

March 2023

# **Sector selection and analysis**

*Selecting winning sectors for women's economic empowerment*



# Foreword

The **WIN program** was set up in Mozambique to advance women’s economic empowerment (WEE), especially among women entrepreneurs, using a Market Systems Development (MSD) approach.

MSD programs work with market actors (private and public sector) to design and test ways to improve the functioning of a market for the benefit of a specific target group – in this case, low-income women.

Some programs have pre-defined sectors from their donors. Others, like WIN, explore multiple options – indeed, multiple definitions of “sector” - and keep refining these throughout the program.

This guide was created to help other MSD programs working in the area of WEE to select sectors. The tool lays out how to scope out, select and analyze sectors, while providing useful tips on how WIN did it for its target group.

The guide is part of a four part series on designing, implementing and monitoring impactful MSD programs to advance WEE. The four chapters are: **Sector Selection and Analysis** (this tool), **Partner Selection, Intervention Strategy and Monitoring, Learning** and **Evaluation**.

The information in this guide is based on the Women IN Business (WIN) program, a five year MSD program funded by the Swedish Embassy and implemented by TechnoServe on Women’s Economic Empowerment in Mozambique. WIN-specific examples are highlighted throughout, to show how the theory can be put to practice.





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# Definitions

**Women's economic empowerment (WEE)**

The process by which women and girls are able to succeed and advance economically and have the power to make and act on economic decisions.

**Market systems development (MSD)**

A development approach that works through market actors (typically private companies and public organizations) to engage the poor and help sustainably grow their incomes and livelihoods.

**Sector**

A term used by WIN to identify the area of operation of the target group.

**Verticals**

A term used by WIN to identify the areas where the program's partners can be found. Verticals represent service areas, functions or influences that impact how well women can perform in the main sector. In other programs they might also be called "sub-sectors" or "entry points".

**Gender analysis**

Gender analysis is a process to understand the relationships between women and men, their access to resources, their activities, and the constraints they face relative to each other. Companies can use this process to identify opportunities with women and men through their business operations.

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# Process from scoping to intervention



## Scope

- ▶ Define the target market and desired impact
- ▶ Select main sector(s)



## Select verticals

- ▶ Create long list of potential verticals (sub-sectors)
- ▶ Prioritize verticals (sub-sectors) based on gendered analysis of potential for impact on target group



## Analyze

- ▶ Gendered vertical analysis to identify gender gaps and barriers
- ▶ Map market actors with incentive and capacity to resolve constraints



## Select partners

- ▶ Hold initial conversations with mapped actors
- ▶ Hear the ideas from the market
- ▶ Evaluate and select most relevant actors



## Design intervention

- ▶ Design activities, gender-responsive M&E plan and budget
- ▶ Decision Committee meeting
- ▶ Negotiate partnership agreement

**This guide**

**This process is often iterative, as conversations with partners, and the process of designing and implementing interventions, feeds into program knowledge about sub-sectors**

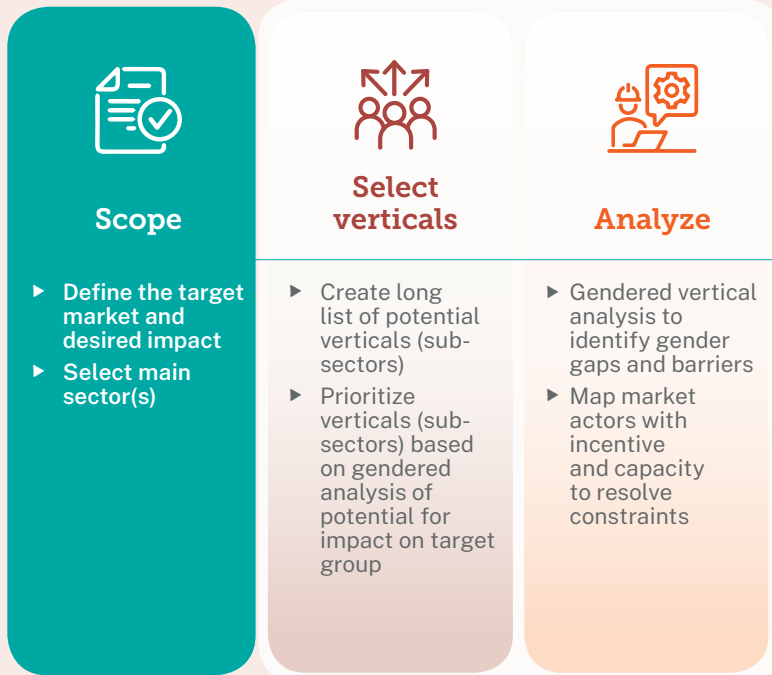
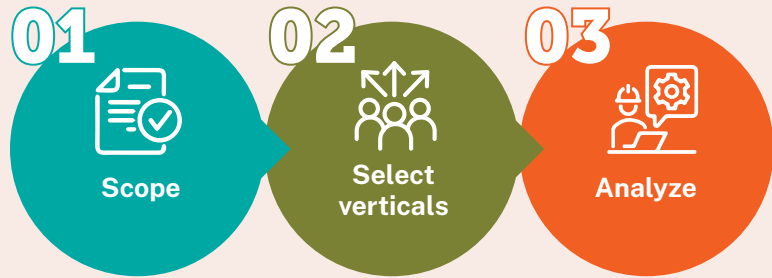
# Introduction

