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## How can women benefit from private sector development?

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## Preface

This report is commissioned by the Ministry of Foreign Affairs under a framework agreement. The report provides a critical review, based on existing research, of what private sector interventions may benefit women. The report discusses implications for reduction in poverty and inequality and to the extent possible the role of the Norwegian private sector. The report starts with a general discussion of what we may expect from private sector interventions. Then we describe some interventions supported by Norwegian development assistance. We end with a review of empirical evidence on what interventions may work. The review focuses on available causal evidence and is thus not restricted to Norwegian development assistance. The evidence is still relevant for interventions supported by the Norwegian private sector. Asri has had the main responsibility for the empirical section, while Hatlebakk has had the main responsibility for the general discussions in the first sections. The report is an independent product that represents the analysis and views of the authors, and not the Ministry.

Viola Asri, Magnus Hatlebakk and Espen Villanger  
CMI, September 2024

## Summary

This report discusses what interventions within the private sector may help women in poor countries. We start with a general discussion of what constitutes the private sector, and why the government may intervene. Then we discuss how these interventions may favour women, and how this is linked to reduction in poverty and inequality. This is followed by a selected list of interventions supported by Norway, before we go on to empirical evidence on what works based on all available information, not only Norwegian interventions.

Government interventions should correct market failures, including big push programs in remote villages that attempt to solve multiple market failures, general support of public goods, such as roads and power supply, and investments that may have positive externalities or positive distributional impacts, such as primary education and vocational training. As men will tend to benefit more than women, one needs to take into account underlying social norms and power structures in local communities in designing and targeting interventions.

Human capital accumulation, by way of formal education and vocational training, is effective in improving women's lives. Human capital cannot be appropriated by male household members and will enable women to take on better paid livelihood activities and improve their bargaining position within the household. It is also essential to free up women's time by reducing the burden of domestic work, whether that is by organized childcare, improved child health, or improved water and sanitation facilities. We should, however, keep in mind potential unintended effects, even the positive ones such as women working less as their household incomes improve.

Most poor women are smallholder farmers and any intervention that will increase smallholder productivity, including kitchen gardens, will improve the lives of women and their households as incomes and food security improve. The second most important sector is the informal one, and many interventions targeting women have small-scale businesses in mind. It is found that both microfinance and entrepreneurial training have positive impacts on primary outcomes, such as reduced borrowing from other sources, increased savings, and control over own finances. But for the interventions to be transformative they need to be bundled with other interventions that may improve women's welfare, such as within health and education. It is also found that simple skill training may increase female earnings. Many interventions, whether that is microfinance, entrepreneurial- or skill training have, however, had smaller impacts than expected.

The same can be said for interventions within the formal sectors. General economic growth benefits women the more labour intensive the growth process is. It is, however, far from straight-forward for the government to influence the growth process. Ethiopia is one of the more successful examples from Africa. But even there relatively few jobs have been created within manufacturing. These jobs have, however, had some positive impacts for women, but it will be necessary in the future to make sure to maintain decent work standards.

## 1. Introduction

Norway has a goal of supporting female employment in poor countries by supporting the private sector, including the Norwegian private sector<sup>1</sup>. Any intervention in support of the private sector should ideally solve underlying market failures, including underutilization of female labour. We need, however, to keep in mind that most jobs in poor countries require hard labour. Most private sector jobs are in small-scale farming, with informal sector jobs, such as petty trading, coming second. And in manufacturing many jobs are hazardous, with exposure to chemicals and other health risks. As people escape poverty, we may thus observe that women in fact pull out of the labour market (Klasen et al. 2021).<sup>2</sup> Ideally all jobs should be decent, in the sense that the pay and working environment should meet minimum standards. This may add to the costs of the firms, and thus in turn lead to lower employment (Fields, 2003). The solution to this trade-off should be to enforce basic minimum standards, while accepting that increased incomes and decent labour standards may slow down employment growth.

Based on available research, this report will discuss in more detail how government interventions in the private sector may benefit women. The rest of the report is split into five sections. In the *next* section, we discuss why the government may intervene in private sector development. *Second*, we discuss how women may benefit from these interventions. *Third*, we discuss how such support of women is related to reduction in poverty and inequality. *Fourth*, we describe relevant Norwegian interventions. *Fifth*, we review the empirical literature on what interventions work for women. The interventions will cover different sectors as well as types of interventions. The sectors range from agriculture, via the non-farm informal sector to service and industry, and the interventions in support of female employment range from financial support to more direct interventions that may empower women, including different forms of education and training. This fifth section will thus have several sub-sections covering different types of interventions that may go beyond what Norway is presently supporting.

## 2. The government role in private sector development

As long as markets function well, the government should ideally stay away from the private sector, rather than intervene. Still, we observe that countries with a strong state appear to function well. It is for example argued that the Nordic countries, with a strong welfare state, are doing well economically because of the high level of female labour market participation.<sup>3</sup> The main explanation for this seems to be public

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<sup>1</sup> Page 156 in the budget for the Ministry of Foreign Affairs 2023/24: "Inkludering av flere kvinner i arbeidslivet bidrar til å redusere fattigdom og ulikhet og fremme likestilling. Innsatsen skal særlig bidra til å skape arbeids-plasser i Afrika sør for Sahara. Innsatsen skal prioritere sektorer hvor norsk næringsliv har kompetanse og spesielle forutsetninger for å bidra positivt til samfunnsutvikling, og særlig matsikkerhet, inkludert landbruk og mat fra havet."

<sup>2</sup> This is the case for poor countries and confirms the downward sloping part of the U-shaped relation between economic development and female labour force participation (FLFP) formulated among others by the recent Nobel prize winner Claudia Goldin (1995). For a broader discussion of factors influencing FLFP in poor countries, see Klasen (2019).

<sup>3</sup> See Barth, Moene and Willumsen (2014) for a general discussion of the Scandinavian model of an active state which among other benefits give a high employment level. They, however, do not point out that this is particularly high for women, for that see for example Table 1 in Grönlund, Halldén and Magnusson (2017).

investments in children that make it easier to be a working mother.<sup>4</sup> A strong welfare state does not imply that there is no role for the private sector, only that regulation is needed to counteract market failures and that some of the surplus created is allocated to production of goods and services that would be underfunded in unregulated markets.

With unregulated markets there will be under-provision of public goods (as it is hard to cover the full cost by user fees), and also private goods and services (when there are positive externalities in the sense that more people benefit than those who pay). There will also be a tendency towards market concentration (and thus over-pricing and underutilization), some markets may be underdeveloped (as buyers are not as well informed as sellers about the quality of the products) and there may be mis-allocation of workers (as workers are better informed than employees about their own talent and potential), to mention the core market failures.<sup>5</sup> For a discussion of the implications for government policies, see Stiglitz (1997). He argues that the government should only intervene if there are serious market imperfections (page 12). He then goes on to discuss the six most important roles of government in economic development: promote education, promote technology, support the financial sector, invest in infrastructure, prevent environmental degradation, create and maintain a social safety net.

Support for the private sector, on the other hand, may be driven by motives that are potentially detrimental to economic and social development. Market concentration and other forms of market failures mean that economic rent, or super-profit, is accumulated, and can in turn be used to affect political decisions that will lead to even more rent. Such lobbying, or even direct misuse of power, can be hard to distinguish from legitimate political arguments for reduction in distortive taxes, or the right to private property (including the right to accumulate own incomes, inheritance, assets, etc).

International support of the private sector with the aim of economic development tend to focus on lack of capital in poor countries. The core argument is in essence tautological: poor countries are poor because they lack capital, and they lack capital because they are poor, and thus need help from abroad. The lack of capital also means that they get less out of other factors of production, which in turn explains why they are poor. We know that those other factors are important, and include human capital as well as well functioning institutions, both formal (rule of law, democracy) and informal (trust, norms). And even for physical capital we know that there are positive externalities, so that one firm's investments are more profitable in places where other firms have invested. As a result, there may be multiple equilibria with some countries being poor and others not. If so, then a large push can, in theory, bring a country from the inferior to the high-income equilibrium. Private markets can in principle solve this, if capital owners

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<sup>4</sup> For a balanced discussion of a range of interventions in wealthier countries using both cross-country and within country evidence, see Olivetti and Petrongolo (2017).

<sup>5</sup> For a general discussion of market failures and public policy, see for example chapter six in Hagen (2000), which provides a good introduction (in Norwegian).

simultaneously believe in the same growth miracle. But normally a strong government is needed to help the private sector along with the so-called East-Asian miracles as good examples.<sup>6</sup>

Norwegian support to the private sector has recently become more aligned with the market failure explanation rather than lack of capital. Although the formulations in the budget documents also open up for direct support as lack of capital is mentioned, but the final conclusion is that Norwegian support for the private sector, including any catalytic effect, should address market failures and transformative development: "Bevilgningen skal brukes til å forbedre rammevilkårene for privat sektor, og til å redusere risikoen ved investeringer i utviklingsland. Dette skal bidra til å forbedre tilgangen på kapital for bærekraftige prosjekter, sektorer og aktører som i dag ikke har tilstrekkelig tilgang på finansiering, f.eks. småbønder, entreprenører og små og mellomstore bedrifter. Manglende tilgang på kapital kan skyldes manglende tilbud eller for høye kapitalkostnader. Bevilgningen skal brukes strategisk og katalytisk, med sikte på å adressere markedssvikt og for å skape store transformative endringer".<sup>7</sup>

## 2.1. Lacking capital and poverty traps

So why is capital alone not the solution? This may appear as a puzzle. In the simplest models of economic development, the marginal product of capital will be higher the less capital a country has in the first place, and empirical evidence indicates that the marginal product of capital is in fact very high in poor countries, at least the marginal product of the best investments (Banerjee and Duflo, 2005). Banerjee and Duflo discuss how the empirical evidence fits with a range of alternative economic models that may explain the puzzle. They find that "there are instances with high rates of return, while the average of the marginal rates of return across firms does not appear to be that high" (p. 484). And after a discussion of alternative models and how they fit with the empirical findings they conclude that the best fit is a model "where a better technology can be purchased for a fixed cost" (p. 523). That is, one will observe some firms that use very simple technology, while others, even in the same location, use more advanced technology, but at a high fixed cost. This may in turn explain an aggregate poverty trap, where the distribution of firms, as well as the split of the workforce into subsistence farmers, entrepreneurs and wage-earners, depends on the distribution of wealth within the local economy, as discussed in earlier contributions, such as Banerjee and Newman (1993). With such aggregate poverty traps there is a need for a big-push intervention where the poorest segments of the population are lifted above a critical asset level.

