From Ngozi Okonjo-Iweala, Managing Director, World Bank

Dear Colleagues,

Over the past decades I have had the opportunity to look at development from a variety of perspectives, including as a development economist, as Finance Minister and as Managing Director. One essential observation pervades my experience; development is held up without the economic empowerment of women. Multilateral financial institutions and governments of developing countries have historically been slow to embrace women’s economic empowerment as a core strategy to reduce poverty. But lately, a growing number of governments, international organizations, NGOs and private sector partners have begun putting emphasis on the potential economic gains of increasing gender equality. They maintain that gains in recent decades in women’s education and health levels can be converted to faster poverty reduction and development. This new interest to invest in women’s access to productive employment and agriculture, entrepreneurship and financial services has helped forge new and sometimes surprising partnerships that straddle traditional divides, such as between the private and public sectors.

The World Bank’s Adolescent Girl Initiative, which will be launched on October 10, 2008, is one example of such an innovative approach and partnership. The initiative began as a US$3 million public-private sector partnership between the Government of Liberia, the World Bank Group and the Nike Foundation. In a pilot-phase, it will expand to at least six other low-income or post-conflict countries with new donors, governments, foundations and corporations participating. If successful, we hope to see the

Shining a Light on Women’s Productivity in Lao PDR

In Lao PDR, many poor, primarily women-headed rural households find it impossible to connect to the electricity grid. A major obstacle for these households is the connection fee of about US$100. In some areas, up to 40 percent of households have been unable to mobilize money for the connection cost and are thus left without access to electricity even though the grid is passing right through their village.

This lack of access to electricity is a large stumbling block for poverty reduction efforts. Evidence suggests that electricity not only helps extend hours for both productive and leisure activities in Lao PDR, but it also translates into better educational outcomes, improved social and community services, and better security. Surveys of newly-electrified rural households also show that grid electricity has been used for income-generating activities such as water pumping for vegetable gardens, household industry like mat and basket weaving, and the use of refrigerators for small-scale entrepreneurship serving tourists, such as ice cream vending.

Moreover, electricity has been shown to help close gender gaps by reducing time spent on cumbersome chores, such as fetching water, and by allowing for greater flexibility in organizing household activities. The literacy gap between men and women is smaller

(continues on p. 2)
Connecting to Grid, cont. from p. 1

in electrified villages in Lao PDR. Similarly, girls’ secondary and vocational school attendance are higher in electrified villages.

Recognizing these benefits, the Government of Lao PDR has placed electrification at the center of its poverty reduction efforts. Through a Rural Electrification Project, co-financed by the World Bank’s Global Environmental Facility, NORAD and AusAid, the Government aims to electrify 90 percent of the country’s households by 2020, up from 55 percent in 2007, which in turn is up from 15 percent in 1995. While the rate of electrification has been high, connection rates are starting to fall short of targets as the network expands to rural and marginalized areas of the country where connection cost may be tougher to bear.

In response to this problem, the World Bank’s East Asia and Pacific Region Gender Program designed a House Wiring Assistance Program, which helps poor households connect to the grid. With funding from the Gender Action Plan (GAP), Gender Equality as Smart Economics, a framework and implementation materials for the project were developed, and plans are now afoot to offer a concessionary credit of US$80 to households that have been unable to finance the initial connection cost. The pilot is giving particular attention to women-headed households. Once connected, households will spend approximately US$1 per month for electricity, compared to the approximately US$3 per month they are now estimated to pay for energy in the form of car batteries, diesel fuel, candles and so on. These energy expenditure savings are expected to allow households to repay the connection cost fully in three years.

The pilot project, called Power to the Poor, begins implementation in September 2008 and is financed by the World Bank’s International Development Association and AusAID, and implemented by the national utility company, Electricité du Laos. The program is expected to increase overall connection rates by as much as 10 to 20 percent. If successful, the government says it will replicate it further.

Morten Larsen is a Mining & Energy Specialist in the World Bank East Asia Pacific region and Helene Carlsson Rex is a Senior Gender Specialist in the Poverty Reduction and Economic Management (PREM) Gender unit.

You May Request

Gender Equality as Smart Economics: A World Bank Group Action Plan materials, including an overview brochure and the operational plan are available in print and on the Web in English, Arabic, French, Portuguese, Russian, and Spanish. These materials are also available in English on a CD that contains a video describing successful programs that promote women’s economic empowerment in Africa, Asia, Latin America and the Middle East.

