



Women's Empowerment Through Social Entrepreneurship and Impact Investing in Myanmar

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9.1 INTRODUCTION

Governments and non-profit organizations have invested billions of dollars in social spheres (Wright and Winters 2010) yet, we still face stubborn challenges in poverty, education, health care, employment, and the environment. The discussion about the effectiveness of foreign aid and the possibilities of its integrated assessment has flared up over the past decade. Of particular urgency to this issue is the fact that with the emerged situation of international development assistance, further consolidation and coordination of efforts by donor countries and recipients, who sometimes have different interests, is necessary. Therefore, the system of promoting international development requires critical reflection and reform aimed at increasing its effectiveness and achieving within a reasonable timeframe. In the present context of social change and environment protection, a

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bottom-up approach of supporting social entrepreneurship and engaging local people prove to be a key aspect to the success of solving social problems (Jiao 2011).

Social entrepreneurship is a relatively new term. The idea of a social enterprise as an independent concept first arose in the late 1970s in the UK as an alternative, commercial organizational model for private businesses, cooperatives, and state enterprises (Borzaga and Defourney 2001). At that time, the concept had three basic principles: trade and financially viable independence, creation of public wealth, acting in an environmentally responsible manner. It was only after the publication of Dees's article in 1998, however, when the term gained popularity in the academic world, and the discussion on different perspectives on social entrepreneurship and business started (Barki et al. 2015). Nowadays, two main characteristics are distinguished:

- social value creation is central (Battilana and Lee 2014);
- social enterprises solve existing social and environmental problems creating innovations, initiating creative destruction, and achieving positive changes;
- market-based organizational forms are used to achieve objectives—social enterprises are aimed to become financially sustainable and generate income.

Consequently, social enterprises are at the crossroads of the traditional “business” and “charity” model (Hahn et al. 2018). Social enterprises not only contribute to the national economy but focus on solving the problems connected to gender inequality that remains a significant world-wide problem. If we are to achieve UN Sustainable Development Goal 5—“Achieve gender equality and empower all women and girls,”—we need to increase resources for existing activities and understand the potential application of new approaches.

Myanmar is a country where social entrepreneurship plays a significant role in addressing major problems. Social entrepreneurship started and became prominent after the Cyclone Nargis in 2008 when NGO outlets and conventional government were insufficient to support the hundreds of thousands affected, which motivated charitable individuals and organizations to become active developing innovative relief methods addressing the problems they are most aware of (OECD 2014).

Nowadays, social entrepreneurship in Myanmar develops at a quick pace, taking a commercial approach to charity that sidestep possible NGO and government bureaucracy and ensure that it reaches those in need directly. In recent years, the principles and concepts of social entrepreneurship have gained increasing acceptance in Myanmar. Social enterprises are aware of the local problems and operate in order to address and solve them in an efficient way.

As seen in many developing countries, poverty in Myanmar mainly affects people living in rural areas and even more so women. Women take part in the economic life of their community and region, but remain trapped in sectors offering precarious working conditions. Because of this difficult and unequal access, rural women remain confined to formal, profitable activities, and operate mainly in the informal economy. This limits their production capacity and negatively affects themselves, their families, and communities in rural areas in general. This is caused by several factors, such as the historical backwardness of girls' education, the discriminatory nature of jobs, the division of labor within families, the restriction of job opportunities, and the assignment of household chores to women. Thus, women's access to the formal economy and the sector of entrepreneurship and economic decision-making positions remains very low.

The government of Myanmar has clearly expressed its will to prioritize the fight against gender inequalities, and to strengthen local production and job creation (More implication in 3.1). Sustainable development goals shape the current development arena. However, currently public resources alone are not able to achieve these goals. Bottom-up approach of supporting social entrepreneurs and engaging local people prove to be a key aspect to achieve the goals. As a result, women in Myanmar are becoming more involved in the activity of social enterprises, enabling them to contribute to the labor force through income-generating activities. The social enterprise is not a panacea, and its application to women's empowerment should not be treated in isolation from other measures. However, there are promising signs that social enterprise can make a significant contribution. For example, there is evidence of social enterprise bridging the dichotomy between "the empowering" and "the empowered." Women are not only "beneficiaries" and become business owners and employees with a genuine interest in the future. A better gender balance in decision-making has consistently demonstrated higher innovation output, transparency, and attention to risk than those generated by the all-male leadership (OECD 2014).

All evidence, however, also points to constant discrimination against women in this sector, especially in terms of financing. The main objective of this chapter is to establish a diagnosis on access of social enterprises to finance in Myanmar based on the gender approach, in order to identify advances and obstacles encountered and make the necessary recommendations. In this framework, an analysis has been made of the current financial landscape taking into account gender inequalities in rural areas, as well as strategy that could be developed to facilitate access by rural women to sources of finance.

