

# Opportunities for Men and Women: Emerging Europe and Central Asia

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Executive Summary



THE WORLD BANK  
WASHINGTON, D.C.



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The countries of Central and Eastern Europe and Central Asia have a long history of striving for gender equality, especially in the public sphere. Not only was this an important goal during the socialist era, but governments continued to pursue gender equality even during the difficult years of transition. The governments in the region allocated substantial resources toward the health and education of both women and men. They also adopted legislation that treated women and men equally in the labor market and they provided child care services. During much of the last century, the region surpassed countries—both developing and developed—in establishing the equal treatment of women and men.

Much of the first decade of the 21st century was defined by robust growth. The new member states of the European Union saw major structural changes, while the Commonwealth of Independent States bounced back from the financial crisis in the Russian Federation at the end of the previous decade. Thus, for several years, the economies of the region experienced robust growth. However, this period of prosperity was followed by a global financial crisis, which hit the region severely, especially in 2009 and 2010. The question remains whether men and women benefited equally over the course of the last decade, with its major economic developments, or whether the gaps between men and women and girls and boys changed significantly.

This report reviews changes in gender inequalities in Europe and Central Asia over the last decade, with a particular focus on economic opportunities both in labor markets and in entrepreneurial activity. In addition, given the importance of health and education in opening up opportunities for men and women in the economic sphere, the report discusses the changes in human capital endowments in this area as well. Unfortunately, the lack of data prevents us from covering the role of other assets, such as property or financial assets, in broadening opportunities for women.

There is a significant body of work on gender equality to build upon. Most recently, the World Bank published *World Development Report 2012: Gender Equality and Development*, which examines the progress in women's lives and provides policy recommendations to advance gender equality (World Bank 2011a). The report also

provides a useful framework for understanding the underlying causes as well as consequences. *Gender in Transition*, an earlier World Bank report specific to the region, also reviewed the gender-based differences in economic opportunities, especially in the labor market and human capital, over the first decade of transition in the 1990s (Paci 2002).

The remainder of this executive summary is structured as follows. The next section, A, reviews the main aspects of the World Development Report on gender and development. The following sections, B and C, discuss the main messages of this report and policy priorities, respectively. Section D makes some closing remarks.

### **Links to World Development Report 2012: Gender Equality and Development**

*World Development Report 2012: Gender Equality and Development* examines various dimensions of gender equality in the context of the development process. In particular, gender equality is viewed through an economic lens, with a focus on the relationship among (1) the accumulation of endowments (such as human capital and financial assets), (2) access to economic opportunities and their returns, and (3) agency, or the ability to take actions and make choices that impact the individual, household, or public spheres. These factors interact and affect one another significantly.

The report's main messages are as follows:

Gender equality is a core development objective in its own right. . . . Greater gender equality can enhance productivity, improve development outcomes for the next generation, and make institutions more representative. (World Bank 2011a, xx)

Development has closed some gender gaps. The disadvantages faced by women and girls that have shrunk most rapidly over the past quarter century include educational enrollment..., life expectancy..., and labor force participation. (World Bank 2011a, xx)

Gender disparities still remain in many areas, and even in rich countries. The most persistent and egregious gaps include excess deaths of girls and women..., disparities in girls' schooling..., unequal access to economic opportunities..., [and] differences in voice in households and society. (World Bank 2011a, xxi)

