Promoting Pro-Poor Growth
Private Sector Development

Chapter 5

Enhancing Women's Market Access and Promoting Pro-poor Growth

Why is the topic important for pro-poor growth?

The majority of workers in the developing world cluster in small and medium-sized enterprises in the private sector. They may be own-account workers in services or agriculture, or employees in small and medium-sized firms in manufacturing. Some of these enterprises are informal and unregistered, others are fully integrated into the national tax base, reporting income and expenditures and complying with laws and regulations that govern hiring, firing, production and sales. Whatever their status as enterprises, these economic activities are critical for workers and owners alike.

Entrepreneurship and investment influence the rate and pattern of growth, the types of forward and backward linkages that develop in an economy, the labour demanded and the human capital investment required to meet these labour demands (Ranis, Stewart and Ramírez, 2000). Rapid growth can contribute effectively to poverty reduction (OECD, 2004). If growth is broad-based and inclusive, benefiting multiple sectors and economic activities, it is likely to provide greater opportunities for the poor to increase their incomes, acquire skills and assets and transform and upgrade their livelihoods. Rapid growth is also frequently associated with greater international trade and regional development linkages (OECD, 2004). Greater integration has the potential to stimulate foreign direct investment (FDI), raise productive capacity and generate benefits that accelerate the transfer of skills and knowledge. Yet for these gains to be equitable, and evenly distributed throughout the economy, requires markets where access is unrestricted, information flows freely and competition is encouraged.

The cost of gender inequalities in market access

Women are a significant entrepreneurial force whose contributions to local, national and global economies are far reaching. Women produce and consume, manage businesses and households, earn income, hire labour, borrow and save, and provide a range of services for businesses and workers. Women represent an increasing proportion of the world's waged labour force and their activity rates are rising. In Africa, Asia and Latin America, they are over one third of the officially enumerated workforce (WISTAT, 2000). Women-run businesses can be found in emerging sectors such as the production and marketing of consumer goods, commercial banking, financial services, insurance, information services, communications and transport. As owners of small and medium-sized enterprises (SMEs), women furnish local, national and multinational companies with ideas, technology, supplies, components and business services (Jalbert, 2000). These activities are likely to prove fundamental as developing economies transition from primarily agricultural to industrial production and become more urbanised. Furthermore, as economies liberalise and open their borders, women-owned and operated SMEs are engaging in international trade – enhancing the prominence and visibility of women entrepreneurs globally.

Even as women enter markets and engage in production, however, they may face different constraints and opportunities than their male counterparts. Social and cultural proscriptions assign productive and reproductive roles to men and women that can limit their access to markets and restrict their occupational and sectoral mobility. Throughout many countries and regions, the gender division of labour within the household underpins fundamental differences in the rights and responsibilities of men and women. In many rural societies, for example, women are responsible for household provisioning: food crop production, gathering fuel and hauling water, and caring for children and the aged. In return, men are expected to meet certain cash requirements of the household. This division of labour affects women's ability to participate in paid employment and access education and training and influences their choice of productive activities.

Although there are variations across countries, social norms strongly influence men's and women's work and working environments. Some tasks and jobs are considered more appropriate for men or women and overt or covert screening filters out applicants who defy these norms. These gender norms frequently underpin sex-segmented labour markets and activities. Highly sex-segmented labour markets typically confine women workers to low-wage low-productivity employment and can limit the responsiveness of labour markets to new demands for higher skilled workers. Sluggish or unresponsive labour markets can impede adjustment, distort human capital investment and inhibit a firm's ability to switch into new activities and compete in a dynamic and globalising market.

Sex-segregated labour markets precipitate a number of efficiency losses that can provide a drag on growth and compound income inequality. A chief inefficiency is that sex-segregated labour markets lead to welfare losses (reducing total output) arising from the misallocation of the labour force: competent female workers are excluded from some of the more productive activities. Sex-segregated labour markets are associated with higher gender wage inequality (Cartmill, 1999; Tzannatos, 1999), which distorts investment in human capital, prioritising male income earners and undercapitalising women earners. Finally, substantial evidence suggests occupational segregation is associated with less security in employment for women and fewer prospects for promotion, as well as lower wages (Cartmill, 1999; Elson, 1999). These outcomes are likely to compound the inter-generational transmission of poverty, particularly for girls and women.

