Gender Inequality in the WAEMU: Current Situation and Opportunities

Can Sever

SIP/2024/016

IMF Selected Issues Papers are prepared by IMF staff as background documentation for periodic consultations with member countries. It is based on the information available at the time it was completed on March 1, 2024. This paper is also published separately as IMF Country Report No 24/091.

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Authorized for distribution by Luca Antonio Ricci
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ABSTRACT: This paper documents the current state of gender inequalities in the WAEMU by focusing on outcomes (health, education, labor market and financial inclusion) and opportunities (economic rights). The findings show that despite significant progress toward gender equality over the last three decades, there are still prevalent gender-based disparities, which prevent women from fulfilling their economic potential. Both empirical and model-based estimates suggest that the WAEMU can reap substantial economic gains by mitigating the existing gender gaps in schooling and labor market outcomes. Hence, achieving gender equality remains a macro-critical goal for the region. Going forward, the need for specific policies supportive of gender equality may vary in each member country, but a multifaceted and holistic approach is needed to unleash the related economic potential in the WAEMU as a whole.

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Author's E-Mail Address:	csever@imf.org

SELECTED ISSUES PAPERS

Gender Inequality in the WAEMU: Current Situation and Opportunities

WAEMU

Prepared by Can Sever¹

¹ I thank Luca Antonio Ricci, Alain Feler and Lawrence Norton for helpful comments. I also thank Deirdre Daly, Faten Saliba, Luc Tucker and my colleagues in the WAEMU country teams for insightful suggestions.

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CONTENTS

GENDER INEQUALITY IN THE WAEMU: CURRENT SITUATION AND	
OPPORTUNITIES	3
A. Macroeconomic Relevance of Gender Equality	3
B. Gender Inequalities in the WAEMU	
C. Economic Gains from Moving Towards Gender Equality in the WAEMU	
D. Conclusion and Policies	13
FIGURES	
1. Gender Inequality, Economic Growth and Income Inequality	4
2. Gender Inequality in Outcomes	5
3. Health and Reproductive Outcomes	
4: Primary Education	
5: Secondary Education	
6: Tertiary Education	
7: Years of Schooling	
8: Labor Force Participation	
9. Businesses with Female Owners	
10. Gender Wage Gap	
11. Financial Inclusion	
12. Gender Equality under the Law	
13. Cumulative Income Gains from Moving Towards Gender Equality in the WAEMU	
14. Climate disaster and the security situation in the WAEMU	17

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TABLE	
Correlation between Economic Growth and Gender Inequality	_12
References	18

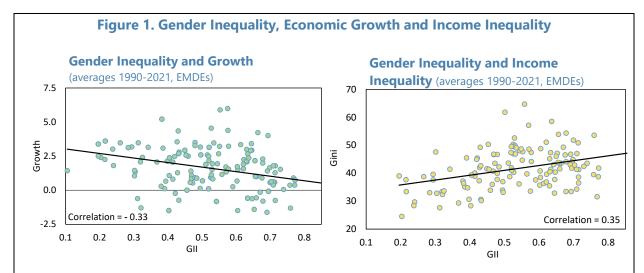
GENDER INEQUALITY IN THE WAEMU: CURRENT SITUATION AND OPPORTUNITIES¹

This paper documents the current state of gender inequalities in the WAEMU by focusing on outcomes (health, education, labor market and financial inclusion) and opportunities (economic rights). The findings show that despite significant progress toward gender equality over the last three decades, there are still prevalent gender-based disparities, which prevent women from fulfilling their economic potential. Both empirical and model-based estimates suggest that the WAEMU can reap substantial economic gains by mitigating the existing gender gaps in schooling and labor market outcomes. Hence, achieving gender equality remains a macro-critical goal for the region. Going forward, the need for specific policies supportive of gender equality may vary in each member country, but a multifaceted and holistic approach is needed to unleash the related economic potential in the WAEMU as a whole.

