



CLOSING GENDER GAPS IN THE WORLD OF WORK

CENTRAL AMERICA, MEXICO, PANAMA,
AND THE DOMINICAN REPUBLIC

Arnoldo López Marmolejo, Marta Ruiz-Arranz and Elizabeth Ochoa



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Note to reader: Data processing and/or differences in the household survey questionnaires used in the various studies included in this report may give rise to occasional discrepancies in the data presented.

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INTRODUCTION

This report examines the gender gaps that exist in the region comprising Mexico, Central America, Panama, and the Dominican Republic and how these relate to women's entry into the labor market. Its aim is to identify the challenges that women face in that market, and which are hampering progress towards gender equity and constraining welfare gains in these economies.

In the region in question, the world of work is marked by wide gender gaps that exceed the Latin America and the Caribbean average, yet few studies have looked at the reasons for this. The report draws on the findings of the IDB on the determinants of the female labor supply and the gender gaps in these countries, and proposes specific solutions tailored to the reality of the region. The analysis has been informed by various technical notes on the countries of Central America, Haiti, Mexico, Panama, and the Dominican Republic that were prepared by the Department's economics team and includes valuable contributions from all the authors involved. The report also describes the IDB's work in implementing projects aimed at promoting gender equality in the region.

Over the last thirty years, female labor force participation (FLFP) has increased significantly in almost all the countries of the region comprised of Mexico, the Central American Isthmus, and the Dominican Republic. Furthermore, maternal mortality rates have fallen and the gender gap in education has essentially closed. Progress has also been made in terms of women's representation in high-level decision-making positions, for example, there have been three women presidents in the region. Despite these advances, gender gaps in the labor market persist and continue to be a major source of inequality between men and women. Aside from the wage gap and occupational segregation, women are also struggling to achieve a balance between their work lives and home lives. All this is taking place within a context where social conditioning and gender stereotypes limit their bargaining power in both their personal lives and in the public sphere, one that can even leave them exposed to violent situations.

A whole range of factors (socio-demographic, economic, institutional, cultural, and personal) underlie a woman's seemingly straightforward decision to go out to work or look for a job, factors that operate in distinct ways over the course of her life as the relevance of each changes. Particularly important to the dynamics of FLFP and the career paths of women in the region are the heavy burden of unpaid work placed on them as result of living with a partner and caring for small children, their role as secondary breadwinners, and their own individual characteristics, such as their age and level of education. Similarly, there are certain intangible barriers that condition women's prospects within the labor market (e.g., glass ceilings or cultural perspectives) and their progress towards positions of leadership in business and politics, as well as various other limitations of an institutional nature that perpetuate differences in employment rights.

In recent years, there has been a decline in momentum in the efforts towards closing the gender gaps in the labor market, and as things stand, the risk of the advances made so far being reversed is significant. On the one hand, sectors in which women constitute a major share of the workforce have been more severely hit by the global COVID-19 health crisis, while the types of jobs they do there are susceptible to processes of automation and digitalization. In this context, the region is currently facing major challenges that now more than ever necessitate the advancement of a policy agenda with gender equality at its core. This report builds on the commitment to ensure that the women and men of the region enjoy the same conditions and opportunities that will allow them to achieve their full potential in their social, economic, political, and cultural lives, in order to benefit society as a whole and boost its development.

TECHNICAL NOTES used in this report



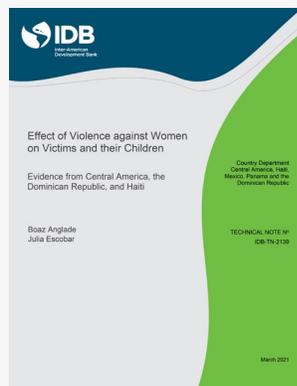
Desigualdad de género en la participación laboral y remuneraciones en el grupo de países CID

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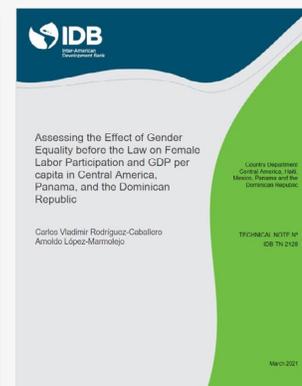
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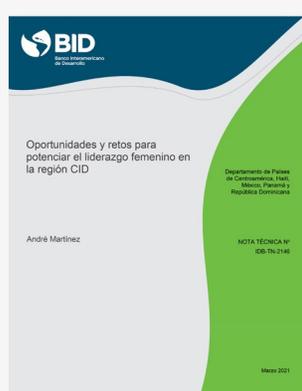
Assessing the Effect of Gender Equality before the Law on Female Labor Participation and GDP per capita in Central America Panama and the Dominican Republic

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ACKNOWLEDGMENTS

This report was prepared by Marta Ruiz-Arranz, Arnoldo López Marmolejo, and Elizabeth Ochoa. We wish to express our gratitude to the authors of the technical notes for their contributions: André Martínez, Fadel Ugarte, Joaquín Zentner, Sebastian Auguste, Jordi Prat, Gisele Texeira, Boaz Anglade, Julia Escobar, Fanny Vargas, and Vladimir Rodríguez; and to Clarissa Santelmo and Claudia Bone for writing Section 5. Support with editing was provided by Ximena Ríos, with the design and layout by Duare Pinto, and with the translation into English by Brian McDougall and Karina Azanza. This document and its technical notes form part of IDB Technical Cooperation project RG-T3474, “Gender Equality as an Engine of Economic Growth.”

A woman and a man, both wearing yellow hard hats and dark blue work shirts, are looking at a clipboard held by the man. They are in a garage or workshop setting. In the background, a red pickup truck is parked, and a car is being worked on on a lift. The scene is brightly lit, suggesting an outdoor or well-lit indoor environment.

SECTION 1:

**EVOLUTION OF
FEMALE LABOR
FORCE PARTICIPATION
AND THE GENDER
BALANCE IN
THE REGION**

EVOLUTION OF FEMALE LABOR FORCE PARTICIPATION AND THE GENDER BALANCE IN THE REGION.

Over the last thirty years, an increasing number of women in the region comprising Mexico, Central America, Panama, and the Dominican Republic (henceforth referred to as the MECAPARD region) have joined the labor market, which has resulted in their making a greater contribution to domestic production and to the region's gender balance. While the trend of increasing female labor force participation (FLFP)¹ in the MECAPARD region is similar to the Latin America and Caribbean (LAC) average and slightly higher than that of the OECD, the overall level remains well below that of both (see Figure 1.1). At the start of 2020, the labor participation rate of adult women (aged 25-54 years)² in the MECAPARD region averaged close to 62%, 16 percentage points (p.p.) higher than in 1990, whereas the participation rate of men stood at 94%, having remained largely unchanged for the previous three decades (see Figure 1.2). Particularly notable examples of this dynamic are Costa Rica, the Dominican Republic, and Panama, where the proportion of women in the labor market rose by more than 22 p.p. between 1990 and 2020; however, in Guatemala, Honduras, and El Salvador the increase was no more than 10 p.p. between 1990 and 2020 (see Figure 1.3). At the same time, the progress made in the region in terms of gender balance is under threat due to the recent impact of the COVID-19 crisis, an issue that will be addressed in the third section of this report.

At 62%, the female labor force participation rate in the MECAPARD region is below the Latin America and the Caribbean and OECD averages of 67% and 74%.

FIGURE 1.1. COMPARISON OF THE EVOLUTION OF FEMALE LABOR FORCE PARTICIPATION

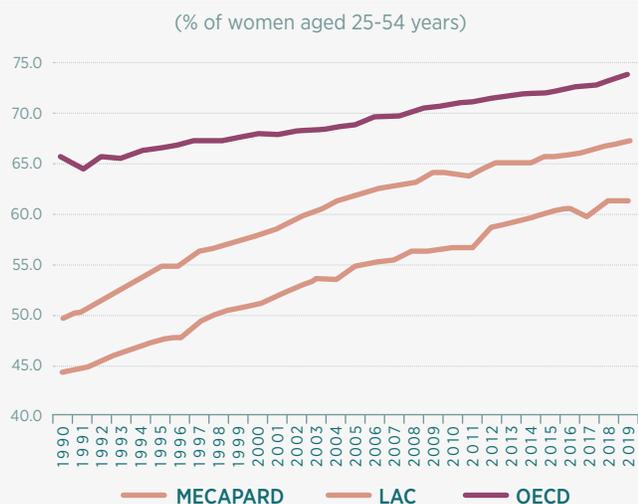
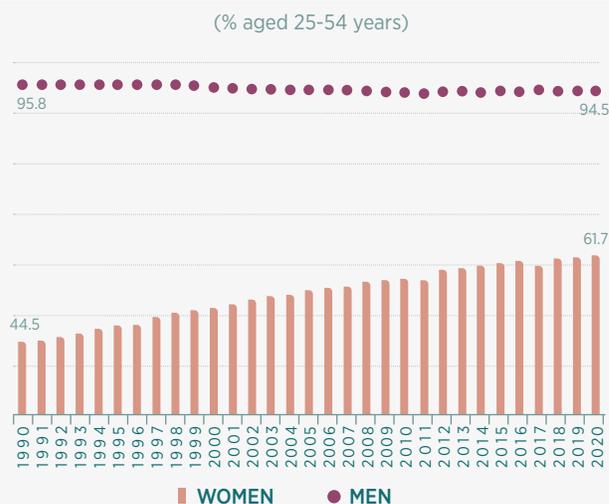


FIGURE 1.2. EVOLUTION OF LABOR FORCE PARTICIPATION IN THE MECAPARD REGION BY GENDER



Note: Simple MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama. FLFP data for the OECD available up to 2019.
Source: Harmonized ILOSTAT data (2020) and OECD Statistics (LFS - Sex and Age Indicators 2020).

¹ A person forms part of the labor force if he or she is either employed or actively seeking work. The concept of "actively seeking work" is open to ambiguity and difficult to record in household surveys, as it requires a detailed analysis of the actions taken by an individual in their efforts to find a job. Therefore, while we have attempted to maintain a common source, i.e., the harmonized statistics of the International Labour Organization (ILO), there may be slight discrepancies in the data presented due to the type of aggregation, or with respect to other sources presented. Nevertheless, the results of the analysis are robust regardless of the data source and level of aggregation.
² This section uses participation data for adults aged between 25 and 54 years. Labor participation is strongly linked to age and, in general, follows an inverted U-shape with respect to the average for the countries of Latin America. Among young people, the participation rate is low but increasing because the time devoted to education is in competition with that spent working, whereas for adults of retirement age, the rate is decreasing; meanwhile, in the group comprising adults aged 25-54 years, the participation rate is more stable across the age range.

The increase in female labor force participation in the region has significantly narrowed the gap between women and men, from 51.3 p.p. in 1990 to 32.8 pp in 2020. Nevertheless, this is still wider than the LAC average of 25 p.p. and the 18 p.p. of the OECD. The gender gap in all the other MECAPARD countries except Panama is greater than the LAC average, Guatemala being the country with the biggest difference in the participation rates of men and women (see Figure 1.4). These data correspond to women and men of adult age; however, the gap is greater among young people and seniors (Marchionni *et al.*, 2018).

FIGURE 1.3. EVOLUTION OF FEMALE LABOR FORCE PARTICIPATION IN THE MECAPARD REGION

(% Of women aged 25-54 years)

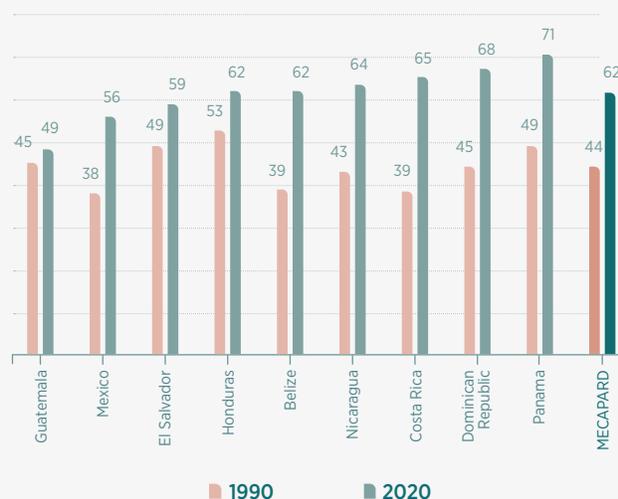


FIGURE 1.4. GENDER GAP IN LABOR FORCE PARTICIPATION

(p.p. Difference circa 2020)



Note: Simple MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama. FLFP data for the OECD available up to 2018.

Source: Harmonized ILOSTAT data (2020) and OECD Statistics (LFS - Sex and Age Indicators 2020)

The gender gap in labor force participation between women and men in MECAPARD stands at 33 p.p. (percentage points), higher than the LAC average of 25 p.p. and OECD average of 18 p.p.

As we shall see, these differences between men and women have been significantly reduced, though they persist throughout the entire lifecycle. They can also be seen in all other labor market indicators, such as employment, unemployment, employment type and status, and earnings.

Labor participation by gender: Disaggregation by age, family situation, and level of schooling

When broken down by age group, the average labor force participation rate in the MECAPARD region follows an inverted U-shape for both sexes, though shows greater variability across the countries of the region in the case of women. The participation rate for young women aged 15-24 years is around half that of men (i.e., 34% vs. 62%) and this 28-p.p. gap for the age group is significantly wider than the LAC average (18 p.p.) and that

of OECD countries (7 p.p.), as shown in Figure 1.5. Labor participation at this age should be more even between the genders, given that the need to divide their time between education and work is the same for both sexes. However, the participation gap in this age group is significant in the MECAPARD region. On the one hand, more young women study and remain in the education system compared to men (Székely and Acevedo, 2021); on the other, unlike men, most women who drop out or interrupt their education do not then go on to take up paid employment (Tornarolli, 2017). In this respect, the participation gap is consistent with the main causes of school abandonment by gender. While the majority of young men who leave the system do so because they need to work and earn a living, young women leave the system in order to devote themselves to domestic chores, to get married or because they are pregnant³ (Székely and Acevedo, 2021). The proportion of young women who neither study nor work is almost three times higher than that of young men, and over 70% of these women report devoting their time to doing unpaid domestic work. Of the countries in the region, Guatemala has the largest gender gap for this age group (43 p.p.), while Costa Rica has the smallest (13 p.p.).

As men and women move into adulthood (25 to 54 years of age), the participation levels of both increase in the MECAPARD region, as expected, the increase being significantly higher for men (see Figure 1.5). This is the age when people commonly start work and decide to have a family, so they have to choose how to divide their time between paid employment and unpaid domestic work. One example from the region is the difference in labor participation between women who have a partner and those who do not (54.5% and 76.1%, respectively). This result is not the same in all the countries of the region. In the Dominican Republic and Nicaragua, women with children show a greater tendency to enter the labor market. In contrast, in the case of men, the labor participation rate of those who have a partner is higher than that of those who do not (see Figure 1.6), while the participation rate of men who are fathers is higher than that of men who are not (Martínez *et al.*, 2021). Additionally, the proportion of women in the MECAPARD region who are inactive (or do not participate in the labor market) because they devote their time to taking care of the home is high (37% vs. 0.7%) compared to men in the same situation (Martínez *et al.*, 2021) (see Figure 1.7).

Finally, the women of the region in the 55-64 age group seem to withdraw from the labor market earlier and the gender gap widens again (40 p.p.), becoming more pronounced in subsequent age groups. The gender gap in the region is wider than in LAC (33 p.p.) and the OECD (18 p.p.) due to the high percentage of men in this age group in the region who work (84%) (see Figure 1.5). Society's assignment of gender roles in this stage with respect to the division of household chores begins to play a more important role as the opportunities for women in this age group to enter the labor market become more limited (Amarante *et al.*, 2016). Moreover, the low level of social security coverage in economies with high rates of informality (such as those of the region) forces men to remain in the labor market in order to cover the financial needs of their households.⁴

³ The MECAPARD region has the highest average teenage pregnancy rates in the world and many women still lack access to reproductive technology. The pregnancy rate among adolescent women (aged 15-19 years) was 20 p.p. above the world average and more than 40 p.p. higher than the rate of OECD countries (UNICEF database).

⁴ The average rate of informality in the region is in excess of 60% and similar for both men and women. An average of 28% of men and 19% of women between the ages of 65 and 70 in the MECAPARD region receive a retirement or contributory pension. An average of 7% of men and 11% of women in this group receive non-contributory pensions.

EVOLUTION OF FEMALE LABOR FORCE PARTICIPATION AND THE GENDER BALANCE IN THE REGION

FIGURE 1.5. EVOLUTION OF LABOR PARTICIPATION BY AGE RANGE (%)

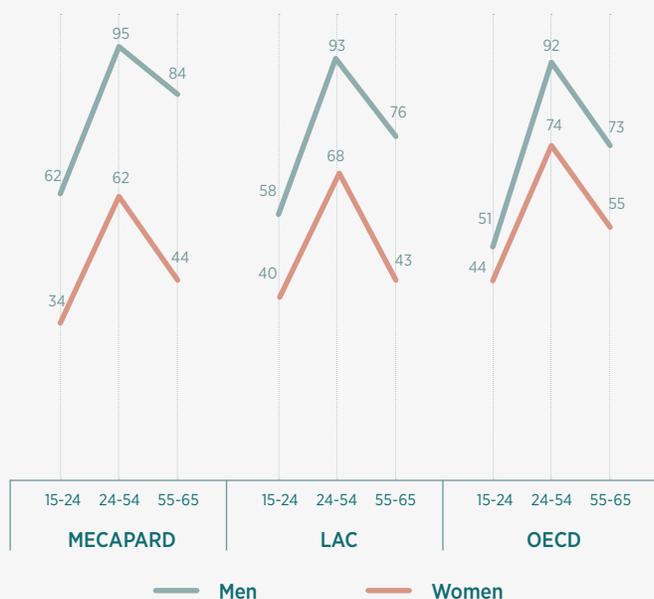
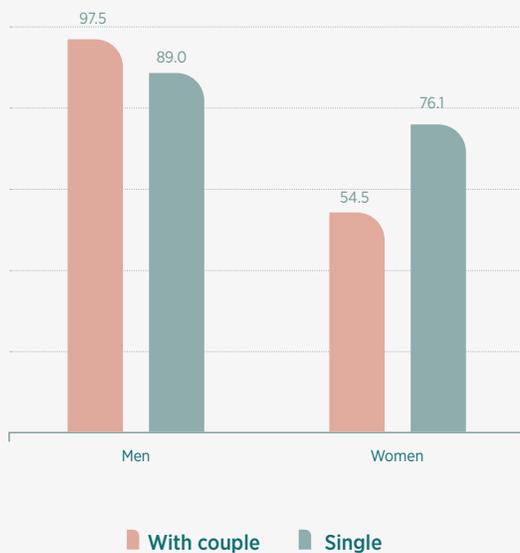


FIGURE 1.6. LABOR PARTICIPATION RATE BY RELATIONSHIP STATUS

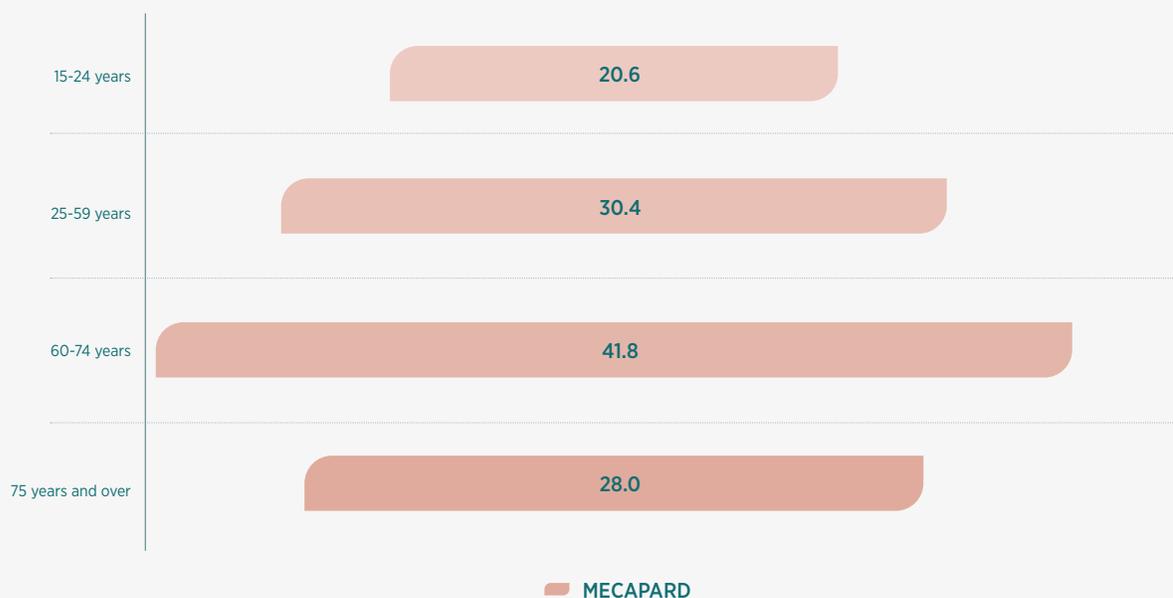
(MECAPARD average % aged 25-54 years)



Note: MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.
Source: Harmonized ILOSTAT data (2020)

FIGURE 1.7. WOMEN DEVOTED EXCLUSIVELY TO TAKING CARE OF THE HOME BY AGE GROUP

(% of women aged 15 years and over)



Note: MECAPARD average; includes Mexico, El Salvador, Belize, Honduras, Costa Rica, Dominican Republic, and Panama. Data from around 2019 (latest available).
Source: CEPALSTAT. Gender statistics

Just as age and family decisions affect female participation in the labor market, decisions regarding human capital investment are extremely important in explaining the evolution of the LFP gender gap in the region. In the average MECAPARD country, the participation gap between men and women decreases by a factor of three as women's level of education increases. While the gender gap in labor participation among those who did not finish primary school is 44.2 p.p., the gap narrows to 9.7 p.p. for those who completed tertiary education. Both these participation gaps at the two extremes of the education level spectrum are greater than the LAC average (Marchionni *et al.*, 2018). It is worth noting that these gaps are estimated for those aged 25 and over, when much of the human capital accumulation process is complete (see Figure 1.8).

The difference in labor force participation between men and women decreases by a factor of 3 as women's level of education increases.

FIGURE 1.8. LABOR PARTICIPATION RATE BY GENDER AND EDUCATION LEVEL



Note: MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.
Source: Harmonized ILOSTAT data (2020)

In turn, less educated women have the lowest rate of participation in the labor market, despite the fact that the region's women now have better access to education and are now more likely to remain in school and complete their studies, and the fact that the gender gap in primary education has closed and even been reversed (Székely and Acevedo, 2021; and Marchionni *et al.*, 2018). The participation rate of women with low levels of schooling has remained practically unchanged for the last twenty years, and in some countries has even decreased (ECLAC-ILO, 2019).⁵ For people with this level of education, the countries with the widest gender gaps in terms of labor participation are Guatemala, Honduras, and Mexico. There have also been no significant changes in the participation rate of highly educated women, so the increase in the FLFP rate in recent years is primarily attributable to women with an intermediate level of education. This is particularly significant in rural areas, where lower school coverage and low levels of female participation in the labor force tend to go hand in hand, though this pattern is not uniform across the region.⁶

⁵ The most notable examples in terms of reduction are those of Guatemala and Honduras.

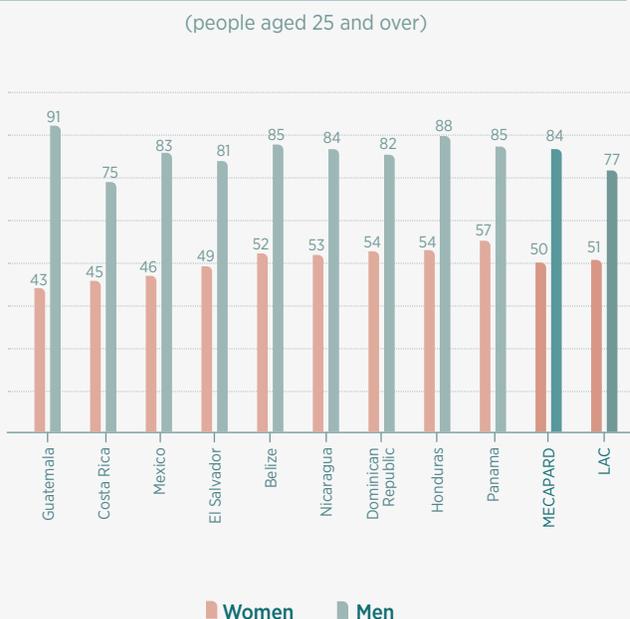
⁶ In rural areas, the average participation rate of women is below 50% and barely half that of men, while in urban areas it is 32 p.p. below that of men (Martínez *et al.*, 2021).

Women in MECAPARD are participating more, though are employed in lower quality jobs than men

Labor force participation is the gateway for women to enter the labor market. However, gender inequalities extend across the entire life cycle in other labor market indicators: employment, job quality (stability and wages), career path, and retirement.

