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## **EGROW POLICY PAPER**

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**The Feminine Economy:  
Women-Led MSMEs and the Indonesia Emas 2045  
Growth Dividend**

Dr. Satish Chandra Mishra

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# **The Feminine Economy: Women-Led MSMEs and the Indonesia Emas 2045 Growth Dividend**

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## **Executive Summary**

Indonesia's micro, small, and medium enterprise (MSME) sector is the backbone of the national economy, contributing 61 percent of GDP and absorbing 97 percent of the workforce. Within this sector, women entrepreneurs occupy a uniquely dominant position: **BPS data indicates that 64.5 percent of all MSMEs in Indonesia were managed by women as of 2021** — one of the highest proportions anywhere in the world.<sup>1</sup>

This note analyses the structural, cultural, and economic drivers of this phenomenon; quantifies the productivity gap that currently constrains women-owned MSMEs from realising their full potential; and assesses the strategic significance of female MSME performance for the attainability of Indonesia Emas 2045 — the national vision of achieving developed-country status, defined as a per capita income of USD 30,000, by the centenary of independence.

Five strategic insights frame the policy implications. The central thesis is that the path to Indonesia Emas runs directly through the kitchens, workshops, and digital storefronts managed by tens of millions of Indonesian women — and that unlocking this latent productivity reserve is not a gender equity aspiration but a macroeconomic imperative.

## **1. The Statistical Profile: A Sector Defined by Women**

The scale of women's involvement in Indonesia's MSME universe is, by any comparative standard, remarkable. As of 2021, Indonesia had 64.2 million MSMEs, contributing IDR 8,574 trillion to GDP — 61.07 percent of the national total.<sup>2</sup> This places Indonesia's MSME contribution above the global average and above most ASEAN peers. Within this universe, women are not a minority constituency: they are the majority actor.

Table 1 presents the macro profile of Indonesia's MSME sector across three time points. The consistency of women's management share — oscillating between 62 and 65 percent across the period — indicates a structural rather than cyclical phenomenon. The 2026 figure, drawn from a different survey methodology, captures a 50 percent share of 'managed' MSEs plus a further 20 percent jointly managed — yielding a combined 70 percent female involvement rate.

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\* Founder and Executive Director, Arthashastra Institute, Indonesia

**Table 1: Indonesia MSME Macro Profile, 2016–2024**

Indicator	2016	2021	2024 (est.)
Total MSMEs (millions)	61.7	64.2	66.0
MSME share of GDP (%)	60.3	61.1	61.5
MSME share of total employment (%)	97.0	97.0	97.0
MSME export contribution (%)	14.2	15.8	16.0 est.
Women-managed share of MSMEs (%)	~63	64.5	~60–65*
Informal MSME share (%)	~68	67.0	65 est.
Women MSMEs reporting revenue growth (%)	n.a.	~34	33

Sources: BPS Statistical Indonesia (2016, 2021, 2022); Ministry of Cooperatives and SMEs (2021); 60 Decibels (2026); IMF Staff Country Report 2024/271. \* Definitional note in Endnote 1.

Internationally, Indonesia's female MSME share stands at the top of the global distribution. The IFC estimates that approximately 43 percent of formal SMEs in Indonesia are women-owned or women-led<sup>3</sup> — still high by global standards, with the global average closer to 30–33 percent (OECD). The Philippines comes closest at approximately 52–53 percent. Thailand, Vietnam, Malaysia, and India lag substantially behind (see Appendix Table A1). Indonesia's outlier status demands explanation.

## 2. Why? The Structural Drivers of Female MSME Dominance

### 2.1 The Flexibility Imperative

The most immediate driver is the architecture of the domestic economy. Indonesian women navigate what researchers identify as a 'double burden': the social expectation of managing the household while simultaneously contributing to family income. The MSME — operated from home, from a market stall, or through a digital platform — resolves this tension pragmatically. It requires minimal capital outlay, allows flexible hours, and can be paused and resumed around domestic obligations. This is not purely a matter of entrepreneurial ambition; for millions of Indonesian women, MSME ownership is a rational adaptation to the constraints of formal labour market access.