Note that such poverty traps may exist within a country,<sup>8</sup> so that a big-push intervention may work at the village level. In that case the big-push programs may preferably solve multiple constraints at the same time, that is, people need to be *lifted beyond subsistence level, and get access to assets, insurance, savings programs and training* (Banerjee, Duflo and Sharma, 2021), although it appears that lifting households *above a critical asset threshold (supplemented with training) is the most essential part* of the intervention (Bandiera et al. 2017).

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<sup>6</sup> The degree and type of government involvement will have to be adjusted to each country (World Bank, 1993, page vi).

<sup>7</sup> Page 157 in the budget for the Ministry of Foreign Affairs 2023/24.

<sup>8</sup> We found evidence of this in the poor parts of up-land Orissa in India (Hatlebakk, 2014).



Note that access to credit is not sufficient (Banerjee, Karlan and Zinman, 2015), indicating that the ultra-poor are just too poor to be able to save, including too poor to put away money to pay the instalments on loans (Hatlebakk, 2015). The study by Bandiera et al. (2017) was a very large-scale Randomized Control Trial (RCT) in Bangladesh, covering 21000 households that were followed over seven years. Women received assets (livestock) and training in the use of those assets, thus potentially starting a small-scale business, although they were allowed to sell the assets. The program was found to be cost-effective, did not crowd-out other livestock businesses in the village, increased consumption, and thus led to poverty reduction even seven years after implementation. Even non-participants benefitted as wages increased in program villages, as we shall expect with this kind of big push programs.

## 2.2. The role of risk

Norfund is a core instrument in Norwegian support to the private sector. The grants received every year as "capital replenishment", which constitutes 5% of the aid budget,<sup>9</sup> are invested directly in firms or used to provide loans. Norfund states that profitability is a precondition, and they say they take more risk than other investors: "Additionality is high where capital is scarce and investors are reluctant to invest because of high levels of real or perceived risk. Norfund is willing to assume more risk than most other investors."<sup>10</sup> Since Norfund is a larger investor than many (with more than NOK two billion fresh funds to be invested every year), and with an expectation of positive profits, the risk taking must be interpreted not at the institutional level (where risk is spread over many projects), but rather as risk taking at the local level where each project may be risky. Norfund thus competes with smaller investors that may not have the same financial strength to bear risk. To avoid crowding-out of other investors, Norfund should focus on markets where there is de-facto lack of capital, that is, markets where interest rates are high, and credit hard to get.

There is also an, even stronger, argument for Norfund to finance public goods, which, as discussed above, will be underfunded in private markets. Investments in infrastructure, such as hydropower, transmission lines and in particular extension to villages with no electricity, are good examples. Also note that since Norfund receives grants, and expects positive profits, we shall expect the available funds to grow beyond the annual grants received. Thus, at some point there may be no need for further grants from the aid budget.

## 2.3. Conclusions on the government role in supporting the private sector

Before we go on to discuss how women may benefit from interventions in support of the private sector, we conclude on the general arguments for such interventions. The government should attempt to correct market failures, including support of public goods that will be underfunded in private markets such as different forms of infrastructure, support a one-time big push in remote villages to ease multiple market failures focusing on small-scale assets, and support investments that may have positive externalities or

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<sup>9</sup> See two lines that add up to NOK 2.7 billion: <https://resultater.norad.no/partners>

<sup>10</sup> <https://www.norfund.no/about-norfund-2/>

positive distributional impacts, such as human capital, including basic health, education and vocational training. As indicated above, and as we shall discuss in more detail below, many of these interventions may preferably target women.

### 3. How may, or may not, women benefit from private sector development?

Men may benefit more than women from any government intervention, as they also benefit from other forms of social and economic interactions. There are in principle three mechanisms in play: 1) Men may have more influence in the political games that take place during the design and implementation of interventions. 2) Men may benefit more than women within the markets that are supported, including the labour market. 3) Men may benefit from the social norms that exist outside the market, including those that keep women at home and thus away from formal labour markets and education.

There is a general literature on elite capture of development projects that indicates that powerful people may be able to capture the rent created by development interventions.<sup>11</sup> Elite capture may happen at the central level,<sup>12</sup> but the term is normally used in relation to capture of rent at the local level.<sup>13</sup> Women are less likely than men to be in a position where they can capture rent from local projects, as most NGO and local political and bureaucratic positions are held by men.<sup>14</sup>

But even if there is no direct capture of rent, men may benefit more than women from successful private sector interventions that lead to job creation and new businesses. This follows from the general finding that women tend to earn less than men.<sup>15</sup> The earnings gap is the results of a combination of lower pay for the same job, lack of advancement within the same type of job, and lower pay for the jobs where women are overrepresented.<sup>16</sup> If we go one step back in the causal chain this is the result of a combination of women having lower levels of human capital, both formal and informal, needed for better paid jobs and direct discrimination for the same level of human capital. Social norms and preferences may also matter, but then in combination with equilibrium mechanisms in the labour market. That is, for different reasons wages in typical female occupations tend to be lower paid than the male dominated ones, with for example

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<sup>11</sup> See for example the discussion of "development brokers" in Platteau (2009).

<sup>12</sup> Elite capture at the central level is maybe more likely to end up abroad. Andersen, Johannesen and Rijkers (2022) estimates a lower bound of about 8% that within a short time ends up in off-shore accounts.

<sup>13</sup> We have discussed this in relation to fragile states in Hatlebakk (2022).

<sup>14</sup> For one study of how men benefit more than women from decentralization, see Kosec, Song and Zhao (2020).

<sup>15</sup> The earnings gap has been studied by the recent Nobel Prize winner Goldin (1990), although she has focused on richer countries. For poorer countries see page 201 onwards in the World Development Report on gender (World Bank, 2012).

<sup>16</sup> For a recent review, see Ntuli and Kwenda (2020, summary on page 198 onwards): the wage gap is explained by occupation, education, sector, marital status, and unexplained variation that to some extent is likely to reflect some degree of gender discrimination. They also find that ethnicity may explain some of the gender gap. For a recent discussion of the implications of structural transformation, based on data from Malawi, Tanzania and Nigeria, see Van den Broeck, Kilic and Pieters (2023). They find that the gap, in particular in rural areas, is explained by education, occupation and sector of work, and argue that the gap is not likely to disappear as a result of structural transformation.

engineers being better paid than nurses.<sup>17</sup> For a review that focuses on microenterprises with separate sections on the role of gender, see Jayachandran (2021a). She also has a separate article on the role of social norms for female employment (Jayachandran, 2021b).

Social norms are linked to gender-specific expectations, with women normally having more responsibility for raising children and other responsibility within the household, which implies that they also take on income generating activities linked to the household, such as small-scale farming and informal sector jobs. These activities may be necessary for the survival of the household, but are less valued in direct monetary terms, although they allow male household members to take on better paid jobs outside the household.<sup>18</sup>

#### 4. How do interventions in support of women relate to reduction in poverty and inequality?

In the latest annual budget the government writes: "Når kvinner diskrimineres på arbeidsmarkedet, går samfunnet glipp av nytenkning, arbeidskraft, inntekter og viktige kvinnelige rollemodeller. Å få flere kvinner inn i arbeidslivet bidrar til å redusere fattigdom og ulikhet".<sup>19</sup> That female employment will reduce poverty and inequality<sup>20</sup> is true in the sense that any non-productive discrimination based on identity markers must imply misallocation of resources, and thus less welfare than can otherwise be achieved. One may argue that the work women do at home, which may not turn up in aggregate income estimates, also adds to welfare, so that the calculation is not straightforward. It is likely that division of labour based on gender may imply misallocation, with some men potentially being better at traditionally female jobs, and many women being better at male-dominated jobs that typically create higher monetary incomes. In this section we will discuss some aspects of these trade-offs focusing on arguments that may be less obvious, and where we believe systematic research adds some insights. The focus will be on behaviour and interventions that may affect the division of power, income and consumption between gender both within and between households.

We start with a discussion of resource allocation within households, in contrast to the traditional focus on allocation between rich and poor households. Based on this discussion of intrahousehold power relations, we then discuss a potential trade-off between different forms of interventions that are designed to help women starting businesses. Any monetary incentives, and resulting profits, may potentially be confiscated by the male household head unless women's bargaining position is strengthened at the same time. Finally, we discuss between household allocation, focusing on differences between women in poor and middle-

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<sup>17</sup> Sector of employment may be a reason, but nurses in private facilities still tend to earn less than engineers in government offices.

<sup>18</sup> In the Beckerian unitary model of the household this division of labour will be considered optimal, and also in the interest of the woman, as she will take part in the total surplus created. For a good recent discussion of intrahousehold decision making, including the role of social norms, see Doss and Quisumbing (2020).

