

What's Good for Women and Girls can be Good for Men and Boys

POLICY BRIEF CONTRIBUTING TO THE CHALLENGE PAPER ON INEQUALITY AND EXCLUSION

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This policy brief does two broad things. First, we set up gender inequality as a dimension of generalized inequality and review existing evidence about the links between gender inequality and income inequality. Second, we apply the “Greentree framework” from the first meeting of the Pathfinders Grand Challenge on Inequality and Exclusion to highlight experiences from the gender space that demonstrate how specific policies can promote both recognition and redistribution. The concluding section reflects on possible areas for further analysis.

Laying the groundwork

The relationship between gender inequality and broader measures of inequality is striking.

It is well known that gender inequality is bad for economic growth. Better gender equality is associated with gains in terms of income, economic growth, and national competitiveness.

- The best-known recent global study is McKinsey’s “The Power of Parity,” which estimated the gains associated with greater gender equality to be a 26 percent boost to global output, amounting to \$28 trillion.¹
- A one standard-deviation improvement in gender inequality across 109 countries increased long-term income per capita by about 9 percent.
- It is estimated that annual per capita growth in sub-Saharan Africa could be boosted by almost one percentage point if inequality in Africa fell to the levels in the fast-growing emerging Asian countries,² which we estimate as about 37\$ per person annually.

Given the expected slowdowns in the growth of the global labor supply due to aging populations, reducing gender gaps in the labor market will become increasingly important to economic growth in the coming decades.³

What is less widely recognized is that greater gender equality—in terms of labor force participation, wages, education, health, and assets—can work to close income gaps in society more broadly.⁴ The data show that there is a broad correlation between the status of women in society and income inequality. The overall picture suggests that there is a potentially important role for national policies and institutional factors to influence gender inequality in ways that improve income inequality, which is the focus of the second part of this note.

An International Monetary Fund analysis using the United Nations Development Program's Gender Inequality Index (GII) shows that in countries where gender inequality is worse, the top income group tends to have a larger share of total income.⁵ Highlights include:

- If the GII increases from the median to the worst levels, the income share of the top decile increases by almost six percentage points, equivalent to the difference in income inequality between Norway and Greece. (Note that this is a significant worsening in measured gender inequality: Sri Lanka is the median country in the GII, while Papua New Guinea and Yemen are among the worst.)
- Gender inequality also goes hand in hand with lower income shares at the bottom end. If the GII worsens from the median to worst levels, the bottom quintile's income share shrinks by two percentage points, which is similar to the difference between Estonia and Uganda.

The IMF also concludes from its analysis that the direction of causality is that gender inequality leads to income inequality, rather than the reverse. How might these impacts come about? Income inequality and gender inequality can interact through a number of channels. It is useful to distinguish these channels to help set up the subsequent discussion of policy options. While it is likely that some effects are bidirectional—that is, income inequality affects gender inequality *and* gender inequality influences income inequality—the overall associations are clear.

The relationship between gender inequality and a broader measure of inequality is even more striking, as shown in Figure 1, for 137 countries. The inequality-adjusted human-development index has been published by the UNDP since 2010,⁶ and takes account of how a country's average achievements in health, education, and income are distributed among the population by “discounting” for the level of inequality in each of those dimensions.⁷ This broader picture of inequality is consistent with the approach of the sustainable development goals to consider dimensions of inclusion beyond income.⁸