Research confirms that informal home-based enterprise is perceived as an 'ideal arrangement' by Indonesian women for precisely these reasons.<sup>4</sup> The expansion of e-commerce — Tokopedia, Shopee, Bukalapak — lowered the entry cost of this arrangement to near-zero from

the mid-2010s, enabling a wave of digital micro-entrepreneurs that substantially accelerated female MSME formation.

## **2.2 Cultural Heritage: Matrilineal Traditions and Market Women**

Indonesia's extraordinary ethnic diversity conceals important sub-national cultural drivers. The Minangkabau of West Sumatra — the world's largest matrilineal society — have for centuries vested property, trade, and economic decision-making in women.<sup>5</sup> In Javanese culture, the ibu (mother/household head) has traditionally managed family finances and conducted market trade. Across Bali, the role of women in managing household economies and artisan production has deep historical roots. In-depth research on Indonesian women entrepreneurs identifies 'cultural heritage' as one of five key motivational dimensions, alongside altruism, economic orientation, pleasure, and self-empowerment.

These traditions did not disappear with modernisation; they adapted. The market woman became the e-commerce seller. The craft producer became the export-grade artisan. The legacy of female commercial agency has provided a cultural legitimacy for women's entrepreneurship that many other societies lack.

## **2.3 Formal Labour Market Exclusion**

A less celebratory driver is structural exclusion from formal employment. Indonesia's formal labour market has historically been less accessible to women — particularly in manufacturing, extractive industries, and large-enterprise services. When formal sector employment is unavailable or inaccessible, self-employment in the informal MSME sector becomes the dominant alternative. The high rate of female MSME participation is, in part, a measure of the barriers women face to formal wage employment — a reminder that the phenomenon has both empowerment and necessity dimensions that policy must distinguish.

## **2.4 Digital Platform Democratisation**

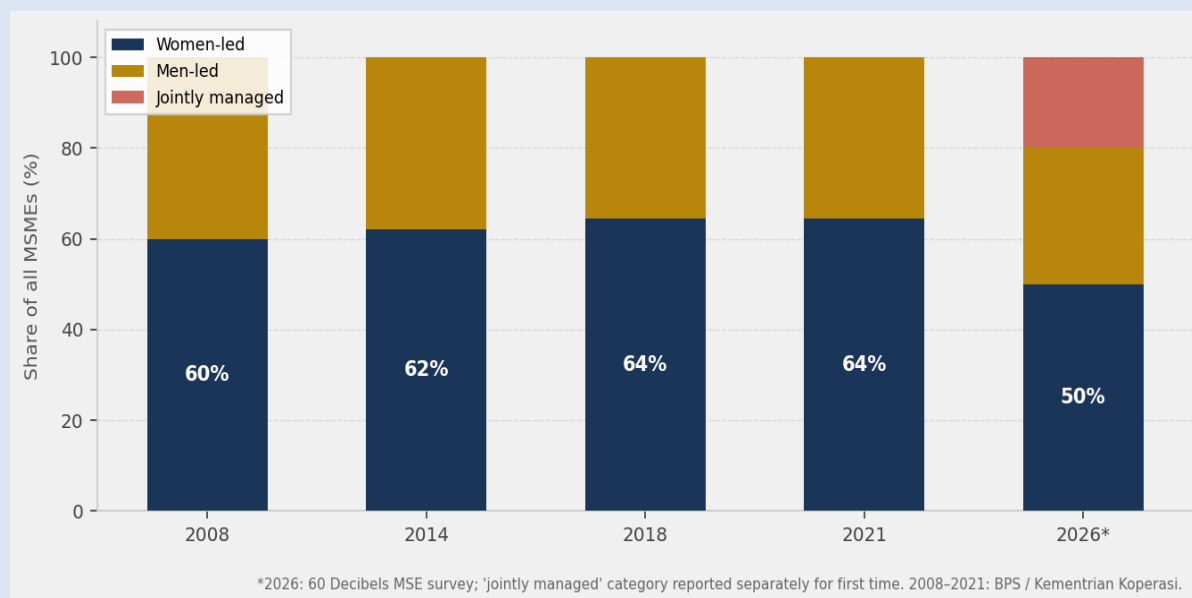
The smartphone and e-commerce revolution created a distribution channel that disproportionately empowered women who lacked access to formal retail networks, physical shopfronts, or distribution capital. The evidence is striking: one government-backed initiative combining NIB (business identification number) registration with Tokopedia integration reported a sixfold increase in orders for participating women-owned businesses.<sup>6</sup> Women have adopted digital tools for business administration, marketing, and supply chain management. As of 2021, 202 million Indonesians were internet users, generating USD 70 billion in digital

