Australian Government

INVESTING IN WOMEN
SMART ECONOMICS
AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT

SAGANA

Moving Money into Women-Led Businesses in Southeast Asia

INVESTOR PLAYBOOK

Where others don't look

The next evolution of private debt for women-led businesses

August 2026

Small and medium enterprise (SME) finance in Asia is entering a new phase: the rise of private debt. A large opportunity exists within the "missing middle" segment — SMEs, and in particular those led by women, seeking USD 100K – 3M in financing that are too large for microfinance but too small for most traditional lenders, development finance institutions (DFIs), and large credit funds.

Drawing on market insights, investor perspectives, and emerging examples, this playbook outlines the commercial case, viable investment models, and practical approaches required to deploy private debt capital effectively in this segment.

Women-led SMEs are one of the largest high quality untapped opportunities.

MARKET SIZE

USD 139B

financing opportunity for women-led micro-, small and medium enterprises (MSMEs) in Southeast Asia[1]

PIPELINE DEPTH

12.8 million

women-led SMEs in Southeast Asia (excluding micro-enterprises)[2]

CREDIT WORTHY

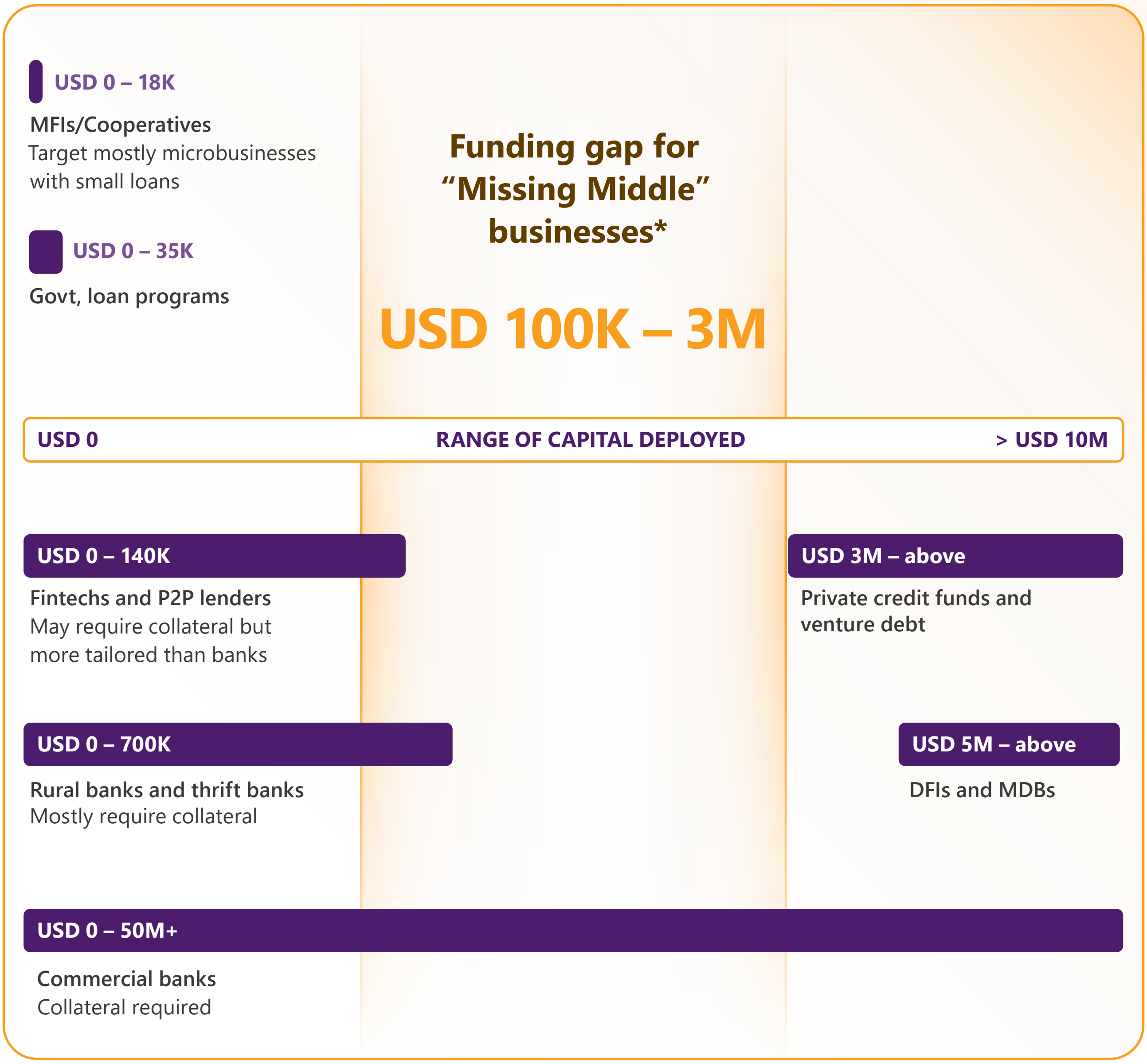
4.5x

Lower probability of loan loss than men-led SMEs[3]