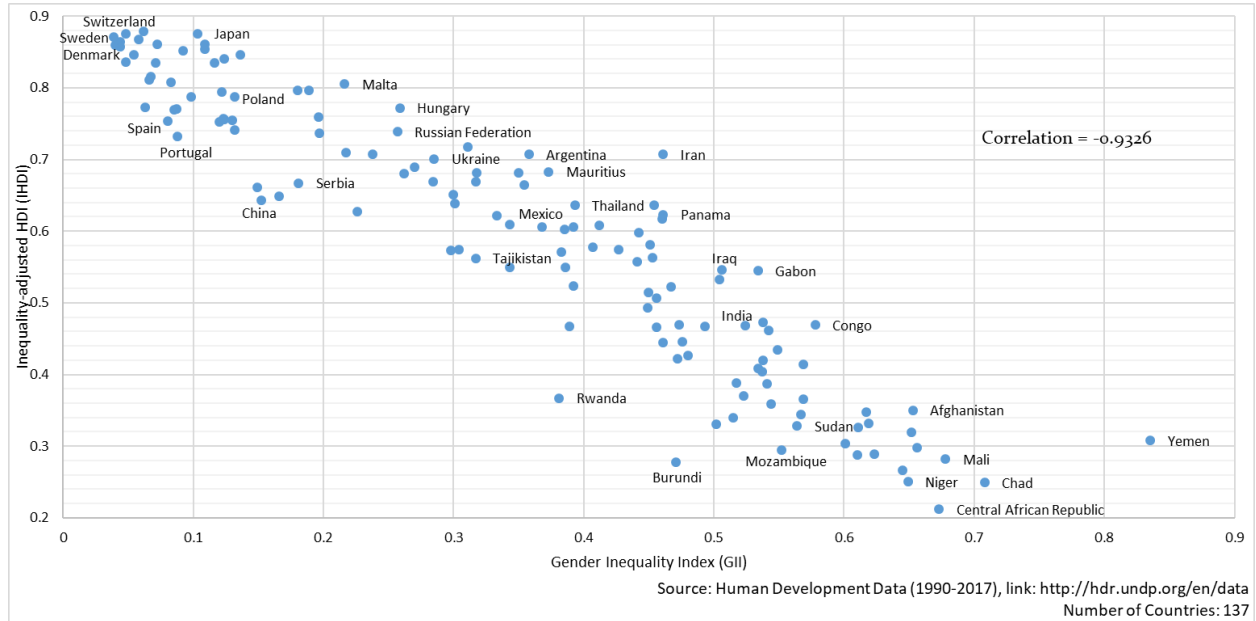


Figure 1: Multidimensional Inequality Is Strongly Associated with Gender Inequality

Gender gaps in economic opportunities worsen income inequality. These gaps manifest in a myriad of ways and are caused by a variety of factors.

Gender gaps in economic opportunities arise from a range of factors:

- **Norms and laws adverse to women**

- Gender-related legal discrimination restricts women’s participation in the economy and thus directly contributes to income inequality. Gonzales et al. (2015) draw on a large data set to find that restrictions on women’s rights to inheritance and property, as well as legal impediments to undertaking economic activities such as opening a bank account or freely pursuing a profession, are strongly associated with larger gender gaps in labor force participation.
- High fertility rates have been associated with less economic activity by women and lower returns to paid work. Having children as teenagers prevents girls from going to school and, subsequently, entering the labor market, or results in women entering the labor market with relatively low skill levels, thereby widening the inequality of economic opportunities and pay between men and women. This association is mirrored in the higher degrees of inequality and poverty rates for countries in which adolescent fertility is high.

- **Unequal distribution**

- Gender gaps in property ownership—especially land—are well documented and have repercussions for women’s farm productivity and access to credit, and thus income. As outlined in the upcoming report from Justice for Women, women’s land rights are associated with better outcomes for women and their families along a number of economic and social fronts.⁹ A study in Tanzania, for example, found that women earned nearly four times more in areas where they have control over land.

- Gender gaps in financial inclusion, which have not closed in developing countries over the past several years, are associated with the exclusion of the poor from financial services. Women and the bottom two income quintiles have the least access to financial services in all regions. According to IMF estimates, in three regions—the Middle East and North Africa, South Asia, and sub-Saharan Africa—the gender gap in financial access widened from 2011 to 2014, and countries with larger disparities in access to financial services across income groups also tend to have larger gender gaps.
- Gender gaps in education widen gaps in economic opportunities, in terms of participation and earnings. According to UNESCO (2015), at the primary level, two-thirds of countries have achieved gender parity, but only one-fifth of low-income countries. Of the 18 countries with fewer than 90 girls for every 100 boys enrolled, 13 are in sub-Saharan Africa. About one-half of countries have achieved gender parity at the lower-secondary level, but only 10 percent of low-income countries.

