

Speech by World Bank Group President Jim Yong Kim at the 2017 SHE-ERA Conference

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Transcript

Women's economic empowerment is a moral issue, but it's also a critical economic issue. No country, organization, or economy can reach its full potential and meet the challenges of the 21st century without the full and equal participation of women and men.

At the World Bank Group, we see the advancement of women as critical to achieving our goals of ending extreme poverty and boosting shared prosperity. Empowering women is central to our efforts to accelerate economic development.

Right now, too few women around the world have the opportunity to get a good job or become entrepreneurs, and female-owned enterprises face too many obstacles.

The IFC has estimated that women-owned entities represent just over 30 percent of formal, registered businesses worldwide. Yet, seventy percent of women-owned SMEs in developing countries are either shut out by financial institutions or are unable to get financial services on that are adequate for their needs. This means that there is a \$300 billion annual deficit for women-owned enterprises in terms of access to capital.

Every day, we work with governments and private sector partners to empower women, improve access to jobs, and promote entrepreneurship. Today, I'd like to talk about some of the lessons we've learned, to speed up progress towards economic equality for women. What will it take from us – here in this room, and from leaders around the world – to close the gap between boys and girls, women and men – are a combination of all of these things that I'll talk about.

So what are the most effective ways to remove the constraints that women face, in order to unleash the power of over half the world's population for economic development?

We know, and this conference is focused on this very issue, women entrepreneurs play a crucial role in economic development – boosting incomes and creating jobs. But in many countries, women are blocked from economic opportunity by unfortunate legal barriers. They're restricted from certain professions, prevented from travelling, barred from owning land or inheriting assets. Women-owned enterprises tend to be concentrated in a narrower range of sectors, which often have lower profits.

Removing these obstacles can be a powerful driver towards economic equality. For example, in China, an estimated 31 percent of all businesses are owned by women – which is nearly on par with countries like New Zealand, Singapore, and the United States.

We know that progress is possible, but it takes the right policies, the right investments, and the right incentives. In the case of China, for instance, much of the progress is because women are as educated as men, rate as high as men in motivation to pursue business activities, and enjoy very high levels of financial inclusion – and much of that is facilitated by the work of Alibaba.

But throughout the world, both potential and existing women entrepreneurs face challenges accessing capital. The global gender gap in access to financial services unfortunately is not closing. In 2014, 65 percent of men had

a bank account, and only 58 percent of women had one – a 7 percentage point gap. In developing countries, the gap is even larger: closer to 10 percent.

With a concerted push from governments, the private sector, and institutions like the World Bank Group – we can close this gap. This is what we're doing. We have committed 1.4 billion dollars to women-owned small and medium enterprises in 25 countries in Africa, East Asia, Eastern Europe, and Latin America through our program called Banking on Women.

We also partnered with Goldman Sachs to launch the Women Entrepreneurs Opportunity Facility. I think we have some of the women in the audience today. We were able to turn a generous donation from Goldman Sachs into 786 million dollars of investment in women in 14 countries. The facility will expand access to capital for approximately 100,000 women entrepreneurs. Here in China, the World Bank Group and Goldman Sachs brought both traditional banks and innovative digital lenders on board in the gender finance program.

Bank of Luoyang, a medium-sized bank located in the most populous province in China, participated in our risk-sharing facility to dedicate lending to women-owned small-and-medium enterprises and women entrepreneurs. The risk sharing facility, combined with an intensive advisory package, resulted in 40 million dollars of lending to 254 women-owned small-and-medium enterprises and women entrepreneurs in just two years.

Our partnership with Ant Financial – I had the great privilege of visiting Ant Financial today, and we developed a long list of things that we're going to be doing together – marks the first internet-based gender finance program. Many of Ant Credit's clients are women who run businesses on Alibaba Group's online marketplaces.

This partnership uses technology to evaluate potential borrowers' creditworthiness. Instead of taking securities and assets – such as buildings

or inventories – as guarantees for loans, Ant Credit looks at their transactional and behavioral data as they do business online.

This is such a promising innovation. And this new technology, we feel, can help provide access to capital and markets for the poorest people in the poorest countries all over the world. Putting up collateral, which is generally based on real estate assets, is particularly difficult because too often women don't have their names on asset titles.

We're looking closer at this to see if we can find a solution in places where it's particularly difficult for women to access capital. We're working, for example, in Ethiopia, with an online program where questions are written on tablet computers. And in about 45 minutes, women can answer questions on the tablet, and those answers can predict the likelihood that they will be able to repay their loans better than the traditional approach to capital. If these kinds of solutions can work in places as different as China and Ethiopia, we know they can work everywhere. And we're doing everything we can, working with Jack and with Ant Financial to replicate this in other countries around the world.

But women face many issues other than lack of collateral.

In Ethiopia, we found that many women entrepreneurs were stuck in what we call the "missing middle." The loans they need are too large for microfinance, but too small for traditional banks.

