

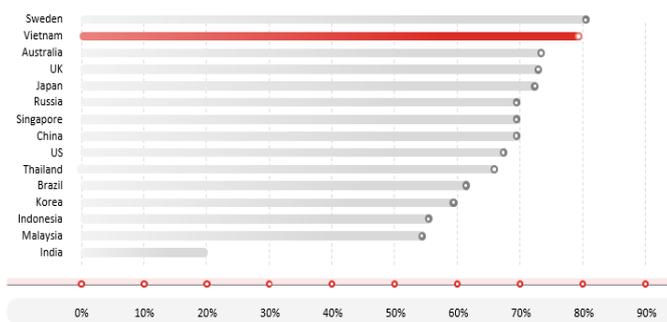
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Vietnam's Leadership on Gender Equality is Boosting its GDP Growth

Earlier this month, we were honored to give opening remarks at a conference for impact investors titled "Advancing the Growth of Women-Led SMEs in Vietnam". In addition to private sector investors, the conference, which was organized by the Asia Venture Philanthropy Network (AVPN) with financial support from the Australian Government, was attended by representatives from the Asian Development Bank (ADB), the Dutch Government, and others. This report summarizes the information we presented as well as some interesting facts we learned from the other speakers and female entrepreneurs who attended the event.

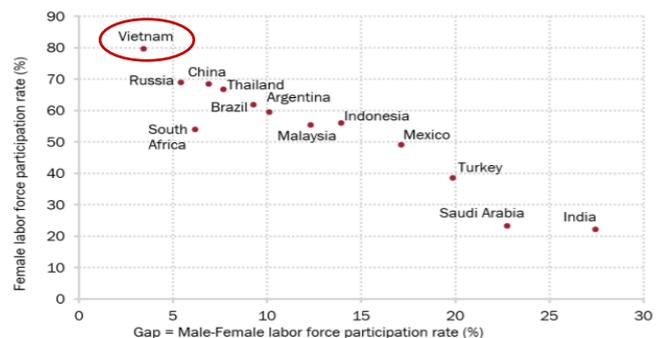
Vietnam is regularly lauded for having the highest female labor participation rate in Asia and one of the highest in the world, as can be seen in the charts below. Many of the country's leading companies are run by women CEOs and 28% of top management positions in Vietnam are held by women versus 19%, worldwide. Consequently, Vietnam ranks 26th out of 156 countries in the World Economic Forum's Global Gender Gap Ranking¹, is assessed as having a "low" level of discrimination by the OECD², and according to independent stock market research firm, Rosenberg Research, "In Emerging Markets (EM), Vietnam is often regarded as an example to follow".

Female Labor Participation Rate



Source: International Labour Organization

Labor Force Participation Rate vs. Gender Gap



Source: Rosenberg Research

Further to that last point, there is ample economic research demonstrating empirically that a rising female labor participation rate contemporaneously boosts a country's gross domestic product, as well as its productivity growth, which in turn increases long-term, potential GDP growth. For that reason, it is not surprising that an increasing number of EM countries have been implementing policies that Vietnam pioneered years ago (see below) in order to capitalize on this powerful long-term economic growth driver.

In addition to these macro-economic benefits to Vietnam's economy, VinaCapital's CIO Andy Ho has spoken extensively about the tangible investment benefits the company's private equity business has reaped from investing in female-led businesses, which is a topic that he discussed in Chapter 4 of his book "Crossing the Street," which chronicles his PE investing experience in Vietnam.³ For example, Andy noted that the women-run businesses VinaCapital has invested in tended to remain more focused on their core businesses even as they grew and became very successful and highlighted the role women have had in leading some of the largest companies in Vietnam today.

