

# **Women, Work, and the Economy:** Macroeconomic Gains from Gender Equity

Katrin Elborgh-Woytek, Monique Newiak, Kalpana Kochhar, Stefania Fabrizio, Kangni Kpodar, Philippe Wingender, Benedict Clements, and Gerd Schwartz

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## CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>4</b>
<b>MACROECONOMIC IMPLICATIONS OF THE LABOR MARKET DIVIDE:</b>	
<b>DOES GENDER MATTER?</b>	<b>4</b>
<b>FEMALE LABOR FORCE PARTICIPATION: STYLIZED FACTS</b>	<b>6</b>
<b>GENDER-SPECIFIC LABOR MARKET CHARACTERISTICS</b>	<b>8</b>
<b>Policies in Support of Higher Female Labor Force Participation</b>	<b>12</b>
A. Fiscal Policies	12
B. Policies to Increase Demand for Female Labor	15
C. Other Policy Measures	16
<b>Further IMF Work to Strengthen the Role of Women in the Economy</b>	<b>17</b>
<b>Boxes</b>	
1. Policies in Advanced Market Economies to Enhance Female Labor Force Participation and Gender Equity	18
2. Policies in Brazil to Enhance Female Labor Force Participation and Gender Equity	19
3. Policies to Enhance Female Labor Force Participation and Gender Equity: Development Issues	20
4. Education, Female Labor Force Participation, and the Demographic Dividend in India	21
<b>APPENDIXES</b>	
1. IMF Analysis of Gender-Related Policies	22
2. Family Benefits	26
<b>FIGURES</b>	
1. Female Labor Force Participation as a Percent of the Female Population (Age 15+), 1990–2011	6
2. Gender Gaps and Male Labor Force Participation Rates	7
3. Female Labor Force Participation and Development	7
4. Female Labor Force Participation as a Percent of the Female Population (Age 15+), 2011	8
5. Female Education and Labor Market Outcomes	11
6. Official Age of Retirement in OECD Countries, 2011	14
7. Awareness of Laws Prohibiting Gender-based Discrimination When Hiring	15
<b>APPENDIX TABLES</b>	
2.1. Family Benefits in Advanced Economies	26
2.2. Family Benefits in Emerging Economies	27
<b>REFERENCES</b>	<b>28</b>

## EXECUTIVE SUMMARY

Women make up a little over half the world's population, but their contribution to measured economic activity, growth, and well-being is far below its potential, with serious macroeconomic consequences. Despite significant progress in recent decades, labor markets across the world remain divided along gender lines, and progress toward gender equality seems to have stalled. Female labor force participation (FLFP) has remained lower than male participation, women account for most unpaid work, and when women are employed in paid work, they are overrepresented in the informal sector and among the poor. They also face significant wage differentials vis-à-vis their male colleagues. In many countries, distortions and discrimination in the labor market restrict women's options for paid work, and female representation in senior positions and entrepreneurship remains low.

The challenges of growth, job creation, and inclusion are closely intertwined. While growth and stability are necessary to give women the opportunities they need, women's participation in the labor market is also a part of the growth and stability equation. In particular, in rapidly aging economies, higher female labor force participation can boost growth by mitigating the impact of a shrinking workforce. Better opportunities for women can also contribute to broader economic development in developing economies, for instance through higher levels of school enrollment for girls.

This Staff Discussion Note examines the specific macro-critical features of women's participation in the labor market, the constraints preventing women from developing their full economic potential, and possible policies to overcome these obstacles. Implementing policies that remove labor market distortions and create a level playing field for all will give women the opportunity to develop their potential and to participate in economic life more visibly. The analysis presented in this Staff Discussion Note is based on research undertaken in academia and by other international financial institutions, in addition to the IMF's own surveillance and research work (Appendix 1).

## MACROECONOMIC IMPLICATIONS OF THE LABOR MARKET DIVIDE: DOES GENDER MATTER?

1. **There is ample evidence that when women are able to develop their full labor market potential, there can be significant macroeconomic gains.** (Loko and Diouf, 2009; Dollar and Gatti, 1999). GDP per capita losses attributable to gender gaps in the labor market have been estimated at up to 27 percent in certain regions (Cuberes and Teignier, 2012). Aguirre and others (2012) suggest that raising the female labor force participation rate (FLFPR) to country-specific male levels would, for instance, raise GDP in the United States by 5 percent, in Japan by 9 percent, in the United Arab Emirates by 12 percent, and in Egypt by 34 percent. Based on International Labour Organization (ILO) data, Aguirre and others (2012) estimate that of the 865 million women worldwide who have the potential to contribute more fully to their national economies, 812 million live in emerging and developing nations.

2. **In rapidly aging economies, higher FLP can boost growth by mitigating the impact of a shrinking workforce.** For example, in Japan, the annual potential growth rate could rise by about ¼ percentage point if the female labor participation rate were to reach the average for the G7 countries, resulting in a permanent rise in per capita GDP of 4 percent, compared to the baseline scenario (IMF, 2012c). Higher female work force participation would also result in a more skilled labor force, in view of women’s higher education levels (Steinberg and Nakane, 2012).

3. **Better opportunities for women to earn and control income could contribute to broader economic development in developing economies, for instance through higher levels of school enrollment for girls.** Women are more likely than men to invest a large proportion of their household income in the education of their children. According to the ILO, women’s work, both paid and unpaid, may be the single most important poverty-reducing factor in developing economies (Heintz, 2006). Accordingly, higher FLP and greater earnings by women could result in higher expenditure on school enrollment for children, including girls, potentially triggering a virtuous cycle, when educated women become female role models (Aguirre and others 2012; Miller 2008). Stotsky (2006b) posits that women’s relative lack of opportunities in developing countries inhibits economic growth, while at the same time, economic growth leads to improvements in their disadvantaged conditions.

4. **Equal access to inputs would raise the productivity of female-owned companies** (Do, Levchenko, and Raddatz, 2011). Productivity differentials among companies owned by men and by women have been found to be mainly the result of differences in access to productive inputs (Blackden and Hallward-Driemeier 2013). A reduction of this productivity gap through equal access to productive resources could yield considerable output gains (World Bank, 2011).

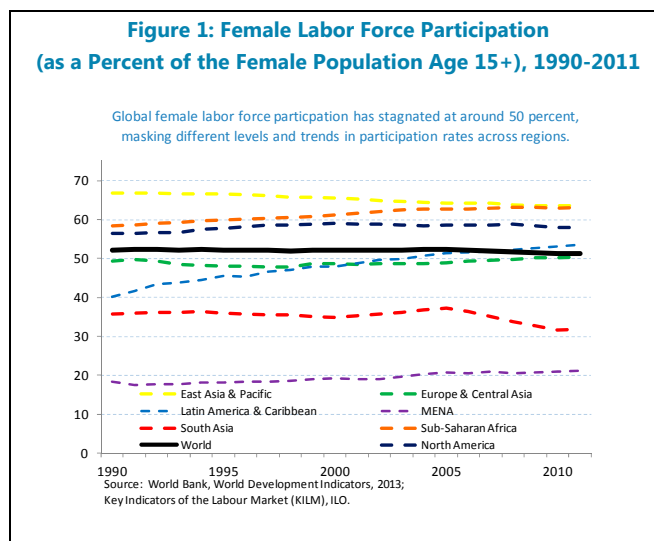
5. **The employment of women on an equal basis would allow companies to make better use of the available talent pool, with potential growth implications** (Barsh and Yee, 2012; CAHRS 2011). While not uncontroversial, there is evidence of a positive impact of women’s presence on boards and in senior management on companies’ performance.<sup>1</sup> Companies employing female managers could be better positioned to serve consumer markets dominated by women (CED 2012; CAHRS 2011) and more gender-diverse boards could enhance corporate governance by offering a wider range of perspectives (OECD, 2012; Lord Davies, 2013). Moreover, a larger share of women in decision-taking positions could reduce the share of high-risk financial transactions that are normally conducted by male traders (Coates and Herbert, 2008).

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<sup>1</sup> In their analysis of companies with a focus on innovation, Dezso and Ross (2011) find that female representation in top management can improve performance. McKinsey (2008) shows that companies with three or more women on their senior management teams score higher on all nine organizational dimensions (including leadership, work environment and values, coordination and control) that are positively associated with higher operating margins. This result is supported by an earlier study by Catalyst (2004) that finds a positive correlation between gender diversity and financial performance (return to equity and total return to shareholders).

## FEMALE LABOR FORCE PARTICIPATION: STYLIZED FACTS

6. **Average FLFP remains low at around 50 percent, with levels and trends varying across regions** (Figure 1). While women now represent 40 percent of the global labor force (World Bank, 2011), FLFPR have hovered around 50 percent over the past two decades. The average rate masks significant cross-regional differences in levels and trends: FLFPRs vary from a low of 21 percent in the Middle East and North Africa to over 63 percent in East Asia and the Pacific and sub-Saharan Africa.<sup>2</sup> While Latin America and the Caribbean experienced strong increases in FLFPR of some 13 percentage points over the past two decades, rates have been declining in South Asia. The rate in Europe and Central Asia has stayed broadly constant.<sup>3</sup>



