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## Unlocking the potential of women's entrepreneurship in South Asia

**South Asia<sup>1</sup> has emerged as one of the most dynamic sub-regions in the world but its potential is undermined by inequalities, including gender inequalities across all dimensions of economic and social life -- in access to education, health, employment, opportunities and resources and the rights of women to be treated equally with men. Such impediments prevent South Asia from achieving truly equitable, inclusive and sustainable development. Building on the outcomes of the ESCAP programme on Enabling entrepreneurship for women's economic empowerment in Asia-Pacific<sup>2</sup>, including its South Asian component and related studies, this Policy Brief makes a case for prioritizing women's entrepreneurship in South Asia as a strategy for realizing inclusive and sustainable growth. It outlines key barriers and policy options to unlock women's potential and unleash benefits for all.**

### South Asia's untapped potential of women's entrepreneurship

Women's entrepreneurship, which brings about profound transformations and generates many positive ripple effects including its ability to boost job creation and alleviate poverty, can be a potent catalyst for achieving inclusive and sustainable development. In South Asia however, where women's labour force participation rate is among the lowest in the world, women's entrepreneurship is a widely untapped source of economic growth and social progress, and job creation. Although the micro, small and medium enterprises (MSMEs) sector is recognized as a critical pillar of economic growth and development, contributing significantly to manufactured outputs and GDP, only 8 to 9 per cent of formal SMEs are owned by women in South Asia, compared with 38 to 47 per cent in East Asia, Central Asia and Eastern Europe.<sup>3</sup> The Global Entrepreneurship Monitor (GEM) found Bangladesh and Pakistan to rank the lowest in terms of women entrepreneurship rates among the 56 economies covered, in early stage of entrepreneurship.<sup>4</sup> Other available sources corroborate relatively low shares of women entrepreneurs owning and managing micro, small and medium enterprises/MSMEs, ranging from 10 per cent in Bangladesh and Nepal to 13.7 per cent in India.<sup>5</sup> The inability to harness the potential of women entrepreneurship costs the subregion dearly. Studies have demonstrated that women reinvest and spend more of their income on the health, education and well-being of their families and communities than do men.<sup>6</sup> Therefore, there are important multiplier effects of women's participation in the labour force and in entrepreneurship.

### Persisting gender gaps in South Asia

Although South Asia has done well in terms of gender equality related MDG targets, having achieved gender parity in primary education and having made substantial gains for girls' enrolment in secondary education,<sup>7</sup> it continues to underperform across a range of gender equality indicators. Table 1 shows the very poor ranking of South Asian countries in terms of three global indices measuring gender equality. The first of these is the Global Gender Gap produced by the World Economic Forum,<sup>8</sup> the second is the Gender Development Index and the third is the Gender Inequality Index, both produced by UNDP's Human Development Reports. Generally, Afghanistan and Pakistan find themselves at the bottom of these indices, while Sri Lanka holds generally the best rankings among the South Asian countries in all of them.

Table 1. South Asian countries' rankings and scores on gender-related indices

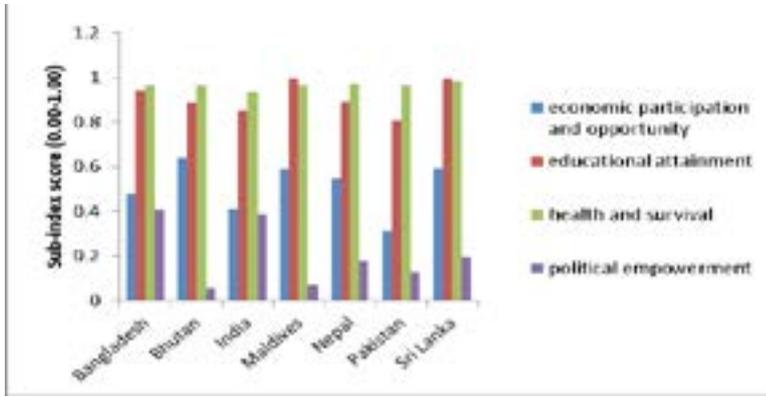
South Asia	Global Gender Gap (2014) on 142 countries		Gender Development Index (GDI) (2013) (on 187 countries)		Gender Inequality Index (GII) (2013) (on 187 countries)	
	Rank	Score	Rank	Score	Rank	Score
Afghanistan	n.a.	n.a.	148	0.330	149	0.705
Bangladesh	68	0.697	107	0.528	115	0.529
Bhutan	120	0.636	n.a.	n.a.	102	0.495
India	114	0.645	132	0.519	127	0.563
Maldives	105	0.656	90	0.673	49	0.283
Nepal	112	0.646	102	0.514	98	0.479
Pakistan	141	0.552	145	0.447	127	0.563
Sri Lanka	79	0.690	66	0.720	75	0.383

Sources: i. World Economic Forum (2014). *The Global Gender Gap Report*. Geneva; ii. United Nations Development Programme (2014). *Human Development Report 2014*. Table 5. Gender Development Index; iii. United Nations Development Programme (2014). *Human Development Report 2014*. Table 4. Gender Inequality Index.