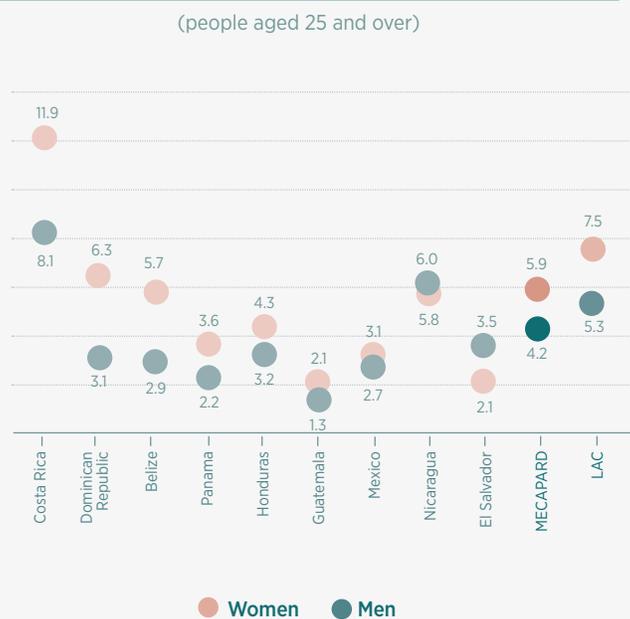
If we break labor force participation in the region down into women who are employed and those who are actively seeking employment, we find that the proportion of adult women (aged 25 and over) who are employed as a proportion of the population is close to 50% in most MECAPARD countries, whereas for adult men the figure is 84%. In the case of women, these employment levels are similar to those of LAC (51%) and lower than those of the OECD (70.2%). However, as can be seen in Figure 1.9, the proportion of men employed there is higher than in both of the latter (77% in LAC and 76.3% in OECD countries).⁷ As for the unemployment rate, in the MECAPARD region this is relatively low for both sexes (4.2% for men and 5.9% for women) and the gender differences are small, except in Costa Rica and the Dominican Republic, where the gap is larger (i.e., 4 p.p.). In contrast, the female unemployment rate in Nicaragua and El Salvador is lower than that of their male counterparts (see Figure 1.10).

FIGURE 1.9. EMPLOYMENT-TO-POPULATION RATIO BY GENDER



Note: Simple MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.
Source: Harmonized ILOSTAT data (2020)

FIGURE 1.10. UNEMPLOYMENT RATE BY GENDER



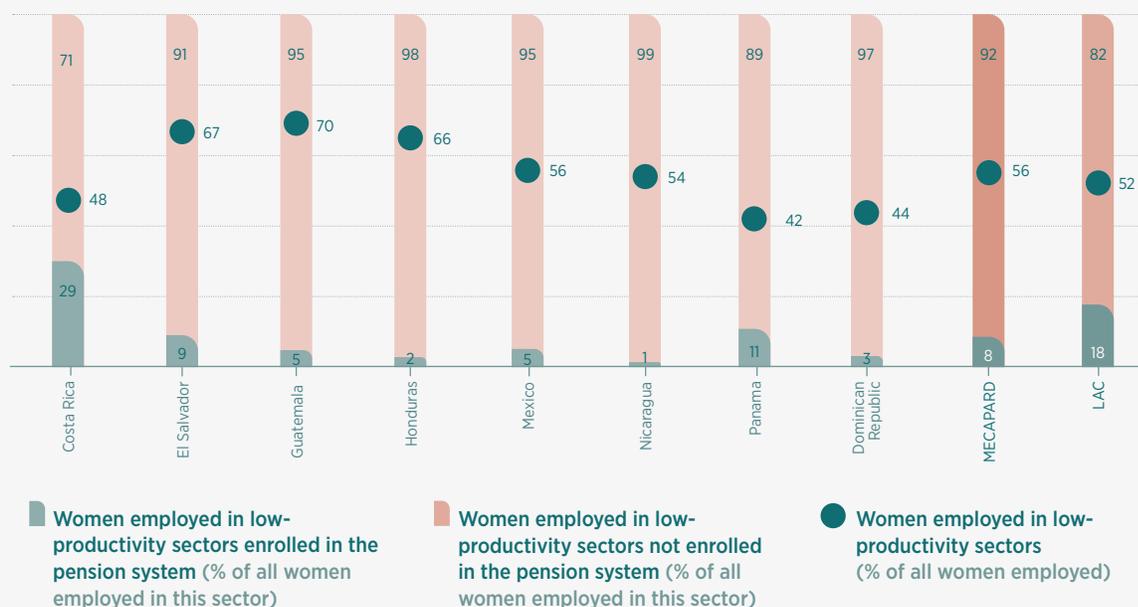
⁷ The MECAPARD and LAC data relate to people over the age of 25 (ILOSTAT, 2020), while the OECD data relate to people aged 25-64 years (OECD, 2019).

In terms of job profile, we find that women are more represented in certain types of jobs, occupations, and sectors than in others where the proportion of men is higher. In the MECAPARD region, a high proportion of women are employed in informal jobs in the service sector and many are self-employed. While this type of employment has allowed them greater flexibility to combine paid work with family life, it is also associated with low wages, lower social security coverage, and greater exposure to workplace violence (ILO, 2019).

In the countries of the MECAPARD region, levels of informal employment, measured as jobs where the worker is not enrolled in the social security system, are higher than in the LAC region (63% as opposed to 57%).⁸ Overall, this level is similar for men and women, though gender differences can be found between one country and another. In Costa Rica, Guatemala, Nicaragua, and Panama there is greater informality among women, while in Honduras and the Dominican Republic, the informal rate is higher among men. In urban areas, a higher proportion of women work in the informal sector compared to men (with an average gender gap of 4.4 p.p.), whereas in rural areas the proportion of men is higher by 4 p.p. (Martínez *et al.*, 2021) (see Figure 1.11).

FIGURE 1.11. OVER REPRESENTATION OF WOMEN IN INFORMAL AND VULNERABLE WORK

(% of women aged 15-64 years employed in low-productivity sectors as a % of all women employed and enrolled in or contributing to the pension system, c. 2016)



Note: Persons employed in the low productivity (informal) sector are understood to be those who are either employers or salaried (professional or technical) workers employed in firms with a maximum of five employees (microenterprises), who work in domestic employment or who are unskilled independent workers (i.e., self-employed or unpaid family workers with no professional or technical qualifications). Source definition.

MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.

LAC average (weighted average of 18 countries).

Source: ECLAC (2018, p. 174)

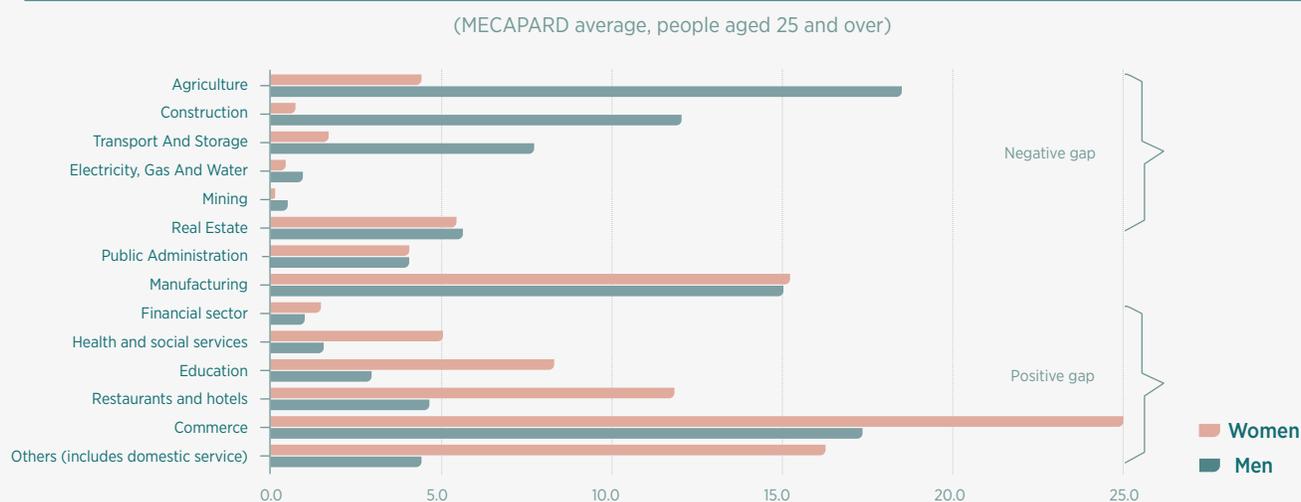
⁸ Estimates for 2019 of employed population aged 15 and over with no access to social security by Székely and Acevedo (2021).

In terms of the sectors in which they are employed, women in the MECAPARD region tend to work more in activities connected with commerce, hotels and restaurants, domestic service, health, and education. These sectors account for some 62% of all female employment (66% in LAC), a figure that has remained relatively unchanged for the last 25 years. Meanwhile, in the transport, construction, and primary sectors, women are underrepresented, accounting for around 7% of all those employed in the latter in the region. The major expansion of service sectors in MECAPARD countries during their own development process, the increase in urban employment, and the persistence of gender role biases (such as differences in physical labor, career choices, and household chores) may explain some of these sectoral gaps between men and women (ECLAC, 2019).⁹

This pattern of occupational segregation is common among MECAPARD countries and particularly evident among women with lower levels of education, whose main access to the labor market is via the commercial sector and domestic service (Marchionni *et al.*, 2018). Female employment in these sectors averages 25% and 16%, respectively, figures similar to those of LAC as a whole (22% and 18%, respectively). Women with higher levels of schooling (i.e., high school or college graduates) work mainly in the education, health, public administration, and skilled services sectors¹⁰ (see Figure 1.12).

At the same time, the occupational distribution of women reduces the likelihood of closing gender gaps in the labor market, where services are becoming more and more automated and commerce increasingly digitalized (INCAE-IDB, 2020.)¹¹ Potentially 21% of female workers in LAC may need to switch to other occupations compared to 19% of male workers (Bustelo *et al.*, 2019). One positive note looking ahead is the likely increase

FIGURE 1.12. SECTORAL COMPOSITION OF EMPLOYMENT BY GENDER



Note: Includes retail trade, hotels and restaurants, education, and domestic service.

MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.

Source: Harmonized ILOSTAT (2020) and ILO (2020a) data

⁹ Some research suggests that there are still gender differences in salaried employment, with women tending to work more in the public sector and in smaller firms, while men work in the private sector and in medium-sized and large firms (Marchionni *et al.*, 2018). Female employment in the MECAPARD region is more concentrated in micro- and small enterprises compared to male employment, both in terms of the average for the group of countries and for each one individually, with the exception of Panama (Martinez *et al.*, 2021).

¹⁰ Three out of every four education and health professionals in the region are women (Robles *et al.*, 2019).

¹¹ Brussevich *et al.* (2019) find evidence that, on average, women perform more routine tasks than men across all sectors and occupations in OECD countries, suggesting that women's employment is more susceptible to automation.

in demand for workers in the region's education and health sectors due to the need to address the lack of coverage of those services, an aging population, and the fact that these jobs are difficult to automate. In this case, occupational segregation would benefit women because these jobs tend to be of a higher quality and the gender wage gap is not so marked (Robles *et al.*, 2019).

Furthermore, women in the region are more likely to be self-employed and less likely to be employers or hold managerial positions. On average, the proportion of women who are either self-employed or unpaid family workers (37%)¹² is higher than that of men (32%), though in some countries, such as the Dominican Republic and Honduras, more men are self-employed than women (see Figure 1.13). As employers, the participation rate of women is 2.8 percentage points below that of men, whereas when it comes to managerial positions in the private sector or senior executive branch positions in politics, fewer than half of these are held by women (42% and 30%, respectively) in the countries of the MECAPARD region (see Figure 1.14).

The pattern we see as regards the type of employment relationship suggests that women seek jobs that allow them greater flexibility or enable them to overcome the barriers to returning to work after periods of inactivity, often in exchange for greater job insecurity (Frisancho and Vera, 2020). This pattern also highlights the constraints (both structural and in terms of preferences) on female entrepreneurship in the region (Gasparini *et al.*, 2013), including the lack of access to resources and to specialized training (Brassiolo and Arreaza, 2013).

FIGURE 1.13. COMPOSITION OF EMPLOYMENT BY TYPE OF EMPLOYMENT RELATIONSHIP

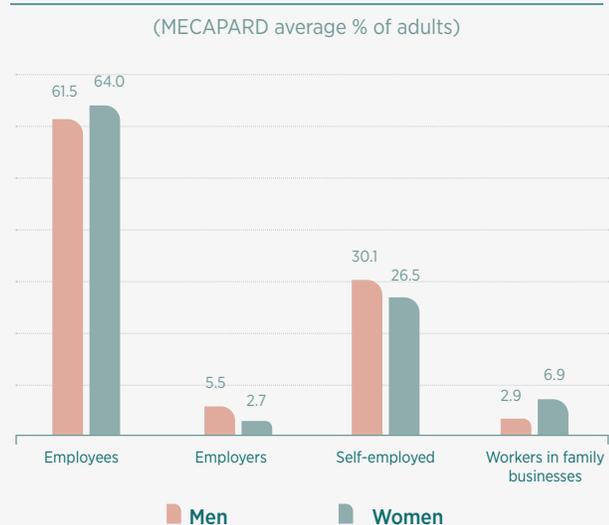
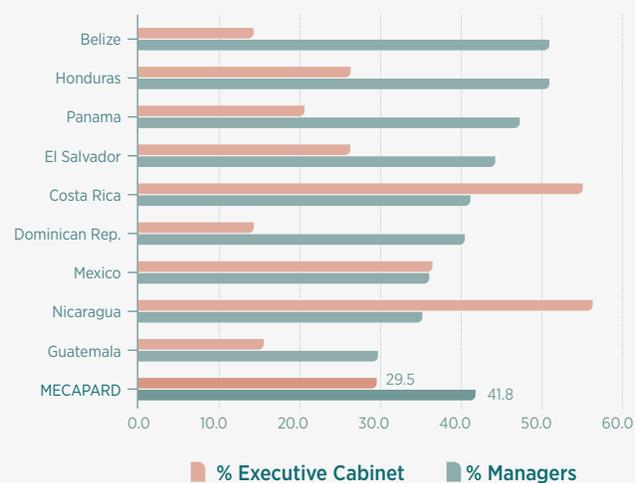


FIGURE 1.14. PERCENTAGE OF MANAGERIAL POSITIONS HELD BY WOMEN



Note: % of executive cabinet refers to the percentage of ministerial positions held by women during a given presidential administration or government term. The % of female managers is calculated as the number of women in managerial positions as a percentage of all employees in managerial positions, as defined by the International Standard Classification of Occupations.

MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.

Source: Harmonized ILOSTAT (2020) and ECLAC data [Gender Equality Observatory Indicators](#). Most recent available data

¹² Family workers are those who help in some kind of domestic productive undertaking and receive no explicit remuneration in return. Due to its nature, this type of employment is more frequent in rural areas.

Female entrepreneurs in the region tend to run smaller businesses (medium-sized and microenterprises) than men and, on average, these tend to be less profitable and less productive. A total of 24% of microenterprises are managed by women, compared to 8% of large enterprises (see Figure 1.15). Similarly, only 14% of all people employed work in companies managed by women, though there are significant differences between countries. Whereas in Mexico these companies account for only 2.3% of employees, in Belize the figure is 21% (see Figure 1.16). At the same time, a study by Martínez (2021) of MECAPARD countries shows a gap of close to 30% in the performance of female-led firms compared to male-led firms and argues that female ventures tend to fail more than male ones. According to the author, this is due to the fact that these firms tend to involve less foreign capital, spend less on security, are less formalized from the startup of operations, invest less in human capital (training) and, on average, are younger companies.

FIGURE 1.15. FEMALE-LED FIRMS BY FIRM SIZE

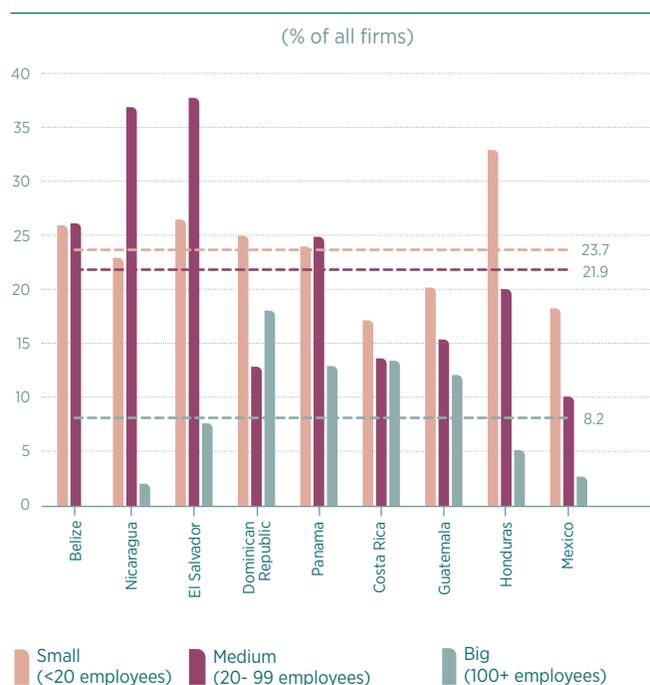
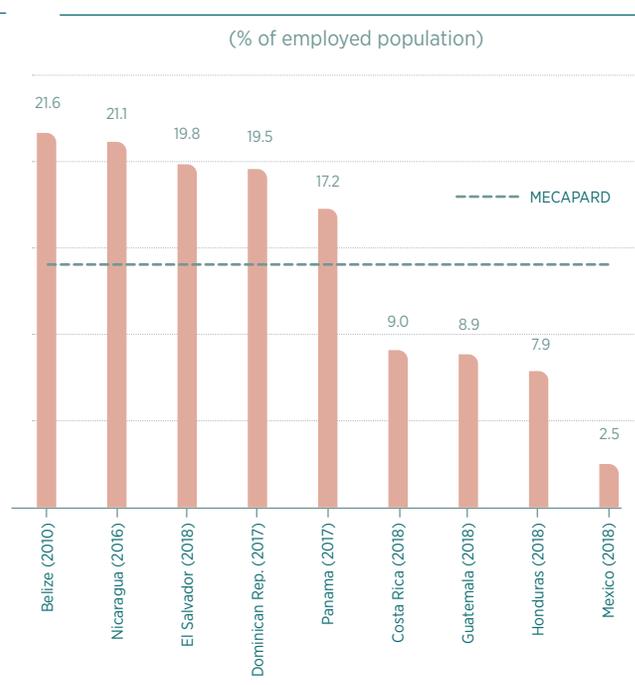


FIGURE 1.16. FEMALE-LED FIRMS



Note: Most recent survey data available by country. The dotted lines indicate the MECAPARD average for each category.
Source: Martínez (2021) with data from the World Bank's Global Enterprise Survey

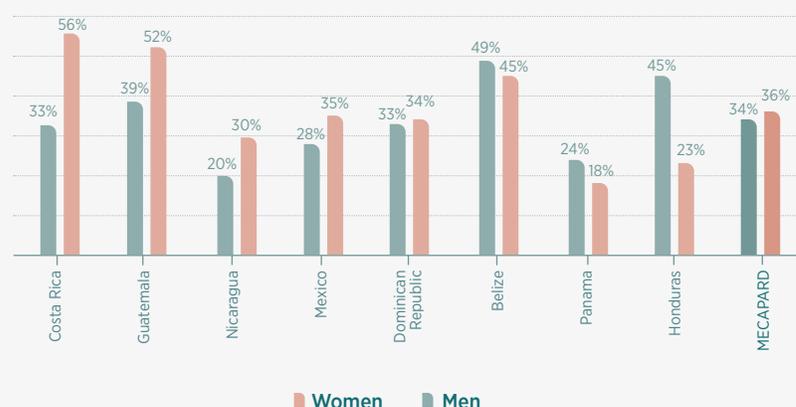
A total of 24% of microenterprises are managed by women, compared to 8% of large enterprises.

With regard to access to credit and based on different databases at the level of individual, firm, and manager gender, Auguste *et al.* (2021) find that in the MECAPARD region there are, on average, gender gaps with respect to personal loans, mortgage loans, and business loans (see Figure 1.17). In the case of the latter, even controlling for the characteristics of the companies, such as formality, presence of foreign capital, size, and so on, in most countries of the region there is a gender gap affecting female-led companies. The authors report that 90% of the gender gap in access to credit can be explained by differences between men and women in terms of income and loan collateral, and that the remaining

10% of the gender gap appears to have to do with subjective factors.¹³ Thus, less collateral and smaller firm size appear to limit the ability of female-led firms to raise capital and access credit (Frisancho and Vera, 2019; and Auguste *et al.*, 2021). The gender gap with respect to access to personal loans is low (averaging 2 p.p. in the proportion of borrowers), except in the case of mortgages, which are more likely to be granted to men in the region.

FIGURE 1.17. GAP IN ACCESS TO FINANCING

(% of MSMEs subject to some kind of financing restriction, by gender)



Source: Auguste *et al.* (2021). With data from the Micro, Small and Medium Enterprises Finance Forum.

Though gender pay gaps persist, this is not due to differences in levels of education

The fewer opportunities that women have compared to men are not only evident in their access to the labor market, but also in their lower earning capacity throughout the life cycle, something which tends to continue beyond retirement age. This lesser capacity depends on multiple factors, primarily the lower number of hours that women in the region spend doing paid work compared to men (see Figure 1.18), the types of jobs they have access to, and career breaks (due to maternity and marriage) and limitations on their career development (due to their leaving STEM careers, workplace violence, and so on). The combination of these factors has helped perpetuate income gaps, despite the significant progress made over the past thirty years.

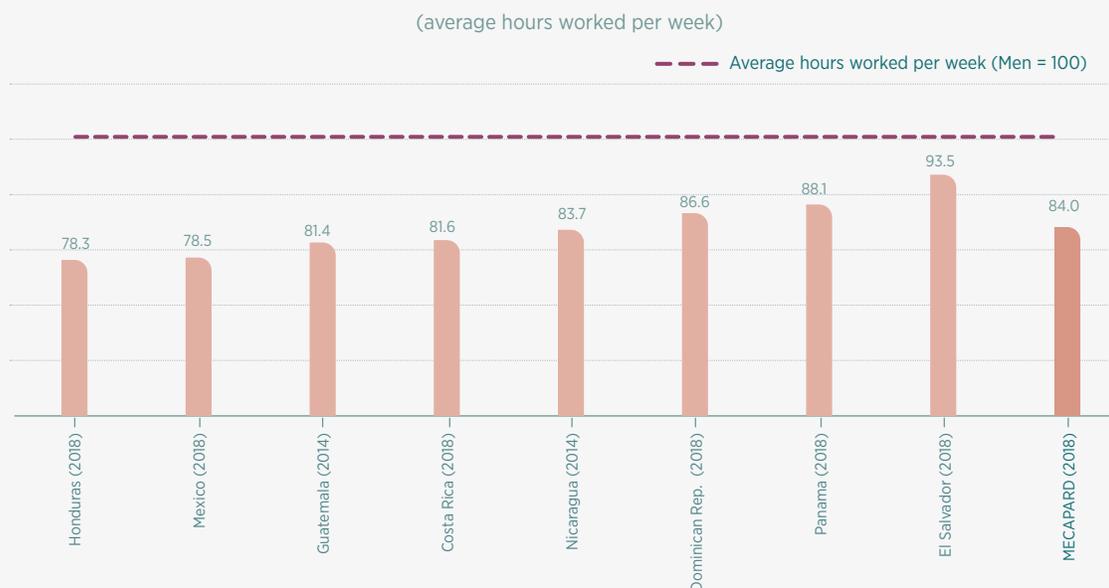
Women in the MECAPARD region spend an average of 39 hours a week doing paid work compared to 47 hours for men, which is consistent with the greater time that employed women spend doing unpaid work (2.3 times as much as men). In Mexico and Costa Rica, women—both employed and unemployed—spend almost twice as much time doing unpaid work as men with the same employment status (Székely and Acevedo, 2021).¹⁴ While this results in differences between men and women in terms of career earnings and lower pensions in the future, controlling for number of hours worked, age, and level of schooling, women still earn an average of just over 80% of what men do.¹⁵

¹³ The authors use a Oaxaca-Blinder decomposition to determine which part of the gender gap is due to an endowment effect—which is the difference generated by the value of the explanatory variables (e.g., different levels of income, collateral, education, and so on, between men and women)—and which part to other non-estimable elements (what explains differences even when the endowment is the same) and is often interpreted as gender discrimination.

¹⁴ With ECLAC time-use surveys.

¹⁵ ECLAC estimates for LAC (2019).

FIGURE 1.18. GAP IN WEEKLY HOURS WORKED



Note: MECAPARD average; includes Guatemala, Mexico, El Salvador, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.
Source: SEDLAC (2021) based on household surveys and latest available data

There is a considerable gap in the quality of the jobs held by women compared to men, which is evident in the characteristics of the jobs women usually do in the region.¹⁶ MECAPARD women tend to be overrepresented in low-skilled activities in low-productivity sectors and highly likely to occupy positions at the bottom rung of the career ladder (ILO, 2019), which obviously does little to help reduce the pay gap. According to the quality dimension of the IDB's Better Jobs Index (BJI), which comprises the rate of formality and proportion of jobs that pay a living wage, the countries of the MECAPARD region have the worst scores for women in Latin America. This result is in line with the data presented on the gaps that women still face in job opportunities and employment conditions.

If we consider only the earnings of those employed in the formal sector, women in the region earn US\$0.837 for every US\$1 that men earn. This gap is estimated to be higher in Mexico and Panama, where, on average, women earn 59.4% and 41.4%, respectively, of what men do (Martínez *et al.*, 2021). At the other extreme lies Honduras, where the gap favors women. This appears to be due to the lower rate of labor participation in the formal sector among less educated women owing to the high level of informality in the country (82% of employed women), women who generally have lower relative salaries, with the result that the composition effect of this asymmetry turns the gap in the formal sector on its head (see Figure 1.19).

The pay gap between men and women widens the older they get. Between the ages of 15 and 24, women earn 90.4% of what the average man earns, whereas among those between 55 and 64, the figure is just 80%. It should be noted that women never manage to earn an income equal to 75% of what the average man with the same level of education

¹⁶ According to the ranking of the IDB's Better Jobs Index (BJI) by gender, in the case of women, MECAPARD countries have the worst scores with respect to job quality.

earns, the widest negative wage gap in this respect being 30% for women with the lowest level of schooling (see Figures 1.19a and 1.19b).

These results have also been reported in other studies on the MECAPARD region, which found that women tend to earn an average of 13.8% less per hour than men, after differences in age, education level, and place of residence are controlled for (Székely and Acevedo, 2021). Other studies¹⁷ suggest that there is a “wage penalty” across the labor market in all Latin American countries just for being a woman. This penalty is greatest in the Dominican Republic and Panama, and least in El Salvador.