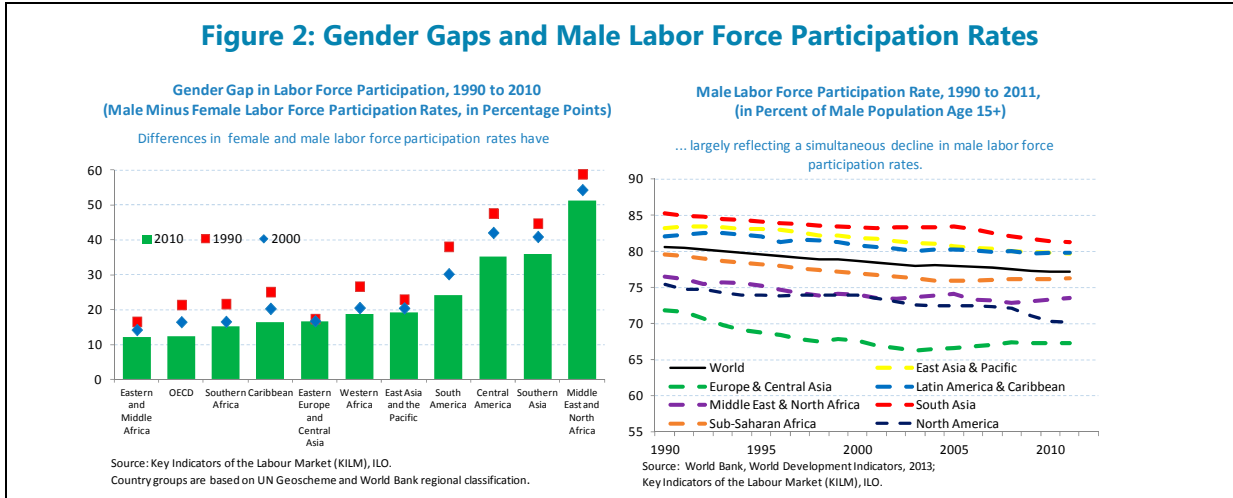
7. **Differences between male and female participation rates have narrowed, but remain high in most regions.** The average gender participation gap—which is the difference between male and female labor force participation rates—has been declining since 1990, largely due to a worldwide fall in male labor force participation rates, but remains significant (Figure 2). The gender gap varies strongly by region, with the highest gap observed in the Middle East and North Africa (51 percentage points), followed by South Asia and Central America (above 35 percentage points), and the lowest levels seen in Organization for Economic Development and Cooperation (OECD) countries and Eastern and Middle Africa (around 12 percentage points).

8. **Variations in the gender gap are significant even among OECD countries.** For instance, the gender gap in the Japanese labor market stands at 25 percentage points, compared to just over 10 percentage points on average in the major advanced economies and only 6 percentage points in Sweden. Across the OECD membership, female employment is concentrated in the services sector, which accounts for 80 percent of employed women, compared to 60 percent for men. Within this sector, women fill a disproportionately high share of occupations in health and community services, followed by education (OECD, 2012). An analysis by the ILO (2010) finds that women are overrepresented in sectors that are characterized by low status and pay.

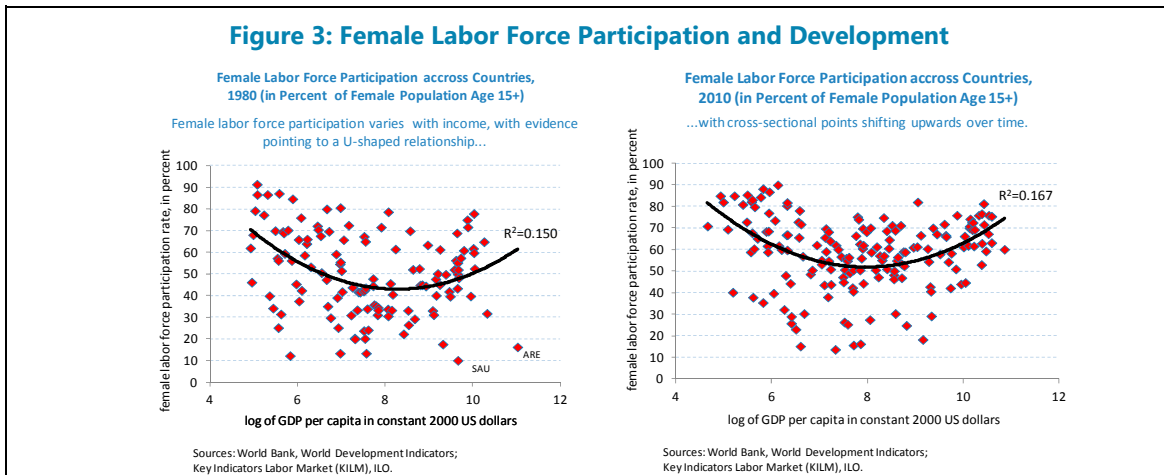
<sup>2</sup> World Bank country group definitions apply to all figures and panels based on World Development Indicators data.

<sup>3</sup> Differences in FLFPR across economies also reflect differences in marketization of services (Freeman and Schettkat 2002).





9. **FLFP varies with per capita income, with evidence pointing to a U-shaped relationship** (Figures 3 and 4). At lower levels of per capita income, a high FLFPR reflects the necessity to work in the absence of social protection programs. With higher household income and increasing social protection, women can withdraw from the market in favor of household work and childcare. At advanced country income levels, labor force participation rebounds as a result of better education, lower fertility rates, access to labor-saving household technology, and the availability of market-based household services (Duflo, 2012; Tsani and others, 2012; World Bank, 2011). The U-shaped relationship has been found to remain stable over time and to hold when controlling for country characteristics.<sup>4</sup>

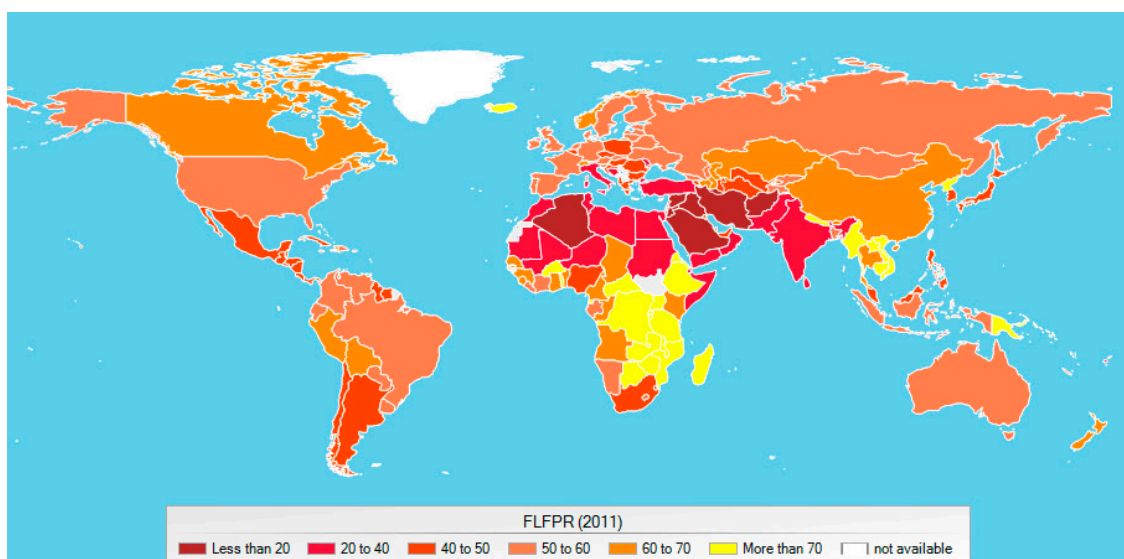


<sup>4</sup> For instance, Mammen and Paxson (2000) replicate the U-shaped relationship found by Golden (1995) for cross-country data from 1970, 1975, 1980, and 1985 and state that similar patterns can be found irrespective of whether labor force participation is restricted to women aged 45-59 or includes younger women. When pooling the data and including country-fixed effects, the study shows that the quadratic fit still predicts the data well.

10. **Gender gaps in education have been declining but literacy rates for women continue to lag those of men.**<sup>5</sup> Gender gaps in primary education have been largely closed, with the ratio of female to male primary enrollment rates reaching 94 percent even in the least developed countries (Figure 5). In secondary education, the ratio of female to male enrollment averages 97 percent, and women are now more likely to be enrolled in tertiary studies than men. Nevertheless, literacy rates are still lower for women than for men, especially in South Asia and East and North Africa regions.

**Figure 4: Female Labor Force Participation (as a Percent of Female Population Age 15+), 2011**

Female labor force participation varies strongly around the globe



Source: World Bank, World Development Indicators, 2013, ILO KILM database.

## GENDER-SPECIFIC LABOR MARKET CHARACTERISTICS

11. **Women contribute substantially to economic welfare through large amounts of unpaid work, such as child-rearing and household tasks, which often remains unseen and unaccounted for in GDP.**<sup>6</sup> Women's ability to participate in the labor market is constrained by their higher allocation of time to unpaid work. On average, women spend twice as much time on household work as men and four times as much time on childcare (Duflo, 2012), thereby freeing up time for male household members to participate in the formal labor force. In the OECD countries,

<sup>5</sup> In both Figures 2 and 5, World Bank definitions of labor force participation rates apply and include part-time work.

<sup>6</sup> National income aggregates invariably omit proper accounting for the unpaid economy (Stotsky 2006b). The degree to which such work is accounted for in GDP reflects the marketization of these services, which differs among countries (Freeman and Schettkat 2002). The limited participation of women in the labor market results in much lower levels of measured economic activity, with a difference vis-à-vis potential economic activity of up to 34 percent in some countries (Aguirre and others, 2012).



women spend about 2½ hours more than men on unpaid work (including care work) each day, regardless of the employment status of their spouses (Aguirre and others, 2012).<sup>7</sup> As a result, the gender difference in total working time—the sum of paid and unpaid work, including travel time—is close to zero in many countries (OECD, 2012). According to Heintz (2006), the gender division between market and household work, in combination with women’s lower earnings potential, tends to reinforce established gender dynamics at the household level.