Consistently lower non-performing loan (NPL) ratios (2017–2023)[4]

Yet capital remains structurally unavailable in the USD 100K - USD 3M range.

- Below USD 100K served by microfinance institutions (MFIs), cooperatives and fintechs
- Above USD 3M served by private credit funds, venture debt funds, development finance institutions (DFIs), and multilateral development banks (MDBs)
- Existing providers of USD 100K - 3M cheques are often:
  - commercial banks that require collateral or
  - Venture Capital (VC) type investors that require outlier 10x exits and exponential growth trajectories
- Structural gap in delivering working capital and capital expenditure (CapEx) financing, driven by collateral-heavy models



The same barriers that limit capital flow to the missing middle create first-mover advantage, especially while the market is still maturing.

PERCEIVED BARRIER	MARKET PERCEPTION	INVESTOR ADVANTAGE
STRUCTURAL MARKET INEFFICIENCIES		
Small ticket sizes (USD 100K – USD 3M)	Seen as inefficient	Less competition today and locks in high-quality future pipeline. AI is also making this more efficient and less costly
Limited financial data / informality	Hard to underwrite	Differentiated underwriting generates information advantage that is difficult to replicate
High transaction & monitoring costs	Operationally intensive	First movers who solve the cost structure build a durable operational advantage
GENDER-AMPLIFIED BARRIERS		
Limited collateral	Higher perceived risk	Cashflow underwriting unlocks a borrower pool systematically screened out
Smaller networks/less access	Weak pipeline	Deal flow compounds over time as women borrowers refer within networks and refinance
Bias in underwriting	Lower perceived quality	Evidence-based underwriting captures returns the market is leaving on the table

Investors in Asia can leverage the learnings from SME finance in other markets.

US private credit grew ~5× since 2009[6], but as capital flooded the upper market, returns compressed. Lenders focused on smaller tickets still earn stronger returns where competition is thinner.[7,8] **Asia's SME debt market is where the USA was before this bifurcation took hold: the early-mover advantage is still available.**

Germany — where SMEs represent ~50% of the economy[9] — has built a financing system that works for smaller businesses. With credit lines from KfW[10], local banks can extend longer-tenor and investment-oriented financing because SME risk is better structured and underwritten over time. This **shifts lending away from heavy collateral dependence and toward business cashflows, industrial relationships**, and long-term viability, making CapEx financing commercially viable for smaller firms.[11]

Some investment funds and fintechs align repayment with business cashflows whilst preserving founder ownership, through the use of revenue-based financing, for example.

Adapting proven financing models, not reinventing them, is the key to tapping into the opportunity of investing in women-led SMEs in Asia.

WHAT TO DO	WHY IT WORKS FOR WOMEN-LED CASH GENERATORS
BANKS & NON-BANK FINANCIAL INSTITUTIONS (NBFIs)	
◆ Shift from collateral → cashflow underwriting ◆ Layer AI / standardized credit models to lower cost ◆ Introduce gender-responsive features (flexible collateral and/or repayment structures, pricing, capacity building)	Unlocks lending by reducing cost and reliance on hard collateral
FINTECHs	
◆ Move up from micro to into SME ticket sizes ◆ Scale data-driven, repeatable underwriting models ◆ Partner with local actors for origination, trust, and workouts	Combines low-cost underwriting with local relationships needed for origination and credit performance
SME DEBT FUNDs	
◆ Expand into CapEx + structured financing (3–7 year tenor) ◆ Underwrite cashflows + movable collateral[12] ◆ Build repeat borrower pipelines vs one-off deals	Improves unit economics through repeat lending and aligns financing with real business cashflows
VENTURE DEBT FUNDs	
◆ Use equity-linked features (warrants, revenue share) ◆ Focus on SMEs with growth but no VC profile ◆ Standardize templates to reduce cost at smaller tickets	Enhances returns at smaller ticket sizes by introducing selective upside participation

