



Women at Work: Remarkable Achievement in Latin America and the Caribbean

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September 15, 2016

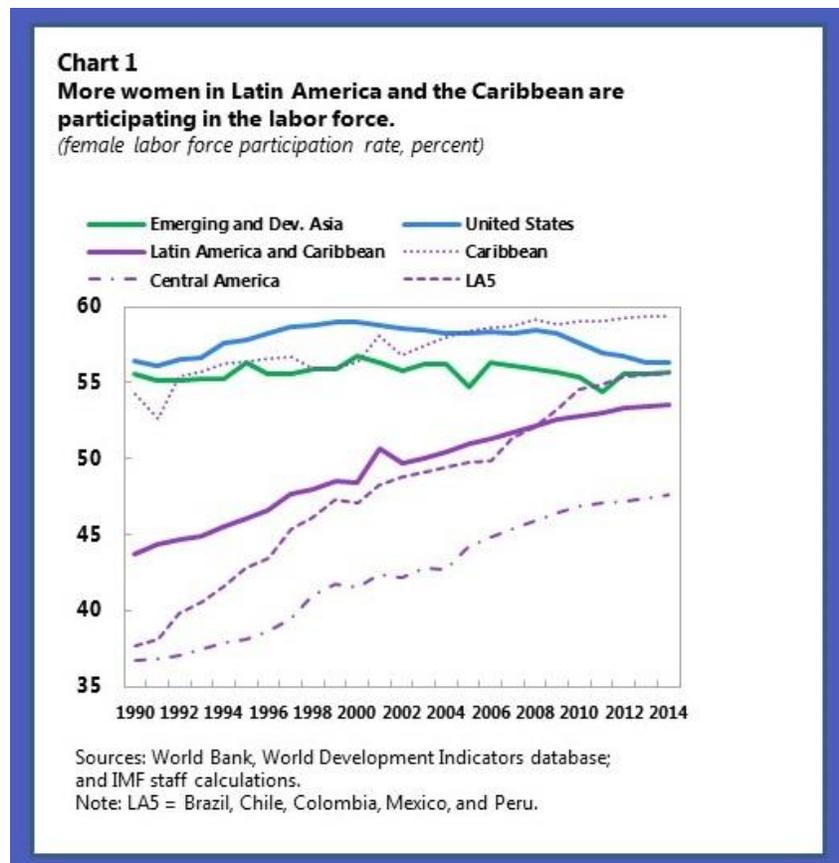
In most countries, more men than women do paid work. Labor force participation averages around 80 percent for men but only 50 percent for women. In other words, nearly half of women's productive potential remains untapped compared to one-fifth for men.

As in the rest of the world, women remain an underutilized labor resource in Latin America and the Caribbean. But over the past two decades, they have been increasingly active at work, narrowing the gap with men and their counterparts in advanced economies at an impressive rate. In a region where there is a need to find new sources of growth, encouraging more women to participate in the labor market would help boost income levels and employment across countries.

Great strides in female participation...

In 1990, only 44 percent of women in Latin America participated in the labor force. In 2014, this ratio increased to 54 percent, close to levels seen in the United States and emerging markets in Asia. But this improvement masks significant variation within the region. Caribbean countries have historically had high female participation rates, and since 2005 are higher than the United States. In the rest of the region, Central America and the five largest South American economies were almost on par in the early

