

## The Impact of the Global Financial Crisis on Girls and Young Women

DSA talk, March 30, Nikki

Hard to follow. I have been working for the past 3 years on the state of the world's girls for Plan. Research on the possible effects of the financial crisis is only just beginning to emerge, mainly from the last CSW earlier this month, but we do know some things from previous smaller scale financial crises.

I am going to talk a bit about the dangers of the current crisis for girls and young women, why and how it affects them in particular and then look at the ideas we are developing in terms of recommendations.

Plan's research report: **Because I am a Girl: the State of the World's Girls** shows that girls and young women are often among the most vulnerable in their communities. Although things are improving, many millions of young women and girls still face significant discrimination - just because they are female and because they are young. In many of the world's poorest countries they are likely to be less well fed, less educated, and less able to make a living than their brothers.

Initial research from the World Bank, the International Labour Organization and for the Commission on the Status of Women seems to be showing that the financial crisis is likely to make their situation much worse. One of the potential impacts is an increase in infant deaths of between 200,000 and 400,000 a year.<sup>1</sup> A large proportion of these are likely to be girls: a one or more unit fall in GDP increases average infant mortality of 7.4 deaths for 1,000 births for girls and 1.5 deaths for 1,000 births for boys.<sup>2</sup> A UN commission of experts that it could lead to an additional 200 million people in poverty and an estimated 30 million more people will be unemployed in 2009 compared to 2007. We do not yet have the figures for how many are likely to be women, or in particular, how many young women. I guess we may never have them.

What we do know is that the current economic crisis may well jeopardise the progress that has been made on girls' education and on goals for equality. A recent study by the World Bank and the OECD notes that for the Millennium Development Goal of gender equality to be achieved by 2015, an investment of about \$13 billion a year is needed. As governments and institutions look to cut budgets, this kind of spending may well be vulnerable.

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<sup>1</sup> Buvinic, Mayra, "The gender perspectives of the Financial Crisis" World Bank paper for the CSW March 2009

<sup>2</sup> Baird, S., J. Friedman, and N. Schady. 2007. "Aggregate Income Shocks and Infant Mortality in the Developing World." World Bank Policy Research Working Paper No. 4346.

The global financial crisis will be the first major recession where females constitute a substantial part of the working population, risking a feminised recession in many countries.<sup>3</sup>

Evidence from financial crises in the past has shown that there are different effects at different times on men and women. The initial effect in the developing world is on those, mainly young women, working in export-oriented industries. There is also a drop in remittances from abroad as many migrant workers return home. In addition, lending for micro-finance is tightened up which affects women in particular.<sup>4</sup>

A secondary effect is then felt as men lose their jobs and more women join the workforce to improve household income. This means young women having to stay at home to look after their siblings when their mothers go out to work.<sup>5</sup>

The impact of this current global crisis is likely to affect young women differently from young men because:

- a) Due to the increased **burden at home**, young women and girls may be pulled **out of school** to help at home. Once they have left, evidence shows that they rarely return. This has an impact not only on that particular young woman's future but also on GDP. Development economists have found that an extra year of schooling beyond the average boosts girls' eventual wages by 10 to 20 percent. When girls miss out on school, the spiral of poverty deepens.
- b) It is women, young women and girls who do most of the **unpaid and unacknowledged** work and this is likely to increase with a downturn in government services.
- c) Young women may be seen as **easier targets for losing their jobs**, because it is assumed their husband or father is the main wage earner.
- d) Young women working in **export-processing zones or businesses** with a global reach are likely to be affected where the workforce is 75 to 80 percent female. In the Philippines, the National Alliance of Women has found that seven out of 10 workers being laid off due to the impact of the financial crisis are women. 100,000 new jobs in the export-based textile industry, of which up to 90 percent are women living in poverty, may be under threat.
- e) Many young women work in small-scale enterprises where their jobs are outside the formal regulated sector; their employment is **characteristically insecure and excessively flexible**. On contractual or part-time work with little legal or social protection, young women tend to be the first to lose their jobs and the last to be rehired.

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<sup>3</sup> <http://www.guardian.co.uk/lifeandstyle/2009/jan/18/women-credit-crunch-ruth-sunderland>

<sup>4</sup> Microcredit Summit Campaign Report 2007.

