Close the gap!
The cost of inequality in women’s work
Executive summary

Today, hundreds of millions of women will collect firewood and water for their families, cook and clean, take care of the elderly, the young and the sick; all the while scratching a living from the poorest paid and most precarious jobs. Women’s labour – in and outside the home – is vital to sustainable development, and for the wellbeing of society. Without the subsidy it provides, the world economy would not function. Yet it is undervalued and for the most part invisible.

To reveal the scale of the crisis, ActionAid has calculated the economic value of addressing gender inequality in work in developing countries. Our findings show that women in developing countries could be US$9 trillion better off if their pay and access to paid work were equal to that of men. This huge price tag illustrates the magnitude of the injustice and represents a vast mine of untapped potential for poor women to improve their own lives, and those of their families. And these costs are not only to women’s finances; women’s economic inequality limits their life choices too – such as their sexual and reproductive health and rights – leaving them vulnerable to violence and other forms of discrimination and exploitation.

But gender inequality in work not only has consequences for women; it carries major costs for all, including businesses and the wider economy. In 2012 the International Labour Organisation (ILO) estimated that globally an additional US$1.6 trillion in output could be generated by reducing the gap in employment between women and men. Ensuring that women’s work, both in and outside the home, is valued and rewarded fairly is a key factor in fighting poverty and driving prosperity for all.

Recognition is growing worldwide that our economic system needs profound reform. There is also increasing understanding that economic growth alone is not going to lead to gender equality, alleviate poverty and reduce inequality for all. A few governments have taken bold steps to address gender inequality in work, while some progressive businesses have shown greater understanding that giving decent work opportunities to women goes hand in hand with sustainable business and economic returns. The challenge remains to spread this vision from the champions to the mainstream.

Women’s economic inequality is not inevitable. Exploitation of women’s work prevails because of the unjust politics that shape our economy, and because it is rooted in and further drives wider gender discrimination in society. Governments, businesses and international institutions all have the power to create the conditions that are needed to give women in developing countries the chances that they deserve in and at work.

ActionAid calls on governments, international institutions and businesses to:

1. Guarantee women’s access to and enjoyment of decent work opportunities
2. Recognise, reduce and redistribute unpaid care responsibilities that fall disproportionately on women
3. Ensure that economic policies work for women, not against them, and end the pursuit of growth at any cost
4. Promote women’s voice, agency and leadership at all levels
5. Ensure women’s economic equality is high on the agenda of the new Sustainable Development Goals

Recognition is growing worldwide that our economic system needs profound reform. There is also increasing understanding that economic growth alone is not going to lead to gender equality, alleviate poverty and reduce inequality for all. A few governments have taken bold steps to address gender inequality in work, while some progressive businesses have shown greater understanding that giving decent work opportunities to women goes hand in hand with sustainable business and economic returns. The challenge remains to spread this vision from the champions to the mainstream.
Introduction

Today, hundreds of millions of women will wake up to face yet another day of backbreaking work for little or no reward. Although their labour – in and outside the home – is vital to the global economy, to sustainable development, and for the wellbeing of society at large, it is undervalued and for the most part invisible.

While public outrage grows at the fact that the richest 1% of the world’s population owns almost half the world’s wealth, and even bastions of international finance such as the International Monetary Fund (IMF) and the World Economic Forum (WEF) are increasingly talking about the corrosive effect of economic inequality, the human-made injustice of women’s economic inequality remains a pervasive crisis that is largely absent from the political spotlight and inequality debates.

It seems obvious that women should enjoy the same rights as men in every aspect of life, and indeed international conventions and national legislation in many (though by no means all) countries grant equal rights to women. However, realising these rights remains a distant dream, with women still being economically unequal to men by virtually every measure. What’s more, while the situation is unfair and unacceptable for women everywhere, it is poor women in developing countries who bear the biggest share of the costs, and are constantly pushed to the bottom of the economic pile.

Women’s economic inequality is not inevitable. Exploitation of women’s work prevails, as this briefing reveals, because of the unjust politics shaping our economy, and because it is founded upon (and further drives) wider gender discrimination in society. Manifestations of the latter include, among others, the fact that one in three women will experience violence in her lifetime and that more women than men are concentrated in lowest paid and valued jobs.

Until now, the international community has all too often approached the issue of women’s economic inequality as if extending a helping hand to women – such as through microcredit or corporate social responsibility initiatives (CSR) – would solve the problem altogether. But by doing so it has systematically neglected the fact that the vast amount of women’s work, which is either rewarded poorly or not rewarded at all, is being used to subsidise the world economy and fuel unequal and unsustainable growth. To end poverty and ensure prosperous lives for all, this broken and highly dysfunctional system needs transformational change.

It is therefore crucial that women’s work – both in and outside home – is recognised, valued and rewarded fairly. It is, without doubt, a matter of efficiency and sustainability; but most importantly it is a matter of justice and human rights.

“We cannot fulfill 100% of the world’s potential by excluding 50% of the world’s people. The evidence is clear: equality for women means progress for all.”

Ban Ki-moon, UN Secretary General
Always at the bottom: how poor women are exploited at work

The worst jobs are women’s jobs

Working men and women in developing countries face a struggle for daily survival, often earning poverty wages in desperate circumstances. The dream of decent work for all is still a distant one. Yet – despite their lower rates of participation in the labour force overall – women make up roughly 60% of the world’s working poor and are subject to highly exploitative forms of work in both the formal and informal economy.