economy activity — a market that women micro-entrepreneurs have been disproportionately effective in accessing.

## 2.5 Islamic Finance and Cooperative Infrastructure

Indonesia's Islamic banking and cooperative (koperasi) ecosystem has provided a more accessible credit channel for women than the conventional banking system, which demands collateral that women — given inheritance norms that historically favour male heirs in many regions — frequently cannot supply. The arisan rotating savings system has functioned as an informal financial infrastructure, enabling capital accumulation and risk sharing among women entrepreneurs outside the formal banking system.<sup>7</sup> This informal financial architecture has sustained female MSME formation in the absence of formal credit access — but at the cost of constraining scale.

**Figure 1: Women's Share in MSME Management, Indonesia (2008–2026)**



## 3. The Productivity Gap and Its Gender Dimensions

If the scale of women's involvement in Indonesia's MSME sector is remarkable, the productivity profile is sobering. The same structural factors that have enabled mass female MSME formation — informality, home-based production, limited capital, reliance on informal finance — have simultaneously constrained the ability of these enterprises to scale, formalise, and move up the value chain.

The IMF's 2024 Indonesia Article IV consultation is unambiguous on this point: 67 percent of Indonesia's MSMEs operate in the informal sector, exhibit low levels of productivity growth and innovation, and have limited access to global export markets. MSMEs contribute only 15.8

percent to Indonesian exports — far below the 30–40 percent levels achieved by MSME sectors in comparator upper-middle-income economies.

Women-owned MSMEs, concentrated as they are in the micro tier, are disproportionately trapped in this low-productivity equilibrium. The revenue distribution data is stark, as shown in Table 2.

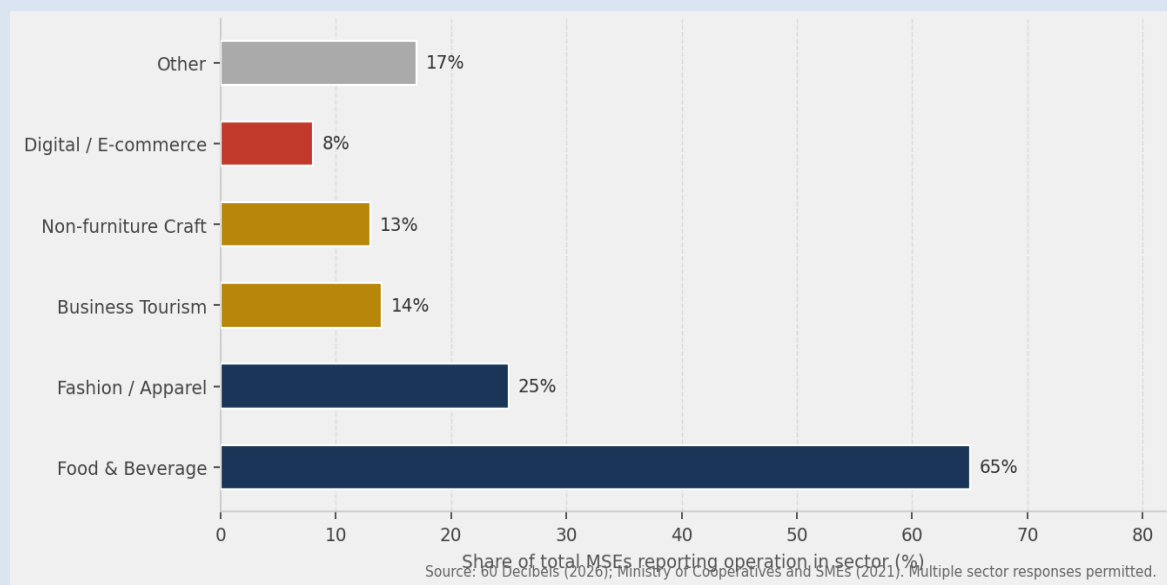
**Table 2: Annual Revenue Distribution — Women-Led vs Men-Led MSMEs, Indonesia (2024)**