A Long Track Record of Gender Initiatives in Vietnam

In 1930, the Vietnam Women's Union for Emancipation was established to rally women in the struggle for independence from France. The organization subsequently became known as the Vietnam Women's Union (VWU), and currently pursues a range of objectives, including supporting female entrepreneurship and providing vocational training. The formation of the VWU nearly 100 years ago was the first of numerous initiatives to promote and elevate women's role in Vietnamese society – including the formation of various organizations/advocacy groups and the enshrinement of women's rights and legal protections into Vietnam's laws. Furthermore, the Government of Vietnam was an early signatory to commitments on

¹ https://www3.weforum.org/docs/WEF_GGGR_2021.pdf

² <https://www.genderindex.org/country/viet-nam-2014-results/>

³ <https://www.harriman-house.com/crossingthestreet>

gender equality, which in-turn led to the development of the country's legal framework on gender equality that is "widely acknowledged as comprehensive" according to the UN, and is notable for having a dedicated gender equality law.⁴

1930	Vietnam Women's Union Established
1959	Law on Marriage and Family (Eliminate Arranged Marriage)
1995	National Committee for Advancement of Women Established
2003	Land Law Stipulates Both Husband & Wife Name on Property Title
2006	Gender Equality Law
2008	Department of Gender Equality Established
2016	Social Insurance Law (Better Maternity Benefits, Retirement Benefits)
2017	Law on Support for SME's (Women-Owned SME's Defined)
2019	Labour Code (Better Protection Against Harassment at Work)

Other positive outcomes of these efforts include:

- 1) 77% of Vietnamese girls attend high school vs. 68% of high-school age boys
- 2) Vietnam's legislature ranks 53rd out of 193 countries in female representation, and
- 3) The World Bank rated Vietnam 81.9 out of 100 on its index of women's legal rights – which is higher than the 76.1 average ranking for countries around the world.

Further to #1, educating girls is the single most effective policy that a developing country can implement to boost its long-term economic development, so this accomplishment is particularly encouraging from an investment point of view.

Areas of Concern

We see two areas of concern where gender-related issues could impede economic growth in Vietnam. First, women-owned businesses and female labor participation were disproportionately impacted by COVID because of their predominance in the sectors of tourism, retail, hospitality and garment manufacturing (as well as other light manufacturing activities), all of which were particularly hard hit during the pandemic.

Next, while we believe that business conditions for women-owned businesses and female business executives in Vietnam's major cities are generally very positive, over 60% of the country's population still lives outside of the country's major cities, where women still face significant challenges. For example, women own many more SME businesses in Vietnam's urban areas (>30%) than in the countryside (<20%), where agricultural businesses are ubiquitous.

Further to that last point, women own less than 20% of the farmland in Vietnam versus circa 50% ownership by men⁵, making it very difficult for female-owned agriculture businesses to borrow money to do things like expanding their farms or upgrading into more capital-intensive businesses such as food processing. Consequently, nearly 90% of women who earn a living in the agriculture sector are primarily involved in subsistence agriculture, according to research from the UN.

Conclusions

Vietnam has long been a pioneer of women's equality and is widely known as a country where women enjoy formal equality under the law. Women have a high labor participation rate and have high access to economic opportunity - especially in the country's urban areas. The gender-equality initiatives that Vietnam's Government has pursued have boosted the country's long-term growth potential, which in-turn have fostered attractive investment opportunities in both listed and private companies for investment firms like VinaCapital.

Finally, as an aside, we are also proud to note that VinaCapital has been a leader in promoting gender equality and investing in women for years. In 2006, the company established the [VinaCapital Foundation](#) to improve the lives of Vietnamese children from underprivileged areas and backgrounds by providing opportunities for growth and improvement through a variety of [health and education programs](#). Many of these young women come from rural provinces where, as noted above, more work needs to happen to ensure gender equality and equal opportunity. Additionally, unlike in many countries where finance tends to be male-dominated, nearly two-thirds of VinaCapital's employees are women, including around half of the investment team. We are committed to continuing to do what we can to ensure Vietnamese women have opportunities to thrive and succeed, both within our company and in the country as a whole.

⁴ <https://vietnam.un.org/en/153151-country-gender-equality-profile-viet-nam-2021>

⁵ The remaining proportion is held by married couples, in which both names appear on the Land Use Rights Certificate (LURC).

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