



# Gender

## Economic participation

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## Economic participation

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### Briefly

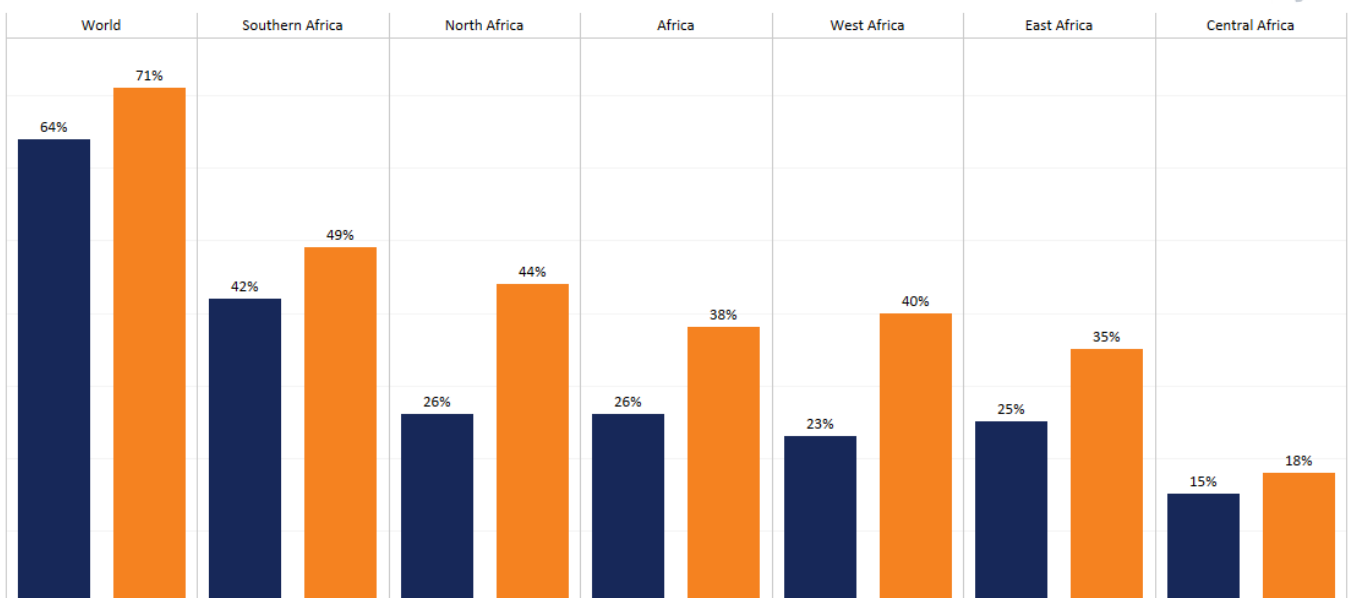
Separate themes on this website examine the impact of improvements in various economic sectors on development outcomes such as in [manufacturing](#), [agriculture](#), [free trade](#), [financial flows](#), [large infrastructure build](#), etc. Gender gaps in agriculture are prevalent, as women often have less access to land, credit and resources. Discriminatory practices and lack of support mechanisms also hinder women's entrepreneurship and access to finance. African women are more likely to be engaged in informal and subsistence work with limited access to formal employment, decent wages and social protection.

Africa's average score on the African Gender Index's economic dimension is 62 (where 100 is full parity). The scores, however, vary considerably across African countries, ranging from 88.6 in Botswana and 83.2 in Seychelles, to 32.2 in The Gambia and 18.5 in Chad . This indicates that men in African countries benefit more from the economic opportunities available than women.

### Productive and financial resources

Globally, women's access to finance is disproportionately low, despite substantial overall progress. Only 26% of African women have a bank account, compared to 38% of men. The situation is particularly bad in West and North Africa, where the gender gap in account ownership is 17 and 18 percentage points, respectively (Chart 15).

Chart 15: Share of men and women having a bank account in a formal financial institution, 2021



Source: Global Findex database, World Bank

The Africa Gender Index shows a score of 73 (where 100 is full parity) for access to credit for those aged 15 years and older on the continent. In African countries, women often have less opportunity to get loans from financial institutions than



men. For instance, countries such as Niger and Burundi score 22.6 and 37 on the Africa Gender Index for access to credit.

