



STRENGTHENING ECONOMIC GROWTH THROUGH INVESTMENTS IN GENDER EQUALITY

SOCIAL DEVELOPMENT DIRECT
FACTSHEET SERIES

IN COLLABORATION WITH USAID



Ensuring women and children have greater access to and control of key resources and opportunities helps to promote economic growth, reduce poverty and build healthy communities. Addressing the needs of women and girls as part of efforts to promote economic prosperity can have substantial spillover benefits and foster economic security and stability for women and men, their families and whole communities.

GENDER EQUALITY IS POSITIVELY CORRELATED WITH REDUCTIONS IN POVERTY AND INCOME INEQUALITY

- There is a positive correlation between gender equality and gross domestic product (GDP) per capita, the level of an economy's competitiveness¹ and human development. Countries with higher gender equality rank higher on the United Nations Human Development Index and have higher GDPs.²

ADDRESSING GENDER INEQUALITY MAY INCREASE ECONOMIC GROWTH

- A McKinsey Global Institute study that mapped 15 gender-equality indicators for 95 countries found that advancing women's equality and narrowing the global gender gap in work could double the contribution of women to global GDP growth between 2014 and 2025—equivalent to adding \$12 trillion to global growth.³
- A study analyzing data from 20 semi-industrialized countries showed that for every one percentage point increase in the share of household income generated by women, national savings increased roughly 15-fold. A higher savings rate translated into a higher tax base.⁴

INCREASING WOMEN'S INCOME CAN LEAD TO HIGHER CONSUMPTION SPENDING, WHICH CAN IN TURN BENEFIT TRADING AND EXPORTS

- Increased female labor force participation is positively correlated with growing household income. Women control between 70-80 percent of all consumer purchases, buying on behalf of the people who live in their households, as well as for extended family and friends⁵—worth an estimated \$40 trillion in increased consumption spending.⁶
- Increased consumer spending by women is likely to result in increased consumption of a country's goods and services. Evidence suggests that as U.S. partner countries become richer and better integrated in the global economy, they purchase more American goods.

WOMEN ARE MORE LIKELY TO INVEST IN EDUCATION OUTCOMES WHICH CONTRIBUTE TO LONG-TERM ECONOMIC GROWTH

- Women's greater control over household resources, either through their own earnings or cash transfers, can enhance economic growth by changing spending in ways that benefit children. Evidence from Brazil, China, India and South Africa shows that when women control more household income, children's wellbeing improves because of increased spending on food and education.⁷

- There is a considerable body of evidence linking improved education outcomes to increased economic growth.⁸ For example, an analysis of international exams shows that student outcomes explain some 75 percent of recent economic development. A study of the Program for International Student Assessment (PISA)—a triennial survey of 15-year-old students around the world—found that a 50 PISA-point increase in educational achievement translates into a one percent increase in economic growth, over time.⁹

ELIMINATING WORKPLACE DISCRIMINATION AGAINST WOMEN CAN IMPROVE STAFF MORALE, RETENTION AND INCREASE THE PIPELINE OF QUALIFIED WOMEN FOR LEADERSHIP

- Workplace discrimination reduces women’s earnings and slows their career trajectories, resulting in lower socio-economic status. It can also reduce the pipeline of qualified women for leadership positions, lower morale and increase staff turnover. In more than 100 countries, women have higher education qualifications than men, but are less likely to participate in labor markets and in skilled and senior roles—a considerable loss of talent and potential for increased productivity.¹⁰

REDUCING AND REDISTRIBUTING WOMEN’S UNPAID CARE WORK CAN INCREASE WOMEN’S ACCESS TO EMPLOYMENT AND INCREASE PRODUCTIVITY¹¹

