Gender Equality in the Pacific Alliance

PROMOTING WOMEN'S ECONOMIC EMPOWERMENT

OECD

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BETTER POLICIES FOR BETTER LIVES

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Foreword

The Pacific Alliance is an ambitious regional integration initiative that aims at high policy standards. The OECD welcomes and supports this endeavour, which engages two of its member countries, Chile and Mexico; a country in the accession process, Colombia; as well as Peru, which benefits from a country programme within the OECD.

The OECD was invited to review gender equality in economic life in Pacific Alliance countries in advance of the Pacific Alliance Summit, which was held on 31 June to 1 July 2016 in Santiago, Chile. This report is a preliminary stocktaking exercise aimed at assessing gender inequalities in labour force participation, education, entrepreneurship and unremunerated work in Pacific Alliance countries, relative to non-Latin American OECD countries. This report proposes ways by which legal frameworks and public policies can help level the playing field between men and women, for the benefit of societies and economies overall.

In recent years, Pacific Alliance countries have made good strides in some outcomes for women and girls, such as improved access to higher education, greater provision of early childhood education and care and women's achievements in reaching political leadership positions. The OECD applauds these efforts and outcomes (some of which exceed OECD averages, as this report details).

Yet in many other realms, gender inequalities in the Pacific Alliance are worrying. The social and economic ills of the development process – including pervasive informality, high rates of poverty, weak rule of law and inadequate institutions – affect everyone, but hit women especially hard. Men in Pacific Alliance countries are at least 20 percentage points more likely to be in the labour market than women. This is a daunting gap. The gender difference in labour force participation is largest in Mexico, where just under half of all women work, compared to over 80% of men. Although women are increasingly well-educated in Pacific Alliance countries, large gender gaps in "NEET[1]" rates among young people raise concerns for the future, as inequalities in youth tend to grow through the lifetime. The share of young women who are NEETs is about twice as high (or more) as the

share of young men who are NEETs in every Pacific Alliance country and motherhood presents a high barrier to many of these young women's educational and economic progress.

Job quality and pay are worse for women, too: across countries, women continue to be paid less than men, hold lower quality jobs and suffer from high rates of informality. Although informality affects both women and men throughout the region, women are especially disadvantaged when they cannot access social safety nets and legal protections like maternity leave.

Finally, gender stereotyping and discrimination continue to limit women's economic and social prospects through the Pacific Alliance. Women bear an unequal burden for unpaid work, especially after becoming mothers and continue to face violence and harassment at home, at work and in public spaces.

Chile, Colombia, Mexico and Peru should be doing better for women. Now is the time to act.

The Pacific Alliance countries are at different stages in the development process. Yet all four countries have strong affiliations with the OECD and they have shown a strong political commitment to advancing gender equality. The OECD looks forward to continuing to work with the Pacific Alliance on this topic.

This report is part of an extensive OECD agenda to promote gender equality. Our recent efforts have included the OECD *Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship;* the OECD *Recommendation of the Council on Gender Equality in Public Life*; and the report *Closing the Gender Gap: Act Now*. An overview of our data and ongoing work can be found online at the OECD "Gender Data Portal".

The OECD was instrumental in establishing the "25 by 25" target at the G20, by which G20 member countries have committed to reducing the gender gap in workforce participation by 25% by the year 2025 (IMF, ILO, OECD and World Bank, 2014). The OECD also recently contributed to the G7 "Guiding Principles for Capacity Building of Women and Girls: Towards Sustainable, Inclusive and Equitable Growth and Peace".

I would like to thank the Pacific Alliance for putting gender equality on the agenda of its summit. We are indebted to the President of Chile, Michelle Bachelet and the Ambassador of Chile to the OECD, Claudia Serrano, who were instrumental in supporting this project and to María de la Paz López Barajas of INMUJERES in Mexico, who offered feedback on this report. I would also like to extend sincere thanks to the Secretary General of

the OECD, Angel Gurría, whose support – including financing – made this report possible.

We hope that the analysis and recommendations contained in this report will be an asset to the Alliance in its policy efforts to promote gender equality for the advancement of women, men and all of society. The OECD's expertise is at the Alliance's disposal for the purpose of advancing better policies for better lives.

Gabriela Ramos

OECD Chief of Staff, Sherpa to the G20
and Special Counsellor to the OECD Secretary-General

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This project was initiated and supervised by the OECD Chief of Staff, Sherpa to the G20 and Special Counsellor to the OECD Secretary-General, Gabriela Ramos.

The report was prepared by the OECD Directorate for Employment, Labour and Social Affairs, under the supervision of Willem Adema and Monika Queisser. Primary drafting and research was done by Valerie Frey, with contributions from Chris Clarke and Apolline Jaoui. Paolo Falco, Claire Keane, Maxime Ladaique and Sebastien Martin (of the OECD Directorate for Employment, Labour and Social Affairs) provided valuable input for several statistical indicators and colleagues in the OECD Development Centre (Gaelle Ferrant, Keiko Nowacka and Annelise Thim) offered useful feedback on an earlier draft. This report draws on previous work conducted by the ELS and partnering directorates, particularly *Closing the Gender Gap: Act Now* (OECD, 2012) and its follow-up country reports.

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Executive summary

The equal inclusion of women in economic life is a key driver of economic growth. Talent is lost and future growth suffers, when women do not have the same opportunities as men to reach their full potential in the labour market. All regions of the world have work to do to advance the equality agenda and countries in the Pacific Alliance – Chile, Colombia, Mexico and Peru – have much to do. Girls and women in the Pacific Alliance are progressing on the path to gender equality and inclusive growth, but significant roadblocks remain.

Chile, Colombia, Mexico and Peru have made good progress in empowering women over the past few decades in important political, social and economic areas: advances in women's participation in decision-making, years of girls' schooling, women's entrance into the labour market and social protection for families have been remarkable, both in historical and in global perspective.

This progress in women's empowerment, however, conceals persistent obstacles in Pacific Alliance countries. The still-evolving nature of Pacific Alliance economies means that many women *and* men are trapped in low-quality jobs, face economic insecurity and live in poverty. Inequality is high throughout the region. While the challenges of the development process affect everyone, they hit women especially hard – particularly low-income, less-educated and rural women. Gender gaps stubbornly persist in labour force participation rates, in the distribution of domestic and unpaid care work, job quality, earnings, poverty status and post-secondary education and training. Informal jobs are prevalent and in some Pacific Alliance countries, women are more likely than men to work in informally. Many women cannot access important social protections.

Gender gaps among young people today raise concerns for the future. Young women are far more likely than men to be not in employment, education, or training in Pacific Alliance countries and teenage pregnancy rates remain high, signalling future risks of poverty for young and often single mothers. Working mothers face challenges combining employment with family obligations without the support of fully-developed structures for

early childhood education and care, as well as inadequate supports for long-term care.

Gender stereotypes and cultural practices are biased against women's self-fulfilment at home and in paid work. Women continue to do the bulk of unremunerated labour at home, which restricts their paid work prospects and women and girls in the region continue to face high levels of violence in private and public spaces.

Governments in the Pacific Alliance have shown a strong commitment to gender equality in recent decades. Policies must be renewed and reinvigorated to ensure that girls and women are empowered to fulfil their aspirations – not only for their benefit, but for society and economies overall.

The OECD is committed to supporting the reduction and elimination of gender inequalities through the introduction of legal measures and social and economic policies. These principles are embedded in the 2013 OECD Gender Recommendation and in the 2015 OECD Recommendation on Gender Equality in Public Life. Pacific Alliance countries can build on these principles – adapted, of course, to specific country conditions and priorities – to better integrate women in economic life, for the advancement of women, men and society as a whole.

Drawing upon the principles detailed in the OECD Gender Recommendation, this report proposes the following policy measures aimed at promoting gender equality and women's economic empowerment in Pacific Alliance countries. These recommendations are more fully elaborated at the conclusion of this report.

- Ensure that boys and girls have equal access to high-quality education and encourage them to study in academic fields that are likely to "pay off" in future earnings, such as STEM fields. Avoid gender stereotyping in schools and in textbooks and train teachers to recognise gender biases and eliminate them.
- Help young women who are not in employment, education, or training to transition into higher education and employment by ensuring sufficient supports in secondary education, including affordable and good quality childcare supports to young parents, among many other measures.
- Ensure greater access for women – and men – to formal employment and social security systems by incentivising formal employment and enforcing labour laws, as reducing high levels of

informality will support a more effective gender agenda in Pacific Alliance countries.

- Improve entrepreneurship supports for both women and men, including access to finance and training.
- Make it easier for parents to reconcile work and family life so that both fathers and mothers can earn income. This may include, but is not limited to, promoting the gender-neutral design of tax-benefit systems; greater access to (and take-up of) paid maternity and paternity leave (including "use it or lose it" paternity leave); improved access to affordable and good-quality early childhood education and care, as well as out-of-school supports; flexible work arrangements; and the reduction of excessively long work hours.
- Raise awareness of violence against women at home, at work and in public spaces; take measures to prevent assaults on women; and improve women's access to justice. Work to reduce gender biases in the justice and police systems.
- Eliminate gender inequalities in the workplace, including the gender wage gap and discrimination in pay, recruitment, training and promotion.
- Plan to evaluate impacts on women and men when implementing programmes and embed gender considerations in policy design.

1. Women, girls and inclusive growth in Pacific Alliance countries: A story of progress and potential

The equal inclusion of women in economic life is a crucial driver of economic growth. Human capital is lost and future growth suffers, when women cannot reach their full potential in the labour market. Girls and women in Pacific Alliance countries are progressing on the path to gender equality and inclusive growth, but significant roadblocks remain.

Chile, Colombia, Mexico and Peru have made good progress in empowering women over the past few decades in important social and economic areas: advances in girls' education, women's entrance into the labour force and social protection for families have been remarkable, both in historical and in global perspective.

This progress in women's empowerment, however, conceals persistent obstacles in Pacific Alliance countries. Countries in the Pacific Alliance should be doing better on gender, considering their levels of development: Colombia, Mexico and Peru are categorised by the World Bank as upper-middle-income economies and Chile as a high-income economy. Gender gaps remain large in labour force participation rates, job quality and post-secondary education and training. Young women are more likely than men to be not in employment, education, or training and teenage pregnancy rates are higher in Latin America than in most other regions of the world, signalling future risks of poverty for young and often single mothers. Women continue to bear a disproportionate burden for unremunerated work, which restricts their paid work prospects. Women are also over-represented in poverty statistics.

Governments in the Pacific Alliance have shown a strong commitment to gender equality in recent decades. Policies must be renewed and reinvigorated to ensure that girls and women are empowered to fulfil their aspirations – not only for their benefit, but for society and economies overall.

