Addressing the Gender Gap in Europe and Central Asia

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Key Messages

• The Europe and Central Asia (ECA) region’s relative advantage in gender equality compared to other regions eroded in the 1999–2009 period. As a result, the region now looks more similar to the rest of the world in terms of women’s education and labor force participation. Moreover, gender gaps continue to exist in some minority communities and in poor rural areas.

• Structural changes in the economies of the region have both opened up economic and employment opportunities for women and reduced some avenues of prosperity for men. However, women’s gains from such opportunities are limited as occupational segregation and wage gaps persist, despite comparable human capital endowments.

• The dramatic demographic changes affecting the ECA region, such as aging, have different implications for men and women. In particular, (i) old age poverty will especially affect women, and (ii) the shrinking labor force will make it necessary to stimulate the labor participation rate of women.

Introduction

The Europe and Central Asia (ECA) region witnessed a lengthy economic boom in the 2000s, characterized by robust economic growth and macroeconomic stability. This favorable situation triggered the twofold question of who was benefitting from the growth and whether the wealth and new opportunities were equally shared between men and women. Building on the World Bank’s World Development Report 2012: Gender Equality and Development (WDR), this brief reviews changes in gender inequalities in ECA countries over the last decade, with a particular focus on key human capital endowments (education and health) and economic opportunities in both labor markets and entrepreneurial activity.

Three features shape the region. First, the legacy of the socialist era, during which ECA countries had achieved significant results in gender equality. In recent years, however, the ECA region’s relative advantage vis-à-vis other regions has decreased, as other countries have made great progress in women’s education, health, and labor force participation. Second, ECA displays a significant degree of heterogeneity in gender outcomes, with some countries (e.g., Turkey) and communities (e.g., the Roma minority) lagging behind in gender equality. Third, although the region overall suffers only modestly from gender inequalities in human capital, inequalities remain in so-called second generation issues, such as occupational segregation, wage disparities, and entrepreneurship.

Gender inequality is an important issue that needs to be addressed in the ECA region, as it has significant implications for economic growth, productivity, and fiscal policy (e.g., pensions).

Gender Equality Advantage has Eroded

The ECA region inherited from the socialist era a large stock of human capital and only moderate gender imbalances in education and health. Two decades after the beginning of the economic transformation, however, the region’s relative advantage in gender equality has eroded. Although education and health indicators continue to show a good outlook in the region (see below), some specific problems in secondary and tertiary education, as well as in sex imbalances, affect the region.

In education, two issues persist: overall stagnation in the level of female secondary enrollment rates and a substantial gender gap in tertiary education. While no significant gender gap is registered in net primary enrollment, in secondary education, ECA’s small gender gap, currently 3 percentage points, remains higher than the global average (2 percentage points) and has fallen less since 1999 than in other regions (see figure 1), which are rapidly converging towards ECA’s high enrollment rates. The exception is
Turkey, where, despite an 18 percent increase in female gross enrollment rates, a large gender gap persists at the secondary level. The ECA region’s gender gap is highest at the tertiary level (11 percentage points), with average female and male gross enrollment rates of 60 and 45 percent, respectively. Women are poorly represented particularly in science and engineering programs, setting the stage for inequalities in the labor market.

Figure 1. Gender Gap, Secondary Gross Enrollment Rate (Percentage)

Health indicators are generally superior to those in other middle- and low-income countries. For example, the ECA region approaches Organisation for Economic Co-operation and Development (OECD) standards across a range of measures, such as infant and maternal mortality rates. Nevertheless, two worrying facts have emerged. First, a visible sex imbalance in the Southern Caucasus: Armenia, Azerbaijan, and Georgia display the highest sex imbalance at birth in the world after China, with 116, 115, and 111 male infants born for every 100 live female births, respectively. The missing girls at birth reflect covert discrimination in the household, resulting from a combination of strong preferences for sons, declining fertility, and the spread of prenatal sex determination. Second, the sex imbalance is reversed among the population over age 50, due to the early demise of men in their prime (between 25 and 59 years old). In all ECA countries, the gender gap in life expectancy surpasses the global average of four years, with six countries (Russia, Kazakhstan, Belarus, Lithuania, Ukraine, and Estonia) presenting a gap of over 10 years, due to poor health and accidents, resulting from lifestyle choices, poor diet, alcoholism, and violence (in some countries).

