Gender refers to socially constructed and learned female and male roles, behaviors, and expectations. All cultures interpret and translate the biological differences between men and women into beliefs about what behaviors and activities are appropriate for each gender as well as their rights, resources, and power. For example, most societies give the primary responsibility for the care of infants and young children to women and girls, and that for military service and national security to men. Gender thus shapes one’s life chances and one’s role in the home, in society, and in the economy.

Played out over the life cycles of individuals, gender can translate into inequalities—in human capital, economic opportunities, citizenship, and political participation. It determines the way households allocate resources to sons and daughters, through decisions about boys’ or girls’ education or about where they work, with sons typically working on the farm and in other market work while daughters work in the home and care-giving activities. By the time girls and boys become adults and form households, women typically have fewer years of education than men (although this is changing rapidly), work longer hours but fewer in the labor force, earn lower wages, and have less say in their communities and societies.

**GENDER EQUALITY AND DEVELOPMENT: WHY DO THE LINKS MATTER?**

Why do these gender differences matter for development, and how do they evolve as countries develop? We argue in this Report that the links between gender equality and development go both ways and that each direction of this relationship matters for policy making. Higher incomes and improved service delivery—both essential elements of broad-based economic development—contribute to greater gender equality. That is why the rise in global prosperity in the past quarter century has seen the unprecedented narrowing of gender gaps on many education and health outcomes as well as in labor market opportunities. More women than men now attend universities across the world. And women make up over 40 percent of the world’s labor force.

But not all gender gaps have shrunk or are shrinking with rising incomes. Poor girls and those who live in remote areas or belong to excluded groups are far less likely to attend primary and secondary school than boys in the same circumstances. Compared with their high-income counterparts, women and girls in low- and middle-income countries die at higher rates relative to men, especially in the critical years of infancy and early childhood, and in their reproductive years. Women continue to cluster in sectors and occupations characterized as “female”—many of them lower paying. Women are more likely to be the victims of violence at home and to suffer more severe injuries. And almost everywhere, the representation of women in politics and in senior managerial positions in business remains far lower than that of men.

Understanding which of these gaps respond to economic development and why they do so is relevant to policy because it helps shine the light on the gender gaps that need attention. The disparities between women and men or girls and
boys that shrink as countries get richer—differences in access to education, for example—need less policy attention through a gender lens than those that are more persistent, such as differences in wages, agricultural productivity, and societal voice.

The reverse relationship—from gender equality to development—also matters for policy for two reasons. First, gender equality matters in its own right, because the ability to live the life of one’s own choosing and be spared from absolute deprivation is a basic human right, to be enjoyed by everyone, whether one is male or female. Because development is a process of expanding freedoms equally for all people, gender equality is a core objective in itself. Just as lower income poverty or greater access to justice is part of development, so too is the narrowing of gaps in well-being between males and females.

Second, greater gender equality can enhance economic efficiency and improve other development outcomes. Evidence from a (slowly) growing set of microeconomic studies points to three main channels for greater gender equality to promote growth:

- Reducing barriers to more efficient allocation of women’s skills and talents can generate large (and growing) productivity gains.
- Improving women’s endowments, opportunities, and agency can shape more positive outcomes for the next generation.
- Increasing women’s individual and collective agency produces better outcomes, institutions, and policy choices.

Misallocating women’s skills and talent comes at a large (and rising) economic cost

Gender equality can have large impacts on productivity, especially with women now representing larger shares of the world’s workforce and university graduates. For countries to be performing at their potential, the skills and talents of these women should be applied to activities that make the best use of those abilities. But this is not always the case. Women’s labor is too often underused or misallocated—because they face discrimination in markets or societal institutions that prevents them from having access to productive inputs and credit, entering certain occupations, and earning the same incomes as men. The consequence: economic losses.

The Food and Agriculture Organization (FAO) estimates that equalizing access to productive resources for female and male farmers could increase agricultural output in developing countries by as much as 2.5 to 4 percent.1

Eliminating barriers preventing women from entering certain sectors or occupations would have similar positive effects, increasing output per worker by 13 to 25 percent.2

These gains are large in the 21st century’s integrated and competitive world, where even modest improvements in the efficiency of resource use can have significant effects on growth. In a world of open trade, gender inequality has become more costly because it diminishes a country’s ability to compete internationally—particularly if the country specializes in exporting goods and services that men and women workers are equally well suited to produce.3 Industries that rely more on female labor expand more in countries where women are more equal.4 In a globalized world, then, countries that reduce gender-based inequalities, especially in secondary and tertiary education and in economic participation, will have a clear advantage over those that delay action.

