

# UNEVEN RECOVERY IN LATIN AMERICA AND THE CARIBBEAN: ARE WOMEN BEING LEFT BEHIND? \*

July 2022

## Key messages:

- *In Latin America and the Caribbean (LAC), the effects of the pandemic on labor market outcomes continue to be pronounced, especially for women.*
- *High-frequency phone survey data show that 15 months into the pandemic, women's employment was 23 percent below its pre-pandemic level. The decline in employment for women was more than threefold that of men.*
- *Women who worked before the pandemic were more likely to leave their employment than men, and women who were not employed before the pandemic were less likely to enter employment than men.*
- *Continued pronounced impacts on women's employment are partly driven by a slow recovery of sectors that predominantly employ women.*
- *Substantial transitions into and out of the labor force can be also observed. For example, while half of the women who lost their jobs became inactive, over a third of pre-pandemic inactive women entered the labor force during the pandemic.*
- *Because women were more likely than men to be inactive before the pandemic, the absolute number of women entering the labor force exceeded that of men by a factor of 1.4.*
- *Many new jobs created during the pandemic are informal. Among the new entrants into the labor force, women were more likely than men to land in informality.*
- *While a larger share of women than men report spending more time in care and domestic activities during the pandemic, substantial—and perhaps surprising—shares of men also report an increase.*
- *Policy priorities include gender neutral reforms to the organization of the labor market, plus social safety nets and policies that aim to address gender gaps. The latter include affordable and quality childcare, gender sensitive social assistance, improvements in women's access to finance, and efforts to address persistent norms driving unequal gender roles.*

\* This note was prepared by Eliana Rubiano Matulevich, Emilia Cucagna, Jacobus De Hoop, and Javier Romero (World Bank), together with Adriana Camacho, Pablo Hernández, and Laura Tenjo (UNDP). We are grateful for comments from Ximena del Carpio and Marcela Meléndez. This note could not have been written without the effort of the entire team implementing the High-Frequency Phone Surveys for LAC. The work was supported by the World Bank Latin American and Caribbean Regional Vice Presidency and the Umbrella Facility for Gender Equality (UFGE). UFGE is a multi-donor trust fund administered by the World Bank to advance gender equality and women's empowerment through experimentation and knowledge creation. Its aim is to help governments and the private sector focus policies and programs on scalable solutions with sustainable outcomes. The UFGE is supported with generous contributions from the governments of Australia, Canada, Denmark, Germany, Iceland, Latvia, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, and the United States, as well as the Bill and Melinda Gates Foundation.

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**The gendered impact of the pandemic on economic participation in Latin America and the Caribbean (LAC) remains clear.** High-Frequency phone Survey (HFPS) data collected by the World Bank in mid-2020 showed that women in LAC were 45 percent more likely to lose their jobs than men. Many feared that COVID-19 would lead to a permanent setback in gender equality in economic opportunities. Nearly a year and a half later, a new round of phone survey data collected by the World Bank and the United Nations Development Programme (UNDP) in an even larger range of countries allowed us to take stock. The results are concerning. Well over a year after the start of the pandemic, the gendered impact on economic participation in LAC did not dissipate. Employment losses continued to be markedly (2.3 times) higher for women than for men. Entry into employment is also relatively less common for women than for men.<sup>1</sup> Accordingly, the gender gap in employment remains elevated in most countries. Substantial transitions into and out of the labor force can also be observed. For example, while half of the women who lost their jobs became inactive, over a third of pre-pandemic inactive women entered the labor force during the pandemic. Women (and men) also experienced a decline in the quality of their jobs. Among new entrants into the labor force, women were more likely than men to land in informality.

## **Box 1: The Latin America and Caribbean High-Frequency Phone Survey – Phase II**

**The HFPS for LAC represents an unprecedented effort to monitor the impacts of the COVID-19 crisis on the well-being of households across the region.** The surveys were administered by The World Bank and UNDP in mid-2021 and collected information for 24 countries.<sup>2</sup> Covering an average of 1,190 individuals per country for a total of over 28,000 observations, the sample is nationally representative of individuals aged 18 and over who have access to a phone.<sup>3</sup> The survey questionnaire was standardized to allow for cross-country comparisons and regional-level estimations. The survey includes modules on labor markets, household income, access to services, digital connectedness, food insecurity, knowledge around COVID-19, and demographic and household characteristics. Using the HFPS, this note explores the heterogeneous impacts of the pandemic across genders.<sup>4</sup>

<sup>1</sup> In absolute terms, the number of women entering employment exceeds the number of men.

