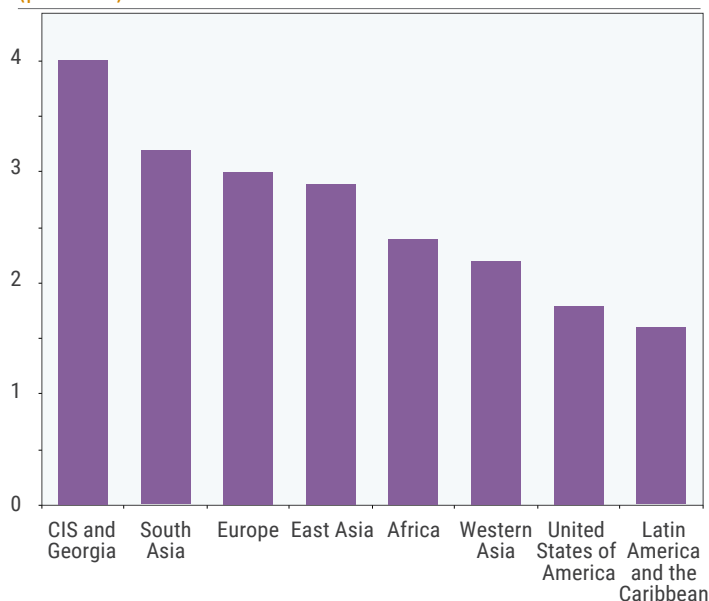


## GREATER GENDER EQUALITY IS ESSENTIAL FOR POST-PANDEMIC RECOVERY

Before the COVID-19 crisis reversed much of the world’s progress on sustainable development outcomes, most societies were already struggling with persistent and oftentimes growing inequalities in opportunities, income and wealth. The twin public health and economic crises have worsened some of the world’s most pressing inequalities, laying bare the destructive impact of labour market inequities, the digital divide, and discriminatory access to public resources and education. Even though unemployment soared and extreme poverty shot up, the rich enjoyed handsome gains from rising asset prices. These injustices have left behind deep scars that now threaten to undermine the global economic recovery.

The chances of achieving the sustainable development goals by 2030 look slim if inequalities are not urgently addressed. High inequalities reduce the benefits of economic growth for the poor, limiting its poverty-reducing effect. They also lower countries’ economic growth potential and their ability to create decent jobs. Furthermore, inequalities create a fertile breeding ground for malnutrition and other threats to public health, as the rapid spread of COVID-19 in the most disadvantaged communities has made painfully clear. Widespread violations of human dignity on the basis of race, ethnicity, sexual orientation, religion or gender, will feed social unrest, threatening the fragile peace and stability in many societies.

Figure 1  
**Income share held by lowest 10 per cent, 2010–2019**  
 (per cent)



Source: UN DESA calculations, based on data from World Development Indicators.

### SUMMARY

- » Steep and persistent inequalities jeopardize the global economic recovery and achievement of sustainable development outcomes.
- » Gender barriers perpetuate inequalities and hold back productivity growth, limiting the effectiveness of post-pandemic recovery policies.
- » Post-pandemic public policy should urgently mainstream gender and address the crisis’ disproportionate impact on women.

Income inequality implies low income shares for the poorest, limiting their potential for social mobility. Figure 1, which captures the income share of the bottom ten per cent for several regions, illustrates the dire state of income inequality. Globally, countries’ poorest decile earns on average less than 3 per cent of total income, against over 35 per cent for the richest decile. Inequality has risen in most of Europe, North America and Western Asia. Inequality in the United States of America is now almost as stark as it is in Latin America and the Caribbean. On the other hand, emerging and developing regions have by and large managed to improve the income shares of the poorest, boosting the poverty-reducing effects of economic growth. Income shares of the poorest in Latin America, for example, have shifted from 1.1 per cent to 1.6 per cent. Despite this limited progress, however, inequalities remain troublingly high in all regions.

While policymakers’ mandate to reduce inequalities is evident, their means to do so are much less obvious. With limited fiscal space and many competing demands, policy makers have to prioritize those policies that offer the greatest bang for the buck, especially in the short term. In this context, gender divisions stand out. Women’s economic participation is currently far below potential, and can unleash not only short-term economic growth, but also accelerate countries’ medium to long term economic growth and sustainable development. Improvements in the economic participation of women and equal rights are therefore imperative. The following sections discuss challenges to gender equality in more detail, before demonstrating the inequality-reducing effects of progressive gender legislation. The final section concludes with general policy guidance for the post-pandemic world.