The author argues that strengthening the impact investing movement in Myanmar can contribute to alleviating some of the challenges that hinder the ability of social enterprises to seamlessly access capital. The chapter demonstrates that social entrepreneurship and impact investments can help find solutions for women's empowerment in Myanmar.

The empirical part of this study is based on a field research, which was undertaken in August 2018 and February 2019. The qualitative study is based on the interviews conducted in Yangon, Bagan, and a village of Dry Zone, Htan-Ta-Pin. To meet the objectives of the study, the author elaborates on the questions:

- What role does social entrepreneurship in promoting women's empowerment in Myanmar?
- What are the barriers faced by female social entrepreneurs in Myanmar?
- How impact investing may help women empowerment through social entrepreneurship?

The author begins the discussion by introducing the literature review on women's empowerment, social entrepreneurship, and impact investing.

9.2 WOMEN'S EMPOWERMENT THROUGH SOCIAL ENTREPRENEURSHIP AND IMPACT INVESTMENT: DEFINITIONS AND LITERATURE REVIEW

In recent years, social enterprises have taken it upon themselves to deliver a social impact mission: a clear goal to improve lives, social welfare, or solve environmental problems. In this spirit, Henton comments that "as

an entrepreneur, a social entrepreneur acts in times of dramatic change, sees opportunities and mobilizes others in the community to achieve their common well-being" (Henton et al. 1997), acting as a catalyst for processes social change. It is the innovativeness of the approach, in fact, that determines the conceptualization of social entrepreneurship. Since the beginning of the twenty-first century, social entrepreneurship has been prominent in research on general entrepreneurship theory. The social entrepreneurship can be defined as "the creation of a social value that is produced in collaboration with people and civil society organizations involved in innovations which usually result in economic activity" (Hulgard 2010). Thus, the activities performed by social entrepreneurship result in the development of consumer markets focused on business creation, primarily aimed at creating customer value, either through services or through product creation, growth, and popularity. For Di Domenico, Tracey, and Haugh (Di Domenico et al. 2009), social entrepreneurship is associated with the creation of social value, which comprises the unmet needs of resource-poor communities and environments, with a focus on creating an impact.

The author's definition of social entrepreneurship is following "a business with mainly social objectives which surplus is reinvested primarily in the purpose of the business or in the community itself, rather than being motivated by the need to maximize profits for shareholders and owners." For this study, the author assumes an inclusive approach to the business concept. In addition to addressing companies that call themselves social enterprises, the author also uses a broader perspective. For the research, the author uses two criteria to identify organizations that fit within the category of social enterprise. First, organizations need to generate over 25% of the revenue through sales in the market. Second, organizations must prioritize the social or environmental mission above or at most equal to the amount of financial profit.

The danger of not supporting social entrepreneurship is evident for Rahim, who calls for systematic intervention to accelerate and improve charitable activities (Rahim et al. 2014). Without this, he claims that a significant number of potential donors and social entrepreneurs can be "... discouraged, disconnected, and lost from charity and social change" (Rahim et al. 2014). Catford argues that "... social entrepreneurs ... will flourish only if they are supported by the right environment, which will be created with a help of investors" (Catford 1998).

Funding is essential for social enterprises to support solving social and environmental problems, but keeps being limited. This requires new approaches to foreign assistance in innovative and sustainable ways. Impact investment is such an approach. Impact investment intends to have a positive impact on society in combination to financial returns through the development of social enterprises and defined as “actively placing capital in enterprises that generate social or environmental goods, services, or ancillary benefits (such as creating jobs), with expected financial returns ranging from the highly concessionary to above market” (Cf. Bridges Ventures and Parthenon Group 2010). Scientists note that impact investments are different from traditional investments, because they pursue both financial returns and intentionally solves social and environmental problems. (Porter and Kramer 2011)

Social enterprises support the empowerment of the weakest who suffer from discriminating conditions (Giovannini 2012). The concept of women’s empowerment is used to understand what is needed to change the status of poor, permeable, and helpless women. According to Zulfiqar, women’s empowerment can be achieved through a number of factors, such as access to educational opportunities, participation in the political process, and the use of economic opportunities and micro-credit programs (Zulfiqar 2017). Women can have several forms of empowerment depending on their needs. Basically, as Mayoux showed, empowerment can be grouped into three types: economic empowerment, social, and political empowerment (Mayoux 2000). In this research, we will take a look at the economic and social empowerment.

Coughlin and Thomas suggest that entrepreneurship is “one of the best tactics in the strategic area together with gender lens investing to empower women and raise them to the equal status to which they are entitled”(Coughlin and Thomas 2002). Social enterprises are fast becoming the vanguard of social transformation, improving quality of women’s life (Zahra 2008). Impact investors that use a gender lens investment strategy aim to advance gender equality by investing in one of three ways: (1) in women-led social businesses; (2) in institutions with gender-diverse staff and leadership; or (3) in companies that advance gender equality through their products and services.

