



# ISSUE NOTE

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## ECONOMIC EMPOWERMENT

Women in developing countries are greatly disadvantaged in almost all parts of society and the global outlook continues to be alarming. A new study of McKinsey & Company found that approximately 2 - 2.4 billion women around the world are living in relative poverty. This is further compounded by the fact that 60 per cent of the world's 135 million children who are not receiving education are girls and that 60 per cent of the working poor earning less than US\$1 per day are women.

The situation of African women is particularly worrying. The 2008 Human Development Report of the United Nations Development Programme shows that women in Africa represent 52 per cent of the total population, contribute approximately 75 per cent of the agricultural work, and produce 60 – 80 per cent of the food. Yet, they earn only 10 per cent of Africa's income and own just 1 per cent of the Continent's assets. Women own less than 1 per cent of the landmass in Africa, while the women farmers receive only 1 per cent of total credit to agriculture. Women in Africa are also the most affected by the HIV pandemic especially between the ages of 15 and 24 and, similarly, their lack of access to education and employment opportunities has negatively impacted on the overall per capita growth.

The gender gap is still wide except for some Nordic countries that have the smallest equality gaps between men and women. The 2009 World Economic Forum Gender Gap Report demonstrates that engaging women equally with men in all aspects of life is imperative for economically competitive and prosperous societies. In particular, for rapid, sustainable economic recovery from financial crisis, it is imperative to integrate women. Persistent violence against women also curtails the potential of many women in all regions to access and effectively utilize economic and financial resources. Lack of access to, and control over, economic resources, such as land, personal property, wages and credit, can put women at a greater risk of violence.

Women's employment conditions are often quite difficult and even harsh, particularly in countries with large informal economies. These women have undefined workplaces, unsafe and unhealthy working conditions and, therefore, often low levels of skills and productivity. They receive low or irregular incomes, have long working hours and lack access to information, markets, finance, training and technology. Gender gaps in earnings exist in all countries, remaining the most persistent and widespread form of inequality in the working conditions. The Commission on Legal Empowerment of the Poor - a global initiative to focus specifically on the link between exclusion, poverty and law - argues that four billion women and men are trapped in the vicious cycle of poverty because they often lack the protections and rights afforded by the law and their assets and work are insecure, unprotected and far less productive than they might be.

Globally, female participation in the labour force has increased. Women now account for almost 40 per cent of all paid employment outside agriculture, compared to 36 per cent in 1990. Despite this increase in the economic activity rate, inequalities remain with regard to the entry to work, conditions at work, and in exit from the labour market. Women are still more likely to be unemployed or engaged in vulnerable jobs in informal economies. Vulnerable jobs account for two-thirds of jobs for all women in developing countries and for 80 per cent of women in Southern Asia and sub-Saharan Africa. Horizontal segregation continues to limit women's career choices and keeps them in low-paid sectors. Vertical

segregation limits women's participation in economic policy and decision-making in the public sector and in reaching managerial and decision-making positions in the private sector. With lack of access to credit, approximately 75 per cent of women do not have access to credit and entitlement of landownership starting their own business is also difficult for women.

Moreover, women carry most of the responsibilities for providing care for children, the elderly and the sick. As migration and changing social arrangements in many countries have led to a breakdown of extended families, this becomes an extra burden for many women. The care responsibilities resulting from the HIV/AIDS pandemic also fall largely on women and girls, and demographic transition has brought care of the elderly to the policy agenda.

Economic empowerment of women is widely seen as an effective mechanism to help break the cycle of discrimination and vulnerability. There are already mechanisms in place to support women's economic and social empowerment. Innovative programmes are producing remarkable results and far-seeing governments and organizations are finding that reaching out to women and girls deepens confidence, creates opportunities and raises profits. Some results of these programmes show that each year of schooling increases a woman's – and thereby a family's – income by 10 to 20 per cent. It is worthwhile noting that closing the gender gap adds 0.5 per cent to a country's per capita GNP.

Encouraging micro-enterprise development has proven to be a successful avenue for the empowerment of women. Microfinance institutions have succeeded in helping women to escape financial illiteracy and become more aware of how to access financial services. They also convinced policy makers and banks on the benefit of providing women with financial services. The schemes have proven to be particularly successful when they have been coupled with the right policy environment and other types of products and services, including training and education, technology transfer, business development services and market assistance, among others.

It has become evident that there are strong interrelationships between economic development and gender empowerment. Women's empowerment through improved access to health, education, earning opportunities, rights, and political participation can accelerate the development of a country. On the other hand, development can also help reduce the inequality between men and women. But the evidence of the impact of economic growth on gender equality is weaker and more mixed. Economic growth can promote women's formal employment opportunities; however, it has little impact on other aspects of gender equality, such as the representation of women at higher levels of economic decision-making or on participation in political life. Economic growth is most likely to have a positive impact on women's empowerment when it is mediated by explicit policies promoting women's education, employment, human rights and bargaining power. This fact shows clearly that women's economic empowerment is closely tied to the progress of the other MDGs, as economic empowerment is interlinked with other areas of women's well-being.

