INTERNATIONAL MONETARY FUND

REGIONAL ECONOMIC OUTLOOK NOTES

SUB-SAHARAN AFRICA

Leveling the Playing Field: Gender Equality and Economic Development in Sub-Saharan Africa

2024
OCT

INTERNATIONAL MONETARY FUND

REGIONAL ECONOMIC OUTLOOK NOTES

SUB-SAHARAN AFRICA

Leveling the Playing Field: Gender Equality and Economic Development in Sub-Saharan Africa

2024
OCT

Leveling the Playing Field: Gender Equality and Economic Development in Sub-Saharan Africa

October 2024 Regional Economic Outlook: Sub-Saharan Africa Note

Lisa Kolovich, Vivian Malta, Monique Newiak, and Usama Zafar (SPR).[1]

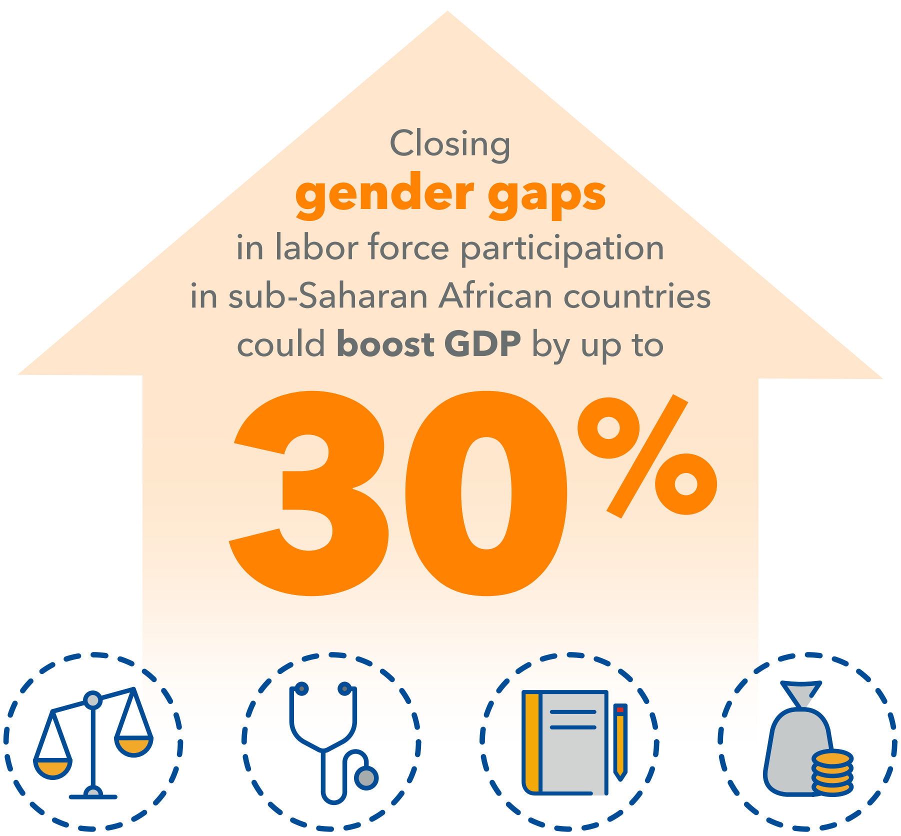
RECOMMENDED CITATION: International Monetary Fund (IMF). 2024. "Leveling the Playing Field: Gender Equality and Economic Development in Sub-Saharan Africa." In *Regional Economic Outlook: Sub-Saharan Africa—Reforms amid Great Expectations*. Washington, DC, October.

JEL Classification Numbers:	J16 - Economics of Gender; O55 – Africa; I25 - Education and Economic Development; F63 - Economic Development.
Keywords:	gender equality, economic development, sub-Saharan Africa, labor force participation, legal reforms, financial inclusion, educational attainment, gender-based violence, macroeconomic policy, maternal health, adolescent fertility, child marriage.