FIGURE 1.19. AVERAGE PAY GAP OF WOMEN IN THE FORMAL SECTOR IN COMPARISON TO THE AVERAGE PAY OF MEN (=100)

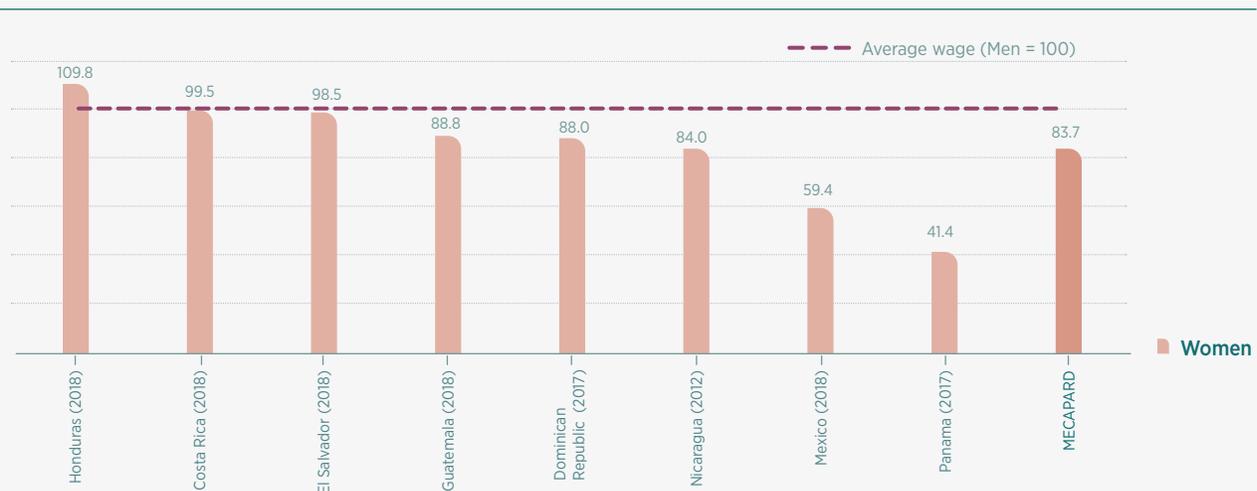


FIGURE 1.19a. BY EDUCATION LEVEL

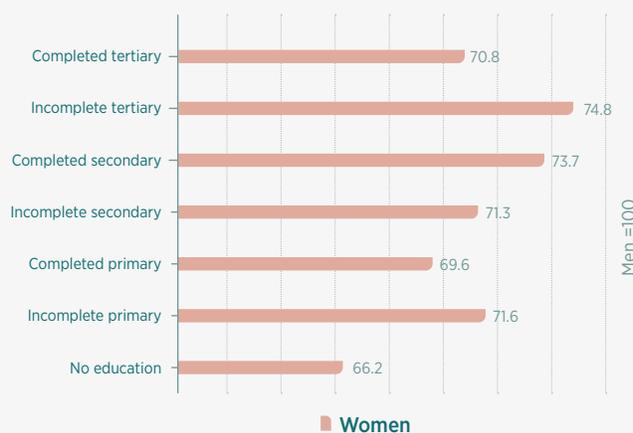
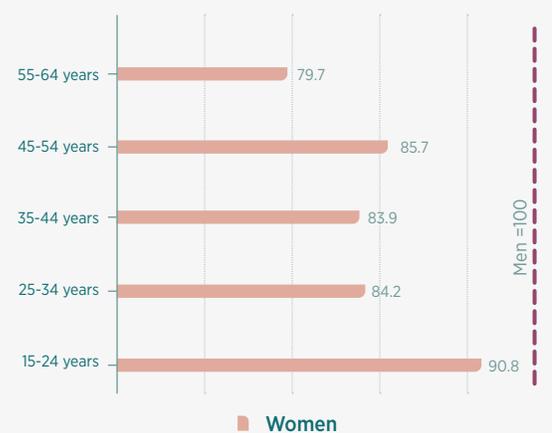


FIGURE 1.19b. BY AGE GROUP



Note: The information is representative of the total population of individuals aged 15-64 years who report being the head of a household or spouse of the head of a household and is based on the latest available survey of each country.

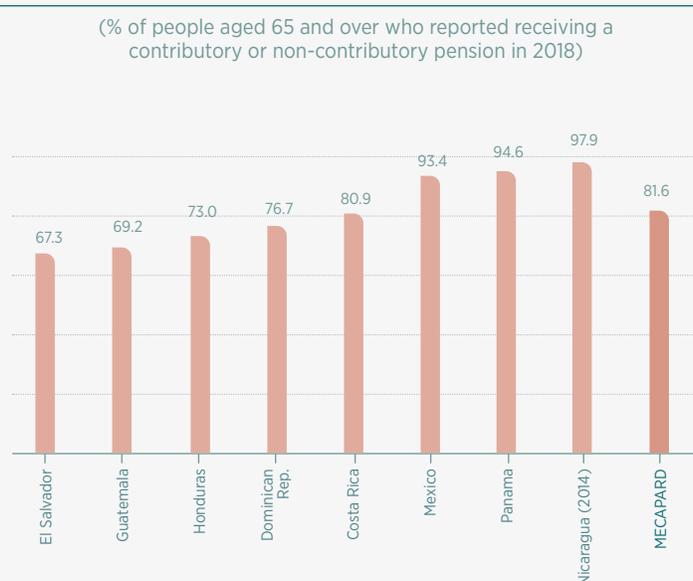
Source: Martinez *et al.* (2021) with household surveys and household budgets of countries

17 For example, for Latin America, Atal *et al.* (2009) find that when age and education are controlled for, the wage gap is 17% and varies little when other sociodemographic variables are taken into account. The variable that denotes that a worker is female in the wage regression always appears with a negative sign.

The earnings gaps between women and men are also evident across different types of households. For the average MECAPARD country, having children is associated with a wider wage gap: compared to what men earn, women who are mothers earn 6.7 p.p. less than childless women (Martínez *et al.*, 2021). When socioeconomic characteristics and other unobservable variables are controlled for, we find that living with a partner is associated with a 16.8% decrease in women’s real hourly earnings compared to men, while motherhood is associated with a 6.3% decrease (Martínez *et al.*, 2021).¹⁸

Other factors that affect the wage gap are the so-called ‘glass ceilings,’¹⁹ which are more prominent among higher-skilled female workers and in the upper percentiles of the wage distribution. In LAC, the wage gap for highly educated employed women (i.e., women with 13 or more years’ schooling) is almost 22% and according to ECLAC (2018), after controlling for education level, age, and hours worked, some of this can be explained by glass ceilings. In principle, if women’s career aspirations of attaining positions of greater responsibility and higher salaries (both in the public and private sectors) are blocked, the wage gap between men and women will tend to remain.

FIGURE 1.20. RELATIVE GAP IN PENSION COVERAGE



Note: MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.

Source: Labor Markets and Social Security Information System harmonized data (IDB)

Lastly, the aforementioned gender wage gaps generally tend to become more pronounced at the end of the life cycle and are reflected in the lower retirement and pension incomes received by women compared to men (see Figure 1.20). An average of 20% of women over the age of 65 in the MECAPARD region report receiving this type of income, compared to 30% of men. In Honduras, El Salvador, Guatemala and the Dominican Republic, this percentage is below 10% (Székely and Acevedo, 2021). The cohort effect,²⁰ lower FLFP rate, less time employed (due to fewer hours worked and career interruptions), fewer paid-in contributions at lower salaries, and earlier retirement age than men in some countries are some of the factors that affect the income gap and greater dependency rates of women in old age.

¹⁸ A Mincer equation with selection bias was applied for the set of countries.

¹⁹ “By a glass ceiling, we mean the phenomenon whereby women do quite well in the labor market up to a point after which there is an effective limit on their prospects.” (Albrecht *et al.*, 2003).

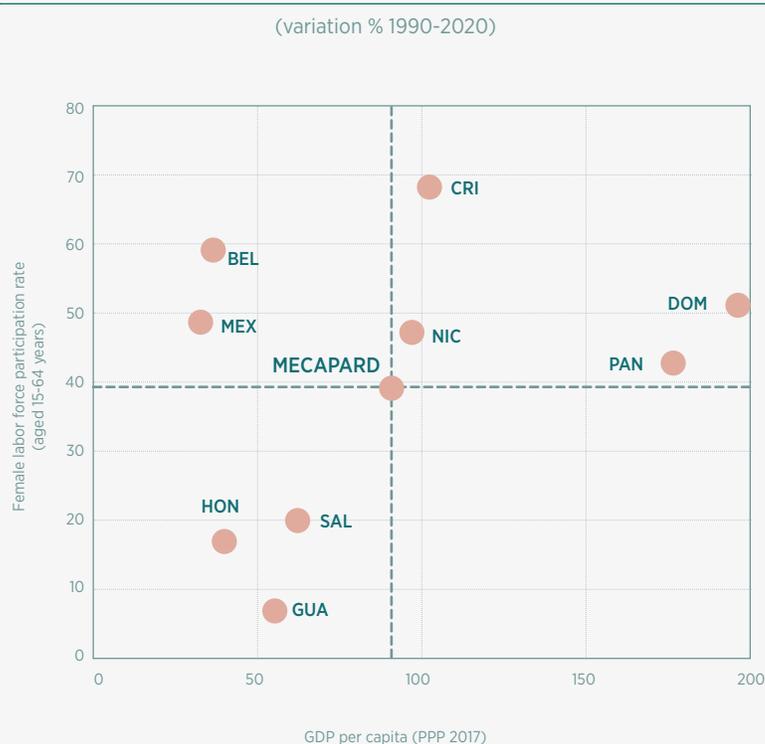
²⁰ This refers to the fact that women retiring today had fewer job opportunities and faced greater constraints (institutional, cultural, etc.) on entering the labor market thirty years ago than women entering the labor market today. Consequently, fewer women than men receive this kind of income today.

How much is the region losing in terms of GDP per capita due to reduced female labor force participation?

In the countries of the MECAPARD region, the increase in FLFP and reduction in the gender gap across the main labor market indicators are the result of multiple factors that will be discussed in depth in the second section of this report. However, broadly speaking, the increase in opportunities for women in the labor market between 1990 and 2020²¹ are a byproduct of the development process experienced by the countries of the region during those years. Thus, an increase in income levels, combined with a reduction in the fertility rate,²² increased growth in the service sector (Ngai and Petrongolo, 2017), and a rise in people's level of education (particularly among girls and women) helped boost women's participation in the labor force during this period, though this process has slowed down in recent years (Marchionni *et al.*, 2018; and Ostry *et al.*, 2018).²³

In this context, the countries of the MECAPARD region that have performed best according to their development indicators (e.g., Panama, the Dominican Republic, and Costa Rica) are also the countries that have made the greatest progress in terms of female labor force participation.²⁴ In contrast, with the second highest GDP per capita in the region, Mexico shows one of the lowest growth rates in FLFP; similarly, Guatemala and El Salvador, which have the same level of income, show a 10 p.p. difference in FLFP (48.6% for Guatemala vs. 59.3% for El Salvador) (see Figure 1.21). These marked differences between countries in terms of the progress with respect to FLFP show that the relationship between the female labor participation rate and GDP per capita growth is still weak (Marchionni *et al.*, 2018) and that specific factors (i.e., economic, institutional, and cultural ones) play a major role in each country (Klasen *et al.*, 2019).

FIGURE 1.21. GROWTH IN FEMALE LABOR FORCE PARTICIPATION (%) AND GDP PER CAPITA (PPP 2017) BETWEEN 1990 AND 2020



Note: MECAPARD average; includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama.

Source: Harmonized ILOSTAT (2020) and OECD data

²¹ The literature suggests a link between a country's development process and greater FLFP (Marchionni *et al.*, 2018; and Gasparini and Marchionni, 2017) and that this relationship follows an inverted U-shape; up to a certain level, the higher the level of income, the greater the female labor supply.

²² Indeed, the fertility rate has declined significantly in Latin America. According to data from the Latin American and Caribbean Demographic Center (CELADE), from the mid-1950s up to mid-2010, the average number of children per woman in the region fell from 6 to 2, except in Guatemala, where the figure remains at 3.5 (see ECLAC, 2019).

²³ Technological advances are another important factor linked to the increase in FLFP, through the reduction in time spent on household chores and transaction costs.

²⁴ Garganta and Zentner (2021) find that in the years when the FLFP rate showed the greatest increase in the Dominican Republic, the factors that most influenced the decision to participate (70%) were a woman's having a higher level of education, her age, and the fact that she was the head of household (i.e., the main breadwinner).

By improving labor regulations, the female labor force participation rate in the region could increase by between 3 and 5 p.p., and, in turn, GDP per capita by between 0.8 and 2.3 p.p. in around two years.

Meanwhile, changing cultural norms regarding the role of women in the family, the struggle against violence against women, and the progress made in the region in labor legislation to promote gender equality (Frisancho and Vera, 2020) have also played a fundamental role in the dynamics of FLFP in the region. According to the Women, Business and the Law (WBL) index, which provides a snapshot of the state of laws and regulations affecting women's economic inclusion, MECAPARD countries have succeeded in eliminating a range of legal obstacles to the advancement of women in the workplace (see Figure 1.22). More specifically, the score on this index for the MECAPARD region is 81 (100 being the maximum score for the WBL), a level similar to the 79 of LAC. However, an analysis of the components of the WBL²⁵ reveals that MECAPARD still lags behind in the subindexes of laws affecting women's earnings and laws concerning parenthood, with scores of 61 and 56, respectively, in these areas. One recent step forward in this regard was the passing by the Mexican Senate in March 2021 of reforms to labor legislation to prohibit gender discrimination in the salaries of public and private sector workers, thereby mandating equal pay for work of equal value under the law.

FIGURE 1.22. FEMALE LABOR FORCE PARTICIPATION AND THE WBL INDEX



Source: ILO and World Bank

Increasing FLFP and decreasing gender inequality often go hand in hand with development (Marchionni *et al.*, 2018); however, greater equality between men and women can also underpin both development (Beaman *et al.*, 2012; and Stotsky, 2006) and growth (Cuberes and Teignier, 2014).²⁶ Gender disparities generate costly distortions in human capital investments and in the deployment of talent in different economic activities (IDB, 2020). Some studies suggest that a more efficient distribution of men and women across economic sectors and within organizations could yield major productivity gains (Dabla-Norris and Kochhar, 2019). It is estimated that the barriers to entry to the labor market women face in LAC are equivalent to a 25% tax on income which, if removed, could equate to nearly 23% of the region's GDP (Ostry *et al.*, 2018).²⁷ Similarly, it was found that for five countries of LAC (including Mexico), policies that increase women's labor force participation (e.g., regarding childcare or productivity) could

²⁵ The aspects that comprise this index are mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets, and pension.

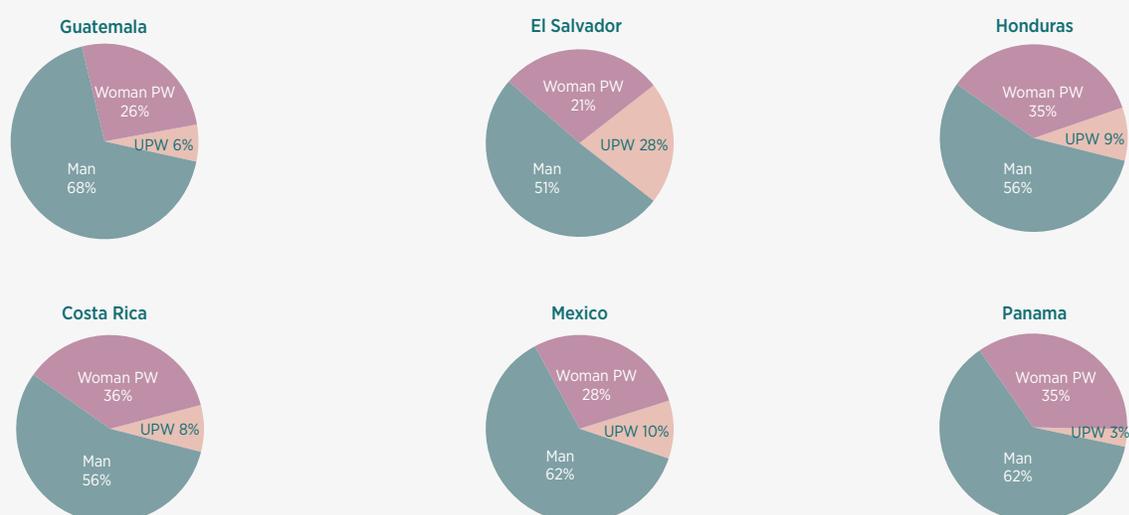
²⁶ This close relationship has posed a major challenge for the economic literature in its efforts to empirically estimate the impact of an increase in FLFP on the economy and, in particular, on GDP per capita (Bertay *et al.*, 2020). The standard methodology in this macroeconomic literature is to use a regression analysis to link countries' per capita income growth to different proxy variables for gender inequality, controlling for standard growth covariates such as population growth, level of investment, trade openness, and the quality of institutions (see, for example, Gonzales *et al.*, 2015). However, these cross-country approaches raise endogeneity issues, which are notorious in the literature on economic growth.

²⁷ In a recent study, Novta and Cheng Wong (2017) estimated that the GDP of LAC countries would increase by an average of between 4% and 14% if they were able to achieve either the same female labor force participation (FLFP) rate as the Nordic countries or gender parity (i.e., equal labor participation rates for men and women).

bring about a significant rise in GDP per capita in the country implementing them. For example, GDP per capita in Mexico could see a permanent increase of over 6% as a result of such policies (Bustelo *et al.*, 2019).²⁸ For the CAPARD subregion in particular, the potential gains in GDP per capita if progress were to be made as regards laws and regulations promoting women's economic inclusion in the region were estimated, expressed as changes in the WBL index (Marmolejo and Rodríguez, 2020). The analysis shows that if the countries of the region were to rectify the shortcomings in legislation that most frequently affect this index, for example (i) by mandating equal pay for work of equal value in law, (ii) establishing paid parental leave, and (iii) in countries where it is not the case, allowing women to do the same jobs as men (e.g., those deemed hazardous), the index would increase by 7 p.p. This 7-p.p. increase in the WBL index (from 81 to 88) would increase the female labor participation rate in the region by 3 to 5 p.p. At the same time, the rise in female employment would increase GDP per capita by between 0.8 and 2.3 p.p. in approximately two years.

Other studies estimate the value of women's unpaid work in terms of GDP, an approach that helps highlight it. For the MECAPARD region, this estimate was calculated for women participating in the labor market in terms of total income generated, in order to provide an approximation of their opportunity cost. If we consider the value of these women's unpaid work as a proportion of their total work-related earnings, the results show that it is considerably higher, ranging from 5% more in Panama to 24% more in El Salvador (Székely and Acevedo, 2021)²⁹ (see Figure 1.23). Similarly, ECLAC (2016) estimated the financial worth of women's unpaid work as a percentage of GDP for a number of countries in the region and found it to be 18% of GDP in the case of Mexico and 16% of GDP in Guatemala (see Figure 1.24).

FIGURE 1.23. CONCENTRATION OF INCOME GENERATED TAKING INTO ACCOUNT WOMEN'S EARNINGS FROM WORK AND THEIR UNPAID WORK (%)



Note: Total income is the sum of all earnings from work. 'Unpaid work' refers to work that is performed without remuneration and is mostly carried out in a private context. It is measured by calculating the time a person spends working on goods for private use in their own home, on household chores and unpaid care duties in their own home or helping other households or the community. The data on time spent doing unpaid work come from CEPALSTAT; in the case of Honduras, the data are for 2009; El Salvador, 2010; Costa Rica and Panama, 2011; and Guatemala and Mexico, 2014.

Source: Székely and Acevedo (2021)

²⁸ A general equilibrium model that corrects for the bias in the selection of women participating in the labor market is estimated and calibrated for the Mexican economy.

²⁹ The authors point out that this value represents a lower limit and may be an underestimate, given that it does not take into account the value of the unpaid work performed by the group of inactive women and because there is no differentiation of wages by type of activity. For more details on the calculation assumptions, see Székely and Acevedo (2021).

FIGURE 1.24. ECONOMIC VALUE OF THE UNPAID WORK OF HOUSEHOLDS AS A PERCENTAGE OF GDP



Source: [Infographics taken from ECLAC \(2016\)](#)

Despite all the benefits that increased female labor force participation in the region would bring, recent evidence shows that growth in this regard has slowed in recent years; moreover, there is a significant risk that this process could actually stagnate or go into reverse. While the labor force participation rate of adult women (aged 25-54 years) grew at an average rate a year of 1.4% between 1991 and 2000, this dropped to 0.9 p.p. in the 2000s, then slowed to 0.8% between 2011 and 2019. Within the region, this slowdown is particularly evident in Mexico, Guatemala, El Salvador, and Costa Rica.³⁰ However, in countries such as Panama, the Dominican Republic, Honduras, and Nicaragua, FLFP has continued to increase. FLFP is also likely to decline in the coming years due to the risk of job automation,³¹ the recent impact of the COVID-19 pandemic on sectors that employ more women, and the burden of unpaid work, among other factors (see Section 3).

In sum, women in the MECAPARD region have had greater opportunities in the labor market in recent years, which has helped reduce gender gaps. However, as shown above, the performance of the region's countries in this regard still compares poorly to that of the LAC average. Similarly, we find that the women who are at the greatest disadvantage in the labor market compared to men are also the most vulnerable: they have a low level of education, work in precarious jobs that could easily be automated, perform a great deal of unpaid work, have large families or are dependent on others. Therefore, in order to study the options and opportunities for increasing FLFP that are available to the region, it is vital to understand the main determinants of the female labor supply, which we will discuss in the following section. We also discuss the main determinants of the gender pay gap in MECAPARD countries.

³⁰ Gasparini y Marchionni (2017) sostienen que el fuerte crecimiento económico que experimentó la región desde inicios de la década del 2000 puede haber dado lugar a un aumento en los ingresos y en los beneficios de la seguridad social que haya ralentizado la entrada de mujeres al mercado de trabajo.

³¹ El riesgo de desplazamiento es especialmente alto entre las mujeres con menor nivel educativo, las mayores de 40 años y las que desempeñan trabajos administrativos y de ventas de baja calificación. Por su parte, en todos los sectores y ocupaciones, las mujeres están subrepresentadas en puestos profesionales y directivos, donde el riesgo de desplazamiento por la tecnología es menor (OIT, 2020; y Brussevich *et al.*, 2019).



SECTION 2

**TO WORK OR
NOT TO WORK?
THE DETERMINANTS OF
FEMALE LABOR FORCE
PARTICIPATION IN THE
MECAPARD REGION**

TO WORK OR NOT TO WORK? THE DETERMINANTS OF FEMALE LABOR FORCE PARTICIPATION IN THE MECAPARD REGION

A whole range of factors (socio-demographic, economic, institutional, cultural, and personal) underlie a woman's seemingly straightforward decision to go out to work or look for a job, factors that operate in distinct ways over the course of her life as the relevance of each changes. Addressing these factors requires a broad framework that takes into account the stage of a woman's life at which each plays a role (the asset-based approach of Székely and Acevedo, 2021), as well as the series of previous choices—such as whether or not to get an education or start a family—that affect her final decision to participate in the labor market. At the same time, it is important to consider the social, economic, technological, and institutional context in which women make these decisions, as well as their individual preferences, which are generally shaped by cultural norms and social conditioning (ECLAC, 2019; Busso *et al.*, 2015, and Gasparini and Marchionni, 2015). The interrelationship between this array of incentives and constraints can provide explanations, often complementary, as to what determines female participation and how such determining factors are reflected in gender gaps within the MECAPARD region's labor market.

Determinants of Female Labor Force Participation in the MECAPARD Region

2.1 Human Capital

When women decide to engage in some kind of gainful activity, they expect to get enough in return to make it worth their while to reduce the time they spend on leisure and on domestic activities, such as caring for children and the elderly, and doing housework. What they actually get in return, both in terms of wages and real opportunities to build successful careers, depends largely on the human capital they have managed to accumulate over the course of their lives.^{32,33} In principle, this decision process should be the same for men and, unless there is bias within a family regarding the provision of formal education to men and women, there should be little difference in the accumulation of human capital between the two (ECLAC, 2019).

As described in the previous section, there is a positive relationship between FLFP and women's level of education, one which has increased considerably in the MECAPARD region over the last twenty years (see Figure 2.1). The labor force participation rate for women with higher levels of education has been increasing, whereas that for women with low or medium levels of education has tended to stagnate. These results are consistent with the fact that the higher a person's level of education, the greater their opportunity cost of not participating. However, the decision of women in the region as to how much further to pursue their studies (beyond the compulsory levels) is also limited by other factors, such

³² The only indicators referred to in relation to human capital accumulation are those pertaining to education, though it is crucial that investment in health also be taken into account. Health and education are closely related, and each depends on the adequate provision of the other.

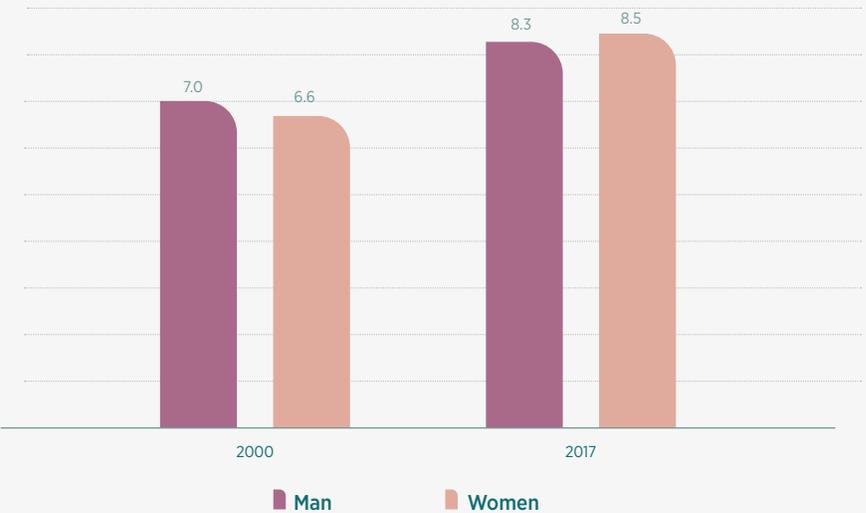
³³ Nevertheless, the family plays a decisive role in this investment long before women are old enough to work (i.e., 15 years old or over according to international employment standards).

as the educational services available to them, their culture, resources, support from their families, and their expectations as to their chances of achieving successful careers (Busso and Fonseca, 2015).