9.3 WOMEN'S EMPOWERMENT IN MYANMAR: AN OVERVIEW

In Myanmar, increased militarization since 1962 has undermined women's ability to participate in economic, political, and social life and, therefore, limited their access to power. Another obstacle is that women often do not have sufficient knowledge of legal rights and are not convinced of the integrity of the legal system. Unequal gender relations in Myanmar also stem from "hpon," a social belief that considers men to be holy, and spiritually superior. The result is a severe loss of dignity and trust, replaced by the fear and submission of their strategic condition within the family and in society since birth (Yang et al. 2014).

Thus, it is clear that the status of women will not improve without the actions taken. The government took a path in addressing the structural, social, cultural, and legal causes of deep-rooted gender inequality in Myanmar.

9.4 GOVERNMENT'S ACTIONS TO ADDRESS GENDER INEQUALITY IN MYANMAR

In 1997, Myanmar signed the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). The lack of a comprehensive and appropriate CEDAW definition of discrimination against women is not the only critical flaw in the 2008 Constitution. The 2008 Constitution contains positive provisions that constitute direct and indirect discrimination against women. For example, article 352 of the Constitution states that despite the prohibition of gender discrimination in the appointment or assignment of duties, nothing in this section shall preclude the appointment of men to positions that are suitable only for men. This statement fully reflects the deep-rooted discrimination and patriarchy that influence and shape the laws and policies in Myanmar.

Since 2011, economic liberalization and limited democratic reforms in Myanmar have benefited elite, graduate, upper class, and urban women (Khin 2016). However, according to World Bank Group, it has led to even greater economic disparities, the feminization of poverty, a strengthening of gender inequalities, especially in the informal sector of the economy, in rural areas, and mainly in the most disadvantaged sections of the population (World Bank Group 2014). This can be explained, at least in part, by the fact that the focus of the reforms was on

preparing the Myanmar economy for capital inflows and encouraging foreign investment, rather than ensuring human rights.

Besides, the way in which the government characterizes reform must be carefully considered. For example, in its 2015 periodic report to the CEDAW Committee, the government claims that eight laws relating to women's rights have been adopted. However, a study of these laws shows that only one of them, the Social Security Act, concerns explicitly women and includes specific provisions regarding maternity leave. The remaining laws are common remedies for certain categories of people in Myanmar, such as workers.

One demonstration of government efforts to improve the status of women was the development of NSPAW (National Strategic Plan for the Advancement of Women 2013–2022), which was touted as a comprehensive plan to eliminate endemic inequality in Myanmar. Political and economic barriers to substantial equality, specific implementation mechanisms are established, and adequate monitoring systems are created. However, NSPAW does not address fundamental social aspects of discrimination that is rooted in a society.

Social entrepreneurs in Myanmar have therefore launched initiatives on women's empowerment, in the framework of which strive to strengthen the capacity and willingness to reduce the gender inequality, rural poverty, food insecurity, lack of education, and job opportunities. At present, social entrepreneurship in Myanmar is becoming increasingly important in the country's economy (Ministry of Labour 2016).

There is a continually growing number of social entrepreneurs who are passionately committed to progress, peace, and democracy in Myanmar. Within this challenging context for the women's empowerment in Myanmar is to explore the role that is already being played by social enterprises.

9.5 THE ROLE OF SOCIAL ENTREPRENEURSHIP ON WOMEN'S EMPOWERMENT IN MYANMAR

Social enterprise does not provide solutions for all gender inequality in Myanmar, but it plays an increasing role in fighting some of these injustices and has a significant effect on solving following problems:

Problem 1. In the workplace, women constitute only 44% of Myanmar's formal workforce sector, receive, on average, lower wages than

their male counterparts, and are concentrated in lower-ranked and lower-skilled jobs (World Bank Group 2014). Among the agricultural laborers, there is a large number of women, who now migrate to Yangon as the government initiative that provides jobs in garment sector or abroad for a search of better conditions and work as unskilled workers under challenging conditions, where exploitation and insecurity prevail and where they are more vulnerable (Asian Development Bank 2016).

Solution: Social entrepreneurship as a source of economic opportunities and tool for employment for women.

For many manufacturers, agricultural laborers, and artisans in Myanmar, the biggest challenge is finding a market for their products. Several social enterprises have started in Myanmar that help link to local, national, and international markets. Many of these social enterprises create jobs for men and women, while others focus specifically on creating opportunities for women and girls. There are many examples of successful sustainable social enterprises in Myanmar that operate with a mission of providing a workplace for women in need. Hla Day, Pamelo, MBoutik run their services employing thousands of women and providing a workplace for them to create and sell their handmade/agricultural products. One of the common features is that the organizers of the shops are foreign or local volunteers; all the profits gained from the cells are distributed among the beneficiaries.

Pomelo empowers low-income artisans and agricultural workers and promotes training in product development, the formation of producer networks, and access to the market by selling their products using its online distribution channels. Currently, the social business supports 60 groups of rural women made up of 974 artisans and agricultural workers, mainly women, and aims to generate a minimum monthly income of 100,000 kyats USD \$75 (comparing to usual 30,000 kyats (USD \$23)) per producer.

