# Gender Gaps in Latin America and the Caribbean

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# Roadmap

1. Key dimensions of gender gaps

2. Zoom into labor market outcomes

3. Gender work at the IMF

4. Message from a simple equation (applied to Chile)

# 1. Key Dimensions of Gender Gaps

# Gender inequality in LAC has been declining but is still higher than some other regions
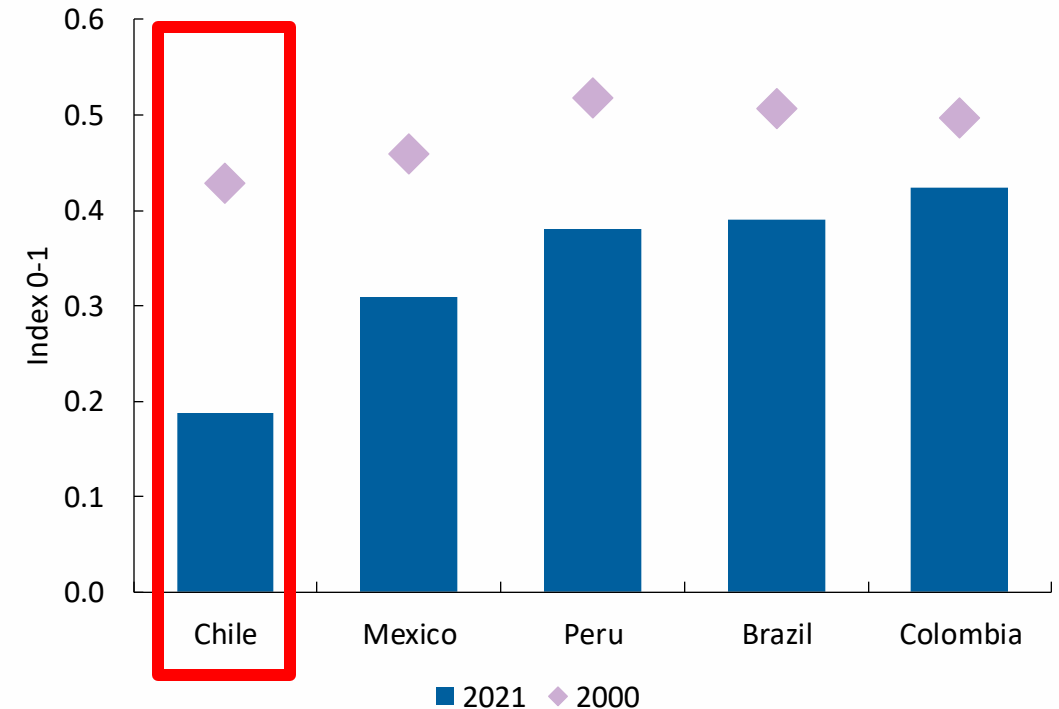
*Broad measures of gender inequality, such as UN Gender Development Index, have been declining in LAC and other regions.*

*All LA5 countries contributed to the improvement, but some contributed more than others.*

**Gender Inequality Index: Country Groups**
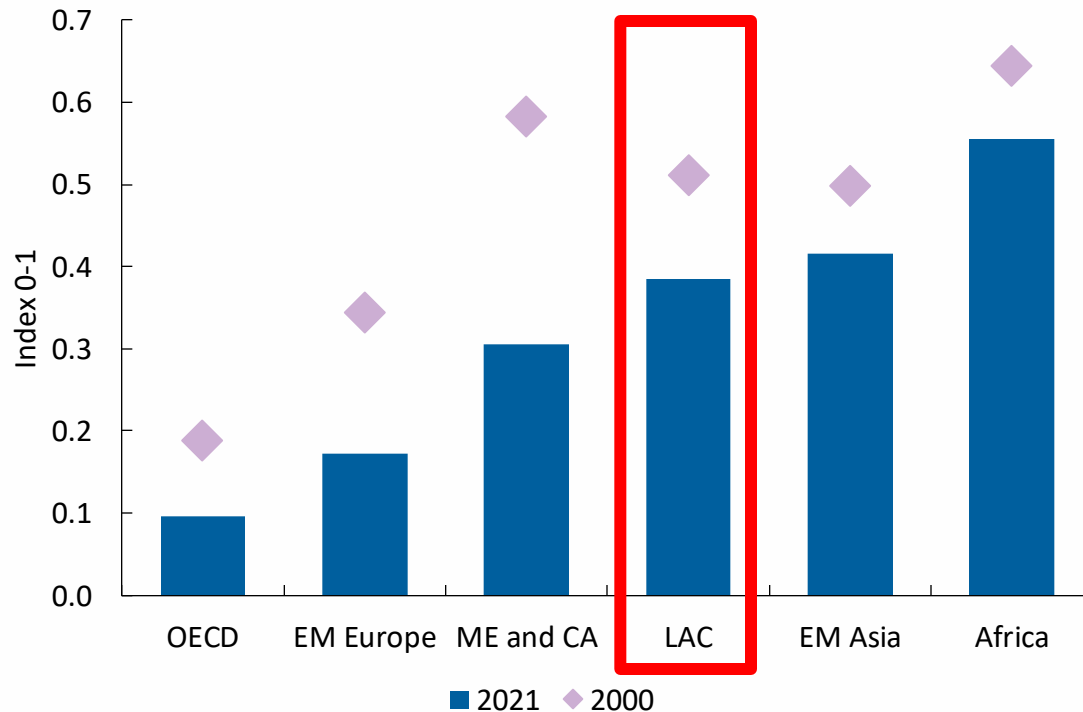


**Gender Inequality Index: LA5**



Sources: UN Development Programme, IMF Gender Data HUB and IMF staff calculations.
Note: Gender Inequality Index (GII) reflects inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labor market. The point values are computed as the median of the countries within each region.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia

Sources: UN Development Programme, IMF Gender Data HUB and IMF staff calculations.
Note: Definition of variable is the same as previous graph.

# Years of schooling have increased substantially for both genders in LAC but especially for women
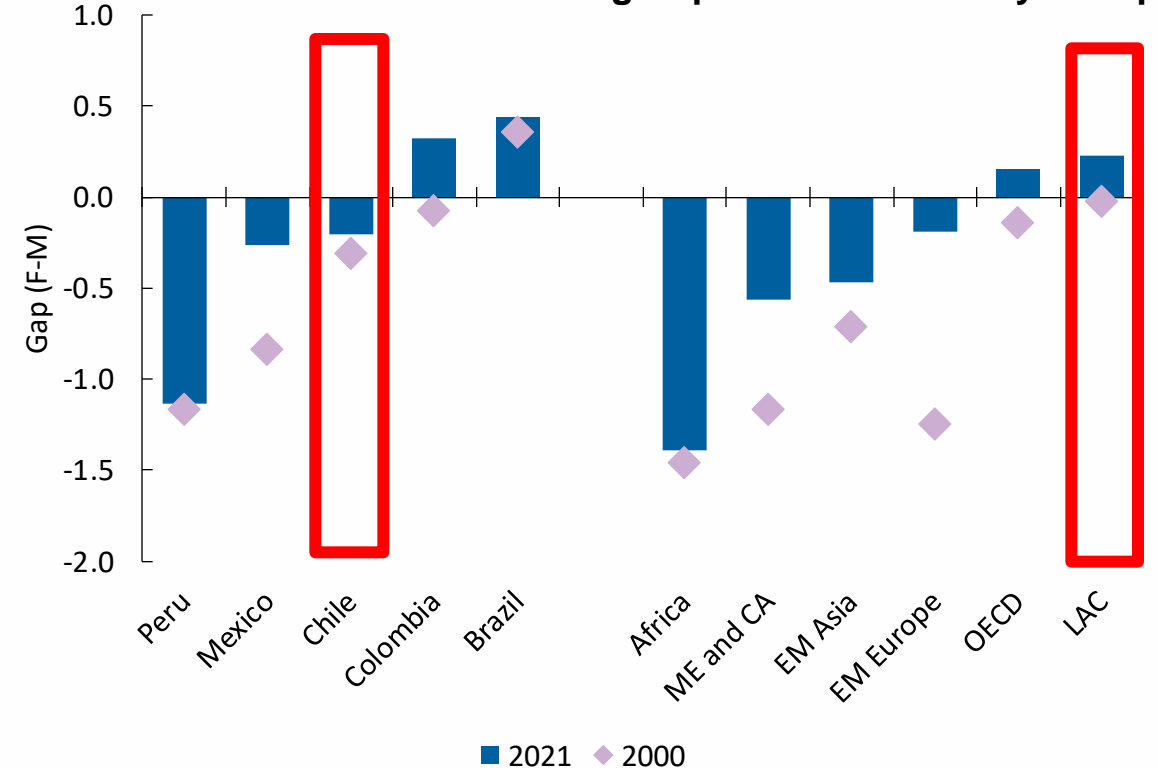
*Both men and women experienced an increase in schooling in every LAC country with the increase for women being more pronounced*