A. Macroeconomic Relevance of Gender Equality

- 1. Gender equality is not only a goal in the realm of human rights, but also a key element of sustainable and inclusive growth. Ensuring women's full and effective participation in economic activities is one of the priorities in the development agenda, including the 2030 Agenda of Sustainable Development (IMF and World Bank 2007, World Bank 2012, UN 2015, IMF 2017). Moreover, cross-country data shows that greater gender equality is associated with higher economic growth and lower income inequality (Figure 1).
- 2. Gender equality fosters economic growth and development through several direct and indirect channels. There is extensive evidence in the literature on the positive role of gender equality on economic growth and development (see Bertay et al. 2020 for a review). Gender equality improves economic performance through several direct links, including higher female labor force participation and efficiency of allocation in the workforce, faster productivity growth, and accumulation of human capital. There are also indirect channels through which gender equality contributes to economic performance. For example, women in paid employment invest more in education, food, and health of their children, improving the accumulation of human capital across generations (Schultz 2002, World Bank 2012). Women's economic inclusion can also promote economic diversification, enhance competitiveness, and improve financial stability (WEF 2014, Kazanjian et al. 2016, Kochhar et al. 2017, Sahay and Cihak 2018). In addition, steps toward leveling the playing field for women and men through legal reforms can (i) increase women's participation in the labor force, and (ii) facilitate the economic convergence process through which developing countries can catch up with the living standards in developed countries (Sever 2022, 2023). Greater gender equality is also associated with lower income inequality and poverty (Gonzales et al. 2015). In sum, gender equality is critical for economic growth and development.

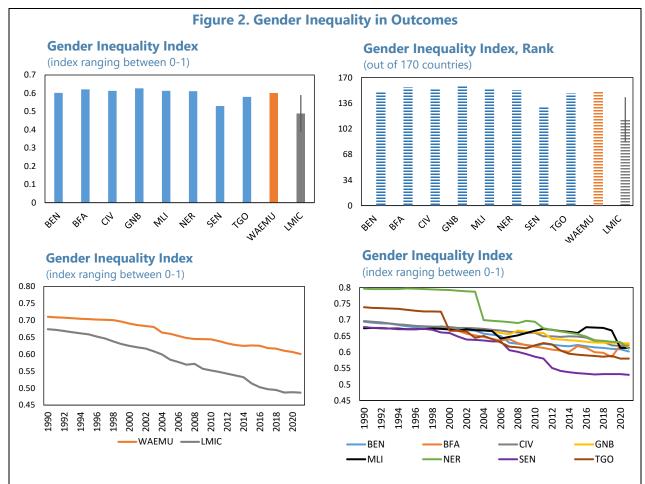
¹ Prepared by Can Sever (AFR). I thank Luca Antonio Ricci, Alain Feler and Lawrence Norton for helpful comments. I also thank Deirdre Daly, Faten Saliba, Luc Tucker and my colleagues in the WAEMU country teams for insightful suggestions.



Sources: World Bank, UN, Standardized World Income Inequality Database (SWIID), and IMF staff calculations. GII: gender inequality index from the United Nations (mainly encompassing gender-based disparities in labor market, education and health outcomes, as well as the political representation). Gini index (a measure of income inequality) is from SWIID and based on disposable income. EMDEs: emerging markets and developing economies. Charts use the growth rate of real GDP per capita (percentage points), GII (ranging between 0-1) and the Gini index (ranging between 0-100). They are averaged over the period of 1990-2021 for each country. Higher values of GII (Gini index) represent higher gender (income) inequality.

B. Gender Inequalities in the WAEMU

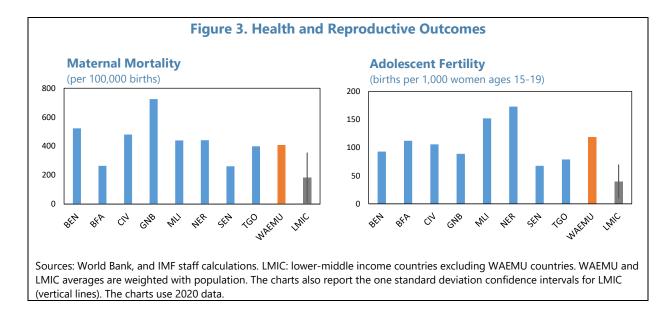
3. The WAEMU has made progress toward gender equality in outcomes since the 1990s, but at a relatively low pace, leaving the region behind its peers. Gender inequality is a multidimensional concept spanning outcomes and opportunities. In terms of outcomes, gender inequality index (GII) from the UN (accounting for gender-based disparities in labor market, education, and health outcomes) suggests that the WAEMU made significant progress during the last three decades, with some heterogeneity across the member countries (Figure 2). Most notably, Senegal has made significant improvements in recent years, differentiating itself from other WAEMU countries. However, the WAEMU as a region still has greater gender inequality in outcomes relative to the group of lower-middle income countries (LMICs). Moreover, all the WAEMU countries are currently ranked at the bottom 25th percentile of the global sample regarding gender equality (the ranking of the member states being between 131st for Senegal and 159th for Guinea-Bissau - out of 170 countries globally with available data), significantly behind the LMIC sample, on average. In addition, the pace of progress toward closing gender gaps in outcomes was lower in the WAEMU compared to the LMICs. As a result, the gap between the two country groups have widened over time.