<sup>2</sup> The countries included in the latest wave of data collection comprise Antigua and Barbuda, Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, and Uruguay.

<sup>3</sup> The sample is selected using random digit dialing, with weights calibrated to reflect population projections of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). For technical details, see Flores Cruz, Ramiro, (2021). COVID-19 High Frequency Phone Surveys in Latin America: Technical Note on Sampling Design, Weighting, and Estimation. World Bank, Washington, DC. World Bank <https://openknowledge.worldbank.org/handle/10986/36395>

<sup>4</sup> Employment is defined as either working during the week of reference or not working due to temporal suspension with salary, sickness or mandatory quarantine, vacation, or strike action with a job to return to afterwards.

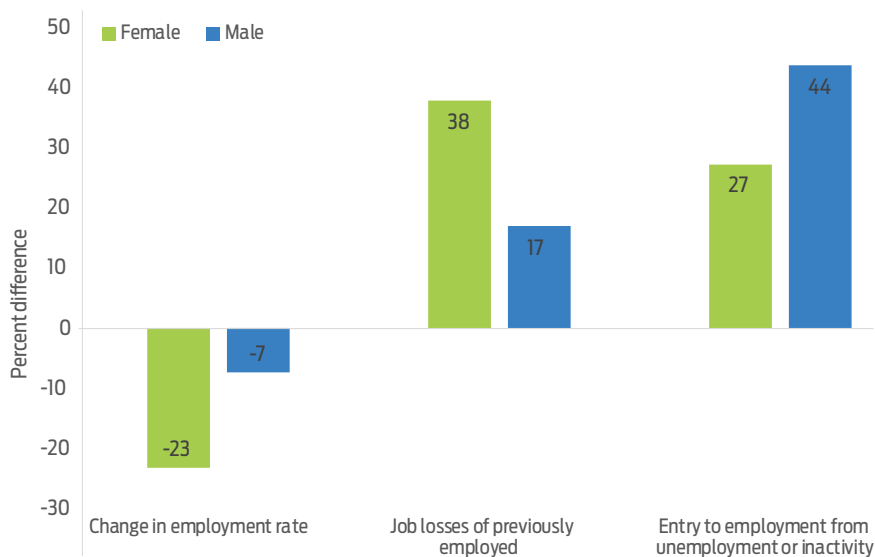
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## 1. Increased gender gaps in employment

**Fifteen months into the pandemic, declines in employment continued to be more pronounced for women than for men.** The average decline in employment for women was 3.2 times that for men. In mid-2021, the employment rate for women was 23 percent below its pre-pandemic level. At 7 percent, the decline in the employment rate for men was substantial but less pronounced. Gender disparities can be observed both in terms of job losses among those working before the pandemic and entry into employment among those not working before the pandemic. Job losses were 38 percent for women compared to 17 percent for men. And entry into employment from unemployment or inactivity was 27 percent for women compared to 44 percent for men. See Figure 1.

**Figure 1. Changes in employment to population ratio from February 2020 to mid-2021**



Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

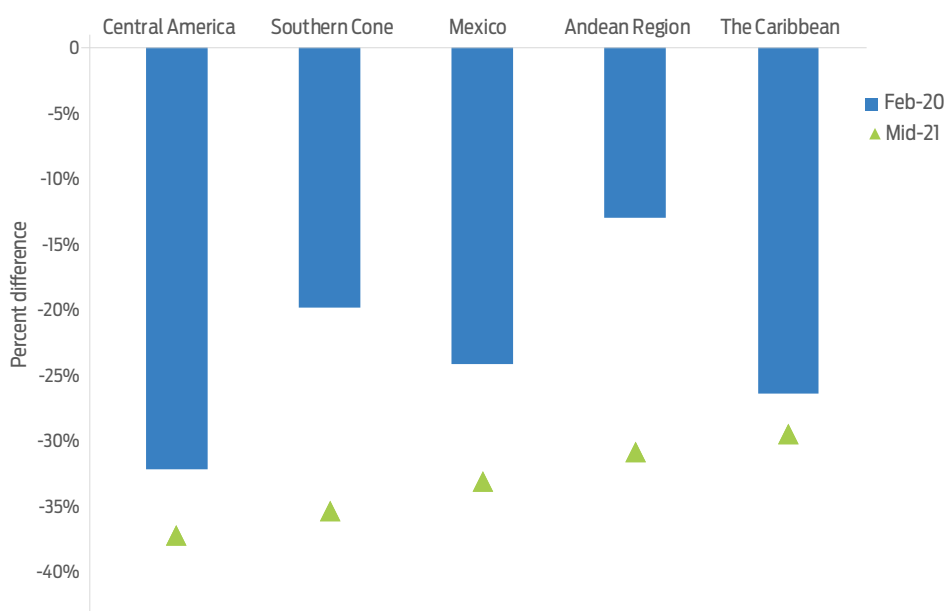
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## The gender gap in the employment rate increased in all sub-regions and almost all countries in the region.