Indeed, women are overrepresented in the informal sector jobs, without social protection and beyond the oversight of the state. The International Labour Organisation (ILO) estimates that in 2012 more than half of all employed women worldwide were in informal vulnerable employment and in Sub-Saharan Africa and South Asia over 80% of all jobs for women are unregulated and precarious work.

Women from the global South are also among the most vulnerable to exploitation in global supply chains. For example, approximately 80% of the world’s garment workers are women. They often work in dangerous environments and are at risk of violence or sexual abuse and have no basic labour rights, including access to redress when injustices are faced at work, or right to collective bargaining. The April 2013 Rana Plaza disaster in Bangladesh, in which a garment factory collapsed killing over 1,100 people (most of them young women), was indeed a stark reminder of the shocking conditions that women continue to face in global value chains of international corporations.

The missing women of the workforce

Scandalously, despite the enormous international effort that has gone into getting girls into school, women continue to face discrimination in the labour market, which seriously affects their opportunities, limits their life options and economic potential.

Since 1990, women’s participation in the labour market globally has stagnated at around 50%. While the global average masks regional and country differences (from as low as 21% in North Africa and the Middle East, to over 63% in East Asia, Sub-Saharan Africa and the Pacific) the problem remains widespread: in each country and in every region, women are less likely to join the labour force than men. ActionAid has calculated that unequal participation in the labour market could be costing women in developing countries a vast sum of potential earnings that amount to over US$6 trillion. This is nearly two times the total value of the GDP for the whole of Africa and the Middle East in 2013.
Figure 1: Female labour force participation by region

![Image of female labour force participation by region]


Figure 2: Gender gaps in the labour force participation by region

![Image of gender gaps in the labour force participation by region]


Figure 3: Male labour force participation by region

![Image of male labour force participation by region]

Women and work – education is no guarantee

Most people would expect that significant progress in increasing the number of girls in schools over the past two decades would improve the life chances and opportunities for women. However, the consistently low participation rates of young women in the job market prove that the knowledge and skills that they have acquired are systematically ignored.

Double standards: women paid little and always less than men

Entering employment does not automatically lead to empowerment and equality for women. Many women and men, especially in developing countries simply do not earn a living wage – in other words, enough to have a decent standard of living and meet their own and their families’ basic needs.20

What’s more, when women are paid for a job, they earn on average between 10% to 30% less than men for work of equal value.21 The ILO estimates that at the current rate of progress it will take 75 years to make the principle of ‘equal pay for equal work’ a reality for women and men.22

Our research shows that in 2013 in low-income countries, more than twice as many women with a secondary education were unemployed than men with the same education.18

Disparities vary from region to region and country to country reflecting the scale of the challenge young women face in search for jobs. For instance, in the Middle East and North Africa almost 60% of unemployed women hold advanced degrees, while the same statistic for men is at 20%.19

Women’s exploitation in the labour market is further compounded by their disproportionate share of unpaid care responsibilities (such as child rearing, domestic chores, and caring for the sick and elderly), which effectively means that women are subsidising the economy with free and often invisible work.

Unpaid care responsibilities narrow women’s choices in the type of job they get, often condemning them to informal or low-paid employment and dramatically swelling their hours of work overall. So it is unsurprising that women’s wages everywhere lag far behind those of men. In developing countries, according to ActionAid’s calculations, this has created a gender wage gap equivalent to some US$2 trillion in women’s earnings, or as much as the worth of India’s entire economy.23

Figure 4: Gender wage gap in selected countries 2008-2012

“We want an economic system that allows people to live with dignity, not in slavery. We’re not asking to live like CEOs, but to at least get paid a living wage. Corporates are earning millions, even billions a year.”
Sopheary, Workers Information Centre, Cambodia

Mind the gap
Women’s economic inequality in numbers

CHOICE
On average women spend at least twice as much time on household work than men and four times as much time on childcare.

POWER
Women make up 60% of the world’s working poor, they are denied access to decent work and experience exploitative conditions at work.

VOICE
Women face discrimination in corridors of power and are denied rights to collective organisation. In January 2015 only 13 finance ministers worldwide, and on average 1 in 5 parliamentarians, were women.

HUMAN RIGHTS
Many women don’t earn a living wage and receive 10% to 30% less pay than men for work of equal value.

Out of 143 economies 90% have at least one law restricting economic equality for women.
US$9 trillion: the cost of inequality in women’s work

Women: bearing the brunt

ActionAid has calculated that US$9 trillion is the cost that women in developing countries bear each year due to unequal wages and the fact that women have less access than men to paid jobs (see methodological annex for details).

The staggering amount of US$9 trillion is equal to more than the GDP of Britain, France and Germany combined. This huge disparity is a shocking illustration of the depth of women’s economic inequality, which too often denies women the right to a decent job and equal pay.

If women in developing countries were paid as much as men they could earn an extra US$2 trillion. And if women participated in the workforce at the same rate as men, women could earn another US$6 trillion. If women in developing countries were both paid as much as men and had the same access to jobs as men, they could be US$9 trillion better off – this is because more women would be in employment at a higher rate of pay.

“... In the case of the labour market, we have to start with raising women to the position of men!” Christine Lagarde, Managing Director of the International Monetary Fund

US$ 9 trillion = Raising women’s pay and access to jobs to the same level as men’s
What is my work worth? Women everywhere face similar challenges

The fact that women cannot access the workforce equally as men do, and that the gap in wages between men and women is staggering, is of course not limited to developing countries. Gender discrimination exists everywhere and thus gender inequality in the labour market is a global problem.