Market Systems Development (MSD) programs vary in terms of the level of prescription that comes from the donor. Depending on the experience and knowledge of the area and the specific impact that the donor wants to have, some programs may already know which sectors they should be targeting and even have an idea of where to intervene. Others may be starting out with an intent to increase Women's Economic Empowerment (WEE), but have an open mind on how to achieve that (the latter was WIN's case).

This guide is intended to be used by donors or program managers to take a program from initial conceptualization to more concrete ideas for program intervention. It is the basis upon which Partner Selection and Intervention Design are built (see WIN's other guides on these).



**This guide is organized around three main steps in the process (in broad chronological order):**



## Scope

Defining your scope is essential before starting the process of sector selection. The scope includes the definition of the target group and the type of impact that the program seeks to have on WEE.

Some questions to consider include:



### TARGET GROUP

What profile of woman is the program trying to impact (e.g. rural, urban, age, income level)?

Will the program focus on women only?

Does the program intend to engage men as a means to increasing women's economic empowerment? If yes, determine the type of men to impact e.g., husbands, business leaders, etc.?

Does the program intend to focus on youth? If yes, what profile of youth? (e.g.: young rural women, young urban women, etc.



### GEOGRAPHY

What are the geographic boundaries of the program?

Will the program have a rural or urban focus?



### DESIRED IMPACT

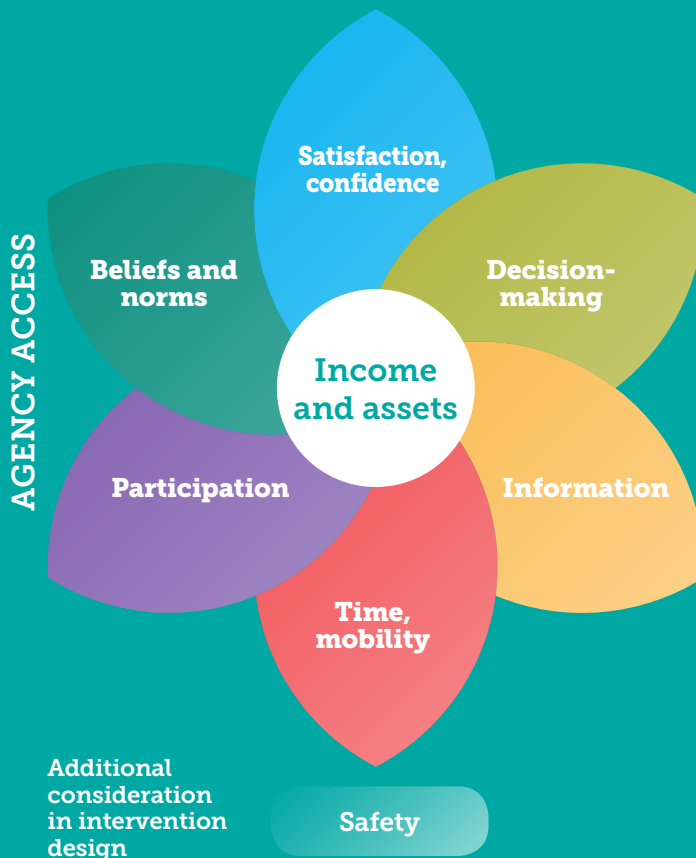
Which areas of women's economic empowerment are of particular interest?

How can these be measured?

