Empowering Voices: Advancing Gender Equality and Child Labour Mitigation in Finance and Agriculture

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In today's rapidly evolving financial landscape, promoting gender equality and mitigating child labour practices are more pressing than ever. A recent breakfast seminar hosted by LuxFLAG brought together experts to examine the interconnected roles of gender finance, responsible investments and human rights issues.

The event featured presentations by Ariane Genthon, Programme Officer on Child Labour in Agriculture at the Food and Agriculture Organization of the United Nations (FAO), and Etienne de Belloy, Senior Manager, Fund Management at Innpact. Ariane's discussion emphasized the link between gender, child labour prevention, and responsible investment, while Etienne explored investment strategies to foster gender equality. Together, their insights underscored pathways for inclusive finance, highlighted enduring barriers to gender equality and examined the pervasive issue of child labour in agricultural sectors.

Gender-Smart Finance: A Transformative Tool

Gender-smart finance aims to proactively address gender-specific challenges in financial products and policies. Traditional financial systems often fail to meet women's needs effectively; as highlighted by the Global Gender Smart Fund (GGSF), world's largest gender-lens investment fund[1], there is a $1.4 to $1.7 trillion credit gap for women-owned businesses worldwide[2], while only 2% of global value chain purchases come from women-led firms[3].

[1] "Global Gender Smart Fund (GGSF),", https://ggs-fund.com/.
[2] IFC – Closing the Gender Finance Gap through the Use of Blended Finance – October 2022
[3] We-Fi – The Case for Investing in Women Entrepreneurs – June 2022

The GGSF supports financial institutions in global emerging markets by providing debt financing linked to a commitment by the institutions to a gender action plan, which is measured through gender-sensitive KPIs. GGSF further partners with online data analytics platform Equilo to incorporate in the investment process a gender questionnaire[4] which evaluates all gender aspects within an institution, both external (outreach to clients) and internal (policies and practices, including on issues such as Gender-Based Violence and Harassment (GBVH)). This approach not only aims at financial empowerment of women borrowers but also ensures institutions adopt inclusive practices. Through partnerships with organizations like Incofin, responsAbility and Triple Jump as portfolio managers to originate and monitor investments, and Niras and Women's World Banking as technical assistance providers, the GGSF aims to empower over 100 financial institutions globally to address gender disparities[5].

The Business Case for Gender Inclusion

The gender gap in finance represents not only a social issue but also a significant missed market opportunity. Financial institutions miss out on an estimated $700 billion in annual revenue by not adequately catering to women[6]. Studies indicate that women tend to make more substantial investments in areas like home, health, and education than men, which positions them as valuable but underserved clients. Furthermore, data show that female borrowers generally have lower rates of non-performing loans compared to their male counterparts, which strengthens the business case for inclusive finance[7].

Etienne de Belloy's insights on bridging the financing gap for women emphasise that expanding access to capital is essential for gender equality in economic sectors like agriculture. However, this expansion must consider broader social impacts, especially when it involves rural communities where women are predominant in agriculture[8].

This dynamic ties directly into Ariane Genthon's focus on child labour in agriculture.

[4] Equilo: Gender Equality Insights and Tools." : https://www.equilo.io/
[5] Women's World Banking. (2022). Gender and Finance: Empowering Women Through Financial Services. Women's World Banking.
[6] Oliver Wyman. (2020). Women in Financial Services.
[7] IFC – Closing the Gender Finance Gap through the Use of Blended Finance – October 2022
[8] Food and Agriculture Organization (FAO). Women in Agriculture. FAO, 2024. Available at:
https://www.fao.org/reduce-rural-poverty/our-work/women-in-agriculture/en/

Child Labour in Agriculture: A Persistent Crisis

Ariane Genthon's intervention underscored the critical yet often-overlooked connection between agricultural investment strategies and their impact on addressing child labour.

Child labour continues to be a significant issue in agriculture, accounting for 70% of all child labour globally, with 112 million children involved, often in hazardous conditions[9]. The most common drivers being this daunting observation are rural household poverty and economic vulnerability, food insecurity, the lack of educational opportunities, as well as poor awareness on sustainable agricultural practices.

FAO data reveals that agrifood systems are a crucial source of livelihood for women around the globe, representing 66% of women's employment in sub-Saharan Africa and 71% in southern Asia[10]. Ariane highlighted that through economic empowerment, rural women can be empowered to take decisions on behalf of their families which can in turn help breaking the intergenerational reproduction of gender inequality patterns. This means that their daughters and sons are less likely to drop out from school and become involved in child labour.

However, the work of women in agrifood systems often involves family labour, which can lead to children taking on added responsibilities when women become economically active and diversify their activities[11]. Financial investments should not be considered as "child labour neutral" but should instead actively consider and address structural drivers and vulnerabilities that push children into work rather than focusing on the symptoms that emerge in supply chains. Such financial products can help maximising intended positive impact such as enabling education and improved livelihood opportunities and avoid unintended impacts such as increased workload on children[12].

Mitigating Child Labour through Shared Responsibility and Responsible Investments

The 2022 Durban Call to Action on the Elimination of child labour calls for addressing child labour's root causes through increasing investment in the economic and social development of rural areas, educational support, and technical assistance[13].

[9] International Labour Office and United Nations Children's Fund, Child Labour: Global estimates 2020, trends and the road forward, ILO and UNICEF, New York, 2021
[10] FAO. 2023. The status of women in agrifood systems. Rome.
[11] FAO. 2021. Gender dimensions of child labour in agriculture. Background paper. Rome.
[12] FAO and WB. 2021. The role of international financial institutions and development banks in eliminating child labour in agriculture. Background paper. Rome
[13] https://www.ilo.org/sites/default/files/2024-05/Durban_Call_to_Action.pdf

In the same manner, the FAO advocates for a shared responsibility model that includes not only governments and agricultural actors but also financial institutions, the private sector, and civil society. Financial institutions and agribusinesses must integrate child labour considerations into their ESG frameworks to prevent perpetuating poverty cycles that push families into child labour.

FAO's comprehensive approach to support these actors includes technical support and capacity development in screening agricultural investment projects for child labour risks as well as the design of prevention and mitigation measures[14]. These actions contribute to protecting rural communities from unintended negative impacts and to design new models for responsible investments.

Conclusion

The LuxFLAG breakfast seminar highlighted how financial investments can contribute to gender equality and to the prevention of child labour and underscored the need for financial systems to integrate safeguards for both women and children - an intersectional approach that considers both the empowerment of women and the protection of children. The insights shared by Ariane Genthon and Etienne de Belloy reveal the urgency for gender-smart and child-safe investment strategies that address the unique challenges within rural economies. Achieving gender equality and reducing child labour require a collaborative approach across sectors, uniting financial institutions, policymakers, and civil society in a shared commitment to sustainable, inclusive growth. By embedding these principles into frameworks like the GGSF's and following FAO's approach, we move closer to building a future where financial empowerment uplifts women without compromising the well-being of children, ultimately advancing global development goals.

Through responsible investments and intentional policy designs, the private sector can drive progress towards a more equitable future. As the conversation around gender and human rights continues to evolve, collaborative efforts from all sectors are essential to creating sustainable, inclusive financial systems.

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[14] FAO. 2020. FAO framework on ending child labour in agriculture. Rome