Table 1. Key indicators of gender gaps in educational and labour market outcomes

	Chile	Colombia	Mexico	Peru	OECD[1]
Secondary education enrolment rate (2012)[2]					
Females	88.50	80.46	68.78	75.84	91.43
Males	84.39	74.11	66.08	75.24	90.44
Tertiary education enrolment rate (2012)[3]					
Females	84.40	49.07	28.53	42.50	79.07
Males	74.69	43.45	28.09	38.59	62.83
PISA Mathematics test score (2012)					
Females	406	364	406	359	489
Males	420	390	420	378	499
Labour force participation rate[4] (2014)					
Females	55.7	62.9	46.8	65.5	62.8
Males	77.6	85.7	82.1	83.0	79.7
Gender pay gap (2014)[5]	18.3	8.2	11.9	25.0	14.9
NEET rates (2015)[6]					
Females	25.0	31.5	35.1	24.3	18.8
Males	13.0	11.1	9.5	12.7	14.2

Notes: 1. Refers to the OECD average. 2. The OECD average is the unweighted sum of 28 countries. Data for Ireland refer to 2011, for Belgium, Greece and Portugal to 2013 and data for the other countries refer to 2012. 3. The OECD average is the unweighted sum of 32 countries. Data for Germany and Korea refer to 2013 and data for the other countries refer to 2012. 4. Data refer to 15- to 64-year-olds. Data from Peru come from selected urban areas. Other countries' samples are nationally representative. 5. Gender pay gaps are computed on average from 2010 to 2014. Earnings refer to the monthly earnings of full-time employees (usually persons working at least 30 hours per week). 6. NEETs defined as the share of the population aged 15 to 29 not in employment, education, or training. Data for Chile refer to 2013, for Mexico to 2014 and for Colombia and Peru to 2015.

Source: For education enrolment rates, UNESCO-UIS database, 2016; for labour force participation rates, *OECD Employment Outlook*, 2016; for the gender pay gap, *OECD Employment Outlook*, 2016; for NEET rates, OECD calculations based on CASEN (2013), ENCV (2015), ENAHO ENIGH (2015) and the OECD average NEET estimate taken from OECD (2016), *Society at a Glance 2016*.

2. Gender inequalities persist in the Pacific Alliance

The evolution of Pacific Alliance economies means that many women *and* men are trapped in low-quality jobs, face high levels of informality and live in poverty in the region. Pacific Alliance countries are still advancing development agendas, to varying degrees. The social and economic challenges of the development process – including pervasive informality, high rates of poverty and inequality and weak political and economic institutions – affect both sexes.

However, women suffer additional hurdles in their self-fulfilment, given prevalent stereotypes, insufficient social supports and open discrimination in many fields. Despite significant improvements in girls' access to schooling and women's labour force participation, gender inequalities persist in many areas in Pacific Alliance countries, including education, participation in the labour market, job quality, earnings and unpaid work. Given girls' progress in school attainment, leaving them behind is a missed opportunity for Pacific Alliance countries. Chile, Colombia, Mexico and Peru must take advantage of all of their assets to consolidate their development agendas, grow their economies and ensure girls' and women's rights.

Girls have made great strides in schooling, but underperform on PISA measures and under-participate in STEM

Pacific Alliance countries have achieved gender parity in both primary and secondary education and enrolment rates[2] in primary education are high: in Chile, Colombia, Mexico and Peru, more than 90% of girls and boys attended primary school in 2012 (UNESCO-UIS database, 2016). Enrolment rates in secondary education are relatively low for both boys and girls in the Pacific Alliance, ranging from 67% in Mexico to 86% in Chile. These numbers are well below the OECD average of 91%. Broadly speaking there is gender parity in access to high school, with a slight gender gap in favour of girls in some Pacific Alliance countries. In Peru, there is parity in enrolment rates for boys and girls (75% enrolled), whereas in Colombia, the enrolment rate for girls is 6 percentage points higher than the enrolment rate for boys (80% of girls versus 74% of boys are enrolled in secondary school)[3].

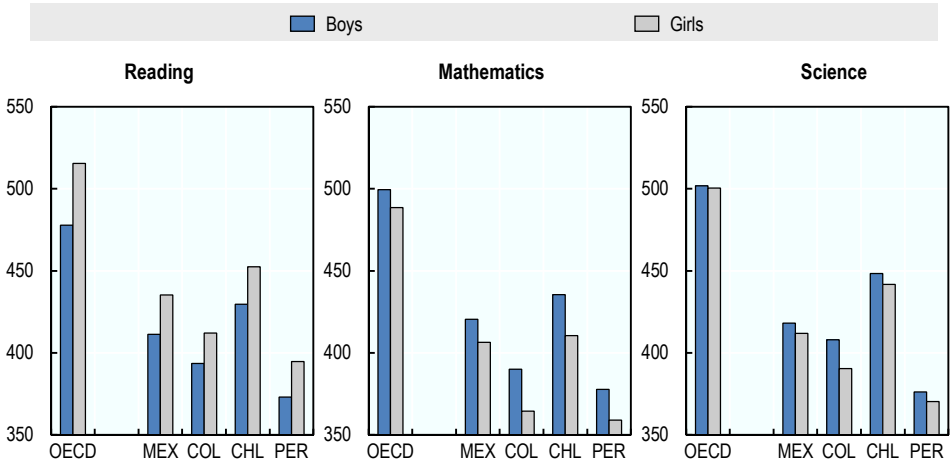
Despite improvements in school enrolment rates, education quality is a challenge and relatively large gender gaps persist in test results in the Pacific Alliance. High school students in Pacific Alliance perform poorly in international tests: in the 2012 Programme for International Student Assessment (PISA), Chile – the best-performing Latin American country –

ranked among the bottom twenty participating countries in reading and mathematics. Moreover, gender differences are more pronounced than elsewhere, particularly in mathematics: boys outperform girls by an average of about 25 points in PISA in Chile and Colombia and by 19 points in Peru (Figure 1). These gaps are far larger than the OECD average of an 11-point difference (Figure 1).

Although girls in Pacific Alliance countries outperform boys in reading, on average, the gender gap in favour of girls is not as large as the difference seen in most other OECD countries (Figure 1). The relatively strong performance among boys is likely related to selection bias, as there are high dropout rates among boys from poorer socio-economic backgrounds. In fact, the analysis of educational performance in the region masks greater differences, as many children are disconnected from schools and thus not captured by education statistics. In Colombia, for example, the seemingly better performance by boys disappears when the performance of those who dropped out of school is taken into account (Muñoz, 2014). Drop-outs from upper secondary education are also a significant concern in Mexico, as the negative consequences can have long-lasting effects through the life cycle (Bentauouet and Székely, 2014).

Figure 1. Low PISA test scores combined with large gender gaps in the Pacific Alliance

Performance of boys and girls in PISA, as measured by PISA points (2012)



Note: OECD is the unweighted average of OECD countries.

Source: OECD PISA Database (2012), www.oecd.org/pisa/.

Young women (aged 25-34) in the Pacific Alliance are now at least as likely as young men to enrol in tertiary education. Indeed, in Chile, Colombia and Peru, young women are more likely than young men to enter tertiary education. This mirrors trends elsewhere in the OECD. However, enrolment rates remain low across both sexes in Pacific Alliance countries. The gross rate of female enrolment[4] is 29% in Mexico, 43% in Peru and 49% in Colombia. Furthermore, in Pacific Alliance countries, women's relative advantage in enrolment, compared to men, is smaller than the gender gap seen in most other OECD countries: women have an advantage of four percentage points in Peru, six percentage points in Colombia and ten percentage points in Chile. In Mexico, tertiary enrolment rates are about the same for men and women. In contrast, the average gender gap across the OECD is 15 percentage points, to the advantage of women (UNESCO-UIS database, 2016).

Only Chile matches the OECD average for total tertiary education enrolment, with a rate of 71% in 2012. Chile's gross enrolment rate in tertiary education doubled between 2000 and 2012. Over this period, gains in participation were driven in large part by the entrance of young Chilean women, whose enrolment rate rose from 35% to 84% (UNESCO-UIS database, 2016). This jump in the enrolment rate for Chilean women in tertiary education could be attributed, in part, to greater supply of female students, as an overhaul of the education system in the 1990s (Delannoy, 2000) helped increase girls' enrolment in (and completion of) primary and secondary education (Ministerio de Educación de la República de Chile, 2014). While educational quality at the tertiary level remains a concern in the region, some countries, such as Chile, have begun implementing national-level assessments and certifications to assert quality (OECD, IBRD and the World Bank, 2013).

Young men and women also choose different fields of study in tertiary education. In Chile, women account for only 23% of students graduating[5] in science, mathematics and computing, compared to 39% (on average) in OECD countries, 42% in Colombia and 46% in Mexico (OECD, 2015a). The share of female graduates in the areas of engineering, manufacturing and construction is 18% in Chile, 29% in Mexico and 32% in Colombia, similar to the OECD average of 24%. Parents' and teachers' attitudes and children's own self-belief explain part of these gender differences in choice of study areas. In Chile, 50% of fifteen-year-old boys' parents expect their child to work in STEM-related occupations, compared to only 16% of girls' parents (OECD PISA 2012 Database). Field segregation by gender can have negative effects on women's future earnings and career progression, as male-dominated professions (such as those in STEM) tend to offer more lucrative pay than many of the female-dominated professions.

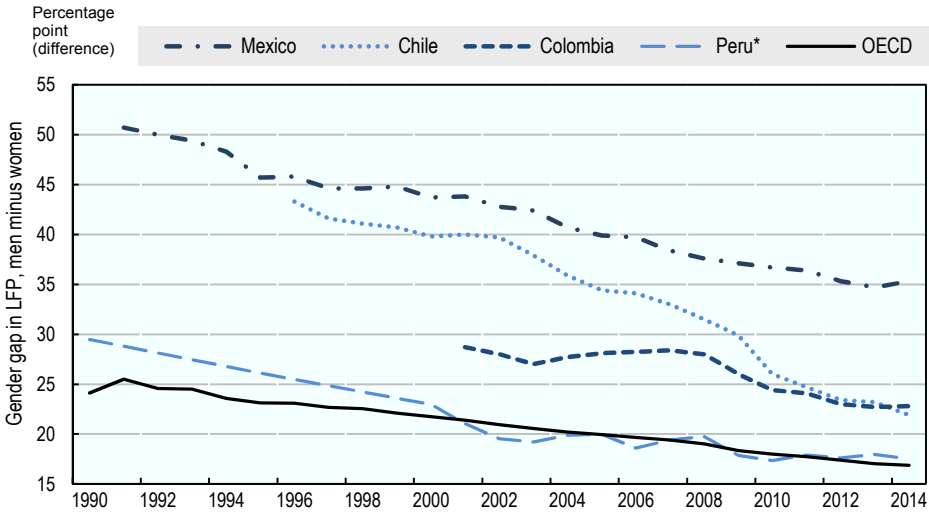
Female labour force participation shows progress, but needs improvement

Girls' gains in schooling have been accompanied by impressive growth in female labour force participation over the past decade in Colombia, Mexico, Peru and especially Chile. The labour force participation (LFP) rate of working-age (15 to 64-year-old) women in Chile grew from 37.4% in 1996 to 55.7% in 2014, while in Mexico the share of working-age women in the labour market grew from 39.6% in 1996 to 46.8% in 2014. Colombia and Peru have historically had higher female LFP rates, but still showed improvement in recent years: the female LFP rate in Colombia rose from 57.4% in 2001 to 62.9% in 2014 and in Peru from 52.7% in 1990 to 65.5% in 2014 (OECD Employment Database, 2016, for Chile, Colombia and Mexico; OECD, 2016a, for Peru).

Correspondingly, gender *gaps* in participation in paid work have decreased in all Pacific Alliance countries, similar to other OECD countries. However, there still exist sizeable differences between women's and men's engagement in the paid labour force (Figure 2). In Mexico, there is a large 35 percentage point difference between men's and women's participation rates. This is double the 17 percentage point difference between men and women, on average, across the OECD (OECD Employment Database, 2016). Chile and Colombia's gender gaps in LFP are around 22 percentage points, which is still worse than the OECD average but closer to the estimated average of about 25 percentage points across the Latin America and Caribbean (LAC) region (ILO 2016). Recent improvements in female labour market participation (and reductions in gender gaps) in the LAC region have been tied to greater female education, decreasing fertility and increases in the provision of subsidised childcare (ILO 2016).

