



BRIEFS

Promoting Women's Economic Empowerment through US Foreign and Development Policy

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Women's economic empowerment is increasingly recognized as critical to achieving development outcomes around the world. The case for improving women's access to productive assets and income-generating opportunities is compelling, though the evidence base should be expanded. The McKinsey Global Institute's [*The Power of Parity*](#) suggests that \$12 trillion would be added to the global GDP if gender gaps in work and society were narrowed.^[1] Recent studies by the International Monetary Fund also highlight the economic growth and poverty reduction potential of economically empowering women and girls; narrowing gender gaps in labor force participation rates and wages is associated with decreased income inequality and macroeconomic gains.^[2] This memo aims to issue practical proposals for the next US administration, particularly aimed at economically empowering women and girls worldwide, as a building block toward the full realization of broader gender equality and women's agency and empowerment.

This four-point memo is informed by a roundtable discussion at the Center for Global Development (CGD) and additional suggestions from CGD researchers. The recommendations build on those put forward in CGD's [*The White House and the World*](#) briefing book,^[3] as well as the CGD policy memo "[A US Law or Executive Order to Combat Gender Apartheid in Discriminatory Countries](#)"^[4] and ongoing work at CGD focused on [women's financial inclusion](#).^[5] The memo reflects the joint input of representatives from a range of government, civil society, and private sector organizations, but does not necessarily reflect a consensus and should not be taken to construe any institutional positions.

Recommendation 1: Allocate an additional \$1 billion yearly to advancing gender equality in developing countries, with specific focus on women's economic empowerment.

As a 'cross-cutting issue,' gender equality often fails to receive dedicated financial investments allocated to other areas of development such as agriculture, energy, health and infrastructure, as a new Council on Foreign Relations policy memo points out.^[6] OECD data suggests that US foreign assistance dedicated to bilateral

programs with a principal objective of advancing gender equality is equal to around 0.008 percent of US GDP, or \$1.5 billion yearly. Other OECD countries spend, on average, 0.013 percent of GDP on programs with a principal objective of advancing gender equality. Given the importance of gender equality as a development outcome in and of itself as well as its powerful instrumental role in achieving development targets from health and education to poverty reduction and economic growth, US financing in this area should considerably increase. Were the US (only) to reach the OECD average, this would add approximately \$1 billion yearly to the US bilateral aid budget for gender equality.^[7]

The next US administration should allocate at least \$1 billion in additional resources—equal to a little over two percent of current US overseas assistance—exclusively dedicated to advancing gender equality in developing countries, with a specific focus on improving women's and girls' economic opportunities and outcomes. Potential interventions include those that increase women's access to financial services and modern agricultural and information technologies, local and global markets, and decent jobs and land rights, for example, as well as those that promote women's access to science, technology, engineering and mathematics (STEM) education, and those that ease girls' transition from school to the workplace.

Funding should be dedicated to (1) closing gender gaps in economic and other development opportunities by incentivizing public and private sector programs and institutions to work towards greater gender equality in their outputs and outcomes and (2) supporting programs specifically targeting women and girls. The expertise of gender specialists, as well as women-led civil society organizations (CSOs) and businesses, should be called upon to inform the investment portfolio, potentially through a cross sector working group focused on women's economic empowerment.

This new source of financing should work to mobilize increased domestic and private resources in developing country contexts, including through results-based payments and other innovative financial tools. Ministries of education, for example, could be incentivized to and rewarded for narrowing gender gaps in secondary school enrollment and learning outcomes, while commercial banks could receive financial incentives for narrowing gender gaps in access to and use of financial services.

The next US administration can also consider creating a pool of funding for countries that already meet some gender equality standards, in line with the approach used by the Millennium Challenge Corporation in their [country scorecards' selection indicators](#). Such an approach would incentivize countries' investments in improving gender equality outcomes even before aid investments are made.

