



EMPOWERMENT AND ECONOMIC OPPORTUNITIES: WHAT MATTERS AND FOR WHOM?

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Empowerment and economic opportunities

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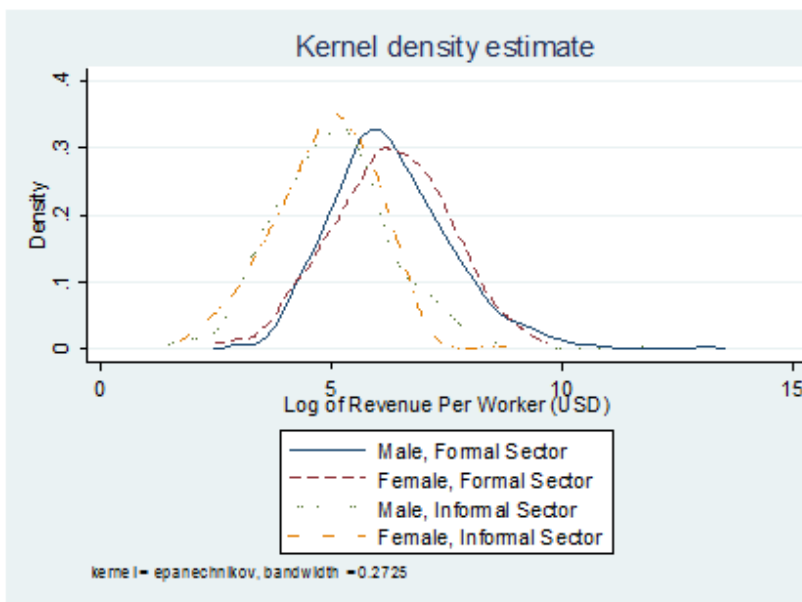
- Being able to make choices, to have the incentive and ability to invest and reap the rewards have been central tenets of economic thought for centuries
 - ▣ Seen as having intrinsic as well as instrumental value
- Yet economies have existed – even thrived – with very unequal degrees to which members can exercise these abilities
 - ▣ Empowerment for all is not necessary for growth
 - ▣ But inequalities can still be costly
- So is it that “gender equality is smarter economics”?
Does empowering women lead to better economic outcomes?

Where you work greatly affects economic opportunities

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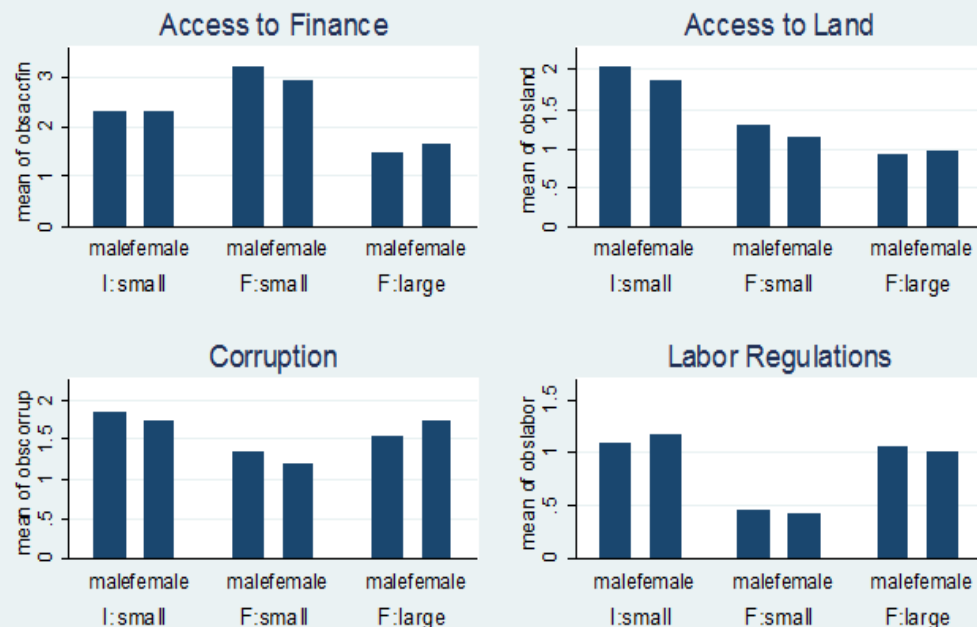
Differences in performance, as well as reported constraints, are more striking across sectors than by gender within sectors

Labor Productivity



Source: Hallward-Driemeier and Gajigo (2010)

Obstacles to Doing Business in Africa by size



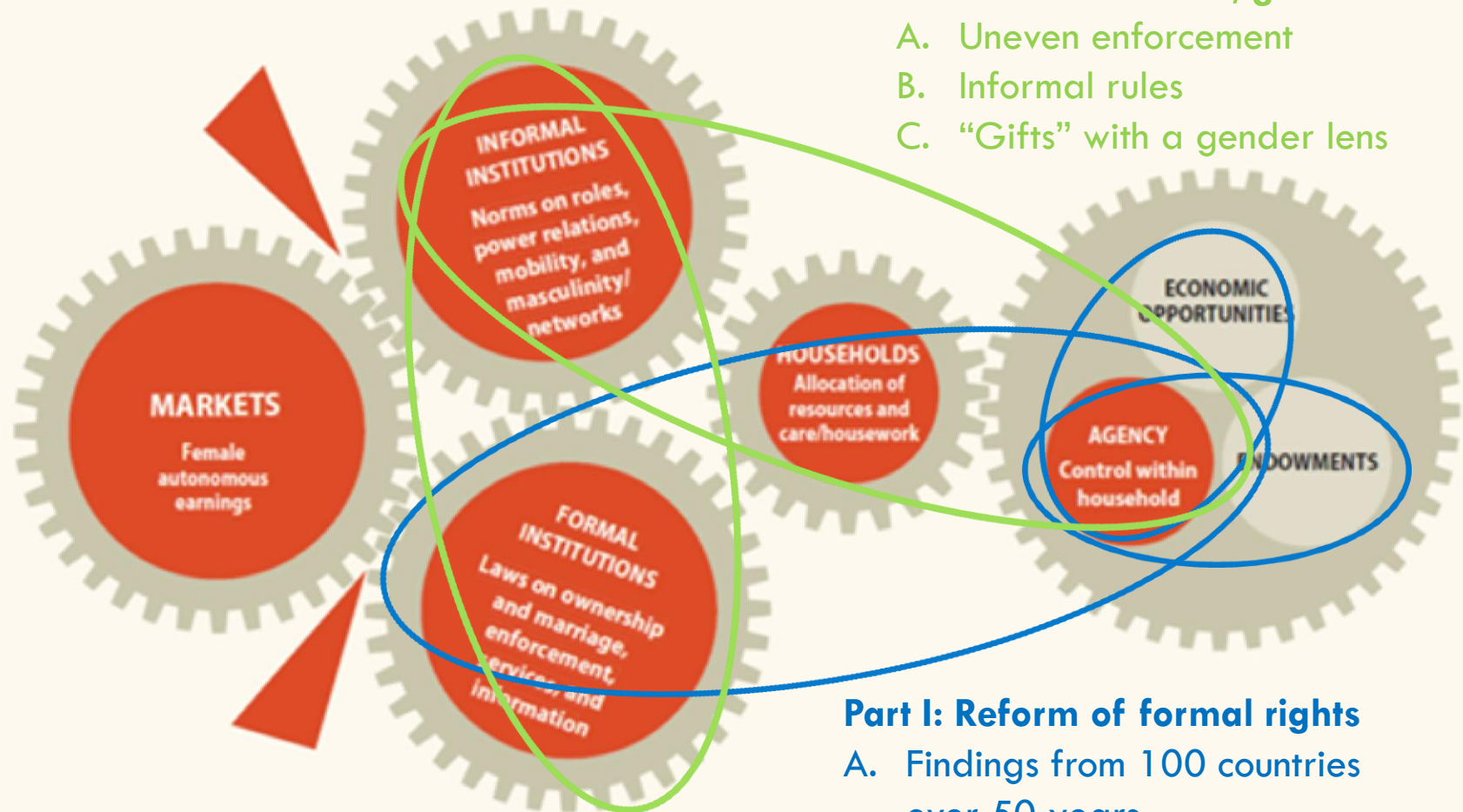
source: Enterprise Surveys, World Bank

Source: Hallward-Driemeier et al. (2011)

Key to economic empowerment is factors that affect women's choice of activity / formality / size of enterprise

WDR 2012 Framework: Institutions, agency, economic opportunities and endowments

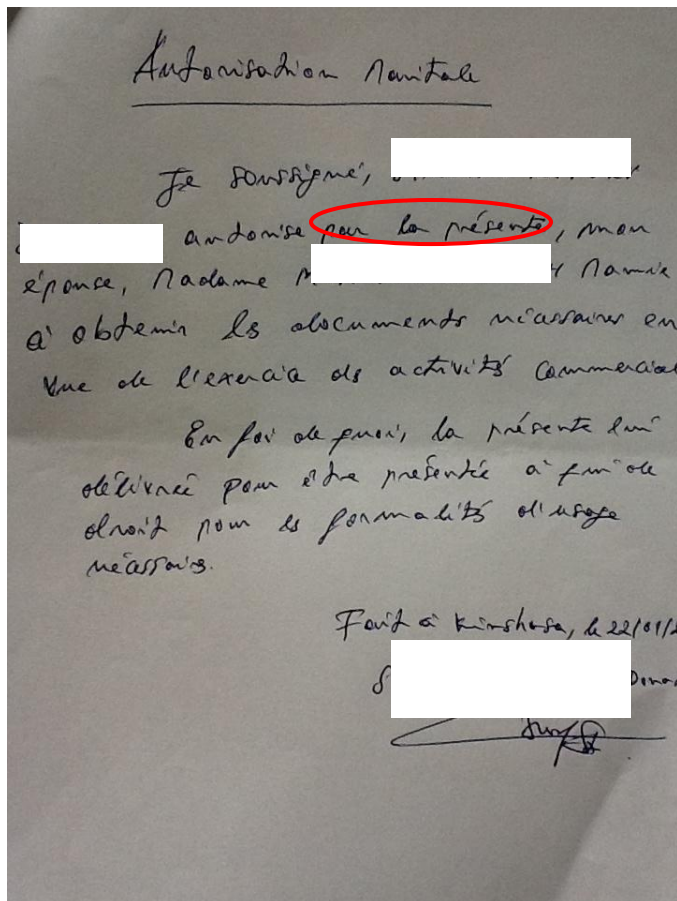
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How do women's rights vary?

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Mme Ngetsi, DRC

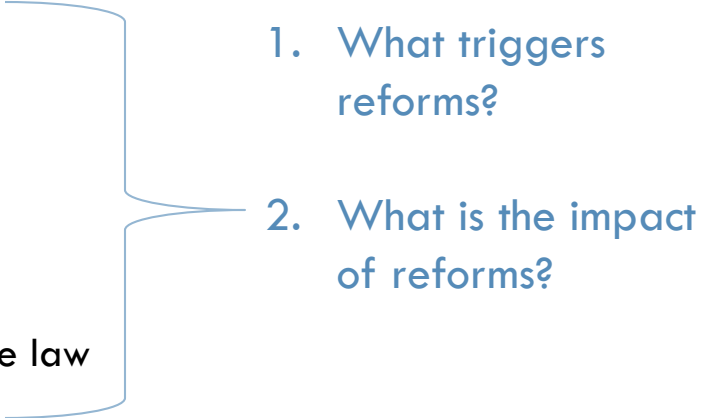


Ms. Eva, Kenya

- Ran a very successful clothing business
 - ▣ Original designs
 - ▣ A dozen boutiques
 - ▣ An exporting contract
- ...until her husband passed away