Figure 2. Women's labour force participation rates are converging with men's, but gender gaps persist

Gender gap measured as percentage point difference in labour force participation rates across men and women, Pacific Alliance countries and OECD average, 1990-2015



Note: Gender gaps are measured as male minus female labour force participation rates, in percentage points. *Data from Peru come from selected urban areas. Other countries' samples are nationally representative.

Source: *OECD (2016), OECD Employment Outlook 2016,* OECD Publishing, Paris, http://dx.doi.org/10.1787/empl_outlook-2016-en.

Socioeconomic and ethnic status compounds gender differences in labour force participation. The most disadvantaged women – especially those with less education and indigenous backgrounds – tend to have lower levels of engagement in paid work. For example, women who self-identify as indigenous in Colombia are about 3 percentage points less likely to be in paid work than non-indigenous women and the gap jumps to 10 percentage points for those who are mothers (OECD estimates based on ENCV 2015). In Chile, indigenous women are about 3.5 percentage points less likely to be in the labour market than non-indigenous women (OECD estimates based on CASEN 2013). There are also differences across rural and urban geographical areas, which can compound socioeconomic disadvantage. Gender gaps in LFP in Latin America tend to be smaller in urban areas than in rural areas (OECD, 2016a).

Vulnerable in the labour market: Women tend to have lower-quality jobs and earn less than men

Women also have lower-quality jobs, on average, when measuring work hours and formality of employment status, which can have negative effects on earnings, career progression and poverty risks across the life cycle (OECD, forthcoming). The recently-launched OECD Job Quality framework emphasises the importance of measuring quality as well as quantity of jobs, with a particular emphasis on labour market insecurity, earnings quality and quality of the working environment. This provides a useful reference for evaluating women's engagement in the workforce. In Chile, Colombia, Mexico, Peru, 15- to 64 year-old women work fewer hours and are more likely to work part-time than comparably-aged men (OECD estimates based on CASEN 2013, ENAHO 2015, ENCV 2015 and ENIGH 2014). Women in the Pacific Alliance also earn less than men. These problems are exacerbated for the high number of less-educated and low-income women in these countries.

Women and informal work

Informality is still a major labour market issue in Pacific Alliance countries for both men and women. Informality has many pernicious effects: informal firms are typically less productive, informal workers tend to have fewer opportunities for human capital accumulation and informal jobs are usually of lower quality and less secure than formal jobs (OECD, 2015b). Widespread informality also leads to lower tax and social security revenues for government and hinders economic growth (OECD, 2016c). Women working in informal employment are often self-employed in vulnerable categories, such as home-based and domestic work and tend to be worse-off than workers in companies (OECD, 2012).

Direct cross-national comparisons of informality are difficult, given variation in survey questions, but within-country analyses reveal that gender gaps vary by country in the Pacific Alliance. In Mexico, 48.8% of male workers (aged 15-64) report never having paid any social security contributions in their productive lives, compared to 64.6% of women (OECD estimates based on ENIGH 2014). This is a very large share of the working population without access to the full social safety net, although access to cash transfer programmes helps women and men maintain a minimum level of income for at least part of their lives. In Peru, both sexes again have inadequate access to formal employment and associated social protection, though men and women experience informality similarly: about 44% of both women and men are not registered in the pension system (OECD estimates based on ENAHO 2015). In Chile, rates of informality are relatively low for both men and women, but nonetheless nearly one in five

women are in informal jobs; 84% of men versus 83% of women are in the formal sector in Chile (OECD estimates based on CASEN 2013). For Colombia, the OECD estimates that 68% of all Colombian workers are in informal jobs (measured as the share of employees and self-employed not contributing to the pension system), with rates very similar among men and women (OECD, 2016c).

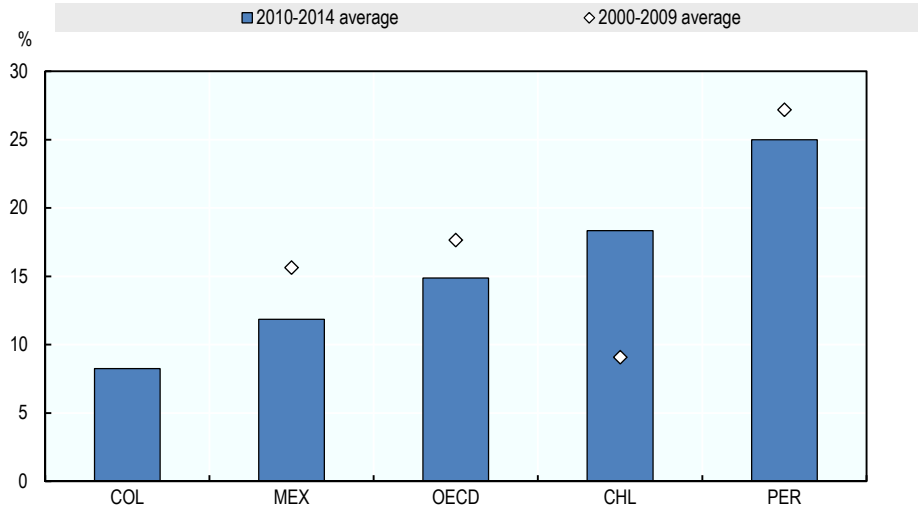
In recent years, Colombia has undertaken a series of legislative initiatives aimed at increasing labour formalisation. The Formalisation and Job Creation Law of 2010 established a package of incentives to formalise firms and employment, including access to government support programmes, temporarily reduced tax and social security contributions from small companies, simplified administrative and legal procedures to encourage firm formalisation, lower income taxes for independent workers and temporary tax relief on income and payroll taxes to encourage hiring workers from vulnerable population groups (including women over age 40 who have not had a job contract in the previous 12 months). Colombia's tax reform of 2012 significantly reduced non-wage labour costs (i.e., employer contributions for social programmes) and shifted the tax burden towards a broader corporate tax. Although informality has been gradually declining since 2010, it is difficult to attribute the decline to these new measures; an in-depth evaluation of the effects of these changes has not yet been conducted and it will be difficult to disentangle the effects of the two measures (OECD 2016c).

Gender pay gaps persist

Women continue to earn less than men for every hour of work they do. The average gender pay gap in OECD countries persists but has declined over the past 15 years (OECD, 2015b), whereas Pacific Alliance countries show a mixed picture (Figure 3). In Colombia and Mexico, the gender gaps in median monthly earnings of full-time employees, respectively of 8 and 12 percentage points on average in 2010-2014, are narrower than the OECD average of 15 percentage points (Figure 3). In Chile and Peru, gender pay gaps are wider than the OECD average. Moreover, these gaps have doubled in Chile since the 2000-2009 period, a change that has been attributed in part to differences in the types of jobs Chilean women and men hold (OECD, 2015c).

Figure 3. Uneven progresses in gender pay gaps across Pacific Alliance countries

Difference between male and female median earnings divided by the male median earnings[1]



Note: OECD is the unweighted average of the gender pay gap for the 34 OECD member countries.

1. Earnings refer to the monthly earnings of full-time workers (usually persons working at least 30 hours per week).

Source: *OECD (2016), OECD Employment Outlook 2016,* OECD Publishing, Paris, http://dx.doi.org/10.1787/empl_outlook-2016-en.

Why do gender gaps persist in labour force participation and wages, given that girls now match or outpace boys' school completion rates? Many factors explain gender gaps in both participation and in wages: employer discrimination, women's career breaks, occupational and sector segregation, gendered preferences (or constraints) for shorter or longer paid work hours and differences in the unpaid work burden at home (including childcare), which restrict the time women can spend in paid work (OECD, 2012).

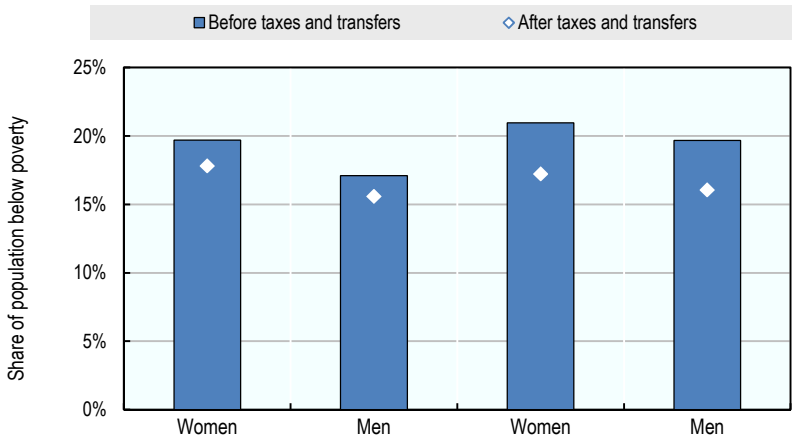
In Pacific Alliance and OECD countries, education is insufficient to close gender wage gaps; gaps persist even for highly-educated women, who are significantly more likely to be employed than less-educated women (OECD, 2016a). Across Latin America, the gender pay gap decreased the most for lower-educated women from 1990 to 2014. Increased legal protections and formalisation of domestic workers (the majority of whom are women) and increases in minimum wages have lifted the earnings of less-educated female workers relative to comparable male workers in Latin America (CEPAL, 2016).

Women in poverty

Although less-educated women's earnings have improved relative to less-educated men's in Latin America, the gender wage gap persists and women are less likely to be in paid work. Thus it is unsurprising that women are more likely to live in poverty than men (Figure 4). In Chile and Mexico, more women than men live in relative poverty both before and after taxes and transfers (poverty is measured as less than 50% of current national median income). Similar to the rest of Latin America, Chile and Mexico have fairly high poverty and inequality rates and taxes and transfers do not do enough to bring households out of poverty.

Figure 4. Women are more likely than men to live in poverty in Chile and Mexico

Poverty headcount for total population, measured as 50% of current median income, before and after taxes and transfers 2013 (Chile) and 2014 (Mexico)



Note: Based on pre- and post-tax and transfer household income.

Source: OECD Income Distribution Database (2016), www.oecd.org/social/income-distribution-database.htm.

In Chile, 17.8% of all women remain in poverty after accounting for taxes and transfers, very similar to the level in Mexico of 17.2% (OECD, 2016e). These numbers compare unfavourably with the average (unweighted) post-tax and transfer poverty rate across OECD countries for both men and women, which was around 11% in 2012 – a decrease from an average pre-tax and transfer poverty rate of 28.5% (OECD, 2016e). The effects of redistribution in Chile and Mexico are thus quite small compared to the average effects in other OECD countries.

