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Macroeconomic and Distributional Implications of Gender Gaps

The Gambia

Mamadou Barry, Momodou Jallow, Glen Kwende, and Vivian Malta

SIP/2024/006

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Macroeconomic and Distributional Implications of Gender Gaps: The Gambia
Prepared by Mamadou Barry, Momodou Jallow, Glen Kwende, and Vivian Malta

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ABSTRACT: We present the current status of labor market gender gaps in The Gambia and examine the macroeconomic and distributional gains from closing the gaps. We also study the impacts of high costs of living and the determinants of poverty. Closing labor market gender gaps, would significantly boost GDP, government revenues, women's earnings, and reduce income inequality. High food costs adversely affect the levels of consumption in the bottom four quartiles of the income distribution. Lack of access to finance, living in rural areas, lack of employment, low levels of education, and exposure to climate shocks contribute to higher poverty levels.

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Prepared by Mamadou Barry, Momodou Jallow, Glen Kwende, and Vivian Malta.¹

¹ The authors would like to thank Fidel Márquez Barroeta for excellent research assistance.



THE GAMBIA

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December 18, 2023

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THE GAMBIA: MACROECONOMIC AND DISTRIBUTIONAL IMPLICATIONS OF GENDER GAPS¹

This analysis presents the current status of gender gaps in The Gambia and their implications to the economy. It examines, from a gender perspective, the impacts of the high cost of living and the determinants of poverty. Subsequently, it investigates macroeconomic and distributional gains from closing gender gaps in the labor market. The analysis finds that, despite recent government efforts in advancing gender policies, the country still suffers from substantial gender gaps in the labor market, as well as discriminatory social and political norms. Women in rural areas are hindered the most by the high cost of living, driven by recent global shocks. Closing gender gaps in the labor market would significantly boost GDP, government revenues, women's earnings, and reduce income inequality.

A. Background

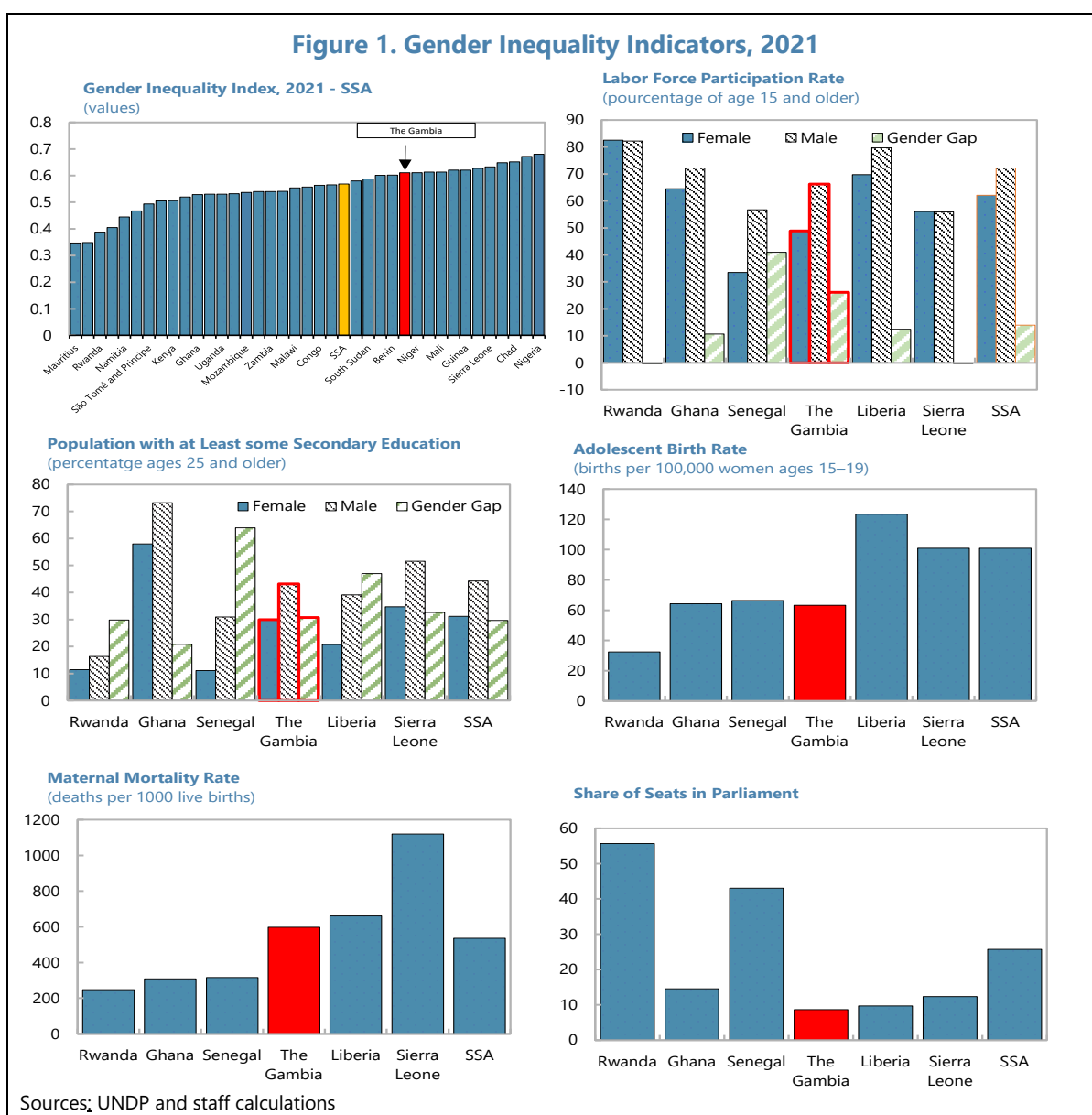
1. There is a growing literature on the positive impact of reducing gender inequality on socio-economic development and on building resilience to shocks. Some key findings from the literature can be presented as follows. Disparities in female education have negative impact on economic growth (Barro and Sala-i-Martin, 1991). Women's participation in the labor force has a strong impact on economic growth, with women's education being an important factor to increasing their labor participation (Mehrunisa, M. et al 2016). Gender gaps contribute to instability and fragility, and poor governance (Caprioli, 2005 and Branisa and others, 2013). Gender equality is associated with better macroeconomic outcomes including higher GDP, greater productivity, lower income inequality, and faster economic growth (IMF 2015, Gonzales and others 2015; Sever and al 2022). The 2012 World Development Report asserts that "gender equality is smart economics, and reforming laws for gender equality facilitates changes in social norms and actions that result not only in women's empowerment, but also in more resilient economies and stable societies".

