

Insight

What we've learnt about women's
economic empowerment



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*Enabling women's
economic empowerment
leads to faster
economic growth.*

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Introduction

For a woman to be economically empowered, she needs to have the resources and ability to succeed and the power to act on her decisions.¹ Enabling women's economic empowerment, through participation in the labour force and greater inclusion in the economy, leads to faster economic growth. In other words, excluding women is economically inefficient. At the same time, it is well established that achieving gender equality improves developmental impact such as family health and education, and reinvestment into local economies.

As investors and businesses, we can influence women's economic empowerment through the decisions we make about directing resources, access to jobs, and the design of inclusive products and services. We believe that by supporting economic empowerment, we can also contribute to other forms of women's empowerment by improving a woman's ability to make decisions that affect her life.

In our 2017–21 Strategic Framework, we recognised our role in contributing to UN Global Goal 5 on gender equality. We set out our commitment to women's economic



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empowerment, and said that we'd be looking for ways to create economic opportunity for women as business leaders, employees, suppliers, customers and community members. We also said that we wanted to share examples of good practice and our experiences with stakeholders. And that we wanted to work with others with an interest in this area to improve the ways that investing can promote women's empowerment.

Since then, we've been thinking about the role that a development finance institution like CDC can play.

As an organisation that invests in the private sector across Africa and South Asia, we have the potential to influence positive outcomes for both businesses and for women if we consider, enable and invest in gender opportunities across the business value chain. This means considering women's role as leaders, employees, entrepreneurs, suppliers, customers and community members. This value chain framework allows us to engage with companies on specific opportunities where we think we can have the greatest impact.

We're still at the early stages of our journey, with lots left to learn. But as part of our commitment to sharing knowledge, we're setting out what we've learnt so far about the challenges, business case and opportunities for investors in key areas of the value chain.



¹ Understanding and Measuring Women's Economic Empowerment, International Center for Research on Women, 2016, www.icrw.org/wp-content/uploads/2016/10/Understanding-measuring-womens-economic-empowerment.pdf

Challenges and opportunities

Across the globe, women's economic participation is limited by the discrimination and unequal opportunities they face. Standing in the way of their full economic participation lies a host of barriers. These include structural inequalities such as restrictions on where and how women can work; policies that limit women's control over land, assets and capital; and socioeconomic discriminations resulting in women occupying low-quality, often unpaid, work.

These factors affect a woman's agency, power, voice and ultimately, her ability to enjoy fundamental freedoms which should be universal to all. And they also dilute the potential financial contribution that women can bring to businesses and the wider economy.

That is why the pursuit of gender equality is essential for development and poverty eradication. It's also why 'gender smart' investing – considering the specific role that women play in a company, sector or market – is just good business.

What we already know – the facts

The challenges

- In 104 of 189 countries, women face some form of law that differentiates them from men and restricts job opportunities. This includes working hours, protection from violence, and ability to build credit.² This not only restricts a women's ability to access decent quality jobs, but also reduces the pool of talented candidates that companies could recruit from.
- Across the world, women are paid less than men due to both pay discrimination and having to work in low-value jobs. Women in most countries earn on average only 60 to 75 per cent of men's wages.³
- Globally, women spend on average 4.5 hours per day doing unpaid work, twice as much time as men. This equates to \$10 trillion in annual lost output.⁴ Yet, the value of unpaid work remains largely unaccounted for in national GDP calculations, even though it is fundamental to keeping economies running and poses significant burdens on women's time.
- According to the latest research, the global gender gap – the disparities in health, education, economics and politics between men and women – is estimated to take a further 100 years to close.⁵



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² Women, Business and Law, World Bank, 2018, <http://wbl.worldbank.org/>

³ Facts and Figures: Economic Empowerment, UN Women, www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures

⁴ Gender Lens Investing, Quinlan J (Bank of America) and Vanderbrug J (Bank of America), 2016, Wiley

⁵ The Global Gender Gap Report 2017, World Economic Forum, 2017, www3.weforum.org/docs/WEF_GGGR_2017.pdf

