Countering Feminization of Poverty with Feminization of Leadership

Preface

With the clock ticking toward 2030, poverty and the feminization of poverty is one of the greatest global challenges. The confluence of global wars and rising authoritarianism have intensified the rollback of women’s hard won gains including in economic empowerment. Of the 345 million people who are severely hungry in the world right now, nearly 60 per cent are women and girls. The proportion is higher in countries suffering from conflict, where women are trapped in a cycle poverty, and displacement. In Afghanistan, Ukraine, Gaza, Democratic Republic of the Congo, Ethiopia, Myanmar, Africa’s Sahel region, South Sudan, Syria, and Yemen, women and girls are facing severe hunger and poverty due to conflict. To cope with poverty, families in conflict areas have resorted to early and forced marriage for girls, deepening inter-generational poverty.

Introduction

“The Welfare of a nation can scarcely be inferred from a measure of a nation’s income”

Poverty has historically been measured in monetary terms, such as wage disparity and GDP per capita. However, access to resources, opportunity, and a role in decision-making should be part of the poverty calculus as well. According to the World Bank’s Women, Business and Law Report 2023, only 14 countries in the world offer women as many legal protections as men. Several countries still retain male-only heads of household laws and husband obedience laws. Meanwhile, the share of women in legislative assemblies globally hovers around 25 percent. This stark inequality in law and political voice contributes to poverty among women.
Recognition of the connection between poverty and capabilities can be found across UN documents. The International Covenant on Economic, Social, and Cultural Rights (ICESCR) defines poverty as a human condition characterized by sustained or chronic deprivation of resources and capabilities. Sustainable Development Goal Target 5.5 calls upon governments to “ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life.”

Part One

The CEDAW Committee, on which I sit, is drafting a new General Recommendation that will call for advancing women’s leadership and decision-making. This recommendation, led by Nicole Ameline, the former minister of parity in France, will include calling for a threshold level of 50:50 gender parity in decision-making in order to remedy the lag in equal opportunity for leadership in all levels of government, the marketplace, and society. The new General Recommendation to be adopted in 2024 will be as important to addressing poverty reduction as macroeconomic policies.

This core principle that parity and women’s leadership is essential to poverty reduction is at the center of my mission, this analysis also finds parallels in the work of Nobel Prize-winning economist Amartya Sen. In Development as Freedom, Sen argues that economic development is about more than increasing wealth—it must be about expanding freedom. Poverty is not only about the lack of income; it’s also about the lack of rights. Sen further argues, “Nothing is as important in the global economy of development as the leadership of women.”

This offers a broader alternative to primarily economic metrics such as measuring development through GDP or per capita income alone. Rather, this approach involves an understanding of human freedoms and autonomy in self-actualization. The World Bank now defines poverty as a “pronounced deprivation of well-being” and focuses on the capability of individuals to function in society.
However, we continue to face challenges in measuring this multidimensional poverty. Nine of the 14 indicators used to measure progress toward Sustainable Development Goal 1 (no poverty), measure monetary aspects of poverty.

To be sure, monetary measures of women’s poverty are important. According to the World Economic Forum’s 2023 Global Gender Gap report, women globally earn around 37% less than men in similar roles. A survey of 34 developing nations by the UN Food and Agricultural Organization estimates that the share of the world’s land owned by women may be as low as 10%. At the same time women make up approximately 43% to 50% of the agricultural labor force. For several years, I served on the Board of Directors of Landesa, the world's largest land rights organization. The transformative impact for women of gaining land rights has an additive effect on all other rights in the CEDAW, including rights in the family, health rights, girl’s and women’s educational rights, and women’s rights to political participation and decision-making in public life.

Poverty is often the face of a woman. How do we make women the face of the anti-poverty solutions.

**Part Two: Solutions:**

An estimated 70% of women-owned enterprises worldwide remain unserved or underserved by financial institutions. This creates a global financing gap of at least USD 287 billion, and for example, in East Asia and the Pacific alone is valued at USD 67 billion. This massive gap has a cause and effect consequence on structural barriers, gender discriminatory laws and business practices. Achieving gender parity in the global economy will require a feminist distribution of resources, which allocates sufficient capital, to women, women’s organizations, women-led enterprises, and women-focused solutions. Even more ambitiously, women have to call for equal decision-making rights in the global economy, defined as international trade, foreign direct investment, capital market flows, movement of labor, and diffusion of technology. Part of this project will entail building an ecosystem of “Femtech”—an impact-driven market of social
enterprises that remedy the feminization of poverty and advance women’s rights, whether through women’s digital health start-ups or publicly traded companies that promote women’s wellness. The global Fem Tech Economy is already driving over $40 billion in annual economic activity, as of 2020. In my own data analysis and research, I have called for an equitable ecosystem, I have found a positive correlation between female funders and female entrepreneurship. One way in which investors have tried to address institutional sexism is by putting pressure on corporations to select diverse directors on Board. This is not only in line with CEDAW but consistent with CEDAW’s emerging landmark General Recommendation 40 on women’s leadership.