For the countries of the MECAPARD region, the increase in the level of education of women has helped close some of the gender gaps in the education system, which in turn has contributed to a reduction in the gender gaps in the labor market (Chioda, 2011). In early education (i.e., preschool and primary), the gender gap in the net school attendance rate has closed, while in some countries attendance is actually higher

for females (e.g., in Costa Rica, Honduras, and the Dominican Republic). Similarly, in secondary education, though coverage is lower than in primary education, women in the region average higher school attendance rates than men. However, attendance rates are substantially lower for both men and women in upper secondary education (see Figure 2.2). Costa Rica is the only country with an attendance rate of over 80%, whereas in Nicaragua, El Salvador, Honduras, and Guatemala it is below 40%. It is at this stage of their education that many young people interrupt their process of human capital accumulation, a fact that is reflected in the high dropout rates in the region compared to the LAC average, and in the lower participation rate of young people in tertiary education (see Figure 2.3). During this stage of their lives, young people begin to be faced with real opportunities for paid employment and to start a family, coupled with the fact that in many countries, secondary education is not compulsory.³⁴ Among the reasons given by young males aged 15 to 18 in El Salvador, Honduras, Nicaragua, and Panama for their dropping out of school is the need to go out to work, whereas for females the main reasons are domestic chores, marriage, and pregnancy (Székely and Acevedo, 2021). Thus, gender gaps in labor market participation begin to emerge during people's youth (see Section 1), a dynamic that persists throughout the careers of both sexes.³⁵

FIGURE 2.1. EVOLUTION OF AVERAGE YEARS OF SCHOOLING IN THE MECAPARD REGION BY GENDER



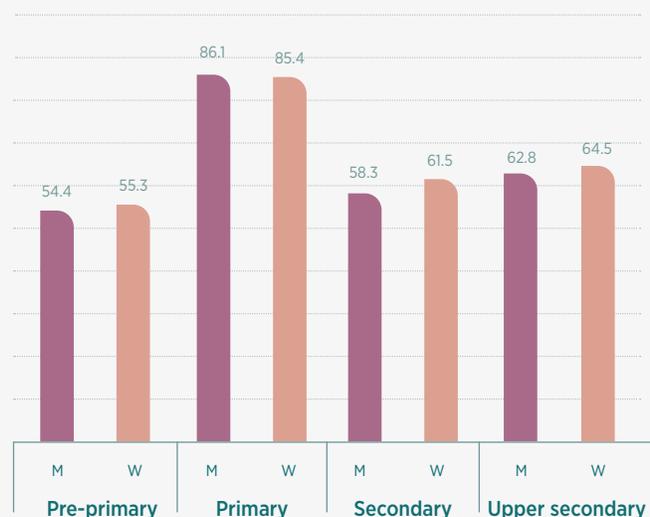
Note: MECAPARD average, includes Guatemala, Mexico, El Salvador, Belize, Nicaragua, Honduras, Costa Rica, Dominican Republic, and Panama. Most recent available data (circa 2017).

Source: CEPALSTAT

³⁴ Young people's perception of the greater returns to further education also plays a role, which depends on a multitude of factors. Among the most important are their level of household income, the education services available to them, and their socioeconomic context.

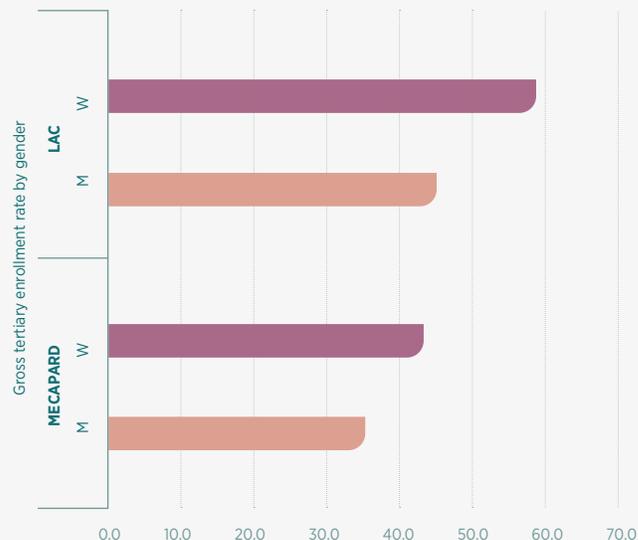
³⁵ Tornarolli (2017).

FIGURE 2.2. NET ATTENDANCE RATE BY EDUCATION LEVEL AND GENDER (%)*



Note: Includes the countries of the MECAPARD region and Haiti
Source: Székely and Acevedo (2021) and CEPALSTAT

FIGURE 2.3. GROSS ENROLLMENT RATE IN TERTIARY EDUCATION BY GENDER (%)



The higher average number of years of schooling of men and women in the MECAPARD region has not been accompanied by improvements in either the quality or the relevance of education. According to the results of various international standardized tests, such as the TERCE and the PISA, the region's children exhibit low levels of learning.³⁶ The results by gender show that girls perform better at reading on average than boys, who score higher in math and science.³⁷ Figure 2.4 shows that in the three countries of the region that took part in PISA 2015 (Costa Rica, Mexico, and the Dominican Republic), women averaged reading scores that were 41 points higher than those of their male counterparts, while men scored 6 points higher than women in mathematics (Marchionni *et al.*, 2018). Though studies indicate that these gender differences in performance are not usually statistically significant once conditioned on observable student characteristics,³⁸ they do suggest that gender gaps in cognitive skills may begin to appear during adolescence, when many of the gender stereotypes and roles are reinforced, affecting women's educational trajectories and/or biasing their career and employment choices (Székely and Acevedo, 2021; and Wang and Degol, 2017.)³⁹ Evidence also suggests that women tend to underestimate their abilities in science, technology, engineering, and mathematics

36 This behavior can also be seen in the results of national testing at different academic levels, e.g., in Mexico (the ENLACE test) and in other LAC countries, such as Chile (the SIMCE) and Colombia (the SABER) (Gelber *et al.*, 2016).

37 There is no evidence of any innate difference between men's and women's abilities that would explain the differences in their performance. According to the 2018 PISA results, the gender differences in the math and science scores of teenagers around the age of 15 are moderate (Schleicher, 2019; and Lindberg *et al.*, 2010).

38 Marchionni *et al.* (2018).

39 "...the literature has identified how women and men differ across perceived socioemotional traits and psychological attributes. Even though the evidence is not conclusive on whether these differences are inherent or society-induced (Shurchkov and Eckel, 2018), [...] Women have been found to be less competitive and less overconfident (Buser, Niederle, and Oosterbeek, 2014). Women are more risk-averse (Reuben, Wiswall, and Zafar, 2015), more sensitive to grades (Rask and Tiefenthaler, 2008), and less confident than men in subjects like math (Bordalo *et al.*, 2019)." Taken from Frisnacho and Vera-Cossio (2020: 115).

(STEM) subjects from an early age, and that these attitudes are compounded by social stereotypes (PISA, 2012; Bursztyn *et al.*, 2017; Greitemeyer, 2007). For example, according to the LAC average, only 0.5% of girls expect to work as Information and Communications Technology (ICT) professionals compared to 3.9% of boys, which may suggest that career choice preferences begin to diverge at an early age (Marchionni *et al.*, 2018) (see Figure 2.5).

In tertiary education, the average attendance rate in the MECAPARD region is below that of LAC (39% vs. 59%), though this varies considerably from country to country. For example, the Dominican Republic and Mexico report the highest percentages of attendance at this level, while Guatemala and Nicaragua report the lowest. The gender gap in tertiary education is skewed towards women, who average higher attendance and completion rates at this level than men, particularly in the first cycle (Székely and Acevedo, 2021). Nevertheless, there is a wide gender gap at the doctoral level of higher education in LAC, with women participating at half the rate of men (Red IndicES, 2018). This lower participation rate limits their ability to earn higher salaries or occupy top positions in both the public and private sectors. Martínez *et al.* (2021) find that every additional school year a woman in the MECAPARD region successfully completes is associated, to a significant degree, with a 1.7% increase in the likelihood of her working and an 8% increase in her real income.

In the MECAPARD region, every additional school year a woman successfully completes is associated with a 1.7% increase in the likelihood of her working and an 8% increase in her real income.

FIGURE 2.4. GAP IN AVERAGE SCORES BETWEEN MALES AND FEMALES, PISA 2015

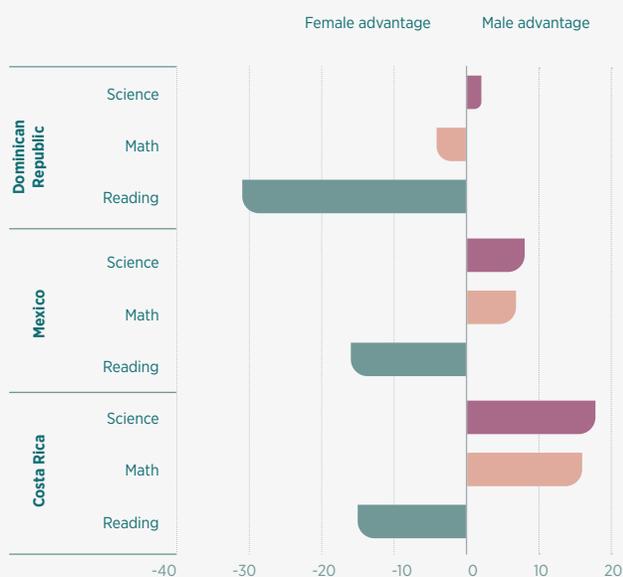
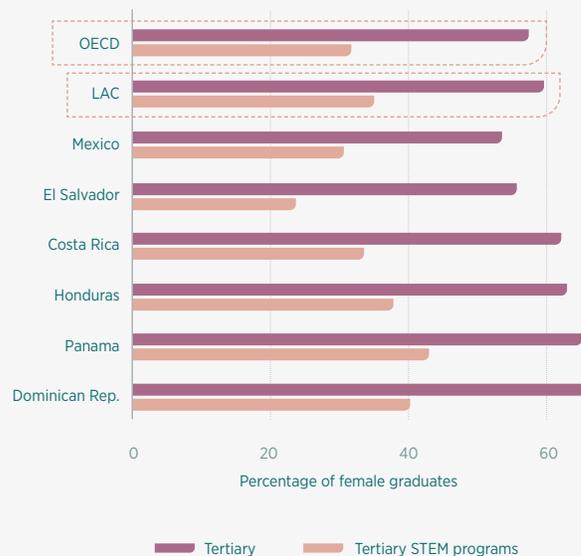


FIGURE 2.5. GENDER BIAS IN DEGREE CHOICE



Source: Adapted from Marchionni *et al.* (2018) and Frisancho and Vera-Cossio (2020)

Despite the higher level of education attained, women are still confronted with certain biases that may be affecting the returns to their education, which affects not only their decision to participate in the labor market but also their career paths and aspirations.

While women in the MECAPARD region account for about 60% of tertiary-level graduates, fewer than one-third of them graduate in STEM subjects
(Székely y Acevedo, 2021)

and of those who do, the largest share graduate, in the sciences, mathematics, and statistics, with fewer graduating in information technology, engineering, and construction disciplines
(López-Bassols *et al.*, 2018)^{40,41}

The share of the population in STEM occupations is low (albeit with local variations) in various countries of the region, with women accounting

for 5% of all those employed in Mexico

12% in El Salvador, and 19% in Costa Rica

with women accounting for 44%, 36%, and 30%, respectively, of all employees in STEM occupations (Cuberes y Teignier, 2021).

Given that STEM occupations tend to pay higher salaries and have a higher concentration of men, these early biases in career choice reinforce gender inequalities in the labor market, both with respect to occupation type and expected earnings (Bustelo *et al.*, 2019). It is striking how many women with STEM degrees do not work in related professions, while those who are involved in research are concentrated in universities and government institutions, though underrepresented in the private sector (López-Bassols *et al.*, 2018).

Lastly, educational segregation towards “more feminine” careers means that many of the women who reach senior positions within their organizations tend to head support service areas (human resources, administration and finance, and so on) rather than strategic areas (e.g., operations and R&D), which in turn limits their progression to senior management roles or to positions on the board of directors of the companies where they work (Martínez, 2021).

In sum, women’s increased access to human capital has been a key factor in their increased labor force participation and in the reduction of gender gaps in the labor market, though this varies considerably from one country in the region to another.⁴² It is also worth noting that: (i) the returns to education do not yet seem to outweigh the cost savings of engaging in unpaid activities, particularly for women with low or medium levels of education; (ii) gender biases persist in the choice of careers towards less profitable ones and in preferences shaped by cultural gender conditioning; and (iii) the greatest inequalities between men and women participating in the labor market are found at the extremes of the education distribution, i.e., among uneducated/illiterate women and post-graduate level women.

Not only does a woman’s being better educated mean an increase in the opportunity cost of unpaid activities, but it also has an impact in terms of making better decisions with regard to investment in human capital, fertility, and employment. Furthermore, education contributes to future gender equality by shaping the social norms that govern female roles and stereotypes and vice versa (Gasparini and Marchionni, 2017; Chioda, 2011).

40 Based on data from the Institute of Statistics of the United Nations Educational, Scientific and Cultural Organization (UNESCO-UIS) on the majors of college graduates.

41 The results for the region are similar to those of the OECD, which suggests that even the most advanced modern economies that have actively promoted gender equality in STEM fields still struggle to coax women to choose more competitive, as well as more lucrative, majors (López-Bassols *et al.*, 2018).

42 For example, in Guatemala, Mexico and El Salvador, men average seven months more schooling than women, though these countries also have lower FLFP rates (Marchionni *et al.*, 2018).

2.2 Family Composition

The evolution of the factors that influence decisions about having a family, such as marital status and number of children, have also had an impact on female labor participation in the MECAPARD region. The age at which women enter into a long-term relationship and start a family, as well as their bargaining power in the division of unpaid activities within the household, tend to be the factors that most influence both the female labor supply and the salary demands of women. Overall, marriage (or living with someone in some other form of legally recognized or informal union) and/or having children reduces the female labor force participation rate, whereas the opposite is true for men, which results in gender gaps in the labor market (ILO, 2019).⁴³

As in the rest of the world, there is evidence in the countries of the MECAPARD region that married women with children participate less in paid activities than those who are single and/or childless. Many factors may contribute to this. In their decision as to whether or not to work, women take into account their partner's income (Huffman and van Gameren, 2011)⁴⁴ and the costs associated with household chores and childcare, as well as gender roles and social stereotypes. With respect to the marital status of women, studies on MECAPARD countries show that this is one of the sociodemographic characteristics that apparently most affects the labor force participation gap. Drawing on household surveys, Martínez *et al.* (2021) find that nearly 50% of women in the region who are either married or living with a partner participate in the labor market, whereas the participation rate of single women or those with some other marital status is almost 20 p.p. higher. However, these results vary from country to country, e.g., in Costa Rica, Honduras, and El Salvador, 45% of women with a partner are engaged in gainful employment, while in Guatemala the figure is only 35%. Guatemala also has the biggest difference in terms of the participation rate of single women (68%). In contrast, women in Nicaragua who work and are married or live with a partner have a participation rate of 69%, which is higher than the regional average and only 10 p.p. lower than that of single women. The authors also estimate that living in a formal or informal union is associated with a significant 19% reduction in the probability of being employed, and when the differences between spouses in terms of years of schooling are taken into account (as a proxy variable for women's bargaining power in the home), the effect is reduced by just 0.8 p.p.⁴⁵ As for income in the MECAPARD region, they also find a significant association between a woman's living with a partner and a 16.8% decrease in her real income.



A woman is less likely to work if she has young children but becomes more likely to if her child attends preschool.

⁴³ The difference in participation rates is also affected by the type of household to which a woman belongs: married women with children participate less than single women with children.

⁴⁴ They suggest that the participation of a married woman in the labor market depends on what her husband previously decided to do in this regard. In their study, they find that women are less likely to work if their partner does. They also report that women with more schooling and experience are more likely to work and that having children under the age of six decreases the likelihood of their doing so. These results are consistent with those of Cerrutti and Zenteno (2000), who found that women's participation is linked not only to personal and family characteristics but also to the working conditions of the head of household.

⁴⁵ According to Moeeni and Moeeni (2020), the difference in the number of years of school successfully completed by women compared to those of their respective partners is a variable that allows us to approximate the bargaining power of women in the household.

An average of only 50% of sexually active adolescent females in the region use modern contraceptive methods.

In terms of children, fertility in LAC and the MECAPARD region has been declining over the last thirty years,⁴⁶ while FLFP has been increasing (Tortarolo, 2014 and ECLAC, 2019).⁴⁷ Between 1990 and 2019, the average number of children per woman of childbearing age (i.e., 15-49 years) in the MECAPARD region fell from 4.1 to 2.3, with Honduras, Guatemala, and Nicaragua showing the greatest decrease, though these countries continue to have the highest fertility rates in the region. The decline in the fertility rate is expected to slow down in the coming years, so its impact on labor force participation may also decrease (ECLAC, 2019). Upon becoming mothers, many women often interrupt their education and careers to take maternity leave and subsequently look after the child, which requires spending more time on unpaid activities. This is not usually the case when men become fathers. In the average MECAPARD country, the labor force participation rates of childless married women are higher than those of mothers (56.2% and 54.6%, respectively),⁴⁸



though these results vary from country to country. While in Guatemala, Honduras, and Mexico there is a negative gap, or penalty, of around 5 p.p. for women who are mothers compared to those who are not, in countries such as Nicaragua and the Dominican Republic, the participation rate of women who have children is even higher than that of women who do not.⁴⁹ No such differences were found for men, and the labor force participation rate was nearly 5 p.p. higher for men who were fathers than for men who were not.

This motherhood penalty in the region has been analyzed by Martínez *et al.* (2021), who found employment rates among mothers to be 5.5% lower and their real hourly income 6.3% lower compared to childless women. The wage penalty may be associated with various factors, such as the fact that mothers tend to spend fewer hours doing paid work, forego work experience, trade off high-wage jobs for more flexible ones with lower wages, and also with job discrimination (ILO, 2017; and Berniell *et al.*, 2018). Székely and Acevedo (2021) find similar

Depending on the country, between 20% and 30% of young women in the region report having a lack of access to family planning methods.

results for the MECAPARD region and Haiti, where being a mother is associated with a lower probability of working in all countries except Nicaragua, the Dominican Republic, and Belize, where the relationship was not statistically significant. In contrast, in the case of men in all the countries, being a father is associated with an increased likelihood of their working.

The penalty for motherhood in the labor market is greater the greater the number of children in the household. With the exception of El Salvador and the Dominican Republic, higher fertility among women in the region is associated with significant decreases

46 There are several reasons for this drop, from the increase in informal unions and reduction in marital ones to the rise in the number of single-parent households (United Nations, 2020).

47 Tortarolo (2014) found evidence of a negative relationship between the fertility rate and FLFP in LAC, but only for married women.

48 Refers to the employment rate of women aged 15-64 years, heads of household or spouses of the head of household, according to whether they have children or not. On average, this motherhood penalty is found in urban and rural areas alike, though is higher in the latter.

49 Verdusco and Inzunza (2019) carry out an exercise with regard to Mexico that allows them to set the sociodemographic characteristics of women at each level of education, varying only their relationship status. The results suggest that single women are always more likely to participate in the labor market than married women are, which supports the hypothesis regarding the persistence of gender roles.

in the probability of a woman's working and in her real hourly income, decreases that become greater the more children she has. These probabilities remain unchanged in the case of men (Székely and Acevedo, 2021; and Martínez *et al.*, 2021).⁵⁰ The age of children is also a determining factor in the likelihood of a mother's being engaged in paid work. A negative association was found in the MECAPARD region between the probability of a woman working and her having at least one child under 5 years of age, an association that becomes positive if the child attends preschool (Székely and Acevedo, 2021). Similarly, an OECD study (2015a) on Mexico points out that it is less feasible for mothers to work the younger their children are.

Another factor that should be taken into account among the range of family variables that affect FLFP is the high proportion of women within MECAPARD who marry or have their first child at a very early age. It is worth noting that at least 4 of the 9 countries in the region (Guatemala, Nicaragua, Panama, and the Dominican Republic) have the highest teen pregnancy rates in LAC (PAHO, 2018).⁵¹ Child marriage rates are also high in the region, particularly in Nicaragua and Honduras, where 41% and 34%, respectively, of women are either married or partnered before the age of 18, which has a significant impact on their human capital and their access to economic opportunities (ILO, 2019a).

Anglade and Vargas (2021) analyze recent adolescent childbearing behavior in the region of Central America, the Dominican Republic and Haiti, and its effects on both mothers and their children. The authors find that the Adolescent Fertility Rate (AFR)—defined as the number of births per 1,000 women aged 15-19 years—has declined mainly because they are having fewer children; however, the actual percentage of women who have their first child at this age has fallen only marginally. This has been linked to young people having sex at a younger age and the low rate of use of contraceptive methods. The percentage of girls aged between 15 and 19 years old who have had sex is over 30% in all countries of the region, peaking at 46% in the Dominican Republic. An average of only 50% of all sexually active teenagers in the region use modern contraceptive methods. Moreover, depending on the country, between 20% and 30% of young women in the region report having no methods of family planning.



⁵⁰ Székely and Acevedo (2021) performed an exercise in which they used the coefficients from a labor participation regression to make projections for people of similar characteristics within the region. They found that among people of similar characteristics (i.e., married college-level graduates aged 30-34 years living in urban areas) who only differ in terms of their sex and the number of children they have, married women with or without children are less likely to work than men.

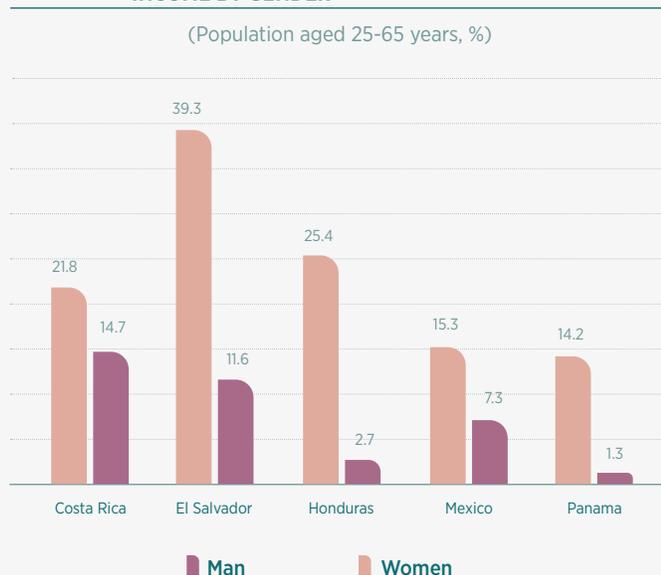
⁵¹ According to the literature, becoming a mother or father during adolescence affects labor participation patterns, career choices, and, therefore, career paths, though the impact tends to be greater for women. It is also important to consider the implications for the mental, physical, and reproductive health of young women.

Adolescent motherhood affects the mother in many ways, such as increasing the likelihood of her participating in the labor market and dropping out of school. Becoming a mother so young also reduces the likelihood that women will want more children in the future compared to other women and is associated with an increased incidence of behaviors that can jeopardize a person's health, such as smoking and contracting sexually transmitted diseases. According to the authors, one of the main consequences of becoming a mother at an early age is the reduction in the mothers' schooling as she moves away from education and into the labor market or towards household chores. As the probability of a teenage mother's completing secondary education (i.e., nine years of formal schooling) is reduced, it is more likely that her entry into the labor market will be more precarious, resulting in lower earnings and a reinforcement of the cycle of poverty. This same effect has been found in various studies on teenage mothers in LAC.⁵²

As for its effects on children, in all countries in the region except El Salvador and Guatemala, adolescent motherhood was found to be associated with a higher probability of stillbirth (or fetal death). Meanwhile, school attendance and educational advancement tend to be negatively correlated with teen pregnancy. However, these results are not uniform across countries/age groups.

Another factor that influences a woman's decision to participate in the labor market is other income coming into the household, such as a partner's earnings and any non-labor income (e.g., welfare payments and remittances). Evidence for LAC shows that women with a low level of education, low income, and who are married with small children are much more likely to change their decision to participate in the labor market in response to changes in the economic cycle or in the flow of transfers (Serrano *et al.*, 2017; and Gasparini and Marchionni, 2017). For the countries of the MECAPARD region in particular, it was estimated that a household's receiving non-labor income is associated with a 2.5% reduction in the likelihood of a woman's working (Martínez *et al.*, 2021). This may have something to do with the importance of welfare payments and remittances to the income of women in the region (see Figure 2.6).

FIGURE 2.6. NON-LABOR INCOME AS A PERCENTAGE OF TOTAL INCOME BY GENDER



Note: Includes remittances and other money transfers

Source: Own calculations based on household surveys. Data for 2018.

⁵² One study on Colombia finds that people who become parents at a very early age earn 11.7% less per hour, the impact being greater for women (12.7%) than for men (5.3%) (Gómez, 2016; and Azevedo *et al.*, 2012). Another study on Chile finds that while adolescent mothers are less likely to participate in the labor market than adult-age mothers (i.e., 1.9% less likely), when they do, they generally earn much less than their older counterparts (who earn an average of 13% more) (Reyes, 2009).

2.3 Economic, Institutional, and Sociocultural Context

The decisions women make with regard to their investment in education, family, and work are made within specific contexts that may or may not facilitate their incorporation into paid employment. In general, a context of economic growth increases job opportunities for women; however, a significant portion of the female labor supply tends to be countercyclical due to women's role as a secondary or additional breadwinner in the household. In LAC, this effect has been felt most strongly during periods of recession, when women enter the labor market in order to make up for the drop in household income (Gasparini and Marchionni, 2017; and ECLAC, 2019). It has also been found that during these periods, the fertility rate of younger and more educated women in LAC tends to decrease, and they also tend to put off having children (Adsera and Menéndez, 2011).

