



COVID 19 and Economic Influence on Women

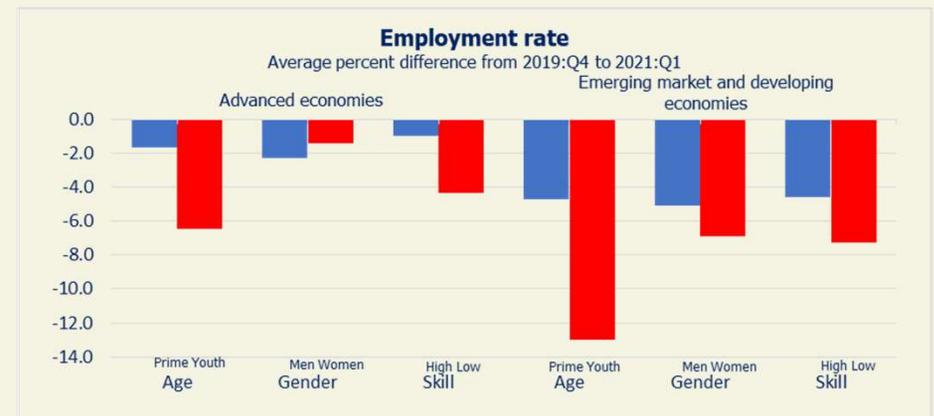
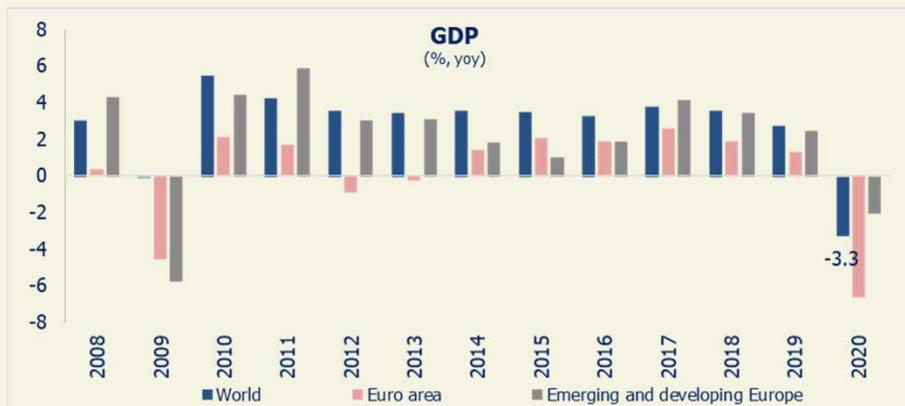
**First Annual Conference of the Ministry of Foreign Affairs
"Women in Foreign Affairs"
14-15 September, Skopje"**

Anita Angelovska Bezhoska
Governor



Last year the world economy faced the most severe economic crisis since the great depression

- Starting as a health crisis, it turned into **economic crisis that simultaneously hit all economies** with unprecedented intensity - only 27 countries in the world registered positive growth rates
- However, according to the IMF estimates, **the intensity would have been three times higher** without the monetary, fiscal and financial sector supportive policies, which this time were significantly swifter and bolder in comparison with the GFC
- **Disproportionally affected** countries, economic sectors, age and gender groups, thus increasing **income inequality** (Close to **95 million more** people are estimated to have fallen below the threshold of extreme poverty in 2020 compared with pre-pandemic projections)
- In this context, **labor market data show that youth, low-skilled workers and women** in emerging and developing economies in particular, have been hit harder (while globally employment rate for men remains 5 p.p. below the pre pandemic period, for women it is **7 p.p.**, similarly for low skilled workers 7 p.p. and high skilled 5 p.p.)

