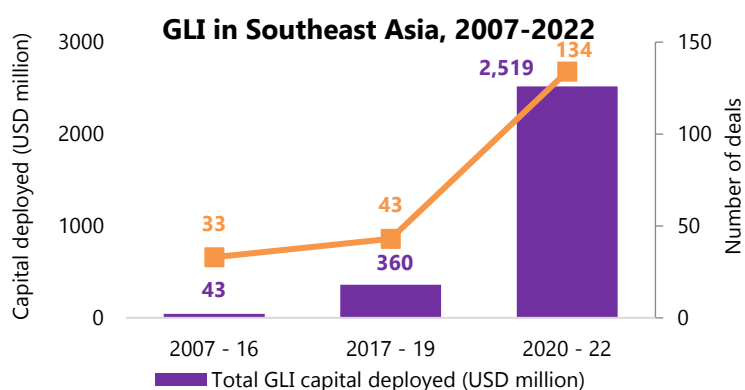


UPDATE: GENDER LENS INVESTING IN SOUTHEAST ASIA

INVESTING IN WOMEN FACTSHEET, JUNE 2023

This factsheet provides an overview of trends in gender-lens investing (GLI) in Southeast Asia, based on updated data on impact investment deals for 2020-22. It draws on a series of studies commissioned by Investing in Women (IW) analysing the regional impact investing landscape since 2007. It includes data on investment by Private Impact Investors (PIIs), such as fund managers, family offices, foundations and others, and Development Finance Institutions (DFIs), who are government-backed financial institutions that provide finance to the private sector for investments promoting development. GLI related to investing with the intent to address gender issues or promote gender equity, including by: Investing in women-owned or -led enterprises; investing in enterprises that promote workplace equity; or investing in enterprises that offer products or services that substantially improve the lives of women.



GENDER LENS INVESTING: LATEST TRENDS, 2020-2022

- **7 times** more GLI capital was invested during 2020-2022 compared to 2017-2019, largely driven by increased interest from DFIs in adopting GLI strategies.
- There has been a surge in the number of private impact investors (PIIs) with a GLI focus in the region; investors without a regional presence registered lower deal volume but higher ticket size investments.
- **88% of investments** in 2020-2022 focused on women-owned/led businesses.
- **80% of GLI deals** by volume in 2020-2022 focused in just 3 countries - Indonesia, Vietnam, and Philippines.
- PIIs have acted as an important growth engine of GLI activity, with PII-led GLI deal volume being driven by increased investments in women-owned/led enterprises.

Trends in PII and DFI Investments, 2020-2022

DFIs invested USD 2.4 billion across 53 GLI deals between 2020-2022

- DFI-led GLI deals in the region experienced a **9-fold increase** during 2020-2022, compared to 2017-2019.

Average annual DFI investment with a Gender Lens

Year	2007-16	2017-19	2020-22
Average annual capital deployed (USD million)	0	115	808.5

- **The primary driver** of this upsurge is the participation of DFIs such as IFC, DFC and ADB in the **2X Global** program.
- **70% of DFI-led GLI deals** were in **Financial Services** with a focus on microfinance, supply chain finance and neo banking.
- Most DFI-led GLI deals were into enterprises either offering gender relevant products & services, or promoting gender equity across the business value chain.

PIIs invested USD 92.5 million in 80 GLI deals between 2020-2022

- **Annual deal volumes and values** of GLI deals by PIIs have witnessed an **upward trend** in 2007-2022.

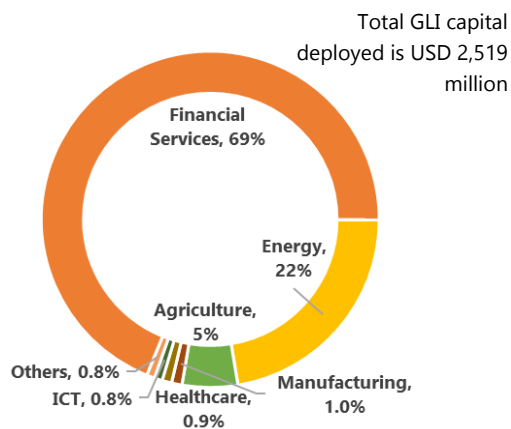
Average Annual PII investment with a Gender Lens

Year	2007-16	2017-19	2020-22
Average annual capital deployed (USD million)	4.33	5.13	30.8

- Most PII GLI capital flows into the **Financial Services** sector (53%), followed by Agriculture (18%). Healthcare is an emerging sector for GLI investments.
- The **emergence of funds** focused on women-owned businesses in the region is a positive indication of PII interest in GLI.
- Investors have extensively developed **pre-investment support programs** to help female entrepreneurs become investment ready.
- Market builders and other ecosystem stakeholders are also driving GLI activity in the region through **Gender Action Plans**, publications, toolkits and conferences.
- Most PII-led GLI deals used women's ownership as an investment strategy.

GENDER LENS INVESTING IN SOUTHEAST ASIA

Sectors and Instruments of Gender Lens Investments



- The **financial services** sector registered the **largest amount of GLI capital** (USD 1,738.9 billion) and **highest number of GLI deals** (49), with a focus on commercial banking for SMEs and microfinance.
- The **energy sector** witnessed the **highest average ticket size (USD 112.4 million)** across all sectors, primarily because all GLI capital going into the sector was deployed by DFIs.
- Investors expect opportunities in sectors with large female workforces or in businesses **addressing market inefficiencies** for women customers.
- 89% of the GLI capital was deployed through debt, which is the preferred investment instrument for DFIs.
- Only 3% of the GLI capital was deployed through equity instruments as most equity deals were led by PIIs who deployed smaller ticket sizes in early-stage enterprises.

Upcoming instruments for GLI

- **Gender bonds** and **orange bonds** are gaining prominence in SE Asia. Impact Investment Exchange (IIX) estimates that orange bonds could unlock USD 10 billion in gender-lens capital by 2030.
- DFIs and corporates are the most active gender bond issuers globally. These issuances are expected to grow as the current supply of gender-related sustainable bonds does not meet investor demand.
- There is further scope for growth by **integrating gender elements** in climate, sustainability, and other sector-focused bonds to augment GLI capital flows.

Emerging Trends and Outlook for Gender Lens Investing

1

Mainstream investors are increasingly becoming aware of the importance of integrating GLI in their investment theses

2

There is a need for better market-fit for investment products

Investment products need to be adaptable to best fit the needs of businesses impacting women

3

Gender Lens integration at a technical assistance stage is still lagging

Providing technical assistance to women SMEs, in the form of advisory, venture building, mentorship, and relationship building, according to their specific needs

4

The degree of GLI integration varies widely across different investors

A clear definition and understanding of GLI products, and active knowledge sharing with the investor community has helped increase capital commitments with a gender lens

5

Sourcing investment-ready women's SMEs remains a challenge for investors

Extensive pre-investment support for gender-inclusive and women-led businesses is crucial to improve investment readiness

6

Continued efforts needed to build awareness and capacity of Capital providers (LPs) and Technical Service providers

This will help deepen the pool of enterprises as well as make more capital available to PIIs