Motherhood presents challenges for women in paid work

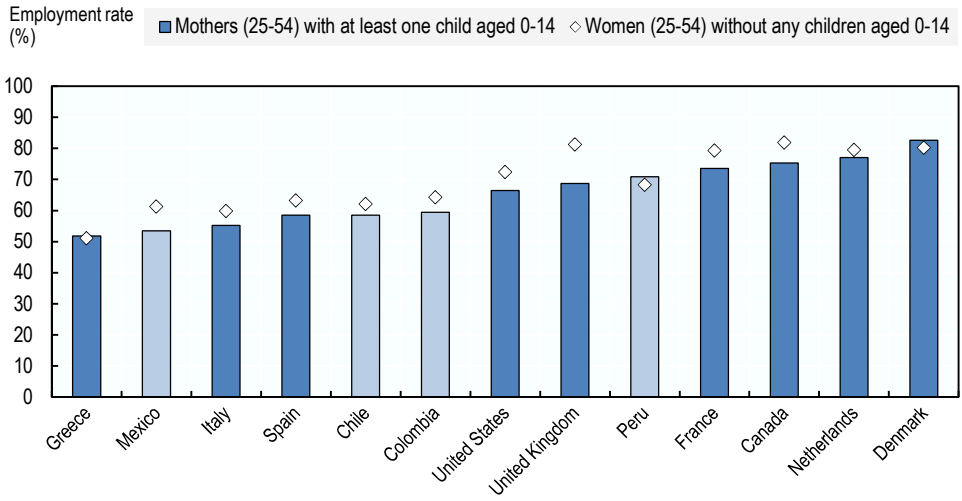
Motherhood is a particularly relevant issue for women's economic empowerment in Latin America, where single motherhood is on the rise (Child Trends, 2014) and teenage pregnancy rates are persistently high (OECD, 2016d). Indeed, the region's rate of adolescent maternity is now the second-highest in the world, surpassed only by sub-Saharan Africa and adolescent pregnancy is most pronounced in low-socioeconomic groups, which contributes to intergenerational poverty (Vignoli, 2014). The absence of sufficient policies and infrastructure supporting mothers deters many mothers from entering (or re-entering) the labour force and can prevent children from receiving good-quality care and education.

Gender inequalities in workforce participation and pay tend to become more pronounced when women become mothers. While even childless women do more unpaid care and housework than men, the arrival of children in the household makes it even harder for women to compete equally in the labour force given gender stereotypes, barriers in the labour market and lack of quality child care support. When mothers do engage in paid work, the "motherhood penalty" – meaning that mothers receive lower wages than childless women – remains persistent and strong in OECD countries even after accounting for a woman's decision to become a mother, which may influence her other behaviours (Budig and England, 2001; Gough and Noonan, 2013). Fathers suffer no such parenthood penalty; indeed, evidence suggests that fatherhood is associated with a beneficial effect on men's income and career trajectory (Correll et al., 2007; Hodges and Budig, 2010).

There has been less research on whether (and to what extent) the motherhood penalty exists in Latin America and conclusions are mixed (Piras and Ripani, 2005; Agüero and Marks, 2008; Ganguli et al., 2014). OECD estimates of household surveys in Pacific Alliance countries find that mothers of children aged zero to 14 are significantly less likely than women without dependent children to be in paid work in Chile, Colombia and Mexico (Figure 5). However, given high levels of informality, labour force participation rates present an incomplete picture. Underdeveloped social safety nets may force women with small children from low socio-economic background to take very low-quality jobs, often with poor pay and in difficult working conditions. At the same time, conditional cash transfer programmes have helped provide income security to mothers, at least for part of their lives, as the transfer is given to mothers and made conditional on children's school attendance and health monitoring.

Figure 5. Mothers are less likely to be in paid work than non-mothers

Employment rates (%) for women (25-54 year-olds) with at least one child aged 0-14 and women (25-54 year-olds) without any children aged 0-14, latest available year



Note: Data for Colombia, Mexico and Peru refer to 2015, for Denmark to 2012 and for all other countries to 2013. Data for the United States refer to women with and without at least one child aged 0-17.

Source: OECD Family Database (2015), www.oecd.org/els/family/database.htm and OECD calculations of CASEN (2013) for Chile, ENCV (2015) for Colombia, ENAHO (2015) for Peru and ENIGH (2015) for Mexico.

The gap is relatively large in Mexico, where 25 to 54 year-old mothers (with at least one child aged zero to 14) are about 8 percentage points less likely to be in paid work than comparably-aged women without dependent children. The motherhood employment gap is about 4 percentage points in Chile and about 3 percentage points in Colombia. In Peru, there is no significant difference in the estimated likelihood of employment across mothers and women without dependent children.

Social policies can help mothers enter – and remain in – paid work. A key determinant of female LFP is the age of the child. Across Pacific Alliance and most OECD countries, mothers are less likely to work when children are younger. For example, in Colombia, only about 39% of mothers (aged 15 to 64) with children aged zero to two engage in paid work, compared to 63% of comparably-aged mothers with children aged six to fourteen. While this figure may reflect families' preferences for a mother to

stay home with a very young child, it can also indicate inadequate access to paid maternity or paternity leave and/or a lack of affordable and good-quality childcare options that give mothers and fathers the opportunity to earn income.

Access to paid maternity, paternity and parental leave has been found to increase female employment. Paid maternity leave incentivises women's work prior to childbirth and offers mothers employment protection to return to work after childbirth. For employers, the pay-off to paid maternity leave (especially when leave is funded by social insurance schemes) comes in the form of avoiding the replacement costs of finding and training a new worker. Paid paternity leave can encourage fathers to take a greater role in childrearing, helps mothers return to work after childbirth and may decrease employer discrimination against hiring childbearing-age women, as men also represent a leave "risk" (Adema, Clarke and Frey, 2015).

All Pacific Alliance countries offer paid maternity leave, ranging from 12 weeks (in Mexico) to 18 weeks (in Chile). However, it is important to emphasise again that only women in formal employment – and those in formal jobs who have contributed to social security for a mandated period of time – have the legal right to paid leave. These criteria exclude many working mothers.

Pacific Alliance countries also offer fathers access to paid leave. Chile's policy is arguably the most generous: although the compulsory paternity leave is only five days long, Chile offers parents the possibility to share 12 weeks of parental leave. Mexico is on the right track with its recent introduction of paid paternity leave, but the leave period is relatively short (five days) and an obligation for the employer to pay (rather than social security) may discourage take-up by some fathers.

A public commitment to early childhood education and care (ECEC) is essential for ensuring that families have the options available to make the work-life decisions that best fit their needs. The coverage of ECEC in Pacific Alliance countries likely restricts parents' options to work, particularly in families with very young children. Chile and Mexico have made good progress in recent years, but they can do better in ensuring that parents of infants and very young children (aged zero to two) have affordable and good-quality options for childcare. ECEC policies are, of course, also very important for ensuring children's education, health and material well-being, as investments made in early childhood have lifelong effects (OECD, 2009 and OECD, 2011).

In 2013, Mexico spent about 0.6% of GDP on ECEC, while Chile spent 0.5% of GDP. These commitments are below the OECD average (0.7% of GDP going towards ECEC) and far lower than the amount spent in countries

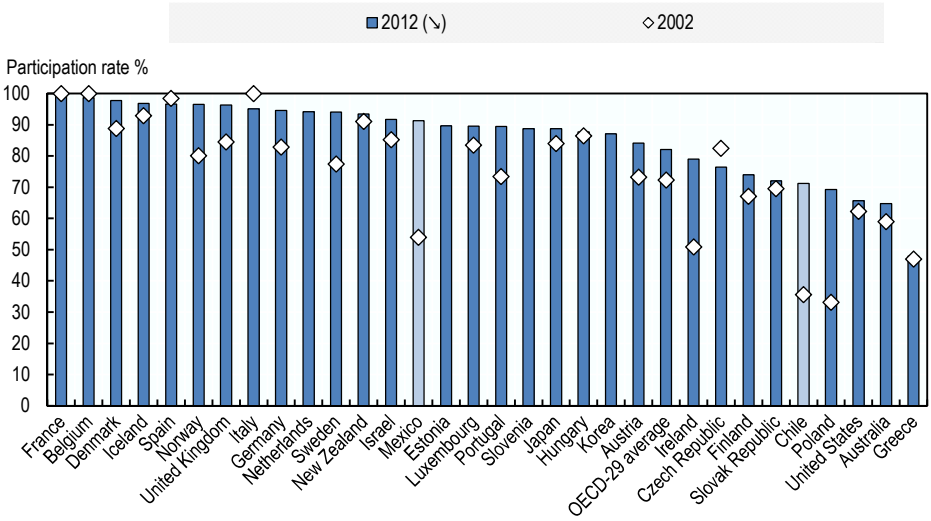
like Iceland (1.8% of GDP), Denmark (1.4%), Sweden (1.6%), France (1.3%) and Norway (1.3%) (OECD Social Expenditure Database 2016). Correspondingly, the share of infants and very young children (age two and under) in ECEC in Chile and Mexico is below the OECD average (OECD Family Database 2016), although Mexico has made excellent gains over the past decade in providing childcare access to very young children through expansion of the programme *Estancias Infantiles para Apoyar a Madres Trabajadoras*.

Introduced in 2007 for children under age four by Mexico's Ministry for Social Development (*Secretaría de Desarrollo Social*, or SEDESOL), *Estancias Infantiles* expanded childcare to working mothers without access to the pre-existing social security-based childcare system, i.e., mothers in the informal sector. The programme created a market for affordable, home-based day care services by offering payments to home- or community centre-based day care providers and subsidies to qualifying, means-tested parents (mostly mothers) who were working, looking for a job, or studying (Staab and Gerhard, 2010). The results have been remarkable. Within a year, *Estancias Infantiles* enrolled more than 200,000 children and by 2016 the number of children enrolled by SEDESOL was around 300,000. The programme was initially critiqued for providing low-quality care and indeed child caregivers are still only required to have completed junior high school, but SEDESOL has made efforts to raise the professionalism of child caregivers by requiring workers to obtain a technical certification for the care of lactant and infant children (information provided to the OECD by SEDESOL, 2015).

ECEC coverage in Chile and Mexico is higher for slightly older children. In Mexico, an impressive 91.3% of three to five-year-olds in Mexico were enrolled in pre-primary or primary school in 2012, up from 54% in 2002. This reflects the introduction and rapid expansion of universal preschool in Mexico in this time period. The coverage of pre-primary or primary school for three- to five-year-olds in Mexico now exceeds the OECD average of 82%. Chile also has shown significant progress in getting three- to five-year-olds into preschool and primary school in this timeframe (Figure 6), as did Peru, which increased the number of three- to five-year-olds in schooling from 66.5% to 78.9% from 2005 to 2014 (INEI 2016).

Figure 6. Three- to five-year-old enrolment in ECEC has risen in Chile and Mexico

Participation rates for 3-5 year-olds in pre-primary or primary schools[1], 2002[2] and 2012[3]



Notes: 1. Data reflect children in pre-primary education (both public and private), but also in some countries children enrolled in compulsory primary education. 2. Data for Australia refer to 2005 and for Bulgaria and Romania to 2007. 3. Data for Japan refer to 2010 and for Australia, Chile, Mexico and the United States to 2011.

Source: OECD Family Database (2016), www.oecd.org/els/family/database.htm.

Access to ECEC varies across socioeconomic groups. In Chile, Colombia and Mexico, a mother is more likely to work the more education she has, perhaps because she earns higher wages and can afford formal ECEC (OECD estimates based on CASEN (2013), ENCV (2015) and ENIGH (2015)). The exclusion of low-income families and children in ECEC can have harmful effects and not only in the form of a mother's lost wages: the pay-offs to investing early in children are large, especially for children from disadvantaged backgrounds (Heckman, 2006; Heckman et al., 2010.

Both male and female entrepreneurs in Pacific Alliance countries face obstacles

Men and women in Pacific Alliance countries are more likely to be self-employed than men and women in other OECD countries. On average in the OECD, just over 10% of women are entrepreneurs (OECD Gender Portal 2016). This number is far exceeded in Chile (29%), Mexico (25%) (OECD

Gender Portal 2016), Colombia (45%) and Peru (39% in urban areas) (OECD, 2016a). Men in Chile and Mexico are also more likely to be self-employed than the OECD average (30% of men in Chile and 27% in Mexico, compared to an OECD average of about 18%).