The opportunities

- Both women and men are essential to growing economies and reducing poverty. According to the World Bank's World Development Report, investing in women is "smart economics". Breaking down barriers for women to work in certain sectors or jobs can lead to an increase in labour productivity of up to 25 per cent in some countries.⁶
- Evidence shows that investing in women can result in better health and education for future generations, due to women's household spending patterns. According to Goldman Sachs, an increase of 1 per cent in women's share of household wages boosts aggregate savings by 0.25 per cent.⁷
- Investing in women pays off. According to McKinsey, if women's participation rates in the global economy were the same as men's, it would add \$28 trillion, or 26 per cent, to annual GDP by 2025.⁸
- Women as consumers control about \$15 trillion of global consumer spending, and by 2028 will be responsible for two-thirds of consumer spending worldwide.⁹
- Women are rising as entrepreneurs: 31–38 per cent of all small and medium enterprises in emerging markets are fully or partially-owned by women, 69 per cent of which are underserved by financial

institutions. This represents a financial opportunity to serve this market of around \$320 billion.¹⁰

- Women's education levels are on the rise. Significant progress has been made to narrow the gender gap in education, and in many parts of the world, women outnumber men in tertiary education enrolment.¹¹



Women as consumers control about \$15 trillion of global consumer spending



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⁶ Gender Equality and Development: World Development Report 2012, World Bank, <https://siteresources.worldbank.org/INTWDR2012/Resources/7786210-1299699968583/7786210-1315936222006/Complete-Report.pdf>

⁷ The Power of the Purse: Gender Equality and Middle-Class Spending, Goldman Sachs Global Markets Institute, 2009, <http://www.gsbaforwomen.org/docs/GOLDSMAN-SACHS-Power-of-the-Purse.pdf>

⁸ How advancing women's equality can add \$12 trillion to global growth, McKinsey Global Institute, 2015, www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth

⁹ A Solution For A Struggling Global Economy: Gender Equality, Forbes, 2011, www.forbes.com/sites/forbeswomanfiles/2011/10/14/a-solution-for-a-struggling-global-economy-gender-equality/#6dbbd728db9c

¹⁰ Strengthening Access to Finance for Women-Owned SMEs in Developing Countries, IFC, 2011, www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_report_accesstofinanceforwomensmes

¹¹ The Global Gender Gap Report, World Economic Forum, 2016, http://www3.weforum.org/docs/GGGR16/WEF_Global_Gender_Gap_Report_2016.pdf



What does this mean for an investor like CDC?

At CDC, we can contribute to women's economic empowerment by addressing market failures that prevent equal access to economic and social resources between men and women. As investors, we believe there are three key areas we can seek to influence – workplace equity, fairer access to products and services, and access to finance. This helps to increase women's power and ability to act on economic decisions, which leads to better outcomes for families, communities and societies as a whole.

Investing in women can also improve the economic performance of our investments. A growing body of evidence demonstrates the many ways that women add value to a company's bottom line across the business value chain – as leaders, employees, entrepreneurs, suppliers, customers, and community members.

We have the potential to influence positive outcomes for both businesses and for women, if we consider, enable and invest in gender opportunities across this value chain, from

supporting female business leaders in our markets, through to those considered the most economically disadvantaged.

We're part of a growing movement which recognises the importance of gender in investing. A recent study conducted

by the Wharton Social Impact Initiative in summer 2017 found 58 private equity, venture capital, and private debt funds across the world with a collective target fund size of \$2 billion stating the use of a 'gender lens' to investing.¹² The gender bond market currently has over \$1 billion in assets under management. QBE Insurance Group's recent gender bond of \$400 million drew applications of \$8 billion from investors. Public equity funds with a 'gender lens' mandate total over \$900 million as of summer 2017. And

every one of these categories is growing.