2. The Gambia has made progress in protecting women rights and enhancing their participation in the economy, however significant challenges remain. Women continue to suffer from discriminatory social norms, and the tripartite legal framework—comprising common, sharia, and customary law—has led to significant limitations in the legal protection of women's rights. This has resulted in limited access for women to assets such as land, and poor gender equality outcomes. The government has taken steps to address these challenges. For example, The Gambia is signatory to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and to the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa (Maputo Protocol). The Ministry of Gender Children and Social Welfare has championed the revision of several discriminatory laws against women.² It has also supported the creation of the

¹ Prepared by Mamadou Barry, Momodou Jallow, Glen Kwende, and Vivian Malta. The authors would like to thank Fidel Márquez Barroeta for excellent research assistance.

² Women Enterprise Fund Bill; Domestic Violence (Amendment) Bill 2020; The Gambia Nationality and Citizenship Bill 2020; Skin Bleaching (Prohibition) Repeal Bill 2020; Births, Death and Marriages Bill 2020; Married Women's Property (Amendment) Bill 2020; Matrimonial Causes (Amendment) Bill 2020; Women's (Amendment) Bill 2020.

Women Enterprise Fund, which has provided support to 63,000 women across the country.³ With IMF’s support, The Gambia is piloting gender responsive budgeting in the 2024 budget.



3. Gender inequality in The Gambia remains among the highest in Sub-Saharan Africa (figure 1). The Gambia performed poorly on the 2021 gender inequality index (GII), which measures the loss in human development due to inequality between female and male achievements in various

³ The Women Enterprise Fund aims to create, promote, and grow women’s enterprises, foster women’s self-employment, enhance job creation for Gambian women, and model an alternative funding framework for women entrepreneurs and facilitate investment in micro, small, and medium enterprises to develop linkages with large enterprises and market outlets. The WEF is also focused on facilitating investment in women’s businesses through access to loans to accelerate their transition to entrepreneurship. Beneficiaries of the WEF loans are also trained in financial literacy and managerial skill prior to receiving the funds.