The gender gap in employment remains especially elevated in the Andean countries (31 percent during the pandemic vs. 13 percent pre-pandemic), Southern Cone (35 vs. 20 percent), and Mexico (33 vs. 24 percent). Although the increase in the gender gap in employment during the pandemic was less pronounced in the Caribbean and Central America, it remains prominent. See Figure 2. Countries with a particularly elevated gender gap in mid-2021 include Honduras, Belize, Guatemala, The Dominican Republic, Guyana, and Costa Rica. See Figure 3.

**Figure 2. Gender gaps in employment in February 2020 and mid-2021, per sub-region**

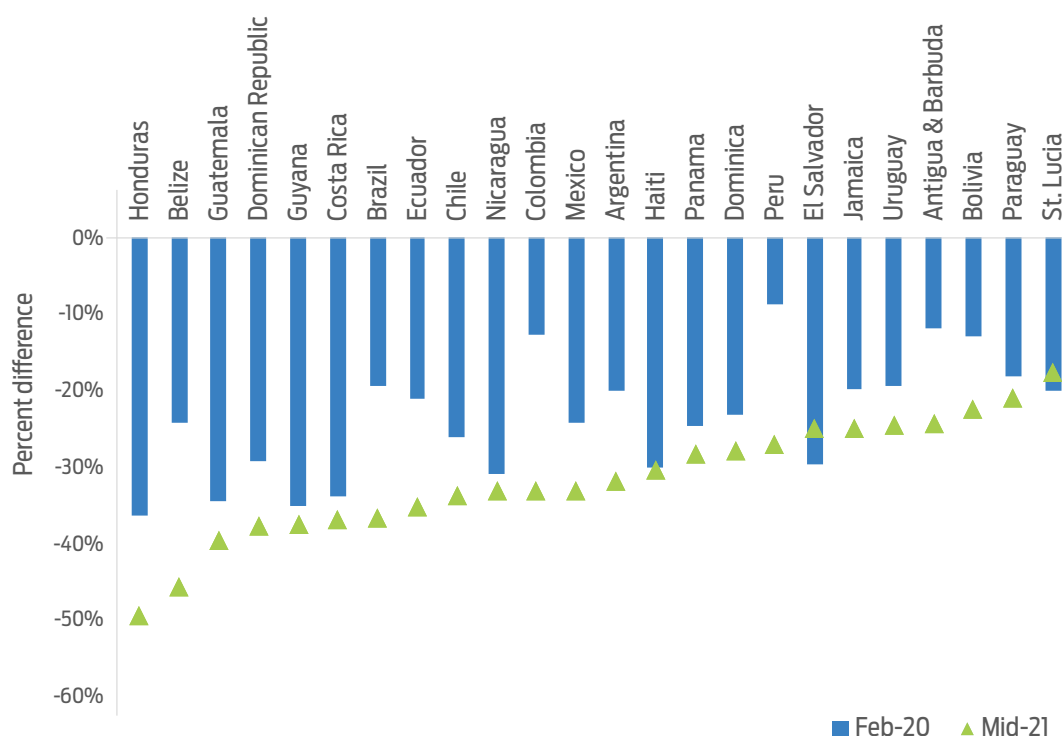


Source: WB and UNDP LAC HFPS II (Wave 1), 2021 data. Authors' calculations. Note: The Andean region includes Peru, Colombia, Bolivia, and Ecuador. The Caribbean region includes Antigua and Barbuda, Belize, Haiti, Guyana, St Lucia, Dominica, and Jamaica. The Central American region includes Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, and the Dominican Republic. The Southern Cone region includes Argentina, Chile, Paraguay, Uruguay, and Brazil.

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**Figure 3. Gender gaps in employment in February 2020 and mid-2021, per country**



Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

## 2. Pronounced transitions into and out of the labor force, and into informality

**Substantial transitions into and out of labor force participation can be observed.** Figure 4 summarizes transitions between employment, unemployment, and inactivity during the pandemic, as captured by the HFPS in mid-2021. The first thing to notice is that, of workers who were employed prior to COVID-19 but subsequently lost their jobs, more women than men had exited the labor market altogether by mid-2021 (63 vs. 57 percent). In addition, a larger proportion of the previously unemployed women remained unemployed or left the labor force compared to their male equivalents. A high share of previously inactive women (and men) entered the labor force. As a percentage of total inactive adults, the share of women entering the labor force during the pandemic is lower than the share of men (35 percent vs. 47 percent). However, because there were more inactive women before the pandemic, there are 1.4 women for every man who entered the labor force.