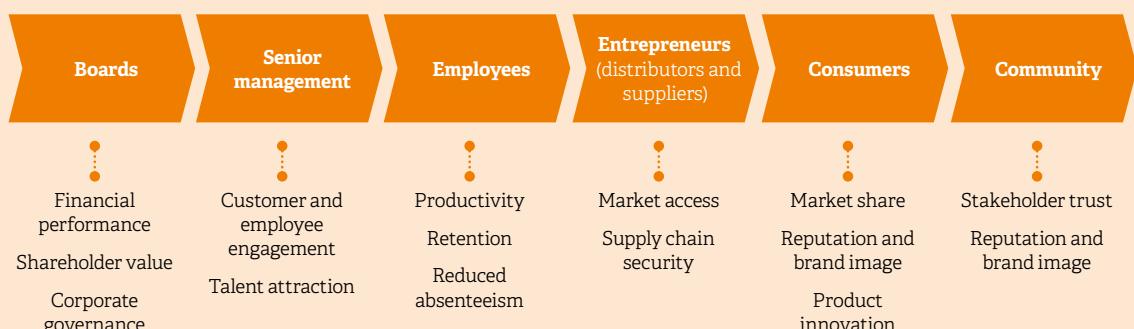
The following section sets out the challenges, business case and opportunities for investors and businesses in key areas of the value chain.



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¹² Project Sage, Tracking Venture Capital with a Gender Lens, Wharton Social Impact Initiative, 2017, https://socialimpact.wharton.upenn.edu/wp-content/uploads/2017/10/ProjectSageReport_10.25.17.pdf

Gender opportunities across the value chain



Board and senior management: women's leadership

The challenges

- Board level: the average proportion of women on listed boards in 2015 was 14 per cent in Africa and 9.8 per cent in Asia Pacific, compared with 18 per cent in the EU and 16.9 per cent in the USA.¹³
- Senior management level: representation of women remains low. In Africa, 5 per cent of CEOs in publicly-listed companies are women, and in Asia the figure is 4 per cent, compared with 4 per cent globally. 23 per cent of senior managers in the private sector in Africa are women, and in Asia the figure is 18 per cent, compared with 20 per cent globally.¹⁴

The business case

- A more gender-balanced leadership leads to better decision making and avoids 'group think'. It also brings new perspectives and wider representation of a company's stakeholders, which ultimately leads to improved shareholder value and corporate governance.
- In sectors where customers or employees tend to be female, women leaders can help companies relate better, leading to high customer and employee satisfaction and product innovation.
- Several studies have found a strong correlation between strengthening gender diversity at board and senior management levels and improved financial returns, when compared with companies with non-diverse leadership.

The opportunities for investors and businesses

- Inquire about the methods used for hiring, promoting and retaining strategic senior and board level positions and roles.
- Promote the visibility of women through supporting networks and equipping rising talent with skills training and mentorship.
- Work with recruiters, companies and fund managers to understand the recruitment challenges and barriers to getting a gender-balanced supply of candidates.
- Support initiatives to address attitudes towards women in the workplace, such as unconscious bias training and raising awareness of gender-friendly policies and procedures.



14%
average female representation on boards in Africa

9.8%
average female representation on boards in Asia Pacific

Employees: women's job quality

The challenges

- Lack of upward mobility for women is a global problem. In certain sectors, like agriculture and manufacturing, they often occupy more low-skilled and low-paid job roles.
- **Garment sector:** approximately 80 per cent of garment workers worldwide are women, and many work significant levels of overtime every week in poor labour and working conditions.¹⁵ Health and safety training is often neglected, workers are denied breaks, and abuses are common.
- **Agricultural sector:** women make up over 60 per cent of the agricultural labour force in Asia and Africa.¹⁶ Yet many occupy casual or seasonal work, lack land rights, have no access to training, and are at higher risk of sexual harassment.
- **Construction sector:** in India it is estimated that up to 30 per cent of the workforce are women, yet most of these are unskilled workers at the lower levels of the sector.¹⁷
- Low-income women tend not to be given the opportunity to improve their job security or job quality, for example through skills training and career development.

