



The business case for increasing women's participation in the Papua New Guinea economy

Dr Carmen Voigt-Graf; Robyn Cornford

May 2018

Port Moresby



Main Aims of the Study

- Provide a comprehensive picture of women's participation in the PNG economy;
- Present a clear business case for greater gender equity by calculating the economic gains of enhanced women's participation;
- Identify and discuss the main obstacles faced by women at work and in business;
- Identify existing policies and initiatives to address gender inequality;

Focus on the Formal Economy only

- A lack of hard data meant that the Study could focus only on women's participation in the formal economy and did not include participation in the informal economy. The Study only includes formal economy workers whose contribution is part of national accounts and GDP.

* The formal economy comprises the public sector and private businesses that are registered with the Investment Promotion Authority (IPA) and the Inland Revenue Commission (IRC), pay taxes and whose activities are enumerated as part of PNG's GDP



Women in the PNG Labour Market

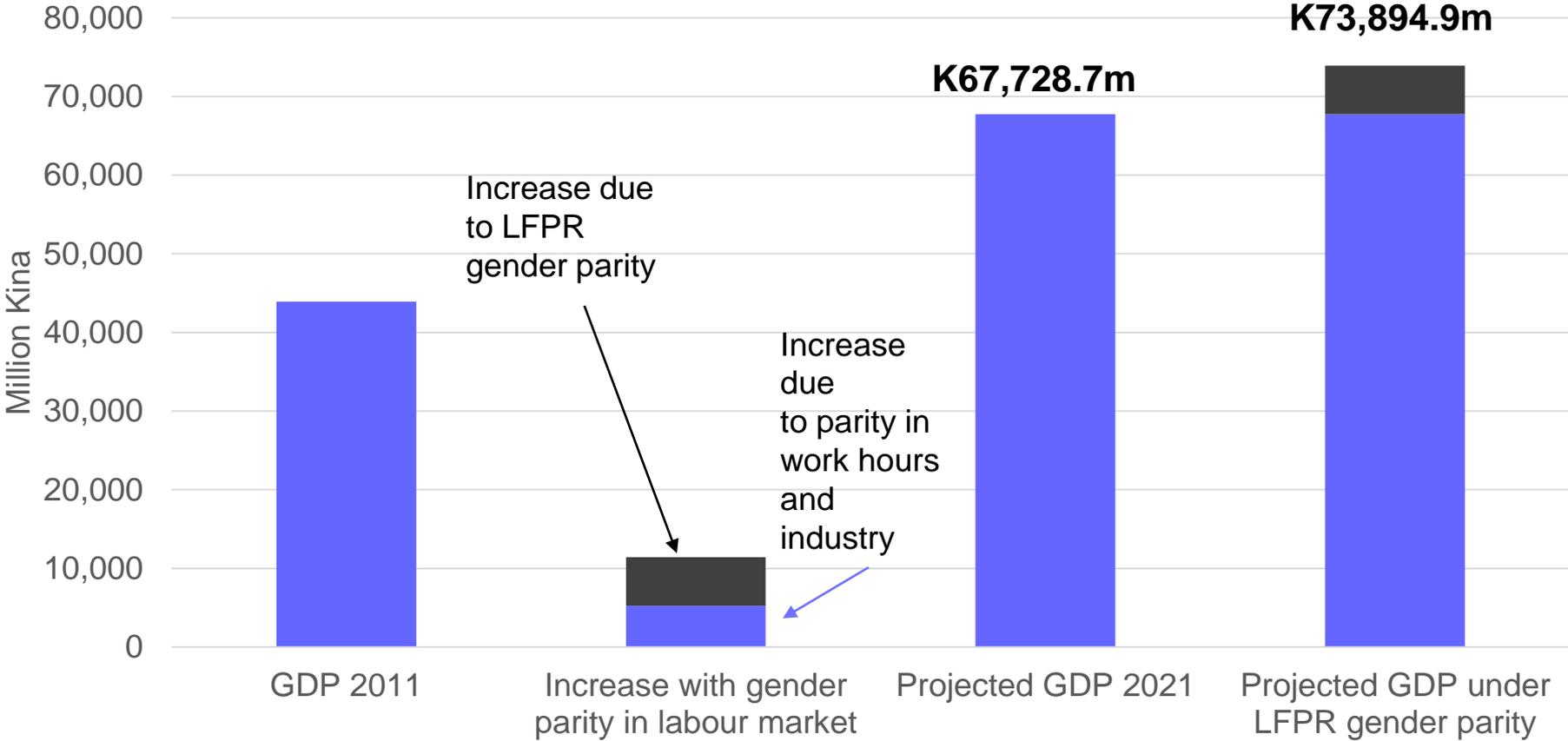
- Women and men have similar labour force participation rates
- In 2011, LFPR in the formal economy was: 13.2% for men and 5.1% for women.
- Women make up only 27.5% of the formal* economy workforce
- In the formal economy, women are over-represented in the education, wholesale and retail, health, and hotel and restaurant industries;
- 31% of women in the formal economy are professionals (compared to 18% of men).