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Bank Makes New Commitments to Women’s, Girls’ Economic Empowerment

The World Bank took an important step this spring in its commitment to gender equality. President Zoellick promised Bank resources for adolescent girls so they can find quality work in the marketplace.

The Bank intends to invest more in this group that has made impressive gains in school enrollment and completion in the last five to ten years, but has had more difficulty than boys transitioning from school to work. Thus the Bank will launch the Adolescent Girls Initiative (AGI) on October 10th.

Building on the considerable progress made on gender equality in health and education over the past decades, and supporting the Bank’s goal to achieve the same results in the productive sectors, Mr. Zoellick announced new measures to boost women’s empowerment:

The World Bank Group’s private sector arm, the International Finance Corporation, will channel at least US$100 million toward women entrepreneurs by 2012. The Bank will create the Private Sector Leaders’ Forum to support Gender Equality as Smart Economics, and convene their first meeting on the margins of the 2008 Annual Meetings.

The International Development Association (IDA) will increase investments for Gender Equality. A review of IDA-funded activities will be performed with regard to gender mainstreaming at the end of the IDA15 cycle, with the objective of increasing IDA investments on gender equality in operations financed through IDA16.

These commitments were made on the sidelines of the Bank’s 2008 Spring Meetings at the seminar on ways to bridge gender gaps, which brought together ministers from Germany, Egypt, Sweden, Denmark and Liberia to take stock of the status of women in developing countries.

Denmark brought its MDG3 Global Call to Action campaign to the event to raise the profile of the third Millennium Development Goal—gender equality and empowerment of women by 2015—as part of an effort to build support for gender equality before a September 25 United Nations High Level MDG summit. Mr. Zoellick, along with the German Minister for Economic Cooperation and Development, Heidemarie Wieczorek-Zeul, accepted the campaign’s symbolic MDG3 torch and Denmark’s challenge to “do something extra” to promote women’s economic empowerment.

“I think the acceptance of the MDG3 torch sends a crucial signal of the personal commitment by you, Mr. Zoellick, and the indispensable role that the World Bank has for the empowerment of women,” said Danish Minister for Development Ulla Pedersen Tørnæs. Minister Wieczorek-Zeul also underlined the importance of strengthening the global cooperation to support women’s empowerment.

“I am really convinced that, in our development cooperation, we can change behavior, thinking, feeling, but also results in the interests of women and the whole society.”

By 2010, at least half of the World Bank’s rural and agricultural projects will address a gender inequity or problem, such as by helping women obtain title to their land, often a prerequisite to obtaining financing. The Bank plans to nearly double agricultural lending to Africa from US$450 million to US$800 million over the next year.

Gender Equality as Smart Economics • September 2008
Tracking Gender Impact at the International Finance Corporation

By Liane Asta Lohde and Carmen Niethammer

In October 2005, the International Finance Corporation (IFC), the private sector arm of the World Bank Group, launched its corporate Development Outcome Tracking System (DOTS) in response to increased demand from stakeholders, including IFC Management and the Board, to better demonstrate the developmental impact of its operations. Through DOTS, IFC is able to more efficiently assess its developmental impact.

The process of developing a set of appropriate gender impact indicators started in November 2006 when IFC Senior Management mandated that projects better track IFC’s contribution to its mission and its commitment to the Millennium Development Goals. In June 2007, IFC’s Development Effectiveness unit and the Gender Program followed by commissioning a review that was to examine how IFC investment projects track and report their gender effects. The review comprised the entire active investment portfolio and showed that 3 percent of IFC projects contained a reference to gender.

Leading up to the integration of core gender indicators in DOTS, the Development Effectiveness team went through a six month process that started with a dialogue with industry departments, resulting in consultations with DOTS departmental representatives, social and environmental specialists and the gender team. As a result, IFC now has in place a systematic gender & development impact tracking process.

“Engendering DOTS by including specific gender indicators means that IFC will have a better measure of its clients’ development impact on women and will improve its understanding of the role that women play in private sector development, economic growth and poverty reduction,” explains Roland Michelitsch, Manager, Development Effectiveness.

The gender & development impact tracking process can not only help IFC track and report female employment created through its investments, it can also report industry-specific gender outcomes, such as the number of female and male patients treated through IFC-supported investments in the health sector.

“Since DOTS informs the strategic directions at IFC, engendering DOTS will also help put gender issues more center stage. Ultimately, what gets measured gets done - including desirable gender-specific development impacts,” adds Mr. Michelitsch.