Revenue Category	Women-led MSMEs (%)	Men-led MSMEs (%)
Below IDR 50 million/year	68	45
IDR 50–100 million/year	22	30
IDR 100–200 million/year	7	14
Above IDR 200 million/year	3	11

*Source: 60 Decibels (2026). Figures are indicative distributions based on survey data. IDR 200 million ≈ USD 12,500 at prevailing exchange rates.*

The data reveals a pronounced gender concentration at the micro end of the revenue distribution. Women-led businesses are four times less likely than men-led businesses to generate revenues above IDR 200 million annually. This gap is not primarily attributable to sectoral differences — it reflects differential access to capital, networks, and formal market channels.

**Figure 2: Sectoral Concentration of Women-Owned MSMEs, Indonesia**



**Figure 3: Key Constraints Facing Women vs Men MSME Owners, Indonesia**

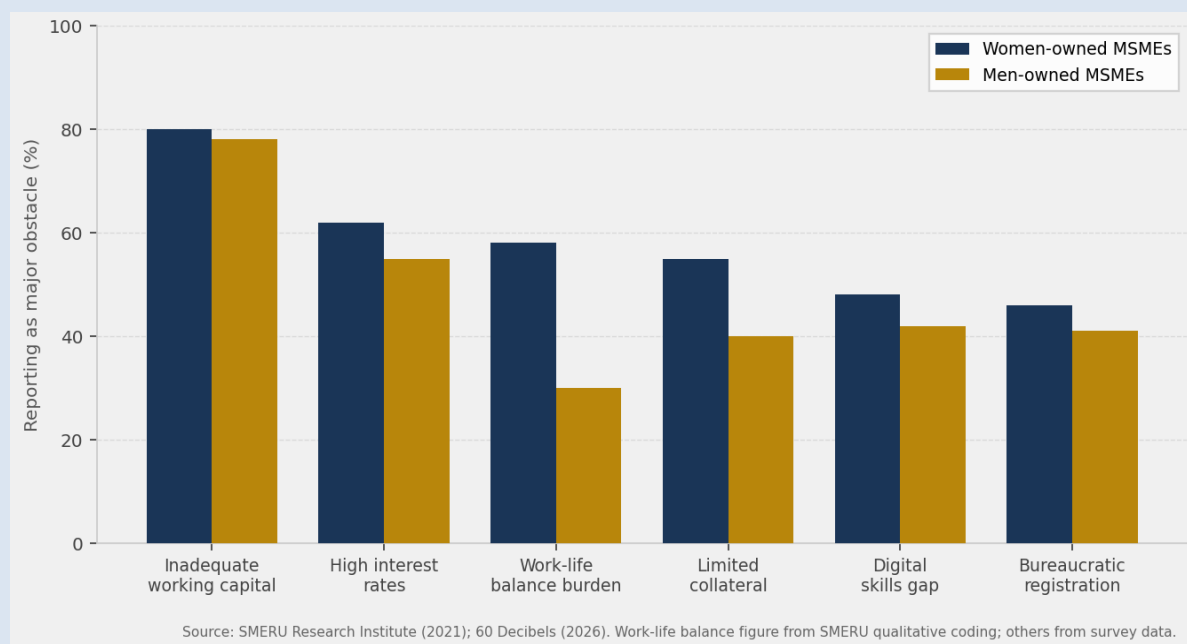


Figure 3 illustrates that constraints fall harder on women across every category measured. The inadequate working capital challenge is near-universal for both genders (80 percent women, 78 percent men) — reflecting systemic MSME undercapitalisation. But the work-life balance burden affects 58 percent of women-led MSMEs and only 30 percent of men-led MSMEs, reflecting the double burden discussed in Section II. Collateral limitations, a function of gendered inheritance and property norms, create a differential access barrier that no amount of training can overcome without structural policy intervention.