## Challenges to gender equality

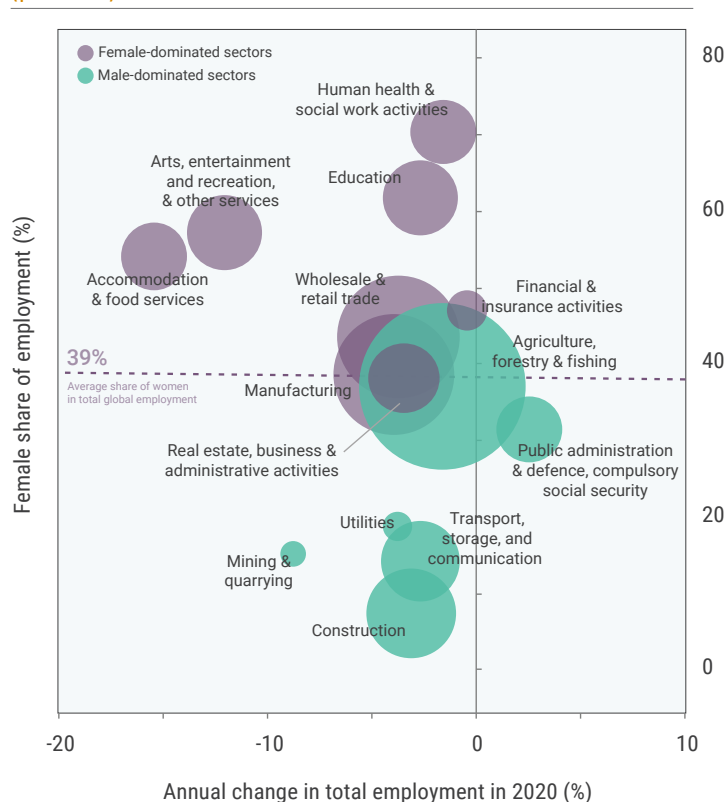
Gender inequalities were already very persistent before the pandemic. Globally, men were in 2019 fifty per cent more likely to participate in the labour force.<sup>1</sup> Women were also far more likely than men to be in vulnerable employment. Even though girls and women have caught up significantly in their educational outcomes, progress is slowing.<sup>2</sup> The proportion of seats held by women in national parliaments, though rising, stood at just one out of four.<sup>3</sup> The gender gap in financial inclusion has been stagnant in the last ten years.<sup>4</sup> Unsurprisingly then, the World Economic Forum has predicted that gender equality will not be achieved until many generations from now. The gender gap in economic participation and opportunity, in particular, is estimated to take 268 years to close.<sup>5</sup> The gender pay gap alone might take nearly five decades to erase.<sup>6</sup> The barriers women face often leave little room for choice. Indeed, women face legal obstacles to full economic participation in all but ten countries.<sup>7</sup> On average, the world has only implemented three-quarters of good practice legislation tracked in the World Bank's Women, Business and the Law (WBL) index.

To make matters worse, girls and women have been disproportionately affected by COVID-19.<sup>8</sup> Making up 70 per cent of the world's health professionals and 90 per cent of care services workers, women were not only more directly exposed, but they were also under protected against the crisis' collateral impact. Essential reproductive health services were put on hold, causing many unwanted pregnancies, maternal deaths, and stillbirths. Meanwhile, girls' education has been jeopardized by school closures, many of which are still ongoing. Stuck inside overcrowded households with limited equipment, girls tended to have worse access to remote learning than boys.<sup>9</sup> Sadly, fewer girls than boys

- 1 ILOSTAT (2021). Ratio of female to male labor force participation rate (modeled ILO estimate). Available at: <https://ilostat.ilo.org/data/>.
- 2 UNESCO (2019). Fact Sheet No. 56: New methodology shows that 258 million children, adolescents and youth are out of school. Available at: <http://uis.unesco.org/sites/default/files/documents/new-methodology-shows-258-million-children-adolescents-and-youth-are-out-of-school.pdf>.
- 3 Inter-Parliamentary Union (2021). Proportion of seats held by women in national parliaments. Available at: [data.worldbank.org](http://data.worldbank.org).
- 4 G20 (2020). Financial inclusion for women: A way forward. Available at: <https://www.g20-insights.org/policy-briefs/financial-inclusion-for-women-a-way-forward/>.
- 5 World Economic Forum (2021). Global Gender Gap Report 2021. Available at: <https://www.weforum.org/reports/global-gender-gap-report-2021>.
- 6 UN-WOMEN (2017). Take Five: At the current rate of progress, no equal pay until 2069. Available at: <https://www.unwomen.org/en/news/stories/2017/2/take-five-chidi-king-equal-pay>.
- 7 World Bank (2021). Women, Business and the Law 2021. Available at: <https://wbl.worldbank.org/en/wbl>.
- 8 UN DESA (2021). World Economic Situation and Prospects as of mid-2021. Available at: [bit.ly/wespmidyear](http://bit.ly/wespmidyear).
- 9 UNICEF (2020). COVID-19 and education: The digital gender divide among adolescents in sub-Saharan Africa. Available at: <https://blogs.unicef.org/evidence-for-action/covid-19-and-education-the-digital-gender-divide-among-adolescents-in-sub-saharan-africa/>

Figure 2

## Impact of the pandemic on women and employment by sector (per cent)



Source: UN DESA estimates, based on data from ILOSTAT and ILO Monitor: COVID-19 and the world of work, 2nd ed.

