

# Strategic Relevance of Gender in the Investment Climate

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## Investment climate constraints faced by women entrepreneurs - Kenya

*“The construction industry is dominated by men. Sometimes I am the only woman in a site meeting. It’s sometimes difficult for people to take you seriously. **You have to prove yourself continually.**”*

Diana Mulili, Inform Creative Interiors Ltd



“Voice of Women Entrepreneurs in Kenya.”  
IFC.

*“Sometimes it’s difficult when you’re a woman. **You don’t have property to give as security for financing.** I am getting financing from a women’s group, not from banks.”*

Jane Kibati, Topaz Tea Packers



*“We have a lot of men on Land Boards. **We need to have more women in these positions.** If we are not in these positions, how can we push for our rights?”*

Njambi Muhane, Kenya Institute of Management

## Investment climate constraints faced by women entrepreneurs –Vietnam and Cambodia

"The challenge today for Vietnamese women is not that they are discriminated (against), but that they lack influence. There should be real forums for women entrepreneurs to talk. Life always precedes laws. If many people raise their voices, then the law would follow them."



"Due to the fact that the vast majority in our business community are men, women entrepreneurs have a lot of difficulties in networking. **We need to have (more) communities of businesswomen.** From my own experience, I believe that women trust each other, so they can forge business cooperation very easily."

## Why does gender matter?

### ■ Women are a powerful force for economic growth and development:

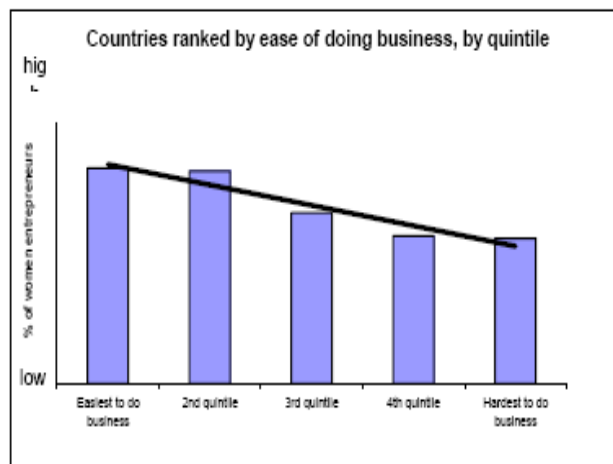
- estimates indicate that 25%-48% of registered businesses world wide are female owned
- women are key players in agriculture and the informal sector
- up to 80% of the informal economy in regions like Sub Saharan Africa is dominated by women
- in Africa, women are estimated to be 80% of food producers yet they receive less than 5% of agricultural loans (UNDP).

### ■ There is evidence—especially at the micro level—to indicate that gender disparities not only disadvantage women but also reduce the growth potential of the country as a whole

### ■ Research supports women entrepreneurship as enhancing stability and growth potential:

- WB, IFAD and others show that if women receive regular and higher incomes they tend to apply their income more directly to improve household and family well-being, creating more stable families and communities.

## Countries with more cumbersome business environments have less women entrepreneurs



*Source:* Doing Business database and Enterprise Surveys.

*Note:* Relationships are significant at the 1% level and remain significant controlling for income per capita.

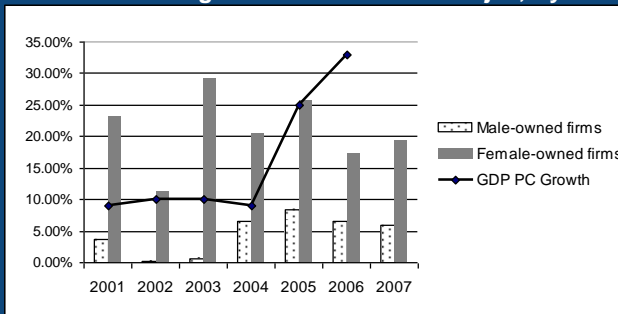
## Gender and Business Creation - the Case of Azerbaijan

- Between 2000 and 2007 growth rates of the total number of businesses owned by women were considerably higher than growth rates of men-owned businesses
- Significant changes found in sectoral distribution, particularly in the number of women-owned firms in service sector:
  - share of female-owned companies in services sectors tripled from 4% in 2002 to over 12% in 2006. In comparison, male-owned firms increased by 10%.
- These developments might suggest that changes in the regulatory environment in the early 2000's provided greater incentives to female entrepreneurs to formalize their businesses

Source: Klapper, L. 2008. "Gender and Business Creation." World Bank (unpublished) based on data collected in Entrepreneurship Database

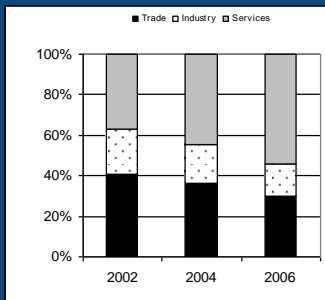
# Gender and Business Creation - the Case of Azerbaijan

1-Year Growth Rates of Total Registered Firms in Azerbaijan, By Gender

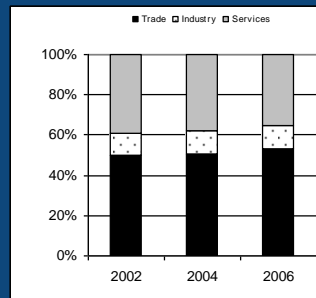


Sectoral Distribution in Azerbaijan, by Gender

Panel A: Female-owned firms



Panel B: Male-owned firms



7

Source: World Bank Group Entrepreneurship Database, 2008; WBI Statistics.

