
Gender and Economic Growth in Sub-Saharan Africa

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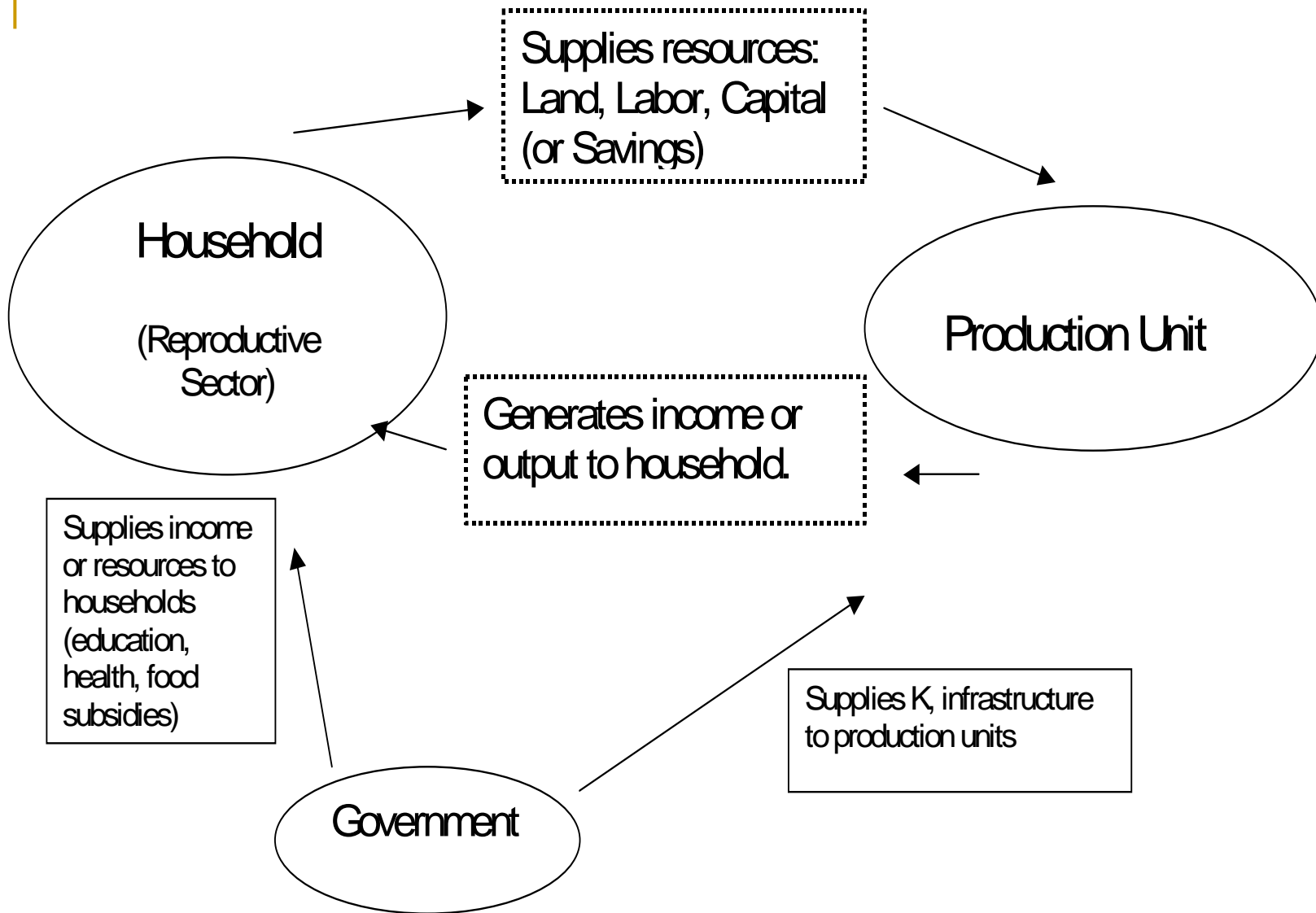
What we want to know

- What factors and policies can produce increases in per capita GDP?
 - What role does gender equality play in the process of stimulating economic growth?
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The Building Blocks of Growth Theory

Resources → Some production process
→ Material Well-Being

- **Resources:** Land (L), labor (N), capital (K).
- **Production units:**
 - Private or public firms (owners are not workers);
 - Own-farm production;
 - Subsistence farming;
 - Self-employment (e.g, informal sector work).