As for the institutional framework, there are various public policies that can have an impact on gender gaps in the labor market, such as tax policy or the relative legal rights of men and women in the labor market.

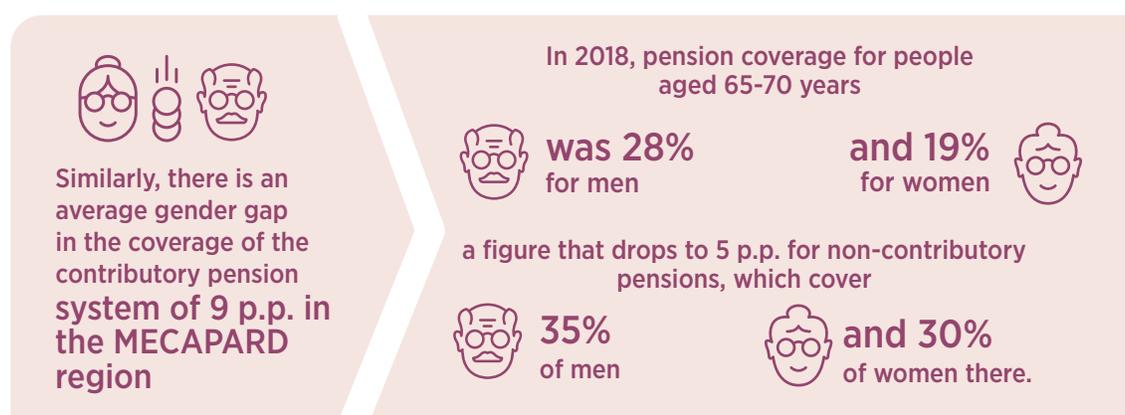
Fiscal policy can influence gender equality with regard to taxation,⁵³ as well as spending aimed at promoting programs for women. Incorporating a gender perspective into the budget process is known as gender budgeting. Parro *et al.* (2021) provide various examples of the way in which fiscal policy can influence gender inequalities; they describe gender-budgeting initiatives in different countries—both emerging and developed—around the world and quantitatively analyze the relationship between the composition of public spending and women's labor force participation. For example, the authors show that social protection spending that focuses on pension payments and public spending on childcare shows a positive relationship with the female labor force participation rate compared to that of men. Bertrand *et al.* (2003) show that an increase in the income of one member of a household comprising several generations of one family through a pension payment reduces the financial stress on the entire household, thereby discouraging other younger members who previously had to get a job to support the family from doing so or from working so many hours. However, the authors show that women reduce both their labor participation and hours worked to a lesser extent than men, thereby reducing the labor participation gap between men and women. Meanwhile,



⁵³ In many advanced economies, the tax system creates strong disincentives to FLFP by placing a higher tax burden on second income earners (ECLAC *et al.*, 2013).

Ardington *et al.* (2009) and Posel *et al.* (2006) find that the presence of a female pensioner in the household increases the labor force participation of young women through labor migration from rural to urban areas, which occurs to a lesser extent when there is a male pensioner in the household. Both of these mechanisms contribute to reducing the labor market participation gap between women and men.

It is worth noting that the conditions in Central America mean that pensions could well support greater female labor participation. Close to 30% of households in urban areas are made up of more than one generation of a family (Arriagada, 2001), while major internal migration between the capital and the city's outskirts and from rural to urban areas has been recorded in several countries of the region, with a high percentage of the population residing in rural areas (about 50% of the total).



The literature also provides evidence of a positive relationship between public spending on childcare and female labor force participation, particularly among young women. Several studies (see Parro *et al.*, 2021 for a review of cases from various countries) show how state subsidy policies that reduce the cost of childcare and public infrastructure improvements for childcare increased the labor participation of mothers.

In terms of the legal rights of women and men with respect to employment, it is clear that despite the significant progress made in the CAPARD region as regards legislation to promote the economic inclusion of women (reflected in a rise from 56 to 81 points on the Women, Business and the Law Index between 1980 and 2020), the scope of the protection provided to them remains restricted. Firstly, because it covers primarily women in the formal sector, leaving those in the informal sector (either employed or self-employed) unprotected, and secondly, because the legal framework for promoting equal rights is as yet incomplete. For example, no countries offer paid parental leave,⁵⁴ nor is there any legal requirement to guarantee equal pay for men and women for work of equal value. The following is a list of the components of the Women, Business and Law (WBL) Index in which the relevant standards are not currently met by at least one country in the CAPARD subregion (see Appendix I).

⁵⁴ Defined as both parents being legally entitled to some form of full-time parental leave, either shared between the mother and father or on an individual basis.

Components of the WBL in which standards are not met by at least one country in the CAPARD subregion

	Can a woman apply for a passport in the same way as a man?	Does the law mandate nondiscrimination in employment based on gender?	Is there legislation on sexual harassment in employment?	Are there criminal penalties or civil remedies for sexual harassment in employment?	Does the law mandate equal remuneration for work of equal value?	Can women work the same night hours as men?	Can women work in jobs deemed hazardous in the same way as men?	Are women able to work in the same industries as men?	Can a woman obtain a judgment of divorce in the same way as a man?
Belize	X	X	•	•	X	•	•	X	•
Costa Rica	•	•	•	•	X	X	X	•	•
Dominican Rep.	•	•	•	•	X	•	•	•	X
Guatemala	•	X	X	X	X	•	•	•	X
Honduras	•	•	•	•	X	•	•	•	•
Nicaragua	•	•	•	•	X	•	•	•	•
Panama	•	•	•	•	X	•	•	•	•
El Salvador	•	•	•	•	X	•	•	•	•
	Do women have the same rights to remarry as men?	Is there paid maternity leave of at least 14 weeks available to women?	Does the government pay 100% of maternity leave benefits?	Is there paid paternity leave?	Is there paid parental leave?	Does the law prohibit discrimination by creditors based on gender in access to credit?	Are the ages at which men and women can retire with full pension benefits equal?	Are the ages at which men and women can retire with partial pension benefits equal?	Does the law establish explicit pension credits for periods of childcare?
Belize	•	•	•	X	X	X	•	•	•
Costa Rica	•	•	X	X	X	X	•	•	•
Dominican Rep.	•	•	X	•	X	•	•	•	X
Guatemala	•	X	•	•	X	X	•	•	X
Honduras	X	X	X	X	X	•	X	•	X
Nicaragua	•	X	X	•	X	•	•	•	X
Panama	X	•	•	•	X	X	X	X	•
El Salvador	X	•	•	•	X	•	X	•	•

Note: X indicates standard not met

Source: Marmolejo and Rodríguez (2020) based on the WBL (2020)

There is evidence for the countries of the CAPARD subregion of a positive and significant relationship between improvements in the institutional environment for women, as measured by the WBL index, and the evolution of female labor force participation (Marmolejo and Rodríguez, 2020). As noted in the previous section, the authors estimate that if there were improvements in the most commonly found regulatory deficiencies in the countries of the region—such as those concerning the guarantee of equal pay and access to all jobs and occupations for men and women, and the introduction of paid parental leave—, women’s participation in the labor market would increase. Specifically, an increase in the WBL index (e.g., of 7 p.p.) could increase the FLFP rate in the region by between 3 p.p. and 5 p.p.; a similar result was found for LAC (Novta and Wong, 2017).

Another important environmental factor that impacts women’s decision to participate in the labor market has to do with how safe they feel at home, at work, and in other social settings. Despite the advances described above in terms of legislation to protect women against all types of violence and discrimination,⁵⁵ the prevalence of physical and/or sexual violence against women in the MECAPARD region has increased significantly in recent years (Anglade and Escobar, 2021) (see Figure 2.7). Violence against women tends to reinforce gender inequalities in employment indicators, not just in terms of participation, but also in how they enter the job market, the terms in which they are hired, their remuneration, and the safety conditions in which they carry out their work (ECLAC, 2017). Surveys indicate that an average of 30% of women in the countries of the region have suffered physical or sexual violence in their lifetime, while in some countries the figure rises to over 50%.

FIGURE 2.7. PREVALENCE OF PHYSICAL OR SEXUAL VIOLENCE AGAINST WOMEN IN THE COUNTRIES OF THE MECAPARD REGION



Note: Only physical violence in the case of Nicaragua.

Source: Anglade and Escobar (2021) based on Demographic and Health Surveys (DHS)

⁵⁵ All countries of the MECAPARD region have specific laws on domestic violence (WBL, 2020).

Domestic violence can affect women's employment outcomes in two ways. On the one hand, it can disrupt their career path or reduce the number of hours they devote to paid activities; on the other, it can push women into the labor market in an effort to escape the home and achieve financial independence (Agüero *et al.*, 2012). Indeed, evidence of the latter has been found in LAC, particularly in Peru (Agüero, 2012, Agüero, 2013), Colombia (Fajardo-González, 2017), and several MECAPARD countries (Guatemala, Honduras, and the Dominican Republic), where domestic violence is positively associated with the labor participation rate of female victims of domestic violence compared to those who have not experienced it (Anglade and Escobar, 2021).⁵⁶ In the case of Nicaragua, Morrison and Orlando (1999) estimate that the wages lost by women due to domestic violence may add up to as much as 1.6% of GDP.

With respect to gender discrimination and sexual harassment in the workplace, all the MECAPARD economies have a legal framework in place to protect women in the workplace, with the exception of Guatemala (WBL, 2020). It is worth noting that in April 2021, Mexico passed a law which criminalizes sexual harassment and stalking via digital media or other means of communication, a law that imposes penalties of up to nine years in prison (the so-called 'Olímpia Law' in honor of the activist who championed it). While there are no specific studies on how workplace violence affects the countries of the region, it has been shown that situations of sexual harassment reduce productivity and generate higher employee turnover and absenteeism among female employees, in addition to having an impact on the female labor supply and interruptions to the women's career paths. Numerous studies on developed countries have found voluntary and involuntary career breaks by women to be associated with substantial losses in wage earnings, higher levels and longer periods of unemployment, a loss of human capital, lower quality jobs when returning to work on many occasions, and lower earnings relative to the work missed (McLaughlin *et al.*, 2017 and Brand, 2015). Harassment may stem not only from the inability to enforce labor laws, but also from traditional perceptions of the roles of men and women in society.

With regard to the sociocultural context, gender stereotypes that limit female labor participation in the region persist. For example, taking care of the family and household chores are seen as women's duties and there is evidence to suggest that even women who work outside the home spend a greater share of their time doing these activities, especially those who are mothers (Székely and Acevedo, 2021).⁵⁷ These cultural patterns are common to most LAC countries and are not only reflected in the family sphere, but also shape the preferences and tastes of girls and young



⁵⁶ Nevertheless, this effect was not found to be significant in the countries of the region studied when the sample was restricted to participation in stable and remunerated jobs.

⁵⁷ In households where there are children, women spend an average of nine hours more a week than men on care and household activities (Marchionni *et al.*, 2018).



women, bias their employment decisions,⁵⁸ and make them more vulnerable to physical and sexual violence. According to the values and preferences of women reported in the *World Value Survey*, nearly 60% of women in Guatemala, Nicaragua, and Mexico strongly agree or agree with the statement “When a mother works for pay, the children suffer.”

These unconscious biases are also present in the hiring of people for STEM vacancies. Men and women discriminate against women when deciding who to hire, albeit without realizing it (Reuben *et al.*, 2014). This discrimination can extend to business. In LAC, 27% of women entrepreneurs say they have felt discriminated against on the basis of their gender in the course of their doing business, while only 4% of men report having experienced this type of obstacle (INCAE, 2017).

There have been certain notable recent changes in the cultural environment that have been instrumental in the evolution of the labor supply of women in the

MECAPARD region, changes that have boosted their empowerment despite the persistence of gender roles and stereotypes there. Having more women in managerial roles in business and positions of political leadership compared to previous decades has helped reduce the extent to which gender gaps persist from one generation to the next, as girls and young women have greater social and cultural role models to inspire them to acquire more human capital and to join the labor market. In this regard, it is estimated that women in LAC are more likely to participate in the labor market when they are the daughters of working mothers, while 68% of women entrepreneurs have a parent who has engaged in entrepreneurial activity (ECLAC, 2019 and INCAE, 2017). At the same time, the empowerment of women in high-level decision-making positions allows them to promote policies that favor them. In the private sector, women have more opportunities to hold leadership positions in businesses if they are owned by women (Martínez, 2021). In the public sector, major advances have been made as regards gender equality. For example, three of the ten women presidents in LAC in the last two decades were in MECAPARD countries,⁵⁹ and women currently hold nearly 30% of all executive and legislative positions in the region.

⁵⁸ In the case of Chile, it was found that the probability of a woman's participating in the labor market decreases if she is from a chauvinist and/or conservative cultural background (Contreras and Plaza, 2007).

⁵⁹ Violeta Chamorro in Nicaragua (1990–1997), Mireya Moscoso in Panamá (1999–2004), and Laura Chinchilla in Costa Rica (2010–2014).



SECTION 3:

**COVID-19: A THREAT
TO FEMALE LABOR
FORCE PARTICIPATION**

COVID-19: A THREAT TO FEMALE LABOR FORCE PARTICIPATION

The COVID-19 epidemic has wiped out a significant number of jobs in LAC and hit the informal sector particularly hard, a sector in which women in MECAPARD countries generally tend to make up a higher proportion of the workforce. Between March and December 2020, the drop in total employment (both formal and informal) was greater than that in formal employment (i.e., the number of people paying into the social security system) in some countries of the region, including Costa Rica, El Salvador, and Mexico, and the LAC-6 average (see Figure 3.1). One exception was the Dominican Republic, where more jobs were lost in the formal sector. Acevedo *et al.* (2021) note that the formal sector in LAC became a “social safety net” that helped maintain job stability, thanks to its lack of flexibility. As regards informality, the employment rate of women in the informal sector of the MECAPARD region is higher than that of men (with the exception of the Dominican Republic and Honduras), the sector accounting for more than 50% of all women employed in every country except Costa Rica (see Figure 3.2). It is important to remember that jobs in the informal sector provide workers with no severance pay or access to the healthcare system.

The COVID-19 epidemic has wiped out a significant number of jobs, hitting the informal sector particularly hard.

FIGURE 3.1. CHANGE IN EMPLOYED POPULATION FROM MARCH-DECEMBER 2020



Notes: “Formal” means people paying social security contributions. LAC-6 includes Argentina, Brazil, Chile, Colombia, Mexico, and Peru. The figure for El Salvador corresponds to the year-on-year change to December 2020.

Source: National Statistical Institutes and IDB’s Labor Observatory for LAC-6

FIGURE 3.2. PERCENTAGE OF PEOPLE EMPLOYED IN THE INFORMAL SECTOR (I.E., WORKING WITHOUT PAYING SOCIAL SECURITY CONTRIBUTIONS) BY GENDER

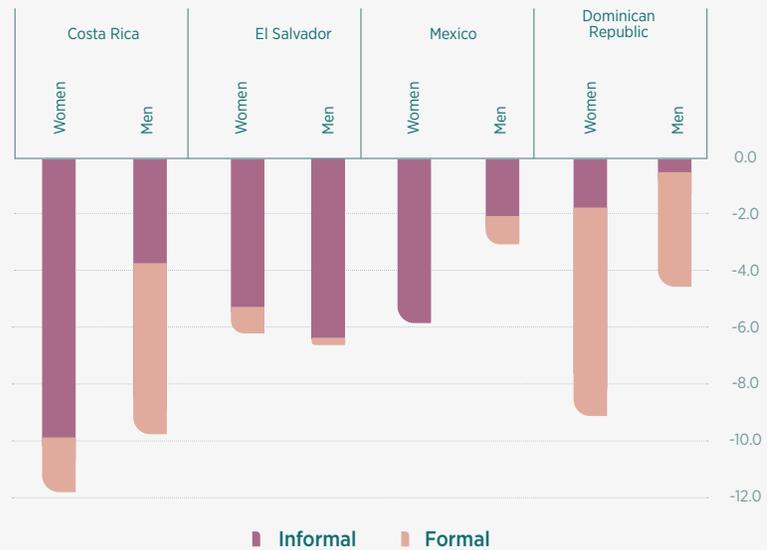


Source: Own calculations based on household surveys. Data for 2018.

In several countries of the MECAPARD region, the drop in employment was more marked among women than among men, due in part to their greater participation in the informal sector. In Costa Rica, Mexico, and the Dominican Republic, job losses in 2020 hit women harder than men, whereas in El Salvador they were both affected in equal measure (see Figure 3.3). In Costa Rica, El Salvador, and Mexico, almost all job losses among women were in the informal sector, while in the Dominican Republic, more formal jobs were lost, primarily as a result of the decline in employment in the formal tourism sector (down 34% in 2020 in hotels, bars, and restaurants) and in education (down 23%).

Meanwhile, recent surveys have shown that in other countries of the region, including Guatemala, Honduras, and Nicaragua, in August 2020 the likelihood of a worker being furloughed was higher for women than for men (see Figure 3.4). It is estimated that this was also true for layoffs (see Figure 3.5).

FIGURE 3.3. YEAR-ON-YEAR CHANGE IN EMPLOYED POPULATION IN 2020

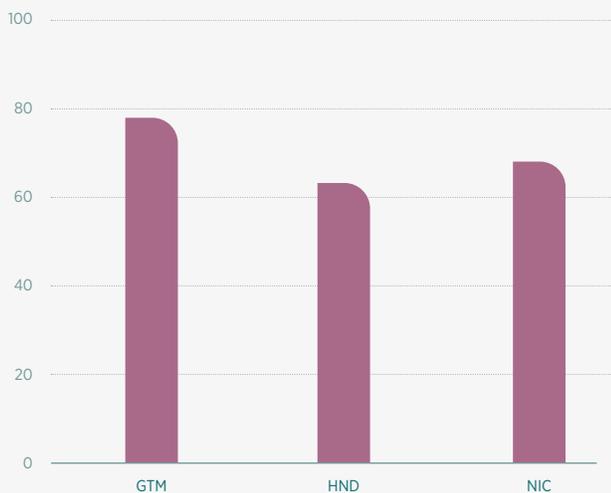


Note: Year-on-year change to fourth quarter of 2020.

Source: Own calculations based on data from national statistics institutes

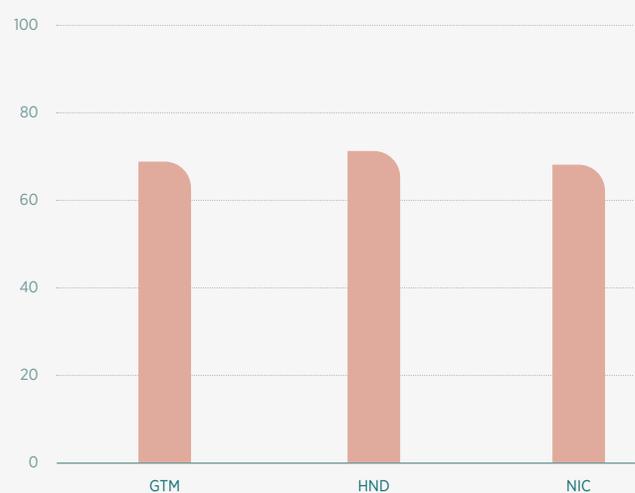
The drop in employment was more marked among women than among men, due in part to their relatively greater participation in the informal sector.

FIGURE 3.4. ESTIMATE OF WOMEN FURLOUGHED AS A PERCENTAGE OF ALL FURLOUGHED EMPLOYEES IN AUGUST 2020



Note: Estimated using a probit model with fixed controls for country, firm size, and sector.
Source: IDB (2021) based on World Bank's COVID-19 Business Pulse Survey

FIGURE 3.5. ESTIMATE OF WOMEN LAID OFF AS A PERCENTAGE OF ALL LAYOFFS IN AUGUST 2020



The high rate of informality among women in various MECAPARD countries is a reflection of the sectors in which they are most active, such as commerce, hotels, and restaurants. These sectors are also major job providers and, on average, women constitute the majority of the workforce in each in El Salvador, Guatemala, and Honduras (see Figure 3.6) and nearly half in Costa Rica, Panama, and the Dominican Republic (see Figure 3.7). According to the ILO (2020a), Central America is the region most affected by this occupational segregation anywhere in the world, as the proportion of women working in sectors at high risk of job losses as a result of the COVID-19 crisis (such as retail trade, hotels and restaurants, education, and domestic service) is 59% of the total, compared to the global average of 40% and South American average of 46%.

FIGURE 3.6. PERCENTAGE OF EMPLOYED POPULATION BY GENDER AND SECTOR IN EL SALVADOR, GUATEMALA, AND HONDURAS

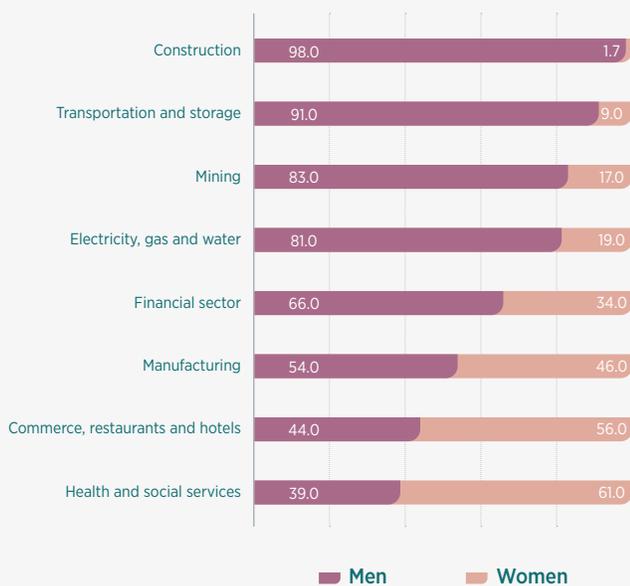
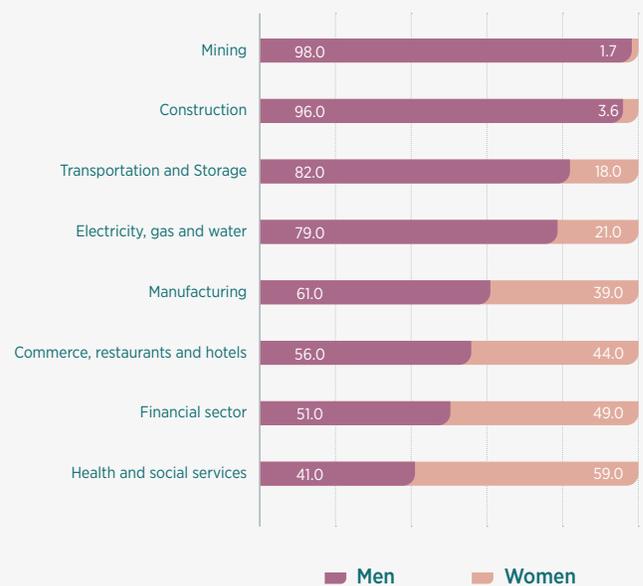


FIGURE 3.7. PERCENTAGE OF EMPLOYED POPULATION BY GENDER AND SECTOR IN COSTA RICA, PANAMA, AND THE DOMINICAN REPUBLIC

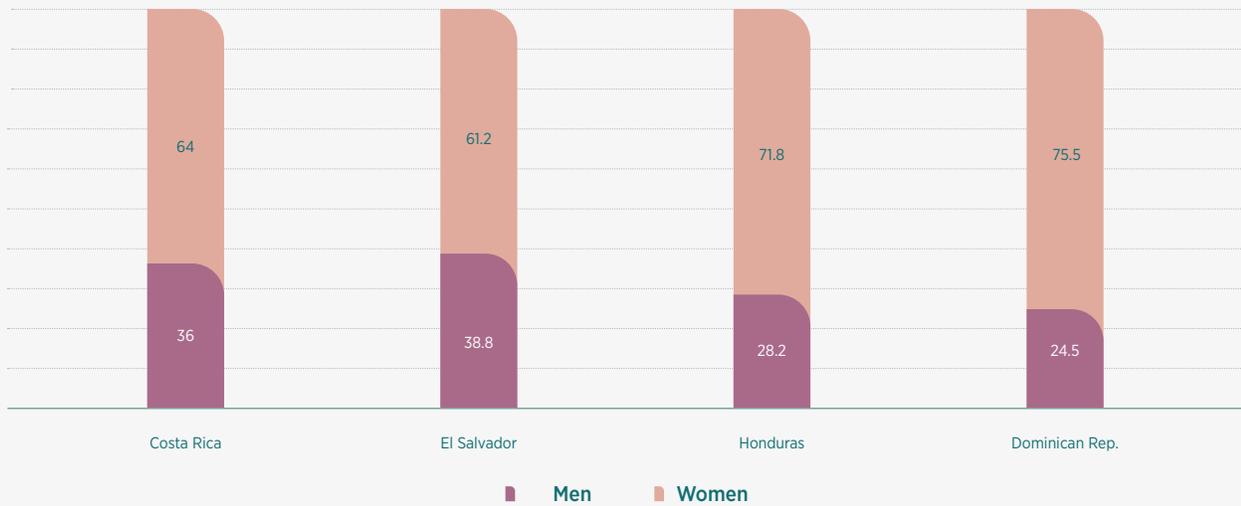


Source: Own calculations based on household surveys. Data for 2018. Simple average.

In the commerce, restaurants, and hotel sector—one of the most hard-hit—, women account for the majority of workers in El Salvador, Guatemala, and Honduras on average, and close to half in Costa Rica, Panama, and the Dominican Republic.

Women also make up the majority of the workforce in the health and social services sector of the MECAPARD region (see Figures 3.6 and 3.7). The performance of this sector depends on the education sector, which has been severely affected in terms of employment during this crisis, as well as health and other social services. Women make up between 61% and 76% of all healthcare workers in various countries of Central America and the Dominican Republic (see Figure 3.8). This means that while on the one hand women in the health sector face the risk of contracting the disease, on the other their work has been of vital importance and their employment more stable. Between the first and fourth quarter of 2020, female employment in the public sector performed better than that of men in countries such as Costa Rica and the Dominican Republic, while in the private sector it showed a greater decrease (see Figure 3.9).

