



INSIGHTS ON LENDING OPPORTUNITIES TO  
**WOMEN-LED BUSINESSES**  
**MYANMAR**

**2022**

## SUMMARY

Building on previous work in the area of gender-responsive micro, small and medium-size enterprise (MSME) finance, from December 2021 to January 2022, UNCDF interviewed financial service providers (FSPs) and development actors in Myanmar to better understand the types of MSME loan products available to and serving women entrepreneurs.

The data and recommendations are based on a literature review, online survey and key informant interviews with 15 FSPs working in Myanmar. The results of the consultation have been used to identify gaps in services for women entrepreneurs and ways to better target outreach to, and the selection of, women enterprises for further investment, to improve women's access to relevant financial services and products.

The assessment utilized existing UNCDF and other desk research to identify the key constraints to women entrepreneurs' access to finance, and the gap in finance and existing options. It provides recommendations to FSPs and the donor community to address gaps and improve women's financial inclusion.

The changing political situation after the military coup d'état in 2021 and turbulent market dynamics due to the pandemic have contributed to even greater challenges for women entrepreneurs to survive and grow their businesses. Yet demand for relevant financial and nonfinancial support remains high, and the key recommendations from this research remain relevant.

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## KEY HIGHLIGHTS

Few options exist to service the ‘missing middle’ for MSMEs whose financial needs are too big for microfinance, too small or risky for traditional bank lending, and lack the growth, return and exit potential sought by venture capitalists. While MSMEs are the economic backbone of the Myanmar economy, available financing options for men- and women-led businesses are limited. Banks, non-bank financial institutions and investors are well above the reach of the typical woman entrepreneur, and other options, such as crowdfunding, grants and smaller investment vehicles, are extremely limited. While banks typically provide loans from US\$50,000 and above, investors mostly serve businesses with a minimum \$100,000 investment, and often much higher, while microfinance institutions (MFIs) provide loans to a maximum of \$6,600. This gap in access to finance for loan products between \$6,600 and \$50,000 poses a serious constraint to the growth of these enterprises and has a disproportionate impact on women-owned enterprises as they tend to be smaller with less access to collateral-based lending.

**Women micro-entrepreneurs primarily rely on the support of family and friends, informal money lenders or small microfinance loans that do not meet the demands of MSMEs.**

While there are now more than 170 MFIs working in Myanmar with significant expansion over the past 10 years, 90 percent of women clients are served through small group loan products with an average loan size between \$300 and \$438 per group member. Few women graduate to individual loan products offered by MFIs, which average between \$674 and \$1,534 and provide more privacy and autonomy. Yet demand is high for individual loans, as was demonstrated in [this UNCDF study](#), where 75 percent of women group loan users were interested in individual loans yet only 2 percent moved from group to individual loans. It is also worth noting that very few women or men access individual loans at the maximum amount of \$6,600 capped by law, despite high demand for such products.

**Outreach to women-led businesses is limited:** As a result of the current crisis and their own liquidity and operating constraints, FSPs have had limited capacity to reach new clients over the past 18 months, with many loan products and development programmes on hold and an increased emphasis being placed on serving existing clients. More broadly, FSPs have not developed specific recruitment strategies targeting women entrepreneurs, and limited non-financial training opportunities are available to assist women-led businesses to pivot their business models and recover from the triple impacts of the pandemic and deteriorating political and economic situations.

**Selection is not gender-responsive:** Few organizations include gender criteria as part of their selection process for new loans, and standard key performance indicators tend to focus on loan performance and business cash flow. No specific women-focused products exist in the market.



**Organization approach to gender:** Most FSPs include training and capacity-building for staff on gender topics, and have developed gender-related organizational policies, such as on harassment in the workplace or providing maternity/paternity leave, with some prioritizing female staff recruitment. Yet a common theme was for FSPs to focus mostly on the number of women clients they served or the number of female staff, with limited understanding of the concept of gender intentionality, or how identifying, understanding and addressing gender inequalities and inequitable social norms is essential to gender equality. It was also unclear whether the business case for serving women entrepreneurs and prioritizing the development of products for women was well understood at an organizational level.

**Sex-disaggregated data collection and analysis is underutilized:** While all FSPs collect and analyse some degree of sex-disaggregated data, there are significant variations across different types of providers, with banks and MFIs demonstrating reduced capacity in this area compared with investors and development organizations. There is a significant opportunity to improve how data are collected and used to inform decision-making in the organizations. This can improve staff capacity to mine the data for insights on the female customer and her pain points, which can inform the company's strategy and improve the bottom line.

**Non-financial services are needed by women but scarce:** Interviewees identified the need for additional non-financial services to women entrepreneurs to bridge existing gaps in skills, networks and confidence. Some FSPs had developed partnership models with community organizations, yet there is significant scope to provide more services to women entrepreneurs in the form of technical services, accelerators, and access to mentors and relevant networks. For access to finance to be truly transformative, women-led enterprises require not only financial products and services, but also financial education, management training, value chain support, and access to relevant markets and networks to nurture the success of their businesses. Such support is crucial to the success of these businesses, as women's entrepreneurship cannot be seen in isolation from the broader gender inequalities due to the numerous constraints they face among the interacting dimensions of empowerment.