- A decrease¹² in women’s unpaid care work is related to a ten-percentage point increase in women’s labor force participation rate.¹³
- In Bangladesh, access to affordable electricity has reportedly reduced time spent by women on household tasks by 70 percent, freeing up time for employment and leisure. Inadequate sanitation in India cost the economy \$213 million due to loss of time at work and school; while in Vietnam time-savings from improved sanitation could save \$41.6 million per year.^{14,15}

FACILITATING WOMEN’S ENTREPRENEURSHIP BENEFITS ECONOMIC DEVELOPMENT

- Women entrepreneurs make significant contributions to economic growth. It is estimated that female-owned small and medium-sized enterprises (SMEs) represent 31-38 percent of formal SMEs in emerging markets. These firms represent a significant share of employment generation and economic growth potential.¹⁶

WOMEN LEADERS CAN STRENGTHEN COMPANY PERFORMANCE

- Women leaders and companies with greater gender equality in their workforce are better able to attract and retain female talent, motivate their female employees, understand and respond to the needs of female customers and better address complex problems by incorporating more diverse views.¹⁷
- A McKinsey study found that companies with three or more women in senior management positions score higher in all dimensions of organizational effectiveness.¹⁸

WORK THAT ECONOMICALLY EMPOWERS WOMEN REMAINS SCARCE

- The vast majority of women still work in insecure, informal employment, with lower wages relative to men and without employment benefits. For example, in 2016, 82 percent of women in Southern Asia were in vulnerable employment, compared with 72 percent of men.¹⁹
- Women's limited access to "decent work" is largely due to gender differences in education, training and experience; discrimination; social norms; and the unequal distribution of unpaid care and domestic work.²⁰

WOMEN HAVE LIMITED ACCESS TO FINANCE AND ASSETS

- Female entrepreneurs tend to have less access to finance than male entrepreneurs. One percent of countries have completely restrictive legislation on women using financial services; an additional 35 percent of countries have somewhat restrictive legislation.²¹
- Women are far less likely than men to own or control key physical assets, such as land, housing, large agricultural equipment and large livestock. Ownership of assets can provide vital sources of income and can facilitate access to credit—enabling investments into other productive physical assets or education.²²
- Discriminatory inheritance and property ownership laws remain a challenge in some regions.²³ Only 58 percent of countries have full legal gender parity in access to land, while 45 percent have equal access to non-land assets.²⁴
- The new Women's Entrepreneurs Finance Initiative, launched at the G20 Leaders' Summit in June 2017 by the World Bank with support from 13 different countries, will help address this barrier by making more than \$1 billion available to improve access to capital for women and women-led small- and mid-size businesses in developing countries.²⁵

GENDER STEREOTYPES LEAD TO INEQUALITY IN CARETAKING RESPONSIBILITIES

- Women's domestic and caring responsibilities limit their ability to take up economic opportunities, or force them into low-paid or less secure jobs.²⁶ Women spend twice as much time on household work than men and almost five times more on childcare.²⁷ Women's unpaid care work contributes \$10 trillion a year globally, or 13 percent of global GDP.²⁸

GENDER DIFFERENCES IN EDUCATION AND TRAINING CAN CONSTRAIN WOMEN'S ECONOMIC EMPOWERMENT AND SLOW ECONOMIC GROWTH

- Despite advances in girls' education, in 21 countries girls average fewer than five years of schooling.²⁹ Unequal access to education for girls is estimated to hinder economic growth by 1.5 percent of GDP growth a year.³⁰ In the East Asia and Pacific region, gender gaps in education cost \$16-30 billion annually.³¹
- A rigorous review of 96 studies evaluating programs aiming to economically empower

women rated high-quality business management training as “promising” for low-income women.³² For example, findings from a six-week free business skills training course for poor female micro-entrepreneurs in rural Mexico showed that participants have increased earnings, higher profits, serve a greater number of clients, are more likely to use formal accounting techniques and more likely to be registered with the government.³³

