

Fostering Women's Entrepreneurship in ASEAN

TRANSFORMING PROSPECTS, TRANSFORMING SOCIETIES





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Foreword



Across Asia and the Pacific, women still cannot fully exercise their rights to decent work and full and productive employment. Women's overall labour force participation in the region is just 48 per cent. Between 1990 and 2016, the female-to-male ratio in labour force participation rates declined from 0.67 to 0.61 in Asia-Pacific. In South-East Asia, the gender gap in labour force participation is 23 percentage points.

Advancing women's economic empowerment is essential for inclusive and sustainable development. Increasing women's participation in the economy could add an additional US \$12 trillion to annual global output by 2025. Closing gender gaps in hours worked, participation and productivity could result in GDP gains of up to 48 per cent for South Asia (excluding India) and 30 per cent for East and South-East Asia (excluding China) by 2025.

Entrepreneurship enables women to both empower themselves and contribute to inclusive and sustainable development. The 61.3 million women who own and operate businesses within the ten member States of the Association of Southeast Asian Nations (ASEAN) are crucial to this agenda. The proportion of firms with female participation in ownership in ASEAN is relatively high, standing at 69 per cent in the Philippines, 64 per cent in Thailand and 51 per cent in Viet Nam. Yet these women entrepreneurs are often in sectors which trap them in informal employment and lower value-added activities. Women entrepreneurs in ASEAN have limited access to education and training, financial resources, technology and social capital compared to their male counterparts. This is compounded by persisting discriminatory social and cultural norms.

These constraints on women's entrepreneurship are costly, not just for women but for society. Gender gaps in entrepreneurship and labour force participation can cause a severe negative impact on aggregate productivity and income per capita. In ASEAN countries, these income losses range from 7 per cent in Cambodia to 29 per cent in Brunei Darussalam.

The challenges and opportunities the ASEAN Economic Community (AEC) will bring to women entrepreneurs is the focus of this report. The measures in the AEC Blueprint 2025 are expected to affect the growth prospects of small and medium-sized enterprises. They should improve market access and physical and ICT infrastructure and increase competition.

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ASEAN integration should enable entrepreneurs to expand their customer bases. Yet increased competition will be challenging for many small and medium-sized enterprises. Women entrepreneurs in small and micro enterprises are found to be particularly exposed. Indeed, the sectors projected to expand are associated with the informal economy and vulnerable working conditions for women entrepreneurs — including retail, services, agriculture and trade.

Within ASEAN, ensuring women entrepreneurs enjoy equal opportunities and reap the benefits of regional economic integration is integral to building a prosperous, inclusive and resilient Economic Community. This report proposes actions to be taken by ASEAN Governments and key stakeholders to create an enabling legal and policy environment for women's entrepreneurship. Two key levers for change are highlighted: greater access to innovative technologies; and creative approaches to making finance and credit available to women entrepreneurs. These would support the development of other key areas in the entrepreneurial ecosystem, such as education and training, access to business support and networks and opening market opportunities.

I trust that this publication will help to stimulate action to foster gender-responsive ecosystems to promote women's entrepreneurship and contribute to accelerating the achievement of the Sustainable Development Goals in ASEAN countries and beyond.



Shamshad Akhtar

Under-Secretary-General of the United Nations and Executive Secretary of ESCAP

Message from the ASEAN Secretariat



Women's economic empowerment is crucial in achieving inclusive and sustainable development. In Southeast Asia, women have contributed tremendously to the region's economic growth. However, challenges remain in ensuring that women get a fair and equal chance to participate in the economy. The establishment of the ASEAN Economic Community (AEC) has brought about a myriad of opportunities for the peoples of ASEAN. These opportunities are, nonetheless, not a given if women are not enabled and empowered to tap into the prospects of regional economic integration.

Against this backdrop, this publication on *Fostering Women's Entrepreneurship in ASEAN: Transforming Prospects, Transforming Societies* by UN ESCAP is timely both in terms of the issues it addresses and the solutions put forward. The publication offers robust analysis on women entrepreneurs and their invaluable potential to drive the region's economy and society at large.

Indeed, the building of a gender-responsive ecosystem for women's entrepreneurship requires multi-sector engagement. The cross-sectoral approach on women's entrepreneurship is reflected in the work of ASEAN through the ASEAN Committee on Women (ACW), the ASEAN Coordinating Committee on MSME (ACCMSME) and the ASEAN Women Entrepreneurs' Network (AWEN) among others. In this regard, the ASEAN Women's Business Conference held on 31 August 2017 in Manila, the Philippines, as a commemorative activity of ASEAN's 50th Anniversary has provided us with a multi-sector platform for strategic dialogue on women's economic empowerment.

Fostering women's entrepreneurship will empower not only women but all of us. Its transformative power will help us achieve the ASEAN Community that is politically cohesive, economically integrated and socially responsible. This step towards the realization of the ASEAN Vision 2025 complements the 2030 Agenda for Sustainable Development whereby women's economic empowerment is embedded in every goal and target.

We trust that this publication will be of meaningful use to policymakers and practitioners at regional and national levels in the design and implementation of evidence-based policies and practices on women's entrepreneurship in ASEAN.

A handwritten signature in black ink, appearing to read "Vongthep Arthakaivalvatee".

Vongthep Arthakaivalvatee
Deputy Secretary-General of ASEAN
for ASEAN Socio-Cultural Community

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Acronyms and abbreviations

ACW	ASEAN Committee on Women	ISIC	International Standard Industrial Classification
ADB	Asian Development Bank	ITC	International Trade Centre
AEC	ASEAN Economic Community	ITU	International Telecommunication Union
aMP	ASEAN Market Place	MSME	micro, small and medium-sized enterprises
APEC	Asia Pacific Economic Cooperation	NBFI	nonbank finance industry
ASEAN	Association of Southeast Asian Nations	NWM	National Women's Machinery
EB	established business	SDGs	Sustainable Development Goals
EFC	entrepreneurial framework condition	SMEs	small and medium-sized enterprises
ERIA	Economic Research Institute for ASEAN and East Asia	OECD	Organization for Economic Cooperation and Development
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific	RCEP	Regional Comprehensive Economic Partnership
FTA	free trade agreement	TEA	Total early-stage Entrepreneurial Activity
GEM	Global Entrepreneurship Monitor	UNDP	United Nations Development Programme
GDP	gross domestic product	WB	World Bank
GSMA	Groupe Special Mobile Association or GSM Association	WEF	World Economic Forum
ICT	information and communication technology		
ILO	International Labour Organization		

Introduction

Women's economic empowerment is both a fundamental issue of human rights and an important development goal. In that context, women's entrepreneurship is a key pathway for advancing women's economic empowerment and has proven multiplier effects on decent employment, poverty eradication and economic growth. By setting up and managing a business, women can achieve economic independence, overcome poverty through asset building and improve their well-being as well as that of their families. Research in three ASEAN countries found that, compared with male business owners, women business owners hired 17 per cent more women employees.¹ Women also tend to use their incomes more productively. One study shows, women devoted 90 cents of every dollar they earn on their families including on children's education, health and nutrition compared to 30-40 cents by men.² Thus, enhancing women's economic participation and entrepreneurship is critical to the realization of the Sustainable Development Goals.

This study examines the challenges faced by women entrepreneurs in the ASEAN subregion. ASEAN has emerged as the most successful grouping in Asia and Pacific with gradual deepening of regional economic integration culminating in the ASEAN Economic Community in 2015. The anticipated free movement of goods, services, investment, skilled labour, and free flow of capital as set out in the AEC

Blueprint 2025 presents both opportunities and challenges for businesses. The measures are expected to affect the prospects for the growth of small and medium-sized enterprises (SMEs),³ many of which are owned by women, in various ways. These range from the benefits of access to enlarged market of 632 million people and to improved physical and ICT infrastructure, but also challenges due to increased competition. The study analyses the challenges that AEC may have for SMEs especially those owned and operated by women and comes up with policy lessons to address them, including through improved access to financing and technology to reap the benefits of regional economic integration. The analysis is based on data extracted from the Global Entrepreneurship Monitor (GEM) Surveys for 2013/2014 and 2014/2015 for six ASEAN countries namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam, among other sources.

The report begins with a brief introduction to the AEC and the implications for entrepreneurs, before exploring in detail the profile of women entrepreneurs within ASEAN and the challenges they face, including in relation to accessing finance and credit as well as harnessing innovative technologies. It makes a case for creating a gender-sensitive ecosystem for promoting women entrepreneurship and concludes with policy lessons in that direction. ●

1 The Asia Foundation and APEC, Asia Pacific Economic Cooperation. (2013). *Access to Trade and Growth of Women's SMEs in APEC Developing Economies: Evaluating Business Environments in Malaysia, Philippines, Thailand*. San Francisco: The Asia Foundation.

2 World Bank (2011). *World Development Report 2012: Gender Equality and Development*. Washington, DC: World Bank.

3 For the purposes of this report, the term, small and medium-sized enterprises (SMEs) is used throughout the text on the understanding that it also encompasses micro-sized businesses. The OECD definition of a micro enterprise is that it has less than 10 employees. Source: OECD (2006). *The SME Financing Gap (Vol 1): Theory and Evidence*. Paris. OECD Publishing.

The background features a complex abstract design with various colored blocks (orange, teal, purple, red, yellow, green) and icons. At the top, there is a stylized woman's head in profile with a lightbulb above it, a smartphone with a checkmark, and a magnifying glass. At the bottom, there is another stylized woman's head, a smartphone with a checkmark, a 'SEND' button, and some numerical data.

Chapter 1

Women entrepreneurs and the AEC



Catalysing women's entrepreneurial talent can have a significant impact in advancing women's economic empowerment

Across the ten ASEAN member countries, an estimated 61.3 million women entrepreneurs own and operate businesses — accounting for 9.8 per cent of the total ASEAN population.¹ Indeed female ownership is relatively high across the region: in 2016, the proportion of firms with female participation in ownership was 69 per cent in the Philippines, 64 per cent in Thailand and 51 per cent in Viet Nam.²

Catalysing women's entrepreneurial talent can have a significant impact in advancing women's economic empowerment, creating jobs, eradicating poverty and contributing to socioeconomic growth. However, women in the ASEAN continue to face pivotal barriers in the set-up, management and expansion of their businesses. With the introduction of the AEC in 2015, it has become even more imperative to address these barriers facing women entrepreneurs so that they can enjoy equal opportunities and harness the benefits of regional economic integration.

Women in the workforce

Barriers for women entrepreneurs mirror limitations on women workers as a whole. The average gender gap in labour force participation across all ASEAN member States is 23.1 percentage points — narrowest in Lao People's Democratic Republic (0.4 percentage points), and widest in Indonesia (32.8 percentage points). While in some countries the gap may have shrunk — as in Singapore and Brunei Darussalam — it has widened in others. These gaps persist despite economic growth, decreasing fertility rates and increasing educational opportunities for girls at all levels.³ Whether as workers or entrepreneurs, women

are generally clustered in informal or vulnerable sectors that are labour intensive and have lower productivity and lower value-added.

Compared with men, women face a number of additional disadvantages that hamper their potential as entrepreneurs. These include social and cultural norms, gender stereotypes, lack of access to decision-making and unequal access to resources. Other problems arise from a lack of access to education or training, which significantly constrain business opportunities. Further obstacles for women entrepreneurs include limited access to finance and ICT and a lack of market information — as well as burdensome regulations and administrative procedures.⁴ These challenges will be elaborated upon further in the following chapters.

Constraints on women in the workforce, including in the entrepreneurship arena, come at a high cost for the region's economies. A recent study shows that for developing countries, gender inequality creates an average income loss of 17.5 per cent in the long-term.⁵ Estimates also indicate income losses due to gender gaps in entrepreneurship and labour force participation in nine ASEAN countries range from 7 per cent in Cambodia to 29 per cent in Brunei Darussalam.⁶

The World Bank, the OECD and a host of other data sources confirm that countries with greater gender equality are generally more competitive and prosperous.⁷ Furthermore, an IMF study shows that, in half of the countries where women gained legal equality, the female labour force participation rate increased by five percentage points over the subsequent five years, bringing wider benefits to the economy.⁸

In developed and developing economies alike, savings rise and spending shifts toward food, health and education as women gain bargaining power over household income. According to a Goldman Sachs study, men used 30 to 40 cents of every dollar they earn for their family's education, health and nutrition, while women devote 90 cents. Women entrepreneurs also tend to invest their profits in their communities.⁹ An ADB report has concluded that eliminating gender disparities in the region would increase per

capita income by 70 per cent in roughly 60 years.¹⁰ The report further noted that greater gender equality also mitigates income inequality because women are on the whole poorer than men; narrowing the gender gap in a country thus not only benefits women but society as a whole.

Further estimates suggest that, if women in a number of Asia-Pacific countries were to work in the same sectors and job-types as men, output per worker could increase by 7 to 18 per cent.¹¹ In Japan, for example, matching the female employment rate to that of males could increase GDP by 14 per cent. Women entrepreneurs are also more likely to boost women's employment. Research in three ASEAN countries found that, compared with male business owners, women business owners hired 17 per cent more women employees.¹²

Therefore, investing in women, including in promoting women's entrepreneurship, pays dividends in the quality of economic and social development it helps to generate — not only for women themselves, but also for their families and societies as a whole.

ASEAN cooperation on SME development

Many of these women entrepreneurs are to be found in small and medium enterprises (SMEs), which are integral to the economic development and growth of ASEAN Member States. SMEs account for more than 96 per cent of all entrepreneurs, between 52 and 97 per cent of domestic employment, and 23 to 58 per cent of GDP,¹³ as well as 10 to 30 per cent of exports.¹⁴ Sustainable economic growth and job creation will therefore rely on competitive and robust SMEs.

ASEAN cooperation on SMEs began in 1995 with the formation of the SME Working Group. This continues to serve as a consultative and coordination forum but was reinforced in 2011 with an Advisory Board comprising the heads of SME agencies (director-general level) from all Member States and at least one prominent SME leader from the private sector.¹⁵ The ASEAN SME Advisory Board guides the SME Working Group and provides ministers with strategic policy inputs.

In 2015, ASEAN published the Strategic Action Plan for SME Development 2016-2025 which aims for 'Globally Competitive and Innovative SMEs'. The plan has a number of objectives: to promote productivity, technology and innovation; increase access to finance; enhance market access and internationalization; enhance the policy and regulatory environment; and promote entrepreneurship and human capital development. This plan includes specific support for women, to improve their management and technical skills and provide a platform for their participation.¹⁶ These commitments are underpinned by SME policy frameworks and institutional arrangements at national levels.

Progress on achieving these objectives can be monitored using the ASEAN SME Policy Index. The Index was developed through collaboration between the ASEAN SME Agencies Working Group and the Economic Research Institute for ASEAN and East Asia, in cooperation with the Organization for Economic Cooperation and Development.¹⁷

The Index tracks policy development and identifies gaps at regional and national levels. The first SME Policy Index assessment, published in 2014, made recommendations across eight policy dimensions.¹⁸ The report noted uneven levels of performance across ASEAN countries — in particular, between the original six ASEAN countries and the more recent members: Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam. The most significant gaps were in: technology and technology transfer; access to finance; promotion of entrepreneurial education; cheaper, faster start-up and better regulations; and access to support services. These gaps reflected weaknesses in national legal frameworks and SME agencies, as well as in the elaboration and implementation of specific policy measures.

Most of the original six ASEAN countries, for example, have common SME definitions and single institutions for SME policy formulation, and have produced multi-year SME development strategies, with implementation led and coordinated by a designated executing agency.

At regional and national levels, gender considerations should be explicitly incorporated in the relevant policy and institutional arrangements — which should reflect the accumulated data and analysis on gender-related barriers and solutions as well as national commitments made through the Beijing Declaration and Platform of Action (Box 12).

The Global Entrepreneurship Monitor

Another lens through which to analyse SME development is the Global Entrepreneurship Monitor (GEM) (Box 1). Drawing on the World Economic Forum's Global Competitiveness Index, this framework focuses on key entrepreneurial conditions (Box 2).¹⁹ GEM is the basis for an annual national Adult Population Survey, along with National Expert Surveys. Between 2013 and 2015, there were surveys

conducted in six ASEAN countries — Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam.

As set out in Table 1, the ASEAN national experts surveyed by GEM generally saw internal market dynamics and physical infrastructure as most positive factors in promoting entrepreneurship within the region, whilst government programmes, education and training as well as research and development were seen as the lowest ranking enabling factors.

The ASEAN Economic Community

At the end of 2015, after several years of preparation, ASEAN reached a major milestone in its regional integration agenda with the introduction of the AEC. Underpinning this historic step is the AEC

BOX 1: Data sources on entrepreneurship

The primary source of data for this report is the Global Entrepreneurship Monitor (GEM), particularly the GEM ASEAN Regional Entrepreneurship Reports for 2014/2015 and 2015/2016, and the GEM Adult Population Survey 2013–2014. Of the ten ASEAN countries, the GEM data used in this report cover six: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam.

The annual GEM surveys are the world's largest regular study on entrepreneurship. They are based on two parallel annual surveys per country: the Adult Population Survey and the National Expert Survey. The latter provides qualitative and subjective information on the state of entrepreneurial framework conditions which draw on the Global Competitiveness Index created annually by the World Economic Forum (Box 2). GEM data employed in this report have been complemented with data from other sources, including the annual World Bank Enterprise Surveys (WBES).

GEM assesses two things: (i) the level of start-up activity or the prevalence of nascent firms and (ii) the prevalence of new or young firms that have survived start-up. The WBES, however, covers only formal business registrations. GEM data thus report significantly greater levels of early-stage entrepreneurship and capture informal activity, which is extensive within ASEAN.

A wider context for the data used in this report is the upsurge of research as a result of growing global interest in entrepreneurship as a means of generating economic growth and innovation. However, as a 2008 World Bank study highlighted, different sources of data have raised certain challenges, including a lack of comparability across countries.

Source: Zoltan J. Acs, Sameeksha, Desai and Klapper, Leora F. (July 2008). *What Does "Entrepreneurship" Data Really Show? A Comparison of the Global Entrepreneurship Monitor and World Bank Group Datasets*. The World Bank, Development Research Group, Finance and Private Sector Team.

BOX 2: Entrepreneurial framework conditions for SME growth

GEM carries out a National Expert Survey which for each country provides qualitative assessments of key entrepreneurial framework conditions, set out below, that offer a useful lens for assessing the state of SME development. GEM identifies entrepreneurs in different business phases – from recognizing the opportunity, to starting up, and then owning and managing an established business. Entrepreneurship is defined as “any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business.”

- 1 Financial support: The availability of financial resources, equity and debt, for new and growing firms, including grants and subsidies.
- 2 Government policies: The extent to which government policies, such as taxes or regulations, are either size neutral or encourage new and growing firms. There are two sub-divisions – the first covers the extent to which new and growing firms are prioritized in government policy generally; and the second is about the regulation of new and growing firms.
- 3 Government programmes: The presence and quality of direct programmes to assist new and growing firms, at all levels of government (national, regional, municipal).
- 4 Education and training: The extent to which each level of the education and training system incorporates training in creating/ managing new, small or growing business entities. There are two sub-divisions – primary and secondary school entrepreneurship education and training; and post-school entrepreneurship education and training.
- 5 Research and development transfer: The extent to which national research and development will lead to new commercial opportunities, and whether or not these are available for new, small and growing firms.
- 6 Commercial and legal infrastructure: The presence of commercial, accounting and other legal services and institutions that allow or promote the emergence of small, new and growing business entities.
- 7 Internal market openness: The extent to which commercial arrangements undergo constant change and redeployment as new and growing firms compete with and replace existing suppliers, subcontractors and consultants. There are two sub-divisions – market dynamics, i.e. the extent to which markets change dramatically from year to year; and market openness, i.e. the extent to which new firms are free to enter existing markets.
- 8 Access to physical infrastructure: Ease of access to available physical resources – communication, utilities, transportation, land or space – at a price that does not discriminate against new, small or growing firms.
- 9 Cultural and social norms: The extent to which existing social and cultural norms encourage, or do not discourage, individual actions that might lead to new ways of conducting business or economic activities which might, in turn, lead to greater dispersion in personal wealth and income.

Source: Bosma, N., Coduras, A., Litovsky, Y. and Seaman, J. (2012). *GEM Manual. A report on the design, data and quality control of the Global Entrepreneurship Monitor*. Available from www.gemconsortium.org. GEM / GERA

Blueprint 2025, which was adopted at the 27th ASEAN Summit in November 2015 in Kuala Lumpur, Malaysia. The AEC Blueprint 2025 forms part of ASEAN 2025: Forging Ahead Together, along with the ASEAN Community Vision 2025; the ASEAN Political-Security Community Blueprint 2025; and the ASEAN Socio-Cultural Community Blueprint 2025.

The overall purpose of the AEC is to build a region with “sustained economic growth, accompanied by lasting peace, security and stability as well as shared prosperity and social progress”.²⁰ This will open the way to the freer transfer of capital and free movement of goods, services, investment and skilled labour across the region.

