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Women in the Economy: An Untapped Resource for Growth in the Asia-Africa Region

Renana Jhabvala

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Key Recommendations

- Inclusive Approach is desirable for achieving economic growth whilst ensuring gender equality and women empowerment in African countries.
- Creation of self-help and micro-finance groups in Africa based on Indian model would ensure women empowerment and financial inclusion.
- Inclusion of women enterprises in the supply chains of the public sector as well as large companies can help in enhancing their markets to a great extent.
- Enhancing public investment in the area of child-care and education services and in working mothers-support services would push up women labour participation, generate jobs in the child care sector and will have long term benefits for the child's social development.
- The establishment of the proposed 'Asia-Africa Women's Economic Growth and Empowerment Fund' would ensure development across continents by building a network of women's economic organizations to support one another through sharing knowledge and the various possible opportunities of trade.

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Renana Jhabvala*

Abstract: Ensuring women participation in the economy requires access to skills, technology and finance. India and Japan have supported such initiatives in Asia and Africa in the past, but a joint effort in the form of Asia Africa Growth Corridor will be a catalyst for ensuring gender equality and women empowerment. Financial inclusion is a driver of women empowerment and entrepreneurship. The success of India and Bangladesh in micro-finance and self-help groups and other such experiences can be replicated in Africa to speed up women's inclusion. Similar experiences in Africa could also be replicated in Asian economies. Another area of intervention is to develop inter-country and inter-regional markets for women entrepreneurs. There is need for public investment in child care and educational services to create space for women's participation in economic activity. Under the aegis of Asia Africa Growth Corridor, an Asia-Africa Women Economic Growth and Empowerment Fund may be created to facilitate exchange of experiences across Asia and Africa.

Keywords: AAGC, women empowerment, entrepreneurship, financial inclusion

Women constitute a major growth potential for the emerging economies in Asia and Africa regions; a valuable resource which if properly nurtured can give a strong push, not only to economies, but also to societies in which they live; creating growth with nurturance and humanity. Women in Asian and African countries have considerable similarity and, when given the opportunity, easily communicate with one another over distance and language. The communication is often over their shared work, their shared place in the society and their shared experience as mothers. The focus of this paper is to understand

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and build on their shared similarities to integrate them better into the economy and thereby enhance the process of growth itself. The communication, linking and exchange of experiences and resources between women across the Asian-African Region would strengthen their position in their local societies, leading to greater empowerment and to more robust and resilient societies.

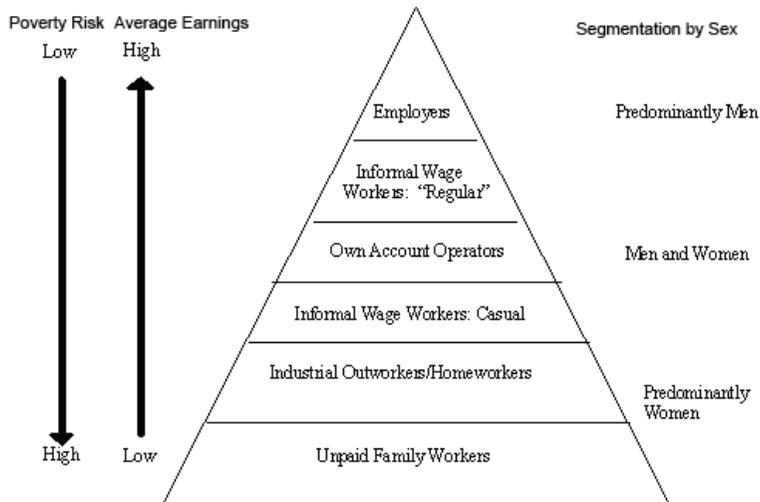
Women, Work and the Economy

Empowering women and reducing gender gaps at work are central to the Sustainable Development Goals 2030, yet in both Asia and Africa, women face considerable gaps in the economy. Men's work participation in all these countries is generally higher than of women, although there exists considerable differences among the countries of the region. The women's average work participation rate in South-East Asia and in Sub Saharan Africa is as high at over 60%, and in South Asia and North Africa is low around 25% (UNHLP).