**Board Diversity**

Despite worldwide efforts on Board diversity under ESG, I argue that we need to move away from the “critical mass” theory of 30 percent women on Boards adopted by the United Nations in the 1990’s to a parity theory introduced in General Recommendation 40 of the CEDAW. The term critical mass is borrowed from the study of Physics: critical mass is the smallest amount of fissile material needed for a sustained nuclear chain reaction. We need to go beyond the idea of the smallest amount for change or a (tipping point) to an equal amount to achieve transformative and structural change that best advances human rights and ESG principles.

**Human Rights and Due Diligence:**

While CEDAW itself is not directly linked to ESG, there are ways in which its principles and objectives can be integrated into ESG considerations.


2. Diversity and Inclusion: ESG initiatives can embrace CEDAW’s goal of promoting diversity and inclusion advancing gender diversity on corporate boards and in leadership positions.
3. Human Rights Due Diligence: CEDAW's emphasis on human rights can be integrated into ESG by conducting human rights due diligence, including gender-specific assessments, throughout supply chains.

5. Stakeholder Engagement: Engaging with stakeholders, including women's rights organizations and gender equality advocates, can help inform and shape ESG strategies. Incorporating their perspectives and insights can ensure that gender considerations are properly addressed within the ESG framework.

6. Supply Chain Management: Ensuring ESG compliance across complex supply chains can be challenging. Companies, especially those with global operations, need to monitor and address ESG risks and practices not only within their organization but also within their supply chains. The introduction of women’s human rights and the CEDAW into supply chain management is one of the most effective ways of mainstreaming the CEDAW in transnational business.

**Promoting Rights Respecting Investments:**

In the build up to the 10th anniversary of the UN Guiding Principles on Business and Human Rights, the UN Working Group on transnational corporations and other business enterprises launched the Guiding Principles 10 plus.

The EU in particular has taken on a leadership role in redefining the responsibilities of institutional investors by ensuring that ESG, including human rights, are at the heart of the financial system. This has helped bolster investor engagement on human rights. Through the Sustainable Finance Disclosure Regulation, the European Union requires investors to disclose the adverse impacts of their investment decisions on people and planet and due diligence in addressing those impacts.

Many large banks are now evaluating ESG matters and how companies address them when making financing decisions. In recognition of International Human Rights Day on December 10, 2018, Citibank issued the following update to its statement concerning human rights: “For project finance and project related corporate loans, any human rights mitigation requirements are included as a condition of financing.” I argue that more attention must be paid in integrating women’s human rights, especially the CEDAW in those lending decisions.
UNICEF has published Investor Guidance on Integrating Children’s Rights into Investment Decision-making. At the same time, the UN OHCHR B- Tech released guidance in rights respecting investment in digital technology companies in 2021. UN Special mandate holders have in some cases directly spoken to the role of investors in preventing, mitigating and addressing adverse impacts on human rights.

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There have also been some successes in litigation in the arena of human rights and ESG.

In a suit against Starbucks Corp., the plaintiff alleged that, while Starbucks labels its hot chocolate as “made with ethically sourced cocoa,” “[n]evertheless, Starbucks is ‘fully aware that the farms it sources its cocoa from use child and slave labor.’”

Shareholder activists have been focused on Monster Beverage Corporation, alleging that the company uses sugar cane produced in parts of the world where modern slavery is an issue.

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Soon after the catastrophic dam failure at the mine in Brazil, the formation of the investor Mining and Tailing Safety initiative was set up to facilitate investors in extractive industries to engage with impacted communities.
At the same time, challenges remain. The renewable energy sector — popular among ESG funds — is just one area of concern. Allegations of abuse associated with renewable energy projects, including land grabs, dangerous working conditions, poverty wages, sexual violence, impacts on Indigenous women’s rights and attacks on women human rights defenders are pervasive in energy projects.