FIGURE 3.8. GENDER COMPOSITION OF HEALTHCARE WORKERS (%)



Source: Own calculations based on household surveys. Data for 2018. Simple average.

FIGURE 3.9. CHANGE IN EMPLOYED POPULATION BETWEEN FIRST AND FOURTH QUARTER OF 2020



Source: Own calculations based on the database of the Central Bank of the Dominican Republic and the National Institute of Statistics of Costa Rica

In addition to job losses, labor market adjustments have also occurred in the form of lower wages, which in some cases has been even more significant, for example in the case of Mexico. The evidence for Mexico also suggests that the recovery of female employment has been slower (see Box 3.1).

Box 3.1. Social and Employment Impact of the COVID-19 Crisis in Mexico*

In April 2020, Mexico went into lockdown as a result of the pandemic. Economic activity came to a halt that month, followed by a partial reopening of the economy in the months thereafter. The crisis led to massive job losses almost immediately. A comparison of the pre-pandemic (pre-March) figure and that for April (the lowest point in 2020 as far as employment is concerned) shows that 12 million jobs were lost. This shock represented a 21% drop in the number of jobs for a labor force of 55 million people. As well as those left jobless, some 8 million workers were furloughed and, though technically still in work, their employment status was precarious. If we add these two groups together, we see that some 20 million people moved into a situation in which either their jobs disappeared, or they were simply not doing any work, despite still being employed.

In a male-dominated labor market (prior to the pandemic, men accounted for 60.5% of the workforce and women, 40.5%), the percentage drop in employment was slightly higher for women, i.e., 23% compared to 21% for men, which represents a loss of approximately 7 million jobs for men and 5 million for women (see Figure R1).⁶⁰ This would seem to go against the assumption that female employment would be hit harder than male employment due to a higher concentration in services in the local community. The scale and speed of the initial shock may partly explain how little difference there is, as these months of lockdown effectively brought all activity to a standstill, and only time will tell which jobs will eventually be reinstated.

The pre-pandemic unemployment rate in Mexico was approximately 3%, which means that some 2 million people were out of work. When the pandemic struck, female unemployment fell, and during the month of April was 5% lower than it had been in the pre-pandemic period. Meanwhile, male unemployment increased by 17%. This trend may have something to do with the different roles and responsibilities of men and women in and out of the home, which perhaps produce different responses in the labor market. For example, the proportion of women who choose to leave the labor market and, therefore, stop looking for work (i.e., become unemployed) is higher.

As the economy gradually reopened, essential activities were restored relatively quickly, while the rest of the economy would do so based on the risk of infection. As a result of this partial resumption, the productive apparatus was able to reabsorb half of those left unemployed at the beginning of this process. However, by July the economy had only managed to reabsorb 31% of the women who lost their job in April, whereas for men the figure was 70%. In terms of cumulative losses with respect to the pre-pandemic level, female employment was 16% below male employment, which was 6.2%. This means that 3.5 million women had yet to return to the labor force. Female employment, which had averaged 39.5% of the total during the acute phase of the crisis and the major readjustment in June, fell to 36.9% in July.

⁶⁰ The pre-pandemic benchmark data are quarterly and refer to 1Q-2020 (55,300,000 people employed). In the following months, INEGI modified its methodology by incorporating telephone interviews and publishing monthly data on the main employment variables, maintaining the consistency of the statistical series.

The breakdown by sector shows the gender gap from a different perspective and reveals some of its causes. Female employment is highly concentrated in certain sectors. More than two-thirds of all women employed work in three sectors: social and miscellaneous services, commerce, and industry, in that order. The relative sluggishness of the recovery during the third quarter in these sectors, which generally require closer contact between people, seems to have resulted in a disproportionate delay in the reabsorption of female workers into the productive apparatus compared to their male counterparts (see Figure R2). In contrast, the three sectors where half of male employment is concentrated are agriculture, manufacturing, and commerce, in that order. Agriculture, the main employer of men, does not require any close interaction between workers and has arguably been the best performing sector in the Mexican economy (with both output and employment higher than their pre-pandemic levels by the end of 2020). Other sectors where male employment was higher, such as social and miscellaneous services (though not commerce), also maintained more jobs. The delay in the recovery of female employment may have something to do with the characteristics of the subsectors in which women are involved, the tasks they perform, or other additional obligations or activities they undertake, for example.

FIGURE R1. EMPLOYED POPULATION

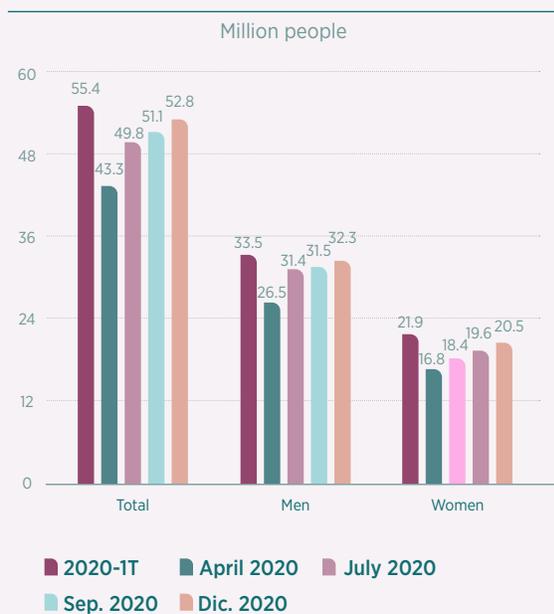


FIGURE R2. POPULATION EMPLOYED IN THE SECTORS WHERE MOST WOMEN WORK, BY GENDER



Sources: Prepared by the authors based on data from INEGI's National Survey on Occupation and Employment (ENOE) and Telephone Survey of Occupation and Employment (ETOE)

The reopening appears to have contributed to a reduction in the gender gap in employment by the end of 2020. By December, 73% of female job losses had been reversed (compared to 83% for men), while female employment was 6.1% below its pre-pandemic level at 20.5 million, with male employment 3.5% lower at 32.3 million.

Lastly, as expected, the drop in employment was accompanied by a drop in earnings. This decrease in income was even more severe than the drop in employment, being sharper at the beginning and slower to recover later on, presumably because the recovery of employment levels is accompanied by less bargaining power when it comes to wages and salaries. The average income of the population was 12% lower in December than in the pre-pandemic period (see Figure R3). Men seem to have recovered their jobs faster at the expense of a greater fall in income. Women recorded a 10.7% decrease in earnings compared to the pre-pandemic period, as compared to 12.2% for men.

In conclusion, by the end of 2020, the Mexican economy had recovered a substantial share of the jobs lost at the height of the crisis, though the consequences were still severe, with 2.5 million fewer people in work than there were before the crisis (i.e., 5% fewer) and an average income level 12% below that of the pre-crisis period. This series of changes had an impact on poverty, which by the end of the year was 5 p.p. higher than in the pre-pandemic period (see Figure R4). The crisis had had a significant impact on employment, which initially affected both sexes more or less to the same degree. The different rates at which each sector reopened and/or the different preferences and responsibilities of women created a large gender gap in the third quarter of the year, which narrowed slightly in the fourth.

FIGURE R3. AVERAGE EMPLOYMENT INCOME OF THE POPULATION^{1/}

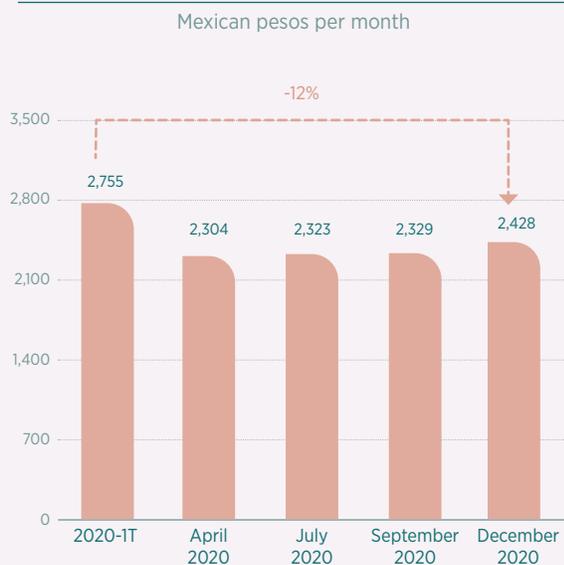


FIGURE R4. POVERTY^{2/}



Notes: 1/ Includes people with zero income. 2/ Population with a per capita labor income of less than USD 5 (2011 Purchasing Power Parity).

Sources: Prepared by the authors based on data from INEGI's ENOE and ETOE

Box prepared by Agustín Filippo and Ana Karen Díaz.

One of the hardest-hit segments of the labor market was women with young children. Georgieva *et al.* (2021) note that with schools and childcare centers closed due to the pandemic, women with young children across the world suffered greater job losses and/or greater cuts in their work hours than both men and other women. Furthermore, evidence from the U.S. (Fabrizio *et al.* 2021) shows that women with less than a college education and mothers of color were more likely to lose or quit their jobs during the early stages of the pandemic and slower to return to work than other groups. This could amplify not only gender gaps but also income inequality. This obstacle to participation in the labor market is particularly relevant in LAC given that during the lockdown, 60% of women took full responsibility for their children's school activities, compared to 15% of men (IDB-Cornell, 2020). This problem is more acute in the case of single-parent households headed primarily by women. Worldwide, 78% of these households are headed by women, while in LAC the figure is 84% (ILO, 2020c).

During the lockdown in LAC, 60% of women took full responsibility for their children's schooling, compared to 15% of men.

In sum, in the present climate, the employment of diverse groups of women is being disproportionately affected. It is vital that the already low participation rate of women in the labor market not be allowed to worsen and that their jobs be restored if there is to be any improvement in social conditions in the region. Therefore, today more than ever, it is crucial for economic recovery measures and the policy agenda to include a comprehensive gender perspective.

SECTION 4:

PROPOSED POLICIES TO FURTHER GENDER EQUALITY IN THE WORLD OF EMPLOYMENT



PROPOSED POLICIES TO FURTHER GENDER EQUALITY IN THE WORLD OF EMPLOYMENT.

Over the past thirty years, women in the MECAPARD region have made remarkable progress. Their participation in the labor market has increased, maternal mortality rates have dropped, the gender gap in education has virtually disappeared, and women have become more empowered in politics and business. However, these women still encounter significant obstacles to achieving their full potential and contributing to the development of their countries. Gender gaps in the labor market persist. In addition to differences in salaries and levels of participation, women occupy a greater share of jobs that are at risk and face greater challenges to achieving a balance between their work and family lives. This is compounded by an environment in which institutional and social conditioning and gender stereotypes influence their employment decisions and limit their bargaining power at home and in the public sphere, which can even leave them exposed to situations of discrimination.

The countries of the region need to create the right conditions to eliminate the legal, production, cultural, and institutional obstacles that result in women's low economic participation and, at the same time, must combat the occupational segregation that affects women's salaries and the types of jobs to which they have access. If this is to be achieved, it is essential that women and men have the same opportunities for development throughout every stage of their lives.

Given the complexity of factors that determine the gender gaps in the region, these have to be addressed from multiple angles. Accordingly, all of the region's gender policies should include (i) an intersectoral (i.e., human capital, labor, and justice) approach that encompasses everything from women's personal context to their employment and social domains; and (ii) the collection of specialized statistics to enable the gender gap to be quantified and to facilitate the monitoring and targeting of programs. Furthermore, appropriate monitoring and evaluation systems are needed to assess the impact and effectiveness of such policies.

The following is a series of policy recommendations which, though far from exhaustive, provides the basis for a country-level analysis of public policies aimed at reducing labor-market gender gaps and inequalities.⁶¹ It is particularly important to pursue such a policy agenda today given the high risk of the gains in gender equality in the region being reversed due to the impact of the COVID-19 pandemic and the challenges posed by the automation of jobs in which women constitute a large share of the workforce.

⁶¹ Most of these policy recommendations have been taken from the various IDB studies on gender gaps in the MECAPARD region.



4.1 Human capital

Despite the progress made in girls' and young women's education in the region, challenges persist with respect to women's access to and participation in the education system, particularly at the upper-secondary level. Therefore, further expanding the range of education services available, reducing school dropout rates, and improving the training and education of women in order to tailor it to the demands of the labor market would not only increase the likelihood of their finding better quality jobs but also foster cultural change that would help reduce the inequalities between men and women in generations to come. It is also important to stress that investment in education, training, and health should be targeted primarily at those most affected by gender gaps, i.e., vulnerable and poorly educated women. In particular, the region could consider the following actions:

1. Redirecting public spending towards education in areas where the socioeconomic gap is widest,⁶² for example rural areas, where educational and employment opportunities for women tend to be more limited. This should be accompanied by sexual and reproductive health programs aimed at reducing what is a major reason for women's dropping out of school in the region: teen pregnancy.

⁶² For example, with regard to India, Dabla-Norris and Kochhar (2019) suggest that female labor force participation would increase by 2 p.p. if education spending were to increase by 1% of GDP.

2. Expanding and improving conditional cash transfer programs (CCTPs) in order to ease the financial constraints faced by families and incentivize investment in children’s human capital. These types of programs have proven effective at improving attendance and enrollment rates among young people in LAC, and particularly in certain countries of the MECAPARD region (see Fiszbein *et al.*, 2009). Minnis *et al.* (2014) demonstrate the effectiveness of a program involving direct transfers to adolescents—linked to their social network—with payments differentiated according to their activity.
3. Introducing programs and measures to promote greater participation by women in science, technology, engineering, and mathematics from an early age in order to influence their career decisions. For example, this could include mentoring and information campaigns on these disciplines (Atkins *et al.*, 2020), having female STEM role models in schools (i.e., female teachers who teach these subjects and women who share their experience working in these fields (González-Pérez *et al.*, 2020)), and developing STEM-integrated secondary education (see Thibaut *et al.*, 2018 for an instructional framework).
4. Including a gender approach in teacher training and development programs as a way to help reduce gender stereotypes. Several studies have shown that women teachers can play a decisive role in the performance of female students and in their choosing to major in STEM subjects (see Lim and Meer, 2017; and Antecol *et al.*, 2015).
5. Making women’s education more relevant to careers where there is greater demand and expanding the availability of technical and vocational training in order to equip them with the skills they need to make them more employable and make them less vulnerable in the labor market, e.g., by developing IT and technical skills, which would protect women from losing their jobs in the face of technological change in the service sector. Similarly, these programs should focus on women with lower levels of education in order to enhance their chances of joining the labor market.
6. Contributing to broadening the aspirations and education levels of girls through role modeling. Experimental evidence shows that exposure to female role models in introductory economics classes increases women’s enrollment in them and the likelihood of their graduating (Porter and Serra, 2020), just as equal participation by women in politics increases the educational attainment of girls (Beaman *et al.*, 2012)



4.2 Family composition

Family structure and the division of roles within the home play an important part in shaping gender differences in labor market indicators. Indeed, for the women of the region, living with a partner and being a mother increase both the likelihood of their taking a career break and their need to have a flexible job (which tend to be more precarious), in order to be able to reconcile their work life with their family life. Therefore, the recommendations in these areas should aim to promote policies to reduce the cost for women (or expand the benefits) of their participating in the labor market, which means making the labor market more flexible without compromising job quality and finding mechanisms to foster a better distribution of household responsibilities between men and women. While the countries of the MECAPARD region have made progress in these areas, they still need to work on the following:

1. Increasing the coverage and quality of childcare and preschool education services, given the positive link between such coverage and female labor force participation.⁶³ These policies have proved effective at increasing the labor supply of women in the region. Studies on the impact of education policy involving extending the school day for children and adolescents in the Dominican Republic (Garganta and Zentner, 2021) and Mexico (Padilla-Romo and Cabrera-Hernández, 2019) found that it had a positive and significant effect on the labor force participation rate of women, particularly among mothers in urban areas with partners and a low level of education.⁶⁴ Similarly, basic utilities such as electricity and drinking water need to be guaranteed, given that access to these can reduce the time women spend on household chores, particularly in marginalized areas (United Nations, 2018).

63 Mateo Díaz and Rodríguez-Chamussy (2017) present a review of the literature on a series of childcare programs and preschool provision in Latin America. Overall, the evidence points towards there being a positive relationship between these services and female labor force participation.

64 The 4-7 Program in Chile, which provides a three-hour after-school service, had a similar effect on FLFP (Martínez and Perticarà, 2017).

2. Providing greater access to family planning and reproductive health tools so as to reduce the impact of interruptions to the process of human capital formation due to pregnancy and early marriage. This will require continued effort as regards improving health services for young women and mothers, especially in countries such as Nicaragua, Guatemala, and Honduras, which lag far behind in terms of maternal mortality rates and prenatal care coverage.
3. Making contraceptives more readily available, which should go hand in hand with comprehensive sex education to ensure the emotional and social needs of young women are addressed, taking into account the individual and social factors involved in their decision to engage in risky sexual behavior. For example, programs on life planning, self-confidence, and sexuality awareness should be available for women, who should be given help to ensure they stay in school and improve the quality of their education, so as to increase the opportunity cost of their getting pregnant (Anglade and Vargas, 2021). Alemán *et al.* (2018) describe a number of successful teen pregnancy prevention programs in LAC and suggest specific lines of action and strategies for the implementation of programs.
4. Implementing conditional cash transfer programs (CCTPs) linked to school attendance and health visits by the whole family to learn about contraceptive methods. To enhance the effects of CCTPs on adolescent motherhood, it would be wise to make reducing teen pregnancy an express objective and adapt the design of the program's conditionalities and support programs accordingly (Anglade and Vargas, 2021).
5. Designating an institution to take the lead on the issue of teenage pregnancy nationally in order to ensure effective inter-institutional coordination and that initiatives are seen as state policy. Furthermore, it would be useful to develop a specific legal framework based on sexual and reproductive health rights and to actively involve civil society in the design and implementation of the proposed agenda (Anglade and Vargas, 2021).
6. Expanding the mechanisms for flexible work arrangements in order to improve the balance between work and family life, as well as to encourage greater involvement of fathers in the raising of their children. To narrow the gender pay gap, flexible work schedules could be promoted, and the elimination of rewards for working extended hours or particular schedules. Flexible work arrangements are country- and firm-specific and can include telework and compressed work weeks (IMF, 2018).
7. Promoting measures to ensure that new mothers have the support they need when they return to work, including their legal right to feeding breaks in order to encourage breastfeeding.



4.3 Institutional and sociocultural context

The countries of the MECAPARD region have been enacting laws and adhering to international agreements and standards intended to guarantee equal employment rights for women and prevent any kind of gender-based violence. Therefore, it would be beneficial to ensure that the law is kept up to date with international best practices and that it is effectively enforced. It is particularly important that the law be enforced more effectively in the region in response to practices involving discrimination, violence, and sexual harassment towards women. Some of the actions that could be taken in the region include:

Institutional level

1. Overhauling the institutional framework in order to eliminate gender bias in domestic legislation. A first step would be to address existing gaps in anti-discrimination legislation, laws on equal pay for men and women, and parental leave, providing for the option of splitting post-natal leave between fathers and mothers in order to ensure a balance in childcare responsibilities⁶⁵ (Marmolejo and Rodríguez, 2020; and Székely and Acevedo, 2021).⁶⁶

⁶⁵ Amin *et al.* (2016) find evidence from a group of 53 developing economies of an association between the mandating of paternity leave and an increase in female employment.

⁶⁶ The OECD's SIGI index, which measures discrimination against women in social institutions, also shows that among the countries of the MECAPARD region, Mexico has one of the highest levels of gender discrimination in its social institutions. The greatest inequality in Mexico can be found in regard to discrimination within the family, due to the fact that the minimum legal age for getting married is different for men and women and also because not all women have the same legal rights and decision-making power in the household as men (see Appendix I for more details on disparities by country).

2. Ensuring women have access to the resources they need to be able to fully develop within a violence-free environment. One successful initiative in the region according to its impact assessment (Bustelo *et al.*, 2016, 2019) is the *Ciudad Mujer* scheme in El Salvador, a program that brings together the entire range of specialized services women need in connection with sexual and reproductive health, economic empowerment, and support for victims of violence. As for the protection afforded the victims of gender-based violence, some of the policies that have proven to be effective are shelters and national helplines (such as the *Línea Vida* in the Dominican Republic or the *Línea Mujeres* in Mexico City).⁶⁷ In terms of access to justice, in Guatemala specialized units have been created to deal with cases of femicide (Anglade and Escobar, 2021), while in Mexico, specialized agencies of the Public Prosecutor's Office have been created to provide guidance and support to victims when reporting such incidents.
3. Enacting laws to ensure non-discriminatory access to credit regardless of gender and following up on their enforcement and results. Given the gender gaps that already exist, public banking institutions could target investments towards female-led entrepreneurial ventures.
4. Gender budgeting. Taking into account gender equity in the allocation of public resources while respecting the principles of fiscal efficiency requires systematizing the information on current and ongoing policies according to the gender of the beneficiaries. This would necessitate the creation of qualitative and quantitative indicators with which to analyze gender-budgeting programs in order to be able to assess how successful they have been in terms of their gender-specific application. As for public spending, it would be useful to conduct an analysis on how to boost public spending on childcare as a key element in increasing female participation in the labor market.

Sociocultural level

The presence of women who are more highly educated and more empowered in the region, and who have greater access to financial and technological resources and to justice, has enabled them to play a greater role in society. Nevertheless, gender stereotypes persist and continue to shape many of the labor market choices and outcomes of women. These sociocultural aspects should be addressed on the basis of a policy agenda capable of both minimizing the time constraints associated with cultural patterns (such as those affecting female caregivers) and of promoting women's leadership in order to foster institutional improvement and the leveraging of resources towards gender-sensitive programs. Having more women in positions of leadership also helps reduce cultural and legal discrimination. To this end, the region should continue to work on the following:

1. Implementing measures to facilitate women's access to corporate leadership positions, such as introducing gender quotas to increase the number of women on boards of directors and in management positions. Evidence from some EU countries suggests that this policy improves women's chances of reaching managerial positions (Martínez, 2021). Another option would be to foster the creation of networks

⁶⁷ During the current COVID-19 crisis, the ability to report cases of gender-based violence over the phone has made it possible to monitor this phenomenon. Since March 2020, there has been a significant increase in calls to helplines regarding violence against women. Mexico has seen a 32% increase in calls for help compared to the pre-pandemic period, while in Guatemala, El Salvador, and Costa Rica, the number of emergency calls to the police for the same reason has risen by between 9% and 30% (Anglade and Escobar, 2021).

linking the region's female entrepreneurs and leaders, and to promote skill-building programs in various productive areas to bridge psychosocial gaps and address confidence gaps in order to provide support to women in their business practices (López-Acevedo and Tan, 2010).

2. Adopting laws and authorizing programs to promote the empowerment of women in the public sector. For example, by requiring gender equity in public institutions and in the leadership of political parties, as well as mentoring programs for female leaders to encourage other women to actively participate in the public sector.
3. Promoting cultural change through public awareness campaigns against discrimination and gender violence. Notable among these are young people's education campaigns which involve men, and social awareness campaigns (Bustelo *et al.*, 2020). In Mexico, the *Amor, pero del bueno* program has proved effective in the short term at reducing violent and sexist behavior in teenage dating relationships (Sosa *et al.*, 2020), while in El Salvador, the *Haz tu parte* program fostered changes in attitudes towards supporting gender equality.



SECTION 5:

**IDB OPERATIONS IN
THE REGION AIMED
AT PROMOTING
GENDER EQUALITY**

IDB OPERATIONS IN THE REGION AIMED AT PROMOTING GENDER EQUALITY

CLAUDIA BONE AND CLARISSA SANTELMO

The Inter-American Development Bank (IDB) has a long history of supporting gender equity in the region. Since the 1990s, the Bank has encouraged the inclusion of a gender approach in its operations, whether it be through mainstreaming⁶⁸ in loans, direct technical cooperation investments, or via loans (primarily aimed at promoting gender equality) or analytical studies designed to raise the profile and potential of gender issues in the area of operation.

Since 2010, it has positioned itself as the first multilateral bank to take a two-pronged operational approach consisting of i) proactive measures based on direct investments and gender mainstreaming; and ii) preventive measures in the form of safeguards to prevent or mitigate the adverse impact of gender dynamics (gender neutrality).⁶⁹ Since then, the Bank's strategic framework has set out three-year gender action plans, with results matrices and quantifiable goals.

The IDB's work and the region's commitment to advancing the gender perspective can be measured by the increasing inclusion of such issues in its sovereign-guaranteed loan portfolio. Though the volume of direct investments⁷⁰ in the MECAPARD region in the period 2010–2020 was limited (i.e., USD 220 million, or 0.5% of all approvals in the period⁷¹), the increased volume of loans incorporating a gender perspective (some USD 13.1 billion; approximately 35%⁷² of the total amount loaned and 38% of all individual loans⁷³) would seem to indicate a relatively greater interest in addressing gender issues among countries borrowing from the IDB, and a greater capacity on the part of the Bank to do so.

In recent years, compared to other regions of Latin America and the Caribbean (LAC) where the Bank is involved, Central America has been the most active in terms of incorporating a gender perspective. According to a study by the Bank's Office of Evaluation and Oversight (OVE, 2018), a general perception survey carried out in 2016 found Central America to be the region that assigned the greatest relative importance to gender matters. This is also evident at the operational level, where it was the region with the highest percentage of Bank operations with a gender focus in the period 2011–2019.

68 Interventions that include a specific focus on increasing gender equality, though do not consider it the prime objective.

69 Interventions that do promote gender equality, though do not involve specific actions aimed at achieving it.

70 Interventions in which addressing the issue of gender is central to the intervention.

71 Furthermore, between 2010 and 2020, at least 19 non-reimbursable technical cooperation initiatives specifically designed to promote gender equality were approved, worth a total of USD 9.4 million.

72 Of these, 4.8% corresponded to projects with a significant gender perspective (in which the topic of gender constitutes part of not only the intervention strategy but also the main results and deliverables of the project), 14% to projects with a degree of gender perspective (in which there was at least some degree of alignment between the deliverables of the intervention and the gender perspective), and 15.6% that featured a minimum element of gender equity (with basic gender-sensitive deliverables that reached only a limited number or particular group of beneficiaries).