Note: Changes in employment for each sector are estimated based on a maximum sample of 51 countries. The sizes of the bubbles reflect each sector's share of global jobs. Female dominated sectors are defined as sectors where females account for over 39 per cent of total employment, which is the average share of females in total global employment.

are expected to return to school when restrictions are lifted.<sup>10</sup>

In labour markets and business, women also had to endure more hardship than men during the crisis. Women were overrepresented in many sectors that suffered the largest employment declines, such as accommodation and food services, and arts and entertainment (Figure 2). Employment in some of these industries may have fallen permanently as business have adapted to virtual and low-contact services. Outside of developed countries, labour force participation fell significantly more for women than for men. Meanwhile, female business owners in all regions had to close much more often than their male peers, with oftentimes detrimental effects for women's financial position.

Stimulus policy, however, has been largely gender blind, ignoring the potential inequality-inducing effects of mistargeting. Women are, for example, much less likely to own a cell phone,

- 10 UNESCO (2020). How many students are at risk of not returning to school? UNESCO COVID-19 Education Response. Advocacy paper. 30 July.

which could make them miss out on digital cash transfer programs. The gender digital divide may reduce the impact of many other response and recovery policies, exacerbating existing inequalities.<sup>11</sup> Furthermore, women’s disadvantage in schmoozing at the workplace—a significant driver of the gender pay gap<sup>12</sup>—may be aggravated when hybrid working arrangements engender a two-tier workforce, where men can network at the office while women continue to juggle work and care at home.

### The multiplier effects of progressive gender reforms

Gender barriers perpetuate gender wage gaps, reduce female labour force participation rates and lower entrepreneurship among women, all of which directly impact income inequality and societies’ economic growth potential. Even when controlling for a wide range of other drivers of inequality—such as demographics, the macroeconomic environment, skills premia, and institutions—gender barriers stand out as a critical impediment for economic equality.<sup>13</sup> Gender barriers are found to bolster the incomes of the richest ten per cent of earners, skewing the income distribution.

Fortunately, the flipside also holds true. Countries that have managed to reduce gender barriers have seen significant reductions in income inequality as a result. A ten-point improvement in

<sup>11</sup> USAID (2020). COVID-19 and the gender digital divide. Available at: <https://www.usaid.gov/digital-development/covid-19/gender-digital-divide>.

<sup>12</sup> Cullen, Perez-Truglia (2020). The Old Boys’ Club: Schmoozing and the Gender Gap. NBER Working Paper. Available at: <https://www.nber.org/papers/w26530>.

<sup>13</sup> Niermann, Pitterle, Slotman (forthcoming). Drivers of inequality: the role of women’s rights and internet access. UN DESA Working Paper.

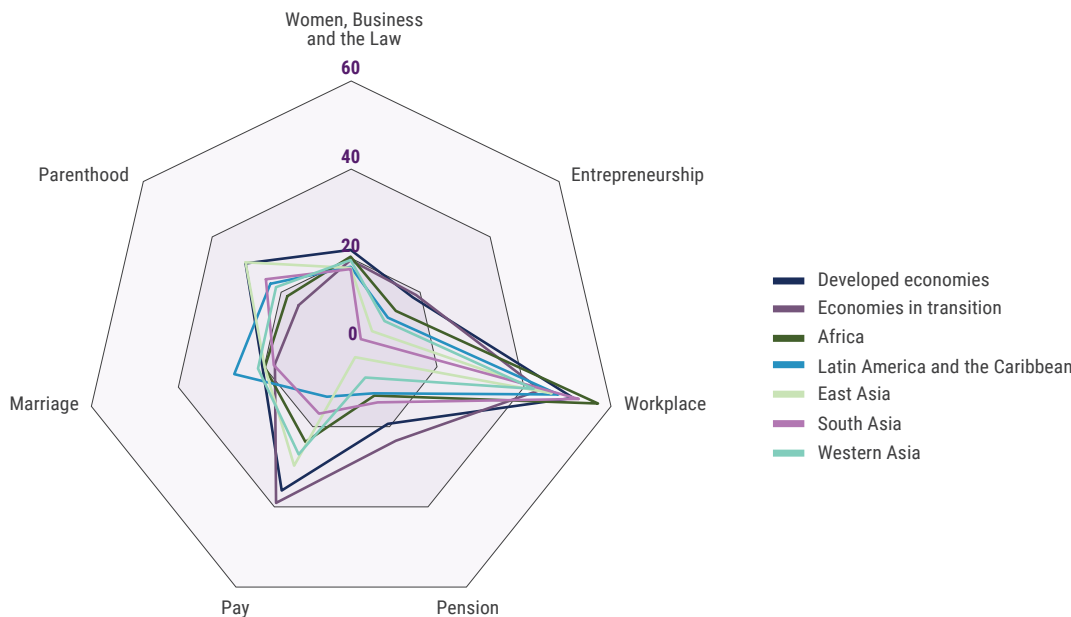
countries’ score on the WBL index, which measures performance on gender discriminatory legislation, is associated with a 0.6-point decline in the Gini index.<sup>14</sup> It also leads to a 0.8 per cent reduction in the income share of the top ten per cent earners. Similarly, improvements in education and internet access, two important enabling factors for women to reach their full potential, are also associated with significant gains in income equality. A ten per cent increase in internet access leads to a reduction in inequality by 0.2 points on the Gini index. Mauritius, for example, has improved internet access by 36 percentage points between 2010 and 2019, which has contributed to the country’s reduction in income inequality over the same period.