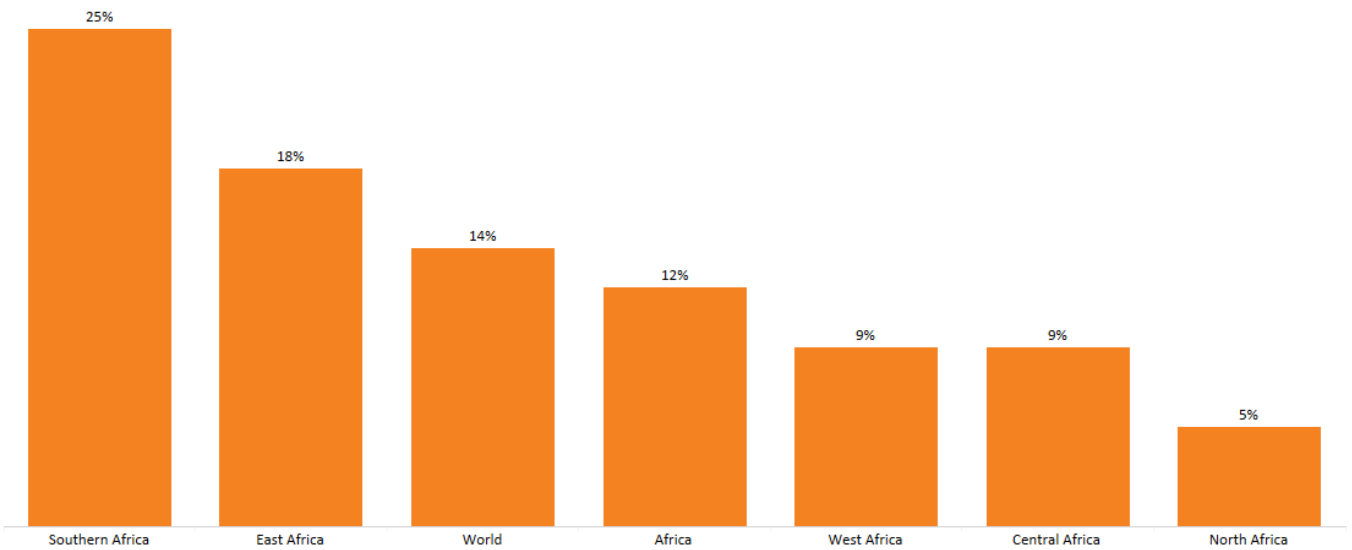
Mobile money has become an essential enabler of financial inclusion in sub-Saharan Africa—especially for women—as a driver of account ownership and usage through mobile payments, savings and borrowing. However, the mobile banking gender access gap has increased from 3–6% between 2014 and 2021,[1] indicating that the beneficial effect of financial digitalisation is gender-asymmetric in sub-Saharan Africa. One of the reasons may be the unequal access to the Internet, smartphones, laptops and computers caused by several factors such as cultural or socio-economic barriers (lower income, lower access to education). As of 2022, 46% of the African male population was using the Internet, while Internet usage among women stood at 34%.[2]

Factors such as high interest rates, low financial literacy and collateral requirements contribute to the gender gap in access to finance in Africa. Credit rationing through high interest rates disproportionately discourages women entrepreneurs from applying for loans, while lack of collateral can mean they have less access to loans than their male counterparts. And when they do have access, women typically face more stringent loan arrangements than men.[3] However, the unequal access to credit between women and men may not solely be driven by the discriminatory lending practices by financial institutions. In addition to low financial literacy, women's decision-making behaviour plays a key role in this gender gap. A recent study[4] by the African Development Bank finds that many women entrepreneurs in Africa, in general, and in North Africa, in particular, do not apply for bank credit because they are discouraged by their own perception that their applications would be denied. Discriminatory practices may, however, feed this perception.

This gap in access to finance between men and women limits women's entrepreneurship, placing additional constraints on private sector development and undermining economic growth in Africa as financial inclusion helps to enhance business performances and improve the sectoral allocation of capital. On the banking side, better access to credit for women contributes to financial stability, as the quality of bank credit portfolios tends to improve when women's share of credit increases as women generally outperform men in loan repayment.[5] Greater financial inclusion of women also helps to improve household well-being and economic resilience. A study[6] by Nobel Prize-winning economist Esther Duflo reveals that women tend to invest more in less risky and more socially beneficial activities such as social protection and child-rearing. Gender equality in financial services could, therefore, facilitate the achievement of many SDGs.