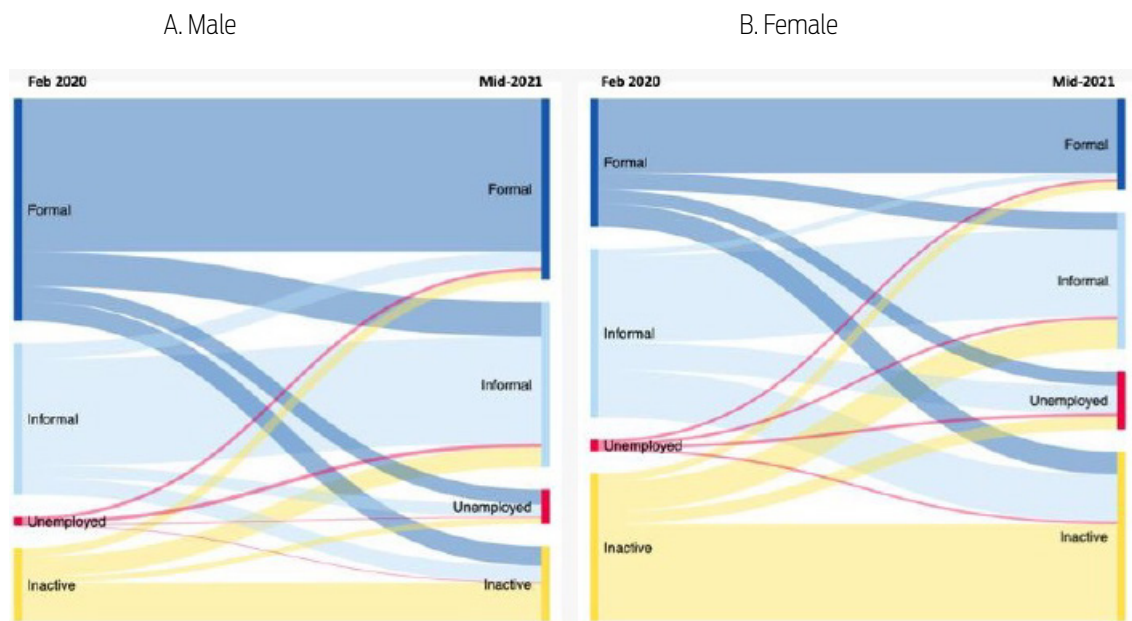
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**The explanation for transitions into and out of the labor force has changed since the start of the pandemic.** At the start of the pandemic, many women moved into inactivity to contain a care crisis brought about by school closures and mobility. Many of the new inactive women in mid-2021, however, have no dependent children. More importantly perhaps, many newly active women workers have children under 18 years of age and small children under 5. Behind transitions across activity status, there is also a different and even more painful story of many women and men forced by circumstances to enter into the labor force to contain a fall into poverty.

**Many new jobs created during the pandemic are informal.** In this respect, men fared worse than women. Of the men who were previously employed in the formal sector, 16 percent transitioned to informal jobs during the pandemic, compared to 14 percent of women. Of the new workers who were previously inactive or unemployed, meanwhile, more men than women are in informal employment (29 percent vs. 21 percent). However, as a share of the entrants into the labor force who found jobs, the share of women who end up in informality is larger than the share of men (75 percent vs. 66 percent).

**Figure 4. Transitions in the labor market during the pandemic**



Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

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### 3. The recovery of economic sectors that predominantly employ women and men is uneven

**Employment in sectors that tend to predominantly employ women remained depressed.** Sectors that employed more women before the pandemic—often those that require face-to-face interaction that make them vulnerable to social distancing measures—were hit harder by the pandemic. Employment in these sectors continued to be depressed in mid-2021. The two sectors with the highest rates of job losses (i.e., restaurants and tourism, and domestic services) both employed high shares of women before the pandemic (more than 60 percent). In contrast, 15 months into the pandemic, employment losses were lowest in sectors that employed few women, such as utilities, repairs of goods and motor vehicles, and construction.