Highly sex-segmented labour markets and production may also compound or accentuate macroeconomic imbalances. For example, gender-based wage differences can create a competitive advantage for some semi-industrialised countries, providing a stimulus to growth – particularly in countries that have invested in assembly production with substantial, flexible, low-wage work in traded goods. Strategies based on gender-wage and gender-production inequalities can also result in a slow but steady deterioration in the terms of trade as a whole *vis-à-vis* industrialised countries, particularly if economic activities are concentrated in low value-added production where competition in the value chain exerts downward pressure on wages and labour costs (Cagatay, 2001). As the terms of trade decline the cost of importing capital and retooling or diversifying production rises. Declining terms of trade also mean declining reserves and can lead some economies to require balance-of-payments support or even default on debt service.

The role for policy and programmes

Development occurs within an institutional and economic environment that is similarly shaped by customs, social norms and implicit and explicit codes of conduct (World Bank, 2001). Yet social and cultural norms are not immutable: throughout history there is evidence that they are in flux. Policy and programmes can provide impetus for change – promoting greater equity and efficiency. For example, improving economic institutions, so that productivity rather than gender, race, caste or age becomes the primary criterion for employment and compensation, can contribute to overcoming barriers that exclude entry and participation. Facilitating the free flow of market information, so that it is not controlled by powerful elites, can undermine monopolies and broaden access and participation. Creating markets for child-care and ensuring household access to energy and water has the potential to reduce the domestic workload for women and girls. Facilitating access to labour markets for women can increase the returns to investing in women's human capital. Removing systematic barriers to market access for excluded groups can facilitate broad-based growth and is more likely to reduce poverty than strategies that focus on narrow market niches and existing elites, preserving privileges and potentially accentuating existing inequalities.

What do we know so far and what do we still need to know?

Clearly, women workers and entrepreneurs are not an undifferentiated mass. Age, literacy, education, rural or urban location, ethnicity, language, health and physical well-being also influence market access. Differentiating those factors that make some women entrepreneurs and workers more vulnerable, or less able to take advantage of new and existing opportunities to expand and upgrade their activities, will prove essential for the appropriate design and delivery of policy, programmes and projects. Documenting and analysing the impact of gender barriers to market access on the economy will provide critical information about the costs of gender inequality and the trade-offs implied.

Labour markets

Women and men often work in distinct activities that offer different rewards and career opportunities even though they have similar education and labour market skills. In many economies, women work in jobs characterised by low wages, high job insecurity, low levels of unionisation and poor working conditions. For example, women tend to cluster in informal employment[1] (Carr, Chen and Tate, 2000). There is also evidence, given the size, scale and location of women's small and micro-enterprises, that when they contract workers they do so informally. Consequently, women workers may face more insecure employment with fewer benefits and lower wages than their male counterparts (Charmes, 1998; Benería, 2003). Unequal access to labour markets and highly sex-segregated occupations generate a host of inefficiencies that compound gender-wage inequalities, depress investment in women's human capital and can distort market signals.

Financial markets

The design and delivery of financial services greatly affects access – particularly for the poor. Financial intermediaries often require traditional forms of collateral (land, housing, machinery), for which women frequently lack title. Complicated application procedures and documentation requirements can prevent women with lower education and few skills from applying. Minimum loan sizes and inflexible repayment schedules, stipulations that may be required for efficient credit disbursement, often preclude women applicants seeking smaller loans for activities that yield income over longer or more infrequent intervals. Similarly, sectoral priorities may favour male economic activities over those of women. The lack of knowledge about women's economic activities, and documentation that can substantiate their profitability, reduce women's access to credit and insurance products. Additionally, mobility constraints that limit women's ability to travel can restrict their access to financial institutions that are not in their community or neighbourhood. Finally, where women concentrate in informal economic activities, or enter and exit the labour market more frequently to bear and care for children, they are less likely to acquire pension rights or have access to financial instruments for retirement, death and burial.