*Women typically have more years of schooling than men in LAC, in contrast to other regions*

**Mean Years of Schooling: All LAC Countries**



● Female    ● Male
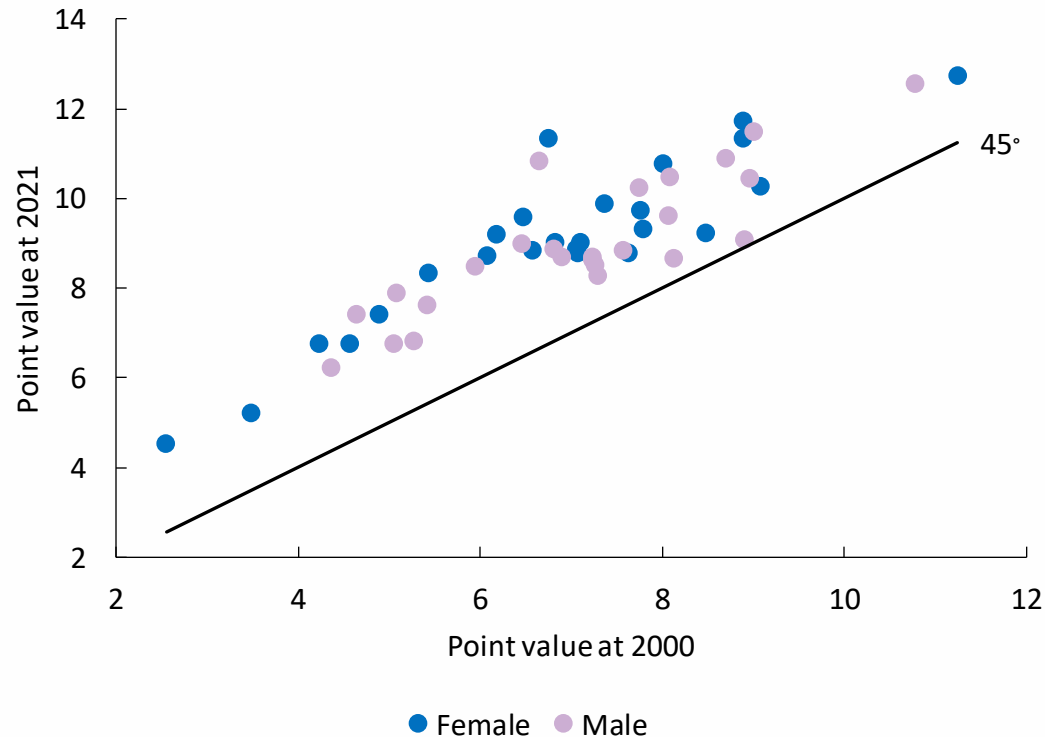
**Mean Years of Schooling Gap: LA5 and Country Groups**



■ 2021    ◆ 2000

Sources: UNPD, IMF Gender Data HUB and IMF staff calculations.
Note: Mean years of schooling provides the average number of years of education (primary/ISCED 1 or higher) completed by a country's adult population (25 years and older), excluding years spent on repeating grades.
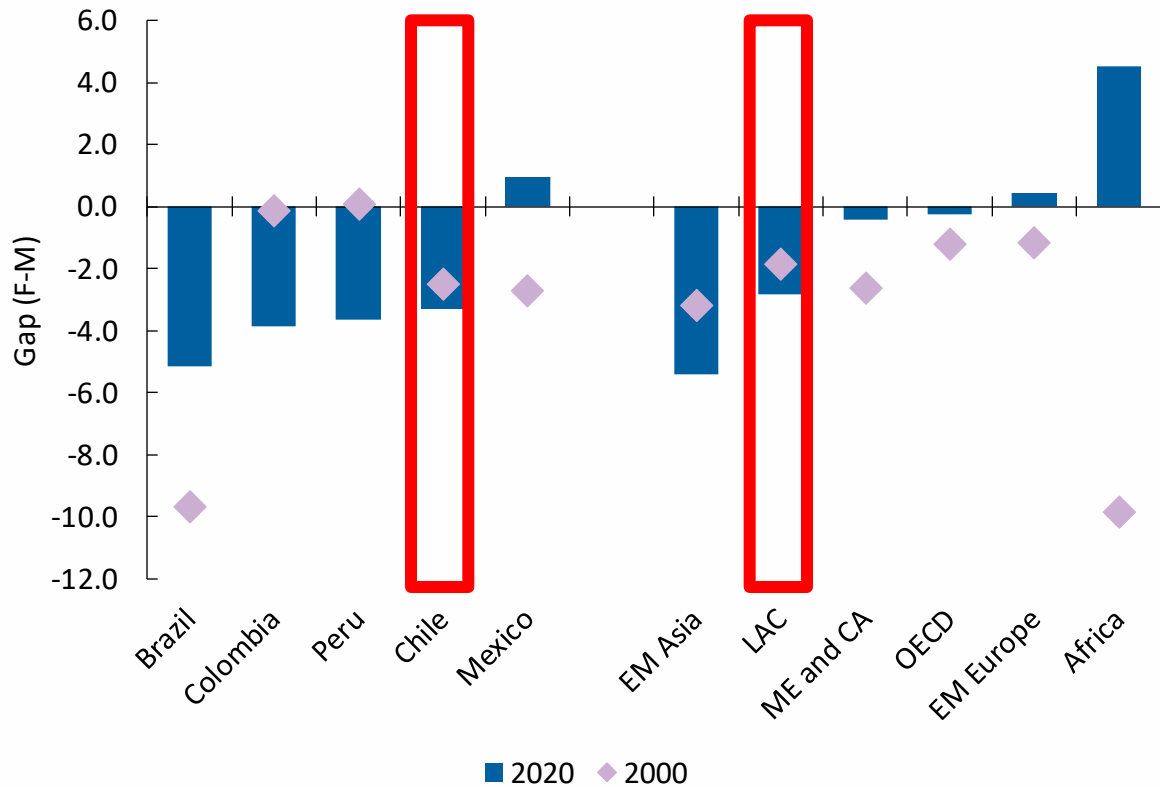
Sources: UNPD, IMF Gender Data HUB and IMF staff calculations.
Note: Definition is the same as previous graph. Regional value are computed as the median of the countries within each region.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia.

# Gaps are in favor of women for higher education and almost closed for primary education
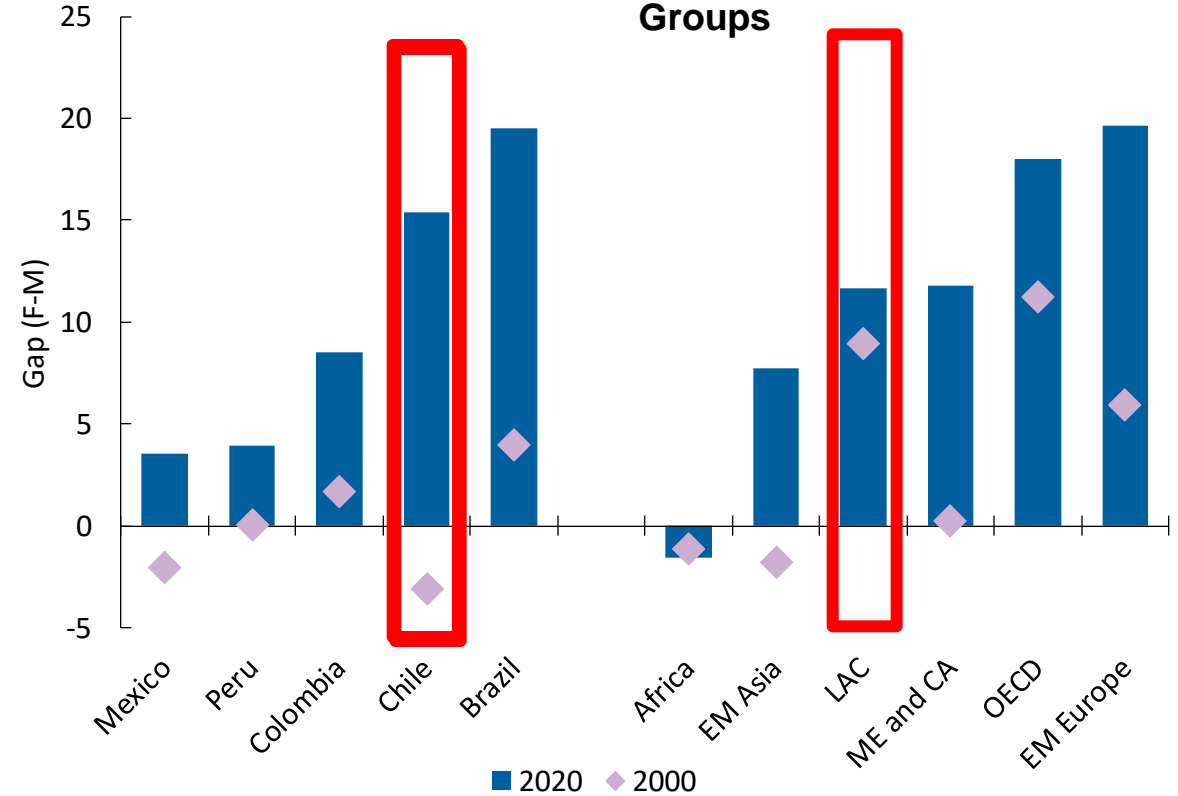
*Girls are slightly less likely to enroll in elementary schools...*

