The economic benefits of investing in women and girls

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Investing in women is the right thing to do and is smart economics

“Forget China, India and the internet: economic growth is driven by women.”
The Economist, April 2006.
Why is this important?

Relationship between poverty and gender

Poverty headcount ratio (in percent) Poverty line: US$2/day, Average 2000-2007

Gender-related development index (GDI) 2007

\[ R^2 = 0.788 \]
Gender equality is smart economics

- Increased gender equality in households, markets and society
  - Women have better access to markets
    - Increased women’s labor force participation, productivity and earnings
      - Income / consumption expenditure
        - Current poverty reduction and economic growth
        - Differential savings rate
          - Future poverty reduction and economic growth
          - Better health and educational attainment & greater productivity as adults
            - Improved children’s well-being
              - Mother’s greater control over decision-making in households
                - Women have better education and health
                  - Increased women’s labor force participation, productivity and earnings
                    - Income / consumption expenditure
                      - Current poverty reduction and economic growth
                      - Differential savings rate
                        - Future poverty reduction and economic growth
                        - Better health and educational attainment & greater productivity as adults
                          - Improved children’s well-being
Income transfers to women have larger effects on children’s nutritional status than similar transfers to men.

Women help families weather economic crises
Households send women to work
(% change in labor force participation)

Latin American Crisis (1993-95)

East Asia Crisis (1997-99)

Global Financial Crisis (2008-2009)
Economic downturns are more detrimental to girls’ health

Girls’ Infant Mortality rate higher than boys’ in economic downturns

But we have a long way to go to achieve gender equality.
There has been rapid progress towards gender equality in education

Percentage of countries on- and off-track for MDG3

Yet, the transition from school to work leaves many girls behind.

Source: World Development Indicators 2007
And men’s labor force participation far exceeds women’s.

Source: World Development Indicators 2007
And, while there has been some progress, maternal mortality continues to be high and the gap in rates between rich and poor countries continues to be vast.

Maternal mortality rate
(national estimate, per 100,000 live births)

Source: World Development Indicators 2007 (population weights used).
Adolescent fertility is a risk factor for maternal mortality

..and adolescent fertility is a risk factor for children’s health

Mother’s age is a risk factor for children’s health problems


*The analysis also controlled for mothers 21 to 23 years old.
Empowered women are healthier; healthier women are more productive
Health also affects income

![Graph showing the relationship between adult height measured in cm. and the number of reported sick days or accidents during previous 4 weeks in Colombia and Rural Peru.]

Evidence of programs that work
e.g. CCT program in Malawi improves school attendance, reduces teen pregnancy and early marriage

Effect of the CCT program on women beneficiaries (who were out of school at baseline)

- Probability of getting married: -40%
- Probability of becoming pregnant: -30%
- Onset of sexual activity: -38%

Vocational training in Peru raised employment and income significantly more for young women than for young men.

Labor training program for 20,000 poor urban youth provided classroom training, stipends, and internships lasting 3 months.

Effect of Program on employment and earnings

- Employment
  - Female: 93%
  - Male: -11%

- Earnings
  - Female: 15%
  - Male: 15%

e.g. The effects of female borrowing on household welfare were large (Grameen Bank - Bangladesh)

Impact of a 10% increase in borrowing from Grameen Bank

- Per Capita HH expend.: 0.43 (Women), 0.18 (Men)
- Women's Labor Supply: 0.015 (Women), -0.06 (Men)
- Girls' height for age: 0.99 (Women), -0.19 (Men)

**IMPACTS:**

- Reductions in perceived insecurity, big increases in land investment, and increased rental market activity

- Female-headed HHs with certificates were 20% more likely than male headed hh to make soil & water conservation investments in land & spent 72% more time on these investments

- Finding led to nation-wide scaling up of joint titling, supported by IDA funding (part of $30 million project).

*Source: Deininger, Ali, Alemu, 2008*
e.g. joint land-titling decreased fertility and increased employment in urban Peru

The Peru urban land-titling program distributed 1.6m titles in 5 years.

e.g. Child care program in Argentina increased maternal employment

Large pre-primary school building program: 175,000 places created.

Percentage point increase due to childcare expansion program in Argentina

What does this mean for public policy?

1. Investing in human capital and fostering school-to-work transition
   - CCT programs to reduce girls disadvantage
   - Vocational training programs
2. Increasing entrepreneurship and access to credit
   - Micro-finance
   - Entrepreneurship
   - Land-titling programs
3. Lowering costs of paid work
   - Child-care
4. Increase poor women’s access to public works and employment generation in times of crises.
What does this mean for public policy?

5. Reduce supply and demand side constraints to young women’s access to family planning and reproductive health services:
   • Supply: increase access to prenatal care, skilled care providers, transportation, contraceptive services
   • Demand: CCTs, information.
Thank you