



## SPOTLIGHT ON PUBLIC POLICY

### THE UNITED STATES

#### **THE WOMEN'S ENTREPRENEURSHIP AND ECONOMIC EMPOWERMENT ACT**

Recognizing the importance of women's economic empowerment and financial resilience in addressing global poverty, the United States passed a law mandating a gender-sensitive approach to international development. The Women's Entrepreneurship and Economic Empowerment Act (the WEEE Act), which was tabled in 2018 and passed unanimously in January 2019, requires the US Agency for International Development (USAID) to ensure that all of its work is scrutinized to assess the impact on women. USAID must ensure targeted assistance to women and monitor its activities to ensure that women benefit from its work.

The WEEE Act expanded the US Government's international support for microenterprises and small- and medium-sized enterprises (SMEs) through microfinance, including microcredit, programmes. It also ensures special assistance for businesses that are owned, managed, or controlled by women. Previously, such support was primarily limited to microenterprises. The Act will also expand support for programs related to improving women's access to financial resources, property and inheritance rights, and other legal protections.<sup>1</sup>

#### KEY FEATURES OF THE WEEE ACT

The WEEE Act, passed in 2019, mandates that all USAID work is subject to a gender analysis and gender equality is integral to everything it does, from planning and project design through to measurement and evaluation.

The Act makes it a legislative requirement that USAID report on how much of its assistance targets and benefits women.

SMEs, considered key for driving economic growth, will receive special assistance as part of this Act, with half of resources for programs for SMEs reserved for enterprises owned, managed, or controlled by women.

The Act also expands support to improving women's access to financial resources, as well as property and inheritance rights.

## GENDER EQUALITY AND ITS ECONOMIC IMPACT

Gender inequalities across the world severely hamper women's access to economic opportunities. Yet, economic growth is reliant on women's active participation in the economy through entrepreneurship and decent work. The WEEE Act draws on evidence that increasing women's influence over household finances improves their economic participation, as well as childhood survival rates, food security, and educational achievement. It also refers to a 2016 McKinsey study which estimated that:

Achieving global gender parity in economic participation could add as much as \$28 trillion to annual global gross domestic product.<sup>2</sup>

Reflecting the fact that gender equality and economic progress are inextricably linked, the WEEE Act requires that all USAID work is subject to a gender analysis and gender equality must be integral to everything it does, from planning and project design through to measurement and evaluation. As women's employment rate, access to financial services, enterprise development, property and land-ownership, etc.

The WEEE act requires that standard indicators be used to measure performance and gender disaggregated data collected to monitor progress on goals such

## ADDRESSING GENDER BARRIERS

For many years, USAID has offered support, including financial assistance in form of small loans without collateral to small-scale entrepreneurs around the world with the aim to reduce poverty in low-income countries. Through its work, the agency has learned that most microcredit borrowers, many of whom are women, remain in poverty. In response, the WEEE Act has expanded support to SMEs, which are far fewer in number as compared to microenterprises and large firms but represent "the missing middle" for women's enterprises growing and moving up the economic ladder. SMEs create four out of five new jobs in emerging economies, and are key to driving economic growth, particularly companies owned and managed by women.<sup>3</sup>

The USAID has also long supported efforts to promote women's equal land and property rights. This is important given that land and property rights reduce poverty, trigger economic growth, increase food security, and promote women's autonomy and safety.<sup>4</sup>

There is a significant difference between the role women play in food production and their land ownership rights. For example, women comprise 48.7 per cent of agricultural labour in sub-Saharan Africa, but only 15 per cent of agricultural landholders.<sup>5</sup> The USAID is therefore working on initiatives in 17 countries to promote women's land, property, and inheritance rights, and the WEEE Act has expanded both the scope and momentum of these efforts. Some of these efforts include providing support in terms of legal frameworks that expand women's land rights, such as owning, profiting from, using and inheriting the land, and improving women's legal literacy to be able to exercise these rights.

In addition, the WEEE Act seeks to encourage women's entrepreneurship by helping women understand government procurement mechanisms and ensuring that governments consider women-owned businesses as they purchase goods and services. It is estimated that over 30 per cent of GDP in developing countries constitute government spending, yet women entrepreneurs are largely excluded from this market. Helping women expand into this area could be a strong pathway to business growth.

## MONITORING AND EVALUATION

The WEEE Act made it compulsory for all US Government programmes overseas to include standard indicators and gender-based goals in their measuring and monitoring systems. It also makes it a legislative requirement that USAID report on how much of its assistance targets and benefits women, including in areas such as employment rate, access to financial services, earnings and income, etc.

## CONCLUSION

The WEEE Act seeks to address gender discrepancies and barriers across the world in a more targeted and expanded manner. Improving women's access to credit, financial services, resources, modern financial literacy tools, and land and property rights, will also help tackle some of the interlinked issues, such as the elimination of gender-based violence. It is noteworthy that the WEEE Act recognizes that women's entrepreneurship is essential to advancing the US's international development goals.

## ENDNOTES

1. S.3247 - Women's Entrepreneurship and Economic Empowerment Act of 2018, 115th Congress (2017-2018) <https://www.congress.gov/bill/115th-congress/senate-bill/3247>
2. McKinsey Global Institute, 2015. How Advancing Women's Equality Can Add 12 Trillion to Global Growth. <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth#>
3. World Bank, Small and Medium Enterprises Finance. <https://www.worldbank.org/en/topic/sme/finance>
4. Human Rights Watch, 2018. US Congress Should Back Bill Supporting Women's Economic Empowerment <https://www.hrw.org/news/2018/04/20/us-congress-should-back-bill-supporting-womens-economic-empowerment#>
5. Land-links, 2016. Fact Sheet: Land Tenure and Women's Empowerment. <https://www.land-links.org/issue-brief/fact-sheet-land-tenure-womens-empowerment/>
6. The International Trade Centre, 2014. Empowering Women Through Public Procurement. <https://www.intracen.org/uploadedFiles/intracen.org/Content/Publications/Women%20procurement%20guide-final-web.pdf>



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