COVID-19: A backward step for gender equality

Stefania Fabrizio, Vivian Malta, Marina M. Tavares 20 June 2020

The COVID-19 crisis is depressing growth globally, and lockdown measures are causing widespread job losses. This column illustrates that women are amongst the worst affected. Women are vulnerable not only because of their jobs, but also because of gender inequalities within housework division, education, and health. There is an urgent need to support women, repair gender disparities aggravated by crisis, and to reduce women's vulnerability going forward. Gender-responsive fiscal measures are viable tools that work in the interests of women, as well as supporting economic growth and reducing poverty and inequality.

The COVID-19 pandemic has killed more than 400,000 people worldwide and has generated a massive global economic crisis. The world economy is projected to contract sharply by 3% in 2020 (IMF 2020) and poverty is set to rise for the first time since 1998, bringing 40-60 million people into extreme poverty (World Bank 2020). However, unlike previous economic crises, this crisis will negatively affect women more than men, creating a significant blow for gender equality. Policymakers should step up their efforts to reestablish the path towards a more equal society for men and women.

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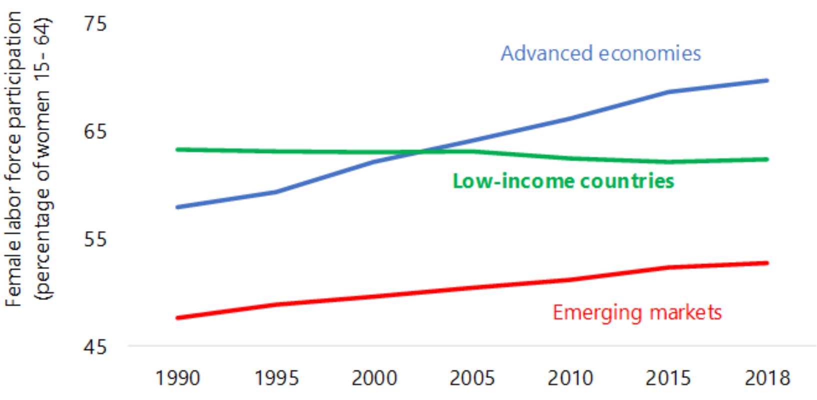
A huge setback in the quest for gender equality

Gender inequality had diminished over the past 30 years. For instance, the gap between male and female labour force participation decreased by eight percentage points due to the large gains in female labour force participation, especially within advanced economies (Figure 1). Educational attainment gaps also narrowed around the world with 35 countries having achieved full parity, and 120 countries closing at least 95% of their educational gender gaps (WEF 2020). The maternal mortality ratio had dropped by about 38% worldwide.

Figure 1 Trends in female labour force participation



Sources: World Bank, World Development Indicators, and authors' calculations

This encouraging progress, however, is likely to suffer huge setbacks during the COVID-19 crisis. There are various reasons why the current crisis disproportionally impacts women. First, women are ely than men to work in social sectors (such as hospitality, retail, restaurants, and tourism), ɜquire face-to-face interactions (Figure 2). These are the sectors that are being hit the

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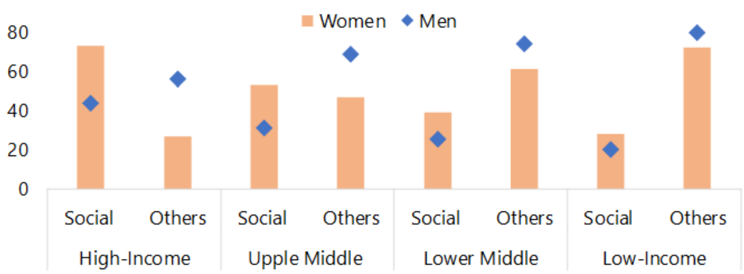
hardest by social distancing (Hupkau and Petrongolo 2020). For example, in the US, almost 74% of women work in social sectors, compared to 48% of men (in 2019). Further, data for the first four months of the year indicate that employment in these sectors shrank by 18%, compared to 10% in other sectors (Shibata 2020). In developing countries, women are also more likely to be employed in social sectors than men. Notwithstanding, an even bigger concern in many of these countries is that women often work in the informal sector more frequently than men, and therefore have less job security and social protection, as well as lower pay (ILO 2018). Second, women, who usually carry the highest-burden of housework (Alonso et al. 2019, Alon et al. 2020), are bearing most of the epidemic-related costs triggered by school closures and the health risks posed to elderly family members. Uncertainty about schools reopening and fears of contagion of the most vulnerable can lead to women exiting the labour force for a prolonged period of time, entailing long-term costs to their careers. Third, in developing countries, the burden on the healthcare system is reducing access to family planning and increasing the chances of maternal mortality (UNPA Women 2020). Finally, in many developing economies (where girls in normal times already feel the pressure to drop out of school), the COVID-19 crisis may induce even more female dropouts. Dropping out from school creates a permanent loss in human capital and narrows girls' chances of improving their living standards.

