

**MINISTRY OF FOREIGN AFFAIRS OF DENMARK**  
Danida



# **GENDER EQUALITY IN THE PRIVATE SECTOR**





# GENDER EQUALITY IN THE PRIVATE SECTOR

This booklet presents gender equality as ‘smart economics’ and demonstrates how private sector interventions can promote gender equality. Practical ways of overcoming obstacles to women’s full entry into the private sector are illustrated with cases stories from a sector programme in Ghana, private sector interventions for poor women in Bolivia, a network of businesswomen in Vietnam and a credit scheme in Benin.

Private sector development is a key engine of economic growth and crucial to reducing poverty. Women and girls make up three-fifths of the world’s one billion poorest people. Promoting women’s participation in the labour force and increasing women’s incomes hold a critical potential for poverty reduction and economic growth, including in the rebuilding of post-conflict societies. The ‘informal economy’ has traditionally played the dominant role in women’s employment. This need not be so. Women’s economic empowerment in formal economic sectors such as agriculture, transport and finance has a key role to play in poverty reduction and development. See Booklet 5.1 for details on gender equality in agriculture.

## **Empowerment as smart economics**

Impressive track records for women’s repayment of loans are an encouraging lesson learnt in private credit schemes. Even so, gains in women’s economic opportunities often lag behind women’s capabilities. This is inefficient, since increased women’s labour force participation reduces poverty and contributes to faster economic growth. Women themselves gain from their economic empowerment and so do men, children, and society as a whole. Higher income for women improves the situation of their families - leading to greater spending on family welfare, nutrition, and girl’s education. Investments in gender equality and women’s empowerment have a multiplier effect on other development efforts.

Studies have also shown that women's lack of economic empowerment has a host of negative impacts, including less favourable education and health outcomes for children and a more rapid spread of HIV/AIDS<sup>1</sup>. Hence, as stated by the World Bank, expanding women's economic opportunities is 'smart economics!'<sup>2</sup>.

### Obstacles to women's entry into the 'formal economy'

Obstacles to women's access to economic opportunities cut across private and public institutions, policies and the regulatory environment of business and the labour market. Mechanisms disfavours women's participation are deep-rooted in private sector institutions like banks, finance institutions, business organisations, and trade unions.

In addition to low levels of literacy (described in more detail in Booklet 5.2 on gender equality in education) and asset ownership poor women face prevailing notions of what is acceptable women's work. Furthermore, entry into formal sector employment on fair conditions tends to be impeded by labour market regulations and women's disadvantages in vocational and technical education. Both poor and well-off women entrepreneurs often lack networks to support them in their business ventures. A case from Vietnam of an intervention to facilitate the development of networks for businesswomen is presented below.

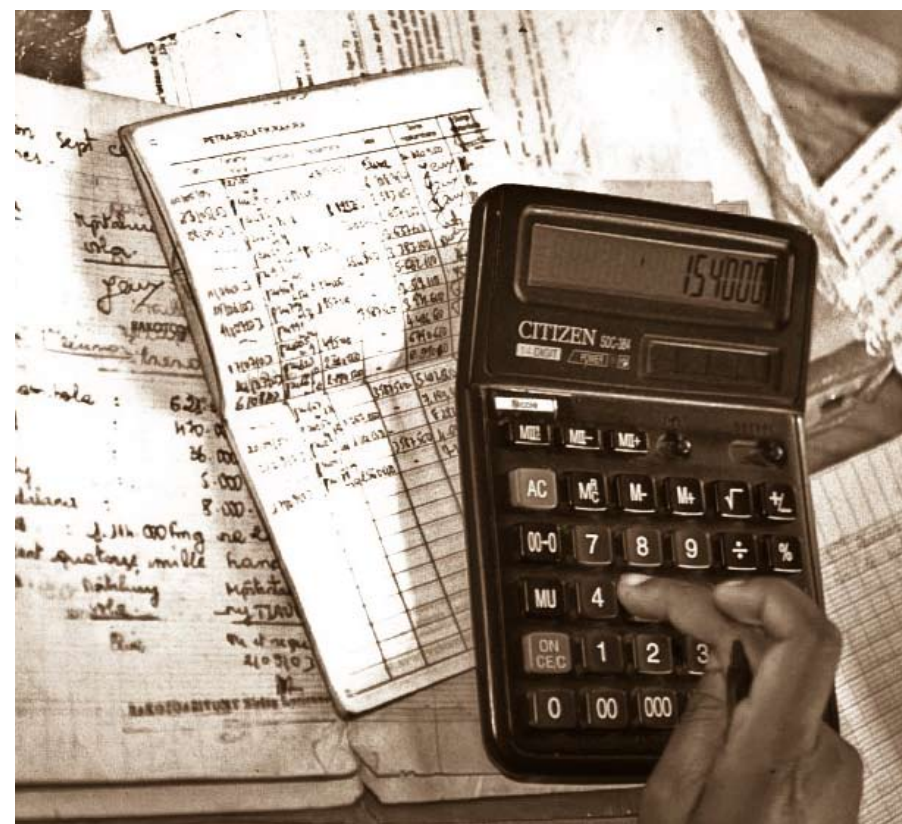
### Vietnam: Network of Businesswomen in Hanoi