Sources: World Bank, UN, and IMF staff calculations. GII: gender inequality index from the United Nations. LMIC: lower-middle income countries excluding WAEMU countries. Higher values of GII (ranging between 0-1) represent higher gender inequality. WAEMU and LMIC averages are weighted with population (except the righthand-side chart on the first row which reports simple averages of the country rankings). The two charts in the first row use the latest data (2021). The charts on the first row also report the one standard deviation confidence intervals for LMIC (vertical lines).

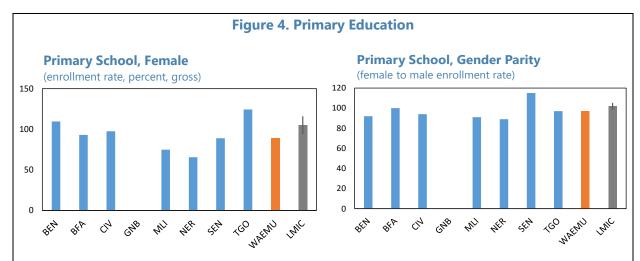
4. The WAEMU significantly underperforms LMICs in health and reproductive outcomes.

Maternal mortality rate stands around 405 (per 100,000 births) in the WAEMU, much higher than LMICs (184), posing a big risk to women's lives in the region (Figure 3). A gap is also apparent in adolescent fertility rates. In the WAEMU, adolescent fertility rate remains around 119 (births per 1,000 women ages 15-19), as opposed to 40 in LMICs. This suggests that girls are less likely to continue their education and to stay in schools for higher education (as also shown below), forming an impediment to women's full and effective participation in the workforce, particularly for poorer women and in the absence of wide-spread and accessible childcare facilities (see McQueston et al. 2012 for a review).

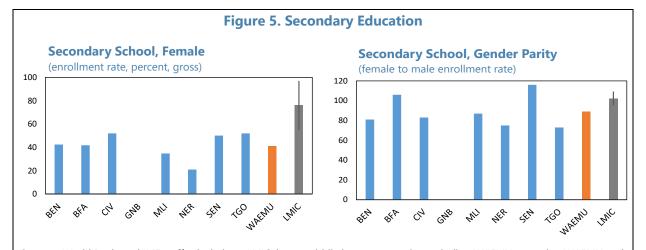


5. Gender-based gaps in education outcomes remain prevalent in the WAEMU, particularly for higher levels of education. Primary school enrollment rate of girls is lower in the WAEMU (89 percent gross rate) relative to LMICs (105 percent gross rate) (Figure 4).2 This gap is also visible in the gender parity index —i.e., the ratio of the enrollment rate of girls to boys— which in primary education is about 5 percentage points lower in the WAEMU compared to LMICs. Differences in education outcomes across the WAEMU and LMICs become even more striking in higher levels of education. Looking at secondary education, the enrollment rates of girls are 41 versus 76 percent in the WAEMU and LMICs, respectively (Figure 5). The difference between the gender parity index in secondary education across the WAEMU and LMICs also widens relative to that of primary education (to 13 percentage points). In tertiary education, enrollment rate of females is only around 7 percent in the WAEMU, whereas it is at 31 percent in LMICs (Figure 6). The difference between the gender parity indexes across the WAEMU and LMICs also increases to 49 percentage points in tertiary education. These differences are also reflected in the average years of schooling, in which the WAEMU lags LMICs (Figure 7). These figures suggest that keeping girls in schools longer is particularly a challenge in the WAEMU. This has implication for labor markets, potentially making women more likely to be employed in jobs and positions that typically do not require high skills, pay less, and are less secure, even when women participate in the workforce.