Basic neoclassical model

$$Y = A f(L, N, K)$$

- *Supply-side* approach;
 - *Most* empirical research suggests that 50% of growth is due to *A*;
 - *Recent* emphasis also on determinants of *K*.
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Linking gender to economic growth

- The distribution of resources, income, and capabilities by gender affects growth primarily via **TWO** primary channels on the supply-side:
 - ***Productivity growth;***
 - ***The rate of capital accumulation (and saving) .***
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- **Productivity growth** effects are short- and long-run:
 - **Short-run effects:**
 - Distribution of assets to females improves on-farm productivity and output. Evidence from [Burkina Faso, Kenya, Zambia](#) shows a 10-20% increase in output is possible with equalization of female access to agricultural inputs (Udry 1995; Saito 1992).
 - Women more likely to adopt new technologies given evidence that a major impediment is lack of complementary inputs, e.g., credit. *Women's share of small farmer credit is 10% and for all agriculture, 1%.* (Doss 2005).
 - **Long run effects:**
 - More equal distribution of income and assets increases women's bargaining power in the HH, with beneficial effects on children's well-being, and thus the quality of the future labor supply.
 - Equality in education increases average human capital.
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Effects of increased gender equality on **capital accumulation** and **saving**:

- ❑ Women and men may differ in terms of **saving rates**, due to different access to social safety nets and need to smooth income.
 - ❑ In East Asia, women save at higher rate than men, so policies that shift income to women raise economy-wide saving rates, and can stimulate **investment** (Seguino and Floro 2002).
 - ❑ No systematic data on SSA, but studies of ROSCAs, where women are majority of participants, are purported to increase HH savings (Anderson and Baland 2001).
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Demand-Side Effects of Gender on Economic Growth

- Sufficient aggregate demand required to stimulate employment growth (increasing supply not enough).
 - **Consumption**—Kenya: Female headed households have highest multipliers, esp. on food (Kiringai 2004).
 - **Business investment** (foreign and domestic). Higher wages for women slow investment in labor-intensive industries.
 - **Government spending**—Can “crowd in” private investment.
 - **Net Exports**—Higher female wages reduce mfg. X (Seguino 2000), **BUT** gender equality in farm inputs reduces food imports.

Gender and Exports in SSA

- Women make up around 90 per cent of the workforce in the **NTAEs** produced in large-scale enterprises:
 - Tanzania: Cut flower industry;
 - Uganda: maize, beans, cassava, and flowers.
 - Production involves flexible and informal work arrangements similar to export mfg: piecework; temporary, seasonal and casual work; and unregulated labor contracts.
 - **Garment industry** in Lesotho, Madagascar, Mauritius is female dominated.
 - Women's low wages are a stimulus to investment and export demand, and thus growth.
 - Men employed in extractive industries and traditional x crops which are price inelastic—wages do not have such negative effect as in F industries.
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Tanzania Cut Flower Industry

Female share of employment	58.4%
Share of positions that are permanent	
Males	27.0%
Females	26.0%
Ownership of assets by employee	
House	
Males	46%
Females	32%
Bicycle	
Males	30%
Females	7%
Land	
Males	68%
Females	35%

Source: Kessey, 2004 (survey of 7 firms).