dimensions. The Gambia scored 0.61, worse than the Sub-Saharan average of 0.57. The female labor force participation rate (LFPR) at 48.9 percent compared with 66.3 percent for men, was the lowest compared to peer countries excluding Senegal (2021 GII report). The 2022 Labor Force Survey (LFS) revealed that 8 out of every 10 working women work in the informal sector or are engaged in informal employment. This high level of informality often translates into low wages and poor working conditions.⁴ Despite excellent improvements in equality in primary school completion rate⁵, women account for less than 3 percent of enrolment in higher education and gender gaps persist in the number of years of schooling. Education quality is among the lowest in the world mainly driven by high teacher absenteeism (12-30 percent) and increasing enrollment to madrassahs that may shift the focus on core competencies of English math and science (WB 2022). Despite some recent improvements, health outcome remains poor and protection against gender base violence limited by cultural factors (high level of acceptance that limit reporting) and weak enforcement of existing laws.

4. Access to finance and leadership positions is limited. Women have less access to formal financial services than men, with only 2 percent of women having bank accounts compared to 8 percent of men (FinScope 2019) (Figure 5). Disparities also exist in the representation of women in managerial and political positions. The share of women in parliament is 8.6 percent compared to the SSA average of 25.7 percent. Just 3 out of 22 cabinet ministers are women, and none of the regional governors or heads of SOEs are women. Women hold only 36.1 percent of managerial positions (2022 LFS) despite accounting for more than half of the population. Improving these statistics is paramount to women's economic empowerment in The Gambia, as higher representation in politics and senior positions can increase female labor force participation and trigger representation in these and other areas.

5. The persistent gender gaps also make women vulnerable to shocks and crises. The lockdown during the pandemic disproportionately affected women who are mostly employed in the informal sector. More than 9 in every 10 people reported a decrease in income between March and August 2020. Employees in the service sectors, especially in the tourism sector, which employ a large share of women (Figure 4) lost their jobs, while the rural population, who mainly live on agriculture, lost access to markets due to border closures and the ban of Lumos (rural markets). The recent increase in the cost of living following the war in Ukraine also affected margins of informal businesses and amplified vulnerabilities among women. The number of food insecure households between 2019 and 2023 increased by more than three folds with several people in food crisis.

⁴ These include poor health and safety, job insecurity and lack of social security.

⁵ The primary school completion rate for girls increased from 65 percent to 92 percent between 2010-2021 and is now higher than for boys (79 percent).

B. Modeling and Empirical Analysis

Impact Of the High Cost of Living from a Gender Perspective

6. The impact of the high cost of living, driven by food inflation, induced by various exogenous shocks, differs across income and gender groups.⁶ Accounting for food and non-food inflation separately, the per-capita household consumption is lower for the first four quintiles of the income distribution.⁷ When the individual consumption is deflated by disaggregating the consumption and the inflation in food and non-food categories, the average household per capita consumption in the first four quintiles declined in 2020-2022 – in a range of 0.16 percent for the fourth quintile and 1.37 percent for the first quintile (extreme poor) – compared to when the total consumption is deflated using overall inflation. In contrast, the average consumption per capita for the fifth quintile (richest quintile) improved by about 0.85 percent because of the relatively smaller share of food items in their consumption basket. The assessment showed small differences between men and women (between 0.01 and 0.12 ppt difference) in the first four quintiles due to similar consumption patterns. In the fifth quintile, women recorded a higher increase in consumption of about 0.29 percentage point.⁸ Among women, those in rural areas, living in the poor remote municipalities, and married in polygamous relation are the most adversely affected by the rapid increase in food inflation.

Table 1. The Gambia: Impact of Higher Cost of Food 1/

	Quintile-1	Quintile-2	Quintile-3	Quintile-4	Quintile-5
Total population	-1.37	-1.06	-0.60	-0.16	0.85
Men	-1.37	-1.12	-0.65	-0.19	0.71
Women	-1.36	-1.00	-0.55	-0.13	1.00
Among Women					
Area	Local Government Area				
urban	0.79	Banjul 0.65			
rural	-1.08	Kanifing 1.15			
Matrimonial status	Brikama 0.89				
Never married	0.64	Mansakonko -1.31			
Married	0.11	Kerewan -1.10			
Monogamous	0.28	Kuntaur -2.08			
Poly two wives	-0.36	Janjangbureh -1.09			
Poly more than three	-0.41	Basse -1.09			

1/The values are calculated using the following $((FC/(1+F)) + NFC/(1+NF)) - TC/(1+I) / TC/(1+I) * 100$
C=consumption; F=food; I=inflation; NF=non-food; T=total

Figure 2. Impact of Higher Cost of Food (In Percent)



Sources: IHS-2020, GBoS, and Staff calculation

⁶ In the absence of reliable data on individual consumption, we relied on household consumption per capita for all household member to conduct our analysis. This approach, while providing valuable insights, may obscure within household variations in consumption patterns. We employed the individual analysis to ensure a more representative sample of women, as women-headed households account for only 19.5 percent of the weighted sample.