## Gender discrimination in conflict-affected countries – DRC

- GEM 2006 study, undertaken at request of FIAS' which was supporting IC reform in Democratic Republic of Congo (DRC)
- 18% of businesses in DRC run by women
- Study confirmed that laws and regulations do affect business-women differently than men:
  - discriminatory provisions in the Family Code require married women to obtain marital authorization to go to court in a civil case, to buy and sell property, or to enter into any obligations, including starting a business
  - Banks generally require co-signature/approval of husbands if women are to obtain loans
  - this also affects the ability of all women to obtain employment, because proof of marital status is required and identification papers are often unavailable

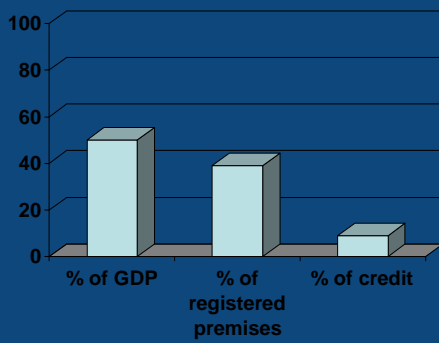
## The Uganda Case: Uganda Regulatory Cost Survey Report 2004

- Covered 241 enterprises in four regions
- Measured the compliance cost of registration and licensing requirements.
- Key findings
  - Over a quarter of all enterprises reported that government officials had “interfered” with their business, by, for example, threatening to close it or asking for bribes
  - For female-headed enterprises, the figure rose to 43 percent.
  - Forty percent of micro enterprises headed by a woman felt that the total burden of regulation was “heavy” or “severe” (as compared with 35 percent for enterprises headed by a man).
  - Trade licenses were identified as the most burdensome regulation - over 40% of women, compared with just over 30% of men, reported this as an obstacle to business growth

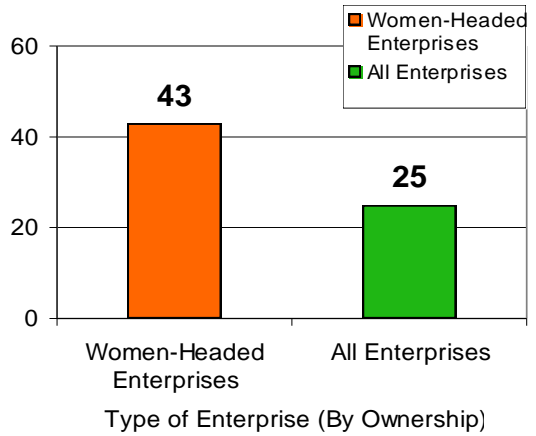
Source: Ellis et al., 2006.

# Uganda CGA Findings

Women's share of resources in Ugandan economy



Businesses Responding that Government Officials have "interfered" in their Businesses: (in %)



Source: Uganda Regulatory Cost Survey Report, 2004

## Response: Uganda Regulatory Best Practice Program

### ■ Pilot project in Entebbe Municipality:

- Objective – to reduce the time and monetary cost of obtaining trade licenses:
- streamlined licensing procedures and reduced the number of approvals
- time to obtain licenses reduced by 90 percent
- reduced compliance costs by 75 percent,
- increased revenue collection by 40 percent.
- most of the license applications from women were first-time registrations
- impact assessment suggests that the reforms were encouraging female-owned enterprises to obtain licenses for the first time

Source: Ellis et al., 2006.

## The Case for Addressing Gender in Investment Climate Work

- Country cases highlights:
  - importance of gender in Investment Climate issues
  - mainstreaming gender issues improves a country's IC
  - opportunities to enhance our development impact by addressing gender consistently across all our products
- Identify specific product areas where there is high impact potential (e.g. regulatory simplification) and 'quick win' solutions (e.g. DB Reform Advisory)
- Need for greater collaboration with GEM, DB and Enterprise Surveys team to access gender-disaggregated data and design tailored interventions
  - Doing Business has launched a 2-year initiative to identify legal and regulatory barriers facing businesswomen in 178 countries

## To sum up: Why does gender matter in the Investment Climate?

- A) Because my grandmother and mother are women
- B) Because women are inherently smarter than men
- C) Because laws and regulations can include discriminatory provisions against business women and that women suffer disproportionately from cumbersome business environments