Numerous factors can inhibit women from becoming entrepreneurs and when women do start their own business, there are often gender gaps in business growth, survival rates and self-employment earnings (OECD, 2012). Across OECD and emerging economies, one of the biggest barriers to female entrepreneurship is access to credit, particularly in countries where women lack significant assets (experience, capacity, cash flows, collateral) that are valued by lenders and in countries where there is a cultural bias against the ability of women to be business owners (OECD, 2012). There is also cross-national variation in women's financial inclusion, e.g., the number of women with formal banking accounts.

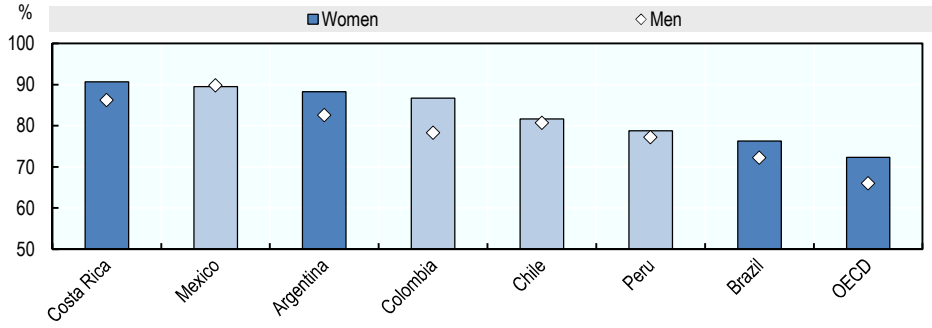
Gender *gaps* in access to credit are relatively small in the Pacific Alliance (Figure 7). However, the total share of people who perceive that they would be credit-constrained if they wanted to start a new business is higher than the share that feels credit-constrained, on average, in OECD countries. In Mexico and Chile, men and women have nearly identical perceptions of credit constraint, while in Peru and Colombia men have a small advantage in their perceived access to credit, at least relative to the OECD average. 78.7% of women and 77.2% of men feel credit constrained in Peru and 86.7% of women and 78.3% of men feel credit-constrained in Colombia, relative to 72.3% of women and 66% of men who feel credit constrained, on average, in OECD countries (OECD estimates based on Gallup 2016).

Similar results are found in response to the Gallup poll questions about access to business training or personal advice about starting a business. While individuals in Pacific Alliance countries are far less likely than respondents in other OECD countries to have access to business training or advice, gender gaps in these results are similar to the OECD average (OECD, 2016a). In other words, women face high hurdles in starting businesses in Pacific Alliance countries, but so do men.

In emerging economies, the share of women among owners of small and micro-enterprises is much higher in the informal sector than in the formal sector, particularly in own-account enterprises (OECD, 2012). Women business owners in the informal sector are much less productive (in terms of sales per employee) than in the formal sector; in Mexico, for example, informal women-owned businesses are estimated to be about half as productive as formal ones (OECD, 2012).

Figure 7. Women and men face high credit constraints in Pacific Alliance countries

Percentage of people who perceive being credit-constrained, 2012[1]



Note: OECD is the unweighted average of the 34 OECD member countries.

1. Measured as the percentage of negative responses to "Do you have access to the money you would need if you wanted to start a business?".

Source: OECD estimates of Gallup data.

High rates of female NEETS signal future risks for women

Large numbers of youths (aged 15 to 29) are not in employment, education or training (NEET) in the OECD. On average in OECD countries, 16% of youths are NEETs, with more than half not looking for a job. Although NEET rates are lower than they were a decade ago in the Pacific Alliance, these countries still experience relatively high rates of NEETs: the share of youths not in employment, education, or training reaches 18% in Peru, 19% in Chile, 21% in Colombia and 22% in Mexico. Among these NEETs, more than three quarters are inactive [OECD estimates based on CASEN (2013), ENAHO (2015), ENCV (2015) and ENIGH (2014)].

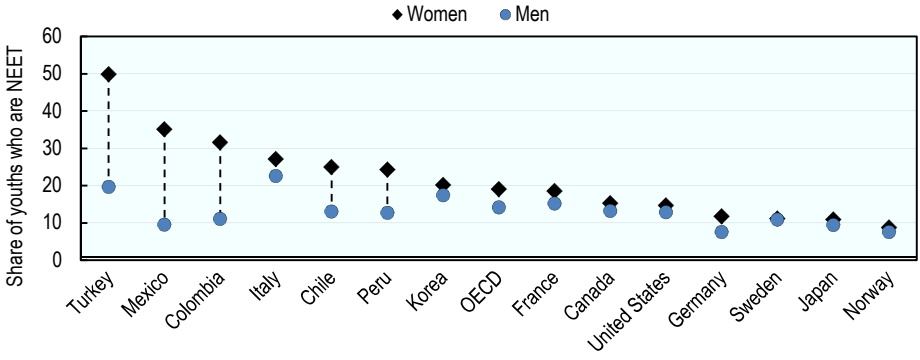
NEET youths face many challenges. Many NEETs live in poverty due to a lack of a financial cushion; NEET status tends to reinforce intergenerational inequality, as NEETs are most common among the most vulnerable; and many NEETs face "scarring effects" in the long run (Carcillo et al., 2015). That is, workers who experience unemployment as youths are more likely to be affected by unemployment later in their careers (Doiron and Gørgens, 2008; Schmillen and Umkehrer, 2013; Möller and Umkehrer, 2014) or have lower earnings, even after accounting for traits like sex, family status and level of education (Tominey and Gregg, 2005; Mroz and Savage, 2006). The high costs of youth unemployment and inactivity thus accumulate over time and exceed the immediate

consequences of foregone earnings and decreased well-being. Moreover, there are societal effects: high numbers of male NEETs have been identified as contributing to crime and social disintegration in areas where violence is already a serious problem (de Hoyos et al., 2015). In the long run, as Latin America's demographic boom tapers off, a cohort that may become underemployed and undereducated prime-age workers could have long-lasting negative effects on future growth.

NEET rates are higher among young women than young men in the Pacific Alliance (Figure 8). Although increased school attendance by girls aged 15 to 24 has contributed to reducing NEET rates (de Hoyos, et al., 2015), gender gaps in NEET rates remain quite high in Pacific Alliance countries: the NEET gender gap is 5 percentage points, on average, in OECD countries, compared to 26 percentage points in Mexico, 20 percentage points in Colombia, 19 percentage points in Chile and 18 percentage points in Peru.

Figure 8. Women are more likely than men to be NEETs in Pacific Alliance countries

NEET rates across men and women aged 15-29, Pacific Alliance countries and OECD average



Note: OECD is the unweighted average of the 34 OECD member countries.

Source: OECD calculations of CASEN (2013), ENCV (2015), ENAHO (2015), ENIGH (2015). Other OECD countries and OECD average estimate taken from OECD (2016), *Society at a Glance 2016,* OECD Publishing, Paris.

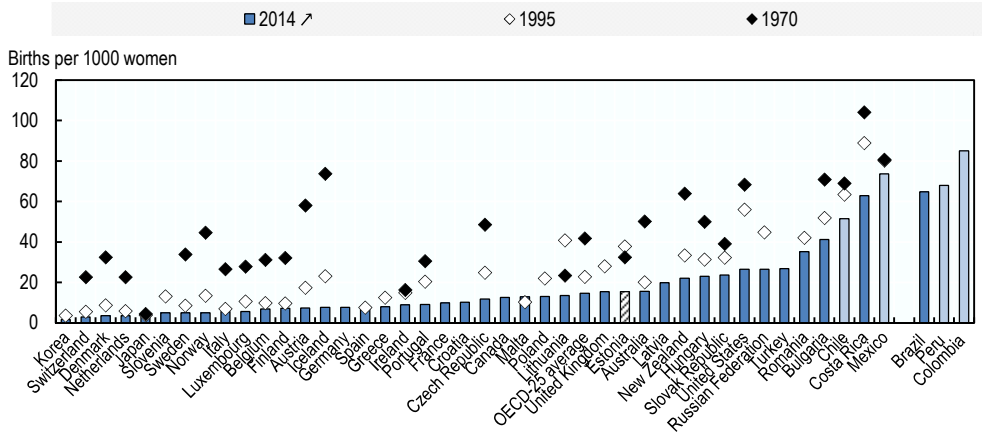
A common challenge to female NEETs' transition to education or paid work is motherhood. In Pacific Alliance countries, a very high share of female NEETs are mothers, whose caregiving responsibilities present additional barriers to entry into the labour market. Mothers represent the majority of female NEETs in Chile, Colombia and Peru and around half of all NEETs in Mexico (OECD estimates of CASEN (2013), ENAHO (2015),

ENCV (2015) and ENIGH (2015)). The high incidence of NEET status among young mothers is particularly problematic given the recent upward trends in teenage pregnancy in Latin America and the Caribbean. Teenage pregnancy is most pronounced in low socioeconomic groups, which contributes to intergenerational poverty (Vignoli, 2014).

Pacific Alliance countries are not exempt from this trend. Chile and Mexico have the two highest rates of adolescent fertility in the OECD (at 51.5 births and 73.6 births, respectively, per 1000 females aged 15-19) and rates in Peru and Colombia are similarly high (Figure 9). Early and unintended pregnancy presents serious risks to young women's ability to engage in education and schooling, can keep them in less secure and lower-paying jobs and, similar to other NEETs, can have scarring effects on future employment and pay. Becoming a mother at a young age can lead women into a cycle of precarity: adolescent mothers are at greater risk of joining the informal sector, which in turn has negative effects on salary, job continuity, career progression and women's ability to access important social protections (Save the Children, 2016; Government of Peru, 2012).

Figure 9. Adolescent fertility rates remain high in Pacific Alliance countries

Births per 1000 women, 1970, 1995 and 2014[1], 15- to 19-year-olds



Notes: 1. Data for Colombia refers to 2007, for Canada, Mexico, Brazil and Peru to 2011, for Australia and Chile to 2012 and for Japan, Korea, New Zealand, the United States, the Russian Federation and Costa Rica to 2013. Data for Brazil, Colombia and Peru are estimates and/or are based on survey data rather than register data. See the UNDESA webpage for more detail: http://www.un.org/en/development/desa/population/theme/fertility/.

Source: For European countries, Eurostat Demographic Statistics. For Brazil, Colombia and Peru, United Nations 2015 Update for the MDG Database: Adolescent Birth Rate. For all other countries, United Nations World Fertility Data 2015.

There remain significant gaps in access to reproductive rights and sexual and reproductive health, including access to modern contraception in Latin America. A woman's ability to control if and when she becomes pregnant depends upon her ability to access methods of fertility regulation. Access to contraception protects women from unwanted pregnancies, lowers the risk of abortion-related deaths and disabilities and allows for better spacing between births, which greatly benefits mothers' and children's health (OECD, 2014a; WHO, 2015). The Sustainable Development Goals target universal access to sexual and reproductive healthcare services and reproductive rights, including family planning, information and education and the introduction of reproductive health into national strategies and programmes by the year 2030 (United Nations, 2015).

95% of the 4.4 million abortions performed in Latin America in 2008 were unsafe and at least 10% of all maternal deaths in Latin America and the Caribbean in 2015 were due to unsafe abortion. Abortion access is prohibited or severely restricted in most of Chile and Mexico (with greater legal rights in Mexico City); permitted in Peru to preserve physical health and save a woman's life; and in Colombia, is permitted to preserve physical health, save a woman's life and preserve mental health (Guttmacher Institute, 2015).