<sup>19</sup> Page 156 in: [www.regjeringen.no/no/dokumenter/prop.-1-s-20232024/id2997797/](http://www.regjeringen.no/no/dokumenter/prop.-1-s-20232024/id2997797/)

<sup>20</sup> Note the important difference between poverty and inequality: many women live in households that are not wealthy but above the poverty line. If these women get a job, inequality may go down, while there is no reduction in poverty.

class households. Poor women will potentially catch up as they get some education and potentially a job outside the household, while middle class women may pull out of the labour market as their incomes increase and they no longer have to work.

#### 4.1. Intrahousehold allocation of resources

Above we have discussed the gender gap in earnings, including references to studies that attempt to estimate this gap. This is, however, intrinsically difficult, in particular in poor countries. Most women work on the family farm in combination with non-farm activities, with wage labour being the exception.<sup>21</sup> Now, the wage paid for those jobs will still be informative, since people will tend to allocate their time so that the earnings from the last hour worked in a family business will be in the same range as the wage from outside work. The amount of outside work may, however, be limited, so that the average earnings from the household business, including farming, will tend to be lower than the outside wage. Furthermore, it is intrinsically difficult, or impossible, to split the income from a family business on the different people contributing to that income.<sup>22</sup> For most households, income is estimated using household level surveys. There are recent surveys that put more weight on gender, but they meet the same intrinsic problems.<sup>23</sup> As a result, it is hard to estimate the allocation of incomes between men and women within the household.

The approach that may reveal the most about intrahousehold allocation is, in our mind, to study how indicators of female empowerment affect the distribution of consumption within the household. The typical analysis will study food intake by gender, or household spending on different forms of consumption, for example alcohol vs children's education. One can then investigate how this varies with more or less exogenous variation in female empowerment. The findings are mixed, but indicate, as we will discuss below, that it is essential to support assets and human capital that stay under the woman's control.<sup>24</sup>

#### 4.2. Intrahousehold power relations and interventions

Any intervention in support of women, including their efforts in setting up businesses, must take into account intrahousehold power relations. A cash grant, for example, can be confiscated by the husband. There is thus a need for pre-program analysis of the underlying power structures to be able to identify interventions that strengthen women's bargaining power.<sup>25</sup> We have discussed this in some detail in Hatlebakk (2021, section 3.3). The main idea is to *alter the assets women bring to the bargain*, which will

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<sup>21</sup> For one discussion of the transition towards more formal sector work, see Dinkelman and Ngai (2022).

<sup>22</sup> The approach used in some of the references above is to estimate the marginal contribution from each person, which will require detailed data on labour inputs, and potentially alternative uses of that labour. That women takes care of children and men work in the fields, for example, do not mean that the household could not have produced the same income had the division of labour been reversed.

<sup>23</sup> [www.worldbank.org/en/programs/lsm/initiatives/lsm-plus](http://www.worldbank.org/en/programs/lsm/initiatives/lsm-plus)

<sup>24</sup> For a good discussion of the methodological challenges, as well as references to empirical work, see Doss (2013). For a more recent discussion, although covering much of the same literature see page 82 onwards in Eswaran (2014).

<sup>25</sup> For general discussions, see again Doss (2013) and Eswaran (2014). For a general discussion with more specific focus on interventions, see in particular section 3.3 onwards in Duflo (2012).

have to be assets that they can take with them if they should decide to leave the household.<sup>26</sup> While physical assets can be appropriated by the husband, *any human capital will stay with the woman, ranging from self-confidence, potentially gained from successful entrepreneurship or other jobs, via empowerment training conducted by development agencies, to different levels of formal education, ranging from primary education, via vocational training to higher education.*

Thus, a cash grant or microcredit, to women that is intended for her business activities, can be appropriated by her husband and be spent on consumption, or economic activities that can even strengthen his position within the household. The same will be the case for assets that can be easily converted into money, for example livestock. An important part of any development program with a female empowerment component, will thus be human capital development. And many programs have in fact such a component, whether that is vocational, literacy, or numeracy training. Furthermore, support of primary education for girls may have long term impacts on female empowerment and potentially also on economic growth as the overall human capital of the economy improves.

### 4.3. Education and income distribution

This far in this section we have discussed intrahousehold distribution of resources, and the importance of human capital in improving women's participation in entrepreneurship and the labour market. This can potentially add to economic growth, as the level of human capital in the economy improves. But education is also, and many will argue even more so, a way to get a bigger share of the national product as better education enables women to compete for better paid jobs.<sup>27</sup> Either way, education is a means for women to get a better paid job. In the next sub-section we will discuss the downward sloping part of the U-shaped curve discussed by Goldin (1995), where women may pull out of the labour market as the economy develops and women get more education. At the start of this process, where incomes are low and most women work, we shall in particular expect most of the poor to work, many on their own farm, and have a very low level of education. For them it is likely that the earnings will improve if they have even a few years of education so that they can read and write.

Peet, Fink and Fawzi (2015) provide a relatively recent analysis of how wages depend on the level of education in poor countries. The returns to an extra year of schooling are about the same for all levels, so that earnings increase continuously with education, and with about the same amount at lower levels of education as for higher levels. They also find that the returns are the highest in Africa. This may reflect that fewer people take education, which thus becomes more important as a screening mechanism. Returns are lower in rural areas than in urban, and importantly for us, higher for women than for men. The latter again may reflect that fewer women take education. The return is particularly high in Ethiopia, and more

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<sup>26</sup> Divorce, or just that the woman moves back to her own parents.

<sup>27</sup> In Hatlebakk (2016, chp. 5) we discuss education as a mean to increase production versus a screening device where the better educated get the better paid jobs.

so for primary education. In contrast to other countries, the returns are higher in rural areas, but also higher for men than for women. Other poor countries with high returns are Malawi, Niger and Tanzania.

The high returns also for primary education, and for women, in poor countries indicate that *poor households that can afford to keep girls out of the labour market for a few years, and rather send them to school, will benefit in the long run from doing so*. For the non-poor there may be an opposite effect, as we will discuss in the next section. Education and thus better incomes may lower the supply of female labour. This in turn may lead to higher wages in general as less supply of slightly better educated women will give an upward pressure on wages.

#### 4.4. Women reducing their labour force participation as incomes rise

We have above discussed the U-shaped relation between economic growth and female labour force participation. As incomes increase, it is no longer a financial necessity for women to work. This is found among middle-class women in countries that enter the middle-income group, such as India. When women attain higher levels of education, economic theory predicts that women would be able to earn higher wages and therefore increase their labour force participation (England and Garcia-Beaulieu, 2004; Goldin, 1989; Smith and Ward, 1985). On the other hand, an alternative theory suggests that rising incomes may encourage women to withdraw from the labour force as households, especially in contexts with rigid gender norms, value that women assume domestic responsibilities (Bertrand et al., 2015) which is also known as the income effect.

##### Evidence

While most developed countries followed the theory predicting that increases in women's human capital would lead to increased female labour force participation, research on South Asia, Middle East and North Africa provides empirical support for the income effect. In these contexts, female labour force participation stagnated or even decreased during time periods of economic growth and rising female education levels (Gaddis and Klasen, 2014).

##### Explanations

The primary explanation is that with economic growth men's incomes increase and households have the resources to follow more rigid gender norms. Research has documented for India and other countries in the above-mentioned regions that education and labour force participation follow a U-shaped relationship with women with very low levels of education and women with higher levels of education having higher female labour force participation rates (e.g., Fletcher et al., 2019). Those who continue participating in the labour force do so due to economic necessity or with access to high-skilled jobs.

## The case of India

Given the periods of economic growth and improvements in female education, India is one context that has received substantial attention in research. Klasen and Pieters (2015) show that on the supply side both “rising male incomes and education contributed to a withdrawal from the labour force” (p. 451). This confirms the relevance of the above-described income effect in women’s labour supply and further highlights that women also reduce their labour force participation as they take more time to complete their desired level of education.

On the side of employers demanding labour, economic growth is often accompanied by structural change which also contributes to declining demand for female labour. While the service sector is growing, employment in agriculture and manufacturing is declining which are both sectors that traditionally employed more women in India. Linked to structural change, Chatterjee et al. (2018) show that rising incomes of other family members explain the U-shaped relationship between education and labour force participation only partially. The lack of suitable employment opportunities for women with intermediate levels of education is also important. Employment in clerical and sales jobs provides suitable opportunities for women with moderate levels of education but such jobs are primarily held by men. Employment in education or health requiring skills beyond secondary school education is less gender-segregated and thereby provides more opportunities for women with higher levels of education (Chatterjee et al., 2018).

Another important explanation is that households engage in so-called status production when their incomes rise. Traditionally, women from lower status would work and women from higher status would not work. Therefore, women from non-poor household may assume responsibilities such as education of children, healthcare of family members, and performing rites and rituals that resemble the activities of higher status households (Abraham, 2013). Accordingly, Sarkar et al. (2019) find that caste, religion, and social status play a major role for women’s employment entry and exit decisions in India.

## 5. Overview of existing private sector interventions in Norwegian development support

It is beyond the scope of this report to review project documents of interventions supported by Norway. The approach taken is instead to discuss, above, what we may expect from such interventions, and rely, below, on available empirical evidence on what works, not restricting ourselves to Norwegian support. To link the two parts of the report we list here private sector interventions supported by Norway that may favour women. At the end of the section, we briefly summarize what interventions are supported before we go on to the empirical evidence on the impacts of different types of interventions.