⁷ We compared the level of consumption deflated by overall inflation to the level of consumption deflated by food and non-food inflation, respectively, for food and non-food consumption.

⁸ The Gini coefficient also deteriorated by 1.3 percent with a larger deterioration of 1.4 percent for women than for men – 1.1 percent. Conducting the analysis at the house level, provides a more pronounced gender disparities in the first and second quintiles. With women-headed household experiencing larger average consumption declines than men: 1.65 percent (1.26 percent for men) and 1.31 percent (0.83 percent for men), respectively.

Determinants of Poverty from a Gender Perspective

7. Women’s levels of poverty vary across their geographical locations and the characteristics of the households (Table 1). Women in urban areas experience less absolute poverty, extreme poverty, and food poverty than men in urban areas. Living in rural areas is associated with more poverty for women. In line with the poverty results, women have higher levels of per capita consumption than men in urban and lower levels in rural areas, with individuals living in urban areas consuming more than those in rural areas. Lower levels of absolute, extreme and food poverty and higher levels of consumption are associated with being employed, higher levels of education, individuals being married or separated as compared to having never been married, and household heads being female, literate, or never been married. Individuals in smaller households, households with lower dependency ratio, households in which at least one member has access to a financial institution, and households that haven’t faced a climate shock in the last year, have higher levels of consumption and face lower levels of absolute, extreme and food poverty.

Macroeconomic Gains from Closing Gender Gaps in the Labor Market

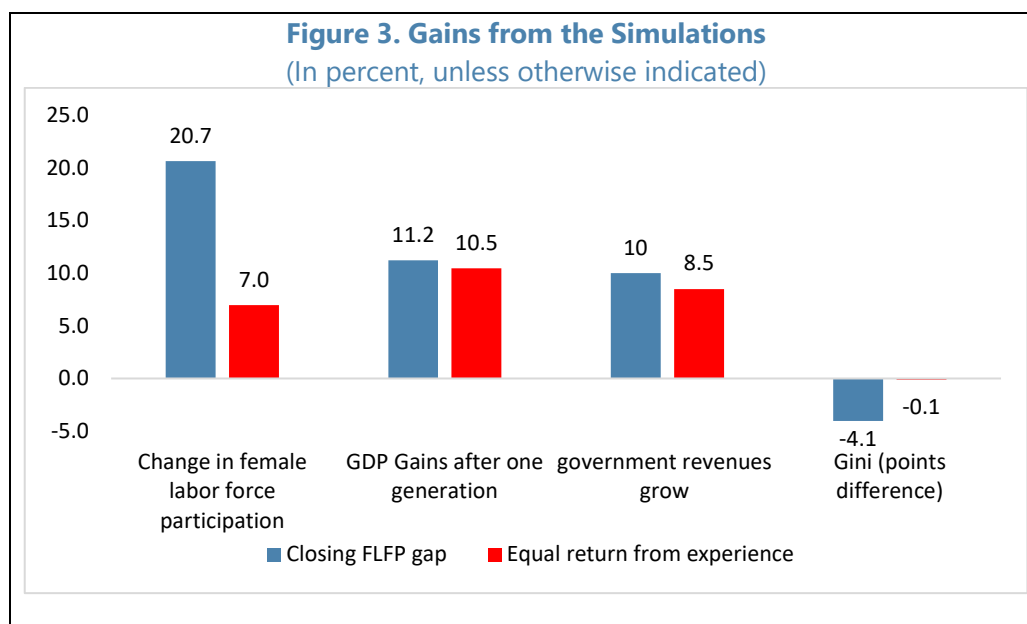
8. Using a general equilibrium model calibrated to The Gambia economy⁹, we conducted simulations to assess the macroeconomic and distributional impact of closing gender gaps in the labor market. The model is calibrated to match several features of The Gambia’s economy, including formal and informal labor market statistics (male vs female wages and labor force participation), as well as education levels by gender and income quantile, government revenues and expenditures (as percentage of GDP), and tax rates. A detailed description of the model is provided by Malta, Martinez, and Tavares (2019). In this annex we discuss two simulations, namely: (i) equalizing female and male labor force participation rates and (ii) equalizing males and females returns from experience.

