

DEVELOPMENT IN PRACTICE

# Toward Gender Equality

The Role of Public Policy



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# Toward Gender Equality

The Role of Public Policy



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# Toward Gender Equality

## Foreword

**T**WENTY years ago in Mexico the First World Conference on Women inspired a movement that has helped to reduce gender inequality worldwide. Illiteracy among women is declining, maternal mortality and total fertility rates are beginning to fall, and more women are participating in the labor force than ever before. However, much remains to be done.

In low-income countries women are often denied health care and basic education. Worldwide, women face limited access to financial services, technology, and infrastructure. They are locked into relatively low-productivity work. In addition to performing household tasks and child-rearing duties, women work longer hours for lower pay than most men. And, most discouraging of all, hundreds of thousands of women each year are subject to gender-related violence.

Persistent inequality between women and men constrains a society's productivity and, ultimately, slows its rate of economic growth. Although this problem has been generally recognized, evidence on the need for corrective action is more compelling today than ever.

This report, written for the Fourth World Conference on Women, is intended as a reference to strategies for promoting gender equality and, consequently, enhancing economic efficiency. It pulls together evidence, including case studies, that demonstrates the need for government action to improve the economic status of women. It points out how public policy can and should support services and infrastructure that provide the highest social returns and that are most heavily used by women. The report also aims to stimulate creative solutions to the problem of gender inequality by highlighting innovative and sometimes not obvious strategies that have proved successful. A study in Morocco, for instance, shows that paving public roads to

schools increases by 40 percent the probability that local girls will attend classes.

Policy reform that provides an enabling environment for economic growth goes hand in hand with investing in people. The success of one strategy draws on the success of the other. No efforts at gender equality, however, can be successful without the participation of women themselves.

As the international community gathers in Beijing for the Fourth World Conference on Women, the World Bank stands ready to assist client governments in response to the challenges ahead. The Bank believes that by advancing gender equality, governments can greatly enhance the future well-being and prosperity of their people.

*Armeane M. Choksi*  
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*The World Bank*

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# Definitions and Data Notes

## Definitions

*Expected number of years of formal schooling.* The total number of years of schooling that a child of a certain age can expect to receive if current enrollment patterns remain unchanged.

*Literacy rate.* The proportion of the adult population that can read or write. This indicator is not always accurate because it is self-reported and represents past investments in schooling. It is often defined only with respect to selected languages and may not take into account the progress being made in many countries through literacy campaigns.

*Life expectancy at birth.* The number of years a newborn infant would live if prevailing patterns of mortality at the time of birth were to remain unchanged throughout the child's life.

*Maternal mortality ratio.* The number of women who die in pregnancy and childbirth per 100,000 live births; a measure of the risk that women face of dying from pregnancy-related causes.

## Data Notes

Unless otherwise specified, dollar amounts are current U.S. dollars. A billion is a thousand million.

The data used in this report cover a range of time periods and are from more than 100 countries (both developing and industrial).

Unless otherwise specified, geographic regions are those used by the World Bank in its analytical and operational work and are defined as follows:



*Sub-Saharan Africa:* all countries south of the Sahara except South Africa.

*East Asia and the Pacific:* low- and middle-income economies of East and Southeast Asia and the Pacific.

*Europe and Central Asia:* middle-income European countries and the countries that formed the former Soviet Union.

*Latin America and the Caribbean:* all American and Caribbean economies south of the United States.

*Middle East and North Africa:* all the economies of North Africa and the Middle East.

*South Asia:* Bangladesh, Bhutan, India, Myanmar, Nepal, Pakistan, and Sri Lanka.



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## Summary

**T**HREE messages echo throughout this document:

- The causes of gender inequality are complex, linked as they are to the intrahousehold decisionmaking process. However the decisions are made, the intrahousehold allocation of resources is influenced by market signals and institutional norms that do not capture the full benefits to society of investing in women. Low levels of education and training, poor health and nutritional status, and limited access to resources depress women's quality of life and hinder economic efficiency and growth.
- It is therefore essential that public policies work to compensate for market failures in the area of gender equality. These policies should equalize opportunities between women and men and redirect resources to those investments with the highest social returns. Of these investments, female education, particularly at the primary and lower-secondary level, is the most important, as it is the catalyst that increases the impact of other investments in health, nutrition, family planning, agriculture, industry, and infrastructure.
- Women themselves are agents for change because they play a key role in shaping the welfare of future generations. Public policies cannot be effective without the participation of the target group—in this case, women, who make up more than half the world's people. Their views need to be incorporated into policy formulation.

## Progress to Date

Over the past two decades considerable progress has been made in reducing the gender gap worldwide.

- In 1960, for every 100 boys enrolled in primary school, there were 65 girls. In 1990 the ratio had risen to 85.
- In 1980 an average six-year-old girl in a developing country could expect to attend school for 7.3 years. By 1990 this figure had increased to 8.4 years.
- Since the 1950s the female labor force has grown twice as fast as the male labor force. Worldwide, more than 40 percent of women over 15 years of age are now in the labor force; in developing countries women account for 30 percent of the labor force. (These figures, it should be noted, do not fully reflect women's participation in the informal sector or as unpaid family members in agriculture.)

Nevertheless, inequalities between men and women persist in many important areas.

- Despite women's biological advantage, their mortality and morbidity rates frequently exceed those of men, particularly during childhood and the reproductive years.
- Traditionally, women are employed in lower-paying jobs and in a narrower range of occupations than are men. Women's wages are typically only 60–70 percent of wages earned by men.
- Whether in private sector employment or public sector decisionmaking, women are less likely to be in positions of responsibility than are men.