[1] **ACKNOWLEDGMENTS:** The October 2024 issue of the *Regional Economic Outlook: Sub-Saharan Africa* (REO) Note was prepared by staff from the IMF Strategy, Policy and Review (SPR) Department under the guidance of IMF African Department staff Luc Eyraud and Catherine Pattillo. The material for this note draws heavily on chapters in Kolovich and Newiak (2024). The authors would like to thank Jorge Mondragon and Nikola Spatafora for important inputs.

Leveling the Playing Field: Gender Equality and Economic Development in Sub-Saharan Africa

Most sub-Saharan African countries have made significant strides in reducing gender inequality over the past two decades. However, a range of obstacles, including restricted access to opportunities (legal rights, education, health, and finance) continue to constrain women's and girls' potential. In the current environment of low growth that is increasingly shock prone, empowering women and girls can create a powerful inclusive growth engine for sub-Saharan Africa. Indeed, closing gender gaps in female labor force participation alone could increase GDP by 10 percent on average, and by up to 30 percent in the countries with the largest gaps in the region. Policy recommendations include removing remaining legal constraints, making sure that girls stay in school—including by addressing harmful practices, such as child marriage—and improving financial and digital access for women. Applying a gender lens to macroeconomic policy and structural reform design will significantly increase policy effectiveness.



Significant progress, yet multi-faceted challenges on gender persist

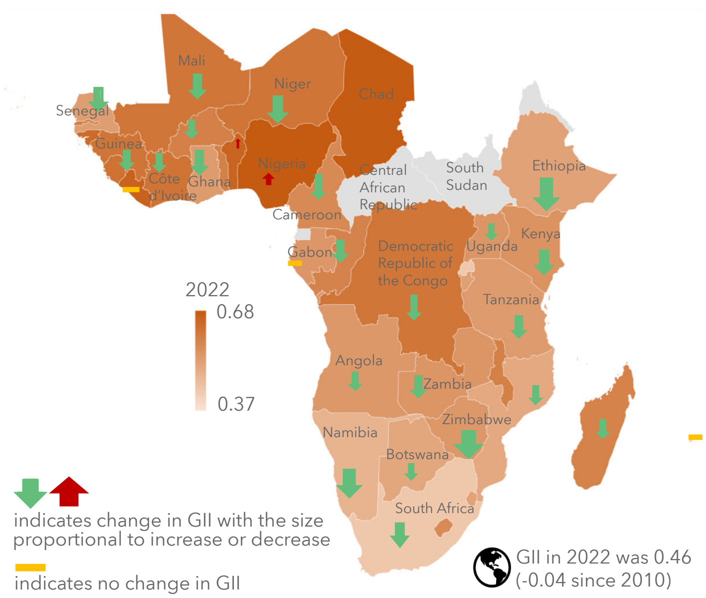
Sub-Saharan Africa has made significant strides in reducing gender inequality. The Gender Inequality Index[1] (GII) —a composite metric of gender inequality in terms of education, labor force participation, political representation, and reproductive health—generally improved for sub-Saharan African countries between 2010 and 2022, in line with global trends, with only a handful of countries stalling (Gabon, Liberia, Mauritius) or seeing some deterioration (Benin, Nigeria) (Figure 1a).

The generally positive trend also holds for specific dimensions of inequality. Sub-Saharan African countries have significantly reformed constitutional, family, property, labor, and tax laws (Christopherson and others 2024a). Since 2010, the average score for the region on the Women, Business and the Law index—which assesses gender equality in laws and regulations, including on mobility, workplace conditions, pay, marriage, parenthood, and entrepreneurship—improved by 11.5 points, on average, on a scale from 0 to 100 (World Bank 2024). For instance, between 2020 and 2022 alone, Gabon enacted laws to eliminate restrictions on women's employment, grant spouses more equal rights on household decisions and assets, and prohibit gender-based discrimination in financial services—measures that may help invigorate progress on other dimensions of gender equality going forward. Across the region, gender gaps in education have also narrowed significantly. In Senegal, for example, the net primary enrollment rate for girls has increased by 25 percentage points in the past two decades.[2] Health indicators have generally improved substantially, with maternal death rates decreasing from more than 800 to

Figure 1. Sub-Saharan Africa and World: Gender Inequality Index

1a. Gender Inequality Index, 2010-22

Higher values mean higher inequality



1b. Dimensions of Gender Equality, 2022

Higher values mean lower inequality

Sources: United Nations Development Programme; and IMF staff calculations.

