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Investing in Women

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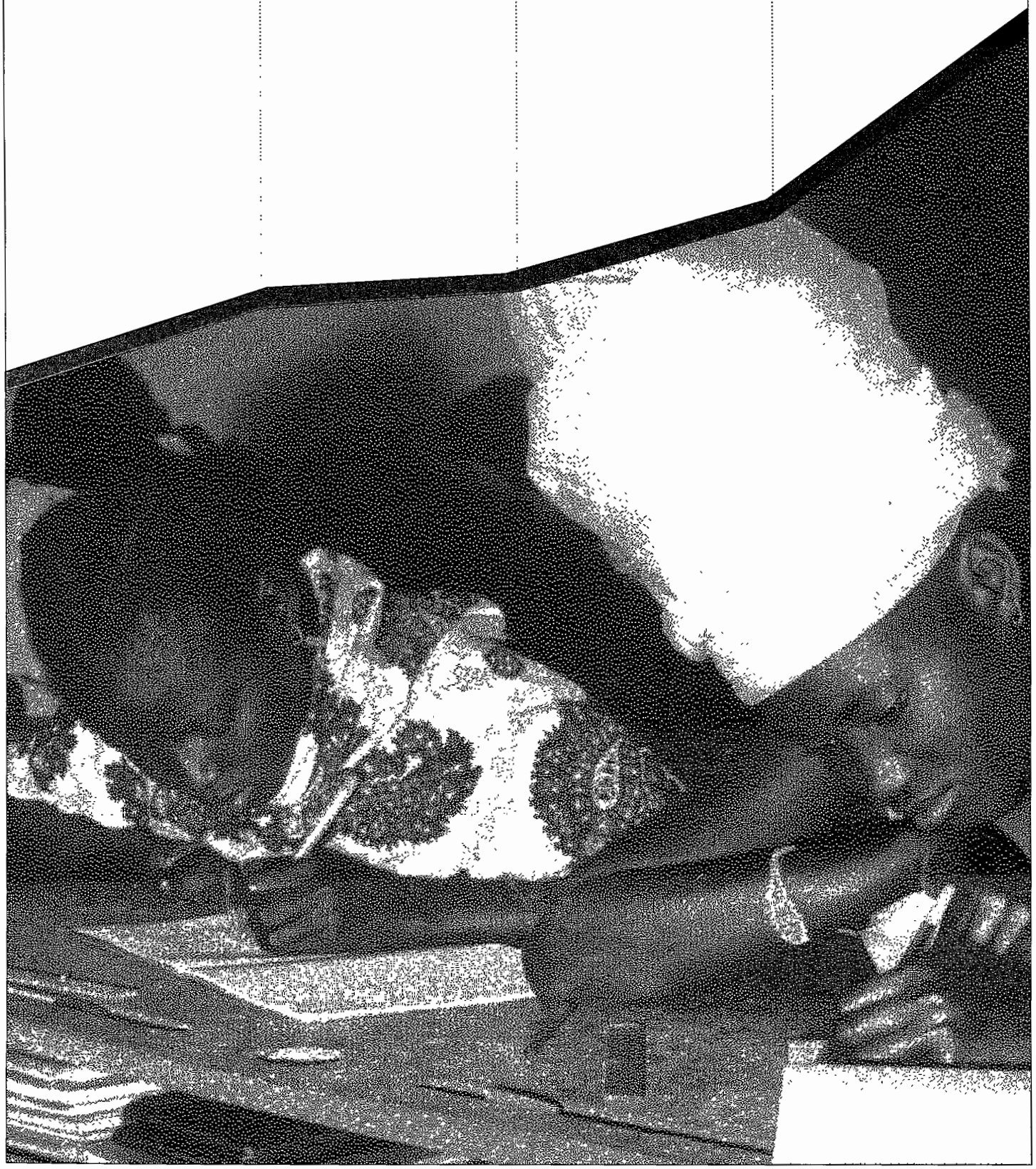

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Investing in Women

Two decades after Senator Charles Percy introduced the women-in-development (WID) amendment to the U.S. Foreign Assistance Act of 1961, a wealth of evidence offers testimony to the Senator's foresight and to the importance of investing in women to achieve foreign policy objectives in the second half of the 1990s.