**Digital applications present untapped potential:** The fintech and digital finance revolution is reaching the rural areas of Myanmar, yet there is still a long way to go before it reaches most people, especially last-mile women entrepreneurs in remote locations. Almost all FSPs interviewed recognized the need for improved digital channels and have prioritized their development. But the impact will be fully realized only with additional efforts to improve women's digital and financial literacy.

# BACKGROUND

*Financial inclusion – or the availability and equality of opportunities to access financial services – enables entrepreneurs to start and/or expand their business activities, increasing household incomes and improving livelihoods.*

Yet women entrepreneurs face a gender gap in access to credit and gender-based constraints in building their businesses, including demand, supply and regulatory barriers, plus cultural and social norms that are both spoken and unspoken. The result is exclusion and unequal access to resources. How gender bias or gender neutrality are constructed in the financial product design process, and the resulting effect on the product and its use cases, are not well understood, however. Rarely does the product reflect the reality of the lives of women.

Women's economic empowerment and financial inclusion set a direct path towards gender equality, poverty reduction, and inclusive economic growth that benefits the family and community. Access to and control over financial services and products are key components of women's economic empowerment. These factors give financially excluded women the opportunity to access credit and savings products that allow them to smooth their consumption, manage risks, grow their businesses, accumulate assets and build wealth. Increasing women's financial inclusion is especially important as women disproportionately experience poverty, stemming from unequal divisions of labour, cultural and social norms that limit their voice and agency, and a lack of control over economic resources. Women also have more limited opportunities for education, employment outside of the home, asset and land ownership, inheritance, and control over their financial futures in general.



WOMEN'S  
ECONOMIC  
EMPOWERMENT  
AND FINANCIAL  
INCLUSION SET  
A DIRECT PATH  
TOWARDS GENDER  
EQUALITY.



# THE BUSINESS CASE FOR INVESTING IN WOMEN ENTREPRENEURS

## SUPPORTING WOMEN-LED BUSINESSES IS NOT CHARITY

Investing in women entrepreneurs is good for development and businesses can unlock opportunities for increased profit, growth and innovation by closing gender gaps. Supporting companies led by women is a smart business strategy, not charity, and can help to increase equity in the workplace and improve productivity. Research shows that when women run their own businesses, they employ more women,<sup>1</sup> and start-ups with at least one female founder hire 2.5 times more women, and up to six times more as they become more established.<sup>2</sup> Having more women in the workplace also results in a more productive and diverse economy, with more equitable incomes. For example, according to the German Federal Ministry for Economic Cooperation and Development (BMZ), there would be an estimated increase of 15 percent in worldwide gross domestic product (GDP) if women participated equally in the economy.<sup>3</sup>

Research indicates that having more women in senior leadership also strengthens the companies in which they work, resulting in better performance even during times of market volatility.<sup>4</sup> A review by the Economist Intelligence Unit of six countries in the Association of Southeast Asian Nations (ASEAN) found that firms with greater female representation at the board level had better returns, performing 50 percent better in terms of return on equity than those with boards with no women.<sup>5</sup> Economies that have high numbers of women entrepreneurs are also more resilient to financial crises and experience economic slowdowns less frequently.<sup>6</sup> Studies also show that women generally have a smaller impact on the environment, making more sustainable and resource-efficient decisions for both their households and businesses.<sup>7</sup>

Finally, we need women to create products and services that meet the needs of women and girls. Men make up 85 percent of product designers and engineers<sup>8</sup> and too often we have had men designing products and services that fail to take the perspective, desires and needs



RESEARCH  
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of women into account.<sup>9</sup> Women entrepreneurs are also part of the answer to opening sales to new or underserved markets, particularly for women consumers, and may be particularly relevant to female customers who are not well connected with existing markets.

## GENDER BIAS AND THE LACK OF SEX-DISAGGREGATED INFORMATION

Data are fundamental to our ability to design policies and monitor progress in people's lives, yet much of the data that we receive perpetuate bias and disadvantage women, as they treat men as the default.<sup>10</sup> The lack of gender-disaggregated data collection and analysis is a global trend, and research indicates that this lack hampers development efforts. According to data published by the World Bank, 62 percent of projects that included substantial gender indicators delivered positive outcomes, compared with only 30 percent of those projects that did not include gender indicators.<sup>11</sup> Without data equality, there is no potential for gender equality. Disaggregated by sex and reflective of gender roles and inequalities, gender data reveal systematic inequalities, yet they are rarely produced, accessible and tracked over time. Gender gaps in data collection on women's financial inclusion (such as tracking unpaid work, entrepreneurship, asset ownership and access to financial services) are pressing concerns.

