



HIGHLIGHTS from Chapter 2: EMPOWER TO PROSPER: WOMEN WORKING FOR GROWTH

Key Points

- *Only one-third of South Asian women are engaged in the labor market, a rate 5-25 percentage points lower than countries at a similar level of development, and less than half the male participation rate in South Asia.*
- *Raising female participation rates to parity with men could increase South Asia's per capita incomes by 13-51 percent.*
- *A wide range of policies could help women enter the workforce. These include legal reforms to improve gender equality, faster job creation in the non-agricultural sector, and removal of barriers to women working outside the home. Such measures will be more effective if accompanied by a shift in social norms toward greater acceptance of women's employment.*

Female labor force participation. Only 32 percent of working-age women in South Asia were in the labor force in 2023—well below the average for emerging markets and developing economies (EMDEs, 54 percent) and the region's men (77 percent). For all South Asian countries except Bhutan, female labor force participation rates in 2023 were 5-25 percentage points below the levels that would be expected based on their levels of development. The shortfall of women in the labor force is most pronounced after marriage: Women in South Asia reduce their employment rates by 12 percentage points after marrying, even before they have children. Increasing women's labor force participation to that of men would increase regional GDP by 13-51 percent.

Structural change. In contrast to international experience, shifts towards services activity have not been associated with greater female labor force participation. This highlights that, even when opportunities (such as from services sector growth) have been created, women have faced obstacles to exploiting them.

Barriers to employment. Despite a dramatic narrowing of gender gaps in educational attainment across South Asia, women's ability to supply their labor is constrained by such factors as the lack of safe transport, childcare, and legal protections. Hiring discrimination remains widespread, despite laws outlawing these practices. Labor market frictions like high search costs, lack of support networks, and employer market power, disproportionately constrain female jobseekers.

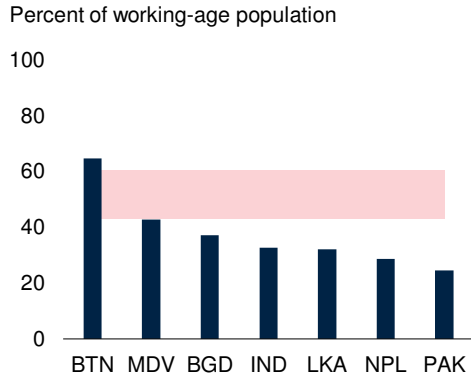
Social norms and laws. South Asian countries have among the most conservative gender attitudes in the world, with 70 percent of the population expressing beliefs that are opposed to women working outside the home. Conservative social norms strongly correlate with low female labor force participation and erode the implementation of more gender-neutral legislation.

Policies to boost female labor force participation. These diverse drivers of female labor force participation suggest the need for a multi-pronged policy effort. On the supply side, obstacles to women's employment outside the home, such as the lack of safe transport or quality child and elder care, as well as remaining legal biases (and shortcomings in their implementation) need to be removed. As supply constraints are relieved, demand-side measures that support continued shifts towards a more open and more services-based economy are likely to facilitate greater female participation. Female participation has tended to be higher in South Asian labor markets with greater export exposure. Policies will be more effective if combined with a shift towards social norms that look more favorably on women working outside the home.

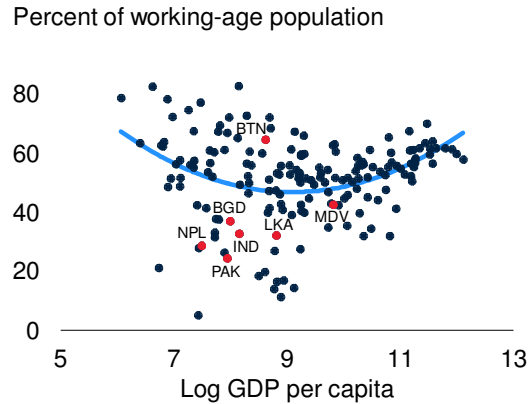


FIGURE 1. Female labor force participation and its drivers

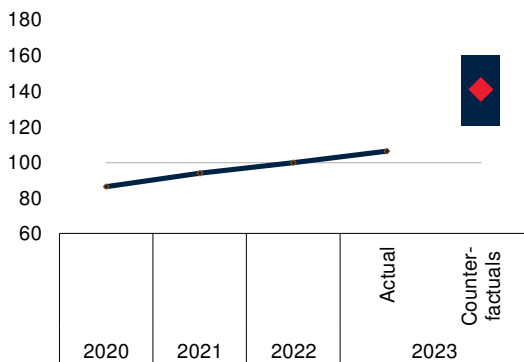
A. Female labor force participation rate, 2023