Measuring legal capacity and property rights

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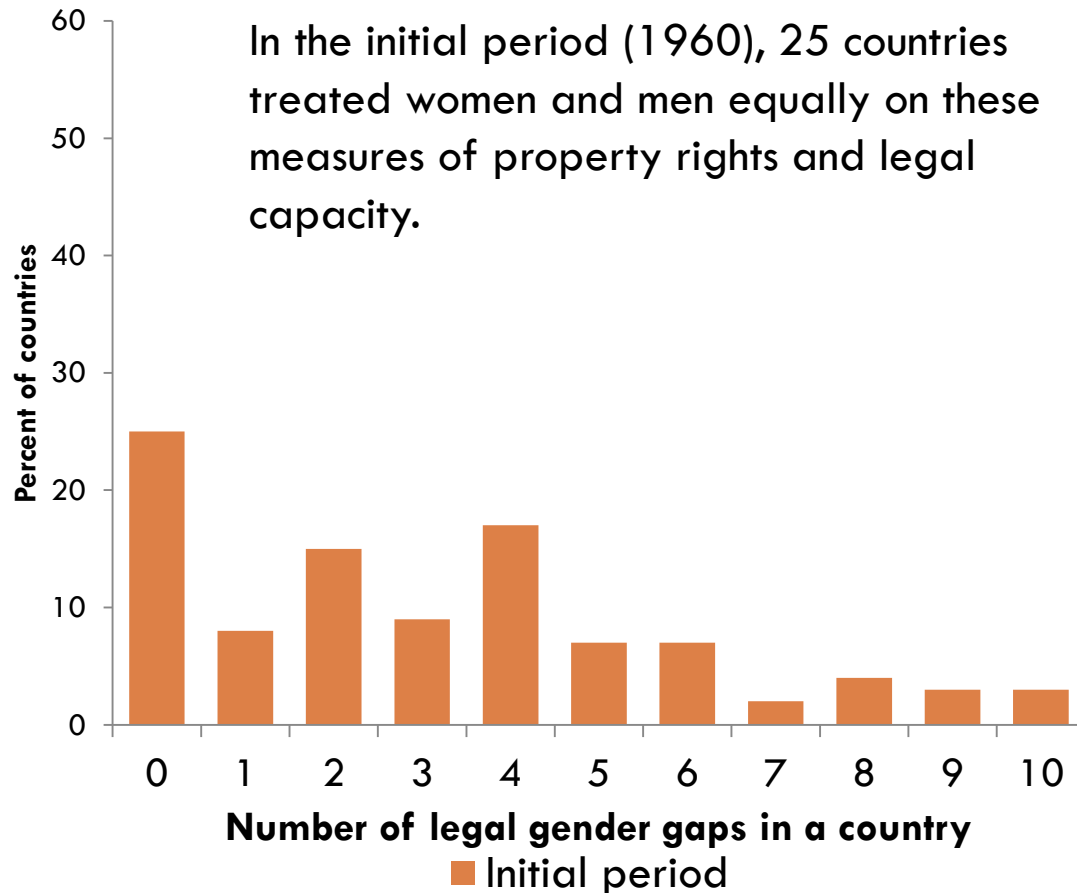
- Which areas of the law matter?
 - ▣ Economists have looked to business regulations: registering property, enforcing contracts, resolving bankruptcies (e.g. Doing Business)
 - Most should apply to all (beyond a minimal size) formal firms equally
 - And are gender neutral on their face
 - BUT they presuppose you have legal capacity and the ability to own property in your own name
 - ▣ Rather, family law, inheritance law, land law are where legal capacity and the ability to own and transfer property are defined – and where gender gaps are not uncommon
 - New datasets
 - 50 years of Women's Legal Rights
 - 100 countries from 1960 – 2010
 - Partnership with *Women, Business and the Law*
 - wbl.worldbank.org/Data/TimeSeries
 - Women LEED Africa
 - All 47 SSA countries
 - Additional coverage of legal indicators and case law
 - Worldbank.org/gender/WomenLeedAfrica
- 
1. What triggers reforms?
 2. What is the impact of reforms?

Potential for reform...

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Share of Countries with Different Numbers of Legal Constraints for Women

In the initial period (1960), 25 countries treated women and men equally on these measures of property rights and legal capacity.



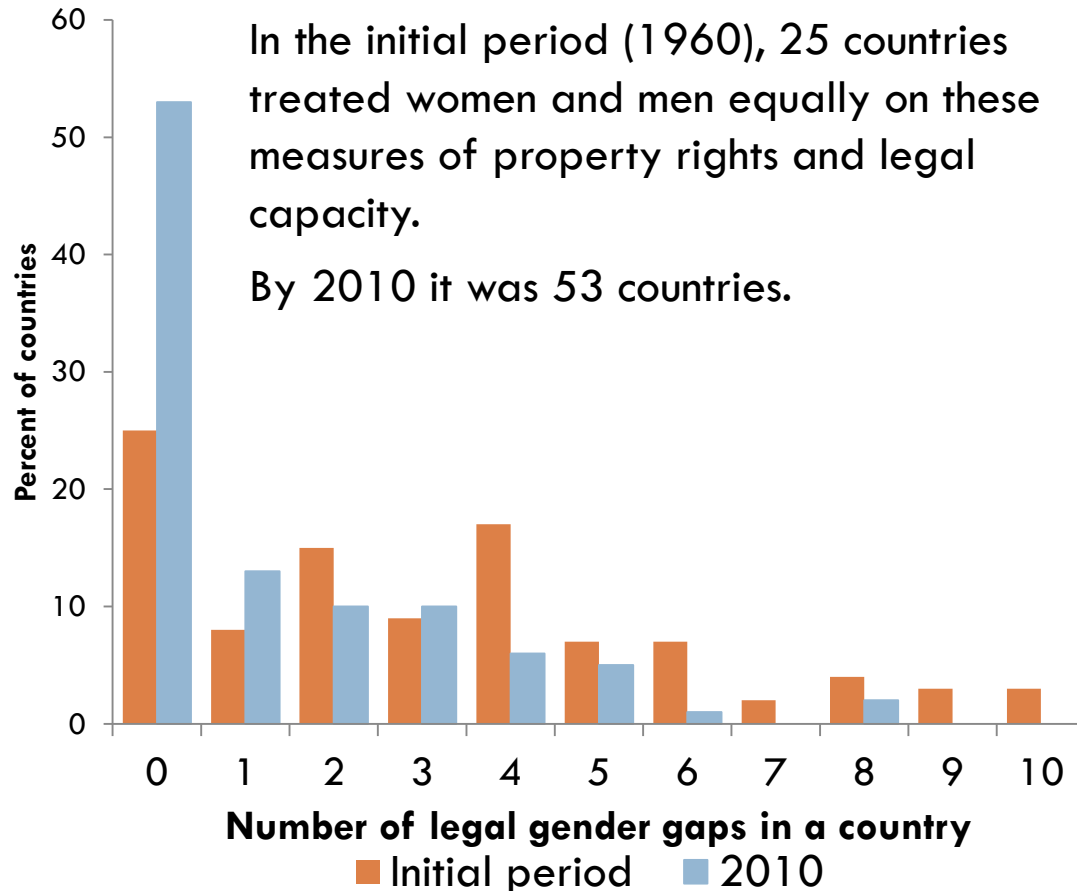
Potential for reform...is real

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Share of Countries with Different Numbers of Legal Constraints for Women

In the initial period (1960), 25 countries treated women and men equally on these measures of property rights and legal capacity.

By 2010 it was 53 countries.



Progress was particularly marked in many of the countries that started with the most inequalities:

- South Africa and Benin closed all 9 gender gaps
- Zimbabwe removed 9 of their 10
- Lesotho removed 8 of their 10 gaps
- Spain removed the 7 constraints it had had.

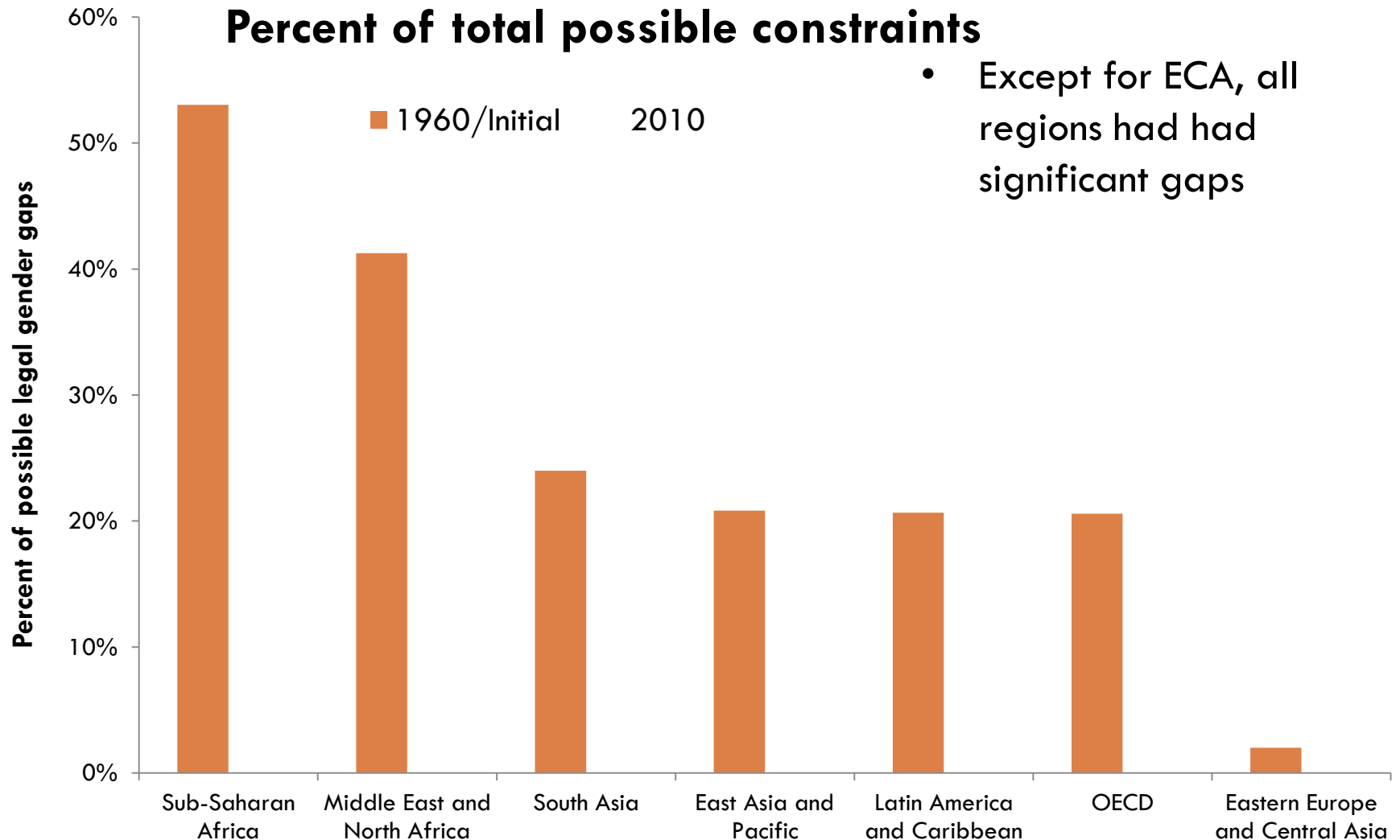
- But Nigeria and Swaziland, while having reformed, still have 8 and DRC has 6 gaps remaining

- Only 13 countries made no change.

- 5 countries introduced new constraints.