Evidence emphasizes the importance of the unconscious bias that can affect people's decisions, and points to the need to factor this bias into policy and practice.<sup>12</sup> Unconscious bias, rather than active discrimination, may explain the reluctance of lending officers at financial institutions to make credit easily available to women, and the inability of government institutions and policy officers to recognize and respond to women's needs. For example, a 2019 study in Turkey found that 58 percent of loans required collateral when a woman managed the borrowing business, versus 37 percent when run by a man. It also found that 35 percent of loan officers were biased against women applicants, with women receiving around \$14,000 less than men, or a 7.5 percent lower loan amount. In other words, less experienced loan officers may rely on gender bias as a mental shortcut, while experienced loan officers are more skilled in evaluating loan applications on their merits and thus exhibit less biased decisions.<sup>13</sup> Social and cultural stereotypes and biases about women, such as that women are not economic actors and are economically dependent on men, can embed in these services and help to perpetuate an unequal playing field between men and women.



62 PERCENT  
OF PROJECTS  
THAT INCLUDED  
SUBSTANTIAL  
GENDER  
INDICATORS  
DELIVERED  
POSITIVE  
OUTCOMES.



# GENDER-BASED CONSTRAINTS IN MYANMAR

*Enterprise lending plays a significant role in supporting women's entrepreneurship and financial inclusion. Yet on deeper examination of enterprise lending in Myanmar, gender differences exist and women entrepreneurs face additional constraints in accessing capital to develop their businesses.*

Challenges include low levels of financial literacy, lack of awareness of different products and services, limited financial autonomy, complex business registration and loan application requirements, and a lack of familiarity and exposure to the financial sector (see Table 1 and Figure 1). Women-owned enterprises are more likely to be informal, lack business registration, and receive lower loan amounts compared with those owned by men, due to their lower income and reduced access to collateral-based lending. Even when women entrepreneurs do have access to finance, knowledge gaps, social norms and cultural issues may inhibit them from accessing and using financial services. Supply-side constraints include low capacity in data analytics and product development, reliance on collateral-based lending, and a limited understanding of the business case to serve women.



Figure 1: Challenges faced by women entrepreneurs in Myanmar

**Table 1:** Gender-based constraints in Myanmar

DEMAND-SIDE	
<ul style="list-style-type: none"> <li>• Financial and digital literacy and limited awareness of financial products</li> <li>• Preference for informal finance (money lenders, pawnshops)</li> <li>• Limited control over household assets and money management</li> <li>• Low recognition of women's entrepreneurship</li> <li>• Low business registration and formal MSME ownership</li> <li>• High demand but limited access to individual loans for larger size and flexible terms</li> <li>• Reduced mobility due to time constraints and social norms</li> <li>• Lack of business skills and networks</li> </ul>	
SUPPLY-SIDE	
<ul style="list-style-type: none"> <li>• Need for capacity in data analytics and product development to be aware of women-specific needs and tap into existing data insights</li> <li>• Products do not match needs (size, repayment schedule)</li> <li>• High collateral requirements (200%), while assets are often registered in men's name = higher loan success rates for men</li> <li>• Limited women-centred marketing</li> <li>• Low graduation from group to individual loans</li> <li>• Low understanding of the business case to serve women</li> <li>• Limited availability of entrepreneurship and financial literacy training programmes</li> <li>• Cost of value addition services and remote locations</li> <li>• Product development team not established</li> </ul>	WOMEN-OWNED ENTERPRISES ARE MORE LIKELY TO BE INFORMAL, LACK BUSINESS REGISTRATION, AND RECEIVE LOWER LOAN AMOUNTS COMPARED WITH THOSE OWNED BY MEN. <span style="color: #003366; font-size: 1.5em;">●</span>

Using the Sasakawa Peace Foundation women's empowerment framework, we can see the overall performance of Myanmar across seven dimensions of empowerment compared with the rest of Southeast Asia (Figure 2).<sup>14</sup>

**Figure 2:** Myanmar's performance across the seven dimensions of Sasakawa Peace Foundation's women's empowerment framework<sup>15</sup>

 <h3>ECONOMIC EMPOWERMENT</h3> <ul style="list-style-type: none"> <li>✗ Female labour-force participation</li> <li>✗ Women's digital financial inclusion</li> <li>✓ Women's unemployment (including informal)</li> </ul>	 <h3>PERSONAL SAFETY AND MOBILITY</h3> <ul style="list-style-type: none"> <li>✓ Women's perception of community safety</li> <li>✗ Lifetime intimate partner violence</li> <li>✗ Women who believe a husband is justified in beating his wife</li> </ul>	 <h3>FORMAL REPRESENTATION</h3> <ul style="list-style-type: none"> <li>✗ Number of seats held by women in parliament</li> <li>✓ Firms with women in senior management roles</li> <li>✗ Firms with female participation in ownership</li> </ul>
 <h3>EDUCATION</h3> <ul style="list-style-type: none"> <li>✗ Female literacy rates</li> <li>✓ Primary school completion rate for girls</li> <li>✗ Lower secondary completion rate for girls</li> <li>✗ Tertiary enrolment</li> </ul>	 <h3>HEALTH</h3> <ul style="list-style-type: none"> <li>✗ Maternal mortality</li> <li>✗ Women's mental health (suicide rates)</li> <li>✗ Births attended by skilled health staff</li> <li>✗ Female life expectancy</li> </ul>	 <h3>DECISION-MAKING</h3> <ul style="list-style-type: none"> <li>✗ Women's role in making "big" household decisions</li> <li>✓ Women's role in personal healthcare decisions</li> <li>✓ Women's role in household purchase decisions</li> <li>✓ Child marriage (women married by age 15)</li> <li>✓ Women ownership of land</li> <li>✗ Discriminatory work norms (prevalence of men believing it is not acceptable for women to be employed)</li> </ul>
 <h3>TIME</h3> <p>Myanmar lacks clear macro-level data on women's unpaid time burden, wage differences (which lead to women working more time for the same money), and other areas related to time. Local reports indicate a gender pay gap, with women carrying out most of the unpaid work.</p>		

