entrepreneurs, education consists of skills and trainings rather than enrollment and schooling rates, although the latter reveal great gender disparities as well. When considering women-owned businesses and the challenges associated with running a business, knowledge and skills trainings in business-related topics are the variables at hand. Data about skills of entrepreneurs are lacking, but data related to the skills gap (the difference between the skills that employers need and the skills that employees possess) in firms are available. Namely, 20% of firms in Latin America and the Caribbean

FANTINE’S PART

declare that they were confronted to a “major or very severe skills gap“ back in 2011, and this gap was estimated to worsen in the years after (Schwalje, 2011). The results of skills gaps perception in companies, broken down by country, are as follows:

Table 1: Skills gap in firms in Central American countries

Country	Data year	% of firms identifying an inadequately educated workforce as a major or severe constraint	% of firms identifying “poorly educated workers” as the biggest obstacle
Costa Rica	2023	16.2	9.1
Panama	2010	18.9	13.5
Nicaragua	2016	17.4	11.7
Honduras	2016	35.1	7.3
El Salvador	2023	11.4	11.8
Guatemala	2017	32.5	5.6

Source: World Bank Enterprise Survey 2010-2023

These statistics about the skills gap in companies give a good overview of the situation in each country, Honduras and Guatemala having a perceived skills gap that is twice as high as the other countries. The LAC region as a whole shows by far the highest skills gap percentage compared to other regions of the world (Schwalje, 2011). Although data on the skills gap within a company does not display the skills gap for independent entrepreneurs, it still provides valuable insights into the broader landscape of competencies that entrepreneurs may lack. In the case of Central America, one can assess that the skills gap is very substantial. This is also consistent

FANTINE'S PART

with the results of a study by Melguizo and Perea (2016) that assesses that the skills gap is very persistent in Latin American countries, which triggers great obstacles for firms to grow. The study also defines the LAC region as the one experiencing the largest skills gap globally (Melguizo & Perea, 2016). Schwalje (2011) partly explains the persistence of this skills gap by the flows of foreign direct investments in LAC countries that enabled the latter to access better production technology and thus export more products, increasing the demand for workers with specialized skills, leading to an even wider skills gap. Because women entrepreneurs in Central America are mostly unskilled and running informal businesses, they are affected by this increasing inequality in competencies and are increasingly more left behind. Moreover, the region's lack of opportunities to gain competencies undermines the prospects for new entrepreneurs to integrate the labour market and their ability to capitalize on entrepreneurial opportunities.

It also seems valuable to cross those skills data with the gender-related data. In the countries at hand, data on the gender skills gap specifically is lacking. Nevertheless, some organisations such as the ILO for example conducted case studies about women in business in some of the countries. Although in Panama and Costa Rica, women have more years of general education in absolute terms, they earn less on average, and average monthly profits are lower for female entrepreneurs. It is argued that women entrepreneurs situated in those lower earnings categories maintain their businesses because of necessity reasons and poor labour market prospects (ILO, Bureau for Employers' Activities, 2019). The latter can be attributed to various factors and is highly specific to each industry, but it still provides a general overview of the environment of gendered entrepreneurship and the challenges encountered by women.

4. Assessment of the obstacles faced by women entrepreneurs

4.1 Theoretical framework

The ILO developed a methodology based on six framework conditions to assess the situation of women entrepreneurs: the Women Entrepreneurship Development Assessment Framework (WED). The WED framework helps find where weaknesses lie and identify specific measures to enhance the ecosystem for women-led businesses. The framework can also be used to support all stakeholders to formulate policy recommendations that might in turn be the basis to articulate a suitable strategy and action plan (ILO, n.d.). Out of the six framework conditions considered by the methodology, two of them are related to educational aspects. The fourth condition – *Access to gender-sensitive business development support services* - with the corresponding sub-conditions *Women's access to mainstream business development support services* and *Presence of women-focused business development services* relate, among other things, to access to educational services and trainings for women entrepreneurs. The fifth condition – *Access to market and technology* - with the sub-condition *ICTs and technology access of women entrepreneurs* also relates to the digital literacy and digital divide experienced by female entrepreneurs (this discussion presents two of the six conditions of the framework; detailed descriptions of the remaining conditions can be found in the Appendix). In this section, the ILO WED framework conditions mentioned above will be used to assess the educational obstacles women entrepreneurs are facing in Central America.

