Background paper: Gender Equality and Pro-Poor Growth

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THE SERIES' FOUR COMPONENTS:

Background papers
Quick guides to what and how
Tools
Inspiring initiatives

Policy recommendations

Education

- Focus on reducing gender gaps in secondary education; and,
- Focus on improving girls' school-to-work transition.

Employment

- Address women's obstacles to access labour market (gender-based discrimination in recruitment, women's time burden, etc.);
- Pass and enforce equal pay and benefits legislation; and,
- Provide maternity welfare support and childcare options.

Gender equality is not solely a fundamental human right but it is also essential for poverty reduction and sustained economic growth. Empirical evidence shows that gender-based inequalities limit both economic growth and poverty reduction. At the same time, countries that improve the status of women tend to have lower poverty incidence and stronger economic growth. As a result, governments can no longer afford the cost of inaction. Gender equality needs to be seen as a determinant of development effectiveness and should have significant implications for the design of anti-poverty interventions and pro-poor growth strategies.

Background information and program objective

Economic growth is a prerequisite for the reduction of poverty, but is not sufficient by itself. For economic growth to lead to reduced poverty and improved equality, people who live in poverty must have the possibility themselves, fully and on equal terms, to contribute to economic development and to profit from its results.

In most countries gender equality has increased with economic development. Meanwhile, societies that increase women's access to education, health care, employment, and credit, and that narrow the differences between women and men in economic opportunities, have increased the pace of economic development and reduced poverty. Gender equality is hence both a cause and a consequence of economic growth. An active gender equality policy may thus be seen as an important component in strategies for growth and poverty reduction.

Key linkages between gender equality and pro-poor growth

Increasing gender equality in households, markets and society at large contributes to increased growth directly and indirectly. Directly, through women's labour force participation, increased income for consumption and investment and indirectly, through improved health and education for children.

Rigid gender roles and divisions of labour lead to economic inefficiencies, limiting growth and poverty reduction efforts. A rigid gender division of labour leads to an allocation of households' resources, labour resources included, that does not necessarily follow economic incentives but socially established norms which dictate what is appropriate for men and women to do. It is gender norms, rather than economic rationale, which lead women to spend a much higher proportion of their time doing housework than men, or to restrict them to low-productivity jobs in agriculture or in the informal economy.

Agriculture

- Address gender dimensions of land reform and inheritance laws;
- Provide equal access to inputs;
- Provide equal access to agricultural extension, business support services and market information;
- Improve female farmers and rural entrepreneurs access to credit (beyond micro-credit); and,
- Strengthen women's producer's organizations.

Private sector development

- Address gender dimensions of land reform and inheritance laws;
- Remove obstacles to female enterprise creation (simplify procedures, improve access to credit, provide adequate infrastructure including childcare services);
- Improve women's participation in decision-making and public-private dialogue forums; and,
- Provide equal access to business assets.

Cross-cutting

Reduce the **time burden** of non-paid or domestic labour through:

- Targeted infrastructure such as roads, water supply and sanitation, transport, energy for household needs, and labour-saving technology in the area of food product transformation and processing;

Evidence supporting the gender equality - pro-poor growth link

Gender equality in education enhances growth by increasing the amount of human capital in a society and improving the possibility of a more efficient allocation of human resources. Gender inequality in education reduces the average amount of human capital in a society and harms economic performance by restricting the pool of talent from which to draw for education. It excludes highly qualified girls and includes less qualified boys instead. A study of more than 100 countries over three decades finds that an increase of 1 percentage point in the share of adult women with secondary education implies an increase in per capita income growth of up to 0.3 percentage points (Dollar and Gatti 1999).

Gender equality increases growth indirectly, through increased health and education of the next generation. Several studies show that better-educated women contribute to the welfare of the next generation by reducing infant and child mortality, lowering fertility, and improving the nutritional status of children. Women with more control over household resources tend to allocate more resources to food and to children's health and education.

Reducing gender inequalities in the labour market contributes to growth, pro-poor growth in particular. As in the case of education, gender inequalities in the labour market that result in sex-segregated labour markets lead to welfare losses (reducing total output) arising from the misallocation of the labour force: competent female workers are excluded from some of the more productive activities. Lower labour force participation by women also results in lower output and hence lower GDP along with lower value of production due to lower earnings. As a result, in simplistic terms, gender equality contributes to a more inclusive pro-poor growth. The Indian states with higher female labour force participation are the ones with faster growth. A study in South America showed that if women faced no barriers to entering the labour market, the incidence of poverty would be reduced by as much as 41 per cent (Costa et al 2009).

Growth as a result of higher gender equality in the labour market 'increases the size of the pie'. Gender discrimination in the labour market can lead to significant efficiency losses; and that the economy suffers a loss that is primarily borne by women. Research suggest that if barriers to female labour force participation were lifted, women's wages could increase significantly at practically little loss in male wages, as a result of significant output gains. Hence, reduction in segregation is not a purely redistributive issue; but that in fact the "size of the pie" – the total economy – increases as a result of increased female labour force participation.

Closing gender gaps is an effective strategy to promote growth. Evidence from studies looking at gender inequalities in employment and education combined, further strengthens the case for investing in gender equality. Unequal education and employment opportunities for women in Sub-Saharan Africa have retarded annual per capita growth by 0.8 percentage points per year between 1960 and 1992. Applying these aggregate results to Uganda, the country could gain as much as 2 percentage points of GDP growth a year by eliminating gender inequality (World Bank 2005b, cited in Ellis et al., 2006).

- Reducing the cost of existing infrastructure and domestic services to increase usage; and,
- Childcare schemes.

Use **gender budgeting** as a mechanism to reduce gender inequality and improve expenditures that target growth promoting initiatives

Source

Morrison and Sabarwal, n.d.; Blackden et al., 2006; World Bank, 2009; Ellis et al., 2006; IFC, 2007a, 2007b; Aslop et Healey, 2008.

Gender inequalities in access to economic incentives, productive resources, and time reduce productivity and output. Women do not always share the benefits of production, even when they have done most of the work. A study found evidence of household production decisions that led to sub-optimal production, and failure to maximize income. In Kenya, giving women farmers the same level of agricultural inputs and education as men could increase yields obtained by women by more than 20 percent (Saito 1994). In Tanzania, reducing time burdens of women could increase household cash incomes for smallholder coffee and banana growers by 10 percent, labour productivity by 15 percent and capital productivity by 44 percent (Blackden and Bhanu 1999). In short, gender equality in control over resources such as land, credit, technology and labour can contribute to more efficient markets, enhancing productivity and growth rates.

Women face barriers when establishing and managing businesses, which limit growth. Businesses run by women are frequently unable to respond to emerging economic opportunities, as regulations relating to the right of women to own assets and operate businesses in their own name prevent them from doing so. Informal barriers and costs, such as much greater exposure than men to official harassment, enforcement of 'nuisance taxes' and social rules governing women's behaviour and bargaining position, limit the free and equal operation of asset and product markets for women.

Gender-based violence reduces growth through lower female earnings and increased cost of health provision. Women who are victims of domestic violence earn much less than their non-abused peers. In Latin America this amounts to an estimated regional wage loss of 1.6 to 2.0 percent of GDP (Morrison and Bhiel 1999). Also, children who witness their mothers being abused perform poorly in school, limiting their future labour market possibilities. The substantial increase in health care provision as a result of domestic violence (long after the abuse has ended) has been demonstrated by several studies. Domestic violence has a major impact on health expenditure, which in turn reduces growth.

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