

## Investing in Women – Solving the Poverty Puzzle

### 1. Premise: Women are the missing piece of the poverty puzzle

Being deeply affected by poverty, women also hold great potential to eliminate it. Yet this potential remains largely untapped. Women remain the missing piece in solving the poverty puzzle.

When women are afforded the equality of opportunity that is their basic human right, the potential for economic development is striking. *The Economist* called women “the most powerful engine” of global economic growth, estimating that over the past decade, they have contributed more to such growth than China. At the same time, opening opportunities to women is a proven strategy for tackling poverty’s many manifestations, such as hunger, illiteracy, malnutrition and disease, and maternal and infant death.

In 2000, world leaders pledged to cut poverty by half by 2015. Yet with just six years to the deadline, it is clear many countries must take a radically different approach to reach the goal.

### 2. The Challenge: Women are missing – and missing out

For women, poverty means more than having little or no income. It means lacking control over their income, even in the family. It means missing opportunities because they lack power and voice. It means missing out because they are undercounted, undervalued, underserved, and underrepresented.

Women are missing – and missing out – on many fronts. The value of women’s unpaid work is estimated to equal USD \$11 trillion, or almost 50 per cent of world GDP, yet this work is missing from national income accounts leaving women missing out on social security, pension schemes and access to public services. In terms of paid employment, while more and more women are joining the workforce, they are predominantly clustered in informal work – short term, part time or contract work that leaves them missing from employment based pension and health insurance benefits. Even in formal employment, women are paid less than men worldwide; women’s wages are 73-77 per cent of men’s wages and lack similar promotion opportunities. In too many countries, women and girls are denied a solid education and have no access to credit or legal title to land and property: pre-conditions to overcoming poverty. Yet women are also missing from the public decision making structures with the power to shape social and economic policies. As long as social, cultural and economic barriers exclude women from full participation in public life, the solution to the poverty puzzle will remain elusive.

### 3. The Solution: Investing in women

**Investing in women yields multiple dividends: it helps women claim their rights and realize their potential, while benefiting the economy and society as a whole.**

Investing in women means changing systems that discriminate against women and believing in women as agents of change. Equalizing opportunities for education and health, employment and participation in public life provides returns for generations. Countries that no longer limit the participation of one half of society can fully capitalize on their competitive potential in today's world economy.

### 4. Call to Action: Women's potential must be recognized and realized

Societies where women are more equal stand a greater chance of eliminating poverty, starting with reducing it by half by 2015. At this critical juncture between the promise and its realization, poverty remains a complex puzzle. We will neither solve it, nor see the big picture, until all essential pieces are in place.

Our leaders must:

- Educate girls and increase women's 'economic literacy' and political participation;
- Reform discriminatory ownership and inheritance laws to help women embark on asset-building;
- Remember that there is no such thing as a 'gender-neutral budget' – the impact of every fiscal policy, be it relating to taxation, or resource allocation, must be assessed in terms of its impact on the lives of both men and women;
- Improve child-care options and flexibility for working mothers;
- Eliminate the gender gap in wages;
- Include unpaid household work in national income accounts and mandate maternity and paternity leave benefits;
- Give women the 'credit' they deserve: facilitate women's access to credit and finance, coupled with training, as well as involving them in the development of macro-economic policy to ensure it is gender - sensitive;
- Support women's funds to support the women for whom every day is poverty day.

Facts: Women are disproportionately affected by poverty

- More people have been lifted out of poverty in the last **50 years** than in the previous **500**; yet more than **1.2 billion** still subsist on less than \$1 per day. Although poverty data is not reported by sex in most countries, it is widely estimated that women make up the majority of the world's poor—owing to unequal access to resources and opportunities, discriminatory land and inheritance laws, and unequal distribution of household resources. WFP reports that **7 out of 10** of the world's hungry are women and girls.
- More than 1 in 8 women in the U.S., **over 15 million** lived in poverty in 2008. Over **1/3** of these women lived in extreme poverty, defined as income below 50% of the Federal Poverty level.
- Nearly **6 in 10** poor children lived in female-headed families.
- The sub-prime mortgage crisis is taking a higher toll on women – especially women of color. **32%** of women borrowers hold sub-prime mortgages vs. 24% of men; and African American and Latino homeowners were 30% more likely to have received sub-prime loans.
- Of the 12.8 million children living in poverty in the U.S., 8.5 million are being raised in single parent households – **89 percent of which are headed by women**.
- More than two-thirds of the world's unpaid work is done by women – the equivalent of **\$11 trillion or almost 50% of world GDP**, according to a global UNDP study from 1995. Yet women earn just **5%** of the world's income and own **1%** of the property, according to 2006 UNICEF estimates.
- If the average distance to the moon is 394,400km, South African women walk the equivalent of **a trip to the moon and back 16 times a day** to supply their households with water, according to a 2006 UNDP report.
- Women are missing from **poverty statistics** that measure poverty by household, rather than individual: systems of national accounts do not include unpaid domestic work as “productive”.
- Some **60%** of the world's working poor are women, primarily clustered in part-time, contract and other forms of informal employment, which are badly paid, lack job security and all forms of social protection.
- Women in the U.S. currently earn only **77 cents** for every \$1 earned by a man, according to the Institute for Women's Policy Research. In the developing world, the ratio is just **73 cents**, according to World Bank estimates. At the rate the wage gap is closing, women in the US will not see equal earnings until 2050. The disparity is even greater for women of color: African-American women make 63 cents and Latinas make only 52 cents for every dollar of white male earnings. Women account