Note: In (a), GII changes in 2010-2022 not depicted as arrows for Malawi (-0.03), Burundi (-0.04), Lesotho (-0.04), Rwanda (-0.05), Togo (-0.05), and The Gambia (-0.08). GII data not available for Central African Republic, Comoros, Equatorial Guinea, Eritrea, São Tomé and Príncipe, Seychelles, and South Sudan (gray). In (b), variables are tranformed as follows: population with secondary education, share of parliamentary seats and labor force participation indicators represent female-to-male ratios; the charts depicts the inverse of maternal mortality rates and adolescent fertility; values are normalized on a scale of zero to one for comparability. EM = Emerging Markets, LIDC = Low-Income Developing Countries, SSA = Sub-Saharan Africa.

[1] The index is composed of five indicators: male and female population with secondary education, labor force participation and share of parliamentary seats, as well as rates of maternal mortality and adolescent fertility. For more information on the GII, access https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index#/indicies/GII

[2] Among policies to increase education levels in Senegal, we highlight the Ten-Year Education and Training Program (PDEF), launched in 2010, focused on increasing educational access and retention, particularly for girls in disadvantaged regions.

less than 540 deaths in 100,000 live births over the past two decades, and adolescent fertility rates have declined below 10 percent. Women's access to finance has also improved, with account ownership increasing, on average, by 28 percentage points in the past decade.

Yet, these statistics mask significant variations in experiences across the region. In South Sudan, for instance, maternal mortality remains above 1,200 deaths per 100,000 live births, and, in Niger, nearly 44 percent of primary age girls were not in school as of 2014—the latest year for which data are available—despite a steady increase in net enrollment over the years.

In several areas, gender inequality remains higher compared to other regions. Although sub-Saharan Africa, on average, performs better than the rest of the world in terms of the female-to-male labor force participation ratio and similarly in terms of female representation in parliament, it does worse in terms of education, maternal mortality, and adolescent fertility (Figure 1b). In addition, higher female labor force participation rates are often driven by poverty and the need to work in subsistence agriculture. The quality of jobs differs significantly for men and women: Women are more likely to be in informal employment than men in more than 90 percent of sub-Saharan African countries (ILO 2019). In Kenya, for instance, female labor force participation rates are high, but women often occupy precarious positions with limited job security and benefits (IMF 2021). Gender pay gaps are often wide: in Lesotho, for example, the gap, at 50.6 percent, is one of the highest globally (World Economic Forum 2023); in South Africa the gender pay gap is inhibiting female labor force participation (Alier and Mavee 2023). The COVID-19 pandemic has widened gender gaps in several countries, with evidence of a "she-cession", a recession that disproportionately impacts women, in Southern Africa (Thioune and others 2024).

Women tend to face significant barriers in the labor market due to discrimination and limited access to productive resources, such as land and credit. Indeed, while access to finance has generally increased in the region, sub-Saharan African women face limited access to formal financial institutions, which restricts their ability to save, invest, and grow their businesses. For instance, in The Gambia, women play a crucial role in agriculture and informal trade, but the tripartite legal framework constrains their access to formal financial services by reducing their access to property and thus collateral (IMF 2023); in Senegal, only four percent of women own land (2019 DHS, IMF 2019b); and, in Uganda, according to the IMF's Financial Access Survey, men were more than twice as likely as women to have borrowed from commercial banks in 2021.

Harmful practices and gender-based violence are a concern. The incidence of child marriage remains significant in most countries in the region, increasing the risk of early pregnancy, constraining girls' school attendance and suppressing economic growth (Mitra and others 2020). Gender-based violence remains prevalent and results in substantial development losses—a one-percentage-point reduction in the share of women experiencing intimate partner violence could boost economic activity (as measured by night-light data) by almost 9 percent (Ouedraogo and Stenzel 2021). Instability and conflict increase the risk of exposure to violence.