GENDER-BASED VIOLENCE CAN REDUCE WOMEN’S FREEDOM OF MOVEMENT AND ACCESS TO FINANCIAL AND ECONOMIC OPPORTUNITIES

- Gender-based violence (GBV) can incur major economic costs and impacts economic growth in a variety of ways, including absenteeism, lost productivity and staff turnover. Worldwide, 35 percent of women are victims of physical and/or sexual violence in their lifetime.³⁴ Costs associated with GBV have been estimated at around three percent of global GDP, due to lost productivity alone.³⁵
- Violence and harassment experienced in public spaces and during transportation can act as a barrier to women’s economic empowerment, by constraining access to work opportunities, education and markets.³⁶ In Mexico City, women’s earnings are three times higher in the city center, but over half of women experience sexual harassment using public transportation, leaving them with a difficult trade-off between economic opportunity and personal security.³⁷

¹ Based on Global Competitiveness Index (2015-2016), which measures the competitiveness of 138 economies, based on 114 indicators on areas such as infrastructure, macroeconomic environment, health and primary education, higher education and training, and innovation. Available [here](#).

- ² World Economic Forum (2015). *Global Gender Gap Report 2015*. Available [here](#).
- ³ McKinsey Global Institute (2015). *The Power of Parity: How Advancing Women's Equality can add \$12 trillion to Global Growth*. Available [here](#).
- ⁴ National Center for APEC. (2011). *Summary Report: APEC Women and the Economy Summit*. Available [here](#).
- ⁵ Brennan, B. (2015). 'Top 10 Things Everyone Should Know about Women Consumers', *Forbes Magazine*, Jan 21, 2015. Silverstein, M and Sayre, K (2009). 'The Female Economy', *Harvard Business Review*, Sept 2009. Available [here](#).
- ⁶ WEF (2017) *Accelerating Gender Parity Toolkit*. Available [here](#)
- ⁷ World Bank (2012). *World Development Report 2012: Gender Equality and Development*. Washington DC: World Bank. Available [here](#).
- ⁸ For example: Hanushek, E. and Woßmann, L. (2010). 'Education and Economic Growth' In: Peterson et al (Eds), *International Encyclopedia of Education. volume 2*, pp. 245-252. Oxford: Elsevier; Woßmann, L (2015) 'The economic case for education', *Education Economics*, Vol 24: 3-32. Available [here](#).
- ⁹ Countries' average annual rate of growth of real GDP per capita in 1960–2009 was plotted against the educational achievement scores of their populations using the PISA score. See: Woßmann, L (2015) 'The economic case for education', *Education Economics*, Vol 24: 3-32
- ¹⁰ WEF (2017). *Accelerating Gender Parity Toolkit*. Available [here](#).
- ¹¹ Recommendation and Driver 3; UN High Level Panel on Women's Economic Empowerment (2017) *Leave No One Behind, Taking Action for Transformational Change on Women's Economic Empowerment*, Report of the UN Secretary General's High-Level Panel on Women's Economic Empowerment. Available [here](#).
- ¹² Based on a decrease in the female-to-male ratio of time devoted to unpaid care activities from almost 8:1 to just over 1:1 (controlling for GDP per capita, fertility rate, urbanization rate, maternity leave and gender inequality in unemployment and education), with increase in female labor force participation (% of total labor force) from approx. 35% to over 45% (Source: Ferrant G, 2014 – see next footnote).
- ¹³ Ferrant, G. (2014). *Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes*, Paris: OECD Development Centre. Available [here](#).
- ¹⁴ Asian Development Bank (2015). *Balancing the Burden? Desk Review of Women's Time Poverty and Infrastructure in Asia and the Pacific*. Mandaluyong, Philippines: Asian Development Bank. Available [here](#).