for **68.4%** of minimum-wage workers in the US, according to the Bureau of Labor Statistics, 2007.

- Elderly women are **70%** more likely to be poor than elderly men.
- In some regions, especially sub-Saharan Africa, women provide **70%** of agricultural labor, produce over **90%** of food, and yet are nowhere represented in budget deliberations, noted the World Economic Forum in 2005.
- **Two-thirds** of children denied primary education are girls and **75%** of the world's 876 million illiterate adults are women, reported the Millennium Campaign in 2007.
- Gender inequality in education and employment in Sub-Saharan African has reduced per capita growth by **0.8%** per annum, according to recent OECD (Organization for Economic Cooperation and Development) estimates.
- The global average proportion of women in Parliament in 2008 is just **18.2%**, according to the Inter Parliamentary Union; the US ranks **69th** with a mere **16%**.
- The BBC reports that only **10%** of directors of UK's FTSE 100 firms are women.
- Women currently hold only **1 in every 10 top** decision-making positions in California's 400 largest publicly traded companies.
- Women account for **less than 1%** of directors on corporate boards in Japan.
- Inadequate reproductive health care limits female labor productivity – in some cases by 20%, costing the world 250 million years of productive life per annum, according to an Alan Guttmacher Institute 2004 study.
- Out of \$69 billion of overseas development assistance made available in 2003, only **\$2.5 billion** or **3.6%** was earmarked for gender equality as a significant or principal objective, according to a 2007 Commonwealth Policy Studies Unit (CPSU) Policy Brief.

#### The Solution: Invest in Women – and balance the globe

- *The Economist* estimates that over the past decade, women's work has contributed more to global growth than has China.
- The UN Office of the Special Adviser on Gender Issues and Advancement of Women reported in 2001 that eliminating gender inequality in the labor market in Latin America would both increase women's wages by about **50%** and increase national output by **5%**.
- *The Economist* notes that if Japan raised the share of working women to American levels, it would boost annual growth by 0.3% over 20 years.
- Research in Africa shows that reducing structural gender inequality can increase agricultural yields by more than **20%**. For example, a 1996 study conducted in Kenya estimated that crop yields could rise up to 22% if women farmers enjoyed the same education and decision-making authority as men.



- Worldwide the Women's Learning Partnership (WLP) estimates that for every year beyond fourth grade that girls attend school, wages rise **20%**, child deaths drop **10%** and family size drops **20%**.
- Countries that do not meet the internationally-agreed target of gender parity in education risk foregoing 0.1 - 0.3 percentage points annually in per capita economic growth, according to a 2004 estimate by development economists Dina Abu-Ghaida and Stephan Klasen.
- If men and women had equal influence in decision-making, the incidence of underweight children less than three years old in South Asia would fall by up to 13%, resulting in **13.4 million** fewer malnourished children; in Sub-Saharan Africa, an additional **1.7 million** would be adequately nourished, UNICEF studies show.
- In export industries, women provide up to **80%** of the labor force in sectors such as textiles or electronics.
- Evidence from micro-credit lenders indicates that women have superior repayment records, invest more productively and are more risk-averse.
- Research shows that shareholders benefit from greater corporate representation of women. In analyzing the companies that make up the Fortune 500, Catalyst found that companies with the highest representation of women in management positions delivered **35.1%** more return on equity and **34%** more total return to shareholders than companies with the lowest representation.
- **60%** of senior executives said that domestic violence, which limits women's participation, has a harmful effect on their company's productivity, in a recent survey by the American Institute on Domestic Violence. It also found that lost productivity and earnings due to intimate partner violence costs the US almost **\$1.8 billion** each year, and that domestic violence victims lose nearly **8 million** days of paid work per year – the equivalent of over **32,000** full-time jobs.