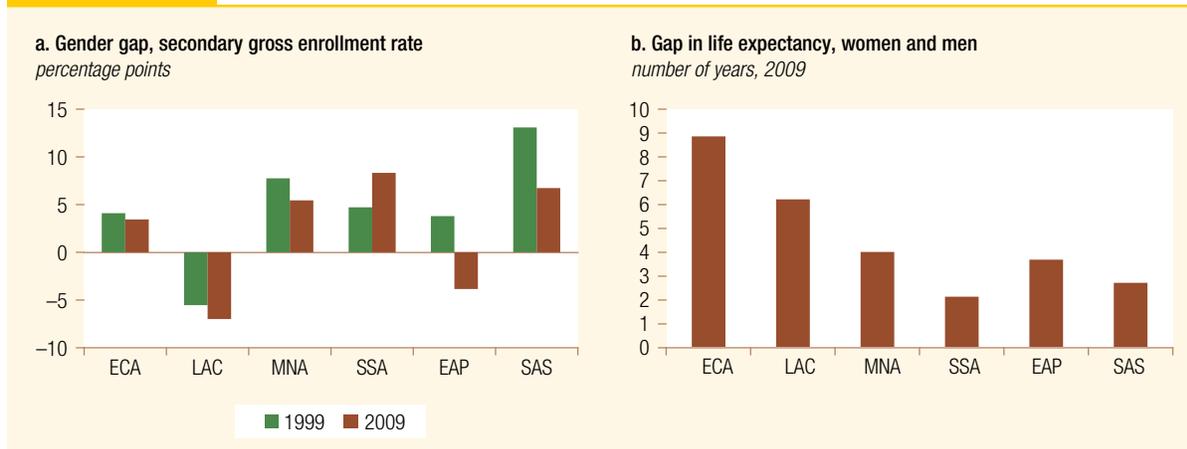
Income growth by itself does not deliver greater gender equality on all fronts... Gender gaps persist where girls and women face other disadvantages... Markets, institutions, and households can also combine to limit progress... globalization can help..., but [the] impact [of the related forces] will be muted without effective domestic public action. (World Bank 2011a, xxi)

As the report suggests, there is an important role for policies targeted toward reducing the most costly gender disparities that are not responsive to growth, and closing the most egregious gender gaps has become more urgent now than it was two or three decades ago.

An overlap exists between *World Development Report 2012* and this report. The methodology of examining endowments and the access to economic opportunities and their returns is applied in the analysis of gender issues in Europe and Central Asia. Our report discusses issues of human capital, such as education and health, which is the most important asset of the majority of the population. In our report, the issues of economic opportunities and their returns are discussed in the context of labor markets. The entrepreneurship chapter (chapter 3) touches on women's business assets and on economic opportunities. However, our report does not address agency, a topic extensively addressed in *World Development Report 2012*.

The concept of agency—the ability to exercise choice over consequential decisions—is important in furthering our understanding and incorporating into analysis, particularly where there are large discrepancies between men and women in the private (household) and public spheres. In Europe and Central Asia, women and men appear

**FIGURE EX. 1 The Gender Gap in Human Capital**



Source: World Development Indicators Database, World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators/>.

Note: The gender gap measures the difference in the gross secondary enrollment rate or life expectancy of males and females. EAP = East Asia and the Pacific. ECA = Europe and Central Asia. LAC = Latin America and the Caribbean. MNA = Middle East and North Africa. SAS = South Asia. SSA = Sub-Saharan Africa. All regional data are for developing countries only.

to have equal agency because of factors such as the gender-blind legal system, women’s comparable labor force participation rates, and girls’ access to education. However, if equal agency is to exist, men and women may need different types of institutional support given the differences between them.

Agency in the context of Europe and Central Asia has changed over the last two decades in concert with the changes brought about by the contraction of the role of the state and, more generally, the transition to a market economy and the development of large informal markets. Across the board in the region, there has been a reduction in fertility-related benefits, especially the contraction in childcare services. The scarcity of childcare availability has narrowed women’s opportunities, especially in the labor market. Agency has also been circumscribed by low incomes on the one hand and, on the other hand, by a lack of the public services (for example, childcare) that allow women to function independently. However, women have much greater agency in the region because of human capital endowments, independent sources of income, and the legal framework.

## Main Messages

This section consolidates the analysis in our main report to identify the overarching messages. This approach allows policy makers and civil society alike to see the significance of individual gender gaps within the larger context of economic development and prosperity. Presented below are the report’s three take-away messages.

**First, the region’s advantage in gender equality has eroded, with the result that the region now looks more similar to the rest of the world.** The gender gaps in school gross enrollment rates have fallen further in Europe and Central Asia over the past decade, but so have the world average gaps, given the substantial progress achieved in improving educational outputs (see figure 1).<sup>1</sup> Globally, female enrollment rates have risen more rapidly than male enrollment rates at both the primary and secondary school levels so that global gender gaps in 2009 had fallen to 4 and 2 percentage points, respectively, compared to Europe and Central Asia’s

<sup>1</sup> Measured using the difference between male and female gross enrollment rates.