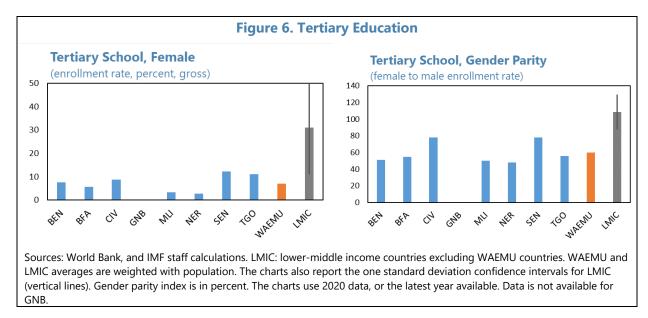
² Gross enrollment rates can be over 100 percent, since the definition is regardless of age. In particular, gross enrollment rate for a particular level of education includes students who are older or younger than the official age group for that level of education, encompassing the students who repeat a grade and enroll late (hence, are older than their classmates), or advance quickly (thus, are younger than their classmates). These can make the gross enrolment rate to be above the population which corresponds to that specific level of education. It is also worth noting that enrollment rates do not necessarily reflect actual attendance rates, and are not an indicator of learning outcomes.

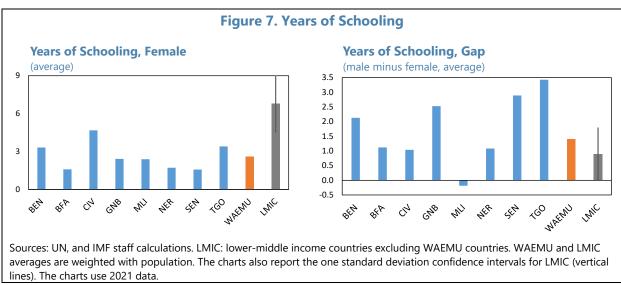


Sources: World Bank, and IMF staff calculations. LMIC: lower-middle income countries excluding WAEMU countries. WAEMU and LMIC averages are weighted with population. The charts also report the one standard deviation confidence intervals for LMIC (vertical lines). Gender parity index is in percent. The charts use 2020 data. Data is not available for GNB.



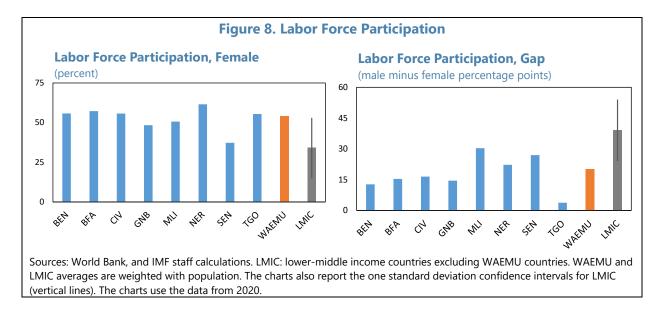
Sources: World Bank, and IMF staff calculations. LMIC: lower-middle income countries excluding WAEMU countries. WAEMU and LMIC averages are weighted with population. The charts also report the one standard deviation confidence intervals for LMIC (vertical lines). Gender parity index is in percent. The charts use 2020 data, or the latest year available. Data is not available for GNB.





6. The WAEMU appears to outperform LMICs regarding female labor force participation, but there is still a large room for improvement. Data on labor force participation of females ages 15 and above (as modeled by the International Labour Organization) show that around 54 percent of females participate the workforce in the WAEMU, as opposed to 34 percent in LMICs (Figure 8). Moreover, the gender gap in the labor force participation (the difference between male and female participation rates) seems to be lower in the WAEMU relative to LMICs (20 versus 39 percentage points). Although the WAEMU seems to perform better in labor force participation relative to its peers, there is still a large room for improvement to bridge the large 20 percentage points gap. It is also important to note that women are more likely to work in informal (and/or part-time) jobs which are typically less secure, less stable and pay less, thereby posing economic vulnerability (International Labour Organization 2018, Malta et al. 2019a, OECD and International Labour Organization 2019). Moreover, relatively higher participation rates in the WAEMU do not rule out

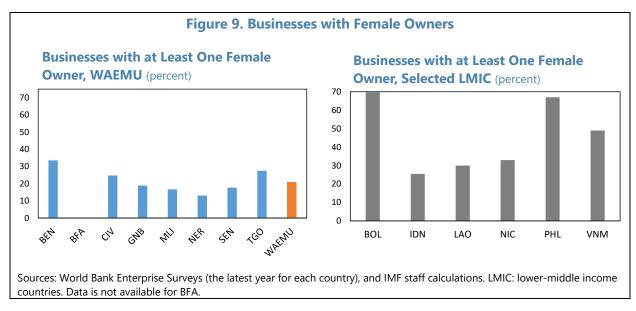
other frictions in the labor market, shaped by gender-based segregation, lack of higher education, limited skills, limited career prospects, and wage gap, which overall leave women economically behind.3