Unequal sharing: Women continue to do the majority of unpaid housework and childcare

For both mothers and women without children, long hours spent cooking, cleaning and caregiving limit the amount of hours women can use to earn income (Miranda, 2011). In every OECD country and throughout the world, women do more unpaid work than men. Women in Mexico, for example, face one of the highest burdens of unpaid labour in the OECD: Mexican women shoulder nearly 77% of all unpaid housework and childcare in their households, a higher share than women in all other OECD countries except Japan and Korea (OECD estimates of harmonised cross-national time use surveys (OECD Gender Data Portal, 2016). Indigenous and rural women tend to do even more unpaid work (INEGI ENUT, 2014).

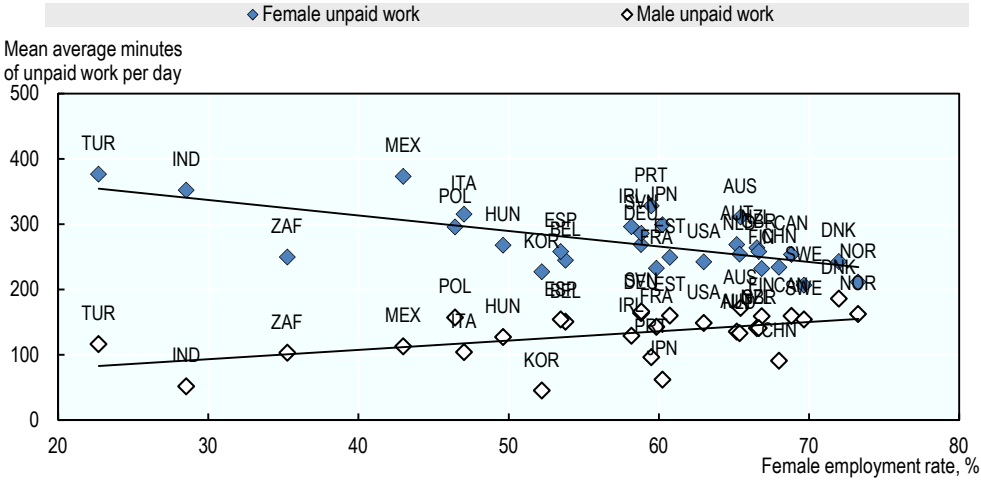
Unpaid work is valuable. It represents money saved over what a household would have to pay for the same service in the private market. Unpaid work at home increases the overall consumption of goods and services, represents implicit income and is crucial for enabling the labour force participation of beneficiary household members (Becker, 1965). In rural communities, agricultural production carried out within the household for family consumption has important value (Stiglitz et al., 2007) and consumption and production can be more broadly defined to include the

production and rearing of children, as well as maintaining a clean home (Browning, Chiappori and Weiss, 2014).

Gender inequality in unpaid work at home is important in explaining gender inequality in the labour market (OECD forthcoming, Ferrant et al., 2014). Women's disproportionate responsibility for unpaid care activities limits their ability to enter the labour market. When women enter the workforce, their responsibility for childcare and housework often impedes career progression and can relegate them to low-skill, temporary and part-time work. Across countries, at the aggregate level, women participate more in the labour market when their male partners take on more (unpaid) housework (Hook 2006; OECD, forthcoming). Women in countries with high female employment rates also spend relatively less time on unpaid work, relative to women in countries with lower female employment rates (Figure 10).

Figure 10. Greater gender equality in unpaid work correlates with greater equality in the labour market

Mean average minutes/day in unpaid work, by gender and female employment rates (15-64 year-olds)



Note: Data on unpaid work are for 15+ year-olds for Australia, 15-74 year-olds for Hungary and 25-64 year-olds for Sweden. Reference years vary across countries: Australia: 2006; Austria: 2008-09; Belgium: 2005; Canada: 2010; China: 2008 for unpaid work and 2010 for the female employment rate; Denmark: 2001; Estonia: 2009-10; Finland: 2009-10; France: 2009; Germany: 2001-02; Hungary: 1999-2000; India: 1999 for unpaid work and 2010 for the female employment rate; Italy: 2008-09; Ireland: 2005; Japan: 2011; Korea: 2009; Mexico: 2009; the Netherlands: 2005-06; New Zealand: 2009-10; Norway: 2010; Poland: 2003-04; Portugal: 1999; Slovenia: 2000-01; South Africa: 2010; Spain: 2009-10; Sweden: 2010; Turkey: 2006; the United Kingdom: 2005; and the United States: 2014.

Source: OECD Gender Data Portal and OECD Employment Database.

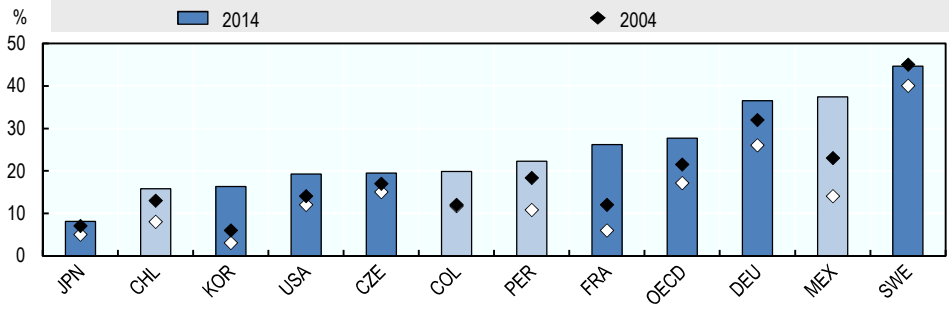
Box 1. Women in political leadership: A path forward?

Although the participation of women in political leadership roles does not necessarily produce better outcomes for female constituents, there is evidence that women and men have different policy preferences (Lott and Kenny, 1999; Edlund and Pande, 2001) and that women elected as leaders are more likely to invest more in the public goods linked to women's concerns (Raghabendra and Duflo, 2004). This suggests that *descriptive* representation can actually translate into *substantive* representation for women. There are multiple causal pathways: elected women pay more attention to women's needs, they are more effective in bringing these bills on the agenda and they can indirectly (or directly) influence male legislators' priorities (Schwindt-Bayer, 2007). In Latin America, the presence of female legislators has helped prioritise children and family affairs, as well as on sexual abuse and family violence issues in Argentina, Colombia and Costa Rica (Schwindt-Bayer, 2007). Women in leadership positions not only bring gender perspectives to the job, but serve as role models and project a level of ambition that positively impacts girls, especially in regions where widespread gender stereotyping and discrimination persists. In 2015, the Americas had the highest share of female members of parliament in the world (25.2%), the highest share of women ministers (22.9%) and a relatively high number of female executives in government, with women in leadership roles in Argentina, Brazil and Chile (Inter-Parliamentary Union and U.N. Women, 2015).

With the increase in women's enrolment in higher education and the introduction of election quotas by gender, Latin America has seen a dramatic increase in the election of women to national legislatures in recent years. Between 1997 and 2014, the share of parliamentary seats held by women more than doubled in Mexico (from 14% to 37%), Chile (from 8% to 16%) and Peru (from 11% to 22%). During the same period, this share also increased from 12% to 20% in Colombia. Mexico now outperforms the OECD average of female legislators by 10 percentage points (Figure 11). This gives cause for optimism that women's issues and perspectives may be better prioritised in future legislation and policy making.

Figure 11. Pacific Alliance countries made sizable progress in women's representation in Parliaments

Percentage of parliamentary seats in a single or lower chamber held by women



Source: Inter-Parliamentary Union (2014) in OECD Gender Data Portal.

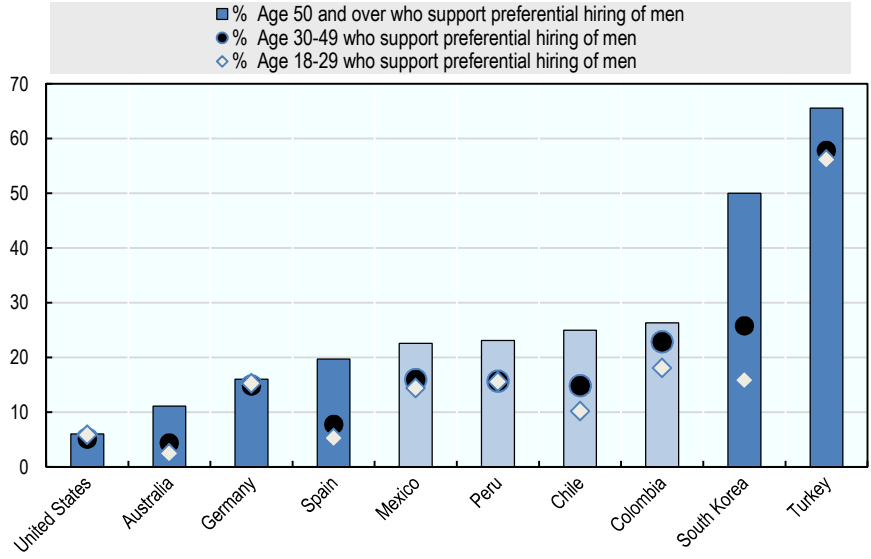
Traditional attitudes persist, but young people give cause for optimism

Attitudes and social norms towards gender are hard to change. Indeed, public opinion about the role of men and women has shifted very slowly over time, particularly in emerging and upper-middle income economies (OECD, 2016a). However, a closer look at a common survey measure of gender inequality gives optimism for generational change in attitudes. This question is phrased as "When jobs are scarce, should men have more right to a job than a woman?"

In most countries, young people are much more likely to oppose the idea that men should get preferential treatment in hiring when jobs are scarce (Figure 12). Generational change is particularly pronounced in Chile, where respondents over age 50 are 15 percentage points more likely to support the preferential hiring of men than respondents aged 18-29.

Figure 12. Younger people hold more egalitarian views

Percentage of respondents who answer "yes" when asked whether men should have priority in hiring when jobs are scarce



Source: World Values Survey (2010-2014 wave).

The younger generation's attitudes towards equality in hiring in the Pacific Alliance are more closely aligned with attitudes expressed by young adults in non-Latin American OECD countries (and in fact are more egalitarian than views among young adults in Germany, for instance). Importantly, current preferences expressed by the young respondents in the Pacific Alliance are more egalitarian than the preferences expressed by young respondents in previous World Value Survey waves, suggesting generational change over time rather than age effects.