With this in mind, ActionAid has extended its analysis to the global level and broken findings down by region. Using the same methodology and data sources as we have used to calculate the values for developing countries, we found that the total value of the global employment participation gap and the wage gap between women and men is US$17 trillion. Closing both of these gaps could increase women’s income globally by up to 76%.

Table 1: How much women stand to gain in US$ trillion in Purchasing Power Parity terms (PPP) by closing
the wage and employment gaps

<table>
<thead>
<tr>
<th>Region</th>
<th>Closing wage gap</th>
<th>Closing employment participation gap</th>
<th>Closing both wage and employment participation gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ trillions</td>
<td>Income % increase</td>
<td>US$ trillions</td>
</tr>
<tr>
<td>Africa</td>
<td>0.1</td>
<td>22.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>0.5</td>
<td>22.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Asia</td>
<td>0.8</td>
<td>13.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>0.0</td>
<td>13.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Latin America</td>
<td>0.5</td>
<td>27.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Developing countries</td>
<td>1.9</td>
<td>18.1</td>
<td>6.2</td>
</tr>
<tr>
<td>Advanced economies</td>
<td>3.6</td>
<td>30.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Global total</td>
<td>5.5</td>
<td>24.8</td>
<td>9.3</td>
</tr>
</tbody>
</table>

This calculation is made on the basis of average earnings of men and women in developing countries today. However, it is a well-known fact that wages in developing countries continue to lag significantly behind rich countries and are insufficient to meet the standards of a living wage. Men and women alike struggle to secure decently paid work. This means that achieving equal wages for women and men does not necessarily imply that women’s pay would be enough to provide adequately for themselves and their families, indeed it would be unlikely to do so. Finally, our calculations don’t include the potential value of women’s unpaid care work if it were translated into monetary terms. This means that in reality the price of gender inequality in work is even higher than US$9 trillion – already a mind-boggling amount.

But these costs hit not only the purse. Women, who suffer from economic exploitation, are less able to make life choices and are often unable to act on them anyway, be it standing up to violence, enjoying their sexual and reproductive health and rights, pursuing education or a career of choice, or caring for family and household without being economically worse off.

Such shocking levels of women’s economic inequality should concern us all, because when women lose, everybody loses. For example, unemployment, job insecurity and low pay all limit women’s ability to feed, educate and nurture their children. And on the other hand, women enjoying decent work and equal and living wages is a path to poverty eradication, gender equality, sustainable development and inclusive growth. According to the ILO, valuing and recognising women’s work, both paid and unpaid, might be one of the most important factors for keeping many households out of poverty, thus driving progress and prosperity for all.
Devaluing women’s work has costs for the economy

An economy that is permanently subsidised by the exploitation of women’s work is dysfunctional and can only bend so far before it breaks. Relying on women’s unpaid care work and limiting their access to paid employment is costly, unsustainable and makes no economic sense. According to the ILO, globally an additional US$1.6 trillion in output could be generated by reducing the gaps in employment between women and men.\(^{32}\)

However, simply getting more women into the labour market as a means to boost growth, as the briefing further shows, has far too often led to the knock-on effect of women putting their lives on the line and further subsiding today’s dysfunctional economy by working backbreaking jobs for little recognition or reward.

These days even the International Financial Institutions acknowledge that economic growth alone won’t lead to the greater empowerment of women and gender equality, or alleviate poverty if women remain in low-skilled and undervalued jobs.\(^{33}\) Jim Yong Kim, President of the World Bank, has stated that if both growth rates and income distribution remain unchanged, world poverty will only fall by 10% by 2030, which is far from enough.\(^{34}\)

Investing in social security, on the other hand, boosts economies, and drives equality and more and better jobs, especially for women. In Brazil, for example, women’s participation in the labour market has increased by 15% over the past two decades to almost 60%.\(^{35}\) Comprehensive social security programmes, including introduction of minimum wage, boosted women’s incomes and saw the bulk of resources spent on families’ wellbeing, fuelling financial independence and employment for women.\(^{36, 37}\)

Women’s economic inequality is bad for business

Businesses need to play their part for women’s economic equality and respect international standards such as the UN Guiding Principles on Business and Human Rights,\(^{38}\) as well as laws in many countries that aim to secure gender equality and rights in the workplace. Yet dividends for businesses that promote women’s economic equality are significant – beyond the legal or reputational risks of failing to respect the law. Empowering women creates a more talented and diverse pool of workers, a more reliable and sustainable supply of commodities and new or expanded markets for products and services.

Indeed, research shows that the financial returns of companies with three or more women on their board are in general better than for companies without women at the top, by some estimates even with a 47% average on equity.\(^{39}\) Also, strong links exist between diverse leadership teams and catering for broader array of stakeholders and this hardly stops at the boardroom.\(^{40}\) Pursuing rapid, short-term returns at the expense of women is thus not only unjust but also unsustainable and unprofitable for any business in the long term.

There is undoubtedly scope for business to help break down the barriers that prevent women from achieving their full economic potential, while still generating returns. However, this is only possible if investments are made in enforcing legal regulations, social security, and decent and equitable work. The key challenge is moving from a few industry champions to the mainstream, from CSR to corporate accountability, and from the pursuit of short-term returns, to sustainable, profitable and ethical business models for the long-term.