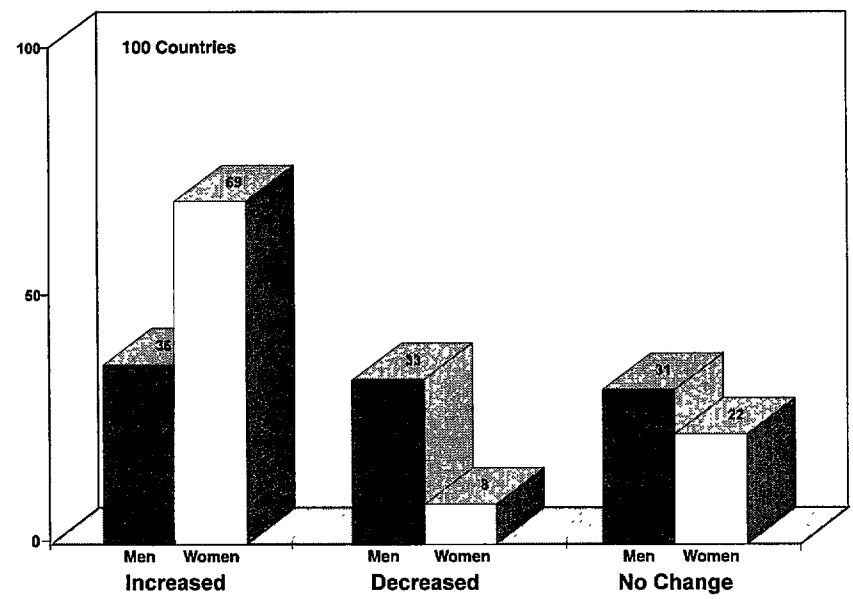
Why should the U.S. invest in women?

Not because women are a special group that needs affirmative action. And not because women are the victims of inappropriate development policies. We need to invest in women to reduce hunger and poverty in the world, to increase family well-being and, most importantly, to achieve sustainable growth in a cost-effective way. It makes economic sense to invest scarce U.S. foreign aid in women.

Fact: More Women are Working

Women everywhere are working more than ever, in the home as well as in the work place. Women in the South, as well as in the North, are participating in increasingly large numbers in the work force as a result of technological and commercial breakthroughs, the opening of trade frontiers, global markets, and the promotion of outward-oriented growth strategies in the South. Figure 1 shows this feminization of the work force in developing countries.

Figure 1: Global Feminization of Work in the 1980s (Activity Rates)



Source: Standing, 1989

Fact: Women's Work is Often Invisible and High-Risk

Much of the work done by women in the South is, however, low paid and unprotected, as employers competing in international markets pay low wages, offer no employment security and no benefits, and often prefer women workers for their greater reliability in the work environment.

Figure 2 gives examples of the proportion of women in selected countries engaged in unprotected, unregulated and often uncounted and invisible employment.

Figure 2: % of Women in Self-Employed/Unprotected Work (Selected Countries)

Africa		
1. Congo	(1984)	39%
2. Gambia	(1983)	25%
3. Zambia	(1986)	53%
Latin America		
4. Ecuador (Quito)	(1985)	50%
5. Mexico (Urban)*	(1981)	35%
6. Bolivia (La Paz)	(1983)	48%
Asia		
7. India	(1981)	49%
8. Indonesia	(1980)	43%
9. Malaysia	(1986)	43%

* excludes domestics

Sources: United Nations/Instraw/UN Statistical Office (1,2,3,8 & 9); Buvinic, Berger, Jaramillo (4); PREALC (5), Casanovas (6), Mitra (7)

A fundamentally sound and sensible objective of U.S. foreign policy, therefore, should be to increase the productivity of women in the South and expand their economic opportunities.

Why? For three major reasons:

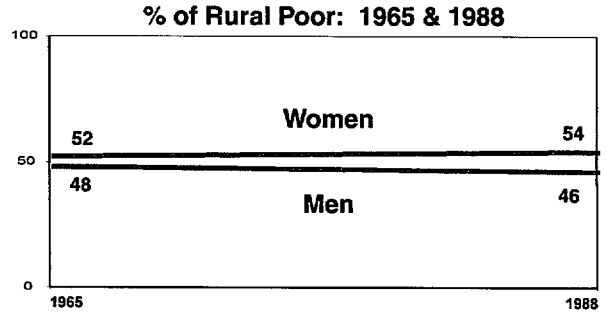
- because poverty has increased for women;
- because of women's rising economic responsibilities for family welfare; and
- because poor women, more so than poor men, invest their meager earnings in child well-being increasing both the social returns on foreign assistance and the chances to contain the transmission of poverty into the next generation.