*The Global Gender Gap Report* also provides gender inequality scores on countries' performance against four sub-indices, namely education, health, political empowerment and economic participation (see figure 1). While the variation is small in the health-related sub-index, the figure shows considerable variation in the other three dimensions, inequality in political empowerment being the widest. In terms of educational attainment for instance, Sri Lanka and Maldives have the least gender inequality, Pakistan has the highest. The gender inequality in terms of economic participation mirrors that in education, with Sri Lanka and Maldives having the least inequality and Pakistan, the highest. However, the gender inequality in terms of political empowerment is greatest in Bhutan and Maldives and the least in Bangladesh and India.

1. South Asia refers to eight countries, namely Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
2. ESCAP (2013). *Enabling Entrepreneurship for Women's Economic Empowerment in Asia and the Pacific*. ST/ESCAP/2679. The study covered four countries in Asia-Pacific; China, India, Indonesia and Malaysia.
3. Asian Development Bank (2013). *12 Things on Asian Women Entrepreneurs*.
4. Global Entrepreneurship Monitor (2011). *GEM 2011 Global Report*: figure 6.
5. See respectively SME Foundation (2009), *Women Entrepreneurs in SMEs: Bangladesh Perspective*, Micro-Enterprise Development Programme (MEDEP) and United Nations Development Programme (UNDP) (2010), *Micro-Enterprises, Development for Poverty Alleviation*, vol.1; Government of India (2014). *Micro, Small and Medium Enterprises*, Annual Report 2013-2014.
6. International Labour Organization (ILO). *Sustainable Enterprise Programme, Women's Entrepreneurship Development*.
7. ESCAP-ADB-UNDP (2015) *Making it happen: Asia-Pacific MDG Report 2015-16*
8. World Economic Forum (2014). *The Global Gender Gap Report*. Geneva.

Figure 1. Gender Gaps in South Asia



Source: ESCAP-SSWA based on the World Economic Forum (2014). The Global Gender Gap Report 2014.

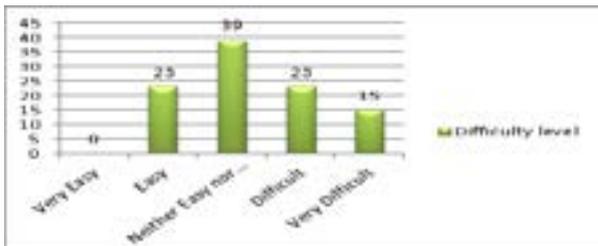
**Promoting women’s entrepreneurship in South Asia**

*Ease of doing business and development of a gender-sensitive entrepreneurial ecosystem*

Keeping in mind the importance of MSMEs in the socio-economic development of South Asia, through employment creation, governments have developed policies and programmes, infrastructure and support services to enable their development, as ancillaries to large industries. However, surveys and interviews with women entrepreneurs in several Asian countries revealed that women-owned small and medium enterprises generally fail to benefit from national schemes and promotion efforts. A recent ESCAP study found that only 5 per cent of women entrepreneurs surveyed had relied on institutional support to start their business and only 21 per cent of them were aware of the schemes. <sup>9</sup> As shown in Figure 2, 38 per cent of women entrepreneurs surveyed in India rated accessing government schemes as either “difficult” or “very difficult”. As a result, a vast majority of women-owned enterprises remain micro-businesses, with percentages as high as 98 per cent in India and 88 per cent in Malaysia. <sup>10</sup>

Broadly, the number of procedures, days and cost involved in formalizing a small or medium enterprise in South Asia also appear cumbersome, with on average, 7 administrative procedures required, stretched over 19 days, compared with 5 procedures and 12 days in OECD countries, as per the World Bank Doing Business database. <sup>11</sup> Considering that women in South Asia shoulder greater domestic responsibilities than men do, with a wide gender gap in unpaid work, such complex processes may be a matter of concern and warrant policy attention.

Figure 2. Perceived accessibility of government entrepreneurship support schemes, by women entrepreneurs surveyed in India



Source: ESCAP-SSWA (2013). Creating an Enabling Environment for Women’s Entrepreneurship in India. ESCAP-SSWA Development Paper No. 1304.

