

Poverty - Environment Initiative (PEI) Lao PDR
Issues Brief 03/2010:

Investment and women's economic empowerment



This issues brief series is developed by the Poverty-Environment Initiative of Lao PDR to address poverty and environment issues in the current development and national planning processes. The purpose of the briefs is to provide evidence-based information and practical policy options to support transformation of the Lao economy towards a sustainable pro-poor development path.

Past publications:

01/2010: Poverty reduction and environmental management: Joint development goals for sustainable growth

02/2010: Poverty-Environment Indicators for monitoring and evaluating sustainable growth goals

Future publications will address the following issues (amongst others):

- Economic, social and environmental impacts of key investment sectors (Biofuels, Plantations, Mining, Timber extraction and forestry, Hydropower)

BRIEF Lao PDR has made steady progress in promoting gender equality and promoting women's participation in the economy and other arenas. The Government of Lao PDR has a set of laws and policies, as well as recourse to the Constitution, to promote the status of all women and to ensure the equal rights of all in the political, economic, social and cultural spheres.

Nevertheless, gender differences still remain, particularly between urban and rural areas and between different ethnic groups. Further, a number of challenges still limit Lao women in general, in their ability to fully benefit from, and join in investments. As noted above, for rural women and certain ethnic groups, the challenges are even greater.

Women play an important part in the economy, workforce, business sector, communities and families of Lao PDR. Gender equality is a development goal in its own right, shown by its inclusion in the Millennium Development Goals, but gender equality also helps to promote economic growth and benefit other development goals.

As investment is a key element in economic growth and development strategies, it is important to make sure that women share in its benefits and are not disadvantaged by investments flowing into the country.



Photo: IUCN Lao PDR

1. Why is gender equality important for socio-economic development?

Women play an important part in the economy, workforce, business sector, communities and families of Lao PDR. Gender equality is a development goal in its own right, as evidenced by its inclusion in the Millennium Development Goals (MDG's) and the Committee on the Elimination of Discrimination Against Women (CEDAW). However, there are also a number of ways that gender equality helps to promote economic growth and benefit other development goals:

- Women's economic empowerment can help to fight poverty. There is a large body of evidence, particularly at the microeconomic level, that gender inequality reduces growth potential, productivity and economic performance¹. Research suggests that between 0.4-0.9% of the differences in growth rates between East Asia and Sub Saharan Africa, South Asia and the Middle East can be accounted for by the larger gender gaps in education prevailing in the latter regions².
- Ending barriers to women's participation in the labour market also has a positive effect on poverty reduction.³
- Women who are employed or are entrepreneurs are more likely to hire more women and are more likely to spend income on family welfare and their children, further promoting socio-economic development⁴.
- Gender inequality in education can also have further implications for development goals, such as preventing progress in reducing fertility and child mortality rates.

2. Women in Lao PDR and challenges for gender equality in investments

More than 50% of Lao PDR's population of approximately 6.2 million people is female. Lao women make up more than half of the country's agricultural

¹ International Finance Corporation & AusAID. 2010. *Gender and Investment Climate Reform Assessment: Pacific Regional Executive Summary*. Washington, USA.

² Klasen, Stephen. 1999. "Does Gender Inequality Reduce Growth and Development? Evidence from Cross-Country Regressions". The World Bank Development Research Group.

³ Costa and Silva. 2008. "The Burden of Gender Inequalities for Society". *Poverty in Focus*, No.13, International Poverty Centre.

⁴ Nasr, Sahar. 2005. "Gender and the Investment Climate in Egypt". *Presentation at Women in the Economy Conference, Cairo, Dec. 4th, 2005*.

Box 1. Gender concepts and definitions

Gender refers to the differences between women and men within the same household and between cultures that are socially and culturally constructed and that change over time. These differences are reflected in the roles, responsibilities, access to resources and basic services, constraints and opportunities, perceptions, etc, held by both women and men (Moser 1993).

Gender versus Sex. Gender is created by society (socially constructed), while sex pertains to the natural/biological and physical differences between women and men. For example, it is sex that determines that women should become pregnant and bear children, but it is gender relations that make sure that it is women who take care of the children, which is something that men can also do.