## Scope

# Define the desired impact

The WIN program devised a seven-dimensional framework for WEE, recognising that women are constrained in a complex way and “empowerment” often requires lifting several barriers



## WIN Experience

- “Income and assets” was defined as WIN’s “North Star” dimension. Potential sectors and interventions are ultimately assessed by their potential to impact women’s income and assets. This allows for a standardized way to evaluate (potential) impact.
- Other dimensions reinforce the North Star. Often they represent constraints that prevent women from achieving greater income and assets.

## How does this impact sector selection and analysis?

- The WEE dimensions serve as a framework to analyse how women and men might experience the sector differently. They can prompt ideas for the most relevant entry points (called “verticals”) to unblock constraints across the empowerment dimensions and lead to greater income and assets.



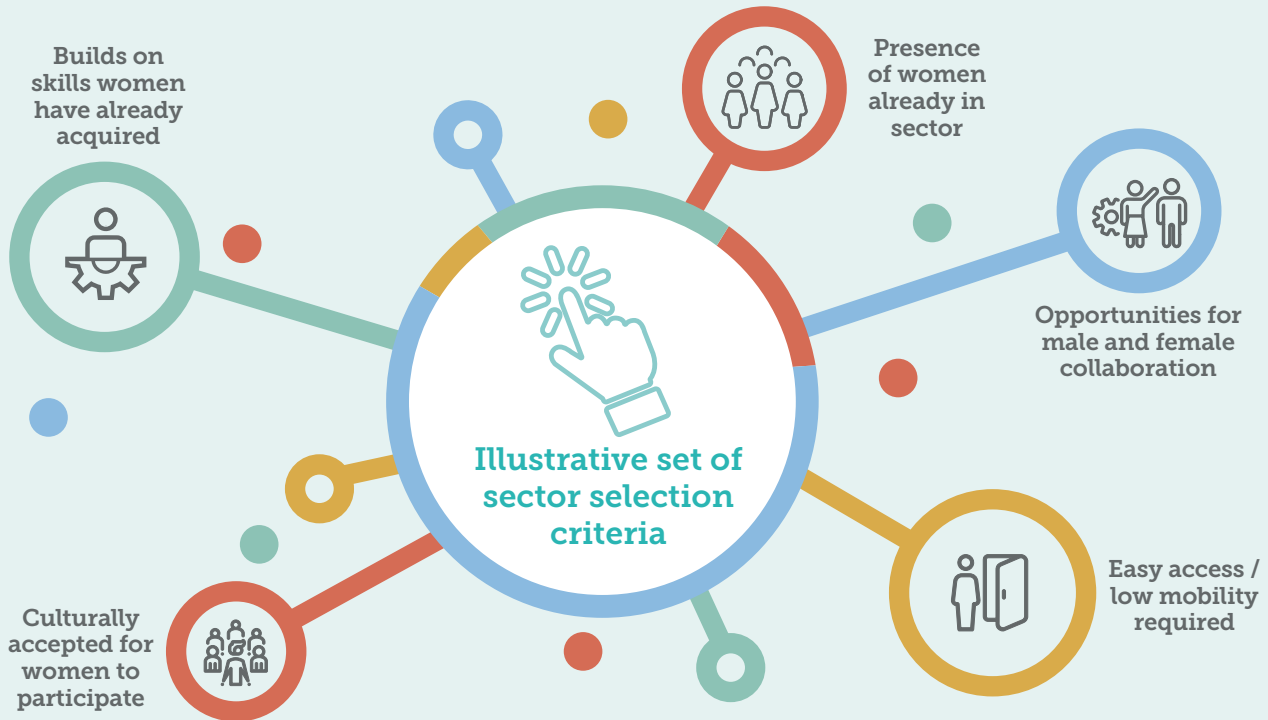
## Scope Select main sector(s)

The main sector is the one in which the program's **beneficiaries** are acting. For instance, if the target group is women employees, this can be further narrowed to "women employees in the fishing sector".

### Considerations for selecting your main sector:

- Where are women already present in the economy?
- Where could women be more present in the economy?
  - ▶ Are there activities that some women have broken into, but are not yet at parity with men? (Assuming the program wants to reach a good number of women, it may be best to pick "low hanging fruit" rather than seeking a break into areas with strong barriers for women)
- How deep are the structural barriers of that sector?
  - ▶ How feasible, based on timeline, budget, and expertise, will it be to achieve meaningful impact in this sector?
  - ▶ What kinds of measures would you need to put in place to ensure your work does not create new inequalities or widen existing inequalities?
- How crowded is this space already with other donor programs?
  - ▶ Sectors that are over-crowded with donor programs can lead to market distortion (e.g. promotion of certain actors who are able to position themselves for sources of funding). On the other hand, if the other donor programs are lacking a WEE focus, there may be opportunity to collaborate mindfully while avoiding market distortion.
- Are there obvious entry points (e.g. providers offering services needed by the sector)? Could specific entry points be formed? Or is the market very informal and fragmented?

