

DT INSIGHTS

Gender equality: economic empowerment and financial inclusion



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Investing in shared prosperity: Financing for women's economic empowerment

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Of all the plans laid out in the Sustainable Development Goals (SDGs), SDG 5 ("Achieve gender equality and empower all women and girls") is one of the most ambitious. Throughout human history, half of the world's population has been counted out, their intellectual and economic contributions disregarded, their bodies abused and commodified. Considerable progress has been made towards empowering women globally to live their lives autonomously. Since the adoption of the 1995 Beijing Platform for Action, [131 countries have enacted 274 laws and regulations in support of gender equality](#). [More girls than ever before are in school](#), and [maternal mortality rates have fallen by 38% globally](#). Still, massive challenges remain. Nowhere in the world are women born into full equality and, in many places, to be born female is to be born a second-class citizen.

We have already entered the final decade before the SDG's 2030 deadline. However, [progress on SDG 5 lags](#) across a range of indicators, including targets to eliminate violence against women and girls and ensure universal access to sexual and reproductive health and rights (SRHR). To level the playing field between men and women globally will require a massive and focused international effort.

This year, in recognition of the importance of SDG 5 in the Decade of Action, the [Donor Tracker](#) has added Gender Equality to our analyses of 14-major Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) donor markets, allowing users to compare donors' commitments and disbursements to gender equality efforts. In addition, the Donor Tracker is publishing a series of three Insights pieces, which will provide readers with a more detailed analysis of three main elements, or 'pillars' of gender equality endeavors: namely, funding for women's economic empowerment; the fight for sexual and reproductive health and rights; and efforts to end gender-based violence. This first piece analyzes existing research and newly released 2018 OECD data to assess how donor countries are approaching and, in many cases, falling short on efforts to empower women economically.

Alongside the right to live free from violence and to make decisions about their own bodies, women's right to full economic participation is one of the most critical prerequisites for the realization of their human rights. When women earn, spend, and save their own money, they can move more freely through society and are more likely to be able to [make decisions](#) about various aspects of their lives. Women's economic rights go hand in hand with personal agency and political power; without any one of these, women cannot truly be free to live their lives as equal citizens. Enabling women to make independent financial decisions and to achieve economic success also drives [broader social and economic progress](#).

Over the last decade, donors have begun to take this issue more seriously. In 2015, 193 United Nations (UN) mem-

ber countries [officially committed](#) to promoting women's economic empowerment and Women20 (W20) was [launched](#) as an official G20 engagement group. Two years later, the G20's [leadership declaration](#) included a section dedicated to women's empowerment for the first time. In the past few years, high-profile donors like [Canada](#) and [Sweden](#) have made broad commitments to gender equality in their development strategies, rolling out the first explicitly feminist foreign policies. Other states have begun to incorporate feminist rhetoric into their development strategies, too.

This Insights piece takes stock of how Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) donor countries are using official development assistance (ODA) toward

promoting gender equality. Specifically, this piece aims to dig deeper into how donor countries support women's economic empowerment. It asks:

- What is the current state of bilateral ODA for women's economic empowerment?
- Which OECD DAC donor countries prioritize women's economic empowerment in their development policy and financing?
- Which donors prioritize gender equality as the defining goal of their development projects, and which instead incorporate gender as one of many lenses?

Despite donors' policy commitments, women still face barriers to economic freedom

Despite efforts by global development actors to invest in programs that promote women's financial inclusion, women around the world continue to face barriers to economic freedom. Women play an important role in the paid workforce, yet in nearly every country in the world, female workers earn less than their male counterparts. Pervasive discrimination in hiring practices and the concentration of women in low-wage positions, sometimes exacerbated by lack of access to education, makes it more difficult for women to accrue the capital needed for investments such as land or homeownership. The World Bank reported in 2019 that women are still consistently denied land and property rights in half of the world's countries. Lack of representation in senior employment positions makes it difficult for women to influence workplace policy, which continues the cycle.