To acknowledge the importance of gender impact tracking to IFC’s mission, IFC’s Executive Vice President and CEO Lars Thunell presented the first IFC CEO Gender Award to the Development Effectiveness team for their gender work in March 2008. The annual IFC CEO Gender Award will be given to an IFC team that has been exceptional in advancing IFC’s gender agenda.

For more information contact gem@ifc.org or deveffectiveness@ifc.org, or visit www.ifc.org/gender and http://www.ifc.org/ifcext/devresultsinvestments.nsf/Content/Home.

Liane Asta Lohde is a Private Sector Development Specialist, IFC, and Carmen Niethammer is a Program Officer in the Gender Entrepreneurship Markets, IFC.

In Brief

The World Bank Group will launch an Adolescent Girls Initiative on October 10 with the participation of President Robert B. Zoellick, Nobel Laureate Michael Spence and Nike CEO Mark Parker. Other invitees include Liberian President Ellen Johnson Sirleaf. This public-private partnership aims to economically empower girls and young women. Three studies on young women and employment will be released in October prior to the launch. For more information, go to www.worldbank.org/gender.

A capacity-building workshop on gender and infrastructure, co-sponsored by the World Bank and the Asian Development Bank, will take place in Manila, Philippines, in November 2008. Fifteen case studies will be presented. For more information, contact dlallament@worldbank.org or kmedlin@worldbank.org.

“Equality for Women: Where Do We stand” will be launched on September 24. This new World Bank and OECD publication takes stock of progress on the MDG3, identifies the most important gaps and proposes a way forward. The launch is co-hosted by the International Center for Research on Women at their Washington DC headquarters, with a panel discussion on gender and development. For more information, contact abrunais@worldbank.org.

Global Entrepreneurship Week, an initiative that encourages young people to explore their entrepreneurial potential, will take place November 17-23 with events in over 65 countries. With support from the GAP, special events will be dedicated to women’s entrepreneurship. For more information, contact jferreira@unleashingideas.org.
Women in Agriculture

By Lynn Brown and Catherine Ragasa

Women are estimated to make up most of the world’s agricultural workforce, but this is often overlooked in policy design, which can result in misguided policies and programs, foregone agricultural output and income, and potentially exacerbated levels of poverty, malnutrition and hunger. This is troubling in an international context where food prices have increased by over 60 percent since January 2008, increasing the number of poor by an estimated 73 million to 105 million people.

The forthcoming (October 8, 2008) World Bank-FAO-IFAD publication, Gender in Agriculture Sourcebook, highlights the pervasive gender inequalities in access to productive resources and political voice in the agriculture sector and presents evidence of benefits from gender-responsive actions. The Sourcebook provides a practical guidance for practitioners in integrating gender into operations and calls for greater investment in gender equality as an essential component of agricultural productivity and as a long-term solution to the food price crisis.

The most urgent step is to strengthen property rights, asset ownership and access to credit services, technology and marketing channels for women working in agriculture. There has been some progress over the last decade; for instance, many African countries have passed laws to strengthen women’s land rights. Ethiopia, for one, issued certificates to about six million households for 18 million plots between 2003 and 2005, which documented inheritable land use rights for men and women. The women who received certificates almost universally reported this had improved their economic and social status and, after the titling, both men and women invested more in their land. In Kenya, studies estimate that redistributing inputs equally between women and men farmers could result in up to 20 percent increased agricultural yields, and double the national GDP from 4.3 to 8.3 percent.1

Women tend to focus on crops for household consumption and to sell any excess while men cultivate crops primarily for sale, leading to a disproportionate portion of agricultural income going to men. This may result in a suboptimal situation for the household: studies show that when women control the income, households spend a significant degree more of their income on food consumption and on children’s health and schooling, which benefits the household greatly in the long run.

The establishment of women’s groups and networks has proved to be one way to bolster their agricultural income. Mainstreaming gender into policies and institutions is also vital. Numerous examples demonstrate the importance of setting quotas that increase the representation of women in user groups. For example, the Karnataka Watershed Development Project in India, meant to improve the productive potential of watersheds, involved the women from the community from the onset by offering them training programs and explicitly including them in farmer groups. The project did not only improve agricultural yields with crop diversity increasing from 4 to 9 varieties, but 70 percent of the women in the community said the project had improved their lives. Average household income also went up by US$373 in the community.

In many parts of the world, Ministries of Agriculture and their researchers and policy-makers are dominated by men; for example, women make up just 18 percent of African agricultural scientists. In such a scenario, there is a risk that the important perspective of the rural female agricultural worker and the constraints and opportunities she faces everyday are simply lost. Ensuring a pipeline of qualified female candidates for senior positions in public and private agriculture organizations could be a way to ensure that women agricultural workers receive the policy and project support they need to raise households’ food security, incomes and welfare.