Fact: More Women are Poor

The increasing feminization of rural poverty (Figure 3) comes as a result of, among other factors, the worldwide economic crisis, civil conflicts and natural calamities, environmental degradation, changes in traditional values and customs reflected in male migration and male desertion, the erosion of extended family systems, and single motherhood.

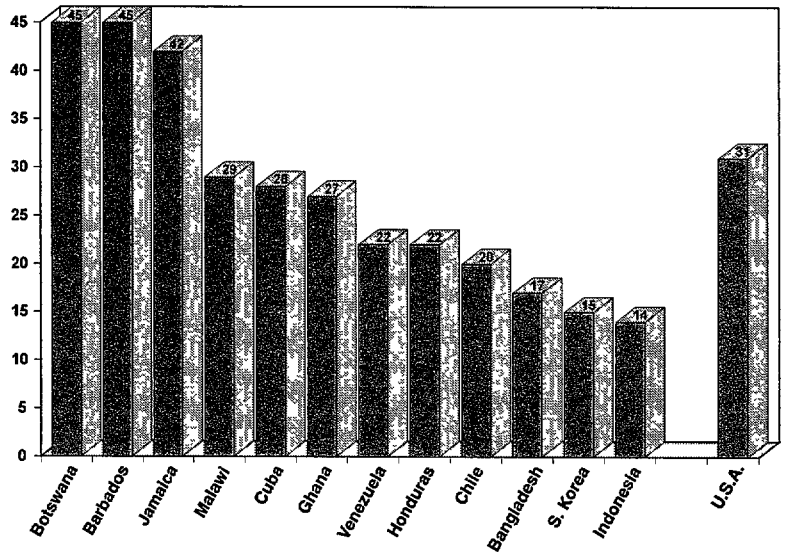
Figure 3: The Feminization of Rural Poverty (in Millions) in the Developing World

	1965	1988	% Growth
Men	212,406	300,297	41%
Women	230,352	348,166	51%
Total	442,758	648,463	



Source: Jaziry, Alamgir, and Pannucio, 1992 (IFAD)

Figure 4: % of Households Headed by Women in the 1980s



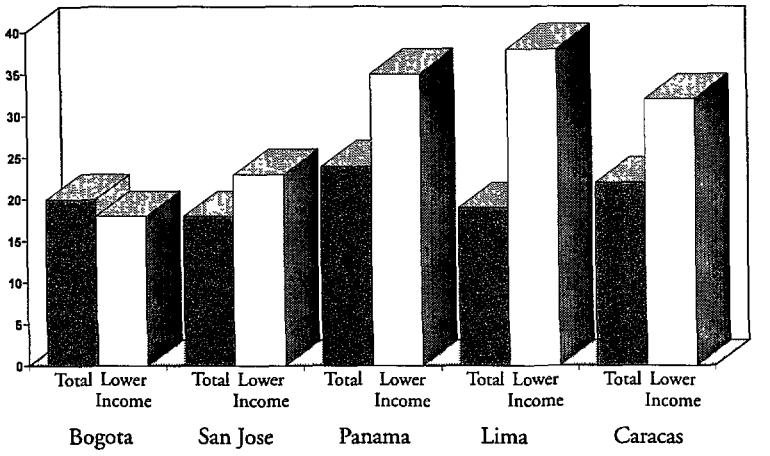
Sources: United Nations 1991; Folbre, 1990; Casen, 1990; Louet et al., 1992

Fact: More Women Support Households

One of the consequences of global social and economic trends is the increasing numbers of women who support families or households largely on their own shown in Figure 4. The high percentage of households headed by women indicates women's rising economic need. Because women have fewer economic opportunities and earn less than men, households that have women as main providers are, on average, poorer than households headed by men.

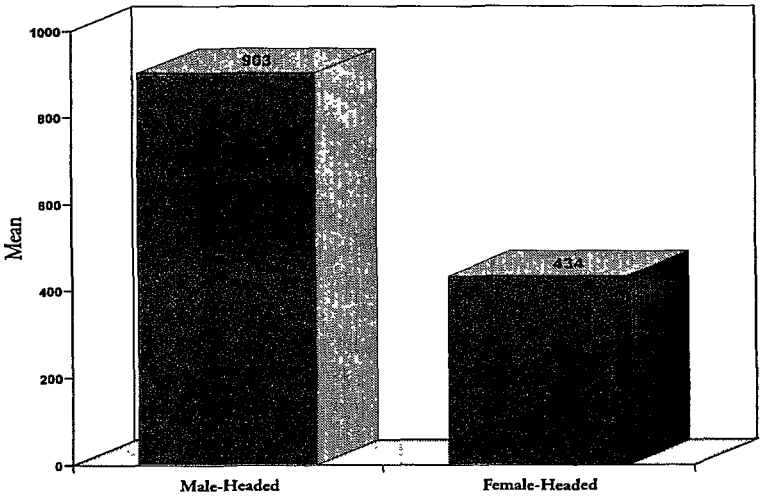
Households headed by women are over-represented among the poor in four out of five Latin American cities (Figure 5).