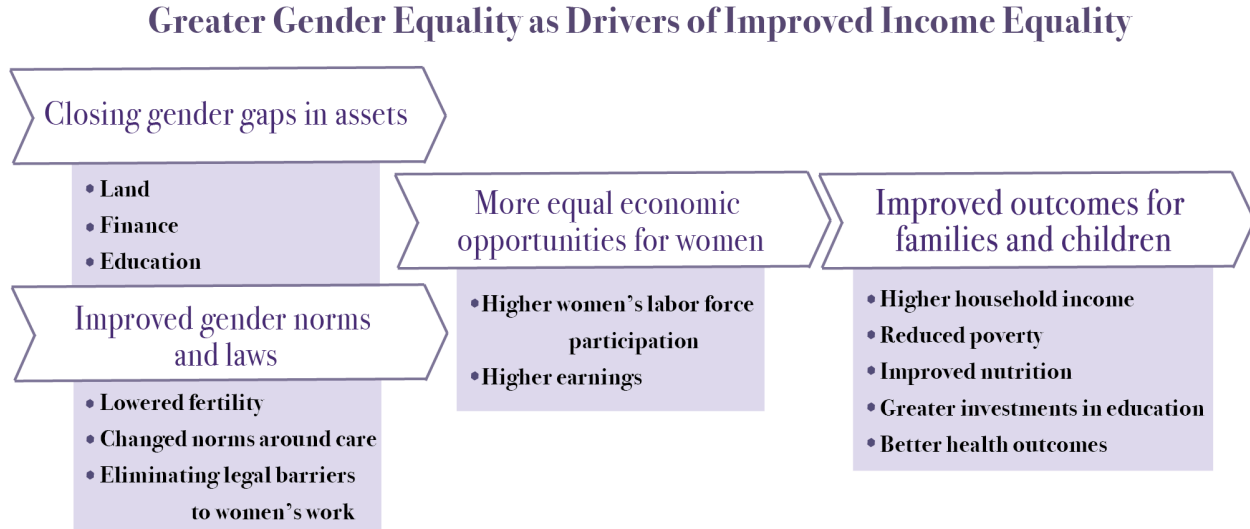
Closing gender gaps in the labor market has direct benefits for families and for the next generation, particularly girls.

The key mechanism by which closing gender gaps boosts national income is in the labor market, via increased female labor force participation and earnings.

There are many different types of gender gaps—in education, assets, labor force participation, earnings, and so on—that could contribute to income inequality. The focus here is on the labor market as a transmission mechanism, since this is the prime driver of overall patterns of income inequality, although we also highlight differences in asset ownership, financial inclusion, and access to credit for business owners.

- Currently, women are substantially less likely than men to participate in the labor market: In 2017, the global labor force participation rate for women, at just over 49 percent, is nearly 27 percentage points lower than the rate for men.¹⁰

The various drivers and impacts are summarized in Figure 2 and illustrated below.



Source: Based on author's framework

Higher female labor force participation directly benefits households and reduces poverty rates.

Better work opportunities for mothers boost the level of household income and reduce household poverty.¹¹ The World Bank estimates that higher female labor force participation accounted for about 30 percent of the reductions in poverty and income inequality in Latin America from 2000 to 2010.¹²

Increasing the share of household income in women's hands can boost investments in the education, health, and livelihood of children, especially girls.

Evidence from developing countries suggests that women are more likely to spend on food and invest in children's education and health than men.¹³ The World Bank's "World Development Report 2012" on gender and development reviewed the benefits of women's work and incomes for their families¹⁴.

Country examples include:

- The Progres program in Mexico, which provided cash transfers to women in poor households and shifted spending decisions toward children's food and clothing and away from tobacco and alcohol.¹⁵
- In Nicaragua, a conditional cash-transfer program delivered to women led to disproportionate gains in household spending on children's education.¹⁶

Better economic prospects for women can expand their daughters' prospects, through changing gender norms about women's paid work outside the home and boosting incentives to invest in girls' education.

- In Bangladesh, the expansion of factory jobs for women has increased parents' propensity to keep younger girls in school and older girls' propensity to engage in paid work. Both of these factors allowed women to postpone marriage and childbirth. Extrapolating from the evaluation, school enrollment rates were boosted by some 38 percent.¹⁷

There is evidence that these effects can be sustained over time. A longitudinal analysis in the United Kingdom over 25 years shows that daughters' and sons' wives or partners have greater human capital and labor supply if their mothers modeled and held "nontraditional" attitudes.¹⁸

Child care—which facilitates women’s paid work—is also an investment in future generations.^{19,20} Early-childhood nutrition and early-learning programs have been shown to extend schooling, improve learning outcomes, and increase future wages.²¹ By supporting school readiness, early-learning settings such as child care and preschool can help close gaps in knowledge and skills that are associated with income.²²

The evidence suggests that recognizing and closing gender gaps in care responsibilities—through better access to well-paid and nontransferable parental leave and high-quality, affordable child care—will make it easier for women to pursue employment, and thereby contribute to reduced income inequality.