Like in other geographies, government and catalytic funders have a strong role to play in:

- **Anchoring emerging fund managers** and SME-focused banks with catalytic capital.
- **Funding shared market infrastructure** (credit bureaus, alternative datarails, gender-disaggregated performance data). These are public goods — no single lender builds alone — but every lender needs to underwrite sub-USD 1M tickets profitably.
- **Sharing credit risk** through partial guarantees and first-loss tranches, similar to the mechanisms deployed by KfW (Germany), KODIT (Korea), and the SBA (US) use.[13]

CASE EXAMPLE 1 | ARQ CAPITAL

ARQ Capital is a female-led NBFI providing debt financing to "missing middle" SMEs in high impact sectors in the Philippines.

ARQ SME BDC
SMART CAPITAL PARTNER FOR SMEs

ARQ has focused on gender and climate as part of its investment thesis and has received funding from Investing in Women (IW)'s Innovation Window and from Australian Development Investments (ADI), the Australian government's fund of funds. Under the SheSecure program, developed with support from IW, ARQ provides tailored financing to meet the working capital needs of growing women-owned and led small businesses.

STRUCTURING FOR UNDERSERVED BORROWERS

ARQ provides senior and subordinated debt financing with flexible and tailor-fit structures:

- Ticket sizes of up to USD 500K (SheSecure), USD 1 – 3M (standard SME financing)
- Tenors up to 5 years
- Collateralized or non-collateralized
- Interest rates from as low as 12% p.a.

PORTFOLIO HIGHLIGHT

Project Filter

Filter offers end-to-end services for water recycling and wastewater treatment systems. **Filter was founded by a female chemist by profession, who currently owns 85% of the company, and 60% of its board is female.**

In November 2024, ARQ provided a USD 330K (in PHP) revolving capital line for Filter to pursue larger contracts from institutional clients, structured as an 8-month loan with the first 2 months being interest-only payments, followed by 6-equal monthly amortizations to match Filter's timing of project mobilization and contractual cash flows.

Since ARQ's initial investment in November 2024, Filter has significantly expanded its number of projects and increased the size of contracts awarded. In 2025, the Company was awarded USD 4.2M in contracts, up 129% from USD 1.8M in 2024, driven by larger engineering, procurement, and construction contracts such as a USD 800K project with a food and beverage company. This growth reflects Filter's growing credibility and capability to execute higher-value, technically complex wastewater treatment projects.

Under ARQ's SheSecure product in partnership with IW, Filter is eligible for a 2% p.a. interest rebate for **exhibiting improvements in female ownership, management representation, and workplace practices.** A year after investment, these improvements have been implemented and the rebate has been issued.

ARQ acts as a strategic partner to the companies it lends to, **encouraging best practices in financial monitoring and corporate governance and supporting value creation initiatives.** This equity-like type of **service, handholding, and touchpoint** have been key in engaging and building trust with women-led SMEs, who are often cautious about highly transactional relationships with financial institutions.

CASE EXAMPLE 2 | BEACON FUND

Founded in 2020, Beacon Fund is the first private debt fund in Vietnam explicitly targeting the "missing middle" of women- and diverse-led SMEs — businesses that are underserved by traditional financing due to their size, limited collateral, and non-VC growth profiles.[14]

BEACON FUND

Beacon's approach demonstrates how tailored debt structures can overcome structural barriers in this segment while generating sustainable risk-adjusted returns.

Overall portfolio performance has met expectations with zero write-offs to date.

STRUCTURING DEBT TO FIT WOMEN-LED SMEs

Beacon provides flexible, cashflow-aligned debt solutions designed around the realities of women-led SMEs:

- Ticket size: USD 500K – USD 2M per investment, multiple rounds of investment possible
- Tenor and pricing: 2 – 4 year loans (with possible grace periods) at 8 – 12% USD
- Flexible collateral: Moving beyond hard asset requirements (e.g. real estate)
- Hybrid features: Use of warrants and other "kickers" to capture upside where appropriate.

This structuring allows Beacon to finance businesses that are typically excluded due to lack of collateral or "non-standard" financial profiles — directly addressing key missing middle constraints.

PORTFOLIO HIGHLIGHT

Beacon's investment in CAS Energy, a women-led renewable energy and climate-smart agriculture company, illustrates this approach in practice.

CASENERGY

Beacon provided medium-term debt with an impact-linked interest rate step-down, **tied to gender inclusion key performance indicators (KPIs) such as hiring and retaining female engineers, and strengthening inclusive recruitment practices.** These targets were particularly relevant in Vietnam's energy and agriculture sectors, where technical roles remain male-dominated.