In addition to limited access to financial resources, African women have limited access to productive resources such as land, agricultural inputs, equipment and extension services, and markets for their produce. African women's low ownership of agricultural land has significant consequences for their economic empowerment. Africa scores 23 on the Africa Gender Index ownership of a house and/or land dimension, with some countries such as Eswatini scoring 0.7 and Congo scoring 4.8 (where 100 is full parity). On average, women account for only 12% of African agricultural landowners. Indeed, the proportion of women who own land in sub-Saharan Africa is 40 percentage points lower than men, irrespective of the mode of acquisition.[7] Even in East Africa and Southern Africa, where the share of women among agricultural landowners is highest, the proportion only reaches 18% and 25%, respectively. The situation is particularly critical in North Africa, where women account for only 5% of agricultural landowners (Chart 16).

Chart 16: Proportion (%) of women among agricultural landowners in Africa



Source: OECD International Development Statistics (database), 2019

In some African countries, such as Togo, women cannot own or inherit land. In others, married women often have no right to own land and make agreements with male relatives to farm it. They often forfeit their property if they become widows or divorcées. In Malawi, the average land-holding size for female-headed households is four-fifths of that for male-headed households.[8] Even in countries where governments have passed land legislation, implementation is often problematic, especially in rural areas, due to the deep-rooted cultural and traditional values.

Because women's land tenure is less secure and their rights on the land parcels are limited, they invest less in land fertility and improved agriculture input and technologies. There is also evidence to suggest, unlike men, that even if women invest in their parcels of land, it does not necessarily improve their rights,[9] which also serves as a disincentive to investment. The resulting low agricultural productivity for women undermines food security, reduces incomes and keeps women trapped in poverty. A study revealed that, in Malawi's small agricultural enterprises, men earn almost double the income of women. Furthermore, closing the considerable gender gap in agricultural productivity could contribute to inclusive wealth creation by lifting many people out of poverty and increasing the country's total GDP by 1.8%.[10]

The Food and Agriculture Organization (FAO) projects that if women farmers had equal access to productive resources, their farm yields would increase by 20–30%. This could provide enough food to keep 100 million to 150 million people from going hungry, reducing global hunger by 12–17%.[11] About 70% of African women are in the agriculture sector. Empowering them by increasing access to land and land rights, providing affordable credit and improving input and technologies could improve food security and reduce poverty by increasing overall agriculture production and incomes.

## Labour market participation and wages

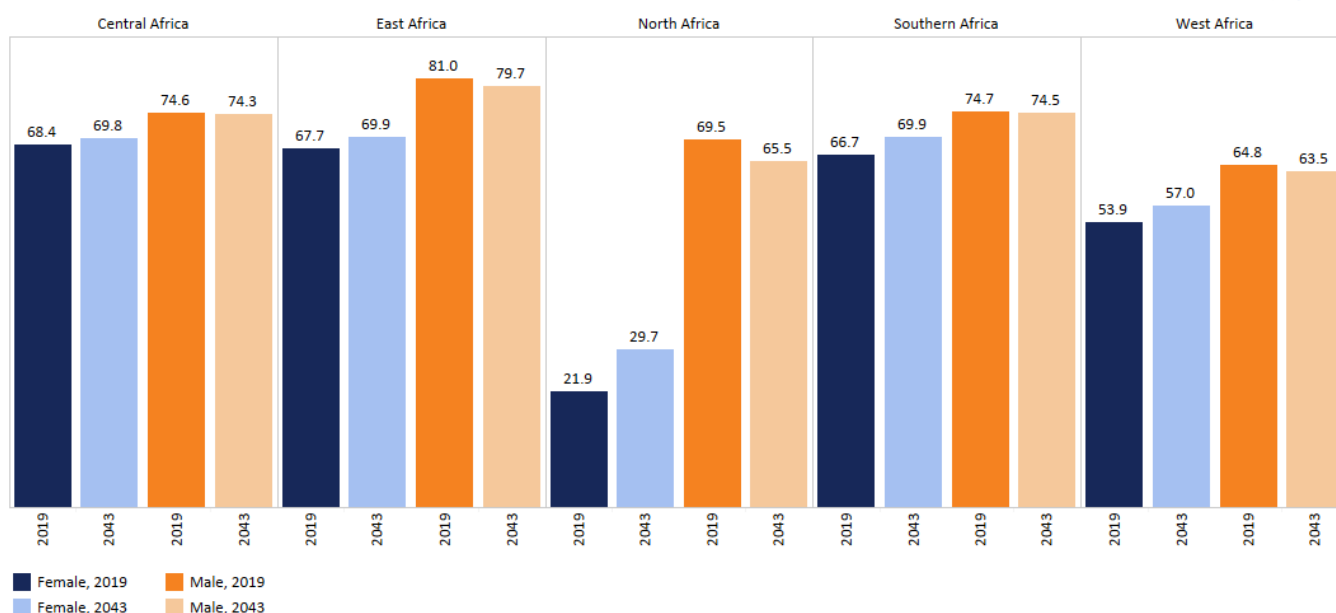
Gender inequality in employment remains a pervasive issue in many African countries, despite progress made in recent years. Like many other regions, women's labour force participation rate (i.e. women of working age who are employed as well as those who are actively seeking employment) in Africa is lower than that of men. In 2019 (pre-pandemic level), the average labour force participation rate in Africa stood at 56% for women compared to 73% for men—a gap of