Businesses leading the way

Progressive businesses understand that helping to dismantle barriers to women goes hand in hand with sustainable business and economic returns. Some companies are thus taking more transformational approaches that go beyond CSR. They are analysing and changing their core business structure and practices, whether by providing their employees with access to childcare, to family friendly benefits, or safe transport to and from work.\(^{41}\)

There are also promising developments in investment circles with a growing group of ‘gender-lens’ investors who are using gender analysis to drive financial returns and benefit women and girls.\(^{42}\) As they point out, it is not enough to invest in women and girls as if they were commodities, or to teach them to operate within the existing economic and financial systems. Instead, gender analysis should be used as a tool for changing the system, looking at what is valued, and how this guides investment priorities and shapes business and economies of today and tomorrow.\(^{43}\)
Why is women’s work the worst?
The causes

Women’s economic inequality is not natural or inevitable. The permanent subsidy to the global economy that poor women’s work represents is a human-made, structural problem: a direct consequence of policies, laws, systems and power structures that prevent women from achieving their true potential and living decently rewarded and dignified lives.

There are at least four major structural causes that drive this injustice.

1. **Growth at any cost: economic policies fuel inequality in work**

Free trade and the rapid globalisation of markets, together with the expansion of many corporations’ supply chains in developing countries, have undoubtedly created unprecedented opportunities for women to access paid work. However, this has still far too often been on unequal and highly exploitative terms.

For instance, women in developing countries often work in Export Processing Zones (EPZs) that attract foreign direct investment, and create demand for cheap labour to manufacture inputs that enter the value chains of multinational corporations. In these EPZs women typically enter paid work in the lowest positions in garment, footwear, cut flowers or small electronics industries, among others. Frequently they work in environments resembling sweatshops, encountering a high risk of violence, and with many aspects of labour rights on hold. What’s more, while governments in many developing countries in fact have helped to crowd women into such export manufacturing jobs they have largely failed to enact - or in some cases to enforce - strong laws and regulations to hold investors accountable to respect labour laws and rights in the workplace.

At the same time, many multinational brands and retailers also create downward pressure on women’s wages by progressively squeezing their suppliers to produce more for less in order to please and fuel consumer demands, especially in rich countries’ markets. Their rapidly changing demands and production schedules lead many suppliers to subcontract to smaller, informal factories, invisible to the authorities and creating ever more pressure on women at work.

While such operations can be heavily dependent on poor women’s labour, they are also the first to lay off women, especially in times of economic shocks and markets crises. The ILO estimates that the global economic crisis destroyed 13 million jobs for women, with young low-skilled women’s jobs in export manufacturing being particularly hard hit as a result of declines in demand for major exports from late 2007. For example, of enterprises laying off workers in Indonesia, almost a third laid off every one of their female workers. In Cambodia, where majority of women work in the garment industry, 38,000 jobs were lost in 2009 alone.

Women are also disproportionately affected when governments attempt to minimise budget deficits and keep inflation low through limiting government investment in public services. Tax avoidance and evasion further puts the squeeze on the public purse, with governments unable to raise revenues effectively from wealthy individuals and multinational businesses operating in their countries. Women indeed depend on public services more than men and are frequently strongly represented in public sector jobs, so when cutbacks strike, it is they who are hit hardest. All of this supports the case that macroeconomic policies are all too often geared towards creating the conditions for GDP growth, without much attention to bringing societies closer to achieving gender equality and social justice.
2. Caring for our people: not counted, not rewarded

Across countries, and regardless of income, women are excessively responsible for unpaid care work, while men are primarily engaged in market-based activities.

Care work includes cooking, cleaning, collecting firewood, taking care of children, the ill and the elderly. It is absolutely central to the proper functioning and wellbeing of societies, as well as to the reproduction of the workforce. It is nonetheless completely invisible in national accounts and statistics. It is taken for granted as a subsidy provided by ‘women’s work’, but it is not really regarded as ‘work’, thus enjoying little recognition or reward.

The 2012 World Development Report found that per day women devote one to three hours more than men to housework; two to 10 times the amount of time to children, elderly, and the sick; and one to four hours less to market activities. In India, for example, national time-use data estimates that on average, women spend 10 times as much time on unpaid care work than men, while the latest population census showed that as many as 45% of women of working age in India (28 times more women than men) are confined solely to domestic duties.

Another study in Latin America and the Caribbean showed that in over half of cases where women aged 20 to 24 do not seek work outside the home, the main factor was their unpaid care burden.

Kicking the base of the ladder: the exploitation of women garment workers in Cambodia

In January 2014, exasperation at years of low pay erupted into nationwide strikes in Cambodia. At least four male protestors were killed by government security forces and dozens more were injured. Another 23 were released with suspended sentences after being held for four months in a trial that was widely condemned as a sham.

Meanwhile, Cambodia’s GDP almost doubled between 2007 and 2013, fuelled significantly by the country’s multibillion dollar garment industry. However, this impressive growth masks deep economic inequalities, especially for women. Some 90% of Cambodia’s garment workers are women. But while their labour has been a major contributor to the country’s economic rise, with the garment industry accounting for a massive 80% of export earnings, the gender wage gap in the country more than doubled between 2004 and 2009.

The vast majority of women working in Cambodia’s garment factories are young, poorly educated migrants from the impoverished rural provinces. Heavy expectations on girls to be ‘good, dutiful daughters’ compel many to give up their education to earn money to support their families. At the same time, low wages and precarious, short-term contracts force them to work excessive hours in cramped, stifling conditions, and deny them basic labour rights. Expectant mothers find their contracts are not renewed, and their access to maternity leave is denied. One female garment worker told us:

“If a worker becomes pregnant, she starts to worry about [contract] non-renewal and when the delivery comes, a worker does not have sufficient money to pay for medical care.”