4.2 Gendered skill development gap

Women entrepreneurs in Central America are confronted with a wide range of educational obstacles. The percentage of women entrepreneurs in Central America who have ever received training related to their businesses ranges between 8% and 38% (Tapper, 2006). More specifically on a country-specific basis with the countries of interest for this analysis, the percentages are the following:

Table 2: Percentage of women entrepreneurs that received trainings by country

Country	% of women entrepreneurs who have received trainings
Costa Rica	38
Panama	N/A
Nicaragua	2
Honduras	8
El Salvador	10
Guatemala	18

Source: (Norlat, 2003)

The data referenced in this table dates back to 2003, and thus, may no longer accurately reflect the current state of female entrepreneurs and their access to training programs in those countries. The absence of updated information is a notable limitation and despite efforts, more recent and reliable data on this topic remains scarce. One can nevertheless notice that the

FANTINE'S PART

percentages vary greatly between countries, which can have consequences on the performance of their businesses, as it will be discussed in the next sections.

Raghuvanshi, Agrawal & Ghost (2017) determined the causality of a lack of education on other barriers that women might encounter during their business journey. Namely, they found out that a barrier leads to another one and a lack of education is shown to be the main causal barrier. They identified *Lack of Education, Experience and Training Opportunities* to lead (in a causal way) to the following other outcomes: *Less Propensity to Engage in Entrepreneurial Activities, Slow growth, Less monetary benefits, High shut down rates and Less Propensity to Take Risk* (Raghuvanshi et al., 2017, p. 231). The findings suggest that a lack of education and training acts as a root cause, triggering other negative outcomes. Addressing this gap could then be key to mitigating these interconnected outcomes. Moreover, in an attempt to rank obstacles that women entrepreneurs are facing, *Lack of Education, Experience and Training Opportunities* remains as the top one barrier in the latter study. This, in turn, limits the ability of women to take risks and, therefore, to achieve progress in their ventures. Furthermore, it seems to contribute to increasing the shutdown rate due to an apparent lack of relevant skills. The authors also point out other substantial obstacles such as *restrained spatial mobility for women, lack of institutional support in education, and lack of awareness about training programs*. Therefore, women tend to focus on micro businesses, out of necessity but also out of a lack of education, and those micro businesses tend to be less profitable in general. This study is replicable to many countries since the majority of the 14 barriers to women entrepreneurship that were identified are considered to be common across the globe.

The mentioned findings and lack of education in general being a driver of other obstacles for women entrepreneurship are also consistent with other studies conducted on a smaller scale and on a country-specific basis. In Kenya, Maina (2015) found evidence that low business education

FANTINE'S PART

deepens the gap between genders with regard to entrepreneurship and drives low performance for businesses that are owned by women. Lack of entrepreneurial management competencies and education is also considered as the main problem for women who want to initiate a business in India, especially in rural areas, and trainings showed positive results in some communities (Gautam & Mishra, 2016; Sharma, 2013). Similar observations were also made in the Middle East and in Ethiopia, where women's participation in the economic system is seen as a substantial contribution to economic growth. A general lack of awareness about training opportunities was also emphasised as a cause in those regions (Mathew, 2010; Singh & Belwal, 2008). Lack of education opportunities triggering low-value-added products in women-owned enterprises and greater availability of trainings for the latter showing positive effects is also a situation observed in Zimbabwe and Oman (Al-Sadi, Belwal, & Al-Badi, 2011; Chitsike, 2000). In general, women entrepreneurs receive less trainings, are less aware of the availability of the latter, and tend to be running businesses with very low possibilities of growth and profitability.