#### **IV. Significance for Indonesia Emas 2045**

The Indonesia Emas 2045 vision sets an audacious target: a per capita income of USD 30,000 by the centenary of independence. Against a 2024 baseline of approximately USD 4,900–5,000 per capita, this requires sustaining real GDP growth of 6–7 percent annually over two decades — roughly double Indonesia's average growth rate of the past decade.<sup>2</sup> Minister of Cooperatives Teten Masduki, in a 2024 UGM lecture, framed the challenge bluntly: 'Currently our income is still at USD 5,000. This is a fact we need to change; we need entrepreneurs who can drive economic growth and create more productive jobs.'

The MSME sector — and the female entrepreneurs who manage its majority — sit squarely at the centre of whether this vision is achievable. Three strategic linkages are essential to articulate:

First, **the productive transformation of women-owned MSMEs is Indonesia's largest single untapped growth reserve.** Women-managed MSMEs constitute the majority of a sector generating 61 percent of GDP. Even a modest improvement in their productivity — formalisation, credit access, digital integration — would generate aggregate GDP effects measurable in percentage points of annual growth. McKinsey's global research has estimated that advancing women's economic equality in Southeast Asia could add up to USD 1 trillion to regional GDP; Indonesia would capture a disproportionate share.

Second, **the demographic dividend window is closing.** Indonesia's peak working-age population ratio is projected to occur in the late 2020s to early 2030s. Converting this demographic mass into productive workers — specifically by upgrading women-managed MSMEs from subsistence micro-enterprise to scalable small business — is the mechanism by which the demographic dividend translates into sustained per capita income growth. The dividend expires unused if the enterprises absorbing the majority of Indonesia's workforce remain in low-productivity informality.

Third, **the Prabowo government's flagship social programme creates a policy-growth linkage.** The Makan Bergizi Gratis (MBG) school feeding programme, budgeted at IDR 71 trillion for 2025, will source food through local supply chains. Women-owned food MSMEs — who constitute 65 percent of Indonesia's food and beverage MSME operators — are the natural supply base for this programme. If procurement architecture is designed to channel MBG purchasing through formalised women-owned MSMEs, the programme becomes simultaneously a social policy and a MSME formalisation and upgrading mechanism of substantial scale.

## V. Five Strategic Insights for Policymakers

### **STRATEGIC INSIGHT 1: Formalisation is the Master Key**

Nearly half of Indonesian MSMEs lack any business licence. For women-owned MSMEs, informality is both more prevalent and more constraining — blocking access to government programs, formal credit, and organised supply chains. A fast-track formalisation incentive regime, delivered through smartphone-based NIB registration integrated with e-commerce platforms, can compress what would otherwise require decades of bureaucratic reform into a matter of years. The MBG procurement architecture should be explicitly designed to require NIB registration, creating a market-based incentive for formalisation among food-sector women MSMEs.

**STRATEGIC INSIGHT 2: Collateral Transformation, Not Training Alone**

The most commonly prescribed intervention for women MSME development — training and capacity-building — addresses a secondary constraint. The primary barrier is collateral-based credit exclusion, rooted in inheritance norms and property rights structures that no training programme can overcome. The priority intervention is blended finance: invoice discounting, digital transaction-history-based credit scoring, Islamic banking products calibrated to women's enterprise patterns, and KUR (Kredit Usaha Rakyat) guarantee expansion with explicit gender targeting. The financing gap for women-owned MSMEs in Indonesia is estimated at USD 50–65 billion.