80%
of garment workers worldwide are women, many work significant overtime

60%
of the agricultural labour force in Asia and Africa are women, yet many occupy casual or seasonal work

¹³ Where are the women: inclusive boardrooms in Africa's top listed companies, African Development Bank, 2015, https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Where_are_the_Women_Inclusive_Boardrooms_in_Africa%20%80%99_top-listed_companies.pdf

¹⁴ Women Matter Africa, McKinsey, 2016, <https://www.mckinsey.com/featured-insights/gender-equality/women-matter-africa>

¹⁵ Exploitation or emancipation? Women workers in the garment industry, Fashion Revolution, 2015, <http://www.fashionrevolution.org/exploitation-or-emancipation-women-workers-in-the-garment-industry/>

¹⁶ Facts & Figures: Rural Women and the Millennium Development Goals, UN WomenWatch, <http://www.un.org/womenwatch/feature/ruralwomen/facts-figures.html>

¹⁷ The construction industry in the twenty-first century: Its image, employment prospects and skill requirements, International Labour Organization, 2001, http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_publ_9221126226_en.pdf



The business case

- Investing in the skills of female workers, and capturing their talents and ambitions, can lead to higher productivity, lower turnover and reduced absenteeism.
- Women have proven to be highly skilled in certain job roles such as management and quality control yet continue to be overlooked.
- Gender-friendly workplace policies and practices can benefit both male and female workers in terms of work-life balance, improved working environments, improved retention rates and improved corporate reputation.

The opportunities for investors and businesses

- Collect sex-disaggregated data across company activity to understand where there might be gender gaps and which issues to prioritise.
- Engage both men and women, especially middle managers, on achieving the benefits of workplace diversity and inclusion.
- Support initiatives that capture the talent of both men and women in the labour force, such as skills development programmes and developing an internal talent pipeline.
- Support workplace and community activities that positively influence societal norms about division of household labour, family health and managing household finances, which enable women to participate more fully in the labour force.
- Work with companies to understand challenges and improve measures to retain women, including flexible working hours, maternity leave, sickness leave, childcare support, and transport and safety measures.
- Encourage the digital inclusion and literacy of women, so they are not left behind when technological innovations for higher-skilled jobs are being considered.

Entrepreneurs: women's access to finance and entrepreneurship

The challenges

- Across Africa and South Asia, it is difficult for women to access finance, whether that's insurance, credit and savings. 75 per cent of women in South Asia don't have access to a formal bank account (vs 59 per cent of men).¹⁸
- Supporting women's access to finance and helping them to grow their enterprises means looking at the entire financial ecosystem. This includes looking at regulatory and legal barriers, ability to build assets and collateral, digital inclusion and connectivity, land ownership, education and access to information, banking behaviour and use of finance.
- Female owners of smaller businesses often lack non-financial support to help solve their business challenges and grow their businesses.

75%
of women in South Asia do not have access to a formal bank account

RBL Bank, India

Understanding the impact of female-owned small businesses

We partnered with the International Finance Corporation (IFC) and one of our portfolio financial institutions in India, RBL Bank, to understand the link between SME (small and medium enterprise) financing and growth. The study surveyed over 100 SMEs and found that SMEs with some form of female ownership (women who co-signed loans or had their name on the business registration) improved productivity to a greater extent than the rest of the SMEs. It also found that on average, those businesses with female management created more jobs, especially for women, and outperformed in sales, income and asset growth.

¹⁸ Who are the unbanked? Uncovering the financial inclusion gap, World Bank. http://siteresources.worldbank.org/EXTGLOBALFIN/Resources/8519638-1332259343991/world_bank3_Poster.pdf



The business case

- Research of 350 microfinance institutions in 70 countries found that female customers have lower portfolios at risk, write-offs, and credit-loss provisions.¹⁹
- The banking behaviours and needs of female customers, for example their preferences on how advice is received, can be different from those of men. Yet this is not well understood by financial institutions and so there is a huge underserved market.
- Female entrepreneurs tend to reinvest their income to grow their businesses faster
- Women are known to be good savers and tend to manage household finances more efficiently.
- Female entrepreneurs tend to hire and train more women in their business.²⁰

The opportunities for investors and businesses

- Work with banks to understand how women access finance to eliminate inherent biases at both the bank and customer level.
- Research the financial needs and local barriers faced by customers and design user-focused products to improve access to capital.
- Encourage non-financial services that help female customers and entrepreneurs such as financial literacy and business skills training, and help female entrepreneurs to connect to peer networks and find mentors.
- Support initiatives that improve the visibility of female-owned or led businesses and procurement from them.