Addressing gender inequality could yield significant development gains

The current economic context of weakened traditional growth engines, increased frequency of shocks, and tight financing conditions makes addressing gender inequality an urgent priority to enhance productivity, diversification, and overall economic growth and stability:

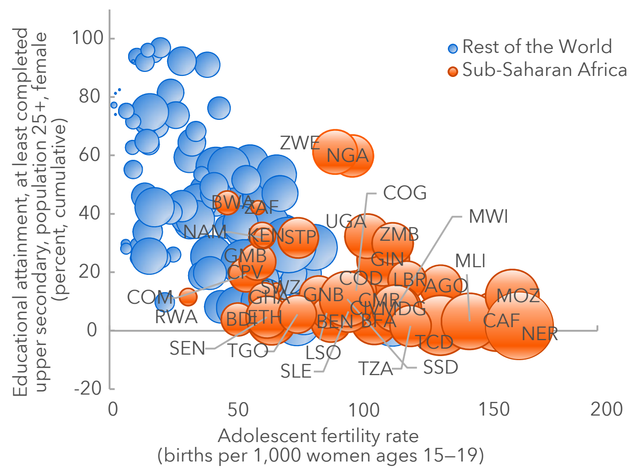
- Increasing female labor force participation results in a larger and more diverse workforce, which improves job matching and drives innovation—key factors for higher productivity (Hsieh and others 2019; Sayeh, Badel and Goyal 2023; IMF 2024a). Overall, for sub-Saharan Africa, the average benefit from closing gender gaps in labor force participation could be close to 10 percent of GDP, and go up to as much as 30 percent in the countries with largest gaps in female labor force participation (calculation following Ostry and others 2018). For instance, for West African Economic and Monetary Union members, per capita GDP could increase by 18 percent if gender gaps in the labor market were eliminated (Pennings 2022). Increasing female labor force participation in Mauritius from 43 to 50 percent—the Organisation for Economic Co-operation and Development (OECD) average—could boost the medium-term annual GDP growth rate by 0.8 percentage points and thus mitigate economic pressures from population aging (IMF 2024b).

- Providing greater access to education for girls and women builds a more skilled pool of labor and is correlated with better health outcomes and lower fertility rates, creating a virtuous cycle of development. In Kenya, for instance, equalizing male and female years of education in each income quantile could improve women's productivity, reduce poverty, increase GDP by 4.4 percent, and boost the government's revenue-to-GDP ratio by 0.6 percentage points due to higher female productivity and labor force participation (IMF 2021). In Angola, where women have on average 2.2 fewer years of education compared to men, improving female educational attainment to match those of males could increase annual GDP growth by about 0.2 percentage points (IMF 2024c).

- Enhanced gender equality in access to finance and entrepreneurship introduces new business ideas, services, and products to the market, promoting innovation and economic diversification. Improving financial access also supports female labor force participation, as highlighted in IMF country work on Côte D'Ivoire, The Gambia, and Rwanda (IMF 2023; IMF 2024a).

Looking ahead, gender equality is crucial for addressing demographic challenges.[3] Sub-Saharan Africa faces a rapidly growing population and a large youth cohort—a tremendous potential for a demographic dividend if workers enter the labor force with good skills and health, and good quality formal jobs are created. Closing gender gaps in opportunities, such as in education and health, alleviates demographic pressures and supports human capital development. First, higher levels of education among women are associated with lower rates of child marriage and adolescent fertility (Figure 2) which can help reduce dependency ratios.[4] Falling dependency ratios in turn decrease the economic burden on the working-age population, creating a more favorable environment for economic growth. Second, closing these gaps contributes to a more educated and healthy population overall, since women tend to prioritize household resources for children's education. It also increases female labor force participation and boosts economic productivity (Gu and others 2024) as highlighted in IMF country work on Mali, Niger, Nigeria, Senegal, and Sierra Leone (IMF 2019a; IMF 2019b; IMF 2020; IMF 2023b).

Figure 2. Child Marriage, Adolescent Fertility and Education



Source: World Bank Gender Statistics.

Note: Each circle indicates one country. The size of the circle is proportional to the percentage of women (age 20–24) who were first married by age 18.