Cambodia’s Prime Minister, Hun Sen, recently disclosed that subsidies to factories and enterprises, including tax and duty incentives, amounted to US$1.3 billion in the year preceding the strikes. This is equivalent to over four times Cambodia’s combined government and donor spending on healthcare in 2012.

Following the January 2014 protests, 30 major brands joined with an international trade union federation to condemn the violence. Several companies have since expressed their willingness to support a living wage. Such unprecedented pressure from brands has been welcomed and might have contributed to the latest wage increase in Cambodia to US$128 a month. However, this rise still amounts to just US$6.40 a day – one billionth of the net worth of Amanico Ortega, founder of Inditex and owner of Zara, the clothing brand, which also operates in Cambodia.
While women all over the world spend time on unpaid caring, the burden in terms of poverty and opportunity cost is much greater for poor women in developing countries. For example, it is estimated that globally women provide between 70% and 90% of care to people living with HIV/AIDS.\textsuperscript{77} The task of collecting water in Sub-Saharan Africa also falls disproportionately on women and girls, who spend 40 billion hours a year doing just this.\textsuperscript{78} This pressure becomes all the more intense at times of economic shock or other crises, when governments tend to fall back heavily on women’s unpaid care work to pick up the slack as public services are cut back.\textsuperscript{79}

### Quality childcare: an essential service to support women at work

Many women outside the job market often say that they cannot do paid work because they must take care of their children.

Strong evidence has indeed shown that where affordable and high-quality childcare is available, women’s labour force participation increases.\textsuperscript{80} Chile, for example, has seen remarkable progress in the number of children covered by childcare services over recent decades. As a result of a flagship government programme (Chile Crece Contigo: Chile Grows with You) introduced in 2007, the number of public crèches and places for children under one year of age increased respectively from 700 in March 2006 to more than 4,000 by the end of 2009, and from 14,000 in 2005 to 85,000 by March 2010.\textsuperscript{81}

Early evaluations of recent reforms indicate that accessing childcare could increase the probability of Chilean mothers gaining employment by close to 15%.\textsuperscript{82} Yet even beyond supporting women, quality childcare services have also proven to mitigate social inequalities and improve educational outcomes for disadvantaged children.\textsuperscript{83} It is thus important to view investing in childcare not as a luxury that only the richest countries can afford, but as a successful strategy for boosting gender equality, driving inclusive growth and reducing poverty for all.

Paulina Yusuf, Nigeria, prepares food for the 10 people she feeds each mealtime. “The work takes my time. There’s no time to rest.”

PHOTO: FEMI IPAYE/ACTION AID
3. Financing for gender equality: short of the mark

In recent years, states, donors and businesses have all talked about investing more in women and girls. But while more money to support women and girls is of course a good thing, these investments have too often not materialised or have had very limited impacts.

For example, the OECD DAC Network on Gender Equality shows that despite good intentions, donors’ investments in women and the economy have been stagnant since 2007. In 2011 and 2012 only US$469 million – just 2% of all bilateral aid was directed towards initiatives that had women’s economic empowerment as a principal objective.84

As emphasized above, raising and spending revenue on public services is vital to address women’s inequality in work – and are often under the squeeze. Moreover, in countries where data is available, levels of spending by ministries or agencies specifically responsible for women’s rights and empowerment is shockingly low and not more than 0.4% of GDP.85

Another vital issue is that tax policies are often (explicitly and implicitly) biased against women – pushing them further to the bottom of the economic pile. Explicit biases are easy to identify. In Morocco, for example, joint income is automatically assigned to the man as the person filing the tax return on behalf of the household.86 Implicit biases are usually reflected in indirect taxation, such as Value Added Tax (VAT), and have a disproportionate impact on women because they are primary care givers and the main consumers of the basic household products.87

Underinvestment in women entrepreneurs is also a global phenomenon, despite the evidence that women-led companies may deliver higher and more consistent returns.88 Women launching businesses around the world have an estimated collective credit gap of US$320 billion.89 In Africa, female-owned companies in the formal sector in urban areas have 2.5 times less start-up capital than male-owned equivalents.90 Increasing women’s access to microcredit – a popular strategy in recent years – can only be a partial response and has a troubling record of increasing the workload and debt burden for the poorest women.91

4. Women’s voices: silenced and ignored

That fact that women’s work is subsidising the world economy at a massive scale is also a reflection of gender discrimination at all levels of decision-making as well as the fact that voices of human rights defenders, both women and men, are silenced and ignored.

All over the world advances in respect for women and worker’s rights have been achieved largely as a result of the work of feminist organisations and trade unions. However, governments and businesses continue to undermine rights to association and union representation, while union leaders and women human rights defenders suffer violence and harassment as a result of their work. According to the International Trade Union Confederation (ITUC), unions are increasingly under attack.92 The same trend is true for women human rights defenders, who are harassed because of the fact that they are women and because they stand up for women’s rights.93

Discrimination is also visible in the corridors of power. In January 2015, only 13 finance ministers worldwide,94 and on average only one in five parliamentarians, were women.95

Even the world’s most privileged women suffer significant inequality in the economic sphere. Of the world’s 30 wealthiest people, only three are women.96 Globally, women constitute roughly 24% of senior management in mid-sized companies97 and in S&P 50098 companies they make up just 4% of CEOs.99

Yet the effects of inequality in having a voice and making decisions are much more serious for women living and working in developing countries. In Ethiopia, men are five times more likely than women to hold leadership positions in cooperatives.100 Similarly, in garment factories in Bangladesh, just one in 20 supervisors is a woman.101

Women’s limited representation, voice and leadership are both cause and consequence of gender inequality. While men can be important advocates for change, the lack of women in positions of power means that they are not able to advance politically, express their demands in political processes, or influence the law or resource allocation directly. It is thus not surprising that out of 143 economies surveyed by the World Bank, as many as 90% have at least one law restricting economic equality for women, further driving them to the bottom of the economic pile.102

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January 2015
“Women’s full and equal participation in the political and economic arena is fundamental to democracy and justice.”