## Scope Select main sector(s)



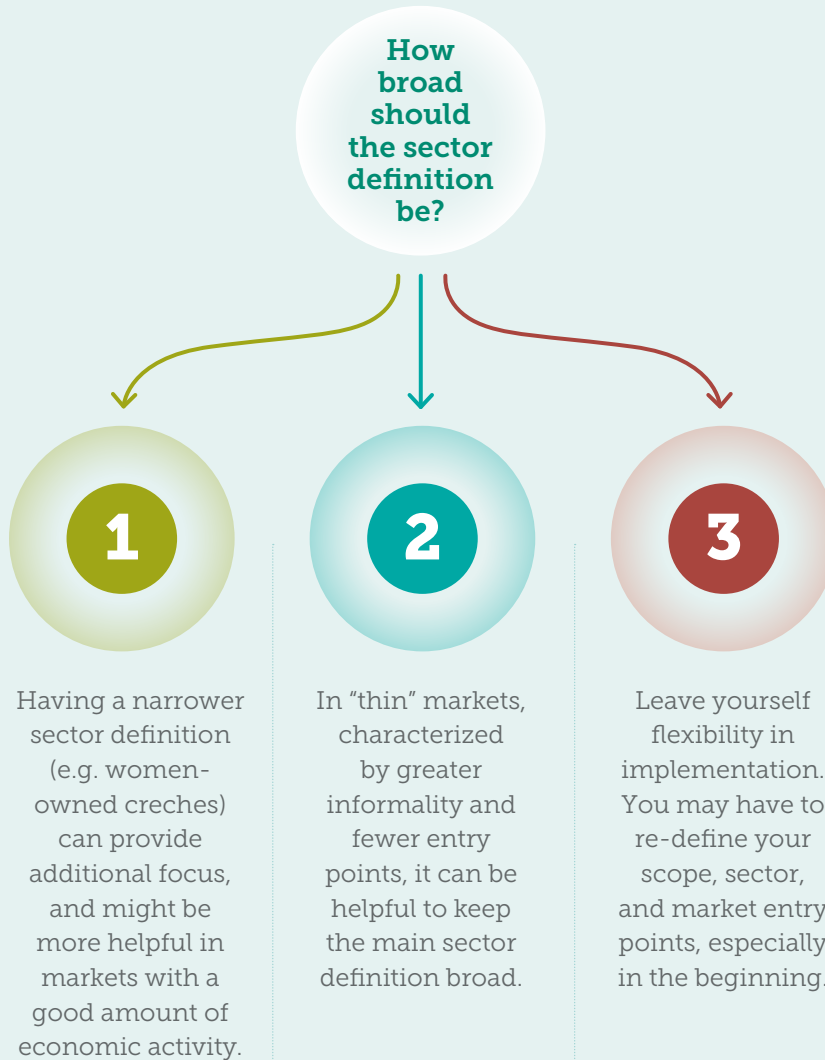
### WIN Experience

WIN assessed potential sectors using five criteria (see diagram).

Although quantitative data is limited in Mozambique, WIN based its assessment on expert interviews and best-available information. WIN also conducted convenings with market participants in 8 different sectors, to come to a high-level view of the challenges and opportunities.

The initial selection was narrowed to four sectors: Childcare, Textiles, Retail and Cross-border Trade.

## Scope ▶ Select main sector(s)



### WIN Experience

WIN initially began looking at program opportunities in four different sectors.

However, very early in implementation, it was clear that the thin nature of the Mozambican economy meant most women micro-entrepreneurs face similar constraints and barriers to growth. Furthermore, the companies and institutions offering solutions to micro-entrepreneurs were the same. This was true no matter the type of good or service offered by the micro-entrepreneur.

So WIN redefined its main sector much broadly, as “Micro-enterprise”.