To identify relevant interventions we used three sources, *the latest government budget document* for the Ministry of Foreign Affairs (MFA),<sup>28</sup> Goal 3 (all individuals have equal economic rights and opportunities to participate in the labour market) in the new *action plan for women's rights and gender equality* from the MFA,<sup>29</sup> and *Norwegian aid statistics*.<sup>30</sup> The action plan was used primarily to confirm the priorities of the government, the project information was found in the budget document and aid statistics.

The core source was budget chapter 162 (Næringsutvikling, landbruk og fornybar energi, starting on page 155 in the 2023/24 budget). The priorities are classified below by us into main headlines. We have listed projects mentioned in chapter 162 of the budget document, as well as larger projects under the same chapter that have been given a gender marker in the aid statistics. We also used the project information to identify Norwegian private sector partners, which are included in the list. There are not many partners based in Norway.

Not all priorities from the action plan had relevant projects under chapter 162, so we have also looked for relevant projects under chapters that cover safety nets, decent work and education. We also found relevant projects under chapter 170 on support of civil society (from page 177 in the budget document). This included in particular a project by FOKUS that will be in the list below. Under chapter 164 on gender equality, we found the support to UN Women's program on decent work for women. ILO is also an important partner when it comes to decent work, but we were not able to identify any gender specific programs.

Above we have discussed Norfund, which is a general policy instrument in Norwegian support of the private sector. Most of the support goes to the private sector outside of Norway,<sup>31</sup> and is only to a limited extent targeting women, see the first entry in the list below. Some of the support is channelled through Abler,<sup>32</sup> previous NMI, the microfinance initiative, which via local partners provides, to a large extent, women, with microfinance. Microfinance is one of the core interventions we discuss in this report.

As we can see from the list there is a broad variation in private sector projects intended to support women. The list is followed by a general discussion of what type of private sector interventions Norway support that may benefit women in particular. Note that the list contains projects with a gender marker in the aid statistics and/or where women are specifically mentioned in the budget document or in the relatively short project description in the aid statistics. The list contains descriptions, shortened by us, from these documents. We have not translated the formulations written in Norwegian, which are all from the budget document. While the English language descriptions are from gender marked projects in the aid statistics.

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<sup>28</sup> [www.regjeringen.no/contentassets/18451f2f62b24feb9afc74ab51cead18/no/pdfs/prp202320240001\\_uddddpdfs.pdf](http://www.regjeringen.no/contentassets/18451f2f62b24feb9afc74ab51cead18/no/pdfs/prp202320240001_uddddpdfs.pdf)

<sup>29</sup> [www.regjeringen.no/contentassets/807b40290fe54663ae1bca5fafaef1218/en-gb/pdfs/a-just-world-is-an-equal-world.pdf](http://www.regjeringen.no/contentassets/807b40290fe54663ae1bca5fafaef1218/en-gb/pdfs/a-just-world-is-an-equal-world.pdf)

<sup>30</sup> Generate report at: <https://resultater.norad.no/microdata>

<sup>31</sup> [www.norfund.no/our-investments/all-investments/](http://www.norfund.no/our-investments/all-investments/)

<sup>32</sup> [www.ablernordic.com/](http://www.ablernordic.com/)



## 5.1. Norwegian private sector interventions in support of women

### Gender balance

- *Norfund*: Kvinner utgjorde 37 pst. av de sysselsatte i Norfunds porteføljeselskaper (page 166 in the budget document)
- *NHO*: Female Future: Opplæring og erfaringsutveksling for kvinner i søsterorganisasjoner i næringslivs organisasjoner i utviklingsland<sup>33</sup>

### Female entrepreneurship and job creation

- *Multi-donor Trust Fund*: Rural Women's Economic Empowerment (RWEE).
- *Africa 118*, *Google*, *Equity Group*, *TRK Group* og *Norwegian African Business Association (NABA)*: Digitale hjelpemidler til 3 000 små og mellomstore bedrifter i Øst Afrika, hvorav 50 pst. er ledet av kvinner.
- *International Trade Centre (ITC)*: I Latin-Amerika har deres SheTrades jobbet for å øke digitalisering av handelsbedrifter ledet av kvinner.
- *FOKUS*: Støtte for lovreformer og næringsetablering i Uganda og Etiopia

### Small scale food producers

- *CIGAR*: Support plants where 35% have "egenskaper som senker underernæring blant kvinner og barn.
- *GAFFSP*: Mål om å styrke kvinners posisjon i landbruket.
- *Norsk Folkehjelp*: I Zimbabwe fikk 2500 kvinner opplæring i rettigheter til jord og naturressurser og 1 500 kvinner fikk opplæring i jordbruksteknikk, og 500 kvinnelige gårdbrukere fikk produksjonsstøtte.
- *IFAD*: Kvinner er en særskilt målgruppe for programmet
- *IFAD ASAP*: Increased resilience of vulnerable households to the impacts of climate change on their food security and nutrition, focusing particularly on rural women.
- *FAO*: Styrker kvinners rolle og muligheter i fiskerisektoren

### Energy sector

- *Nordic Environment Finance Corporation: Beyond the Grid Fund (BGFA)*: The programme aims at actively promoting, incentivising and transferring best practices regarding gender equality through requiring awardees (energy service providers) to offer equal opportunities for men and women.

### Decent work

- *UN Women*: Strategiske mål: Kvinner har sikker inntekt, anstendig arbeid og økonomisk uavhengighet.

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<sup>33</sup> NHO has informed us that the leadership training is for women in companies that are members in NHO's partner organizations.

### Vocational training

- *GIZ*: The E4D programme aims to provide young men and women with job opportunities through relevant vocational training and job creation. There is a special focus on including girls and young women in training and employment.

## 5.2. Discussion of Norwegian private sector interventions in support of women

As mentioned, it is beyond the scope of this report to go through all relevant project documentation. The list above thus only provides examples of Norwegian private sector interventions that may favour women. There are other projects that potentially have larger impacts. In general, we shall expect support of primary education, health, infrastructure and vocational training to be the most effective ways of supporting women, as we discuss in this report. Also, projects supporting small-scale farmers may potentially have a large impact as most poor people are in this sector. More generally, programs in support of female empowerment may have positive impacts. Many of the programs listed above are of these types, whether that is support for female entrepreneurship, smallholders or vocational training. To evaluate the potential impacts, we will need to go to the general empirical literature, partly because there are not many impact evaluations of Norwegian support,<sup>34</sup> and partly because we can learn from similar programs supported by other funders.

## 6. How do particular interventions favour women?

In this section, we will look at the empirical evidence on private sector interventions that may favour women. We start at the macro level, with policies that may favour female employment in labour intensive industries, then go on to interventions in support of decent work, followed by the sector where most women work, smallholder agriculture, before we go on to interventions traditionally designed to favour female entrepreneurship, such as financial inclusion, vocational- and entrepreneurship training. The first sections will focus on potential ways interventions may help women and will be based on broad reviews of the literature, and only include some impact estimates. The last sections will be based on studies that can contribute with causal evidence.

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<sup>34</sup> Norway is, however, increasingly emphasizing causal evidence. We refer to some studies in this report. For a general discussion, see: [www.panoramanyheter.no/bistand-bistandsorganisasjoner-niger/skal-fakta-ha-makta-ma-makta-ha-troverdige-fakta/309900](http://www.panoramanyheter.no/bistand-bistandsorganisasjoner-niger/skal-fakta-ha-makta-ma-makta-ha-troverdige-fakta/309900)

## 6.1. Industrial policy in favour of labour-intensive industries

In Sub-Saharan Africa, as well as in other poor countries, fewer women than men are engaged in industrial jobs.<sup>35</sup> This implies a potential for more female jobs as women traditionally take on jobs in labour intensive industries. Manufacturing employment tripled between 2000 and 2018 in 18 countries covering 64% of the Sub-Saharan African population, albeit from a low starting point (McMillan and Zeufack, 2022). This led to an increase in the share of employment in manufacturing from 7.2% to 8.4%. McMillan and Zeufack concludes with the concern that manufacturing is becoming more capital intensive and will thus contribute less to creation of jobs. Still, they argue that in particular the garment sector has a potential for employment growth.

A popular intervention has been industrial parks (hereafter IP), with large amounts of foreign aid invested to stimulate industry development and attract foreign manufacturing companies. In Africa, 37 out of 54 countries have IPs (UNCTAD, 2021, page 35). Several IPs are focussed on textile and garment industries, where the majority of workers are often female. A survey of IPs in 30 African countries found that the factories hired a larger share of women workers as compared to the national average even in countries with very low female labour participation; more than one-third of the workers were women (UNCTAD, 2021, page 138). We will now focus on Ethiopia, as this case has been heavily studied, including by us.

The ambition of the Ethiopian government and its development partners was to invest USD one billion annually in IPs over a ten-year period to stimulate labour intensive manufacturing for export (Getahun and Villanger, 2019). Since the first IP was established in 2013, around 100.000 jobs had been created by 2020,<sup>36</sup> and 74% of the workers were young women (McMillan and Zeufack, 2022, page 17). Most of the women had no experience with formal employment, and in several places these jobs created new opportunities. In areas with few alternative job opportunities and high poverty rates, we see a large poverty reducing effect of the factories with many women earning much more than they would have without such factory employment (Getahun et al. 2024).

Jobs for women may improve their position within the household (World Bank, 2013). Studies from Asian countries have found that improved employment opportunities for women increase their human capital, delay fertility, increase decision making power in the household, mobilize career aspirations and improve mental health (Getahun and Villanger, 2018; Jensen, 2012; Heath and Mobarak, 2015; Hussam et al. 2022). Anderson and Eswaran found that in rural Bangladesh, employment outside their husbands' farms contributes to women's autonomy, but not employment per se. This contrasts with Ethiopia where we find no positive impact on empowerment of female workers (Kotsadam and Villanger, 2023).