In many countries, women are banned from participating in certain paid industries; often they are simply unable to participate in the paid workforce at all. UN Women estimates that women perform at least two and a half times more unpaid domestic labor than men, which can prevent them from seeking gainful employment (see box: 'Gender equality in focus'). When women do enter the formal economy, they are often expected to continue managing domestic labor single-handedly, meaning that they are forced to work much longer hours than men while still earning just a fraction of their pay. In this way, women are often trapped in a matrix of seemingly unrelated legal regulations and social norms that combine to undercut their economic potential and which contribute to women's disproportionate likelihood of living in pov-

erty. Given that women's economic empowerment will be at the core of achieving many of the Sustainable Development Goals (SDGs), to what extent are OECD DAC donors providing funding for it?

Using OECD DAC data, we can assess donor funding for gender equality in the economic and productive sectors

Donors use the OECD's gender equality policy marker to record ODA that targets gender equality (see box: 'The OECD DAC gender marker'). The OECD database also provides purpose codes, used to classify the area toward which development spending is directed. We determined 21 purpose codes¹ to be relevant to this analysis of women's economic empowerment and financial inclusion based on the methodology used in a 2019 report from the G7, which monitors progress on development-related commitments.

Purpose codes fell under the sector categories of education and training; transport and storage; communications; energy; banking, business, and financial services; agriculture; industry; trade and tourism; and urban and

The OECD DAC gender marker: A quick guide

The DAC gender equality policy marker records development assistance activities that target gender equality as a policy objective.

The marker has three possible scores:

- **Principal:** gender equality is the main objective of the project or program;
- **Significant:** gender equality is an important and deliberate, but not the main, objective of the project or program; or
- **Not targeted:** project or program does not target gender equality.

This Insights piece considers all '**principal**' and '**significant**' funding to be 'gender-related'.

Source: OECD DAC, Handbook on the OECD-DAC Gender

¹Secondary education; Post-secondary education; Medical education/training; Health personnel development; Education and training in water supply and sanitation; Transport and storage; Communication; Energy; Banking and financial services; Business and other services; Agriculture; Forestry; Fishing; Industry; Mineral resources and mining; Construction; Trade policies and regulations; Tourism; Environmental education training; Urban development and management; Rural development; Multisector education/training

rural development, and are referred to throughout this piece as the ‘economic and productive sectors’. Projects in the economic and productive sectors which target gender equality as a principal or significant goal (see box: ‘The OECD DAC gender marker’) are therefore considered in this analysis to be ‘economic empowerment projects’.

When donors report their spending to the OECD, they themselves choose whether to tag projects as gender-related, and whether to characterize the gender focus as principal or significant. With no external partner providing an objective check on the projects’ aims, there have been instances in which donors mark spending as gender-relevant, even when projects do little or nothing to effectively address real barriers to gender parity.

Donors spent US\$37.7 billion on projects in the economic and productive sectors in 2018; only 2% went to programming with gender equality as an explicit objective

Gender-targeted funding for projects in the economic and productive sectors has increased over the past five years. Between 2014 and 2018 there was a 56% increase (from US\$8.1 billion to US\$12.6 billion) in the volume of total bilateral allocable ODA for women’s economic empowerment (see Figure 1). In addition, the relative share of total gender-targeted funding to the economic and productive sectors also increased from 24% to 34% (see Figure 1).

