

September 2008

**From Ngozi Okonjo-Iweala,
Managing Director,
World Bank**

Dear Colleagues,

Over the past decades I have had the opportunity to look at development from a variety of perspectives, including as a development economist, as Finance Minister and as Managing Director. One essential observation pervades my experience; development is held up without the economic empowerment of women.

Multilateral financial institutions and governments of developing countries have historically been slow to embrace women's economic empowerment as a core strategy to reduce poverty. But lately, a growing number of governments, international organizations, NGOs and private sector partners have begun putting emphasis on the potential economic gains of increasing gender equality. They maintain that gains in recent decades in women's education and health levels can be converted to faster poverty reduction and development. This new interest to invest in women's access to productive employment and agriculture, entrepreneurship and financial services has helped forge new and sometimes surprising partnerships that straddle traditional divides, such as between the private and public sectors.

The World Bank's Adolescent Girl Initiative, which will be launched on October 10, 2008, is one example of such an innovative approach and partnership. The initiative began as a US\$3 million public-private sector partnership between the Government of Liberia, the World Bank Group and the Nike Foundation. In a pilot-phase, it will expand to at least six other low-income or post-conflict countries with new donors, governments, foundations and corporations participating. If successful, we hope to see the (cont. on p. 2)

Shining a Light on Women's Productivity in Lao PDR



Grayson C. Heffner/World Bank

The villagers of Phon Phang, a rice-growing community in the rural Savannakhet Province of Laos, will have opportunities for higher incomes and a better quality of life once connected to the electricity grid.

By Morten Larsen and Helene Carlsson Rex

In Lao PDR, many poor, primarily women-headed rural households find it impossible to connect to the electricity grid. A major obstacle for these households is the connection fee of about US\$100. In some areas, up to 40 percent of households have been unable to mobilize money for the connection cost and are thus left without access to electricity even though the grid is passing right through their village.

This lack of access to electricity is a large stumbling block for poverty reduction efforts. Evidence suggests that electricity not only helps extend hours for both productive and leisure activities in Lao PDR, but it also translates into better educational outcomes, improved social and community services, and better security. Surveys of newly-electrified rural households also show that grid electricity has

been used for income-generating activities such as water pumping for vegetable gardens, household industry like mat and basket weaving, and the use of refrigerators for small-scale entrepreneurship serving tourists, such as ice cream vending.

Moreover, electricity has been shown to help close gender gaps by reducing time spent on cumbersome chores, such as fetching water, and by allowing for greater flexibility in organizing household activities. The literacy gap between men and women is smaller

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initiative scaled-up and replicated in more countries.

Based on the belief that adolescent girls and young women are catalysts of change and a smart way to break intergenerational patterns of poverty, the initiative promotes the economic empowerment of young women by smoothing their path to productive employment. While girls and boys have achieved parity in education in most developing countries, girls' access to the labor market consistently lags behind boys', often considerably so. Together with our partners we have developed a new model of skills-training matched to market needs for women aged 16-24 in Liberia, with incentive structures in place to maximize access to wage jobs or successful self-employment. We will bring this model to the other pilot countries and, if successful, to many more.

Depending on the economic environment, we plan to add interventions such as business development skills training, job placement incentives and assistance, access to micro finance, and mentoring and apprenticeship programs. Rigorous impact evaluation will tell us what works and what does not.

The World Bank Group will host the high-level launch of the Adolescent Girls Initiative on October 10, 2008, as an Annual Meetings side-event in Washington DC. Bob Zoellick is scheduled to open the event, and will be joined by leaders of donor and Bank member countries, corporations, foundations and experts, along with adolescent girls from site countries. We will hear their stories and, despite years of systematic disadvantage and conflict, their aspirations to participate fully in the development of their communities and countries, to the benefit of us all. I hope to see you there.

Ngozi Okonjo-Iweala


Connecting to Grid, cont. from p. 1

in electrified villages in Lao PDR. Similarly, girls' secondary and vocational school attendance are higher in electrified villages.

Recognizing these benefits, the Government of Lao PDR has placed electrification at the center of its poverty reduction efforts. Through a Rural Electrification Project, co-financed by the World Bank's Global Environmental Facility, NORAD and AusAid, the Government aims to electrify 90 percent of the country's households by 2020, up from 55 percent in 2007, which in turn is up from 15 percent in 1995. While the rate of electrification has been high, connection rates are starting to fall short of targets as the network expands to rural and marginalized areas of the country where connection cost may be tougher to bear.

In response to this problem, the World Bank's East Asia and Pacific Region Gender Program designed a *House Wiring Assistance Program*, which helps poor households connect to the grid. With funding from the Gender Action Plan (GAP), *Gender Equality as Smart Economics*, a framework and implementation materials for the project were developed, and plans are now afoot to offer a concessionary

credit of US\$80 to households that have been unable to finance the initial connection cost. The pilot is giving particular attention to women-headed households. Once connected, households will spend approximately US\$1 per month for electricity, compared to the approximately US\$3 per month they are now estimated to pay for energy in the form of car batteries, diesel fuel, candles and so on. These energy expenditure savings are expected to allow households to repay the connection cost fully in three years.

The pilot project, called *Power to the Poor*, begins implementation in September 2008 and is financed by the World Bank's International Development Association and AusAID, and implemented by the national utility company, Electricité du Laos. The program is expected to increase overall connection rates by as much as 10 to 20 percent. If successful, the government says it will replicate it further. 

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You May Request

Gender Equality as Smart Economics: A World Bank Group Action Plan materials, including an overview brochure and the operational plan are available in print and on the Web in English, Arabic, French, Portuguese, Russian, and Spanish. These materials are also available in English on a CD that contains a video describing successful programs that promote women's economic empowerment in Africa, Asia, Latin America and the Middle East.

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gender equality as smart economics
A World Bank Group Action Plan



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