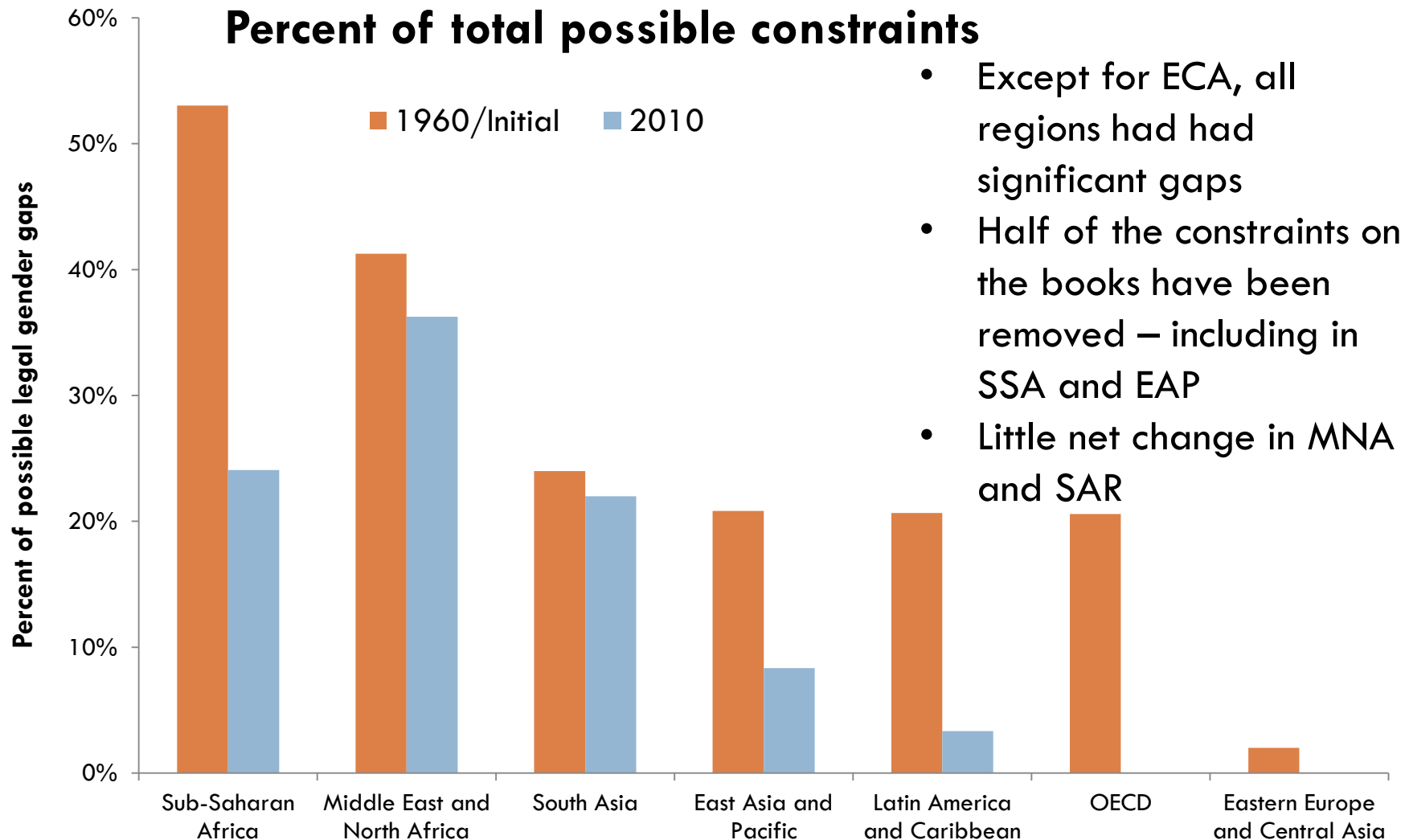
...but uneven across regions

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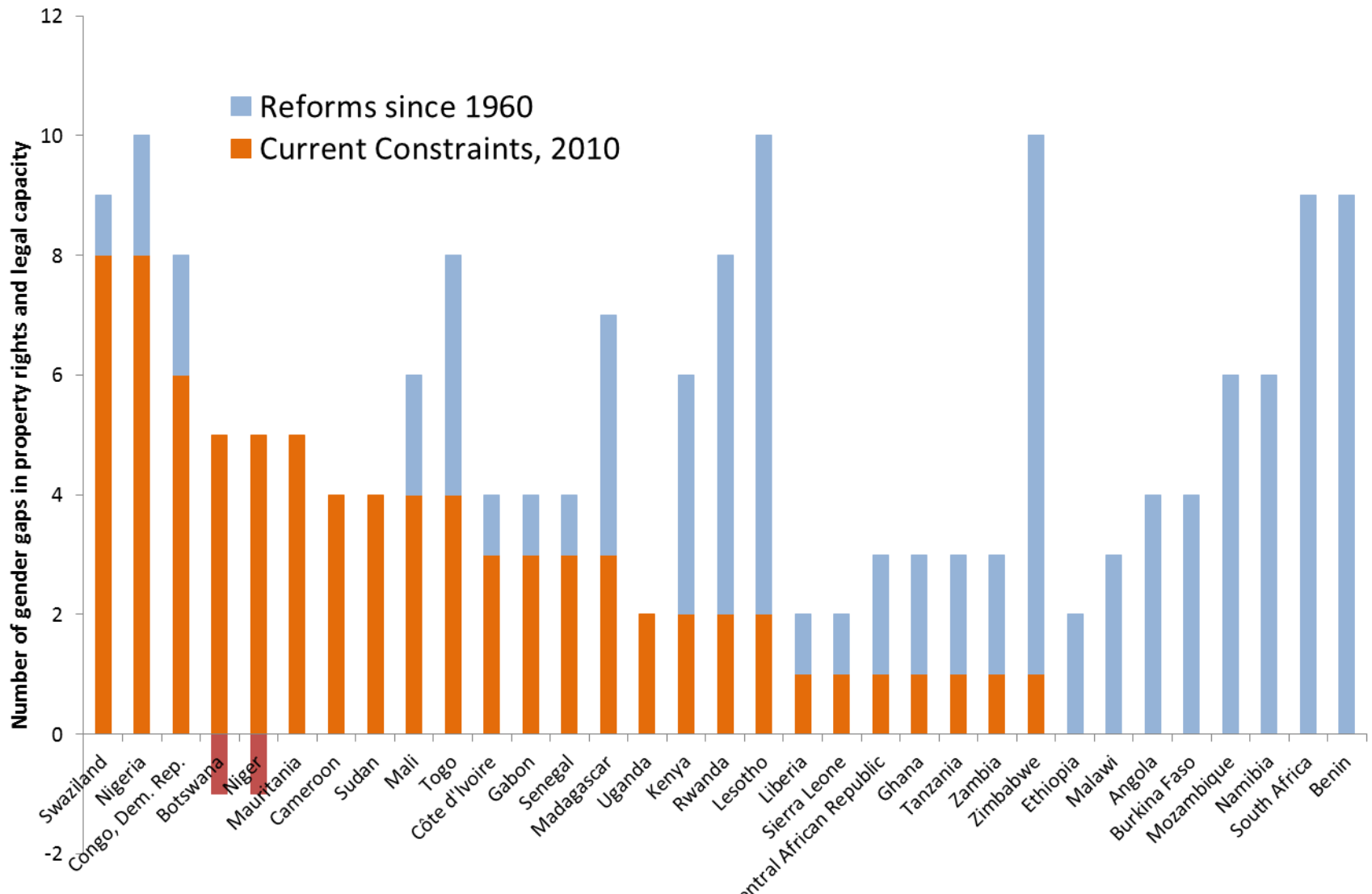


...but uneven across regions

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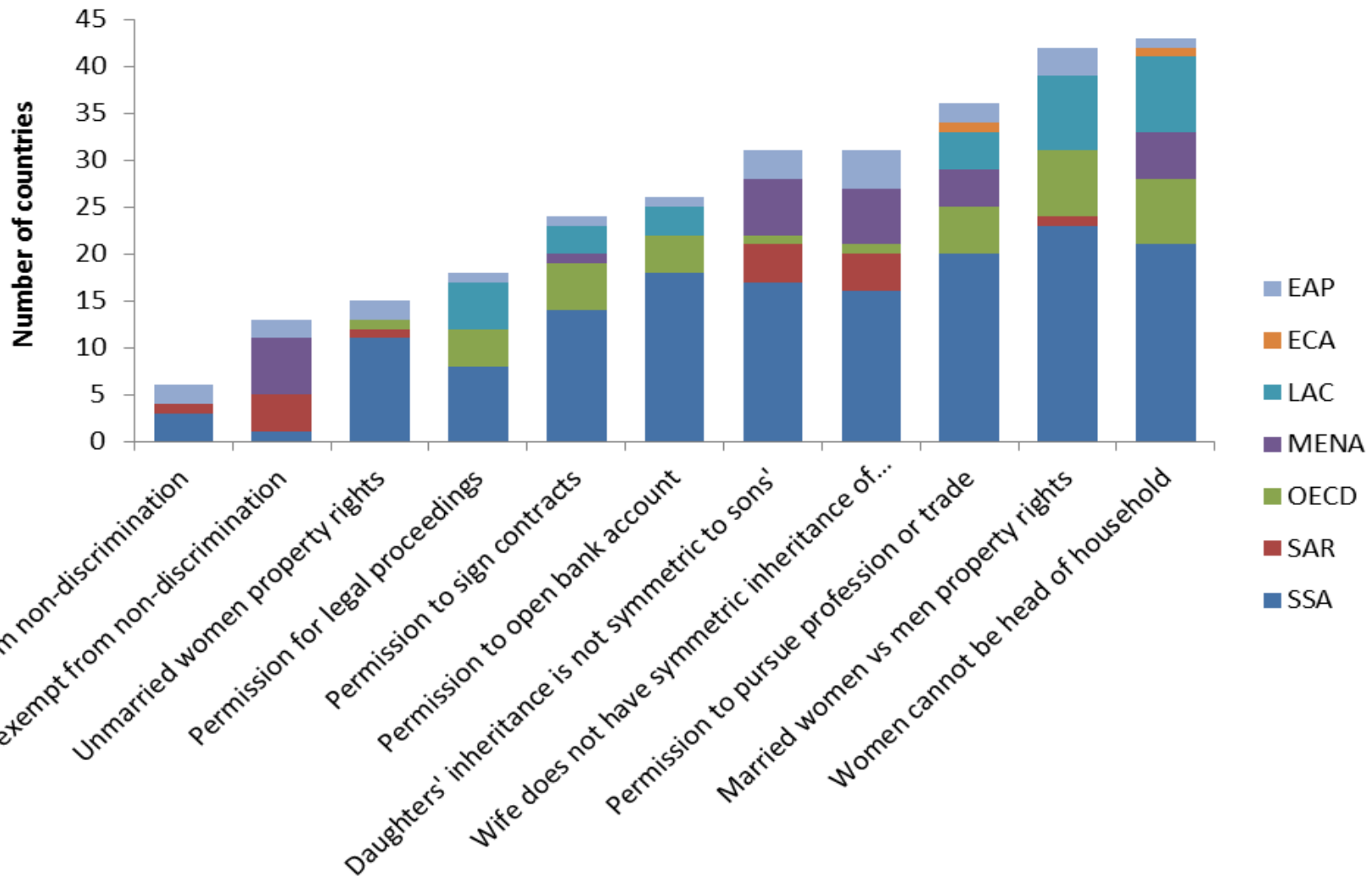
...and within regions, e.g. in SSA



Where were the legal gender gaps?

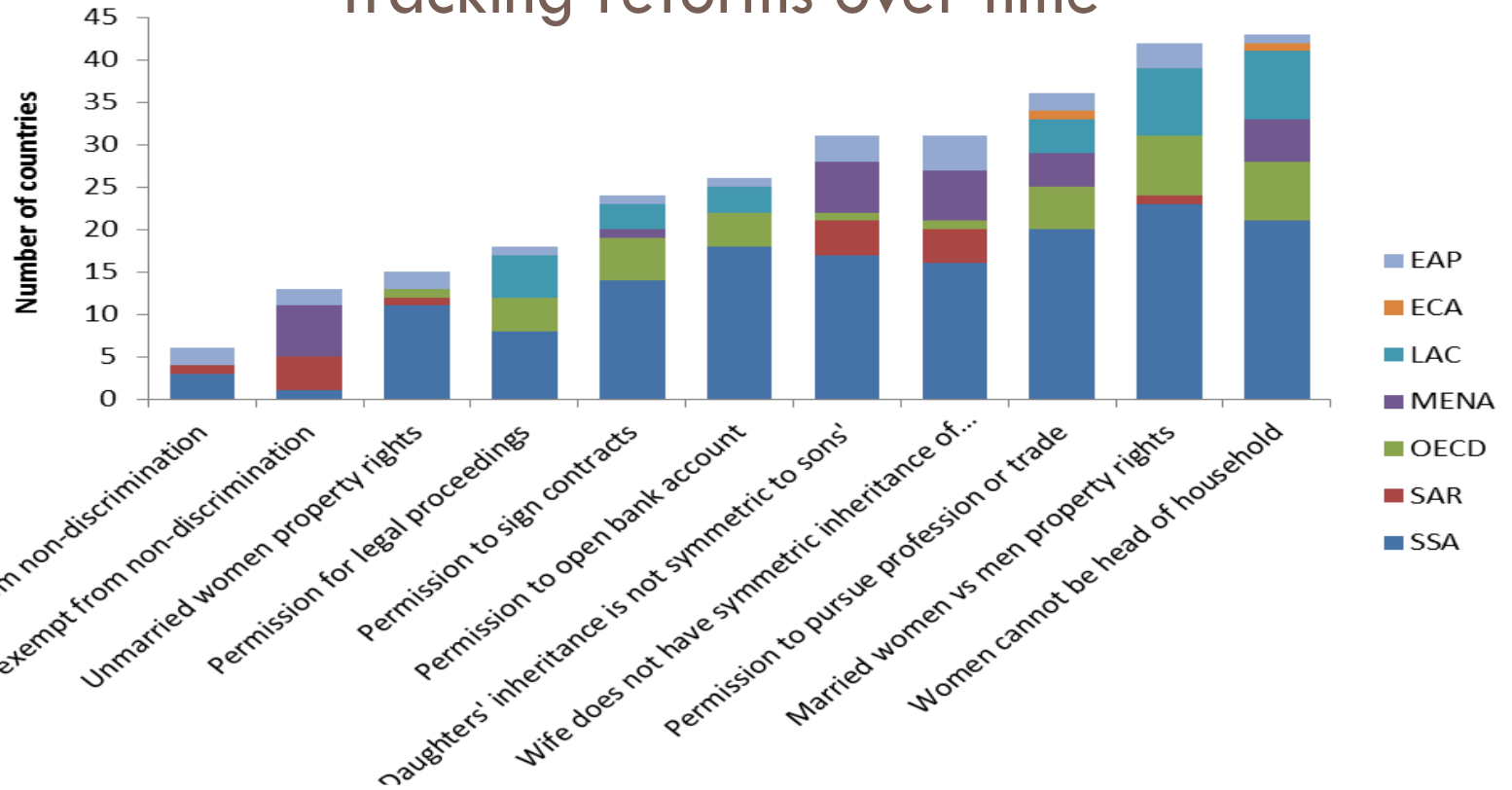
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1960