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<sup>35</sup> The share of female employment in industry is lower than for male workers. In Sub-Saharan Africa they instead work in the service sector, while in other poor countries they work in agriculture, according to World Development Indicator data (WDI databank).

<sup>36</sup> These figures are from before the Tigray war broke out and the COVID-19 pandemic set in. The number of jobs in the IPs declined during the war and the pandemic.

On the contrary, there seems to be a dis-empowering effect of employment in IPs in Ethiopia: demeaning and harsh management styles, suppression of labour unions, and restriction on labour mobility have been found to negatively impact worker political efficacy and participation (Aalen et al. 2024). Moreover, the jobs did not make them less vulnerable to intimate partner violence (Kotsdam and Villanger, 2023). It may also be the case that these jobs can have a more general dis-empowering effect beyond the political engagement. Such harassment of workers is also against the labour law of Ethiopia. This area provides a low-hanging fruit for interventions to improve the situation of the women workers as it would likely be beneficial not only for the workers but also for the factories through improved employee-satisfaction, which could lead to lower turn-over and higher productivity.

Moreover, the industry's focus on low-value commodities with minimal profit margins implies a sharp focus on cost minimizing strategies, compromising wages and labour standards (Aalen et al. 2024; Abebe et al. 2020). Blattman et al. (2022) found that formal jobs had short run negative health impacts and that most workers quit within the first year of employment. Exposure to chemicals, noise and hazardous tools and machinery compromises occupational safety in the IPs. Getahun and Abebe (2019) found that 40 % of the workers were dissatisfied with working conditions and only 22 % indicated that they intended to continue working in the industry within three years.

Finally, the wages are very low in IPs. The gap between women and men wages is large in Ethiopia; women earn 1/3 lower salaries than men (World Bank, 2017). There have been several initiatives to discuss the introduction of a minimum wage in Ethiopia, many of them supported by ILO,<sup>37</sup> but low worker productivity in the factories has led to questions of whether such a measure is warranted. The very low wages are nevertheless up for discussion, and the question is how to ensure a decent salary. We will discuss the decent work agenda more generally below.

## 6.2. Minimum standards for decent work

One of the core targets of Norwegian development cooperation under the job creation umbrella is decent work,<sup>38</sup> which is also one of Norad's thematic portfolios.<sup>39</sup> Gary Fields has, for ILO, discussed interventions and regulations in support of decent work in poor countries: decent work means to 1) in fact have a job that 2) gives an acceptable income, and 3) meets minimum labour standards.<sup>40</sup> Female labour force participation and earnings we discuss elsewhere in this report, and we will here focus on labour standards.

Fields (2003) describes a decent work frontier where there tend to be a trade-off between number and quality of jobs, simply because quality is costly. If labour standards were not costly, then we should expect

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<sup>37</sup> See for example ILO: [Discussion heightened towards setting minimum wage in Ethiopia | International Labour Organization \(ilo.org\)](#)

<sup>38</sup> Chp 162, Post 70, page 156 of the annual budget that is referred above

<sup>39</sup> [www.norad.no/en/front/funding/norads-thematic-portfolios/](http://www.norad.no/en/front/funding/norads-thematic-portfolios/)

<sup>40</sup> Fields summarize this on page 246 under the headline "The operationalization of decent work" in Fields (2003).

everyone to meet them. One may argue that consumers are willing to cover the extra costs by paying more for better labour standards. Thus, industries that can provide certificates, or potentially face the threat of consumer boycotts, may profit from good standards. It is, however, only selected products that normally get international attention. And even in those cases, the higher prices may drive down demand, and the costs of meeting the standards will reduce supply. As a result, there will be fewer jobs, as described by the decent work frontier. For one discussion of boycotts, that focuses on products using child labour, Edmonds (2003) argues that the alternative may be even worse for these children.<sup>41</sup> His recommendations are to *implement some minimum labour standards*, that may not be so costly for the firms,<sup>42</sup> and of course attempt to eliminate the reasons why children work in the first place, that is, by poverty reduction and better schooling.<sup>43</sup>

There are thus good arguments for minimum labour standards that can be implemented by local governments preferably in collaboration with labour unions. The latter assumes that the unions cover the majority of the labour force in each sector to avoid an insider-outsider problem, which is not common in poor countries. The *minimum* part of the labour standards is, as discussed, to avoid excessive costs both for the firms and the monitoring agencies, which in turn would lead to a decline in employment in the regulated part of the economy. Minimum standards can be easier to enforce, as compared to more extensive labour laws, in the large informal sector, including agriculture, as lack of compliance with minimum standards can be more easily monitored. Examples are *regulation of the use of insecticides in agriculture, machine safety in manufacturing, and prohibitions against child labour* in eateries, brick industries, stone quarries, mines, etc.

Minimum labour standards will, of course, apply to both genders, although there is some evidence that women are in fact underrepresented in the informal sector.<sup>44</sup> A focus on women will involve female dominated industries, and we discussed some of these in the section on labour intensive industries, as well as interventions into trafficking where girls are particularly vulnerable.

### 6.3. Development of smallholder agriculture

The extreme poor live mostly in Africa,<sup>45</sup> in rural areas with their main occupation being smallholder farming.<sup>46</sup> Another study of the same data indicates that women are, in fact, less active than men in crop

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<sup>41</sup> For a more technical discussion that also warns that a boycott may increase the incidence of child labour, see Basu and Zarghamee (2009).

<sup>42</sup> See the last paragraph of Edmonds (2003).

<sup>43</sup> There is also a literature on certificates and labeling, which may be a tool used as a basis for boycott of not-labelled products. For one, rather complex, analysis of possible effects, see Basu, Chau and Grote (2006).

<sup>44</sup> See Low-income countries in Panel C of Figure 5 (page 20) in ILO (2023).

<sup>45</sup> See Table 1: <https://blogs.worldbank.org/en/opendata/march-2024-global-poverty-update-from-the-world-bank--first-esti>

<sup>46</sup> Figure 8 of Castaneda et al. (2018) shows that 82% of the extreme poor in Africa lives in rural areas, and 76% of the extreme poor have agriculture as the sector of employment. This must be agriculture as the main sector of employment, in contrast to Davis, Di Giuseppe and Zezza (2018) who report that 90% of all rural households are engaged in agriculture, which provides 2/3 of household income.

production, as they provide 40% of the labour inputs (Palacios-Lopez, Christiaensen and Kilic, 2018). As discussed by Doss et al. (2018, page 71) there may be some underrepresentation of female work in the data, but they note that women are also active in other work, including domestic work important for food security and household welfare, leaving less time for farm work. On the balance they argue against what appears to be a myth, that women produce most of the food.

Although smallholder agriculture is not more important for women than for men as a source of employment, income and availability of food, it is still the most important sector of employment and income for all members of poor households. And despite structural transformation this is likely to stay so even for generations, as we have discussed in Hatlebakk (2018).<sup>47</sup> World Bank estimates indicate that the number of poor people in Sub-Saharan Africa will only slowly decline during the next decades,<sup>48</sup> and most of them live in remote villages, where many are in village level poverty traps where *multiple interventions are needed*.<sup>49</sup>

Beyond the general multifaceted interventions that are needed to develop remote villages, we have in Hatlebakk (2018) discussed a number of interventions that specifically target smallholders with the aim of increasing productivity and thus incomes among the poor. These take into account that African agriculture is rainfed (Sheahan and Barrett, 2017) as large-scale irrigation is not feasible in most places (You et al., 2011). With lack of irrigation, it is essential to develop alternative *soil-management systems that are tailor-made to rainfed agriculture with fertilizers being supplemented with micronutrients and traditional soil management systems* (Barrett and Bevis, 2015). The best mix will vary with local growing conditions and will require extensive collaboration between international agricultural research institutes, local research stations, extension services, and model farmers at the village level (de Janvry et al., 2016).

Interventions specifically targeting women should take into account that household and farm work are interrelated activities where all household members contribute to the aggregate output. As a result, any *intervention that frees up women's domestic work*, for example the time used to catch drinking water, will allow for more labour inputs on both the farm and in non-farm economic activities.<sup>50</sup>

Within agriculture itself there is some, although limited, evidence that social norms affect what produce women and men choose to grow, which in turn may affect the local diet and investments in production techniques (Quisumbing and Doss, 2021, page 4510-11). Even if all decisions are discussed among

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<sup>47</sup> Our discussion was to a large extent based upon Barrett, Christiaensen, Sheahan and Shimeles (2017). For a detailed discussion of the consequences of structural transformation for women, and how they divide their time between domestic, farm and paid employment, see Dinkelman and Ngai (2022).

<sup>48</sup> The World Bank estimates go only to 2030, but the poverty estimates for Africa are fairly stable, and with poverty being concentrated in remote areas ([https://maps.worldbank.org/datasets/GSAP2\\_npoo](https://maps.worldbank.org/datasets/GSAP2_npoo)) it is unlikely to suddenly decline after 2030. We find the 2018 Shared Prosperity report to have the best discussion of regional developments in poverty (World Bank, 2018, in particular Figure 1.3 on page 25).

<sup>49</sup> See our discussion above of poverty traps. Also see Banerjee et al. (2015, 2022).