73 Furthermore, between 2016 and 2020, IDB Invest approved at least twenty projects with a gender or additionality outcome for the MECAPARD region, projects worth a total of USD 536 million.

The degree of Bank support for gender equity in any given country depends on demand and the extent to which the borrower concerned prioritizes it (OVE, 2018). While the Bank does set global financing targets for gender mainstreaming at the institutional level, it still has to reach agreements with the other parties involved in each operation, who have to accept the consequences of prioritizing such initiatives, given that implementing them entails additional costs and greater complexity. In order to include such an approach, countries need to have a firm belief that it will yield better results in terms of development, so it is important for the Bank to provide evidence of its benefits. In many cases, inadequate monitoring of the results of previous interventions has led to a lack of empirical data with which to measure the effectiveness of the approach, which can limit its acceptance by borrowers.

The capacity to sustain a gender component also depends on political leadership and commitment. Within government institutions, there may be no obvious high-level counterpart (such as a ministry) devoted to gender issues, which can hinder their incorporation into the national agenda. Furthermore, it is rare for gender-equality interventions to be allocated adequate funding. Even when gender mainstreaming is pursued, resources also need to be earmarked for sector-specific investment plans. These budget constraints make funding from bilateral donors and multilateral banks even more crucial (Grown *et al.*, 2008).

5.1 Human Capital

In line with the Sustainable Development Goals (SDGs), the Bank has focused its education strategy⁷⁴ on improving the quality of education, reducing school dropout rates, and enhancing teacher training, incorporating a gender approach in order to close the gap that emerges in the development of science, technology, engineering, and math skills in girls during their secondary education.

To improve human capital accumulation with a gender perspective, the Bank has backed a range of tools and approaches suited to the specific issues to be addressed. In Mexico, Honduras, and the Dominican Republic, it has promoted Conditional Cash Transfer Programs (CCTPs) that are contingent upon the fulfillment of joint commitments regarding the use of health and education services. In Belize and Costa Rica, STEM education has been strengthened through investment projects and teacher training. Meanwhile, in the Dominican Republic, there has been investment in training young people and linking them to the labor market.



⁷⁴ Skills Development Sector Framework Document (August 2020).



Staying in and completing high school

Many young people abandon their studies while in senior high, though the reasons for the high dropout rates differ for men and women. Whereas men usually drop out in order to start work, women do so in order to devote themselves to family or household duties, marriage, or pregnancy.

CCTPs and scholarship programs have had a positive effect on student retention rates, particularly among women. In Mexico,⁷⁵ these programs have helped bring about a significant reduction in dropout rates, particularly among the poorest and most vulnerable sectors of the population, such as women and young people in rural areas. For example, the *Apoyo al Fortalecimiento de PROSPERA, Programa de Inclusión Social* (ME-L1257⁷⁶) social inclusion support program helped increase the proportion of beneficiaries who completed middle school (*secundaria*)⁷⁷ in the time expected. The results far surpassed the program's stated goals. In the case of men, the figure achieved was 91.3% (as opposed to 79.4%) and for women it was 96.6% (compared to 82.7%). However, the program did not bring about any improvement in the proportion of students who completed high school (*nivel medio superior*) in the usual time. One study that analyzed the effect the *Prospera* program had on beneficiaries 17 years after their involvement in the program (Kugler and Rojas, 2018) did find positive effects on their schooling. On average, 7 years

⁷⁵ The Bank provided support for the implementation of the Prospera program through five loan operations worth a total of USD 5.4 billion between 2002 and the end of the program in 2019. Since the program's inception, the Bank has provided support for its expansion into urban areas, the design and evaluation of its operational strategy, the redesign of the Oportunidades program that led to the creation of Prospera, as well as support in the areas of education, health, and nutrition. In 2019, Prospera was replaced by the Benito Juárez Welfare Scholarship Programs for primary, secondary, and tertiary education.

⁷⁶ More information on these country-specific operations can be accessed online by searching for the relevant reference code on the IDB website.

⁷⁷ In Mexico, *secundaria* refers to the 3-year period of schooling after elementary school and *nivel medio superior* to the 3-year period of schooling after that.

of exposure to the program was associated with 3.1 more years of schooling for men and 2.5 more years for women.

Meanwhile, changing the transfer recipient boosts school retention and reduces the dropout risk for both men and women. A pilot project conducted within the framework of the *Prospera* program (ME-L1091) succeeded in reducing the dropout rate of male and female scholarship recipients in the last year of high school by transferring the scholarship money to the youngsters themselves rather than their mother or guardian. The results suggest that young people have a greater incentive to stay in high school if they receive the transfers directly, due to the fact that they have greater say in how the money is spent. The impact evaluation showed that changing who received the money from the scholarship had a significant negative effect on the likelihood of their dropping out (of 1.5 percentage points) with no increase in the frequency of risk behaviors. While the effect is greater for men than for women (19% and 15%, respectively), the results are relevant and significant for both.

Similarly, early detection of the risk of a student's dropping out and guaranteeing them a safe school environment are effective interventions to ensure they remain in the school system. According to the literature, early detection systems help reduce dropout rates and allow prompt action to be taken to encourage students to continue their studies (Frazelle and Nagel, 2015). The Education Quality Improvement Program II (BL-L1030) in Belize, which we will look at in more detail later, seeks to improve quality and gender equity in primary and secondary education. In particular, the program will train teachers in strategies to promote the welfare and support of students at risk and to identify and refer potential victims of domestic and gender-based violence.

Promoting STEM education

In most countries of the region, girls perform worse than boys in mathematics and science, except in the Dominican Republic. The gender gaps in cognitive skills may start to develop during adolescence, when many gender stereotypes and roles are reinforced, thereby impacting or biasing the educational path taken by women.

Understanding the mechanisms that drive people's interest in STEM subjects is fundamental for the development of public policies. In high schools and colleges, women are underrepresented in courses of study associated with emerging technology and high-income sectors. A pilot project of the Bank in Mexico that was approved in 2015 (ME-T1301) showed how it is possible to reverse this trend to some degree by providing high school girls with information on the salaries



earned in different professions and by providing them with role models or benchmarks. This intervention succeeded in influencing the college degrees the young women chose to pursue.

Whether it be due to social stereotypes or the family environment, girls tend to be less motivated to study mathematics or science and end up believing that boys are better at these subjects (Master *et al.*, 2017; Bohnet, 2016; Stoeger *et al.*, 2013). Early exposure to STEM education for both sexes helps prevent the emergence of this gap. 2014's Education Quality Improvement Program (BL-L1018) sought to bring about a change in the methodology used in primary education towards a problem-solving approach, where students solve everyday problems based on critical analysis and on the information available to them. This learning-by-doing approach enables students to develop skills that can be applied in the workplace or in higher education. Training teachers in these new pedagogical practices, without any increase in the time spent teaching, yielded gains in mathematics equivalent to nine additional weeks of instruction for third graders (22% of the school year), and between 14 and 16 additional weeks in science and language (35% and 40% of the school year, respectively). Moreover, another major impact is that the (statistically significant) gender gap (in boys' favor) in mathematics was absent in the post-program results.

Teachers are the key determinant of student learning in schools. Training and holding on to effective teachers is key to improving learning and fostering an inclusive and non-discriminatory educational environment. The success of the Belize program mentioned above led to the approval of a second operation in 2019, Education Quality Improvement Program II (BL-L1030) in Belize, which includes among its objectives the promotion of gender-sensitive STEM teaching, expanding the intervention into secondary education and promoting the teaching of these subjects with a gender perspective and in a way relevant to migrant populations. The strategy focuses on training teachers to build girls' confidence in STEM,⁷⁸ which includes providing supportive learning environments, mentoring, and tutoring. The underlying assumption is that proper teacher training will eventually bring about changes in gender-related teaching practices, which in turn will lead to changes in the attitudes of female students towards STEM subjects.

Meanwhile, in 2012, Costa Rica approved the *Programa de Innovación y Capital Humano para la Competitividad* ("Innovation and Human Capital for Competitiveness Program") (CR-L1043) with the aim of harnessing knowledge to boost the country's productivity growth. A particular aim of this project is to train human capital in the science, technology, and engineering sectors in order to address the gender gaps there: women made up only 30% of employees and received grants that were 30% below those of men. In order to reverse these disparities, the project proposes corrective measures to ensure that men and women enjoy equal opportunities. For example, the program increased the age limit for female grant applicants and provided an allowance to those grant recipients who required childcare services. By the end of the program, it is expected that at least 35% of postgraduate grant recipients, 30% of entrepreneurs who benefit from capacity building, and 33% of trained and certified professionals will be women.

⁷⁸ Among other actions, these strategies include separating boys and girls into different work groups, time-managing the use of materials to ensure equitable access, promoting a more neutral vocabulary in the classroom, and exposing students to non-traditional gender roles.

Employment and entrepreneurship training

Making secondary education and training more relevant to productive opportunities could increase both employability and job quality. However, the evidence found in this regard is still weak, which would suggest that youth employment programs by themselves have had little impact on the employability of young people from very complex backgrounds and that when they have, they have not necessarily contributed to closing gender gaps. Between 2001 and 2005, the IDB-backed *Juventud y Empleo* youth employment program in the Dominican Republic provided subsidized training for young people (aged 18-29) from low-income urban households who had not finished high school (i.e., had fewer than 11 years of schooling) and were not enrolled in the school system. This program placed particular importance on the enrollment of women. It also included several weeks of classroom instruction⁷⁹ followed by an



internship at a private firm. The results of the [first experimental evaluation](#) (Card *et al.*, 2007) found no evidence of any positive effect on employment 10 to 14 months after graduation, though did show a significant impact on hourly wages (10%) and on the likelihood of having medical coverage, conditional upon being employed (though in the latter case, the effect for women is barely significant). Based on these results, adjustments were made in the program's implementation to ensure greater alignment between the training courses and the internships, along with improvements in the soft skills module. Following these changes, a [second evaluation](#) (Ibarrarán *et al.*, 2012) was carried out using a baseline of 2008 and follow-up year of 2010, and found a positive impact of 17% in the level of formal employment for men (9% for women) and an increase of 7% (for both men and women) in the monthly earnings of those in employment. The program also had a positive impact on non-cognitive skills, particularly those associated with leadership, conflict resolution, personal organization, and persistent effort. However, it found no significant impact on employment overall.

The new generation of education projects incorporates the gender perspective in their strategies. In the Dominican Republic, the *Mejoramiento de la Educación y Formación Técnico Profesional* program (DR-L1127) currently awaiting ratification is a technical-vocational education and training initiative designed to develop employability skills in young people and includes specific actions aimed at boosting female participation. In El Salvador in 2020, the *Mejora de la Calidad y Cobertura Educativa* program (ES-L1139) for improving the quality and coverage of education was approved, which includes a

⁷⁹ The 225-hour courses were divided into two components: 75 hours of training in basic skills and 150 hours of technical-vocational training. The first helped build self-esteem and work habits, while the second was tailored to the needs of local employers.

new life-skills module with a gender focus that places particular emphasis on curriculum development and teacher training. In Honduras, the *Mejora de la Calidad Educativa para el Desarrollo de Habilidades para el Empleo: Proyecto Joven* (“Improving Educational Quality to Develop Skills for Employment: Project Youth”) program (HO-L1188) will help young people develop work and life skills by improving their access to learning and the quality of the latter during the third stage of basic education. This project will foster improvements in the school climate by providing support for pregnancy prevention, returning young migrants, and violence prevention.



Female entrepreneurship skills

IDB Lab supports women entrepreneurs by providing training, personalized advice, and mentoring on topics such as access to value chains, markets, digital technology, technical know-how, and interpersonal skills. Completed in 2017, Panama’s *Canal de Empresarias* (“Female Entrepreneurs Platform”) project (PN-M1024) developed the entrepreneurial skills of 1,060 women, 300 of whom received one-to-one mentoring and nearly half of whom reported an increase in sales as a result of this support. IDB Lab also seeks innovative solutions aimed at increasing women’s involvement in STEM careers. In Guatemala, the *Valentina* program (GU-T1268) provided training to underprivileged youngsters, primarily female, in the fields of technology (coding) and socio-emotional skills, developing the skills they needed to work in knowledge-based jobs and helping to increase the number of women from marginalized and low-income areas that are employed in technology jobs.

Meanwhile, in an effort to promote growth and connectivity amongst female-owned businesses in LAC with high-demand supply chains, in May 2016 the IDB launched *Mujeres ConnectAmericas/ConnectAmericas for Women* with the help of Google. This is a free business services [portal](#) that allows women entrepreneurs to access business opportunities in the region and bid directly on procurement notices posted by governments and large companies in the region, as well as to participate in business roundtables and to access online training tools and practical information on the business support options available in their own countries. By the end of 2020, some 120,000 women in LAC had signed up and 50,000 received training.



5.2 Family Composition⁸⁰

Some of the factors that affect the process of women's human capital accumulation and the opportunity cost of their labor market participation are the age at which they start living with a partner, motherhood, and the distribution of unpaid activities in the household. Following the guidelines of its health⁸¹ and social protection strategies,⁸² the Bank has focused the support it provides to the region on reducing financial and non-financial barriers to people's accessing health services (in particular, mother and infant health), strengthening integrated prevention-based service networks, and improving the access to and quality of childcare services, particularly for the most vulnerable families.

Promoting safe motherhood

Over the past decade, there have been major advances in the area of maternal health thanks to improvements in the coverage and quality of preconception care, prenatal care, institutional delivery care, and postnatal care provided by qualified personnel. However, reducing maternal mortality continues to be a development goal in the region, particularly for rural and vulnerable populations.⁸³

Reaching women at an early stage of their pregnancy and providing follow-up in the postnatal period based on quality and culturally sensitive care services are key factors in reducing maternal mortality and morbidity. In the last decade, the Bank has backed the

⁸⁰ While health constitutes part of the process of human capital accumulation in a person's life, in order to be consistent with the life-cycle analysis in gender-focused interventions, investments in health have been included in the family-formation stage, with a focus on access to maternal and child healthcare.

⁸¹ [Health and Nutrition Sector Framework \(2016\)](#).

⁸² [Social Protection and Poverty Sector Framework \(2017\)](#).

⁸³ The MDG target of a two-thirds reduction in infant mortality was achieved, the number falling from 51 per 1,000 live births in 1990 to the most recent figure of 18 per 1,000. However, the target for maternal mortality per 100,000 live births (i.e., a 75% reduction) has fallen by only 34% in the same period ([The IDB Group in the Central American Isthmus and the Dominican Republic, Activities Report 2019](#)). Maternal mortality rates in the Dominican Republic, Guatemala, and Nicaragua are still in excess of 95 per 100,000 live births (while the MDG target is 70).



region's efforts to bolster primary health care, based on a preventive approach, primarily with regard to maternal and infant health. Projects such as Nicaragua's *Redes Integradas de Salud* ("Integrated Health Networks") (NI-L1068) broaden access to primary and preventive care services, and target women early in their pregnancies for prenatal check-ups. On the supply side, this type of project invests in the construction and equipping of centers and hospitals,⁸⁴ as well as in staff training in order to improve the quality of the care provided. Meanwhile, on the demand side, priority has been given to actions aimed at removing the financial and cultural barriers to access among the most vulnerable sectors of the population. Following a similar model, Panama's *Mejoramiento de la Equidad y Fortalecimiento de los Servicios de Salud* ("Health Equity Improvement and Services Strengthening") program (PN-L1068) helped reduce maternal mortality from 2.69 to 2.19 deaths per 1,000 live births (exceeding the target of 2.51) and increase the percentage of women having at least one prenatal check-up per trimester from 74% to 83.3% (higher than the target of 82%).

The 2015 Mesoamerica Health Initiative (SM2015⁸⁵) has helped reduce maternal, neonatal, and infant morbidity and mortality. The comprehensive healthcare strategy, the definition of concrete goals (with external verification), and the targeting of the poorest 20% of the population of Mesoamerica improved the access to, use, and quality of services and helped narrow the gaps in the poorest geographic areas. In addition, the part-payment for care scheme facilitates the inclusion of these services in national budgets, thus fostering their sustainability and institutionalization. This model stands out as an innovative model not only because of its results in terms of service delivery, but also because of its results-based financing structure. Initially, half of the funding was provided by private donors and the IDB and the other half by each individual country. However, if a country achieves the agreed results in terms of health service policy changes, coverage, and quality, it receives an additional performance-based payment equal to 50% of its initial contribution, which it is free to use as it sees fit in the health sector.

84 One effective strategy for expanding access to maternal and infant health services is Casas Maternas ("Maternal Homes"). The use of Casas Maternas in rural and hard-to-reach regions provides greater prenatal, institutional delivery, and postpartum care coverage for women and newborns.

85 Implemented in Mexico (Chiapas), Central America, and Panama.

Reducing teen pregnancy

Nothing affects the gender gap between men and women more than teen pregnancy. In addition to increased obstetric complications and higher rates of maternal and infant mortality, teen mothers have fewer opportunities for education, less access to employment, and lower incomes.

Traditional maternal and child health programs usually come too late to prevent first pregnancies. The Community Family Health Model implemented with Bank support in El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the Dominican Republic provides sexual and reproductive counseling services to assist with family planning. While these interventions have been shown to be effective with second-child planning,

they usually come too late to prevent first pregnancies, particularly among teenagers. Engaging women of childbearing age (WCA) early in preventive health programs can help reduce teen pregnancy by expanding counseling services and access to modern planning methods, if these target younger age groups. The *Mejoramiento de la Salud Familiar y Comunitaria en Municipios de Alta Vulnerabilidad Social* (“Improving Family and Community Health in Highly Vulnerable Municipalities”) program in Nicaragua (NI-L1054) helped reduce the teen birth rate in rural and isolated municipalities from 28.5% to 26.6% between 2009 and 2017, and increase the percentage of WCA using a family planning method from 16.9% to 25.9%. Over 50% of the women seen were between 15 and 19 years of age.

Comprehensive interventions targeting young men and women are also more likely to be successful at reducing teen pregnancy.⁸⁶ This multisectoral approach was incorporated into the Mesoamerican Health Initiative (CR-G1004) in Costa Rica. The program was designed to reduce sexual and reproductive risk behaviors, particularly teen pregnancy. Based on an inter-institutional approach aimed at improving the care provided to young people, thanks to the program, the skills of the service providers were enhanced, the hours of service were adjusted to suit the target group, the physical space available for private consultations was improved, the availability of modern contraceptive methods was increased, and new educational materials were introduced. Another key factor was the design and deployment of the *Sistema de Información de Adolescentes* (SINA) (“Adolescent Information System”), which provided nominal information for the monitoring of required teen interventions, and adolescent risks and referrals. This strategy helped bring about a 34% drop in the number of teen births as a percentage of the total number of teenagers (from 4.97% in 2012 to 3.26% in 2018) and ensure that 90% of teenage



⁸⁶ The literature highlights the example of the UK's Teenage Pregnancy Strategy from 2000 to 2010, which comprised three main components: (i) a coordinated whole-government approach; (ii) high-quality sexual health education targeted at men and high-risk groups; and (iii) support and care for pregnant teenagers and teenage parents to enable them to complete their education (Hadley *et al.*, 2016).



mothers or pregnant teenagers remained in school and completed their studies, in both cases exceeding the national target.⁸⁷

There are many reasons for teen pregnancy, and these do not always include a lack of knowledge or access to planning methods. In some cases, teenagers actually want to get pregnant. A qualitative-quantitative study (PATH, 2012) of young people between the ages of 10 and 16 with a history of at least one pregnancy showed the same level of knowledge of modern methods among the subject group and the control group. The reasons given for the non-use of such methods suggest that what is needed is comprehensive counseling on planning, sexuality, and empowerment, rather than simply information. Similarly, the reported self-exclusion from these services would suggest that there is a need to make them more culturally relevant to young women and men through the use of proven peer-counseling strategies.

The Dominican Republic's *Juventud y Empleo* ("Youth and Employment") program (DR0134) described in the previous section developed activities aimed at strengthening socio emotional skills and has been shown to be effective at reducing teen pregnancy. The [impact evaluation](#) (Novella *et al.*, 2015) of the program showed that the young women who took part in the job training program were 20% less likely to get pregnant. The effect was particularly noticeable among teenagers with no children yet. The evaluation found a change in the participants' expectations, thanks to the strengthening of their socio emotional skills: higher self-esteem and a greater capacity to plan and take control of their future. As a result of the program, the young women achieved better leadership and goal-setting skills and became more perseverant in their efforts to achieve their goals.

The *Programa de Apoyo a Políticas de Igualdad de Género* ("Program to Support Gender Equality Policies in Panama") (PN-L1156) helped to ensure the adoption of legislation on pregnant minors, which defines the actions that the relevant government agencies must take in order to prevent these girls from dropping out of school. Similarly, the second operation in this series of programs scheduled for approval in 2021 (PN-L1162) will provide support for the development of a prevention plan for responsible sex education to reduce early pregnancies and abortion that will be implemented by the Ministry of Education, the Ministry of Health, the Social Security Fund, the National Secretariat for Children, Adolescents and the Family, and the National Institute for Women.

87 Bancalari *et al.* (2021).

Promoting national care systems

Despite the progress made by women in higher education, their labor market insertion rate continues to be significantly below that of young men. Among the barriers to women's labor force participation are the lack of policies aimed at helping them achieve a balance between work and family life, and the lack of care services. In response to the difficulties faced by women in balancing work and caring for children and/or the elderly—far more than their male counterparts—, the Bank has supported national caregiving systems. Social protection spending that focuses on pension payments and public spending on childcare show a positive relationship with women's labor force participation compared to that of men.

The series of programs *Transparencia y Equidad del Gasto en Protección Social* (“Transparency and Equity in Social Protection Spending”) in Panama (PN-L1103, PN-L1118, and PN-L1152) supported

institutional reforms aimed at improving the targeting of the CCTPs of the Ministry of Social Development (MIDES) and the provision of comprehensive early childhood care services across the country. The majority of recipients of conditional transfers were women (particularly in the *Red de Oportunidades* /“Opportunities Network,” where the figure was 97%). The program also contributed to the gradual expansion of the Comprehensive Early Childhood Care Model through results-based per capita funding for early childhood care centers that followed MIDES-approved quality standards. Broadening the range of early childhood care services available also encouraged greater FLFP, though no analysis has been carried out of the impact in this regard. Similarly, the *Programa de Apoyo a Políticas de Igualdad de Género* (“Program to Support Gender Equality Policies”) in Panama (PN-L1156) mentioned previously provided support for the creation of the *Mesa Interinstitucional de Cuidados* (“Inter-Institutional Care Desk”), a joint public-private initiative to advance measures aimed at improving the social organization of care, with a view to incorporating it into the government's new strategic plans. In the second operation of the series (PN-L1162), mentioned above, the plan is to approve a national care strategy that will promote self-sufficiency, care, and assistance in early childhood and for people requiring constant care, as well as co-responsibility between men and women.

Care services have a major impact on FLFP, as well as on children's social skills. Nicaragua's *Programa Urbano de Bienestar para la Niñez en Extrema Pobreza* (“Urban Welfare Program for Children in Extreme Poverty”) (NI0155) was a center-based early childhood development program that targeted families in extreme poverty in the country's poorest urban neighborhoods. Services were provided at local children's centers for half a day



(during which time they were given a light lunch), five days a week, where they took part in activities related to the national curriculum for children aged from 0-3 years. The program's impact evaluation found a positive impact on personal social skills of 0.35 standard deviations and an impact of 14 p.p. on the labor participation rate of the mothers. It also found that, apart from travel time, the most important factor in determining whether or not people used the service was their child's age, their being more likely to make use of the service the older their child. Mothers were not found to be more likely to study, but there was a significant effect on the likelihood of their working.

In addition to caring for young children, women often also take care of other dependents, such as the elderly and people with disabilities (Gasparini and Marchioni, 2015; Batthyány, 2010). In Panama, for example, 60% of people with disabilities require support and 46% of them receive this from their family members, particularly the females, which shows the unequal distribution of support responsibilities. This limits women's involvement in work, education, and recreational activities. Approved in 2020, the *Programa de Inclusión Social para Personas con Discapacidad* ("Social Inclusion Program for Persons with Disabilities") in Panama (PN-L1160) will help improve the accessibility and quality of the services, care, and social protection available to people with disabilities, while promoting greater female participation in the workforce through the personal care model that helps people with disabilities perform everyday activities so they can be more independent.

5.3 Economic, Institutional, and Sociocultural Context

Apart from a person's level of education and decision as to whether or not to start or grow their family, many challenges remain with respect to the socioeconomic and institutional environment before the economic disparities between the genders can be overcome. The Bank has given increasing attention to these issues, first by approving policy reform loans that proactively seek to close gaps and strengthen the institutional structure needed for this to happen, and second by approving sector loans that set targets and monitor gender distribution among the beneficiaries. In other cases, efforts have been made to address the economic disparities between men and women in entrepreneurship, particularly through IDB Invest loans and IDB Lab technical cooperation.

The Bank's operational experience has shown that gender gaps can also be reduced through:

- Institutional and legal improvements, such as legal reforms aimed at encouraging female labor participation; strengthening the judicial and police systems to prevent and punish violence against women, and a fiscal and social security policy that supports women's economic empowerment; and
- Access to financing through traditional and alternative methods of granting loans (e.g., psychometric tests or secured transactions and collateral in rural sectors).



Institutional and legal improvements aimed at fostering an inclusive labor market and reducing gender-based violence

The Bank strives to actively support gender-sensitive employment policies⁸⁸ and since 2016 has worked together with the World Economic Forum to implement the Gender Parity Initiative in LAC, which promotes public-private partnerships aimed at fostering economic empowerment in the region. Between 2017 and 2019, the IDB provided support for national diagnostic assessments of the economic gender barriers and gender parity action plans in several countries, which eventually led to the approval of three policy reform loans for Argentina, Ecuador, and Panama.