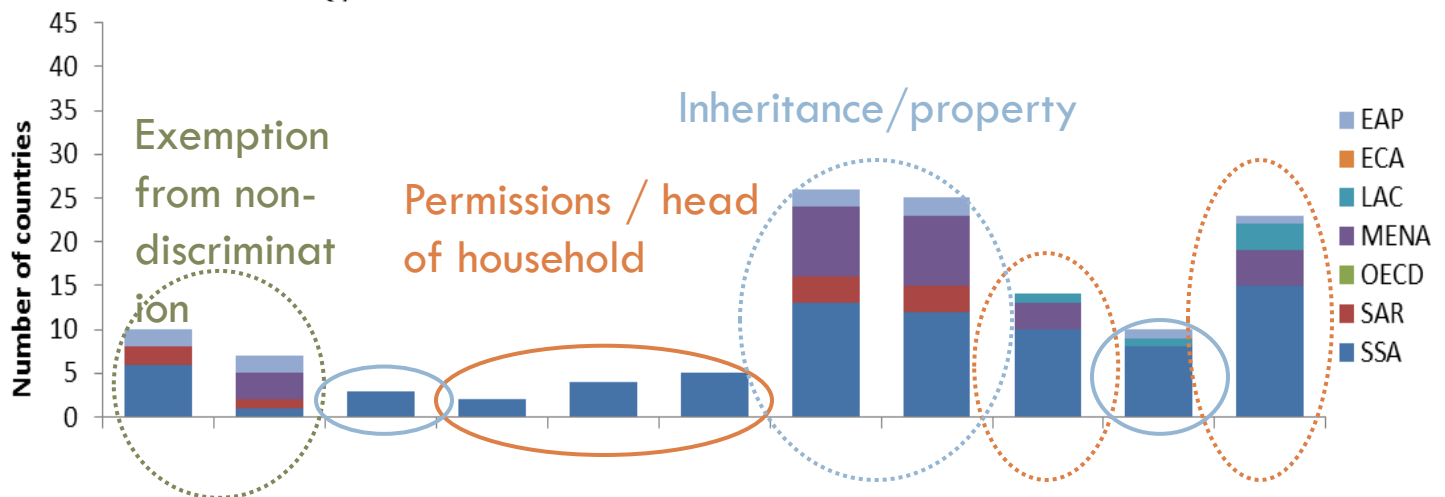


Tracking reforms over time

1960



2010

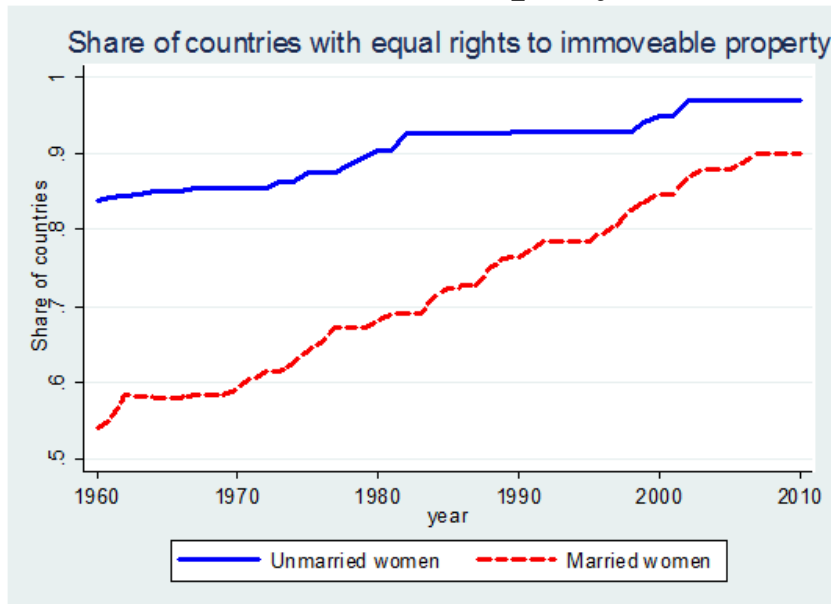


Girls before women

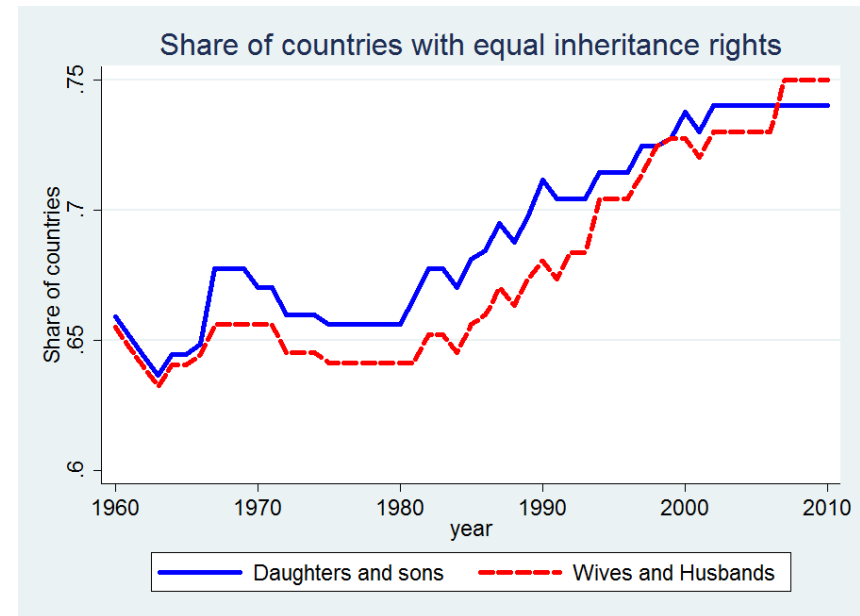
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Unmarried Women's Rights Were Equalized First

a. Property



b. Inheritance



What helps predict reforms?

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5 hypotheses

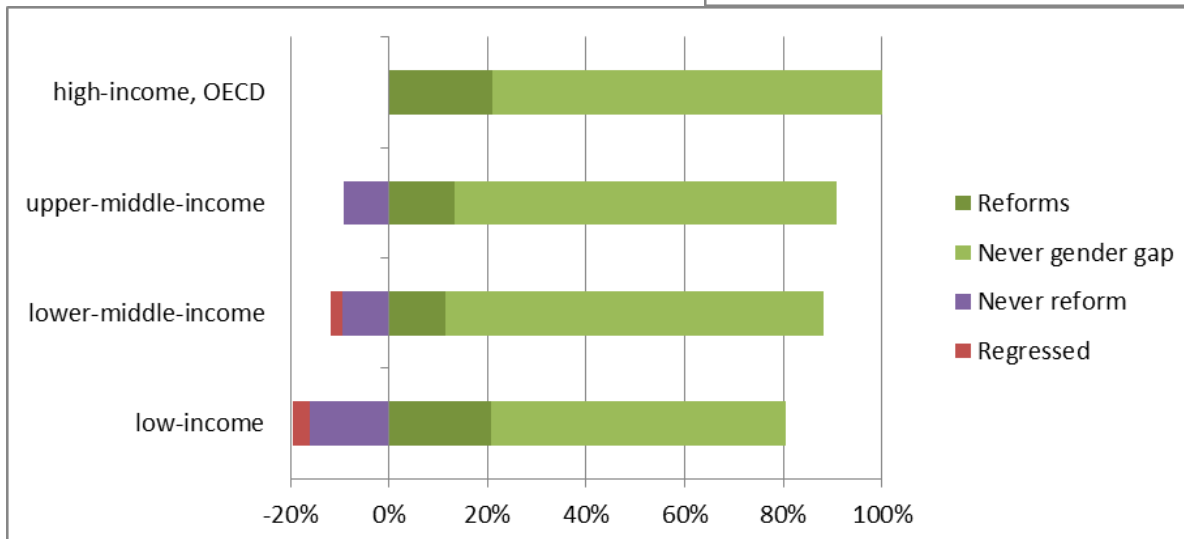
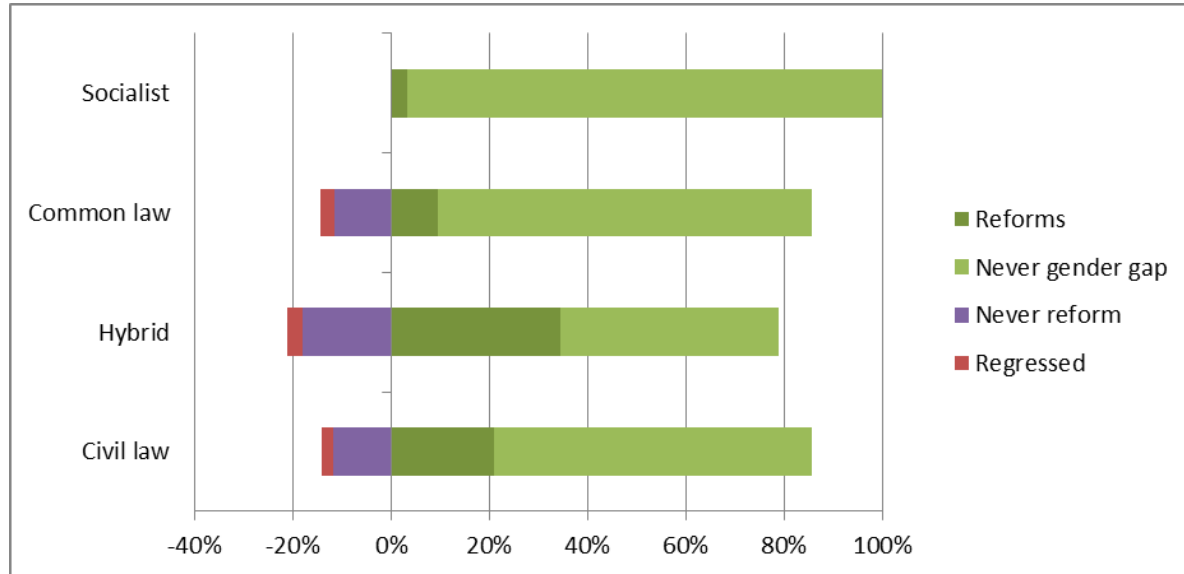
- Legal tradition
- Income / growth
- Post-conflict – opportunities for new constitutions and reframing of key statutes
- Share of women in parliament
- International conventions, e.g. CEDAW (Convention on the elimination of all Forms of Discrimination Against Women)

Legal traditions and income explain part

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Socialist system has few gender gaps. Hybrid systems had had the most, with mixed reforms since.