<sup>50</sup> The methodological problems related to separate male and female contributions, and some policy implications, are discussed in Doss (2018) and in an excellent detailed survey of the literature by Quisumbing and Doss (2021).

spouses, Quisumbing and Doss conclude that the final decisions made by households will depend on the relative power of husband and wife, although the authors say that more research is needed on the implications for agricultural decisions and the ultimate outcomes for the households (Quisumbing and Doss, 2021, page 4535-36). This collective, or bargaining, model of household decision making implies that *interventions that favour productions that traditionally are taken care of by women* may, at least in theory, affect their bargaining position and potentially the incomes and diet of the household. One important example is support of vegetable production in kitchen gardens that is found to improve the diets of household members. Another is transfer of ownership of livestock that women traditionally take care of, which thus is less likely to be confiscated by men (Quisumbing and Doss, 2021, page 4531 onwards).

#### 6.4. Financial inclusion and microfinance

The provision of financial services including bank and saving accounts, loans, insurances and mobile or digital payments allows individuals to manage their money and can thereby facilitate investments including obtaining formal qualifications through education and starting a business (van Rooyen et al., 2012). Financial inclusion has the potential to improve women's access to and control over financial resources which in turn can enhance their participation in household decisions and women's financial independence as important elements of women's economic empowerment. However, if women are only used by men to access financial resources, for instance in the context of microfinance which typically targets women, without giving women more control over those resources, women could be worse off. Women remain responsible for the repayment and potentially intra-household tensions increase (Goetz and Gupta, 1996).

##### Evidence

Numerous systematic reviews have summarised the rich evidence base on the impact of financial inclusion interventions and microfinance. As the most recent one, Duvendack and Mader (2020) review 32 systematic reviews and conclude that the impact of financial inclusion remains inconclusive with the impact being more likely to be positive than negative. Microfinance programs that have traditionally targeted women since their inception and typically included women's empowerment objectives have been shown to have positive impacts on women's empowerment (Duvendack and Mader, 2020). However, this positive impact may stem from gender-based components that financial inclusion and microfinance interventions are often combined with. The impacts of the gender-based program components have been often shown to be larger than the impact of the financial services (Chliova et al., 2015; Peters et al., 2016). Vaessen et al. (2014) review the impact of microcredit on women's empowerment and find no causal impact on women's control over household resources despite positive associations documented in other review papers (Chliova et al., 2015; Orton et al., 2016). Similarly, mixed impacts have been shown for studies on the impacts of savings promotion interventions (Steinert et al., 2018).

One interesting case from the Norwegian perspective is the programme "Save for Change" implemented by Strømme Foundation jointly with Oxfam America and Freedom of Hunger. The program enabled women to organize savings and credit groups which increased women's savings and borrowing rates,

households' livestock holding and enhanced food security but was insufficient to lift households out of poverty or cause other transformative changes (Baro, 2013).

### Outcomes along the causal chain

Ssendi and Anderson (2009) show that microfinance improves how women manage money, but microfinance is less likely to increase women's income and only insufficiently empowers women especially when considering longer-term outcomes. What appears to be common to most impact evaluations on microfinance is that immediate outcomes are often documented such as improvements in managing money or more control over own earnings but more transformative behaviour-change outcomes further downstream in the causal chain such as changes in female labour force participation, women's earnings, or control over household resources are less likely to be impacted. Commonly mentioned aspects of microfinance interventions that may reduce their effectiveness are relatively high interest rates (Roberts, 2013), the lack of profit-generating potential of targeted businesses (Bradley et al., 2012) and that microfinance clients may lack entrepreneurial skills (Evers and Mehmet, 1994; McKenzie and Woodruff, 2017).

### Gender-based program components

As mentioned above, when combined with gender-based components such as a training on women's rights, the gender-based component have often been found to be more effective with respect to female empowerment indicators (Duvendack and Mader, 2020). Relatedly, Pronyk et al. (2007) show that bundling microfinance with other interventions for instance focused on health or education has been more effective for empowering women. Correspondingly, studies that focus on the "pure impact" of a financial inclusion or microfinance intervention and do not examine a program that is combined with a gender-based component are less likely to have impacts on women empowerment outcomes (e.g., Banerjee et al., 2015). Some financial inclusion interventions come with program features that increase women's control over resources as a part of the intervention. In Field et al. (2021), bank accounts were opened for women and earnings from public works programmes were transferred to women's bank accounts instead of their husbands' bank accounts as practiced traditionally. This increased women's labour force participation rates and made work-related gender norms more liberal.

## 6.5. Entrepreneurship development programs

The provision of microfinance relies on the assumption that entrepreneurs need capital but have the required human capital to run a business successfully. This might however not be the case as especially in developing countries most entrepreneurs need to manage their business without having received a formal training (Karlan and Valdivia, 2011). Many business owners in developing countries do not seem to be using business practices that are commonly used in developed countries such as accounting or marketing (McKenzie and Woodruff, 2014). The use of commonly taught business practices is correlated with higher profits and incomes both within and across countries (McKenzie and Woodruff, 2017). Especially women



who tend to have lower levels of education than men, may lack relevant business skills (Karlan and Valdivia, 2011).

In contrast to job skills training programs discussed below that can lead to crowding out effects when the overall number of jobs is limited, business development programs are particularly attractive for governments as they have the potential to create jobs when entrepreneurs manage to expand their businesses and create jobs for others in the economy (McKenzie, 2017a).

### **Types of programs**

Most business skills trainings focus on teaching business practices. For small firms, this involves record keeping, monitoring inventory, separating business and household accounts, budgeting, advertising, and promotion. For larger firms, this may also include human resource practices, quality control, target setting and performance monitoring. Some programs further focus on soft skills such as the development of an entrepreneurial mindset and attitudes.

Programs that specifically target women or female entrepreneurs may support them to deal with gender-based barriers to business development, facilitate their entry into certain sectors, and to potentially collaborate with other women (McKenzie and Woodruff, 2014). The most basic type of training program often implemented in extremely poor settings with less educated trainees involves the transfer of a productive asset, for instance a cow, together with asset-specific training tackling at least two constraints at the same time (Bandiera et al., 2013).

### **Target groups**

Business training programs engage two types of groups – existing entrepreneurs or individuals who could benefit from or show interest in being an entrepreneur. Programs often focus on specific geographic areas or industries (e.g., Berge et al., 2015) and in some cases let individuals or entrepreneurs apply for program participation and then randomly assign who is invited to participate in the program (Premand et al., 2016). Other programs engage clients of microfinance organizations (e.g., Field et al., 2010). Linked to the higher density of businesses, most research has focused on business trainings in urban areas and there is less evidence from rural areas (McKenzie et al., 2021).

### **Overall impact**

Business training programs for existing entrepreneurs have been shown to increase the use of business practices but only rarely have impacts on sales, revenues or profits and business survival (Augsburg et al., 2012; Berge et al., 2015; de Mel et al., 2014; Karlan and Valdivia, 2011). Positive impacts on business outcomes are less commonly observed for female entrepreneurs compared to their male counterparts (Giné and Mansuri, 2014). This has been explained by women facing more external constraints related to prevailing gender norms and running less profitable businesses compared to men (e.g., Delecourt and Fitzpatrick, 2021). These external constraints often linked to rigid gender norms also explain why women

are more likely to drop out of business trainings and need differently designed training programs (Berge et al., 2015; Giné and Mansuri, 2014).

### Positive impacts

Promising examples stem from programs that are designed to address constraints that women face, for instance, by encouraging them to bring a friend to a business training as women tend to lack a social network in contexts with rigid gender norms (e.g., Field et al., 2016) and from programs that target women who are not yet entrepreneurs. It seems that business trainings can help women to start a new business but are unlikely to improve the outcomes of an existing business (de Mel et al., 2014; McKenzie and Woodruff, 2014).

Beyond business skills, Campos et al. (2017) show that an entrepreneurial mindset can be taught. A personal initiative training performed better than a formal business training in terms of increasing business owners' profits and sales. Finally, it appears to be crucial to consider how useful formal business trainings are and whether trainees would benefit more from simplified rules of thumb. As such, Drexler et al. (2014) show that women benefitted more from a simple rule of thumb training compared to a formal accounting training. The rules of thumb training benefitted particularly those microentrepreneurs who had poorer business practices at the beginning.

Entrepreneurship education is also increasingly implemented in schools and colleges. Business skills training in the final year of secondary school increased self-employment rates and earnings in Uganda and Tanzania (Berge et al., 2022; Chioda et al., 2021). The overall conclusion is that business skills training typically increase self-employment rates (Alaref et al., 2020) and in some cases also increase women's earnings (Frese et al., 2016). Meta-regression results suggest that business training programs are particularly beneficial for younger people (Cho and Honorati, 2014).

Entrepreneurial ideas with high potential for business growth can be supported with business plan competitions. Selected winners receive business grants which positively impact their probability to start a business, business survival, profits, sales and employment (McKenzie, 2017b). While financially constrained entrepreneurs benefited the most from the business grants, it is crucial to understand how women can be encouraged to participate in such a competition. Due to lower participation rates, McKenzie (2017b) could not measure whether and how impacts of such competitively allocated business grants differ for male and female entrepreneurs. One approach is to target women from the beginning as it has been done with the Women Entrepreneurship Development Project in Ethiopia for the last ten years which aims address both human and financial capital constraints that female entrepreneurs are likely to face with some positive evidence on the provision of business grants and innovations in providing business trainings especially when focused on the development of an entrepreneurial mindset (Buehren et al, 2024).<sup>51</sup>

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<sup>51</sup> The policy brief is online available: <https://openknowledge.worldbank.org/server/api/core/bitstreams/3ed3faf5-5ba0-4e61-8438-3e53519fd0ba/content>

## Challenges

A commonly observed challenge in the implementation of business skills trainings is that they improve trainee's business skills and knowledge but do not have a significant impact on earnings, sales, or profits (Berge et al., 2015; Giné and Mansuri, 2014; Karlan and Valdivia, 2011). Karlan and Valdivia (2011) provide a potentially relevant explanation. The adoption of business practices taught in the training requires entrepreneurs to invest more time. Thereby the costs of adopting such practices turned out to be higher than the benefits limiting the potential impact on other business outcomes. In some cases, also unintended impacts occur. As such in Ghana an apprenticeship program encouraged young people to engage in self-employment instead of work but the gained earnings from self-employment did not compensate for the loss in earnings from wage employment. Only trainees matched with high-quality trainers were able to experience an increase in their earnings (Hardy et al., 2019).