Women’s entrepreneurship will be deeply affected by the AEC. By 2014, the countries comprising the AEC, with a market of 622 million people, already represented the third-largest economy in Asia, and the seventh-largest in the world. In 2014, ASEAN’s total trade reached \$2.5 trillion. Between 2007 and 2017, ASEAN’s share of global foreign direct investment inflows in 2014 rose from 5 to 11 per cent.²¹

ASEAN countries have also seen changes in their economic structures. By 2014, the service sector had 50 per cent of GDP while the share of industry had fallen to 38 per cent and that of agriculture to 11 per cent. Growth has been driven by increasing foreign direct investment in services, as well as a solid performance in the trade sector.²²

The overarching framework for ASEAN economic integration in the next decade is the AEC Blueprint 2025.²³ This has five interrelated and mutually reinforcing components:

- 1 A highly integrated and cohesive economy
- 2 A competitive, innovative, and dynamic ASEAN
- 3 Enhanced connectivity and sectoral cooperation
- 4 Resilient, inclusive, people-oriented, and people-centred ASEAN
- 5 A global ASEAN

TABLE 1: Ratings of GEM entrepreneurial framework conditions, selected countries, 2015

	FINANCE	GOVERNMENT POLICIES	GOVERNMENT POLICIES, BUREAUCRACY AND TAXES	GOVERNMENT PROGRAMMES	EDUCATION AND TRAINING	R&D TRANSFER	INTERNAL MARKET DYNAMICS	PHYSICAL INFRASTRUCTURE	CULTURAL AND SOCIAL NORMS
Indonesia					+		+		
Malaysia							+	+	
Philippines		-	-	-	+		+		
Singapore	+	+		+				+	
Thailand				-	-	-	+	+	
Viet Nam	-			-	-	-	+	+	

Note 1: Most Positive >3.5 (+) and Most Negative <2.5 (-).

Note 2: On the Likert scale of five, a mean score of three is regarded as average. The most positive economic framework conditions are considered to be those with mean scores between 3.5 and 5, whereas those between 1 and 2.5 indicate a negative perception.

Note 3: Data for Singapore is from 2014.

Source: Xavier, S.R. et al. (2016). *ASEAN Regional Entrepreneurship Report 2015/2016*.



A major priority is to narrow the gaps between the original six ASEAN members and the countries that joined later: Cambodia, Lao People’s Democratic Republic, Myanmar and Viet Nam. For this purpose, in 2007 the ASEAN Heads of State launched the Initiative for ASEAN Integration (AIA). Nevertheless there are still substantial gaps. Moreover, most ASEAN countries continue to face persistent poverty and inequality; indeed disparities in income and opportunities have been rising.²⁴

If ASEAN countries are to achieve equitable economic development, both within and between countries, they will need to commit to further economic restructuring, and regulatory reform. Nevertheless, the AEC is building on solid foundations, and ASEAN as a whole has raised overall living standards across its ten member countries. By 2015, the combined GDP of the ASEAN member countries was US \$2.4 trillion, with an average per capita ranging from US \$1,159 per capita in Cambodia to US \$52,889 in Singapore (Table 2).²⁵

TABLE 2: Key economic indicators for ASEAN, 2015

COUNTRY	GDP (CURRENT US\$ MILLION)	GDP GROWTH (ANNUAL %)	GDP PER CAPITA	
			CURRENT US\$	\$ PPP
Brunei Darussalam	12 930.39	-0.57	30 554.7	78 369.3
Cambodia	18 049.95	7.04	1 158.7	3 490.4
Indonesia	861 933.97	4.79	3 346.5	11 057.6
Lao People’s Democratic Republic	12 369.08	7.35	1 818.4	5 691.3
Malaysia	296 283.19	4.97	9 768.3	26 950.3
Myanmar	62 600.91	7.29	1 161.5	5 249.7
Philippines	292 451.39	5.91	2 904.2	7 387.3
Singapore	292 739.31	2.01	52 888.7	85 382.3
Thailand	395 168.03	2.83	5 814.8	16 340.0
Viet Nam	193 599.38	6.68	2 110.9	6 034.3

Source: ESCAP based on World Bank Open Data: see <http://data.worldbank.org/>; accessed on 22 May 2017.

Growth in jobs and informality projected under the AEC

Trade measures under the AEC could lead to a significant increase in output. Projections made by the International Labour Organization and the Asian Development Bank suggest that, by 2025, AEC integration could increase the region's aggregate GDP by 7.1 per cent over the baseline — with the largest gains accruing to the poorest countries.²⁶ For six ASEAN economies, the model indicated a net increase of 14 million jobs, accompanied by the expansion and decline of specific sectors. Some of the sectors projected to expand are also associated with the informal economy and vulnerable circumstances for workers and entrepreneurs — such as trade, transport and construction.

The introduction of the AEC is expected to see vulnerable employment increase as a share of additional job gains by 2025. Such employment is estimated to account for over half of all potential job gains under the AEC in five ASEAN countries — with the share of vulnerable employment in Viet Nam, in particular, rising by about 65 per cent. Noteworthy in the 2014 ILO and ADB figures is a sizable increase

projected for street and market salespersons, also an area with high rates of informal employment and micro/small entrepreneurship, particularly for women.²⁷

For the first five years of the AEC — 2016–2020 — the OECD predicts robust growth, averaging 5.2 per cent per year, anchored in strong local demand in most Member States, led by growth in the Philippines, Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam. In its 2015 report, the OECD noted that ASEAN can draw on vast strengths and play an increasingly important role on the global stage.

This view is supported by the 2013–2014 World Economic Forum. The five largest economies in South-East Asia all feature in the top half of its rankings, with improvements in ranking compared to the previous year: Malaysia (+4 places), Thailand (+6), Indonesia (+4), the Philippines (+7), and Viet Nam (+2). Nevertheless, as indicated in Table 3, there are large differences between countries.²⁸ ASEAN economic integration will thus affect countries differently, and will have distinct impacts for women entrepreneurs in each country.

TABLE 3: Key demographic indicators in ASEAN, 2015

COUNTRY	TOTAL POPULATION (THOUSANDS)	FEMALE POPULATION	MALE POPULATION	ANNUAL POPULATION GROWTH (%)
Brunei Darussalam	423	205	218	1.46
Cambodia	15 578	7 980	7 598	1.62
Indonesia	257 564	127 876	129 688	1.28
Lao People's Democratic Republic	6 802	3 417	3 385	1.66
Malaysia	30 331	15 305	15 026	1.51
Myanmar	53 897	27 562	26 335	0.82
Philippines	100 699	49 887	50 813	1.58
Singapore	5 604	2 839	2 765	1.97
Thailand	67 959	34 465	33 495	0.38
Viet Nam	93 448	47 223	46 224	1.12
ASEAN	632 305	316 759	315 547	1.34 (average)

Source: ESCAP based on United Nations, Department of Economic and Social Affairs, Population Division (2015). *World Population Prospects: The 2015 Revision*, custom data acquired via website.

At the same time, ESCAP has also noted that the region will be constrained in the medium term by weak infrastructure and shortages of skilled labour. Countries will need to invest more of their savings in public infrastructure, and boost the quality of education and vocational training to match the needs of job markets.²⁹ Countries will also need to make economic growth more inclusive and strengthen productivity. The wider Asia-Pacific region has a low or declining share of wages in total income and has had a slowdown in total factor productivity, so will need to invest more in SMEs and agriculture.³⁰

Additionally, Table 4 shows that ASEAN countries, apart from Malaysia and Singapore, are generally lagging in areas which are critical to accelerating entrepreneurial development in the context of the

AEC, such as technological readiness, innovation, training and higher education.

Taking advantage of regional integration

The strategic measures set out in the AEC Blueprint 2025 are expected to reduce the prices of goods and services and thus increase competition in domestic markets. SMEs could therefore find it difficult to be competitive, particularly those in Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam, which face a number of constraints: under-developed domestic and cross-border infrastructure; less competitive human resources; lower-quality technology and equipment; and less favourable business environments.³¹

TABLE 4: Global Competitiveness Index: ASEAN rankings out of 140 countries, 2015–2016

	BRUNEI DARUSSALAM	CAMBODIA	INDONESIA	LAO PEOPLE'S DEMOCRATIC REPUBLIC	MALAYSIA	MYANMAR	PHILIPPINES	SINGAPORE	THAILAND	VIET NAM
I. BASIC REQUIREMENTS	18	93	49	86	22	128	66	1	42	72
Institutions	25	111	55	71	23	133	77	2	82	85
Infrastructure	58	101	62	98	24	134	90	2	44	76
Macroeconomic environment	1	64	33	70	35	106	24	12	27	69
Health and Primary education	23	87	80	90	24	113	86	2	67	61
II. EFFICIENCY ENHANCERS	65	101	46	106	22	131	51	2	38	70
Higher education and training	55	123	65	112	36	134	63	1	56	95
Goods market efficiency	42	93	55	76	6	130	80	1	30	83
Labour market efficiency	10	38	115	44	19	73	82	2	67	52
Financial market development	56	66	49	74	9	138	48	2	39	84
Technological readiness	71	105	85	119	47	138	68	5	58	92
Market size	131	90	10	109	26	60	30	35	18	33
III. INNOVATION AND SOPHISTICATION FACTORS	54	121	33	103	17	134	47	11	48	88
Business sophistication	56	122	36	96	13	135	42	18	35	100
Innovation	59	122	30	108	20	132	48	9	57	73

Note: Data for Brunei Darussalam have been retrieved from the 2013–2014 Global Competitiveness Report (148 countries), therefore direct comparisons to Brunei Darussalam are inexact.

Source: Schwab, K. & Sala-i-Martin, X. (2015). *World Economic Forum: The Global Competitiveness Report 2015–2016*.

Some of the most salient AEC measures concern:

- i **TARIFF LIBERALIZATION** — Reducing tariffs will make foreign-made goods cheaper and more plentiful for consumers in the integrated ASEAN market.
 - ii **ELIMINATION OF NON-TARIFF BARRIERS** — Non-tariff barriers include product quality standards, quotas and permit requirements. Reducing these for final consumption and for production purposes will make imported goods cheaper, more plentiful, and more varied.
 - iii **RULES OF ORIGIN** — Under the AEC, goods that have been produced within, or have had some value-added elements in, ASEAN would be progressively able to take advantage of liberalized tariffs and lower non-tariff barriers. This too would increase the number of products traded across the region and thus increase competition.
 - iv **FINANCIAL INTEGRATION** — The AEC aims to integrate financial and capital markets. As it becomes easier to move money across borders, total financial flows will increase. This could lead to increases in foreign investment from within the region and from outside.
 - v **INFRASTRUCTURE** — Infrastructure improvements arising out of the AEC will be slower. But they should gradually benefit local businesses by reducing transportation costs, improving energy supplies and decreasing transaction costs — particularly if they are accompanied by better ICT infrastructure.
- b **CHANGES IN CUSTOMER PREFERENCES** — Consumers in local markets will have access to cheaper products and services as well as greater choice. Local household consumers are therefore likely to demand higher quality products and services. Local companies similarly will have more options for sourcing their inputs. In order to adapt to changing customer preferences, SMEs will need to improve and innovate production of high quality products at competitive prices.
 - c **EXPANSION OF OVERALL POTENTIAL CUSTOMER BASE** — Exporters should find it easier and more attractive to sell goods to new markets and participate in regional value chains.
 - d **CHANGES IN PRODUCTION COSTS** — SMEs should be able to reduce costs. Savings would include the following:
 - i **ECONOMIES OF SCALE** — production costs decrease as output increases and operations are consolidated
 - ii **LOWER LOGISTICS COSTS** — reduced customs and transportation charges
 - iii **LOWER INVENTORY COSTS** — a harmonized market will reduce warehousing costs and speed up transport, minimizing the obsolescence costs of goods arriving too late
 - e **LOWER TRANSACTION COSTS** — by eliminating tariffs and duplicate registrations, as well as streamlining testing and certification procedures.³²

Implications for entrepreneurs

The consequences of AEC policies will differ from country to country, but the general effects will include:

- a **INTENSIFIED COMPETITION** — The AEC should strengthen local businesses that can establish partnerships or attract investment from foreign companies. It should also help local competitors to expand within domestic markets through better infrastructure. So businesses that do not attract foreign investment or establish necessary partnerships will struggle to compete domestically.

These changes will affect all SMEs. Assessing the impact specifically on women entrepreneurs, however, will require rigorous gender analysis. Governments and commercial will need to incorporate gender considerations in policies, programmes and practices. Policy and regulatory development will also depend on the collection and dissemination of gender-disaggregated statistics, including data on women's entrepreneurship. ●

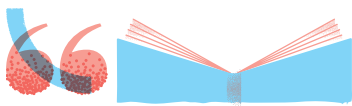
- 1 Xavier, S.R., Sidin, S.M., Guelich, U., and Nawangpalupi, C. (2016). *Global Entrepreneurship Monitor. ASEAN Regional Entrepreneurship Report 2015/2016. ASEAN Entrepreneurship: The Context, Impact and Opportunities for Women Entrepreneurs and Startups; Key Pivots for Growth and Sustainability*. Kuala Lumpur: Universiti Tun Abdul Razak.
- 2 World Economic Forum (2016). *The Global Gender Gap Report 2016*. Geneva: World Economic Forum. Available from reports.weforum.org/global-gender-gap-report-2016
- 3 Asian Development Bank (2015). *Women in the workforce: An unmet potential in Asia and the Pacific*. Mandaluyong City, Philippines: ADB.
- 4 The Asia Foundation and APEC, Asia Pacific Economic Cooperation (2013). *Access to Trade and Growth of Women's SMEs in APEC Developing Economies: Evaluating Business Environments in Malaysia, Philippines, Thailand*. San Francisco: The Asia Foundation.
- 5 Teignier, Marc and Cuberes, David (2014). *Aggregate Costs of Gender Gaps in the Labour Market: A Quantitative Estimate*. UB Economics Working Reports E14/308. Available from SSRN: <http://ssrn.com/abstract=2405006>
- 6 Ibid. Estimates by Teignier and Cuberes (2014). Losses are estimated for a particular year for each country and can thus be interpreted as a one-off increase in GDP if gender gaps were to be removed.
- 7 For example: The World Bank (2011a), *World Development Report: Gender Equality and Development*, p. 5. OECD (2012), *Gender Equality in Education, Employment and Entrepreneurship: Final Report to the MCM 2012*. <http://www.oecd.org/employment/50423364.pdf> p. 3.
- 8 Gonzales, C., Jain-Chandra, S., Kochhar, K., Newiak, M. (2013). *Fair Play: More Equal Laws Boost Female Labour Force Participation*. Washington DC: International Monetary Fund.
- 9 World Bank (2011). *World Development Report 2012: Gender Equality and Development*. Washington, DC: World Bank
- 10 Asian Development Bank (2015). *Asian Development Outlook 2015 Update: Enabling Women, Energizing Asia*. Mandaluyong City, Philippines: ADB.
- 11 Heyzer, N. and Powell, N. (2013). Op-Ed: *Enabling Women Entrepreneurs to Drive Global Growth*. Bangkok: United Nations Economic and Social Commission for Asia and the Pacific.
- 12 The Asia Foundation and APEC, Asia Pacific Economic Cooperation. (2013). *Access to Trade and Growth of Women's SMEs in APEC Developing Economies: Evaluating Business Environments in Malaysia, Philippines, Thailand*. San Francisco: The Asia Foundation.
- 13 Association of Southeast Asia Nations (2015). *ASEAN Integration Report 2015*. Jakarta: ASEAN Secretariat.
- 14 Economic Research Institute for ASEAN and East Asia (ERIA). (2014). *ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SMEs*. Jakarta: ASEAN.
- 15 See <http://www.aseansme.org/aboutus>
- 16 Association of Southeast Asian Nations (2015). *ASEAN Strategic Action Plan for SME Development 2016-2025*. Jakarta: ASEAN Secretariat.
- 17 Economic Research Institute for ASEAN and East Asia (2014). *ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SMEs*. Jakarta: ASEAN.
- 18 The eight policy dimensions covered by the ASEAN SME Policy Index are institutional framework; access to support services; cheaper and faster start-up and better legislation and regulation for SMEs; access to finance; technology and technology transfer; international market expansion; promotion of entrepreneurial education; and more effective representation of SMEs' interests.
- 19 Bosma, N., Coduras, A., Litovsky, Y. and Seaman, J. (2012). *GEM Manual. A report on the design, data and quality control of the Global Entrepreneurship Monitor*. Available from www.gemconsortium.org.
- 20 International Labour Organization and Asian Development Bank (2014). *ASEAN Community 2015: Managing integration for better jobs and shared prosperity*. Bangkok: ILO and ADB.
- 21 Association of Southeast Asian Nations (2015). *A Blueprint for Growth ASEAN Economic Community 2015: Progress and Key Achievements*. Jakarta: ASEAN Secretariat.
- 22 Association of Southeast Asian Nations (2015). *ASEAN Integration Report 2015*. Jakarta: ASEAN Secretariat
- 23 Association of Southeast Asian Nations (2015). *A Blueprint for Growth. ASEAN Economic Community 2015: Progress and Key Achievements*. Jakarta: ASEAN Secretariat.
- 24 United Nations Economic and Social Commission for Asia and the Pacific (2015). *Economic and Social Survey of Asia and the Pacific - Balancing the Three Dimensions of Sustainable Development: From Integration to Implementation*. Bangkok: ESCAP.
- 25 ESCAP based on World Bank Open Data: see <http://data.worldbank.org>
- 26 International Labour Organization and Asian Development Bank (2014). *ASEAN Community 2015: Managing integration for better jobs and shared prosperity*. Bangkok: ILO and ADB.
- 27 Ibid.
- 28 ESCAP based on United Nations, Department of Economic and Social Affairs, Population Division (2015). *World Population Prospects: The 2015 Revision*, custom data acquired via website.
- 29 United Nations Economic and Social Commission for Asia and the Pacific (2015). *Economic and Social Survey of Asia and the Pacific - Balancing the Three Dimensions of Sustainable Development: From Integration to Implementation*. Bangkok: ESCAP.
- 30 Available from <http://www.unescap.org/resources/economic-and-social-survey-asia-and-pacific-2015-year-end-update>
- 31 United Nations Economic and Social Commission for Asia and the Pacific (2015). *What the ASEAN Economic Community Will Mean for Businesses. A Look at the Case of Myanmar*. Bangkok: ESCAP.
- 32 Woetzel, J. et al. (2014). *Southeast Asia at the crossroads: Three paths to prosperity*. McKinsey Global Institute.

98.22
4.67
28.54
17.99
7.5



Chapter 2

A profile of women entrepreneurs



Entrepreneurship is seen as a process stretching across several phases, from intending to start-up, to just starting up, to running new and established businesses

The characteristics of women entrepreneurs in ASEAN vary between countries, but GEM data can be used to outline a general profile. Overall, women entrepreneurs are likely to be in their late-30s, and slightly older than their male counterparts. Women are also more likely than men to be involved in early-stage entrepreneurial activity and in micro and small enterprises, particularly in retail and service activities. The lack of finance cited as a key factor in business discontinuance in the case of women. Women are also likely to have lower growth expectations than men, as well as lower levels of international market orientation, being largely based in and focused on local markets.

In examining the general characteristics which define women entrepreneurs across ASEAN in greater detail, this chapter particularly draws on GEM data. This data follows a life cycle approach to determine stages of the entrepreneurial journey. In this context, entrepreneurship is seen as a process stretching across several phases, from intending to start-up, to just starting up, to running new and established businesses.

This chapter focuses on two stages in this process:

- 1 Total early-stage Entrepreneurial Activity (TEA): nascent entrepreneurs who are involved in setting-up a business and owner-managers of new businesses (up to 3,5 years old).
- 2 Owner-Managers of an Established Business (EB): those whose businesses are more than 3,5 years old.

Educational attainment

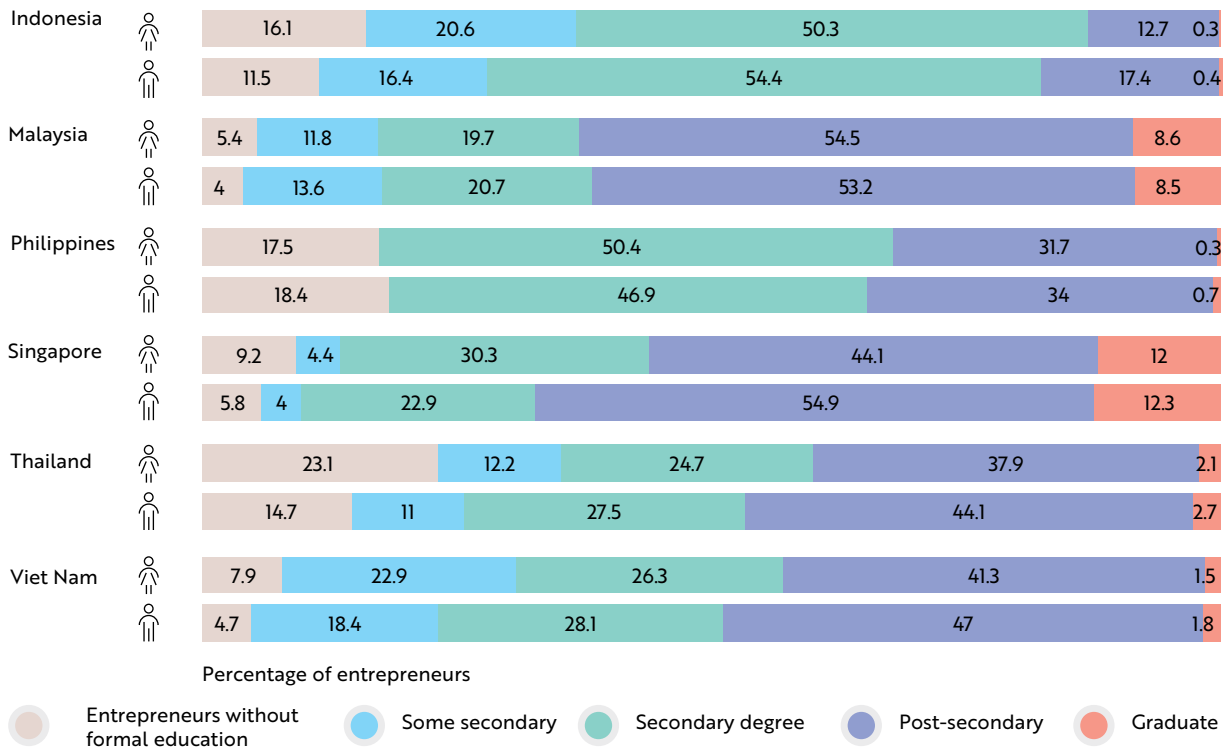
Except in Malaysia, GEM data indicate that fewer women entrepreneurs had received higher education — post-secondary or graduate. Indeed, many had no formal education at all, with the greatest contrast in Thailand — 23 per cent of women entrepreneurs had no education compared with 15 per cent for men (Figure 1).