Peer support to strengthen the position of women has been identified by Danida as a Special Intervention to overcome some of the obstacles to women's full entry into the formal economy in Vietnam. A project has been developed by the Hanoi Business Association to expand an existing network of 27 women to include 120 between 2006 and 2008. Training activities on leadership skills, corporate management and communications make up the core of the first main component for businesswomen members of the network. Additional activities include organizational strengthening and the establishment of an information centre in charge of running a website for the network. The aim is to make the network

financially sustainability within the project period through membership and services fees.

As an innovative feature, the project includes training activities in selected enterprises where the majority of workers are women. This includes establishment of workers' clubs with libraries facilities and discussion forums between workers and management. Success criteria for this component include smooth running of clubs and willingness to replicate the model in the enterprises of the member of the Businesswomen's Network.

*Source: Danish support to Hanoi Businesswomen's Network, Royal Danish Embassy Hanoi 2007*





Traditionally, business environments have rarely been enabling for women's entrepreneurship. Women meet a number of challenges when establishing their own business. Notably, women's lack of property rights affects their ability to provide collateral for loans. The box presents private sector initiatives targeted at a disadvantaged group of women in Bolivia.

#### **Bolivia: Private sector initiatives for poor women**

Remarkable experience from the Danish development cooperation programme in Bolivia indicates that private sector initiatives to promote gender equality can be tailored to reach the poorest segments of a population.

Women in mining are an extremely vulnerable group in Bolivia. The severe obstacles encountered by mining women were found to require extensive dialogue with social partners and targeted advocacy. Key target groups included the Government of Bolivia, the mining industry, trade unions, and mining families themselves. Project activities to improve living conditions focused on gender equality through the promotion of



rights and resources. Key results included legislative changes to protect women and enhance their opportunities.

Equal access to resources is the cornerstone of another example of private sector measures aimed at poor Bolivian women. Project activities included income generating activities for women who were assisted with professional marketing surveys to adapt their products to markets abroad. Support has also been offered to marketing campaigns for products like llama meat and prickly pear that the rural women already had extensive experience producing. Initially conceived as a Special Intervention in 2002 to implement a special allocation to promote poverty alleviation and gender equality, these activities have since been mainstreamed into a sector programme.

*Source: Note to Governing Board of Danida, 23 February 2004*

Corporate legislation and methods of taxation also disfavour women as a group. In many countries women have restricted access to financial services in the formal economy. Consequently, women's entrepreneurship is often confined to the less secure informal market. These are some of the issues addressed by the gender components of a private sector programme supported by Danida in Ghana.

#### **Ghana: A business-enabling environment for women**

Poor access to credit for starting or expanding a business is a paradox, since women in Ghana have a better track-record at repaying loans. As part of the Danish business sector programme (BSPS) the *Ghana Association of Women Entrepreneurs, GAWE*, is supported in its efforts to address bottlenecks for women's business development. GAWE undertakes advocacy work to influence banks and finance institutions, facilitating a platform for dialogue between these and stakeholders to identify problems and solutions to easier access to credit and improved capacity building of small and medium enterprises. Expected result of GAWE's advocacy action include:

- *New code of ethics for banks* making constraints on women's credit opportunities more visible,

- Impact on *Ghana Business Code* promoting women's rights. The code addresses issues of human rights, labour standards, environment, ethical and governance issues, and anti-corruption best practices,
- Small *investment bank for women* is the expected outcome of GAWWE's advocacy to influence Ghana's new industrial policy.