A dynamic financial sector is critical for sustaining long-run growth and ensuring poverty reduction. The financial sector contributes to growth by facilitating capital accumulation and investment and accelerating the rate of technological progress (DFID, 2004a; b). An efficient financial sector mobilises savings for investment, encourages inflows of foreign capital (including FDI, portfolio investment, bonds, and remittances) and optimises the allocation of capital between competing uses, ensuring that capital flows to the most productive activities. Where women may be disproportionately excluded from participating in financial markets and women's economic activities are underserved, market signals fail and capital bypasses potentially dynamic sectors and productive opportunities.

Goods markets

Women and the poor may face differential access to goods markets. Markets for goods and inputs, like most markets, are frequently regulated. Trading is typically not anarchic and conventions and rules regulate participation and sales. A variety of factors may impede access to goods markets or increase the cost of entry. For example, distance from the market may limit an individual's ability to sell or purchase in that market. Women may disproportionately face mobility constraints that limit their ability to travel or sell in markets at some distance from their households and communities. The lack of permission or certification to trade in certain markets will prevent market entry: small farmers and women are typically confined to domestic markets because they do not have the required certification to trade produce internationally. The volumes traded in some markets may be too large for small producers or buyers – effectively precluding their access to large, centralised, domestic and international markets. Information may not be readily available about the type of goods sold or the prices at which they are sold – or may flow to select groups. Finally, collusive activity on the part of buyers or sellers may squeeze out competitors and prevent outsiders from gaining access to certain goods markets. These types of collusive and restrictive practices may disproportionately affect women and small producers.

Gender-related barriers to goods markets affect both earnings and efficiency. The costs of unequal access have implications for producers as well as households. Pro-poor growth strategies that fail to take account of how gender affects access to and outcomes in goods markets are likely to compound existing inequalities, reduce producer and consumer surplus and limit the potential to maximise value added and deepen forward and backward linkages.

Service markets

Access to service markets may also be affected by gender. Service markets describe the delivery, purchase or hiring-in of activities that can enhance or transform production processes. Access to training and workforce development can upgrade skills, raise productivity and improve earnings and wages. Small business development services and information and communications technologies can provide targeted assistance to expand existing activities, penetrate new markets and improve efficiency. Extension services can increase output, diversify and improve production, reduce risk and raise the quality and price of the goods traded. Although some of these services are traded, others may be provided by governments or intermediaries, as partially or fully subsidised programmes, to fulfil distributional or efficiency goals.

Women may face particular barriers accessing service markets. For example, women's agricultural activities in Africa are frequently oriented towards subsistence production and domestic markets. They produce lower-value products, on smaller tracts of land, with less access to capital, labour and chemical inputs. Lack of funds and social prohibitions on engaging with male extension workers preclude many women farmers from accessing or hiring extension services that can transform their production, reducing their ability to benefit from liberalisation or respond to price signals by shifting into tradables. Similarly, because of their household and reproductive responsibilities, women workers may be less able to participate in and benefit from workforce development initiatives.

Where women face restricted access to service markets, their production is likely to be concentrated in lower-value, lower-return activities. The inefficiencies that this imposes upon women's businesses can also be a drag on growth, fostering uneven and unequal development.

Micro-meso-macro linkages

While much is known about gender-specific exclusions and inequalities in market access, there remains a need for policy and programmatic research on the impact of these barriers to market access on local, national and regional growth patterns. These types of analyses should focus on the micro, meso and macro linkages as well as on the implications of inequalities in market access for the intergenerational transmission of poverty.