9. Equalizing female and male labor force participation: There are many ways in the proposed framework in which female labor force participation (FLFP) can be increased, such as by reducing gender pay gaps, and therefore giving more financial incentives for women to work. In this particular simulation, we take a different approach, as we change family’s utility costs related to women participating into the labor force. We assume that the extra utility cost incurred by the family when the woman works (related to women’s coordination of household’s activities, child and elderly care, and other unpaid household activities) reduces to zero. In this scenario, the FLFP would increase by 20 ppts, mostly among the poorer household. This would induce a large effect on GDP (11 percent increase) and would substantially help reducing inequality—the GINI index would reduce by 4.1 points, to 34.7. The higher income would boost consumption and business activities, contributing to higher government revenues (10 percent increase), due to higher VAT, income, and corporate tax collections. Note that in this exercise, we do not change gender gaps in salaries, or in

⁹ For the calibration we used the 2018 and 2022 Labor Force Surveys, as well as the 2020-2021 Integrated Household Survey.

returns from education or experience. Therefore, gains from this simulation could be much larger if these other gaps were to be concomitantly addressed.

10. Equalizing gains from experience: Based on the 2018 LFS, we estimated that male workers received much higher earnings by an extra year of experience than their female counterparts, particularly during their 30's and 40's (by around 4 percent per extra year for males, as opposed to nearly 0 percent for females). This mirrors the underrepresentation of women in managerial levels in The Gambia. Equalizing the gains from experience—in terms of earnings, career progression, opportunities—would encourage women to supply more hours of work, to stay longer in the labor force and to increase FLFP by 7 ppt in total. Differently from the previous simulation, this simulation would especially be more beneficial to households on the top 50 percent of the income distribution, as women with better education would be hired first. With this, women's average earnings would go up by 11 percent. GDP would grow by 10.5 percent and government revenues would increase by 8.5 percent. Figure 2 summarizes these findings, comparing both simulations.



C. Conclusions and Policy Recommendations

11. Women contribute substantially to economic and social development but are often discriminated against in the economic sphere, particularly in the labor market. As indicated above, despite some progressive laws and policies taken by the government, there are several important gender gaps in The Gambia, which continue to affect the productivity and economic empowerment of women. Consequently, to address these gender gaps and mitigate the impact of the high cost of living on households, the government is encouraged to:

- Accelerate the process of harmonization and standardization of existing laws and circumscribing the claw-back clauses that affect women's economic empowerment in the new constitution. Revise the discretionary laws in family, inheritance, and property rights laws.
- Ensure effective implementation and strengthen enforcement of laws and government policies through a strong sensitization campaign toward religious and community leaders and the civil society in view of addressing the legal, political, social, and religious factors hindering women's full economic participation. This effort should focus on highlighting the benefits that gender sensitive policies could bring to the country, and training of judges, law enforcement officers, and the Cadis courts officers.
- Leverage the gender budgeting pilot to provide adequate funding to key sectors supporting women's health, childcare, and their participation in secondary and tertiary education (including TVET school) to enhance women's economic empowerment and create more and better jobs for women.
- Expand the WEF as a model for alternative funding framework for women entrepreneurs and facilitate their transition from the informal to formal sector, through support to small scale farmers in the agricultural value chain and leveraging digitalization to better structure micro and medium sized businesses run by women.
- Create the conditions for more women access to the formal financial sector, through the implementation of the National Financial Inclusion plan, which is focused on youth and women.
- Provide opportunity for more women in decision making including in the regions and rural area where most vulnerable women are located, and more discriminatory practices are observed.
- Expand social safety nets to vulnerable Gambians building on a reliable and dynamic social registry, invest in food systems to reduce vulnerabilities to food insecurity and implement the green recovery focus National Development Plan to build resilience to shocks.
- Finally, invest in resilient agriculture production to reduce food prices and support rural women, and contemplate a land reform in The Gambia given the importance of land as a factor of production.