So we helped microfinance lenders scale up, and commercial banks scale down. Today, this scaling up and scaling down, has led to the sustainable lending of 2 to 4 million dollars a month to women entrepreneurs in Ethiopia, who before this had no access to capital.

It's been such a success that we're bringing those lessons learned in Ethiopia to Indonesia. Indonesia has a higher GDP per capita, but the innovation in Ethiopia can be applied in Indonesia, where we're working with the government to help women entrepreneurs access capital to start or expand

businesses. This work on access to capital is just beginning, but we think it has tremendous promise.

Solving the collateral issue and sizing loans to better fit women entrepreneurs is a huge part of this, but we also have problems like poor access to skills training and networks, restrictive cultural norms, and a lack of time to dedicate to a business.

To overcome some of these constraints, we launched a personal initiative training program for women in Togo, a very poor country. And, we were trying to test if it helps to build traits that enable someone to interact effectively with other people – traits like self-starting and persistence. And I have to tell you, there was a lot of doubt about whether that would actually help.

But we found that the personal initiative training helped raise profits for women-owned businesses by as much as 40 percent – much more than traditional managerial training. Based on what we learned in Togo, we're now designing skill development projects in Mexico, Mauritania, Mozambique, and Ethiopia.

These are just a few of our recent efforts to try to figure out what works to promote women's entrepreneurship. But with these multiple overlapping challenges, a piecemeal approach won't work.

That's why I'm so excited about our new Women's Entrepreneurship Finance Initiative – or We-Fi, as in "We Finance" – which we launched this past weekend at the G20 meeting in Hamburg. We launched this initiative with the support of so many countries, but I want to thank especially the Trump Administration and especially Ivanka Trump, who has been a tremendous champion for women's entrepreneurship; and also Chancellor Merkel, who brought all of this to the G20.

With this initiative, We-Fi, for the first time we have a major global tool that will provide complementary public and private solutions to unlock billions in financing for women entrepreneurs. The facility will work with governments to

improve laws and regulations that stifle women. At the same time, We-Fi will support a range of financial institutions, especially ones in developing countries. And as we discussed, I hope that we can bring Alibaba technology directly to these financial institution, to provide equity and debt so women-led companies can grow and create jobs.

We weren't sure how far we would get. We just started conversations about We-Fi in April of this year, but the response we've received has been stunning. Our original ambition was to try to get 100 million, maybe close to 200 million dollars, but as of last week, we have donations from 15 countries – the United States, Japan, Germany, Saudi Arabia, and the United Arab Emirates were the most generous donors – we were able to raise about 335 million dollars. This is going to grow, and we know from experience that 335 million dollars can be leveraged into several billion dollars of financing for women.

With access to capital, training, and support, millions more women can start their own businesses, boost their own economic prospects, and drive economic growth in countries throughout the world.

But increasing women's entrepreneurship isn't the only way to close opportunity gaps. Our goal is for everyone to have an opportunity to take part in the economy, and not everyone is inclined to be an entrepreneur. So we're also focusing also on increasing women's income-earning opportunities, and creating more and better jobs for women everywhere.

Despite progress in recent decades, today men outnumber women in labor markets across the globe. The latest data from the International Labour Organization show that the global labor force participation rate for women is 49 percent – 27 percentage points below men. The gender gap is especially large in middle-income countries.

The latest data also show that women, especially in the poorest countries, are more likely than men to work in informal employment. When they do have

formal jobs, they are less likely to work full-time, and they typically earn much less than men. Globally today, women earn an estimated 77 cents for every dollar that men earn.

First we have to raise the rates of women's labor force participation, a task that's taken on particular urgency in some countries. In India, 37 percent of women over the age of 15 were working in 2005. By 2016, the International Labour Organization estimated that participation fell to 27 percent – a dramatic drop in just a few years.

We're very proud to say that under the leadership of Prime Minister Modi, we're working with the Indian government to reverse the decline. This summer, we're launching a 1 billion dollar Skill Mission India Operation, which includes a component to make training programs sensitive to constraints that predominantly affect women. It also increases women's access to information, social support, and financial assistance.

This is a good step, but there's even more to do. One of the main hurdles faced by women who want to become entrepreneurs or get a job is that they're tied up doing care work – caring for children, caring for the elderly, caring for the disabled. In many places, care remains the sole domain of women, which constrains entrepreneurship and participation in the labor force. If we want to boost women's economic opportunity, this has to change. IFC, our private sector arm, is working on a Tackling Childcare Initiative, focusing on some important areas:

- We've got to make clear the economic argument for employer-supported childcare in even the poorest countries;
- We have to look at how regulations can incentivize employers to support childcare;
- We have to identify mechanisms to get more employers to support childcare.

Next fall, we're going to publish case studies of different models looking at how employer-supported care has an impact in developing countries.