A lower educational level can impact business development in many ways. It can influence the type and size of a business due to a low growth orientation; the degree of innovation of products and services; access to finance (including due to lack of information); the capacity to internationalize (due to knowledge gaps and language barriers); and the ability to transfer research and development outcomes to the business.

Female and male participation in entrepreneurship

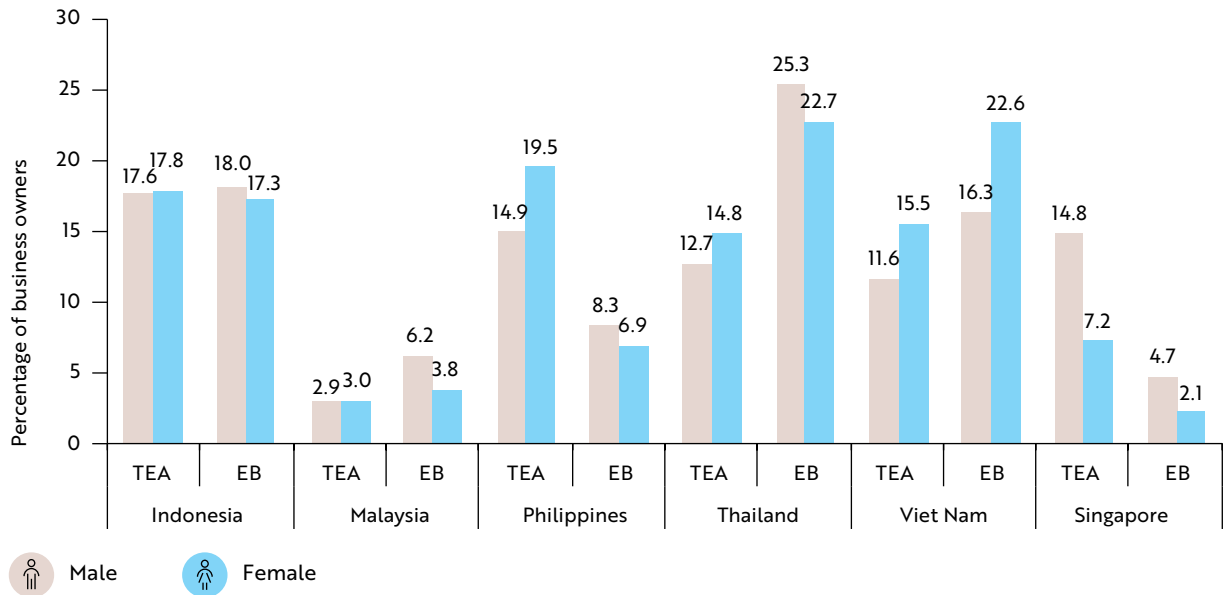
For a selection of ASEAN countries for which GEM data were available in 2015, more women entrepreneurs in Viet Nam were active in both TEA and EB categories — significantly so in the case of established businesses (Figure 2). In the remaining five ASEAN focus countries, women were less likely to be in established businesses than men. However, in Thailand and the Philippines, TEA rates among women were higher than that of their male counterparts — with the difference in the Philippines being close to five percentage points.

FIGURE 1: Education levels of entrepreneurs in ASEAN, 2013–2014



Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013–2014.

FIGURE 2: Total early-stage Entrepreneurial Activity (TEA) rates versus Established Business (EB) rates, 2015



Note: Data for Singapore is from 2014.

Source: ESCAP based on Xavier, S.R. et al. (2016). ASEAN Regional Entrepreneurship Report 2015/2016.



In ASEAN countries, entrepreneurs were significantly more likely to be motivated by opportunity rather than necessity

Micro and small businesses

The 2013–2014 GEM data show that most enterprises across ASEAN were small: they either had no employees (Figure 3) or up to five (Figure 4). The countries with the highest proportion of enterprises with no employees– in both the TEA and EB categories– were Thailand and the Philippines. By contrast, in Indonesia the majority had between one and five employees, with no significant gender differences.

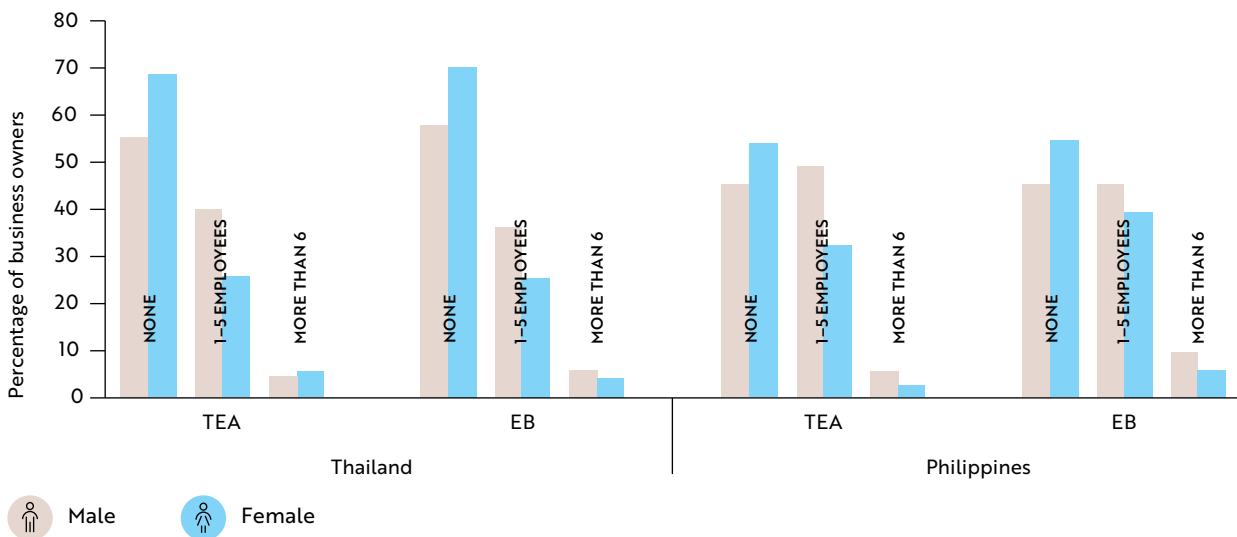
Entrepreneurial motivations

An entrepreneur starts a business either to take advantage of an opportunity or out of necessity. An opportunity-driven entrepreneur recognizes a new business possibility, or is driven by the desire to improve an existing product or service. A necessity-driven entrepreneur starts a business because there are no better options for earning a living. In the ASEAN countries surveyed in both 2013 and 2015, entrepreneurs were significantly more likely to be motivated by opportunity rather than necessity (Figure 5). Although there were some fluctuations between 2013 and 2015, for both men and women, more than three-quarters of entrepreneurs were driven by opportunity. GEM research shows that businesses started by opportunity-driven entrepreneurs are more likely to survive and to employ people than those driven by necessity.

Fear of failure

Another factor influencing the likelihood of women or men starting a business is the fear of failure. A fearful entrepreneur might try to limit risks by not investing or expanding. People who do not fear failure,

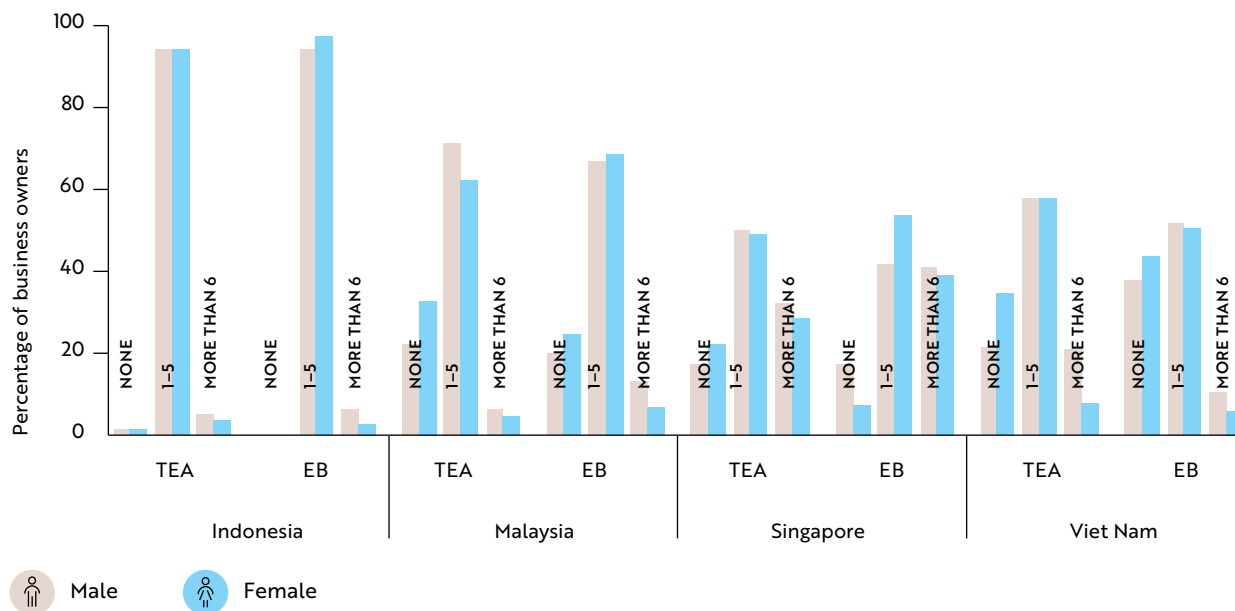
FIGURE 3: Countries with largest percentage of businesses with no employees, 2013–2014



Note: TEA = total early-stage entrepreneurial activity. EB = established businesses.

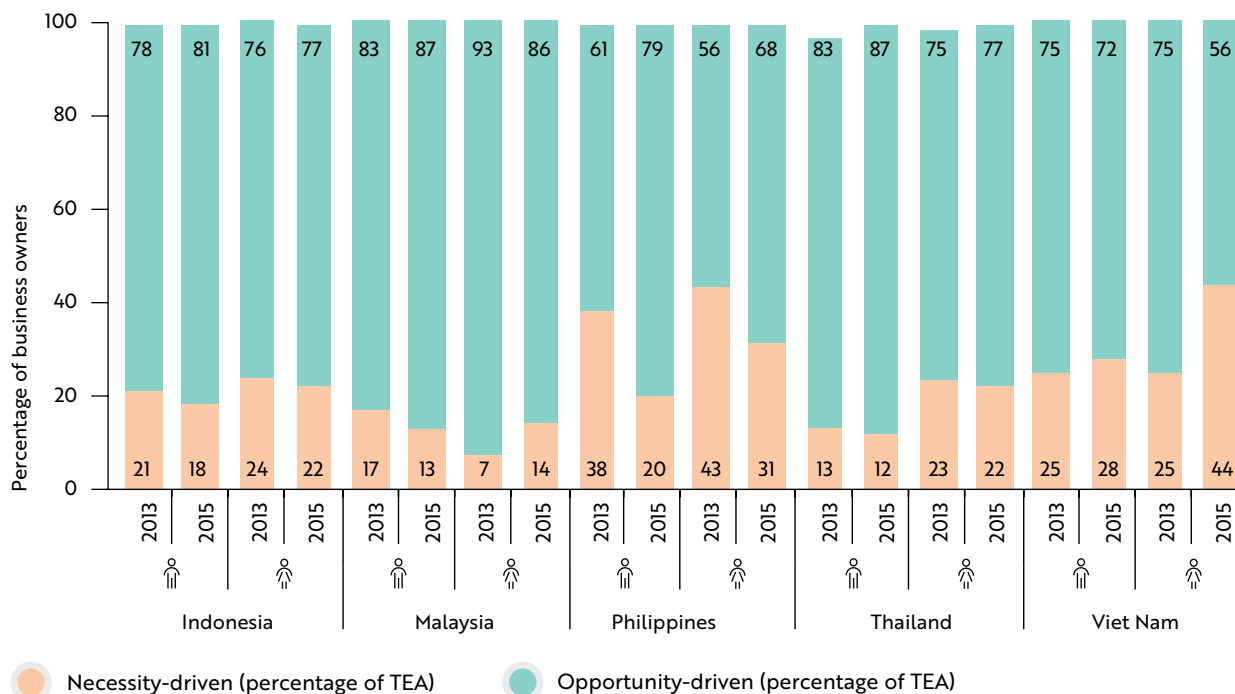
Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013-2014.

FIGURE 4: Countries with largest percentage of businesses with 1–5 employees, 2013–2014



Note: TEA = total early-stage entrepreneurial activity. EB = established businesses.
Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013-2014.

FIGURE 5: Motivations for starting a business, 2013 and 2015



Note: 2015 data for Singapore is not available.
Note: TEA = total early-stage entrepreneurial activity.
Source: ESCAP based on Xavier, S. et al. (2016). ASEAN Regional Entrepreneurship Report 2015/2016.

however, will be less inhibited. Such self-perceptions, in part, reflect sociocultural attitudes, values and expectations. In many societies, business failure carries a stigma. In both 2013 and 2015, women reported higher fear of failure than men in all the countries surveyed, in both TEA and EB categories (Figure 6). For both men and women, fear of failure was highest in Thailand and Viet Nam.

Growth expectations

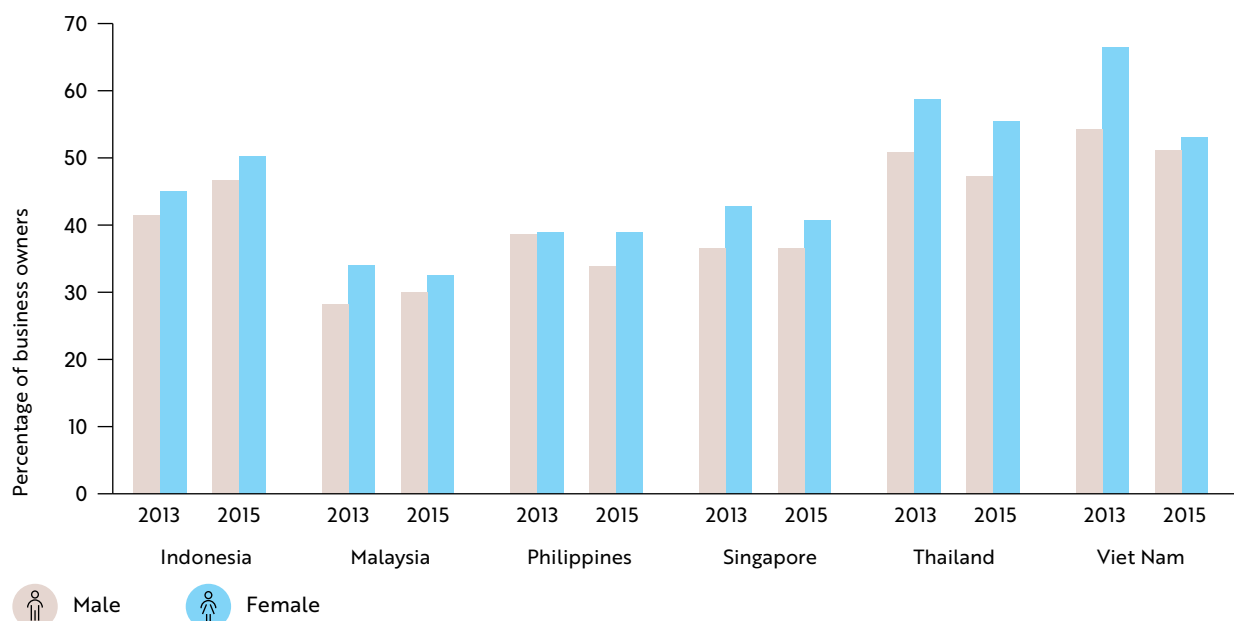
The intentions of entrepreneurs for job growth can offer insights into the dynamics of entrepreneurship in a particular environment. The GEM surveys ask entrepreneurs if they anticipate providing employment to an additional six to 19 people, or 20+ people, in the subsequent five years. Among TEA entrepreneurs in 2013 and 2015, women generally had lower growth expectations than men, with the exceptions of the Philippines and Thailand in 2015 in the 20+ category (Table 5).

TABLE 5: Employee growth expectations for TEA entrepreneurs by percentage, 2013 and 2015

	EXPECTED NO. OF NEW EMPLOYEES	2013		2015	
		Male	Female	Male	Female
Indonesia	6 to 19	7.4	4.3	11.3	6.7
	20+	0.0	1.6	1.6	1.4
Malaysia	6 to 19	13.7	11.8	17.2	8.0
	20+	7.4	2.9	5.2	0.0
Philippines	6 to 19	7.3	2.6	20.6	11.0
	20+	7.3	1.7	3.2	6.1
Thailand	6 to 19	8.8	4.2	4.8	3.0
	20+	1.0	2.8	1.7	2.7
Singapore	6 to 19	20.7	15.0	--	--
	20+	19.0	25.0	--	--
Viet Nam	6 to 19	10.2	10.8	10.8	7.3
	20+	5.7	5.1	5.1	1.7

Source: Xavier, S.R. et al. (2016). *ASEAN Regional Entrepreneurship Report 2015/2016*.

FIGURE 6: Fear of failure, men and women entrepreneurs, 2013 and 2015



Note: 2015 data for Singapore is not available

Source: ESCAP based on Xavier, S. et al. (2016). *ASEAN Regional Entrepreneurship Report 2015/2016*.

International expansion

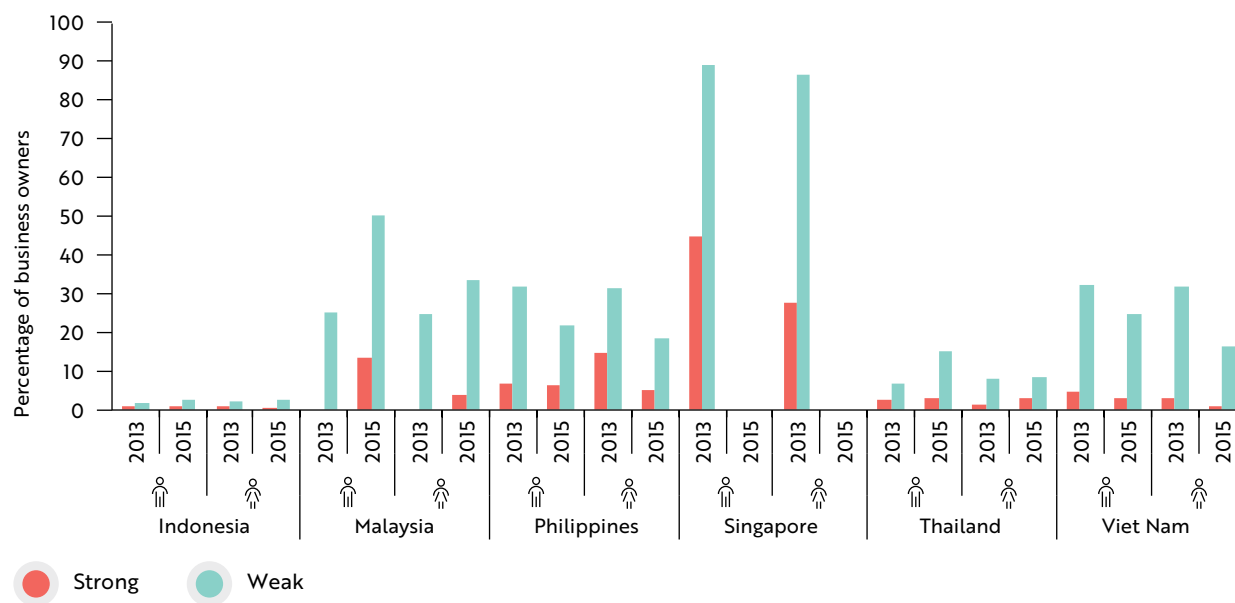
ASEAN integration will enable entrepreneurs to expand their customer base beyond national borders and participate more in regional and global value chains. The GEM surveys questioned entrepreneurs on their international outlook, using two categories of orientation. Weak international orientation refers to entrepreneurs who aim to have more than one per cent of their customers coming from outside their own country. Strong international orientation refers to those who aim to have more than 25 per cent of their customers coming from overseas. The 2015 GEM data showed that women entrepreneurs in general tended to be significantly less internationally oriented than men (Figure 7). For both women and men international orientation was strongest in Singapore — although with lower levels of women in both the strong and weak orientation categories.

Innovation in technology and products

An important indicator of innovative orientation and openness to change is the willingness to embrace new technology.¹ Entrepreneurs can use new technology to develop new or better products and services. GEM data offer perspectives on two aspects of innovation: technology use, and innovation in product and service development. As shown in Figures 8 and 9, ASEAN entrepreneurs — male and female — demonstrated fairly low levels of innovation. A notable exception amongst the countries surveyed was Indonesia with an overall highest level of new technology use by TEA and EB entrepreneurs. The Philippines and Singapore also showed relatively higher levels amongst TEA entrepreneurs. Gender differences were small, though in five of six countries, TEA women entrepreneurs were making greater use of the new technology than their male counterparts.