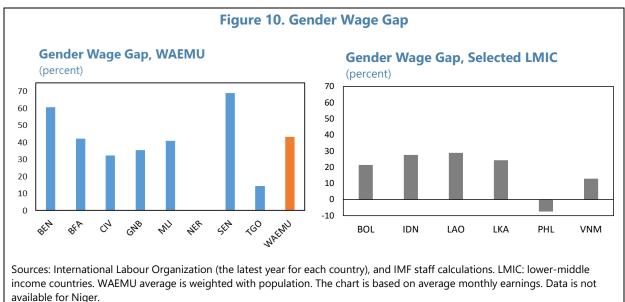


7. Despite relatively high labor participation rates, female business ownership rates remain low and gender wage gaps are high in the WAEMU. The share of businesses with at least one female owner is around 21 percent in the WAEMU, according to the World Bank's Enterprise Surveys database (Figure 9). This rate appears to be higher in some selected LMICs. Moreover, the gender wage gap remains high in the WAEMU, with men earning about 43 percent higher than women, based on the data from the International Labour Organization (Figure 10). Lower business ownership rates and higher gender wage gap in the WAEMU point to gender-based disparities regarding entrepreneurship and positions of power, and likely reflect the large gender gap in higher education. Prevailing gaps in these outcomes are closely linked to wider income inequality, poverty rates, and spending on children's health and education in the region (World Bank 2023).

 $^{
m 3}$ In addition, as farmers, women typically produce less relative to men, due to caregiving responsibilities in the household and limited access to agricultural inputs (e.g., fertilizers). For instance, women in Niger are estimated to achieve yields that are 66 percent lower than those of men (World Bank 2014). Women are also less likely than men to process or to sell their agricultural output, as they tend to keep it for the household's consumption (World Bank

2014). Such disparities in the agricultural outcomes potentially pose another important impediment to gender equality in the WAEMU given that agricultural employment accounts for almost 55 percent of total employment in the region.

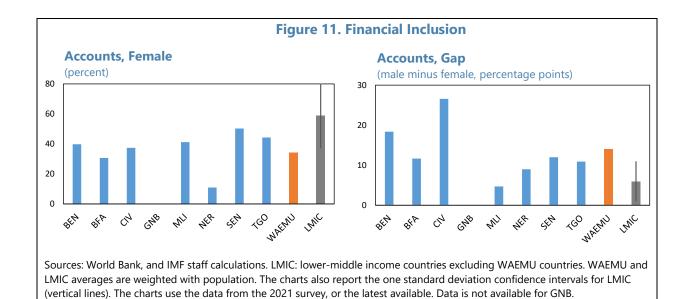




8. Gender-based disparities in the WAEMU are also pronounced in financial inclusion.

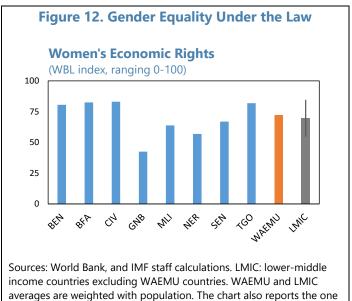
Percentage of females who own an account at a financial institution or with a mobile money service provider remains around 34 percent in the WAEMU, whereas it is 60 percent in LMICs (Figure 11). Moreover, the gap between male and female rates in account ownership is high in the WAEMU (15 percentage points), compared to LMICs (6 percentage points).⁴ This likely limits the women's ability to invest in education, cushion negative shocks (such as climate-related shocks), and save for old age.

⁴ Another option to assess financial inclusion could be to focus on access to bank credit specifically, but currently there is no comprehensive data on this.



9. In the WAEMU, women's economic rights (a key factor in equal opportunities) are at a similar level to LMICs, but there is significant room for legal reforms to level the playing field.