Structural Changes in the Economy

Structural changes in the ECA economies, particularly the expansion of the service sector, have opened up economic and employment opportunities for women. Despite these new opportunities, however, women continue to be affected by three unfavorable conditions: occupational segregation, lower wages, and limited involvement in entrepreneurship. Women comprise 46 percent of the labor force in the region, above the 40 percent world average, and their participation rate of 51 percent is comparable to the world average. This contrasts with men’s relatively low participation rate of 69 percent, well below the global average of 78 percent. These developments reflect the expansion in the service sector and the contraction in the manufacturing and agriculture sectors, which affected men disproportionately.

Figure 2. Women’s Advantage in Life Expectancy, Selected Countries and Regions, 2005–10 (Averages, Years)
Nevertheless, this analysis suggests that women’s gains in the service sector might be temporary. Overrepresented in the public sector, especially in education, women might be disproportionately hit by the adjustments following the economic crisis and fiscal pressures.

A further concern is the wage gap, which remains large, although in line with that of other low- and middle-income countries. Women’s hourly wages in the region are 22 percent lower than men’s, despite their higher levels of education. Moreover, women work fewer hours, making their monthly wage in the region 29 percent lower than men’s. The size of the gender wage gap, however, varies greatly within the ECA region, from about 20 percent in the Western Balkans to 65 percent in Tajikistan.

Linked to the problems of overrepresentation in the public sector and the gender wage gap is women’s engagement in entrepreneurship. Only one in three entrepreneurs in the region is a woman. Moreover, women-owned enterprises tend to be smaller and concentrated in different subsectors, reflecting patterns of gender specialization similar to those in the labor market, thus limiting women’s opportunities for wealth accumulation and progress towards gender equality.

**Implications of Demographic Changes**

Dramatic demographic changes are affecting the ECA region. The size of its population is not expected to change during the first quarter of this century, but its structure will be radically different. The share of the population over age 60 is expected to increase from 15 percent in 2009 to 25 percent in 2025. The majority (57 percent) of the elderly will be women.

These developments will raise two main problems: a shrinking labor force and pension policy issues. The shrinking labor force will have a serious impact on productivity and economic growth, which could be mitigated by increasing women’s participation rates. Increasing women’s inclusion in the labor market - especially educated women - can improve a country’s average productivity levels and help to counter the vulnerability of women to old age poverty. Since they work less, women are more likely than men to receive lower old age pensions and to fall into poverty. This is due to several factors, including their higher longevity; earlier retirement, which results in a divergence between average pensions and average wages over time; and greater reliance on the incomes of family members and social safety nets, which will weaken as women have fewer children to depend on. Pension policy will therefore be a crucial area for engagement in addressing demographic changes.

**The Way Ahead**

The picture emerging from this analysis should prompt policy makers to address gender equality in the region with two main objectives: (i) achieve equal opportunity among men and women by taking into account their different circumstances; and (ii) help societies to meet their medium- to long-term economic needs by removing the impediments women face in contributing to the economy. This analysis puts forward three key recommendations toward the achievement of these goals.

**Facilitate women’s entry into the labor force to meet the demographic challenges**

Women’s labor force participation is important to help ward off old age poverty and assist in the region’s adjustment to a
contracted labor force brought about by the emerging demographics. ECA countries will need to ensure that women’s participation does not negatively affect fertility rates, which would put additional strain on the demographic structure. To balance these objectives, it is necessary to: (i) increase the retirement age of women; (ii) reevaluate maternity-related benefits in terms of their effectiveness in increasing fertility; and (iii) provide childcare, so that women are less limited in their occupational choices by the jobs’ compatibility with raising children.

**Adopt educational reforms to reduce the gender imbalances at the secondary and tertiary levels**

Gender gaps in education, as suggested by the evidence presented in this study, vary significantly across the region, since they are influenced by several factors, such as income, minority status, and ethnicity. Country-specific education policies are needed to address the main causes of the gender gap. Policy makers should act to strengthen the perceived returns to education, not only to increase women’s secondary school enrollment rates, but also men’s participation in tertiary education.

**Address pockets of health disparities on a country-by-country basis**

Appropriate strategic, legislative, and policy frameworks should be strengthened to effectively tackle the issues specific to each ECA country. The development of special programs to reduce maternal mortality rates, address the imbalance in the sex ratio, or increase male life expectancy are needed in several countries.

**Conclusion**

The high stakes resulting from dramatic demographic changes and the requirements of labor resources call for the inclusion of a gender perspective in the formulation of public policies. Underexploited opportunities in women’s inclusion in the labor force could thus be identified and addressed, with great benefits for the productivity and economic growth of ECA countries. Unfortunately, gender-disaggregated data and economic indicators are often limited. Exploring these questions further would strengthen the impact of adopting a gender lens in policy making and ultimately further the long-term objective of shared growth within the ECA region.

**About the Author**

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