Against the backdrop of a food crisis that is now estimated to quickly increase the ranks of the undernourished from today’s 800 million people, the gender inequities that continue to constrain agriculture from achieving its potential output and its possibility to spread food security and reduce poverty levels should be addressed.

Lynn Brown is a Rural Development Specialist and Catherine Ragasa is an Agricultural Economist in the Agriculture and Rural Development Department. For more information about the Sourcebook, contact cragasa@worldbank.org.

The Power of Creating Economic Opportunities for Women

Innovative Approaches in Latin America and the Caribbean

**By Pamela Cox**

Why is the economic empowerment of women so important in Latin America and the Caribbean (LAC)? The answer is that it is not only an equity issue but it is also essential to accelerate the reduction of poverty and inequality.

The capability of Latin American and Caribbean women to participate in markets has increased greatly in the past decades. We have seen a lowering of fertility rates, which releases time for income-generating activity; the expansion of access to basic services such as water and electricity has further reduced the burden of domestic chores; there has been a closing, and in some cases a reversal, of gender gaps in education; and the share of land and property titles in the hands of women has increased and provided them with sources of economic empowerment. In Peru for instance, secure land titles have positively affected women’s labor force participation as they no longer have to stay home to guard the property and prevent evictions.

However, while the region has been successful at building the capabilities of women, economic opportunities for women remain restricted. Women still have lower labor market participation. This matters for growth and poverty. For example, raising the labor force participation rate of Chilean women from its actual low level of 37 percent up to 50 percent (which is the average of countries at Chile’s level of income) would increase the average per capita income by nearly 8 percent and decrease poverty by 16 percent.

In the last few years, gender-specific issues have been successfully included in the social sectors, i.e. education and health, in World Bank operations in LAC. We are now actively working to incorporate gender perspectives in the productive sectors: infrastructure, private sector development, labor, land and financial markets. Demands from client countries on gender issues are simultaneously moving beyond health and education to these productive sectors. These demands are becoming increasingly sophisticated: the challenge is no longer simply to increase women’s labor force participation but to enhance the quality of their participation.

We have begun this work through projects funded by *Gender Equality as Smart Economics*. The projects underway include analytical work on gender and informality in Bolivia, gender mainstreaming in a series of operations, including rural roads projects in Mexico, labor market interventions in Chile and Argentina, property and land titling projects in Peru and Honduras, and pilot and tests of interventions to enhance the income-generation capabilities of poor rural women in Nicaragua.

Our work to empower women economically in Latin America and the Caribbean is far from over, but with the support of *Gender Equality as Smart Economics*, we look forward to continue addressing new and emerging demands for gender equity in our region.

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*Pamela Cox is the World Bank Vice President for Latin America and the Caribbean region.*
Why Are Low-Skilled Women From Minority Groups Economically Inactive In Macedonia?

By Diego F. Angel-Urdinola

Macedonia’s low rate of employment sets it apart from its South Eastern European neighbors; a new study by the World Bank’s Europe and Central Asia Region, with funding from Gender Equality as Smart Economics, estimates that only some 60 percent of the working-age population is economically active, with women’s level even lower. The study finds that many economically inactive women belong to the minority Albanian, Turkish and Roma Muslim communities. Sixteen women and seven men from Macedonia’s major ethnic groups; Macedonian, Albanian, Turkish, Serb and Roma; participated in the study, which is called “Analyzing the reasons for economic inactivity among women in Macedonia.” While men and women from different ethnicities cited nepotism and lack of personal connections as a main obstacle, the results show stark differences between women from different ethnic groups. With only 11 percent estimated to be economically active, women of Albanian origin were 35 percent less likely to be employed than women of Macedonian origin. This has no recent historical precedent in Macedonia: before the layoffs that followed the transition in 1990, female labor force participation was much higher than today. Most Macedonian women in the study say they want to work but that it is difficult for them to find paid employment. One Macedonian woman, aged 50, said “We are the generation that has suffered most from the transition. At this age no one wants to employ you.” Meanwhile, Albanian, Turkish and some Roma women say that traditional norms confine them to household work, and burden them with tasks that limit the possibility of seeking employment. Many of them say they never received a secondary education because their communities do not consider it necessary. Low market wages for unskilled workers and difficult working conditions are additional deterrents. “Even if the husband earns only 200 denars per day, the wife should stay at home, prepare the meal, clean, to be around for the kids,” explained one Albanian woman.