Problem 2. In education, lack of school transport, a strong inadequacy in the quality of teaching, limited opportunities for accommodation, lack of security for girls are the biggest obstacles that are faced. Girls are denied the opportunity to go to school or are forced to drop out of school early to take care of the home and younger children. This is essentially the reason why women in Myanmar are forced to join the informal economy sector, where they are part of unskilled labor and live a life of debt and insecurity.

Solution: Social enterprises as providers of education or training opportunities for women.

A significant number of social enterprises in Myanmar focus on employment and education, often in addition to solving another social or environmental issue. In many cases, social enterprises are the only providers of training for women from the underserved area or those having incomplete education or disability.

Yangon Bakehouse is a social enterprise that provides training for unskilled women who have been disadvantaged due to social, cultural, economic, religious, and/or environmental circumstances and are living under the poverty line with no employable skills in the formal economy. The 7-month program aims to provide basic hygiene, cooking, baking, and English lessons to women in order to help secure a job in the formal food sector. The candidates are selected with the help of NGO partners and then have paid training with following guaranteed job placement. None of the apprentices had a job in a formal market or bank account before the training, 75% of the women who took part in the training only had a middle school education or below. According to the reports published by Yangon Bakehouse, an average income before the program concludes 50,000 MMK (USD \$32.59) and almost triples after the training and the program making up 130,000 MMK (USD \$84.73).

Many social enterprises empower women and girls through education, either through the operation of schools or complementary education programs.

CCEducare is the first online school in Myanmar, with free content, aimed at empowering girls. Its courses support women in skills development, languages, and entrepreneurship. CCEducare is an interactive platform for students to reduce the limited access to quality education. Online learning culture helps young people learn even if they are located in remote areas. In Myanmar, Internet penetration is at its peak, but misuse of the Internet remains high due to lack of ICT and digital literacy. CCEducare is taking the lead in delivering solutions for this problem.

Thabyay Education Foundation is a social business that empowers young people to be “agents of change.” They have worked with more than 1700 young people to carry out more than 130 social projects, providing training to teachers and developing context-appropriate learning materials for young adults to develop analytical skills, broaden perspectives, and prepare for higher education. 50% of the students are girls, and about 60% are of low income or at social risk. They also

provide educational support to help beneficiaries obtain the necessary qualifications, scholarship, and information to apply for university.

Problem 3. Many women in Myanmar have little financial independence and limited access to credit. This limits their opportunities for business development.

Solution: Social entrepreneurship as a source of funding.

Some social enterprises have proved an effective way to support the economic empowerment of women in Myanmar by providing a sustainable source of finance and loans to increase productivity and promote business start-ups. Many social enterprises include a “social fund,” which is used to fund community projects.

Social businesses have been addressing financial exclusion in Myanmar for many years. Myanmar Development Partners MicroFinance Social Enterprise is providing savings service and micro-business loans service to Myanmar citizens and their micro and small businesses. Founded in 2011, MDP is based and operates in Yangon. The organization specializes in providing financial education, support for small businesses, and microcredit for women and young people interested in entrepreneurship, mainly in rural areas, and currently has provided support to more than 1000 start-up businesses. Beneficiaries managed to increase their incomes by an average of 40%.

Problem 4. Myanmar still has a smaller proportion of female SME ownership than the other SEA countries. Women with the same qualification and experience as men are paid less than their male counterparts. 71% of Myanmar people believe that men make better business executives than women. (World Bank Group 2019).

Solution: Social entrepreneurship as an opportunity for female leadership.

There is evidence that social enterprises contribute to the empowerment of women by influencing female social entrepreneurs, women leaders, and female employees (ILO Country office for Myanmar 2018).

Unleashing women's leadership and entrepreneurial spirit through social enterprises provides a unique chance for women in Myanmar who usually face several types of barriers in their entrepreneurship projects, and the lack of female models in the social business is one of them. Among the other barriers faced by female social entrepreneurs is access to appropriate support for their business models, access to finance, lack of child care services, and prejudice and discrimination.

Opportunities Now is a social enterprise that offers training in finance, management, marketing for entrepreneurs, and provides the necessary start-up capital and mentors businesses in the fragile first years of their new venture. The government now mostly focuses on wages and job creations, especially in garment factories. Many female trainees who passed the training in Opportunities Now and established their ventures commented that they had moved to Yangon to work at the factory but had to leave due to hard work conditions and low wages. The program is an opportunity for them to earn at least as much as the factory gives in a short time and provide workplaces for other women. The impact investments received from USAID were directed to create digital financial education apps.

Problem 5. According to the World Bank report, the poverty rate in rural areas of Myanmar is significantly higher than in urban areas: an estimated 38.8% of the rural population is poor comparing to 14.5% of the inhabitants of cities and towns (Huybrechts and Nicholls 2012). The lack of affordable products, including child care, is one of the biggest barriers for women.