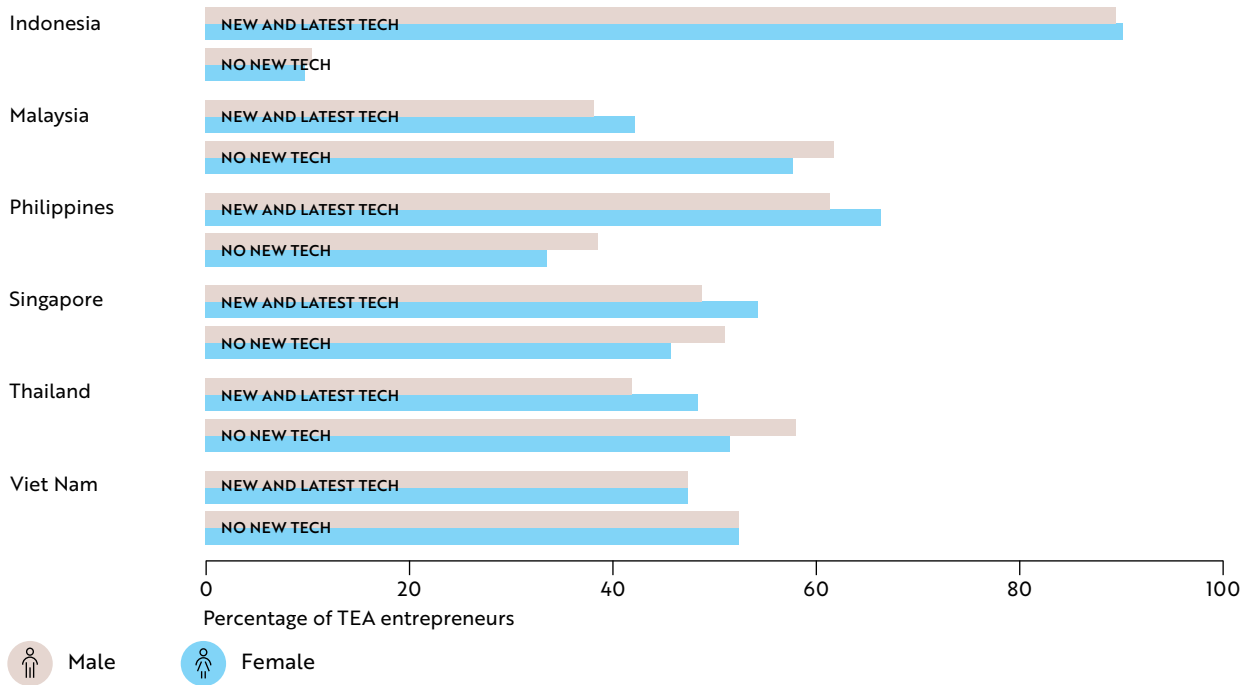
Figures 10 and 11 concern innovation in product and service development. Entrepreneurs were asked whether their customers considered their products or services to be new or unfamiliar. Generally, they did

FIGURE 7: Intention to expand internationally, men and women entrepreneurs, 2013 and 2015



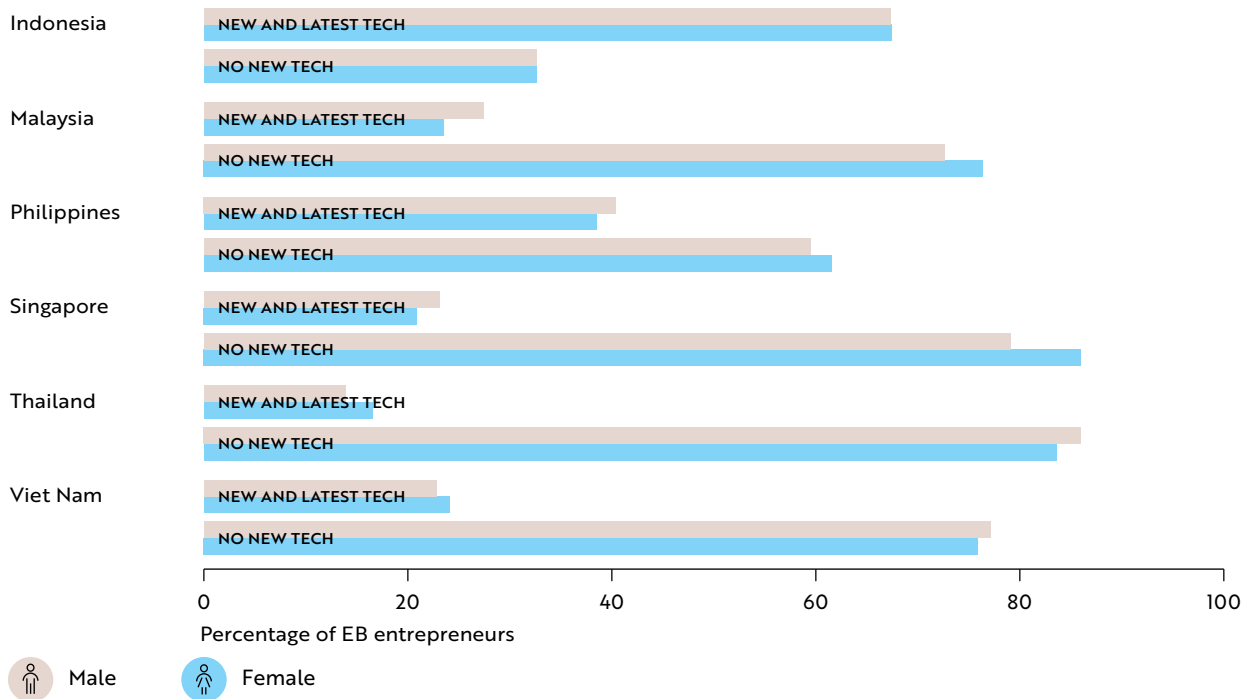
Note: 2015 data for Singapore and 2013 data for business owners with weak intention to expand for Malaysia are not available.
Source: ESCAP based on Xavier, S.R. et al. (2016). *ASEAN Regional Entrepreneurship Report 2015/2016*.

FIGURE 8: Technology use, TEA entrepreneurs, 2014–2015



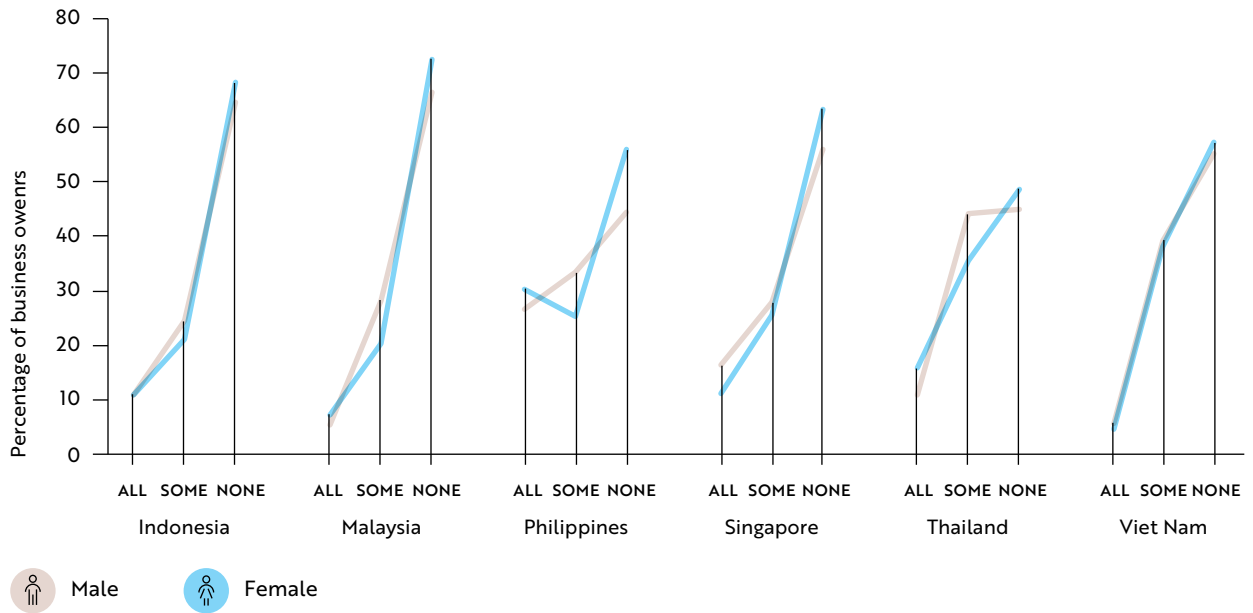
Note: "New and latest tech" = technology that is less than five years old. "No new tech" = technology that is more than five years old.
 Source: ESCAP based on Xavier, S. et al (2015). *Global Entrepreneurship Monitor. ASEAN Regional Entrepreneurship Report 2014/2015*.

FIGURE 9: Technology use, EB entrepreneurs, 2014–2015



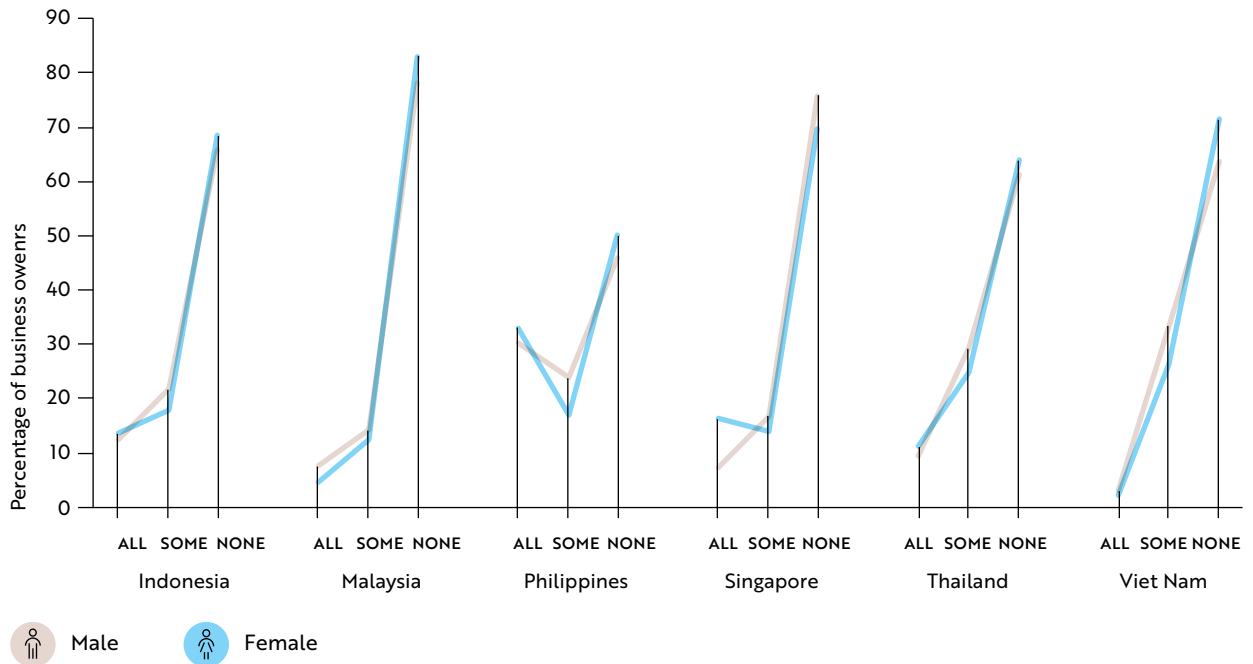
Note: "New and latest tech" = technology that is less than five years old. "No new tech" = technology that is more than five years old.
 Source: ESCAP based on Xavier, S. et al (2015). *Global Entrepreneurship Monitor. ASEAN Regional Entrepreneurship Report 2014/2015*.

FIGURE 10: Customers of TEA businesses who consider the product or service new or unfamiliar, 2013–2014



Note: Business owners reporting that their product or service was considered as new to none/some/all customers
Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013–2014.

FIGURE 11: Customers of established businesses who consider the product or service new or unfamiliar, 2013–2014



Note: Business owners reporting that their product or service was considered as new to none/some/all customers
Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013–2014.

not, for the products of men or women entrepreneurs, though the proportion was higher in the Philippines.













Concentration in lower-value activities

Table 6 and Table 7 show the distribution of female and male entrepreneurs across economic activities. Both women and men tend to work in retail and services (hotels and restaurants) though the concentration is typically greater for women. The greatest male/

female differences for TEA in these activities were in Singapore, Thailand and Malaysia, and for EB in Singapore, Viet Nam and the Philippines.













Figure 12 indicates the proportion of entrepreneurs engaged in the retail sale of food beverages and tobacco — which is where the largest overall area of concentration of women entrepreneurs in ASEAN is found. Other economic activities in which GEM data shows the engagement of women entrepreneurs to be more than five per cent were:

TABLE 6: TEA rates by activities, men and women entrepreneurs, 2013–2014

	INDONESIA		MALAYSIA		PHILIPPINES		SINGAPORE		THAILAND		VIET NAM	
												
1 Agriculture, forestry, fishing	4.8	2.0	14.5	0.9	6.9	2.6	0.8	0.7	11.0	7.2	3.9	0.7
2 Mining, construction	2.6	2.8	6.1	0.9	1.3	0.6	4.0	0.7	2.6	0.0	3.6	0.7
3 Manufacturing	9.4	10.4	4.6	11.2	4.9	3.8	3.2	4.3	5.5	7.5	3.6	3.4
4 Utilization, transport, storage	3.5	1.3	2.3	0.0	2.3	1.0	4.5	1.4	2.4	1.9	1.6	1.7
5 Wholesale trade	8.1	2.3	13.7	2.8	5.9	2.2	8.5	7.9	11.0	2.4	7.8	3.1
6 Retail trade, hotels & restaurants	60.2	71.3	51.1	67.3	72.4	85.1	36.8	55.4	50.4	68.5	62.5	78.4
7 Information and communication	1.4	0.4	1.5	1.9	1.0	0.8	9.3	2.9	4.6	1.2	2.3	1.0
8 Financial intermediation, real estate activities	2.3	1.0	3.1	2.8	1.6	1.6	7.7	5.8	2.9	1.7	3.9	1.4
9 Professional services	1.7	2.2	1.5	6.5	0.7	1.0	9.7	5.0	1.3	0.5	2.0	0.3
10 Administrative services	3.0	1.4	1.5	1.9	1.0	1.2	2.4	0.7	0.9	0.2	0.7	0.7
11 Government, health, education, social services	2.7	4.9	0.0	3.7	2.0	0.2	8.9	13.7	6.6	8.2	6.2	6.9
12 Personal/consumer service activities	0.2	0.0	0.0	0.0	0.0	0.0	4.0	1.4	0.9	0.7	2.0	1.7

Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013–2014.

TABLE 7: EB rates by activities, men and women entrepreneurs, 2013–2014

	INDONESIA		MALAYSIA		PHILIPPINES		SINGAPORE		THAILAND		VIET NAM	
												
1 Agriculture, forestry, fishing	4.8	2.1	15.6	5.6	9.3	2.1	0.0	0.0	25.6	19.7	2.8	1.7
2 Mining, construction	4.4	2.6	9.0	3.4	1.7	1.1	10.3	7.1	4.5	0.9	3.0	0.5
3 Manufacturing	9.9	11.2	7.1	12.4	7.6	8.0	6.9	9.5	6.1	6.0	2.2	2.7
4 Utilization, transport, storage	2.0	1.4	3.3	0.0	3.4	1.1	3.4	0.0	3.6	0.9	3.6	1.0
5 Wholesale trade	10.0	1.8	11.8	11.2	14.4	5.9	10.3	4.8	12.4	4.9	15.4	4.2
6 Retail trade, hotels & restaurants	59.7	74.2	39.6	51.7	56.8	74.9	20.7	47.6	40.1	55.8	54.0	78.6
7 Information and communication	0.8	0.1	1.9	0.0	0.8	0.0	11.5	2.4	1.2	0.5	0.6	1.0
8 Financial intermediation, real estate activities	1.7	1.2	2.4	1.1	0.8	3.2	8.0	7.1	0.6	0.9	3.0	2.7
9 Professional services	0.9	1.5	2.4	2.2	0.8	0.5	17.2	4.8	1.6	0.0	1.9	0.2
10 Administrative services	2.6	0.4	2.4	1.1	3.4	2.7	3.4	0.0	0.6	0.5	1.4	0.5
11 Government, health, education, social services	2.5	3.1	4.2	11.2	0.8	0.5	6.9	16.7	3.0	9.4	10.5	5.9
12 Personal/consumer service activities	0.8	0.3	0.5	0.0	0.0	0.0	1.1	0.0	0.9	0.7	1.7	1.0

Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013–2014.

- Government, health, education, social services (Indonesia, Singapore, Thailand, Viet Nam)
- Manufacturing (Indonesia, Malaysia, Thailand)
- Professional services (Malaysia, Singapore)
- Financial intermediation and real estate (Singapore)
- Agriculture (Thailand)

These data mirror global information from the International Trade Centre which showed that fewer women-owned SMEs were in high-value-added sectors.² Female owners were heavily concentrated in retail and wholesale activities (41 per cent of women-owned SMEs, versus 30 per cent of men-owned SMEs). The only other area in which

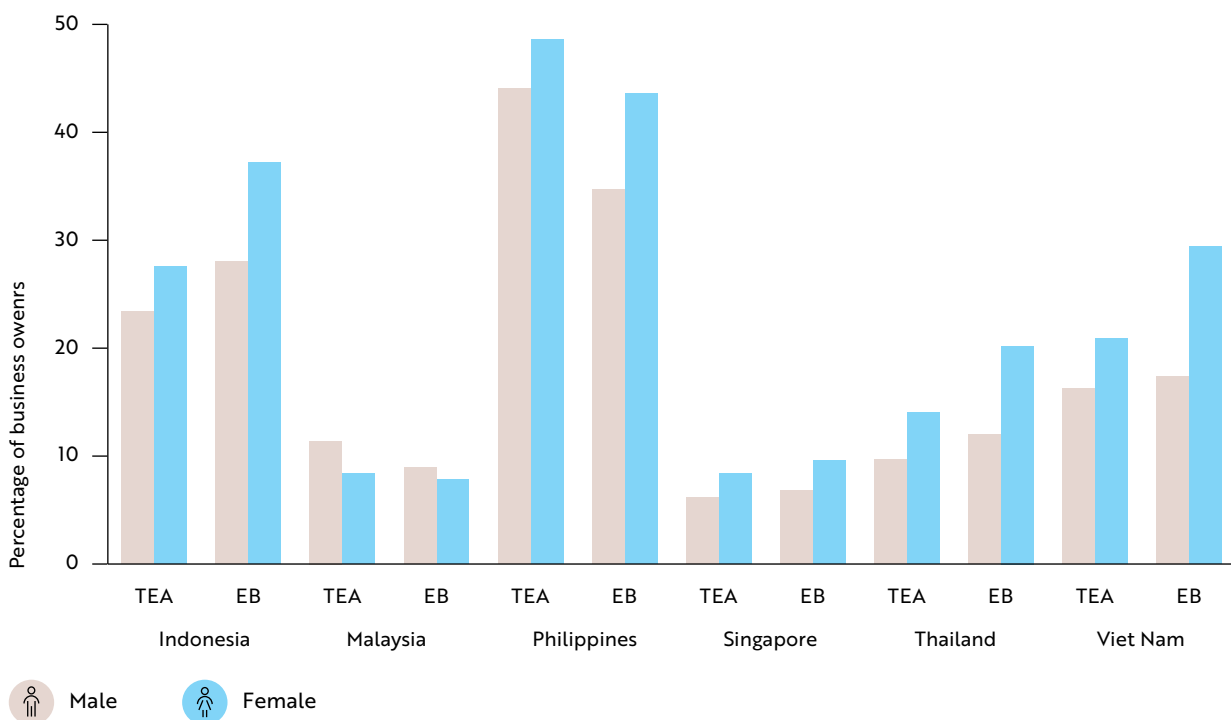
women’s proportion was greater than that for men was healthcare, beauty and cosmetics — two per cent for women and one per cent for men.

The informal economy

Worldwide, women entrepreneurs account for around one third of all formal-sector businesses. But in developing countries in ASEAN, they make up a higher proportion of informal-sector micro and small and enterprises.³ Such small enterprises are often in sectors likely to grow under the AEC — particularly in trade, transport, construction, services, retail and agriculture.

In Indonesia, the MasterCard Worldwide Insights Report also showed an increase in the proportion of women-owned SMEs — though mainly in areas such

FIGURE 12: Percentage of entrepreneurs in retail sale of food, beverages and tobacco, 2013–2014



Note: TEA = total early-stage entrepreneurial activity; EB = Established business.

Source: ESCAP based on Global Entrepreneurship Monitor (2015). GEM Adult Population Survey 2013–2014.



as food and beverages, tourism and trade which do not require high skills and expertise and are often found in the informal sector.⁴

Furthermore, the discrimination issues which are prevalent in the formal economies of the region are often intensified in the informal economy. Women tend to have lower incomes, less capital and skills and are less likely to be employers than men in the informal economy.⁵ Research in Viet Nam indicates that such factors may have long-term consequences.⁶ Unlike high-skill activities, many skills prevalent in informal settings are less easily transferable to other

areas, causing women to remain trapped in low value-added activities. The under-representation of women-owned SMEs in sectors that are more likely to export reinforces this likelihood.