Figure 5: % of Women-Headed Households Among All Households in Selected Cities, by Class



Source: United Nations, 1985

Figure 6: Income with Transfer by Household Composition in Botswana



Source: Kossoudji and Mueller, 1983

Fact: Less Access Stunts Women's Productivity

In sub-Saharan Africa, in rural areas of Botswana, women-headed families prevail among the poor (Figure 6). These rural households headed by women in Botswana are poorer than those headed by men, not because women are less educated than men nor because they work less than men. They are poorer because they have less land, fewer oxen to use for plowing, and less access to other productive resources, such as farm technology and agricultural extension.

Fact: Poor Women Invest in Their Families

A critical reason to increase women's productivity in the South is because money in the hands of poor women can yield higher social benefits than money in the hands of poor men. This has been shown in the case of women-headed families and, more generally, in situations where poor women control the way family income is spent.

Figure 7 shows the positive effects of income in women's hands on child well-being. In the case of Brazil, the survival probabilities of a child increase by about 20 percent when income is in the hands of the mother versus the father. In Chile, in a sample of mothers and their first born children, there are no stunted children when the mother works and earns half or more of the family income, that is, when she is the economic head. Similarly, in Kenya there is less stunting (the negative number is lower) among children in female- than in male-headed households. (These studies control for differences in household income.) Poor women invest more "wisely" or invest more than poor men in child welfare.

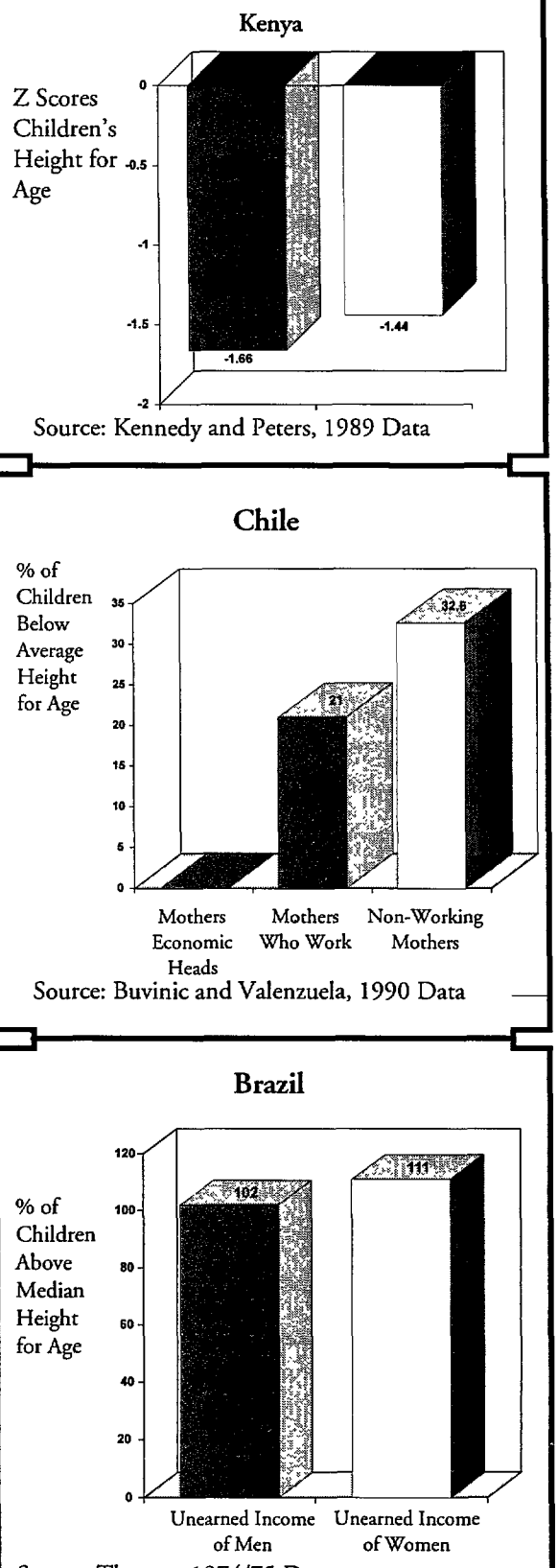
To maximize investments in human resources, cost-effective policies should take advantage of, rather than ignore, the preference women have to devote resources to child well-being, and increase women's opportunities to participate in the market economy and earn cash

Cost-Effective Roles for the U.S.