- ✓ In line with/outperforms Southeast Asian countries
- ✓ Medium relative to Southeast Asian countries
- ✗ Poorer outcomes relative to Southeast Asian countries

# GENDER AND WOMEN'S MSME FINANCE IN MYANMAR

*The results of the consultation with FSPs have identified the following gaps and opportunities for more favourable outcomes for women-led businesses.*

## FOCUS ON WOMEN

The results of interviews with FSPs vary by category. While MFIs primarily serve women clients (around 90 percent of clients in group loans are women), this number falls to 60 percent of women in the larger individual loan portfolio, with demand far exceeding supply. Banks have limited data available on the number of women-owned/women-managed enterprises accessing loan products or on the types of business models focused on serving women's needs. Both investors and development partners give priority to businesses led by or serving women, yet feel further efforts are needed to support these enterprises to be investment-ready.

## SEX-DISAGGREGATED DATA COLLECTION AND HUMAN-CENTRED DESIGN

Banks collect significant data on male/female/jointly owned enterprises, but loan officers may by default consider loans as jointly owned when both spouses sign loan documents, leading to errors in data collection. Neither banks nor MFIs regularly leverage their data for gendered insights to identify gender constraints or to develop gender-smart products, missing out on the opportunity to leverage sex-disaggregated, age and other demographic and geographical data to ensure that enterprise financing is designed using a gender lens. Investors and development actors tend to have a much more detailed approach to data collection and reporting, and several investors also report on environmental, social and corporate governance standards.



*We see that the idea of a 'glass ceiling' is very true in politics and leadership with few Myanmar women at the top. And the 'sticky floor' is also true and something we work very hard to combat in our organization to build women up. We see the younger women as very efficient and hardworking, but after a certain level there is a reluctance to take on higher responsibility, stress and mental pressure. (Quote from interviewee)*



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**Table 2:** Enterprise lending overview

	MFIS	BANKS	DEVELOPMENT PARTNERS	INVESTORS
Funding amount	<ul style="list-style-type: none"> <li>Up to \$6,600 permitted under regulation but average enterprise loans are between \$674-1,534</li> </ul>	<ul style="list-style-type: none"> <li>Mostly serve from \$50,000 upwards</li> </ul>	<ul style="list-style-type: none"> <li>Typically provide small grants, equipment funds or innovation funding to pilot new business models</li> </ul>	<ul style="list-style-type: none"> <li>Varying amounts of loan or equity financing, with most at \$100,000</li> </ul>
Sex-disaggregated data collection	<ul style="list-style-type: none"> <li>Significant data collection on gender/geography (rural/urban) and sector, however ability to mine data for insights not always present</li> </ul>	<ul style="list-style-type: none"> <li>Data collected on male/female/jointly owned enterprises but not analysed for gender insights</li> <li>May be a tendency to consider loans as jointly owned as both spouses typically sign</li> </ul>	<ul style="list-style-type: none"> <li>Significant data and reporting on male and female clients</li> </ul>	<ul style="list-style-type: none"> <li>Significant data collection, including on women-owned businesses and women in management statistics</li> </ul>
Non-financial services provided	<ul style="list-style-type: none"> <li>Limited however access provided through other development partners</li> <li>Larger MFIs with strong development partners may provide more access.</li> <li>Limited literacy provided</li> </ul>	<ul style="list-style-type: none"> <li>Limited however some provide some resources under CSR funding or other development partners.</li> <li>Limited literacy provided</li> </ul>	<ul style="list-style-type: none"> <li>Significant services provided in terms of financial training, leadership, technical support for business success.</li> <li>Some partnership with fintechs for literacy</li> </ul>	<ul style="list-style-type: none"> <li>May provide significant support to investees based on an assessment of strengths and weaknesses</li> </ul>
Access to digital services	<ul style="list-style-type: none"> <li>Priority for all with many beginning to provide digital access points</li> </ul>	<ul style="list-style-type: none"> <li>Priority with many providing 24/7 online loan applications</li> </ul>	<ul style="list-style-type: none"> <li>No – although some partnership with fintechs</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>
Outreach	<ul style="list-style-type: none"> <li>Limited since COVID-19 / coup. Minimal use of social media for promotion, although some field branches continue to conduct limited outreach</li> </ul>	<ul style="list-style-type: none"> <li>Limited since COVID-19 / coup. Minimal use of social media for promotion, although some field branches continue to conduct limited outreach</li> </ul>	<ul style="list-style-type: none"> <li>Minimal – through existing client networks and staff relationships</li> </ul>	<ul style="list-style-type: none"> <li>Minimal – through existing client networks and staff relationships</li> </ul>
Selection and key performance indicators	<ul style="list-style-type: none"> <li>Standard key performance indicators on number of loans serving male/female and payment/nonperforming loan data</li> <li>Limited impact studies on the effect of the loan on the woman in terms of agency</li> <li>Limited graduation process</li> </ul>	<ul style="list-style-type: none"> <li>Based on standard information on loan repayment capacity and cashflow with specific requirements for each product</li> <li>No specific gendered products</li> <li>No impact level studies on women's agency</li> </ul>	<ul style="list-style-type: none"> <li>Based on vulnerability and donor requirements</li> </ul>	<ul style="list-style-type: none"> <li>Significant assessment of the sector, the business cashflow and growth potential and the founder</li> </ul>
Organizational gender policies and gender sensitization	<ul style="list-style-type: none"> <li>Based on the organization and varies depending on the development mindset and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Most with gender policies (harassment, maternal leave) in place</li> <li>Limited gender sensitization and gender bias training</li> </ul>	<ul style="list-style-type: none"> <li>Significant policies in place</li> <li>Gender sensitization training with staff, clients and community leaders in project areas, using push and pull strategies</li> </ul>	<ul style="list-style-type: none"> <li>Strong knowledge of environmental, social and corporate governance and gender lens investing, although this is still at a nascent level in Myanmar with few women-owned organizations receiving investment</li> </ul>
Evidence of clear business case	<ul style="list-style-type: none"> <li>Limited; some research conducted by UNCDF and by investees</li> </ul>	<ul style="list-style-type: none"> <li>Limited evidence</li> </ul>	<ul style="list-style-type: none"> <li>Priority on gender as a development outcome but less knowledgeable on business outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Most significant effort on gender-based investing yet limited pipeline</li> </ul>