Solution: Social enterprises as providers of affordable services and products.

Most of the social businesses involved in the health sector in Myanmar do not specifically target women and girls, but women and girls are a significant group of beneficiaries. Their work is an integral part of women's empowerment.

Koe Koe Tech, for example, is a social enterprise that uses cellular technology to lower maternal and child mortality rates in Myanmar, to increase health indicators, and to improve access to information, resulting in positive social changes for the people in Myanmar (ILO Country office for Myanmar 2018).

Maymay is one of their maternal and child health apps developed by Koe Koe Tech. Users not only receive doctor-approved daily messages and doctor's consultations timed to the 9 months of their pregnancy plus the first three years of their baby's life. Global Innovation Exchange states that Maymay had 116,323 active users in April 2019; 90,000 lives were impacted to date.

The Third Story Book is a non-profit social enterprise registered as a business and publisher in Myanmar. As part of the "Third Story" project, the affordable books are sold throughout Myanmar. The impact investments went to distribute over 182,000 books for free, mostly in conflict

zones of Chin and Rakhine, offer the storyteller training and “Back-pack library”—the project that focuses on storytelling at kindergartens, schools, and parks.

9.6 BARRIERS FACED BY FEMALE SOCIAL ENTREPRENEURS IN MYANMAR

The majority of sustainable social enterprises in Myanmar developed their self-financing programs and bootstrapped the development process; they come into the scene without grants or international donor backing. Financially sustainable social enterprises in Myanmar are predominantly working on the questions of ICT and the provision of finance. Women-led and women-focused social enterprises face many barriers:

Shortcomings of public policies. Public policies are unsuitable for the situation of women entrepreneurs abound. For example, most entrepreneurship support policies focus on the expansion of well-established enterprises operating in the formal economy, while women's businesses are often very small and operate in the informal sector. In addition, lengthy administrative procedures related to business creation penalize women more than men because of their family and domestic responsibilities, which leave them with less time. In Myanmar, women entrepreneurs believe that security concerns are a hindrance to expanding their business, suggesting that public policing and justice services could potentially be improved.

Capacity development. Across the country, women do not have the same opportunities in terms of access to education and training, which can create a differential of skills and knowledge compared to men. Thus, women entrepreneurs are on average less informed than their male counterparts of new technologies that could help their business. Given the time spent on domestic chores, women also have less opportunity to develop their formal professional networks.

Social and cultural norms. The social norms and attitudes surrounding the role of women constitute a powerful obstacle to their entrepreneurial projects. This may be influenced by perceptions of innate abilities for both sexes. For example, bargaining is often considered a male skill. Male entrepreneurs are also more likely to think that a woman's job is to take care of her family, which can lead

to discriminatory attitudes toward their female counterparts. Some interviewed female social entrepreneurs reported that they started their businesses in order to have more flexibility in their schedules and spend more time at home.

Access to financing and credit. The proportion of women with SEs who do not have access to credit (some by choice) is reported to be 79–97% according to a study of Women’s World Banking in 2018. Discriminatory legal norms can hinder access to finance, for example in many regions of Myanmar, married women need the consent of their husbands for certain transactions such as bank loans. They also suffer from poor knowledge of credit access procedures and compete with men who have more credit history and better credit reports.

In the next part, we will take a look at the Myanmar’s financial landscape in order to address the last barrier of accessing to financing and credit.

9.7 MYANMAR’S FINANCIAL LANDSCAPE

Current Myanmar’s financial landscape is diverse, but keeps being underdeveloped. The Central Bank of Myanmar has become an independent unit of the Yangon branch of the Reserve Bank of India and has since taken several important steps to develop the country’s financial sector. However, formal financial instruments for investment, lending and savings remain largely unavailable for rural/small and medium-sized social enterprises. Mortgages and car loans are new concepts for most Myanmar social entrepreneurs, and market options for both are very limited. Debit cards were introduced recently, and online banking is still not available in Myanmar, although several banks have recently introduced mobile banking applications. There are no mutual funds, stocks, and commodity futures.

Myanmar loans and borrowings are provided by several official institutions, including four state-owned financial institutions under state control and nineteen local private banks. In Myanmar, most people do not have the assets necessary to use formal lending instruments. The average annual income is only \$ 830, and only a few can offer formally recognized forms of collateral such as land or business. Private banks also provide loans, but many social entrepreneurs do not consider private banks as an alternative due to the collateral requirements, extensive documents, and large loan

sizes. As a result, many rely on informal institutions that offer loans on sometimes terrifying conditions and borrow items such as gold and land.

In contrast, models of religious lending groups and public lending groups are built around providing as much money as people voluntarily contribute. These groups are heavily dependent on intangible and largely based on faith or social impulse that people feel to repay the loan.