Madagascar Garment Sector

Female share of employment	75.2%
Share of positions that are permanent	
Males	78.9%
Females	57.1%
Mean Monthly Wage in US\$	
Males	\$49.90
Females	33.90
F/M wage	67.9%
Annual change in earnings, skilled	
Males	34.0%
Females	12.2%
Annual change in earnings, unskilled	
Males	11.0%
Females	0.0%

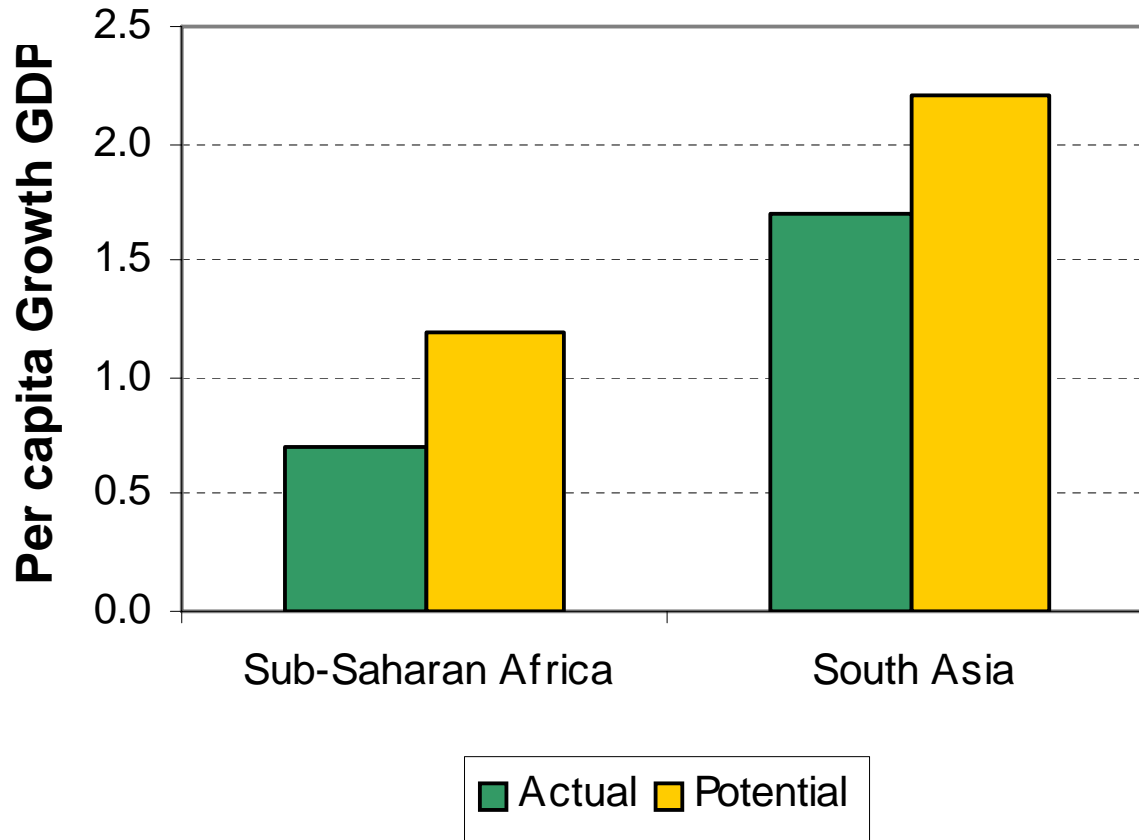
Source: Nicita and Razzaz, 2002.

