

Investing in the Future

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Investing in the potential of women and girls is one of the smartest investments that any country can make. Women are critical to driving economic growth and they are vital to creating stable societies. There is an abundance of data demonstrating the dynamic impact that economically empowered women have. The World Economic Forum (WEF) publishes an annual Gender Gap Report. Why would WEF particularly focus on gender gaps? This report clearly illustrates that countries with three key indicators—providing access to education for women and girls, access to healthcare, and having women's full political and economic participation—are the same countries that are far more prosperous and have made greater economic progress.

US Secretary of State Hillary Clinton is a longtime champion of women's rights. I have been privileged to join her at the State Department because I believe it is critical for the United States to work with other nations to promote women's economic empowerment by increasing women's access to the financial services, markets, technology, and mentoring that will help them build their businesses. At the State Department, we are developing cross-cutting programs designed to remove barriers and empower women to reach their full potential.

The African Growth and Opportunity Act (AGOA) is one program through which we are striving to meet these objectives. Enacted in the mid-1990s as part of then-President Clinton's 'trade not aid' agenda, AGOA is designed to increase trade between the United States and sub-Saharan Africa. AGOA establishes duty-free access to US markets for exports from sub-Saharan African countries that demonstrate progress in economic, legal and human rights reforms. AGOA provides a comprehensive plan to build entrepreneurship in Africa. I have seen the benefits it has brought to women and I see ways we can use it to do more.

Experience has shown us that empowering small and medium-sized enterprises (SMEs) is the best way to create jobs, stimulate economic development, and increase trade capacity. USAID is partnering with private-sector led trade associations, donor agencies and national governments to build trade capacity. We have also created trade promotion agencies throughout Africa that work with individual entrepreneurs to help them build their businesses, and USAID builds trade associations for in-country support and networking. One example is the East Africa Trade Hub that works with businesses and governments to use AGOA effectively by identifying barriers—such as poor infrastructure—and helping to find solutions.

If you walked by Macy's Midtown Manhattan store in fall 2005, you probably saw Rwandan Peace Baskets for sale. These baskets were made by a company in Rwanda called Gahaya Links which employs thousands of weavers who are organized into small weaving communities throughout the country. Through assistance from the East Africa

Trade Hub, the Gahaya Links company was able to access technical assistance in product design, marketing, and pricing. With financial support from the Hub, Gahaya Links representatives attended a trade show where Macy's picked up their product. After purchasing Gahaya Links' entire inventory of baskets, Macy's sold all of the baskets within a few months. Macy's continues today to sell Gahaya Links products.

Gahaya Links baskets are made by Hutu and Tutsi women, working together to produce income for their families. For women who used to get by on less than one dollar a day, the money they earn from participating in the project is now used to buy food and healthcare and to provide an education for their children. The lives of over 18,000 children have been positively impacted by this single business. Families can now afford school fees, supplies, uniforms and shoes. Their children can have a full breakfast before heading off to school. Public health is also improving in these communities because families are now able to afford water purification and mosquito netting.

The less tangible effects of economically empowering women are equally compelling. The women take pride in their work and attain a new status in their families and communities. We have seen a change even for a group of weavers who had tested HIV positive and were being stigmatized by their communities. Now, these weavers are respected for earning an income.

We believe that promoting AGOA does not extend only to the exporters, it means helping actors throughout the supply chain. In West Africa, a budding shea butter industry is employing hundreds of women. Our experts at the Trade Hub in Ghana are working with farmers and manufacturers across the region to improve the quality of the shea butter and expand market and financing access.

With AGOA, the United States has recognized the power of Africa's entrepreneurs, and I believe the women of Africa will be the shining stars under this program. In conjunction with the 2010 AGOA Ministerial, we created a program called the African Women's Entrepreneurship Program (AWEP). We want the AWEP program to give women the tools and skills they need to build better businesses and begin exporting more goods to the United States. Through this program, we invited one woman from each AGOA-eligible country to Washington, DC and Kansas City, Missouri in July/August 2010 to participate in two weeks of training, networking and information sharing.

In Washington, DC, the AWEP participants met with representatives from federal agencies to learn more about the AGOA legislation and identify how their businesses could benefit from exporting under the program. Civil society leaders led roundtable discussions on the challenges of exporting to the United States and helped identify solutions. In Kansas City, the women met with local business leaders and entrepreneurship professionals to discuss practical advice on how to develop their companies. The AWEP participants networked with buyers at a trade show and discussed the business environment with local government officials.

Access to financing is still a critical barrier for women entrepreneurs. Even though women comprise the majority of agricultural workers in Africa, they receive less than ten percent of all credit going to small farmers, and one percent of the total credit to the agricultural sector. In Uganda, only one percent of land is owned by women and, without land ownership, women have been unable to access collateral-based loans. To help address this problem, we are encouraging banks in East Africa to provide loans to women—currently considered to be high risk borrowers—by guaranteeing loans to women-owned SMEs. This temporary safety net gives banks the opportunity to see the market potential of loaning to women-owned SMEs. The International Finance Corporation is working with Ugandan banks to offer loans to women so they can buy land where the land itself can serve as collateral.

We are finding that women pay back their loans at a higher rate than their male counterparts. In Togo, for example, women have organized themselves into an organization that acts as a guarantor for other women entrepreneurs. There is still more that needs to be done. Women need better access to other forms of financial services such as savings accounts, insurance, and remittances regimes that would allow them to have financial identities and be part of the global financial system. By working concurrently to open up the market, address barriers and build the capacity and skills of women entrepreneurs, we believe women's economic growth will flourish and help strengthen their communities.

Our newest program is the mWomen Initiative (m for mobile), an unprecedented partnership with global mobile service providers that will supply women in developing countries with low-cost cell phones and related services, allowing them to access information and financial services, conduct business, and form strong business networks. We also support educational programs such as textile training and evening computer classes to prepare women to engage in the global marketplace.

Women's economic growth reduces poverty and correlates with decreases in corruption and violence. When women earn more, household poverty rates decline and women are more likely to contribute directly to their children's development and their family's well-being. By investing in the health and education of their children, women are improving their nation's economic potential. Each additional year in school raises a woman's earnings by about 15 percent (compared to 11 percent for a man). Through economic empowerment, women can take more control over their own lives, make better choices for their own futures, and they are better-positioned to escape situations of violence.

In societies where women's roles are limited—where girls are not able to attend school, earn a living, or make decisions about their future—poverty and political oppression are greater perils. Poor families have fewer resources, fewer incentives for the future, and little motivation to invest in their daughters. Without access to economic opportunities, girls often have no choice other than to marry young and have children; thus, continuing a cycle of poverty.

The low status accorded to girls in such situations is reflected in an old Chinese poem that sadly summed up the lack of value placed on the girl-child in the eyes of her society:

*We keep a dog to watch the house,
A pig is useful too,
We keep a cat to catch a mouse,
But what can we do
With a girl like you?*

Programs such as AGOA build on the belief that we should empower people to change their communities for the better. By empowering women business owners, we offer the opportunity for women to play a greater role in strengthening their families, their communities and their nation.