

# Improved Economic Status of Women

*by*

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My focus today is on improving women's economic status. I would like to focus on three issues:

1. What interventions make a measurable difference to improving women's economic status?
2. What are the lessons learnt?
3. What is the Australian Government doing to advance women's economic status?

Yesterday, Minister Bishop, and this morning Patrice Braun, Deputy Director, Centre for Regional Innovation and Competitiveness at the University of Ballarat, alluded to the World Economic Forum's Gender Gap Report.

[Referring to slide] What this particular graph —taken from that report —shows is that the world as a whole is close to eliminating the gap between men and women in health and education outcomes. But there is a long way to go before we close the gap in the economic and political arenas. A little over 50% of the gap has been narrowed in economic participation and earnings, and less than 25% of the gap in the political and decision-making area.

Not only that, there are large regional differences in the gender gap in economic participation. North America and Oceania are the best performing areas, and the Middle East and Arab world are the worst performing regions. Asia is not doing very well, surprisingly, although there are a couple of 'champion' countries that have made a lot of progress —the Philippines and Vietnam.

What are the interventions that will improve women's economic status? I think that it has to be specific for each country context. But there seems to be a consensus emerging, and one of them that Amanda Ellis alluded to is the enabling environment by supporting policy, legal, regulatory frameworks to make markets work for women. This is where the role of government is very crucial. Supporting infrastructure that will increase access to markets and health and education services, and reduce the time burden on girls and women will produce results as well. Measures to eliminate gender inequality in employment and earnings are also critical.

I would like to use the example of Vietnam to illustrate how policy intervention can help the private sector grow, especially small- and medium-sized enterprises (SMEs). I chose Vietnam as an example because I lived there for three years —from 2000 to 2003 —and a lot of reform programs started then. Today we see the results of the very aggressive reform program that the government of Vietnam has pursued.

Driving the economic growth in the private sector in Vietnam is the SME sector, which generated approximately one quarter of Gross Domestic Product (GDP) and is also a significant source of employment. Between 2000 and 2003, private SME employment grew at 30% per annum. Overall, the SME sector may employ half of the labour force in Vietnam. In this regard, the passing of the enterprise law was particularly significant because it accelerated the private SMEs. The law introduced the non-discretionary registration of private firms and significantly reduced the red tape involved in establishing a small business.

[I have a] 2000 report, and although I need to update this data —I picked a couple of indicators in *Doing Business* (the World Bank program). One is the procedures required to start a business and the other is the time it takes to start a business —both these relate specifically to enterprise law. Australia is doing very well at the top, requiring only two procedures to start a business, followed by Hong Kong and Singapore. Vietnam is not doing too badly with about eight procedures. China is at the bottom with 13 procedures.

When you look at the 'time taken to start a business' indicator, the picture changes somewhat in terms of where Vietnam sits. Australia is doing well again with only two days to start a business, and Singapore is not far off. If you look at Vietnam, it takes about 50 days to start a business, and Indonesia, at the bottom, 151 days.

Three years after enterprise law was introduced, there are between 70,000 and 80,000 SMEs in Vietnam. At least 1,200 SMEs per month were being registered during that time, which is equivalent to about 14,500 SMEs per annum. SMEs were the fastest growing type of enterprise in Vietnam. Of these, 70% were start ups, while the remaining 30% emerged from within the existing stock of about 600,000 unregistered informal enterprises.

There are some interesting differences between male-owned and female-owned SMEs. First of all the majority of SMEs —54% —are owned by women versus 46% owned by men, and women-owned enterprises employ relatively more women than men. Registered female-owned companies have higher profit rates than their male counterparts, and female-owned enterprises have a 9% higher chance of survival than male-owned enterprises. This gives us something to think about.

Women-owned enterprises were concentrated in trade in both urban and rural areas, whereas men-owned businesses were concentrated in production in rural areas, and the service sector in urban areas.

Entrepreneurs must register their business in order to make advance payments and be eligible for vet refunds, but the rate of registration has been very low for both female- and male-owned enterprises, especially in rural areas.

You might ask me what I learned from this example of Vietnam. We learned quite a few important lessons, and I think both Amanda Ellis and Vicki Gordon touched on some of these issues.

The first lesson was the importance of national ownership. The Government of Vietnam has very strong national ownership in terms of driving the reforms and so on. They were firmly in the driver's seat, but they also identified gaps in their technical capabilities and financial resources. They then asked their development partners to come and help. Australia was pleased to be part of the enterprise law reform area in particular, but also more broadly in the legal reform area, public-sector reform and the public-investment program, and so on. We had a proven track record in this area.

The second lesson we learned is the importance of partnerships. Australia was not the only development partner to be part of this process —there are others who could equally add value. The Government [of Vietnam] often held regular forums with representatives from other governments, development partners, diplomatic missions, non-governmental organisations (NGOs) and the private sector, to discuss key issues related to the reform programs they were pushing forward. The atmosphere at times was a bit tense as some sensitive issues were raised, but it was mostly constructive sorting through the bottlenecks were and mapping out ways to move forward. The partnership approach worked well in Vietnam.

The third lesson we learned is that gender analysis is crucial. It is not about just looking at women, it is about looking at how particular policies affect men and women differently and identifying what effective interventions there are so we can identify potential beneficiaries and develop strategies to address those issues.

IFC's [International Finance Corporation] Gender Entrepreneurship Markets (GEM) program is a good example of this. We are currently holding discussions with IFC about gender in specific areas of the private sector.

Another thing is that we should not forget the voice of women entrepreneurs. In Vietnam we asked business women: 'What sort of recommendation would you make to the government to advance your business further?' They did not hesitate, and came up with two issues. The first was they would like to see improvements in obtaining land use certificates, and the second was they would like to see the rural infrastructure developed —not only the physical but also the human infrastructure. They knew exactly what they wanted in order to see the business flourish. This is the sort of thing that the Government [of Vietnam] and other development partners have to hear.

Gender equality is an overarching principle of the Australian aid program. The gender policy that was released in March of this year (refer to <http://www.ausaid.gov.au/keyaid/gender.cfm>) makes it clear where we should focus our efforts. One area is increasing the economic status of women, especially increasing women's access to and control over productive resources. Another is support for women-led enterprises. And, finally, development of infrastructure that has gender implications

Improving the participation of women in decision making is a priority. In the South Pacific region, especially, the percentage of seats held by women is 3% to 4% while the world average 15% and in Asia it is around 19%. We have a lot of work to do in that field.

Violence against women is another continuing priority. Not only does it have social and individual costs, but the economic cost is just huge —recently the Fiji Development Bank estimated that it cost the Government of Fiji 7% of GDP in dealing with this issue. We are continuing with targeted interventions and health and education.

Thank you very much.