“Women, Gender, and Financial Inclusion”

Policy Brief

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Introduction

Much of the institutions that form part of governing structures in African countries reflect gendered perspectives of notions such as freedom and development, thus resulting in a skewed perspective on the development of a country. African women often play second fiddle in matters such as redress, redistribution, and financial inclusion. There is a need to ask why and how this can be remedied through policy transformation and implementation.

Between the 7- 8th of September 2022, the Institute for Pan African Thought and Conversation, University of Johannesburg, South Africa hosted a 2-day conference titled “Women, Gender and Financial Inclusion” at the Protea Hotel Wanderers, in Johannesburg South Africa, to debate the gender budgeting response from all African countries on inclusive finance for women within the continent. The conference aims to advance sustainable women’s economic empowerment in line with the Sustainable Development Goals and Agenda 2063. The conference brought together women from all across the African Continent. Women from Uganda, Kenya, Malawi, Cameroun, Botswana, Rwanda, Cote’de Voie, Senegal, Congo, Nigeria, Ghana, Zimbabwe, Mauritius, South Africa, Lesotho, amongst many including African women living in the diaspora. These delegates represented women from all spheres of life- academics, government representatives, policymakers, civil societies, women entrepreneurs’ organisations, financial institutions, women in diplomacy, and students. In total, 750 physical and virtual delegates attended the 2-day conference. The meeting deliberated on challenges and opportunities for women’s financial inclusion and economic empowerment. The exchange of experiences led to practical policy considerations on women’s financial inclusion in Africa. We appreciate that African and women’s institutions continue to advance women’s economic empowerment which is central to building sustainable development and society. The partners for the event are; Women Economic Assembly (WECONA) South Africa, Commonwealth Business Women Network Africa (CWBN), African Association of Political Science. (APPS), International Organisation for Migration (IOM), UN-Women, South Africa, Byomire Inclusive Development Foundation Ltd, Nigerian Institute of Social and Economic Research (NISER), Sivio Institute, Inkomoko and African Entrepreneurs Collective, African Network for Young Leaders for Peace and Sustainable Development, African Unit for the Study of the United States, University of Pretoria (ACSUS -UP), Leeds Beckett University, UK, Leeds Trinity University, UK.

The conference commenced with an opening remark led by Ms Boniswa Madikizela, from the UJ Council Member, University of Johannesburg. The conference was organised by the Pan African Women Studies Unit Head, Dr Tinuade Adekunbi Ojo and the Pan African Women Studies Unit team engaged several speakers in the course of the two-day conference, which included: Amb. Dr Josephine Ojiambo- Honorary President to CBW Kenya, Minister

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Thoko Didiza- the Minister of Agriculture and Land Reform and Rural Development South Africa; Cllr Belinda Echeozonjoku- Member of the Mayoral Committee for Development Planning in the City of Johannesburg, Ms Lily Sanya- Chief of Mission to South Africa IOM UN Migration, Her Royal Highness Queen Violet Lupuwana- Exco and Chairperson at Transport & Logistics at WECONA, Dr Sophia Price- Head of Politics and International Relation, Leeds Beckett University United Kingdom, Ms Cynthia Chigwenya- African Union' Youth Ambassador for Southern Africa, amongst others.

The conference investigated the impact of gender-responsive budgeting on women's empowerment and gender equality in various African communities. The findings projected the analysis of the effectiveness of the countries' approaches. They shared lessons that different African economies, whether currently booming or struggling, can enhance or implement toward the financial inclusion and gender budgeting response at all structural levels.

Financial Inclusion and Gender Budgeting Response for Women.

Financial Inclusion and Gender Budgeting Response are two multidimensional concepts that embrace all disciplines and are measurable and relevant to public policy. African governments and financial institutions have tried to effectively implement strategies or measures that facilitate the integration of women's access to finance and women's empowerment. Nevertheless, the efforts cannot be reconciled with the current status of women. Even after a decade of African women in different communities being rated and ranked amongst the least financially literate globally, in line with Visa's 2013 international barometer, the situation remains the same[1]. Women continue to be subjected to abject poverty, inequality, and insecurity within the gender spectrum, despite financial services and policies on women's empowerment. The reasons may lie in a sound analysis of financial inclusion as a tool for women's empowerment and how this has worked or not worked which hurts the society as a whole. As reiterated in the meeting, gender disparities continue negatively impacting the sociopolitical and economic arena; and where inequality exists, there cannot be true freedom or development. Hence, the gendered notions of financial inclusion ought to be remedied. Policies must be set further in place on financial inclusion to protect and preserve women's security especially the women migrants who have been misplaced and continue to be excluded from the communities where they are refugees or relocated. For a sustainable society, financial policies that protect and empower women must be developed.