*… but more likely to receive higher education.*



**Primary Gross Enrollment Rate gap: LA5 and Country Groups**

■ 2020 ◆ 2000



**Tertiary Gross Enrollment Rate Gap: LA5 and Country Groups**

■ 2020 ◆ 2000

Sources: UNESCO, IMF Gender Data HUB and IMF staff calculations.
Note: Primary gross enrollment rate is the ratio of enrollment of the population of the age group that officially corresponds to the level of education shown relative to the total population of the same age. Primary education provides children with basic reading, writing, and mathematics skills. The point values of regions are computed as the median of the countries within each region.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia
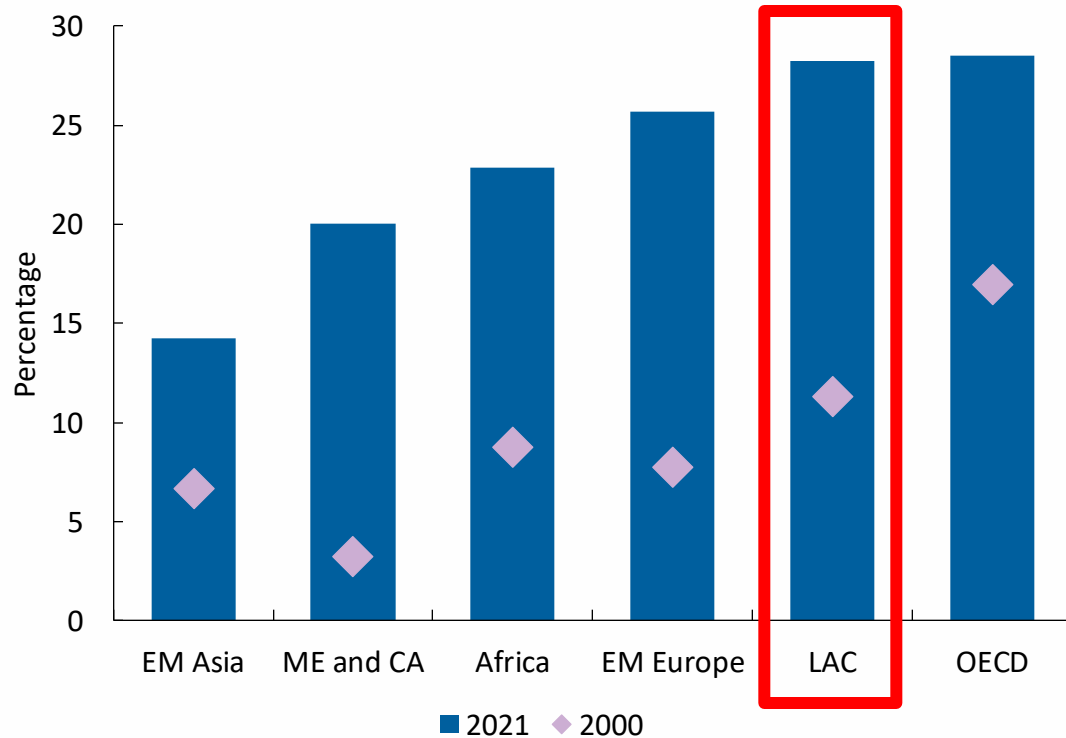
Sources: World Bank WDI, IMF Gender Data HUB and IMF staff calculations.
Note: Definition and calculations are the same as the previous graph.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia

# Representation of women in parliaments has become more balanced

*Women's representation in national parliaments in LAC is higher than in other regions and is comparable to the OECD…*

*…consistent with considerable progress across LA5 countries.*

**Proportion of Seats Held by Women in National Parliaments: Country Groups**



**Proportion of Seats Held by Women in National Parliaments: LA5**
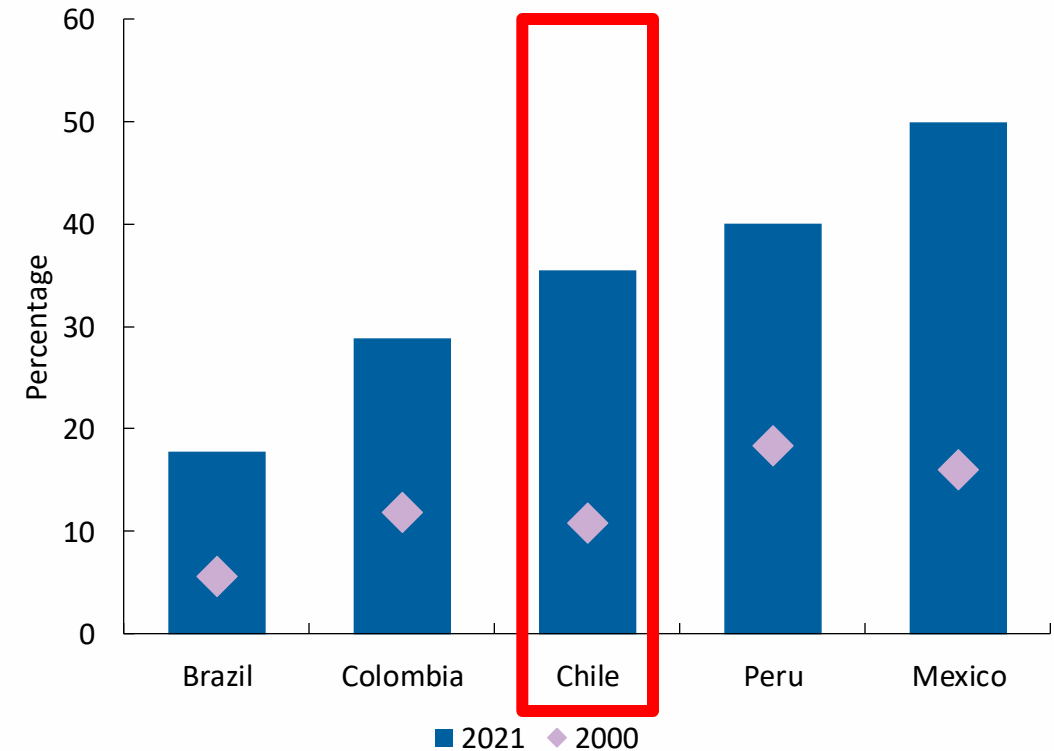


Sources: UN Economic Commission for Europe, IMF Gender Data HUB and IMF staff calculations.
Note: Women in parliaments are the percentage of parliamentary seats in a single or lower chamber held by women. The point values are computed as the median of the countries within each region.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia

Sources: World Bank, IMF Gender Data HUB and IMF staff calculations.
Note: Definition of variable is the same as previous graph.

# Women may have weaker access to healthcare and finance

*Women are more likely to borrow for health or medical purposes which may be an indication of more limited access to healthcare*