17 percentage points. However, this is an improvement from a gap of 23 percentage points in 1990. On the Current Path, the average labour force participation rate for women in Africa is projected to be 61% in 2043, a gap of 10 percentage points, compared to 71% for men in the same year.

However, these averages mask large differences between countries and across Africa's subregions (Chart 17). The highest gap is in North Africa, where the female labour force participation rate was about 21.9% in 2019 compared to 69.5% for men. North Africa has higher gender equality in education, but this academic achievement is not necessarily translating into progress for women in the labour market. Women in the region face unfair laws that economically disempower them. Countries such as Egypt, Morocco and Tunisia prohibit women from working in certain industries.[12] The World Bank 2021 Women, Business and the Law (WBL) report highlights that the region, on average, ranks the lowest in the WBL index score of legal equality.[13]

With a female labour participation rate of 68%, East and Central Africa have the highest rate on the continent. At the same time, Central Africa displays the smallest gap between men and women (six percentage points) in terms of labour participation rate.

Chart 17: Labour force participation rates in Africa, 2019 and Current Path forecast for 2043

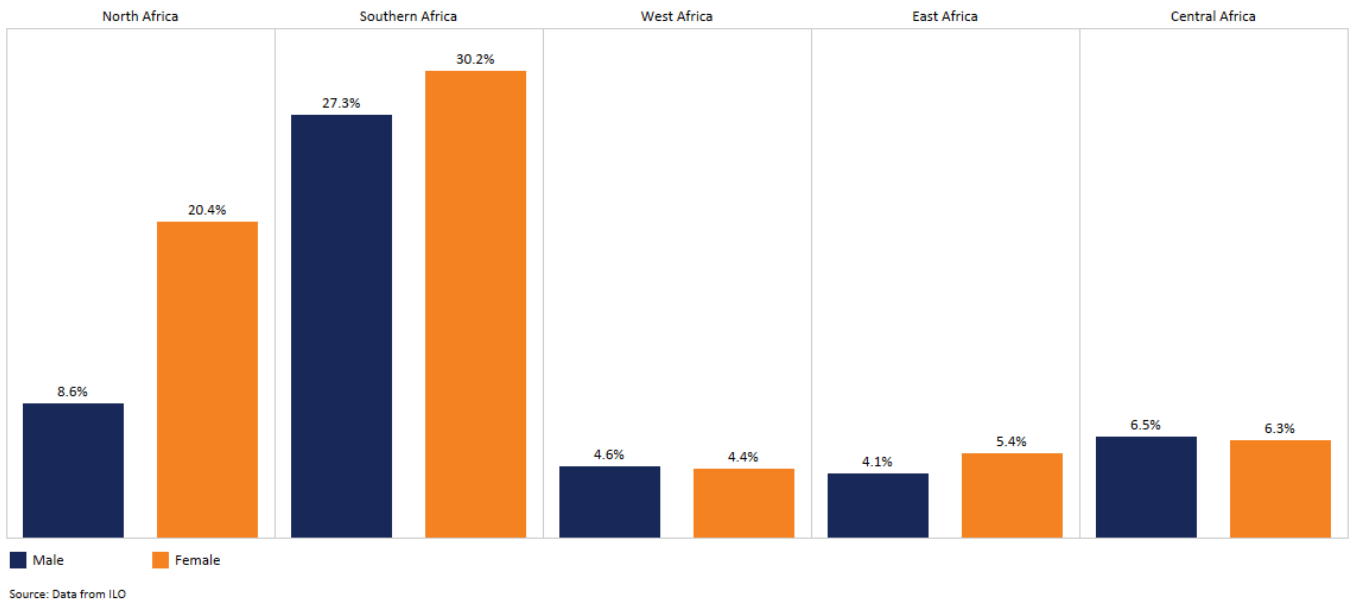


Source: IFS 7.96 initialising from ILO data

The female labour participation rate also varies across African countries, ranging from 84% in Rwanda, the highest in Africa, to 16% in Algeria, the lowest in Africa. In countries such as Rwanda and Burundi, women's labour participation rate is higher than men's.

Labour force participation rates mask trends in unemployment since the former refers to both those working and those unemployed but actively looking for employment. Unemployment rates for females and males shown in Chart 18 also provide insights into Africa's labour market dynamics and further reflect the underrepresentation of women in the workforce in most of Africa's subregions.

Chart 18: Unemployment rates in Africa's subregions by sex, 2022



In all of Africa's subregions, except Central Africa, women's unemployment rate is higher than men's. The highest unemployment rate for women is in Southern Africa at 30.2%, followed by North Africa at 20.4%. However, the largest gap in the unemployment rate between men and women is by far in North Africa (11.8 percentage points). In Central Africa, the unemployment rate for women is only 0.3 percentage points below that of men. Although the unemployment rate is low for both men and women in West Africa, East Africa and Central Africa, the majority of the employment is informal.[14] The high unemployment rate in Southern Africa is consistent with the smaller informal economy in that subregion. As a percentage of GDP, Southern and North Africa have much smaller informal sectors, while the informal sector is significantly larger in West and Central Africa.