At first glance, these figures indicate progress toward

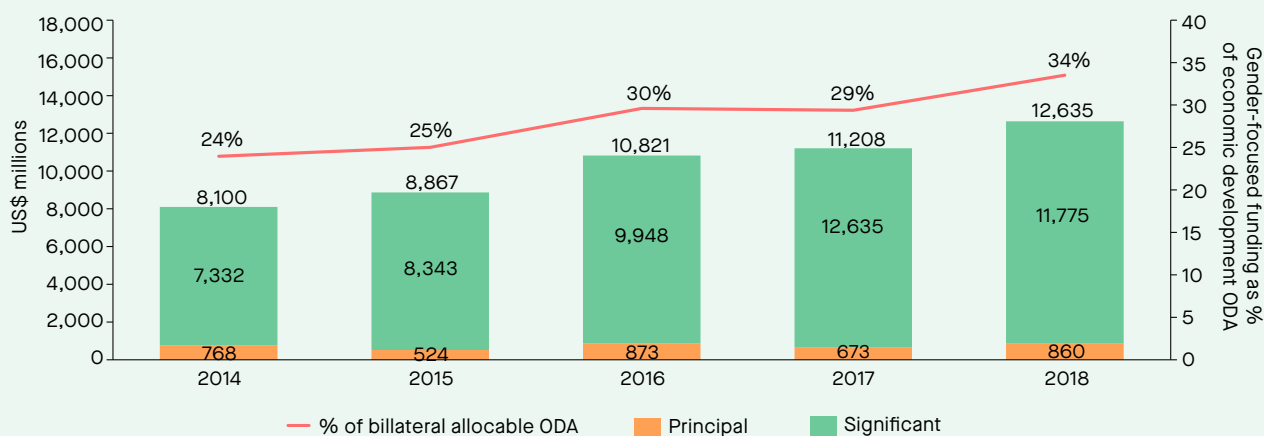
increasing gender-related funding for projects in these sectors. A closer look at the data reveals a less positive story. While overall funding for women’s economic empowerment has increased substantially, these gains have been driven almost exclusively by increased funding for projects which integrate gender equality as only one of multiple goals, not as their primary focus. Funding for projects in the economic and productive sectors with a significant gender focus increased by 61% between 2014 and 2018. Meanwhile, funding to projects in these sectors with a principal gender focus has increased much more slowly, by only 12% over the same period. The percentage of ODA for projects in the economic and productive sectors targeting gender equality as a principal goal was 2% in 2014 and remained at 2% in 2018. Only in 2015 did DAC donors deviate from the 2% allocation, when the proportion of principal funding fell even further to 1%.

Agriculture; transport and storage; and banking and financial services receive the greatest portion of gender-related funding in the economic and productive sectors

Agriculture

Of all economic and productive sectors, agriculture receives by far the most gender-related funding; it attracted over one-quarter of all gender-related funding, or US\$3.4 billion in 2018 (see Figure 2). The agricultural sector has historically been viewed as a cornerstone of development efforts overall. Trainings and capacity building for small farmers can serve many development-friendly purposes: for example, increasing food production to alleviate hun-

Figure 1: Bilateral ODA to the economic and productive sectors with principal or significant gender equality focus



Source: OECD CRS. Aid projects targeting gender equality and women’s empowerment. Gross disbursements; 2018 prices.

ger, building out local economies in rural communities, and providing jobs in farming and crop sales. Because of the great potential of agricultural development projects to deliver on multiple development goals at once, and because a large number of women are already involved in and employed in the agriculture sector, it is also an attractive target for gender-related spending.

Supporting and building capacity of female workers in rural agriculture benefits communities across several metrics and is given as an explicit priority in the development strategy documents of many of the most prominent OECD donors, including Germany and France. Gender-related spending in this sector is driven in part by large-scale contributions from Germany, whose funding made up 16% of the total allocations in 2018.

Transport and storage

The sector of transport and storage, though the second largest after agriculture in terms of absolute funding, is made up of far fewer projects. This means that a few large-scale initiatives somewhat distort the reality of most donors' focus in terms of gender-targeted spending in the economic and productive sectors.

In 2018, the OECD reported that a single Japanese railway project in the Philippines worth US\$2.0 billion accounted for more than half of all gender-related development assistance in the transport and storage sector. In 2018, Japan's spending in this sector made up 81% of the total gender-related funding, driving the rank of transport and storage far above where it would otherwise be in terms of global economic empowerment priority sectors.

Banking and financial services

Like agriculture, the third-largest sector, banking, and financial services, is a more traditional focus area for projects on women's economic empowerment and has historically attracted a significant proportion of gender-related funding to the economic and productive sectors. Projects in banking and finance often work well to address some of the most fundamental issues of women's economic disempowerment, by giving women the specific knowledge and resources that they need to participate in a paid workforce and to engage effectively with financial institutions, thereby enabling them to invest and save the money they earn. Projects in this sector often entail the facilitation of knowledge trainings and public sector reforms, which improve access to finance and promote small and medium enterprise development, job creation in sustainable livelihoods, and workforce development. Initiatives of this type lend themselves well to gender equality as a principal goal, and many descriptions of projects in this sector specifically name access to the programs for women and youth as a central tenet.