### Scope

- ▶ Define the target market and desired impact
- ▶ Select main sector(s)



### Select verticals

- ▶ Create long list of potential verticals (sub-sectors)
- ▶ Prioritize verticals (sub-sectors) based on gendered analysis of potential for impact on target group



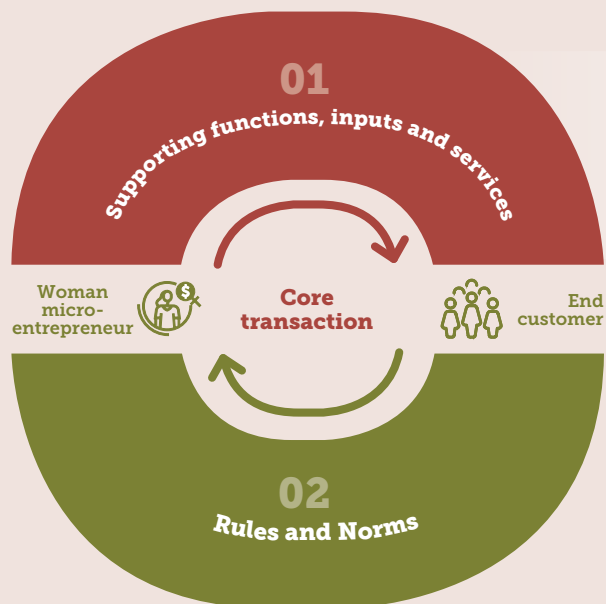
### Analyze

- ▶ Gendered vertical analysis to identify gender gaps and barriers
- ▶ Map market actors with incentive and capacity to resolve constraints

## Select verticals

## Create long list of potential verticals

Verticals are service areas, functions or rules that determine how well the target group can perform in the main sector.



A common way for listing potential verticals is a “donut” analysis of functions and rules relevant to the main sector. Resources already exist that cover this discussion. See for example: Springfield’s Operational Guide to M4P available [here](#)

### WIN Experience

WIN uses “sector” to talk about the area of the economy that employs the target group.

To differentiate from “sector”, WIN defined as “verticals” the areas where the program’s partners can be found.

Verticals represent service areas, functions or influences that impact how well women can perform in the main sector.

In other programs verticals might be called “sub-sectors” or “entry points”.

### Considerations for identifying potential verticals:

- 01 What are the inputs and services needed for women in the sector to function well? These can be drawn in the top half of the MSD “donut”

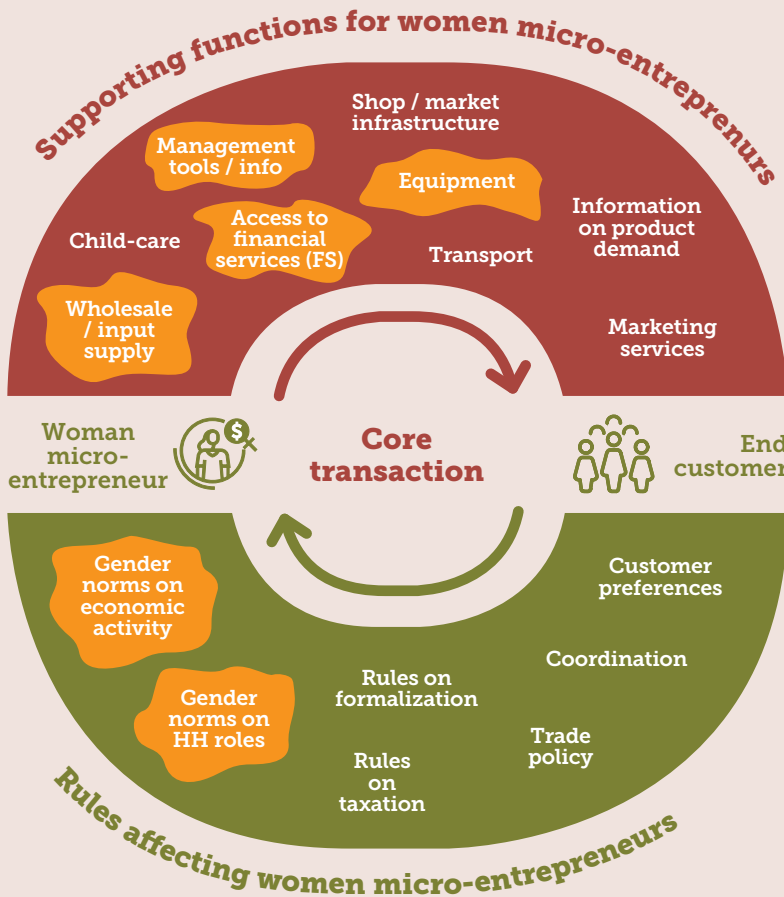
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- 02 What are the rules - formal and informal - that govern how women in this sector perform? What organization (if any) does the sector need for its women participants to function well (e.g. networks, supplier or buyer groups)? These are drawn in the bottom half of the MSD “donut”