Gender equality refers to equality of opportunity, including equality of rewards for work done, equality in access to resources and to basic facilities such as health care, education and employment. It also implies equal opportunity to participate, make decisions, influence and contribute to the development process (World Bank, 2001)

(Source: GRID. 2005. *Lao Gender Profile*)

workers and have one of the highest rates for economic participation among developing countries (70%)⁵. Women in Lao PDR are traditionally responsible for the family's finances, food security and health. They are also active in the informal business sector, with some 53% of household businesses owned by women.⁶

In national policy, Lao PDR is committed to the promotion of equality between men and women. This is reflected in the country's Constitution, National Growth and Poverty Eradication Strategy (NGPES), laws and regulations such as the *Law on Women's Development and Protection* (2004) and institutions like the Lao Women's Union (LWU), which was established in 1955 and National Commission for the Advancement of Women (NCAW), established in 2003. Lao PDR has also ratified a number of international conventions including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW 1981) and

⁵ The World Bank. 2010. *Lao PDR Country Policy and Institutional Assessment 2010*. Vientiane, Lao PDR

⁶ The World Bank, 2010.

the Beijing Platform for Action (1995)⁷. At about 25%, Lao PDR has the second highest proportion of women in parliament (the National Assembly) in the region. That said, women remain under-represented in provincial and district authorities, and village level committees are almost entirely male⁸. Less access to education and traditional gender-roles in certain ethno-linguistic groups may be contributing factors.⁹

Lao women continue to have lower levels of literacy and access to education, especially in higher level education, which is accentuated among the different ethnic groups and in rural areas¹⁰. At the primary school level, the gap is relatively small, at 2% in 2009/2010. The gender gap increases at higher levels of education and girls make up a larger proportion of the people who have never been to school: 17% of girls compared to 11% of boys¹¹.

Access to education is related not only to gender, but also to ethnicity and location. For example, in 2003 the boy/girl primary school enrollment rate for Lao-Thai children was 90.4%/91.9% in urban areas and 82.1%/80.7% in rural areas. For Sino-Tibetan children, the boy/girl enrollment rate was 86.5%/100% in urban areas and 38.7%/32.7% in rural areas.¹² In terms of overall literacy rates, there is still a gap nationwide. According to one study of self-reported literacy, 78.7% of females aged 15-24 were literate, compared to 89.2% of males¹³.

Despite their relatively high participation in the economy and workforce, Lao women still suffer certain disadvantages in business, particularly in the formal business sector. Formalization of a business generally benefits both men and women, in terms of potential for growth and access to credit¹⁴. In the case of Lao PDR, women tend to be disadvantaged due to the following:

- Women have lower levels of educational attainment than men. Even if investments increase the number of well-paid jobs available, women may not have high enough credentials to be hired.



- Microfinance and other financial services for the poor are becoming increasingly formal and commercialized; as this happens, the barriers for women in trying to access credit and other basic financial services are reinstated.
- Women have a much higher burden of unpaid work than men, such as maintaining the home, looking after children, collecting water and firewood and gathering/producing food. This means they have less time for earning wages and setting up businesses.
- “Feminization of labour” means that women tend to be hired more than men in certain sectors, such as the garment industry. Although this offers benefits such as wages and greater independence to women, negative impacts have been noted. For example, the wage gap is rarely closed in such industries, as women are hired specifically because they can be paid less.
- Legal awareness remains low, particularly concerning laws that affect women, such as inheritance law. Enforcement of laws against trafficking and violence against women is still lacking and gaps exist¹⁵. For example, Lao PDR’s 2004 *Law on Development and Protection of Women* mentions domestic violence but stops short of suggesting it can be penalized. In cases where violence occurs among family members, the law insists on mediation among themselves or by a village mediation unit rather than prosecution. Sexual violence or rape of a spouse is also not considered a crime.

⁷ GRID, 2005. *Lao Gender Profile*; and The United Nations. 2009. *Millennium Development Goals Progress Report 2008, Lao PDR*.

⁸ GRID, 2005.

⁹ United Nations, 2009.

¹⁰ Messerli *et al*, editors, 2008. *Socio-economic Atlas of the Lao PDR - an analysis based on the 2005 population and housing census*. NCCR North-South, University of Bern, Bern and Vientiane.

¹¹ The World Bank, 2010.

¹² United Nations, 2008.

¹³ The World Bank, 2010.

¹⁴ IFC & AusAID, 2010.

¹⁵ GRID, 2005.

Box 2. Equality means business: women's empowerment principles for the private sector

According to UNIFEM and the UN Global Compact, empowering women to participate fully in economic life is essential to building strong economies, establishing more stable and just societies, achieving goals for sustainable development, improving quality of life and propelling businesses' operations and goals. Through broad consultation, these organisations came up with a series of principles that businesses can use to analyse their actions and report on their performance:

- Establish high-level corporate leadership for gender equality.
- Treat all women and men fairly at work – respect and support human rights and non-discrimination.
- Ensure the health, safety and well-being of all women and men workers.
- Promote education, training and professional development for women.
- Implement enterprise development, supply chain and marketing practices that empower women.
- Promote equality through community initiatives and advocacy.
- Measure and publicly report on progress to achieve gender equality.