**Figure 5. Employment in February 2020 vs. job losses in mid-2021, by sector**



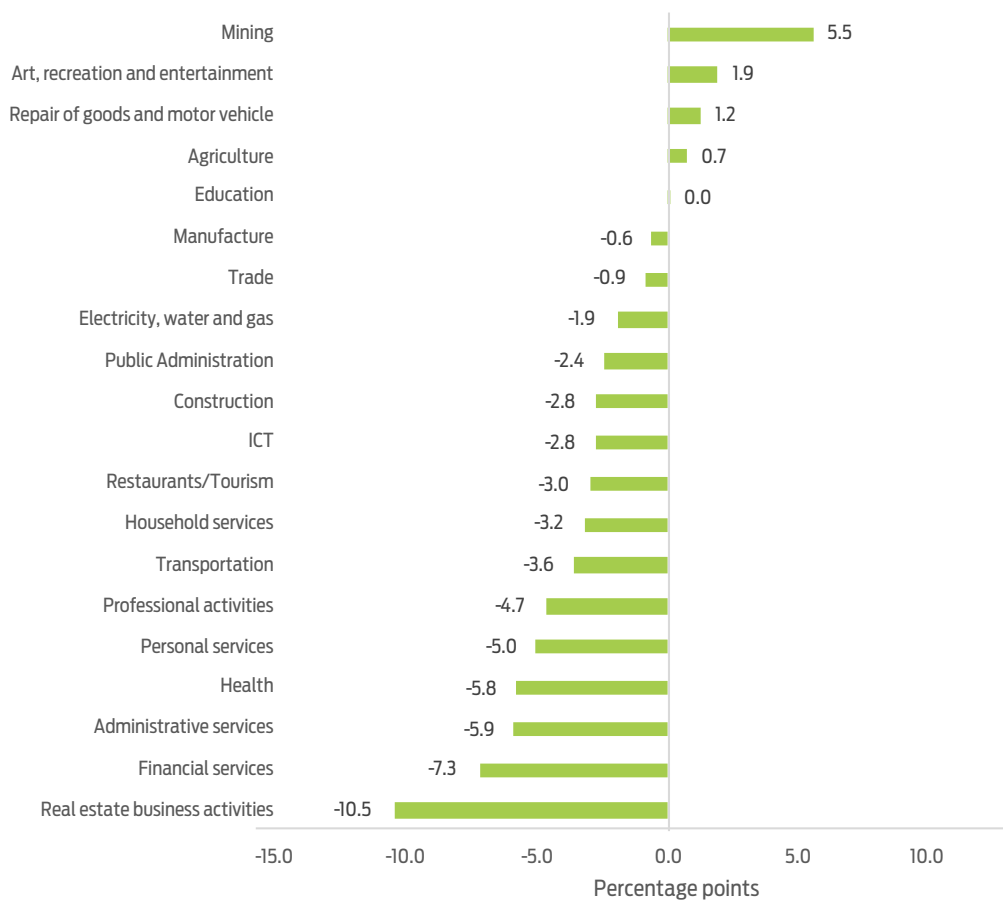
Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

**With the uneven recovery of employment across sectors, the share of women employed by sector has changed.** In most sectors, the share of women declined. But the magnitude of the decline differs substantially across sectors. Some of the sectors that previously employed a substantial share of women workers, have become more male-dominated. This includes, for instance: real estate and business activities, financial services, and administrative services. The share of women workers remained roughly stable in some other sectors, while it increased in only a small number of others.

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**Figure 6.** Changes in the sectors where females are employed (from February 2020 to mid-2021)



Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

#### **4. The impact of the pandemic on caregiving burdens is still clearly visible**

##### **The engagement of women and men in caregiving tasks and domestic work continues to be elevated.**

School closures and mobility restrictions translated into a higher burden of care. A larger share of women than men report increased time spent in childcare, elderly care, domestic work, and education and schoolwork accompaniment.