# Select verticals ➤ Tool: market systems donut

## MSD donut: Women in micro-enterprise sector



Verticals ultimately selected by WIN

### WIN Experience

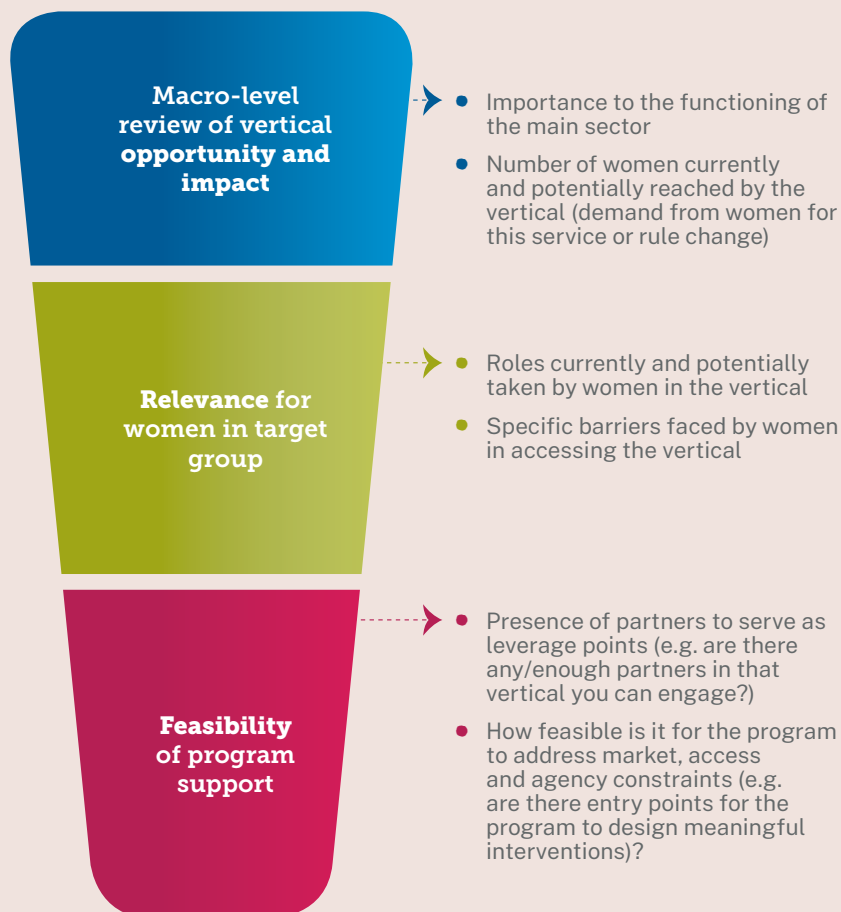
The norms and rules in the bottom half of the donut are particularly important in a WEE focused program as they affect the way women access and use the functions on the top.

For example, norms limiting women's right to manage household finances create barriers in accessing financial services. Similarly, societal portrayal of men being more successful in business may affect how input suppliers engage with women.

## Select verticals

## Prioritise verticals based on gendered analysis

Once potential verticals have been listed (e.g. mapped onto a donut), they can be prioritised using a gendered analysis of their potential for advancing WEE



### WIN Experience

WIN used several sources of information to help the process:

- Convenings with key players in different verticals
- Interviews with relevant NGO, donor and private sector players
- Bibliographical research

This assessment is not an exact science! It is ultimately better to start work in different verticals than suffer “analysis paralysis”.

## Select verticals

## Tool: vertical prioritisation table (1 of 2)

### Prioritising potential verticals for WIN: functions of the donut

	Opportunity	Relevance	Feasibility	Notes
Wholesale supply	High	Medium	Medium	<ul style="list-style-type: none"> <li>Affects all women entrepreneurs although fragmented (many different suppliers of different goods)</li> </ul>
Childcare	Low	High	Low	<ul style="list-style-type: none"> <li>Highly fragmented and women create informal solutions</li> </ul>
Access to financial services	High	High	High	<ul style="list-style-type: none"> <li>Highly needed by women entrepreneurs and relatively consolidated group of providers</li> </ul>
Management tools and information	High	High	Medium	<ul style="list-style-type: none"> <li>Particularly high barriers for women who on average have lower educational levels and access to information</li> </ul>
Shop / market infrastructure	Medium	Medium	Low	<ul style="list-style-type: none"> <li>Although many women affected by infrastructure it is not a key complaint. Under state control - hard to change</li> </ul>
Equipment	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>WIN decided to pursue this opportunistically. Certain equipment is relevant for sub-groups of entrepreneurs</li> </ul>
Transport	Low	Low	Medium	<ul style="list-style-type: none"> <li>Highly informal and many women operate locally</li> </ul>
Information on product demand	High	Medium	Low	<ul style="list-style-type: none"> <li>Women need this information but create informal solutions. Lack of coordination makes it hard to change</li> </ul>
Marketing services	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>Micro-entrepreneurs rely heavily on word of mouth / repeat customers</li> </ul>