In 2018, the IDB became the first multilateral development bank to grant a loan to support policy reforms targeting gender equality. The *Programa de Apoyo a Políticas de Igualdad de Género* (“Program to Support Gender Equality”) in Panama (PN-L1156) was the first reform loan in the MECAPARD region whose sole purpose was to promote policies aimed at boosting women’s physical, financial, and decision-making autonomy. The program is expected to have an impact on the level of physical and sexual violence against women, the maternal mortality rate, indigenous teen pregnancy, and the gender gap in labor participation. In the case of the latter, the gap is expected to narrow by 2 p.p., thanks to the executive approval granted for a rule to govern the process of recognizing private companies as gender-equality certified, as well as the launching of a pilot program to implement it. For the second series of programs (scheduled for approval in 2021), it is expected that one hundred companies nationwide will subscribe to the gender certification process.

⁸⁸ Some of the main gender-oriented employment policies include: (i) anti-discrimination clauses, (ii) proactive employment initiatives, and (iii) female participation quotas. Examples of these include support for breastfeeding at work and paid parental leave, and incentives for companies committed to gender equality and wage parity.

The IDB has also supported gender mainstreaming in labor reforms. For example, it approved the *Programa de Apoyo a Reformas para Mejorar la Calidad del Empleo* (“Program to Improve the Quality of Employment”) in Mexico (ME-L1289), which sought to increase social security coverage rates and lower its cost, improve labor representation, and reduce the cost of resolving labor disputes, areas in which there were significant gender gaps that had women at a disadvantage. The loan helped bring about: i) the reform of the federal labor law to regulate domestic work and include the obligation to register domestic workers in the mandatory social security system (which had previously been voluntary, when 97% of domestic workers were not covered and only 1.4% were employed under a contract); ii) the establishment of proportional representation by gender in union leadership (only 8.7% of union leaders were women); and iii) a ban on pregnancy-related dismissals and terminating a female employee’s social security coverage when she was dismissed because of her condition.

As regards institutional strengthening, the Bank strives to improve the capacity of judicial and police systems to prevent and respond to cases of violence against women. In Guatemala, the *Fortalecimiento y Modernización del Ministerio Público* (MP) (“Office of the Public Prosecutor Strengthening and Modernization”) program (GU-L1095) sought to reduce the level of impunity in the judicial system by ensuring greater efficiency in the processing of complaints. The project is expected to enhance the system for managing cases of violence against women by implementing a pilot project in the District Prosecutor’s Office of Jalapa that will provide specialized attention to vulnerable groups and improve data collection. The clearance rate for crimes of violence against women in the Jalapa district is expected to rise from 57.6 to 62 percent. Meanwhile, since 2012 the Bank has been supporting gender-sensitive security programs in Honduras (HO-L1063 and HO-L1187), which have made it possible to implement protocols for including a gender perspective in the attention provided to victims, the introduction of a required minimum for the number of female police officers graduating from the police academy, prevention/care programs for victims of gender violence in prioritized municipalities, and neighborhood improvements, including better street lighting, which is expected to reduce the rate of sex crimes per 1,000 women in the target districts from 3.8 to 3. Overall, the intervention is expected to reduce the femicide rate from 7.1 per 100,000 people to 6.

As for the provision of care to victims and prevention of violence against women, the experience of the Bank shows that reaching out to families as part of the family support effort and organizing services into a network helps in the detection of risk situations and to put women in touch with prevention and care services promptly in cases of domestic violence.⁸⁹ The Bank has backed this focus on public health and social protection interventions, and those implemented through comprehensive services for women. With regard to the latter, Box 2 outlines a comprehensive IDB intervention entitled *Ciudad Mujer* (“Women’s City”). One example in the health field is the Mesoamerica Health Initiative, which includes protocols within its sexual and reproductive health component for identifying domestic violence. In the area of social protection, conditional cash transfer programs in countries such as Honduras (HO-L1093) promote initiatives to raise awareness among couples on issues of equity in decision-making within the home and reducing domestic violence.⁹⁰

⁸⁹ Social Protection Sector Framework (IDB).

⁹⁰ The lockdown measures introduced in response to the 2020 COVID-19 pandemic increased the risk of domestic violence against women and children. Therefore, the IDB has redoubled its efforts to ensure that the health projects undertaken in response to the health emergency and to protect the income of vulnerable populations include elements such as training health personnel to deal with cases of violence against women (ES-L1144 and the reformulation of BL-L1020) and expanding the coverage of awareness-raising programs on equal treatment in social protection in Honduras (HO-L1126).

Box 5.1. Comprehensive Services for Women's Empowerment: *Ciudad Mujer*

The Bank has backed the development and implementation of a model of comprehensive services and female empowerment in countries such as Honduras, El Salvador, and the Dominican Republic. Under this model, women receive comprehensive care by having a range of services concentrated under one roof. Its aim is to improve women's lives by providing essential services to ensure they enjoy a safe, high-quality, non-discriminatory environment.

El Salvador (ES-L1056) was the pioneer country in this initiative, establishing six centers offering reproductive health services, vocational and business skills training, services for female victims of violence, and childcare services. These centers bring together various state institutions in a single physical space and offer a variety of easily accessible services to respond to women's needs at no cost to them.

The [impact evaluation](#) of the program found that, on average, women who attend these centers access 43% more public services than those who do not, are three times more likely to receive legal assistance, and report higher levels of satisfaction with their lives (i.e., 9% higher than those who do not attend them). The coverage of the centers' services across the country increased from a baseline of 0.29% of women over 14 years of age to 6.5% by the end of the project. The centers achieved an annual average intake of 15,500 new clients per center per year.

Among the lessons learned from the first project were issues concerning the sustainability of the program. After being a flagship project of the Government of El Salvador under the responsibility of the Office of the President through the Secretariat of Social Inclusion, the program's continuity was compromised when a new administration came into office. In 2015, a new loan (ES-L1092) was approved but subsequently cancelled when questions were raised regarding the use of funds from the previous operation. This curtailed its expansion, though *Ciudad Mujer* continues to operate, financed through mandatory contributions from the participating entities.

Other important issues in these projects include governance and, given the numerous institutions involved, inter-institutional coordination (which requires high-level political leadership in order to ensure intersectoral coordination in the provision of services); the need to improve internal and external referral mechanisms to ensure the continuity and reach of the care provided; and the creation of alliances with the private sector to develop job training geared to meet local demand.

In addition to the financial and technical support provided in El Salvador, the IDB has also helped adapt and launch the *Ciudad Mujer* model in other countries of the region, including Honduras (HO-L1117) and the Dominican Republic (DR-L1080). To this end, a set of modular tools have been developed in order to facilitate this process of adaptation to other countries of the region.



Fiscal policy with a gender perspective

Gender budgeting can help close gender gaps by allocating social spending to gender-focused components (e.g., conditional cash transfers or childcare subsidies), which in turn has a positive impact on FLFP. Budget management can also leverage public procurement to promote greater empowerment and involvement of female-led enterprises. In recent years, the Bank has actively promoted gender mainstreaming in these areas.

Measures to make gender-sensitive social spending more effective and explicit while maintaining the same level of spending can improve results by prioritizing and targeting spending and reinforcing the operating capacity of social services. In Nicaragua, loans to support reforms for the *Mejoramiento del Gasto y Gestión en Salud y*

Protección Social (“Improving Social Protection and Health Spending and Management”) program (NI-L1051 and NI-L1064) sought to achieve greater prioritization, effectiveness, and efficiency in health and social protection spending through a set of reforms designed to incorporate the fundamental elements essential to results-based management and allow for the gradual and sustainable expansion of priority services within the framework of the Millennium Development Goals. In this way, spending on social protection was prioritized in geographic areas with the highest concentration of poor and vulnerable households, and the coverage of strategic benefits such as institutional childbirth care and comprehensive early childhood care was increased. The program not only provided increased fiscal space for health and social welfare coverage (which rose by 35% between 2011 and 2013), but also increased capital expenditure as a percentage of total expenditure from 3.7% to 8.0%, by decentralizing spending (from 8.3% to 7.0%) and shifting it towards rural areas.

The Bank has also supported MECAPARD countries in their efforts to increase their levels of social spending as a percentage of GDP, which are low by international standards. In 2014, the Bank approved Guatemala’s policy reform support loan for the *Programa de Mejora en la Asignación y Efectividad del Gasto Social* (“Program to Improve Social Spending Allocation and Effectiveness”) (GU-L1085). One of the results of the program was that it led to more funds being allocated to items related to the prevention of chronic malnutrition and maternal and neonatal mortality, and the inclusion of budget “locks” (i.e., resources that could not be redirected) in the 2015 budget proposal. These vital items were: (i) daycare for children under five; (ii) micronutrients for children under five; and (iii) micronutrient supplements for women of childbearing age. The budget approved for 2015 marked a 111% increase in the budget allocated to these items. This resulted in the program’s goals being largely met, with an increase of 50%, 49%, and 35%, respectively. Although the amounts allocated for these items was slightly reduced in the 2016 budget, the budget approved for 2017 saw them increase substantially compared to the previous year, thanks to the National Strategy for the Prevention of Chronic Malnutrition 2016–2020, despite their no longer forming part of the PBL policy conditions.

Another element with an important gender dimension is social security coverage: as women tend to be more likely to be covered by non-contributory schemes, the gaps in coverage are larger among them, and the average monetary amount they receive in pensions tends to be lower. Since 2014, the IDB has financed the *Apoyo a la Consolidación del Sector Salud y de la Seguridad Social I y II* (“Support for Health Sector and Social Security Consolidation I and II”) programs in the Dominican Republic (DR-L1073 and DR-L1079), which have made it possible to increase social security coverage through more effective oversight and targeting of the subsidized pension system. The reforms increased the percentage of people enrolled in the contributory scheme from 32% to 39% of the employed population between 2014 and 2016 and enabled the solidarity pension scheme to operate and provide coverage for vulnerable populations.

The Bank has also worked to institutionalize conditional cash transfer programs and make them financially sustainable and has supported the inclusion of transfers in national budgets. To achieve this goal, a strategy of gradually decreasing funding has been devised, which has progressively reduced its cash support (transfers) and focused more on investments in operational and institutional strengthening, as well as on the quality of the range of associated health and education services available. This has been the case with the Dominican Republic and its PROSOLIS program, where most of the funding for transfers has been provided by local resources since 2016. It has also been the strategy in Honduras with the *Programa Bono Vida Mejor* (PBVM) (“Better Life Allowance Program”). Thanks to the approval of the support loan for the *Reformas en Protección Social* (“Social Protection Reforms”) program (HO-L1193)—one of the aims of which was to support the adoption of measures to reduce the reliance on foreign loans—, since 2018, the PBVM has been financed with at least 10% of the funds from the *Fideicomiso para la Reducción de la Pobreza* (FRP) (“Poverty Reduction Trust Fund”), which depends on sales tax revenues. This ensures greater predictability of financing by establishing clear guidelines on how the trust’s resources are to be used.⁹¹

Lastly, an area where governments can create market opportunities for women-led businesses in a cost-effective manner is public procurement. Increasing the number of female-owned businesses that bid for public tenders brings a variety of benefits. On the one hand, it allows the contracting entities to diversify their supply chains, which leads to greater competition (resulting in lower prices and better-quality goods and services); and on the other, it increases the opportunities for female-owned businesses to grow, thereby helping job creation. Among the countries of LAC, only Chile and the Dominican Republic (and more recently Honduras) have actively promoted the participation of women in public procurement. In the Dominican Republic, IDB Lab provided the country with support through the project *Fortalecimiento del Rol de las MiPyME de Mujeres como Proveedoras en la Dirección General de Compras Públicas* (“Strengthening the Role of Women-Led SMEs in Public Procurement”) (DR-M1043), which aims to establish quotas for women-led companies in public procurement, conduct market studies in order to match up women-owned SMEs with public sector demand, and provide training to women-led companies on how to compete in these tenders. In 2013, 15,000 female-owned businesses were registered as government vendors, vendors that signed 6,000 tendered contracts whose total value rose from USD 15 million in 2012 to an annual average of USD 125 million from 2013 to 2019.

⁹¹ As a result of the economic crisis caused by the COVID-19 pandemic and the effects of hurricanes Iota and Eta, in 2020 the budget of Honduras’s FRP was cut and will need to be met with external funding. This exposed the vulnerability of the FRP to economic shocks, which made it necessary to explore additional mechanisms to complement its financing on a countercyclical basis and highlighted how difficult it was to have any kind of predictability in the allocation of resources for these programs.



Access to financing for women-led businesses

Within the MECAPARD region, the gap in access to finance can be found in savings (11.7%), access to banking services (9.7%), and granting of loans (5.8%). Some of this gap can be explained by factors such as level of education, income, formality, and assets; yet even when these observable characteristics are controlled for, there is still a difference (which falls to less than half) that these cannot explain and which may be due to factors such as discrimination (Auguste *et al.*, 2021).

The IDB Group has sought to target groups and segments that have been underserved by the financial market and have productive potential, e.g., women-led enterprises, and has found important synergies between its public and private sector institutions. One recent example is the case of El Salvador, where:

- The IDB through a loan with public bank BANDESAL (ES-L1089),⁹² promoted greater access to financing by women-led SMEs in 2014 by providing for loans to them and imposing credit targets that were exceeded by 300% (reaching a total of 1,484 loans to female entrepreneurs, which represented 30.6% of the program's total loans to SMEs).
- In 2015, IDB Lab, the Group's innovation laboratory, approved the technical cooperation project *Mayor Acceso al Crédito para Iniciativas Productivas Rurales en la Zona Oriental* ("Better Access to Credit for Rural Productive Initiatives in Eastern El Salvador") (ES-M1055), which provided for the implementation of an innovative mechanism for guaranteeing access to credit (MGAC) to make it easier for at least 1,300 small agricultural producers and microentrepreneurs in rural areas across

⁹² Only lends to financial intermediaries and not end customers..

the country (among them, women and young people) to get loans, their having been excluded from the financial system due to their inability to provide personal guarantors or because they had no credit history.

- Meanwhile, in 2020, IDB Invest granted a loan to Tier I bank⁹³ BAC Credomatic to provide direct financing to women-led SMEs and technical advice aimed at enhancing their knowledge and business skills (particularly in terms of digital transformation) and supporting their ability to cope with the COVID-19 pandemic. The financial structure of this transaction provided for an innovative incentive mechanism to reward performance, with a bonus for BAC (of up to USD 450,000⁹⁴) for meeting targets (i.e., increasing the share of its lending portfolio made up of women-led projects from 27% to 45% by 2025).

Since launching the *Banca Mujer* (“Women’s Bank”) initiative in 2012, IDB Invest has worked with financial intermediaries across LAC to help support women’s business leadership. Among the lessons learned from its interventions are the importance of leveraging the leadership and organizational culture of financial intermediaries; strengthening the communication and marketing of female-led SMEs, prioritizing non-financial services (information, education, networks) over conventional financial products, and incorporating follow-up and monitoring indicators to measure their impact (OVE, 2018).

One recent financial innovation that has helped women entrepreneurs gain access to financing are gender bonds. The IDB Group has been at the forefront of promoting these, issuing three such bonds in LAC, two of which have been for the MECAPARD region: the first structured and underwritten by IDB Invest in 2019 and issued by Banistmo (for USD 50 million with a term of five years) for the purpose of expanding financing to women-led SMEs in Panama; the second was issued in 2020 by the public entity *Fideicomisos Instituidos en Relación con la Agricultura* (FIRA)⁹⁵ in Mexico for the purpose of financing women-led projects in rural areas, both for credit and for working capital and capital investments.

Sociocultural context

Sociocultural change regarding gender issues can also be fostered through education, female empowerment, and changes in social and cultural references. For example, violence prevention education programs, when implemented during adolescence, can help reinforce positive patterns in the way couples relate to each other. *Amor, pero del bueno* (“Love, but the good kind”), a pilot project implemented by the IDB in conjunction with the Colegio de Bachilleres de México, included workshops at two high schools in which topics relating to gender roles and abusive relationships were discussed with both students (some 750 of them) and teachers (around 100). The [impact evaluation](#) indicated a 5% reduction in the acceptance and condoning of gender-based violence among program participants; an 8% reduction in the acceptance of sexist attitudes in dating relationships, and a 57% reduction in the psychological violence perpetrated and 59% reduction in that experienced. The pilot demonstrated that it is possible to carry out interventions in a school setting that help change attitudes during crucial stages such as adolescence, which is the time when the way couples relate to one another is usually established.

93 Banking that deals directly with the public and can carry out savings transactions.

94 IDB Invest uses concessional financing to support gender and climate change issues, mitigating the perceived risks in projects and incentivizing good practices.

95 FIRA operates as a Tier II development bank that offers loans, guarantees, training, and technical assistance through its network of bank and non-bank financial intermediaries.

The IDB Group encourages increased female representation in corporate and political leadership positions, as this creates stronger social and cultural role models and helps mitigate the transmission of gender gaps from one generation to the next. An example of this is the IDB's backing of policy reforms in Panama (PN-L1156) and Mexico (ME-L1289), which promoted greater female representation on the boards of directors of state-owned and mixed-capital companies, respectively, and proportionality in the number of women on union executives. The IDB Group also supports the development of internal gender strategies in state-owned companies, and the development of gender diagnostics and action plans in private companies. IDB Invest has pioneered the use of concessional financing to leverage the corporate culture of companies through results-based incentive schemes (e.g., lower interest rates on loans). One particular success story involved the financing of *Óptima Energía* in Mexico (ME-L1166), in which the aforementioned company developed a gender action plan and obtained labor equality certification from the Mexican government. In an effort to diversify its recruitment efforts, the firm created a paid internship program for female college students and also ensured that qualified female candidates were interviewed for employment opportunities in technical areas.

The Bank also promotes empowerment through women's access to economic opportunities in non-traditional sectors. In Nicaragua, the *Programa Integral Vial* ("Road Integration Program") (NI-L1092) carried out a gender diagnosis of the transport sector value chain, which identified a significant level of unsatisfied demand for heavy machinery operators, a job that offered higher salaries than those traditionally available to women in the transport sector (such as signaling, cleaning, cooking, and so on). On that basis, specific requirements were included in project bidding documents to ensure the implementation of special training programs for women and gender sensitization activities for field staff, and that field facilities were adapted to women's needs.

Also in Nicaragua, the Bank promoted female empowerment and decision-making through the *Apoyos Productivos Agroalimentarios* program ("Program to Support Agri-Food Production") (NI-L1020), which sought to improve the food security of women smallholder farmers by increasing their production and income. The beneficiaries were given the option of receiving an in-kind transfer of productive capital goods (e.g., barnyard animals) or a technical assistance package, thereby encouraging women's decision-making. The program also encouraged the development of partnerships by providing joint technical assistance sessions for female producers. The program not only helped boost agricultural production (by 60%), income from livestock sales (>200%), and household consumption (18%), it also reduced the likelihood of there being an intra-household gender gap (18%).

FINAL REMARKS





FINAL REMARKS

Drawing on information generated by the IDB on the determinants of female labor force participation in the countries of the MECAPARD region and on its efforts to promote gender equality there, this report presents a diagnosis of the current situation for women in the labor market and of how it relates to a range of gender gaps. The report also outlines a set of policy proposals aimed at reducing these gaps and promoting greater economic inclusion of women.

Female labor force participation has increased in MECAPARD countries over the last thirty years, and though still low compared to the LAC and OECD average, it has helped narrow the gender gaps evident in the main labor market indicators. During this time, the women of the region have achieved better levels of schooling, reduced their fertility rate, and become politically and entrepreneurially empowered. The region has also made considerable institutional progress in recent years in terms of guaranteeing equal employment rights for women and combating gender-based violence. However, certain gender gaps that disadvantage women persist. These can be seen in labor force participation, wages, the number of women in vulnerable sectors, and the unfair burden of unpaid work. On top of this, social conditions and gender stereotypes continue to shape women's decisions regarding education and employment, in some cases limiting their bargaining power in both the private and public realms, and even exposing them to situations of discrimination, sexual harassment, and gender-based violence. Moreover, there is still limited gender mainstreaming in the public policy agenda, while greater effort is still needed to achieve full implementation of laws and mechanisms to protect women.



To begin with, the analysis of the countries of the MECAPARD region confirms the traditional determinants of female labor force participation such as age and years of schooling that are positively associated with FLFP and higher employment earnings, and the family composition variables such as marital status and motherhood that have a negative association. Similarly, the motherhood penalty was found to be greater the higher the number of school-age children a woman has. These analyses also found that institutional variables and situations of domestic violence can have a bearing on the extent to which women participate in the labor market, and that the earnings of their partner, remittances, and social transfers can negatively affect their decision to do so. Consequently, it is worth noting that the lowest rates of FLFP and the greatest gender gaps in the labor market are found among poorly educated women who live with their partner, children, and in low-income households, a situation that reinforces the cycle of vulnerability and gender inequality.

Despite all the benefits that increased female labor force participation in the region would bring, growth in this regard has slowed in recent years and there is a significant risk that this process could actually come to a standstill or go into reverse. On the one hand, the slowdown in the reduction in the fertility rate in some countries of the region and the displacement effect caused by the automation and digitalization of sectors with high levels of female employment (e.g., services and commerce) could prevent more women from entering the labor market in the future. Meanwhile, the disproportionate impact the COVID-19 pandemic has had on women constitutes a pressing challenge. They have borne the brunt of the crisis in the form of greater job losses, increased risk of infection, additional responsibilities within the home, and greater exposure to domestic violence.

In this context, promoting FLFP and contributing to gender equity objectives in the countries of the MECAPARD region requires both a public policy agenda that provides solutions to the structural issues that have inhibited it and the inclusion of a gender perspective in the recovery efforts of these countries once the pandemic is over. More specifically, in order to close gender gaps, further progress is needed in three major policy areas: human capital investment, access to public services to reduce the constraints on women, and institutions that guarantee gender equality, prevent violence and discrimination, and promote women's empowerment in both the public and private sectors.

APPENDIX I

COUNTRY-SPECIFIC PROPOSALS BASED ON THE WBL INDEX

The countries of the region could make headway in advancing gender equality in the labor market by addressing the following issues:

BELIZE:

- A woman cannot apply for a passport in the same way a man can.
- The law does not mandate nondiscrimination in employment based on gender.
- Women cannot work in the same industries men can.
- There is no paid paternity leave.
- The law does not prohibit discrimination by creditors based on gender in access to credit.

COSTA RICA:

- Women cannot work the same night hours men can.
- Women cannot work in jobs deemed hazardous in the same way men can.
- The government does not pay 100% of maternity leave benefits.
- There is no paid paternity leave.
- The law does not prohibit discrimination by creditors based on gender in access to credit.

EL SALVADOR:

- Women do not have the same rights to remarry as men.
- The ages at which men and women can retire with full pension benefits are not the same.

GUATEMALA:

- The law does not mandate nondiscrimination in employment based on gender.
- There is no legislation on sexual harassment in employment.
- There are no criminal penalties or civil remedies for sexual harassment in employment.
- Women cannot work in jobs deemed hazardous in the same way men can.
- A woman cannot obtain a judgment of divorce in the same way a man can.
- Women do not have the right to at least 14 weeks' paid maternity leave.
- The law does not prohibit discrimination by creditors based on gender in access to credit.
- The law does not establish any explicit pension credits for periods of childcare.

HONDURAS:

- Women cannot work in jobs deemed hazardous in the same way men can.
- Women do not have the same rights to remarry as men.
- Women do not have the right to at least 14 weeks' paid maternity leave.
- The government does not pay 100% of maternity leave benefits.
- There is no paid paternity leave.
- The ages at which men and women can retire with full pension benefits are not the same.
- The law does not establish any explicit pension credits for periods of childcare.

MEXICO:

- A woman cannot obtain a judgment of divorce in the same way a man can.
- Women do not have the same rights to remarry as men.
- Women do not have the right to at least 14 weeks' paid maternity leave.
- The law does not establish any explicit pension credits for periods of childcare.

NICARAGUA:

- Women do not have the right to at least 14 weeks' paid maternity leave.
- The government does not pay 100% of maternity leave benefits.
- The law does not establish any explicit pension credits for periods of childcare.

PANAMA:

- Women do not have the same rights to remarry as men.
- The law does not prohibit discrimination by creditors based on gender in access to credit.
- The ages at which men and women can retire with full pension benefits are not the same.
- The ages at which men and women can retire with partial pension benefits are not the same.

DOMINICAN REPUBLIC:

- A woman cannot obtain a judgment of divorce in the same way a man can.
- The government is not responsible for paying 100% of maternity leave benefits.
- The law does not establish any explicit pension credits for periods of childcare.

IN ALL OF THE COUNTRIES ABOVE:

- The law does not mandate guaranteeing equal remuneration for work of equal value (except for in Mexico).
- There is no paid parental leave. Except for a few days' leave for the birth of a child, there is no legal right to any form of full-time paid parental leave, either shared between the mother and father or as an individual right that each can take independently of the other.

Note: Data as at December 2020.

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**Cataloging-in-Publication data provided by
the Inter-American Development Bank
Felipe Herrera Library**

López Marmolejo, Arnoldo.

Closing gender gaps in the world of work: Central America, Mexico, Panama and the Dominican Republic /
Arnoldo López Marmolejo, Marta Ruiz-Arranz, Elizabeth Ochoa.

p. cm. — (IDB Monograph; 954)

Includes bibliographic references.

1. Women-Employment-Central America. 2. Women-Employment-Mexico. 3. Women-Employment-Dominican Republic. 4. Sex discrimination in employment-Central America. 5. Sex discrimination in employment-Mexico. 6. Sex discrimination in employment-Dominican Republic. 7. Wages-Women-Central America. 8. Wages-Women-Mexico. 9. Wages-Women-Dominican Republic. 10. Gender mainstreaming-Central America. 11. Gender mainstreaming-Mexico. 12. Gender mainstreaming-Dominican Republic. I. Ruiz-Arranz, Marta. II. Ochoa, Elizabeth. III. Inter-American Development Bank. Country Department Central America, Haiti, Mexico, Panama and the Dominican Republic. IV. Title. V. Series.

IDB-MG-954

JEL classification: J12, J16, J21

Keywords: gender, labor participation, Central America, education.

<http://www.iadb.org>

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