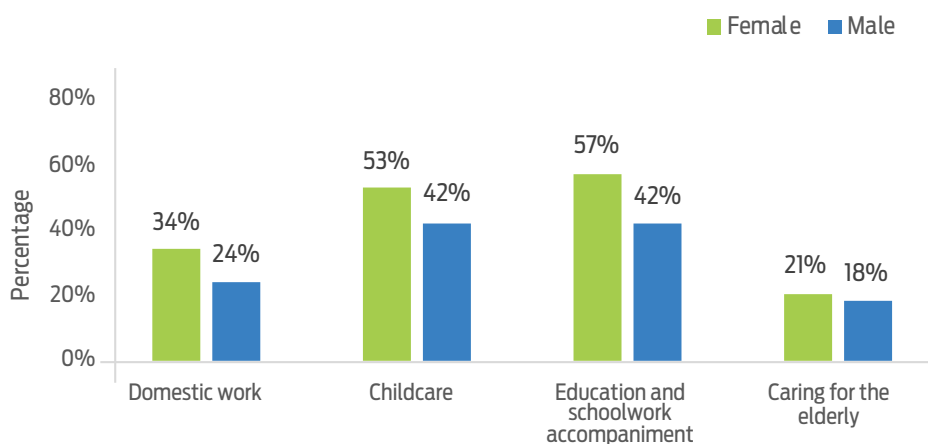
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However, the significant share of men who report an increase in the time spent in care and domestic work during the pandemic is noteworthy. In the cases of children's education, domestic work, and elderly care, for instance, an increase was noted by 42 percent, 24 percent, and 18 percent of men, respectively. These increases are unprecedented in a region where, as official national household surveys reveal, adult men average the same amount of time per week in care and domestic work regardless of their age, education level and income, and the number of dependent children in their household.

**Will lockdowns and school closures result in a permanent increase in men's engagement in caregiving and household activities?** The jury remains out. It is not impossible that the time that families spent at home may have provided a space for renegotiation of responsibilities across genders, working as an unexpected experiment allowing household members to question traditional gender roles. It is still to be seen if time spent in care and domestic work by gender bounces back to its pre-pandemic levels after the pandemic. For now, however, the phenomenon of men reporting an increase in involvement is true for all LAC countries, albeit at varying levels.