The Business Sector Programme Support aims at creating a business-enabling environment. National policy support and trade sector development are meant to benefit all businesses but will be particularly significant for women entrepreneurs who constitute a relatively large part of the smallest enterprises and of the informal sector. Activities of critical importance to women entrepreneurs include legislation on easier access to credit, conditions for start up of private companies, and improved public sector service delivery.

Source: [www.ambaccra.um.dk/en/menu/DevelopmentAssistance/Business](http://www.ambaccra.um.dk/en/menu/DevelopmentAssistance/Business)

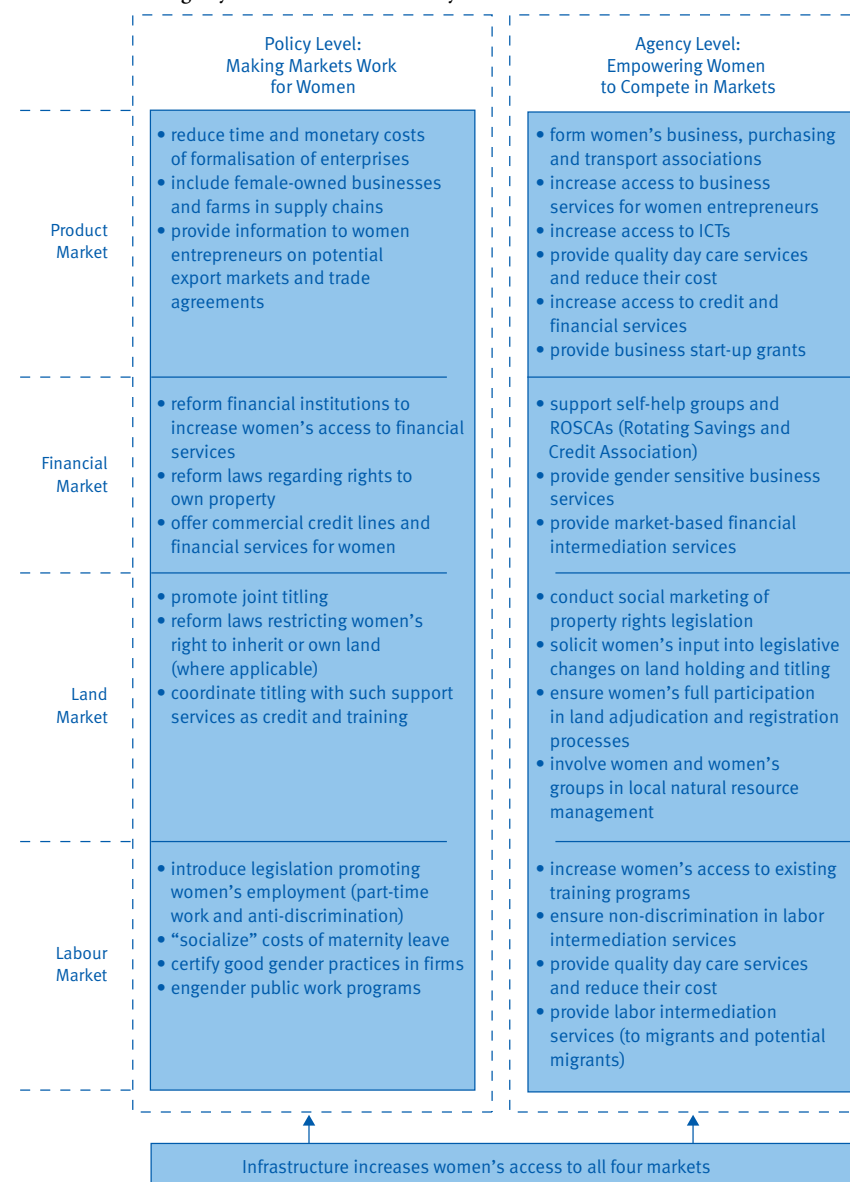
### Enabling framework for women's economic empowerment

Aid agencies who want to make a difference and enhance women's economic empowerment need to think of a multitude of entry points. The World Bank "Gender Action Plan" suggests a relevant framework. The action plan on 'Gender Equality as Smart Economics' operates with four key markets: land, labour, product, and financial services. They are selected for their potential to produce rapid and sustained increases in women's productivity and incomes. The objective of the action plan is to *make markets work for women* (at the policy level) and *empower women to compete in markets* (at the agency level).