Gender-based occupational segregation and the gender wage gap are also common features of the African labour market. Women tend to be concentrated in low-skilled and low-paying sectors such as agriculture, domestic work and informal trade. Conversely, men are overrepresented in higher-paying sectors such as manufacturing, construction, health and technology. In sub-Saharan Africa, it is estimated that 74% of women are employed in low-paying jobs.[15] Africa has the lowest proportion of female medical doctors across the globe. A 2019 WHO analysis of 91 countries revealed that only 28% of African physicians are women.[16]

Women are disproportionately represented in the informal economy, which has lower barriers to entry than the formal economy and is more accommodating of women's domestic responsibilities but which, at the same time, is less secure and rewarding. The proportion of employed women in the informal sector is 90% compared to 83% for men in Africa.[17] Also, according to the African Union (AU), women account for 70% of the informal cross-border traders in Africa.[18] Even in the informal sector, there is gender segmentation with, for instance, women generally selling consumer items such as kitchen items, toys, textiles, foodstuffs and clothing, and men selling more expensive items such as electronics and auto parts.[19] Female street vendors carrying a large bowl of goods on their heads and with a baby strapped to their backs, is one of the defining characteristics in many African cities.

Moreover, even when men and women perform the same work, women are often paid less than men, even after controlling for factors such as education, experience, and occupation.[20] As a result, women typically earn less than their

male counterparts in Africa. For instance, in sub-Saharan Africa, the gender pay gap is at 30% in sub-Saharan Africa, compared to 24% globally including both the formal and informal sectors.[21] The COVID-19 crisis has also exacerbated wage and occupational inequalities between men and women.

Gender inequality in employment and wages in Africa can be attributed to social, cultural, economic, and systemic factors:[22]

### *Cultural norms and gender roles*

Deep-rooted cultural norms and traditional gender roles often assign specific responsibilities and expectations to men and women. These norms tend to prioritise men's participation in the labour force while assigning women primarily domestic and caregiving roles. Such social expectations limit women's access to education, skills development and employment opportunities, reinforcing gender disparities.

### *Legal frameworks and policies*

Some legal frameworks and policies in Africa perpetuate gender inequalities in employment. Laws restricting women's property rights, inheritance rights or access to credit can hinder their ability to start businesses or gain financial independence. Gender-biased labour laws, such as restrictions on job types or working hours, further limit women's employment options and career growth. One example is that of the Democratic Republic of Congo (DR Congo): Before an amendment to the Family Code in 2016, women needed authorisation to sign a legally binding contract or needed to provide a formal letter of permission when starting a job or registering a business.