1 and 3 percentage points. In terms of health outcomes, the region exhibits health indicators that are better than the world averages, especially the maternal mortality rates, which, in the region, are the lowest among all developing countries. However, in terms of female life expectancy, the region ranks below Latin America and the Caribbean, but is comparable to East Asia and the Pacific and the Middle East and North Africa. Male life expectancy in the region is unusually low and comparable to the average of Sub-Saharan Africa.

*The region's gender gap in education is similar to the gaps in other predominantly middle income regions.* One of the key areas where the gender profile of the region is similar to that of the rest of the world is in the area of education, especially in primary education and, to a lesser extent, in secondary education. Net primary enrollment rates in the region are comparable to the world average, with no significant gender gap. However, even in the area of secondary education, selected regions such as Latin America are quickly converging toward Europe and Central Asia's high net female and male enrollment rates and modest gender gap. Among the countries in the region that have made significant progress over the last decade, Turkey stands out because of an increase of 20 percentage points in female secondary enrollment rates. However, Turkey continues to show a large gender gap at the secondary level, as do some minority communities (such as the Roma) in Central and Eastern Europe. At the tertiary level, female enrollment rates exceed male enrollment rates in most parts of the region, and the level of inequality appears to increase with development. Next to the high-income countries of the Organisation for Economic Co-operation and Development, the region has the largest gender gap in tertiary education, at 11 percentage points.

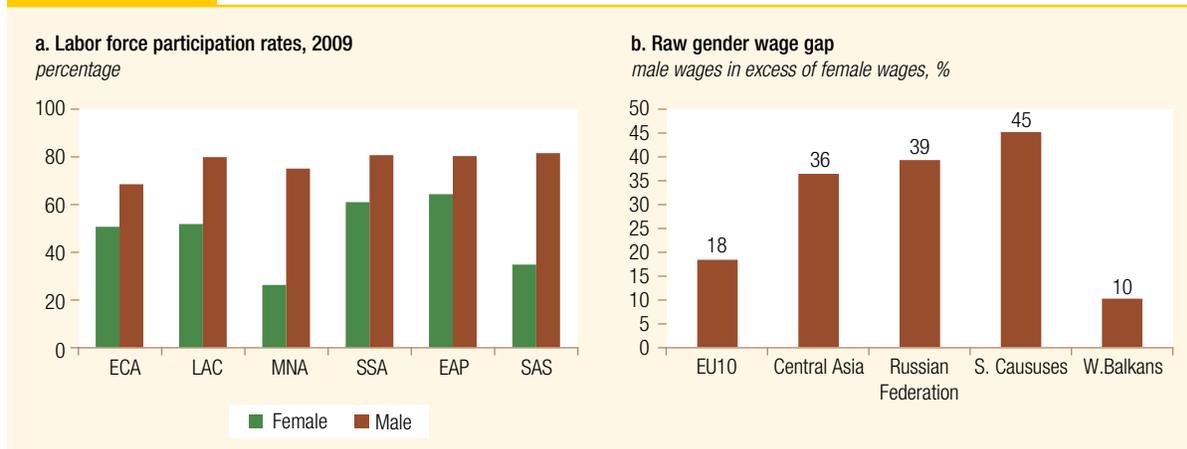
*Health indicators in the region are superior to those in other middle- and low-income countries, except for a sex imbalance among young children that has begun to emerge and unusually high mortality rates among prime age men in selected countries.* Armenia, Azerbaijan, and Georgia show the highest sex imbalance at birth in the world after China. Thus, in China, 18 more baby boys than baby girls are born per 100 live female births, while, in Ar-

menia, Azerbaijan, and Georgia, the corresponding number is 16, 15, and 11, respectively. The missing girls at birth reflect covert discrimination in the household, resulting from the combination of strong preferences for sons, declining fertility, and the spread of prenatal sex determination. The sex imbalance is reversed among the population group ages 50 years and above by the early demise of men, especially in Kazakhstan, Russia, and Ukraine because of poor health, alcoholism, and accidents.