Creating an enabling framework requires measures to improve the *policy and institutional environment* for women in the different markets, formal as well as informal. Access to credit is only one out of several action points.

Employment opportunities for women can be enhanced through *legislation* allowing for equal pay, part-time work, and flexibility. Increased participation in *vocational training* programmes, and access to affordable

### Increasing Women's Economic Empowerment: Examples of Policy and Agency Level Interventions in Key Markets



Source: "Gender Equality as Smart Economics": A World Bank Group Gender Action Plan (Fiscal years 2007-10).

childcare services are equally important. Moreover, possibilities to use appropriate *modes of transport* would enhance women's choices when seeking employment.

It is vital to reduce transaction costs through *infrastructure investments* increasing women's basic access to the different types of markets. This is illustrated in the box below, which also includes suggested actions with a potential to produce results in a reasonable time frame, at policy and agency level.

### **Micro-finance support to women**

Inclusive financial sectors, making access easier for women and for poor citizens, are critical for economic growth and have been supported by bilateral and multilateral agencies through micro-finance programmes. They are characterised by offering a range of financial services to all active men and women. A legal and regulatory environment that is non-discriminatory with regard to men's and women's equal access to financial services and ensures the integrity of the sector strengthens the services.

In the two boxes below gender perspectives on the use of micro-finance are described on the basis of a particular case from Benin as well as from a global point of view highlighting micro-financial lessons learnt by the United Nations Capital Development Fund.

### **Benin: Empowerment through micro-finance**

Micro-Finance has been used with remarkable results to empower a group of disadvantaged women in Benin. A project in one of the poorest parts of the country - Donga Women Micro-Finance (DWMF) – has created new economic opportunities for a disadvantaged group of women, many of whom have never learned to read or write.

In 2002, Danida decided to support DWMF as a Special Intervention. This support represented a partial implementation of the decision earlier that year to earmark DKK 70 mill. to promote poverty alleviation and gender equality. From the point of view of DWMF this first ever support

from an external donor allowed for credit and advisory services to be rolled out to poor segments of women villagers. DWMF makes credit accessible by sending credit advisers to the villages. To qualify for credit, the applicant describes her business idea to an adviser and has a member of the community vouch for her suitability for credit.

A total of 3,224 credits have been provided as a result of Danida's contribution in 2002-03. Collective loans inspired by Grameen Bank in Bangladesh, whereby three women vouch for each other in solidarity, make up 85 per cent of the credits. This system is said to explain the impressive repayment. The remaining 15 per cent are made up by individual loans.

Micro Finance is not a magic bullet. Challenges include poor women using micro-credits for medicine where health services are insufficient. In addition, lack of basic literacy makes training activities such as budgeting more challenging. Finally, retaining control of financial resources in the family can be difficult. However, overall achievements illustrate the potential synergy of economic empowerment. In addition to offering a source of income from petty-trading or expansion of village restaurants, the experience of economic independence is reported by the credit advisers to have rendered the participating women less vulnerable to domestic violence and marginalization.

*Appui au projet de banque rural des femmes du Departement de la Donga,  
Ambassade Royale de Danemark, Cotonou, octobre 2000.*

### **Supporting women's productive role**

#### **Constraints on women as micro-entrepreneurs**

The United Nations Capital Development Fund (UNCDF) is the UN's champion of promoting inclusive financial sectors in developing countries. UNCDF observed that constraints on women as micro-entrepreneurs have produced certain strikingly similar features in micro-enterprises run by women around the world that limit profitability and growth potential.

#### **Women's micro-businesses tend to be**

- *Home-based and sometimes ambulant* because women are more likely to keep their businesses close to home;



- *Conservative in growth orientation.* Women's investment patterns tend to be more survival-oriented and risk-averse than men's, as women more often carry the immediate maintenance responsibilities for children and the elderly. For the same reasons, they also tend to be small *scale*;
- *Part-time and seasonal* to accommodate other work related to childcare and agriculture; and
- *Low-tech* as a result of women's limited education, capital and contact with the formal sector. This hampers women's access to improved technology, thus depressing their productivity. Even in medium-sized and large firms, women are more likely to hire workers than purchase machinery to increase productivity.

#### **Understanding the needs of female clients**

UNCDF and its partners have identified good practices for micro-finance institutions (MFIs) that address the factors that constrain women's micro-businesses. Understanding the unique needs of female clients is crucial. This allows the MFIs to match the loan terms to women's business cycles which in turn maximises the benefits of micro-credit.