Microfinance institutions also play a role in providing loans. Organizations such as the GRET, Pact Global Microfinance Fund, and Save the Children have helped bridge the gap between formal financial institutions and informal services. Microfinance institutions often use group borrowing models to reduce lending risk. In general, however, due to credit conditions, restrictions on serviced areas or the lack of strong social dynamics, there are still many cases where people have to look for informal sources such as wealthy farmers, family, and friends. Informal moneylenders often define their own lending terms and, in some extreme cases, may require high monthly or daily interest rates. Although Myanmar seems to have a diverse lending market, many of the available lending options are quite similar, with comparable restrictions on loan size and maturity. In short: many social entrepreneur's borrowing needs are still not being met.

In the next section, we begin to discuss impact investing as a solution for more complete financial accessibility.

9.8 WOMEN'S FINANCIAL EXCLUSION IN MYANMAR

Social enterprises in Myanmar are the basis of a stable economic development for many women. Women-focused social enterprises in Myanmar differ greatly in size, shape, main theme, depending on the region, but most bring similar benefits. They often represent a safe place where women with little means can pool their resources to make the most of them, manage risks together, innovate and experiment, strengthen their skills and abilities, supporting and learning from each other, organizing and defending their rights, sharing responsibilities related to care, build their confidence and access essential information in all areas, ranging from market information to guidelines nutrition, family planning and reproductive health.

Female social entrepreneurs have access neither to microcredit nor conventional bank resources that require collateral that women don't have. There is little evidence that formal financial institutions have made

efforts to demonstrate a gender perspective in developing financial products to make their operations more gender-sensitive. Banks generally do not enter the market for women-owned enterprises, nor do they seem to be aware of the potential of this market. Women entrepreneurs are at a disadvantage since they are not able to fulfill the collateral requirements for bank loans, as they are less likely than men to own land and property. Women entrepreneurs do not expect formal lenders to meet the financial needs of their business in terms of cost and flexibility of the loan, for example, size, repayment terms. Besides, many women do not have a bank account, which is a prerequisite for obtaining a bank loan. Only 17% of women aged 15 years and above hold accounts at formal institution (Sonne Social Organization 2017).

Women entrepreneurs in Myanmar remain disproportionately excluded from the formal financial system. For the most part, women entrepreneurs in Myanmar use their savings or loans from family friends and credit groups, and informal lenders to finance their entrepreneurial activities (Global Financial Inclusion Index 2014).

Group lending is also a common method used (USD \$400), with individual loans legally limited to USD \$10,000. This creates a significant funding gap for women entrepreneurs interested in moving the social enterprise to the next level of growth (Sasakawa Peace Foundation 2019).

Female social entrepreneurs in Myanmar get loans from the state, international organizations, informal money lenders (loan sharks, wealthy neighbors that usually have a high-interest rate of 10–20% monthly), or family/friends (usual interest rate of 3–8% monthly). Despite the importance of their economic, social, and political benefits, very little money is invested in women's social enterprises, and constraints remain as to the freedom and place of women's civil society organizations to act at regional, national, and global levels. Impact investment is a solution that could be taken in order to solve the problem of financial exclusion.

9.9 THE IMPORTANCE OF IMPACT INVESTMENTS IN SOCIAL ENTERPRISES IN MYANMAR

Social enterprises constitute an important form of sustainable business for women in rural areas. When social enterprises adopt gender-sensitive practices, they can enhance empowerment, the voice and representation of women in decision-making, put to their provision of a business network, improve access to markets and services, thus facilitating economies of

scale. The low impact investing rates can hinder their access financial assets necessary for the creation of a business.

Impact investment are therefore crucial for the country's development having goal is to help women and men become independent financially, managed to promote sustainable growth in isolated rural areas, thanks to its innovative products aimed at supporting income-generating activities in Myanmar. Nowadays, even though there is a presence of large or expanding international micro finance institutions (for example, Pact, World Vision, Proximity MFI and GRET), the impact investment segment is currently still small and active only in a few sectors. The access to impact investments in Myanmar is considered to be at the bottom of the scale comparing to the countries in the region (USD 5 thousand–USD 200 thousand).

In general, impact investors seek to combine the financial profitability of a project with the achievement of a social and/or environmental impact by offering debt financing and/or equity participation in a social enterprise with high potential, likely to generate positive and measurable social or environmental effects. Given the nature of the enterprises in which they invest, and in order to reduce part of the risk, impact investors typically offer additional advisory services to management and support for capacity building of companies and their workforce that plays a positive role for the community development. Box 9.1 and Box 9.2 report cases of impact investing to social enterprises in Myanmar.

