

Yaroslava Babych, ISET-PI
March 2020

Removing Obstacles to Gender Equality and Women's Economic Empowerment – What Can Policy Makers Learn from Global Research on Gender Economics?

On November 15-16, 2019, the FREE Network and the ISET Policy Institute organized and conducted an international gender economics conference in Tbilisi, Georgia. The conference was organized as part of the FROGEE initiative - the Forum for Research on Gender Economics - supported by the Swedish International Development Agency (Sida) and coordinated by the Stockholm Institute of Transition Economics (SITE). The conference brought together researchers, policymakers, and the broader development community to discuss obstacles to gender equality and women's economic empowerment, as well as policies to remove existing constraints, with a particular focus on Eastern Europe and Emerging Economies. This policy brief provides an overview of the main takeaways from the presentations, with a special focus on policy-relevant lessons.

Introduction

In November 2019, Tbilisi welcomed its first international academic conference on gender economics, “Removing Obstacles to Gender Equality and Women’s Economic Empowerment”. The conference focused on the state of economic policy and gender issues around the world and more specifically in the ECA (Europe and Central Asia) region. The opening remarks were offered by two prominent keynote speakers – Dr. Caren Grown, Senior Director for Gender at the World Bank Group, Washington D.C, and Dr. Shakra Razavi, Chief of Research and Data at UN Women HQ in New York. The key addresses offered a global perspective on the current state of gender equality and progress made during the last 20 years. The global overview was followed by a policy panel discussion featuring prominent members of the policy-making community in Georgia. The panel participants reflected on how various policies have impacted gender (in)equality in the South Caucasus and in Georgia in particular. Later in the day, plenary presentations offered a preview of the South Caucasus Gender Equality Index, which is being developed by the ISET Policy Institute, and new research in gender economics done by academics in Georgia, Armenia, Belarus and Sweden.

The second day of the conference showcased research conducted by academics from over 15 countries covering 4 continents. It presented a range of diverse topics in gender economics, including, most prominently the links between childcare policies and labor supply decisions of women, female labor force participation (LFP) and happiness, evolving family structure and gender-selection preferences, the impact of economic,

financial and public policies on women’s empowerment, the male-female earnings gap and gender aspects of international trade.

Below, we summarize the results and policy lessons that emerge from the body of work presented at the conference.

Gender Equality Progress in the ECA Region and Worldwide: Key Takeaways

First, as recent global data shows, **the progress in women’s access to resources, in particular their access to the labor market, has on average stalled worldwide in the last 20 years.** The labor market participation rate of women in 2018 stood at 63% globally, which is largely the same as in 1998, with some notable progress observed only in Latin America and the Caribbean (increase from 57% to 67% between 1998 and 2018), Australia and New Zealand (70 to 79%), as well as Northern Africa and West Asia (29 to 33%). The labor force participation gap between men and women is most pronounced for women who are married or in unions (44% gap, as opposed to 20% for single/never married or 17.9% for divorced/separated women).

Second, **the ratio of time spent on unpaid care work by females was about 3-4 times that of males in most countries in the world,** with some notable outliers: 11 times in Pakistan, 10 times in Cambodia and 9 times in Egypt. Only in Australia and New Zealand, the ratio of female to male time spent on unpaid work was slightly below 2. Thus, around the world, family responsibilities and unpaid work at home have clearly disproportionately burdened women, potentially preventing them from having an independent source of labor income, and generally weakening their financial position and



bargaining power within the family unit. The recent UN Women report on Families in the Changing World (2019) argues for implementing a comprehensive package of family and women-friendly policy measures, which would include, among others, universal childhood education and care, universal healthcare coverage, long-term care for the elderly, etc. Such a comprehensive package would cost between 2-4% of GDP for most countries covered by the study. At the same time, the report argues that it would generate jobs, new investments and be a sizeable source of new tax revenue to the economies. Hence, the costs of such a program would be partially offset by the economic and tax benefits of formalizing the informal care economy. The study also details the ways in which countries could mobilize resources to pay for such packages, including improving tax collection, eliminating illicit financial flows, and leveraging aid and transfers.