Gender Budgeting Responses also play a crucial role. This strategy presents the political and economic factors influencing budget allocation to women-oriented programs and projects in African communities. It investigates the impact of gender-responsive budgeting on women's empowerment and gender equality. For instance, it has been established that women's exclusion is measured in high rates of inequality and poverty, 'class fortification' and disconnection of the ruling and economic elites.

Most governments have abdicated their role in shaping economic structures under the influence of a neoliberal macroeconomic policy framework. They have enabled each person to participate and are self-reliant in the financial system[2]. This notion has reinforced existing

1 Khumalo, K. (2017). *Financial Exclusion a Challenge for South Africa Women, Saturday Star*. Available at: https://www.pressreader.com/south-africa/saturday-star/20170819/282260960577019

2 Berry, C.P. (2015). 'Citizenship in a Financialised Society: Financial Inclusion and the State before and after the Crash'. *Policy and Politics*, 43(4), pp. 509–525.

disparities because inherently capitalist principles still govern the economic environment, and this means that African women, in particular, remain marginalised according to the hierarchy.

The importance of financial inclusion conversations were emphasized at the WGFI conference, and she further probed into the institutions that have been fallow ground for entrenching gender disparities and understanding the intricacies of financial inclusion. This assisted in unpacking the possible reason financial inclusion is perceived as a window-dressing tool, albeit it can bring significant change. The conference further responded to the transformation debates regarding gender budgeting responses and dialogues that can inspired substantive change within the institutions so that gender disparities are encouraged. Contextual backgrounds from various African countries were highlighted as a framework to develop an environment that allows gendered notions of development to thrive. These conversations enabled stakeholders, such as policymakers, representatives from various women's organisations, and academics, to engage in meaningful and informative debates that yielded a transformative outcome.

The Role of Digital Finance in Global Economic Growth and the Gender Gap Challenge in African Countries

Digital finance has emerged as one of the fastest-growing financial services worldwide, primarily driven by the widespread adoption of mobile phones. This technological revolution has fostered an array of innovative digital tools, transactions, and services, contributing significantly to the GDP growth of numerous countries. The digitisation trend holds the potential to further augment the GDP of emerging markets by an estimated $3.7 trillion in 2025, resulting in job creation, increased investments, and enhanced overall productivity through global e-commerce platforms. However, a noteworthy disparity in the accessibility of digital financial services, particularly for women residing in impoverished and marginalised communities in various African nations. This gender gap is attributed to the lack of ownership of digital assets, such as smartphones, limited internet access, and a deficiency in digital literacy and transaction skills. Digital financial inclusion allows women to access financial services digitally using digital technologies such as mobile phones. Digital financial inclusion requires adequate access to innovative mobile phones and the internet. This is different in Africa. Most women, especially rural women, are excluded digitally. As highlighted by one of the participants, when discussing issues of inclusion, part of the women population that lives in rural areas is financially and digitally excluded. On most of the significant issues, rural women are left out. Women in rural areas face problems of lack of digitisation because of the lack of internet in the rural areas, and the data price is too high for them to afford. They also need access to smartphones compared to men. If they own phones, most women are limited to WhatsApp and other social media pages and need to know how to navigate financial apps and services for their betterment.

Among the issues discussed during the conference was the need for digital financial literacy for women, especially women in rural areas. Women also face the challenges of digital financial literacy. Most women in rural areas need digital skills, which harbours fear and a lack of confidence in using digital finances. In most African societies, due to societal norms, technology is not for women but for men, hence women's withdrawal from using digital technologies. Addressing these norms is crucial, as failure to do so these norms will continue deepening the digital divide and economically excluding women. If women are not economically empowered through digital finance, they are left behind in economic development at a personal level, and their contribution towards national economic development is undermined.