**STRATEGIC INSIGHT 3: The Digital Divide Demands Spatial Policy**

Women MSME digitisation is spatially unequal. Urban Java is well-served; small cities outside Java, and eastern Indonesian provinces, face a digital access gap that reproduces the core productivity gap in geographic form. Digital infrastructure investment (broadband expansion), digital literacy programming, and marketplace fee structures calibrated for micro-scale sellers must all be spatially targeted beyond Java. A 'women MSME digital corridor' programme in five to seven high-potential non-Java growth nodes would address this.

**STRATEGIC INSIGHT 4: The Data Architecture Gap Must Be Closed**

Indonesia currently lacks a consistent, agreed definition of 'women-owned' or 'women-managed' MSME. BPS, Kementrian Koperasi, IFC, and survey organisations use different criteria, yielding a range of estimates from 43 to 65 percent. This is not a minor measurement inconvenience — it makes it impossible to design, target, or evaluate gender-differentiated MSME policy. A joint BPS-Kemendag-Kementrian Koperasi task force to establish standardised gender-disaggregated MSME data architecture is a zero-cost prerequisite for all other interventions.

**STRATEGIC INSIGHT 5: Sectoral Upgrading in F&B and Fashion is the Highest-Leverage Bet**

Women-owned MSMEs are overwhelmingly concentrated in food & beverage and fashion — fast-growing sectors within Indonesia's creative economy, with embedded export potential. A targeted sectoral upgrading programme — combining halal certification, quality standard compliance, GI (geographical indication) branding, export facilitation, and supply chain integration with larger formal buyers — would allow women-owned F&B and fashion MSMEs to move up the value chain without requiring them to exit their existing sector expertise. This is precisely the kind of structural upgrading that transformed Thailand's food export sector and Vietnam's garment industry.

**Table 3: Proposed Policy Architecture — Women MSME Growth Programme**

Pillar	Policy Intervention	Target Outcome by 2030
1	Gender-disaggregated MSME data architecture (BPS + Kemendag joint framework)	Annual gender-differentiated MSME census enabling evidence-based targeting
2	Simplified NIB formalisation for micro-enterprises; outreach in non-Java provinces	Reduce informality among women MSMEs from ~67% to below 50%
3	Blended finance – Islamic microfinance + fintech credit scoring + KUR guarantee	Close financing gap by USD 20–25 billion; raise women MSME formal credit access to 30%
4	Sectoral upgrading in F&B, fashion, craft: quality certification, export readiness	10% of women MSMEs in target sectors achieving export-grade standards
5	Digital skills programme for women entrepreneurs in small cities and eastern Indonesia	Narrow the digital divide; 80% of women MSMEs with active online presence by 2030

*Source: All policy analysis. KUR = Kredit Usaha Rakyat (government SME credit guarantee programme). F&B = Food and Beverage.*

## Conclusion

The paradox of Indonesia's feminine economy is that its greatest strength — the sheer mass of female entrepreneurial energy — is simultaneously its greatest vulnerability. Sixty-four million women-managed enterprises, each trapped in informality, undercapitalised, digitally underserved, and excluded from formal markets, represent a collective productivity suppression of enormous magnitude.

The Indonesia Emas 2045 vision will not be achieved through resource extraction, large enterprise growth, or foreign investment alone. It will require the conversion of this vast informal feminine economy into a formalised, financed, digitally enabled, export-connected productive base. The policy architecture to achieve this is not complex or particularly expensive. What it requires is political prioritisation, definitional consensus, and the institutional imagination to recognise that the golden vision runs through the market stall as surely as it runs through the industrial park.

## Endnotes

<sup>1</sup> Definitional note: BPS and Kementrian Koperasi figures refer to MSMEs 'managed by' (dikelola oleh) women, which includes both owner-managers and non-owner managers. The IFC figure of 43 percent refers to formally 'owned by' women. The 60 Decibels 2026 survey distinguishes between 'managed by women' (50 percent), 'managed by men' (30 percent), and 'jointly managed' (20 percent). All three methodologies yield high figures by global standards. AII uses the BPS managed-by figure for time-series consistency.