What if there was gender parity in labour force participation in PNG's formal economy?

- The calculation of increased GDP was based on the methodology applied in McKinsey Global Institute's (MGI's) Report of 2015
- MGI mapped 15 gender equality indicators in 95 countries;
- A full potential scenario is calculated based on the assumption that women participate in work to the same extent as men in terms of:
 - labour force participation,
 - hours worked
 - representation within each sector
- Full potential scenario would add up to USD 28 trillion, or 26%, to annual global GDP by 2025 (i.e. over a ten-year period);
- Of this increase, labour force participation parity would add 54%.

PNG: Expected increase in GDP based on LFPR parity by 2021

14% increase in GDP



Source: PNG 2018 National Budget; calculations based on McKinsey report.

PNG: Expected increase in GDP based on LFPR parity by 2021

If women's labour force participation (in the formal economy) increased from 5.1% in 2011 to be equivalent to 13.2% (i.e. the LFPR of men in the formal economy in 2011), annual GDP would **increase by a significant amount of 6.2 billion Kina after ten years.**

The projected real GDP for 2021 is K 67,728.7m, up from K 43,919.0m in 2011 (Department of Treasury, 2018). If the increase due to formal economy LFPR gender parity is added into the projection, the **projected GDP in 2021 would be K73,894.9m.**



Women Business Owners

- Few women have leading roles in big businesses, SMEs or informal enterprises;
- Detailed information on the number and profiles of women who register enterprises not available;
- Data on SME sector from Tebbutt survey: 67% of SMEs solely-male owned and 8% solely-female owned;

The SME Sector (2014 Survey)

	Solely women-owned	Solely men-owned	Year
Sample size	88 (7.9%)	750 (67.1%)	2014
Average turnover in Kina per SME	K547,753	K764,200	2014
Average number of employees per SME	10.6	15.8	2014
Average turnover per worker	K51,675	K48,367	2014
Number of SMEs in PNG	2,230 (7.9% of 28,223)	18,938 (67.1% of 28,223)	2014
Percentage of SMEs per female/male WAP	0.12%	0.96%	2010

Source: Tebbutt survey, 2014.

Estimated impact of gender parity in SME ownership on turnover, staff and economic output

	Indicator	Number	% change
Gender parity assumption	Additional female-owned SMEs to be on par with men (0.96% of WAP)	16,212	
	Additional staff	268,638	+74.5% of formal labour force
	Additional annual turnover (Kina)	12.9 billion	
Impact on economic output	Additional annual output (Kina)	1.08 billion	+2% of 2014 GDP

McKinsey's 15 Gender Equality Indicators

	Gender Equality Indicators	
Gender Equality in Work	Women and men are equal players in the labour market	Labour-force participation rate, Professional and technical Jobs, Perceived wage gap for similar work, Leadership positions, Unpaid care work
Gender Equality in Society	Essential services and enablers of economic opportunity	Unmet need for family planning, Maternal mortality, Education level, Financial inclusion, Digital inclusion
	Legal protection and political voice	Legal protection, Political representation
	Physical security and autonomy	Sex ratio at birth, Child marriage, Violence against women

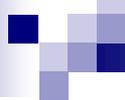
Gender inequality at work is mirrored by gender inequality in society.