12. **In OECD countries, gender differences in paid working hours and participation in part-time work remain significant.** Part-time work continues to be a predominantly female domain and is often, in view of persisting gender roles, the only solution to balancing work with family responsibilities (ILO, 2010). In many advanced economies, gender-specific career paths, characterized by more part-time work and career breaks for child care among women, result in higher risk for old-age poverty among women. While often a prerequisite for women’s labor market participation, part-time work arrangements can perpetuate gender roles, resulting in disadvantages in career development (OECD, 2012).<sup>8</sup>

13. **Moreover, there is a significant wage gap associated with gender, even for the same occupations and even when controlling for individual characteristics, such as education.** Across OECD countries, the gender wage gap, defined as the difference between male and female median wages divided by male median wages, is estimated at 16 percent (OECD 2012). Occupational segregation and reduced working hours, in combination with differentials in work experience, explain around 30 percent of the wage gap, on average. While narrow for young women, the wage gap increases steeply during childbearing and childrearing years, pointing to an additional “motherhood penalty,” estimated at 14 percent across the OECD countries. Among emerging economies, wage gaps show a significant degree of variation, being relatively high in China, Indonesia, and South Africa. Comparatively narrow wage gaps in the Middle East and North Africa are explained by the small share of women in wage employment who are often more highly educated than their male colleagues. In several countries, earnings differences are even more significant when comparing women and men with higher educational attainment (OECD, 2012).

14. **The gender gap in earnings is even higher in self-employment than in wage employment,** one explanatory factor being less time devoted by women to their business. On average, female-owned enterprises register lower profits and labor productivity than male-owned

<sup>7</sup> While men tend to engage in household work that complies more easily with work schedules due to its more occasional nature, women mostly assume responsibility for routine household work that needs to be conducted irrespective of other work pressures.

<sup>8</sup> In Europe, only 3 percent of women and only 1.5 percent of men in part-time status make the transition to full-time employment at a later stage of their career.

enterprises, also explained by the size of the enterprise, capital intensity, and more limited access to external finance and productive resources (OECD, 2012).<sup>9</sup>

**15. In many countries, the lack of basic necessities and rights inhibits women’s potential to join the formal labor market or become entrepreneurs.** In some emerging and developing economies, restrictions on women’s independent mobility and participation in market work curtail their economic potential (World Bank, 2011). Women dominate the informal sector, characterized by vulnerability in employment status, a low degree of protection, mostly unskilled work, and unstable earnings (ILO, 2012a; Campbell and Ahmed, 2012). They often have limited property and inheritance rights and limited access to credit. In agriculture, particularly in Africa, women operate smaller plots of land and farm less remunerative crops than men, and they have more limited access to agricultural inputs (World Bank, 2011).

**16. In many advanced economies, tax systems impose strong disincentives for FLFP through high tax wedges on secondary earners.**<sup>10</sup> If taxes are imposed on family income rather than individual income, the tax wedge applied to secondary earners—often married women—will be higher than for a single but otherwise identical woman. Family taxation and family-related tax elements (such as mandatory joint filing, dependent spouse allowances, and tax credits conditional on family income) are still widespread, although many OECD countries have moved toward individual taxation.

**17. Across countries, female representation in senior positions and in entrepreneurship remains low.** For example, during 2008-12, the share of women among CEOs in Standard and Poor’s 500 companies remained at 4 percent.<sup>11</sup> In the 27 EU countries, only 25 percent of business owners with employees are female. In 2012, only about 20 percent of national parliamentary seats across the world were held by women. And when women do assume higher positions in public office, they are more likely to occupy ministries with a socio-cultural focus than those with economic and key strategic functions (OECD, 2012). Moreover, micro-level evidence suggests that gender stereotypes may hamper women’s participation in politics.<sup>12</sup>

<sup>9</sup> The reasons for this discrepancy have not been investigated fully. Possible explanations include discriminatory practices, but also the smaller size of female-owned enterprises and the general difficulty faced by small and medium-sized enterprises in obtaining credit (OECD, 2012).

<sup>10</sup> Stotsky (1996) analyzes the gender bias in tax systems, which can take both explicit and implicit forms, reflecting underlying social norms. Explicit gender discrimination in the personal income tax includes the rules governing the allocation of shared income; the allocation of exemptions, deductions, and other tax preferences; and the setting of tax rates and legal responsibilities for paying the tax. Implicit gender bias is mostly reflected in increasing marginal tax rates that may discourage secondary earners.

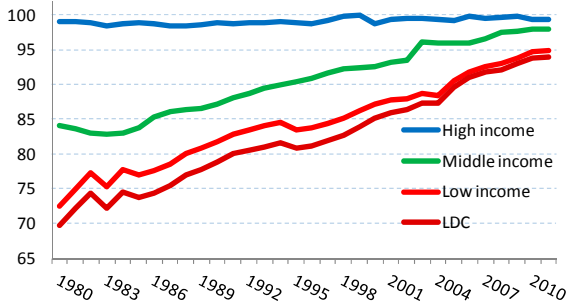
<sup>11</sup> Among a sample of 60 Fortune 500 or similar-sized companies, only 18 percent of entry- or mid-level female staff aspired to reach a top-level management position at the company, the “C-suite”, versus 36 percent of male staff (Barsh and Yee 2012).

<sup>12</sup> In a field experiment in West Bengal, Beaman and others (2009) find that men have a strong prior bias against the effectiveness of women politicians, evaluating them significantly worse for the same overall performance than male politicians. However, men who earlier on had been exposed to female politicians were much less biased.

**Figure 5: Female Education and Labor Market Outcomes**

**Ratio of Female to Male Primary Enrollment by Income Level, 1980-2011 (in Percent)**

The gender gap in primary education is closing across all income groups, with developing countries catching up to emerging markets and advanced economies....

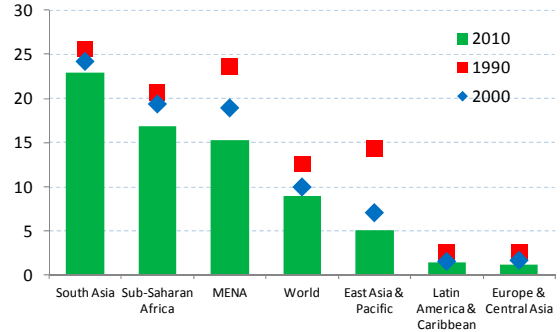


Source: World Bank, World Development Indicators, 2013. UNESCO Institute for Statistics

**Gender Literacy Gap**

1990-2010 (Male minus Female Literacy Rates in Percentage Points)

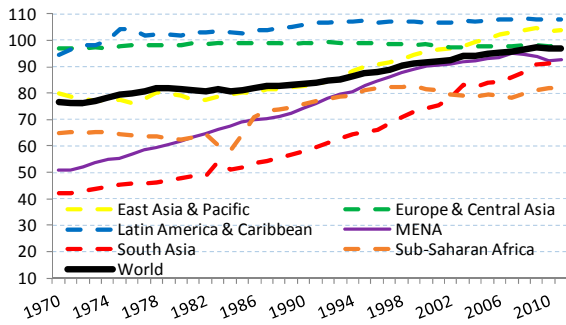
...but female literacy rates are still lower than male rates on average.



Source: World Bank, World Development Indicators, 2013. UNESCO Institute for Statistics

**Ratio of Female to Male Secondary Enrollment, by Region, 1970-2011 (in Percent)**

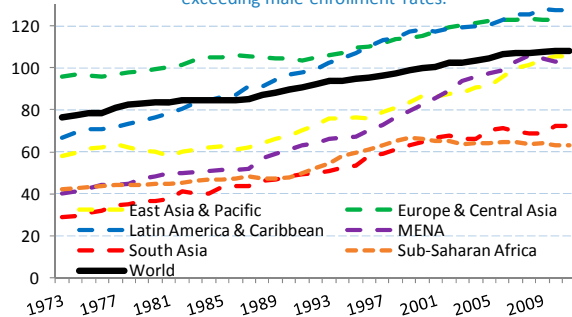
All regions have seen decreases of gender gaps in secondary enrollment rates over the last four decades...



Source: World Bank, World Development Indicators, 2013; UNESCO Institute for Statistics

**Ratio of Female to Male Tertiary Enrollment, by Region, 1973-2011 (in Percent)**

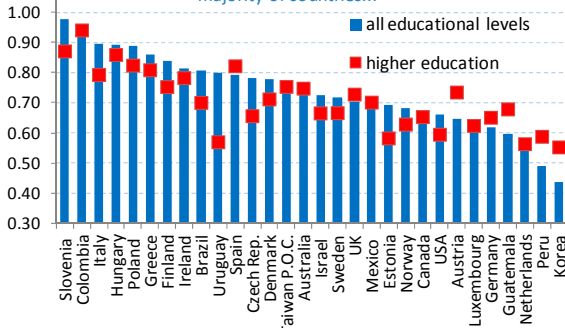
...and female tertiary school enrollment is now on average exceeding male enrollment rates.



Source: World Bank, World Development Indicators, 2013; UNESCO Institute for Statistics

**Annual Earnings Ratio, Female to Male, 2006\***

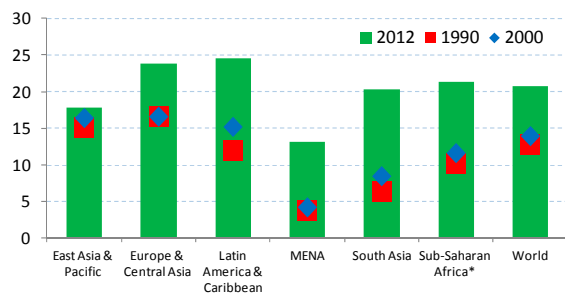
However, the earnings gap is still significant in the majority of countries...



Source: Cross National Data Center in Luxembourg, Key Figures (Wave VI)  
\*Or latest available

**Share of Seats Held by Women in National Parliaments, 1990-2012 (in Percent)**

...and women are still underrepresented in leading positions.