The law score from the World Bank (focusing on gender-discriminatory laws in the areas of mobility, pay, workplace, marriage, parenthood, asset ownership, entrepreneurship, and pension benefits) is at 72 in the WAEMU, meaning that women have around 72 percent of the economic rights enjoyed by men (Figure 12). Although this is slightly above LMICs (with a law score of 69), it is still far from providing a level playing field for women (which would be associated with a law score of 100). Moreover, the laws and regulations to ensure equal pay, equal economic rights for spouses, a fair treatment of parents with a child, and equal rights regarding asset ownership



standard deviation confidence intervals for LMIC (vertical lines). The

are lower than the overall law score, thereby calling for legal reforms. For instance, improvements are needed in some WAEMU countries in the legislation related to ensuring equal pay for equal work, improving women's autonomy, preventing discrimination in access to credit and hiring, and addressing domestic violence. It is also important to take necessary actions to strengthen the link between the laws *de jure* and their application in practice to improve gender equality in outcomes.

chart uses the 2021 data.

C. Economic Gains from Moving Towards Gender Equality in the WAEMU

10. Empirical estimates suggest that moving toward gender equality can significantly boost economic growth and income in the WAEMU. Higher gender inequality is negatively associated with economic growth in both LMICs and the WAEMU (Table 1).⁵ As a comparison across country groups, the empirical estimates suggest that if the median WAEMU country in 2021 reaches to the median of LMICs regarding gender equality (meaning a 0.15-point decline in GII), the boost to the per capita growth rate would be about 1.7 percentage points on average. Historically, the decline in the WAEMU GII since 1990 was lower though, i.e., about 0.1 points (as shown by Figure 2). Therefore, it may also be sensible to focus on the amount of progress toward gender equality in the past to provide an estimate of potential economic gains for the WEAMU going forward: the same amount of decrease in GII from 1990 to 2021 (i.e., about 0.1 points decline) predicts a 1.2 percentage points higher growth rate in the WAEMU, on average. Instead, focusing on the GDP per capita dynamics using local projections (Jorda 2005), the cumulative boost in real GDP per capita would be around 8 percentage points over a 10-year period, with the same amount of progress in the WAEMU GII during the last three decades (Figure 13).

Table 1. WAEMU: Correlation between Economic Growth and Gender Inequality

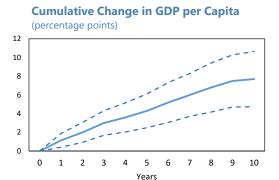
Variable	Economic growth (t)	Economic growth (t)
	LMICs	WAEMU
GII (t-1)	-4.05***	-11.57**
	(1.25)	(4.84)
Observations	1210	232
R-squared	0.15	0.26

Source: World Bank, UN, IMF staff estimations and calculations. The results are from regressing real GDP per capita growth on gender inequality index (GII) by controlling for year fixed effects in the indicated samples. LMICs: lower-middle income countries (excluding the WAEMU). The analysis is based on the period of 1990-2021. Standard errors in parenthesis are robust. *** p<0.01, *** p<0.05, *p<0.1.

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⁵ The results remain similar, if the lagged value of GDP per capita is included in the estimations to account for the different levels of economic development and economic convergence.

Figure 13. Cumulative Income Gains from Moving Towards Gender Equality in the WAEMU



Sources: World Bank, UN, IMF staff estimations and calculations. The results are from local projections of the cumulative changes in real GDP per capita (over the years, in percentage points) on gender inequality index (GII from the United Nations) by controlling for year fixed effects. The analysis is based on the WAEMU sample (eight member countries between 1990-2021). The coefficient estimates each year represent the average cumulative gain in real GDP per capita, if GII decreases around 0.1 points (the same amount of the decline in the WAEMU GII from 1990 to 2021) at year 0. Dashed lines represent the 90 percent confidence interval. Standard errors are robust.

11. Consistently, several theoretical studies and other empirical frameworks estimate large macroeconomic gains from closing gender-based gaps in the WAEMU. Malta et al. (2019b) calibrate a micro-founded general equilibrium model to Senegal and estimate that GDP in Senegal can increase up to 10 percent, if gender-based disparities in education and labor market are addressed. Ouedraogo and Gomes (2023) use a similar model for Niger and find that bridging gender-based gaps in education can boost Niger's GDP by around 11 percent. Cuberes and Teignier (2016) propose a theoretical model to quantify the income loss from the disparities in the workforce across the globe. Their estimates for five WAEMU countries point to large income per capita gains, if the gender-based gaps in the workforce are eliminated (GDP gains in parentheses): Burkina Faso (18 percent), Côte d'Ivoire (11 percent), Mali (11 percent), Niger (31 percent), and Senegal (17 percent). The estimates from Pennings (2022) suggest that closing gender-based gaps in the labor markets of member countries could increase the WAEMU's per capita GDP by at least about 18 percent in the long-run, with these gains being particularly large in Senegal (26 percent), Mali (20 percent) and Côte d'Ivoire (18 percent). An empirical analysis by the IMF suggests that GDP growth in WAEMU countries can increase by about 0.2-0.5 percentage points if gender-based disparities are brought to the levels observed in several African and Asian benchmark countries (IMF WAEMU Selected Issues Paper 2019).