As with transport and storage, financing for gender-related activities in this sector is primarily driven by contributions from a single donor: in this case, the UK, whose spending accounts for 71% of all gender-related spending in the banking and financial services sector.

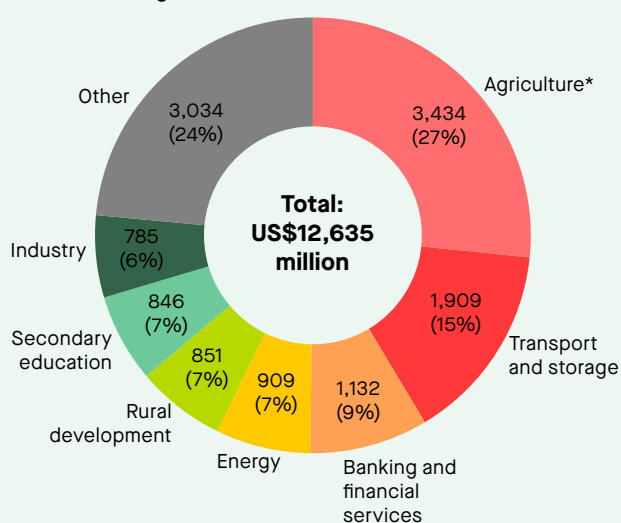
UK, Japan, and Germany are the largest donors to projects targeting gender equality in the economic and productive sectors

In terms of absolute volume, the UK, Japan, and Germany outspent all other DAC donors on projects in the economic and productive sectors which target gender as a principal or significant goal in 2018.

The US\$2.2 billion spent by the UK in 2018 was part of the realization of a development strategy document released the same year, titled '[2018-2030 Strategic Vision for Gender Equality](#)'. The document lays out five key priorities, the first of which is "addressing gender-specific barriers to inclusive economic growth".

Figure 2: Bilateral ODA to the economic and productive sectors with principal or significant gender equality focus by sector, 2018

All DAC donors, total gender-focused funding, US\$ million



Source: OECD CRS. Aid projects targeting gender equality and women's empowerment. Gross disbursements; 2018 prices. *includes forestry, fishing, rural development

Of the US\$2.0 billion spent by Japan in 2018 on gender-related projects in the economic and productive sectors, 76% was disbursed for projects related to transportation and storage. This is due in part to massive spending on rail and transport projects, primarily in South Asia, which incorporate gender as a significant goal. This spending is in keeping with Japan's larger [policy priorities](#) for long-term development cooperation which primarily focus on plans to expand support to Asian countries in infrastructure development, green investment, and improving financial access and support for women. Compared to other DAC donors, however, Japan is one of the lowest-ranking in terms of principal gender spending, with less than 1% of bilateral allocable ODA earmarked in 2018 for principal gender programs across all sectors.

In 2018, Germany was the largest absolute donor to gender equality programs overall (when considering all sectors) but ranked third in terms of funding allocated to gender-related programs in the economic and productive sectors. The largest portion (30%) of its gender-related economic and productive sector funding went to the agricultural sector, in keeping with the German development ministry's 2014 '[Gender Equality in German Development Policy](#)'. This document names "rural development, agriculture, and food security" as one of four priorities, along with economic empowerment. Like Japan, however, less than 1% of gender-marked spending across all sectors in 2018 was for projects principally targeting gender equality.

Only five donors spend 5% or more of their economic and productive sector ODA on projects directly empowering women, a critical indicator of real commitment

Much of the existing analysis on donor finance for gender-related projects in the economic and productive sectors examines aggregate funding or total funding to economic empowerment including projects which target gender as a principal and as a significant goal. These analyses are important in understanding the broader finance landscape. However, given the [higher bar](#) donors are expected to meet to qualify funding as principal, levels of principal-tagged gender funding to the economic and productive sectors serve as a better (though still imperfect) proxy for the assessment of donors' real commitments to women's economic empowerment.