3. Gender equality is good for growth

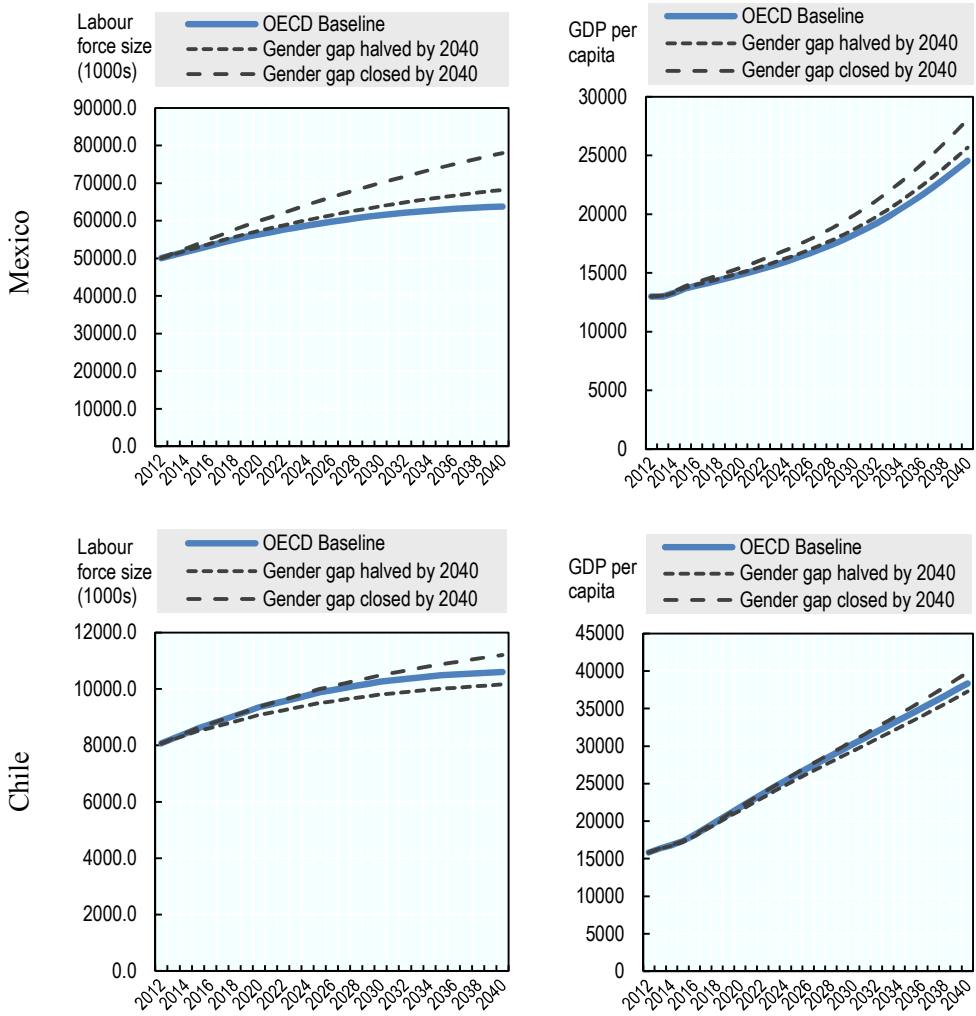
It is now well-understood that the participation of women in the labour force is essential for economic growth. The potential gains from including more women are greatest in countries where large gender gaps persist, like Mexico. OECD models project a sizable impetus to growth if women are able to engage in the labour market at rates similar to men (Figure 13). In Mexico, halving the current gender gap in labour force participation among 15 to 74 year-olds by 2040 could potentially add as much as 0.16 percentage points to the projected average annual rate of growth in GDP per capita for the period 2013-2040, boosting the projected average rate from 2.3% per year to 2.46% per year. By 2040, this potential extra growth would translate into an increase of around USD 1100 in GDP per capita, relative to the baseline scenario (Figure 13). There is less scope for large gains in Chile, largely because, based on recent trends, the gender gap in labour participation is already expected to fall by more than half by 2040. Still, Chile should aim high and there remains room for further improvement: closing the gender gap completely by 2040, for instance, could potentially add a further 0.14 percentage points to Chile's projected average annual rate of growth in GDP per capita for the period 2013-2040. This would be equal to an increase in GDP per capita of around USD 1400 by 2040.

Figure 13. Women's labour force participation is essential for boosting economic growth

(Technical notes and sources in Annex A)

Projected size of the total labour force (15- to 74-year-olds) under different gender gap scenarios, 2012-2040

Projected GDP per capita (USD 2005 PPP) under different gender gap scenarios, 2012-2040



Source: See Annex A.

4. Public policies can level the playing field

Gender gaps are driven by many socioeconomic factors, but well-designed policies can help level the playing field between women and men. Good social and economic policies require accurate evaluations and the inclusion of gender considerations in order to ensure that women have the same opportunities as men to reach their full potential.

Good policy in practice: A call for accurate evaluation and embedding gender considerations in policy

It is important to evaluate public policies targeting women's economic empowerment, ensure that gender considerations are included in planning and evaluation and consider how policies may interact to affect women and girls. Accurate evaluations of social policies, particularly evaluations using randomised control trials (RCT), are necessary to evaluate whether policies have their intended effects. Pacific Alliance countries have demonstrated strong evaluation practices, with Mexico's initial design of *Progresa* (now called *Prospera*) in 1997 a well-known example of good planning for evaluation. New programmes should be introduced using RCTs or quasi-experimental methods whenever possible.

Reliable data collection by national statistics agencies is crucial for policy evaluation, as is embedding gender considerations in data collection and data evaluation (OECD, 2016f, OECD, 2014b). This might include, for example, evaluating access to policies and outcomes using gender-disaggregated data and creating linkages between women's institutes and national statistics agencies. Time-use surveys are also an important measure of evaluating unremunerated work (Ferrant et al., 2014), most of which is carried out by girls and women in Pacific Alliance countries and is typically unincorporated in national accounts. All Pacific Alliance countries have initiated time-use surveys, though frequency varies: Colombia conducted five time-use surveys prior to 2013, Mexico conducted four, Peru conducted two and Chile conducted one in that period (Aguirre and Ferrari, 2013), although the length of these surveys varies across countries.

Synergies between policies matter, as policies can have different effects on different community or family members. For example, policies intended to promote ECEC have often had positive effects on women's employment in OECD countries and in Latin America (Berlinski and Galiani, 2007; De la Cruz Toledo, 2015).

National conditional cash transfer programmes aimed at poverty reduction, such Chile's *Ingreso Ético Familiar* (IEF, progressively replacing

Chile Solidario), Colombia's *Familias en Acción*, Peru's *Juntos* and Mexico's *Prospera* (formerly known as *Progresa* and *Oportunidades*) have had other positive effects on a variety of social outcomes, such as schooling, female employment and the division of labour at home. By providing transfers to (and thus empowering) mothers, CCT programmes have changed within-household distribution of income. Most CCT programmes have been found to be successful in their targets of improving school enrolment or attendance by children and some countries, such as Mexico, have embedded gender considerations by offering higher pay for girls than boys to attend secondary school (Fiszbein and Schady, 2009). In Chile, IEF has begun to offer a cash subsidy available for up to four years for women's employment in the formal sector (20% of wages), as well as a subsidy for the employer (10% after two years of employment) (Fultz and Francis, 2013). In Peru, *Juntos* was found to have improved equality in the division of family responsibilities between mothers and fathers (ILO, 2014). The continuity of these programmes is encouraging. Mexico's CCT programme has served as a good example around the world – even New York City replicated parts of it – and has been providing reliable income support for nearly 20 years.

Of course, unintended effects can be negative, as well. Governments have begun to recognise that directing conditional cash transfers to mothers can add an undue unpaid work burden on women, who are often solely responsible for ensuring that family members meet the many conditions necessary for receiving funds and have made efforts to facilitate and incentivise mothers' participation in the paid workforce (CEPAL, 2012; Molyneux, 2008). This helps improve women's economic self-sufficiency, can help break down (rather than reinforce) traditional gender roles and can better prepare women for graduation out of a CCT programme.

Policy recommendations

The OECD and other intergovernmental organisations agree on the importance of reducing gender gaps through the introduction of measures such as the ones listed below. These principles are embedded in the OECD Gender Recommendation (OECD, 2013b). Pacific Alliance countries can draw from these principles – adapted to specific country conditions and priorities – to better integrate women in economic life, for the betterment of women, men and society as a whole.

Measures to help address gender gaps in the Pacific Alliance can be grouped into the following recommendations:

Ensure girls' equal access to quality education and to academic fields that "pay off"

Governments should promote gender equality in education through multiple approaches:

- Ensure that boys and girls have equal access to good-quality education, as well as equal opportunities to complete schooling and make educational choices. Adapt school and early childhood education curricula, teaching and school practices to eliminate gender discrimination and stereotyping. Chile, for instance, was one of the first places in the world to study gender bias in textbooks and such measures have been reinvigorated in recent years (Blumberg, 2015), while Mexico has earmarked funding for gender in its educational programmes and initiatives, including measures to prevent and reduce violence against women. The Ministry of Education in Mexico has also taken important steps to improve high school attendance and reduce drop-outs by offering small scholarships to at-risk students. Many of these scholarships have an implicit or explicit gender focus, e.g. by offering more money to girls than boys, or by prioritising teen parents.
- Make the study of STEM, as well as education, arts and the humanities, equally inclusive and attractive to boys and girls and promote the development of strong reading habits to both sexes.
- Raise awareness among girls, boys, parents, teachers and employers about gender-stereotypical attitudes towards academic performance, as well as the likely consequences of educational choices for employment opportunities, career progression and earnings. Encourage women who have completed STEM training to pursue professions in these fields, for example by providing career counselling, adult education, internships and apprenticeships.
- Help male and female NEETs transition into higher education and employment by ensuring sufficient supports in secondary education, such as adequate preparation and skills-matching for post-secondary education and careers, school-based programmes to prevent teenage pregnancy and programmes to keep teenage mothers in school (such as the scholarships mentioned above in Mexico). Support young parents with affordable and good quality childcare options.

Move more women into formal employment and into social security systems

Informal employment remains widespread in Pacific Alliance countries across sexes. Policy measures aimed at reducing informality can help both men and women, but design should take gender into consideration [for greater detail, see OECD (2015) and OECD (2016a)]:

- Increase the benefits of formalisation for both sexes. Mexico, for example, provides low-wage earners with tax credits to incentivise formal employment and Chile offers individual unemployment savings accounts (OECD, 2015b). Measures like these link the costs to the benefits of formalisation. It is important, as well, to ensure adequate public awareness of these programmes in order to promote take-up (Bosch et al., 2015). Furthermore, by providing good-quality public services and a reliable link between contributions and benefits in social protection schemes, countries can encourage people's trust in government and increase their motivation to join formal employment.

- Reduce the costs of formalisation. Steep tax schedules (such as high social security contributions) tend to discourage low-paid workers from formalising their employment. In thinking about gendered effects of policy design, is important to design dual-earner tax liabilities in such a way that female spouses of male breadwinners are not discouraged from registering.

- Strengthen enforcement mechanisms. Labour inspections are an effective way of reducing informality, at least in the short run (McKinsey, 2014), but labour inspection systems need sufficient resources to work effectively. Mexico has shown good progress by increasing the number of labour inspectors and inspections in recent years. In 2014, the number of workers per labour inspector was relatively high in Mexico, at 50,000 workers per inspector in 2014 (ILOSTAT, 2016), in comparison to ILO benchmarks for labour inspections (10,000 workers per inspector in developed market economies and 20,000 workers per inspector in transition countries (OECD, 2013b). However, this is a noteworthy improvement from 2010, when the ratio was around 100,000 workers per labour inspector. There also needs to be adequate cooperation across government agencies in enforcing formality.

Improve entrepreneurship supports for women and men

Pacific Alliance countries should ensure that men and women have equal opportunities to start and grow their businesses. There are several ways by which women-owned businesses can be encouraged:

- Ensure equal access to finance for men and women starting small, medium and micro-enterprises through measures that affect both the supply and demand for financing: ease access to finance for viable businesses owned by men and women; take steps to improve the knowledge and attitudes of financial institutions, so that they are not gender-biased; and increase awareness of finance resources among women entrepreneurs. Evaluate finance mechanisms to ensure that they do not introduce a gender bias. Consider offering measures such as financial literacy, training and consultancy services in combination with loans.
- Reduce socioeconomic barriers that particular impede poor women's opportunities. Improve poor, rural and indigenous women's access to formal banking. The enforcement of equal rights to property is also fundamental to fostering gender equality in access to credit. Institutions and mechanisms, such as credit registers, which ease access to lender and borrower information, should be strengthened.
- Help move women-owned businesses out of the informal sector and into the formal sector by reducing the administrative burdens of registering a business. These costs tend to weigh particularly heavy on women entrepreneurs contending with time and resource constraints. Make the benefits of registration visible and substantial.

