



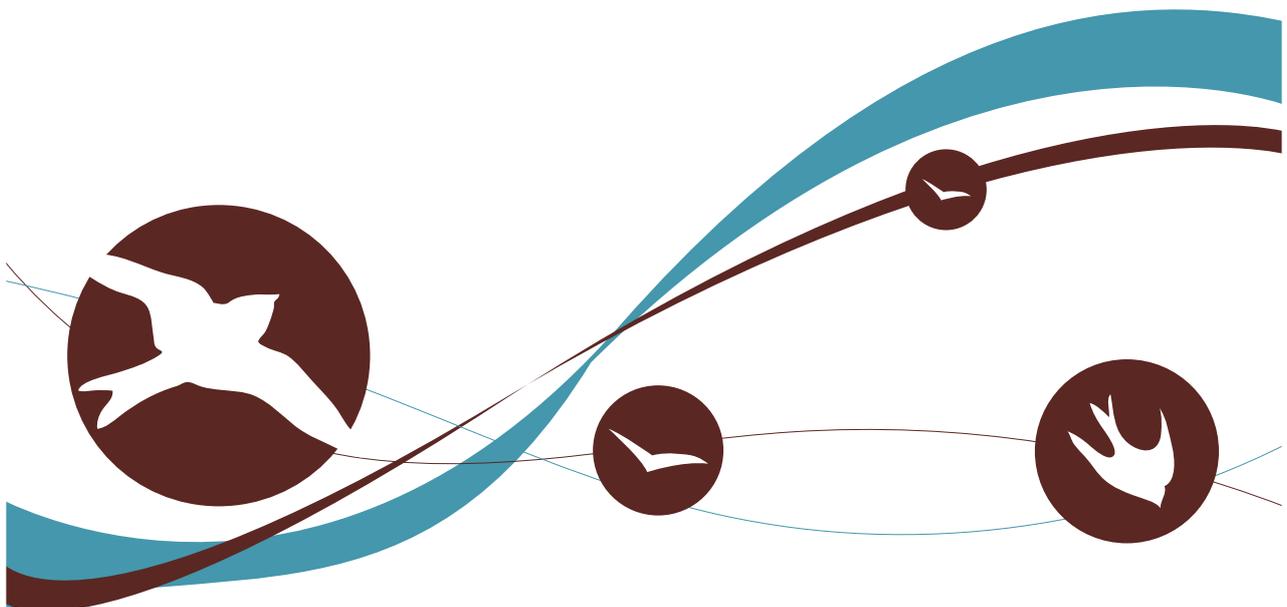
W O M E N I N F I N A N C E

# AFRICAN WOMEN: FINANCING THE FUTURE

THE SECOND AFRICAN WOMEN'S ECONOMIC SUMMIT

13 AND 14 JULY 2012 | LAGOS, NIGERIA

## CONCEPT NOTE



## Concept Note for the 2012 African Women's Economic Summit

### AFRICAN WOMEN: FINANCING THE FUTURE

The next decade to 2020 will see tremendous changes on the African continent, particularly in the growth of the female economy. African women represent a huge untapped market as emerging business leaders, consumers and household decision-makers. According to a recent Nielsen survey, 77% of women in emerging markets believe the future will be brighter for their daughters, noting that key areas where improvements will be greatest are education, careers, financial stability and purchasing power.<sup>1</sup> These changes are already evident in many African countries and can only improve as their economies and political systems get stronger.

When one looks at the position of African women today versus two decades ago, one can see distinct improvements in the areas of education, health, earning power and entrepreneurial activity. In education, female enrolments have grown faster than male enrolments narrowing significantly the education gap between men and women, especially in primary and secondary school attendance. "In 2008, there were about 91 girls for every 100 boys in primary school, up from 85 girls in 1999."<sup>2</sup> International studies have shown that for each year of primary and secondary schooling women receive, their incomes rise by 10-20 percent.

The confluence of increased educational opportunities and sheer economic necessity coupled with expanding economies has led to the African continent having some of the highest rates of female labour force participation in the world. Overall, 60% of women in Sub-Saharan Africa are in the workforce, with some countries such as Mozambique, Madagascar, Rwanda, Tanzania and Burundi having more than 80% female labour force participation. Higher female labour force participation is often associated with higher levels of gender parity and more economic opportunities for women as can be seen in the differences between North Africa, where more restrictions are placed on women entering the workplace, and Sub-Saharan Africa where fewer restrictions exist.