## Why Do Gender Inequalities Persist?

The causes of the persistent inequality between men and women are only partially understood. In recent years attention has focused on inequalities in the allocation of resources at the household level, as seen in the higher share of education, health, and food expenditures boys receive in comparison with girls. The decisionmaking process within households is complex and is influenced by social and cultural norms, market opportunities, and institutional factors. There is considerable proof that the intrahousehold allocation of resources is a key factor in determining the levels of schooling, health, and nutrition accorded household members.

Inequalities in the allocation of household resources matter because education, health, and nutrition are strongly linked to well-being, economic efficiency, and growth. Low levels of educational attainment and poor health

and nutrition aggravate poor living conditions and reduce an individual's capacity to work productively. Such economic inefficiency represents a significant loss to society and hampers future economic growth.

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*Social returns to investments in women's education and health are significantly greater than for similar investments in men.*

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The social and economic losses are greatest when women are denied access to basic education and health care. Data from around the world show that private returns to investments in education are the same for women as for men and may even be marginally higher (Psacharopoulos 1994). More importantly, social returns (that is, total benefits to society) to investments in women's education and health are significantly greater than for similar investments in men, largely because of the strong correlation between women's education, health, nutritional status, and fertility levels and the education, health, and productivity of future generations. These correlations are even stronger when women have control over the way resources are allocated within the household.

Wage differentials between women and men in the market are closely linked to educational levels and work experience. Since, on average, women earn 30–40 percent less than men, it is not surprising that fewer women than men participate in the labor force. This wage disparity, reinforced by discriminatory institutional norms, in turn influences the intrahousehold division of resources. A vicious circle ensues as households invest less in daughters than in sons in the belief that investment in girls yields fewer benefits. As a result, many women are unable to work outside the household because they lack the education or experience that men have.

The decision not to participate in the labor force does not necessarily reflect a woman's own choice, nor does it always correspond to the optimum use of household resources. Furthermore, the market wage does not take into account the social benefits of educating and hiring women. Discrimination in households and in the market carries not only private costs for individuals and households but social costs for society as well.

Public policies for reducing gender inequalities are therefore essential for counteracting market failure and improving the well-being of all members of society. Investing in women's education and health expands their choices in labor markets and other income-generating activities and increases the rate of return on a household's most valuable asset—its labor.

The decision to allocate women's time to the type of nonwage work women typically carry out within the household, such as child care, food

preparation, and, in low-income countries especially, subsistence farming and the collection of fuelwood and water, has less to do with economics than with social conventions and norms. These norms can have a strong influence on the household division of labor, even in industrial economies, where women's levels of human capital are equal to—and sometimes higher than—those of most men.

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*The economy pays for this inequality in reduced labor productivity today and diminished national output tomorrow.*

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Whether this division of labor is appropriate is, essentially, for society to decide. However, there is no doubt that women's entry into the labor market and other spheres of the economy is directly affected by the extensive amounts of time they traditionally devote to household maintenance and family care. Most men do not make similar allocations of time in the home. Such inequality constrains women's employment choices and can limit girls' enrollment in schools. The economy pays for this inequality in reduced labor productivity today and diminished national output tomorrow. Public policy can address inequalities in the household division of labor by supporting initiatives that reduce the amount of time women spend doing unpaid work. Examples of such interventions include improved water and sanitation services, rural electrification, and better transport infrastructure.

Constraints on female employment opportunities arising from the household division of labor are compounded by institutional norms operating within the labor market. Although overt wage discrimination is illegal in many countries, employers frequently segregate jobs or offer less training to women workers. Employers often perceive the returns to investing in women workers as lower than those for men, mainly because of women's primary role in childrearing.

Lack of access to financial services, to land, and to information and technology compounds the unequal treatment of women. Requirements for collateral, high transaction costs, and limited mobility and education contribute to women's inability to obtain credit. When women do have access to credit, the effect on household and individual well-being is striking. Borrowing by women is linked to increased holdings of nonland assets, to improvements in the health status of female children, and to an increased probability that girls will enroll in school. Independent access to land is associated with higher productivity and, in some cases, with greater investments by women in land conservation.



## Strategies for the Future

If the benefits from investing in girls and women are so great and can be quantified, why do households and employers underinvest in women? The main reason is that, as discussed above, markets fail to capture the full benefit to society of investing in women and girls. Where the market fails or is absent, government must take the lead. Public policy can contribute, directly and indirectly, to reducing gender inequalities by, for example:

- Modifying the legal and regulatory framework to ensure equal opportunities
- Ensuring macroeconomic stability and improving microeconomic incentives
- Redirecting public policies and public expenditures to those investments with the highest social returns
- Adopting targeted interventions that correct for gender inequalities at the microlevel.

Modifying the law to eliminate gender discrimination and equalize opportunities for women and men is an important first step. However, legal reform by itself does not ensure equal treatment. Further public action is required to make sure that gender-neutral laws are enforced at the national and local levels.

Sound economic policies and well-functioning markets are essential for growth, employment generation, and the creation of an environment in which the returns to investing in women and girls can be fully realized. Economic instability and price distortions can hinder the process. Consequently, sound macroeconomic management is critical. In general, two sets of policies are necessary: one emphasizing macroeconomic stability and the elimination of price distortions, the other focusing on labor-demanding growth and a reorientation in public spending toward basic services with high social returns—such as education, health care, and water supply.

Gender inequalities in the distribution of the benefits of public spending frequently arise because of a bias within households that limits women's access to publicly provided services. In addition, the services provided by public spending often are of less benefit to women than to men. Public policy can help remedy this problem by rearranging expenditure priorities among sectors and within the social sectors. It can ensure support for those services and types of infrastructure that offer the highest social returns to public spending and that are most heavily used by women and children, such as water supply and sanitation services and rural electrification.

Finally, general policy interventions may not be enough, and programs that specifically target women and girls may be required. Targeting is justi-