<sup>2</sup> Indonesia Emas 2045 requires per capita income of approximately USD 30,000 at 2024 prices. With 2024 per capita GDP of approximately USD 4,900, this implies approximately a sixfold increase over 21 years — requiring nominal growth of approximately 9 percent per annum and real growth of approximately 6–7 percent per annum, sustained over the full period. Bappenas projections suggest this requires total factor productivity growth to double from its recent trajectory. See AII Working Paper AI-2026/06 on the GDP rebasing implications for this calculation.

<sup>3</sup> IFC (2016) estimate of 43 percent covers formal SMEs only. The BPS figure of 64.5 percent covers the full MSME universe including micro-enterprises. The difference partly reflects the higher female concentration at the micro end of the size distribution — women's management share declines as enterprise size increases, a pattern consistent with credit constraint theory.

<sup>4</sup> The Minangkabau matrilineal system (adat perpatih) vests property rights, including ancestral land (tanah pusaka), in women through matrilineal descent. Commercial activity has historically been associated with the rantau system, in which men migrate for trade while women manage village property and local economic life. This has produced a distinct tradition of female economic authority in West Sumatra that continues to shape entrepreneurial culture in Padang, Bukittinggi, and Minangkabau diaspora communities across Indonesia.

<sup>5</sup> The arisan is a rotating savings and credit association, typically organised by women, in which members contribute a fixed amount periodically and each member receives the pooled sum on a rotating basis. It functions as a form of forced saving, informal credit, and social network maintenance simultaneously. SMERU research identifies arisan participation as a significant predictor of female MSME survival during downturns, including the COVID-19 pandemic. Its integration with digital payment platforms (arisan digital) represents an important fintech opportunity.

<sup>6</sup> The Makan Bergizi Gratis (MBG) programme under President Prabowo, budgeted at IDR 71 trillion for 2025 and targeting 82.9 million beneficiaries, is the largest food procurement programme in Indonesian history. If 60 percent of procurement is channelled through local MSMEs (as the government has indicated), this represents approximately IDR 42 trillion in annual demand — potentially the single largest MSME demand stimulus ever deployed in Indonesia. The requirement that supplier MSMEs hold NIB registration would create a powerful formalisation incentive for the food sector's 65 percent female management base.

<sup>7</sup> This note complements AII Working Paper AII-WP-2026/05 (Indonesia Emas 2045: The Structural Preconditions) which assessed the overall attainability probability of Indonesia Emas at 30–38 percent under baseline policy trajectories. The present analysis suggests that a well-designed women MSME productivity programme could add 0.3–0.5 percentage points to annual GDP growth — sufficient to materially shift that probability range upward. A quantitative modelling exercise on this linkage is proposed for a future AII working paper.

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## APPENDIX: Statistical Tables

The following five tables provide international comparisons and decade-long trend data to contextualise the analysis in the main text. All estimates marked with asterisks (\*) are All compilations derived from cited primary sources; readers are encouraged to consult original sources directly for primary verification.

**Table A1: International Comparison — Women's Share of MSME Ownership/Management (%), 2015–2024**

Country	2015 (%)	2018 (%)	2021 (%)	2024 (%)	Data Source
Indonesia	~62	64.5	64.5	~60–65*	BPS; 60 Decibels (2026)
Philippines	~50	51	52	~53	PSA; IFC (2024)
Thailand	~35	36	37	~38	OSMEP; GEM (2024)
Vietnam	~26	27	28	~27	GSO Vietnam; GEM (2024)
Malaysia	~20	22	23	~25	SME Corp Malaysia (2024)
India	~14	15	20	~20	MSME Ministry India (2023)
ASEAN average	~28	29	30	~31	ADB SME Monitor (2022)
Global average (OECD)	~30	31	32	~33	OECD SME Outlook (2023)

Notes: Comparisons involve definitional variation across national statistics offices. "Ownership" (IFC/World Bank definition) and "management" (BPS Indonesia definition) are not identical. \* Indonesia 2024 figure blends BPS and 60dB methodologies; see Endnote 1. Sources: BPS (Indonesia); PSA (Philippines); OSMEP (Thailand); GSO (Vietnam); SME Corp Malaysia; MSME Ministry India; ADB SME Monitor (2022); OECD SME Outlook (2023).