Phumzile Mlambo-Ngcuka, Executive Director of UN Women

Call to action

The case for action to lift the status of women in the economy is not new. However, despite its potential to yield benefits for women, the economy and for wider society, making women’s economic equality a reality is still a far-off dream.

In 2014 The Global Gender Gap Report by the World Economic Forum confirmed that progress remains excruciatingly slow and huge gender gaps continue to divide across and within regions. Data analysed for 111 countries shows that over almost a decade, the gender gap in economic participation and opportunity now stands at 60% worldwide, having closed by only 4% from 56% in 2006.

While there is no simple one size fits all solution, it is clear that efforts made by the international community and business leaders to fix the problem have so far failed to tackle the major causes of exploitation in women’s work.

With the new development framework that will replace the Millennium Development Goals in 2015, and as we celebrate the 20th anniversary of the landmark Beijing Platform for Action the time has come to mend the gaps in the broken and unequal economy by ensuring that women can enjoy equality of access to, and recognition and reward for their work.

Women in developing countries and all over the world need and demand change today. ActionAid is calling for action to end exploitation and inequality in women’s work. Governments and business leaders must walk the talk now and throughout the critical milestones in 2015.

Why now? The time is ripe for change

In 2015 the international community will adopt new Sustainable Development Goals and celebrate the 20th anniversary of the adoption of the Beijing Platform for Action (BPFA) – the most ambitious blueprint ever for advancing women’s rights. Twenty years on, the Beijing Platform remains a source of inspiration, and guides efforts towards full realisation of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Commitment to ending women’s economic inequality, alongside other critical areas or concerns, features prominently in the Beijing Platform and is also included in CEDAW. There is no doubt that if both were implemented in full, women’s work – both in and outside the home – would no longer be subsidising today’s global economy. Yet this is still a distant dream, the pace of progress has been slow and in certain places women’s economic inequality has actually deteriorated.

Women in developing countries and all over the world need and demand change today. ActionAid is calling for action to end exploitation and inequality in women’s work. Governments and business leaders must walk the talk now and throughout the critical milestones in 2015.

Urgent action is needed to:

1) Guarantee women’s access to and enjoyment of decent work

Governments and international institutions should:

- Adhere to globally agreed human and labour rights standards by introducing and implementing legislation and policies that guarantee and promote women’s access to decent and safe employment, whether in the
formal or informal sector. This should include a living wage, secure contracts, access to social protection (such as parental and sick leave, and unemployment benefits), women’s right to organise and access to remedy, equal pay for work of equal value, equal opportunities and non-discrimination in the workplace.

• Eliminate all laws that discriminate against women and inhibit their economic equality.
• Develop and implement binding international and national regulations, policies and mechanisms that require companies’ full compliance with international human rights standards throughout their supply chains, including taking responsibility and being held accountable when violations occur, and guaranteeing access to remedy.

Businesses should:

• Abide by ILO decent work standards and conventions, as well as in-country legislation, and support new and implement existing standards and regulations.
• Undertake rigorous gender-sensitive human rights due diligence throughout supply chains.
• Enter into collective bargaining and social dialogue with unions and workers’ organisations, including when ensuring access to remedy where rights violations occur.

2) Recognise, reduce and redistribute unpaid care responsibilities that fall disproportionately on women

Governments and international Institutions should:

• Recognise the contribution of unpaid care work to the economy and invest in infrastructure, time-saving technologies and quality public services such as childcare, care for the elderly, and healthcare.
• Institute family-friendly policies that promote women’s opportunities to access and enjoy decent work, and enable women and men to balance work with their caring responsibilities.

Businesses should:

• Guarantee paid maternity and paternity and medical leave, alongside flexible working hours, and support the provision of childcare services for workers with caregiving responsibilities.

3) Ensure that the economy works for women, not against them, and end the pursuit of growth at any cost

Governments and international Institutions should:

• Systematically review the impact of macroeconomic and fiscal policies on women and implement policies to redress inequality in women’s work, alongside challenging discriminatory social norms and gender stereotyping that underpins this.
• Design progressive tax regimes and institute gender-responsive budgeting that enhance women’s economic rights, their productivity and access to public services and commodities, while redressing discrimination and inequality.
• Prioritise and increase funding for driving gender equality – including funding to support feminist and women’s rights organisations – and for achieving women’s full economic equality.

4) Promote women’s voice, agency and leadership at all levels

Governments and international Institutions should:

• Promote women’s leadership, voice and agency at all levels, from household to international spheres, including through engaging with trade unions, civil society and feminist organisations in economic policy making processes and spaces, such as in national development planning, meetings of the International Financial Institutions, G20, or the World Economic Forum in Davos.

Businesses should:

• Ensure that women workers and their voices are equally and meaningfully represented at all levels of decision-making.
• Support and invest in women entrepreneurs and invest in training and promotional activities.

• Develop transformational approaches to core business activities that ensure respect for women’s rights and bring down the barriers that women face in the economy.