However, it is expected that the number of formally registered businesses in ASEAN economies will increase over the next decade, with additional impetus given by the September 2016 adoption of the Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN (Box 3).●

BOX 3: ASEAN governments commit to formalizing their economies

At the ASEAN Summit in Lao People's Democratic Republic in September 2016, ASEAN leaders adopted the Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN. This in turn reflected Recommendation 204 on "transition from the informal to the formal economy" adopted by governments, employer representatives and worker representatives at the June 2015 ILO annual International Labour Conference (ILC).

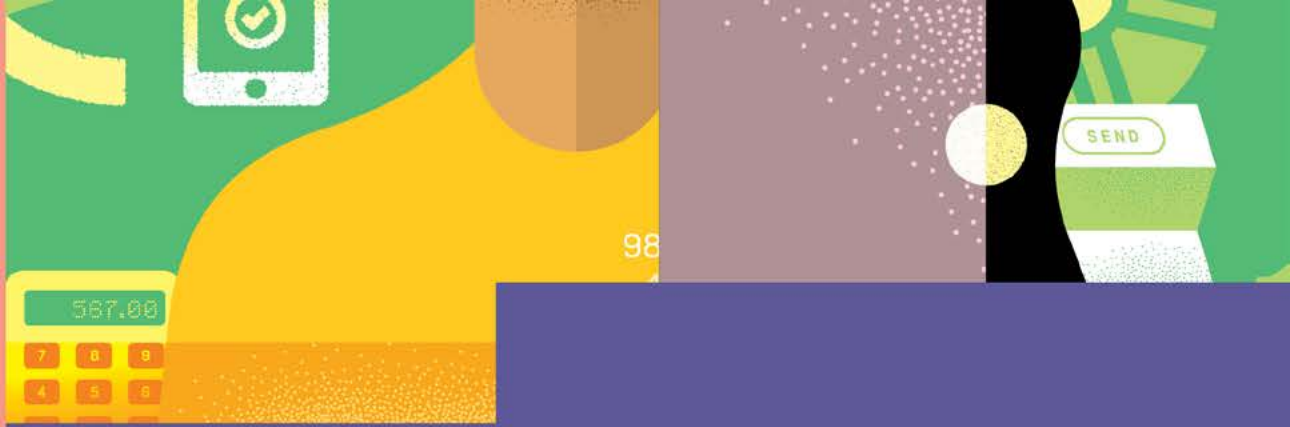
The Vientiane Declaration commits ASEAN Member States to cooperate in areas including:

- developing capacity and sharing best practices on promoting decent jobs, entrepreneurship opportunities, skills development, technical and vocational education and training, labour protection, decent work conditions and income security
- integrating labour matters into national policies and programmes that promote entrepreneurship, sustainable micro, small and medium enterprises and other forms of business models, by expanding access to information of relevant regulations, financial services and support, and market opportunities.

The ILC Recommendation 204 and the Vientiane Declaration are important for the promotion of women's entrepreneurship. In September 2015, Cambodia, for example, launched a new Industrial Development Policy which by 2025 aims to transform its economy from a low value-added, low wage and labour-intensive base to a skill-driven mode. The policy gives priority to formalizing SMEs so that they can more readily access support to boost capacity and growth prospects.

Source: ASEAN (2016). "Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN". 28th ASEAN Summit, 6 September 2016.

- 1 The OECD / Eurostat define business innovation as: "The implementation of a new or significantly improved product (good or service), or process, or a new marketing method, or new organizational method in business practices, workplace organization or external relations. The minimum requirement for an innovation is that the product, process, marketing method or organizational method must be new (or significantly improved) to the firm. This includes products, processes and methods that firms are the first to develop and those that have been adapted from other firms or organizations." Organisation for Economic Cooperation and Development & Eurostat. (2005). *The Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data*. 3rd edition.
- 2 International Trade Centre (2015). *SME Competitiveness Outlook 2015: Connect, Compete and Change for Inclusive Growth*. Geneva: ITC.
- 3 International Labour Organization (2014). *Women's Entrepreneurship Development, Sustainable Enterprise Programme*. Geneva: ILO.
- 4 MasterCard Worldwide Insights (2010). *Women-owned SMEs in Asia/Pacific, Middle East and Africa: An Assessment of the Business Environment*.
- 5 International Labour Conference, 103rd Session. (2014). *Transitioning from the informal to the formal economy, Report V (1)*. Geneva: ILO.
- 6 Thoburn, J.T., K. Sutherland, and Nguyen Thi Hoa (2007). Globalization and Restructuring in the Textiles Sector on Households in Vietnam: Impact on Households. *Journal of the Asian Pacific Economy*, 12 (3), 345-66.



Chapter 3

ICT opens new horizons



Disruptive innovations could boost the GDP of South-East Asia by between \$220 billion and \$625 billion.

In Asia in particular, economic activity will be boosted by a new wave of disruptive innovations. These include the Internet of things, the mobile Internet, big data, and cloud technology.¹ It has been estimated that together they could boost the GDP of South-East Asia by between 4 and 12 per cent — by between \$220 billion and \$625 billion.²

Better access to the Internet will also transform retail and service activities, and allow previously excluded SMEs and women entrepreneurs to improve their business processes, access different markets and promote new products. However, ASEAN member States differ in their readiness to fully harness these key technologies and provide equitable opportunities for all enterprises. This is illustrated by the World Economic Forum Networked Readiness Index which combines a series of relevant indicators: the state of the enabling environment, infrastructure, affordability, skills, and technology usage and impacts. Except for Singapore which is ranked 1, and Malaysia which is ranked 32, ASEAN member States are ranked outside the top 50.³

This diversity is evident in Internet access with, for example, Singapore leading the way at 82 per cent, while others are far behind — Cambodia at 19 per cent and Myanmar at 22 per cent. On the other hand, mobile cellular subscriptions are high, and much greater than fixed-line broadband subscriptions (Table 8).

In future, more people will be accessing the Internet via mobile technology. The region already accounts for more than half of the world's mobile Internet subscribers (approximately 1.3 billion). Many more people are now likely to leapfrog over landline options and directly start with the mobile Internet.⁴ By 2020, Asia could have nearly 800 million new mobile subscribers if barriers are reduced or eliminated.⁵

Nevertheless, mobile broadband alone will not be sufficient to support the digital economy. It will also be important to expand fixed broadband networks which are reliable, robust, affordable and resilient and can support mobile Internet services to densely populated or remote areas.

TABLE 8: Internet, mobile cellular and fixed broadband access, per 100 people, 2015

ASEAN MEMBER STATE	INTERNET USERS	MOBILE CELLULAR SUBSCRIPTIONS	FIXED BROADBAND SUBSCRIPTIONS
Brunei Darussalam	71.2	108	8.03
Cambodia	19.0	133	0.53
Indonesia	22.0	132	1.09
Lao People's Democratic Republic	18.2	53	0.52
Malaysia	71.1	144	10.00
Myanmar	21.8	76	0.06
Philippines	40.7	116	4.78
Singapore	82.1	147	26.40
Thailand	39.3	153	9.24
Viet Nam	52.7	131	8.14

Source: ESCAP based on World Bank Open Data: see <http://data.worldbank.org/>; accessed on 22 May 2017.

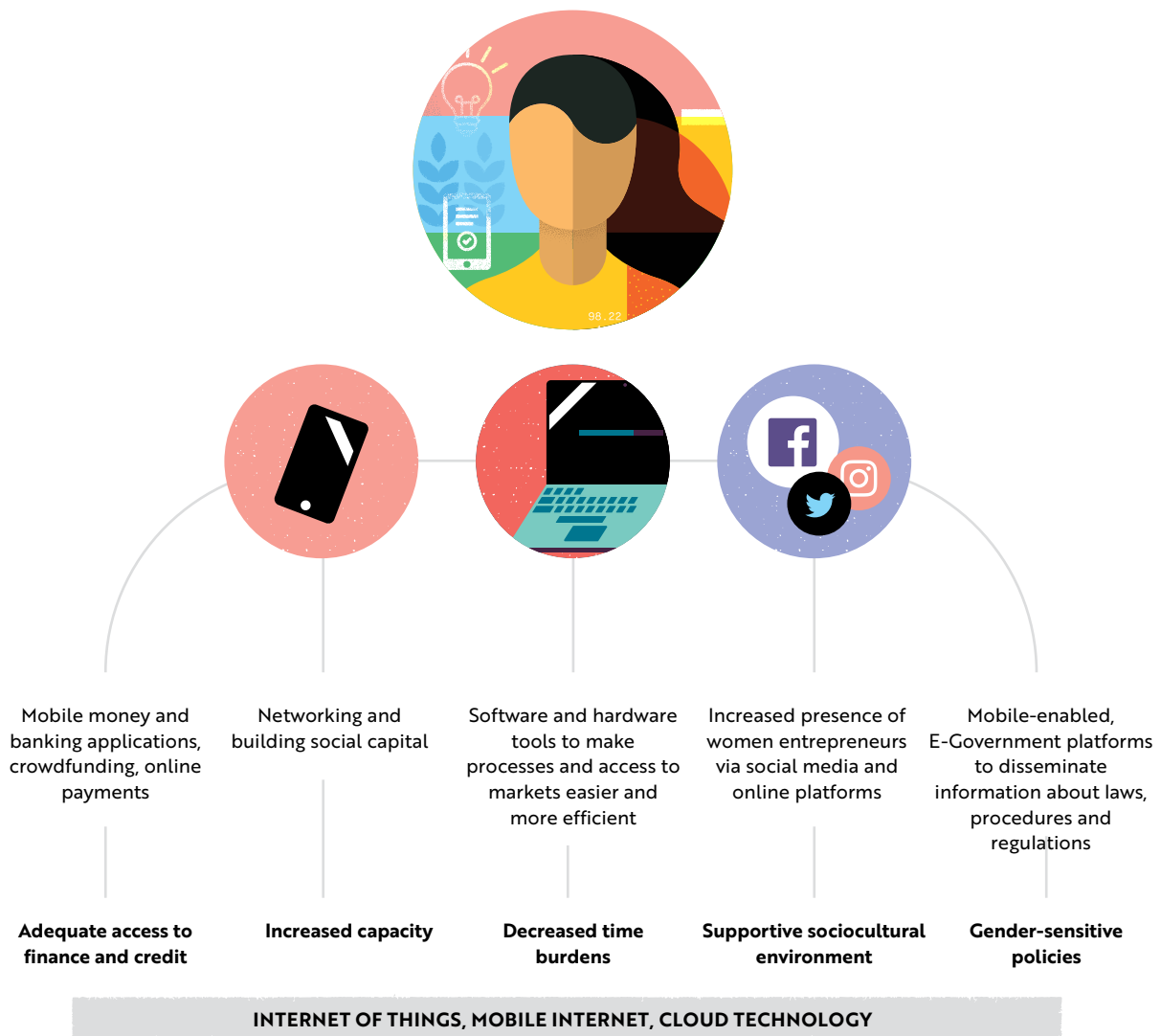
Women entrepreneurs and ICTs

What do these technological advances mean for women entrepreneurs? Due to a lack of consistent sex-disaggregated data, it is difficult to paint a precise picture of how women in ASEAN are using ICTs to start or to run businesses. However, available studies suggest that they will face a number of constraints. Market research reports, for example, indicate that Internet use in the wider Asia-Pacific region is higher for males, in almost all age groups. Likewise, statistics for social media show Facebook usage is 61 per cent for males but only 39 per cent

for females. Research by the Asia Foundation in three ASEAN countries further shows that women are 12 per cent less likely than men to be aware of emerging technologies.⁶

Of the ASEAN countries, only Singapore and Thailand consistently gather sex-disaggregated ICT statistics. In Singapore, for example, 66 per cent of women use a computer, compared with 74 per cent for men; and 65 per cent of women use the Internet compared with 73 per cent of men. Similarly, 88 per cent of women use a mobile phone compared with 95 per cent of men.⁷

FIGURE 13: ICTs as enabling tools for women's entrepreneurship



Source: Developed by United Nations Economic and Social Commission for Asia and the Pacific, 2015.

The Connected Women Commitment Initiative under Groupe Speciale Mobile Association has carried out research in several low- and middle-income countries (Box 4). This suggests that while mobile phone ownership has been increasing, many women are still being left behind. In East Asia and the Pacific, for example, the study estimates that 54 per cent of women remain unconnected.⁸ Even where women have mobile phones they tend to use them less, either for calls or the mobile Internet.

Given the expansion of digital economies and services, and the likelihood of greater competition resulting from the AEC, women entrepreneurs will need better access to ICTs to launch and sustain their businesses. They can, for example, use the Internet to get better access to standard financial services and credit. They can also use phones for alternative services such as mobile money and mobile banking. Thus, in Indonesia and Myanmar mobile money services are taking off and can be used to receive money more

easily from family and friends — who are often a key source of funding.⁹ In other developing countries, such as Kenya, mobile money is now an integral part of the financial ecosystem; many financial products such as savings, micro-loans and micro-insurance are being built on mobile money platforms.¹⁰

Innovative Internet applications are already reaching more women in Asia's more developed markets. In China, for example Ant Financial has an online platform and, in partnership with the IFC and the Goldman Sachs 10,000 Women Initiative, has launched Ant Credit for women-owned small businesses who find it difficult to get loans from conventional lenders. Ant Credit assesses the creditworthiness of business owners, based on data gathered from online transactions and behaviour, and provides loans accordingly. Unlike the procedures of regular commercial banks, this methodology allows Ant Credit to disburse loans without requiring collateral, which is a key constraint for women.¹¹ Another Internet-based source of funds for business development is crowdfunding which, with other options, is examined further in Chapter 4.

BOX 4: A digital gender divide in Indonesia

Groupe Speciale Mobile Association (GSMA) has carried out research in several low- and middle-income countries, which has been published as *Bridging the gender gap: Mobile access and usage in low- and middle-income countries*. The only ASEAN country covered in depth is Indonesia. While the study found a smaller gender gap in Indonesia compared to some of the other countries studied, women in Indonesia still faced issues stemming from lower economic participation and lower levels of education that reduce their mobile phone usage. They were constrained not just by network quality and coverage, but by also the high cost of handsets and credit, particularly in rural areas. They also had lower technical literacy and were less confident in using technology.

Source: GSMA Connected Women (2015). *Bridging the gender gap: Mobile access and usage in low- and middle-income countries*.

Social capital, capacity and skills

Women's entrepreneurial activity is also shaped by social capital and social networks. According to the Global Entrepreneurship Monitor, the people who start businesses are more likely to be those who know and interact with other entrepreneurs. However, compared with their male counterparts, women who start businesses usually know fewer other entrepreneurs and often lack the social connections that can offer further opportunities, information, and contacts.¹²

The Asia Foundation, in cooperation with APEC, surveyed women entrepreneurs in Malaysia, the Philippines and Thailand.¹³ This survey showed the importance of family contacts for women entrepreneurs; among women-owned firms, those with a relative in business were 46 per cent larger than those without. But women could also develop their businesses in other ways; women-owned firms that used business associations were on average 38 per cent larger than those that did not and 24 per cent

more likely to expand. Around 70 per cent of women exporters also used trade fairs to network, learn about opportunities, and showcase products and services.

In this context, a growing number of innovative ICT initiatives, often created and owned by women, are targeting women entrepreneurs to improve networking and building social capital. These include mobile phone networks, business hotlines and Internet platforms. At the global level, WECConnect International, for example, is a network that connects

women-owned businesses, allowing them to showcase their products to buyers around the world. Similarly, Girls in Tech works to empower women through online learning modules and participatory online events.¹⁴ There are also national networks in ASEAN countries. #StartupLokal in Indonesia, for example, offers online and direct information sharing, mentoring and networking opportunities. In Malaysia, Gorgeous Geeks supports the careers of women in the male-dominated ICT sector.

BOX 5: ESCAP's Women and ICT Frontier Initiative

ESCAP's Asian and Pacific Training Centre for Information and Communication Technology for Development has launched a new resource for women entrepreneurs in ASEAN. The Women and ICT Frontier Initiative (WIFI) aims to create socially and economically-empowered women through ICT-enabled entrepreneurship, and enhance the knowledge and skills of women entrepreneurs in business management and their use of ICT. The programme also aims to help government leaders and policymakers develop gender-responsive policies, programmes and services.

WIFI employs a two-track approach:

KNOWLEDGE ENHANCEMENT. This includes learning the concepts and principles of women's empowerment; the role and potential of ICT; the links with the SDGs; and planning and managing a business.

ICT SKILLS ENHANCEMENT. This entails use of ICT and applications in various business functions.

In addition, the WIFI Info Bank knowledge platform shows where entrepreneurs can find programmes on ICT literacy as well as business-related tools and applications.

WIFI was launched in June 2016 in Incheon, Republic of Korea. Partners from government and civil society showed how the programme could benefit current and aspiring women entrepreneurs in Cambodia, Pakistan, the Philippines, Sri Lanka and Tajikistan. Technology companies including Google, Microsoft and Intel also backed the WIFI project.

Subsequently, WIFI has been launched at national level in Sri Lanka in partnership with the Information and Communication Technology Agency and the Ministry of Women and Child Affairs. The launch was followed by a training of trainers and community workshops in two districts that were severely affected by the civil war. In its initial roll-out, WIFI Suhuruliya was targeted to "war widows" or female household heads.

Source: ESCAP-APCICT (2016) *Women and ICT Frontier Initiative*. Available from <http://www.unapcict.org/wifi>; <http://wifinfolbank.unapcict.org>.



ICTs can offer women entrepreneurs greater access to high-growth markets by offering better market information and the opportunity to sell products and services through online retail platforms and social media

Access to high-growth markets

Women entrepreneurs tend to be concentrated in low-yield markets that are local rather than international.¹⁵ As the AEC becomes a reality, and competition intensifies, ICTs can offer women entrepreneurs greater access to high-growth markets by offering better market information and the opportunity to sell products and services through online retail platforms and social media. In addition, ICTs can link small businesses with larger companies, allowing women entrepreneurs to integrate their businesses into supply and value chains, within ASEAN and around the world.

BOX 6: An E-commerce boom in Thailand

There are already 31 million Thais online. The national E-Commerce Association expects online-trading to expand by 20 to 30 per cent annually, of which around one-fifth will be business-to-customer sales and the rest be business-to-business sales. Hotel and tourism-related enterprises account for 24 per cent of the online traders, costume and jewellery businesses for 23 per cent, computer and Internet service businesses for 19 per cent and service businesses for 7 per cent.

Source: *The Nation* (2014) "Thai Firms Urged to Adapt to E-Commerce Trend." Petchanet Pratuangkrai, 26 August 2014.

Participation in gender-sensitive policy dialogue

Women generally make up a small proportion of the memberships of Asian business associations — and even fewer are in positions of leadership.¹⁶ As a result, their needs and priorities are often invisible in advocacy and policy-making. Women entrepreneurs who join these organizations will have more opportunities to connect with potential clients and partners, and develop their knowledge of the business environment. They can also raise their bargaining power and visibility as economic actors in their own right.

The interests of women entrepreneurs can also be better represented in government bodies. For this purpose, those in charge of SMEs and women's empowerment can use ICTs to facilitate more effective two-way communication channels and feedback mechanisms — using teleconferences, for example, webinars, and virtual communities of practice.

The e-ASEAN policy framework

In order to ensure technology adoption by SMEs, governments can enable access to new technologies, create a strong skills base, reduce counterproductive government-imposed costs, and introduce supportive legislation.¹⁷ To assist them, the AEC Blueprint includes the e-ASEAN component which encourages e-commerce mainly through harmonized regulations and policies, and a common framework for best practices and guidelines.¹⁸ It also promotes essential



infrastructure as well as hardware and software systems. The e-ASEAN commitments aim to:

- i Facilitate the establishment of the ASEAN information infrastructure
- ii Facilitate the growth of e-commerce in ASEAN
- iii Liberalize trade in ICT products and services
- iv Facilitate investments in the provision of ICT products and services
- v Develop an e-society and build capacity to reduce the digital divide within and between ASEAN member States
- vi Promote the use of ICT applications in the delivery of government services (e-government).

The ASEAN Strategic Action Plan for SME Development reinforces these commitments by calling for action in areas such as promoting technology, fostering industry clustering; enhancing e-commerce; and encouraging the use of technology for business innovation.

Under the AEC, entrepreneurs should gain greater access to new technologies that will facilitate cross-border trade and electronic transactions. This will have major implications for wholesale and retail trade — with the Internet serving as an additional sales channel. Manufacturers will also be affected by ICT and other new technologies that will spur changes in production methods.

If e-ASEAN is strengthened and implemented across Member States, it could drive many business sectors — including supply, sales and customer reach, marketing, financial services, and production. It can also cement the foundations for a vibrant digital economy. As implementation unfolds, special attention should be paid to access and usage of enabling technologies by women entrepreneurs.

As yet, there is a long way to go to reach the aspirations underpinning the e-ASEAN Framework. As indicated in the ASEAN SME Policy Index report for 2014, there were many gaps in technology access and innovation, with notable differences between the original six and the four newer members. The report suggests that the biggest gap was in policies to promote technology transfer between ASEAN members at

BOX 7: ICT opens market doors

Women entrepreneurs can use ICT services and tools to discover market information and trends and connect directly with buyers and partners. For the Fifth Global Review of Aid for Trade, the International Trade Centre surveyed SMEs on the areas in which they would most value improvement. Top of their list was access to information about export opportunities. According to the study, public and private associations are failing to provide adequate business information – a well-recognized market failure that increases costs and barriers to entry for SMEs who struggle to find out about mandatory and voluntary standards for exporting their products.

Despite several years of intensive preparation for the introduction of the AEC, one of the top business constraints is a lack of market openness. Experts surveyed by GEM said that, apart from the Philippines, ASEAN member States were still inadequately prepared for opening their markets, as required by the AEC. Trade is being hampered by various barriers, notably the costs of market entry and unfair blocking of markets by established businesses and monopolies.