***Second, the structural changes in the economies of the region have opened up economic and employment opportunities for women and reduced some avenues of prosperity for men.*** Women play an important role in these economies; they comprise 46 percent of the labor force in the region, which is above the world average of 40 percent. The labor force participation rates of women and men in Europe and Central Asia average 51 and 69 percent, respectively (figure 2). While female participation rates are comparable to the world average, male participation rates are well below the global average of 78 percent. This may be a reflection of many factors, including the types of jobs being created. Over the last decade, the region has experienced an expansion in the service sector, while the manufacturing and agriculture sectors have shrunk significantly. The contraction of the manufacturing sector in particular has had a disproportionate and adverse impact on men, while the growth in the service sector has opened up relatively more opportunities for women, who constitute half of all workers in the service sector in the region.

*However, women's gains in the service sector may be only short term.* Service sector jobs are diverse in terms of occupations and productivity. Service jobs may be found in both the public and private sectors. In the region, women appear to be disproportionately represented in the public sector, as indicated by several country studies. For example, if we look at the education sector (which is mostly in the public sector), women constitute 91 and 72 percent, respectively, of all primary and secondary teachers. However, the fiscal pressures on the large public sector are growing because of the need for adjustment following the economic crisis, which hit the region severely. Moreover, the role of women in the private sector as employees, but also as employ-

**FIGURE EX. 2 Employment Opportunities**



Sources: For labor force participation rates: World Development Indicators Database, World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators/>. For the wage gap: various; see chapter 2.

Note: EAP = East Asia and the Pacific. ECA = Europe and Central Asia. EU10 = the 10 European Union (EU) countries of Central and Eastern Europe, that is, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, and Slovenia. LAC = Latin America and the Caribbean. MNA = Middle East and North Africa. SAS = South Asia. Russian Federation, S. Caucasuses = southern Caucasus. SSA = Sub-Saharan Africa. W. Balkans = western Balkans.

ers lags significantly with respect to the role of men. For example, women are much less likely to engage in entrepreneurship, which has long-term implications for women's wealth accumulation.

*The wage gap between men and women remains large in the region, and, if human capital endowments are taken into account, the gap is even wider.* The wage gap in the region is comparable with the gap observed in other low- and middle-income countries. The data indicate that women's hourly wages are 22 percent less than the hourly wages of men, on average, in the region. Moreover, because women work fewer hours, the monthly wage gap is larger, indicating that women earn 29 percent less than men per month. Women earn systematically less than men even if one controls for differences in human capital. The size of the gender wage gap varies greatly within the region. The differences across countries are large within the region. The western Balkans (with the exception of Albania), the EU10 countries, Moldova, and Turkey have a gender gap of about 20 percent.<sup>2</sup> Other countries show gender gaps that are among the largest in the world (for example, Tajikistan, with a gap of about 65 percent), while still others (Albania and Russia) have gaps in the intermediate range of about 35 percent.

***Third, the dramatic demographic changes in the region have different implications for men and women, which must be taken into account if economic growth is to be sustained in the medium to long term.*** Though the total population of the region is not expected to change during the first quarter of this century (a projected -0.1 percentage point decrease), there will be a dramatic change in the age structure of the population in coming years. The share of the population above 60 years of age will rise sharply in 2009–25, from 15 to 25 percent of the population, and women will constitute 57 percent of this age group. Moreover, 17 countries in the region will suffer from population implosion, which will result in a shrinking labor force. These countries can ill afford this outcome given their levels of income and investment.

*There will be more elderly people, especially women, and these people will be vulnerable to old age poverty.* A variety of factors increase the probability that

<sup>2</sup> The EU10 refers to the 10 European Union (EU) countries of Central and Eastern Europe, that is, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, and Slovenia.

women are more likely than men to fall into poverty. Women without independent sources of income in old age must rely on the incomes of family members. However, even women who work in the formal sector and possess pension rights tend to be more vulnerable to poverty. Pension rules in many systems in the region allow women to retire early, but this decision has consequences for the level of benefits. Moreover, women live longer, on average, than men, meaning that their low benefits must stretch farther, likely resulting in a divergence between average pensions and average wages over time. Finally, the informal social safety net may be weakened because older women will have fewer children to rely upon.