## 6.6. Job skills training

The rationale underlying investments in skills training programs lies in the recognition that individuals may lack the necessary skills to access and qualify for dignified employment opportunities, and that it is feasible to impart such skills in training programs (McKenzie, 2017a). While much of the initial evidence originates from Europe and the United States, a meta-analysis conducted by Card et al. (2010) reveals that the overall impacts of these programs tend to be modest or ambiguous. However, earlier research also showed that women were more likely to derive benefits from such interventions. From a theoretical point of view, returns on investment in skills training could be higher if the initial skill levels of the targeted group are lower, and formal employment opportunities tend to require higher levels of education and training (Attanasio et al., 2011). Yet, it may also be harder for women to complete and fully benefit from such training programs if they face socio-cultural norms that constrain their labour force participation and assign responsibilities for household chores and childcare primarily to women. It is therefore an empirical question and may depend on program design and local circumstances to what extent women benefit from such training programs (Chakravarty et al., 2019).

## A growing literature

Building on the evidence from developed countries, more recently, there has been a burgeoning literature from developing countries focusing on labour market related interventions among others considering both the effectiveness and the cost-effectiveness of skills training programs. McKenzie (2017a) and Carranza and McKenzie (2024) review studies with a primary focus on low and middle-income countries. The authors focus on programs that vary substantially in the type of training provided and in the target group. They also vary in scale with some programs being implemented by national governments and others being implemented by local NGOs or development organizations.

## Types of training programs

Most programs in this literature are either described as vocational training or job training programs. Many programs combine hard skills training with soft or life skills training and in some cases, participation is

facilitated through providing cash for transportation or childcare (Attanasio et al., 2011). Further, programs designed specifically for adolescent girls combine the skills training with an information treatment for instance on reproduction and marriage and with the provision of a “safe space” where girls can interact with each other and their mentors (e.g., Bandiera et al., 2020).

### **Target groups**

Most programs target young people who are considered at risk of future unemployment, and fewer studies focus on those who are already unemployed. For instance, in the review by McKenzie (2017a), 11 studies focused on young people at risk of unemployment and one study targeted unemployed individuals (Hirshleifer et al., 2016). Studies vary in terms of focusing on women or men or both, but most studies that evaluate a program for men and women examine gender-specific impacts allowing us to assess whether and how training programs can contribute to women’s economic empowerment, often with a primary focus on employment and earnings.

### **Overall impacts**

Given the variety of interventions focused on skilling and girls’ or women’s economic empowerment, the impact overall varies substantially depending on many factors including bundling with other interventions, defining the target group and the context the program is operating in. As reviewed by McKenzie (2017a), the impacts of job and vocational training programs have been mixed, with most studies reporting very moderate impacts. Impacts of vocational and technical training programs depend strongly on “which skills they teach”, whether those skills are demanded in the local economy and how well the programs are implemented. In the review by McKenzie (2017a), out of nine high-quality studies, only three reported a positive impact on employment and averaging across all studies, only 2.3 out of 100 individuals were able to secure employment due to their participation in the skilling program. This very minor impact is observed despite most training programs being very expensive costing between 500 and 1700 USD per trained person (McKenzie, 2017a). Another issue with such programs is that they are not designed to create more jobs but just to facilitate getting a job for individuals in the training group which in many settings can lead to crowding out with trained individuals getting the jobs instead of non-program participants who may have gotten those jobs otherwise.

### **Positive impacts**

Studies showing positive impacts on women’s earnings and labour market outcomes include training programs that combine classroom and on-the-job-training (Attanasio et al., 2011; Honorati, 2015), consider difficulties that participants might face while completing the training such as transportation and childcare needs (Attanasio et al., 2011), provide certificates (Alfonsi et al., 2020), combine training with information that is relevant for the target group such as information on sex, reproduction and marriage for teenage girls (Bandiera et al., 2020), provide market-oriented skills (Chakravarty et al., 2019), and make sure not to cause unrealistic expectations (Acevedo et al., 2020). While most evaluated training interventions are rather expensive, there are some exceptions such as a program evaluated in Maitra and

Mani (2017). The authors evaluated a tailoring and stitching program for low-income women in India which significantly improved women's access to employment and earnings at a relatively low cost of only 39 USD per woman trained. 8.1 out of 100 women secured employment due to the skills training demonstrating a much better cost-effectiveness than most programs in this field.

### **Moderate impacts**

Several programs were shown not to have the expected impacts. For instance, a training program for garment factory workers substantially improved the workers' productivity but only benefited the firm because workers were not easily able to move on to other types of potentially better-paid jobs despite their improved skills (Adhvaryu et al., 2023). In some cases, positive impacts are measured in the short-term but not in the long-term (Adoho et al., 2014), in other cases positive impacts disappear (Alzúa and Velázquez, 2017) or are right from the beginning much smaller than expected by government officials, trainers and trainees (Hirshleifer et al., 2016).

## **6.7. Primary, secondary, and tertiary education**

Basic skills such as literacy and numeracy are crucial for wage and self-employment including microentrepreneurial activities such as petty trading. Skills obtained through all forms of education enable individuals to access income earning opportunities and with increasing levels of education to engage in decent employment and to have better working conditions. Theoretically, the Mincer equation formalizes wage as a function of schooling and experience which illustrates that both schooling and experience allow individuals to earn higher wages compared to individuals without education or experience (Mincer, 1958). Apart from the importance of education for labour market outcomes, there are also theories suggesting that women with higher levels of education would marry later, have fewer children, and invest more in education and health care for their children with potential long-term and intergenerational impacts (Becker, 1992; Becker and Lewis, 1973; Thomas et al., 1991). The allocation of resources within households including women's time is determined by women's control over and access to resources which depend on whether women can negotiate with their households and spouses (Doss, 2013).

### **Gender gaps in education**

As governments have been investing in education around the world, in most countries primary school enrolment is almost becoming universal and especially girls and women's educational attainments have improved substantially. While women are more educated today than ever before in history, they are still less educated than men in most countries around the world (Evans, Akmal, et al., 2021)

### **Returns to education**

While the theory as outlined above is clear, the impact of education on economic well-being in general and women's economic empowerment in particular remains an empirical question. Peet et al. (2015) examine the associations between years of schooling and labour market incomes. Returns to education vary

substantially by gender and across regions with higher returns for females than males and in Africa and Latin America compared to Asia and Eastern Europe. Returns of education are almost always higher for women than for men which has been explained by the fact that women on average have lower levels of education than men (Schultz, 2002), and education potentially reducing discrimination against women in the labour market (Dougherty, 2005). Education allows women to catch up with men and to reduce the gender wage gap. Returns to education differ by education type. Specifically for 12 countries in Africa, Barouni and Broecke (2014) measure that primary education has a return to education of 7-10%, and both secondary and tertiary education have returns to education 23-30%. This means that each additional year of primary education is associated with a 7-10% increase in earnings, and that each additional year of secondary education is associated with a 25-30% increase in earnings.

### **Making schooling affordable**

There is promising evidence from school meals especially in food-insecure regions to improve girls' test scores (Aurino et al., 2023; Azomahou et al., 2019) and school construction programs in Burkina Faso and Benin enabling young women to postpone marriage and childbearing (Deschênes and Hotte, 2024; Ingwersen et al., 2019). Similarly, the elimination of school fees has been shown to enable women to get married later, to reduce their fertility and to invest in the health of their children (Keats, 2018). In line with these findings, conditional cash assistance for girls in secondary school reduced their risk of early marriage, delayed childbirth and led to positive impacts on the beneficiaries' children with an increase in women's empowerment as the main mechanism (Musaddiq and Said, 2023) and similar impacts of the Female Secondary School Stipend Program in Bangladesh and Ghana (Duflo et al., 2021; Hahn et al., 2018).

Transport costs (both in terms of time and money) can be reduced when girls are provided with bicycles. The provision of bicycles in India and Zambia reduced the gender education gap through reduced commuting time and improved safety (Seebacher, 2023, Muralidharan and Prakash, 2017; Fiala et al., 2022). In contrast to these promising examples, conditional and unconditional cash transfers have been shown to improve school enrolment and school attendance but have only very small impacts on test scores (Baird et al., 2014).

For children that have been out-of-school, the Strømme Foundation has been implementing a Speed School program to enable their return to formal education. Several evaluations of this program show positive effects. Children who were provided access to the program in a randomized controlled trial were more likely to be literate, to have better numeracy skills, and to continue with secondary school due to the program. Despite large impacts on educational and learning outcomes, no impacts were found on attitudes towards the appropriate age of marriage or gender equality (Kielland et al., 2023).

### **Making schooling locally available**

School construction programs can have impacts on women that differ from the impacts on men. The Indonesian school construction program improved labour market outcomes for men and marriage market outcomes for both men and women but only households of exposed women benefitted in the long-term in terms of having higher living standards and increased secondary and tertiary school rates for children in the household. The positive impacts on children may also stem from educated mothers being more likely to spend their time on educational activities at home for instance helping their children with homework (Andrabi et al., 2012). Along these lines, university construction programs had long-lasting impacts on women's labour market and marriage outcomes in Egypt where the establishment of a local university increased the share of women completing higher education, increased female labour force participation, reduced early marriage and fertility and enhanced women's intra-household autonomy in decision-making (Elsayed and Shirshikova, 2023). Long-term impacts on women can have intergenerational impacts on children with respect to health and education as children's outcomes are more strongly associated with mothers' than fathers' education levels (Schultz, 2002).