\*1990 replaced by 1997 value as this was the latest value available  
Source: World Bank, World Development Indicators, 2013; Inter-Parliamentary Union (IPU) (www.ipu.org)

18. **During the economic downturn of 2007-09, gender-based employment gaps shrank in most OECD countries.**<sup>13</sup> This trend is largely explained by more robust employment in the services sector, where female employment is concentrated, compared to male-dominated industries such as construction and manufacturing. For example, in the United States, during the entire period 2007–12, male employment losses of 4.6 million were almost twice as high as female employment losses (Kochhar, 2011).<sup>14</sup> However, in line with evidence from previous recessions, the pattern changed between 2009 and 2011–12, when female unemployment continued to rise, while unemployment among men either declined or stayed constant (OECD, 2012).<sup>15</sup>

19. **In many developing countries, women and girls were particularly vulnerable to the effects of the economic crisis.** For example, in Latin America and the Caribbean, the economic crisis affected female workers disproportionately, with women accounting for about 70 percent of all layoffs in Mexico and Honduras (Mazza and Fernandes Lima da Silva, 2011). While many workers had to engage in lower-paid and riskier work in response to the crisis, women and girls were particularly vulnerable to risky, unprotected, and often informal employment, and the decline in primary school completion rates for girls exceeded that for boys (Stavropoulou and Jones 2013).<sup>16</sup> The higher youth unemployment that was the result of the crisis in many countries also has affected young women disproportionately. In North Africa, the female youth unemployment rate increased by 9.1 percentage points, compared to 3.1 percentage points for young males (Stavropoulou and Jones, 2013).

## POLICIES IN SUPPORT OF HIGHER FEMALE LABOR FORCE PARTICIPATION

20. **Providing women with equal economic opportunities and unleashing the full potential of the female labor force, with significant prospective growth and welfare implications, will require an integrated set of policies to promote and support female employment (Sen, 2001).** Research suggests that well-designed, comprehensive policies can be effective in boosting women's economic opportunities and their actual economic participation (Revenga and Shetty, 2013; Aguirre and others, 2012; Duflo, 2012).

### A. Fiscal Policies

21. **The scope for increasing FLFP through fiscal policies is significant.** Taxation of labor income and government spending on social welfare benefits and pensions both affect labor markets similarly. They weaken the link between labor supply and income, thereby influencing the decision

<sup>13</sup> Israel, Korea, Poland, and Sweden were the exceptions.

<sup>14</sup> See also ILO (2012b) on global employment trends during the crisis.

<sup>15</sup> Based on analysis of U.S. recessions, Stotsky (2006b) notes that in general, during recessions, men's unemployment rose faster than women's unemployment, thus reducing the gender gap in unemployment, and in economic upturns, men's unemployment dropped faster than women's, thus increasing the gap.

<sup>16</sup> "While evidence on the gendered impacts of the crisis vis-à-vis child labor is mixed, girls are more likely to be involved in highly vulnerable forms of work including domestic work and transactional or commercial sex work" (Stavropoulou and Jones, 2013, p. 31).

to participate in the labor market. Therefore, the appropriate design of benefits is important to avoid disincentives to work.

22. **Many fiscal policy reforms aim to boost employment of both women and men, but even measures that are gender neutral can have a disproportionately large positive effect on women** (IMF, 2012d; World Bank, 2011; Duflo, 2012). The IMF Board Paper “Fiscal Policy and Employment in Advanced and Emerging Economies” (IMF, 2012d) outlines a wide range of fiscal policies to enhance the labor force participation of both women and men.

### ***Tax Measures***

23. **Replacing family income taxation with individual income taxation would boost FLFP.** Empirical studies indicate that the female labor supply is more responsive to taxes than the male labor supply (IMF, 2012d). Hence, reducing the tax burden for (predominantly female) secondary earners by replacing family taxation with individual taxation can potentially generate large efficiency gains and improve aggregate labor market outcomes. Countries with potential to reduce the secondary earner tax wedge significantly include France, Portugal, and the United States.

24. **Tax credits or benefits for low-wage earners can be used to stimulate labor force participation, including among women.** These so called “in-work” tax credits reduce the net tax liability—or even turn it negative for low-wage earners—thereby increasing the net income gain from accepting a job, and are usually phased out as income rises. In countries that emphasize the income support objective, credits are generally phased out with *family* income and are often conditional on the presence of children in the household.<sup>17</sup> However, the phasing out of the credit with family income results in high marginal tax rates for both the primary and the secondary earner in a family, creating strong adverse labor supply effects among secondary earners. By contrast, in countries that emphasize labor force participation, credits are usually phased out with *individual* income, the preferable policy to increase FLFP, as the marginal tax rate applied to the secondary earner will generally remain lower.<sup>18</sup>

### ***Expenditure Measures***

25. **Properly designed family benefits can help support female FLFP** (Jaumotte, 2003). Publicly financed parental leave schemes can help parents reconcile work and family life, and maintain their connection to the labor market through a guaranteed return to their job. The average duration of paid parental leave in advanced economies is 26 weeks, and all OECD countries except the United States and Korea currently offer paid parental leave (see Appendix Table 2.2 in Appendix 2). However, long periods outside the labor market also risk reducing skills and earnings (Ruhm, 1998). Policies that provide and encourage greater parity between paternity and maternity leave could support a more rapid return to work among mothers and help shift underlying gender

<sup>17</sup> This is the case in Canada, France, Ireland, Korea, New Zealand, the Slovak Republic, the United Kingdom, and the United States.

<sup>18</sup> This approach is followed in Belgium, Finland, Germany, the Netherlands, and Sweden.

norms (World Bank, 2012a).<sup>19</sup> Iceland and Norway have introduced mandatory paternity leave, while in Sweden one part of parental leave is earmarked for the father and forfeited in case he opts not to take it.

26. **Reform of child support and other social benefits could increase the incentives to work.** If too high, such support can reduce the incentives for women to enter the labor market, especially those with low earnings capacity (Jaumotte, 2003). Linking benefits to labor force participation (“in-work” benefits), participation in job training, or other active labor market programs can increase the incentives for women to rejoin the labor market.

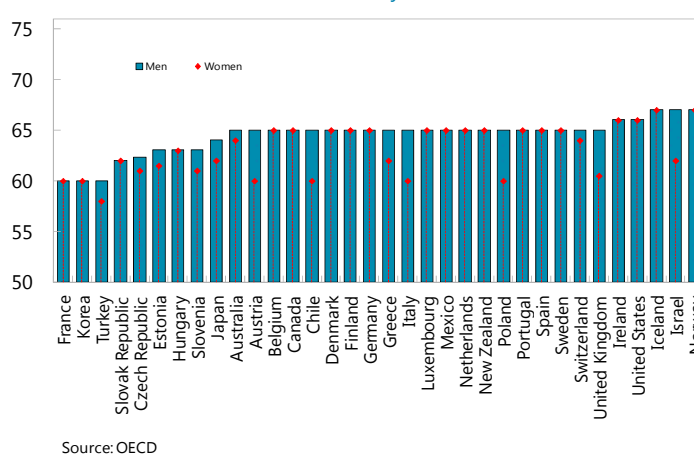
27. **Better access to comprehensive, affordable, and high-quality child care frees up women’s time for formal employment.** In analyzing data for 10 different countries, Gong, Breunig, and King (2010) and Kalb (2009) find that the elasticity of female labor supply with respect to the price of child care ranges from  $-0.13$  to  $-0.2$ . Hence, if the price of childcare is reduced by 50 percent, the labor supply of young mothers will rise on the order of 6.5 to 10 percent. Reforms of child care support programs could target benefits to those at work, for example by providing child care subsidies for working mothers, which would boost female labor force participation without distorting labor market incentives.

28. **Reforms of the pension system could also be considered, in particular in countries with a large gap in the retirement ages of women and men (Figure 6).**

The latter reaches up to five years in several OECD countries, despite women’s higher life expectancy. Pension systems should also ensure that spells of maternity leave do not translate into lower pensions by providing special credits for women with children (such as in Chile, France, Germany, and Sweden).

Reforms of social insurance could focus on strengthening the links between contributions and benefits, which will help discourage early retirement.

**Figure 6: Official Age of Retirement in OECD Countries, 2011**  
(Number of years)



29. **Expenditure on the education of women and improvements in rural infrastructure can boost FLFP in emerging and developing countries.**<sup>20</sup> Empirical evidence suggests that educational attainment correlates positively with FLFP. In Turkey, for example, only 17 percent of

<sup>19</sup> Bandiera and Natraj (2013) find that progress toward gender parity in child care may not have an immediate effect on cultural norms, but there is evidence that shocks can change the range of acceptable behaviors.

<sup>20</sup> Laframboise and Trumbic (2003) find that the relatively weak social outcomes for women in the Middle East and North Africa are not explained by the level of government social spending, but rather by the inefficiency and inadequate targeting of this spending.



illiterate women participate in the labor force, while the participation rate exceeds 70 percent among women holding a graduate degree (Ercan, Hoşgör, and Yımlaz, 2010). Beyond increases in overall education spending, policymakers should consider measures that increase the incentives to send girls to school, for example by making cash transfers to poor families conditional on their daughters' school attendance, as in Bangladesh and Cambodia (World Bank, 2011). Furthermore, boosting the quality of infrastructure in rural areas, for example by making clean water more accessible and improving transportation systems, can reduce the time women spend on domestic tasks and facilitate their access to markets (Koolwal and van de Walle, 2013).

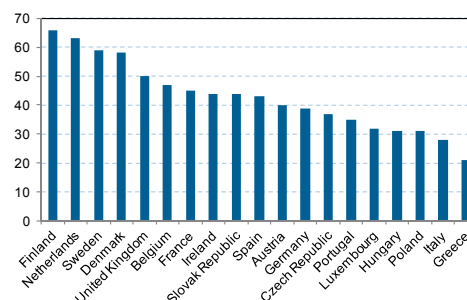
## B. Policies to Increase Demand for Female Labor

30. **Implementing policies that remove labor market distortions and create a level playing field for all would help boost the demand for women's labor.** Discrimination artificially restricts the demand for women's labor. The norms that apply to women's participation in the labor market have a tangible impact on labor demand, FLFP, and thereby on macroeconomic outcomes.<sup>21</sup> These social norms that influence FLFP cut across the IMF's membership. In some countries, women's participation in the labor market is affected by legal constraints that limit women's participation to specific sectors of the economy and restrict their access to credit and property rights. In many other economies, tradition and unwritten rules curtail women's economic opportunities.