For the **South Caucasus in particular, the state of gender equality has not systematically been tracked until now.** While there exists a number of thematic studies, surveys and narratives, as well as a more general Gender Inequality Index (GII) compiled by UNDP for all countries, a deeper systematic approach has recently been pioneered by the ISET Policy Institute, which started the **ambitious project of developing a Gender Equality Index for the South Caucasus** and, going forward, for the broader region of transition economies. The methodology behind the index is similar to the one adopted by the European Institute for Gender Equality, which tracks the Gender Equality Index for 28 European countries across a number of dimensions. Obviously, issues of data availability make it more challenging to build such an index in the context of transition economies. Thus, ISET-PI

is working to construct some of the measures for the transition economies, using country-level data and household-level databases.

Childcare Policies and Labor Supply

One of the key messages emerging from the academic research in the area of childcare policies and labor supply was that **gender-focused social policies need to be crafted carefully**, with a focus on the binding constraints of the specific country context. A paper by Vardan Baghdasaryan and Gayane Barseghyan looked at how child-care service availability (affordability) affected the female labor force participation (LFP) on the intensive and extensive margins in Armenia. The stage for a natural experiment in economic policy was set at the time when the Municipality of Yerevan unexpectedly decided to abolish childcare services fees (roughly 15% of average wage). The researchers hypothesized that such an intervention would have resulted in increased female LFP, as was the case in other (mostly developed) regions and countries around the world (e.g. Quebec in Canada). In the context of Armenia, however, the authors observe that there was **no significant effect on female LFP rate on the extensive margin**, meaning there was no evidence of inactive women entering the labor force. One possible explanation is that in the context of a developing country such as Armenia, **the limiting factor to female participation in the labor force is the lack of market demand for the skills profile of non-active mothers.** In such an environment, as the authors conclude, the monetary incentives do not suffice to lift the binding constraint on female LFP.

Yolanda Pena-Boquete presented a study on the case of Australia which analyzed how the labor hours and LFP of both women and men in the



family are affected when either the mother's or the father's wages increase or when the price of childcare changes. The study finds that the mothers' working hours respond positively and much stronger to a change in hourly wage than the fathers'. The policy implication is that **an increase in mothers' hourly wage would potentially result in a significant increase in their working hours and labor force participation. The wage effect on women's working hours and LFP is much more pronounced even compared to the scenario when childcare prices decline.**

Overall, the studies in this area demonstrated the need for a careful, multi-faceted approach in designing effective and cost-efficient labor market policies aimed at increasing labor force participation by married women with children.

Labor Force Participation and Happiness: Evidence from the South Caucasus

The paper by Norberto Pignatti and Karine Torosyan looked at the differences in the reported happiness levels between women of different labor market status in the three South Caucasus countries. The intriguing finding of the study is that **while in Georgia, there is no difference in the reported happiness level between working women and housewives, in Armenia and Azerbaijan, working women with similar characteristics are much less likely to report being "very happy" than housewives.** The interesting finding is that the overall results for Georgia also apply to the Armenian and Azerbaijani minority women in the country, implying that "cultural factors" may play a minor role in the reported differences between countries.

Family Structure and Gender-Selection Preferences

Gender-biased sex selection (GBSS) has been on the forefront of gender policy issues in the South Caucasus, as Armenia, Azerbaijan and, until recently, Georgia struggled with skewed sex ratios at birth (SRB). Understanding the driving forces behind GBSS, and in particular son-preference as a socio-economic phenomenon, is especially important. One of the recent studies on the issue was presented by Davit Keshelava of the ISET Policy Institute. The study "Social Economic Policy Analysis with Regard to Son Preference and Gender-biased Sex Selection" looked at the factors underlying GBSS rise and fall in Georgia over the last 15 years. The study also gleaned facts about the changing attitudes towards GBSS and son-preferences in different regions of Georgia. One of the study's main findings is that **the fall in the sex ratio at birth has been statistically significantly correlated with real income growth in the regions, reduction in poverty, and female employment.** Among other factors significantly affecting the reduction in sex ratio at birth, was, surprisingly, the level of male education, while female education was statistically insignificant. The study documented a persisting son preference in Georgia, but also high awareness and strong negative attitudes towards gender biased sex selection in those regions that showed the sharpest improvement in sex ratio at birth over time.