In Asia and Africa both, a majority of women work in the informal economy. And in South Asia, non-agriculture informal employment for women is over 75%, and in East Asia, it is over 60%.¹ Similarly, in the sub-Saharan Africa, informal employment in all the reported countries accounts for a significant share in the total non-agricultural employment, ranging from 33 per cent in South Africa to 82 per cent in Mali. Even in a developed country, like Japan, informal employment is just under 40%² (women and men in the informal economy).

These women in the informal economy are the more vulnerable women towards whom the efforts and policies should be aimed. They tend to be paid lower and are in more vulnerable occupations than the men (Figure 1).

Hierarchy of Earnings and Poverty Risk by Employment Status and Sex



Women for Inclusive Growth

If all these excluded women, the uncounted women, the women who are in the informal economy, those being paid lesser than men, those with a few opportunities, are brought into the economy as equal partners, given access to skills, technology and finance, all the economies would begin to grow at the unprecedented rate.

According to the Mckinsey Global Institute, there was 27% more potential for economic growth if women were fully included in the economy. The percentage was even higher for the South Asia and Africa regions. The potential for growth would increase by 47% in North Africa and 60% in India if women are fully integrated into the economy.

In the East Asian region, the emergence of the fast-growing economies during the 1990s and early 2000s was by a wholesale

inclusion of women in the workforce. As women transformed their roles from rural home makers to factory workers and self- employed entrepreneurs, the economies grew at an extraordinary pace.

Inclusion of women fully in the economy would increase employment, income and growth and will make the economy more humane too. Women spend their income in nurturing their families and communities. Women spend more on family needs of food, housing, clothing and education, while a larger percentage of men's income is used for their personal needs. Furthermore, when it comes to public spending, women approve public spending related to home needs such as water, sanitation and safety, as compared to men, preferring to larger infrastructure.

In other words, including women in the economy would lead to faster growth, more employment and income and better nurturance of family and society.

Sustainable and Innovative Development

The Vision for Asia Africa Growth Corridor envisages partnership for a sustainable and innovative development. It would be through enhancement of capacities and skills and through people- to- people partnerships. This is especially relevant in view of the fact that the Governments of India and Japan have similar objectives regarding women empowerment of women, increasing their economic opportunities and entrepreneurship and access to financial and digital inclusion.

The Government of Japan has consistently supported these goals in the Asia and Africa regions directly through South- South as well as triangular projects. It has also supported and harmonized efforts of multilateral agencies. Similarly, the Government of India has supported projects for empowerment of women in South Asia as well as East Asia and in countries of East Africa. A joint effort of

both the Governments would result in increased gender equality and empowerment of women in both Asian and African regions.

How can this be done? There is a considerable experience in the Asian region on strengthening women's economic inclusion. According to the UN High Level Panel for Economic Empowerment of women, there are seven drivers for women's economic empowerment. They are as follows.

Seven Drivers for Women's Economic Empowerment

1. Resolving adverse social norms and promoting positive role models
2. Ensuring legal protection and reforming discriminatory laws and regulations
3. Recognizing, reducing and redistributing unpaid work and care
4. Building assets—digital, financial and property
5. Changing business culture and practice
6. Improving public sector practices in employment and procurement
7. Strengthening visibility, collective voice and representation

Many of these drivers have been used in Asian countries and have proved effective in promoting economic empowerment of women, especially the ones at the base of the pyramid. A joint partnership between governments, businesses and organizations of women themselves can have a strong synergetic impact.