(Source: UNIFEM and UN Global Compact. *Women's Empowerment Principles*, http://www.unglobalcompact.org/Issues/human_rights/equality_means_business.html)

- Greater economic integration of Lao PDR and the South East Asian region has also brought increased migration within and between countries. There are risks associated with migration that make women and children particularly vulnerable, such as exploitation, falling prey to trafficking networks, sexual exploitation and HIV/AIDS and violence¹⁶.

3. Policy options - how to better share the benefits of investments?

Investment is not an end in itself; it offers benefits to both men and women but it must be managed to ensure that those benefits occur and are distributed evenly. There are a number of policy options and actions open to government agencies, development planners, the private sector and civil society to ensure gender is mainstreamed into investment considerations.

Fully utilize both the MPI's gender working group and the Lao Women's Union. By law, Lao government ministries are required to establish gender working groups, strategies and action plans. It is important that the Ministry of Planning and Investment's gender working group, strategy and action plan are not only established but actively discuss and seek to redress barriers that limit women's ability to fully benefit from investment flows. These actions are further supported by the Lao Women's Union, which works with its membership

base and country-wide network to respond to women's development needs.¹⁷

Improving women's representation in decision-making bodies at all levels in Lao PDR will help to improve their participation in the economy and investments. Women's representation in decision-making bodies in Lao PDR is uneven, due to factors such as a lack of awareness and higher rates of illiteracy for women. To address this, village committees and kumbans (development cluster committees) could be required to include a quota of female representatives; companies and development agencies can also seek to redress the under-representation of women in their own projects, consultations and decision-making processes.¹⁸



¹⁶ GRID, 2005.

¹⁷ "Strengthening the Lao Women's Union and Preparing for a National Women's Machinery" (<http://www.unifem-eseasia.org/projects/Lao/lao.htm>)

¹⁸ United Nations, 2008.

Access to finance, including credit and financial services, as well as to information about business regulations and licensing, is of vital importance for encouraging female entrepreneurs. One option is investing in more women's credit, such as small and medium-sized enterprise (SME) finance or micro-finance groups that provide credit to women, and strengthening the capacity of the business associations that can provide support and information to businesswomen.

Set gender sensitive performance requirements for investors to further help maximize women's benefits from investments, such as for compensation, resettlement, local employment and alternative livelihood programs. Any incentives for investors and businesses that encourage a race to bottom in terms of labour, social, and environmental standards are to be avoided.

The collection and analysis of gender-disaggregated data will help to highlight the different impacts of investment on women and men. Gender disaggregated data can also be used to inform differentiated policy responses to the issues that affect both men and women.

Invest in women's education through improved access to education at all level, in particular in rural areas with ethnic groups, including awareness campaigns aimed at parents. For higher level education support grants may be necessary.



What is PEI?

The United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) support the Poverty-Environment Initiative (PEI), a program that aims to mainstream poverty and environmental issues into national level planning and development processes. The objective of PEI in Lao PDR is to ensure that the country's rapid economic growth generates inclusive and sustainable development. PEI supports the strengthening of institutional capacity in national development planning and private investment management, the development of guidelines for social and environmental impact assessments and the generation of evidence-based research on the social and environmental costs of land use decisions. The project is coordinated by the Ministry of Planning and Investment with project components managed by the Department of Planning, Investment Promotion Department, National Economic Research Institute and the Department of Environmental and Social Impact Assessments of the Water Resources and Environment Administration.

www.unpei.org/programmes/country_profiles/lao-pdr.asp

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This issues brief has been prepared by IUCN Lao PDR and GRID under the auspices of the Poverty-Environment Initiative.

IUCN, the International Union for Conservation of Nature, helps the world find pragmatic solutions to our most pressing environment and development challenges by supporting scientific research, managing field projects all over the world and bringing governments, NGOs, the UN, international conventions and companies together to develop policy, laws and best practice.

The world's oldest and largest global environmental network, IUCN is a democratic membership union with more than 1,000 government and NGO member organizations, and almost 11,000 volunteer scientists and experts in some 160 countries. IUCN's work is supported by over 1,000 professional staff in 60 offices and hundreds of partners in public, NGO and private sectors around the world. IUCN's headquarters are located in Gland, near Geneva, in Switzerland.

www.iucn.org

GRID, the Gender Resource Information and Development Centre, under the Lao Women's Union, is a focal point for gender information and mainstreaming in Lao PDR. The Centre aims to increase and enhance the gender information available to the public and policy-makers.

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The views expressed in this publication are those of the authors and do not necessarily reflect the view of the Ministry of Planning and Investment of Lao PDR.