4.3 Digital literacy and access to ICT gap

Disadvantaged groups are often the ones excluded from access to ICT technologies in general, and women in Central America are no exception. What is called the *digital divide*, meaning the unequal opportunity to access ICT technologies, is very salient in Central American countries. The digital divide also exists within countries, between different regions, mostly between rural and urban areas. Namely, there is a great difficulty in providing access to rural areas due to a large lack of infrastructure (Lee, 2004; Tapper, 2006). Most women entrepreneurs lack access to ICT, therefore lack computer literacy and therefore lack access to crucial knowledge for a sustainable economic growth of their business as well as access to new opportunities to take part in the economy (Tapper, 2006). Lacking ICT knowledge also means lagging behind in terms of competitiveness for a business since some tasks are not as optimized as they could be.

FANTINE'S PART

Technological inclusion is a great part of social inclusion and of the political, social, and economic development of a society. For women in Central America, the principal restricting component in access to ICT is the environment, which means the social and economic systems of the country have a substantially greater influence on access to ICT trainings than individual features of entrepreneurs such as their location or their individual background (Tapper, 2006). Although more than 70% of the population in Central America has access to the internet, ICT trainings opportunities in order to optimize its use are still lacking (Statista, 2024b). The lack of ICT access in some regions and the lack of ICT trainings should indisputably be considered as factors that restrain women entrepreneurs from developing their innovative and business development potential.

4.4 Financial literacy and management skills gap

The lack of financial literacy for women entrepreneurs in developing countries is probably the greatest educational gap that can be identified. When quantifying the most influential barriers female entrepreneurs face in developing countries, Panda (2018) ranks *lack of understanding of business practices* and *difficulties to manage capital and to keep books* among the top of the list. In Central America, the greatest part of women entrepreneur's own businesses out of informality and necessity grounds. It is even argued that the system tends to make women entrepreneurs go into informal entrepreneurship. Namely, women with lower levels of education have a higher tendency to become entrepreneurs and engage in the informal economy (Ruiz-Martínez et al., 2021). A lower level of education means lower basic financial and management knowledge in order to sustainably run a business. Financial literacy plays a crucial role in fostering financial inclusion and enhancing financial stability. Lack of financial knowledge prevents women entrepreneurs from accessing financial services and impacts their ability to use financial products to a substantial extent (Hasan, Ashfaq, Parveen, & Gunardi,

2023). It also prevents them from making informed choices about financial products available to them. Women in Central America have few opportunities to access training and support services for business development. Moreover, private initiatives to support entrepreneurship have more impact than public ones in the region due to a lack of strong governmental commitment (Alecchi, 2020). The gap in financial education is very difficult to quantify and country-specific data are lacking. However, the correlation between a lack of financial education and the inability to grow a business sustainably appears to be a reasonable claim to make.

According to the conditions laid down in the ILO WED framework and the abovementioned set of evidence, there is an apparent lack of women-focused business development support services and access to technology. Central American countries are lacking advancement in terms of educational opportunities for women entrepreneurs.

5. Evidence on initiatives to mitigate those gaps

This section is going to analyse a non-exhaustive part of the body of evidence related to the effectiveness of providing female entrepreneurs in developing countries with different types of trainings on their business performances and other related outcomes.

5.1 Trainings and access to ICT

A pilot project in Costa Rica that aimed to develop ICT trainings for female entrepreneurs showed positive returns. Women were trained in the fundamentals of internet use, as well as in developing business plans, creating marketing materials, accessing information, and constructing financing plans using ICT tools. At the end of the training, women described a higher feeling of empowerment. Participants reported an increased ability to access the information they need, to think about the future of their enterprise, and to develop and expand

their business compared to before the training (Tapper, 2006). Those results are consistent with a similar project, also in Costa Rica, where women followed a two-months course on the same aspects. They also indicated personal improvement and a feeling of empowerment at the end of the course (Lee, 2004). Both those trainings were offered for free to women entrepreneurs and were advertised on television, radio, and newspapers. Efforts were made to ensure that individuals from rural and economically disadvantaged areas were also included. Evidence was gathered through in-depth interviews and surveys with participants, which provides useful insights but may lack robustness due to the reliance on respondents' perceptions. Although giving promising results, the persistent issue highlighted in both studies remains the difficulty of access to ICT infrastructure after the courses for most participants.

