

ECONOMÍA Y MUJERES

El costo de la (no)inclusión



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**Central Bank of Paraguay, Ministry of Finance of
Paraguay, and the World Bank
Virtual Seminar
on “The Cost of Non-Inclusion”**

**Presentation on “Financial Inclusion: The Impact of
Policies that Target Women”**

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Chair, AFI Gender Inclusive Finance Committee
21st April 2021

A lot of Progress in gender inclusion ...but Significant gaps remain.....

- In recent times, women have made great strides in political spheres, business, Board rooms, the job market, and many other arenas of life
- In spite of the progress that women have made, major challenges still remain, including:
 - **Women are 26.5 percentage points less likely to enter and remain in the job market** compared to men, according to the ILO in 2018;
 - **Women remain under-represented in management positions**, particularly at the highest levels according to the World Bank Enterprise Surveys;
 - The World Bank's Global Financial Inclusion (Findex) reveals a number of improvements in female access to finance globally as well as in developing economies such as in Latin America, but the **global gender gap has remained at 7 per cent since 2011, and 9 percent for developing countries**

Barriers to Women's Financial Inclusion Include...

- Lack of formal **identification**
- Gender neutral workplace and other policies which do not actively support women to join and remain in the workplace, especially those with families
- Lack of **assets for collateral** (land and property rights and cultural norms that discriminate against women)
- Geographic distance from a financial institution (particularly for rural women)
- **Limited financial literacy** and financial capability
- Limited ownership of mobile phones and SIM cards
- Lack of **gender-disaggregated data** to guide policy and strategy
- Service delivery and products that are not adapted to the needs of women
- **Risk aversion of banks** and other financial institutions



Urgent and Targeted Action is Needed

- **Action at all levels and in all sectors** is required to address barriers that affect women's socio-economic progress
 - Government policy
 - Legislation
 - Regulation and supervision of financial institutions
 - Private sector work-place policies and strategies
- We need **gender-sensitive policies and strategies mainstreamed** into decision-making at every level and in every aspect of national life

Policies that Promote More Gender Inclusion in Socio-Economic Development Benefit Everyone.....

- **Gender diversity in the labour market is a boost for businesses and economies**
 - The global economy is estimated to grow by an additional US\$5.3 trillion if the global gender gap in the labour market is closed by 25 per cent by 2025
 - Gender diversity initiatives in workplaces tend to improve business outcomes such as profitability and productivity
- Firms whose Boards are composed of 30 to 39 per cent of women are 18.5 per cent more likely to have improved business outcomes, and **when Boards are chaired by a woman**, firms are 3.2 per cent more likely to have **improved business outcomes**

Policies that Promote More Gender Inclusion in Socio-Economic Development Benefit Everyone.....

- 70 percent of **women-owned formal SMEs** are **unserved or underserved in terms of access to credit**, amounting to a US\$285 billion credit gap. Closing this credit gap in developing countries could increase per-capita GDP by 12 percent by 2030 (Goldman Sachs)
- Gender-inclusive finance is critical for poverty alleviation, balanced economic growth and economic stability.



A POLICY FRAMEWORK FOR WOMEN-LED MSME ACCESS TO FINANCE



FRAMEWORK

Over the years, policy makers and regulators have adopted policy measures and strategies to promote women's economic and financial inclusion

- **Explicit policy objectives and quantitative targets for women's financial inclusion** - which makes the gender gap transparent and motivates greater efforts to close the gap
- [Sex-disaggregated data collection](#) to support evidence based policy-making to promote gender inclusive financing
- **Legal and regulatory reforms** to help ease constraints to women's progression in the work force and access to financial services
- **Development of financial infrastructure** (e.g. credit bureaus, collateral registries, etc.) - to support women's access to affordable business loans



GUIDELINE NOTE ON SEX-DISAGGREGATED DATA REPORT TEMPLATES

Guideline Note No. 39
November 2020



GUIDELINE NOTE

Over the years, policy makers and regulators have adopted policy measures and strategies to promote women's economic and financial inclusion

- **Design and rollout of gender-specific financial services and products** (including digital financial services) to cater for the needs of women across the socio-economic ladder
- **Stronger financial consumer protection regulation** - which can provide redress mechanisms for addressing the concerns and issues of women clients, and the confidence to engage with financial institutions
- **Financial education and financial literacy programmes** - which provide awareness of financial services and products for women and hence encourage uptake.



FINANCIAL EDUCATION IN LATIN AMERICA AND THE CARIBBEAN



CASE STUDY

Impact of COVID-19 Economic on Women's Financial and Economic Inclusion

- The COVID-19 pandemic has disproportionately affected women, pushing them out of both formal and informal employment and business, and in some cases from the financial system, further widening the gender gap in access to finance
- The pre-existing gender gap in access to finance has meant that many women adversely impacted by the pandemic have [little or no savings](#) to cushion them and have no access to credit or grants to [save their businesses from collapse](#)
- In the case of emerging and developing economies, these disproportionate impacts on women are bound to be worse, given the weak social protections that exist

Impact of COVID-19 Economic on Women's Financial and Economic Inclusion

- Many policy and regulatory responses to the pandemic have not considered gender-specific dynamics of the economic fallout from the pandemic, and in that respect may not have helped to avoid a widening of the gender gap in access to finance
- The [Alliance for Financial Inclusion](#) (AFI) has called for policies that promote women's economic and financial inclusion are needed to help rebuild a more inclusive, sustainable, and resilient future, where no one is left behind

[‘Why the economic response to COVID 19 needs to be financially inclusive and gender sensitive’](#) (AFI:2020)

["Integrating Gender Considerations into COVID-19 Policy Solutions](#) (AFI:2020)



2021: A Watershed Year in Women's Economic and Financial Inclusion

- [Maya Declaration](#) is a decade old this year
 - Voluntary commitment by AFI members, in Riviera Maya, Mexico, to address the global challenge of financial exclusion
 - Indeed, the Central Bank of Paraguay was among the first signatories to the Maya Declaration.
- [Denarau Action Plan](#) is 5 years old this year
 - Adopted by AFI members to accelerate action towards financial inclusion broadly and gender inclusive finance respectively with the latter calling for halving of the gender gap by the end of 2021

World Bank's Findex Database is also a decade old this year



AFI's Gender Inclusive Finance Committee (GIFC)

- AFI and its GIFC are committed to supporting the AFI network's efforts at implementing the [Denarau Action Plan](#) through areas of member demand, including;
 - **In-country Implementation:** Gender grants and technical support for members to design specific projects that target women's financial inclusion.
 - **Policy guidance :** Provides practical gender inclusive policy guidance that will contribute to policy and regulatory reforms to close the gender gap.
 - **Capacity building initiatives:** Based on member needs, includes the [Leadership and Diversity Program for Regulators](#), in partnership with Women's World Banking and Oxford University, to ensure that the network's high potential women leaders are equipped with practical skills to advance financial inclusion and support diversity in institutional leadership.
 - Support members to make or renew their [Maya Declaration Commitment](#) towards increasing women's financial inclusion.

In Conclusion

- **Progress has been made to remove barriers that affect women's full participation in the economy**
- **The pandemic has amplified the gender gap in access to finance and in economic participation by women**
- **More gender-focused policies are required to help make tangible progress in gender-inclusive finance and more sustainable and resilient socio-economic development**
- **2021 is an important year for realizing commitments under AFI's [Maya Declaration](#) and [Denarau Action Plan](#)**
- **AFI and the Gender Inclusive Finance Committee are committed to providing support to members across the network.**



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