Looking at the issue of gender preferences in the context of transition economies in Europe, Izabela Wowczko presented joint work with Michał Myck and Monika Oczkowska which investigated how preferences for gender composition of children in



the family might have changed in Central and Eastern European (CEE) countries after the fall of communism. **The results showed that gender-neutrality was observed in almost all CEE countries before transition.** After the transition of the 1990s, many of the same forces which operated in the South Caucasus have affected the countries of Central and Eastern Europe – namely, decline in incomes, decimated traditional social safety nets and better access to ultrasound and family planning technologies. However, **in the post-transition CEE countries, the authors observe a clear preference for a mix (boy/girl) or possibly boys at parity three** (i.e. having two boys or a boy and a girl in the family reduced the likelihood of having a third child significantly, as opposed to having two girls). It was also observed that in most CEE countries (except Romania), there was an increased likelihood of having a second child if the first child is a boy - thus **demonstrating a girl preference at parity two.**

Policy Impact on Women's Empowerment

A study from India by Mridula Goel and Nidhi Ravishankar looked at the impact of policy interventions on the long-term indicators of women empowerment. It shows that public policies were responsible for improving the so-called "power enablers", such as literacy rates, financial access, property rights, political voice, etc. However, there is some evidence that **not all traditional power enablers, e.g. having a bank account or working for money, are correlated with higher indicators of empowerment**, measured by a woman's autonomy in decision-making within the family. For example, working for money (receiving cash compensation) or having a bank account was

found to be negatively correlated with a woman's ability to decide how her own money is spent – possibly pointing to the existence of prejudice or negative attitudes within the household in such cases.

Another interesting study on this topic by Maria Perrotta Berlin, Evelina Bonnier and Anders Olofsgård looked at whether foreign aid projects foster female empowerment in the surrounding community using data from Malawi. It finds **support for a small positive impact of aid on men's and women's attitudes related to domestic violence and sexual rights.** There is, however, little systematic difference in the impact of gender-targeted aid versus general aid – with exceptions being the impacts on women's experience of violence and women's participation in decision-making.

Male-Female Earnings Gap and Gender Aspects of International Trade

The male-female earnings gap is a recurring topic in gender economics. Whether the gap is driven by differences in education and skills of men and women, labor market discrimination, choices of working hours, the "glass ceiling" or "sticky floor" phenomena, the gap is evident and persistent in both developed and developing countries. One of the papers presented by Dagmara Nikulin looked at the impact of trade liberalization on the gender wage gap in Europe. Generally, the economic literature does not provide conclusive evidence in this regard, and the link remains ambiguous. The paper, examining evidence from Europe, finds in particular that participation in global value chains (GVC), which the authors measure by foreign value added in exports, is correlated with reduced wages



overall, but the **negative effect on wage is lower for men than for women.**

Echoing the results of the previous study, the paper by Marie-France Paquet and Georgina Wainwright-Kemdirim, "Since the effects of trade liberalization are not gender neutral, how can we improve its gender outcome? - Crafting Canada's Gender Responsive Trade Policy" focuses on the problem of identifying and addressing potentially negative impacts of trade on female jobs. The study details a diagnostic modeling approach, which is to use CGE modeling combined with sectoral employment data (a labor module within CGE). The proposed model uses an overlapping generation framework and includes an occupational matrix to allow movements between occupations. **This approach allows for specific potential impacts of generic FTAs by gender, age group and occupation.**

Conclusion

To sum up, the first international academic conference on gender economics issues in Tbilisi highlighted the diversity and complexity of gender issues around the world and in the South Caucasus region in particular. It also became a powerful catalyst for new research and collaboration ideas among participating institutions and individual researchers. Finally, it demonstrated how policy-oriented research can help inform the policy-making community about the areas where intervention is most needed, design the most

effective policies, and calculate the associated costs and benefits of interventions.