Further, it encourages men’s caregiving and promotes greater equality in the household, workplace, and society as a whole, particularly when embedded within broader strategies to reduce and redistribute care work.²³ The policy has elements of both recognition and redistribution, by contributing to the recognition and redistribution of care work and transforming deeply rooted inequalities between men and women.

Implications for policy

The good news is that a number of major policy solutions and institutional fixes can promote both recognition and redistribution.

The recognition-versus-redistribution framework proposed by the Greentree meeting background paper for the Pathfinders Grand Challenge on Inequality and Exclusion—recognition being the idea of recognizing the other as equal and the intangibles of respect, dignity, and empowerment—is deeply relevant to gender equality and the associated policy agenda.

Below, we outline the examples of eliminating legal discrimination, social-protection programs, education, social spending, quotas for women in parliament, the recognition and protection of informal-sector workers, and parental leave and related schemes.

Eliminate gender discrimination in law

The World Bank estimates that more than 2.7 billion women globally are legally restricted from having the same choice of jobs as men, and that 90 percent of economies have at least one law that discriminates against women. Its analysis covers seven domains, namely, accessing institutions, using property, getting a job, providing incentives to work, going to court, building credit, and protecting women from violence. There are 943 legal gender differences across 170 economies.²⁴

Reforming these laws to eliminate legal discrimination would not only bring major benefits for gender inequality and economic growth, but also help close income gaps.

Promote access to quality secondary education

Approaches that have been found to be successful in both overcoming disadvantages of the poorest and including girls include the following:

- Scholarships in Cambodia increased enrollment and attendance rates by about 30 percent—and the impacts were largest for the most disadvantaged girls (Filmer and Schady, 2008).
- A Bangladesh uniform-stipend-and-tuition-subsidy program for each rural girl attending at least 75 percent of secondary-school days, attaining a minimum proficiency, and remaining unmarried was found to increase attendance 8 to 11 percent (Tietjen 2003).

Increase social spending in response to economic shocks

Because adverse economic shocks are disequalizing, appropriate policy responses need to address this effect. Stephanie Seguino²⁵ argued that “governments should, therefore, also allocate funding for social infrastructure investment (that is, investments in a country's most important resource—its people), in areas such as public health, education, childcare, and other social services. This has two benefits. First, it would generate jobs for women, since women are heavily represented in those occupations. Second, funding activities that support women with their care burden—for example, childcare services, contraception, and school feeding programs—could offset some of the negative effects of the economic crisis on women and the children for whom they care.” This approach could be conceived in a recognition-and-redistribution framework, highlighting the need to recognize and address adverse distributional impacts on the poor, and especially poor women.

Encourage more women to participate in politics

Higher women’s parliamentary representation is often associated with government policies that can be associated with redistributive objectives.²⁶ Overall, cross-country studies suggest that increased recognition of women’s representational role, as reflected in quotas, influences government priorities and could have substantial benefits for societal inequality. For example:

- A study of 103 countries from 1970 to 2006 found that an increase in the share of female legislators by one percentage point increases government expenditure on health and social welfare by 0.18 and 0.67 percentage points, respectively.²⁷
- A series of influential papers on India emerged from rigorous evaluations based on a natural experiment, in which a 1993 constitutional amendment required states to reserve one-third of all village council-chief posts for women. Among the findings was that village councils with reserved female leaders invested more in drinking water, sanitation, roads, school and health-center repairs, and irrigation facilities.²⁸ Interestingly, there was also a distributional angle. Women in seats reserved for lower castes and disadvantaged tribes were found to invest more in health and early education, and to favor “women friendly” laws such as amendments giving women the same inheritance rights as men, as well as redistributive policies such as land reforms. By way of contrast, female legislators from higher castes did not have any impact on women-friendly laws and tended to oppose land reforms, invest in higher education, and reduce social expenditure.²⁹

Recognize the rights of informal-sector workers

Women who are working in the informal sector typically lack recognition and have few employment-related protections, even those that formally exist in law. Lack of legal recognition leaves informal traders and vendors subject to arbitrary warrants, evictions, and confiscation of goods. Recent International Labor Organization (ILO) statistics from 126 countries show that more than six out of 10 jobs globally are informal—with rates as high as 86 percent in Africa and around 68 percent in Asia, the Pacific, and the Arab states.³⁰ The legal recognition of collective membership-based organizations such as trade unions, associations, and co-operatives is important because poor women are unlikely to seek to enforce their formal rights on their own.