Women entrepreneurs have highlighted the lack of access to relevant information, connections, capital and labour. Generally operating small-scale businesses, often in local retail and services, they find it more difficult respond to signals of market supply and demand including import and export opportunities.

Recognizing the potential for ICT tools and services to address such issues, ASEAN has established the SME Service Centre. This web-based system is being developed to provide services and information to ASEAN SMEs. It will operate through a virtual network of SME service centres and ASEAN service desks. The centre will include: a referral system for contact points, business partners, and consultants; an electronic market place for business and investment opportunities; and information materials relevant to SMEs, such as AEC initiatives and information on free trade agreements. In addition, it will have information packages on tariffs and customs processes to help SMEs understand the internal integration benefits under the AEC.

A further, private-sector-led initiative is the ASEAN Market Place. Launched in Malaysia in 2015 in conjunction with the ASEAN SME Showcase and Conference 2015, the aMP is a collaboration of seven major ASEAN telecommunications companies. It will be a one-stop online portal to help ASEAN SMEs access information, markets, technology and finance. The ASEAN SME Service Centre will collaborate with aMP will collaborate to use ICT to support market expansion for ASEAN SMEs.

Source: Economic Research Institute for ASEAN and East Asia (2014). *ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SMEs*. Jakarta: ASEAN; The Asia Foundation (2012). *Notes from the Field: Women Business Owners Prepare for Unified ASEAN Economic Community*. Available from <http://asiafoundation.org/2012/11/28/women-business-owners-prepare-for-unified-asean-economic-community>

different levels of development.¹⁹ The weaknesses in e-ASEAN arise for a number of reasons. These include: the lack of strategic innovation policies for SMEs; poor innovation support services; limited standard certification services; a lack of technology support in universities, research and development labs and incubators, and weak linkages between these and SMEs.

Further factors include poor protection and promotion of intellectual property rights; lack of broadband infrastructure; underdeveloped science/industrial parks and competitive cluster arrangements; and insufficient financial incentives for technology development and research and development.

If the e-ASEAN framework is to deliver its promised benefits, government will need to improve policy and regulatory environments and engage with public private partnerships that will enable women entrepreneurs to take full advantage of the new opportunities. ●

- 1 The 'Internet of Things' refers to the ever-growing network of physical objects that feature an IP address for Internet connectivity and the communication that occurs between these objects and other Internet-enabled devices and systems. See www.webopedia.com/TERM/I/Internet_of_things.html
- 2 Woetzel, J. et al. (2014). *Southeast Asia at the crossroads: Three paths to prosperity*. McKinsey Global Institute.
- 3 World Economic Forum and INSEAD (2015). *Global Information Technology Report 2015*. Geneva: World Economic Forum and INSEAD.
- 4 Ibid.
- 5 GSMA Intelligence (2015). *Mobile Internet usage challenges in Asia - awareness, literacy and local content*. Available from <http://www.gsma.com/mobilefordevelopment/programme/connected-society/mobile-Internet-usage-challenges-in-asia-awareness-literacy-and-local-content>
- 6 The Asia Foundation and Asia Pacific Economic Cooperation (APEC), (2013). *Access to Trade and Growth of Women's SMEs in APEC Developing Economies: Evaluating Business Environments in Malaysia, Philippines, Thailand*. San Francisco: Asia Foundation.
- 7 International Telecommunications Union (ITU) Database, 2015: Available from <http://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx>.
- 8 GSMA Connected Women (2015). *Bridging the gender gap: Mobile access and usage in low- and middle-income countries*. Available from <http://www.gsma.com/mobilefordevelopment/programmes/connected-women/bridging-gender-gap>
- 9 United Nations Conference on Trade and Development (2014). *Empowering Women Entrepreneurs through Information and Communications Technologies. A Practical Guide*. Geneva: UNCTAD.

BOX 8: Science, technology and innovation for SME development

Science and technology is a key factor in sustaining economic growth, enhancing community well-being and promoting integration in ASEAN. The ASEAN Committee on Science and Technology was established in 1978 and ASEAN leaders have subsequently adopted a series of Plans of Action on Science and Technology and Innovation (STI). Among the strategic thrusts set out in the latest ASEAN Plan of Action on Science Technology and Innovation (APASTI, 2016-2025) are (i) enhancing talent mobility and people-to-people interaction, especially for women and youth in STI and (ii) establishing smart partnerships with ASEAN dialogue partners to nurture STI enterprises which will support SMEs.

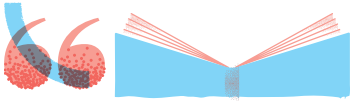
Source: ASEAN Science and Technology Network - ASEAN Plan of Action on Science, Technology and Innovation (2016-2025). Available from <http://astnet.asean.org>.

- 10 See for example MShwari savings and loan product: <http://fsdkenya.org/retail-innovation/m-shwari/>
- 11 Further information available from <http://www.alizila.com/chinas-women-entrepreneurs-targeted-small-business-loans#sthash.6lWdKQnt.dpuf>
- 12 The Asia Foundation and APEC, Asia Pacific Economic Cooperation. (2013). *Access to Trade and Growth of Women's SMEs in APEC Developing Economies: Evaluating Business Environments in Malaysia, Philippines, Thailand*. San Francisco: Asia Foundation.
- 13 Ibid.
- 14 Picard, N. and Bollinger, K. (March 11, 2015). *In Asia: Notes from the Field: Leveraging Technology to Connect Asia's Women Entrepreneurs*. Asia Foundation.
- 15 United Nations Conference on Trade and Development (2014). *Empowering Women Entrepreneurs through Information and Communications Technologies. A Practical Guide*. Geneva: UNCTAD.
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- 17 International Trade Centre (2015). *SME Competitiveness Outlook 2015: Connect, Compete and Change for Inclusive Growth*. Geneva: ITC.
- 18 Association of Southeast Asian Nations (2008). *ASEAN Economic Community Blueprint*, p. 23. Jakarta: ASEAN Secretariat.
- 19 Economic Research Institute for ASEAN and East Asia. (2014). *ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SMEs*. Jakarta: ASEAN.

The background is a vibrant, abstract composition of geometric shapes and patterns. At the top, there's a blue area with a white smartphone icon showing a checkmark. Below it, a large purple rectangle dominates the middle. To the right, a large red rectangle is partially visible. At the bottom, there's a green area with a white 'SEND' button icon, and a yellow area with a white curved line. The overall aesthetic is modern and digital.

Chapter 4

Banking on women



A wide range of studies highlight access to finance as the biggest constraint on growth for all SMEs, with women-owned businesses generally facing larger barriers than their male counterparts

Access to finance and credit

A key aspect of access to finance and credit is the concept of financial inclusion. For enterprises, this can be defined broadly as access to reasonably priced and appropriate formal services that meet their financing needs.¹ This is critical to faster enterprise growth,² the establishment of new firms and greater business innovation.^{3, 4}

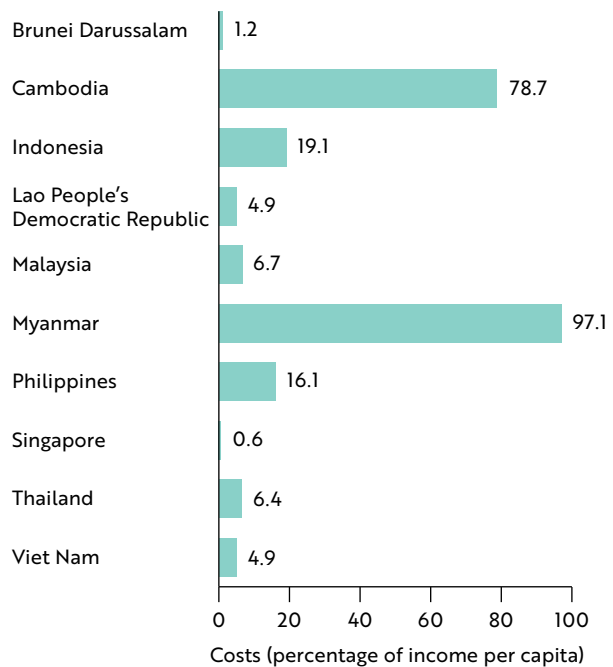
A wide range of studies highlight access to finance as the biggest constraint on growth for all SMEs, with women-owned businesses generally facing larger barriers than their male counterparts. The International Finance Corporation’s Enterprise Financial Gap Database shows that 63 to 69 per cent of women-owned SMEs in developing countries are unserved or underserved by financial institutions — a financing gap of \$260–\$320 billion.⁵ The Goldman Sachs’ Global Market Institute estimates that closing the global credit gap for women-owned SMEs by 2020 could increase average per capita incomes by about 12 per cent by 2030 across Brazil, Russia, India and the People’s Republic of China (the “BRIC” countries) as well as the potentially high growth ASEAN economies of Indonesia, the Philippines and Viet Nam.⁶

Moving closer to the ASEAN region, IFC data shows that \$900 billion to \$1.1 trillion of SMEs’ credit requirements are unmet in East Asia, with a disproportionate impact on women entrepreneurs.⁷ One survey concluded that the proportions of women-owned SMEs having good access to finance averaged only 5 to 6 per cent for micro-enterprises,

12 to 15 per cent for small firms, and 17 to 21 per cent for medium-sized undertakings.⁸ This reflects the findings from the GEM national experts, who regard a diminishing availability of seed funding for small start-ups as a key constraint for entrepreneurial activity particularly for women.⁹ Limited access to finance is also cited as one of the main reasons for business discontinuance among women.¹⁰

According to the World Economic Forum, greater financial access is considered to be especially critical for Brunei Darussalam, Cambodia and Lao People’s Democratic Republic. In addition, the financial pressures facing entrepreneurs are considered by experts covered by the GEM National Experts Survey as being above average in Malaysia (75.9 per cent), Thailand (68.6 per cent), Singapore (60.0 per cent) and Indonesia (55.9 per cent). As indicated in Figure 14 below, the impact of barriers in accessing finance can be apparent at the very beginning of the entrepreneurial journey, with the high capital costs of starting-up a business in some ASEAN countries.

FIGURE 14: Costs of starting a business in ASEAN, 2015

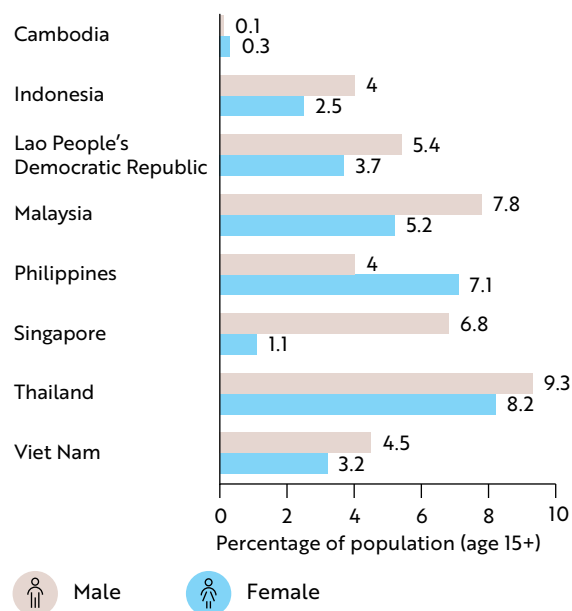


Source: ESCAP based on World Bank (2015). *Doing Business 2016: Measuring Regulatory Quality and Efficiency*.

Women typically find it difficult to assemble collateral or formal documentation, further undermining their credit worthiness, and leading to higher interest rates.^{11, 12} They are also unlikely to have financial literacy or knowledge of ICT services. In addition, they face legal, regulatory and social barriers, which include lengthy, complex and time-consuming application procedures.

With little access to formal finance, SME entrepreneurs tend to rely on their earnings and on community and family support. As indicated in Table 9, with the exception of Singapore, entrepreneurs in ASEAN rely heavily on loans from family and friends — for men between 16.9 per cent (Lao People’s Democratic Republic) and 50.6 per cent (the Philippines), and for women from 14.4 per cent (Lao People’s Democratic Republic) to 46.8 per cent (the Philippines). And, as indicated in Figure 15, few small entrepreneurs use these accounts for business purposes, often relying primarily on cash transactions.

FIGURE 15: Used an account at a financial institution for business purposes in ASEAN, 2011



Note: Data for Brunei Darussalam and Myanmar are not available.
Source: ESCAP based on World Bank (2014). Global Index (Global Financial Inclusion Database).

TABLE 9: Financial information and loans across ASEAN, percentage of population aged 15 and over, 2014

	ACCOUNT AT A FINANCIAL INSTITUTION		BORROWED ANY MONEY IN THE PAST YEAR		BORROWED FROM A PRIVATE INFORMAL LENDER		BORROWED FROM A FINANCIAL INSTITUTION		BORROWED FROM A STORE BY BUYING ON CREDIT		BORROWED FROM FAMILY OR FRIENDS		BORROWED TO START, OPERATE, OR EXPAND A FARM OR A BUSINESS		LOAN IN THE PAST YEAR	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Cambodia	10.7	14.9	65	58.2	19.4	16.8	29.4	25.5	8.7	8.7	36.8	35.5	14.5	15.2	58.9	60.3
Indonesia	37.2	34.6	55.3	57.9	3.6	2.3	11.2	15.1	6.1	7.6	41.2	41.7	11.5	11.9	49.6	48.7
Lao People's Democratic Republic	26.2	27.4	N/A	N/A	5.0	4.7	17.2	19.1	0.0	0.0	14.4	16.9	N/A	N/A	31.9	33.2
Malaysia	78.1	83	48	63.4	0.0	1.5	16.6	22.2	8.6	15.3	29.9	47.2	3.9	8.1	28.9	36.1
Myanmar	17.1	28.6	40.8	44.9	17.2	15.2	11.8	19.5	5.4	6.4	21.4	22.3	19.8	25.2	N/A	N/A
Philippines	33.9	22	70.7	68.6	14.7	12.2	13.6	9.9	16.7	16.2	46.8	50.6	12.2	15.0	55.2	61.2
Singapore	96.1	96.6	18.8	22.6	1.0	1.1	14.3	14.1	4.4	8.9	3.1	5.9	1.7	1.6	27.3	38.3
Thailand	75.4	81.2	49.8	50.8	8.2	10.2	13.7	17.4	1.6	4.2	30.1	32.3	12.6	13.0	26.3	28.1
Viet Nam	31.9	29.8	48.5	45.1	2.1	1.5	21.3	15.4	1.0	2.0	27.3	32.6	7.9	6.3	40.7	47.4

Note 1: Data for Brunei Darussalam is not available.

Note 2: Data for Lao People’s Democratic Republic is from 2011 Global Index.

Note 3: Data for *Loan in the past year* is from the 2011 Global Index.

Source: World Bank (2014). Global Index (Global Financial Inclusion Database).

In addition, many adults borrow from private informal lenders. Globally, the proportion of adults using such lenders is around five per cent. But in Cambodia, for example, the proportion of women doing so is around 19.4 per cent.¹³ The high costs of this kind of borrowing contribute to persistent income inequality and stunts economic growth.¹⁴

Bank risk assessments for SMEs

Banks usually prefer to lend to larger established or state-owned enterprises rather than smaller and informal enterprises which tend to offer lower returns to creditors.¹⁵ In 2014, the ratio of SME loans to total bank loans was still in the 20 to 30 per cent range, with lending to SMEs in Asia and the Pacific decreasing from the preceding two years.¹⁶ This partly reflects the way banks make their risk assessments, with a bias towards larger, established businesses.

There may furthermore be a negative effect on banks' lending attitudes toward SMEs in ASEAN countries that have decided to introduce Basel III (an international regulatory framework for banks). These new measures to strengthen the risk management of banks, as well as introducing strengthened capital requirements, may constrain banks from providing long-term credit for enterprises, thus limiting financing options for SMEs.¹⁷

Enhancing the financial literacy of women entrepreneurs, particular in micro and small enterprises, is a further key ingredient of advancing financial access for women-owned SMEs. Informal and formal education, training and media exposure in this area will enhance the capacity of women entrepreneurs to interpret data, access information (including on available services), analyse relevant trends and negotiate for their interests.

One factor which could potentially influence the likelihood of banks and other financial institutions being more supportive of the interests of women entrepreneurs is the degree of gender integration within the sector itself, including at senior management and board levels. The 2015 joint research by Acumen and the International Centre for Research on Women observes that higher levels of integration

mean that business products and services are more likely to be aligned to the preferences of female customers. For example, "due to strong relationships of trust, women customers may be more likely to purchase new, innovative products or services from another woman, and to go to her with questions regarding use and maintenance."¹⁸



Enhancing the financial literacy of women entrepreneurs, particularly in micro and small enterprises, is a key ingredient of advancing financial inclusion for women-owned SMEs

Microfinance and beyond

Some of the needs of women entrepreneurs in small businesses can be met through microfinance which can reach out to women with small loans, on manageable terms at community entrepreneurship level, especially in rural areas. Microfinance is often combined with informal sources of funding such as communal banks, self-help groups and savings associations. And when it is provided by civil society organizations, microfinance can also extend opportunities and rights to women and generally build their economic security.¹⁹

Microfinance provides small amounts of working capital and addresses immediate liquidity constraints, but it is generally unsuitable for longer-term investments, and for larger businesses. Moreover, microfinance carries risks. It may, for example, lock women entrepreneurs into small-scale activity, thus perpetuating their vulnerability and pushing their households further into debt. Additionally, many microfinance lenders are outside established regulatory frameworks, creating additional risks for borrowers.²⁰ Microfinance is clearly not sufficient. Women should to be able to graduate to larger

businesses higher up the value chain, employing more workers and making a larger contribution to inclusive and sustainable economic development.²¹

Innovative financing solutions

The Strategic Action Plan for ASEAN SME Development aims to improve access to finance. It has two main objectives. The first is to develop an institutional framework for access to finance. The second is to promote financial inclusion and literacy and help SMEs engage with the financial system. For this purpose, it aims to strengthen both traditional and alternative financing approaches.

A number of ASEAN countries are already developing the relevant policies and programmes. Indonesia has public credit guarantee schemes — People’s Business Credit. Thailand has a portfolio guarantee scheme. The Philippines has introduced mandatory lending. Malaysia has a refinancing scheme. Viet Nam has established a centralized credit bureau.²²

In addition, international agencies and non-governmental organizations have established programmes at regional, national and local levels. The Asian Development Bank, for example, has set up a fund designed to support the growth of SMEs in South-East Asia, and in partnership with Standard Chartered Bank, has an SME supply chain finance programme. Similar funds have been established by the private sector.²³

At the same time, innovative approaches are expanding other forms of finance for SMEs (Box 9). These include: impact investing, capital market financing, digital financial services and crowdfunding. The following section briefly describes their potential for fostering women’s entrepreneurship.

IMPACT INVESTING: This refers to investments made into companies, organizations and funds that, in addition to producing a financial return, also have beneficial and measurable, social or environmental impacts — including gender equity.^{24, 25} A pioneering example from the Philippines is Gender-Responsive Economic Actions for the Transformation of Women (GREAT Women). This is now being extended across

BOX 9: The Goldman Sachs 10,000 Women finance facility for women-owned SMEs

The Goldman Sachs 10,000 Women initiative provides women entrepreneurs around the world with a business and management education and access to capital. The Goldman Sachs Foundation is providing US \$50 million in anchor investment in order to catalyse capital from commercial investors and bilateral donors. In 2014, it launched a partnership with IFC to create a \$600 million finance facility that aims to support 100,000 women entrepreneurs. The facility will extend lines of credit and incentivize banks in emerging markets to lend to women. In addition, the facility will provide capacity building support to address the barriers to banks deploying capital and women entrepreneurs accessing it.

Since 2008, over 10,000 women from 56 countries have participated. They have reported immediate and sustained business growth. Eighteen months after completing the programme, nearly 70 per cent of participants had increased their revenue and nearly 60 per cent had added new jobs. On average, participants doubled the size of their workforces and revenues increased nearly fivefold. In addition, 90 per cent of participants pay it forward by mentoring other women entrepreneurs in their communities.

Source: Brush, C. G., Balachandra, L., Davis, A. & Greene, P.G. (2014). *Investing in the power of women: Progress report on the Goldman Sachs 10,000 Women initiative*. Wellesley, Massachusetts: Babson

the region as GREAT Women in ASEAN, a regional product brand and marketing platform to support women entrepreneurs. In particular, it promotes collective action to: foster fair employment and trade practices; market products internationally; and protect product designs from being illegally copied and sold. This project could also become a holding

company to capture and distribute investment capital. Such a collaborative fund structure, based on a set of guidelines and governance principles, could transform women entrepreneurs from seekers of capital to active agents shaping the terms of that capital and the investment principles, making women stronger players in the regional economy.²⁶

BOX 10: Angel investment for women entrepreneurs in Indonesia

Indonesia has a strong tradition of successful women in business and politics. These women are now supporting the next generation of women through 'angel investing'. Through the Global Entrepreneurship Program Indonesia, ten women have established the Angel Investment Network's Women's Fund for early-stage, women-run enterprises. This programme has supported a number of women through financing; mentoring from other women entrepreneurs; and offering role models. While the long-term success remains to be seen, this is an encouraging development in an emerging economy like Indonesia. A key element is the direct link to the investors that can foster a vibrant new business ecosystem.

In related initiatives in Indonesia, donors and financial institutions are experimenting with financial products to assist businesses in managing their cash flow. These services include improving access to trade credit which is particularly useful in sectors like retail trade, in which women are particularly active. However, it will be important to relax restrictions that require male heads of households to take primary responsibility for bank interactions.