Template filled out for the WIN program to show example

## Select verticals Tool: vertical prioritisation table (2 of 2)






### Prioritising potential verticals for WIN: rules of the donut

	Opportunity	Relevance	Feasibility	Notes
Gender norms on economic activity	High	High	Low	<ul style="list-style-type: none"> <li>Although norms are notoriously hard to change, WIN wanted to make this an area of the program given their paramount importance in determining women and men's success in micro-entrepreneurship, including how the rest of the functions work for women</li> </ul>
Gender norms on household rules	High	High	Low	<ul style="list-style-type: none"> <li>As above</li> </ul>
Rules on formalization	Medium	Medium	Medium	<ul style="list-style-type: none"> <li>WIN saw that there were many other programs working in this area, and that it would have limited impact on the lives of women entrepreneurs in the medium term</li> </ul>
Rules on taxation	Medium	Low	Low	<ul style="list-style-type: none"> <li>As above</li> </ul>
Trade policy	Medium	Low	Low	<ul style="list-style-type: none"> <li>Affect on women is somewhat removed, and also covered by other programs. WIN did sponsor a paper on agro-industry, which reinforced its work in Access to Wholesale Supply vertical.</li> </ul>
Coordination among market actors and stakeholders	High	Medium	Low	<ul style="list-style-type: none"> <li>With a broadly defined sector it is less feasible to work on coordination between the target group</li> </ul>
Customer preferences	High	Medium	Low	<ul style="list-style-type: none"> <li>Shaping customer preferences through marketing tactics that encourage customers to buy products from women-owned businesses</li> </ul>

Template filled out for the WIN program to show example

## Select verticals

Prioritise verticals based on gendered analysis

WIN's Verticals	Description
 <p>Access to Financial Services</p>	Working with the financial sector to ensure adequate provision of savings, credit and other financial services relevant to low-income women entrepreneurs
 <p>Access to Equipment</p>	Supporting equipment providers to reach women with productive-use equipment that can help augment incomes
 <p>Management Tools and Information</p>	Supporting government, media and other actors to provide business management tools and educational content so that women entrepreneurs can apply better business practices
 <p>Access to Wholesale Supply</p>	Working with brands, distributors and wholesalers to get reliable, affordable products to women retailers and re-sellers through innovative distribution systems
 <p>Rules and Norms</p>	Working primarily through the media to change attitudes towards women entrepreneurship so that women can be culturally freed to pursue income generating activities

### WIN Experience

WIN selected five verticals in which the program would intervene.

WIN's team was organized by the verticals, enabling it to build credible knowledge in these areas of the market.

After a while, potential partners in these verticals began to see WIN as an important ally and would approach the program with ideas for innovations to test.





### Scope

- ▶ Define the target market and desired impact
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### Select verticals

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### Analyze

- ▶ Gendered vertical analysis to identify gender gaps and barriers
- ▶ Map market actors with incentive and capacity to resolve constraints

## Analyze

# Gendered vertical analysis to identify gender gaps and barriers

**01** Once the vertical (or sub-sector) is selected, the next step towards designing an impactful intervention is to analyze what in the selected vertical needs addressing.

**02** To do this, list the features of the vertical that impact whether women and men can access and use it successfully. For instance, for women entrepreneurs to access and use Financial Services (FS), the FS providers need effective customer research, product design (including product rules/limits), and marketing.

**03** It is useful to draw on the dimensions in the program's WEE framework to ensure the analysis thoroughly considers how women and men may face different challenges in accessing and using the vertical (see page 8 for WIN's WEE framework).

### WIN Experience

WIN adapted the constraints analysis typically used in MSD to review vertical opportunities and scope out interventions with impact on WEE.

These intervention areas were further prioritized using the same framework of relevance, impact/opportunity and feasibility.