5.2 Trainings on financial literacy and management skills

Although it is deemed really hard to draw firm conclusions about the efficacy of policies providing financial education, it was nevertheless shown that women provided with trainings were more likely to deal with formal banking channels and other finance lending institutions, and were making wiser decisions, as well as more independent and prudent decisions when it came to their business (Atkinson, Messy, Rabinovich, & Yoong, 2015; Hasan et al., 2023; Iram, Bilal, & Ahmad, 2023). Evidence also shows that financial and management skills trainings, only when coupled with other financial support, such as access to a mobile savings account, resulted in a large increase in both short-term and long-term profits for female entrepreneurs in a study conducted in Mozambique (Batista, Sequeira, & Vicente, 2022). Nevertheless, the positive effect of those basic financial trainings is small compared to the financial and time cost involved.

5.3 Entrepreneurship and proactive mindset education

More recent development initiatives tried to replace traditional financial literacy trainings with trainings that tackle entrepreneurship mindset and education. Evidence on those initiatives is very promising. In a study conducted in Western African countries, a psychology-based approach promoting a proactive entrepreneurship mindset to participants and encouraging entrepreneurial behaviors was added to regular financial training programs. Results showed a 30% increase in profits for the participants in the entrepreneurship training compared to an 11% increase for the traditional training group (Campos et al., 2017). In Latin America, the impact of adding entrepreneurship sessions to regular business trainings was also tested using a RCT on a group of Peruvian women entrepreneurs. Little evidence was shown on key financial outcomes of their businesses after the training, but substantial knowledge improvement was noticed (Karlan & Valdivia, 2011). Klinger & Schündeln (2011) assessed the impact of a program that the NGO TechnoServe held in Central America mixing business trainings and financial literacy with entrepreneurship and mentorship aspect, networking, and social responsibility elements. The program took place in El Salvador, Guatemala, Honduras and Nicaragua. Results showed a strong impact of trainings on business development, with larger effects in El Salvador specifically. The overall impact was also larger on male participants, which strengthens even more the need for gender-specific policies in that sector.

6. Recommendations

6.1 Projects and initiatives in place in Central America

Several initiatives and projects have been or are being implemented in Central American countries to mitigate the educational obstacles faced by women entrepreneurs. This list is not exhaustive, as numerous internationally funded initiatives, including those by the ILO, USAID,

FANTINE'S PART

and UN, are also active in the region. However, this section prioritizes governmental programs since they represent areas where the EU-CA AA can have a direct and substantial influence.

One of the most integrated and successful programs ran in El Salvador from 2014 to 2019. The *Ciudad Mujer* program, linked to the National Entrepreneurship Policy, aims to empower women in all areas, from domestic violence to health matters, but also in education. It provides trainings in areas such as promotion and sales strategies, economic management, use of social networks for marketing, consumer rights, financial education, and business plan creation. Trainings were provided by the Salvadoran Institute of Professional Training and the reported impact highlights participants feeling more secure in their capabilities to run a business. This program has also been implemented in Honduras. Enhanced cooperation between the private and the public sectors was recommended to increase the overall impact (UN Women, n.d.).

In Panama, *Camara de Comercio de Mujeres* actively promotes women in business and provides training programs and mentorship to female entrepreneurs (Panacamara, n.d.).

The governments of Costa Rica and Panama are making significant efforts to invest in this area. Namely, the spending on training programs was 0.32% in 2017 for Costa Rica and 0.17% in Panama, which is higher than the OECD average. Technical education and trainings are gaining importance in both countries and are among the priorities in the countries' policy agendas (OECD/ECLAC/CAF, 2016). In both countries, the barriers to entrepreneurship are considered lower than the LAC average.