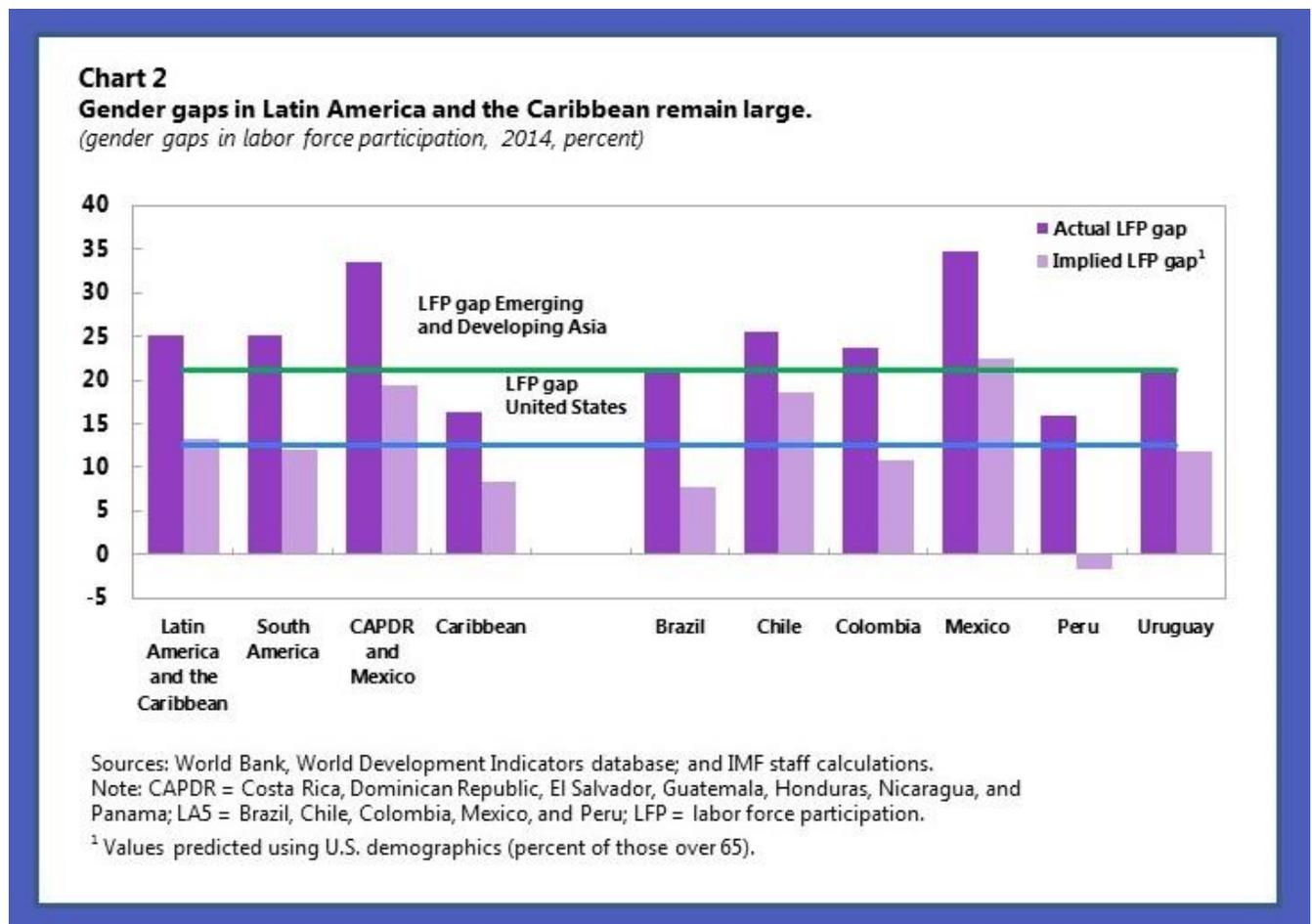
1990s, at below 40 percent, but since then countries in South America have made significant gains, while Central America has been catching up at a more modest rate (see Figure 1).



These gains in female participation in Latin America are the largest than in any other region since 1990. And female participation in Latin America is now higher than what would be predicted by their per capita income (see forthcoming IMF Working Paper by Novta and Wong).

...but gender gaps remain large

Despite these gains, Latin America's gender gap—the difference between male and female labor force participation—remains large. At around 25 percent, it is double the U.S. gender gap. Interestingly, this reflects primarily large male participation, which, in turn, can be attributed to a relatively young population. Nearly four-fifths of men in the region participate in the labor force, versus about two-thirds in advanced economies. For instance, if Latin America had the same demographics as the United States (86 percent of people under the age of 65, versus 93 percent in Latin America), the implied gender gap in Latin America would decline to 14 percent, in line with the gap observed in the United States (see Figure 2).



Times are changing

The good news is that younger women in Latin America are working more and more, and especially those with higher education levels. At younger ages, the gender gap is smaller across all education levels, and for those with at least some college education the gap is almost closed (see Figure 3). This likely reflects a combination of the time trend (newer generations of women work more) and a life-cycle component (many of these women are not yet mothers). As this younger cohort of women reaches childbearing ages, policies that foster continued labor market engagement will be critical.