**Figure 7. Share reporting and increase in care and domestic work during the pandemic by gender**

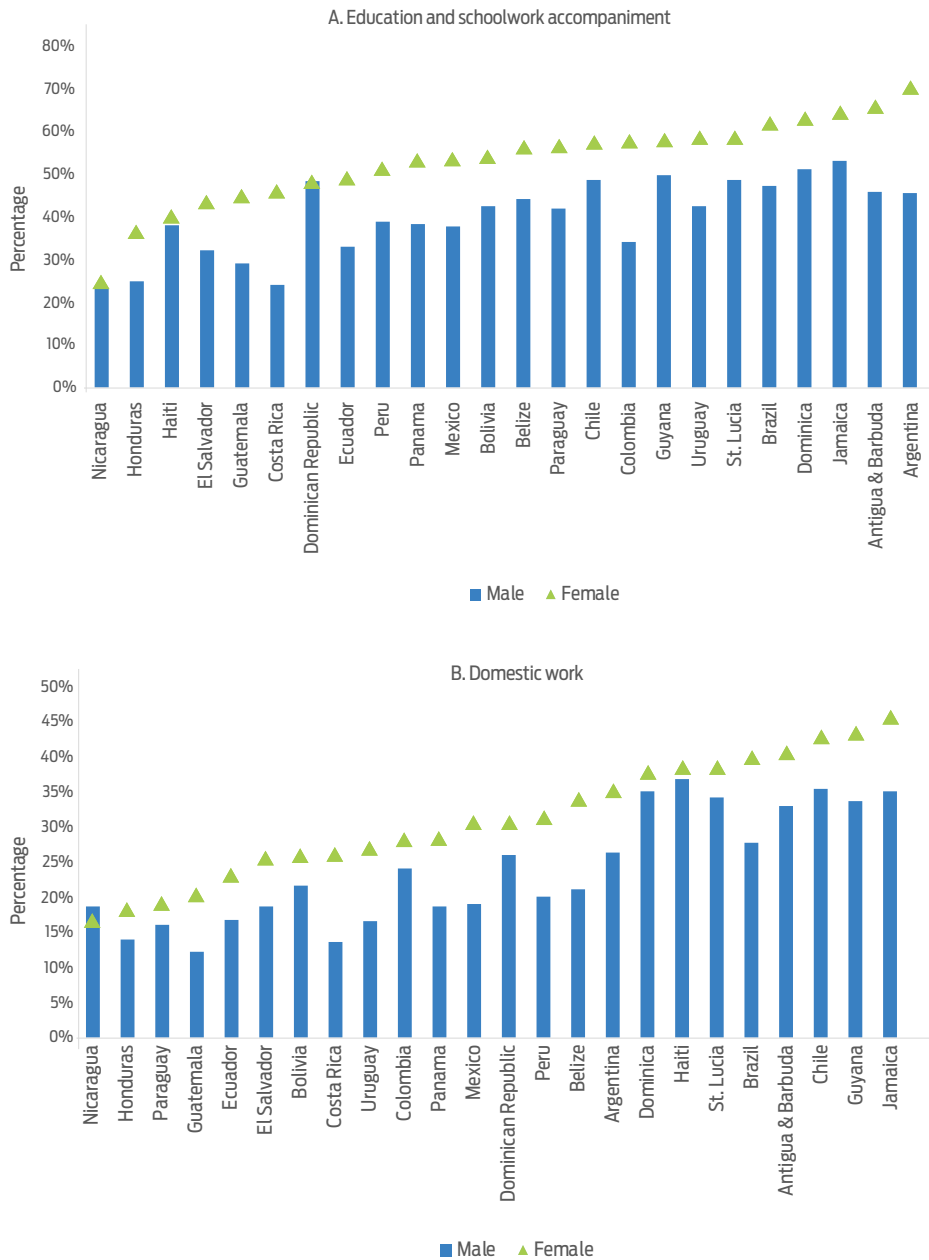


Source: WB and UNDP LAC HFPS II (Wave 1), 2021 data. Authors' calculations. Note: The analysis is based on questions asking if the amount of time spent on each household task has increased, stayed the same, or decreased during the pandemic.

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**Figure 8. Share reporting and increase in care and domestic work during the pandemic, by gender and country**



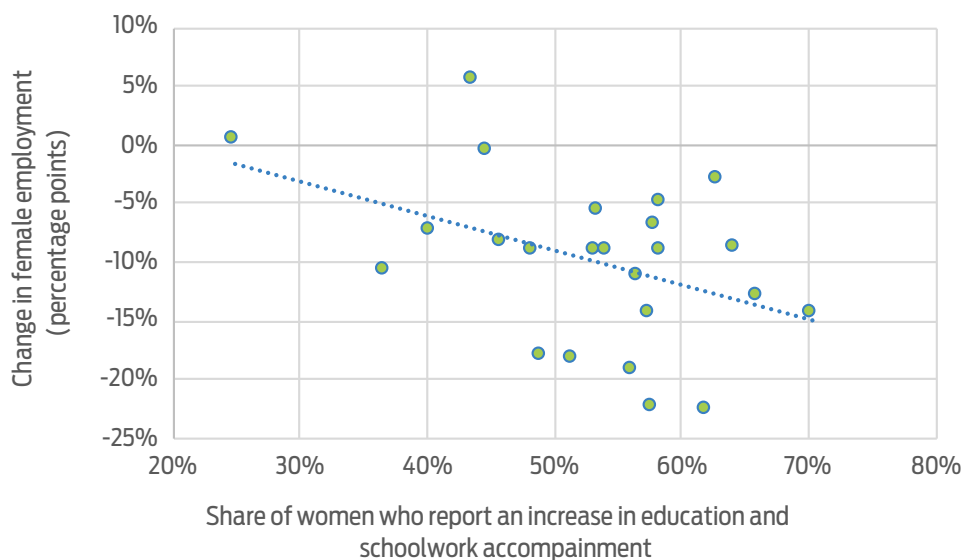
Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

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**Increased involvement in care work is more negatively associated with declines in the employment of women than of men.** Despite increased male participation in care work during the pandemic, different indicators suggest that women's care burden continues to be disproportionately high and costly in terms of female labor market engagement. For example, countries with a higher percentage of women reporting increased household responsibilities also experienced a higher share of women's job losses. While this relationship cannot be claimed as causal, it is a stronger relationship than for men.<sup>5</sup> It also accompanies the finding that, 15 months into the pandemic, women were working shorter hours on average. This specific finding may be associated with two distinct realities; the fact of women entering employment during the pandemic to compensate for lost income, and the fact of women entering part-time work more than men so as to allow them to cope with domestic and care responsibilities.

**Figure 9. Share of women with increased time spent accompanying children's education and schoolwork vs. decline in female employment**



Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

<sup>5</sup> The correlation between the two series is 43 percent for women, compared to 31 percent for men.