9. ESCAP South and South-West Asia Office (2013). Creating an Enabling Environment for Women’s Entrepreneurship in India. Development Paper series, No. 1304.

10. ESCAP (2013). Enabling Entrepreneurship for Women’s Economic Empowerment in Asia and the Pacific. ST/ESCAP/2679.

11. World Bank and the International Finance Corporation, Doing Business Database.

In this respect, the following targeted actions are required to fully mainstream gender and respond to the different needs and interests of women and men entrepreneurs:

- Identify lead agencies, define roles and establish dedicated mechanisms to (a) ensure gender-responsive policy attention and development in MSME promotion planning and (b) manage coordination among relevant implementing entities, integrating women fully in the entrepreneurial ecosystem.
- Streamline processes for business registration and licensing, providing a “one-stop shop” for information, guidance, application submission, follow-up and legal assistance.
- Regularly monitor implementation of policy regulations related to women entrepreneurs at the national and subnational levels to ensure consistent application.
- Adopt comprehensive approach to promote women’s entrepreneurship and address related challenges, encouraging subsector clusters for easily accessible infrastructure facilities and services, or special zones near industrial areas, including training and banking to MSMEs, child-care facilities and safe transportation.
- Build opportunities for constructive engagement between women entrepreneurs and policy officials, including platforms for regular interaction and consultation such as public-private dialogues, forums and trade fairs, to inform and promote awareness of policies that are responsive to the needs of women-owned businesses (through dissemination in various local languages of public information materials, workshops, etc).
- Strengthen social protection schemes, including health-care and retirement benefits for independent business owners.
- Balance policy focus to ensure small and informal enterprises are provided equal opportunity for establishment and growth, relative to larger enterprises.
- Promote broad-based gender equality and women’s empowerment, including through enhancing women’s understanding of their own rights, such as property rights and inheritance rights, working closely with men to champion those rights for women.

### *Enhancing equitable access to finance and credit*

Access to finance and credit are fundamental preconditions for enterprise creation, development and expansion. Women entrepreneurs need fair and equal access to economic institutions and the banking system. Despite notable improvements in policies and legislation -- some governments even establishing specialized institutions such as the First Women Bank (FBWL) in Pakistan and the Bharatya Mahila Bank in India, established in 1989 and 2013, respectively -- access to credit and finance remains a major obstacles for women in South Asia to start and scale up their business.

In the first place, only a small proportion of women have bank accounts in formal financial institutions in South Asia. In Pakistan, only 3 per cent of women possess bank accounts, as compared with 17 per cent for men. In India, the figure for female is 26 per cent and 35 per cent in Bangladesh, compared with 44 and 54 per cent for men, respectively. The figures are higher in Sri Lanka, where 67 per cent of women have bank accounts, as compared with 70 per cent for men. <sup>12</sup> Financial literacy is also estimated to be low among women

in South Asia, with India and Pakistan ranking 19 and 26, respectively, among 27 countries. <sup>13</sup>

The access of women to institutional credit is also affected by their low asset ownership that in turn, affects their ability to offer collateral. Women's access to property and material assets is typically less than that of men in South Asia, where inheritance systems and particular practices and legislation that define and limit women's and girls property rights persist. <sup>14</sup> As a result, financial service providers often insist on guarantees from male family members. Research conducted in Lahore found that women entrepreneurs were greatly dependent on their spouses. Men's decision was considered crucial for acute business operations and risk-taking related decisions given that the legal system in Pakistan is heavily male-dominated. <sup>15</sup>

Women entrepreneurs surveyed in India reported an overwhelming reliance on informal sources of support for starting their enterprises, with 53 per cent of them having relied on a male family member (husband and/or father), 14 per cent on other members of the family, yet only 5 per cent of them having sought help from government agency or institution. <sup>16</sup> Women's limited access to information, networks and industry contacts also represented important personal challenges for the women entrepreneurs surveyed. Such limitations may erode women's self-confidence and undermine their ability to negotiate in the male-dominated banking sector.

In this context, the following steps may be helpful:

- Promote financial inclusion and the systematic creation of bank accounts for women.
- Promote affordable and stable access to credit for MSMEs, prioritizing their development for promoting inclusive growth in South Asia.
- Engage with financial institutions to develop standards for fair and equal treatment of women credit applicants, and promote gender-sensitization training of branch managers and the establishment of women cells.
- Incentivize risk-taking behaviours among bankers so they may be more inclined to share the entrepreneurial risk burden.
- Promote and facilitate easy delivery mechanism for credit, aiming for single window, providing integrated information and access support for all available loans.
- Simplify regulations to access international capital and explore innovative options for SME financing.
- Establish regular monitoring mechanisms for loans taken by women entrepreneurs and support for reporting at different milestones, ensuring available funding for reinvestment at different stages (funds for working capital, modernization and technical upgrades, business acquisition and expansion).
- Establish action plans, with targets, for gender-responsive budgeting that ensures equal access to government-sponsored finance programmes.
- Assess and adjust prevalence, funding levels and accessibility of credit support schemes that target women entrepreneurs in accordance with gender-responsive budget planning.