Better reconcile work and family life so that mothers can earn income

To close gender gaps, mothers and fathers must have equal opportunities to care for their children and participate in good-quality paid work. Public policies can help parents balance work and family life in the following ways:

- Design tax and benefit policies so that both parents have similar financial incentives to work.
- Ensure the adequate provision of affordable, good-quality early childhood education and care (ECEC), as well as affordable long-term care for other dependents, such as elderly relatives or those with disabilities. This is an especially important concern when the

obligation for unpaid care work falls disproportionately on women, thus hampering their ability to engage in paid work. Mexico, for example, has made good strides in helping parents care for young children recent years with the introduction of universal compulsory preschool education, as well as the growth of the *Estancias Infantiles para Apoyar a Madres Trabajadoras* programme. The introduction of universal preschool has also been associated with gains in female employment in Mexico (Toledo, 2015). Similarly, the *Chile Crece Contigo* programme (which provides free childcare for the poorest 60% households) has been found to promote child development as well as female employment, at least among mothers whose wages are sufficient to offset the opportunity costs of childrearing (Arriagada, forthcoming).

- Provide adequate employment-protected paid maternity leave to working mothers, in line with ILO recommendations on paid leave (14 weeks of paid maternity leave). All Pacific Alliance countries should adhere to the ILO recommendations (at a minimum) and ensure that all women are incorporated into the formal workforce, so that they are guaranteed leave protections and pay around childbirth.
- It is also important that fathers be encouraged to take paternity leave: fathers' leave-taking has numerous social, health and well-being benefits within the household and fathers' leave-taking is also good for promoting female employment (Adema, Clarke and Frey, 2015). Pacific Alliance countries should expand the number of days offered to fathers and governments and workplaces should encourage or mandate fathers to take the leave for which they are eligible.
- Ensure that new mothers have adequate support when they return to work. All Pacific Alliance countries legislate lactation breaks for mothers, but duration varies: Chile legislates two one-hour breaks per day until a child turns two years old, whereas Mexico and Colombia offer only two 30-minute breaks per day until an infant is six months old (Mexico also offers the alternative option of reducing a mother's work day by one hour). To give mothers the choice to breastfeed, which has especially significant health payoffs when water quality is inadequate, it is important to ensure that mothers have access to a legally-mandated private and hygienic space for expressing milk. In practice, these hygienic spaces for preparing milk are underprovided and women are often forced to use restrooms to prepare their baby's milk.

- Enable parents to take flexible work arrangements and discourage workplace cultures of excessive hours. Excessive hours are not only unproductive but can be particularly burdensome to working parents (OECD, forthcoming). Long hours are common in Pacific Alliance countries (OECD, 2015b); this can be a significant barrier to work-life balance.
- Raise awareness of gender stereotypes and promote a more equal sharing of paid and unpaid work within couples. Raise awareness of and take measures to prevent domestic violence and ensure that women have reliable access to justice if they are victimised.

Eliminate gender inequalities in the workplace

Governments can help eliminate gender discrimination in the workplace through various mechanisms:

- To help eliminate the gender wage gap, promote pay transparency; ensure the principle of equal pay for equal work; tackle stereotypes, segregation and indirect discrimination in the labour market; and promote the reconciliation of work and family life (discussed above).
- Strengthen laws and enforcement for combating all forms of discrimination in pay, recruitment, training and promotion. Empirical evidence of the effects of anti-discrimination laws is scarce, but it does point to some positive effects. An increasing number of countries, such as Australia, Canada and the United Kingdom, have begun using the so-called "comply-or-explain" approach to promote gender diversity in the private sector, which requires companies to report publicly their diversity policies and degree of diversity (Bohnet, 2016). This has corresponded with improvements in diversity indicators in companies.
- Public awareness campaigns are important to inform businesses of their responsibilities and women of their rights, as enforcement of laws depends largely on the initiative of individuals who experience discrimination (OECD, 2012; OECD, 2008). Denmark, Finland, Sweden and the United Kingdom are good cases in which the majority of the population knows that hiring discrimination is illegal, in part because of public measures like the publication of statistics on discrimination, information campaigns to change public opinion, the publication of good codes of practice for employers and information campaigns to inform the public of their legal rights (OECD, 2008). National equality bodies also play a key role in

lowering the costs of filing a discrimination case and in many OECD countries plaintiffs receive free legal guidance and counselling from these institutions or related bodies (OECD, 2008).

- To ensure health and safety, promote measures to end sexual harassment in the workplace, including awareness and prevention campaigns and actions by employers and unions. Raise awareness of violence against women, take measures to prevent assaults on women and improve women's access to justice when they are the victims of violence. Mexico's National Commission to Prevent and Eradicate Violence against Women, for example, has a cross-cutting mandate which includes a comprehensive set of policies aimed at the prevention, treatment, punishment and eradication of harassment and violence against women in workplaces.
- Consider the special needs of women from disadvantaged minority groups (such as indigenous women) and migrant women in designing policies to end gender inequality.

Notes

1. "NEET" rates refer to the share of young people (aged 15 to 29) not in employment, education, or training. In Spanish, these young people are known as "NiNis"— those who "ni estudia ni trabaja."
2. Defined as the number of children of primary school age (according to ISCED97) who are enrolled in primary education as a percentage of the total children of the official school-age population.
3. Data for Colombia refer to 2009 and for Chile, Mexico, Peru and OECD average to 2012.
4. Total enrolment in tertiary education (ISCED 5 to 8), regardless of age, expressed as a percentage of the total population of the five-year age group following on from secondary school leaving.
5. Graduation rates represent the estimated percentage of an age cohort that is expected to graduate over their lifetime. This estimate is based on the total number of graduates in 2013 and the age-specific distribution of graduates.

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Annex A

Estimating the effects of changes in female labour force participation rates on the size of the labour force and GDP per capita in Chile and Mexico

Promoting greater gender equality and encouraging female labour participation could produce large economic gains in Pacific Alliance countries. To illustrate the potential effects, research conducted for this report makes use of the OECD's in-house labour force projection and long-term growth models to project both the size of the labour force (15-74 year-olds) and Gross Domestic Product (GDP) per capita in Chile and Mexico under hypothetical scenarios whereby, between 2012 and 2040, women's labour force participation rates increasingly close in on those of men. Three scenarios were considered in total:

- The "*baseline*" scenario: labour force participation rates for men and women of all ages are estimated using the OECD's standard dynamic age-cohort model, which projects participation rates (by gender and by five-year age group) based on current (2003-2012) rates of labour market entry and exit.
- The "*gender gap halved by 2040*" scenario: male participation rates are projected (by five-year age group) based on current (2003-2012) rates of labour market entry and exit; female participation rates are projected so that the current (2012) gap between male and female participation rates within each five-year age group falls by 25% by 2025 and 50% by 2040.
- The "*gender gap closed by 2040*" scenario: male participation rates are projected (by five-year age group) based on current (2003-2012) rates of labour market entry and exit; female participation rates are projected so that the current (2012) gap between male and female participation rates within each five-year age group falls by 50% by 2025 and 100% (i.e. is fully closed) by 2040.

Estimates of the size of the labour force under each of the three scenarios were produced by combining the assumed labour force participation rates with projections of the size of the working age (15-74 year-olds) population from the OECD Population and Demography Database. In each case the labour force was projected individually by gender and five-year age group, with the overall labour force size the sum across both genders and all five-year age groups. Estimates of GDP per capita were calculated using a modified version of the long-term growth models presented in *OECD Economic Outlook*, No. 95. These growth models estimate GDP based on a standard Cobb-Douglas production function with the usual long-term growth determinants (i.e. physical capital, human capital, potential employment and labour efficiency). Potential GDP across the projection period (here, 2012-2040) is estimated by projecting trends and changes in the various input components, with projections of the components themselves based on both long-term dynamics within the given country and on convergence patterns between countries (see OECD (2014c) and Johansson et al (2013) for details on the measures, data and assumptions used to project the individual components).

Estimates of changes to GDP per capita under each of the three scenarios were produced by adjusting projections from these long-term growth models according to the assumed change (relative to the baseline) in the overall labour participation rate (which enters the model as a sub-component of potential employment). No change is assumed in the 'baseline scenario', so the estimates of GDP per capita under here are the same as those provided in *OECD Economic Outlook, No. 95*. In each case changes and developments in all other factors of production – such as physical and human capital, productivity and the remaining sub-components of potential employment – were held steady at the baseline.

Annex Tables A.1 and A.2 show the resulting estimates of the size of the total labour force (15-74 year-olds) and GDP per capita under each of the three scenarios. Although both series are projected for all years between 2012 (the last observed year) and 2040, because of limited space data are shown for the years 2012, 2025 and 2040 only.

It should be pointed out that these projections are purely mechanical, in the sense that they assume changes in female participation do not interact with other labour inputs – such as male labour participation, or male and female working hours – or any other production factors, including physical or human capital or productivity. It is possible that increases in female labour participation may lead to decreases in male participation and male or female working hours – so that paid work becomes more evenly shared across individuals – in which case these scenarios may overestimate the potential change in overall labour supply that would follow from an increase

in female participation. It should also be noted that the estimates of change in GDP take no account of the possible effects of increases in female participation on household production. Again, to the extent that an increase in female labour participation leads to a decrease in household production or to a shift from unmeasured to measured activity, the estimates shown here may overestimate the effects of a change in female participation on GDP. With these limitations in mind, the projections should be read only as estimates or approximations of the impact of changes in female labour supply on economic output.

Table A.1. Summary of the estimated effects of changes in female labour force participation on the projected size of the labour force in Chile and Mexico

Total size of the labour force (15-74 year-olds) in 2012 (last observed year), 2025 (projected) and 2040 (projected) under each of the three hypothetical scenarios, Chile and Mexico

	Total size of the labour force (15-74 year-olds, 1000s)					
	Chile			Mexico		
Scenario	2012	2025	2040	2012	2025	2040
Baseline	8073	9885	10602	50035	59305	63808
Gender gap halved by 2040	8073	9506	10156	50035	60884	68247
Gender gap closed by 2040	8073	10001	11208	50035	65336	78012

Source: OECD estimates based on the OECD Population and Demography Database and the OECD Employment Database.

Table A.2. Summary of the estimated effects of changes in female labour force participation on projected GDP per capita in Chile and Mexico

GDP per capita in 2012 (last observed year), 2025 (projected) and 2040 (projected) and the projected average annual rate of growth in GDP per capita for the period 2013-2040 under each of the three hypothetical scenarios, USD 2005 PPP, Chile and Mexico

	GDP per capita (USD 2005 PPP)							
	Chile				Mexico			
Scenario	2012	2025	2040	Projected average annual growth (%)	2012	2025	2040	Projected average annual growth (%)
Baseline	15843	26249	38355	3.21%	12992	16316	24537	2.30%
Gender gap halved by 2040	15843	25572	37271	3.11%	12992	16604	25662	2.46%
Gender gap closed by 2040	15843	26453	39804	3.35%	12992	17404	28055	2.79%

Source: OECD estimates based on OECD Economic Outlook No. 95 long-term database, the OECD Population and Demography Database and the OECD Employment Database.

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PROMOTING WOMEN'S ECONOMIC EMPOWERMENT

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