Gender inequalities in market access limit longer-term growth. Understanding how women access markets as producers and wage labourers is likely to prove critical for fostering pro-poor and inclusive economic growth. Analysing where women are in the global value chain, and documenting the resources they use and transform, will provide information about how to strengthen local economies and maximise forward and backward linkages. Reducing women's barriers to market access, improving their position within the value chain and enhancing their productivity is likely to benefit local, national and regional economies as well as households.

What controversies exist?

Entitlements and capabilities approaches[2]

An entitlements approach focuses on increasing women's access to resources and inputs that enable women to enter markets, raise their productivity or scale up their existing activities. Micro-credit is an example of an entitlement project that allows women to enter markets, purchase capital to raise their productivity or scale-up their existing activities. Capabilities projects provide resources and services that increase women's ability to deploy their existing resources or enter new markets. Capabilities projects typically focus on enhancing women's voice or agency and improving their bargaining power or skills. Training and workforce development projects provide a useful example of a capabilities approach that enhances women's existing skills, raising their productivity as workers and producers and enabling them to enter new labour markets and earn higher wages or overcome under- and unemployment. Donors are unclear about the type of intervention and approach to use, or the appropriate mix and sequence of approaches in different contexts.

Level of intervention

Disproportionate attention may be being paid to women at the micro-level at the expense of meso- and macro-levels of intervention. Some projects and programmes respond to concerns that gender-based exclusions are more visible at the micro-level and that acting on the policy and programmatic environment to enhance women's productivity and efficiency as micro-entrepreneurs can overcome initial barriers to market access. However, micro-level activities are frequently being promoted in increasingly saturated markets where the potential to scale-up is limited.

Gender integration

Many donors develop women-focused programmes as separate components of other activities or as a programme in its entirety. Fewer programmes emerge from a process of gender integration where a systematic gender analysis of inequalities in access to resources and power motivates interventions and activities. Controversies about when to target women exclusively or whether to pursue a gender approach appear to emerge from a lack of knowledge about how to undertake a gender analysis of market barriers. Similar controversies exist about whether to target mixed organisations and institutions, enhancing women's role and agency within these, or whether to invest in parallel organisational structures that are exclusively for women.

What are the policy implications and recommendations?

The failure to focus on women's market access reduces the effectiveness of policies to promote pro-poor growth. Sex-segmented labour markets contribute to gender-wage inequality, depress investment in human capital and prevent women from entering higher productivity occupations. Market failures coupled with high transactions costs in the financial sector reduce the flow of capital to women's economic activities, contributing to underinvestment and limiting productivity and growth. Barriers to entry in goods markets frequently confine women to spot markets where monopsonists exert undue influence over prices – reducing producer surplus, depressing incomes and inhibiting further investment in women's economic activities. Service markets that bypass women curtail their ability to scale-up existing activities or augment productivity. The combined effect of these gender-based exclusions can limit local and regional growth and may contribute to macroeconomic imbalances. Growth is more likely to spur poverty reduction where inequality is low. The removal of gender-barriers to market access and gender-based exclusions will reduce inequality more effectively and can prompt more sustained poverty reduction.

Promote an enabling environment. Policies designed to remove or ameliorate structural barriers to women's participation in markets can be particularly powerful. For instance, policies that enable women to own, buy, sell and inherit land – individually or with joint title – can increase women's access to financial markets by providing collateral. These same policies can make women's contributions in agriculture more visible, permitting them to scale-up existing production by accessing extension services that may previously have been directed at male farmers. Similarly, pro-poor policies that enhance the provisioning of household water and energy have the potential to alleviate women's time-burdens in the household enabling them to access markets and engage in remunerated productive activities.