Normalized to show shares across group of countries



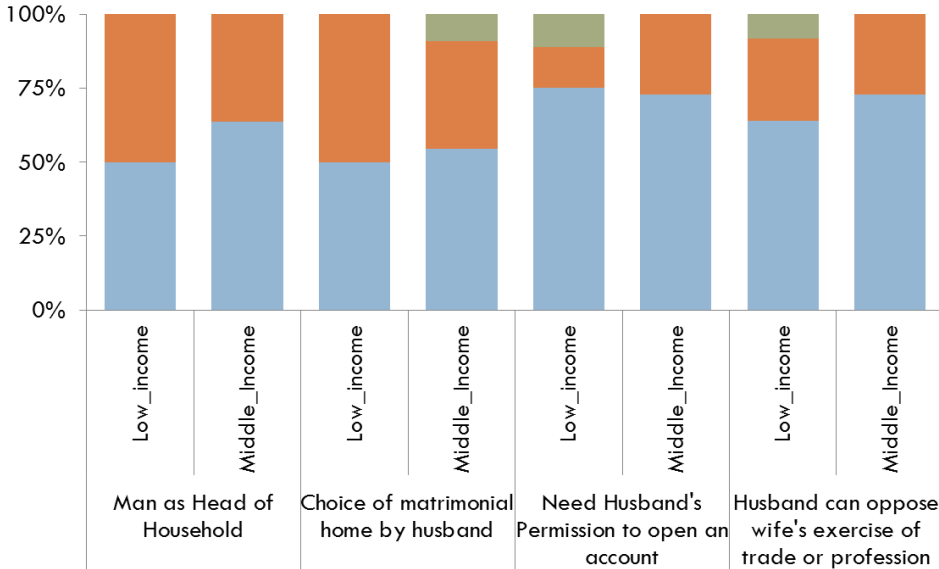
Gaps had been as prevalent in middle and high income countries, but with more reforms enacted in high income countries.

Little role for growth in closing gaps

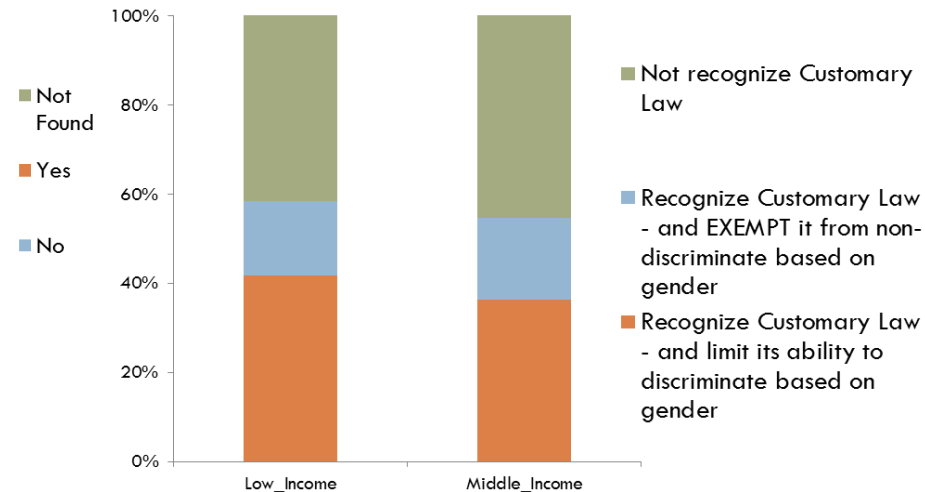
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- In 2010, the average number of gender gaps in countries' constitutions and statutes is the same for middle income countries as low income countries.

Head of Household Rules



Constitutional recognition of customary law



- In panel regressions, growth has no significant effects on reforms
 - ▣ Controlling for time-invariant country characteristics, time trend and allowing various growth specifications (lagged 3, 5 or 10 years)
 - ▣ Rising incomes has helped simulate reform efforts in lower income countries in recent decades, but not in middle income countries.

Silver lining to conflict?

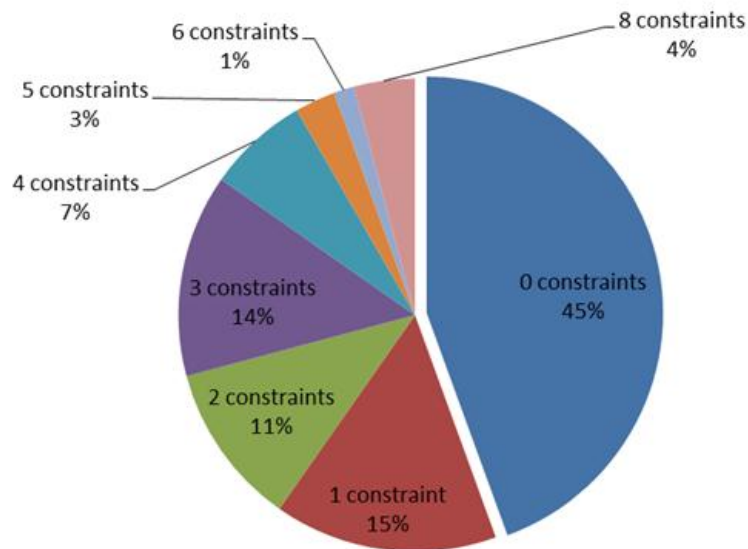
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- Post-conflict reconstruction efforts offer the potential to close gender gaps (e.g. Rwanda)
- But, as common is the introduction of new gender constraints, e.g. recognizing customary or religious law and exempting it from non-discrimination
- WB's legal teams in FCS working on gender prioritized gender based violence (worthwhile!)
 - ▣ Recently have also focused on women's economic rights
 - ▣ Bring results of economic impacts to legal debates
 - ▣ Building bridges between women's business and legal associations

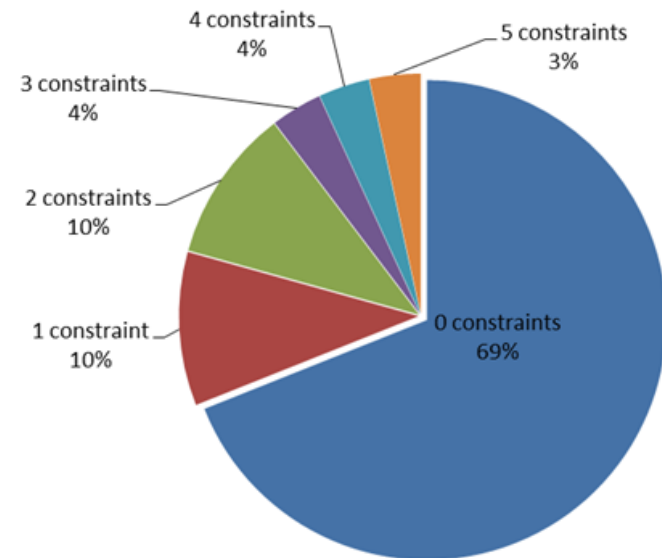
Gender gaps are less prevalent with more female legislatures

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Number of constraints in countries with 0-25% women in parliament



Number of constraints in countries with 25%+ women in parliament - 2010 -

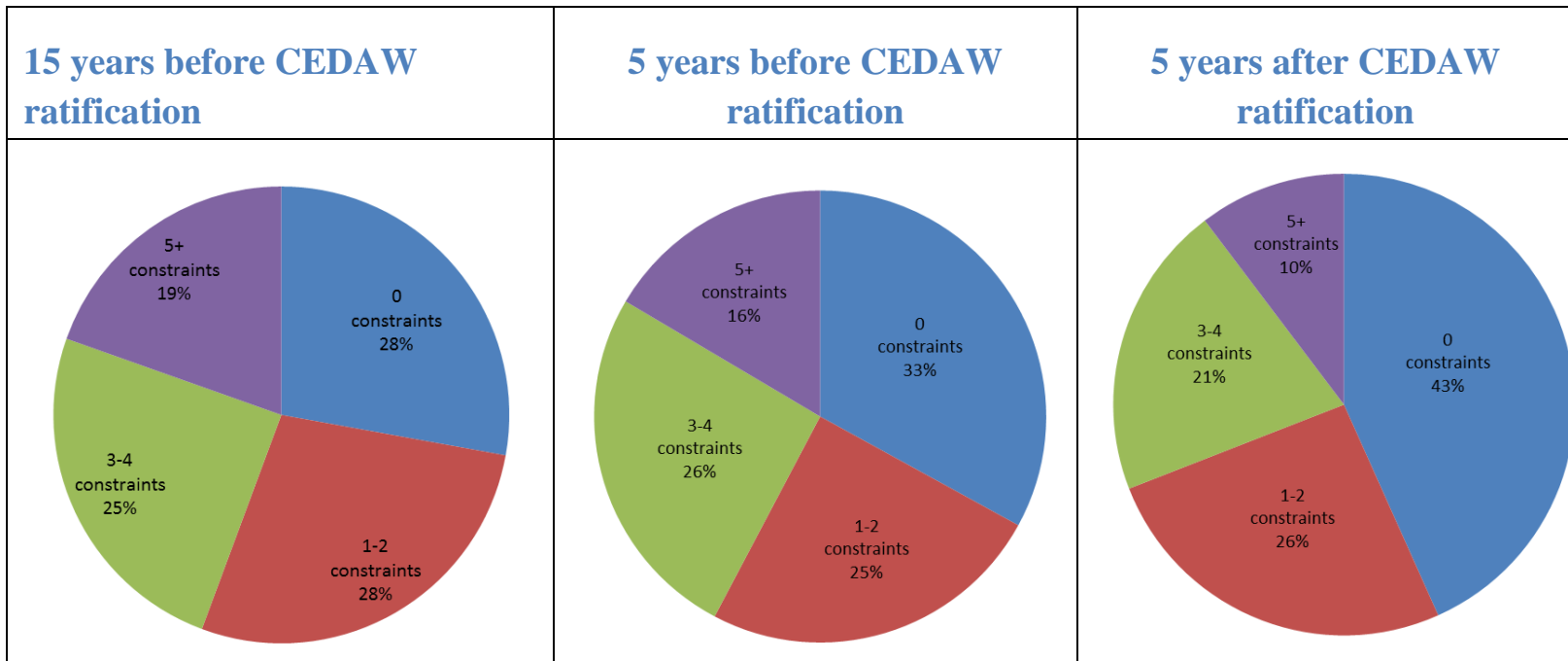


More women in parliament is associated with more reforms (5+ years later), controlling for time-invariant country characteristics, time trends, income and conflict.

CEDAW has been a catalyst

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Countries are significantly more likely to introduce reforms in the 5 years after ratifying CEDAW than in the preceding years.



Ratifying CEDAW is itself an indication of changing attitudes to gender – where international pressure was effect at bringing change

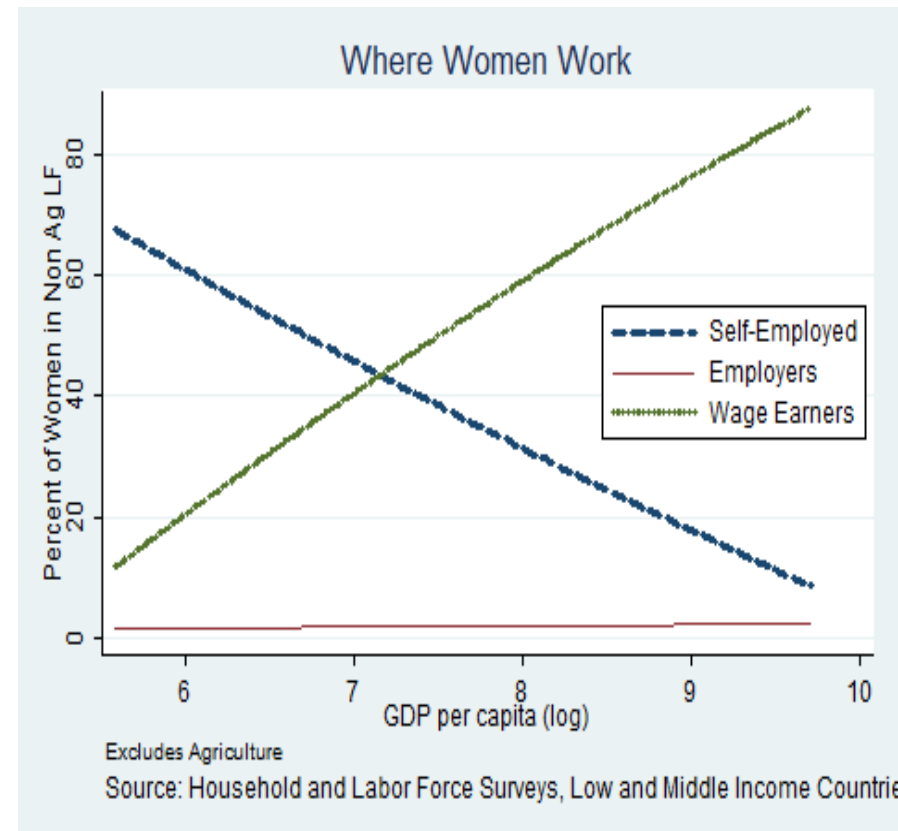
Impacts of legal reforms?