*They are less likely to have an account in a financial institution.*

### Gap in the Share of Population Who Borrowed for Health or Medical Purposes in 2021



### Adults Who Own a Financial Institution Account in 2021
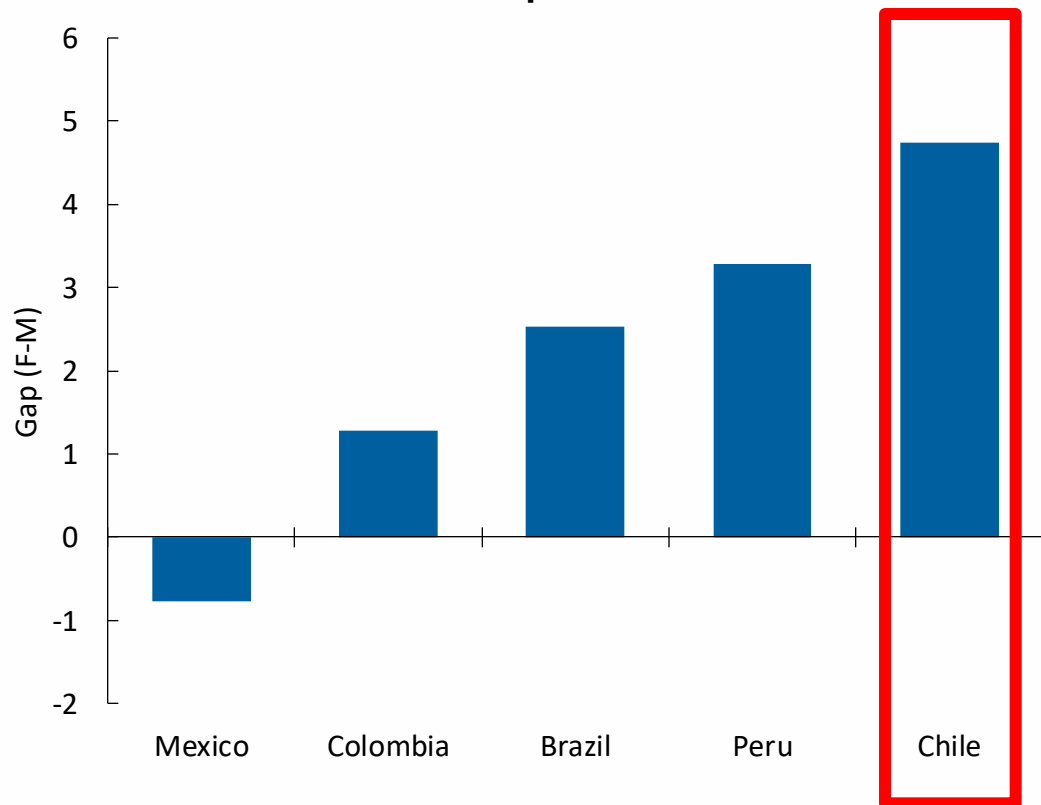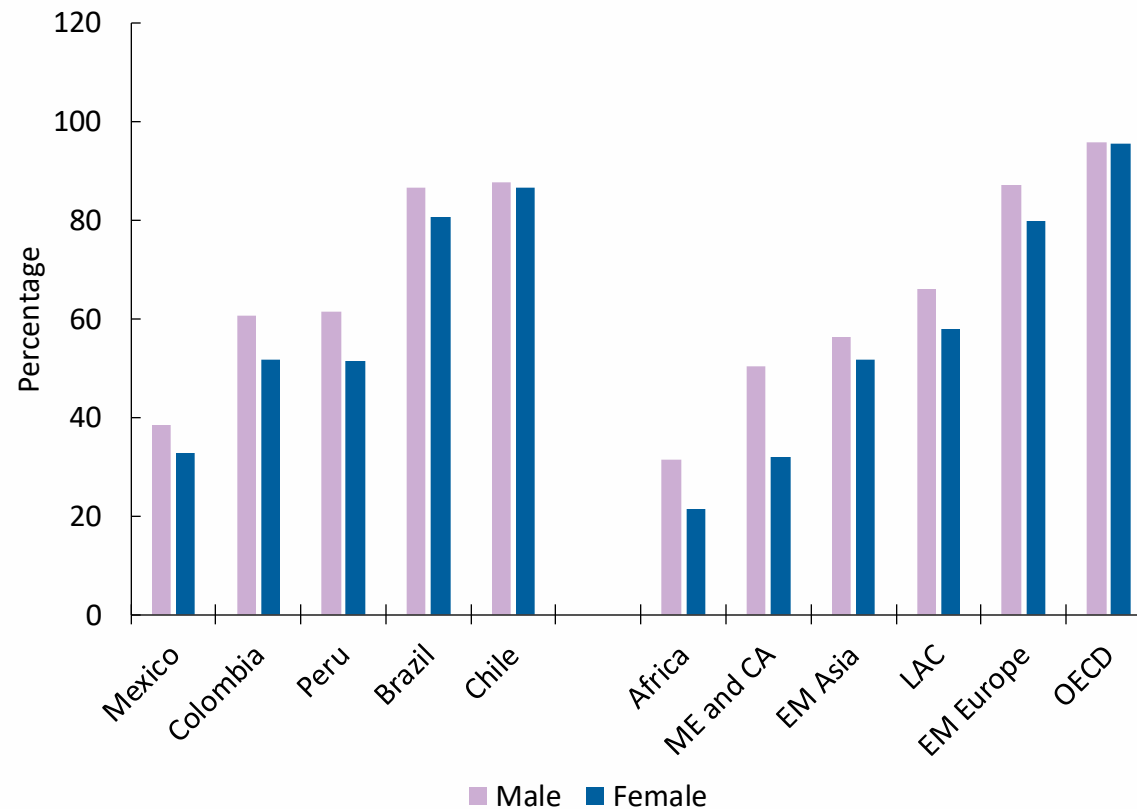


Sources: Global Findex database and IMF staff calculations.
Note: People who borrowed for health or medical purposes is ratio of respondents who report borrowing any money for health or medical purposes in the past year relative to the population aged 15 and older.

Sources: World Bank and IMF staff calculations.
Note: The variable is the ratio of respondents who report having an account (by themselves or together with someone else) at a bank or another type of financial institution relative to the total population. Regional values are computed as the median of the countries within each region.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia

# 2. Zoom into Labor Market Outcomes

# Participation of women in the labor force has risen but remains significantly lower than that of men

*Women's labor force participation generally increased during 2000-21 despite the pandemic, in contrast to declining participation among men.*

*Therefore, participation gaps have declined but continue to be high relative to other regions.*

### Labor Force Participation Rate: All LAC Countries
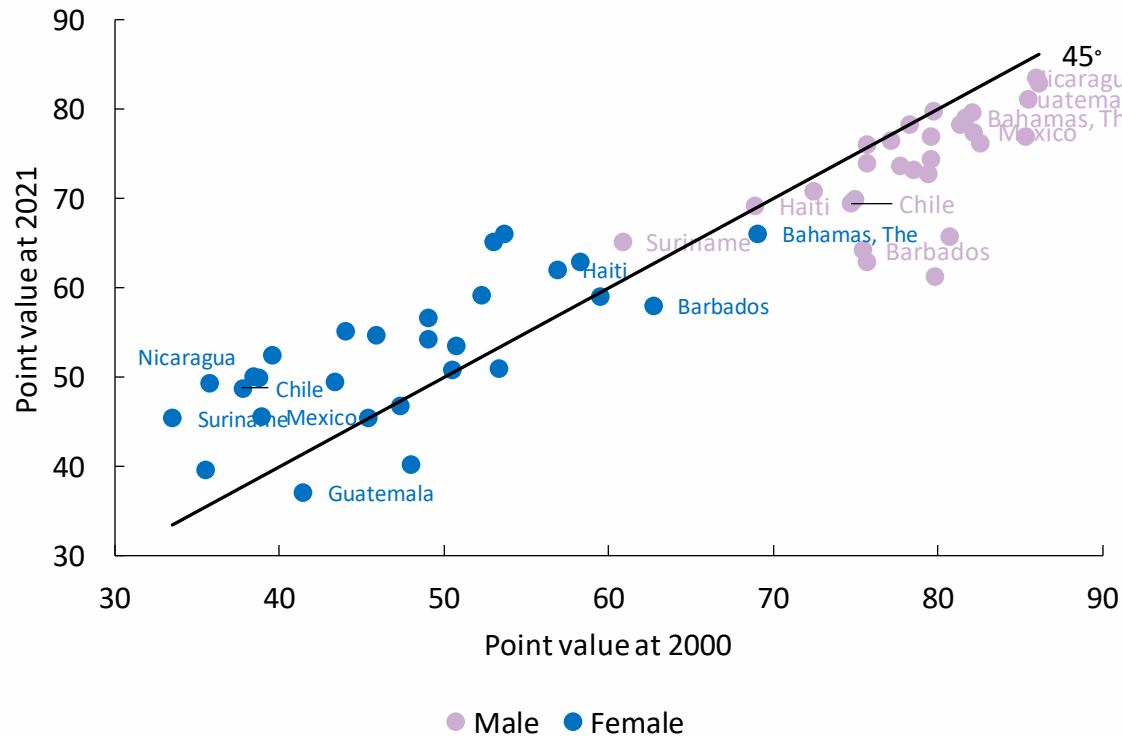


### Labor Force Participation Rate Gap: LA5 and Country Groups



Sources: International Labor Organization for Europe, IMF Gender Data HUB and IMF staff calculations.
Note: The labor force participation rate refers to ratio of the sum of working-age population who are employed and those who are unemployed looking for work, relative to the total working-age population defined as all people aged 15 and older.

