

Closing the Gender Gaps in SE Asia

Using Gender Lens Investing to Promote Women's Economic Empowerment and Entrepreneurship Development

Invisible Barriers

Women make up half the population but have long been overlooked as entrepreneurs, employees and consumers, particularly in developing countries such as those in SE Asia, the focus of SEAF's Women's Economic Empowerment work. Though there is a high female business ownership across the region, they usually operate in lower value activities. Women face a number of additional disadvantages that hamper their potential as entrepreneurs which include social and cultural norms, gender stereotypes, lack of access to decision-making and unequal access to resources. Access to finance is one of the biggest constraints on growth for all women-owned businesses.

Indonesia

Women-owned SMEs face a funding gap of US\$ 6 billion. Most rely on business or personal income for financing, with only 3% raising outside capital. Complex loan processes are an additional barrier, indicating the need for new approaches.

Vietnam

A US\$ 1.19 billion financing gap persists for women-owned SMEs, who make up 21% of formal enterprises. While 37% of such SMEs have accessed bank loans, this is ~10% less than male SMEs and often in lower amounts.

Philippines

Limited information is available on women's ownership of SMEs, an oft over-looked sector of the economy. It is estimated that women entrepreneurs make up 63% of MSMEs in the country, and they face the same finance barriers as regional peers.



The female formal labor force participation rate is persistently lower across all ASEAN countries. Women are over-represented in informal and vulnerable employment resulting in a persistent and high gender wage gap. There is little scope for increasing their income if women cannot find employment in high-skilled and high-paying jobs. Cultural norms and perceptions affect women's decision on work influencing the way they spend their time and, in most cases, frequently undervaluing their potential. Housework, child-rearing, and elderly care are often considered primarily women's responsibilities.

While women still shoulder most of the household responsibilities, about 88% of women in Asia-Pacific say they have shared or primary responsibility for daily shopping, household chores and food preparation. In this regard, women hold crucial purchasing power. It only makes sense that manufacturers and service providers need to create products and services with women in mind and the best person to lead this endeavor are women. With so many responsibilities and less time on their hands, women also are one of the largest opportunities for convenience-led technologies, products and services. Hiring more women can enhance a company's workforce and performance by making sure it is representative of its customer base and providing critical insights into consumer preferences.

Breaking Barriers

In working to address the gender gaps in Southeast Asia, SEAF has developed a framework based on the thesis that investments in high-growth firms in target sectors will improve the livelihoods and tackle economic empowerment challenges facing women as entrepreneurs, employees, and consumers in the Region.

SEAF has formulated a broad-based investment strategy through four pillars that create significant impact on women and their families. SEAF aims to provide capital to firms demonstrating high growth patterns and the potential for the implementation of women economic empowerment programs. These are firms with sizeable operations but still unable to access capital from financing institutions. Through its minority investments in these companies, SEAF will take on a role of an active, hands-on partner that can help them improve their operations and institutionalize gender equality improvement plans which will address pay equity, workforce participation, compensation and benefits, leadership and governance, workplace environment and value chains.

Women's Economic Empowerment Framework

SEAF's Women's Economic Empowerment Framework is built on the thesis that investments in high growth firms in the target categories will improve the livelihoods of the families of three intermediate beneficiary groups by tackling economic empowerment challenges facing women in Southeast Asia.

1. **Women Entrepreneurs and Executives** – Given the well-recognized financing gap for women-led businesses, Gender Lens Investing programs will serve those women entrepreneurs underserved by financial institutions, particularly those in need of equity or quasi-equity capital.
2. **Female employees** – Through a strategy of increasing gender equality within each investee in an intentional and measurable manner using the SEAF Gender Equality Scorecard®, female employees will benefit through improved pay equity, workforce participation, leadership and governance, benefits and professional development, workplace environment, and women-powered value chains. This will be particularly true for the second investment target category, which is sectors in which women are disproportionately prevalent.
3. **Female consumers** – By focusing, on companies that offer products and services that meet the unmet wants and needs of women and girls (as in the third investment target category), this broad, but underserved, consumer group will benefit from better access to products and services best suited to what they demand.

This thesis is strongly supported by the research-based Oxfam Women's Economic Empowerment Framework, which concludes that women will not achieve economic empowerment until the following are in place:

1. Women's ability to participate in and lead decision making and collective action,
2. Women's ability to maintain a job with a living wage, participate in or lead an enterprise, or retire with sufficient savings
3. The reduction and sharing of heavy care responsibilities,
4. Women's control over income, assets and natural resources in the household and vis-a-vis formal and traditional institutions,
5. Women's ability to live a life free from violence with confidence, mobility, security (no harassment), agency and organization to access markets,
6. Women's ability to build their resilience to external shocks, climate change and associated risks.

Creating an Equitable Ecosystem

Through the implementation of targeted investment and development programs, coupled with broader entrepreneurship ecosystem initiatives, ground-level efforts can contribute significantly towards enabling Women's Economic Empowerment and the closing of gender gaps. The results – women-led enterprises that provide employment opportunities along with goods and services sought by women and girls, creates not only immediate effects on economic development, but also builds a foundation that will enable continued growth through future generations. This is central to the work of SEAF and its partners, and is serious in need in SE Asia and beyond.