### **Enrolment vs. learning**

An important caveat is that school enrolment alone may be insufficient to ensure that children learn and acquire skills relevant for the labour market. Bold et al. (2017) review the existing evidence and conclude that learning is lagging behind in particular in sub-Saharan Africa but also other part of the world where teachers "teach too little, and [...] lack necessary skills and knowledge to teach effectively when they do teach" (p. 200). Especially teachers lacking competence explains why students in advanced grades of primary school are unable to complete tasks that are meant for students in the first or second grade of primary school (Bold et al., 2019). More recent work therefore examines how learning and the returns to education could be improved. As such Glewwe and Muralidharan (2016) demonstrate that government spending on standard educational inputs such as textbooks or teachers is unlikely to effectively improve learning outcomes. Similarly, De Barros et al. (2024) show that the promotion of activity-based instruction through the provision of teaching materials and teacher training as well as community-based contests have only very small and insignificant impacts on learning. Binding constraints that need to be addressed include outdated pedagogy which has been focused for too long on completing textbooks instead of learning and governance issues in which teachers are not held accountable (Muralidharan, 2017).

## **6.8. Provision of childcare**

Women's labour force participation is important for women themselves, their households, and the economies they live in. At the individual level it improves their economic agency and empowerment (Anderson and Eswaran, 2009), at the household level, it helps to alleviate risks with diversified income sources (Blundell et al., 2016) and for the whole economy it has been shown that women's labour force participation significantly contributes to economic growth (Hsieh et al., 2019) and reduces inequality and extreme poverty (Díaz and Rodríguez-Chamussy, 2016), as we have discussed in some detail above. As women, especially in developing countries and in contexts with rigid gender norms, tend to assume the

primary responsibility for unpaid childcare at home, women's labour supply is a function of women's childcare responsibilities (Becker, 1965, 1985). The provision of childcare could therefore have important impacts on women's labour force participation and women's economic empowerment. Much more often than men, women mention domestic and childcare responsibilities as the main reasons for not engaging in the labour force (Addati et al., 2018) and women business owners tend to adjust the type of work, the industry and the location of their work to be able to combine work and childcare (Delecourt et al., 2022).

## Evidence

As mothers assume the primary responsibility and high-quality childcare is often either unavailable or very expensive, coping strategies include involving older siblings and other family members, bringing children along to work (Delecourt and Fitzpatrick, 2021), working fewer hours and leaving children alone without any adult supervision (Samman et al., 2013). The meta-analysis by Halim et al. (2023) shows that for 21 out of 22 evaluations improved access to childcare increased female labour force participation both in terms of whether women work and how much women work. Evans, Jakiela, et al. (2021) examine the impact of early childhood development interventions and similarly summarize positive impacts for access to daycare on women's employment in Brazil, Ecuador, Kenya, and Nicaragua.

One relevant example is the provision of a voucher for one year of childcare in Vietnam which enabled women to increase their employment and to switch to better jobs in the service sector with more regular working hours (Clark et al., 2019). In Nicaragua, mothers that were encouraged to use a public childcare programme were 12 percentage points more likely to work (Hojman and Lopez Boo, 2022), and in Chile, childcare provided to older children through after-school programs increased mothers' employment as well (Martínez and Perticará, 2017).

Against most studies showing positive impacts of childcare on women's labour supply in terms of number of hours women work, Bjorvatn et al. (2022) show that households' labour income increases due to women's self-employment becoming more productive. Women work the same number of hours as before but earn higher revenues when offered childcare. This is in line with research showing that keeping a child at the place of business is linked to lower profitability in female-owned businesses in Uganda (Delecourt and Fitzpatrick, 2021).

## Low-cost solutions

Childcare organised by communities in developing countries could provide a low-cost solution. Donald et al. (2023) examine their potential in the context of the Democratic Republic of Congo and find that the take-up of community-organised childcare is high even when just newly opened and that the provision of childcare improves women's productivity in agriculture as well as their engagement in non-agricultural wage work. Similar evidence stems from Burkina Faso, where also community-based childcare increases female employment (Ajayi et al., 2023).



## Summary on childcare

Overall, the existing evidence shows that women demand childcare, and that childcare provision can have important impacts on whether women work, how much they work, how much they earn and the quality of women's jobs.

## 7. Conclusions

Norway has a goal of contributing to female employment in poor countries by way of supporting the private sector. The private sector in poor countries is quite different from Norway. The majority of the poor are smallholder farmers, with women participating on an (almost) equal footing with men. Women in addition do domestic work that tends to be time-consuming especially as the poor do not have easy access to water and other facilities. Beyond smallholder farming women are engaged in the informal sector, where they do petty trading, quite often selling farm produce, and other small-scale businesses. Women are also represented in the formal sector, including in manufacturing.

This wide range of occupations means that basically any development intervention may affect female employment. Any intervention that eases the burden of domestic work, such as access to electricity or drinking water, is likely to increase female employment. Interventions that improve child health is likely to do the same, as less time is needed to care for children. Similarly, childcare facilities will free up women's time. Improved education for children may, however, have a negative effect as children may spend less time in domestic and farm work, which women thus have to take on.

Beyond general development interventions, one may consider sector specific ones, starting with smallholder farming, the most important sector of employment for poor people. Improved productivity will lead to higher incomes, but also directly affect food security as production increases, and may also allow for a more varied food diet in the village. When it comes to employment, improved productivity may, or may not, save labour. The implications for non-farm livelihoods will depend on type of improvement in production, that is, whether it saves labour, and how this in turn affects local markets.

The non-farm informal sector is the second most important for poor households. A large part of recent impact evaluations focuses on interventions that may help women in this sector. These interventions target the need for microfinance, access to assets, vocational and entrepreneurship training and other forms of education. We will summarize the impacts below.

Both smallholders and the informal sector have received increasing attention recently, although there is a continuous debate on what sectors should get the focus during structural transformation. With people moving between sectors, interventions in one sector will also affect the other. So, if we help the poor where they live, mostly in remote villages, it will likely also benefit the urban sectors by providing more able labour, as well as demand for the final produce.

Many policy makers still have a focus on the formal sector. This may be motivated by the fact that a growing economy will go through a structural transformation where the formal sector will dominate in the end. This does not imply that manufacturing will dominate, in fact the service sector is the largest in most countries, independently of income levels.

Any intervention in support of the private formal sector that aims to increase female employment should focus on labour intensive industries that tend to hire women. Such interventions will include measures to ease market access and improve necessary infrastructure, such as transportation and electricity. Industrial policies, such as industrial parks, may lead to new income possibilities for women, but measures to maintain decent working standards are essential.

More capital may be needed in markets with high interest rates, which is the best indicator of undersupply of capital. But one should keep in mind that the underlying information constraint that keeps private lenders out of a particular market will also apply to any development agency that considers providing credit. Development banks, or agencies, thus risk competing with other credit institutions, or informal moneylenders, that are better informed than themselves, and thus better placed to pick potential winners. This is the case for both urban and rural areas.

In remote villages there are additional problems, as the poor meet multiple constraints, and a combination of interventions is needed to help them out of poverty. Microcredit, which has been a popular intervention, may ease the life of women and their households in the short run, but evidence indicates that there is no transformative effect on the local economy. Multifaceted interventions, in contrast, are found to have long-term impacts. These programs include cash grants, assets, such as livestock, training in the use of the assets, microcredit, insurance, nutrition, and may include basic health and education.

Financial inclusion, microfinance programs and business trainings alone have thus been shown to have rather limited impacts but tend to be more effective when either designed to directly address binding constraints that women targeted by the program are likely to face or when combined with gender-based components such as interventions focused on reproductive health. Job skills trainings have been shown to be more effective when they teach skills that are demanded in the local economy and consider specific difficulties that female participants may face.

Making schooling affordable through school meals, school buildings and eliminating school fees has been shown to enable girls to attend school more regularly, to attain higher levels of education and to postpone marriage and childbearing. However, there is still a lot of scope to improve learning and ongoing research examines how learning and returns to education can be improved.

While childcare provision is only slowly expanding in developing countries, existing research shows that it can make an important difference to women's economic empowerment. Childcare has been consistently

shown to be demanded by women and to improve the share of working women and how much women work and, in some settings, also enabled female entrepreneurs to become more productive.

Overall, the existing evidence suggests that financial inclusion interventions and business skills trainings may help women to manage resources and in the case of business skills trainings to start a business but have more limited impact on long-term development. The effectiveness of jobs skills trainings depends essentially on whether the skills taught are demanded in the local labour market and whether the program is designed in a way that accounts for external constraints and rigid gender norms that women may face. Finally, both improvements in the provision of education and childcare seem to have to date the most relevant impacts. Access to affordable and quality education allows women to catch up in labour markets and to postpone marriage and childbearing while childcare can enable women to work more and to work more productively.

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This report is commissioned by the Ministry of Foreign Affairs. The report provides a critical review, based on existing research, of what private sector interventions may benefit women. The report discusses implications for reduction in poverty and inequality and to the extent possible the role of the Norwegian private sector. The report starts with a general discussion of what we may expect from private sector interventions. Then we describe some interventions supported by Norwegian development assistance. We end with a review of empirical evidence on what interventions may work. The review focuses on available causal evidence and is thus not restricted to Norwegian development assistance. The evidence is still relevant for interventions supported by the Norwegian private sector.

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