Through bilateral and multilateral assistance the U.S. Administration and Congress should vigorously pursue the policy objective of closing the gender gap in educational opportunities.

According to Lawrence Summers, former U.S. Undersecretary of Treasury for International Affairs, the worldwide implementation of closing this gap in education would cost about 2.4 billion dollars. He has further calculated that developing countries could do this by investing in 19 rather than 20 power plants.

Figure 7: Relationship Between Mother's Income and Child Well-Being



The social benefits of educating girls are far greater than those of educating boys. As Undersecretary Summers estimated for Pakistan, the costs of an additional year of schooling for 1,000 women in Pakistan, where the educational gap between the sexes is substantial, would be worth about $30,000.

The potential benefits of implementing this measure are detailed in Figure 8. An additional year of schooling for women has positive effects on earnings and farm productivity for women (as well as for men) as well as positive effects (for women only) in reducing child and maternal mortality and increasing the use of family planning.

Figure 8: Costs/Benefits of One Additional Year of Schooling for 1,000 Women in Pakistan (Estimated)

	Costs		
Schooling:	Cost for 1,000 Women	=	$30,000
	Benefits		
Female Earnings:	Increase in Wages	=	20%
Child Mortality:	Child Deaths Averted	=	60
	Alternative Health Intervention to Save 60 Lives	=	$48,000
Fertility:	Total Births Averted	=	500
	Alternative Family Planning Costs Per 500 Births Averted	=	$33,000
Maternal Mortality:	Total Maternal Deaths Averted	=	3
	Alternative Costs Per 3 Averted Maternal Deaths	=	$7,500

Source: Summers, 1992

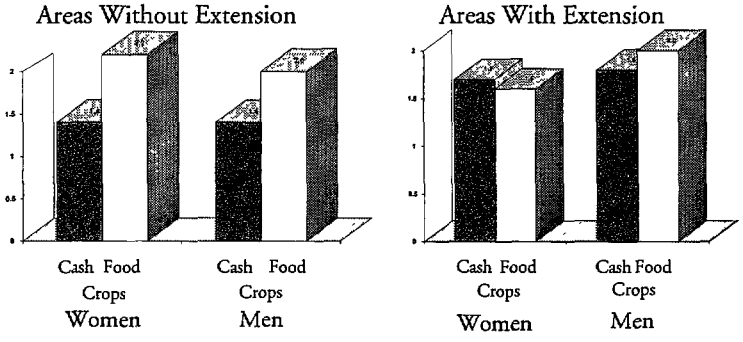
The U.S. Administration and Congress should target spending in agricultural research, training and extension by international, bilateral and national institutions to benefit women farmers and enforce implementation.

An illustration of the need for this targeting of agricultural spending, is an example of what national agricultural extension systems should not do. In the late seventies, Kathleen Staudt documented, insightfully, the little access women farmers in Western Kenya had to agricultural extension. Forty-nine percent of the female managed farms were never visited by an extension agent compared to only 28 percent of the male or jointly managed farms. Ninety-nine percent of the female managed farms received no information on credit, compared to 86 percent of the male managed ones. Worse, this bias was present for all female farmers, including those that were farm innovators, whether innovation was measured by number of crops grown for cash, farms devoted to income earning, or early adopters of hybrid maize. For instance, 69 percent of the female farmer early adopters were visited by an extension agent compared to a full 97 percent of the male farmer early adopters.

The consequences of this male bias in extension service can be seen in Figure 9: first, the productivity of female farms suffered where slanted extension services rather than no extension services were offered. Second, and more damaging in terms of family well-being, the productivity of women farmers suffered the most in terms of food crops for family consumption, rather than cash crops.