- ¹⁵ Mohun, R. & Biswas, S. (2016). *Infrastructure: A Game-Changer for Women's Economic Empowerment*, A Background Paper for the UN Secretary-General's High-Level Panel on Women's Economic Empowerment, London: ICED Programme. Available [here](#).
- ¹⁶ Global Partnership for Financial Inclusion / International Finance Corporation (2011). *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*. Available [here](#).
- ¹⁷ UN Secretary General's High-Level Panel on Women's Economic Empowerment (2017). *Leave No-One Behind: Taking Action for Transformational Change on Women's Economic Empowerment*. Available [here](#).
- ¹⁸ McKinsey & Company (2014). *Women Matter*. London: McKinsey & Co. Available [here](#).
- ¹⁹ ILO (2017). *World Economic Outlook 2017: Trends for Women*, Geneva: ILO. Available [here](#).
- ²⁰ UN Women (2015). *Progress of the World's Women 2015-2016*, New York: UN Women. Available [here](#).
- ²¹ WEF (2016). *Global Gender Gap Index 2016*. Available [here](#).
- ²² Doss, C et al (2012). *The Rural Gender Asset and Wealth Gaps: Evidence from Ghana, Ecuador, Uganda and Karnataka, India*. Bangalore: Indian Institute of Management Bangalore. Available [here](#).
- ²³ UN Women (2015). *Progress Report of the World's Women 2015-2016: Transforming Economics, Realizing Rights*. New York: UN Women
- ²⁴ WEF (2016). *Global Gender Gap Index 2016*. Available [here](#).
- ²⁵ For more info, see [here](#).
- ²⁶ Melamed, C. (2016). *Women's Work: Mothers, children and the global childcare crisis*, Policy Brief. London: ODI. See [here](#).
- ²⁷ Berniell, M. and Sánchez-Páramo, C. (2011). *Overview of Time Use Data Used for the Analysis of Gender Differences in Time Use Patterns*. Background Paper for the World Development Report 2012.
- ²⁸ UN Secretary General's High-Level Panel on Women's Economic Empowerment (2017) *Leave No-One Behind: Taking Action for Transformational Change on Women's Economic Empowerment*. Available [here](#).
- ²⁹ Afghanistan, Benin, Burundi, Cambodia, Central African Republic, Côte d'Ivoire, the Democratic Republic of the Congo, Gambia, Haiti, Liberia, Malawi, Mali, Mauritania, Mozambique, Niger, Pakistan, Rwanda, Sierra Leone, Senegal, Sudan and Yemen
- ³⁰ Chaaban, J. and Cunningham, W. (2011). *Measuring the Economic Gain of Investing in Girls: The Girl Effect Dividend*, World Bank Policy Research Working Paper. Available [here](#).
- ³¹ ILO and ADB (2011). *Women and labour markets in Asia – Rebalancing for Gender Equality*, Geneva: ILO. See [here](#)
- ³² Buvinic, M. and O'Donnell, M. (2016). *Revisiting What Works: Women, Economic Empowerment and Smart Design*, Washington D.C.: Center for Global Development. Available [here](#).
- ³³ Calderon, G., Cunha, J. and De Giorgi, G. (2013). 'Business literacy and development: Evidence from a randomized controlled trial in rural Mexico', *The National Bureau of Economic Research*, no. 19740. Available [here](#).
- ³⁴ WHO, London School of Hygiene and Tropical Medicine, and South African Medical Research Council (2013) *Global and regional estimates of violence against women: Prevalence and health effects of intimate partner violence and nonpartner sexual violence*. Geneva: WHO. Available [here](#).
- ³⁵ Klugman, J., et al (2014). *Voice and Agency, Empowering Women and Girls for Shared Prosperity*. Washington, DC: World Bank. Available [here](#).

³⁶ Fraser, E., et al (2017). *Violence against Women and Girls, Infrastructure and Cities Briefing Paper*, London: Infrastructure and Cities for Economic Development (ICED). Available [here](#).

³⁷ Dominguez Gonzalez, K (2016). 'When good transport alone doesn't bring jobs closer to women: insights from Mexico City', World Bank Transport for Development Blog, 12 January 2016. Available [here](#).