*Many countries in the region will have to find a way to encourage more women to participate without decreasing women's fertility.* Many of the countries in Europe and Central Asia with aging or declining populations could experience an economic contraction because of the shrinking labor force. To prevent a sharp decline in economic activity, one may adopt the option of trying to maintain the size of the labor force by attracting temporarily or permanently inactive women or by retaining working women in the labor force for a longer period of time by delaying retirement (so that the retirement age of women is equal to the retirement age of men). Yet, to achieve higher female labor force participation without adversely impacting fertility, the supporting institutional infrastructure (for example, childcare and appropriate parental leave benefits) needs to be in place, and pension rules should be amended.

## Policy Priorities

Policy recommendations that address gender equality in the region could have two main objectives. The first goal may be to achieve equal opportunity among men and women by taking into account their different circumstances. Women differ from men in terms of their roles in the private sphere, their greater vulnerability to physical insecurity because of their longer life spans, and their fertility, among other factors. The second goal may involve helping societies meet their medium- to long-term economic needs by

removing the impediments women face in contributing to the economy. The gaps to fill in the labor market in the economies of the region are large and will become larger in the future. The countries might also benefit from the more effective use of women because of their higher levels of human capital.

*The first policy recommendation: take measures to facilitate women's entry into the labor force so as to meet the challenges of demographic changes, especially the aging of the population.* Women's labor force participation is important for several reasons, including to help ward off old age poverty and to assist the region's economies adjust to the contraction in the labor force. However, at the same time, it is also important that labor market participation not impede women in having children. These multiple objectives might be accomplished by (1) increasing the retirement age of women so as to achieve parity with the retirement age of men; (2) reevaluating maternity-related benefits in terms of their effectiveness in increasing fertility, for example, maternity leave, child allowances, lump-sum payments for the birth of a child; and (3) providing childcare given that its absence may account for the choices women make in their fields of specialization in tertiary education and in their occupation because of compatibility with raising children.

*The second policy recommendation: adopt educational reforms to reduce the gender imbalances at the secondary and tertiary levels.* The secondary school gender gap (in favor of males) appears, at best, to be closing only slowly. Country-specific policies are needed given that, depending on the country, the cause of the gap may vary significantly across the region, from income to minority status or ethnicity. For example, Roma children (especially girls) are less likely to attend secondary school. At the tertiary school level, significantly more women than men pursue higher education: the average female and male gross enrollment rates are 60 and 45 percent, respectively. The lower probability that men will participate in tertiary schooling may be linked to the lower perceived returns to education among men (either in absolute terms or relative to what men might earn through migration). Also, given the real concerns of the relevance of education discussed in *Skills, Not Just Diplomas: Manag-*

*ing for Results in Education Systems in Eastern Europe and Central Asia* (Sondergaard and Murthi 2012), young men may decide to forgo education so as to acquire additional work experience and earnings.

*The third policy recommendation: address pockets of health disparities on a country-by-country basis.* The region is not free of health disparities, although no one health challenge is regionwide. To address health problems, a comprehensive national program is needed that operates at all levels of government. The countries will need to ensure that an appropriate strategic, legislative, and policy framework exists, along with adequate institutional capacity. In addition, the identification and delivery of specific programs would be required and, to be effective, may call for a multifaceted approach that includes components such as information campaigns to promote the more effective enforcement of existing laws (such as road safety campaigns) to the more effective provision of health services (for example, emergency care). This is true of the effort to reduce maternal mortality rates, increase male life expectancy, and address the imbalance in the sex ratio.

## Concluding Remarks

This report analyzes various markets through a gender lens. It thereby quickly makes two main findings. First, our knowledge of why men and women behave differently is limited. For example, why do women pursue certain fields in education that men tend to avoid or why do more women than men migrate from some countries. Second, average economic indicators can be misleading because they hide the differences in behavior across large groups (in our case, males and females). The importance of the adoption of a gender lens in the development of policies in the region derives in no small part from the high stakes resulting from the dramatic demographic changes and mounting labor resource needs. Moreover, such a lens helps countries identify the necessary and appropriate policy and institutional framework to allow them to take advantage of underexploited opportunities (for example, bringing more educated women of prime age into the labor force). Ultimately, the use of disaggregated data to undertake analysis will likely lead to better policies that further the long-term objective of shared growth.