<sup>5</sup> Buvinic, Mayra, 'The gender perspectives of the Financial Crisis' World Bank paper for the CSW March 2009

- f) Millions of young women work in the **informal economy**, where there are likely to be unforeseen economic impacts due to rising food prices and smaller markets and where they experience low pay, poor working conditions and lack of protection. This means the financial crisis will affect young women who are already on the margins of society.
- g) **Migrant workers** . an increasingly young and feminized workforce . are already being sent home as their companies retrench. In 2008, World Bank projections showed that remittances were already beginning to fall.<sup>6</sup> Latin America has seen a slowdown in the amounts being sent home from those living abroad. This has an effect on national economies, especially in countries like the Philippines where remittances make a major contribution to GDP - in 2007 overseas workers, who make up around 10 percent of the population, sent home \$14.5 billion.<sup>7</sup> At least half the migrants are women, often young, working on contract or as domestic workers.

In the current global financial and economic crisis, it is more vital than ever that young women's economic participation does not shrink, but is in fact seen as an opportunity to make headway

### **What can be done?**

As many people have said, the current global crisis is also the opportunity to ensure that international commitments are adhered to and addressing poverty and related issues prioritized. Now is the time when the international financial institutions and other economic agents are poised to listen and to take stock. As they do so, the needs of girls and young women must not be ignored.

1. **Keep girls and young women in mind** when designing both macro and micro economic policies. If young women and the targets for girls' education and equality are not to be the victims of the global recession, policymakers at government and international level need to consider the gender and age implications of the crisis before it is too late. Fiscal stimulus packages should take young women's needs into account, both in terms of employment and in order to reduce their care-giving responsibilities and boost education. Public expenditures for health, education, and other services should not be cut back but rather should be protected and increased.
2. **Do not compromise on equality goals** Ensure that the Millennium Development goal of equality and equal access to education is not compromised in times of financial belt-tightening. Attaining the goal of equality between men

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<sup>6</sup> Buvinic, Mayra, The gender perspectives of the Financial Crisis World Bank paper for the CSW March 2009

<sup>7</sup> <http://www.poea.gov.ph/stats/stats2007.pdf>

and women, girls and boys is crucial for the development of society as a whole as well as individual development.

3. **Prioritize girls' education** Ensure that girls' education continues to be a priority at international, national and family levels by increasing investment, making cash transfer programmes conditional on girls staying in school, as is currently the case with the Oportunidades Programme in Mexico.
4. **Maintain aid budgets and finance that helps young women** Protect poor women, and especially poor young women, by ensuring that aid budgets are maintained along with global priorities for development. This includes supporting projects that benefit young women such as microfinance. Earlier this month World Bank Group President Robert B. Zoellick and German Development Minister Heidemarie Wiecek-Zeul set an example by launching a \$500 million facility to support microfinance institutions which are facing difficulties refinancing as a result of the global financial crisis. This will help to ensure that low-income borrowers, who are often women, in developing countries continue to have access to finance.<sup>8</sup>
5. **Ensure that social services are not compromised** when cuts are made. Priority should not just be given to big infrastructure projects but also to social investments in health and education which reduce the pressure on unpaid work for women. Lessons could be learned from Argentina's recovery from its 2001 crisis. The government's policies included not only infrastructure projects but pro-poor public expenditure policies. As a result, poverty was reduced from 56 percent in 2001 to 20 percent in 2002 and unemployment from 30 percent to seven percent.<sup>9</sup>
6. **Maintain investment in young women's work opportunities in order to mitigate the negative effects of the crisis.** Increasing young women's incomes in poor households must be seen as a priority strategy. Expanding economic opportunities for young women should be a focus of public works, employment schemes and financial sector operations where young women are explicitly targeted and that the work they obtain is designed to enhance their protection and empowerment. Economic empowerment programs for young women are often small focused pilot projects. What is needed now is a concerted, broad strategic investment in young women's economic capacity and potential.
7. **Continue to invest in women's leadership.** A report by Ernst & Young, timed to coincide with the World Economic Forum in Davos, argued that struggling economies need to encourage efforts of women as leaders, entrepreneurs and employees. The power is in the purse strings, Catalyst Consulting CEO Ilene H.

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<sup>8</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22058084~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

<sup>9</sup> <http://www.economicsofcrisis.com/Readings/Fukuda.pdf>

Lang told *Consultant News*. *What's good for women is good for men, business and the global economy.*

8. Carry out research into the links between the financial crisis and young women's **vulnerability to gender-based violence**.
9. **Disaggregate research by gender and age** Now more than ever, research needs to disaggregate by gender and age. We need to know just how the financial crisis is affecting women differently from men, and boys from girls.
10. Continue to **monitor and evaluate** macro-economic policies and programmes and social spending from both a gender and age perspective to ensure that young women's needs are addressed during the current crisis.

At a summit meeting on the US financial crisis, Brazilian President Luiz Inacio Lula da Silva said *We must not allow the burden of the boundless greed of a few to be shouldered by all.* I would add, particularly not by girls and young women, the most vulnerable of all but also the key to the future of our world.  
Thank you

Nikki van der Gaag, March 2009