Civil society organisations and trade unions should:

• Support poor women’s collective organisation and give them a platform to raise their concerns and demands to decision makers at all levels.

• Hold governments and businesses accountable for their commitments to deliver on women’s rights and women’s economic equality.

• Engage in policy dialogue to promote alternatives to the current unsustainable economic model and pursue rights-based alternatives that work for all, especially poor women and men.

5) Ensure that ending women’s economic inequality is high on the agenda of the new Sustainable Development Goals

All development partners should:

• Support a strong, stand-alone gender equality and women’s rights goal with targets on redistribution of women’s unpaid care work, control over economic resources and assets, and women’s full and equal participation at all levels of decision making.

• Support an ambitious goal on full and productive employment and decent work, alongside targets to ensure living wage and equal pay for work of equal value.

• Agree to the goal on reducing inequality within and among countries, and formulate ambitious strategies to implement and finance all Sustainable Development Goals.
Methodological annex

Overview and caveats

ActionAid has calculated the value in women’s wages of the gap between the earnings of women and men and the gap between their rates of participation in developing countries and globally. In other words we calculate the additional income women could earn if their wage and employment rates were brought in line with men’s.

In our analysis we use the ILO data to show that women in developing countries are paid on average 14.9% less than men, while we draw on the World Bank and UN population data and find that 36.8% fewer women than men are employed in developing countries. Using this data, ActionAid is able to estimate that for developing countries, the value of closing these gaps is US$2 trillion for the wage gap, and US$6 trillion for the employment participation gap. If both gaps were closed, however, the total would in fact be US$9 trillion – because more women would be in employment, at a higher rate of pay.

The analysis does not model the effect of such equalising on men’s wages and employment which would undoubtedly occur.

As with many assessments of wage inequality, comparable data is a challenge and in this analysis, where there are gaps in the country data – as there are in many Sub-Saharan African countries – regional averages (medians) are used to fill in gaps for wage data (see table of countries without average wage data for 2012 below). This weakness in the data points to a further aspect of women’s economic inequality, that of data gaps. As the World Bank notes, the coverage, definitions and methods of compiling wage statistics differ significantly and in the absence of strong, reliable data and investments in countries’ capacity to improve tracking and comparison of key gender indicators, our understanding of the true scale of the injustice of women’s economic inequality is constrained and potentially underestimated.

Furthermore, this analysis does not take into account the potential value of women’s unpaid care work if it were translated into monetary terms. Nevertheless, it illustrates the scale of the pervasive crisis and the huge price that women continue to pay.

Methodology

Income for men in USD PPP terms can be expressed as a product of the following terms:

\[ w_m \times e_m = \frac{w_m}{w} \times \frac{e_m}{e} \times lS \times GDP_{USD, PPP} \]

where male wages are given by \( w_m \), average wages are given by \( w \), male employment and total employment are given by \( e_m \) and \( e \), respectively, the labour share is given by \( lS \) and GDP in PPP USD is given by \( GDP_{USD, PPP} \).

In other words, males’ income is equal to ratio of male wage to average wage, multiplied by the ratio of male employment to total employment, multiplied by the share of labour income in GDP, multiplied by GDP. This is just an identity (something that holds by definition). The only complicating factor is that we have expressed GDP in PPP terms.

Total wage income for women can then be expressed as a function of male wage income and the pay and employment gaps:

\[ w_f \times e_f = w_m \times e_m \times (1 - \text{pay gap}) \times (1 - \text{employment gap}); \]

where the pay gap is defined as \( \frac{w_m - w_f}{w_m} \) and the employment gap is defined as \( \frac{e_m - e_f}{e_m} \). Again, the expression for female wage income is then just an identity and follows from these definitions of the pay and employment gaps.

Finally, we also define the population gap as \( \frac{p_m - p_f}{p_m} \) where \( p_m \) is male population etc.

In a world of equal pay and equal employment rates there would be no pay gap and the employment gap would be equal to the population gap (i.e. if there are fewer women than men aged 15+ then there will still be a gap in employment even if employment rates are the same).

So one can construct the following counterfactuals:

1. No pay gap: \( w_f \times e_f = w_m \times e_m \times (1 - \text{employment gap}) \)
2. No employment gap: \( w_f \times e_f = w_m \times e_m \times (1 - \text{pay gap}) \times (1 - \text{population gap}) \)
3. No gaps: \( w_f \times e_f = w_m \times e_m \times (1 - \text{population gap}) \)

Note that 1 and 2 do not add up to 3 because the effects are multiplicative, not additive.
Data sources

Employment rates taken from World Bank WDI; we use 2012 data.

Population estimates (aged 15+) taken from UN population database; 2012 data.

Employment numbers calculated from employment rates and population estimates.

Pay gaps and ratio of male to average wage taken from ILO data. There are many missing values. We fill the pay gaps using regional medians, and estimate the ratio of male to average wages using these regional median pay gaps combined with 2012 employment data for the relevant country. Because data for 2012 are not available, we use the latest available observation – but we would expect pay gaps to be fairly stable from one year to the next.

Countries with data and the relevant year are listed below. Note that the pay gap for the US was obtained from: http://en.wikipedia.org/wiki/Male%E2%80%93female_income_disparity_in_the_United_States#cite_note-BLS2011-2.

Labour share data are taken from a working paper (Guerriero, Marta: The Labour Share of Income around the World. Evidence from a Panel Dataset (2012) Institute for Development Policy and Management Development Economics and Public Policy Working Paper Series WP 32/2012; Manchester University), ultimately based on UN data. These data are averaged over a number of years.