Critical Gender Equality Indicators

- Putting energy, effort and resources into these four indicators would result in increased gender equality in work:
 - **Education level**
 - **Financial and Digital Inclusion***
 - **Legal Protection**
 - **Unpaid Care Work**
- Plus another indicator which is particularly important for Papua New Guinea
 - **Violence Against Women**

*MGI puts these together as they see the delivery models for financing closely tied with digital channels



Education

MGI (2015) found:

- higher education and skills training lead to increased levels of women's labour participation and an increased likelihood of women working in professional and technical occupations, and attaining leadership positions
- Providing girls with one extra year of school can increase individual wages by up to 20% and improve the quality of education (resulting in an increased student scores on international assessments of literacy and mathematics) and a 2% increase in annual GDP per capita growth (World Bank,2016).
- Strong correlations between increased educational opportunities for women and girls and improved family planning practices, better maternal health, reduced incidences of child marriage, improved status within the family and better levels of care and education for children.

Financial Inclusion in Papua New Guinea

In 2018, BPNG estimated that **approximately 75% of the population does not have access to financial services**. It is likely that **women, those who live in rural and remote communities, and informal workers will make up about two-thirds of the population that remains unbanked**.

PNG National Financial Inclusion Indicators - 31 December 2018		
USAGE	TOTAL Deposit account holders	3,203,882
	No. of women deposit account holders	909,235
	%age of total deposit account holders	28%
	TOTAL Credit account holders	242,380
	No. of women credit account holders	74,324
	%age of total credit account holders	30%
	TOTAL Mobile Financial Service account holders	600,881
	No. of women with mobile financial service accounts	166,678
%age of total mobile financial service account holders	28%	

Source: CEFI, 2018.

Barriers to Financial Inclusion

- **Limited** financial capability and **financial literacy**
- **Difficulty accessing** financial services
- Bank's **service delivery is not adapted to reflect women's daily lives; products offered do not reflect women's needs**
- It is **difficult to access information** on financial institutions and products and services
- The **costs** (financial and physical) of opening, maintaining and regularly accessing an account may be unviable
- **High levels of illiteracy** hinder communication and understanding of products and services
- Many women **lack the formal identification** required to open a bank account and are unaware of alternatives
- **Lack of access to collateral** and risk aversion of banks
- **Lack of understanding and preparedness** when seeking credit and loans
- **Lack of access to, and understanding of, digital financial services (internet, mobile phones and agency networks)**
- **Lack of power and agency** within the household



Financial Inclusion – Barriers for Women

- **Lack of demand for financial products and services:**
 - Lack of access to markets and buyers
 - Lack of access to training, tools, innovations and agricultural extension services
 - Lack of business skills
 - Lack of enabling infrastructure
 - Criminal activity and lack of security
- **Regulatory and Infrastructure barriers**
 - Lack of effective consumer protection structures and processes

Legal Protection

MGI (2015) found a link between the following legal protections and increased participation by women in the labour force.

- The existence of laws to protect women against domestic violence and sexual harassment;
- Legal protection for women in accessing the judicial system;
- Institutions that provide national or constitutional recognition, the right to inherit property, and laws that allow women the same access to job opportunities and equal pay for equal work;
- Laws that accord men and women similar rights in the case of unpaid care work (such as family leave).

Moderate correlations were also found between increased legal protections and reductions in violence against women, child marriage and an unmet need for family planning; and increased educational opportunities for women and girls.



Unpaid Care Work

- Women's unpaid work includes domestic work, care responsibilities, traditional and cultural obligations;
- Constituting a major contribution to PNG economy but impossible to measure and generally under-valued;
- Women spend on average 5.5 hours per day on housework, compared to 1.4 hours of men in cocoa-farming households in East New Britain and Bougainville;
- For women in paid employment, unpaid work burden often remains unchanged, increasing their overall work burden;
- In addition, many men tend to see their own income as discretionary with the woman's income used for household essentials.