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- A. Do patterns of women's entrepreneurship differ in countries with more or less legal rights for women?
- B. Do reforms that close gender gaps in legal rights lead to improved economic outcomes over time in the same country?
 - ▣ Panel data across 100 countries
 - ▣ Reform rolled out across regions in a single country

Context: Where do women work?

Where women work



Patterns emerge by income, across regions:

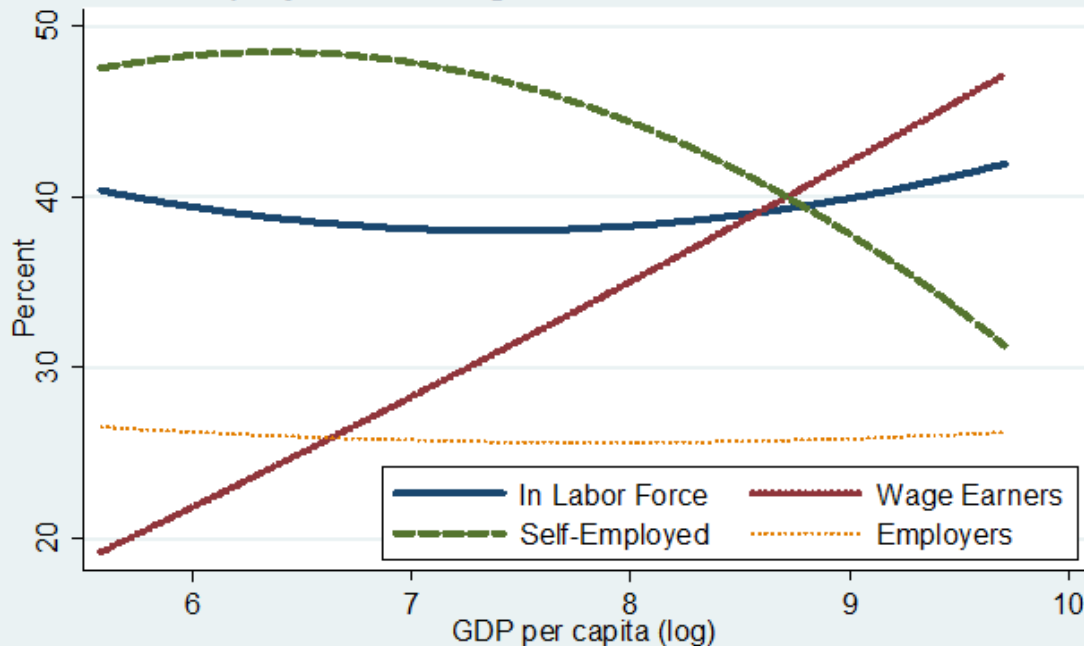
- Labor force participation is high in lower and higher income countries ('U' shaped)
- Agriculture and self-employment are highest in lower income countries
- Wage employment rises with income level
- Little variation with share of employers by income (although average firm size rises)

Women's share in different types of work

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Women's share in non-agricultural employment averages 38 percent – across income levels

Within Employment Categories, the Percent that are Women



Excluding agriculture

Source: National Household and Labor Force Surveys

- At low levels of income, women are disproportionately in self-employment.
- Greater relative participation of women in wage work as income rises
- Women's share of employers remains constant
 - But 15 percentage points lower than women's share in the non-agric. labor force

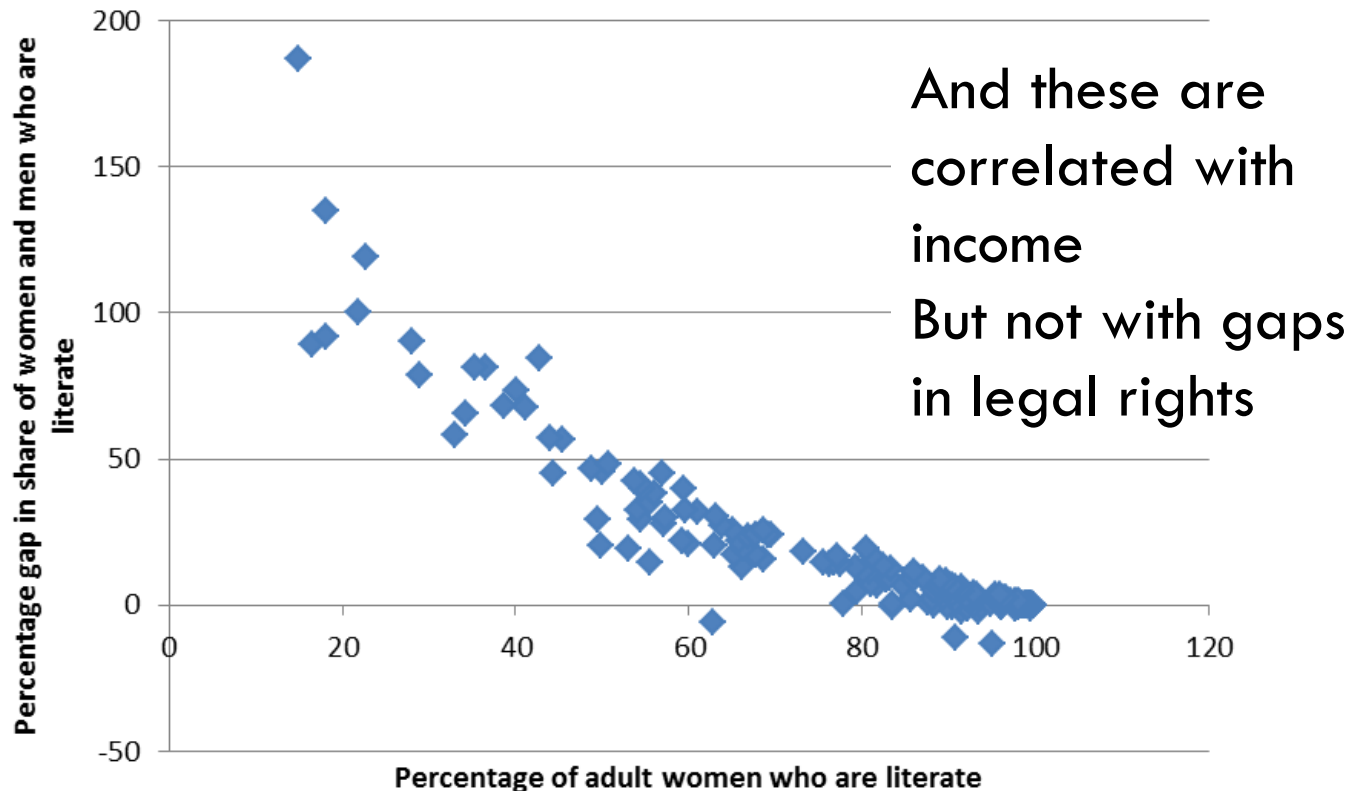
Source: Hallward-Driemeier et al. (2011)

WEE is not so much about women's participation per se – but to help more women move into higher value added activities

Closing gaps in education help close gender gaps in self-employment and wage work

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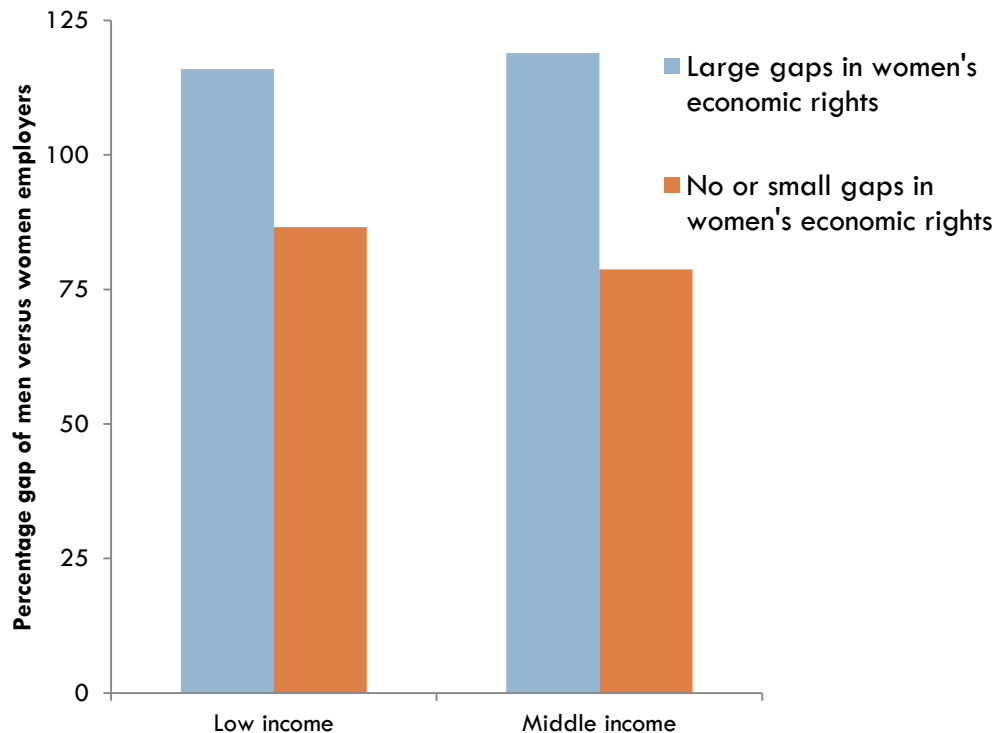
Female literacy and gender gaps in literacy are inversely correlated



Stronger economic rights affect share of women who expand their businesses and become employers

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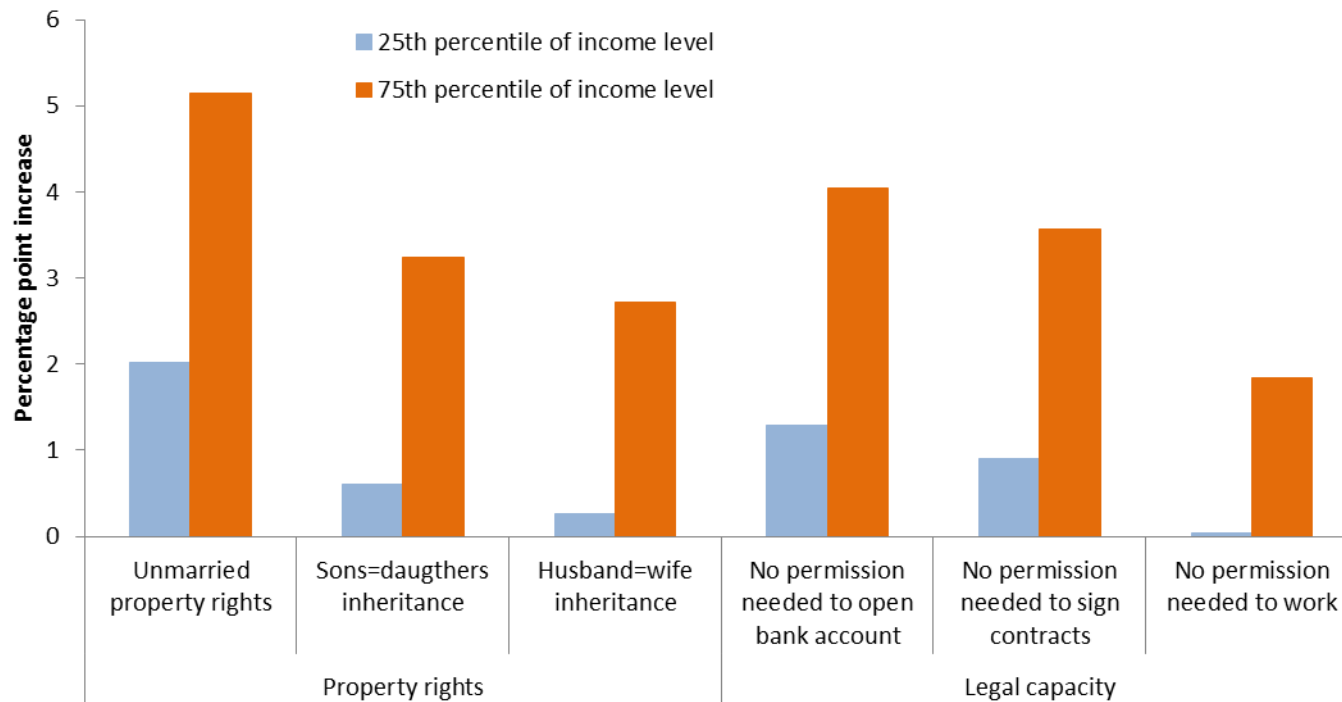
- The share of employers who are female did not vary on average with income – and the prevalence of gender gaps in laws also does not vary with income. But, the share of female employers DOES vary with stronger legal rights.