Sources: International Labor Organization for Europe, IMF Gender Data HUB and IMF staff calculations.
Note: Definition of variable is the same as previous graph. Regional values are computed as the median of the countries within each region.
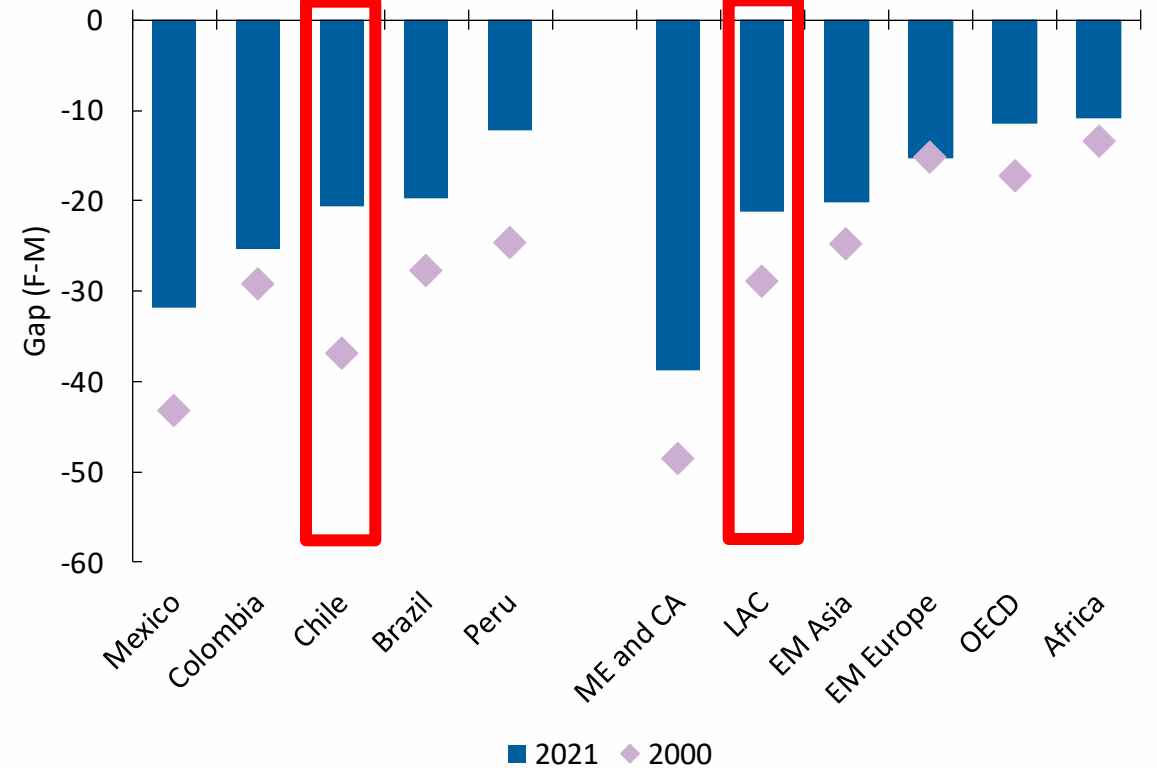EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia.

# Differences in worker characteristics explain little of the labor force participation gap

*Only a small portion of the gap in labor force participation is explained by worker characteristics…*

*… though these characteristics gained more relevance over time.*
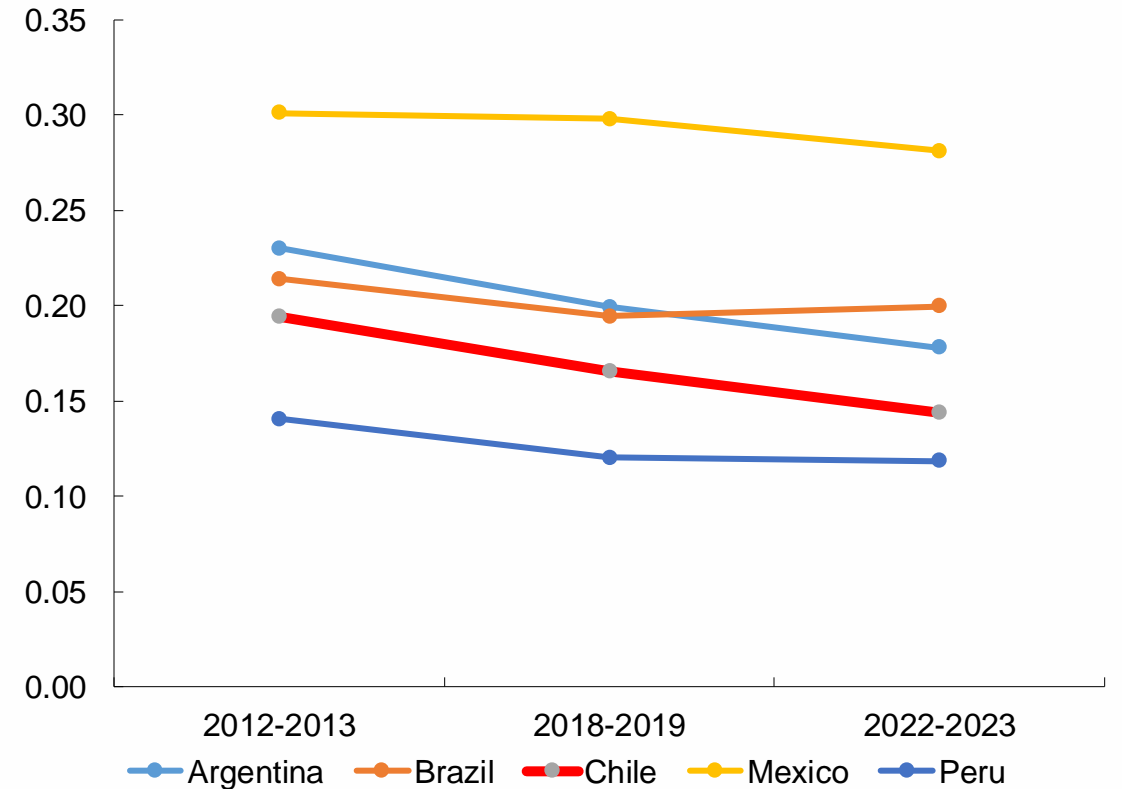


**Gender Gap in Labor Force Participation Rate**
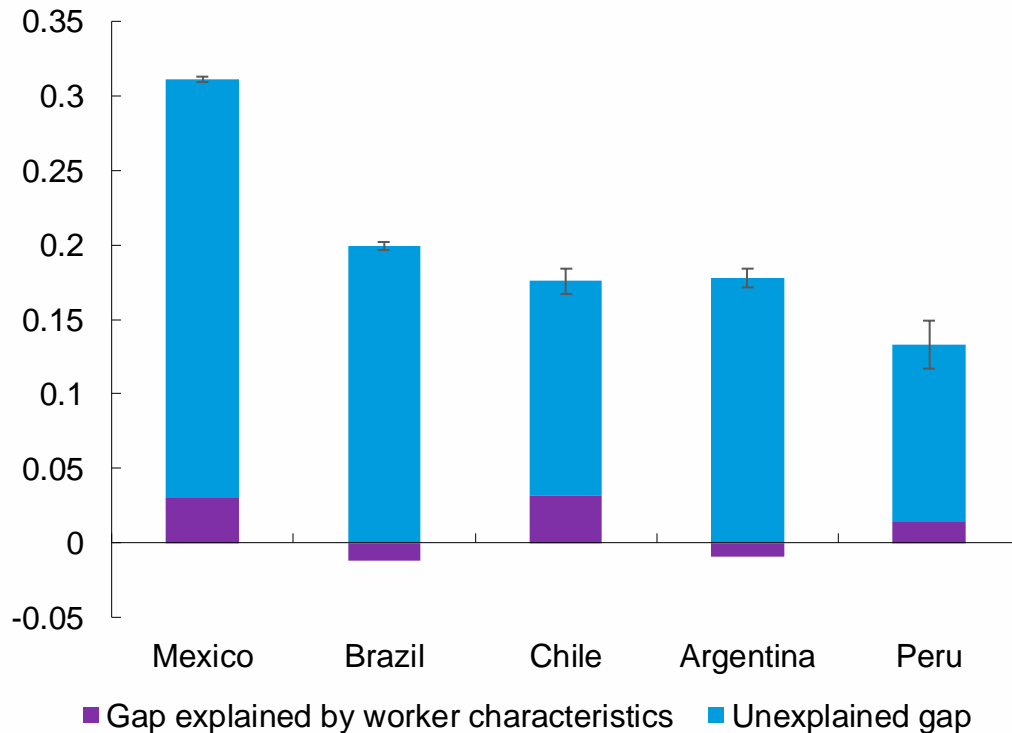
Sources: EPH (2022-2023), PNADC (2022), ESI (2022), ENOE (2022-2023), ENAHO panel (2022), and IMF staff calculations.
Note: Sample is working age population (age 15-64). Results from Blinder-Oaxaca decomposition of a probit regression. The purple segment is the part of the gender gap that is explained by differences in education, household structure, age group, and whether the worker lives in a rural area. The blue segment is the part of the gender gap that is unexplained. The errors bars denote the 95 percent confidence interval for the unexplained gap.

**Evolution of the Unexplained Gap in Labor Force Participation**

Sources: EPH, PNADC, ESI, ENOE, ENAHO panel, and IMF staff calculations.
Note: Results from Blinder-Oaxaca decomposition of a probit regression of labor force participation on education, household structure, age group, and whether the worker lives in a rural area.

