Women's Empowerment and the IMF

INTRODUCTION

1. **There are clear economic and social imperatives for promoting women's economic empowerment.** GDP per capita losses attributable to gender gaps in the labor market are substantial (up to 27 percent in certain regions). Allowing women to develop their full labor market potential can produce substantial macroeconomic gains, for example by mitigating the impact of a shrinking workforce in rapidly aging economies, or by increasing levels of school enrollment for girls. Better opportunities for women can also contribute to broader economic development and diversification while supporting economic resilience and reducing income inequality.

2. **Despite significant progress in recent decades, wide gender gaps remain.** Gender inequality is observed in many forms, including in inequality of outcomes, such as labor force participation and representation in leadership positions, and inequality of opportunities, such as access to health, education, and financial services. For instance:

- *Globally female labor force participation remains lower than male participation.* Women make up 40 percent of the global labor force, with the average female labor force participation rate being more than 25 percentage points lower than the male rate.

- *Gender wage gaps remain high* – between 10 and 20 percent in most OECD countries;

- *Women are overrepresented in the informal sector and among the poor, and under-represented in senior leadership positions* – women represent the majority of vulnerable home-based workers, and in Europe just 2 out of 10 senior corporate positions are held by women.

- *Almost 9 out of 10 countries have at least one gender-based legal restriction* – such restrictions constrain women from developing their full economic potential.

IMF WORK IN SUPPORT OF WOMEN'S EMPOWERMENT

3. **Analytical work by the IMF has highlighted that narrowing participation gaps between women and men is likely to deliver large economic gains.** Ostry and others (2018) find that those gains can be greater than the benefit resulting simply from having more workers: increasing gender diversity brings new, complementary skills and ideas to the workplace to the benefit of both men and women and can support sectoral reallocation and economic development. Kazandijan and others (2016) show that by constraining the potential pool of human capital and impeding the development of new ideas, gender inequality decreases the variety of goods countries produce and export, providing evidence that gender-friendly policies could help countries diversify their economies.

4. **Fund analysis also highlights that inclusion of women as users, providers and regulators of financial services can foster greater stability in the banking system and enhance**

economic growth. Sahay and others (2015) demonstrate that most types of financial inclusion, including a greater share of women users in finance, increase economic growth, while Aslan and others (2017) show that countries with larger gender gaps in financial inclusion have higher income inequality. Sahay, Cihak, and others (2018) also find that banks with a higher share of women board members had higher capital buffers, a lower proportion of non-performing loans and greater resilience to stress. The authors found a similar relationship between bank stability and the presence of women on banking regulatory boards. These findings support the case for financial inclusion of women to enhance growth and foster financial stability.

5. The ongoing digital revolution raises additional policy challenges as women appear less endowed with some of the skills needed to thrive in the digital era. Recent Fund research (Brusseyich and others, 2018) highlights that trends toward greater automation will be especially challenging for women. Since women, on average, perform more routine or codifiable tasks that are more prone to automation, they face a higher risk of losing their job than men – 180 million women's jobs are estimated to have a high risk of being displaced over the next 20-years.[1] These findings highlight the need for governments to enact policies that foster gender equality and empowerment in the changing landscape of work: providing women with the right skills; closing gender gaps in leadership positions; bridging the digital gender divide; and easing transitions for affected workers.

6. Fund work also distills the potential for fiscal policy and gender budgeting in influencing women's economic empowerment. IMF (2017) provides an overview of gender-responsive budgeting concepts and practices in the G7. Kolovich (2018) summarizes some of the most prominent gender budgeting efforts in more than 80 countries over the past two decades. To advance further research in this area, the Fund has also developed two datasets on gender budgeting and a gender equality indices.

7. In country work, the IMF has been integrating analysis of gender equality into its regular consultations with member country authorities since 2015, covering a wide range of issues.[2] Over 40 Article IV reports with a specific focus on gender issues have been completed. Examples of the analysis conducted include: drivers of female labor force participation and wage gaps and their impact on growth and inclusiveness (India, Morocco, Rwanda); impact of closing gender gaps on productivity and growth (which, for example, could boost GDP in Canada by 4 percent, in Japan by 9 percent, and in Niger and Pakistan by 30 percent); gender gaps and demographic challenges (e.g., in Japan, closing the gender gap could help in addressing challenges from an aging population, which could weigh on potential growth by shrinking the labor supply and lowering productivity over the next decade); financial inclusion and women's economic empowerment (e.g., analyses suggest that enhancing financial inclusion would increase female labor force participation and improve competitiveness and boost potential growth in India Pakistan);

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[1] This estimate is an extrapolation of the findings that 26 million female jobs in 30 countries (28 OECD countries, Cyprus and Singapore) face a higher than 70 percent likelihood of being automated within the next two decades.

[2] Advice on how to analyze gender issues in country work was provided in a note made available to the public in June 2018 (IMF, 2018a).

impact of policy measures on gender inequality (e.g., provision of child care in Egypt, and cash transfers targeting girl's education in Nigeria); and gender budgeting (Morocco, Rwanda).

8. In general, policies should focus on boosting female labor force participation, investing in education, health, infrastructure, increasing financial inclusion and promoting equal rights. The specific policy mix will vary according to countries' circumstances and level of development. Indeed, recommendations to boost female labor force participation and enhance gender equality have focused on different instruments such as: (i) elimination of tax-induced work disincentives for secondary earners (Germany) and elimination of social security and tax disincentives to spousal work (Japan); (ii) reform of gender-discriminatory tax policies and laws (Morocco, Jordan, Pakistan); (iii) expanding female education and training programs (Mali, Pakistan, WAEMU); (iv) providing early childhood education and/or childcare services (Argentina, Egypt, Hungary, Mauritius); and (v) strengthening female inheritance rights (Pakistan) and addressing legal inequalities (Morocco, Niger).

9. The IMF technical assistance and capacity development work on gender-related issues have also expanded. Through training courses for country authorities and technical assistance missions, the Fund is increasingly engaging with its membership on various aspects of gender equality (IMF, 2018b). Technical level staff in many countries benefit from additional training on conducting gender-based analysis and implementing policy recommendations. To address this need, the IMF has offered workshops, in partnership with ministries of finance and/or gender and UN Women at IMF regional technical assistance centers.

10. Looking ahead, the Fund will continue with its efforts to foster gender equality. Promoting gender equality can not only strengthen economies through higher economic growth and stability but can also bring significant change and benefits to people's lives. The Fund, in accordance with its role and mandate, is prepared to support our members in these important efforts.

Selected References

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