CAS Energy successfully met these targets, becoming the first company in Beacon's portfolio to unlock the incentive. Beyond improving gender outcomes, the structure reinforced management focus and operational discipline — demonstrating how well-designed incentives can support both impact delivery and business performance.

The financing enabled CAS Energy to scale rooftop solar solutions integrated with climate-smart agriculture, growing their presence in rural provinces such as Ninh Thuan and Dong Nai and creating jobs for local farmers.

Beacon's model highlights how investors can build advantage in the missing middle by:

01 Structuring flexible, cashflow-based debt

02 Using hybrid features to capture appropriate returns commensurate with risk

03 Embedding incentives to create impact and improve performance

04 Targeting undercapitalized segments

CASE EXAMPLE 3 | GLOBAL GENDER SMART FUND

Through the Global Gender Smart Fund (GGSF), Incofin, responsAbility and Triple Jump demonstrate how investors can unlock the "missing middle" not by building new lending platforms, but by **changing how existing lenders deploy capital to women-led SMEs.**

GGSF WORKS THROUGH PARTNER BANKS, MFIS AND NBFIS TO:

- BUILD GENDER-SMART INSTITUTIONAL CAPACITY
- SUPPORT WOMEN REPRESENTATION
- STRENGTHEN LENDING MODELS FOR WOMEN ENTREPRENEURS

For a subset of institutions where a gap has been identified or a clear business case exists, GGSF may support the development of women-focused SME solutions. Interventions may include:

- **Underwriting adjustments:** Reduced reliance on fixed collateral; revised eligibility criteria for women-led SMEs
- **Product redesign:** Flexible repayment structures, simplified applications, and tailored loan terms
- **Technical assistance** on gender-responsive underwriting and portfolio management
- **Data + accountability:** Gender diagnostics (e.g., Equilo), KPIs, and Gender Action Plans (GAPs)