Finally, the next US administration can use its leadership role within international financial institutions such as the World Bank to encourage similar funding schemes dedicated to gender equality. For example, the United States should encourage the International Development Association (IDA) to incentivize and reward the achievement of women's economic empowerment outcomes by its loan recipients through a heavier weighting for gender in the Country Policy and Institutional Assessment mechanism that helps determine IDA finance allocations. As proposed in the Council on Foreign Relations [policy memo](#), the US could also lead in the establishment of a pooled financing mechanism for gender equality projects, potentially on the model of the Global Fund to Fight AIDS, Tuberculosis, and Malaria, which would receive contributions from governments, multilateral organizations, and the private and philanthropic sectors.^[8]

Recommendation 2: Address broader constraints facing women workers and entrepreneurs through executive orders, trade agreements, investment treaties and migration channels.

training programs and micro-loans, but these interventions do little to address the broader constraints facing women and girls looking to enter and rise within the workforce. In addition to maintaining a focus on growing women's capabilities, the next US administration should work to expand women's economic opportunities, by focusing on broader constraints facing women, including social norms and economies where labor, product and financial markets are gender-biased.

In order to mitigate these constraints, the next US administration should consider "beyond-aid" approaches to promoting women's economic empowerment, in part through adopting new policies that address the practices of US firms based abroad. In 1986, Congress passed legislation to encourage US firms based in apartheid South Africa to make affirmative efforts to hire, train, and promote nonwhites within the confines of domestic law. An executive order or law modeled on parts of the 1986 legislation could push US firms abroad (or specifically those operating in countries with laws that enforce legal discrimination within the workplace on the basis of gender) to adopt a code of conduct that would enforce non-discrimination in hiring, promotion and pay to the maximum extent allowed by law. This would build on existing efforts such as the United Nations' [Women's Empowerment Principles \(WEPs\)](#), through which businesses worldwide (including a number of US multinationals) voluntarily commit to upholding gender equality within the workplace and supply chains. New directives would be designed to bring straggler firms up to existing best practice, demonstrate the benefits of such practice to local firms in host countries, and highlight discriminatory laws worldwide to stoke pressure for change.

Constraints can also be addressed through bilateral investment treaties and trade agreements. To date, these treaties and agreements have in large part been considered "gender-neutral," but evidence suggests that such treaties and trade deals impact men and women differently based on their disparate positions within local and global economies.^[9] When negotiating future trade agreements, the next US administration should consider including terms and corresponding enforcement mechanisms that mitigate potential gender disparities. Current agreements' labor provisions on nondiscrimination must also be properly enforced.

Efforts should also be made to ensure that future free trade agreements are used as an active tool to improve employment opportunities and working conditions for women. Free trade agreements have the potential, if carefully developed and enforced, to assist women in securing high quality jobs, accessing global markets, and making work safer and more secure. US bilateral trade and investment treaties frequently contain language about labor laws and working conditions. In some trade pacts there is specific mention of gender issues. But in future trade and investment treaties, US negotiators could routinely include support for bilateral or regional cooperation activities regarding the elimination of discrimination. In addition, future trade and investment treaties could also mandate that "neither party may require that an enterprise of that party that is a covered investment deny employment on the grounds of race, religion, gender, or sexual orientation."

Finally, migration is the most powerful force for global development, bringing considerable economic returns to migrants, the families they leave behind and both destination and source countries. There is also significant evidence of social remittances from migration flows: migrants transmit attitudes from destination to sending countries in a manner that can improve norms and behaviors in areas from democratic accountability to gender equality.^[10] In any future reform of migration policies, the new administration should take into account the greater barriers faced by women migrants as well as the considerable benefits of social remittances in improving gender norms in sending countries when formulating policies on admissions preferences.

Recommendation 3: Reform procurement channels for US and international development institutions to make them more gender-equitable.

The Department of State, Department of Defense, USAID, the Millennium Challenge Corporation (MCC), and the Overseas Private Investment Corporation (OPIC) have the capacity not only to promote women's economic empowerment through the projects and programs they finance, but also through the firms and employees they hire. Under the next administration, these agencies should institute positive incentives for contractors that hire women and sub-contract with women-owned firms (all should have women-friendly workplaces) to promote women's economic empowerment. The next administration should also commit funds to supporting outreach and technical assistance for women entrepreneurs to build capacity and increase their access to procurement channels.