In Guatemala, in addition to the National Policy for the promotion of Women and equal opportunities plan (2008-2023), the *Programa Nacional de Emprendimiento para Mujeres* promoted by the Ministry of Economy provides business trainings and digital skills to women to develop their businesses (Alecchi, 2020; Ministerio de Economía, n.d.). In Nicaragua, the

program *Escuelas Técnicas de Campo* provided by the Ministry of Family also provides business trainings to women (Ministerio de la Familia, Adolescencia y Niñez, n.d.).

6.2 Targeted recommendations and implications

Based on the evidence provided, several recommendations can be suggested to enhance the environment and the support to women's entrepreneurship, as well as to enhance current projects already in place in Central America.

Based on the observation of the rather urgent need for policy action and response in Central America, and in line with the guidelines of the ILO WED Assessment Framework, several recommendations for potential educational policies can be formulated. In general, gender-focused and gender-centered entrepreneurship policies have to be included in the policy agenda of Central American countries to a greater extent. Investments in human capital, and therefore in educational opportunities, are key to escape the middle-income trap. Moreover, investing in human capital translates into a significant impact on growth as shown previously. Policies related to adult education should therefore be revised and reformed to ensure that women not only have access to financial education but are also aware of the opportunities offered to them. Educational programs fostering women's enterprises should be programs that are co-created as a collaboration between all types of stakeholders, namely between governmental agencies and public offices, NGOs, and business organisations. Public-private partnerships in the creation of training programs for women entrepreneurs ensure broad access to resources, funding, and expertise, improve the relevance of the content of the programs, increase the ease of reaching the targeted audience, enable responsibility-sharing in terms of costs, ensure enhanced transparency, and enable programs to be sustainable, inclusive and as aligned with reality as possible. The program *Ciudad Mujer* implemented in El Salvador and mentioned in section 6.2 can serve as a valuable benchmark for this.

FANTINE'S PART

The first set of recommendations tackles the overall financial and management knowledge of female entrepreneurs. Trainings in that matter should be implemented along with reforms in the education policy to ensure that women have access and are aware of those opportunities should be put in place. Financial education is crucial in enabling entrepreneurs to acquire financial products for their businesses. Informality can be fought, and training opportunities can help women entrepreneurs reorient their subsistence businesses toward new market prospects. Private-public partnerships in developing women entrepreneurs tailored financial literacy programs need to be encouraged and incentivized. Those programs also have to be accessible in terms of spatial mobility for participants, institutionally supported, and advertised, as evidence shows those are among the main obstacles for participants. To ensure that, programs may offer online learning options or establish regional hubs to ensure spatial accessibility. Institutional support is key in facilitating access, education entities such as schools or universities play a crucial role in providing infrastructure and capacities to develop programs, and co-creation with those organisations is a proven approach. Awareness-raising about the existence of the programs has to be done through targeted campaigns using local media channels, networks, and organisations in the field to ensure they reach marginalized groups. When these components are adequately addressed, the impact of programs is likely to be greater.

Those financial and management skills trainings have to be coupled with other initiatives, which leads to the second set of recommendations. Capacity-building should be done also through mentorship and entrepreneurship mindset trainings. Women encouraged to develop entrepreneurship actions and to join networks for collective actions and learning is beneficial on business outcomes. Promoting a proactive mindset approach and entrepreneurial behaviors is also part of the solution.

FANTINE'S PART

As a third set of recommendations, ICT trainings should also be implemented and the infrastructure made accessible. Namely, ICT has to be promoted and taught as transversal skills in all trainings provided to women entrepreneurs in order for them to get enhanced digital literacy, improve their business operations, have access to information and resources, and be able to run their businesses sustainably in the long-term.

In general, fostering skills for women entrepreneurs may lower entrepreneurship that is started out of necessity reasons. More active participation and coordination between the private sector and public offices helps to increase the effectiveness and impact of the trainings provided. Women entrepreneurs should also be consulted as much as possible in business policy debates that concern their issues. Public policies in Central American countries should more effectively and more systematically incorporate a gender perspective.