Figure 9: Consequences of Preferring Males to Females in Agricultural Extension in Western Kenya

Productivity of Cash Crops vs. Food Crops



Source: Staudt, 1978

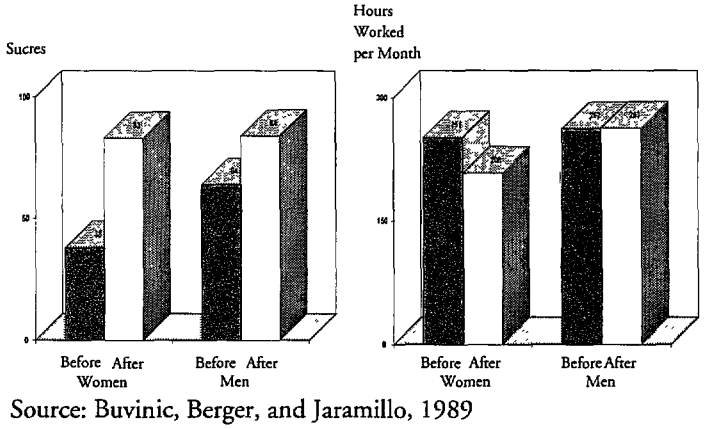
This bias, unfortunately, persists in the nineties: a recent extension project in Cameroon found that men received eight times more individual farm visits than did women. In Imo State, in Nigeria, extension services that include training are offered in locations that are inconvenient to women.

The U.S. should pursue financial policies and programs that significantly increase women's access to capital by, among others, financing innovative credit and savings programs.

A USAID funded project in Quito, Ecuador, paid special attention to making credit accessible to small firms of both women and men. With modest additional effort, which included technical assistance and a small credit line (of $50,000) earmarked for women, the project was successful in attracting women as well as men borrowers.

A year later, women-owned firms had increased their net hourly earnings significantly more than male owned ones (Figure 10), with an additional unanticipated benefit: the women, but not the men, helped by the credit seem to have become more efficient producers. They reduced the time they spent at work: from ten hours a day to about nine hours per day, six days a week. The impact on family well-being of this reduction in time worked was likely significant and positive.

Figure 10: Implications of Access to Credit on Small Men- and Women-Owned Firms in Quito, Ecuador



Source: Buvinic, Berger, and Jaramillo, 1989

To increase women's economic opportunities it is important to invest in complementary women-oriented interventions in health and nutrition that are based on the basic principle of seeing women in the South for what they are: economic and social agents and not merely passive recipients of welfare.

The Bangladesh Women's Health Coalition has implemented an impressive woman-centered health service delivery program where family planning for women is integrated with pediatric care for children and general health services for women.

Figure 11: Cost Effectiveness of Family Planning Programs' Cost for Births Prevented (Adjusted)	
Bangladesh Women's Health Coalition	$ 7.08
Social Marketing and NGOs	$ 32.20
Bangladesh Government Program	$ 68.25

% Health Services Offered Through Bangladesh Women's Health Coalition Clinics 1989-1990

Health Service	All Clinics	Urban	Rural
Family Planning	25	42	16
Women's Health	38	31	34
Child Health	37	27	50
	100%	100%	100%

Source: Kay and Kabir, 1988; Kay, Germain & Bangser, 1991

Figure 11 shows the proportion of services provided by the seven BWHC clinics, and includes comparative costs for the delivery of family planning. Contrary to common wisdom, in this case, it is less rather than more expensive to provide family planning integrated with other health care. This is a good example of a sensible and straightforward modification of health services that is grounded on the acknowledgement that poor women's time is both valuable and scarce, and that their access to health care can increase dramatically when two services are offered in one location and in one trip. It also responds to, and builds on, the priority most mothers give to their children's health over their own.

But there are other reasons to invest in women in foreign assistance. It not only makes economic sense. It is an eminently equitable strategy; it promotes pluralism and democracy; and it should help substantially improve the human rights record worldwide.

The Percy Amendment promoted gathering evidence about women's lives such as that presented in this paper. It further contributed to the formation and multiplication of women's organizations and women's groups throughout the developing world. The U.S. Congress and the Administration soon will make some critical decisions on the future of foreign policy and assistance. These decisions can be both pragmatic and visionary: they can capitalize both on the richness of opportunity that individual women offer through their work and the resources women's organizations offer worldwide to promote broad-based well-being and the human infrastructure that can implement sustainable development. The returns on investing in women are in our own best interest.

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N.B. This paper was originally given at a Congressional Luncheon to honor the 20th anniversary of the 1973 Percy Amendment.