# Informality is less prevalent for women, but they earn less than men

*Women are more likely to work in the formal economy relative to men, which may relate to their greater representation in certain sectors (education, health)*
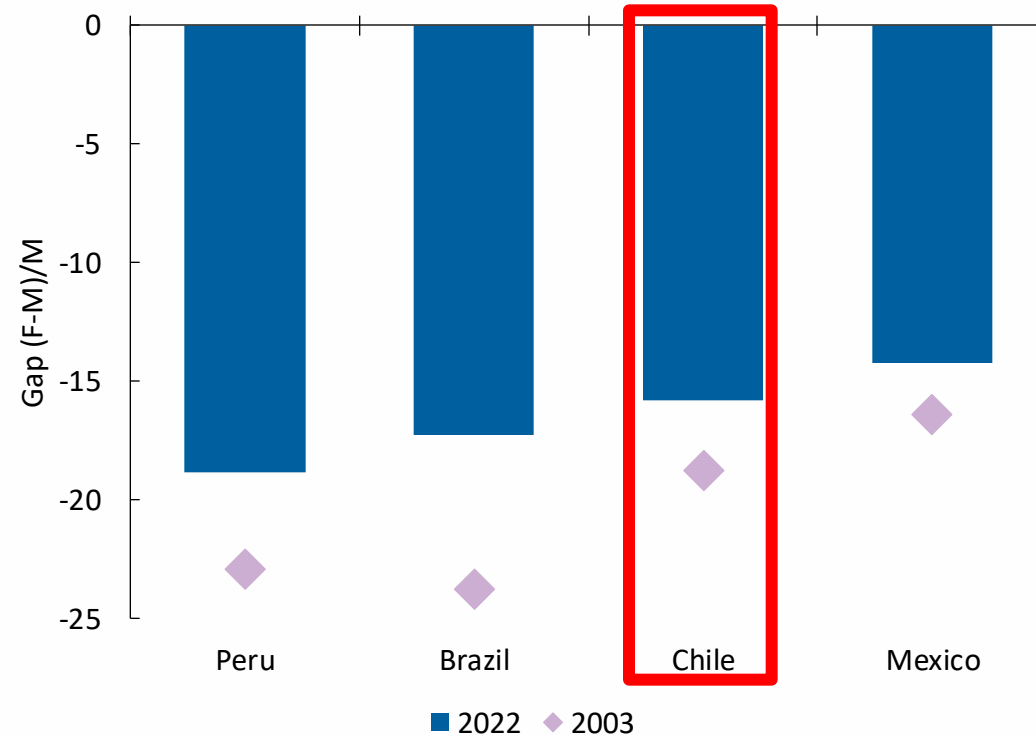
*Despite improvements, gender pay gaps remain large*

**Informal employment rate, 2021**
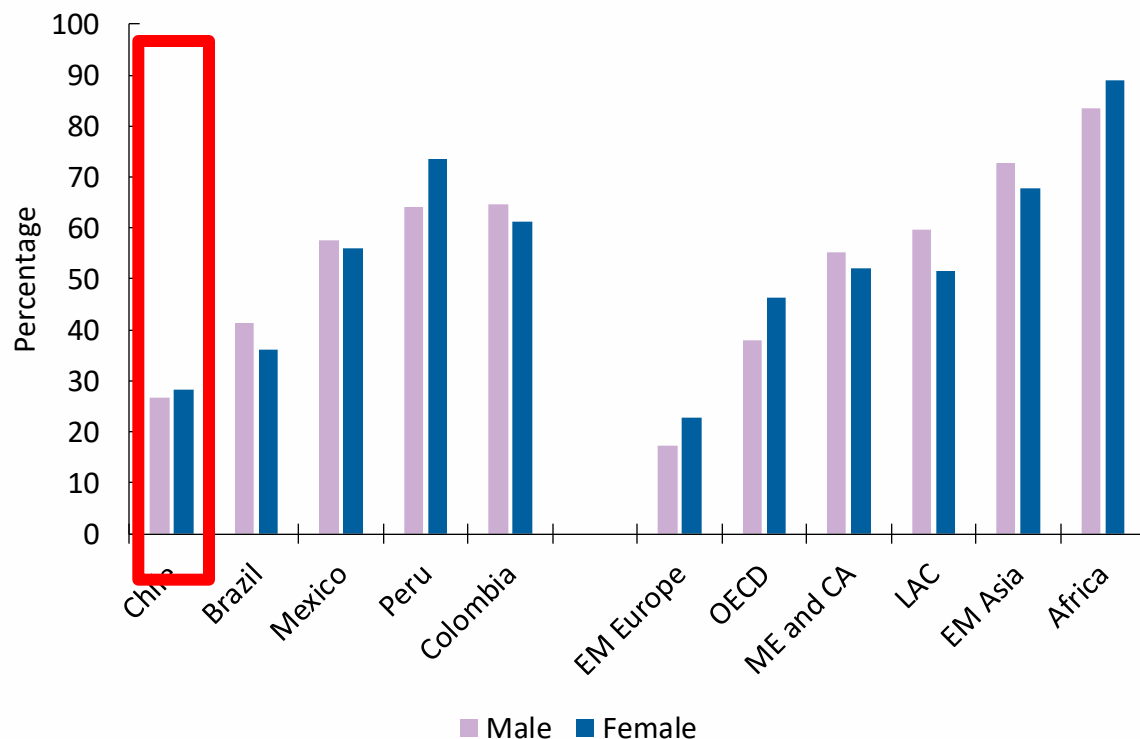
**Gender monthly earnings gap**



Sources: International Labor Organization for Europe, IMF Gender Data HUB and IMF staff calculations.
Notes: This indicator shows the share of informal employment in total employment. Informal employment comprises people who were (a) own-account workers employed in their own informal sector enterprises; (b) own-account workers engaged in the production of goods exclusively for own final use by their household; (c) contributing family workers, regardless of whether they work in formal or informal sector enterprises; and (d) employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households. Regional values are computed as the median of the countries within each region.
EM: Emerging Markets; LAC: Latin America and the Caribbean; ME and CA: Middle East and Central Asia.

Sources: International Labor Organization for Europe, IMF Gender Data HUB and IMF staff calculations.
Note: Earnings refer to gross remuneration in cash and in kind paid to employees on a monthly basis for time worked or work done together with remuneration for time not worked, such as annual vacation, other type of paid leave or holidays. The scope of the information may vary in terms of geographical coverage, workers' coverage (for example, exclusion of part-time workers) and establishment and enterprise coverage (based on establishment size or sector covered).

# The gender gap in monthly earnings is large, partly reflecting differences in hours worked...
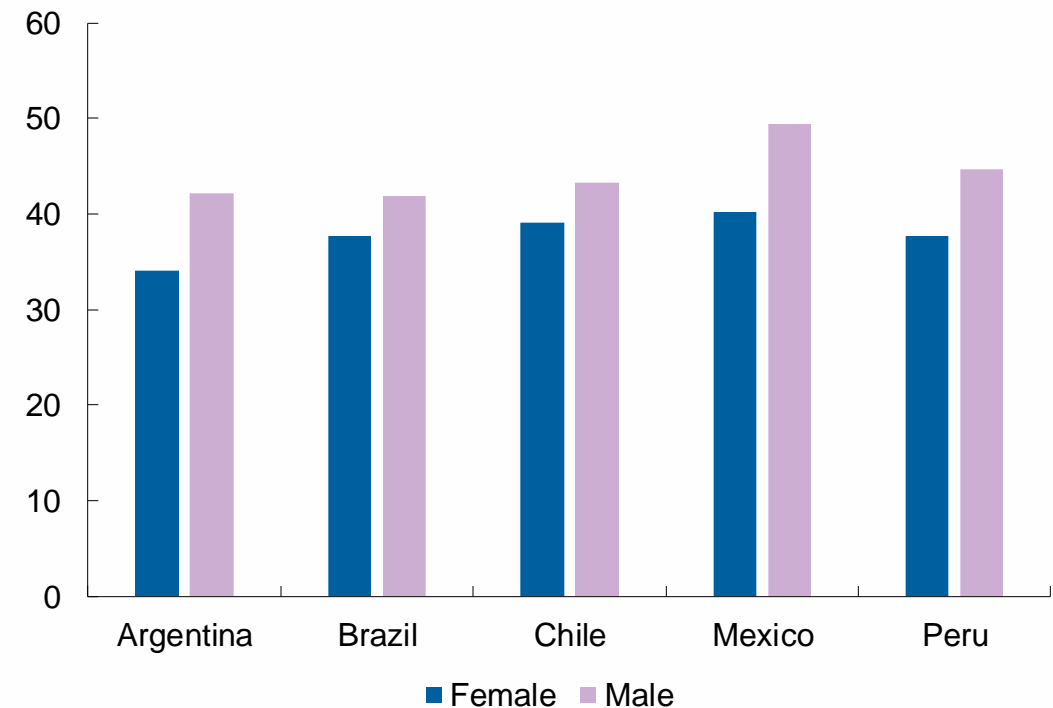
*Women on average earn less than men with the same characteristics...*