Empirical evidence on effects of gender equality on growth

■ ***Educational equality:***

- Elimination of gender gap in education in SSA leads to 0.5-0.7 percentage point increase in annual growth rate of per capita GDP (Klasen 2002).
 - **Rule of 70:** The number of years it would take income to double would fall from 100 to 58.
 - Educational equality may proxy for other types of equality, such as in health care access, access to agricultural inputs, household bargaining power.
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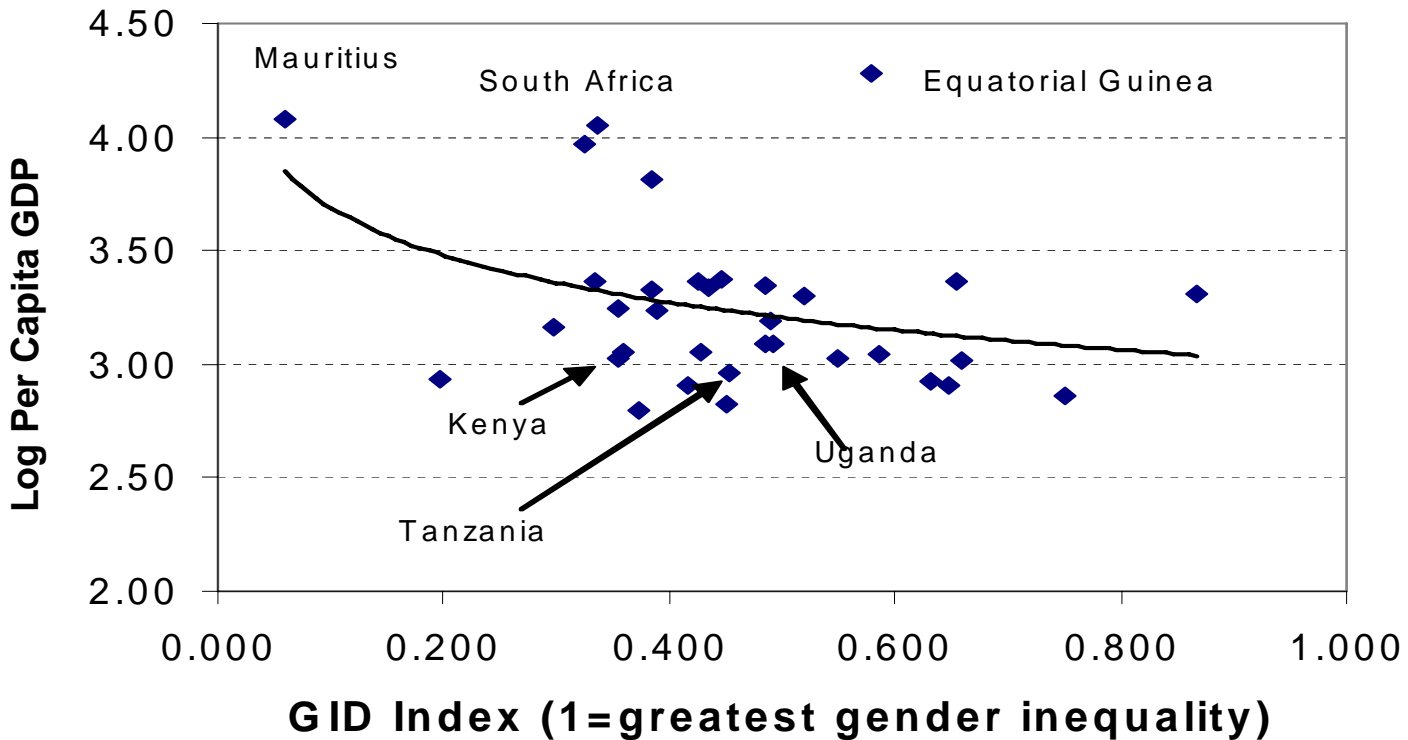
Actual and Potential Growth of GDP, 1960-92



■ **Wage equality:**

- Effect depends on structure of economy. In semi-industrialized export economies, negative effect on exports dominates effects on consumption, productivity (Seguino 2000, 2002).
 - No macro evidence for Sub-Saharan Africa, but:
 - Higher income for women appears to stimulate aggregate demand (for domestically produced goods);
 - Effect on mfg. exports and investment may be small since this sector represents small share of total output.
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Per Capita GDP and Gender, Institutions, and Development (GID) Index