For instance, in many countries, women's businesses are concentrated in the trade and services sectors, which are characterised by rapid turnover and slim margins. Loans whose term length and repayment schedules take these factors into consideration are likely to increase women's access to and benefit from credit.

#### **Literacy sensitive loans**

MFIs that have simple formalities to make credit accessible to semi-literate or illiterate customers – and have loan officers that are trained to assist women with limited literacy – are more likely to reach potential female clients.

#### **Men's signatures not needed**

When possible, gender-sensitised micro-finance programmes allow women to sign for their loans without requiring the signature of husbands



or male relatives. UNCDF has found that non-collateralised individual lending that requires guarantees from government employees or formal sector workers – who tend to be men – effectively reinforces gender-based inequalities.

### **Men - the other half of a gender-balanced economy**

UNCDF and its partners have addressed the role of men – as clients, as family members of female clients, and as staff – in the effort to empower poor women economically.

Experience has revealed that female clients in solidly established women's programmes could accommodate the introduction of male clients without giving up either the space or the autonomy that they had achieved for themselves within their credit groups. In fact, interacting with men as peers may be more empowering for women than having separate credit groups, once their capabilities and confidence are affirmed.

*Source: UNCDF 2002*



### **Economic empowerment in post-conflict situations**

Women play a crucial role in fragile states and in rebuilding post-conflict societies. War often takes the hardest toll on women and children and traditional gender roles are challenged. As a consequence, the post-conflict phase in fragile states provides an opportunity to change conditions which have contributed to inequality.

Providing women with economic resources and income generating activities serve the goals of gender equality as well as sustainable development. As a case in point, Danida, in partnership with UNDP and a Liberian NGO, supports the economic empowerment of women in Lofa county, Liberia, aiming to provide women with a livelihood through micro-finance, business management, vocational and literacy training. Psycho-social counselling is provided in the communities to which the women belong with the aim of post-conflict reconciliation.

The enabling environment to promote women's economic empowerment encompasses several 'markets' in fragile states as well. For practical reasons, however, support may focus on infrastructure in the early phases of a post-conflict situation.



## SUGGESTED ACTIONS IN THE PRIVATE SECTOR

Since the 1980s donors, NGOs and governments have worked with a wide range of initiatives and programmes in support of women's economic empowerment. There are plenty of lessons learnt on what you can do – and what you should not do – to strengthen the position of women in a variety of economic spheres and markets. Some of these lessons learnt have been translated into selected suggestions for action below. They should be seen as a complement to the suggested actions and interventions included in the 'Smart Economics Framework' box above.

### **A: Examples of gender equality promotion in policy development**

- Support national strategies for private sector development that promote enabling business environments for female entrepreneurship.
- Identify dialogue partners - if deemed relevant promote the establishment of gender focal points in ministries and organisations relevant to private sector development.
- Support initiatives that increase women's business opportunities (training, incubators, and start-up grants).
- Promote female-owned businesses in supply chains and in public-private dialogue.
- Support women's business networks and purchasing associations.

### **B: Examples of gender equality activities in the private sector**

- Promote the business case for targeting women in the financial market and promote reform of financial institutions to increase women's access to financial services, such as regulations on collateral requirements.
- Promote legislative reform measures regarding property rights.
- Support micro-finance initiatives with a gender sensitive approach, including gender sensitivity in bank training programmes.
- Promote a certification system for good gender practices in firms.

- Promote legislative reform measures for gender equality in the labour market.
- Support women's access to vocational training programmes.

**C: Examples of monitoring and evaluation activities**

- Support the development of national monitoring and evaluation systems with gender sensitive indicators.
- Support research on the implications of business legislation on female and male entrepreneurs.

### **Further reading**

- IFC. Integrating Gender Equality in IFC Managed Technical Assistance Programs. Gender Entrepreneurship Markets.
- IFC Women's Networks – More than Business. Gender Entrepreneurship Markets Quick Notes.
- IFC. Incubating Women's Businesses – What Works? Gender Entrepreneurship Markets Quick Notes.
- UNCDF. Supporting Women's Livelihoods. Microfinance that Works for the Majority. A Guide to Best Practices. January 2002.
- World Bank, Gender Equality as Smart Economics: A World Bank Group Gender Action Plan, September 2006
- World Bank. Engendering Development - Through Gender Equality in Rights, Resources and Voice. World Bank and Oxford University Press, 2001.
- OECD. "Enhancing Women's Market Access and Promoting Pro-Growth", Chapter 5 in Promoting Pro-Poor Growth. 2006.