13. Visa Inc. (2013). International Barometer of Women's Financial Literacy (2013).

14. Chronic Poverty Research Centre (2010). Stemming Girls' Chronic poverty: Catalysing Development Change by Building Just Social Institutions, Chapter 3. Limited resources rights and entitlements. ISBN 978-1-906433-82-6

15. Zahra, N. (2013). "Implications of Demographic Antecedents in Determining the Motivational Drives among Women Entrepreneurs: A Case Study of Women Entrepreneurs Venturing in Lahore, Pakistan". Asian Journal of Business Management, vol. 5. No.1.

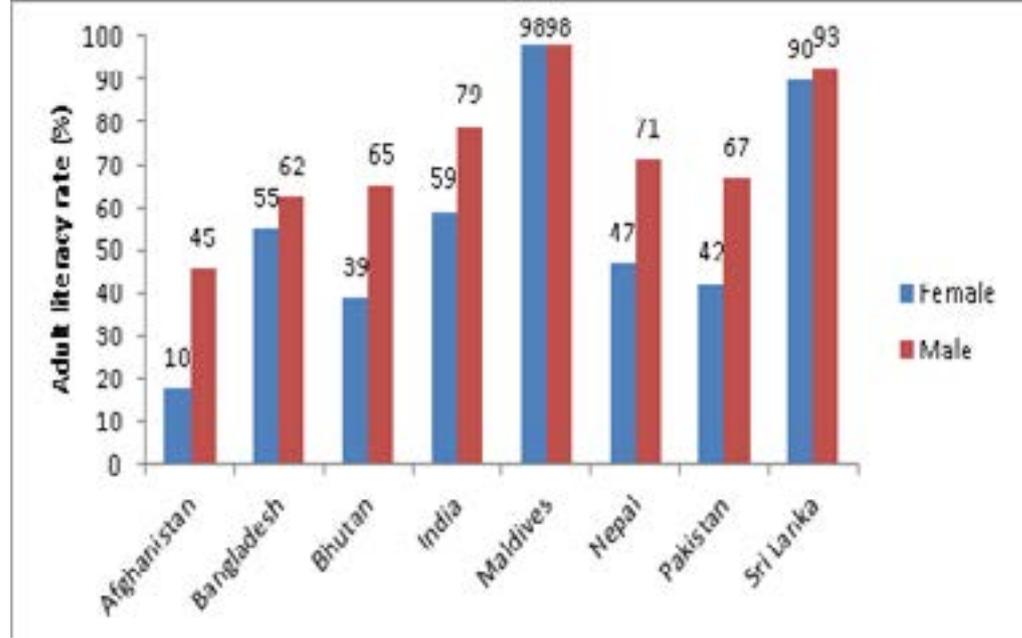
16. ESCAP South and South-West Asia Office (2013). Creating an Enabling Environment for Women's Entrepreneurship in India. Development Paper series, No. 1304.

- Develop mechanisms for systematic promotion of available financial products and support opportunities, mobilizing various forms of media accessed by women and ensuring balanced geographic coverage.
- Develop tax incentives for financial institutions that reward increased funding for women’s entrepreneurship and promote income tax rebates and tax relief, preferential interest rates and concessions for women entrepreneurs.
- Repeal co-signature requirements and other regulations that require women to assume debt collectively rather than independently.
- Promote collateral-free lending and expand categories for recognized collateral to include assets such as jewellery and other personal valuables.

**Focusing on capacity and skills enhancement for entrepreneurship among women**

Women’s entrepreneurship is conditioned by a multitude of factors, including the status of entrepreneurship in a given country, the entrepreneurial ecosystem, as well as the status of women. Women’s economic empowerment in particular is affected by property rights, educational attainment, ability to work outside the home, and independent source of income, in respect of which women in South Asian countries generally lag behind. Except for Maldives and Sri Lanka, female literacy rates continue to remain low in the South Asian countries, as shown in Figure 3, with wide gender gaps, despite remarkable progress made by these countries on the gender equality target. South Asia, as indicated earlier, exhibits the lowest level of female labour force participation in the world. More worrisome still is that the women in the labour force are overwhelmingly engaged in vulnerable employment, as unpaid family workers or own-account workers; 84 per cent of women, compared with 75.5 per cent of men.<sup>17</sup>

**Figure 3. Adult literacy rates in South Asian countries**



Sources: UNESCO Institute for Statistics and Census of India, Office of the Registrar General.