Address gaps in legal identity

Having legal-identity documents—relating to property, business, housing, marriage, employment, children, or immigration status—affects people’s ability to protect their rights and access services,

including access to finance or even a mobile phone. The lack of legal identity can be seen as a denial of recognition. In low-income countries, on average, more than 45 percent of women lack an ID, compared with 30 percent of men.

There is also a clear association between poverty and lack of identity—across 18 low-income countries surveyed, 45 percent of the poorest quintile lacked an identity, compared with 28 percent of the top. This might be partly due to the costs of obtaining an identity, including travel costs and supporting documentation.

Social protection and the case of Pakistan's Benazir Income Support Program

Social-protection programs that succeed in reducing poverty and the intergenerational transmission of poverty by investing in children will typically also have positive impacts on inequality. Such programs typically feature an element of targeting—e.g., means-tested—and are often paid to mothers. Similar programs have been used in the context of efforts to prevent child marriage. Some programs have also been designed in ways that explicitly incorporate recognition, such as the Benazir Income Support Program (BISP). BISP illustrates how programs can address both redistribution and recognition objectives. One of the program's aims is to reduce poverty and promote equitable distribution of wealth, especially for low-income groups, and women were recognized as the recipients of the transfer.

CASE STUDY

The government of Pakistan launched the Benazir Income Support Program (BISP) in 2008 as the country's premier safety-net program. BISP currently serves 5.7 million women who have ever been married from households that meet the poverty criteria. Data suggest redistributive impacts: The share of beneficiaries who are poor or vulnerable to monetary poverty fell from 85 percent in 2011 to 72 percent in 2016, while the share falling below a multidimensional poverty threshold fell from 70 to 51 percent over the same period.

It is important to note that conditions can reinforce women's role as the primary caregiver, and even impose caregiving responsibilities such as taking children to health visits or traveling to pick up payments. This has led to the feminist critique of the programs that the "recognition" of women actually reinforces stereotypes of women as caregivers and adds to their time burden (in meeting program conditionalities, registering children at school, vaccinating children, and so on).³¹ Cash transfers should and can be designed so that they not only increase women's income but also encourage men to share the domestic and child-care responsibilities in their families.³²

Cautionary note: Some well-intentioned policies designed to address gender inequality have neglected to address potential distributional consequences.

Women on boards

The agendas seeking to promote women on boards and women in the C-suite have an important recognition dimension, but are arguably more a concern for elite women, with no major redistributive benefits. One criticism is that the same few women are being recruited to multiple boards, women who have been called “golden skirts” by newspapers such as the Financial Times.

- *In Australia, where the share of women on the boards of the top 200 companies on the national stock exchange is approaching 30 percent, it was recently reported that just eight women dominate the seats—which newspaper headlines described as undermining claimed improvements in diversity.¹*

Maternity benefits for formal-sector workers

In a number of countries, including the United States, advocacy for policies to promote gender equality often includes the promotion of maternity leave and benefits. This can enable women to retain their attachment to employment¹ while balancing other constraints, and taking maternity leave has been associated with longer breastfeeding duration, better diet, and caring practices.

However, the distributional impacts of maternity benefits and leave are context-specific and might be limited. On the one hand, in many countries the promotion of maternity leave and benefits only accrues to women in formal employment. In informal work, gender inequality intersects with other inequalities, such as those of poverty, geography, ethnicity and race, or caste. The lack of social protection and benefits in informal work means that informal workers have no safety net if they are laid off, injured, or otherwise can't work due to childbirth. A recent analysis of an expansion of government-funded maternity leave in Norway, from 18 weeks to 35 weeks, found negative distributive effects—partly because the payments increased with family income.¹

On the other hand, in countries such as the United States, the extension of parental and maternity benefits would likely benefit the less well-off, since those in better-paid positions are already covered by their employers.

Extended leave

A final example is that of extended maternity leave and flexible work, which again might accord recognition, but in ways that undermine women's career and pay prospects, due to reinforcing the gender stereotype that women are not committed to their careers, and to interruptions to work experience.

Concluding note

This note has shown how recognition can be a key aspect of policies designed to advance gender equality, and has outlined the synergies between recognition and redistribution across a series of key policy areas.