But now that populations are aging, there's even more urgency, because the care burden for the elderly will likely fall disproportionately on women. We need to prepare for that.

In our view, we think that this represents a tremendous opportunity.

Automation will eliminate many jobs, and we think that many jobs in the care sector can be formal jobs that pay well. This can be one of the largest growth areas for employment in developing countries.

So we need to think about policy changes and behavioral changes across people's whole life cycles – not only when people get old. We need to look at fertility and child care policies; education and skills systems; tax, social security, and transfer systems; labor market policies at all ages; and policies directed at older people themselves. We work on all of these issues and will continue to do so, because all of these issues – if we get them right – can facilitate women's participation in the labor force.

In China, we analyzed the labor force behavior of women age-45 and older. Our research led to great discussions on issues of aging and long-term care, and the traditional role that women play. Now, we're preparing a loan for a project in Anhui province to support care for the elderly. We're hopeful that it will help free-up women to pursue their own economic opportunities.

Developing a care sector can also have a lot of benefits. In many countries, it's a large employer of women, but it can also be an area ripe for entrepreneurship opportunities. In many countries, women are already in the workforce, but because they work in the informal sector, we have to focus on ensuring that women have access to jobs with higher incomes and better working conditions.

Gender gaps in information, skills, mobility, access to assets, and legal and cultural barriers all contribute to occupational sex segregation. We're trying to tackle all dimensions of this issue.

One way to do this is to focus specifically on specific restrictions on women entering certain jobs. In 100 countries today, women are restricted from doing the same jobs as men. Nigeria prohibits women from working at night. In Vietnam, women are forbidden from driving trains or operating a crane. In the Kyrgyz Republic, women are barred from 400 professions.

Laws matter. Changing inheritance laws in India showed just how important that was – not only did changing inheritance laws allow women to inherit family property, it gave families more incentives to educate their daughters. Changes in family laws in Ethiopia raised the minimum age of marriage, gave wives equal control over marital property, and ended a husband's ability to deny permission for his wife to work. The share of women working for pay outside the home, in non-seasonal work, went up by 20 percent just because of a change in the laws.

But laws are not always enforced and they don't always stimulate behavior change. So another promising approach to fight sex segregation in jobs is with information. The World Bank Group's Gender Innovation Labs have been experimenting with ways to break down the imbalances in information, especially for young women who are about to choose their professional trajectories.

In Ethiopia and Uganda, we've been experimenting with providing young women with early information on lifetime earnings in various professions. We've found that this simple nudge – providing information – helps shift their preferences to training in higher-earning occupations, like STEM fields. We also asked women entrepreneurs who had managed to cross over into male-dominated occupations what made it possible. Many indicated that, in

addition to knowing that they can earn more, having a male mentor and access to a business network was key.

Finally, since we're hosted today by Alibaba, we think that technological innovation can open up new avenues for women – and Alibaba is leading the way.

We're testing different ways to increase women's productivity, looking at interventions that link information and communications technology and transportation services to address many of these issues. ICT interventions now provide information on available jobs, build reputations, and provide information about wages – helping raise women's bargaining power. One good example is the digital platform "Babajobs" in India, which had over 5 million registered job seekers by 2016.

I was born in Korea, and the year that I was born, 1959, the World Bank – my organization – said to the Koreans that because you're so poor and because you have so little hope for growing your economy, you are not eligible for a loan from the World Bank.

In 1950, the World Bank denied Korea access to loans because they said that your country is so poor, the literacy rate is only about 20 percent, there were few natural resources – it was mostly agricultural – they declared that Korea was a hopeless case.

Of course, the story of Korea is quite different. Korea grew despite the projections from my own organization, the World Bank. But I think that in so many ways, women entrepreneurs face the same kind of fundamental misunderstanding and prejudice that comes from institutions that have been so dominated by men.

We're really excited about the Women's Entrepreneurship Finance Initiative, but it's just the beginning. At many events, I hear the quotation from Mao Zedong that "Women hold up half the sky." But for so long, women have held

up half the sky without being paid. Women held up half the sky without being able to choose which half of the sky to hold up.

The Women's Entrepreneurship Finance Initiative – and what Jack has done to bring technology to equalizing access to capital, equalizing access to markets, I think is going to change things in the world, especially for women, in a fundamental way.

One of my heroes, Martin Luther King, Jr., used to say that the arc of history is long – but it bends towards justice. One of the things that Martin Luther King himself showed was that the arc of history does not bend towards justice unless people grab the arc of history and forcibly bend it towards justice.

I feel that's what you are doing here today for women entrepreneurs. And for us at the World Bank Group, we will do everything we can to facilitate the process of creating a more just, more equal, and more prosperous world, which we know we will get to if we just get out of the way and let women entrepreneurs have access to all of the things they need to create the jobs and the future that we all want.

Thank you very much.