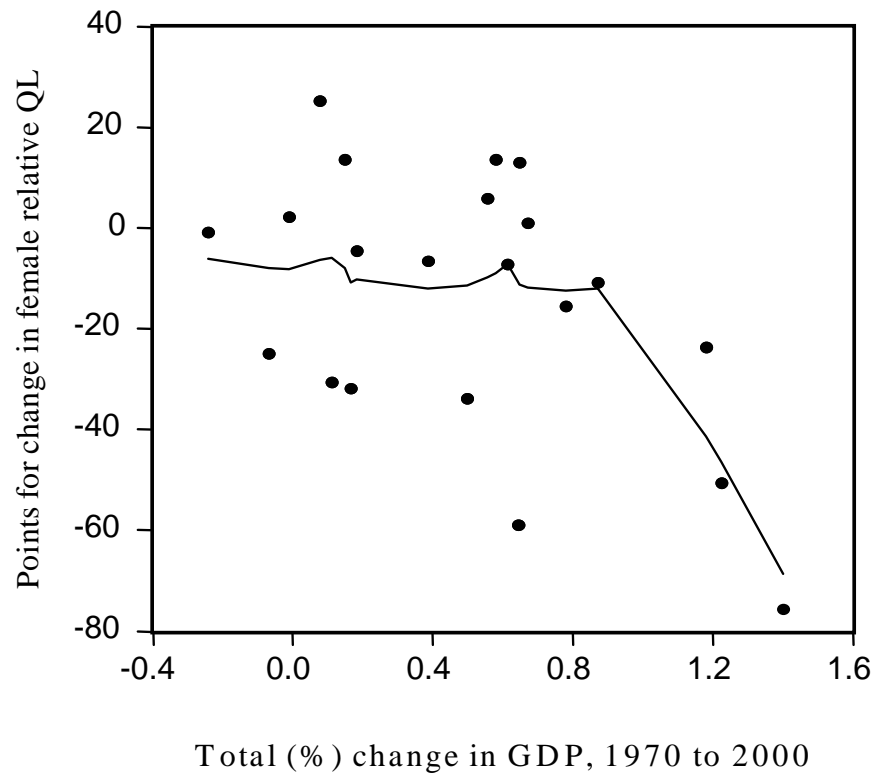


Growth Effects on Gender Equity in Well-Being

- **Growth may be good for equity** (Dollar and Gatti 1999):
 - More resources at family level
 - More state level resources that can be redistributed in form of public goods.
 - Women are primary source of labor in open economies.
 - Find statistical evidence of positive relationship between growth and gender equity in education.
 - **Macroeconomic policies matter**. Economic growth in the recent period in the form of neo-liberal policies has disadvantaged women (Beneria 2004; Seguino 2005).
 - Increased economic insecurity
 - Reduced ability of state to provide a cushion
 - Capital mobility holds down wages, and causes economic volatility.
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Study of LAC and Asia finds negative effect of growth on gender equity in well being (Seguino 2006).

Partial Correlation of GDP growth with Female Relative Well-Being 1970-2000



Gender-enabling Policies to Stimulate Growth

- ***I. Social infrastructure investment by government to:***
 - *Close gender gap in education;*
 - *Improve female access to health care and family planning.*
 - ***II. Physical infrastructure investment by government***
 - *In roads, transport, water, sanitation, to reduce women's time burden.*
 - *"Crowds in" private investment.*
 - ***III. Reduce gender gap in access to credit, agricultural inputs.***
 - *Raises female on-farm productivity;*
 - *Increases bargaining power in household to benefit of children's well-being.*
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IV. Macroeconomic Policies

- ***A. Increase women's access to off-farm employment and economic security with:***
 - Public employment guarantee schemes;
 - Expansionary macroeconomic policy;
 - While directing public investment to areas that reduce supply bottlenecks to stem inflation.

 - ***B. Develop agricultural and industrial policies to promote strategic industries that:***
 - Produce spillover effects for rest of economy in productivity growth. Economy-specific.
 - Reduce reliance on wage-sensitive export goods as source of foreign exchange.
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Some lessons

- Gender equality can stimulate economic growth, particularly in Sub-Saharan Africa.
 - There are feedback effects between growth and gender equality—and therefore need a growth strategy that is also gender-enabling.
 - The policy targets to reduce inequality depend on the specifics of the economy's structure.
 - There is no one size fits all approach to alleviating gender inequality and stimulating growth.
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