## THE LIMITED PIPELINE OF INVESTMENT-READY ENTERPRISES

Both investors and development actors spoke about the limited pipeline of investment-ready women-led enterprises, despite their desire to prioritize such businesses where possible, resulting in limited funding to women-owned ventures (Table 2). This is not a Myanmar-only issue – globally, women-led start-ups received just 2.3 percent of venture capital in 2020.<sup>16</sup> Both also included a more comprehensive approach to identifying benefits to women, including standard key performance indicators on women ownership and women in management, but also an assessment of whether this business was providing a valuable service for women, and how to use capital intentionally to achieve positive results for women and girls through access to capital, and improving products and services that positively affect them or target the women's market.

## INADEQUATE LOAN SIZES

In terms of financing amounts, a clear gap in funding for MSMEs was noted, as while MFIs can serve women entrepreneurs up to a legal funding limit of \$6,600, few women are receiving loans at the maximum amount, with the average enterprise loan being between \$674 and \$1,534. Banks provide loans starting at \$50,000, while investors provide varying amounts of loans/equity financing, with the minimum at \$50,000 and most at a much larger size. This illustrates the significant funding gap for entrepreneurs more broadly, who have few options for access to finance. As women-led enterprises are also smaller and more informal than male-led enterprises, they are disproportionately impacted by the lack of funding for the 'missing middle'.

## OUTREACH TO WOMEN-LED BUSINESSES

FSPs have not incorporated strategies to promote a greater awareness of their products among potential women clients. While limited outreach is understandable in the current context, a market segmentation approach is needed that understands that women entrepreneurs can better serve the needs of women as customers and sees the size of the female consumer economy as a growth opportunity. The strategies needed to increase targeted outreach to women enterprises include outreach to women's networks and associations, positive brand images, and campaigns focused on women clients, encouraging business-to-business connections and allocating dedicated female staff in visible, customer-facing roles.

## SELECTION CRITERIA DO NOT INCLUDE GENDER CRITERIA

In Myanmar, just 35 percent of firms include female participation in their ownership and 41 percent have women in higher management.<sup>17</sup> In a 2021 study by Sasakawa Peace Foundation, women accounted for 30 percent of equity-backed enterprises when weighting by gender was used, and women entrepreneurs identified how investors (mostly men) put more focus on their family plans than their business plans.<sup>18</sup> While all FSPs include standard

key performance indicators on loan repayment, there is a lack of gender-specific strategies targeting women-owned/-led businesses and limited use of gender criteria (see Table 3). No FSPs have allocated specific funds for women-owned MSMEs. Except for investors, FSPs did not collect or analyse business commitments to a gender-diverse workforce, their impact on a gender-inclusive value chain, or the benefits of products or services that consider the distinct needs of women as a consumer segment.