Customers: a woman's lens on products and services

The challenges

- The collective purchasing power of women around the world is estimated at \$15 trillion. Yet more than 80 per cent of women think that marketers do not understand their needs and requirements.²¹
- Despite women making up the majority of the health workforce globally, men occupy most leadership positions. In Africa, there

are more male physicians than women, and midwives and nurses are predominantly women.²² Yet women often prefer to be treated by a female healthcare worker and addressing women's specific healthcare needs and reproductive rights is essential. This is particularly an issue in rural areas where access to healthcare is limited.

- While there are many female teachers, the proportion of women in teaching tends to decrease as the level of education increases. In Kenya and Tanzania, while almost half of all primary teachers are women, they make up less than 20 per cent of school principals. Having women at all levels of education and curriculum reform, and training in gender-sensitive teaching, are known to be essential for improving gender equality in schools.²³

80%

More than 80 per cent of women think that marketers do not understand their needs and requirements

"
The banking behaviours and needs of female customers can be different from those of men.

¹⁹ Gender Lens Investing, Quinlan J (Bank of America) and Vanderbrug J (Bank of America), 2016, Wiley

²⁰ Scaling up: Why women-owned businesses can recharge the global economy, Ernst & Young, 2009 <http://ppp.worldbank.org/public-private-partnership/library/scaling-why-women-owned-businesses-can-recharge-global-economy>

²¹ The Business Case for Women's Economic Empowerment, Dalberg, ICRW, and WITTER, 2014, www.icrw.org/wp-content/uploads/2016/10/The-Business-Case-for-Womens-Economic-Empowerment.pdf

²² The Labor Market for Health Workers in Africa, The World Bank, 2013, <https://openknowledge.worldbank.org/bitstream/handle/10986/13824/82557.pdf>

²³ Education for All 2000-2015: Achievements and Challenges, UNESCO, 2015, <http://unesdoc.unesco.org/images/0023/002322/232205e.pdf>



The business case

- Applying a 'gender lens' in sectors such as manufacturing, healthcare and education has the potential to create huge opportunities to serve women more effectively. This can be achieved both in terms of their inclusion and participation across the workforce, and their access to goods and services.
- It can also bring wider development benefits, such as improving health and education outcomes for women and children, infrastructure for safety and security, and access to market.
- Including women in sectors such as off-grid energy, e-commerce, and agriculture has also led to improved profitability for companies—through the development of new products, higher sales and improved consumer trust and corporate reputation.

For example, in the off-grid energy sector, companies have gained market share from hiring women as sales and distribution agents. This is based on the evidence that in

sectors where women are the main consumer, they tend to trust and buy from female sales women who empathise with their needs.

- According to a recent report by BNY Mellon, closing the gender gap in access to products and services in water, contraception, telecommunications, energy, and childcare sectors could unlock \$300 billion in incremental annual spending by 2025.²⁴

The opportunities for investors and businesses

- Identify opportunities to work with willing and interested companies and fund managers to explore and apply a 'gender lens' to business models, to improve business growth and better serve the market, especially for essential goods and services.
- Conduct market research to better understand customers' needs, behaviours and preferences and how to enhance product design or service delivery, particularly in markets where women are the key end user or underserved.

In sectors where women are the main consumer, they tend to trust and buy from saleswomen who empathise with their needs.

²⁴ Return on equality: investment opportunities that help close the global gender gap, BNY Mellon/United Nations Foundation, 2017, https://www.bnymellon.com/_global-assets/pdf/our-thinking/return-on-equality.pdf

Some practical examples

This section features examples of companies that CDC invests in. They are leading the way in recognising the role that women can play in different areas of the value chain. As part of our commitment to sharing good practice, we want to highlight these as examples of where businesses are already taking steps to improve women's economic empowerment, either as leaders, employees, entrepreneurs or customers.

