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# FACT SHEET

## The Economic Crisis: The Impact on Women

Women play a critical role in driving economic development throughout the world. According to an April, 2006 article in *The Economist*, the increase in female employment has been the main driving force of economic growth in the last few decades. Empowering women economically can lift entire families and communities out of poverty. Women in poor countries are more likely than men to spend their income on food, education and healthcare for their children – creating powerful, positive and measurable benefits to society.

Despite the important role women play in driving development, women living in poor countries are likely to bear a disproportionate burden in an economic crisis. According to the UN Development Program, women make up a majority of the world's poor. Since women will likely suffer most during the ongoing economic crisis, there is a great need for USAID and other donors to help developing countries expand economic opportunities for women. Furthermore, women can play a major role in rebuilding the world economy. World Bank Group Managing Director Ngozi N. Okonjo-Iweala says that it is not just about fairness, it is “smart economics.”

### Impacts on Women

- **Higher unemployment rates for women in export oriented countries.** A reduction in manufacturing jobs means higher unemployment rates for women since they make up 60 to 80 percent of export manufacturing workers in developing countries.
- **Increased exploitation in both the legal and illicit economy.** The reduction in jobs for women may mean higher levels of exploitation as women are forced to work in increasingly poor conditions, or worse, the illicit economy.
- **Greater vulnerability to human trafficking.** During economic decline, more women and girls migrate away from their home communities in search of economic opportunities within their own countries or abroad. Unfamiliar with fair labor practices, many fall prey to human traffickers, who deceive them into situations of forced labor or commercial sexual exploitation.
- **Increased school drop out rates among girls.** Parents may be forced to take their children, especially girls, out of school and into the workforce to supplement scarce household incomes.
- **Jobs created during an economic crisis target men.** During an economic crisis, governments and donors tend to emphasize large infrastructure projects, generally dominated by men, to create jobs. Industries that include women are generally neglected, further contributing to high unemployment rates for them.
- **Increased difficulty accessing credit.** In general, women in developing countries have a hard time accessing credit. Credit tightening by banks during an economic crisis may make it even harder.

- **Lower remittances.** Remittances have already fallen in some regions, making it harder for women to provide for their families, and further exacerbating poverty.

### Examples of USAID's Work

In light of the many impacts on women, economic programs targeting women are even more critical during an economic crisis. The following are examples of USAID-supported programs:

- In **Ethiopia**, USAID is working with the Bank of Abyssinia to provide a \$4.28 million loan portfolio guarantee for women-owned and managed small and medium-sized enterprises. The percentage of women-owned enterprises decreases as enterprises grow in size. The loan guarantee will provide access to finance, and enable women entrepreneurs to grow their business beyond the bounds of microfinance.
- USAID's **Greater Access to Trade Expansion (GATE) Project**, designed to identify gender-based constraints to participation in trade-related activities, supported assessments of women's participation in the production, processing and marketing of export crops, such as artichokes in Peru and shrimp in Bangladesh. These assessments are helping to design programs that will advance women's opportunities in agribusiness.
- In **Afghanistan**, USAID is providing women the tools they need to begin a microbusiness or to take an existing business to the next level of development. As of September, 2009, USAID had provided over 108,000 microfinance loans to Afghan women via its **Agriculture, Rural Investment, and Enterprise Strengthening Program**. The program has also provided skills training to 4,300 female business owners over the past two years.
- In **Lebanon**, U.S. government assistance promoted employment and increased the income of rural women through skills, resources, equipment and information, and integration into economic activities in agri-business and rural tourism. More than 300 women were assisted in the agribusiness sector, and more than 347 women have been economically integrated into the rural hospitality sector.
- In **Tanzania**, USAID is helping to establish a secured lending system based on movable and intangible property. Women often do not have legal title to land or building for use as collateral, but can use movable, income generating property to obtain loans. The new system will provide greater credit access to women.
- With USAID assistance, more than 2,600 women in **El Salvador** received agricultural training to raise efficiency and ensure occupational safety; 850 women received trade/investment support to take advantage of Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) opportunities; and 2,155 women were trained in natural resources management and biodiversity conservation.
- In **Northern Mali**, 2,700 new women micro-entrepreneurs received conditional seed capital, business training, and help in forming saving groups while 1,097 already established women micro-entrepreneurs received additional training and networking assistance. The program promoted women's leadership, women's empowerment, and participation in joint decision-making.
- In **Rwanda** and **Vietnam**, USAID's **Empowering Women Leaders in Business project** will address the legal and institutional constraints for women entrepreneurs, while providing technical assistance to overcome gender-related barriers in business.

## **Interventions**

Women can be a driving force for economic recovery, but they must be meaningfully included in economic and workforce development strategies. The following are some recommendations for assistance to developing countries that will help increase women's economic security during the ongoing crisis:

- Strengthening and expanding safety net programs for women and families;
- Creating a workforce development strategy that targets women while meeting market demands;
- Enhancing women's ability to succeed in business through general and industry-specific business training programs and networking opportunities;
- Establishing or expanding business development services to help start and scale-up women-owned enterprises (e.g. women's business resource center, women's chamber of commerce, or a one-stop-shop for local entrepreneurs);
- Expanding access to credit;
- Creating a leadership and mentoring program that links successful women entrepreneurs with up-and-coming business women;
- Establishing and protecting housing, property and inheritance rights of women;
- Reforming discriminatory policies, legal systems and customary practices;
- Reinforcing legal services that can support women in defending their property rights;
- Expanding public education to support women's property and economic rights;
- Creating opportunities for women's leadership in economic recovery;
- Creating opportunities for women to be policy makers in the financial sector; and
- Supporting legal services for women.

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