**Table 3:** Possible gender criteria

BORROWERS	CRITERIA
With women as leaders	<ul style="list-style-type: none"> <li>• Percentage of female board members</li> <li>• Percentage of female senior management</li> <li>• Percentage of female ownership</li> </ul>
With women as employees	<ul style="list-style-type: none"> <li>• Percentage of total workforce that is female, broken down by middle management, full-time and part-time employees</li> <li>• Workforce breakdown in terms of job type and pay level</li> </ul>
With women as suppliers/distributors or value-chain actors	<ul style="list-style-type: none"> <li>• Percentage of suppliers/distributors/retailers that are female-owned/led</li> </ul>
With women as consumers	<ul style="list-style-type: none"> <li>• Percentage of female customers by product/service or customer segment</li> </ul>

## AN ORGANIZATIONAL APPROACH TO GENDER

An emphasis on human-centred design to address gender gaps and better serve women entrepreneurs requires alignment across the entire organization on the integration of the business case for serving women. Such a focus should then be translated into action that can be measured, with staff at all levels of the organization understanding the value of the focus on women, and the impact of gender-based constraints, social norms and gender bias. Progressive firms also understand that the adoption of family-friendly policies aiming to reduce the gender gap is important for the recruitment and retention of female talent, and forms part of the enabling environment needed for more women to participate in the private sector and overcome the barriers they face.

## ROLE OF DEVELOPMENT PARTNERS

Development partners are key ecosystem actors, providing small grants or equipment funds and innovation funding to promote investment and test the viability of new business models. While the funding amounts tend to be small, they can play an enabling role to sharpen the business model, improve the organizational capacity of the organization through technical and other nonfinancial services, and broaden business networks and

founder skills in articulating their business concept. These grants are particularly suited to businesses with a social mindset that are working with vulnerable adults either directly in their business or through their supply chain, with the potential to sustainably create jobs and new economic opportunities. It is important to note, however, that different development actors have varying levels of knowledge on the specific supply-chain and business factors, and there is a risk that laying too much emphasis on social outcomes may unduly burden small and developing businesses, limiting their viability as businesses. In addition, receiving large amounts of funding from sources other than the customer of the business model may create less need for commercially sustainable businesses. FSPs identified several opportunities for relevant support from development partners, including the provision of more technical support to FSPs directly to improve their capacity; skills training and business advisory services for MSMEs; women-focused wholesale facilities; and instruments such as guarantees or subsidies that encourage risk-sharing to improve access to finance.



WOMEN  
ESPECIALLY  
BENEFIT FROM  
IMPROVED  
FINANCIAL AND  
DIGITAL LITERACY.



## NON-FINANCIAL SERVICES

Both development actors and investors are most likely to offer a range of technical and other non-financial supports to their clients, which is consistently raised by women entrepreneurs as a key priority, second only to access to finance. Some MFIs and banks noted that they are providing other types of technical support through a partnership approach with community organizations, or through limited corporate social responsibility initiatives, yet it was noted that demand far exceeds supply. Women especially benefit from improved financial and digital literacy, mentorship and technical support, market linkages, and access to business connections and peer learning networks.

## DIGITIZATION

The potential of digitization was clear, and banks and MFIs especially noted their efforts to improve their use of digital channels to interact with the client and for delivery and payments. In the longer term, increased digitization also provides an opportunity for alternative credit scoring models for fast/reliable credit approvals – yet requires additional investments to improve women's digital and financial literacy to make informed and safe financial choices.

# RECOMMENDATIONS

1. Build the business case for FSPs to invest in women as employees, entrepreneurs, customers and key stakeholders, and to recognize gender gaps as market opportunities

Financial institutions need to better understand the business case and the value proposition for both their financial model and for their women customers. They need to allocate people/resources to serve the women's market, with a focus on helping women entrepreneurs not only access loans but to build successful businesses, leading to improved social and financial performance. Given that women have a much lower rate of non-performing loans and are seen as cautious investors, this strategy makes good business sense. Designing for and marketing to women allows companies to target new customers, as well as to boost sales to existing customers. This strategy can open new markets and strengthen existing ones. FSPs have the potential to improve women's outcomes but often lack the incentive to pursue gender-specific interventions. They could realize the economic value of serving women through the development of financially viable business cases and gender-transformational business models for serving women. Understanding the potential women's market size, women's repayment behaviour, product preferences and other key variables, such as how they access product information, is critical to understanding the business case and how to tap into it. There is also a role for development partners to support FSPs in Myanmar to create gender-smart products and develop risk-sharing models designed to close gender gaps.

2. Collect sex-disaggregated data and build staff capacity in data analytics, human-centred design and survey tools to identify products and solutions that meet the unique needs and preferences of women

The ability to develop effective, targeted interventions to serve women is often contingent on the availability of gender-disaggregated data, which could more accurately inform whom to serve and how, and the staff's capacity to draw relevant findings from the data. This approach requires the right talent and mindset to



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iterate, prototype, test and integrate sex-disaggregated data insights into the organizational DNA.

