

Understanding gender-based constraints helps improve development effectiveness in the private sector

Private Sector Development & Gender



GENDER AND DEVELOPMENT BRIEFING NOTES

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Why gender issues matter for Private Sector Development

Private Sector Development (PSD) plays an important role in the World Bank Group's work. Improving the investment climate and market access provides new income opportunities to both men and women in developing societies. Moreover, market-type mechanisms may empower poor people by improving the quality of basic social services. Yet PSD effectiveness requires an understanding of the different constraints often faced by women and men in this domain. Gender considerations should thus be incorporated into five key PSD areas: disparities in asset ownership; labor market imbalances; access to finance; access to markets; and business-enabling environment.

Disparities in asset ownership: In many countries there are gender disparities in asset ownership. Land is often the most valued asset, and where women are constrained by law or custom in owning land, they are unable to use land as an input into production or as collateral for credit. This is inefficient and may hamper growth. An example of how to address this issue comes from Vietnam, where land title certificates have been reissued with the names of both husbands and wives, giving women land-use rights previously denied to them.

Labor market imbalances: Taboos and prejudices against hiring women are costly to society as a substantial proportion of its productive potential is stifled. Skepticism against female workers may hamper private sector development: as it restricts total labor supply, the price of male labor is pushed up and artificial labor shortages may result. In Lesotho, the World Bank funded a sensitization program aimed at increasing female participation in road construction activities.

Access to financial services: Designing financial institutions in ways that account for gender-specific constraints – whether by substituting for traditional forms of collateral or by delivering financial services closer to homes, markets and workplaces – can increase access to savings and credit and affect the relative viability and competitiveness of female-run enterprises. In parts

of West Africa, “mobile bankers” bring financial services to clients, eliminating the need to travel in order to save and borrow.

Access to markets: Women's seclusion from the public arena, higher time poverty, and lack of mobility limit their access to markets in various ways. For instance, women usually have less information about prices, rules and rights to basic services. In Uganda, this type of inefficiency has been tackled by *Ideas for Earning Money*, a CD-Rom that teaches women new business skills and best business practices.

Business-enabling environment: Women often benefit more than men from business-enabling environment reforms, as their businesses tend to have more problems with customs, courts, business registration, tax rates and tax administration. To address this issue, the *Gender and Growth Assessment tool* was developed to help countries identify key investment climate constraints for women and provide a roadmap of needed reforms, which local organizations can work on implementing following assessment completion. The tool was a World Bank Group effort led by IFC Gender Entrepreneurship Markets (GEM) in Uganda, and has been replicated in Kenya, Tanzania, and Ghana.

The issue of women's access to networks cuts across all key areas. As social norms may discourage women from mixing freely with men, participation in women-only business associations can help women make connections, share information, identify business opportunities, generate cross-referrals, and act as support for entrepreneurs who might otherwise feel isolated. Business organizations can also lobby for a more business-friendly environment for women in general. In Afghanistan, an important task for the new Ministry of Women's Affairs was to set up the Afghan Women's Business Council, with support from UNIFEM.

Key issues to consider

- How do women's and men's access to assets differ? Are there gender differences in ownership of bank accounts, access to credit and land, and in property laws?
- What is the female labor force participation rate in a country? How does men's and women's participation differ in scale, sector of operation, and earnings? Are there gender differences in the proportion of individuals employed in the informal sector?
- Are sex disaggregated PSD statistics available at the national level?

What the World Bank Group is doing

The World Bank's Gender Action Plan (2006) focuses on women's access to product, financial, land and labor markets so as to empower women and help societies develop. In 2004, the International Finance Corporation (IFC) of the World Bank Group started the Gender Entrepreneurship Markets (GEM) initiative as a cross-cutting initiative to mainstream gender issues throughout IFC operations. GEM aims to help better leverage the untapped potential of women in emerging markets. Its activities are structured around three main goals: increasing access to finance for women; adding value to IFC investment projects; and addressing gender barriers in the business enabling environment.