7. Role of the Global Gateway and EU-CA AA

In relation to these recommendations, the EU will function as both an international development aid agency and a policy advising agency. The main role of the Global Gateway will be regarding the funding of the training programs. A secondary role will be in assisting further in designing programs and bringing best practices from initiatives that proved to be impactful in past European development initiatives. The role of the EU-CA AA will focus on fostering the policy environment to facilitate reforms. It will assist local governments in aligning policies to create the necessary conditions for program implementation.

For the latter recommendations to be implemented in a sustainable way, external investments are required. Development organisations are increasingly using business trainings as a development tool and foreign aid transfers in education proved to foster gender equality (Klinger & Schündeln, 2011). Expansion of technology and ICT practices also requires

FANTINE'S PART

investments from abroad (Lee, 2004). Foreign aid transfers in educational trainings failed to deliver efficient results in cases where recipient governments failed to tackle the issues that perpetuated gender inequalities in education and donors failed to hold governments accountable (Leach, 1998). Donors are also unlikely to advocate for the policies necessary to bring about educational change (Leach, 2000). This is why a combination of budgetary support and results-based aid is suggested (Leiderer, 2012).

More specifically, in the development of financial literacy trainings, the Global Gateway can partner with local institutions to provide funding and resources for their initiatives and provide expertise in financial inclusion. The EU CA-AA can contribute to dialogue and harmonizing policies with local authorities on financial education. Both programs can also contribute to fostering public-private partnerships. Regarding the development of ICT trainings and the fostering of ICT infrastructure accessibility, the Global Gateway intervenes in funding, but also in potential trainings of staff and knowledge-sharing. The EU-CA AA intervenes in facilitating collaboration and encouraging governments to adopt policies prioritizing women's digital education. It can also push in the area of telecommunication policies that would benefit women entrepreneurs' access to ICTs. When it comes to capacity building through networks and mentorships, the Global Gateway intervenes in providing initial funding for programs while the EU-CA AA intervenes in helping to establish a policy framework that would encourage governments to implement those initiatives. In general, both the Global Gateway and the EU-CA AA have an indirect support role in funding and bringing expertise and facilitating the policy environment for initiatives to be impactful.

Detailed evaluation mechanisms of those programs and policies have to follow their implementation. Several assessment frameworks can be used in order to precisely target the impact of the EU-funded development initiatives. Broader outcome indicators, such as

advancements in reducing gender inequalities in education, can be evaluated in alignment with EU global policies and commitments, such as the European Consensus on Development for example. More quantitative metrics, such as the number of women trained or the infrastructures developed through EU-supported initiatives can be assessed through the EU Results Oriented Monitoring (ROM) framework, which monitors cooperation projects in third countries through more independent assessments and achievements of project results (European Union, 2024).

8. Conclusion

The educational opportunities and business knowledge of women entrepreneurs in Central America are improving and programs are in place. Nevertheless, awareness needs to be raised about those programs and a stronger collaboration between civil society organisations, NGOs, and governmental agencies would be beneficial.

The EU-CA AA has a strong role in ensuring that women entrepreneurship is a focus in the policy design of governments of all levels in Central American countries. Programs for women entrepreneurs should adopt a more integrated approach that tackles a broader range of disciplines to effectively address the challenges faced. This means moving from isolated training modules in financial literacy or management skills to programs tackling broader skills such as proactive entrepreneurship mindset and initiative. An emphasis on raising awareness about those programs is also pivotal to a positive impact. Through more integrated programs, Central American countries can make substantial advances in overcoming educational barriers for women entrepreneurs. Both the EU CA-AA and the Global Gateway provide resources and policy leverages for those recommendations to be implemented.

While this chapter contributes to an initial assessment of the global educational situation of women entrepreneurs in Central America for purposes of the implementation of the EU-CA

FANTINE'S PART

AA, there are several limitations that must be considered. First, the scope of the research was constrained by possibly outdated data and a reliance on secondary data only. Further research should focus on a country-specific analysis, as it would enable a more tailored approach to targeting the specific needs. Further research should also consider in greater detail the institutions in the countries of interest and examine how they promote or discourage female entrepreneurship.