There is a vast opportunity for leveraging sex-disaggregated, age and other demographic and geographical data to ensure that enterprise financing is designed using a gender lens. Data analytics software and interactive dashboards can handle larger volumes of transaction and survey data on women's empowerment outcomes, generating additional insights that help to develop or refine products to serve the needs of women. Customer needs assessments can unlock significant benefits in terms of improved savings services and retention, increased cross-sales of products, better risk management, and stronger social performance management.

Evolving from being product-centric to being customer-centred is complicated and requires cross-functional capacity between research and business functions within an organization. To be client-centred, an organization must directly consult its clients to identify their needs and constraints, and women value being consulted. Their needs are also complex, so they require a variety of financial products at different life-cycle milestones. Their uptake and satisfaction rates need to be measured to see whether the product is responsive to their needs.

### 3. Take steps to address unconscious bias

FSPs should recognize that investment is inherently biased toward men. If FSPs are interested in applying a gender lens to their portfolio, they must acknowledge and seek to attend to their own unconscious bias and promote internal gender equality (see Table 4). Interventions such as sensitization on the prevalence of gender bias among loan officers, validation of equal pay, monitoring of hiring and promotion by gender, promotion of women entrepreneurs' success stories, and information on the success rate of women-owned MSME loans may be useful in overcoming gender bias. Initiatives to help loan officers to gain on-the-job skills without addressing gender explicitly can also help, including awarding more time to newer loan officers to review applications or providing higher-frequency and higher-quality training for less experienced loan officers so that they can better discern loan application quality. Artificial intelligence (AI)-assisted loan application review, whereby the approval process is not automated through an algorithm but where the loan officer can cross-check their decision with data from a wider range of sources, may also be beneficial. Investing in organizational development to educate and reflect is needed as the staff are a mirror of their social and cultural context.



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EQUALITY.

**Table 4:** Promoting internal gender equality

DEPARTMENT	POSSIBLE INTERVENTIONS
Management	<ul style="list-style-type: none"> <li>• Clearly communicate the business benefits of gender equality</li> <li>• Track gender-equality commitments</li> <li>• Mobilize resources to support gender-equality initiatives</li> <li>• Consider gender-balanced board composition</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• Design gender-sensitive recruitment strategies</li> <li>• Implement policies and practices to support and promote gender equality</li> <li>• Develop career pathways for female employees to move into senior roles</li> <li>• Review and communicate family-friendly work policies</li> </ul>
Sales, operations and product teams	<ul style="list-style-type: none"> <li>• Design and prototype products and services that address women's needs as customers</li> <li>• Develop partnerships for non-financial support to improve business operations and skills development</li> <li>• Track and report sex-disaggregated data, and develop skills in conducting customer needs and satisfaction surveys</li> </ul>

**4. Develop digital channels for connecting with customers and for payments and other services, and build financial literacy to ensure women have the knowledge and skills to make safe choices**

There is transformative potential in the development of digital channels and payment platforms designed to respond to women's needs, and evidence shows that digital payments can reduce mobility constraints, increase transparency and improve the performance and creditworthiness of women-owned enterprises, becoming a gateway to broader digital and financial inclusion.<sup>19</sup> Investments in digital skills and financial education are needed, as well as innovative solutions to address women's unequal access to connectivity, identity, and digital and financial literacy while minimizing potential harm to maximize gender equality. Investing in women's skills in digital business tools and digital platforms (including e-commerce platforms) is also needed.



**INVESTMENTS IN  
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EDUCATION  
ARE NEEDED.**



**5. Build diverse teams, with particular emphasis on increasing the share of female staff as employees, managers and board members**

Diversity is often correlated with profitability, efficiency and innovation. Ensuring a baseline of diversity at the institution and developing pathways for staff to improve their skills, knowledge and capacity are also key to retention and staff development. The best place for women customers should also be the best workplace for women employees and women leaders. Increasing the number of women decision-makers in senior and visible roles can serve as a role model for others. FSPs could build and reinforce trust among women by recruiting female officers and agents to deliver financial services. Encouraging women to champion the cause of financial inclusion has proven successful as it facilitates a balance between technology and personal service, which is critical since women are more likely to need personal guidance when beginning to use new services and products.

**6. Strengthen partnerships to address the gender finance and knowledge gaps, with specific emphasis on relevant non-financial services**