- The gap between the share of men and share of women who are employers is 30 percent lower when there are fewer gender gaps in economic rights (percent)
- Patterns are similar regardless of the level of income

Impact of reforms on employment over time – greater for MICs than LICs

Percentage point increase in women's labor force participation for various legal reforms, at different levels of income



Stronger property rights also associated with greater movement of women out of agricultural employment and higher rates of women in wage employment (with less variation by income level)

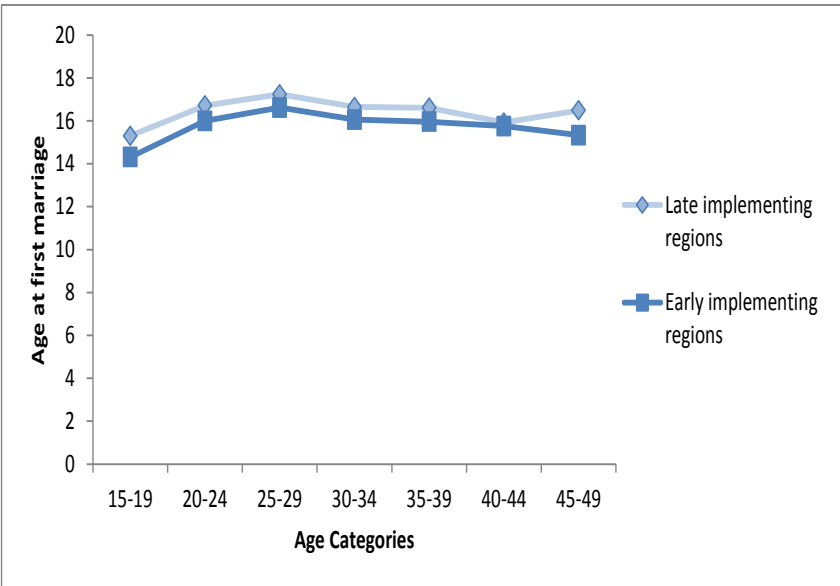
Impact of reforms on education, health and empowerment

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- Education – with effects larger in LICs and for primary education
 - Larger effects for legal capacity and protection of non-discrimination
 - For primary education, effects are stronger in LICs
 - At 25th percentile of income, giving sons and daughters equal inheritance rights raises the ratio of girls to boys in primary education 6.4 percentage points
- Health and empowerment
 - Age of first marriage – rises with reforms to property rights, legal capacity and protections of non-discrimination
 - Infant mortality declines with equal inheritance rights, particularly in LICs
 - Maternal mortality declines with equal legal capacity
 - Recognizing women as the head of household is associated with a decline of 9.3 deaths per 1000 live births
- Effects are generally stronger where the rule of law is stronger
- Related work, e.g. Deininger, Goyal and Nagarajan (2010) on the reform of the Hindu Succession Act showed strengthening daughter's inheritance rights raised girls' educational attainment

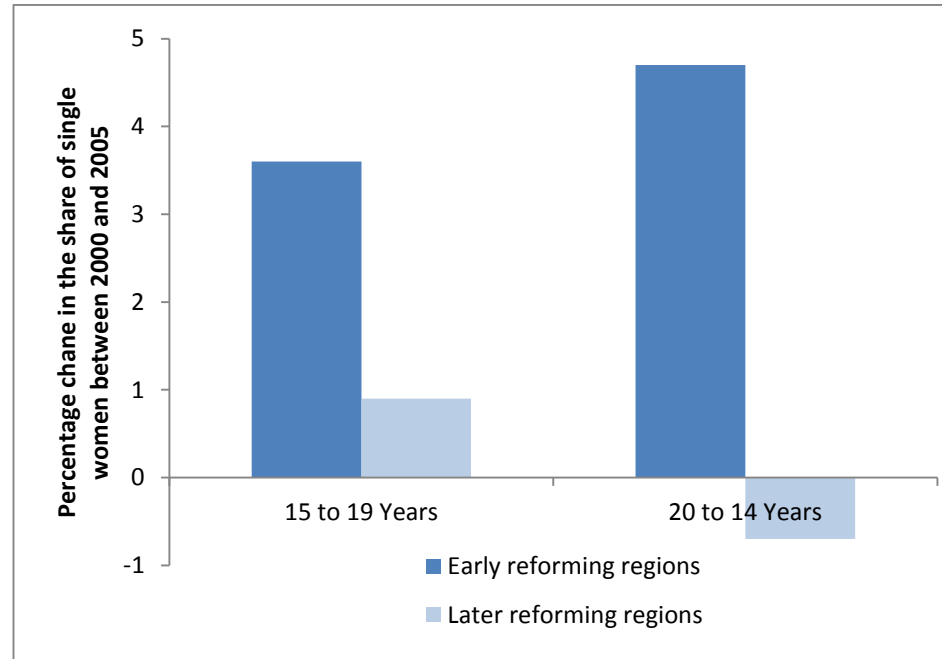
Reform of Ethiopia's family law

The reform (raising the minimum age of marriage, equal rights to marital assets and removal of ability to deny working outside the home) was rolled out over locations over time.



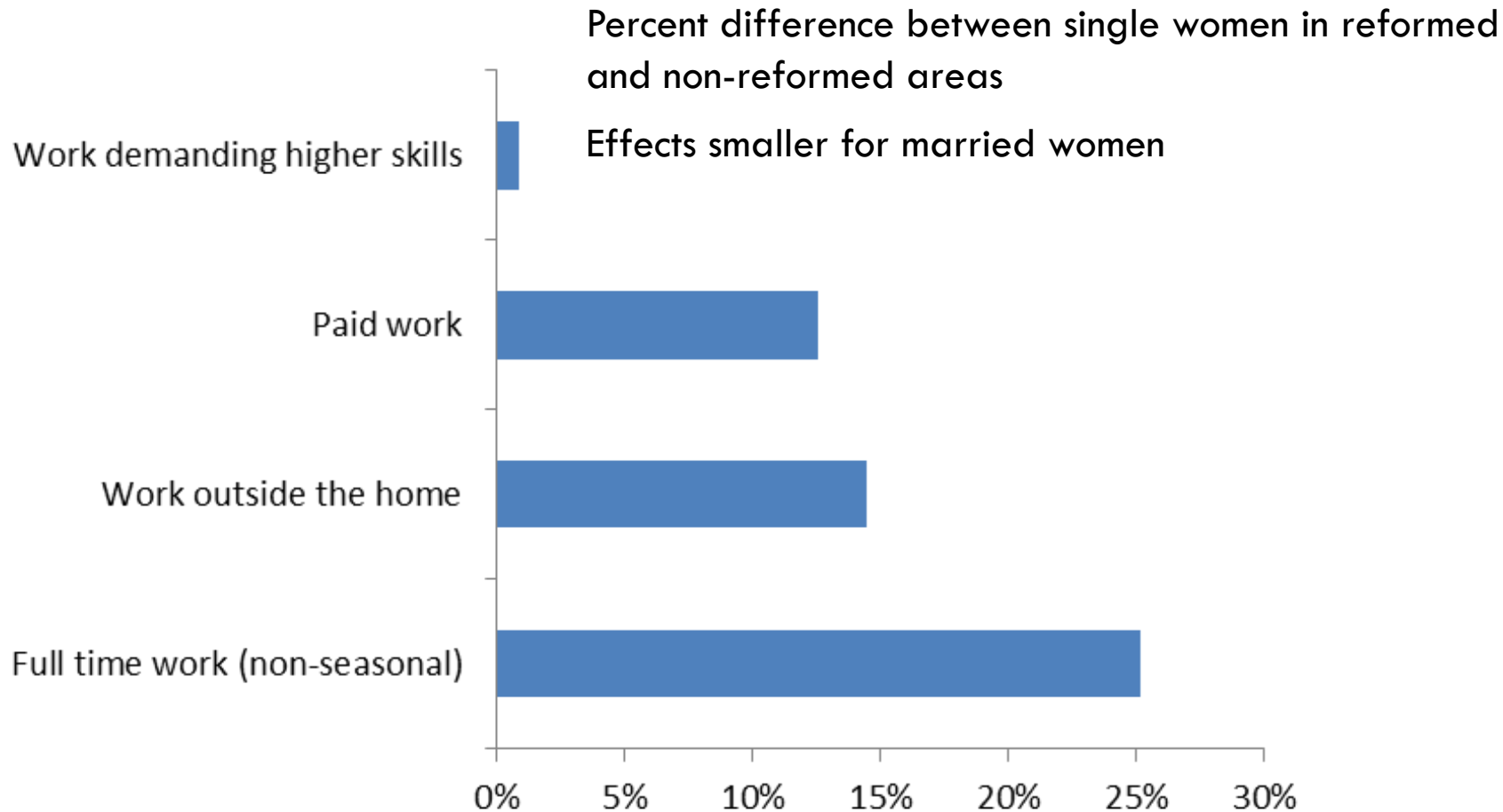
Age at first marriage pre-reform is similar in early and late implementing areas

Source: Hallward-Driemeier and Gajigo, 2013.



By 2005, fewer women 15-19 and 20-24 are married in early reforming regions

...and women's employment expanded relatively more in reforming areas

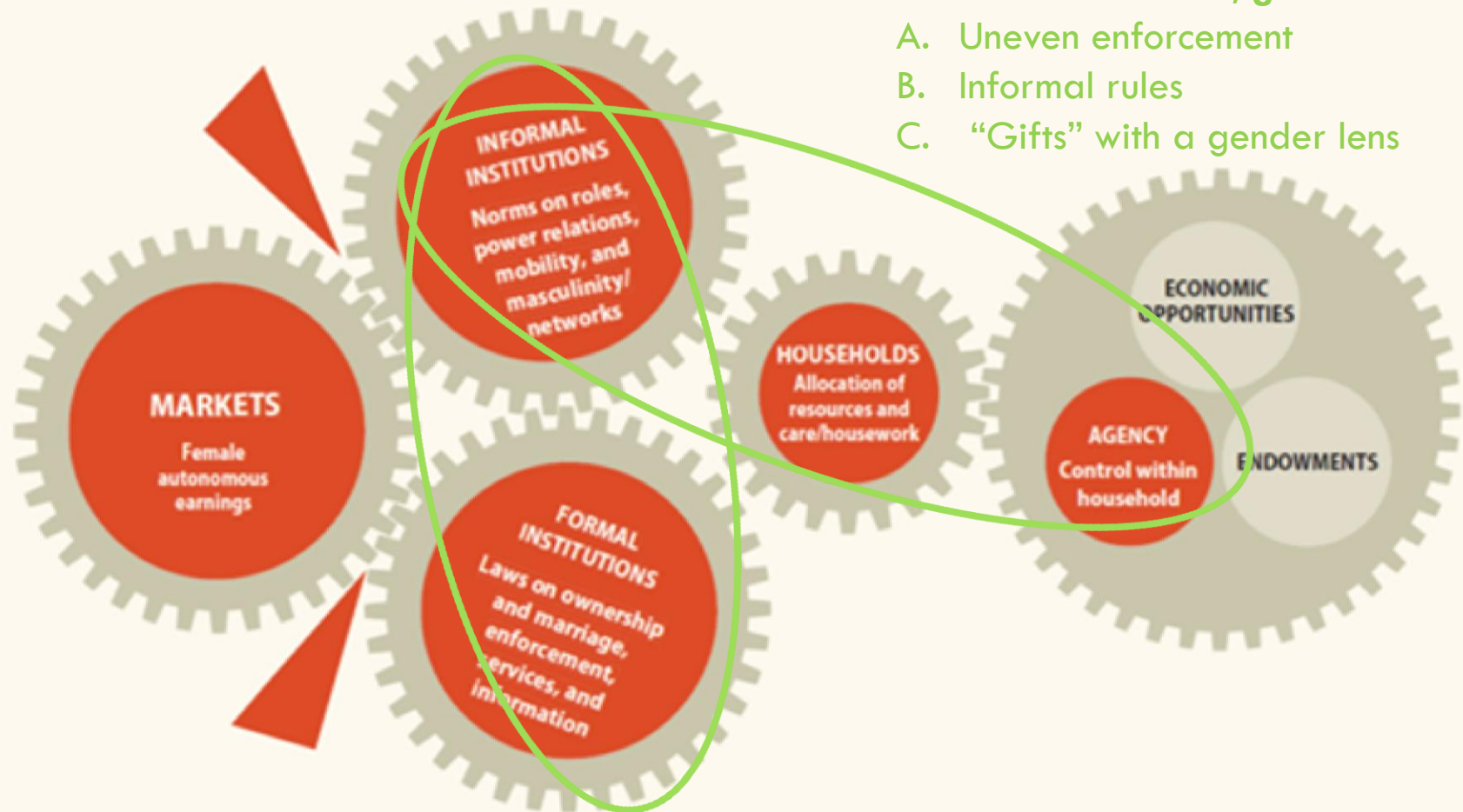


Beyond legal reforms, 5 “to do’s” women can do for themselves

- ☑ Register your marriage
- ☑ Choose appropriate marital property regime
- ☑ Register property in your name – or jointly with spouse
- ☑ Register your business in your own name
- ☑ Write a will
 - ☑ And have your husband write one too.