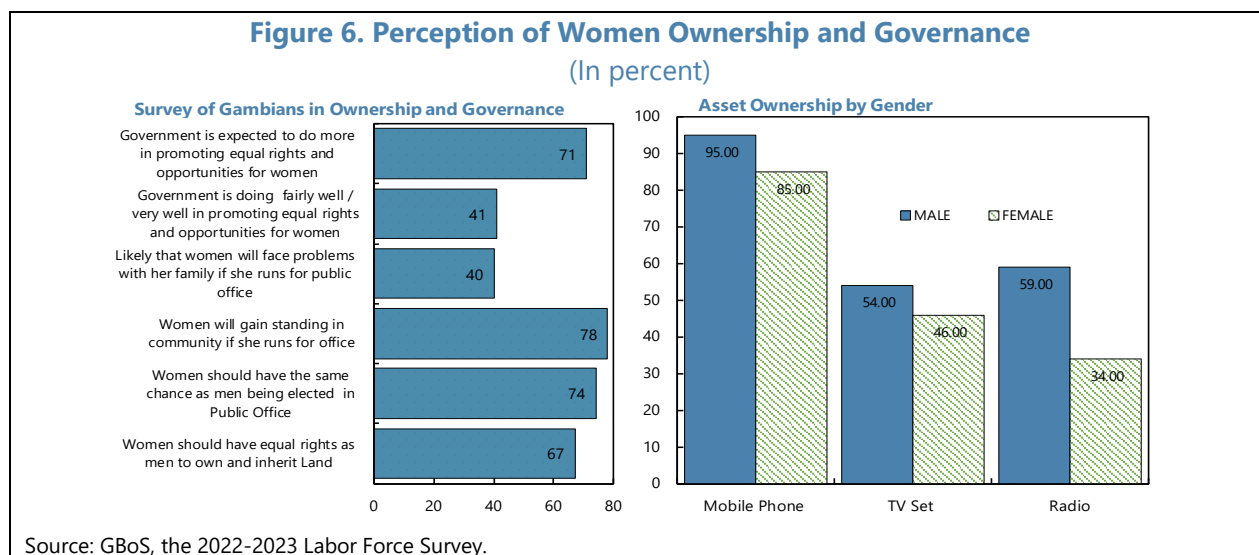
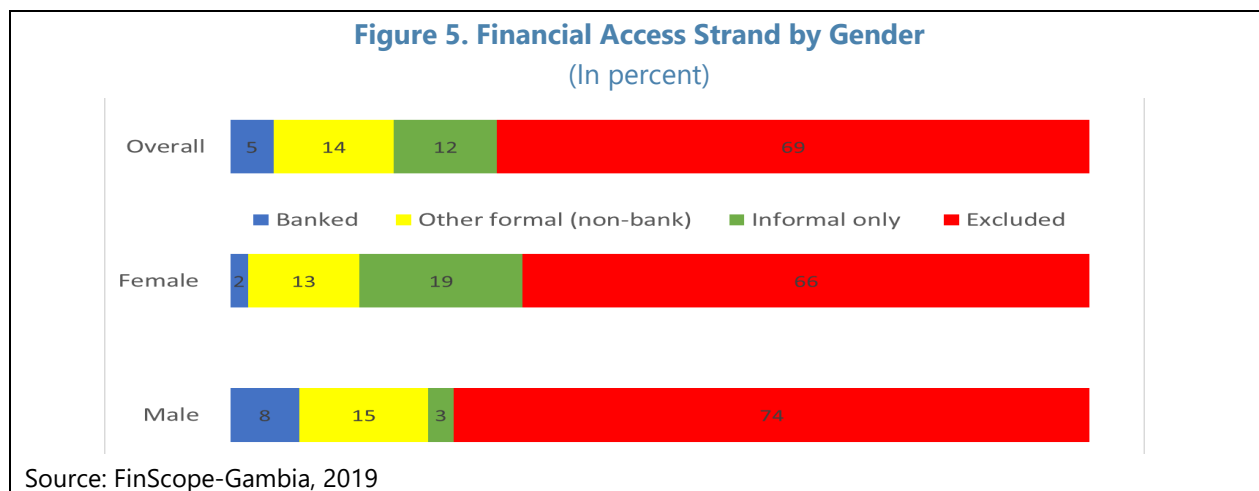
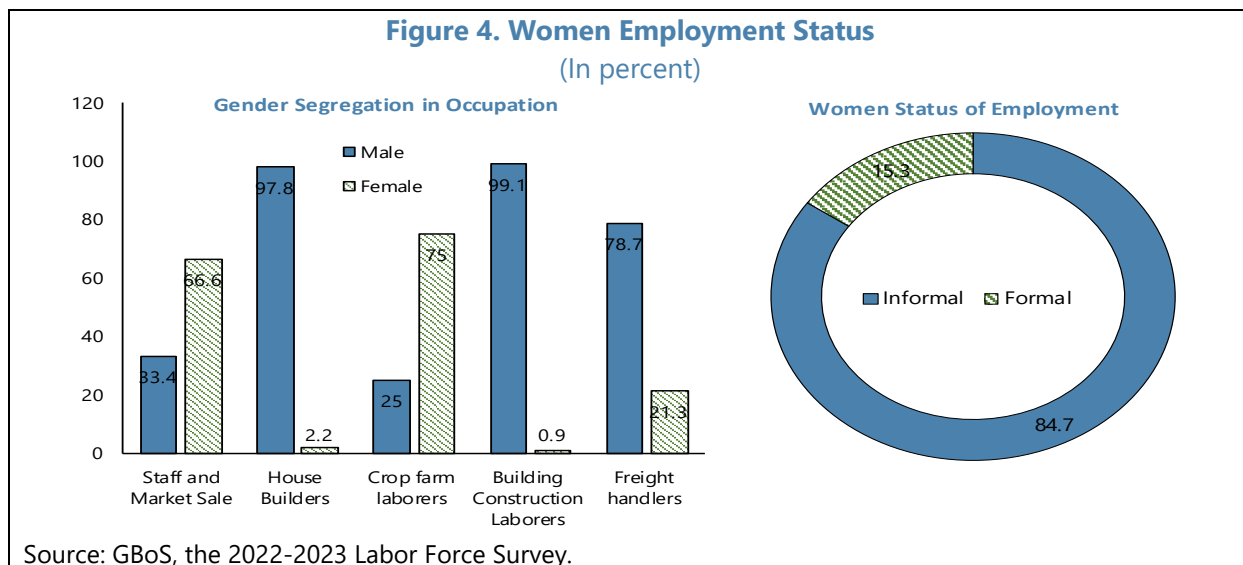