Financial Inclusion as Driver of Growth

Financial inclusion has broadly been recognized as critical factor in reducing poverty and achieving inclusive economic growth. Financial inclusion is not an end in itself, but a means to an end—there is growing evidence that it benefits individuals substantially. Studies have indicated that when people participate in the financial system, they are

able to start better and expand their businesses, invest in education, manage risk, and absorb financial shocks. Access to accounts and to savings and payment mechanisms increases savings, empowers women, and boosts productive investment and consumption. Access to credit also has positive effects on the consumption—as well as on the employment status and income and on some aspects of mental health and outlook. The benefits go beyond individuals. Greater access to financial services for both individuals and firms may help reduce income inequality and accelerate economic growth (World Bank Financial Inclusion Index³).

Women empowerment through financial inclusion and entrepreneurship has a history of more than three decades in the Asian region; however more recently countries in Africa have been successful in bringing women together into groups and in various forms of both financial inclusion and livelihood through entrepreneurships.

Over the years, there have been attempts to improve women's financial inclusion. In India, the first such attempt was in 1976 with SEWA Bank in Ahmadabad, India, a bank of women in the informal economy, which flourished and even at present offers a variety of financial services, ranging from savings and loans to insurance and pensions. This in 1983 was followed by founding of Grameen Bank in Bangladesh which has become a model for reaching out to poor women worldwide.

In India, the self-help group movement was started by a group of NGOs, most notably Myrada, and was soon adopted as a policy by the Government. The self-help groups encouraged by all these efforts formed were quite remarkable as these encouraged women to come together, to save and eventually to take loans. Although many loans are for the much-needed consumption, but a sizeable number is used for small businesses. In the rural areas, these could be loans for livestock, for farming, for small shops etc. and in urban areas, they were mainly for trade or for small manufacturing.

In India, women in almost all rural areas and in many urban areas tend to take part in some self-help groups or Joint liability Groups (JLGs). Many States have actively promoted these groups to form federations and many Government programmes are channelized through them. The Kerala Kudumshree is a good example of such a development.

The success of the Indian and Bangladeshi micro-finance and self-help groups was noticeable as it was built on a traditional form of group savings and lending existing for centuries⁴. These traditional groups or ROSCAS have been incorporated into the modern financial systems as JLGs or SHGs and have become a source of financial inclusion for poor women.

In many African countries, similar savings groups are being operated traditionally by women. Some of these are traditional ROSCAS and some are “funeral groups” where women save to use for funerals and death duties; which are quite expensive.

In many African countries there have been attempts to build on these traditional forms of self help and to increase financial inclusion. Financial inclusion in African countries is somewhat lower than the rest of the world. Middle East and North Africa (MENA) region has the lowest percentage of adults with a formal account (18%) and of poor people with formal access to financial services (9%). In Sub-Saharan Africa, there is large heterogeneity among countries and sub- regions, and overall only 24% of the adult population have bank accounts at formal financial institutions; half of the global average (CGAP).

However, in recent times in many of these countries, government plays a role in financial access through social funds or support to microfinance industry. Through the efforts of governments as well as international agencies, there has been considerable change in women’s financial inclusion in the last decade, leading to their empowerment.

Women's World Banking is such an example of a global non-profit, devoted to giving more low-income women access to financial tools and resources required to build security and prosperity. The WWB network consists of a large number of financial institutions catering mainly to informal sector and poor people (of which over 60% are women).

It seems that the world is ready for an explosion of financial inclusion in countries where traditionally formal finance institutions were limited. As far as women are concerned, experiences in Asia can serve to speed up women's inclusion in Africa. At the same time there are many innovative experiences in Africa, such as digital financial inclusion in Kenya, which can serve as learning for financial inclusion in India and in other Asian countries.

Women's Enterprises and Trade

Self-employment is a way of life for women in many of the Asian and African countries. In rural areas, small farms and livestock are primarily handled by women, and in urban areas, women tend to be home-based producers and artisans, street-vendors and may undertake other activities in the informal economy.