Part II: Governance and enforcement

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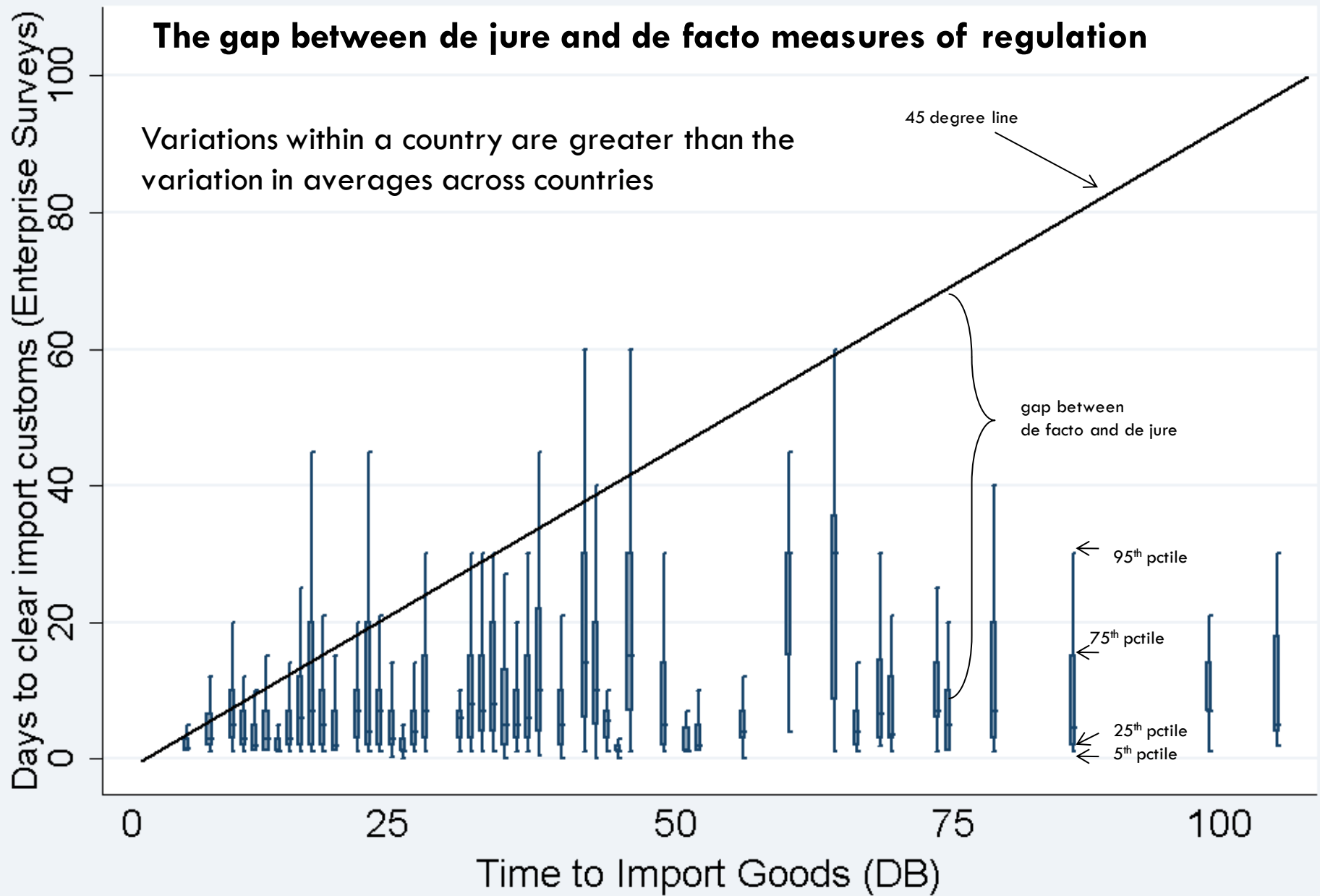
Example 1: Uneven enforcement?

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- Most work has focused on the LEVEL of business regulatory environment
 - ▣ Number of procedures, time or costs to comply with regulations
 - Doing Business indicators
 - ▣ Average measures from Enterprise Surveys
- But VARIATION is also costly
 - ▣ Introduces uncertainty that is associated with lower investment and hiring
 - ▣ Opens the door to more corruption
 - Detrimental effects are larger on smaller firms, where women are disproportionately active
 - Women's enterprises are less likely to be 'favored firms'

There is a gender entrepreneurship dimension to the governance agenda

The gap between de jure and de facto measures of regulation



excludes outside values

Women are more likely to be in 'less connected' firms and in smaller firms that face greater delays

Source: Hallward-Driemeier and Pritchett (2011)

Example 2: Informal rules:

‘affirmative action’ for whom?

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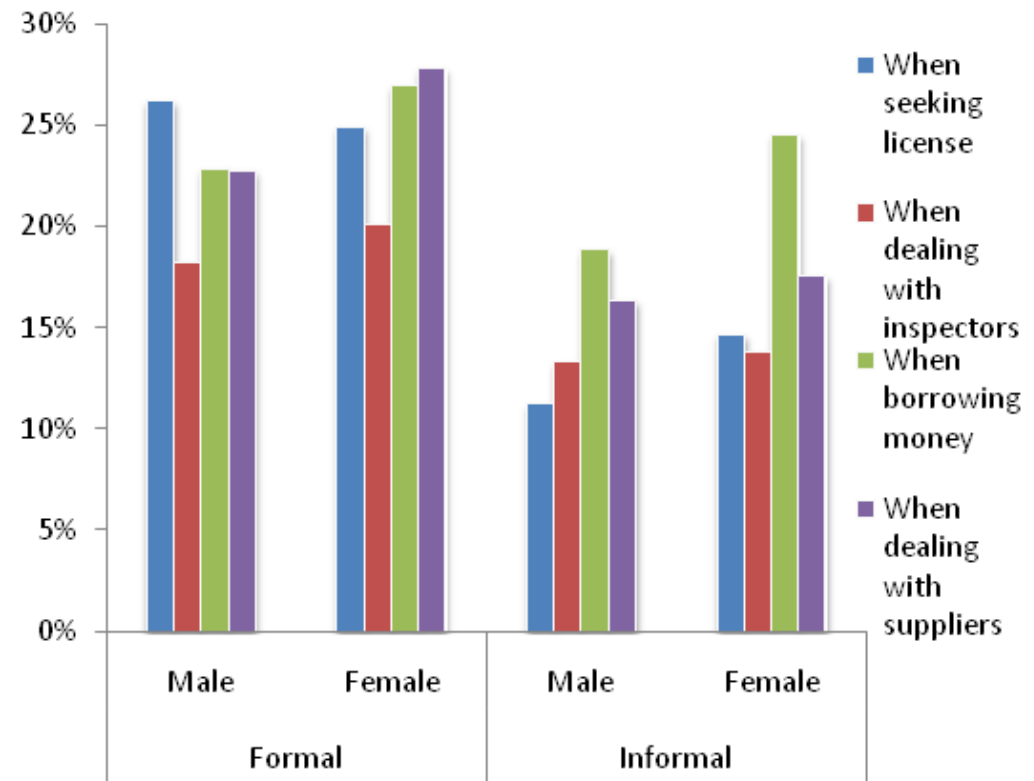
- Evidence that having a father who was an entrepreneur helped raise productivity and expand networks...for sons (with Reyes Aterido)
- Where women have greater participation in key family decisions, women are more likely to work in paid and full time jobs (with Ousman Gajigo)
 - Use a difference-in-difference strategy across Nigeria’s states
- Sector and job sorting among wage workers (with Bob Rijkers, Reyes Aterido)
 - Income opportunities
 - Impact of minimum wages changes; impact of shocks
- Special rules for connected firms are common, but costly (with Bob Rijkers and Anna Kochanova)
 - Compare sectors with connected firms during and post Suharto regime
 - Female relatives can benefit; few other cronies are female
 - Connected firms are profitable, even if not particularly productive
 - But they stifle entry and competition
 - Post regime: See rise in entry and productivity of sectors where they had been prevalent, and declines in profitability

Example 3: Specific gender angle to governance: sextortion

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- “Gifts” sought are not always for money
- Is raised in terms of safety traveling to and from work – but not *at* work or dealing with creditors or officials
- BUT Careful of unintended consequences
 - ▣ More husbands may deny their wives permission to work outside the home
 - ▣ Smear the reputations of successful women

Shares that have ‘frequently’ heard of sexual favors being raised in certain transactions



Source: Hallward-Driemeier et al. (2011)

“Gender equality is smart economics”?

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- Yes, evidence across countries and within countries over time shows closing key gender gaps in rights is associated with improved outcomes – in employment, health and education
 - Effects are strongest for girls and young women
 - Inheritance rights, particularly of girls, removing the ability to deny work outside the home and equal rights to marital property have the strongest impacts
 - Only weak evidence of interactions with overall rule of law (i.e. a particular legal change cannot substitute for a legal system that is weak)
- Heterogeneity of ‘women’
 - Marital status – many constraints are for married women
 - Legal tradition points to different types of constraints
- But progress in legal reforms is not automatic
 - Many of remaining gaps may be toughest to change
- And legal reforms are clearly not sufficient
 - Beyond laws, much still needs to be done in how they are enforced in practice
 - Not only for legal rights, but regulations more broadly
- Key area for further research: factors affecting choice of entry into types of employment and entrepreneurial activities

Examples of related work from DEC

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- Impact evaluations of legal reforms and access to justice – Gender Innovation Lab and DIME (Development Impact Evaluations)
 - ▣ Information campaigns regarding rights post reforms (e.g. Goldstein)
 - ▣ Use of IT in monitoring judicial system (e.g. Kondylis)
- Linking laws and property rights to particular constraints and vulnerable groups:
 - ▣ Access to finance (e.g. Demirguc-Kunt, Klapper, Singer)
 - ▣ Agricultural productivity (e.g. Ali, Deininger, Goldstein)
 - ▣ Conceptions of justice and human rights (e.g. Gauri)
- Evolving norms and informal institutions
 - ▣ WDR 2015 Culture and Mind (Gauri and Hoff, co-directors)
- Evaluating programs targeting women
 - ▣ School to work transitions (e.g. Goldstein)
 - ▣ Training and access to finance (e.g. Bruhn, Gine, Klapper, Mansuri, McKenzie, Zia)
 - ▣ Welfare and poverty of widows and female headed households (e.g. Van de Walle, Milazzo)
- Dynamics of women's employment, productivity and income (e.g. Aterido, Beegle, Galasso, Hallward-Driemeier, Lanjouw, Mansuri, McKenzie, Rijkers)

Resources

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- ❑ *Empowering Women: Legal Rights and Economic Empowerment in Africa* (Hallward-Driemeier and Hasan, 2013), publication and data:
www.worldbank.org/gender/womenleedafrica
- ❑ *50 Years of Women's Legal Rights:*
Papers and data:
wbl.worldbank.org/Data/TimeSeries
- ❑ Women, Business and the Law
wbl.worldbank.org
- ❑ Enterprise Surveys: analyze enterprises by gender of owners and/or workers
www.enterprisesurveys.org
- ❑ DIME (Development Impact Evaluations):
www.worldbank.org/dime
- ❑ Gender Innovation Lab
www.worldbank.org/en/topic/gender/x/afr