Source: United Nations Economic and Social Commission for Asia and the Pacific (forthcoming). Women's Entrepreneurship: Lessons and Good Practice — national case studies from Cambodia, Indonesia, Malaysia and the Philippines. Bangkok: ESCAP.

CAPITAL MARKET FINANCING: This includes equity finance, corporate bonds, and mezzanine finance.²⁷ Although still in the early stages of development, there are several successful examples in Asia.²⁸ However, ensuring benefits to women entrepreneurs will also require national policy and regulatory reforms to develop gender-sensitive SME capital markets. Such measures include: designing low-cost structures; improving market literacy among traditionally underserved SMEs; developing a well-organized investor base; and developing comprehensive coordination frameworks among regulators and line ministries.

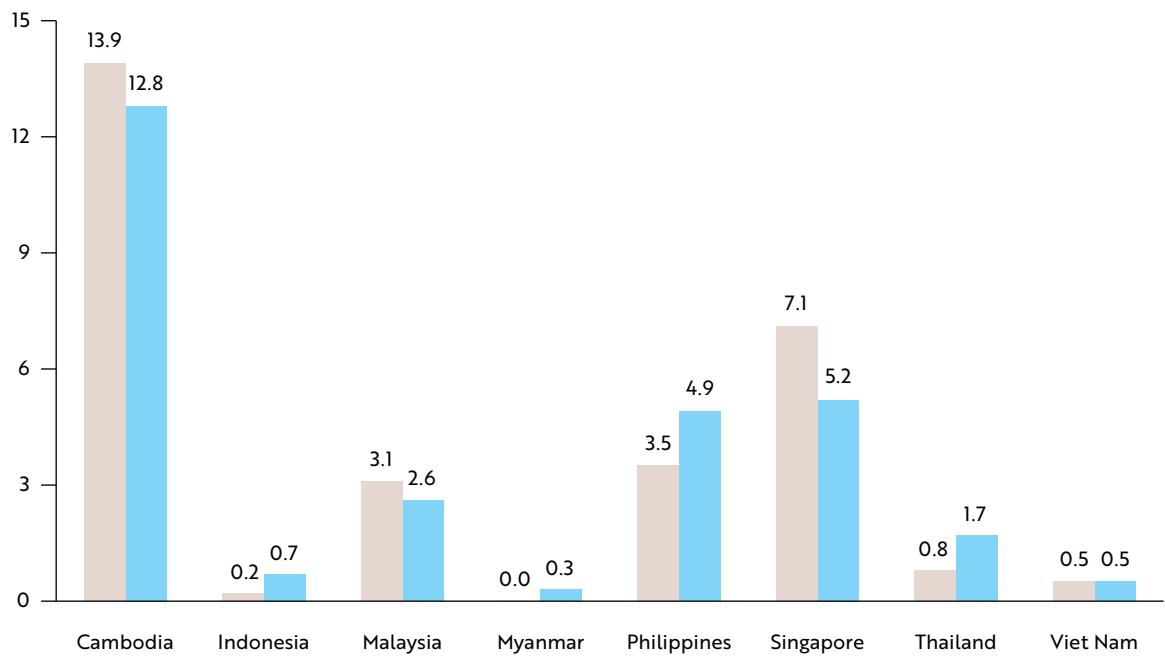
DIGITAL FINANCIAL SERVICES: Key growth areas include mobile money transfers, mobile money payments and mobile banking.²⁹ Branchless and mobile banking, in particular, use technological advances to reduce transaction costs, overcome problems of distance and a lack of infrastructure that particularly affect women. As shown in Figure 16 however, the benefits of mobile financial services have yet to be fully harnessed across ASEAN.

CROWDFUNDING: This allows entrepreneurs to source finance from the general public through an online platform. Crowdfunding websites can advertize the financial needs of a business to a global audience of potential investors, and support the negotiation of a deal without the two parties ever meeting in person. This could be a useful source of finance for SMEs too small for a bond issue or a listing on a national stock exchange, or for women-owned SMEs denied loans by banks. Crowdfunding is becoming more popular in Asia and the Pacific, and is garnering interest from entrepreneurs, technology companies, financial investors, and governments.

However, constraints remain to its evolution of as a major source of financing for SMEs in the region. These include: (i) lack of legal and regulatory structures; (ii) the need to find ways to protect business; (iii) the low income/asset levels of domestic populations, which work against making investments in unknown entities or persons; and (iv) limited Internet connections and devices in low-income households to access crowdfunding websites. Positive signs for the way forward, however, include the development of a regulatory framework for equity crowdfunding in Malaysia.



FIGURE 16: Use of mobile accounts in ASEAN, by sex, 2014



 Male
  Female

Note: Data for Brunei Darussalam and Lao People's Democratic Republic are not available.

Source: ESCAP based on World Bank (2014). Global Findex (Global Financial Inclusion Database).



Innovative financing options are emerging through the private sector but governments must also help with a comprehensive suite of policies, legal frameworks, financial infrastructure and institutional arrangements

BOX 11: Singapore-based crowdfunding platforms for women entrepreneurs

Woomentum is a Singapore-based community-based crowdfunding platform for women funders and entrepreneurs. It fosters communication, resource sharing, mentoring, and early-stage funding among start-ups.

The service includes consulting services, advice on crowdfunding campaigns and education via webinars. An important part of the approach is early-stage funding since research shows that less than five per cent of venture capital funding currently goes to women-founded businesses. About five per cent of technology start-ups are also founded by women.

MoolahSense— Although not specifically aimed at women entrepreneurs this is another Singapore-based platform through which people can invest directly in local businesses. The portal enables business loans between US \$74,349 and \$223,048 based on debt financing and a fixed negotiated return. No collateral is required, but only businesses with at least one year of audited financial statements or two years of trading history can be listed.

Sources: “A civil engineer’s start-up is building bridges for women entrepreneurs in Asia”: Available from <https://www.techinasia.com/>; <http://www.moolahsense.com/business/>; Asian Development Bank (2014). *Asia SME Finance Monitor 2014*. Mandaluyong City, Philippines: ADB.

Financial sector reform for women entrepreneurs

Liberalization of financial services under the AEC Blueprint will have significant implications for women entrepreneurs. The ASEAN Central Bank governors endorsed the ASEAN Banking Integration Framework in April 2011, but progress has been slow due to the sensitivity of many of the issues involved. As a result, the early period of the AEC is unlikely to see major changes in the financial sector. Nevertheless, the consultancy company McKinsey predicts that “as ASEAN businesses become more competitive and develop a stronger presence regionally and globally, financial services providers will piggyback on their growth.”³⁰

Integrated banking market across ASEAN can reduce costs by enhancing competition and allowing institutions to achieve economies of scale.³¹ Cross-border transaction costs could also fall by avoiding the use of US dollars as an intermediate when converting from one ASEAN currency to another.³²

Better financing for women-owned SMEs within ASEAN cannot, however, rely on any single solution. Innovative options are rapidly emerging through the private sector, but governments must also help — with a comprehensive suite of policies, legal frameworks, financial infrastructure and institutional arrangements that facilitate diversified and efficient bank lending for SMEs at different business stages, incorporating gender considerations throughout. Moreover, critical to effective policy and regulatory formulation, whilst paying due attention to the status of women entrepreneurs, are strengthened measures at national and ASEAN levels to collect and analyse sex-disaggregated SME financing data. ●

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- 21 Examples of well-known government-supported micro-credit/microfinance programmes which incorporate pathways for development and growth include (in Malaysia) Manah Ikhtiar Malaysia (AIM); and (in the Philippines) The Great Women Project; the Rural Micro Enterprise Promotion Program (RuMEPP); the Sari-Sari Store Training and Access to Resources (STAR) Program; and Tulong Sa Pag-unlad Inc (TSPI), which is part of the Alliance of Philippine Partners in Enterprise Development (APPEND).
- 22 Guelich, Ulrike (2015). Technical background report on women's entrepreneurship in the ASEAN countries, commissioned by ESCAP.
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- 24 See <http://www.thegiin.org/impact-investing>. Retrieved 9 October 2015.
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- 26 US Agency for International Development (2015). *Gender Lens Investing in Asia*. Asia and the Middle East Economic Growth Best Practices Project.
- 27 Mezzanine finance is a generic term for financing techniques that incorporate elements of debt and equity in a single investment vehicle. Source: ADB-OECD (2014). *ADB-OECD Study on Enhancing Financial Accessibility for SMEs Lessons from Recent Crises*. Mandaluyong City, Philippines: ADB.
- 28 Asian Development Bank (2014). *Asia SME Finance Monitor 2013*. Mandaluyong City, the Philippines: ADB. Examples include the SME Board of the Shenzhen Stock Exchange and the SME Collective Note in China; the SME equity finance venue, KONEX, of the Korea Exchange and the qualified institutional buyers system for trading SME bonds in the Republic of Korea; and dedicated SME exchanges of the Bombay Stock Exchange and the National Stock Exchange in India.
- 29 World Bank Development Research Group et al. *Digital Financial Solutions to Advance Women's Economic Participation* (2015). Available from https://btcaprod.s3.amazonaws.com/documents/122/english_attachments/Women's_Economic_Participation_Report_16_November_2015.pdf?1447440924
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Chapter 5

Shaping the policy landscape





Around half of national experts surveyed saw government policies and regulations as constraining factors for entrepreneurs

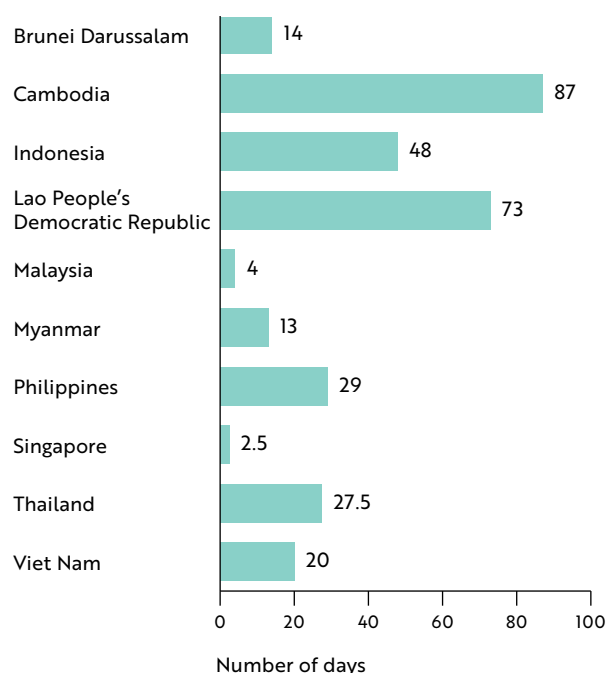
Gaps in policy and practice

Government policies and implementation for entrepreneurship are generally inadequate. Across ASEAN countries, with the exception of Singapore, around half of national experts surveyed by GEM saw government policies and regulations as constraining factors for entrepreneurs — with the highest levels of dissatisfaction in Viet Nam (83 per cent) and Indonesia (71 per cent).¹ Major problems included multiple complicated, costly and time-consuming procedures, along with a lack of consistency and coordination between government ministries and agencies.²

In Cambodia, Myanmar, Brunei Darussalam and Lao People's Democratic Republic, according to the World Economic Forum, the greatest obstacles for doing business are inadequate government policies and inefficient government bureaucracy.³ Similar responses have been gathered by the Asia Foundation: in Malaysia, over 40 per cent of respondents found government to be unsupportive. In Thailand, women entrepreneurs were 21 per cent less likely than men owners to think that government was accessible.⁴

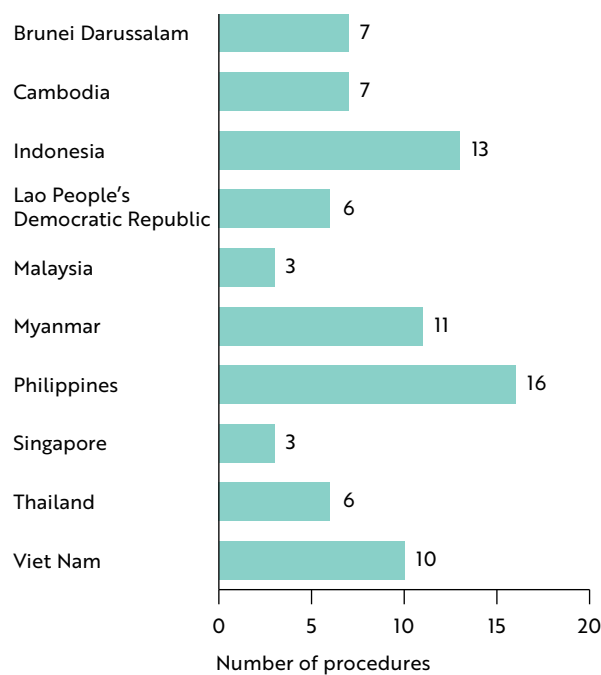
The problems start with setting up and registering a business. In Cambodia and Lao People's Democratic Republic it can take more than 70 days to set up a business, compared with 2.5 days in Singapore (Figure 17). Similarly, while it takes 16 procedures to set up a business in the Philippines, it only takes three in Malaysia and Singapore (Figure 18).

FIGURE 17: Days required to start a business in ASEAN, 2015



Source: ESCAP based on World Bank (2015). *Doing Business 2016: Measuring Regulatory Quality and Efficiency*.

FIGURE 18: Procedures to start a business in ASEAN, 2015



Source: ESCAP based on World Bank (2015). *Doing Business 2016: Measuring Regulatory Quality and Efficiency*.

Other indications come from the World Bank's global ease of doing business rankings. Table 10 shows that on this ranking Singapore is number one and Malaysia is number 18, whereas Cambodia, Lao People's Democratic Republic and Myanmar are in the bottom third. Between 2015 and 2016, most ASEAN countries improved their positions: Brunei Darussalam jumped 21 places. However, Malaysia (-1), Thailand (-3) and the Philippines (-6) slipped back.

Gender mainstreaming for policy change

If governments are to assist women's entrepreneurship they should implement their commitments in the Beijing Declaration and Platform of Action in 1995 (Box 12), the Sustainable Development Goals (Box 13) and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Box 14). The necessary policy, programme and budget decisions need to be furthermore underpinned by sex-disaggregated data. The report on the *Progress of the World's Women 2015–2016* also calls for “new methodologies for the measurement of women's asset ownership and entrepreneurship.”

There are several examples of how to move things forward. The Government of Indonesia, for example, in 2000 promulgated a Presidential Decree which presents gender mainstreaming as “an inseparable and integral part of the function of all government agencies and institutions” and instructs national and regional government agencies to establish mechanisms and plans.⁵ Indonesia has also promoted gender-responsive budgeting. In 2009, the *Ministry of Finance Decree 119* called for gender-responsive budgeting in seven government agencies, several of which are directly relevant to the interests of women entrepreneurs.

Gender priorities have also been central to 25 years of Malaysian National 5-Year Development Plans and National Budgets. The current Eleventh Malaysia Plan (2016–2020) reiterates commitments to increase women's participation in the labour force and entrepreneurship, and to expand access to quality early childcare and childhood education. Public and private initiatives to support women's entrepreneurship include the Micro Credit and Small Business Loan Scheme, Get Malaysia Business Online, and the Women Exporters Development Programme. The 2015 Budget prioritized the involvement of women in the job market and

TABLE 10: Global ease of doing business rankings of ASEAN countries, 2015

ECONOMY	EASE OF DOING BUSINESS RANK	CHANGE IN RANKING FROM 2015 TO 2016	STARTING A BUSINESS	DEALING WITH CONSTRUCTION PERMITS	GETTING ELECTRICITY	REGISTERING PROPERTY	GETTING CREDIT	PROTECTING MINORITY INVESTORS	PAYING TAXES	TRADING ACROSS BORDERS	ENFORCING CONTRACTS	RESOLVING INSOLVENCY
Singapore	1	0	10	1	6	17	19	1	5	41	1	27
Malaysia	18	-1	14	15	13	38	28	4	31	49	44	45
Thailand	49	-3	96	39	11	57	97	36	70	56	57	49
Brunei Darussalam	84	+21	74	21	68	148	79	134	16	121	113	98
Viet Nam	90	+3	119	12	108	58	28	122	168	99	74	123
Philippines	103	-6	165	99	19	112	109	155	126	95	140	53
Indonesia	109	+11	173	107	46	131	70	88	148	105	170	77
Cambodia	127	+6	180	181	145	121	15	111	95	98	174	82
Lao People's Democratic Republic	134	+5	153	42	158	66	70	178	127	108	92	189
Myanmar	167	+10	160	74	148	145	174	184	84	140	187	162

Note: Rankings out of 189 countries. The top 15 global rankings are marked in green and the lowest 15 rankings (Rank 175–189) are marked in red.

Source: World Bank (2015). *Doing Business 2016: Measuring Regulatory Quality and Efficiency*.

BOX 12: The Beijing Declaration and Platform for Action

20 years ago, the Fourth World Conference on Women (1995) adopted the watershed Beijing Declaration and Platform for Action to advance a global agenda for gender equality and women's empowerment. These historic commitments envisage a world where women and girls can exercise their freedoms and choices, and realize their rights, such as to live free from violence, go to school, participate in decisions and earn equal pay for equal work.

In one of its 12 Critical Areas of Concern, Women and the Economy, the Beijing Platform highlights the importance of women's equal access to economic resources, including land, credit, science and technology, vocational training, information, communication and markets, as a means to further the advancement and economic empowerment of women and girls.

Governments are called upon to promote gender-sensitive policies and take measures to empower women as equal partners with men in managerial and entrepreneurial fields. They should also support women entrepreneurs – strengthening their access to credit and capital, and facilitating the transition from the informal to the formal sector in rural areas.

Public and private banking institutions are called upon to increase the number of women entrepreneurs on advisory boards, mobilize the banking sector to increase lending and incentives, and develop intermediaries to serve the needs of women entrepreneurs.

Source: United Nations (1995) *Report of the Fourth World Conference on Women, Beijing Declaration and Platform for Action*. New York: United Nations.

BOX 13: The Sustainable Development Goals

The Sustainable Development Goals adopted by the United Nations in September 2015 includes measures to support micro, small and medium-sized enterprises.

GOAL 8: promotes "...development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of MSMEs, including through access to financial services". Goal 8 also acknowledges the need to reduce trade-related costs and red tape for exporters, by calling for increased Aid for Trade support for developing countries.

GOAL 9: includes a target to "increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets."

GOAL 5: On achieving gender equality and empowering all women and girls further sets out targets which are directly relevant to the promotion of women's entrepreneurship in areas such as: social protection; childcare and family responsibilities; participation in leadership and decision-making; ensuring ownership rights to land and other resources; the use of enabling technology; and the adoption by governments of policies and legislation to promote gender equality and women's empowerment.

Source: United Nations (2015). *Transforming our World: The 2030 Agenda for Sustainable Development*. New York: United Nations.

BOX 14: Third International Conference on Financing for Development

The agreement adopted by the Third International Conference on Financing for Development (Addis Ababa, July 2015) states that micro and small enterprises, “which create the vast majority of jobs in many countries, often lack access to finance.” It commits countries to work “with private actors and development banks” to promote “appropriate, affordable and stable access to credit to MSMEs, as well as adequate skills development training for all, including youth and entrepreneurs.” To address constraints in obtaining finance, especially for women entrepreneurs, the accord makes suggestions regarding the design of financial regulations.

Source: United Nations (2015). *Time for Global Action: Third International Conference on Financing for Development*, Addis Ababa. New York: United Nations.

entrepreneurial activities, including the continuation of several longstanding programmes that target women entrepreneurs.⁶

In the Philippines, the *Magna Carta of Women* is a core piece of legislation promoting gender equality in economic, social and political life. For two decades, the Government has had gender-responsive budgeting at national and local levels, requiring five per cent of total budgets to be allocated for gender and development. Agencies are also required to produce an annual gender and development plan and budget, covering areas such as: gender sensitization and capacity building for staff; livelihood projects; childcare services; and access to microcredit. Implementation of these commitments is supported by the Philippines Commission on Women in association with the GREAT Women Project which has now expanded to other parts of ASEAN.

Social building blocks for women's entrepreneurship

Women entrepreneurs will be in a better position to start and develop their businesses if they can rely on supportive national social development policies and measures, including access to education at all levels and affordable good quality childcare services, as well as social protection schemes, including pensions and health care. Only about 20 per cent of women in developing Asia are currently covered by some form of pension, compared with 35 per cent of men.⁷

The Goldman Sachs *10,000 Women* initiative has demonstrated that training and education will “positively affect emerging economies by increasing revenues and creating jobs, expanding women's contributions to their community and informing their leadership styles.”⁸ However, women entrepreneurs frequently cannot take such opportunities because of high costs. A study in Viet Nam highlighted these constraints, showing that many micro and small entrepreneurs could afford to participate in training courses in the skills they considered most important for their businesses.⁹ These included book-keeping, accounting, business planning, the use of ICT, financial literacy, general management, human resource management, process management, communications, marketing, and promoting innovation and leadership.