GDP in PPP USD taken from World Bank WDI; 2012 data. Advanced and developing country groupings are based on IMF definitions.

GDP in PPP USD taken from World Bank WDI; 2012 data. Advanced and developing country groupings are based on IMF definitions.
Wage gap data available for following countries and years:

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15. Ibid


18. Economists Without Borders (2014) Gender Discrimination and Unemployment, report for ActionAid. See http://datatopics.worldbank.org/Gender/topic/education which shows that in most regions of the world female secondary school enrolment is lower than male secondary school enrolment, therefore we can assume that the over-representation of educated women among the unemployed does not simply reflect a greater number of women educated to a secondary level than men in wider society


20. Unlike the minimum wage, the living wage is an informal benchmark, not a legally enforceable minimum level of pay. It is based on the amount an individual needs to earn to cover the basic costs of living for themselves and their family. According to the ILO Conventions 98 and 100. “Wages and benefits paid for a standard working week should meet at least legal or industry minimum wage standards and always be sufficient to meet basic needs of workers and their families and to provide discretionary income.” The call for living wage has received widespread support from civil society organisations, trade unions and some political parties, but limited endorsement by employers.


24. Interview conducted by Rachel Noble, ActionAid UK, May 2014


26. The figure is expressed in Purchasing Power Parity (PPP) terms, PPP is a technique used to determine the relative value of different currencies. See: OECD http://www.oecd.org/standdstd/purchasingpowerparities-frequentlyaskedquestionsfaq.htm. Accessed 12/2014


28. All figures are expressed in Purchasing Power Parity Terms, PPP. See annex for full details of methodology and analysis.


36. Ibid
37. Among the social security programmes in Brazil, Bolsa Familia is the most prominent, and is the biggest conditional cash transfer programme in the developing world. Its results included reduction of income inequality, improvement of school performance and health conditions of beneficiaries, and emergence of small businesses in poor areas. At the same time however, Bolsa Familia and other conditional cash transfers programmes are controversial from a gender perspective because they reinforce the role of women as primary care givers responsible for the education and health of their children. See for example: Molyneux, M. (2008) Conditional Cash Transfers: A pathway to women's economic empowerment. http://s3-eu-west-1.amazonaws.com/pathwaysfempowerment-org-staging/downloads/conditional_cash_transfers_a_pathsways_to_women_s_empowerment_working_paper_original.pdf 52. ibid

38. The United Nations Guiding Principles on Business and Human Rights (UNGPs) are widely respected globally standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. Known as the ‘Ruggie Principles’, the UNGPs encompass three pillars outlining how states and businesses should implement the framework. These are: (1) the state duty to protect human rights; (2) the corporate responsibility to respect human rights; and (3) access to remedy for victims of business-related abuses. For full document see: UN Human Rights (2011) Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework. http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf 53. ibid


43. Ibid


45. Export Processing Zones (EPZs) are special regulatory areas within countries established to promote export-led growth. The ILO has defined EPZs as “industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again.” See McCallum, J. (2011) Export processing zones: Comparative data from China, Honduras, Nicaragua and South Africa, Working Paper No 21, International Labour Office Geneva p. 1


47. Ibid


60. For instance, the income/consumption share of the top 10% was 31.6% in 2008 compared to just 3.34% of the lowest 10% and 7.54% of the lowest 20%. However, the increase in equality appeared to stall in the wake of the financial crisis in 2007/8. More recent data is not yet available. See: http://www.indexmundi.com/facts/cambodia/income-distribution. Accessed 12/2014


68. The United Nations Guiding Principles on Business and Human Rights (UNGPs) are widely respected globally standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. Known as the ‘Ruggie Principles’, the UNGPs encompass three pillars outlining how states and businesses should implement the framework. These are: (1) the state duty to protect human rights; (2) the corporate responsibility to respect human rights; and (3) access to remedy for victims of business-related abuses. For full document see: UN Human Rights (2011) Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework. http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf


70. Export Processing Zones (EPZs) are special regulatory areas within countries established to promote export-led growth. The ILO has defined EPZs as “industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again.” See McCallum, J. (2011) Export processing zones: Comparative data from China, Honduras, Nicaragua and South Africa, Working Paper No 21, International Labour Office Geneva p. 1


80. In Sweden, for example, the expansion of childcare services during the 1970s helped to increase women's employment rates from 60% to over 80%. See: OECD Economic Surveys: Chile (2013) p. 56
83. See for example: OECD (2013) Economic Surveys: Chile p. 56
87. Ibid p.12
89. Ibid
98. The Standard and Poor 500 is a US stock market index that tracks the 500 most widely held stocks on the New York Stock Exchange
105. Ibid p. 31
106. In 1995, at the Fourth World Conference on Women, UN member states adopted and committed to implement the Beijing Platform for Action (BPFA). BPFA is a global framework identifying 12 critical areas of concern with respect to the advancement of women and the achievement of gender equality. Among others, BPFA commits UN member states to actions on women and poverty and women and the economy. See full document: http://www.un.org/womenwatch/daw/beijing/platform/ Accessed 12/2014
107. The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) adopted in 1979 by the UN General Assembly is often described as an international bill of rights for women. Consisting of a preamble and 30 articles, it defines what constitutes discrimination against women and sets up an agenda for the state parties to end such discrimination in all spheres of life. See full text: http://www.un.org/womenwatch/daw/cedaw/text/crpdagreement
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