31. **Despite significant progress in advanced market economies, evidence of gender-based discrimination persists.** Changes in legislation and social norms in recent decades have supported the increasing demand for female labor and have made it possible for women to seek employment outside their homes. However, while anti-discrimination provisions have been adopted legally within all OECD countries, some measures have proven difficult to enforce (Figure 7; OECD, 2008).

**Figure 7: Awareness of Laws Prohibiting Gender-based Discrimination When Hiring**  
(Percent of Survey Respondents)

In most OECD countries, less than 50 percent of the population are aware of anti-discrimination laws for the hiring process.



Source: OECD (2008), based on European Commission (2007).

32. **Policies to improve anti-discrimination enforcement include (OECD, 2008):**

- *Increasing the awareness of legal rights* to equal treatment: While public awareness of anti-discriminatory labor laws is still low in the majority of OECD countries (Figure 7), in several countries national equality bodies conduct information campaigns.
- *Providing the right incentives*: A robust burden-of-proof framework can encourage discrimination claims before courts while minimizing the risk for unjustified claims.

<sup>21</sup> In terms of policies to overcome demand-side obstacles to higher FLFP, policymakers will benefit from the expertise and guidance of other international financial institutions and development partners.

- *Empowering national equality bodies* to conduct formal investigations on their own initiative (without an individual complaint) can increase employers' awareness of equality issues and help potential victims of discrimination.
- *Providing alternative resolution mechanisms*, such as mediation and conciliation procedures, can reduce barriers to enforce legal rights by avoiding court procedures.

33. **Social norms evolve over time.** While the traditional intra-household division of labor implies that women still do most household work, and while social norms and legislation in some countries curtail women's opportunities to engage in formal employment, attitudes toward working women are changing. Analyzing the evolving labor force participation of married U.S. women over the past century, Fernandez (2013) argues that a substantial part of this social transformation can be explained by improved information diffusion.

### C. Other Policy Measures

34. **Availability of flexible work arrangements allows women to better balance their formal employment with other demands on their time** (Aguirre and others, 2012).<sup>22</sup> The modalities for flexible work arrangements are both country- and company-specific and can include telework and compressed work schedules. Policies could encourage a more gender-neutral use of flexible work arrangements and a larger uptake of parental leave benefits by fathers.

35. **Part-time employment has become an entry point to the labor market for women whose labor supply is constrained by family responsibilities.** Facilitating the eventual transition from part-time to full-time employment could help to mitigate the lower pay and benefits and the more limited career opportunities associated with part-time work (ILO, 2010).

36. **Regulatory reform that supports child and elderly care can also promote gender equality.** In Japan, for example, deregulation should be a key element of a strategy to increase the availability of childcare and FLFP (Steinberg and Nakane, 2012). Based on simulation studies for the United States and South Africa, Anatonopoulos and Kim (2011) argue that job creation in child and elderly care can increase female labor force participation by reducing the burden of unpaid work for women and girls and expanding income earning options for women.

37. **Enhanced access to finance and training and more developed support networks among female entrepreneurs** help to raise the productivity of enterprises owned and managed by women (OECD, 2012; World Bank, 2011; Blackden and Hallward-Driemeier, 2013).

38. **Social acceptance of women in the labor market and in high-level positions contributes to higher female participation in the formal labor force and in entrepreneurship.** Policies to promote economic opportunities for women have been shown to correlate positively with

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<sup>22</sup> Both flexible work arrangements and, more specifically, part-time work serve as examples of policies that both men and women can benefit from in balancing their paid work with the time allocated to family commitments. However, due to the traditional intra-family division of labor, the availability of such arrangements tends to be more important for women.

women's economic success, and targeted communication strategies can reduce biases and stereotypes. In both private enterprises and the public sector, leadership on gender issues from the top helps to create opportunities for women through sponsorship, robust talent management, and the targeted search for female candidates for senior executive positions (Barsh and Yee, 2012; Barsh, Cranston, and Craske, 2008), thereby establishing positive role models for future generations of girls (Pande and Topalova, 2013). Complementing high-level initiatives, a change in the mindset of women to aspire to equal employment opportunities and career paths will result in more widespread, high-level responsibility in the public and private sectors (Barsh and Yee, 2012), supported by the assumption of joint family and household responsibilities by both men and women.

## FURTHER IMF WORK TO STRENGTHEN THE ROLE OF WOMEN IN THE ECONOMY

39. **Building on extensive earlier work on gender-related issues,<sup>23</sup> the IMF will continue to contribute to enhancing the analysis of the macroeconomic effects of gender inequality and inclusion, including in its surveillance work (Boxes 1, 2, 3 and 4 and Appendix 1).** Work toward enhanced opportunities for women to contribute meaningfully to economic development can be supported by improved gender-disaggregated data. In collaboration with other organizations (such as the World Bank and the OECD), the IMF can help establish data on measures that enhance economic opportunities for women.<sup>24</sup>

40. **Close collaboration with other international financial institutions will be essential.** The IMF's focus on the macroeconomic aspects of gender inequality and the World Bank's broader work on gender-related development issues complement each other. In their joint *Global Monitoring Report on Confronting the Challenges of Gender Equality and Fragile States*, the IMF and the World Bank (2007) argue that gender equality and the empowerment of women are central to the development agenda because gender equality makes good economic sense and helps advance other development objectives, including education, nutrition, and reduced child mortality. Better monitoring and efforts at mainstreaming gender equality require realistic goals, strong leadership, technical expertise, and financing.

41. **IMF analysis and advice with regard to fiscal policies can take into account the potential gender-specific impact of measures** (Steinberg and Nakane 2012). In particular, the IMF can assist its members in reviewing tax codes to identify and remove provisions that discriminate

<sup>23</sup> See Appendix 1 for a list of IMF work on gender-related issues in addition to specific references in this Staff Discussion Note. IMF analysis of gender-related issues includes Board documents, working papers, joint World Bank/IMF reports, and articles. A stock-taking exercise found that a substantive share of staff reports provides gender-specific data on employment (IMF 2013a). For example, several recent Article IV Consultation reports for advanced market economies address the gender aspects of labor market policies. While fiscal and labor market issues dominate the gender-related discussion, IMF publications also address gender as a productivity component and the broader policy agenda for reducing gender inequality.

<sup>24</sup> The World Bank presents gender-specific data at <http://datatopics.worldbank.org/gender/>.

against women (IMF, 2012d). Reflecting macro-criticality, the gender-specific impact of policy measures will also be addressed by IMF surveillance.

42. **As part of a gender mainstreaming strategy, the IMF can encourage countries to assess and report on the gender-specific effects of fiscal policy measures.**<sup>25</sup>

**Box 1. Policies in Advanced Market Economies to Enhance Female Labor Force Participation and Gender Equity**

**Implemented Policies**

In **Canada**, the decrease in the secondary earner's tax wedge contributed significantly to the increase in Canadian women's labor force participation rate between 1995 and 2001 (Tsounta 2006).

In the **Netherlands**, the increase in the female labor force participation rate (FLFPR) from about 35 percent in 1980 to more than 80 percent in 2008 can be attributed to a breakdown in barriers between full-time and part-time work contracts, in combination with well-compensated parental leave. Part-time workers benefit from the same hourly wages, social security coverage, employment protection, and rules as full-time workers, also facilitating the transition from part-time to full-time status (ILO, 2010; Steinberg and Nakane, 2012). Other European countries have experimented with similar initiatives to regularize part-time employment, also based on the ILO Part-time Work Convention (C175) and the European Community Directive 97/81/EC of December 15, 1997. The lower rates of part-time employment in other countries may reflect a lower degree of social acceptance and a higher risk of career marginalization than in the Netherlands (ILO, 2010).

In **Norway**, following the introduction of a 40 percent quota for women on the boards of publicly traded companies, the share of women on boards rose from 9 percent in 2003 to 40 percent in 2008. Even without introducing quotas, companies can announce targets for promoting women, as demonstrated by Germany's 30 biggest publicly listed companies. Corporate codes stressing the importance of diversity and gender equality have been introduced in Sweden and Finland (UN and ILO, 2012).

**Sweden's** high female labor participation rate, with a gender gap of only 6 percent, is mostly attributed to a generous and flexible parental leave policy with a high coverage rate for child care, job guarantees, and eligibility for reduced working hours. OECD countries with the highest public spending as a share of GDP on child care and education services for children under the age of five have been found to have higher employment rates among mothers with young children (Aguirre and others, 2012).

**Proposed Policies**

**Germany's** 2011 "Skilled Labor Strategy" includes measures to improve the availability of child care facilities and to promote more family-friendly working hours, in order to raise the FLFPR (IMF, 2012a).

In **Italy**, reducing the marginal tax rates for married second earners would help raise female labor participation, one of the lowest rates in the OECD (IMF, 2012b).

In **Japan**, raising the FLFPR through enhanced career opportunities for women and better child care could slow the steady decline in Japan's potential growth rate, resulting from an aging population. Japan's annual potential growth rate could rise by about ¼ percentage point if the FLFPR were to rise to the G7 average (Steinberg and Nakane, 2012; IMF 2012c).

In the context of their Lisbon strategy, **European Union** countries agreed on implementing active employment policies in order to increase FLFPR across the EU-27 to 60 percent by 2010. The actual outcome in 2010 was 58.3 percent (European Parliament, 2010).

<sup>25</sup> Under the proposed revision of the Fiscal Transparency Code, advanced practice includes the provision of detailed information on the financial impact of major policies on different demographic groups, including income-specific, gender-specific, and regional data. The revised Fiscal Transparency Code has been posted for public comment.

### Box 2. Policies in Brazil to Enhance Female Labor Force Participation and Gender Equity

Over the past two decades, Brazil's female labor force participation rate (FLFPR) increased by more than 15 percentage points to almost 60 percent, with the increase mainly driven by married women and women with children (Barros and others, 2011). Brazilian women are now more educated than men, with tertiary education participation exceeding male participation (Agenor and Canuto, 2013). However, the gender gap in labor force participation remains at a high 21 percentage points, women are 9 percent more likely than men to live in poverty, and women face significant earnings gaps (Luxembourg Income Study Database, Wave VI, 2011). Brazil is ranked eighth out of 86 countries in the 2012 Social Institution and Gender Index (SIGI), which comprises five dimensions of social institutions to promote gender equality.