The rapid aging of the world’s population implies that fewer workers will be supporting growing numbers of elderly in the decades to come, unless labor force participation increases significantly among groups that participate less today—mainly women. For instance, in Europe an anticipated shortfall of 24 million workers by 2040 could be reduced to 3 million if female participation rates rise to those of men.5 Nor is the problem limited to rich countries. In developing countries and regions with rapidly aging demographic structures, like China or Eastern Europe, encouraging women to enter and remain in the labor force can dampen the impact of shrinking working-age populations.

Women’s endowments, opportunities, and agency shape those of the next generation

Women’s economic empowerment and greater control over resources also increase investments in children’s health, education, and nutrition, boosting future economic growth. Evidence from a range of countries (Bangladesh, Brazil, Côte d’Ivoire, Mexico, South Africa, and the United Kingdom, among others) shows that increasing the share of household income that women control, either through their own earn-
ings or cash transfers, changes spending in ways that benefit children.6

Improvements in women’s health and education also benefit the next generation. Better nutritional status and higher education levels of mothers are associated with better child health outcomes—from immunization rates to nutrition to child mortality.7 And mothers’ schooling is positively linked to children’s educational attainment across a broad set of countries. In Pakistan, children whose mothers have even a single year of education spend one extra hour studying at home every day and receive higher test scores.8

Women’s lack of agency—evident in domestic violence—has consequences for their children’s cognitive behavior and health as adults. Medical research from developed countries has established a link between exposure to domestic violence in childhood and health problems in adulthood. Numerous studies also document how witnessing violence between one’s parents as a child increases the likelihood that women experience violence from their own partners as adults, and that men perpetrate violence against their partners.9

**Increasing women’s individual and collective agency produces better outcomes, institutions, and policy choices**

Across countries and cultures, men and women differ in agency—that is, their ability to make choices that lead to desired outcomes—with women usually at a disadvantage. When women and men do not have equal chances to be socially and politically active—and to influence laws, politics, and policy making—-institutions and policies are more likely to systematically favor the interests of those with more influence. So, the institutional constraints and market failures that feed gender inequalities are less likely to be addressed and corrected, perpetuating gender inequality over generations.

Women’s collective agency can be transformative for society as a whole. Empowering women as political and social actors can change policy choices and make institutions more representative of a range of voices. Female suffrage in the United States led policy makers to turn their attention to child and maternal health and helped lower infant mortality by 8–15 percent.10 In India, giving power to women at the local level (through political quotas) increased the provision of public goods (both female-preferred goods such as water and sanitation, and male-preferred goods such as irrigation and schools). It also reduced corruption and increased reported crimes against women along with arrests for those crimes.11

Several studies have also examined the relationship between gender equality and economic growth at an aggregate level using cross-country data. Because the links between growth and gender equality go in both directions, the results of this work are more difficult to interpret than those of microeconomic studies (box 0.1). But combined, the two strands of research provide considerable evidence that gender equality and growth are correlated and that gender equality matters for many aspects of growth. Even so, as we argue in the box, more careful work is needed, especially microeconomic analysis that can establish causal relationships between gender equality and growth and, in so doing, highlight the channels for policy to reduce gender gaps and increase economic growth.

**WHAT DOES THIS REPORT DO?**

This World Development Report focuses on the economics of gender equality and development. It uses an economic lens to understand what underlies and drives differences between men and women in key determinants of welfare—in human capital endowments such as education and health, in access to economic opportunities and productive resources, and in the ability to make choices and take action, or agency. It uses the same approach to explore which policy interventions and broader societal action can reduce these gender differences and improve outcomes. The Report does not limit itself to economic outcomes, however—indeed, it devotes roughly equal attention to human capital endowments, to economic opportunities, and to agency, signaling that all three are important and interrelated in determining welfare. Nor does it ignore the central role of social and political institutions, whether formal or informal, in determining gender outcomes.

In examining gender gaps and their patterns across countries and over time, we adopt a strongly empirical approach, preferring rigorous and evidence-based analysis, and highlight-
BOX 0.1 Problems with estimating the effect of gender equality on growth

One thing is clear. Income and gender equality are positively correlated. Box figure 0.1 shows this correlation for one measure, the World Economic Forum’s Index of Economic Participation and Opportunity, which measures male-female differences in labor force participation, wages, income, political participation, and number of technical workers.

BOX FIGURE 0.1 GDP per capita and gender equality are positively correlated

What is not clear is whether this correlation is capturing the effect of growth on gender equality or the effect of gender equality on growth. In reality, it is probably capturing some of both, but we cannot tell which relationship matters more from cross-country data.

1. There are good reasons for the relationship to go in both directions. First, with changes in technology (changing with economic development), the relative return to manual skills has declined as that for cognitive skills has increased. Second, the better service delivery that accompanies economic development can increase gender equality, as in education (chapter 3).