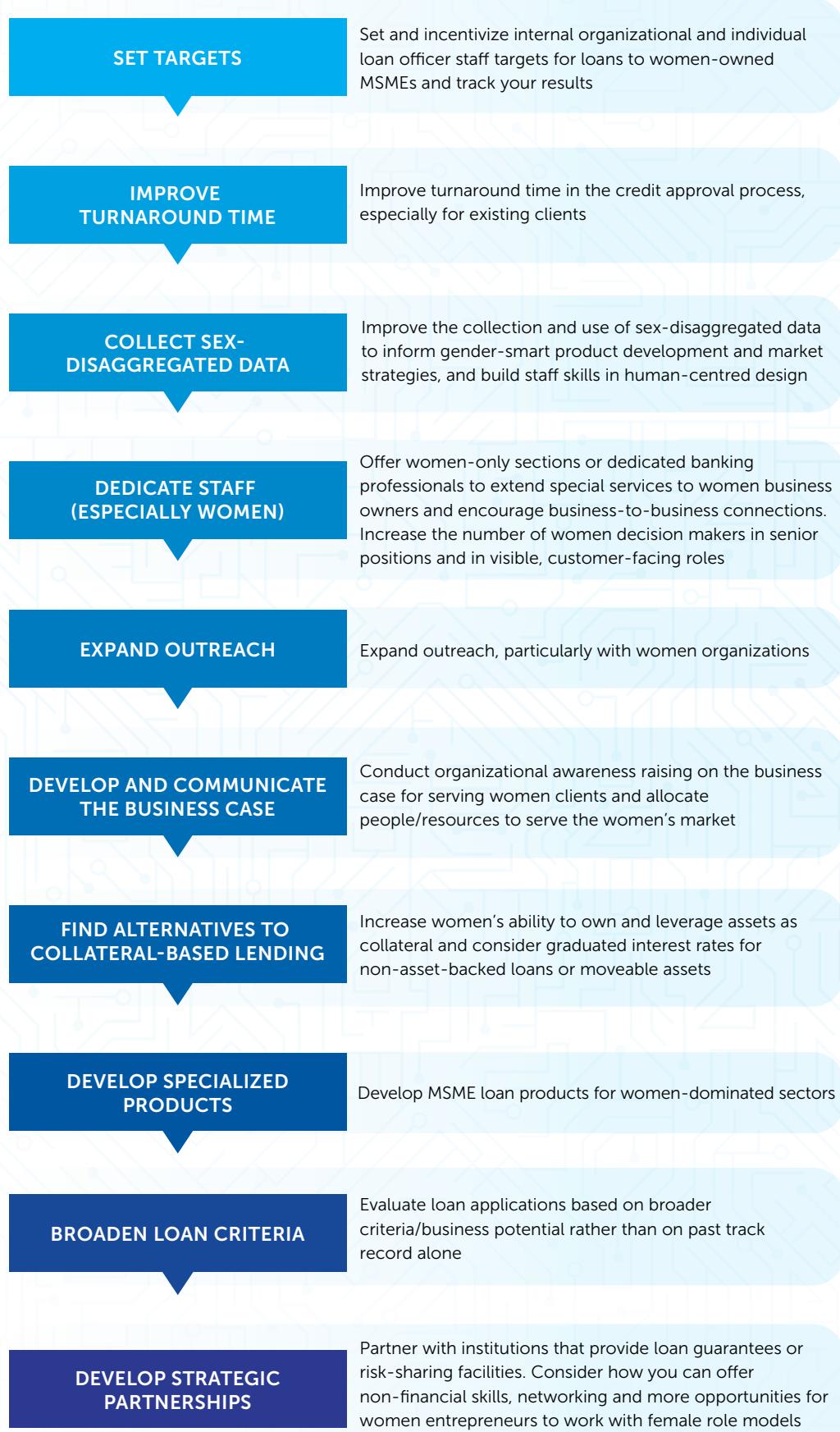
Low levels of financial and business knowledge and poor networks pose substantial barriers to enterprise growth that disadvantage women entrepreneurs. Making access to finance possible for women entrepreneurs also calls for close collaboration and new partnerships among financial institutions, non-financial service providers providing mentorship, skill development and networks, and ecosystem actors, including government institutions, regulators, women's associations and donor organizations. This is especially true in the currently turbulent and high-risk market environment in Myanmar. Engaging with gatekeepers, such as women's networks and associations, may also provide opportunities to increase women's awareness of new products and services.



LOW LEVELS OF FINANCIAL AND BUSINESS KNOWLEDGE AND POOR NETWORKS POSE SUBSTANTIAL BARRIERS TO ENTERPRISE GROWTH THAT DISADVANTAGE WOMEN ENTREPRENEURS.



**Figure 3:** How financial service providers can better serve women entrepreneurs



# CONCLUSION

*Women's economic empowerment and financial inclusion set a direct path towards gender equality, poverty reduction and inclusive economic growth that benefits the family and community.*

Forward-thinking financial institutions are beginning to recognize the potential of the women's market as a growth strategy. Yet there is a need for improved capacity to understand the impact of gender bias and to build institutional capacity to design stronger gendered products and services that can capitalize on the market opportunity.

Strategic partnerships that help to create an enabling policy environment, share risk, build digital and financial skills, and foster inclusive innovation are critical to ensure FSPs can tap into the clear market opportunity for gender-specific products and services. These efforts will help to empower women entrepreneurs to lead the way in building inclusive economies.



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# NOTES

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## ABOUT UNITED NATIONS CAPITAL DEVELOPMENT FUND

The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs). UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

## ABOUT LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF Strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia, and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals (SDGs) aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.

## ABOUT UN WOMEN

UN Women is the UN organization dedicated to gender equality and the empowerment of women. A global champion for women and girls, UN Women was established to accelerate progress on meeting their needs worldwide. UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.