References

- Al-Sadi, R., Belwal, R., & Al-Badi, R. (2011). Woman entrepreneurship in the Al-Batinah region of Oman: An identification of the barriers. *Journal of International Women's Studies*, 12(3), 58-75.
- Alecchi, B. A. (2020). Toward realizing the potential of Latin America's women entrepreneurs: An analysis of barriers and challenges. *Latin American Research Review*, 55(3), 496-514.
- Atkinson, A., Messy, F.-A., Rabinovich, L., & Yoong, J. (2015). Financial education for long-term savings and investments: Review of research and literature.
- Batista, C., Sequeira, S., & Vicente, P. C. (2022). Closing the gender profit gap? *Management Science*, 68(12), 8553-8567.
- Campos, F., Frese, M., Goldstein, M., Iacovone, L., Johnson, H. C., McKenzie, D., & Mensmann, M. (2017). Teaching personal initiative beats traditional training in boosting small business in West Africa. *Science*, 357(6357), 1287-1290.
- Chitsike, C. (2000). Culture as a barrier to rural women's entrepreneurship: Experience from Zimbabwe. *Gender & Development*, 8(1), 71-77.
- European Commission. (n.d.). *Global Gateway*. Retrieved from https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en
- European Commission. (n.d.b). *EU-LAC Global Gateway investment agenda*. Retrieved from https://international-partnerships.ec.europa.eu/policies/global-gateway/eu-lac-global-gateway-investment-agenda_en
- European Union. (2024). *Results-oriented monitoring (ROM)*. Capacity4dev. Retrieved from https://capacity4dev.europa.eu/groups/rom_en
- Gautam, R. K., & Mishra, K. (2016). Study on rural women entrepreneurship in India: Issues and challenges. *International journal of applied research*, 2(2), 33-36.
- Hasan, R., Ashfaq, M., Parveen, T., & Gunardi, A. (2023). Financial inclusion—does digital financial literacy matter for women entrepreneurs? *International Journal of Social Economics*, 50(8), 1085-1104.
- International Labour Organization, Bureau for Employers' Activities (ACT/EMP). (2019). *Women in business and management: Four case studies on women in business in Central America* (ACT/EMP working paper No. 16)
- International Labour Organization. (n.d.). *Women's entrepreneurship development framework conditions & national assessment methodology*.

- Iram, T., Bilal, A. R., & Ahmad, Z. (2023). Investigating the mediating role of financial literacy on the relationship between women entrepreneurs' behavioral biases and investment decision making. *Gadjah Mada International Journal of Business*, 25(1), 93-118.
- Karlan, D., & Valdivia, M. (2011). Teaching entrepreneurship: Impact of business training on microfinance clients and institutions. *Review of Economics and statistics*, 93(2), 510-527.
- Klinger, B., & Schündeln, M. (2011). Can entrepreneurial activity be taught? Quasi-experimental evidence from Central America. *World development*, 39(9), 1592-1610.
- Leach, F. (1998). Gender, education and training: An international perspective. *Gender & Development*, 6(2), 9-18.
- Leach, F. (2000). Gender implications of development agency policies on education and training. *International Journal of Educational Development*, 20(4), 333-347.
- Lee, J. C. (2004). Access, self-image, and empowerment: Computer training for women entrepreneurs in Costa Rica. In: Taylor & Francis.
- Leiderer, S. (2012). Fungibility and the choice of aid modalities—the red herring revisited. *UNU-Wider Working Paper*(2012/68).
- Maina, W. (2015). *Factors influencing performance of women owned micro and small enterprises in Kikuyu sub county, Kiambu county Kenya*. University of Nairobi,
- Mathew, V. (2010). Women entrepreneurship in Middle East: Understanding barriers and use of ICT for entrepreneurship development. *International Entrepreneurship and Management Journal*, 6(2), 163-181.
- Maïga, E. W. (2014). *Does foreign aid in education foster gender equality in developing countries?* (929230769X). Retrieved from
- Melguizo, A., & Perea, J. (2016). *Mind the skills gap! Regional and industry patterns in emerging economies*.
- Ministerio de Economía. (n.d.). *Ministerio de Economía de Guatemala*. Gobierno de Guatemala. Retrieved from <https://www.mineco.gob.gt>
- Ministerio de la Familia, Adolescencia y Niñez. (n.d.). *Ministerio de la Familia, Adolescencia y Niñez de Nicaragua*. Gobierno de Nicaragua. Retrieved from <https://www.mifamilia.gob.ni>
- Minniti, M. (2010). What do we know about the patterns and determinants of female entrepreneurship across countries? In: Springer.
- Norlat (2003) Incorporación de ICT en Mujeres Microempresarias en Centroamérica (Vegard Bye & Roberto Cabezas). Norlat unpublished report, Inter-American Development Bank.
- OECD/ECLAC/CAF (2016), *Latin American Economic Outlook 2017: Youth, Skills and Entrepreneurship*, OECD Publishing, Paris.