**Brazil has implemented targeted reforms to remove restrictions in access to resources and entitlements for women:**

- The **National Documentation Program for Rural Women Workers** helps rural female workers obtain the necessary documentation to get access to land, credit and government services, which resulted in an increase in the share of women who own land titles from 13 to 56 percent between 2003 and 2007 (SIGI, 2012).
- The **Bolsa Familia direct cash transfer program** was launched in 2003 as a merger of the federal government's existing conditional and unconditional cash transfer programs and covered around one fourth of Brazil's population by 2007 (Soares and others, 2007). Building on studies that show that increasing women's share in household income raises the share of resources spent on family well-being, this program distributes most of its payments directly to women (Glewwe and Kassouf, 2010; Medeiros, Britto, and Soares, 2008). The program has increased women's financial independence (SIGI, 2012) and has also had a positive effect on women's labor force participation (Soares, Ribas, and Osorio, 2007).
- A study by Evangelista de Carvalho Filho (2008), which uses **social security reform** as source of exogenous variation to examine the effects of household income on school enrollment and labor participation of children aged 10 to 14 in Brazil, finds that benefits received by men reduce boys' labor supply and increase their school enrollment more than they affect girls' outcomes, while benefits received by women exhibit the opposite pattern.
- In 2004, the authorities adopted the **National Plan for Women's Policies** to address specific needs of mothers, including health care during pregnancy, as well as child care and education (Agenor and Canuto, 2013).
- Brazil's **maternity benefits policies include** 120 days of paid leave at 100 percent of their salary, which is paid by the employer but reimbursed by Brazil's Social Security Institute (SIGI, 2012; ILO, 2013). An additional 60 days allowance that can be provided by employers is tax-deductible.
- In 2003, the authorities introduced the **Pronaf-Mulher credit line** targeting women in rural areas. As a result, women's credit share in rural development financing programs increased by some 15 percent between 2001 and 2006 to almost 26 percent.

### Box 3. Policies to Enhance Female Labor Force Participation and Gender Equity: Development Issues<sup>1</sup>

**In developing economies, the IMF cooperates closely with other organizations that support women through their projects and research.** In its 2012 *World Development Report*, the World Bank made note of specific constraints faced by women who aim to join the formal labor market or become entrepreneurs, as well as to successful strategies to overcome these constraints, in particular in low-income countries (LICs). Specifically, the report pointed to:

- **Gender-responsive budgeting.** The incorporation of gender issues in Bangladesh's national budget began in 2005 as part of the government's efforts to promote a more inclusive society; 20 ministries now compile gender budgeting reports (World Bank 2012b).
- **Access to health services, primary and secondary school education, and vocational training** is critical to help women transition from casual and informal sector work to more permanent work in the formal sector. In Bangladesh, female labor participation has benefited from the government's Health and Community Services, and the participation rate of young women almost doubled in the late 1990s. Adequate health care is also key to relieving women from time-consuming informal health care obligations.
- **Enhancing property and inheritance rights and increasing women's access to credit and other productive resources can reduce the gender productivity gap.** With support from the International Finance Corporation, commercial banks in Nigeria and Uganda increased their lending to female entrepreneurs, also adapting securities requirements to female customers. In Nepal, the authorities recently made amendments to the Country Code that improve women's access to property other than land. While previous legislation required unmarried daughters to be over the age of 35 to inherit property, they now have the right to inherit irrespective of age (SIGI, 2012). In many LICs, the availability of microfinance has helped to reduce the gender productivity gap (Kabeer, 2005), with higher credit repayment rates among women than among men.
- **Investments in infrastructure and transportation services** reduce the costs related to work outside the home. In rural Bangladesh, the upgrading and expansion of the road network increased labor supply and incomes.
- **Access to electricity and water sources** closer to home frees up women's work time and allows them to integrate into the formal economy. In rural South Africa, electrification was found to have increased women's labor market participation by 9 percent.
- **Better access to information and communication technologies** can facilitate access to markets and market work. Mobile banking, such as M-PESA in Kenya, facilitates financial and banking transactions and lowers transaction costs in market access.

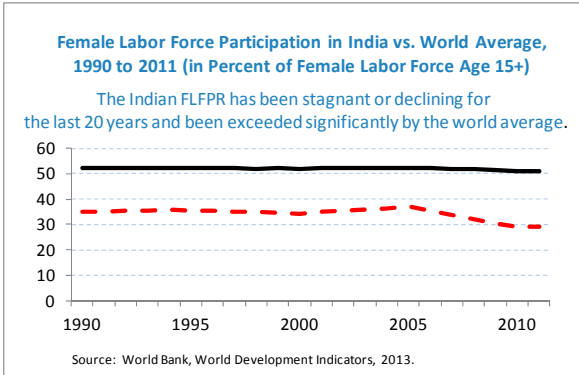
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<sup>1</sup>While many of these constraints affect both women and men, due to their underprivileged position women usually face more significant obstacles to overcome these constraints. And even gender-neutral policies can have a larger positive effect on women if they help to alleviate gender-specific constraints.



**Box 4. Education, Female Labor Force Participation, and the Demographic Dividend in India**

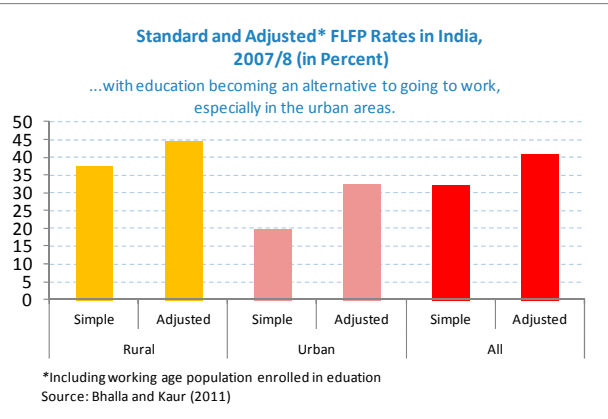
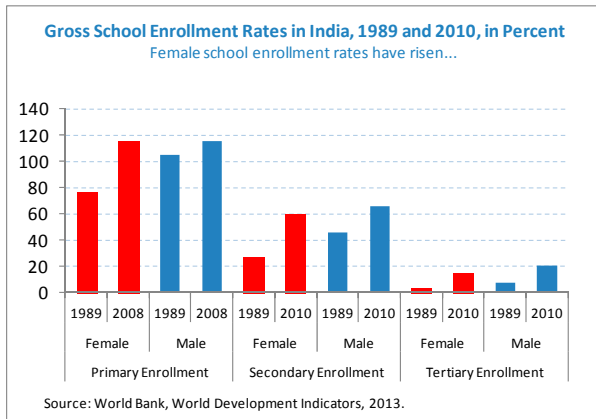
**The female labor force participation rate (FLFPR) in India is low and concentrated in rural areas and the agricultural sector. The FLFPR in urban areas is below 25 percent, and while rural participation rates are almost twice as high as urban rates, they are still lagging significantly behind the world average (Bhalla and Kaur, 2011). Moreover, the FLFPR has been declining over the last 20 years. Among employed women, 85 percent engage in vulnerable employment, including around two-thirds who work in the agricultural sector (World Bank, 2013).**



**The data show a different picture, however, when trends in female school attendance are accounted for.** When the Indian urban FLFPR is adjusted for 15 to 59 year-old women attending school, it increases by almost 13 percentage points (Bhalla and Kaur, 2011). Many of these women can be expected to join the labor force in the near future with significantly better employment and earning potential than their less-educated peers.

**With education on the rise and declining fertility rates, India can reap huge benefits in its demographic transition** (Wolf and others, 2011; Hicks, Basu, and Sappey, 2010; Lawson, 2008). With about half of its population below the age of 25 and fertility rates projected to converge to replacement levels in the medium run, India’s age structure is changing favorably, yielding possible demographic dividends of an additional 1 to 2 percentage points of annual growth. While this demographic window itself is transitory, its growth effects can be made permanent by higher investments in education, especially because returns to investments in female education are on average 1 percentage point higher than investments in male education.

**Shrinking the gender gap in education and the FLFPR has the potential to boost India’s per capita income significantly by 2030.** Assuming the gender gap is halved by 2017 and cut to one-fourth of its 2008 value in 2027, Lawson (2008) estimates that India’s per capita income could be 10 to 13 percent higher than under the baseline scenario of unchanged gender inequality in 2020 and 2030, respectively.



## Appendix 1. IMF Analysis of Gender-Related Policies

### Board Policy Papers

**IMF (2013a)** finds that labor markets and access to economic opportunities across the globe remain segregated along gender lines. Despite some progress in recent decades, female labor market participation is persistently lower than male participation, women account for most unpaid work, and, when women are paid, they face significant wage differentials vis-à-vis their male colleagues, often in spite of equal or higher education levels. The career patterns of women differ substantially from those for men, and in most countries, senior positions in both the private and the public sectors remain a largely male domain. To unleash the full potential of the female labor force, with significant prospective growth implications, policymakers need to pursue an integrated set of policies to promote and support female employment.

**IMF (2012d)** addresses female labor force participation rates (FLFPRs), which remain particularly low in the Middle East and North Africa, Latin America, Asia, and Southern Europe. Suggested policy responses include replacing family taxation with individual taxation, gender specific tax exemptions, and special tax relief for single parents. In addition, the report advocates enhanced publicly financed parental leave schemes, with incentives for mothers to rejoin the labor force within a few years, as well as child care subsidies for working mothers.

### Article IV Consultation Reports

The report for **Saudi Arabia** (IMF, 2013b) looks at the country's labor market policies and high unemployment, including among women. It finds that, despite large gains in female education and falling fertility rates, the FLFPR in Saudi Arabia has risen slowly from low levels. While part of the large gap between Saudi Arabia's FLFPR and the OECD's mean FLFPR can be explained by education and fertility, the large unexplained residual could be attributed to cultural factors. The authorities are examining ways to increase opportunities for female employment, with specific sectors (e.g., retail) being targeted, but more needs to be done.