Note: Data shown are for the latest available year.

17. ESCAP (2015). Economic and Social Survey of Asia and the Pacific. Sales No.E.15.II.F.7, ST/ESCAP/2714.

Also, as discussed above, based on the *Global Gender Gap Report 2014*, women in top leadership positions are still few and far between. This scarcity of role models represents another challenge cited by women entrepreneurs and prospective entrepreneurs, with many inspiring success stories awaiting to be told. The deep-rooted patriarchal culture and values prevailing in South Asia also influence women's career choices and perception about their own ability, potentially lowering their self-confidence and willingness to take risks. This distorted perception about women's ability affects the outcome of the business venture, the ease with which negotiations may be conducted, women's ability to network, engage in strategic partnership or access information, finance and credit. Findings from a 17-country pilot analysis of the conditions that foster high-potential female entrepreneurship, illustrate the biased perception about women's business ability, as only about 40 per cent of women disagreed with the statement that "men make better business executives than women" (with some 30 per cent of men disagreeing). <sup>18</sup>

Finally, with access to information and communications technology becoming critical business tools, the low access of South Asian women to the internet represents yet another challenge for women's business to remain competitive and for them to keep abreast of new opportunities. Nearly 35 per cent fewer women than men access internet in the subregion and around 37 per cent own a mobile phone only. <sup>19</sup> Limited networks and industry contacts were cited as challenge for the majority of women entrepreneurs surveyed in India (58 per cent), while lack of access to information was also a concern for over 40 per cent of them.

In this context, the following steps may be helpful:

- *Develop a comprehensive and sustainable strategy to enhance the capacity of women entrepreneurs, with short, medium and long-term objectives, also establishing/strengthening mentoring programmes.*
- *Introduce entrepreneurship in educational institutions (from grade 8), with emphasis on skill-oriented education for girls, enlisting support from Parent-Teacher Associations and promoting the teaching of entrepreneurship as part of management courses.*
- *Offer targeted business training programmes for women entrepreneurs in areas such as finance and cost management, marketing, product development and ICT.*
- *Replicate successful trainings to enhance women entrepreneurs' skills, building for example on the successful Goldman Sachs' 10,000 Women initiatives curriculum and other trainings with post-training follow-up and support.*
- *Enhance awareness, information exchange and good practices on women's entrepreneurship, in both rural and urban areas and across South Asia, reaching out to them with appropriate tools and channels, also using good practices as advocacy tools and promoting their replication.*
- *Launch campaigns in partnership with mass media to publicize capacity-building opportunities for women entrepreneurs, encourage women's economic participation and project women in a positive light, showcasing role models and highlighting the economic impact of women's entrepreneurship.*
- *Support multiple mechanisms for domestic support and childcare, including by establishing communal, subsidized childcare facilities where women business owners operate.*

18. Global Entrepreneurship and Development Institute (2013). The Gender Global Entrepreneurship and Development Index (GEDII).

19. Figures cited here are based on Intel 2012, Women and the Web <http://www.intel.ph/content/dam/www/public/us/en/documents/pdf/women-and-the-web.pdf> and GSMA, Women and Mobile: A Global Opportunity, [http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/01/GSMA\\_Women\\_and\\_Mobile-A\\_Global\\_Opportunity.pdf](http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/01/GSMA_Women_and_Mobile-A_Global_Opportunity.pdf)

## CONCLUDING REMARKS

Women entrepreneurship represents an important channel not only for achieving gender equality and women's empowerment but also to foster job creation and economic development. With a minor proportion of MSMEs owned or managed by women, South Asia's potential of women entrepreneurship remains largely untapped. As the subregion moves ahead to eradicate poverty and hunger, with sustained growth and industrialization to create jobs for its youthful population as part of the post-2015 Development Agenda and the Sustainable Development Goals, promotion of women entrepreneurship is a critical and transformative development strategy to achieve multiple targets. Governments in South Asia and development partners can promote women entrepreneurship through a gender-sensitive enabling policy framework, provision of finance and credit, and capacity-building through gender-sensitive programmes, as outlined earlier. As the South Asian countries share similar sociocultural context and common constraints in promoting women entrepreneurship, sharing of best practices in promotion, institutional building and capacity development would be fruitful. Finally, regular interactions between women entrepreneurs of the subregion could also facilitate their networking and business deals and boost regional economic integration.

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