Figure 2 Share of employment by sector (percent)



Sources: ILO and authors' calculations

Note: Social sectors are defined as the sum of the following sectors: wholesale and retail trade, accommodation and food service activities, real estate, business and administrative activities, education, human health and social work activities and other services.

The policy challenge: Gender equality, boosting growth, and reducing poverty and inequality

Policymakers around the world are focusing on responding to the crisis' immediate effects, fighting the devastating impact of the pandemic on people's lives and national healthcare systems (Deb et al. 2020, Queisser at al. 2020), as well as trying to maintain functioning economies. Nevertheless, policymakers must also plan for the future. How can we return to a path of sustainable economic growth and regain the lost ground in gender equality, while fighting poverty and inequality? These are daunting tasks – but gender-responsive fiscal policies can help. The appropriate set of policies will depend, among other things, on the country's level of development. For example, ensuring access to caregiving support (when economic activities outside of the household resume) is crucial for women to be able to go back to work in the developed world. In developing countries, increasing efforts to keep girls in school is key for building and protecting future human capital.

As shown in our recent paper (Fabrizio et al. 2020), fiscal policies that address gender equality (such as investing in education and infrastructure, subsidising childcare, and offering parental leave) can create economic opportunities for women. These policies also generate economic growth and reduce poverty and inequality, while paying for themselves in the long run. For example:

- *Subsidised childcare*. The high cost, and uneven supply, of childcare represents a barrier for many women (particularly the low-skilled and poor) to participate in the labour force. Poor women typically face higher childcare costs relative to their income. For example, in the US, poorer women spend 17.4% of their income on childcare, compared to 7.8% for richer women. These women are also at higher risk of losing their jobs because of the current pandemic. Subsidising childcare is a 'win-win' policy. It stimulates female labour force participation and generates jobs in the childcare sector. For illustration, life-cycle model simulations suggest that expanding childcare subsidies in order to reduce its cost by half (for middle-class working mothers) in the US would lead to an increase in female labour force participation by almost five percentage points. Women at the bottom of the income distribution (that currently do not ive access to the Child Care Development Fund) would benefit the most. Our paper shows that this policy would reduce poverty in the US by up to 0.2 percentage points, and increase economic activity by up to 0.5 percent by widening the pool of workers.

- *Investing in education*. As argued above, the COVID-19 crisis can hamper progress made in closing gender gaps in education, as girls are usually the first to drop out of school if families need additional help at home. A more educated labour force is more resilient and flexible. Closing gender gaps in education boosts female human capital, raising women's expected salaries and giving them more incentives to pursue careers. On aggregate, this would also positively impact productivity for the future, thus accelerating economic growth. For illustration, life-cycle model simulations suggest that investing sufficiently in education to close gender gaps at each income level in Senegal could boost output by almost 9%, while reducing poverty by more than ten percentage points, and cut inequality (as measured by the Gini coefficient) by almost three percentage points.

Conclusion

The COVID-19 pandemic is affecting all countries, destroying jobs, increasing poverty, and putting at risk the hard-won gender equality gains of the last few decades. Policymakers around the world are rightly focusing on responding to the immediate crisis, fighting the devastating effects of the pandemic on healthcare systems whist trying to keep their economies alive. The next step is to find the tools to sustain economic growth, fight poverty, and regain the lost ground in gender equality—gender-responsive fiscal policies are a viable answer.

Disclaimer: the views expressed are those of the authors and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

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