Retail and e-commerce

Bigbasket, India (CDC invested through the Ascent India Fund)

Bigbasket is India's largest online supermarket. When it was struggling with attrition rates at its branch in Pune, in the west of the country, it decided to hire women as fruit and vegetable pickers to increase effectiveness. Women now make up 50 per cent of the total workforce at this branch, productivity has gone up to 87 per cent, and the diversity in the workforce has improved the overall atmosphere and industry relation issues.



Employees

Jumia Group, pan-Africa

Jumia is Africa's leading e-commerce firm. The company provided e-commerce training to support Kenya's female entrepreneurs in business. Over 3,000 entrepreneurs were given an opportunity to undergo training to support women to navigate the digital world and access broader markets. Jumia has also launched an initiative aimed at recruiting more women motorcycle riders as the delivery link between their partner restaurants and customers.

Entrepreneurs

Healthcare

Patient Focus, India (CDC invested through the VenturEast Proactive Fund)

Patient Focus is a health-tech company and India's first virtual health clinic for women. It focuses on women's health, delivering personalised on-demand healthcare via mobile devices, the internet, video call and phone. The company also has a majority female workforce, employing 23 women out of a team of 33.



Customers





Construction

Garden City, Kenya

Garden City, a mixed-use development in Nairobi, implemented a training programme led by ArcSkills, with the goal to train 300 young people over a year. To attract more women to the programme, ArcSkills engaged with predominantly women-run and youth-based community organisations, and organisations involved in women's empowerment. To date, the programme has trained 123 students, 38 per cent of which are young women.



Community

Manufacturing

Chemi & Cotex, Tanzania (CDC invested through the Catalyst Fund)

Chemi & Cotex is a Tanzanian company that manufactures Whitedent, the country's leading brand of toothpaste. The company values a balanced workforce and believes in giving people the opportunity to build their careers. Women now make up 40-50 per cent of the workforce. All the women who head up sales branches joined the company in junior roles and developed their skills within the business.

Mandala Apparels, India (CDC invested through the Aavishkaar India Fund)

Mandala Apparels' workforce is made up of 77 per cent women. Many of these women were previously working in informal fishing and farming activities, before being recruited and trained by Mandala. To help improve job quality, Mandala offers its employees skills training, counselling and a clear route to promotion. This has helped to support and retain talented women, boost productivity and support local communities.

Senior management

Employees

Financial institutions

Habib Bank, Pakistan

Habib Bank has launched HBL Nisa, a banking platform solely dedicated to women. It aims to understand, educate and develop products and services that suit the financial needs of women to close the financial gap. Habib Bank is also a member of the Global Banking Alliance for Women.

RBL Bank, India

RBL Bank in India has introduced several initiatives to support both female employees and customers. For example, in the city of Chennai it opened its first branch managed and staffed by only women and it also runs a yearly training programme for 50 women to develop leadership skills. For its 1.5 million women customers, RBL provides banking services, remittances and financial literacy training to support financial inclusion.



Customers

For further information or to discuss our gender strategy, please contact:

Arpita Rakshit

Gender Lead
araksit@cdcgroupplc.com

More about CDC



Who we are

CDC is the UK's development finance institution (DFI), providing capital to promising entrepreneurs and ambitious businesses in the private sector.

Our mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places.

Established in 1948, we've been actively investing in these markets for 70 years. Today we invest both directly, providing debt and equity, and through intermediaries, typically investment fund managers.

What we do

We invest only in Africa and South Asia, and focus on countries where growing businesses may be challenging because, for example, of a lack of availability of patient growth capital. We also prioritise the sectors where growth leads to jobs. These sectors are financial services, infrastructure, health, manufacturing, food and agriculture, construction and real estate, and education.

We invest to support the growth of all sizes of business from the micro-level right up to the largest.

We add value by investing where fully commercial capital is scarce and where our skilled teams, together with our patient capital, can help businesses grow and thrive over the long term.

Photography

All photographs originate from CDC's image library of investee businesses, or have been supplied by investment partners, purchased from stock libraries or taken by CDC employees on site visits.

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Investment works

CDC Group plc
123 Victoria Street
London SW1E 6DE
United Kingdom
T +44 (0)20 7963 4700
E enquiries@cdcgroup.com

cdcgroup.com

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