When ranking the share of principal gender-related funding disbursed to projects in the economic and productive sectors, Spain sits well above any other donor; 24% of the bilateral allocable ODA that Spain channels to the eco-

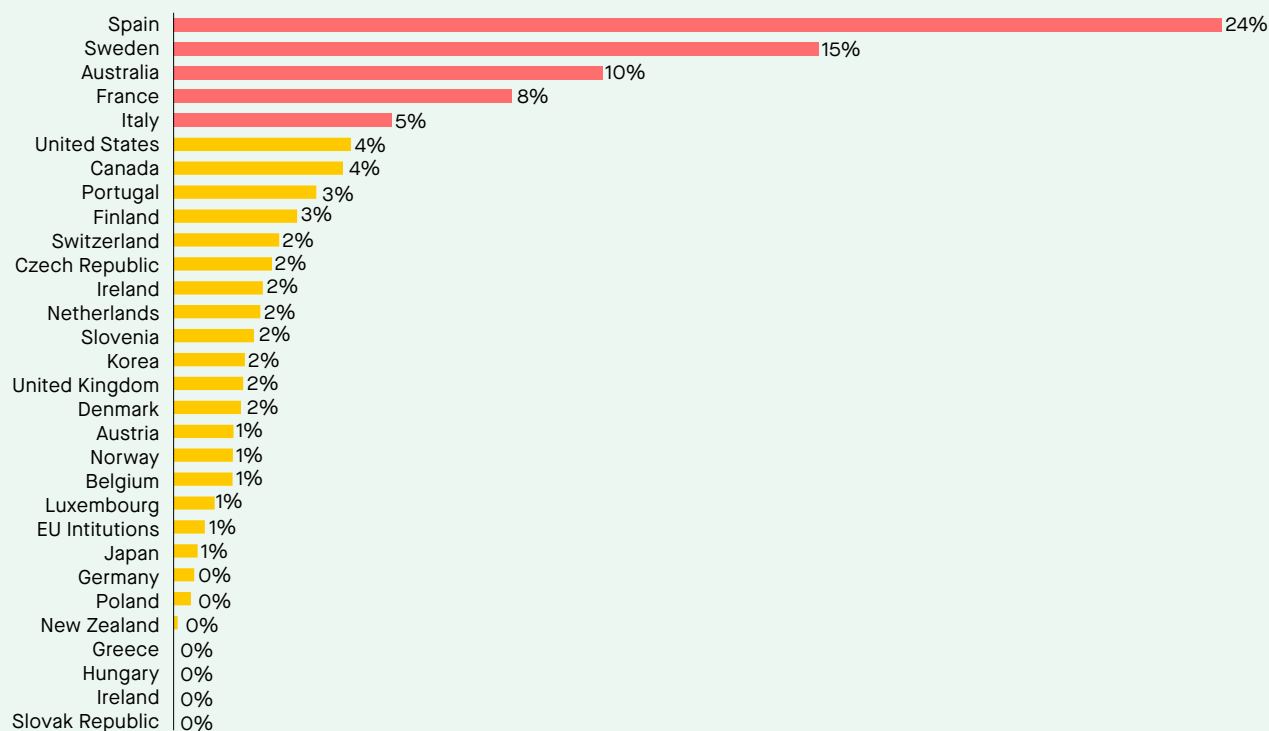
Gender equality in focus: Donor efforts towards economic empowerment are hampered by persistent disparities in unpaid care work

The scale of the threat that domestic and other unpaid work poses to women's potential to fully participate in their communities' financial and economic activity is recognized in SDG 5. The necessity to overcome this obstacle is enshrined in Target 5.4 ("Recognise and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate."). Programs that offer labor force trainings or that create local job openings will ultimately fail in elevating women's societal and financial status if they do not simultaneously address the underlying social structures and norms which rely on and perpetuate women's relegation to the nursery, the sick bed, and the kitchen.

In a [2019 report](#) titled 'Enabling Women's Economic Empowerment: New Approaches to Unpaid Care Work in Developing Countries', the OECD advises that implementers of development programs design programs and policies which integrate the reduction of women's unpaid domestic and care work as a primary objective from the start of the project and also ensure that all projects include efforts to address cultural masculinities which undercut women's equality. For example, gender-blind projects in the economic and productive sectors which offer skill trainings while failing to simultaneously build out programs to free women from unpaid tasks such as childcare, do not have a gender-blind impact. These types of programs are destined to fail women and, when they inevitably do, communities are left with even more highly [feminized rates of poverty](#). It is for this reason that programming in the economic and productive sectors which targets gender equality as its principal focus is so crucial. Programs which center women — and which explicitly recognize and seek to dismantle the unique obstacles they face — have the capacity to fundamentally change the landscape of women's financial participation and access in a way that projects which simply integrate gender as one of many targets rarely do.