Challenges, Drivers, and Pull Factors Influencing Financial Inclusion for Women

Financial inclusion is crucial in fostering inclusive economic growth and reducing gender disparities. However, women worldwide face numerous challenges that impede their access to and usage of financial services. Understanding these challenges, drivers, and pull factors is essential for formulating evidence-based policies and interventions to promote financial inclusion for women. The WGFI conference examined the multifaceted landscape of financial inclusion for women, focusing on the challenges, drivers, and pull factors that shape their participation in financial systems. The conversations recognised the significance of empowering women economically and promoting gender equality. The key barriers identified reflected the limitations confining women's financial inclusion, the forces that propel their involvement, and the factors that attract them towards inclusive financial services. By delving into these aspects, all participants, policymakers, financial institutions, and other stakeholders shed insights into designing effective strategies that enhance women's financial inclusion and promote their socioeconomic advancement.

Challenges to Women's Financial Inclusion include the following many; the first challenge includes **socio-cultural and legal barriers** such as 'traditional gender norms', 'discriminatory practices', and 'legal frameworks' often restrict women's access to financial services. Inadequate property rights, limited mobility, and restricted decision-making authority contribute to the marginalisation of women in financial systems. Secondly, **more financial literacy and awareness about financial products and services** are needed to improve women's ability to make informed decisions and engage effectively with formal financial institutions. Thirdly, limited access to financial infrastructure, particularly for women in rural or underserved areas, often encounters challenges accessing physical branches, ATMs, or digital channels due to geographical constraints or lack of infrastructure. Furthermore, patriarchy in African communities still dominates in homes and institutions, hindering women's economic empowerment. Patriarchy defines women's roles, hindering them from being included in economic empowerment. Patriarchy hinders the empowerment of women through financial inclusion. Women are hindered from making financial decisions without the approval of their husbands. One of the participants encouraged the male counterparts need to be active in advancing the conversations surrounding women's rights, gender inequalities, and women's financial exclusion. This will bring greater insight into why women must be included in all economic and political development. In Africa, patriarchy poses a barrier for women to take up strategic roles in the public space due to the many household roles allocated to women and girls.

On the notion of drivers of financial inclusion, recognising the potential of women as economic agents, policies and programs that facilitate their financial inclusion can contribute to poverty reduction and overall economic growth. Promoting financial inclusion for women aligns with the broader objective of achieving gender equality and women's rights. In addition, the rapid expansion of digital technologies has opened new avenues for women's financial inclusion, hence the need for technological advancements and digital financial services.

The financial inclusion pull factors can range from tailored financial products and services in which several financial institutions may offer customised products and services designed specifically for women to attract participation. Reliance on peer influence and social networks is also essential pull factors significantly influencing women's financial decisions. Furthermore, encouraging collaboration and partnerships between financial service providers, civil society organisations, and governmental agencies can create synergies and address barriers more effectively. Financial inclusion for women is complex and multifaceted, requiring a comprehensive understanding of the challenges, drivers, and pull factors. Conversations at the conference highlight the need to address the sociocultural barriers, enhance financial literacy, to expand financial infrastructure.

Gendered Perspectives on the Intersection of Finance and Agriculture

The intertwining domains of finance and agriculture significantly impact the livelihoods and well-being of individuals and communities worldwide. Within this nexus, women's participation in agricultural finance is crucial in achieving sustainable agricultural development and ensuring food security. However, women face unique challenges and disparities in accessing financial services, obtaining credit, and participating in agricultural value chains. The primary debate centred on the gendered aspects of women's engagement with finance in the agricultural sector and examined the implications for their empowerment and economic advancement. Most African women survive wholly on agriculture but are still excluded from sources of income, land, equipment and capital. Women experience many bottlenecks in accessing finances, such as loans from financial institutions. The playing field is only for some women. Women do not have title deeds of properties. Hence they do not have collateral security. Financial Institutions require collateral security, making it difficult for women to access bank loans to fund their agricultural activities. Most women are subjected to subsistence farming because commercial farming is believed to be mainly done by men. These are also some of the societal norms such as requiring husband's consent for a wife to access finance which need to be addressed to avoid deepening the gender divide and also allow women to produce on a vast commercial basis without being marginalised.