The United States government recently met its goal of awarding five percent of the money it spends on domestic contractors to businesses owned by women.^[11] Under new regulations that helped meet that target, agencies can now set aside specific contracts for bidding only by companies owned by women, and the [Small Business Administration](#) has launched outreach efforts to teach women entrepreneurs about federal procurement opportunities and assist in preparing bids.

However, the US government has yet to engage in analogous efforts through its development institutions' procurement channels. To date, some initial steps have been taken; for example, responding to the finding that women-owned enterprises in Indonesia receive less than five percent of public procurements, the Millennium Challenge Account (MCA) in Indonesia is providing training to these enterprises, especially in e-procurement, and is developing the leadership and careers of female procurement specialists. The MCA in Zambia has set a target of including 30 percent female laborers on construction sites,^[12] but targets have not been set (nor have positive incentives been instituted) encouraging the selection of women-led firms through procurement channels.

In addition to reforming its own development procurement systems, the United States can utilize its leadership role in international financial institutions to encourage the reform of their procurement channels. World Bank procurement rules, for example, allow recipient countries to favor local firms for some Bank-financed procurements. The same model could be applied to women-led firms, and the next US administration should act as a champion of such a reform.

Recommendation 4: Continue to improve the availability and quality of data and evidence around women's economic empowerment.

The next US administration should invest in (and submit its own gender equality-related initiatives to) rigorous evaluations that can help tell us what works to economically empower women and girls in various contexts.^[13] In addition, the US Government should work to incorporate high-quality indicators focused on women's and girls' economic empowerment outcomes and reductions in gender disparities, and disaggregate results by sex. A number of existing sources can be drawn upon and applied more widely.^[14]

In order to maximize the capacity of existing development programs, the new US administration should take stock of the existing tools at its disposal with the potential to promote women's economic empowerment in developing countries. For example, the US government can take a leadership role in pushing for the incorporation of a gender perspective into ongoing development movements, including those focused on financial inclusion, identification, labor rights, and land reform. Two recently passed laws—the Electrify Africa Act and the Global Food Security Act—present additional opportunities for bolstering economic opportunity and include a gender focus.

Power Africa

The [Power Africa Roadmap](#) takes a promising first step in applying a gender lens to the initiative, stating that efforts will be made to increase women's participation in energy sector policy development and its workforce, as well as women's access to energy services. However, the Roadmap's sample indicators do not capture these objectives, and no reference is made to the collection of sex-disaggregated data on the supply or demand side. [15] Monitoring and evaluation efforts should include sex-disaggregated data and gender-related indicators in order to ensure accountability, and Power Africa programs must be designed to address gender gaps in access to electricity as well as supply-side employment gaps in policy making, production and distribution.

Feed the Future

Feed the Future already places an emphasis on gender-related data collection and monitoring, including through the [Women's Empowerment in Agriculture Index \(WEAI\)](#). Still, results from a rigorous impact evaluation of the initiative, conducted by an outside party, have yet to be published. [16] As a result, the next US administration should take stock of whether previous efforts have been effective in empowering women farmers before expanding Feed the Future.

Finally, in order to generate new and better evidence on what works to ensure that women and girls are equal and meaningful actors, narrow economic gender gaps and promote equal opportunities, the next US administration should continue to collaborate with initiatives such as [Data2X](#), UN agencies, and other data producers from the public and private sectors, as well as domestic and foreign universities and women's networks in the Global South, to gather and use robust data for policy purposes. All US development institutions should commit to sex- and age-disaggregate monitoring data and incorporate gender-specific indicators where relevant.

Conclusion

There is increased global recognition that gender equality and women's economic empowerment are vital elements of broad-based development and critical to achieving rapid social and economic progress. Under its new administration, the United States should take the opportunity to expand support for assistance programs while bolstering the impact of trade, investment, and migration policies on equitable development.

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