The study recommends increasing women’s and men’s educational opportunities while supporting the implementation of existing laws. The government’s new policy of making secondary education compulsory, effective from September 2008, may both help improve educational levels and increase economic activity. The study also recommends that the Macedonian Employment Agency team up with universities to provide specific qualification programs for the unemployed, with a focus on professions in high demand. In addition, accreditation systems could be put in place for individuals who have skills related to crafts, enabling women who cannot work outside the home to earn an income. Finally, the study proposes helping women enter the labor force by encouraging more flexible forms of employment in the formal job sector like part-time jobs. This could attract women into the formal sector while having the added benefit of boosting the respect for labor rights.

The study suggests, however, that the factors preventing women from minority groups to participate fully in the economy are deep-rooted, and the initiatives above may have limited effect in these communities. The study suggests that representatives from NGOs working on women’s issues could be effective in changing the traditional outlook on female education and employment at the individual and family level. Women appear to trust these organizations and rely on them when it comes to seeking training.

This study will be delivered to the Macedonian government in October 2008 as part of the Macedonia Labor Market Assessment, and will be a resource for the implementation of future labor market reforms.

Diego F. Angel-Urdinola is an Economist in the World Bank’s Europe and Central Asia region.
The increase of women’s retirement age has been on policymakers’ agenda for a decade in Vietnam. Women in Vietnam currently retire at age 55, a full five years earlier than men. With the economic and social context rapidly changing, however, incentives for closing this retirement gender gap grow stronger.

While the current policy cuts women’s careers short five years early and thus hurts their professional development, many women are opposed to closing this gender gap. The current system offers an additional transfer of resources to women, in effect giving women a higher pension at retirement than men in relation to their contribution. Moreover, women in Vietnam usually live longer than men, and thereby receive more pension payments over a full life cycle.

On the other hand, Vietnam’s social security programs face an important financial strain because of women’s earlier retirement, and its sustainability could be jeopardized in the long term without reform. With funding from Gender Equality as Smart Economics, the World Bank’s East Asia and Pacific region initiated a study to help design a reform that secures the financial viability of the pension system in the long-term while minimizing its negative social effects.

The study, carried out by an international social security specialist and Vietnam’s Institute of Labor Science and Social affairs, was finalized in July 2008 with interesting results. Opponents of the reform maintain women suffer more health problems than men and therefore merit an earlier retirement as they would not be able to continue to work. However, many women pensioners continue to participate actively in the labor market after retirement: about 61 percent of retirees aged 51-54 and 55 percent aged 55-59 work, mostly in the informal sector. Opponents also say that increasing women’s retirement age effectively limits job opportunities for young people who are about to enter the labor market for the first time. Meanwhile, the economy’s rapid expansion and transition makes it unlikely that older women working longer would limit job opportunities for young men and women.

There is also evidence showing that many women, especially in younger cohorts who tend to have more education, see the mandatory retirement at 55 as a problem. “Among younger women there is a concern that the lower pension age is reducing their opportunities as the cut-off for promotions and training is also five years lower for women than men,” explains Gillian Brown, Senior Gender Specialist in the World Bank East Asia Pacific region.

For example, according to public sector regulation, applicants’ age is an important factor for promotion, and, in fact, for most promotions, women officials must be no older than 50, as compared to 55 for men. Unlike men, therefore, women aged 50 to 55 are rarely considered for promotion. In the private sector, meanwhile, incentives are skewed against helping relatively older women in the workforce sharpen their productivity, since they will stop working at 55. The earlier retirement age also contributes to women earning on average 12 percent less than men in rural areas and 13 percent less in urban areas, and having fewer training opportunities.

The study also finds that the current subsidy for women’s early retirement represent 0.4 percent of Vietnam’s GDP, and as such places a heavy burden on the social security system. And the burden is set to increase soon for demographic reasons, as large cohorts of workers from the private sector retire.

Pension reform is difficult in any society, and closing the gender gap in Vietnam will be a challenge. Among a number of proposals, the Bank-funded study suggests that women be given the right to work and contribute until the age of 60, if they so wish, and that the incentives to contribute after age 55 be made gender-neutral by reducing the coefficient in the pension formula for women gradually over a ten year period until it is the same as for men. The Government of Vietnam plans to revise its Labor Code in 2009, and it is likely that the proposed options will be considered in the process of drafting it. They may also be considered for inclusion into the next World Bank Poverty Reduction Support Credit for Vietnam.

Hoa Thi Mong Pham is a Senior Social Development Specialist in the World Bank East Asia Pacific region.