Figure 3: Bilateral ODA to economic and productive sectors with principal gender equality focus, all DAC donors, 2018

Funding for gender equality as a principal goal as a percent of bilateral allocable ODA to economic and productive sectors



Source: OECD CRS. Aid projects targeting gender equality and women's empowerment. Gross disbursements; 2018 prices.

economic and productive sectors has a principal gender-focus. Spain is followed by Sweden with 15%, and Australia with 10%.

It is important, however, to consider these shares of principal funding in the context of each donor's overall spending on gender equality in the economic and productive sectors, especially given that well-funded projects with principal gender foci are some of those most likely to make a strong, lasting impact on women's economic empowerment.

France, the US, and Sweden spend the most on projects with a principal gender focus in the economic and productive sectors

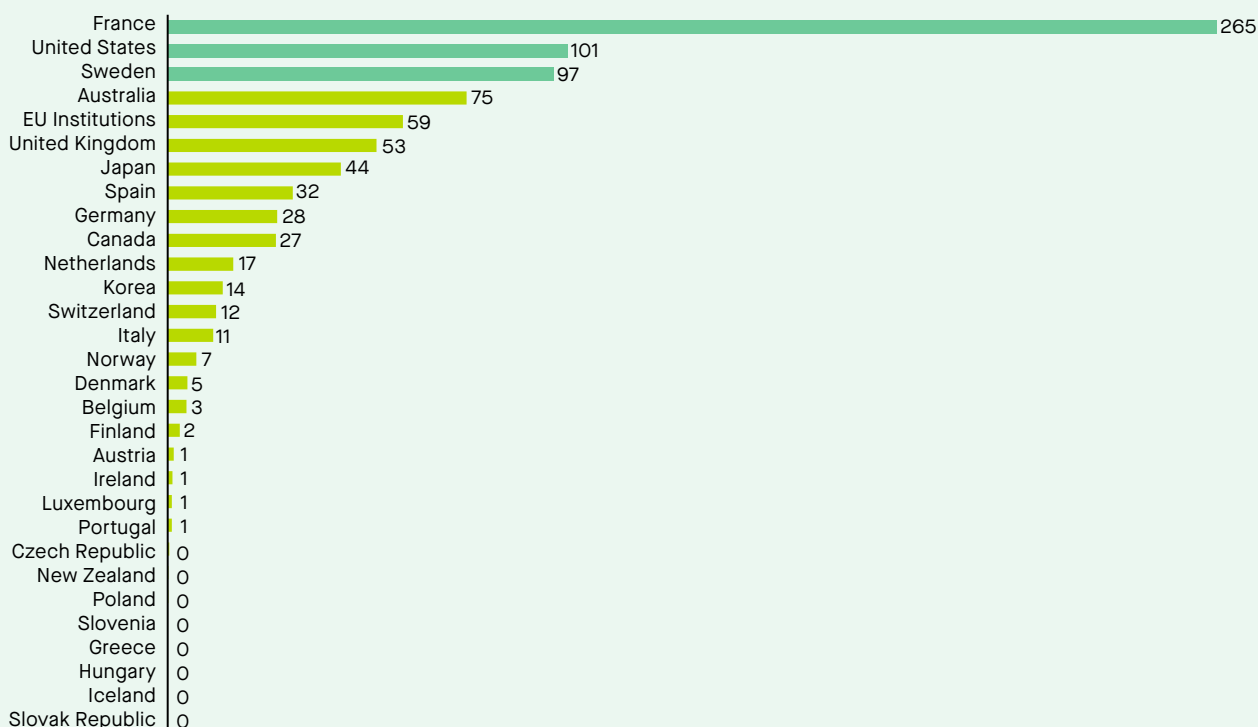
The donors that rank highly in terms of both absolute and principal spending can be considered some of the heaviest hitters in the field. They consistently channel high volumes of funding and consistently earmark those funds for work which centers gender equality in economic empowerment as its primary goal.