### *Unequal access to education and training*

Unequal access to education and skills training in some African countries is a significant barrier to women's labour participation. Poverty, early marriage, cultural biases and distance to educational facilities disproportionately affect girls' educational opportunities. Limited education and skills development restrict women's prospects for formal employment and career advancement, contributing to their economic disadvantages.

### *Gender-based violence and harassment*

Gender-based violence and harassment in the workplace create hostile environments for women, affecting their job security, productivity and overall well-being. Fear of violence or harassment can discourage women from entering certain industries or pursuing leadership roles, perpetuating gender disparities in employment. Gender-based violence in the household reduces women's ability to work in the first place, decreasing the labour supply of women.

### *Childcare*

Inadequate access to affordable and quality childcare facilities and limited support systems for managing work-life balance disproportionately affect women. The burden of unpaid care work falls heavily on women, making it challenging for them to participate in formal employment or pursue career advancement opportunities fully.

### *Gender biases*

Gender biases and stereotypes contribute to discriminatory practices in recruitment, hiring and promotion processes. Preconceived notions about women's abilities, commitment and suitability for certain roles can limit their access to



employment opportunities and fair wages. Biased practices in performance evaluation and promotion decisions can further perpetuate gender inequalities.

### *Under-representation in leadership*

Women's under-representation in leadership positions and decision-making roles hinders their ability to influence policies, practices, and workplace dynamics. The absence of female role models and mentors in positions of power creates barriers for aspiring women professionals, limiting their career prospects.

Efforts to increase women's economic participation could boost overall improvement in the national economy and the sources of livelihood of households. A society that limits women's labour market participation draws talent from a smaller pool, which reduces the average ability of the workforce and lowers economy-wide efficiency, with adverse growth effects.[23] This is particularly relevant in North African countries where women's educational attainment is higher than men's but face significant employment barriers.

Also, wage discrimination against women is a tax on the female labour supply and depresses female labour participation. Because women will have less incentive to work than they would without wage discrimination, discrimination in pay harms economic growth. It also undermines development via demographic effects. The reason is that high wage discrimination reduces the opportunity cost of childbearing for women, increasing fertility rates, lowering savings and investment (predominantly female educational investment) and thus posing a barrier to long-run development.[24]

When women are employed and earn income, their agency and, hence, their bargaining power within the household increases, especially control over their fertility. This can have a range of growth-enhancing effects. Also, increased women's income can result in more investments in their children's health and education, thus preparing the next generation's human capital and long-term economic growth.[25] In other words, empowering women through better access to education and employment helps the economy escape the so-called 'Malthusian trap' of high fertility, low education and low income per capita.

There is, however, theoretical and empirical literature showing that the effectiveness of employment, income and asset ownership in improving women's bargaining power within the household can be constrained by gendered social norms.[26] Studies by Stephanie Seguino and other scholars also claim that gender pay gaps and gendered sectoral and occupational segregation might become a competitive advantage and boost growth for economies specialising in exports that are intensive in female labour.[27] According to Seguino, gender wage inequality, especially in female labour-intensive export sectors, helped many East Asian countries grow exports by reducing production costs and providing foreign exchange to purchase capital and intermediate goods, thereby raising productivity and growth.[28] The study further reveals that East Asian economies with the widest gender wage gaps grew the most rapidly. In other words, reducing the gender pay gap may hurt growth and worsen the balance of payments in some economies, as this inequality constitutes the basis for growth and increased export revenues.

With growing recognition of the economic and social benefits of gender equality, efforts are underway in many African countries to address gender inequality in workplaces. Governments, civil society organisations and international entities are working towards promoting gender-responsive policies, improving access to education and skills training, enhancing women's representation in leadership roles, and combating discriminatory practices. For example, the decade 2020 to 2030 has been declared by the AU as the new 'Decade of Women's Financial and Economic Inclusion'. Also, some African countries have adopted regulations of maternity leave to protect women in paid employment so that they are paid while on maternity leave. Although this is an excellent initiative to protect women, it can also have unintended consequences, as some employers may avoid employing women of childbearing age due to the associated direct and indirect costs of maternity leave.

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**Dr Jakkie Cilliers** is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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