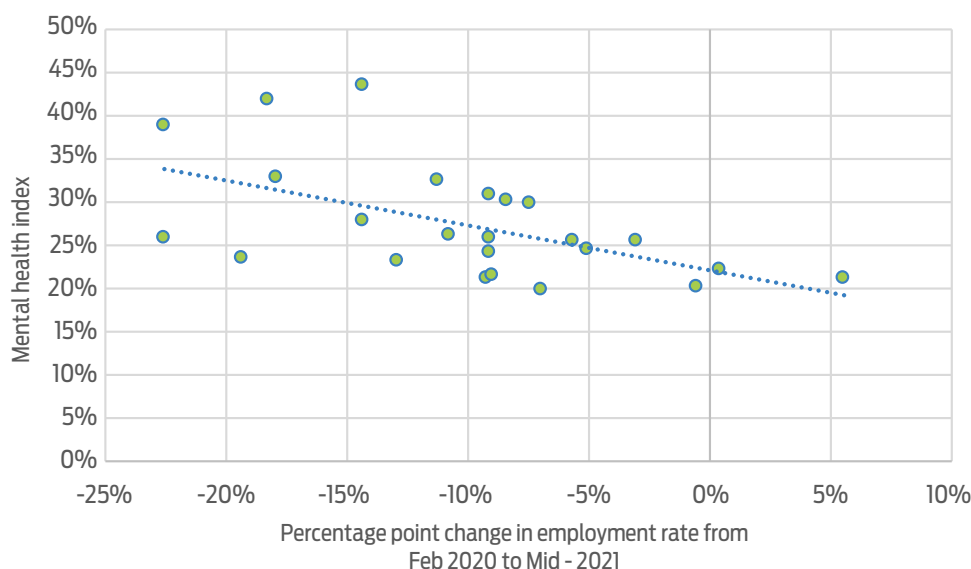
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## 5. The declining labor market prospects of women have far-reaching consequences

**Deteriorating employment matters for many areas of life.** In countries that experienced a higher decline in employment due to the pandemic, both men's and women's mental health deteriorated, but women were hit harder.<sup>6</sup> This finding suggests that the deterioration in women's economic inclusion has negative implications beyond the economic domain that may continue to reverberate.

**Figure 10. Women's mental health is negatively associated with declining employment**



Source: WB and UNDP LAC HFPS II (Wave 1) 2021 data. Authors' calculations.

## 6. Policy directions

**A wide range of reforms could help to address gender gaps in the labor market and the situation of workers in LAC more broadly.** The discussion here is based partly on the analysis presented in this note, and partly on broader research and policy priorities of the UNDP and the World Bank. It is not intended as a comprehensive overview of all measures that are required, but rather to provide an idea of some key measures needed.

<sup>6</sup> The correlation between the mental health index and the decrease in employment is 55 percent for women and 35 percent for men.

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**Among the reforms needed is the revision of labor market regulations that provide incorrect incentives to the organization of labor and the fixing of social insurance systems** where they failed to provide the necessary protection to households from job and income losses during the pandemic. Many workers, both men and women, who lost their jobs were not poor before the pandemic and hence not in the governments' social registries. Almost without exception, meanwhile, governments' fiscal capacity to provide support even to those who could be reached through existing registries was limited. These aspects have hampered delivery of assistance and probably fueled transitions into informal employment.

**Safety nets are not only crucial to support people severely affected by the crisis; they also offer an opportunity to address gender gaps.** Expanded safety net delivery systems can identify and help address gender-specific vulnerabilities. Additionally, they can leverage digital technologies to reach and empower women. Cash transfers that are delivered digitally, for instance, can help to close gender gaps in financial inclusion and increase savings. They can also improve women's access to credit, increase their control over funds, and enhance their safety. Payments can be combined with information and complementary services.

**Affordable, high-quality childcare can represent an opportunity for early childhood development outcomes and women's labor market participation.** Women have disproportionately assumed the burden of increased care and domestic work during lockdowns and school closures. Providing affordable, quality childcare must be a top priority investment for governments throughout the region. If [implemented well](#), childcare can address inequalities in early childhood development and free up women's time, thus reducing gender gaps in labor force participation and unpaid work hours. The quality of childcare is essential both to enhance uptake of childcare services and to ensure that childcare contributes to child development.

**Governments can galvanize women's access to finance** by enacting regulations or [laws that prohibit gender discrimination](#) and by ensuring appropriate consumer protection in the financial system. The latter includes requirements for banks to present clear, simple facts about their products. Such transparency is known to be correlated with good financial decision-making. Enhanced access to financial services can also help women (and men) to manage economic risk. For example, mobile money accounts—which are operated on phones using text messages—make it easier to receive transfers during an economic crisis and assist women to circumvent mobility constraints. Wider use of digital merchant payments could help women gain access to credit by building an alternative credit history.

**Finally, eliminating gender role biases is a challenging, but important priority.** Gender role biases are often deeply embedded in the culture. However, there are successful experiences showing that exposure to information about such biases can contribute to mitigating them. We also know that traditional role reinforcement in publicity and other areas of public life is costly for women. Examples of empowered women can also go a long way in transforming the minds of men and women alike. During the pandemic, exposure to daily care and domestic work at home, under strained conditions, caused an unprecedented increase in male participation in unpaid work. This is evidence that renegotiations within the household are possible and can be incentivized.