Examples of gender-mainstreamed projects

Guatemala – Giving Women a Legal Identity: In Guatemala, the challenge of giving women the right to own land is met by a World Bank land titling project. One reason for the low numbers of women owning land in the project target area was their lack of identity cards, which are needed to register for land. The project educated women on their legal rights and helped them acquire state identification cards. Women were also given leadership training in order to increase their confidence and participation in the community land registration committees set up by the project. All this was done in the context of increasing women's access to information and credit, as well as ownership and the use of land. The project resulted in women's land ownership rising to 45% in the project area as opposed to 8% in the rest of Guatemala. Women's participation in decision-making also increased.

Pangea – IFC artisan market: The IFC supports a broad range of small artisan businesses – many of which are female-run – in developing countries. Market access for their products allows artisans in developing countries to build on skills handed down from previous generations, earn a livelihood, and gain self-confidence. IFC helps these businesses with modern product development and marketing, financing so that they can grow and ultimately to improve productivity and sustainability. Pangea is an artisan market, managed in collaboration with the IFC, which provides many artisan businesses with their first exposure to international markets. Pangea gives them immediate income and valuable market feedback, e.g., on the styles, designs and pricing of their crafts. As these small firms normally face credit constraints, Pangea also pays 50% of the price when the order is

placed, and the remaining 50% upon product receipt. All Pangea suppliers are required to commit to promoting gender equity.

Mexico – Gender Equity Model: The Gender Equity Model (MEG) is a public-private partnership between the Mexican government and private companies interested in promoting gender equality. The program offers lessons on innovative approaches to improve the business-enabling environment to the benefit of all. MEG covered four areas: recruitment, career advancement, training, and sexual harassment. The process began with a self-assessment of strengths and weaknesses followed by a training program and support to overcome weaknesses and institutionalize best practices. Once the process was completed, the firm received a gender equity seal. Monitoring continues for three years to ensure sustainability. MEG firms use the certification to show their commitment to diversity. The results to date include: 550 people have received gender equity action training; gender committees have been launched in and between the 42 participating firms; most firms have incorporated gender equity into recruitment; and participating firms report an improved labor atmosphere.

Nigeria – Access Bank: In June 2006, the IFC agreed to provide a loan of USD15 million to Access Bank Plc, a full-service commercial bank operating through a network of over 80 branches and service outlets in all the major commercial centers in Nigeria. Access Bank is one of the first banks in Africa to dedicate lines of credit to finance female-owned businesses. This is the first major loan under the IFC GEM, a loan that allows Access Bank to meet the financing needs of its female clients, particularly those running small and medium enterprises. At the same time, IFC GEM provides training to enhance the bank's ability to reach out to the women's market as well as business and management training for women entrepreneurs. Access Bank plans to demonstrate that supporting women entrepreneurs in Nigeria is commercially viable. It recently became the first bank in Nigeria to be admitted to the Global Banking Alliance for Women, a consortium of best practice banks that leverage the women's market for profit and social good.

Resources

- Calvert Women's Principles, the Calvert Group: See: <http://www.calvertgroup.com/pdf/womensprinciples.pdf>.
- "Engendering Development: Through Gender Equality in Rights, Resources, and Voice", 2001, World Bank Policy Research Report. See: <http://www.worldbank.org/gender/prr>.
- "Gender Equal Land Laws: Driving Businesses Forward", Gender Entrepreneurship Markets Quick Note, IFC.
- IFC Gender Entrepreneurship Markets (GEM). See: <http://www.ifc.org/ifcext/enviro.nsf/Content/GEM>.
- ILO Women's Entrepreneurship Development. See: http://www.ilo.org/dyn/empent/empent.portal?p_lang=EN&p_prog=S&p_subprog=WE.
- Pangea, Artisan market. See: <http://www.pangeamarket.com>.
- - World Bank's Gender and Development, Country Gender Assessments. See: <http://www.worldbank.org/gender>.