**Table A2: Indonesia MSME Contribution to the National Economy, 2014–2024**

Year	MSMEs (million)	GDP share (%)	Employment (million)	GDP contrib (IDR tn)	GDP contrib (USD bn)
2014	57.9	57.9	114.1	4,869	~416
2016	61.7	60.3	112.8	5,570	~420
2018	64.2	60.3	116.7	6,340	~450
2020	64.2	57.2	113.8	5,610	~390 (COVID)
2021	64.2	61.1	117.0	8,574	~602
2022	65.5	61.0	118.6	9,580	~646
2024 (est.)	66.0	61.5	120.0+	~11,000 est.	~680 est.

Sources: BPS (2014–2022 actuals); Ministry of Cooperatives and SMEs (2021, 2022); IMF Article IV (2024). 2020 figures reflect COVID-19 contraction. 2024 estimated by AII based on 2022 actuals and Ministry projections. USD conversion at prevailing annual average exchange rates.

**Table A3: Sectoral Distribution and Female Concentration in Indonesian MSMEs**

Sector	Share of women MSMEs (%)	Women workforce share (%)	Sector CAGR 2018–24 (%)	Formality rate (%)
Food & Beverage	65	51	8.2	~28
Fashion / Apparel	25	51	6.5	~22
Non-furniture Craft	13	45	4.1	~35
Business Tourism	14	38	-2.3 (COVID)	~55
Digital / E-commerce	8	42	22.5 est.	~45
Other services	17	30	5.0	~30

Sources: 60 Decibels (2026); Ministry of Cooperatives and SMEs (2021). Multiple sector responses permitted in survey; shares do not sum to 100%. CAGR estimates based on BPS sectoral data 2018–2022 with AII projection to 2024. Business Tourism CAGR negative due to COVID-19 impact 2020–2022; recovery underway as of 2024.

**Table A4: Women MSME Financing Gap — Indonesia vs ASEAN Peers (2024)**

Country	Est. credit gap (USD bn)	Formal credit access: women MSMEs (%)	Avg. loan size (USD)	Collateral required (% lenders)
Indonesia	~65	16	~1,200	85
Philippines	~22	21	~2,100	70
Thailand	~18	35	~5,400	60
Vietnam	~28	18	~1,800	80
Malaysia	~8	42	~8,200	55
ASEAN average	—	~28	~3,700	70

Sources: IFC (2016, updated estimates); World Bank SME Finance (2020); ADB (2022); AII compilation. Credit gap estimates are approximations based on formal credit demand surveys and World Bank MSME finance gap methodology. Collateral requirement data from IFC Enterprise Surveys. All figures indicative; direct national comparisons require caution due to definitional variation.

**Table A5: Women Entrepreneurship Ecosystem Score — ASEAN + India (Composite Index, /100)**

Country	Overall /100	Finance access	Digital access	Policy support	Cultural enablement	Rule of Law
Indonesia	52	38	61	58	74	44
Philippines	58	45	58	60	68	42
Thailand	55	52	64	55	55	50
Vietnam	46	40	62	52	45	37
Malaysia	61	62	72	65	50	58
Singapore	78	78	88	80	68	85
India	42	35	52	48	40	50

*Source: All composite index compiled from World Bank Women, Business and the Law (2024); Global Entrepreneurship Monitor (2024); IFC Enterprise Survey data; IMF Fiscal Monitor; World Justice Project Rule of Law Index (2024). Scores are All-weighted composites; Finance access (30%), Digital access (20%), Policy support (20%), Cultural enablement (15%), Rule of Law (15%). Indonesia highlighted in blue. This index is indicative and intended for directional comparison only.*