Table 2. The Gambia: Determinants of Poverty and Consumption

	Absolute	Extreme	Food	Consumption
Gender: Female	-0.113*** (0.0045)	-0.091*** (0.0062)	-0.069*** (0.0041)	0.030*** (0.0016)
Area: Rural	0.723*** (0.0055)	0.717*** (0.0062)	0.207*** (0.0055)	-0.377*** (0.0021)
Female X Rural	0.133*** (0.0076)	0.072*** (0.0085)	0.065*** (0.0074)	-0.013*** (0.0029)
Marital Status: Never married omitted				
2 - Married	-0.046*** (0.0042)	-0.111*** (0.0052)	-0.061*** (0.0040)	0.006*** (0.0016)
3 - Separated	-0.274*** (0.0130)	-0.164*** (0.0175)	-0.291*** (0.0110)	0.187*** (0.0040)
Labor Force: Employed omitted				
2 - Unemployed	0.045*** (0.0078)	-0.076*** (0.0087)	-0.016* (0.0075)	0.008** (0.0029)
3 - Outside Labor Force	0.103*** (0.0046)	0.070*** (0.0059)	0.091*** (0.0043)	-0.082*** (0.0017)
Education	-0.033*** (0.0006)	-0.012*** (0.0007)	-0.027*** (0.0005)	0.022*** (0.0002)
Household Head: Female	-0.266*** (0.0046)	-0.356*** (0.0062)	-0.124*** (0.0042)	0.148*** (0.0017)
Household size	0.068*** (0.0003)	0.047*** (0.0003)	0.088*** (0.0003)	-0.032*** (0.0001)
No access to Finance	0.801*** (0.0038)	0.875*** (0.0050)	0.464*** (0.0035)	-0.357*** (0.0014)
Has experienced a climate shock	0.004 (0.0039)	-0.061*** (0.0046)	0.113*** (0.0037)	-0.038*** (0.0015)
Constant	-1.335*** (0.0081)	-2.191*** (0.0102)	-0.894*** (0.0077)	10.860*** (0.0029)
Source: Staff Calculation using the 2020 IHS				

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