Policies to boost gender equality and growth go hand in hand

The previous sections made the case that reducing gender inequality is desirable but what measures can countries take, including in an environment that is fiscally constrained? Here, working on reforming the law and institutions and including a gender lens on macroeconomic policy and structural reforms can support both overall national development plans while helping narrow gender gaps.

3 See April 2024 REO—Note "Building Tomorrow's Workforce: Education, Opportunity, and Africa's Demographic Dividend."

4 The ratio of population that is not of working age to population that is of working age. High dependency ratios, in LIDCs often the proportion of people below working age to the working age population, can put pressure on public services (education, health) and public finances.

Legal reforms are critical to reducing gender inequality, fostering economic development, and supporting policy changes. Countries can often implement these reforms through existing legal frameworks and administrative processes, and legal reforms can influence behavioral changes. While legal reforms may initially require little to no fiscal space to introduce, they need to be supported by robust frameworks, an effective and fair judicial system, training for law enforcement officials, and continuous monitoring and evaluation. Political will to introduce and implement legal reforms is central to the effort.

For example, in Rwanda, where female parliamentarians have been pivotal in strengthening gender equality, a reform that allowed women to secure land titles—crucial for obtaining credit and investing in agricultural activities—has boosted agricultural productivity (Christopherson and others 2024b). Legal measures to improve women's property rights in Uganda have contributed to higher female entrepreneurship and economic participation. The formal legal framework in Namibia now prohibits workplace discrimination, ensures equal pay for equal work, and provides maternity leave.

Public expenditures that address gender-specific challenges can reduce economic distortions and promote growth. By allocating resources to areas that disproportionately affect women (healthcare, education, childcare, other social infrastructure) governments can create a supportive e nvironment for women's economic participation and human capital development. For instance, Kenya has made substantial public investments in early childhood education. Public primary schooling is fully subsidized, benefiting 40 percent of the population with the lowest income. The National Schools Sanitary Towel Program has provided free sanitary towels to schools, helping girls from households that cannot afford the cost. Improving education can take a multisector approach, focusing on health and infrastructure needs, on enhancing data collection, recruiting and training teachers, implementing legal reforms, and eliminating gender-based violence (Gomes and others 2024).

Social safety nets, particularly targeted cash transfers, can significantly impact women's agency and economic outcomes by empowering them financially and increasing control over savings and investments (Bonilla and others 2017; World Bank 2021; IMF 2024d). Financial independence, in turn, increases women's bargaining power and decision-making capacity within the household (Ahmed and others 2024).

Gender-responsive tax policies can address both implicit and explicit biases. Although explicit gender biases in tax systems have largely declined globally, they remain prevalent in sub-Saharan Africa (Evans and others 2024). For example, in Kenya and the Democratic Republic of the Congo, married women's incomes are legally considered their husband's property. Implicit gender biases in tax systems, such as family-based tax regimes, discourage women's employment and entrepreneurship. Individualizing personal income tax, making tax systems more progressive, and raising low capital income taxes that favor men, including by abolishing preferential treatments, can support gender equality.

Gender budgeting integrates a gender perspective into the budget process through the design and implementation of well-structured fiscal policies and sound public financial management tools. A global survey of gender budgeting programs finds that sub-Saharan African countries slightly outperform other regions in areas such as gender audits, budget execution reports, and linking goals and programs, although these practices are still at a basic level (Keating and others 2024). For instance, Rwanda's approach includes a strong legal framework, gender-disaggregated data collection, and the extensive use of gender budget statements. Its Gender Monitoring Office ensures compliance through field visits, audits, and annual reports. Uganda's Parliament requires a Certificate of Gender and Equity Compliance for budget approval, while the Women Parliamentary Association actively vets Budget Framework Papers for gender and equity responsiveness.

Structural reforms to increase women's access to financial services are also essential for economic empowerment. Women face significant barriers in accessing finance, such as a lack of collateral and higher interest rates, limited financial literacy, and societal norms and gender biases also restrict women's ability to secure loans. To address these challenges, many commercial banks in Nigeria have developed tailored loan products for women-owned small and medium enterprises, with features such as lower interest rates, reduced or modified collateral requirements, and access to mentors and financial literacy information (AFI 2022). Such efforts are crucial in bridging the gender gap in financial inclusion and fostering a more equitable economic landscape.