Most countries have made progress on their WBL score, with the global average WBL score rising 20 points since the Fourth World Conference on Women in 1995. While all regions have made progress, large differences remain. The average score for developed countries is 96, while developing regions range from 53 for Western Asia to 82 for Latin America and the Caribbean. Progress on the different dimensions of the WBL index has been very divergent as well (Figure 3). While most regions have made significant progress on gender discrimination at the workplace (for example by outlawing gender discriminating professions and establishing safeguards against sexual harassment), in most other areas a lot more work remains to be done. Equal pay has also improved across regions, but over two thirds of the countries have yet more measures to take in this area. Marriage and especially parenthood are

<sup>14</sup> The Gini index is a common measure of income inequality, ranging from 0 for complete equality to 100 for complete inequality.

Figure 3

### Regional improvements in selected Women, Business and the Law indicators, 1995–2021 (points)



Source: UN DESA calculations, based on World Bank (2021) Available at: <https://wbl.worldbank.org/en/wbl>.

also still problem areas for many countries. The global average for the parenthood indicator is just 57, lower than any other domain. This means that women in nearly all countries are in one way or another legally disadvantaged, preventing them from rising to their full potential.

The growing recognition of the societal and economic benefits of women's full economic participation has spurred policymakers around the world to implement changes to this end, which in turn has led to a positive albeit slower shift in norms and practices. The United Arab Emirates, for example, have improved their WBL index score by 57 points in just three years, thanks to a flurry of pro gender policy measures and legislative changes. It is now on paper the most gender equal country in the Middle East, and the impact is visible on various important gender outcomes. Given the previous estimates, this improvement in legal gender equality may even have brought down the UAE's Gini index score by as much as 3.5 points. While entrenched norms and practices may yet take longer to change, this substantial gain in equality will at once boost the country's economic growth and sustainable development prospects.

## Conclusion

Gender barriers perpetuate income inequalities, hold back economic output growth, and limit the effectiveness of post-pandemic recovery efforts, violating the human rights and wasting the potential of women and girls everywhere. Women have suffered disproportionately during the COVID-19 pandemic, whose effects have worsened their already disadvantaged situation. Policymakers should therefore prioritize the reduction of gender barriers

through a combination of general and targeted policy measures and changes to legislation. Pro-gender public services that have been discontinued or scaled back during the pandemic, such as reproductive health services, should be resumed, with remediating efforts to alleviate the suffering for those who have been worst affected. Vaccination campaigns should urgently address potential gender-related bottlenecks to ensuring full coverage.

More importantly, gender mainstreaming should be the norm for all aspects of the post-pandemic recovery efforts, such as the strengthening of social protection systems, public healthcare, and remote education. Reforms to social protection systems and labour markets should explicitly address women's disadvantaged position. Family-friendly policies, such as parental leave and accessible childcare, can also provide a tremendous boost to overall labour force participation, productivity growth and sustainable development outcomes. Furthermore, the gender digital divide should be addressed through a combination of policies, regulation, and education to improve women's ability to continue learning, access and manage finance, start a business, and take part in the information society. Moreover, policies to raise overall financial inclusion should assume a pronounced gender lens.

Comprehensive gender mainstreaming, including in government budgets, will improve policymakers' impact and thus yield higher returns to investment. Together, these reforms will not only improve women's economic position, but also countries' resilience against future shocks. And if pro-gender policy is insufficient to avert the next crisis, let it at least limit its impact.