FANTINE'S PART

- Panda, S. (2018). Constraints faced by women entrepreneurs in developing countries: review and ranking. *Gender in Management: An International Journal*, 33(4), 315-331.
- Panacamara. (n.d.). *Formación empresarial*. Panacamara. Retrieved from <https://www.panacamara.com/formacionempresarial/>
- Pisani, M. J. (2013). Informal Entrepreneurs in Central America: A Labor of Love or Survival? In *Entrepreneurship in the Informal Economy* (pp. 127-142): Routledge.
- Raghuvanshi, J., Agrawal, R., & Ghosh, P. (2017). Analysis of barriers to women entrepreneurship: The DEMATEL approach. *The Journal of Entrepreneurship*, 26(2), 220-238.
- Ruiz-Martínez, R., Kuschel, K., & Pastor, I. (2021). A contextual approach to women's entrepreneurship in Latin America: impacting research and public policy. *International Journal of Globalisation and Small Business*, 12(1), 83-103.
- Schwalje, W. (2011). The prevalence and impact of skills gaps on Latin America and the Caribbean. *Journal of Globalization, Competitiveness, and Governability*, 5(1), 16-30.
- Sharma, Y. (2013). Women entrepreneur in India. *IOSR Journal of Business and Management*, 15(3), 9-14.
- Singh, G., & Belwal, R. (2008). Entrepreneurship and SMEs in Ethiopia: Evaluating the role, prospects and problems faced by women in this emergent sector. *Gender in management: An international journal*, 23(2), 120-136.
- Statista. (2024a). *Global adult literacy rate as of 2020, by gender*. Retrieved from <https://www.statista.com/statistics/1220131/global-adult-literacy-rate-by-gender/>
- Statista. (2024b). *Internet usage in Latin America*. Retrieved from <https://www.statista.com/topics/2432/internet-usage-in-latin-america/>
- Tapper, H. (2006). Visiting the Digital Divide: women entrepreneurs in Central America. *E-Learning and Digital Media*, 3(3), 271-278.
- Terjesen, S., & Amorós, J. E. (2010). Female entrepreneurship in Latin America and the Caribbean: Characteristics, drivers and relationship to economic development. *The European Journal of Development Research*, 22, 313-330.
- The World Bank. (2010-2023). *World Bank Enterprise Surveys*. Retrieved from: <https://www.enterprisesurveys.org/en/enterprisesurveys>
- The World Bank (2024). *Women, Business and the Law 2024*. <https://wbl.worldbank.org/en/wbl>
- UN Women. (n.d.). *Consultoría: Evaluación final del proyecto: "Ciudad Mujer/ONU Mujeres" informe final* (A. E. Méndez Narváez, Principal Consultant). Retrieved from <https://gate.unwomen.org/Evaluation/Details?EvaluationId=11273>