

## GENDER ACTION PLAN

### A. Geographic and Sector Context

1. **Gender gaps in access to finance.** Globally, about 1.7 billion low-income adults lack access to finance, virtually all in the developing world.<sup>1</sup> The financial needs of lower-income people who find it difficult to borrow from formal lending sources, due to small loan requirements and the lack of collateral, are being met by microfinance, a mainstream mode of extending credit, savings and insurance products in ADB's developing member countries (DMCs). In 2017, 374 microfinance institutions (MFIs) in South Asia, East Asia and the Pacific served 103 million active borrowers, approximately 90% of whom were women.<sup>2</sup> However, a significant number of the poor remain unbanked. Just four Asian countries - India, Indonesia, Pakistan, and People's Republic of China together- account for over one-third of unbanked adults globally.<sup>3</sup> Overall, women have lower access to financial services than men. In South Asia, for example, the gap in ownership of a bank account between women and men still stands at 15%.<sup>4</sup>

2. **COVID-19 impact.** COVID-19 has exacerbated existing gender gaps. Emerging evidence shows that women have disproportionately borne the resulting socio-economic hardships. Women earn less, save less and are more likely to live close to poverty. COVID-19 has resulted in increased unpaid domestic and care work done by women, which in normal times already averages three times as much as men.<sup>5</sup> In addition, the COVID-19 pandemic threatens to erode the substantial progress made by microfinance over the past two decades (2000-2021).<sup>6</sup>

### B. Microfinance Program (MFP): Profile

3. Since its inception in 2010, the Asian Development Bank's (ADB) Microfinance Program (MFP or the program) has made credit more accessible to women, with women making up more than 95% of the clients served by the program. MFP has consistently targeted partner institutions which focus on women borrowers, reaching at least 9.2 million women end-borrowers by 2021, thereby securing their access to commercial microfinance, away from usurious informal sources.

4. MFP seeks to continue to serve women borrowers whose vulnerability have been exacerbated during calamities, given that women bear their disproportionately larger burden. MFP will continue to strengthen partnerships that support the promotion of gender focused activities, adoption of consumer protection principles and the provision of social protection for underserved women micro borrowers. It also seeks to increase its focus on re-building livelihoods and expanding opportunities for women owned and/or managed businesses as they bear a disproportionately higher economic impact of the COVID-19 pandemic. This will be achieved through targeting micro-loans and financing for (a) income diversification, e.g. loans for dairy or poultry activities, (b) enhancing resilience and overall quality of life e.g. micro-housing, home improvement and water and sanitation access loans, and (c) expanding opportunities e.g. micro-finance for education.

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<sup>1</sup> A. Demirgüç-Kunt et al. 2018. [The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution](#). Washington, DC: World Bank.

<sup>2</sup> Convergences. 2018. [Microfinance Barometer 2018: Microfinance and Profitabilities](#). Paris – France.

<sup>3</sup> Footnote 1, Map 2.1, pp. 35 and Figure 2.1 pp. 36.

<sup>4</sup> UN ESCAP. 2019. [Inequality of Opportunity in Asia and the Pacific Financial Inclusion](#), (accessed 7 October 2021).

<sup>5</sup> UN Women. 2020. [Policy brief: The impact of COVID-19 on women](#). New York.

<sup>6</sup> Alliance for Financial Inclusion. 2021. [Mitigating The Impact Of COVID-19 On Gains In Financial Inclusion](#). (accessed 7 October 2021).

### C. MFP: Gender Action Plan

5. The project is categorized as gender equity theme (GEN). The gender measures are presented below.

#### Gender Action Plan

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms
<b>Outcome</b>  <b>Revised:</b> Sustainable Financial inclusion by MFIs and/or NBFIs under the program expanded with enhanced gender equality	<b>By 2025:</b>  c. Aggregate number of women end-borrowers of MFIs and/or NBFIs supported under the program increased to 9.9 million, (2021 baseline: 9.2 million)  d. At least 10,000 microenterprises <sup>a</sup> led by women of NBFIs receive financing under the program (2021 baseline: 0) (OP 2.1.3)	c-d. MFP's Development Effectiveness Reports.
<b>Output</b>  2. Access to finance for low-income micro borrowers and women-led microenterprises enhanced  3. Financial literacy and awareness of micro-borrowers, in particular women, on microinsurance in disaster prone areas enhanced	2a. At least 500,000 end borrowers have access to at least one new or enhanced microfinance product designed or adapted for women (2021 baseline: 0) (OP2.3.2)  2b. At least four MFIs and/or NBFIs (covered in the program) lend to women-led microenterprises (2021 baseline: 0)  2c. At least three MFIs and/or NBFIs improve their internal human resource policies to include gender-sensitive work practices <sup>b</sup> (2021 baseline: 0) (OP 2.3.2)  3a. At least 500,000 micro-borrowers, of which at least 80% women, trained on financial literacy, e.g. parametric microinsurance product (2021 baseline: 0)  3b. At least 500 MFI staff trained on the product information, disclosure requirements, and marketing of a parametric microinsurance product, especially to women (baseline 2021: 0)	2-3. Development Effectiveness Monitoring Report

MFI = microfinance institution, MFP = Microfinance Program, NBFIs = nonbank financial institution, OP = operational priority.

<sup>a</sup> Definition of women-led microenterprises will be based on local context and regulations.

<sup>b</sup> Examples of gender-sensitive work practices include promoting women's employment through inclusive Human Resource policies and procedures, developing gender-sensitive information and training materials, and providing separate toilets for men and women

Source: Asian Development Bank