Finally, implementing gender-responsive fiscal, structural, financial, and legal reforms in a holistic, complementary and coordinated manner could better address the multifaceted barriers to gender equality.

Conclusion

Gender inequalities in sub-Saharan Africa have subsided in the past decades, but several challenges persist. To reap the economic benefits of gender equality, policies should focus on removing policy-induced distortions that prevent women from attaining their full potential, and gender considerations should be integrated into the overall policy design. Governments should prioritize the revision and enforcement of laws that promote gender equality, ensuring that women have equal access to property, employment, and financial services, and address harmful practices, such as child marriage. Fiscal policies should be designed with a gender lens, including by focusing on investments in social (healthcare, education) and other infrastructure (water, sanitation, electricity, transport) which reduces the burden of unpaid care work on women. Enhanced investment in girls' education is crucial, including through scholarships, reduced school fees, and incentives for girls' attendance. Leveraging technology to provide inclusive financial products and services can help overcome barriers to financial inclusion and support women's economic empowerment. Here, digital financial services, such as mobile money, can provide women with access to savings, credit, and insurance, enhancing their economic security and resilience to shocks.

References

Ahmed, A. U., Hoddinott, J., Roy, S., and Sraboni, E. 2024. "Transfers, Nutrition Programming, and Economic Well-Being: Experimental Evidence from Bangladesh." World Development, 173, 106414.

Alier, M., and N. Mavee. 2023. "Annex IIV. Gender-Pay-Gap in South Africa." IMF Country Report No. 23/194. International Monetary Fund, Washington, DC.

Alliance for Financial Inclusion (AFI). 2022. "Increasing Women's Financial Inclusion and Closing the Women's SME Credit Gap in Nigeria through Enabling Financial Policy and Regulation."

Bonilla, J., R.C. Zarzur, S. Handa, C. Nowlin, A. Peterman, H. Ring, D. Seidenfeld, and others. 2017. "Cash For Women's Empowerment? A Mixed-Methods Evaluation of the Government of Zambia's Child Grant Program." World Development, 95, 55-72.

Christopherson Puh, K., A. Yiadom, J. Johnson, F. Fernando, and L. Gruet. 2024a. "Legal Rights: Women's Economic Empowerment." In Kolovich and Newiak (eds): Gender Equality and Economic Development in Sub-Saharan Africa (2024, 225-235), edited by Lisa L. Kolovich and Monique Newiak. International Monetary Fund, Washington, DC.

Christopherson Puh, K., A. Yiadom, J. Johnson, F. Fernando, and L. Gruet. 2024b. "Legal Rights: Women's Economic Empowerment—Case Studies." In Kolovich and Newiak (eds): Gender Equality and Economic Development in Sub-Saharan Africa (2024, 237-251), edited by Lisa L. Kolovich and Monique Newiak, International Monetary Fund, Washington, DC.

Gu, J., L. Kolovich, J. Mondragon, M. Newiak, and M. Herman. 2024. "Promoting Gender Equality and Tackling Demographic Challenges," IMF Gender Note, International Monetary Fund, Washington, DC.

Hsieh, C.-T., E. Hurst, C. I. Jones, and P. J. Klenow. 2019. "The Allocation of Talent and US Economic Growth." Econometrica 87, no. 5: 1439–1474.

International Labour Organization. 2019. "Women And Men in the Informal Economy: A Statistical Brief." International Labour Organization, Geneva.

International Monetary Fund (IMF). 2019a. "Nigeria: 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Nigeria," IMF Country Report No. 2019/092, Washington, DC.

International Monetary Fund (IMF). 2019b. "Senegal: Staff Report for the 2018 Article IV Consultation and Seventh Review Under the Policy Support Instrument and Request for Modification of Assessment Criteria—Debt Sustainability Analysis-Press Release; Staff Report; and Statement by the Executive Director for Senegal," IMF Country Report No. 2019/027, Washington, DC.

International Monetary Fund (IMF). 2020. "Sierra Leone: 2019 Article IV Consultation, Second Review Under the Extended Credit Facility Credit Facility Arrangement, Request for a Waiver of Nonobservance of Performance Criterion, and Financing Assurances Review," IMF Country Report No. 2020/116, Washington, DC.

