

**IMF Resident Representative Teresa Daban's Speech**  
**WOMEN ENTREPRENEURSHIP WEEK IN YEREVAN**  
**INTERNATIONAL CONFERENCE ON WOMEN ENTREPRENEURSHIP**  
**"VISION OF NEW DEVELOPMENTS"**  
**June 8, 2015**

Good Morning Excellences and appreciated guests. I am very grateful for the opportunity to participate in the INTERNATIONAL CONFERENCE ON WOMEN ENTREPRENEURSHIP.

The International Monetary Fund (IMF) and Armenia have a long-track record of constructive cooperation. We usually provide financial and technical assistance and policy advice. But we are ready to do more.

We also care about the macro-critical consequences of women participation in the labor market and entrepreneurship. Actually, my speech today would draw on the research the IMF has conducted recently on this matter in coordination with academicians and other international financial institutions.

***Let us at look at the numbers; what are the facts? Participation is low***

- On average, in the world, women participation in labor market and entrepreneurship remains low at 50 percent. Only 50 percent of women with an age of 15 or older work. There important differences across countries, with 21 percent in the Middle-East and North Africa to 63 percent in East Asia, the Pacific and Sub-Saharan Africa.
- For Armenia women participation is 55 percent while for males is 75 percent.
- Female labor participation varies with per capita income, with evidence pointing to a U-Shaped relationship.
  - In countries with low levels of income per capita, female labor participation is high because of the necessity to work in the absence to social protection programs.In advanced countries, female labor force participation increase as a result of better education, lower fertility rates, access to good

household technology (e.g. laundry machines), and the availability of market-based household services.

- In middle-income countries, like Armenia, women can withdraw from market in favor of household and childcare.
- Women are usually the secondary earners of income at home. In many countries, the tax system imposes strong disincentive for them to work when tax are levied on family incomes instead on individual incomes.
- Low participation does not mean that women do not work. Statistics show that women spend twice as much time on household work as men and four times as much time on childcare than men. This means that women free up time for the male members of the household to participate in the formal labor force.

***What are the specific characteristics of the participation of women in labor market and in entrepreneurship? In other words, when they work, what do they do?***

- Most part-time jobs are conducted by women, most of the times as the only solution to balancing work with family responsibilities. Part-time jobs are jobs with lower training opportunity, lower pay and poor career development.
- Female employment is concentrated in sectors that are characterized by low status and therefore low pay, such agriculture (in Africa), services, community services, health, and education.
- Women usually receive lower wages, even in advanced countries, even in the case of high educational attainment. The **gender wage gap** is estimated at 16 percent in advanced countries.
- Women usually also run business with lower earning. There is also an important **gender earning gap**. The reasons for that are that in general women have less time to take care of their business, because they also have family responsibilities. Therefore, on average, female-owned enterprises are smaller, have less access to productive resources (e.g. funding), register lower profits and labor productivity than male-owned enterprises.
- Across countries, female representation in senior positions and in entrepreneurship remains low, even in advanced countries.

- All these issues perpetuate gender roles, make women more vulnerable to the effect of economic crisis (e.g. they are usually the ones that lose their jobs first), and result in old-age poverty among women.

***What are the policies needed to support higher female participation in labor market and in entrepreneurship?***

- **Taxation.** The priority is to reduce the tax burden for secondary earners (predominantly women) by replacing family taxation with individual taxation (Portugal, France, USA). Other possibilities are introducing tax credits or benefits for low-paid workers, especially women, on a temporary basis.
- **Expenditures.** Several examples:
  - Parental leave, either maternity or paternity leave, that could help parents reconcile work and family life. On average 26 weeks in advanced countries. In Iceland and Norway paternity leave is mandatory, while in Sweden one part of parental leave is earmarked to the father and forfeited in case he opts not to take it.
  - Better access to child care. Estimate shows that women participation in labor market and entrepreneurship depends negatively of the price of child care, with an elasticity of -0.2.
  - Pension, by ensuring that women are not penalized because of maternity spells and they do not get lower pensions.
  - Access to finance by creating soft loans and financial training for women.
- **Education.** Empirical evidence suggests that the higher the education of women, the higher their participation in labor market and entrepreneurship. There is strong support for public policies to encourage families to keep girls at school, by conditioned cash-transfers, by improving infrastructure and access to clean water, etc.
- **Regulatory,** such allowing availability of flexible work arrangements, such as tele-working or compressed work schedules.

- **Awareness.** Sometimes women do not participate because they are discriminated because of social norms or lack of protection of their rights. There is a need to run public campaigns and implement anti-discrimination laws, to ensure women receive equal treatment, i.e. that women are not rejected for a job or at the time of applying for a loan only because of being a woman. Most advanced countries are moving in that direction, making social norms evolving over time.

### ***What could be the expected results?***

- Empirical show that countries that have eliminate the gender gap have managed to increase income per head by 27 percent.
- Therefore pursuing a greater participation of women in the labor market and entrepreneurship should be also part of the tool kit of policy makers. It helps to make growth more inclusive and the economy more stable.
- IMF is ready to support these policies by providing analysis and incorporating these issues in the policy dialogue with country authorities.

To conclude, I would like to commend the Armenian Young Women's Association & Women Entrepreneurs Network of Armenia for this International Conference. I would like to thank you for your invitation. I wish all participants productive discussions. Thank you!





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08-11.06.2015

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