See next Tool: Constraints Table

## Analyze

Tool: Constraints table used to evaluate each vertical and identify constraints to discuss with potential partners

e.g. – Financial Services vertical

Function (areas of improvement)	Description of the problem	Types of institution/ partner	Underlying systemic causes	Potential interventions
List functions or rules that are necessary within the vertical itself and require change.	How well is this function working for <b>women and men?</b>	What types of institution are involved?	What is causing any inefficiencies or issues <b>in reaching women?</b>	What are potential solutions?
e.g. product development	e.g. products are not designed for women's needs (gender blind)	e.g. banks, mobile money operators' product development teams	e.g. customer research not disaggregated by sex; lack of women in product development teams	e.g. support FS providers to conduct customer experience research disaggregated by sex, informing product design improvements

## Analyze

## Mapping of market actors

- ➔ After the sector and main constraints have been identified the next step is to map out market actors who have the incentive and capacity to resolve these barriers.

Interventions and partner selection go hand-in-hand:  
See WIN's partner selection guide for more details on how to select the right partner



### WIN Experience

WIN used the following methods to successfully map out partners:

- Market research and existing market reports
- Networks of team members with background in the private sector
- Commissioned research (e.g. a sector evaluation in the financial sector, given its size and relevance for women micro-entrepreneurs)
- Request for proposals in national newspaper (e.g. for actors in the financial sector to come forward with proposals of their own needs of program support)

# Lessons Learned

## Scope

- The use of tables and assessment frameworks for sector and vertical selection is important, but it is equally important to hear the nuances in what market actors are telling you when you are judging the relevance and feasibility of potential sectors and verticals, especially considering their potential for women (see graph on prioritization of verticals based on gendered analysis of potential).
- It is fine to define your core sector in fairly broad terms (e.g. “micro-enterprise”). In thin markets especially, where women face similar challenges no matter what they are selling, it makes sense to adopt a broad scope. Otherwise, you run the risk of unnecessarily restricting the areas of impact of your program
- While defining a core sector is useful for setting program strategy, don't miss out on other opportunities to empower women (and also impact men, such as creating digital financial solutions that will also improve their access to finance) through your verticals. For instance, WIN defined the core sector as micro-enterprise but is still interested in how women who don't have businesses can be positively impacted by increased access to financial services and changing rules and norms.

## Select

- Build credibility of the program using verticals. Developing a reputation as a known consultant to specific industries/ market sectors can help to attract ideas from new potential partners. Key to this is establishing a reputation as an expert entity on the needs of women.
- Verticals should be mutually reinforcing. For example, both the financial services sector and wholesale supply sectors use agents to reach peri-urban communities. WIN has supported both in including more women as sales agents.
- Interventions can also span multiple verticals. For instance, WIN has supported financial services actors in developing improved business and financial management for clients (“management tools and information”). Working with media actors, WIN has supported the design of content that educates women on business management, and aims to influence cultural norms surrounding women's entrepreneurship.
- Incorporate flexibility into your program cycle. Some verticals may present opportunities more quickly than others. For WIN, the wholesale supply vertical took a while to establish due to the heavy impact of the COVID-19 pandemic on distribution actors. This vertical was also less used to working with donor programs and inclusive models (especially with a focus on women) so took longer to cultivate.

## Diagnose

- Like sector and vertical selection, analysis is not an exact science! Use a constraints table to identify how women and men may be different in their access / use of a given function, or how they may be differently impacted by certain rules. This will help to draw out the most relevant constraints to be addressed
- A WEE framework with multiple dimensions is an important reminder for how gender gaps exist due to underlying differences between men and women in society
- Periodically assess the program's maturity and success across its different verticals and adjust as necessary. WIN holds quarterly meetings over two days with the full team to review progress and brainstorm new ideas and strategies. It is also an opportunity to prioritize program resources in verticals that are generating more results.





# Resources

## Internal resources

[Partner selection tool](#)

*Accessible via [this link](#)*

[Intervention strategy tool](#)

*Accessible via [this link](#)*

[MEL systems tool](#)

*Accessible via [this link](#)*

## External resources

[The Donor Committee for Enterprise Development \(DCED\)](#)

*Accessible via [this link](#)*

[BEAM Exchange](#)

*Accessible via [this link](#)*

[Market Systems Development \(DevLearn\)](#)

*Accessible via [this link](#)*

[Springfield Centre](#)

*Accessible via [this link](#)*

[Vikara Institute – Market Systems Development](#)

*Accessible via [this link](#)*

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