References to Selected Presentations

1. Shahra Razavi "Policies for Gender Equality in an Unequal World: Challenges and Opportunities", keynote presentation.
2. Vardan Baghdasaryan and Gayane Barseghyan "Child Care Policy, Maternal Labor Supply and Household Welfare: Evidence From a Natural Experiment".
3. Michal Myck and Kajetan Trzcinski "From Partial to Full Universality: the Family 500+ Programme in Poland and its Labour Supply Implications".
4. Karen Mumford, Antonia Parera-Nicolau, Yolanda Pena-Boquete "Labour Supply and Childcare: Allowing Both Parents to Choose".
5. Norberto Pignatti, Karine Torosyan "Employment vs. Homestay and Happiness of Women in the South Caucasus".
6. Davit Keshelava et al. ISET Policy Institute Report "Social Economic Policy Analysis with Regard to Son Preference and Gender-biased Sex Selection".
7. Izabela Wowczko, Michał Myck and Monika Oczkowska "Gender Preferences in Central and Eastern Europe as Reflected in Family Structure".
8. Mridula Goel, Nidhi Ravishankar "Has Public Policy Succeeded in Enhancing Women Autonomy and Empowerment in India Over the Last Decade?".
9. Maria Perrotta Berlin, Evelina Bonnier and Anders Olofsgård "The Donor Footprint and Female Empowerment".
10. Dagmara Nikulin & Joanna Wolszczak-Derlacz "Gender Wage Gap and the International Trade Involvement. Evidence for European workers".
11. Marie-France Paquet, Georgina Wainwright-Kemdirim, "Since the Effects of Trade Liberalization are not Gender Neutral, How can we Improve its Gender Outcome? - Crafting Canada's Gender Responsive Trade Policy".





Yaroslava Babych

ISET-PI

y.babych@iset.ge

<https://iset-pi.ge/index.php/en/>

Yaroslava Babych is a Resident Faculty member at the International School of Economics at Tbilisi State University (ISET). She is also the Academic Director of ISET Policy Institute (ISET-PI). She has studied at the University of Kyiv-Mohyla Academy in Kyiv, Ukraine, and then at Franklin and Marshall College in Pennsylvania, USA. Yaroslava Babych has received her Bachelor of Arts degree from Franklin and Marshall College with a double major in Economics and in Philosophy. She has received her Ph.D. in Economics from George Washington University in Washington, DC in 2011.

The research and professional interests of Yaroslava Babych are focused on macroeconomic stability and growth patterns in transition economies. At ISET Yaroslava Babych teaches first

and second-year courses in Macroeconomics and Open Economy Macro. She is also leading a Macroeconomic Policy Research Center at ISET-PI. The core activities of the Center involve regular monitoring of macroeconomic indicators for Georgia, and consulting services for governments, private sector, and international organizations.

ISET-PI was established in May 2011 to complement the educational mission of the ISET, a prominent center of excellence in economics education and research serving the South Caucasus region. ISET-PI provides independent policy research and training and is a member of the FREE Network.

freepolicybriefs.com

The Forum for Research on Eastern Europe and Emerging Economies is a network of academic experts on economic issues in Eastern Europe and the former Soviet Union at BEROG (Minsk), BICEPS (Riga), CEFIR (Moscow), CenEA (Szczecin), KEI (Kiev) and SITE (Stockholm). The weekly FREE Network Policy Brief Series provides research-based analyses of economic policy issues relevant to Eastern Europe and emerging markets. Opinions expressed in policy briefs and other publications are those of the authors; they do not necessarily reflect those of the FREE Network and its research institutes.