2. Other things are going on that could drive changes in both gender equality and growth. Consider investments to improve health. Studies of deworming and nutrition interventions show that they benefit girls more than boys. Each intervention improves gender equality and human capital, each of which is independently important for growth. Now consider institutional change: institutions can boost growth, and some kinds of institutions can improve gender equality. Suppose that a country is improving its legal system by expanding the reach and efficiency of the courts and police. That expansion will contribute to growth (as contracts are better enforced) and could contribute to gender equality (by making it easier for women to use justice systems). In the data, we observe a correlation between gender equality and growth, but this relationship is not causal—the underlying cause is a change in institutions. So the correlation between gender quality and growth may actually be capturing the relationship with a third factor that is causing changes in both gender equality and growth.

3. The relationship is not robust. Empirical work shows that the correlation between gender equality and growth is quite sensitive to time periods and countries. Work on the relationship between female education and growth, for example, shows that results are quite sensitive to how the analysis is done. Indeed, changes in how this relationship is measured can cause the effect of female education on growth to change from negative to positive.

In sum, the relationship between gender equality and growth is not only complex—it clearly goes in both directions. Broad-brush, cross-country studies cannot tell the magnitude of this relationship, nor can they provide significant insights into what drives this relationship. Careful microeconomic work (some exists, but more is needed) can provide more definitive evidence—both on the importance of gender equality for growth and on where policy interventions are needed.

Sources: Alesina, Giuliano, and Nunn forthcoming; Kremer, Miguel, and Thornton 2004; Maluccio and others 2009; Munshi and Rosenzweig 2005; Qian 2008.

a. For a more detailed discussion of these reasons, see Bandiera and Natraj 2011 and Cuberes and Teignier 2011.

Sources: World Development Indicators and World Economic Forum 2010.
the framework posits that gender outcomes can be understood through the responses of households to the functioning and structure of markets and institutions, both formal and informal. The Report then illustrates the use of this framework by focusing on aspects of gender equality where there has been most progress worldwide (education, life expectancy, labor force participation, and the extension of legal rights to women) and those where there has been little or very slow change (excess female mortality, segregation in economic activity, gaps in earnings, responsibility for house and care work, asset ownership, and women's agency in the private and public spheres).

This empirical approach helps establish the link between analysis and policy choice. It emphasizes that the design of policies targeted at reducing specific gender gaps needs to take into account what happens in the household, as well as the functioning and structure of markets and formal and informal institutions—and the interactions between all of them. Through the analysis of alternative policies, it shows that, when these aspects are not considered, the intended results of policy interventions can be muted or even contrary to what is expected.

**NAVIGATING THIS REPORT: A ROADMAP**

The Report has nine chapters in three parts. Part 1—*Taking stock of gender equality*—presents the facts that will then provide the foundation for the rest of the Report. It combines existing and new data to document changes in key dimensions of gender equality over the past quarter century and across regions and countries. Its main message is that very rapid and, in some cases, unprecedented progress has been made in some dimensions of gender equality (chapter 1), but that it has not reached all women or been uniform across all dimensions of gender equality (chapter 2).

The contrast between the patterns and trends described in the first two chapters of the Report prompts one to ask what explains the progress or lack of it. Part 2—*What has driven progress? What impedes it?*—constitutes the analytical core of the Report. It presents the conceptual framework and uses it to examine the factors that have fostered change and the constraints that have slowed progress. The analysis focuses on gender differences in education and health (chapter 3), agency (chapter 4), and access to economic op-
opportunities (chapter 5)—discussing the roles of economic growth, households, markets, and institutions in determining outcomes in these three spheres. Part 2 concludes with a discussion of the impact of globalization on gender inequality, paying attention to the opportunities and challenges created by new economic and social trends (chapter 6). The analysis in these four chapters leads to the identification of four priority areas for action: reducing gender gaps in human capital endowments, promoting higher access to economic opportunities among women, closing gender gaps in household and societal voice, and limiting the intergenerational reproduction of gender inequality.

Part 3—The role and potential for public action—presents policy recommendations, examines the political economy of reforms for gender equality, and proposes a global agenda for action. The discussion starts with a detailed description of policy options addressing the four priority areas, complemented with concrete illustrations of successful interventions in different contexts (chapter 7). An examination of the political economy of gender reforms follows, with an emphasis on the issues that distinguish reform in this area from other types of redistributive or equality-enhancing reforms (chapter 8). Global action on gender equality should focus on complementing country efforts on the four priority areas identified in the Report (chapter 9).

NOTES

1. FAO, IFAD, and ILO 2010.
4. Ibid.

REFERENCES

The word processed describes informally reproduced works that may not be commonly available through libraries.


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