With increased economic opportunities women's incomes have increased and so too has their spending power which is fuelling the rise of the African consumer. McKinsey documents this trend in their study *"Lions On The Move."* According to this study, Africa already has more middle-class households than India and more African households are less destitute than before. "Many consumers have moved from the destitute level of income (less than \$1000 a year) to the basic-needs (\$1000 to \$5000) or middle-income (up to \$25000) levels."<sup>3</sup> Women control or strongly influence many household spending decisions and their power as consumers will drive demand for products and services and become even more magnified as Africa becomes more prosperous. Furthermore, as the McKinsey study notes, the rise of African consumerism "is critical to understanding the potential growth of sectors that depend on consumers such as banking, telecommunications, and fast-moving consumer goods."<sup>4</sup>

In the banking sector, for example, huge opportunities exist as a result of massive growth which is still to take place in increasing the numbers of people with access to formal financial services. As a continent, Africa lags behind the rest of the world in the number of people who are banked, with as little as 19% of women having personal bank accounts. Despite enormous challenges in many countries such as a weak banking sector, inadequate banking infrastructure, and high consumer costs, Africa's banking sector has grown rapidly in the last decade with total assets of \$669 billion in

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<sup>1</sup> Nielsen, *Women of Tomorrow : A Study of Women Around the World*, June 2011.

<sup>2</sup> World Bank, *2012 World Development Report*, Washington, DC.

<sup>3</sup> McKinsey Global Institute, *Lions on the Move: The progress and potential of African economies*.

<sup>4</sup> McKinsey Global Institute, *"Lions on the Move: The Progress and potential of African economies."*

Sub-Saharan Africa, and \$497 billion in North Africa. In Nigeria, total banking assets grew by more than 59% annually from 2004 to 2008. A large part of this growth has come from consumer demand and more business activity as the private sector expands, with the result that the financial sector is outgrowing GDP in most of the continent's main markets. As more women enter the economic mainstream, they will be a key driver of that growth in banking and financial services.

Entrepreneurial women are already making a strong contribution to GDP growth throughout the continent. In Uganda 48% of all small and medium-sized enterprises are owned by women. In Kenya, the corresponding figure is 49%. A recent study by Finmark Trust shows that women account for 58% of all business owners in South Africa. Although many of these business owners are small and operate mainly in the informal sector, and can be characterized as "necessity" vs "opportunity" entrepreneurs, more and more growth-oriented businesses led by women are emerging. An attempt to quantify the funding gap experienced by women-led businesses who lack adequate access to finance was undertaken recently by the G20. The conclusion was a shortage of funding on the order of \$20 billion was needed to bridge the SME funding gap, which presents a huge opportunity to be seized. Financial institutions must therefore be challenged to find new funding models and other innovative ways of addressing this gap.

Well documented barriers do exist, and women are finding innovative ways of going around them. To their credit, some financial institutions are also becoming more flexible and innovative in how they address women's need to access capital. In Nigeria, Access Bank accepts moveable collateral in the form of gold jewellery from women borrowers. In Uganda, DFCU has developed a successful product which allows women to acquire land. Standard Chartered bank supports small-scale farmers (many of whom are women) across 13 African countries by using a farmer's produce as collateral rather than traditional fixed assets. These innovations and others make it easier for women to expand their economic activity in ways which benefit them and the larger society.

## THE LAGOS SUMMIT

The *African Women's Economic Summit* provides an ideal platform to bring together key stakeholders in the financial sector to look at how to remove barriers that impede women's economic progress in order to strengthen the female economy. Guided by empirical evidence, discussions will demonstrate the magnitude of the women's market segment and why investing in women makes good business sense. The ultimate objective of the Summit is to find innovative ways to harness the untapped potential of women in Africa, both for economic benefit and for the greater good of the continent.

Building on the success of the first Summit which took place in Nairobi, Kenya in March 2010, the second Summit plans to highlight the contribution of African women to their economies and how countries can create a more enabling environment for women as entrepreneurs and as leaders in the financial sector. The Summit comprises a series of work sessions underpinned by data and research. The work sessions bring together leaders from African governments, regulators, research and academic institutions, non-governmental organisations, big business and civil society. From these key stakeholders, we aim to identify *Drivers of Change* and elicit pledges on how to accelerate women's economic empowerment in ways that are tangible, measurable and effective. The Secretariat and national chapters of **New Faces New Voices** will monitor and track the implementation of the pledges and may use the pledges as the basis for initiating specific programmes.

Individual sessions will cover the following topics which are in line with our organisational goals and objectives:

- **Access to Funding:** Discussions will be centred on closing the \$20 billion funding gap by looking at some of the major reasons why existing funds find it difficult to reach their targets and access bankable deals from women entrepreneurs. Participants will also examine alternative financing mechanisms, such as supply-chain finance and how to leverage on technology in supporting business growth.
- **Capacity Building:** Strengthening the pipeline of women entrepreneurs and women working in the financial sector can only be achieved through consistent efforts to raise the education and skills of women. Discussions will look at effective capacity building initiatives across the continent and what women require in terms of technical support, business support services, financial literacy training and leadership development training.
- **Leadership:** The sessions will examine the prevailing mind-set that is holding back women from achieving their full potential in the financial sector. Delegates will look at where Africa is with promoting and supporting the rise of women to leadership and decision making positions and consider the means to fast-track women's participation in the financial sector.
- **Women's Entrepreneurship Development:** a match-making opportunity will be provided for women entrepreneurs to showcase their businesses in front of potential funders.