The value of education is indicated in GEM data which show that over 80 per cent of early-stage women entrepreneurs had at least secondary education and were more likely than other women to have completed the first stage of tertiary education.¹⁰ But compared with their male counterparts, women entrepreneurs still had fewer opportunities to pursue higher education, specialized training and job experience. A key factor for women is time poverty, as a result of the inequitable division of domestic responsibilities between women and men.¹¹

A critical stage in translating education into decent and productive employment and entrepreneurship is the school-to-work transition. Several ASEAN countries have taken steps to smooth this process. For instance, Indonesia between 2008 and 2011 provided 48,000 girls with technical and vocational

training– in areas including computer science, business, tourism and hospitality; as a result, 41 per cent of the students obtained employment, and 12 per cent started their own businesses.¹²

Entrepreneurship is also being addressed in school curricula. Lao People’s Democratic Republic and Cambodia for example, have successfully piloted the ILO Know About Business programme in secondary schools and this is now being extended throughout each country. This development is being linked with an ILO entrepreneurship promotion programme called C-BED (Community Based Entrepreneurship Development) which is reaching thousands of young women and men in rural areas of ASEAN countries. Some major universities also now offer degrees in entrepreneurship and others have organized apprenticeship and internship programmes for SMEs.¹³

Further initiatives to promote entrepreneurship education and training have been taken at the ASEAN level. These include the development in 2012 of the ASEAN Common Curriculum for Entrepreneurship which follows a consultation-based learning methodology, involving students, academics and SMEs. The syllabus consists of 60 per cent common content and 40 per cent localized material. Core subjects include: entrepreneurial leadership, business planning, business policy and strategy, operations management, human resource management, marketing management and strategies, business creativity, commercial law, communications, financing, environmental studies, business start-up and IT management.¹⁴

Such initiatives provide important pointers for addressing gender gaps and helping women entrepreneurs move up the value chain. As a result of the AEC, the fastest-growing occupations are likely to be in the semi- to high-skilled categories, which will require further investment in women’s skills.¹⁵

Gender-sensitive business innovation

Another area in which government policies, resources and incentives can make a difference, is by promoting business innovation in ways that are

gender-sensitive, equitable and inclusive. Because of globalization and new technologies, all businesses are under competitive pressure to produce more innovative products and services. This is more difficult for SMEs who have fewer resources and capabilities.¹⁶ Women entrepreneurs in particular have had less access to education and technology and cannot capitalize on the flow of relevant knowledge from research institutes and universities, so have less capacity to innovate and grow.

Except for Singapore, ASEAN countries are generally below global rankings in research and development. To address such gaps, ASEAN governments are increasingly working with private companies and universities on initiatives such as research parks. In addition, they can ensure that women entrepreneurs have good access to these and other research facilities, benefit from technology transfer and development, get support for innovation and have access to standard certification services. They can also encourage women entrepreneurs to be part of cluster and incubator approaches and ensure they have equitable access to ICT infrastructure, tools and services.¹⁶ Women entrepreneurs should also be part of government initiatives to promote and protect intellectual property rights.

Women should also take advantage of innovations in finance, including efforts to mitigate risks and costs for innovation-led start-ups, and revise methods of credit risk assessment for innovative businesses.

Domestic and international value chains

SMEs can participate in regional and global value chains.¹⁸ At the macro level, such participation will create jobs, increase income, improve working conditions and diversify production and exports. At the micro level, value chains increase access to finance, shorten lead times, reduce operational disruptions, cut inventory, improve quality and customer service, speed innovation and reduce risk.^{19, 20} In addition, exposure to business practices and technologies and information can stimulate companies to upgrade technological and human capital.²¹



Promoting women's entrepreneurship both inside and outside government systems will require strong gender advocates

For integrating SMEs into international value chains, an ADB study highlights two key factors: competitiveness and connectivity. In this respect, small and informal SMEs are at a disadvantage; the opportunities are greater for larger and more robust SMEs.²³ To allow more women entrepreneurs to take advantage of such opportunities, governments should support micro and small-enterprises that wish to grow, and encourage those already in a position to do so to participate in value chains. These efforts can also be supported by national and international and NGOs.

National women's machineries

Promoting women's entrepreneurship both inside and outside government systems will require strong gender advocates. In this respect, ESCAP research has highlighted the importance of national women's machineries. In the Philippines, for example, the Philippines Commission on Women, in association with the Great Women Project, has significantly influenced relevant government policies, programmes, budgets and activities to support women entrepreneurs at national and subnational levels.²⁴

If such machineries are to be effective, they need to be adequately resourced. Other government departments also have to recognize their importance, and carry out gender impact assessments, for example, and gender-responsive analysis, and budgeting. The value of such machineries was emphasized in the 2014 Asian and Pacific Ministerial Declaration on Advancing Gender Equality and Women's Empowerment.²⁴

Independent women's voices

Independent civil society organizations can keep the problems and priorities facing women entrepreneurs to the fore in discussions of national policies, laws and regulations — as well as in the design and implementation of programmes. These organizations should also include diverse perspectives and voices and represent the millions of women entrepreneurs in micro-enterprises who largely remain on the margins.

Advocates of women's entrepreneurship need to maintain good relations with their government counterparts, focusing on shared interests and presenting good evidence. They can also develop partnerships to multiply the impact and enhance access to resources, and work with international organizations and donors while also taking care not to become dependent on external funds.

ESCAP research indicates that the main national women's entrepreneur bodies generally adopt a multi-faceted approach, combining research and advocacy with programme delivery — linking on-the-ground capacity development with evidence-gathering for policy advocacy (Box 15 and Box 16).

National efforts have been mirrored at regional level by the creation of the ASEAN Women Entrepreneurs Network (AWEN). This provides a platform for promoting, developing and empowering women entrepreneurs. A further networking node is the Women Entrepreneurs Working Group of the ASEAN-Business Advisory Council which has conducted outreach activities with women's business and other associations, including with members of AWEN.

All activities for promoting women's entrepreneurship should be carefully monitored to identify important lessons. A useful tool for this purpose is the OECD Scoreboard on Financing SMEs and Entrepreneurs, which uses 13 indicators to monitor government policies on access to finance. Also valuable for monitoring purposes is the ASEAN SME Policy Index, though its gender aspects could be strengthened. ●



BOX 15: Power of networking

Associations of women entrepreneurs and businesswomen appreciate the power of networking. Women surveyed by the 2013 ESCAP study on entrepreneurship, including in Indonesia and Malaysia, emphasized the value of membership of women's entrepreneur and business associations, chambers of commerce and similar organizations. Such networks offer a range of services and opportunities, including (i) access to information on business services and programmes; (ii) training on policies, regulations and taxation; (iii) training in management and business skills; (iv) access to mentoring and advice; (v) access to government officials; (vi) credit credentials and access to loan packages and (viii) collective platforms to advocate for reforms in government policies and regulations. As detailed in Chapter 3, such links can be strengthened through ICT technologies.

Source: United Nations Economic and Social Commission for Asia and the Pacific (2013). *Enabling Entrepreneurship for Women's Economic Empowerment in Asia and the Pacific*. Bangkok: ESCAP.

BOX 16: Women's networking in Indonesia

Femina, Indonesia's leading women and style magazine, has developed Wanwiras, a network of women entrepreneurs. The network spans the country, and members can sign up for, and suggest, workshops, training, and seminars sponsored by *Femina*. The training ranges from business strategy to practical, hands-on sessions. For example, a workshop on photographing food with a smartphone was well-attended by women who were selling their food products via Instagram, WhatsApp and other social media. This skills training had immediate resonance and could be immediately applied to businesses.

Femina highlights women's businesses in other ways. The Femina Award, for example, guides consumers to winners and nominees at the crowded INACRAFT handicraft fair, helping women entrepreneurs stand out and reach broader markets.

Source: United Nations Economic and Social Commission for Asia and the Pacific (forthcoming). *Women's Entrepreneurship: Lessons and Good Practice – National Case Studies from Cambodia, Indonesia, Malaysia and the Philippines*. Bangkok: ESCAP.

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- 20 The concept of 'value chain' implies a full range of functions (or activities) undertaken to collect various inputs and assemble them into final products. At each individual function in this process, a certain value is added; these values are then accumulated in a final product: United Nations Economic and Social Commission for Asia and the Pacific (2015). *Asia-Pacific Trade and Investment Report 2015*. Bangkok, ESCAP
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Chapter 6

Growth, inclusion and equality



This report highlights two key levers for transformation. The first is greater access to innovative technologies, particularly those in ICT. The second is access to finance and credit.

As women start to operate higher up in value chains, they will encourage many more women to take their first steps in business and achieve economic independence. These women in turn can acquire credit, buy property, save for the future, and improve their family's well-being. As women entrepreneurs in general expand their networks and influence, they promote inclusive development on the national stage, creating a positive feedback loop for change.

The report on the *Progress of the World's Women 2015–2016* calls for action to support millions of informally self-employed women. This includes “measures to move them from survival-oriented activities to owning viable and profitable businesses ... from extending legal recognition to investing in urban infrastructure. From guaranteeing access to land and markets to making financial services available for all.”¹

This report highlights two key levers for transformation. The first is greater access to innovative technologies, particularly those in ICT. The second is access to finance and credit. These two levers can also release other constraints — in education and training, access to business support and networks, and opening new market opportunities.

ASEAN Governments have an instrumental role to play in close partnership with national business and financial sectors (including innovative finance providers), associations of women entrepreneurs, philanthropic organizations, civil society organizations and the international community. In particular governments have a unique role in establishing enabling environments which foster gender equality and remove barriers faced by women entrepreneurs.

Fundamental to the role of governments is implementation of the gender mainstreaming commitments they have made under the Beijing Declaration and Platform of Action adopted by the Fourth World Conference on Women in 1995. These have been reinforced by the recently adopted Sustainable Development Goals, particularly Goal 5 on gender equality and the empowerment of women and girls. The commitments of governments globally are further reinforced by the various policies and platforms addressing the priorities and needs of women entrepreneurs which have been adopted at ASEAN Leaders level.

If the potential of women's entrepreneurship as a key driver for inclusive and sustainable economic development is to be fully realized, active collaboration on strategies, resourcing and implementation is required to ensure comprehensive implementation of the global and ASEAN commitments, as well as ongoing strengthening of enabling policies, regulations, institutions and programmes at country level.

Recent years have seen a growing body of research, analysis and policy development on the challenges and prospects before women entrepreneurs, including within ASEAN. With the AEC in place, now is the time for comprehensive and concerted action involving all stakeholders, with ASEAN Member States at the forefront, in ensuring that the necessary enabling policy and regulatory environments are in place to allow women's entrepreneurship to flourish.

The impact of improving gender equality and women's empowerment reaches across all of society. Transforming the position of women entrepreneurs within ASEAN as part of this process

will bring immense benefits for women entrepreneurs themselves, for their families and communities, for national economies and for ASEAN as a whole.

Key recommendations for building a gender-responsive ecosystem for enterprise development

In light of the above discussion, the following broad five key areas are those which require urgent attention in order to effectively foster women's entrepreneurship in the ASEAN:

- i Incorporating the specific priorities and needs of women entrepreneurs within relevant ASEAN and national legislation, policies and programmes, with a view to foster gender-responsive enterprise development and promotion
- ii Enhancing greater access to and use of innovative technologies for women entrepreneurs in line with the e-ASEAN Framework, as well as SDG 17 which calls for increased cooperation on, and access to, science, technology and innovation
- iii Removing the barriers facing women entrepreneurs in accessing finance and credit, through strengthening national financing policies, legal frameworks, infrastructure and institutional arrangements as well as exploring alternative financing approaches, such as crowdfunding, impact and gender lens investing, and capital markets
- iv Strengthening capacity at national and ASEAN levels to collect and analyse sex-disaggregated SME-related data in order to enable policymakers and other relevant stakeholders evaluate whether the needs of women entrepreneurs are being met and make more informed policy decisions
- v Forging stronger partnerships between Governments, the business sector and civil society across the region towards creating an enabling environment for advancing women's economic empowerment through entrepreneurship

Building on these key areas, the following is a summary of the recommendations emerging from this report. Underpinning these recommendations is the concept of an ASEAN entrepreneurial ecosystem that comprises many interdependent and mutually reinforcing parts, including government policies and programmes, private sector initiatives; relevant and quality education and training at all levels; R&D and innovation; the role of the media; ICT infrastructure and tools; and ASEAN cooperation frameworks.

1 Addressing systemic factors exacerbating gender inequality, including in entrepreneurship

It is essential to address the deeper systemic factors that underlie the discrimination and constraints faced by women entrepreneurs. For this purpose, governments need to fulfil their commitments under international instruments and agreements, particularly the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW, 1979) and the Beijing Declaration and Platform for Action (1995), as well as the Sustainable Development Goals.

Strategic areas for government intervention in this respect include:

- i Addressing time poverty faced by women across the region through policies and measures to reduce the unequal burdens of women in unpaid care
- ii Enhanced social protection schemes which address the particular needs of women entrepreneurs, including equitable pension provision and access to health coverage
- iii Ensuring the provision of accessible and affordable quality childcare services
- iv Promoting gender equality in access to education and technical and vocational training at all levels, including ensuring relevance and quality of the school curricula

2 Implementing ASEAN commitments to support women-owned and operated SMEs

Various ASEAN strategic action and work plans set out specific points for implementation by ASEAN governments to enhance the position of women entrepreneurs, including in areas such as access to ICT and finance and improving business skills. Key among these are the Strategic Action Plan for ASEAN SME Development 2016-2025; the ASEAN Plan of Action on Science, Technology and Innovation 2016-2025; the Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN (2016); the Declaration on the Advancement of Women in ASEAN (1988); and the Work Plan of the ASEAN Committee on Women for 2016-2020.

In particular, the Vientiane Declaration reflects Recommendation No. 204 on the transition from informal to formal economies adopted by representatives of governments, employers and workers' organizations at the International Labour Conference (ILC) on 12 June 2015. Measures to accelerate the transition from informal to formal economies across ASEAN will be beneficial in making business and capacity development support more accessible to micro and small business where women entrepreneurs are concentrated.

The specific support of National Women's Machineries and women's civil society organizations and networks will be essential to ensuring the implementation and longer term expansion of these points for governmental action and regional cooperation. Translating regional commitments to local level, through provincial, district and municipal government agencies, is critical in reaching the millions of women entrepreneurs in the informal sector.

3 Enhancing access to innovative financing for women entrepreneurs

Government action is key in the provision of enabling policy, legislative, regulatory, taxation and budgetary environments for SMEs, with consideration of the particular challenges and needs of women entrepreneurs mainstreamed across all areas.

Potential government initiatives include measures to encourage and facilitate the following:

- i Diversified and innovative financing models targeted to the needs of women entrepreneurs in areas such as long-term financing instruments; SME equity markets and trading platforms; capital market financing; digital financial services; impact and gender lens investing; and crowdfunding
- ii Development of financial infrastructure to expand outreach to SMEs, including those owned by women (e.g. credit bureaus, credit guarantees and collateral registries)
- iii Revised credit risk assessment approaches to take account of the disadvantages often faced by women in this regard, for instance, arising from constraints on their ability to own land and other assets
- iv Scaling-up of the nonbank finance industry (NBFIs), which remains small across the region
- v Expanded retail financing and e-payment systems, including mobile phone transactions and online banking

4 Incentivizing the use of ICTs by women entrepreneurs

As shown in this report, ICT is key in enabling women entrepreneurs to innovate; access financial and support services; access market information and opportunities; and network with entrepreneur counterparts.

In this regard, Governments have made a number of e-ASEAN commitments, which should be adhered to. These include:

- i Ensuring that the necessary regional ICT infrastructure is in place
- ii Expanding e-commerce and e-government facilities and services
- iii Liberalizing trade in ICT products, services and investments
- iv Reducing the digital divide, within and between ASEAN countries, as well as the gender-based digital divide

Governments can also facilitate the use of ICT for business development and innovation for women entrepreneurs, by (i) adopting policies which support creativity and the flourishing of innovative technologies, including through the protection of intellectual property rights and the free-flow of data across borders; (ii) ensuring that ICT skill development is part of school curricula, with particular attention to access by girls; and (iii) targeting ICT training opportunities to women entrepreneurs at all levels.

5 Promoting innovation and growth-oriented business environments for women-owned and operated SMEs

Government policy and related measures can play a key role in creating the enabling environment and space for business innovation. Areas for attention include:

- i Streamlining government policies, regulations and procedures as well as supporting revision of credit risk assessment methods and decision-making procedures in order to encourage innovative start-ups, especially by women
- ii Providing financial incentives for research and development in areas which will benefit SME growth and sustainability

- iii Encouraging participation by women entrepreneurs in cluster approaches, incubator facilities and research parks
- iv Ensuring women entrepreneurs benefit from technology transfer access to ICT tools, services and infrastructure
- v Ensuring women entrepreneurs have access to information on innovation support services and standard certification services

6 Engaging women entrepreneurs in shaping national economic and entrepreneurship policies

Women entrepreneurs are generally underrepresented in business associations and other fora. Steps are required in a number of areas, including:

- i **ENGAGEMENT WITH GOVERNMENT** — Institutionalize engagement between women entrepreneurs and governments in developing relevant policies and regulations
- ii **ENTREPRENEUR ASSOCIATIONS** — Support the development of women-based entrepreneur associations and include these in all relevant policy, programme and budgetary consultation processes
- iii **BUSINESS NETWORKS** — Support stronger representation of women entrepreneurs in broad-based business associations and networks
- iv **MARKETING OPPORTUNITIES** — Increase the participation of women entrepreneurs in promotional and marketing opportunities such as trade fairs and international trade missions

7 Strengthening business support and capacity development services for women entrepreneurs

The business and other capacity development support provided by government services, business sector providers and civil society organizations, have a key role to play in enhancing the skills, confidence and

effectiveness of women's entrepreneurs. Key areas highlighted by women entrepreneurs for training support include essential business skills such as book keeping, accounting, business planning, use of ICT, financial literacy, general management, human resource management, process management, marketing, communications and leadership. Other priority areas include the facilitation of access to networking and mentoring opportunities; participation in business cluster and incubator initiatives; and information on government regulations and services.

8 Reducing the costs of doing business for women entrepreneurs

The costs and administrative burdens of establishing a business are a key concern of women entrepreneurs surveyed throughout ASEAN. Government initiatives can make a critical difference in addressing this constraint through the adoption of streamlined and integrated "whole-of-government" approaches to registration and service provision.

Key potential measures include: (i) the establishment of "one-stop" shop and integrated government service approaches; and (ii) proactive outreach to entrepreneurs (potential and current) who are outside the main business networks, including through the use of online and mobile services.

9 Facilitating participation of women entrepreneurs in domestic and international value chains

Measures to promote engagement by women entrepreneurs in domestic and international value chains will provide opportunities to create jobs, increase income, improve working conditions, tap into wider ICT and other resources, expand business skills and diversify production and exports. At the operational level, such participation can increase access to finance, shorten lead times, reduce operational disruptions, cut inventory, improve

quality and customer service, speed innovation and reduce risk.

To enable more women entrepreneurs to take advantage of such opportunities within the context of the AEC, action by governments as well as business and civil society actors will be needed to ensure that the necessary policy and direct support is provided to those at micro and small-enterprise level who wish to strengthen their capacity to engage in domestic or international value chains.

10 Ensuring the status of women entrepreneurs is well captured in national statistical systems

Addressing gaps in the availability of up-to-date and reliable statistics on women's entrepreneurship is part of a wider need to develop national capacities to ensure the availability, dissemination and use of reliable gender statistics. Critical to progress in this regard is the relationship between National Statistics Offices; National Women's Machineryes; women's civil society organizations (including women entrepreneurs' associations); and academic and other research institutions.

Increased availability of statistics on women's entrepreneurship, including through national population censuses (which better capture informal entrepreneurship) and time-use studies, will help inform relevant policy making. One particular area for attention is the number, growth and failure rates of women-owned start-ups and small businesses. ●

¹ UN Women (2015). *Progress of the World's Women 2015–2016*. New York. UN Women.



Conclusion

Achieving the goals and aspirations of both the 2030 Agenda for Sustainable Development and the AEC Blueprint 2025 hinges on the concerted efforts of all stakeholders towards harnessing women's entrepreneurial spirit and dismantling the barriers that hold them back from achieving their full potential.

The analysis presented above finds that an overwhelming majority of women entrepreneurs in ASEAN are concentrated in lower value-added, lower skilled micro and small businesses, largely in the informal sector. The potential benefits of the ASEAN Economic Community are likely to bypass, or worse, have a detrimental impact on a significant proportion of these women entrepreneurs, unless concrete steps are taken.

A policy agenda for promoting women entrepreneurship and enabling them to take advantage of opportunities arising from regional economic integration within the AEC framework has been summarized for action by the ASEAN governments. ESCAP stands ready to assist member States in the ASEAN subregion and beyond in adapting this policy agenda for their specific needs as a part of its efforts to ensure the realization of the SDGs. ●

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Fostering Women's Entrepreneurship in ASEAN

TRANSFORMING PROSPECTS, TRANSFORMING SOCIETIES

Entrepreneurship is a key means through which women can both empower themselves and contribute to inclusive and sustainable development. A vital part of this agenda includes the 61.3 million women who own and operate businesses within the ten member States of ASEAN.

It is the particular challenges and opportunities that the ASEAN Economic Community (AEC) will bring to women entrepreneurs which provide the impetus and focus for this report. The measures set out in the AEC Blueprint 2025 are expected to affect the prospects for SME growth in various ways. These range from the benefits of improvements in market access and physical and ICT infrastructure on the one hand, to the challenges of increased competition, on the other. Although many SMEs, female and male-owned, will face challenges in this respect, women entrepreneurs will have additional constraints to contend with, undermining their potential to contribute to inclusive and sustainable development under the AEC.

Fostering Women's Entrepreneurship in ASEAN: Transforming Prospects, Transforming Societies proposes critical actions that can be taken by ASEAN Governments to address the particular constraints facing women entrepreneurs – in association with the finance sector, entrepreneur associations, international agencies, civil society and other key actors – towards the realization of both the 2030 Agenda for Sustainable Development and the AEC Blueprint 2025.



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