Recommended best practices

Apply gender analysis tools to develop programmes and interventions. Gender analysis focuses not just on women, but on the social relations between men and women. Applying gender analysis tools allows practitioners to uncover the inequalities in power that underlie gender-differentiated outcomes in markets, identify points of intervention, as well as strategies to engage potential beneficiaries.[3]

Undertake gender-disaggregated value chain analyses. These identify opportunities to strengthen women's participation in markets. The analysis should focus on forward and backward linkages to maximise multiplier effects in global value chains where women cluster as workers and producers. Analysing the global value chain and the rents generated provides opportunities to target assistance and inputs. The analysis may also provide policy makers with information to create incentives to reduce the number of intermediaries, increase the bargaining power of producers and ensure access-appropriate processing technology, storage and transport facilities to enable resource-poor producers to capture more of the value added in the global value chain.

Improve micro-meso-macro linkages. Focusing on larger-scale economic activities, such as medium-sized enterprises that are owned or run by women, and supporting the development of more robust, complex markets with extensive forward and backward business linkages has the potential to improve women's access to markets along the value chain. Linking smaller suppliers and buyers can minimise predatory pricing and monopsony impacts and overcome concerns about volume and production reliability that larger entrepreneurs have regarding small entrepreneurs.

Minimise risk and vulnerability. The character of production and labour markets is in flux. Households pursue creative strategies to preserve livelihoods and respond to exogenous shocks such as illness, death, environmental disaster and crop failure. Some interventions and support to increase market access may need to be short-run and agile: emergency food-for-work programmes; retraining for retrenched workers; and the provision of transport and storage as nascent markets develop and deepen. Other programmes may need to create and encourage the expansion of financial instruments and social insurance to mitigate risk, insure inventories and provide access to pensions and social security.

Support entitlement as well as capabilities programmes. Successful projects and programmes pay attention both to inputs and to the individual or group ability to deploy these inputs. Many successful interventions address both entitlements and capabilities within a single project. Programmes and projects that improve women's bargaining power with monopsonists, provide information and communications technologies that enable women producers to sell in higher value markets or purchase critical inputs can raise productivity and incomes. Programmes that facilitate access to child-care can enable women to enter markets or receive training and engage in workforce development initiatives.

Promote clustering and networking. Groups of women producers may be able to access services collectively that they might not be able to purchase as individual entrepreneurs. This is particularly true in the informal economy. Clusters and networks of women can facilitate their access to resources and achieve economies of scale. Additionally, groups of entrepreneurs requiring the same service are usually in a better negotiating position with potential suppliers or can bargain more effectively with buyers than they could alone.

Expand access to credit and financial services. Micro-finance remains a powerful tool to provide financial resources to the under-served and compensate for the absence of financial markets. Micro-credit can also provide an essential platform for graduating women's businesses and women's production to formal sector financial services. Offering products that include risk, inventory, health, life and funeral insurance has proven to be particularly important for poor women. Working on policy, institutional or social changes that address structural impediments to women's access to financial services can improve their ability to access markets. Among such projects are those that improve women's inheritance rights and their access to collateral resources such as land and other productive assets.

Address informality. Women cluster in informal markets and face particular barriers to formalising production. Efforts to reduce administrative and regulatory barriers, promote tax reform that can lift burdens on smaller enterprises, and generalise access to social security, pensions and health benefits can greatly affect the terms and conditions of women's employment and enhance their security in the informal economy.[4] Additionally, lessons can be learned from the experience of the Self Employed Women's Association and Bangladesh Rural Advancement Committee[5] about organising women in the informal economy and facilitating their access to productive resources as well as critical services such as health, housing and child-care.

Notes

1. See for example: Women in Informal Employment: Globalizing and Organizing (WIEGO), *www.wiego.org/*.
2. This draws on Sen's entitlements and capabilities analysis of poverty and material deprivation (Sen, 1999).
3. See for examples tools developed by UNIDO (Business Development Services: *www.unido.org/*), and ILO, DFID and CIDA (Canadian International Development Agency) (Trade capacity and small enterprises: *www.siyanda.org*).
4. See for example Gamser, M. and D. Welch (2005) "Formalising the Informal Sector: Barriers and Possible Solutions", Development Alternatives Inc., and Bannock Consulting, Ltd., June 2005.
5. See for example *www.sewa.org/* and *www.brac.net/*.

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