The Gendered Impacts of Climate Change and Women's Vulnerability

Climate change poses an imminent and profound menace to African nations' societal fabric, ecological balance and economic stability[3]. This predicament imperils the advancements made in developmental endeavours, the pursuit of prosperity, and the aspirations outlined in Agenda 2063. Consequently, climate change has emerged as an exigent matter, necessitating daily attention from every African, albeit with varying degrees of impact. Therefore, a collective and resolute response is indispensable to confront the multifaceted challenges of climate change across diverse scales. Collaborative partnerships are pivotal in facilitating an effective African climate response, encompassing various governmental ministries, sectors, and public and private entities and transcending regional and national boundaries[4]. Hence, concerted efforts are imperative both within Africa and in collaboration with international counterparts

3 Maino, R. and Emrullahu, D. 2022. Climate Change in Sub-Saharan Africa's Fragile States: Evidence from Panel Estimations. International Monetary Fund Working Paper/22/54.

4 Jafino, B., Walsh, B., Rozenberg, J., & Hallegatte, S. (2020). Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030. Policy Research Working Paper No. 9417. World Bank, Washington, DC.

to address the perils posed by climate change and capitalise on the opportunities offered by an equitable and inclusive transition towards a sustainable African green economy. The UN Environment noted that around 80% of people displaced by climate change are women, while the UN human rights commission adds that when women are replaced, they are at greater risk of violence, including sexual violence. Focus has often been placed on the devastating consequences of climate change on the environment and people as a whole, necessitating active measures towards its mitigation[5]. However, enough attention is not being placed on the effects of climate change on women and how it stunts efforts towards gender equality.

The impacts of Climate change on women were also part of the critical issues discussed during the conference. Climate change is the change in the usual weather found in a place, leading to extreme temperatures, drought, floods, and disasters.

Women are also the managers of natural resources, including water and land. These resources are affected in cases where there is high rainfall that translate into floods. When these resources are affected, they further threaten food security and increase the poverty levels of rural. Factors such as unequal access to financial resources, low levels of education, low social mobility, unequal access to opportunities and assets and also be excluded in the climate change decision-making processes make women vulnerable to the adverse effects of climate change.

Policy Recommendations

The following Policy Recommendations emerged from the two-day policy dialogue on September 8th and 9th, 2022.

1. There are opportunities for policymakers to develop gender-smart stimulus packages designed and disbursed from a gender lens perspective to ensure that women-led businesses can and do benefit.
2. External collateral requirements can also be relaxed or no longer be mandated by financial institutions for women-led businesses. Still, African governments should also consider tax breaks for organisations that invest in women-led SMEs.
3. It is important for policymakers to reconsider the issues around the integration of women into technological advancement. African women are about 45% less likely to be online than men. This translates into fewer African women SME owners participating in e-commerce or being noticed by foreign investors.
4. There is an urgent need for adequate financing. Without this important intervention, women-owned businesses will continue struggling to survive, grow much slower, or remain in the informal economy. By limiting funds to male-dominated industries, the funding gap only widens.
5. The government is vital to achieving financial inclusion for women and must redress their negative perspectives on this issue. Regarding the SDGs and Agenda 2063, the African government needs clarity, vision and accountability in the constitution to protect society, especially women. Thus, the government should establish more platforms

5 Ibid, Jafino et al., 2020.

and programmes for monitoring and facilitating female entrepreneurs for business sustainability.

6. Educational programs and initiatives targeting financial literacy can help bridge the knowledge gap on financial inclusion. Furthermore, aside from academia pushing for implementing women's inclusion policies from various stakeholders and institutions, conversations and dialogues should also be taken to the grassroots, communities and rural areas.
7. Developing women's banks to finance small to medium enterprises operated by women. These banks can also flex the requirements for women's access to finance by exempting collateral security and empowering women for financial freedom and economic development. Expanding the reach of financial infrastructure can enhance accessibility for women. Enhanced access to financial services enables women to engage in income-generating activities and build assets.
8. Women's challenges, needs, and contributions should be considered throughout the design and implementation phases of climate change policies and programs. Policies that ensure women's financial and economic independence, such as land ownership, access to credit, and education, are necessary to increase women's adaptive capacity in a dispensation characterized by climate change.