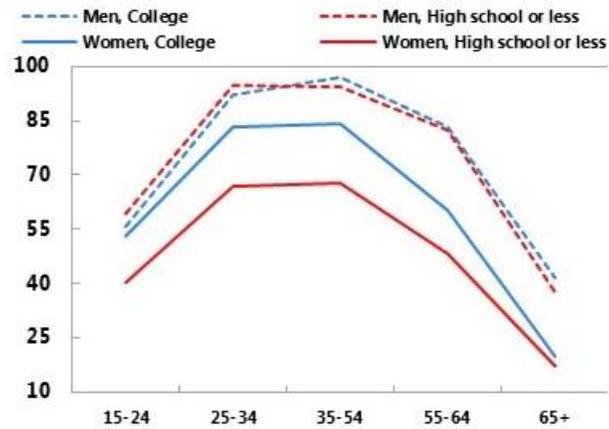
This is especially important as women surpass men in educational attainment, as observed in several Latin American countries (see Figure 4).

Free or subsidized childcare programs such as Colombia's *Hogares Comunitarios de Bienestar Familiar* and Mexico's *Estancias Infantiles* have been shown to increase the mother's probability of employment or hours worked. Similar results were found with Chile's *Jornada Escolar Completa*, which increased children's hours in school, providing additional time available for mothers to work. These programs have targeted poor mothers, but childcare programs in advanced countries, for example, in Canada, the Netherlands, and Spain, have also successfully raised female labor force participation and the number of hours worked. In

Chart 3

Younger, more well-educated women are working more and more.

(labor force participation by age, sex, and education, percent)

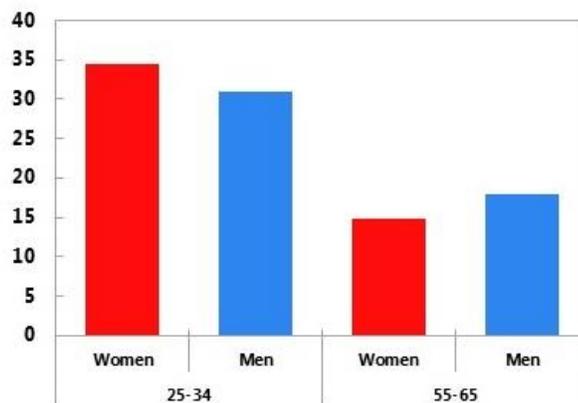


Sources: Household surveys; and IMF staff calculations.
Note: Latest available data. Simple average of Brazil, Chile, Colombia, Mexico, Peru, and Uruguay. College = incomplete college or more. High school or less = high school education or less.

Chart 4

Younger women are more educated than men in several Latin American countries.

(college education by age and sex, percent)



Sources: Household surveys; and IMF staff calculations.
Note: Latest available data. Simple average of Brazil, Chile, Colombia, Mexico, Peru, and Uruguay. College = incomplete college or more.

addition, policies that increase female education or guarantee equal legal rights for females would also increase female labor force participation.

Boosting growth

Potential gains from higher female participation could be sizeable, although calculating the exact magnitude of such gains is challenging. Illustrative calculations show that, all else equal, if Latin American countries were to raise their female labor force participation to the average of the Nordic countries (which is 61 percent), their GDP per capita could be up to 10 percent higher, depending on the country and the existing level of female participation.

[Recent IMF work on Canada](#) has shown that gains in productivity growth due to greater integration of women in the labor force could be large. Other estimates range from a possible GDP per capita gain of about 7 percent worldwide to around 17 percent for Latin America.

The direct positive impact of women entering the labor force is only the beginning. By implementing policies that support working women, such as those mentioned above or, for example, policies that guarantee equal pay for similar work, women's power to make decisions in the household is strengthened. Given that women spend more resources on children's education and healthcare, this would benefit the entire family, as well as increase labor productivity and provide a boost to the economy.

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Alejandro Werner assumed his current position as Director of the Western Hemisphere Department of the International Monetary Fund (IMF) in January 2013. A Mexican citizen, Mr. Werner has had distinguished careers in the public and private sectors as well as in academia. Most recently, he served as Undersecretary of Finance and Public Credit of Mexico from December 2006 until August 2010, was Professor of Economics at the Instituto de Empresa in Madrid, Spain (from August 2010- July 2011), and was Head of Corporate and Investment banking at BBVA-Bancomer (from August 2011 until end-2012). Previously he was Director of Economic Studies at the Bank of Mexico and professor at ITAM. He has published widely. Mr. Werner was named Young Global Leader by the World Economic Forum in 2007. Mr. Werner received his Ph.D. from the Massachusetts Institute of Technology in 1994

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