D. Conclusion and Policies

12. Despite the significant progress toward gender equality in the WAEMU over the last three decades, gender-based disparities remain significant, thereby holding the region back.

The WAEMU lags behind the LMICs group regarding various gender-based outcomes. Gender inequalities keep preventing women in the WAEMU from fulfilling their economic potential and hinder the allocation and utilization of talent and resources, thereby weighing down on economic growth, development and social outcomes. Addressing the existing gender inequalities thus can

unlock the region's economic potential and generate large economic gains in the WAEMU, as suggested by both empirical and model-based estimates.

13. Achieving gender equality is a multifaceted process which typically requires time. A holistic approach to move towards gender equality is needed to enable women to participate in economic activities fully and effectively. Prevalent gender-based disparities in the WAEMU, such as in the areas of healthcare, education, labor market, financial inclusion and legislation can provide some insights for policymakers going forward. However, the selection and extent of specific policies to mitigate gender inequalities in both outcomes and opportunities could vary in each member state. Against this background, undertaking a comprehensive assessment of existing impediments to gender equality at both national and regional levels, initiated and coordinated at the WAEMU level, can be useful to set up a roadmap. Having said this, based on the documented facts which seem to be quite similar across the region, policies should be aimed at (i) improving accessibility of health services for women; (ii) increasing access and quality of education for girls, as well as ensuring their stay in school and entry into the employment after education; (iii) achieving a greater and also more effective participation of women to the workforce; (iv) promoting women's financial inclusion; and (v) reforming the laws to level the playing field for women and men.

14. Recognizing the criticality of gender equality, the WAEMU authorities have placed strategies and policies to address gender-based disparities. At the regional level:

- A 10-year Gender Strategy was adopted in 2018 with the goal of improving women's role in the economic, social, cultural and political spheres by the WAEMU Commission. The strategy encompasses two pillars: developing frameworks for gender mainstreaming and supporting the initiatives for women's empowerment. Focusing on the former, the WAEMU Commission aims to provide a roadmap on how to integrate the gender aspect into public policies, e.g., by preparing training to raise awareness and developing guidelines for gender budgeting. Regarding the second pillar, the WAEMU Commission launched a network to support women entrepreneurs, but the operations have remained limited due to constrained resources.
- BCEAO also recognizes the importance of gender equality, and has been undertaking various
 efforts and launched initiatives to tackle gender-based gaps in financial inclusion. The Financial
 Inclusion Strategy as adopted by the Council of Ministers in 2016 puts an emphasis of women's
 access to financial services, and the Regional Financial Education Program aims to improve
 financial literacy in the region, including that of women and girls both in schools and beyond.

At the national level, some examples of policies aimed at moving toward gender equality are as follows:

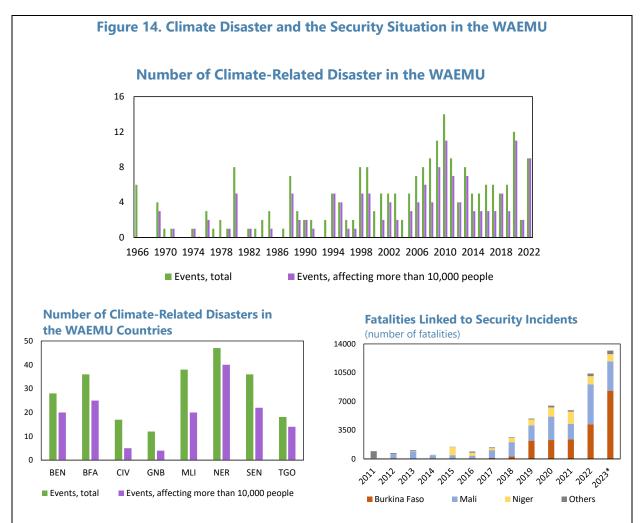
• The Ivorian authorities recently launched a program and allocated financial support and agricultural equipment and inputs to women involved in food production, took steps to facilitate women's access to health services, and are currently aiming at implementing policies to improve women's financial inclusion.