*...partly because women work less hours than men in gainful employment.*

**Gender Gap in Monthly Earnings**



Based on education, the gender gap should be negative because women are more educated

Legend: ■ Explained by Education ■ Explained by Others ■ Unexplained gap ■ Total gender gap

Countries: Peru, Chile, Argentina, Mexico, Brazil
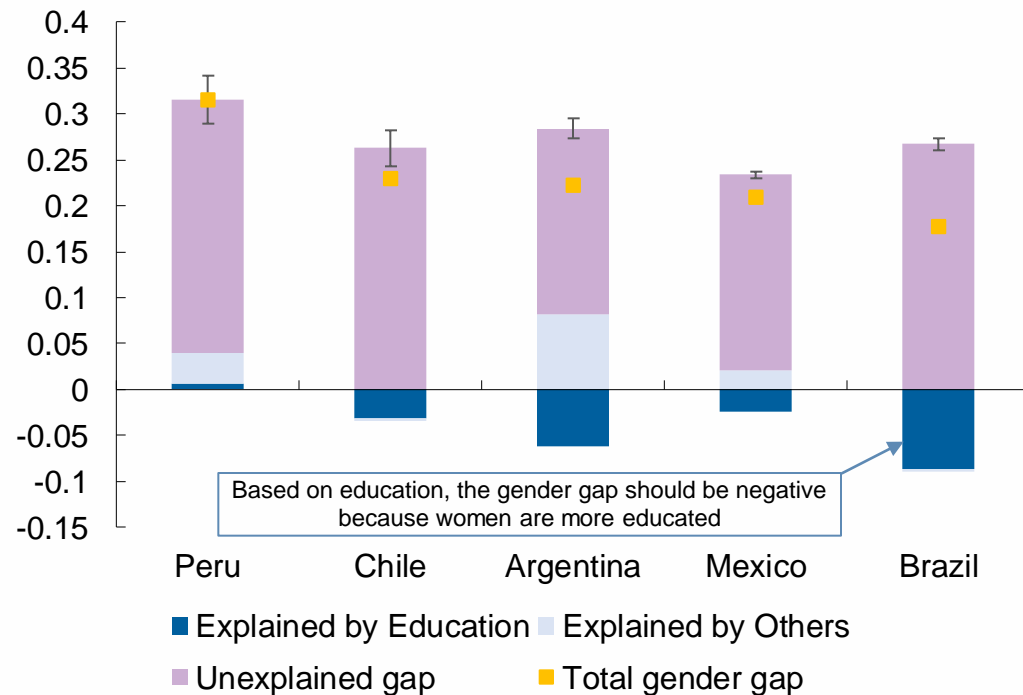
**Weekly Hours Worked by Gender**



Legend: ■ Female ■ Male

Countries: Argentina, Brazil, Chile, Mexico, Peru

Sources: EPH (2022-2023), PNADC (2022), ESI (2022), ENOE (2022-2023), ENAHO panel (2022), and IMF staff calculations.
Note: Sample is age 15-64 who are employed. Results from Blinder-Oaxaca decomposition of a Mincer regression. The blue segment is the part of the gender gap that is explained by differences in potential experience, education, occupation, industry, whether the worker lives in a rural area, whether the job is informal, and whether the worker works for the government. The light purple segment is the part of the gender gap that is unexplained. The errors bars denote the 95 percent confidence interval for the unexplained gap.

Sources: SEDLAC (CEDLAS and The World Bank).
Notes: Data for 2022.

# ...as well as gender gaps in hourly wages

*Women on average earn lower wages than men with similar characteristics while working on similar jobs…*

*… and for most countries, this gap has persisted over time.*

### Gender Gap in Hourly Wages



Legend:
- Explained by Education
- Explained by Others
- Unexplained gap
- Total gender gap

### Evolution of the Unexplained Gap in Hourly Wages



Legend:
- Argentina
- Brazil
- Chile
- Mexico

Sources: EPH (2022-2023), PNADC (2022), ESI (2022), ENOE (2022-2023), and IMF staff calculations.
Note: Sample is age 15-64 who are employed. Results from Blinder-Oaxaca decomposition of a Mincer regression. The blue segment is the part of the gender gap that is explained by differences in potential experience, education, occupation, industry, whether the worker lives in a rural area, whether the job is informal, and whether the worker works for the government. The light purple segment is the part of the gender gap that is unexplained. The errors bars denote t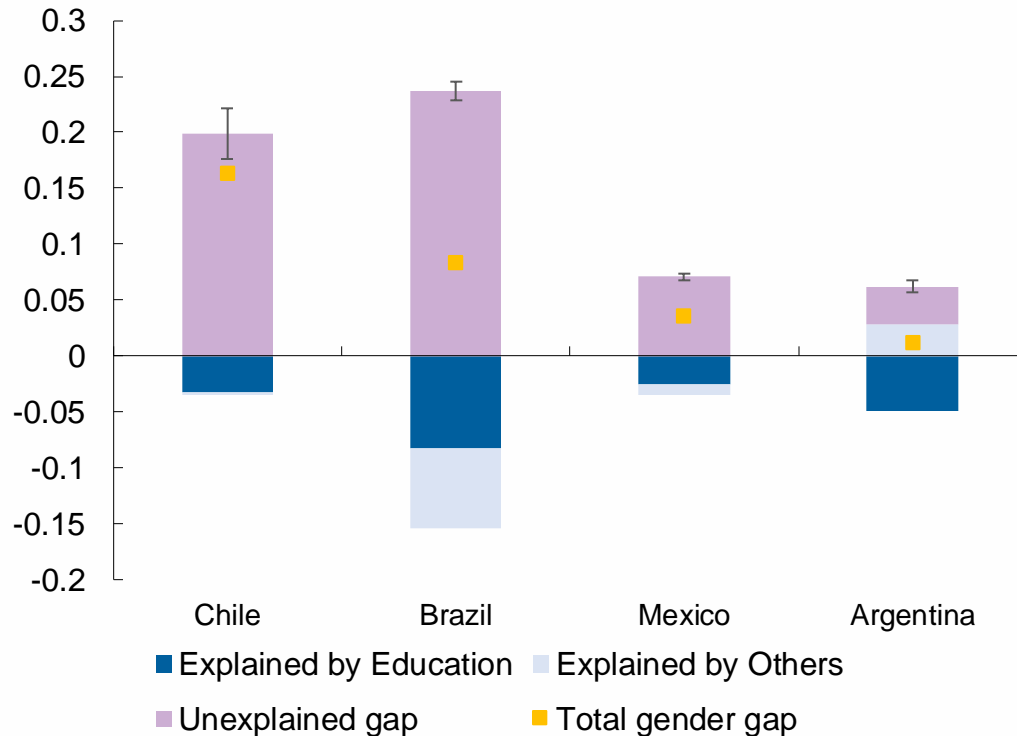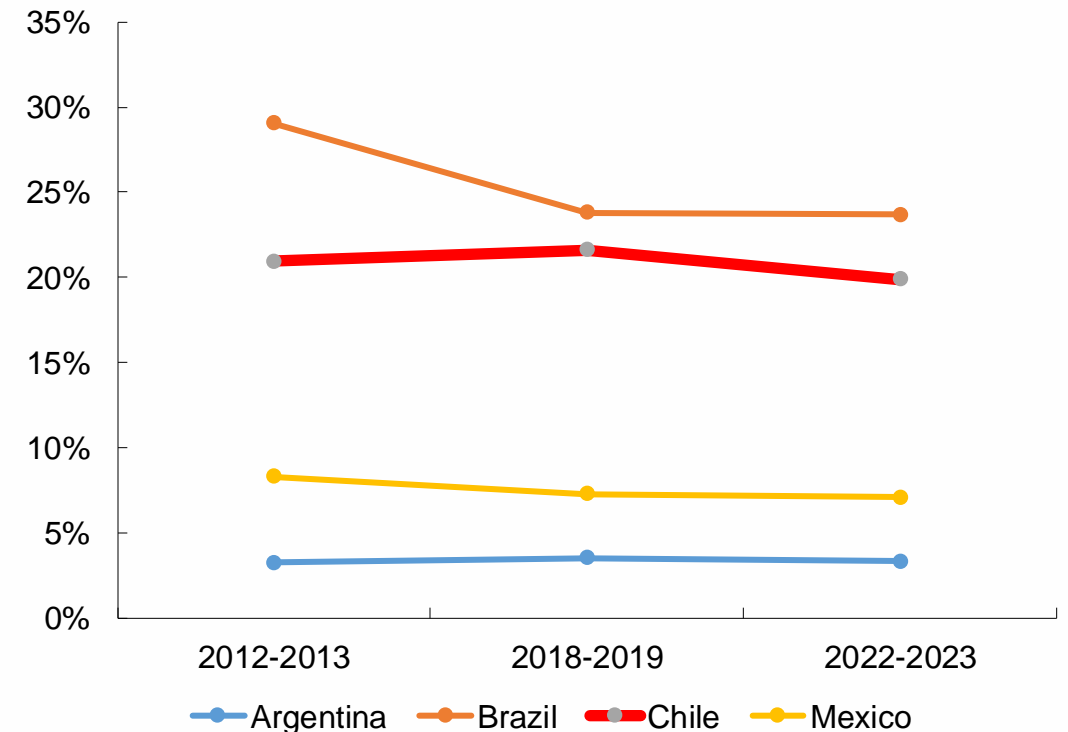he 95 percent confidence interval for the unexplained gap. Peru is excluded because most of the sample is missing the hours worked variable.