In terms of absolute spending on gender-related projects in these sectors, France, Sweden, and Australia again rank highly, taking first, third, and fourth places respectively. The US sits in second place, and Spain falls to eighth place in absolute terms.

France dwarfs all other DAC donors with US\$265 million channeled to programs in the economic and productive sectors with gender as a principal objective in 2018; this is over two and a half times the funding of its closest runner up, the US. Following in the footsteps of Sweden and Canada, France announced its new policy of feminist diplomacy in 2019, committing to channeling 50% of its ODA to projects with gender equality as a significant or principal goal. Even before this announcement, France's ['2018-2022 International Strategy for Gender Equality'](#) (the third such French gender strategy of its kind) laid out five key aims to improve gender inequities globally; the promotion and monitoring of access to economic and productive resources was, notably, the second action item in the plan. Data released in the coming years will demonstrate definitively how well France has adhered to

Figure 4: Bilateral ODA to economic and productive sectors with principal gender equality focus, all DAC donors, 2018

Funding for gender equality as a principal goal, US\$ millions



Source: OECD CRS. Aid projects targeting gender equality and women's empowerment. Gross disbursements; 2018 prices.

their feminist diplomacy commitments, but as of now, the funding trend looks very positive.

The US gave US\$101 million in ODA to projects in the economic and productive sectors which named gender as the principal goal. The US is the fourth-largest absolute funder to projects targeting gender equality overall, and its [policy documents](#) highlight a focus on economic empowerment projects. Although funding levels to principal economic empowerment projects are still high compared to many other donors, US funding for total gender equality projects has actually fallen by 18% as the Trump administration cut spending since 2016; between 2017 and 2018, principal funding for gender equality projects plummeted from US\$1.6 billion to US\$671 million.

Sweden disbursed US\$97 million in principal gender-related funding to the economic and productive sectors in 2018, almost the same amount as the US; however, unlike the US, Sweden's funding to principal gender equality projects has been steadily increasing over the last three years in both absolute and relative terms. Though still outspent by the US in absolute terms on principal

gender projects in the economic and productive sectors, Sweden's ranking rises above the US when funding is assessed as a proportion of total ODA (see Figure 3). Sweden has displayed an impressive commitment to global programs promoting women's rights through their Feminist Foreign Policy. Since 2014 when the policy was announced, Sweden has incorporated a clear gender perspective across all international activities, supporting women as societal leaders and highlighting the role of men and boys in the efforts to promote gender parity and to stop violence against women. The very first of Sweden's three main objectives given in its [2020 Feminist Foreign Policy paper](#) is the "promotion of women's and girls' economic and social conditions".

Australia, which ranked fourth in terms of overall spending on gender equality in the economic and productive sectors, and third in relative terms, has prioritized women and girls in its development policy since 2014. In May 2020, Australia launched a [new development policy](#) that focuses entirely on recovery in the wake of the COVID-19 crisis; the new policy also commits to investing in gender equality and women's economic empowerment.

Given the COVID-19 crisis, donors' investment in women's economic empowerment is more critical than ever

According to [UN Women](#), the full inclusion of women in labor markets worldwide would add an estimated US\$28 trillion to the global economy. Given the colossal economic shocks caused by the COVID-19 crisis, measures that in any way hinder women's participation in the labor workforce are a direct threat to global economic recovery. Efforts to fully integrate women into paid markets are more crucial in 2020 than ever. In this context, and given the incredible potential return on donor investment, DAC donors' disbursement of only US\$860 million in principal gender-related funding in the economic and productive sectors is disappointing.

Over the last few years, many OECD DAC countries have made bold and praiseworthy commitments to gender equality; however, as we approach 2030, real progress will require donors to follow up on these commitments with quantifiable action. Successful development initiatives must incorporate policy which makes women's unpaid labor obsolete, while simultaneously building out infrastructure and resources to support women's entrance into the paid labor force. More principal funding for gender-equal financial inclusion programs is crucial to this cause. It is only the combination of these two types of efforts with a significant volume of real, targeted spending that has the potential to radically transform the way women around the world interact with and benefit from the global economy.