- Senegal has been implementing gender budgeting for 7 years now and accounting for the
 impact on gender equality in the context of public investment strategy; it is also planning to
 increase social spending targeting women as a part of the country's new development plan, to
 address the obstacles hindering girls' transition from primary to secondary education, and to
 provide training and credit to female entrepreneurs.
- Benin has also been implementing gender budgeting, as well as efforts to mitigate gender-based disparities on various opportunities and outcomes (including several initiatives toward addressing gender gaps in the tax code, strengthening legal protections against gender-based violence, expanding women's access to health services, improving women's representation in the political sphere, and keeping girls in schools, e.g., through free secondary education).
- The Togolese authorities enacted several legislative reforms to improve women's rights (e.g., within social protection, inheritance, and criminal law), and have also been implementing a series of gender budgeting reforms with the support of the IMF's technical assistance.
- The Nigerien authorities adopted a new National Gender Policy aimed at eliminating unequal opportunities in education for boys and girls and closing the gender disparities in primary and secondary education enrollment by 2027.
- The Malian authorities introduced gender quotas in public agencies and have been working with women's rights organizations to increase women's participation in decision-making processes.
- Burkina Faso has been engaged in the implementation of gender budgeting since 2014, while gender issues have been mainstreamed since the 2018 budget circular.
- **15. Efforts in these areas more likely to bear fruit when the complementarities among them are accounted for.** For instance, labor market policies to boost the number of females and to improve the role of them in the workforce without closing the existing gaps in tertiary education may have limited effect on outcomes. Likewise, programs aimed at keeping girls longer in schools are not likely to help bridge gender-based gaps in secondary and tertiary education, as long as adolescent fertility rates remain at current levels and teenage mothers do not have access to widespread and affordable childcare. Such complementarities also exist between outcomes and opportunities. For example, initiatives to support women-owned businesses may not yield the desired results in terms of increasing the number of women entrepreneurs, unless women's autonomy in the marriage is not guaranteed by the law. Moreover, public education programs (with the goal of changing perceptions) can also support this process by enhancing the effectiveness of other policies, since gender inequality is also likely to be driven by social norms and cultural traits in general. When such efforts supportive of gender equality go hand in hand, WAEMU countries likely reap large economic gains both in the shorter and medium term.
- 16. Finally, the ongoing challenges and recent shocks in the WAEMU, such as the Covid-19 pandemic, climate change and security developments, likely exacerbate gender-based disparities, calling for an acceleration of policies supportive of gender equality. The Covid-19

shock had a disproportionate effect on women's employment (Alon et al. 2020, UN 2020). In addition, school dropouts among girls rose more than boys following the school closures during the pandemic, particularly in poorer and rural areas, which can worsen gender-based disparities persistently in the absence of counteracting policies (UN 2020, Flor et al. 2022). Next, WAEMU countries have been hit by climate-related disasters, with those events becoming more frequent and larger in recent years (Figure 14, also see the WAEMU Selected Issues Paper on climate change). They likely deepen existing gender inequalities, since women (i) have limited access to resources to safeguard against the effects of disasters, (ii) undertake unpaid care work in the household, and (iii) are less educated which makes them be employed in jobs that pay less and are less secure and more prone to climate shocks, e.g., in agriculture (UNDP 2014). Last but not least, security challenges in the WAEMU endure, especially in Burkina Faso, Mali and Niger, with the total number of internally displaced persons amounting to 2.7 million in these three member states (according to the data from the Internal Displacement Monitoring Centre). Internal conflicts and violence, alongside the associated forced migration, likely widen gender-based disparities in labor market, health and education outcomes, and also increase gender-based violence (see Buvinic et al. 2013)⁶. Therefore, in the current juncture, it is even more critical for the WAEMU authorities to act on a timely basis and set out a holistic approach aimed at achieving gender equality.

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⁶ It is worth noting that gender-based violence is also associated with lower economic performance as Ouedraogo and Stenzel (2021) show based on the data from Sub-Saharan Africa in the pre-pandemic period.



Sources: EMDAT, ACLED, and IMF staff calculations. Climate-related disasters include droughts, floods, landslides, storms and wildfires (over the period of 1966-2022). Security incidents include battles, riots, explosions, and violence against civilians. Annualized data on security incidents in 2023 is based on mid-September 2023.

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