However, women's enterprises tend to be smaller and unproductive owing to lack of finance, skills, technology and steady markets. There are many excellent examples in both Asia and Africa where inputs of skills and technology have helped women to grow their enterprises, become more productive. Since most of these enterprises start off with a low capital, an effective way to bring them into the market and up the value chain is to help them to create women's co-operatives or joint companies in the form of social enterprises.

Large businesses in the country as well as international businesses can be helped by procuring from these women enterprises. Procurement of orders is often a challenge for small women

entrepreneurs as well as for the social enterprises created by them. By reaching out to such small women enterprises, larger businesses can definitely help women to grow their business.

A growing number of large companies, driven by businesses, community impact and reputation interests, are working to build economic opportunities for women in their supply chains and to provide market-specific trainings and other supports to women, who are often in partnership with the public sector. Some of these companies are members of WeConnect International, a nonprofit organization, which identifies, certifies and provides training to women- owned enterprises and connects them to qualified local and multinational companies.

Trade within the region to give access of markets that can benefit women's small enterprises is another growth area. Inter-country and inter-regional markets need to be developed for women to reach out and earn a better living. The "Sabahs" or South Asia Business Association of Home-based Workers is a good example of how women artisans, food producers and other types of home-based workers have built social enterprises in their own countries. The Sabahs have learnt from one another and from the SEWA Trade Facilitation Centres in India to become successful enterprises while providing employment to hundreds of women.

Furthermore, the Sabah's have traded their products across borders in exhibitions and through mutual trade agreements to enhance their markets. Similar experiments have been undertaken between Indian and African women groups. Weaver women from Ethiopia organized by women group, WISE, benefitted from design inputs of Indian designers and participated in Indian exhibitions where Ethiopian cotton goods were much appreciated and thus led to increase their outputs and earnings.

Support for Care Work

One of the reasons why women tend to be left out of the economy and why their earnings and productivity are lesser than men is owing to the fact that they have the responsibility of care; especially care of children. Most governments do not support child-care programmes for small children. The ICDS, the major child-care programme in India, is more of a nutrition and pre-school programme rather than a child-care programme to support working mothers.

Access to affordable high-quality child-care and pre-primary services and education for children is a challenge confronting women around the world, especially in developing countries and for poor families in high-income countries. Public investment in child-care services would boost women's labour-force participation, would create paid jobs in the care sector, would generate long-term social benefits for the development of children and for educational attainment and skill levels of future workers and citizens, and, in developing countries, would spare time of older children in the family (typically girls); confirmed by evaluations in Guatemala and Colombia (UNHLP).

The Way Forward

As explained, there are a large number of experiences in India, as well as in other Asian countries, which can be tapped to build growth across continents through women's economic power.

We propose an *Asia-Africa Women's Economic Growth and Empowerment Fund* which would take experiences from India as well as other countries of Asia to willing participants in African countries. At the same time the unique experiences from African countries would be shared in the Asian region. The Fund would aim towards building a network of women's economic organizations to support one another through knowledge sharing as well as through possible avenues of trade.

In particular, such a Fund should have the following:

- Reach to women in the informal sector and rural economy
- Address financial inclusion through self-help groups and other forms of collective organization
- Intervene to build women’s entrepreneurship, preferably through social enterprises
- Support women in care work while they participate in economic activities
- Build networks of experience- sharing, knowledge- sharing and mutual trade across continents of Asia and Africa.

The Fund should be available to the following:

- Organizations in India which have documented long-standing experience in women’s economic empowerment, financial inclusion or enterprise building and have links with African countries for sharing experiences.
- Organizations in African countries wishing to learn from experiences in Asia to build women economic groups or institutions.
- Organizations in Asia or Africa with the capability of building Asia-Africa networks for knowledge-sharing or mutual trade.

Endnotes

¹ With Thailand as an exception at 42%

² In OECD countries, informal employment tends to be defined differently and includes part-time workers and temporary workers, not covered by employers’ social security as well as own-account self- employed.

³ <http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf>

⁴ These groups have different names in different parts of India, called “bisi” in Gujarat, “committee” in many Northern States.

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