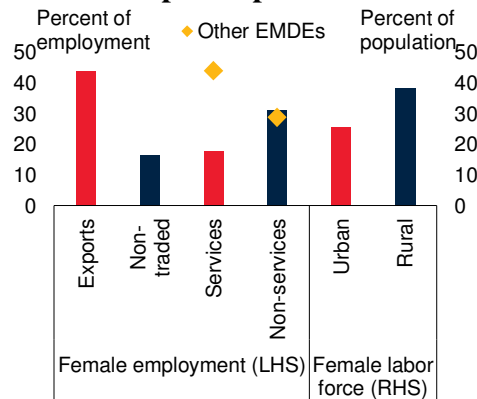
B. Female labor force participation and per capita income globally, 2023



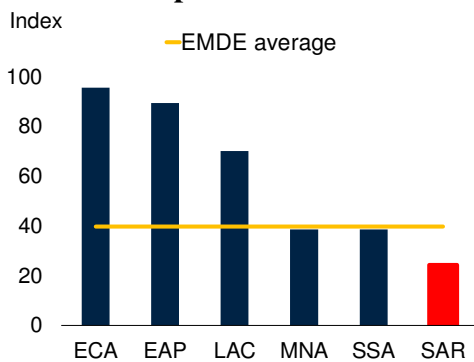
C. South Asia's output: Actual and counterfactual



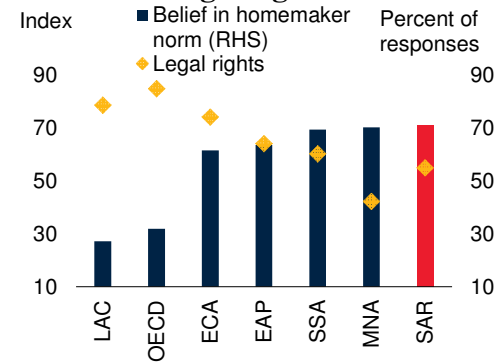
D. South Asia: Female employment shares labor force participation rate



E. Childcare provision



F. Women's legal rights and social norms



Sources: International Labor Organization (ILO); UN Comtrade; World Bank World Development Indicators (database); World Bank Women, Business, and the Law (database); World Bank Global Labor Database (GLD) labor force survey microdata (database); World Bank-Facebook Survey on Gender Equality at Home (database); World Bank.

Note: BGD = Bangladesh; BTN = Bhutan; IND = India; LKA = Sri Lanka; MDV = Maldives; NPL = Nepal; PAK = Pakistan; EAP = East Asia and the Pacific; ECA = Europe and Central Asia; EMDE = emerging market and developing economy; FLP = female labor force participation; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; OECD = Organisation for Economic Co-operation and Development; SAR = South Asia; SSA = Sub-Saharan Africa.

A. Red shaded region indicates interquartile range of EMDEs excluding South Asia. EMDE averages are weighted by working-age population. Female (male) labor force participation rate is the share of the female (male) working-



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age population (15+) employed or looking for work, measured using ILO's ILOStat modeled data. Even if national data, based on national definitions, were used for South Asia, all countries except Bhutan and Maldives would remain in the bottom quartile among EMDEs. All regional averages are weighted by working-age population. Afghanistan has not published any official statistics since 2020.

B. Panel shows scatterplot of natural log per capita GDP and the female labor force participation rate. Blue line represents a quadratic fit. Female labor force participation rates are modeled International Labour Organization estimates for the female population ages 15+ in 2023. Per capita GDP is for 2022, measured in constant 2015 U.S. dollars.

C. Blue range shows counterfactual model estimates if South Asia's female employment shares were raised to parity with those for men. Blue line indicates prior GDP data from 2020-2023. Red diamond shows median model estimate.

D. The female employment share is the proportion of women in a sector's workforce. Bars show female employment shares in export or non-tradable sectors, services and non-services sectors, or the female labor force participation of urban and rural women in SAR. Diamonds indicate the female share of services and non-services in other EMDEs. Export sectors are the top five sectors based on export share in total trade for that sector-year, (that is, the top-ranked export sector is the net exporting sector s in country c at year t for which $x_{sct}/(x_{sct} + m_{sct})$ is the highest). Non-tradeable sectors are those for which $x_{sct} = m_{sct} = 0$. Labor force participation is the share of women of working aged 15-64 in the labor force within seven days of the survey. Female shares of export and non-tradeable sectors from GLD and UN Comtrade are available only for SAR. The female shares of services and non-services sectors come from ILO, and are the averages of 2021-2023 shares weighted by the female population of 2023. The female labor force participation rates come from GLD and SARLD microdata and only included the most recent available year of data: BGD – 2022, IND – 2022, LKA – 2021, NPL – 2017, PAK – 2020.

E. Bars show the regional average legal score of the provision of childcare services for children below 3 years of age. The horizontal line shows EMDE average excluding South Asia. All regional averages are weighted by the working-age population.

F. Diamonds show the share of respondents who agreed with the "female homemaker" norm by region; data is from 2020. Bars show the average legal index score by region. All regional averages are weighted by the working-age population.