Sources: EPH, PNADC, ESI, ENOE, and IMF staff calculations.
Note: Results from Blinder-Oaxaca decomposition of a Mincer regression. The blue segment is the part of the gender gap that is explained by potential experience, education, occupation, industry, whether the worker lives in a rural area, whether the worker is informal, and whether the worker works for the government.

# 3. Gender Work at the IMF

# IMF has been working toward mainstreaming gender

- Gender equality often impacts macroeconomic outcomes (IMF Staff Discussion Note, 2018)

- Closing gender gaps can drive stronger, more inclusive, and sustainable growth (IMF Staff Discussion Note 2015; IMF Working Paper, 2020)

- Extensive work to integrate gender into surveillance, lending, and capacity development
  - Gradual and systematic approach
  - More granular perspective on macroeconomic, financial, and structural policies

- Country authorities are generally interested in the topic and appreciate the IMF's support, including through technical assistance

# Many of our country teams have started analyzing and discussing gender gaps

Coverage of countries and topics have been broad

| Labor market | Fiscal | Financial | Legal and governance | Emerging areas |
|---|---|---|---|---|
| **FLFP and employment**: Aruba, Bahamas, Canada*, Belize*, Brazil, Chile, Costa Rica, Guatemala*, Haiti*, Mexico, Panama, Paraguay, St. Lucia, US<br><br>**Gender wage gap:** Aruba, Chile, Grenada, St. Lucia, US | **Gender budgeting**: Costa Rica, Mexico<br><br>**Tax and expenditure policies**: Mexico | **Financial inclusion**: El Salvador* | **Legal barriers**: Mexico<br><br>**Labor market and family laws**: Mexico | **Digitalization**: Paraguay<br><br>**Education (STEAM fields):** Costa Rica |

\* Indicates ongoing or future work

# Brazil

- At nearly 20 percentage points, the gender gap in labor participation rates in Brazil is substantial.

- The pandemic has paused progress in closing the gender participation gap. Prior to the pandemic, female labor participation rates were trending upward. But progress has slowed in recent years, and women participation rates have yet to reach pre-pandemic levels.

- Policies focusing on early childhood education with planned expansion of childcare centers would support female labor force participation and help narrow gender gaps.

### Evolution of Labor Force Participation Rate
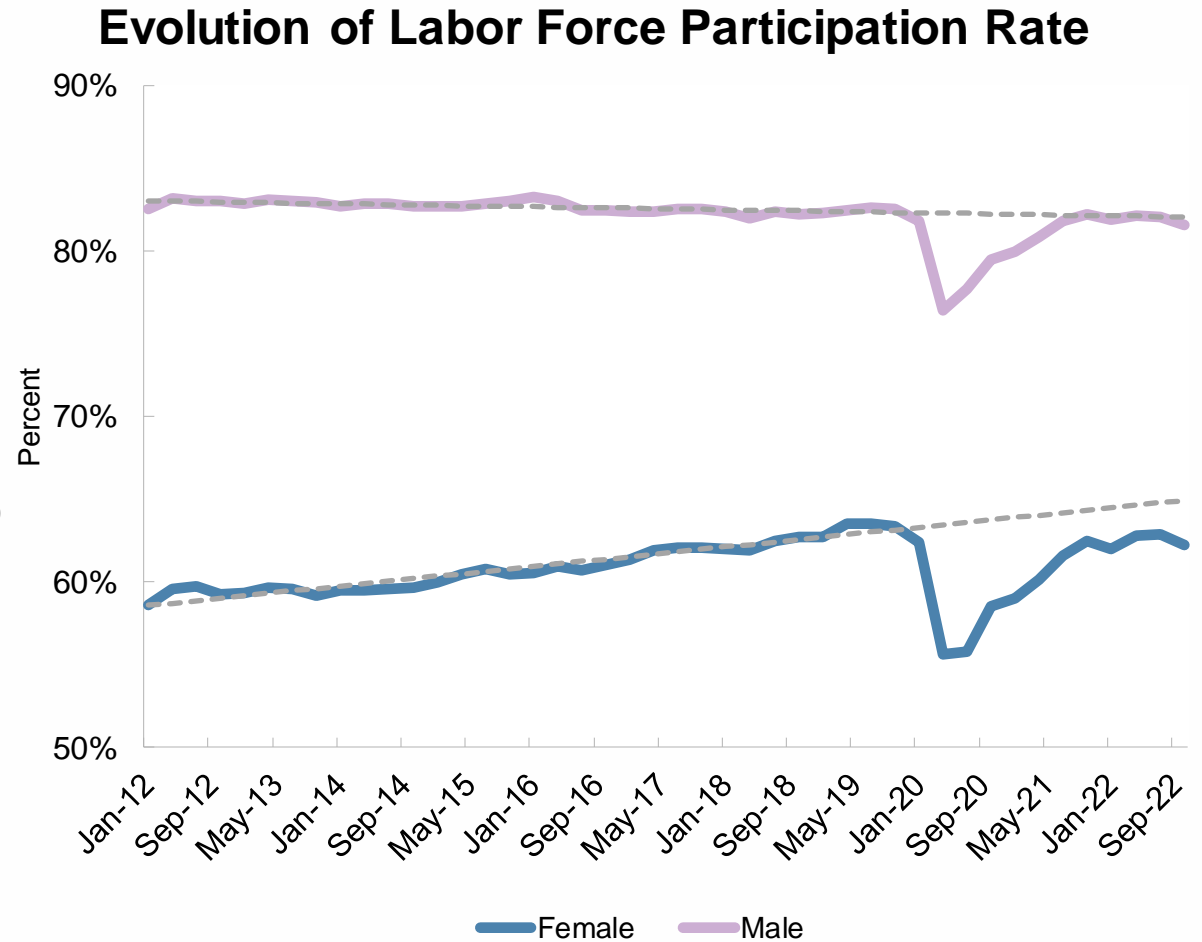


Sources: PNDAc and IMF staff calculations.

# Costa Rica

Large gender gaps in the labor market: participation and employment

- Recommendations:

  - Improving childcare and adult care networks,

  - Reducing the minimum contribution for part-time workers,

  - Providing public funding for vocational training,

  - Assistance to women entrepreneurs,

  - Granting scholarships for STEAM fields

Gender budgeting with IMF support

- Identified gender-related spending for a number ministries and institutions

- Introduced gender budgeting for the first time as annex to 2024 budgets in several entities

# Mexico

**Labor force participation gaps**

- <span style="color:red">Childcare policies alone would increase female labor force participation by about 10 percentage points</span>
- This increases to 11 and 13 percentage points when childcare is combined with higher education and anti-discriminatory practices, respectively

**Fiscal policy**

- Reduce barriers to female labor force participation and economic integration via tax measures, administrative procedures, childcare and parental leave policies
- Higher spending on education and health access improving the outcomes particularly for women and girls
- Mobilize and monitor resources for tackling gender inequality: through measures—such as targeted cash transfers

**Legal impediments to women's empowerment**

- Significant strides in recognizing women with equal rights under the law and removing legal impediments
- But disparities in economic outcomes remain persistent

# 4. Message from a Simple Equation

# The supply side of economic activity

$$Y = AK^{\alpha}\, L^{1-\alpha}$$

$$\Delta\%Y = \Delta\%A + 0.5\,\Delta\%K + 0.5\,\Delta\%L$$

- Women that could work: 8.3 million

- Women in the labor force: 4.4 million. Total labor force: 10.1 million

- 10pp increase in female labor force participation → 832,012 more women in labor force

- Represents 8.2% of total labor (L). Would lift output (Y) by over 4%.

# Conclusions

- Major improvement in reducing gender inequality in the region (e.g. education gaps have closed in most countries).

- But there are also important challenges:

    - Labor force participation and pay gaps continue to be large and cannot be attributed to differences in job or worker characteristics.

- Closing gender gaps is not only a social objective but also an economic imperative amid weak medium term growth prospects.