Box 9.1 Case study: MBoutik

The results of the work of the Department of Foreign Affairs and Trade in Australia illustrates the importance of impact investing in women's social enterprises to help them build capacity. From 2013 to 2018 Department of Foreign Affairs and Trade in Australia launched a program "Linking ethical fashion enterprises in Myanmar to global markets" and provided an impact investment sized USD \$150,000 in order to build the capacity of women producers of textiles, accessories, and handicrafts, and organize them in association of craft producers, link them to export markets and facilitate their opportunities within the value chain. Keystone of the program is "to improve livelihoods of women in dry zones areas of Myanmar linking them to export markets, building their capacity, organizing them in an association of craft producers and facilitating other opportunities within the value chain." The project has improved access to financial services,

training and markets, and the majority of members witnessed a sharp increase in access to financial services and income from their membership base. Partnered with international anti-poverty agency Action Aid and an ethical fashion social enterprise The Fabric Social, the main goal was achieved—MBoutik became a separate, sustainable, well-functioning business that is linked to the international market and commenced initial sales. None of the apprentices had a job in a formal market or bank account before the training, 75% of the women who took part in the training only had a middle school education or below. All the profit gained returns to community. An average income before the program concludes 50,000 MMK (USD \$32.59) and almost triples after the training and the program making up 130,000 MMK (USD \$ 84). In addition to the experience of the female weavers, the promotion of gender issues is largely facilitated by the people within these organizations who are specifically dedicated to implementing gender-specific activities and encouraging the development of gender equality and strengthening existing practices. The project also contributed to expand economic and membership networks. MBoutik, for example, has managed to increase the number of its members, passing from an initial group of 15 women to 49 subgroups totaling 500 women.

MBoutik also created the women's group The Women Craft Producers' Association (WCPA) that supports women in possible violence issues as well as developing new income-generating skills along with textile manufacturing. The project benefited greatly from WCPA. WCPA provides a platform for women to collaborate and negotiate. It helps not only by building capacity to attract in extra income for families participating in women's group but it also leads to women's meaningful participation in economic decision-making in the household. Global approach of WCPA is to promote women's empowerment: as women were designated as target groups, they are included in the various activities during the implementation of the project: participation of women in village meetings, jobs offered to women.

Box 9.2 Case study: Proximity Design

Proximity Designs is the oldest and the most significant non-profit social enterprise in Myanmar that uses impact investments from the NGOs and governments to offer loans to help small farmers increase productivity.

The project highlighted the main problems of female agricultural laborers, namely, limited financing and banking options, social protection,

legal status, and labor rights. The goals were to improve ensuring the livelihoods of homeworkers in the informal economy through collective organization, access to social protection for the poor, emphasizing health and safety at work, and improving the economic empowerment of female agricultural workers. Proximity Designs also develops and distributes agricultural technologies among rural farmers. The organization has a national distribution network that covers 80% of the rural population. Farmers in Myanmar make up more than a third of the labor force, but most of them, especially female workers, do not have access to official loans from banks and microfinance institutions. Moneylenders satisfy the demand for rural loans for small farmers and overcharge in the range of 20 to 30 percent per month. Proximity Designs offers loans to farmers with small landholdings, averaging around six acres. Loans help finance the purchase of irrigation processes, small equipment, seeds, tools, and labor. Proximity Designs offers its loans through Village Credit Groups, which assist loan officers in each village in selecting customers, issuing, and receiving loans.

Case studies have shown that social enterprises operating in Myanmar are aware of the problems that has been experienced in rural areas and they know how to address them and boost the development of the region in a sustainable way. Social enterprises, especially women-led/women-oriented enterprises are usually excluded from the financial opportunities. There is a real need to use financial tools to provide specific incentives or more favorable conditions to encourage social enterprise activities in the most remote areas. That is why it is a question of encouraging and strengthening them by giving them access to financial resources on favorable terms is crucial.

Impact investments for empowerment of women are necessary in order to create healthy and resilient businesses that can bring significant benefits in the form of savings and productivity improvements, innovation and market growth. As seen in the case studies, impact investors and social entrepreneurs can contribute to progress by:

- Ensuring that women have the tools necessary for full participation in the economy, through better access to financial services.
- Investing in social enterprises strengthens women's visibility and representation.

- Including trainings in women’s economic empowerment programs supports access for women in decent work.

9.10 CONCLUSIONS AND RECOMMENDATIONS

Social entrepreneurship is playing an increasingly important role in Myanmar. Over the last decades, this industry has created networks, standards, and indicators and, importantly, has opened a significant amount of private and public capital for social and environmental purposes around the country. A social enterprise is not an alternative to other models of women’s empowerment, nor is it a new tool; however, there are many effective and innovative social enterprises working in this area. There is a considerable opportunity for sharing best practices, collaboration, and replicating successful approaches.

Over the past decade, social entrepreneurship has gained popularity in Myanmar in part due to integration with the global economy, high level of philanthropy in the country, a rising consumer level, and a young population. The main challenges faced by social enterprise owners include political instability, regulation, a widespread view that social enterprises should not make a profit, lack of necessary physical infrastructure, limited supplies of raw materials (mainly imported goods) and financial exclusion. Launching and operating a social business in Myanmar is not an easy task. Add to this a lack of awareness among the general public about social entrepreneurship, the absence of legislation that recognizes or supports the social business, and relatively limited specialized infrastructure and funding.