The analysis for **Germany** (IMF, 2012a) posits that ongoing efforts to increase the labor force through higher participation of female and older workers would help raise the economy's potential above that envisaged under the baseline, while generating positive outward spillovers.

The report for **Italy** (IMF, 2012b) highlights the authorities' reform agenda, which includes introducing more flexibility in the labor market and increasing its inclusiveness by promoting open-ended and apprenticeship contracts for young workers. Better availability of child care would support higher female participation.

The report for **Japan** (IMF, 2012c) calls for a far-reaching package of reforms in order to raise the long-term GDP growth rate to 2 percent despite adverse demographic trends. "Low-hanging fruit" in the labor market includes encouraging higher female labor force participation through expanded child care and the elimination of the tax deduction for dependent spouses.

## Joint IMF/World Bank Report

**IMF and World Bank (2007)** argues that gender equality and the empowerment of women are central to the development agenda because gender equality makes good economic sense and helps advance other development objectives, including education, nutrition, and reducing child mortality. Better monitoring and efforts at mainstreaming gender equality require realistic goals, strong leadership, technical expertise, and financing.

## Articles

**Lagarde (2013)** notes that while women constitute half the working-age population, they represent less than one-third of the actual labor force. And progress toward gender equality seems to have stalled. Despite overwhelming evidence that gender inclusion makes economic, business, and social sense, the gender gap is not being closed fast enough. Women still face glass ceilings, glass walls, and even glass cliffs. The challenges of growth, job creation, and inclusion are closely interlinked. Growth and stability are necessary to give women the opportunities they need. And women's participation in the labor market is also a part of the growth and stability equation.

Based on World Bank research and the 2012 *World Development Report*, **Revenge and Shetty (2012)** summarize research addressing the many gender gaps that remain despite progress over the past few decades. To bring about gender equality, policymakers need to focus on reducing excess mortality of girls and women; eliminating remaining gender disadvantages in education; increasing women's access to economic opportunity and thus earnings and productivity; giving women an equal voice in households and societies; and limiting the transmission of gender inequality across generations.

**IMF and World Bank (2007)** summarizes gender-related research undertaken by two institutions.

**The IMF's Finance & Development (IMF, 2013c)** includes a diverse set of research-based articles analyzing various aspects of women's work experience, focusing on the gains that women have made in equalizing job opportunities and leadership roles and the challenges they still face to achieve genuine equality.

## IMF Working Papers

**Brixiova, Bulir, and Comeneta (2001)** analyze the gender gap in Eritrea during the 1990s, which appears to be linked to lower female teacher participation and limited employment opportunities. The widening gender gap is associated with a long-term negative impact on both economic growth and poverty reduction.

**Evangelista de Carvalho Filho (2008)** shows that girls' labor participation rates were reduced by access to increased benefits resulting from a social security reform, but only when benefits were received by a female elderly. Effects on boys' school enrollment rates and labor participation were in general smaller and statistically insignificant.

**Freeman Garcia-Escribano (2004)** investigates the role of spousal labor in buffering transitory shocks to husbands' earnings, finding that the smoothing resulting from the wives' labor response (both labor force participation and hours of work) is larger for households with limited access to credit.

**Laframboise and Trumbic (2003)** assess the influence of government expenditure and taxation policies on the economic and social welfare of women in the Middle East and North Africa, finding that the relatively weak social outcomes are not explained by the level of government social spending, but rather by the efficiency and reach of present spending.

**Loko and Diouf (2009)** study the main determinants of total factor productivity (TFP) growth, finding that reforms in the Maghreb countries that would result in TFP gains include encouraging women to enter the work force.

**Sarraf (2003)** examines the concept of gender-responsive government budgeting, and the extent of its implementation by national governments in both advanced and developing countries. While government budget management systems can help promote gender equality, to be fully effective, the systems must address the lack of appropriate budget classifications and the widespread lack of gender analysis expertise and gender-disaggregated data.

**Steinberg and Nakane (2012)** explore the extent to which raising female labor force participation can help slow the steady fall of Japan's potential growth rate. While raising female participation could provide an important boost to growth, women would face multiple hurdles in engaging in paid work. To increase women's labor force participation, Japan should consider policies to reduce the gender gap in career positions and provide better support for working mothers.

**Stotsky (2006a)** argues that experience to date with "gender budgeting" has been mixed. To become more useful, gender budgeting should be integrated into budget processes in a way that generates tangible improvements in policy outcomes. The IMF should encourage fiscal authorities to take into account the external benefits of reducing gender inequality and remove from fiscal legislation any arbitrary discrimination against women.

**Stotsky (2006b)** examines the implications of gender differences in economic behavior for macroeconomic policy, finding that reducing gender inequality and improving the status of women may contribute to higher rates of economic growth and greater macroeconomic stability. Macroeconomic policies should take into account the benefits of reducing gender inequality, especially in the lowest-income countries where these differences are most pronounced, and should consider the potentially harsher short-term effects of economic austerity measures on women to avoid exacerbating gender inequality.

**Stotsky (1996)** examines gender bias in tax systems, which can take both explicit and implicit forms. Explicit gender bias can be found in personal income tax systems, and several countries have adopted policies to eliminate such a bias. It is more difficult to identify implicit gender bias, which

depends largely on value judgments as to desirable social and economic behavior. Implicit gender bias has also been addressed by tax reforms.

**Tsounta (2006)** analyzes the role of taxes and benefits in spurring the impressive increase in Canadian female labor participation over the last decade. The analysis indicates that policy initiatives similar to the “family-friendly” policies introduced in Canada could boost female participation in other countries and help policymakers address the challenges of population aging.

## Appendix 2. Family Benefits

### Appendix Table 2.1: Family Benefits in Advanced Economies

Country	Total Family Benefits Spending in 2009 <sup>1</sup> (Percent of GDP)	Parental Benefits 2007/08					Parental Benefits 2010/11			Child Benefits 2007/08				Child Benefits 2010/11		Total Childcare Benefits Spending in 2007 (Percent of GDP)	Female Labor Force Participation Rate in 2011 (Percent)
		Total Spending in 2007 (Percent of GDP)	Minimum Contribution Maternity (Weeks)	Total Duration (Weeks)	Paid Leave (Weeks)	Full-Rate Equivalent (Weeks)	Minimum Contribution Maternity (Weeks)	Paid Leave (Weeks)	Duration if Student (Years)	Duration Non Student (Years)	Means Tested (=1)	Average Benefit (Percent Average Wage)	Total Spending in 2007 (Percent GDP)	Duration of Student (Years)	Duration Non Student (Years)		
Australia	2.9	0.1	0.0	58.0	18.0	8.0	0.0	18.0	24.0	21.0	1.0	0.1	2.8	24.0	21.0	0.4	58.8
Austria	3.1	0.1	0.0	120.0	24.0	24.0	0.0	24.0	26.0	18.0	0.0	0.0	2.6	26.0	18.0	0.3	53.9
Belgium	2.2	0.2	26.0	28.0	15.0	11.6	26.0	15.0	25.0	18.0	0.0	0.0	3.1	25.0	18.0	0.8	47.7
Canada	1.6	0.2	15.0	52.0	50.0	27.5	15.0	50.0	18.0	18.0	1.0	0.1	1.4	18.0	18.0	0.2	61.9
Czech Republic	1.4	1.0	39.0	162.0	28.0	19.3	39.0	28.0	26.0	26.0	1.0	0.0	2.5	26.0	26.0	0.4	49.6
Denmark	4.2	0.5	2.0	64.0	54.0	32.3	2.0	54.0	18.0	18.0	0.0	0.0	3.3	18.0	18.0	1.3	59.8
Estonia	2.3	0.8	0.0	156.0	45.0	45.0	0.0	62.1	19.0	16.0	0.0	0.0	1.7	19.0	16.0	0.3	56.7
Finland	3.3	0.6	0.0	162.0	15.0	...	0.0	15.0	17.0	17.0	0.0	0.0	2.8	17.0	17.0	0.9	55.9
France	2.6	0.3	43.0	162.0	16.0	16.0	43.0	16.0	20.0	20.0	1.0	0.0	3.7	20.0	20.0	1.0	51.1
Germany	3.2	0.2	0.0	162.0	60.0	40.0	0.0	60.2	25.0	18.0	0.0	0.1	2.7	25.0	18.0	0.4	53.0
Greece	1.8	0.1	30.0	73.0	17.0	8.5	29.0	17.0	22.0	18.0	0.0	0.0	1.1	22.0	18.0	0.1	44.8
Iceland	3.2	0.6	26.0	39.0	12.9	10.3	26.0	12.9	18.0	18.0	1.0	0.6	2.9	18.0	18.0	0.9	70.8
Ireland	3.7	0.1	39.0	56.0	26.0	20.8	39.0	26.0	18.0	16.0	0.0	0.0	2.7	18.0	16.0	0.3	52.6
Israel	2.2	0.2	43.0	26.0	21.0	14.0	43.0	21.0	18.0	18.0	0.0	0.0	2.0	18.0	18.0	0.7	52.5
Italy	1.4	0.2	0.0	46.0	21.5	17.6	0.0	21.5	21.0	18.0	1.0	0.1	1.4	21.0	18.0	0.6	37.9
Japan	1.4	0.1	0.0	58.0	14.0	9.3	0.0	14.0	12.0	12.0	0.0	0.0	1.3	12.0	12.0	0.3	49.4
Korea	0.7	0.0	0.0	59.0	0.0	0.0	0.0	0.0	...	...	...	...	0.7	...	...	0.3	49.2
Luxembourg	4.0	0.4	26.0	42.0	25.8	...	26.0	25.8	27.0	18.0	0.0	0.1	3.1	27.0	18.0	0.4	49.2
Netherlands	1.3	0.0	0.0	42.0	16.0	16.0	0.0	16.0	17.0	16.0	0.0	0.1	2.8	17.0	16.0	0.7	58.3
New Zealand	3.1	0.1	104.0	52.0	14.0	14.0	104.0	14.0	18.0	17.0	1.0	0.2	3.1	18.0	17.0	0.8	61.6
Norway	3.2	0.6	26.0	100.0	44.0	44.0	26.0	46.0	18.0	18.0	0.0	...	2.9	18.0	18.0	1.0	61.7
Portugal	1.5	0.2	26.0	30.0	23.6	21.0	26.0	21.4	24.0	16.0	1.0	0.0	1.3	24.0	16.0	0.4	56.5
Slovak Republic	1.7	0.5	39.0	164.0	28.0	15.4	39.0	28.0	25.0	16.0	0.0	0.0	2.2	25.0	16.0	0.4	51.2
Slovenia	2.1	0.5	0.0	52.0	15.0	15.0	0.0	15.0	26.0	18.0	1.0	0.1	1.8	26.0	18.0	0.5	53.1
Spain	1.5	0.2	26.0	160.0	16.0	16.0	26.0	16.0	18.0	18.0	1.0	0.0	1.5	18.0	18.0	0.5	51.6
Sweden	3.2	0.7	35.0	68.6	68.6	...	34.0	69.0	20.0	16.0	0.0	0.0	3.4	20.0	16.0	1.1	59.4
Switzerland	1.4	0.0	39.0	14.0	14.0	11.2	39.0	14.0	20.0	16.0	0.0	0.0	1.4	20.0	16.0	0.2	60.6
United Kingdom	1.8	0.4	26.0	65.0	41.0	36.9	26.0	39.0	19.0	16.0	0.0	0.0	3.6	19.0	16.0	1.1	55.6
United States	1.2	0.0	0.0	12.0	0.0	0.0	0.0	0.0	...	...	1.0	...	1.2	...	...	0.4	57.5
<b>Average</b>	<b>2.3</b>	<b>0.3</b>	<b>21.0</b>	<b>78.8</b>	<b>25.6</b>	<b>19.0</b>	<b>21.0</b>	<b>26.2</b>	<b>20.7</b>	<b>17.6</b>	<b>0.4</b>	<b>0.1</b>	<b>2.3</b>	<b>20.7</b>	<b>17.6</b>	<b>0.6</b>	<b>54.5</b>
<i>Advanced Europe</i>	2.4	0.4	20.1	91.7	28.6	22.2	20.0	29.3	21.0	17.7	0.3	0.1	2.4	21.0	17.7	0.6	54.4
<i>Other Advanced</i>	1.9	0.1	23.1	45.3	16.7	10.4	23.1	16.7	18.0	17.2	0.7	0.1	1.8	18.0	17.2	0.4	55.8

