

The Power of Creating Economic Opportunities for Women

Innovative Approaches in Latin America and the Caribbean

By Pamela Cox

Why is the economic empowerment of women so important in Latin America and the Caribbean (LAC)? The answer is that it is not only an equity issue but it is also essential to accelerate the reduction of poverty and inequality.

The capability of Latin American and Caribbean women to participate in markets has increased greatly in the past decades. We have seen a lowering of fertility rates, which releases time for income-generating activity; the expansion of access to basic services such as water and electricity has further reduced the burden of domestic chores; there has been a closing, and in some cases a reversal, of gender gaps in education; and the share of land and property titles in the hands of women has increased and provided them with sources of economic empowerment. In Peru for instance, secure land titles have positively affected women's labor force participation as they no longer have to stay home to guard the property and prevent evictions.

However, while the region has been successful at building the *capabilities* of women, economic *opportunities* for women remain restricted. Women still have lower labor market participation. This matters for growth and poverty. For example, raising the labor force participation rate of Chilean women from its actual low level of 37 percent up to 50 percent (which is the average of countries at Chile's level of income) would increase the average per capita income by nearly 8 percent and decrease poverty by 16 percent.



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Women earn less than men. This gap is not only caused by diffuse discrimination in the labor market, but also by labor regulations that raise the cost of hiring women. Occupational segregation by sex is also an important driver of wage gaps. Gender-based occupational segregation is extremely high in Latin America where women are concentrated in low-paying jobs and low-productivity sectors. Up to 25 percent of urban poor women in LAC work in domestic services. Women also crowd into the informal sector: research from Bolivia show that in 2005, 71 percent of women in urban areas were employed informally compared to 54 percent of men. Finally, women continue to have restricted access to land and property rights and are less likely to rely on formal banking and financial services.

In the last few years, gender-specific issues have been successfully included in the social sectors, i.e. education and health, in World Bank operations in LAC. We are now actively working to incorporate gender perspectives in the productive sectors: infrastructure, private sector development, labor, land and financial markets. Demands from client countries on gender issues are simultaneously moving beyond health and education to these productive sectors. These demands are becoming increasingly sophisticated: the challenge is no longer simply to increase women's labor force participation but to enhance the quality of their participation.

We have begun this work through projects funded by *Gender Equality as Smart Economics*. The projects underway include analytical work on gender and informality in Bolivia, gender mainstreaming in a series of operations, including rural roads projects in Mexico, labor market interventions in Chile and Argentina, property and land titling projects in Peru and Honduras, and pilot and tests of interventions to enhance the income-generation capabilities of poor rural women in Nicaragua.

Our work to empower women economically in Latin America and the Caribbean is far from over, but with the support of *Gender Equality as Smart Economics*, we look forward to continue addressing new and emerging demands for gender equity in our region. 🇺🇸

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