The social enterprise sector in Myanmar reflects gender inequalities. Myanmar women are underrepresented in ownership and leadership; the bigger the social business, the lower the likelihood to find a woman in leadership. Women-led social enterprises are smaller and less likely to grow, and women running social businesses earn less than their male counterparts.

However, as a model for addressing women’s empowerment, social entrepreneurship is proving extremely effective in Myanmar. Capital flows, urbanization, and technological advances are slowly changing the social enterprise landscape and create a growing understanding of the forms of social enterprises and their contribution to development in Myanmar. New active enablers try to shape a new future of Myanmar and focus on creating a favorable climate for social enterprises. However, access to

finance is a crucial factor limiting the scale, with the majority of social enterprises relying on grant funding at the initial and early stages.

The money mobilized to social enterprises from government, charity, and the private sector will be a powerful force for women's rights and health, but this is only the beginning of a growing wave of feminist funding that experts and advocates hope will promote women's empowerment. The author believes that impact investments should play a more critical role in breaking the way development is currently funded, as well as in creating a new generation of female social entrepreneurs.

Changing the roles of men and women is a slow and dynamic process that requires simultaneous monitoring and evaluation of evolving social, political, and economic trends, as well as how communities respond to this process by redefining roles and gender identities. In Myanmar, the process of democratic transition, which has altered people's access to markets, means of communication and other resources, continues to change the perspective of gender equality. Access to more information, new employment opportunities (including in the non-agricultural sector and services), rural-to-urban migration to urban and peri-urban areas, and new laws, for example, the new minimum wage law (which fixes it at 3000 kyats or about USD \$3 a day), continue to mark this transformation.

Immediate concerted action is needed to ensure that Myanmar's transition results in development gains. Through its multi-dimensional approach, social enterprises will change the power relationships at the community level by progressively integrating women's information for decision-making structures, improving their economic security, and enhancing their leadership skills.

Based on the conclusions, here it is appropriate to make the following recommendations for improving access/control of the financial resources of rural women in the region:

A. Recommendations for International Organizations and donors

- Statistical data: Promote the production of statistical data on social enterprises and impact investments in Myanmar (ILO, UNDP, World Bank);
- Gender tools: Reinforce the integration of the gender approach in development strategies, programs, and projects; and grant a leading role to social enterprises that are aware of the local reality.

B. Recommendations for national policy makers

- Statistical data and studies on social entrepreneurship:
 - the production of statistical data disaggregated by sex and environment residency, more specifically for indicators of access to resources and financial inclusion;
 - carrying out national surveys complementary to those already existing to better assess women's activities and social entrepreneurship in rural areas;
 - The development of new methodologies to better measure the activity.
- Women's legal, economic, social, political, and cultural rights:
 - Give social enterprises a legal stand;
 - Apply the principle of equality between the sexes stipulated by the national constitution; as well as the reforms and policies developed to promote gender equality;
 - Guarantee and apply the right of access to property in the same way as men;
 - Guarantee and apply the right to education, mainly by developing and implementing a consistent strategy for the elimination of illiteracy among rural women;
 - Guarantee and apply the right to paid work without any discrimination between urban and rural areas, or between women and men;
 - Guarantee widespread access to basic social infrastructure.
- Strategies/policies and programs for the empowerment of women:
 - Adoption of a specific gender-sensitive strategy for improving conditions of women;
 - Taking gender into account in the implementation of new strategies in financial sector, and more particularly in rural areas.

C. Recommendations for microfinance institutions, banks

- Statistical data, activity reports, and studies:
 - Develop customer data by sex and by place of residence;

- Carry out studies on the specific needs for women in the rural workplace.
- The programs:
 - Integrate the gender dimension in their organizations in order to better apply to clients; and evaluate their actions by producing gender-sensitive indicators, both on access and on monitoring financial resources;
 - Carry out support programs: information, awareness, literacy, training for product marketing.
- Products offered:
 - Offer products adapted to demand (take into account seasonal activities and offer flexible reimbursements) and adapted to the special demand of women;
 - Lower interest rates and increase the amounts granted for loans;
 - Offer micro savings products adapted to women, reconciling advantages of informal and formal savings systems.

C. Recommendations for impact investors

- Adopt a relevant definition of impact investment;
- Disseminate and promote the concept of impact investment;
- Support social enterprises: most of the financial problems identified can be resolved by impact investments;
- Support business plan competitions;
- Set up a high impact investment trust fund. This national fund would be used to finance various other smaller funds but would allow to pool under its notoriety the capital of impact investors, institutional and individual;
- Carry out case-by-case analyzes of specific problems in the financial framework and sector. In addition to the general recommendations formulated above, it is necessary to carry out a in-depth sector analysis to identify tax policies and regulations that are holding back the activities of investors and social entrepreneurs.

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