Violence Against Women and its Impact in the Workplace

A 2014 study of 197 employees of 3 businesses operating across PNG found:

- 68% of respondents had suffered from some kind of GBV. 47% had suffered severe forms of GBV.
- Women experienced 43% more incidents of GBV than men.
- Women suffered an average of 9.4 incidents per year, while men suffered an average of 6.1 incidents per year.
- **Women lose an average of 8.3 days per year, compared with men who lose an average of 5.6 days per year.**
- **For one of the surveyed firms, the costs of GBV is estimated to total 300,000 kina; for another, almost 3 million kina, representing 2% and 9% respectively of those companies' total salary**



Existing Policies and Strategies

Include:

- National SME Policy 2016
- National Informal Economy Policy 2011-2015
- National Public Service Gender Equity and Social Inclusion (GESI) Policy
- National Strategy to Prevent and Respond to Gender Based Violence, 2016-2025
- Papua New Guinea Second National Financial Inclusion Strategy (2016-2020)

Existing Projects and Initiatives

- 'Do No Harm' PNG Family Farm Teams Project – Men and Women Working Together as a Family
- Building Financial Literacy and Business Skills - PNG Family Farm Teams Training
- Financial Inclusion – BPNG National Switch Project and Retail Electronic Payments System
- Creating Market Access, Building enabling Infrastructure, and Preventing Gender-based Violence - UN Women Safe Cities Program
- Infrastructure, Market Access and Value Chains - Care PNG Coffee Industry Support Project
- Infrastructure, Market Access and Value Chains - PNG Agribusiness
- Infrastructure, Market Access and Value Chains - PNG Market Development Facility

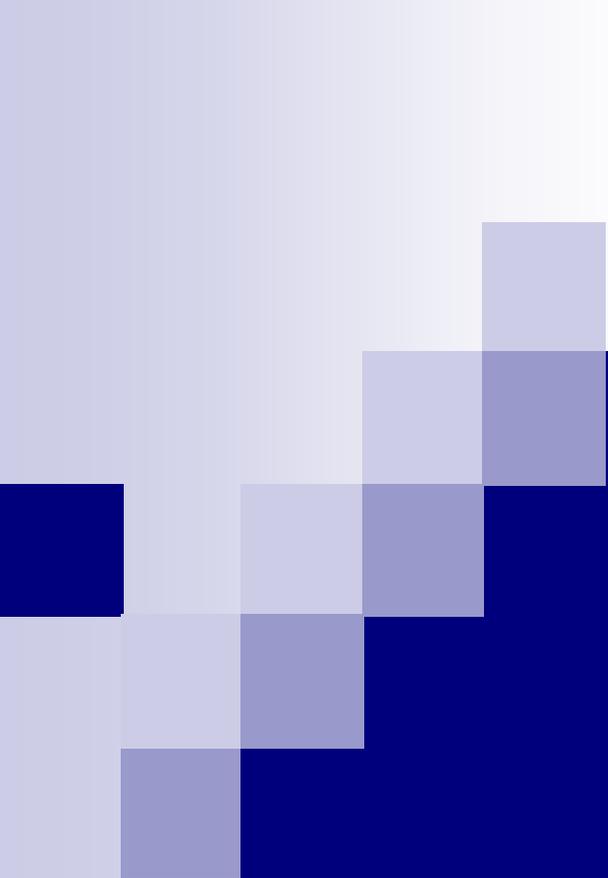


Existing Projects and Initiatives

- Improving Infrastructure and Preventing Gender-based Violence – Meri Saif Bus
- Professional and Private Sector Women’s Networks - Business Coalition for Women
- Encouraging and Support Women’s Entrepreneurship - PNG Womens Business Resource Centre

Proposed research areas

- Formal labour market
 - Assessment of the gender wage and productivity gaps in selected industries, including an analysis of the causes;
 - Gender stocktake in various public sector agencies;
 - Biographical research to showcase successful women in the public and private sectors
- Informal economy
 - Comprehensive audit;
 - Research to better understand women exiting the formal economy to work in informal economy;
- Education
 - Assessment of sex-disaggregated enrolment and graduation data and tracer surveys at post-secondary technical colleges
- Financial and digital inclusion
 - Develop a national program of longitudinal population based financial inclusion data collection
 - Undertake a nationally representative demand side survey of the current level of access and usage of financial services and products in PNG



THANK YOU