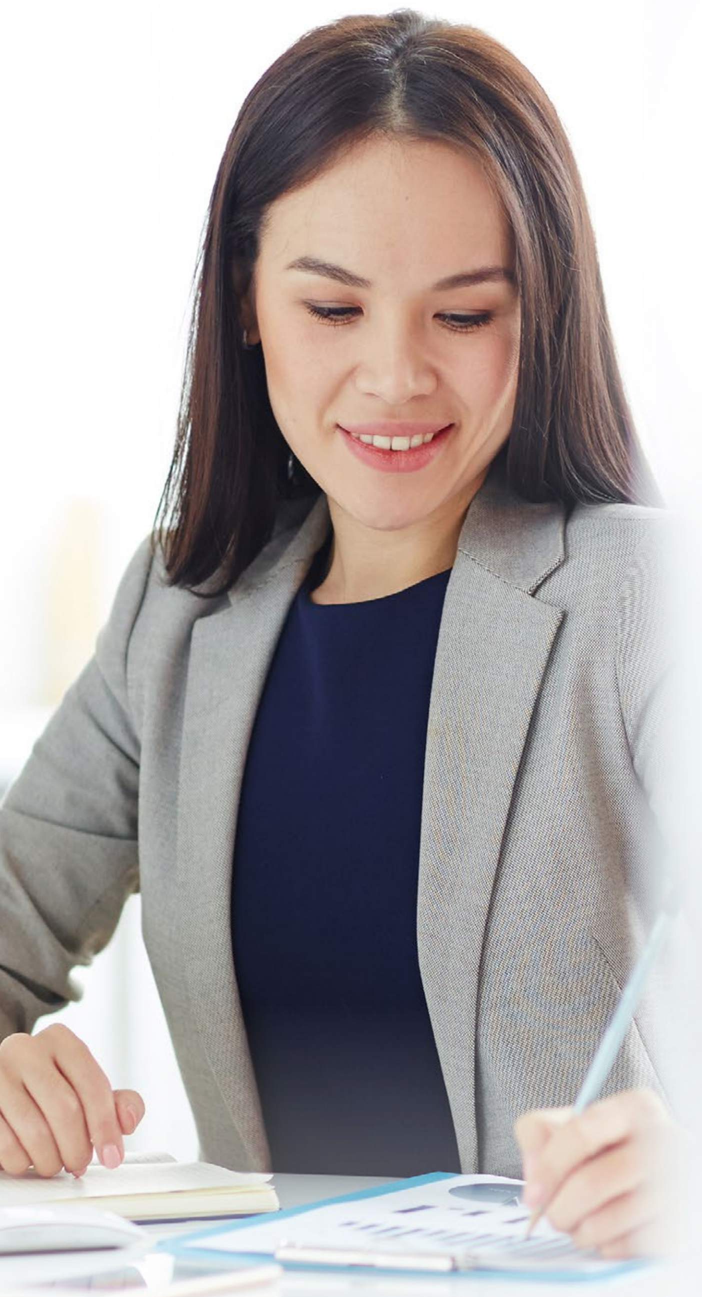
PORTFOLIO HIGHLIGHT

Citizens Development Business Finance (CDB), a leading NBFI in Sri Lanka, launched CDB Wings in 2024 after internal data showed that women borrowers demonstrated stronger repayment performance but remained underserved due to product and process constraints.

CDB redesigned its SME offering to better align with women-led businesses:

- **Simplified, digital-first applications**, reducing processing time from 3 days to 1 day
- **Flexible structuring:** adjustable loan sizes (USD 5K – USD 10K), and collateral requirements, including unsecured lending in select cases
- **Transparent pricing and repayment terms**, addressing borrower preference for predictability
- **Ecosystem support:** expansion of "SMB Friday" to provide capacity building and networking

By addressing these simultaneously, CDB unlocked a previously underserved segment and improved borrower engagement and performance.



ENDNOTES

1. SME Finance Forum, MSME Finance Gap (2025)
2. Sagana analysis; data sourced from ADB (2025), Schaper, Michael (2020), UNDP (2025), UN Women & UN ESCAP (2023), ASEAN & ESCAP (2022)
3. ADB, Southeast Asia Working Paper Series 'Financial Access of Women-Owned Small and Medium-Sized Enterprises In Viet Nam' (December 2022)
4. IFC, Banking on Women 'Lower Non-performing Loans (NPLs) for Women and Women-owned Businesses' (December 2024)
5. Adapted from IIA Landscape Report (July 2024), modified by Sagana
6. Cambridge Associates, Private Credit Markets Are Growing in Size and Opportunity (April 2024)
7. Chicago Atlantic, Private Credit Markets – 2024 in Review & Outlook for 2025 (February 2025)
8. PennantPark, Private Credit: The Core Middle Market Advantage Amid Rate Cuts & Spread Compression (January 2025)
9. IfM Bonn, Macro-economic significance of SMEs (Accessed March 2026)
10. KfW, SME Promotion (Accessed March 2026)
11. KfW, Annual analysis of the structure and development of SMEs in Germany (October 2022)
12. Movable collateral refers to assets (such as machinery, equipment, inventory, vehicles, or receivables) that are pledged as security for a loan, rather than immovable assets like land or buildings
13. KfW Group, Korea Credit Guarantee Fund, Small Business Administration
14. Non-VC growth profiles refers to cash generating businesses with steady, cash flow-driven growth rather than the rapid, hockey-stick growth typically sought by private equity and venture capital investors

TOOLS AND GUIDES

Calvert Impact Capital, Gender Lens Investing: Legal Perspectives (2021)

CGAP, Advancing Women's Financial Inclusion: Guidelines to Adopt a Gender Perspective in Financial Institutions (2025)

CGAP's FinDev Gateway, FinEquity Knowledge Guides (2024)

GIZ, Women Entrepreneur Financing and Investment Toolkit (2023)

Renew Capital & USAID, SME Gender Growth Acceleration (SG2X) Playbook

Women's World Banking, Check Your Bias! A Field Guide for Lenders (2024)

Women's World Banking, Four Ways Financial Services Providers Can Build Gender-Fair Lending Portfolios (2025)

OTHER RESOURCES

Frontiers Lab Asia, Demand-led Investment: A New Perspective on Approaches to Adapting Capital and Bridging the Missing Middle in Southeast Asia (2021)

IFC & Goldman Sachs, 10,000 Women: A Decade of Innovation, Investment, and Impact (2025)

ImpactAlpha, Afrishela's Jane Muia: Underwriting with a gender lens in Africa (2025)

Moving Money into Women-Led Businesses in Southeast Asia maps the trends, challenges, and opportunities shaping growth-stage investment into women-founded businesses in the region. The brief specifically examines the structural dynamics influencing growth-stage financing — a critical but often under-analyzed segment of the funding landscape — and offers a new perspective on investing by highlighting near-term opportunities to address systemic gaps in growth capital as efforts to strengthen the broader financial ecosystem continue.

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