### **Relevant websites:**

[[www.ifc.org](http://www.ifc.org)]

[[www.worldbank.org](http://www.worldbank.org)]

[[www.uncdf.org](http://www.uncdf.org)]

[[www.ilo.org](http://www.ilo.org)]

### *Notes*

1. *Engendering Development through Gender Equality in Rights, Resources, and Voice. World Bank Policy Research Report, 2001*

2. *Gender Equality as Smart Economics: A World Bank Group Gender Action Plan, September 2006*



# GLOSSARY OF GENDER TERMS

This section offers a brief glossary of some of the frequently used gender terms in the booklets. Definitions are primarily drawn from the World Health Organisation and the European Commission.

## **Affirmative action**

Measures targeted at a particular group and intended to eliminate and prevent discrimination, or to ameliorate existing disadvantages.

## **Focal points**

Gender focal points are individuals given a particular responsibility for gender equality in an organisation. Given the right circumstances, networks of gender focal points can be a useful method to promote gender equality in a large-scale programme.

## **Gender**

Social (as opposed to biological) differences between women and men. These differences have been acquired; they are changeable over time and have wide variations both within and between cultures.

## **Gender analysis**

The study of differences in conditions, needs, participation rates, access to resources, control of assets, decision-making powers, etc. - between women and men in their assigned gender roles. Booklet 4 gives an introduction to gender analysis at country level, whereas details on gender analysis can be found in Booklet 5 with examples of gender analysis in agriculture, education, health, private sector and good governance initiatives.

## **Gender audit**

The analysis and evaluation of policies, programmes and institutions in terms of how well they apply gender-related criteria.

## **Gender budgeting**

Gender-based assessment of budgets, incorporating a gender perspective at all levels of the

budgetary process and restructuring revenues in order to promote gender equality.

## **Gender equality**

Gender equality means that all human beings are free to develop their personal abilities and make choices without the limitations set by strict gender roles. Different behaviour, aspirations, and needs of women and men are considered, valued and favoured equally.

## **Gender equity**

Gender equity means fairness and justice in the distribution of benefits and responsibilities between women and men. It often requires women-specific programmes and policies to end existing inequalities.

## **Gender mainstreaming**

Incorporation of a gender equality perspective in all development policies, strategies, and interventions at all levels and at all stages by the actors normally involved therein. Considering both men's and women's wishes, needs, and experience in design, implementation, monitoring and evaluation of policies and efforts.

## **Gender relations**

The relationship and power distribution between women and men in a given socio-cultural context.

## **Masculinity**

The quality or condition of being male in a given social context. Some cross-cultural elements, such as aggression, strength, and assertiveness have traditionally been considered male characteristics. However, the socially and historically constructed male characteristics need to be seen in their specific historical, cultural, and social context.

## **Reproductive rights**

Reproductive rights rest on the recognition of the basic right of

all couples and individuals freely and responsibly to decide on the number, spacing, and timing of their children. The right includes the information and means to decide freely and access to the highest standard of sexual and reproductive health.

## **Sex-disaggregated statistics**

The collection and separation of data and statistical information by sex to enable comparative analysis; sometimes referred to as gender-disaggregated statistics.

## **Special interventions**


Special interventions are efforts aimed at creating fundamental structural changes in institutions, policies, legislation, and allocation of resources to promote gender equality between men and women, based on the specific needs in the individual country, policy area or organisation. Special interventions can be stand-alone projects or programmes identified to complement mainstreamed sector programmes in a country programme.

## **Women's empowerment**

The empowerment of women concerns women gaining power and control over their own lives. It constitutes an important part of the efforts to bring about equal opportunities for men and women and involves awareness raising, building self-confidence, expansion of choices, increased access to and control over resources and actions to transform the structures and institutions which reinforce and perpetuate gender discrimination and inequality.

## **Women's rights**

The rights of women and the girl child are an inalienable, integral, and indivisible part of universal human rights.



# GLOSSARY OF GENDER TERMS

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*Photo:* Danida, Adam Rogers / UN Capital Development Fund, COWI A/S, Stig Stasig

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