The examples illustrate that efforts to address generalized inequality and the group-based exclusion of women do not need to be in competition with one another. The potentially major gains for both agendas warrant further investigation.

There is a major scope for unifying solutions that advance efforts to close both gender and income disparities.

The Pathfinders for Peaceful, Just and Inclusive Societies is a group of UN member states, international organizations, global partnerships, civil society, and the private sector. We work to accelerate the delivery of the SDG targets for peace, justice and inclusion (SDG16+). Pathfinders is hosted by the NYU Center on International Cooperation.

www.sdg16.plus

Endnotes

¹McKinsey Global Institute, 2015. MGI's full-potential estimate, cited here, is about double the average estimate of other recent studies, which can be traced to MGI's more comprehensive view of gender inequality in work and other methodological differences.

² Dalia Hakura, Mumtaz Hussain, Monique Newiak, Vimal Thakoor, and Fan Yang (2016) *Inequality, Gender Gaps and Economic Growth: Comparative Evidence for Sub-Saharan Africa*, IMF Working Paper African Department WP/16/111. The paper uses new time series data and dynamic panel regressions, and the size of the effect is 0.9 percentage point boost, on average.

³ Dobbs, Richard, Manyika, James, and Jonathan Woetzel, *No Ordinary Disruption: The Four Global Forces Breaking All the Trends*, McKinsey Global Institute, 2015. See also Amin et al. (2015), who study gender inequality and growth, using a broad gender- inequality index, and find a strong negative relationship between growth and gender inequality, but which mostly holds for low- income countries, but not at higher national- income levels.

⁴ Gonzales, Christian, Jain-Chandra, Sonali, Kochhar, Kalpana, Newiak, Monique, and Tilek Zeinullayev (2015). *Catalyst for Change: Empowering Women and Tackling Income Inequality*, IMF Staff Discussion Note.

⁵ Christian Gonzales ; Sonali Jain-Chandra ; Kalpana Kochhar ; Monique Newiak ; Tlek Zeinullayev (2015) *Catalyst for Change : Empowering Women and Tackling Income Inequality*, INTERNATIONAL MONETARY FUND. Staff Discussion Notes No. 15/20, Washington DC

⁶ <http://hdr.undp.org/en/content/designing-inequality-adjusted-human-development-index-ihdi>

⁷ Thus, the IHDI is distribution-sensitive average level of HD. Two countries with different distributions of achievements can have the same average HDI value. Under perfect equality the IHDI is equal to the HDI, but falls below the HDI when inequality rises. The difference between the IHDI and HDI is the human development cost of inequality, also termed – the loss to human development due to inequality.

⁸ While the indicators in SDG 10 are framed in terms of income, Target 10.2 states “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.”

⁹ Slavchevska, Vanya, Ana Paula De La O Campos, Chiara Brunelli, and Cheryl Doss (2016). *Beyond Ownership: Tracking Progress on Women's Land Rights in Sub-Saharan Africa*. Food and Agriculture Organization of the United Nations, Rome. <http://gsars.org/wp-content/uploads/2017/01/WP-14.12.2016-Beyond-Ownership.pdf>; Milazzo, Annamaria and Markus Goldstein (2017). *Governance and Women's Economic and Political Participation: Power Inequalities, Formal Constraints and Norms*. Washington, DC.: World Bank, https://openknowledge.worldbank.org/bitstream/handle/10986/27267/116405_WDR17_BP_Governance_and_Womens_Participation-Milazzo_Goldstein.pdf

¹⁰ ILO (2017) *Economic Impacts of Reducing the Gender Gap* (What Works Research Brief No. 10), 2017. Female labor force participation is assumed in McKinsey's model to rise to the same levels as men, and with the same sectoral distribution as men.

¹¹ World Bank (2012) Op cit.

¹² World Bank (2012), *The Effect of Women's Economic Power in Latin America and the Caribbean*. Washington, D.C.: World Bank.

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- ²² https://www.ced.org/pdf/Full_Brief_-_Child_Care_Tax_Credit_Brief_-_August_2017.pdf
- ²³ Alexa Hassink, Gary Barker, and Ruti Levitov on behalf of MenCare (2016). *The MenCare Parental Leave Platform: 10 Ways to Leave Gender Inequality Behind and Give Our Children the Care They Need*.
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