## OBJECTIVES OF SUMMIT

The Lagos Summit has five main objectives.

1. To demonstrate the magnitude of the women's market segment and how financial institutions can capitalise on this opportunity in order to strengthen African economies.
2. To encourage dialogue between regulators, policymakers, business leaders, NGOs and civil society groups on how to create a more coordinated approach to empowering women.
3. To get more institutions to become Drivers of Change thereby accelerating progress for women and changing the status quo.
4. To report on the pledges made in 2010 and elicit new pledges from financial institutions, governments and other important stakeholders
5. To amplify the voices of African women and enhance our advocacy efforts as we seek to expand the reach and influence of **New Faces New Voices** across the continent.

## NIGERIA: THE CHOSEN LOCATION

Lagos, Nigeria has been chosen as the location for the Summit because of the magnitude and potential of the Nigerian economy, which is poised to become the largest economy in Africa by 2025 in both size and spending power.

Recent reforms in the financial sector have created more space for women and women entrepreneurs, putting Nigeria at the forefront of empowering women.

## FACTS ABOUT NIGERIA

- Nigeria is making inroads in supporting and reinforcing the importance of women in leadership positions in the financial sector:
  - Dr Ngozi Okonjo-Iweala was appointed as Finance Minister
  - The number of female appointees in the cabinet represents about 31 percent of the 42-member cabinet
  - 5 Nigerian Banks have female CEOs
  - CBN Governor Sanusi Lamido Sanusi has publically stated that by 2014, 30 per cent of bank boards and 40 per cent of top management positions would be occupied by women
  - The CBN is establishing a special fund to empower Nigerian women operating in the Small and Medium Enterprises sector of the economy
- Paradoxically, Nigeria lags behind in levels of financial inclusion. Seventy four per cent of the adult population has never been banked and only 15% of women have bank accounts.

## TARGET AUDIENCE

Financial institutions and other businesses that target this market, DFIs, IFIs, regulators, women entrepreneurs, business organizations, research bodies, think tanks, and civil society groups.

## DATES

13<sup>TH</sup> AND 14<sup>TH</sup> July 2012

## THE HOSTS OF THE SUMMIT



### NEW FACES NEW VOICES

**New Faces New Voices** was established in 2009 as the business and finance pillar of *Multiplying Faces Amplifying Voices* which was founded by Graça Machel, a world renowned leader and advocate for women's and children's rights. **New Faces New Voices** was founded on the belief that women are an under-utilised resource and that investing in women can have a significant developmental impact that can accelerate economic growth in Africa.

The business case for investing in Africa's women is compelling. Africa's women comprise over 50% of the population, contribute on average 50% to GDP in most Sub-Saharan African countries, and drive the majority of small and medium enterprises, which are now widely recognised as being the engines of new wealth and new job creation. Study after study shows that educating and empowering women and girls is one of the most cost effective means to accelerate economic growth.

**New Faces New Voices** actively engages key stakeholders in the financial sector to achieve its three main goals. The first goal is increasing women's access to finance and financial products; the second goal is building the capacity and skills of women as entrepreneurs and as financial industry executives; and the third goal is increasing the number of women in leadership positions in the financial sector.

Through its advocacy work, **New Faces New Voices** wants to deepen the financial inclusion of African women, enhance the performance of women in business and finance, and give women a greater voice in managing their economic affairs as consumers and decision-makers.



The **African Development Bank** recognises that women play a critical role in the African economy. The Bank is committed to the promotion of economic equality and women's full participation in shaping the economic and financial architecture of the continent. The Bank also recognises the pivotal role that small- to medium-scale enterprises (SMEs) play in broad-based development.

In 2004, the Bank created the African Women in Business Initiative (AWIB) to provide tailored solutions and mechanisms to support the growth of women entrepreneurs in the SME sector and build the financial and non-financial markets. Under the African Women in Business initiative, the Bank constantly pursues new partnerships to create links for women entrepreneurs' development, providing women entrepreneurs with increased access to finance, and supporting their ability to expand their businesses and increase their potential for trade and even to become exporters.

This year, the Bank will adopt its first Gender Strategy, which will include a key component on women entrepreneurship and women economic empowerment. This strategy will open new innovative areas for sustainable actions and implement more effective mechanisms.