Sources: OECD, Eurostat, ILO, and IMF staff estimates based on Social Security Programs Throughout the World.

<sup>1</sup>2007 Spending values for the following list of countries: Australia, Canada, Israel, Japan, Korea, New Zealand, Switzerland, and the United States.

Thailand, Turkey, and Ukraine.

Note: Full-rate equivalent (FRE) is defined as: FRE = Duration of leave in weeks \* average payment (as per cent of average wage earnings) received by the claimant.



Appendix Table 2.2: Family Benefits in Emerging Economies

Country	Total Family Benefits Spending in 2009 <sup>1</sup> (Percent of GDP)	Parental Benefits 2007/08				Parental Benefits 2010/11				Child Benefits 2007/08			Child Benefits 2010/11		Total Childcare Benefits Spending in 2007 (Percent of GDP)	Female Labor Force Participation Rate in 2011 (Percent)	
		Total Spending in 2007 (Percent of GDP)	Minimum Contribution Maternity (Weeks)	Total Duration (Weeks)	Paid Leave (Weeks)	Full-Rate Equivalent (Weeks)	Minimum Contribution Maternity (Weeks)	Paid Leave (Weeks)	Duration if Student (Years)	Duration Non Student (Years)	Means Tested (=1)	Average Benefit (Percent Average Wage)	Total Spending in 2007 (Percent GDP)	Duration of Student (Years)			Duration Non Student (Years)
Argentina	0.6	...	13.0	...	12.9	12.9	13.0	12.9	18.0	18.0	1.0	...	...	18.0	18.0	...	47.3
Brazil	0.6	...	0.0	...	17.1	17.1	0.0	17.1	14.0	14.0	1.0	...	...	14.0	14.0	...	59.6
Bulgaria	2.0	...	27.0	...	19.3	17.4	52.0	58.6	20.0	n.a.	1.0	...	...	20.0	n.a.	0.8	48.6
Chile	1.0	0.2	26.0	18.0	18.0	18.0	26.0	18.0	24.0	18.0	1.0	0.0	0.8	24.0	18.0	0.4	47.1
China	0.1	...	0.0	...	12.9	...	0.0	12.9	...	...	1.0	...	...	...	...	...	67.7
Colombia	...	...	39.0	...	13.1	13.1	39.0	12.0	23.0	18.0	1.0	...	...	23.0	18.0	...	55.8
Egypt	...	...	43.0	...	12.9	9.6	43.0	12.9	...	...	...	...	...	...	...	...	23.7
Hungary	3.0	0.7	26.0	160.0	24.0	16.8	26.0	24.0	23.0	16.0	0.0	0.1	3.3	23.0	16.0	0.6	43.8
India	0.1	...	10.0	...	12.0	12.0	10.0	12.0	...	...	...	...	...	...	...	...	29.0
Indonesia	...	...	n.a.	...	0.0	0.0	n.a.	0.0	...	...	...	...	...	...	...	...	51.2
Jordan	0.0	...	n.a.	...	10.0	0.0	39.0	10.0	...	...	...	...	...	...	...	...	15.6
Kazakhstan	0.3	...	0.0	...	52.0	...	0.0	52.0	...	...	1.0	...	...	...	...	...	66.6
Kenya	...	...	n.a.	...	8.6	8.6	n.a.	8.6	...	...	...	...	...	...	...	...	61.5
Latvia	1.7	...	0.0	...	16.0	16.0	0.0	16.0	20.0	15.0	0.0	...	...	19.0	15.0	0.6	55.2
Lithuania	2.8	...	13.0	...	18.0	18.0	13.0	18.0	24.0	18.0	1.0	...	...	24.0	18.0	0.6	54.1
Malaysia	0.2	...	n.a.	...	0.0	0.0	n.a.	0.0	...	...	...	...	...	...	...	...	43.8
Mexico	1.0	0.0	30.0	12.0	12.0	12.0	30.0	12.0	...	...	1.0	...	1.0	...	...	0.6	44.3
Morocco	...	...	8.0	...	14.0	14.0	8.0	14.0	18.0	12.0	0.0	...	...	21.0	12.0	...	26.2
Nigeria	...	...	n.a.	...	12.0	6.0	n.a.	12.0	...	...	...	...	...	...	...	...	47.9
Pakistan	0.0	...	26.0	...	12.0	12.0	26.0	12.0	...	...	...	...	...	...	...	...	22.7
Peru	...	...	0.0	...	12.9	12.9	13.0	12.9	...	...	...	...	...	...	...	...	67.8
Philippines	0.0	...	13.0	...	8.6	8.6	13.0	8.6	...	...	...	...	...	...	...	...	49.7
Poland	0.8	0.3	4.0	174.0	16.0	16.0	4.0	20.0	21.0	18.0	1.0	0.1	1.6	21.0	18.0	0.3	48.2
Romania	1.7	...	4.0	...	17.1	14.6	4.0	18.0	no limit	18.0	0.0	...	...	no limit	18.0	0.8	48.6
Russia	...	...	0.0	...	25.7	25.7	0.0	25.7	18.0	16.0	1.0	...	...	18.0	16.0	...	56.3
Saudi Arabia	...	...	n.a.	...	...	...	n.a.	...	...	...	...	...	...	...	...	...	17.7
South Africa	1.3	...	13.0	...	17.0	7.7	13.0	17.0	15.0	15.0	1.0	...	...	15.0	15.0	...	44.0
Thailand	0.2	...	30.0	...	12.9	6.4	30.0	12.9	6.0	6.0	0.0	...	...	6.0	6.0	...	63.8
Turkey	0.0	0.0	17.0	42.0	16.0	10.7	17.0	16.0	...	...	...	...	...	...	...	...	28.1
Ukraine	1.1	...	0.0	...	18.0	18.0	0.0	18.0	18.0	16.0	1.0	...	...	23.0	18.0	...	53.3
<b>Average</b>	<b>0.9</b>	<b>0.2</b>	<b>14.3</b>	<b>81.2</b>	<b>15.2</b>	<b>12.0</b>	<b>16.8</b>	<b>16.7</b>	<b>18.7</b>	<b>15.6</b>	<b>0.7</b>	<b>0.0</b>	<b>1.7</b>	<b>19.2</b>	<b>15.7</b>	<b>0.6</b>	<b>46.3</b>
<i>Emerging Europe</i>	1.6	0.3	10.1	125.3	18.9	17.0	12.9	23.8	20.6	16.7	0.6	0.1	2.5	21.1	17.0	0.6	48.5
<i>Other Emerging</i>	0.4	0.1	16.7	15.0	13.5	9.5	18.9	13.5	16.9	14.4	0.8	0.0	0.9	17.3	14.4	0.5	45.4

Sources: OECD, Eurostat, ILO, and IMF staff estimates based on Social Security Programs Throughout the World.

<sup>1</sup>2007 Spending values for the following list of countries: Argentina, Brazil, Chile, China, India, Jordan, Kazakhstan, Malaysia, Mexico, Pakistan, Philippines, and South Africa.

Thailand, Turkey, and Ukraine.

Note: Full-rate equivalent (FRE) is defined as: FRE = Duration of leave in weeks \* average payment (as per cent of average wage earnings) received by the claimant.

Shading identifies the top third of emerging countries in terms of high generosity of benefits.

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