International Monetary Fund (IMF). 2021. "Kenya: 2021 Article IV Consultation; Second Reviews Under the Extended Arrangement Under the Extended Fund Facility and Under the Arrangement Under the Extended Credit Facility, and requests for Modifications of Performance Criteria and Structural Conditionality-Press Release; and Staff Report," IMF Country Report No. 2021/275, Washington, DC.

International Monetary Fund (IMF). 2023. "Rwanda: 2023 Article IV Consultation, Second Reviews Under the Policy Coordination Instrument and the Arrangement Under the Resilience and Sustainability Facility, Requests for the Modification of End December 2023 Quantitative Targets, Rephasing of Access Under the Resilience and Sustainability Facility, and Request for an Arrangement Under the Standby Credit Facility-Press Release; Staff Report; and Statement by the Executive Director for Rwanda," IMF Country Report No. 2023/422, Washington, DC.

International Monetary Fund (IMF). 2023b. "Niger: 2022 Article IV Consultation and Second Review under the Extended Credit Facility Arrangement, and requests for a Waiver of No-observance of Performance Criterion and Modification of Performance Criteria-Press Release; Staff Report; and Statement by the Executive Director for Niger," IMF Country Report No. 2023/028, Washington, DC.

International Monetary Fund (IMF). 2024a. "The Gambia: 2023 Article IV Consultation and Request for an Arrangement Under the Extended Credit Facility––Press Release; Staff Report; and Statement by the Executive Director for The Gambia," IMF Country Report No. 2024/015, Washington, DC.

International Monetary Fund (IMF). 2024b. "Mauritius Selected Issues." IMF Country Report No. 2024/140, Washington, DC.

International Monetary Fund (IMF). 2024c. "Angola Selected Issues." IMF Country Report No. 2024/081, Washington, DC.

International Monetary Fund (IMF). 2024d. "Operational Guidance Note for IMF Engagement on Social Spending Issues." IMF Policy Paper 2024/022, Washington, DC.

Keating, L., L. Gores, C. Renteria, V. Tang, and N. Tchelishvili. 2024. "Gender Budgeting Practices in Sub-Saharan Africa." In Kolovich and Newiak (eds): Gender Equality and Economic Development in Sub-Saharan Africa (2024, 237-251), edited by Lisa L. Kolovich and Monique Newiak. International Monetary Fund, Washington, DC.

Kolovich, L., and M. Newiak, eds. 2024. "Gender Equality and Economic Development in Sub-Saharan Africa." International Monetary Fund, Washington, DC.

Mitra, P., E. Pondi Enengle, M. Pant, and L.F. Almeida. 2020. "Does Child Marriage Matter for Growth?" IMF Working Paper 2020/027, International Monetary Fund, Washington, DC.

Ostry, D., J. A. Alvares, R. A. Espinoza, and C. Papageorgiou, 2018, "Economic Gains from Gender Inclusion: New Mechanisms, New Evidence," Staff Discussion Note 2018/006, International Monetary Fund, Washington, DC.

Pennings, S. M. 2022. "A Gender Employment Gap Index (GEGI): A Simple Measure of the Economic Gains from Closing Gender Employment Gaps, with an Application to the Pacific Islands." World Bank, Washington, DC.

Sayeh, A., A. Badel, and R. Goyal. 2023. "Countries that Close Gender Gaps See Substantial Growth Returns." *IMF blog.* September 2023. International Monetary Fund, Washington, DC.

Thioune, F.K., G. Albertin, R. Kazandjian, and T. Wang. 2024. "COVID-19 and Gender Inequality: Impact in Southern Africa". In Kolovich and Newiak (eds): Gender Equality and Economic Development in Sub-Saharan Africa (2024, 237-251), edited by Lisa L. Kolovich and Monique Newiak. International Monetary Fund, Washington, DC.

World Bank. 2024, "Women, Business, and the Law." World Bank, Washington, DC.

World Economic Forum. 2023, "Global Gender Report". *World Economic Forum*, Geneva.