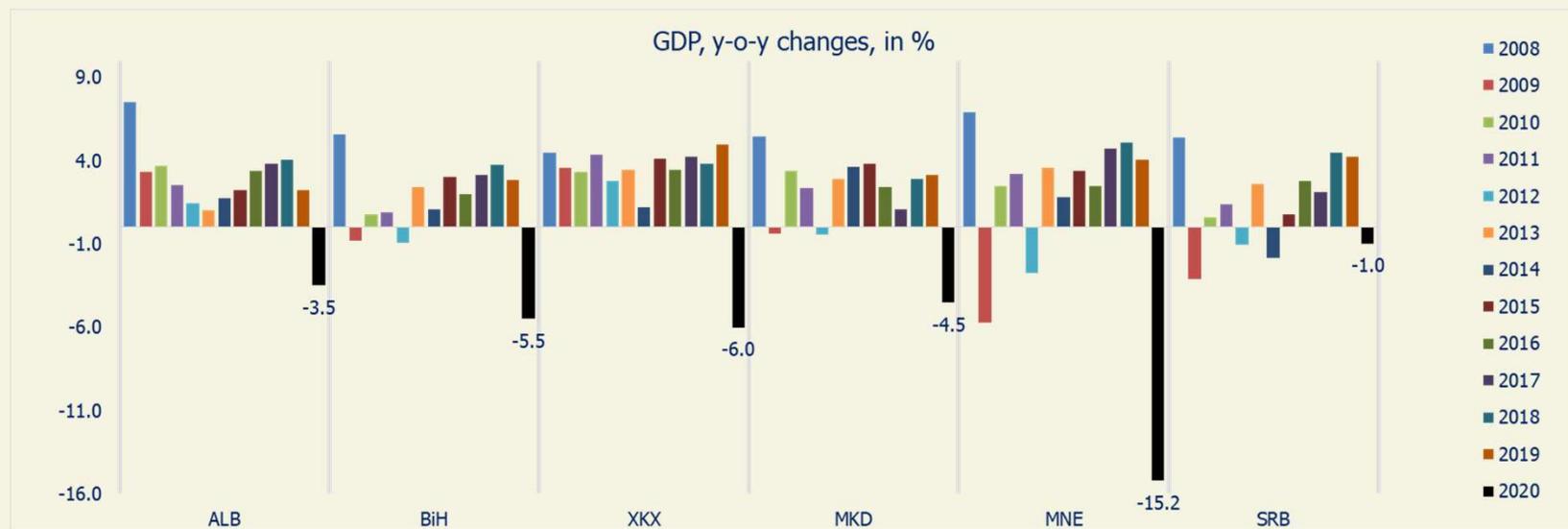


Source: IMF WEO database April/July 2021



The story of the WB Region is similar – it was not shielded from this global shock

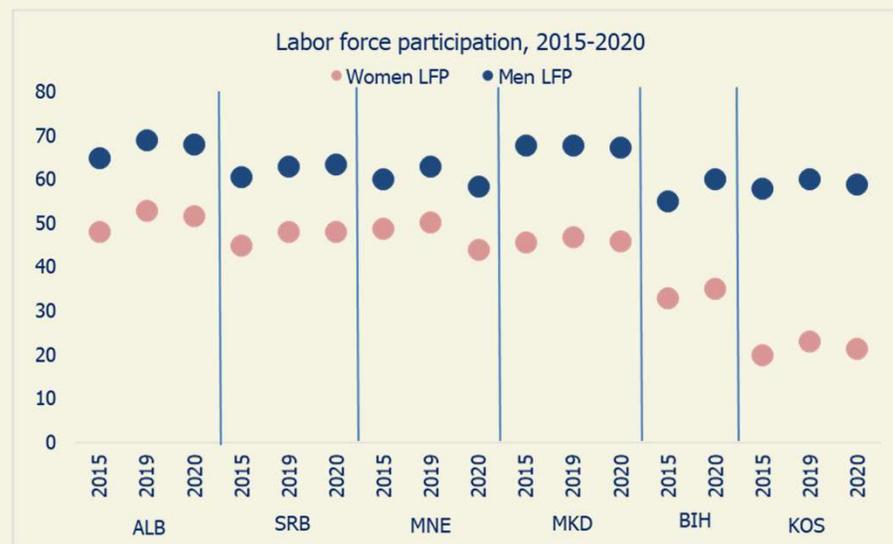
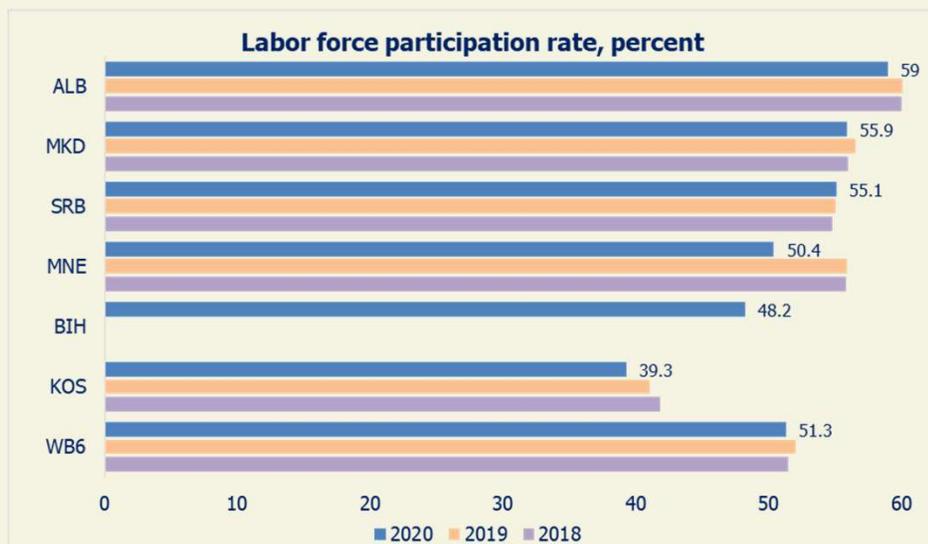
- GDP declined by 3.4%, on average (the worst downturn on record), with disproportionality, including gender disproportionality as a region specific.
- Thus labor statistics indicates that the **crisis hits women more heavily than men, thus further widening the pre-crisis gender gaps** such as lower participation in labor force, lower employment, lower wages and higher poverty:
 - **Employment rate** - it fell down for women 1.2 p.p., for men 0.9 p.p., the gap widened to 18 p.p. - only 38% of women and 56% of men work
 - **Unemployment rate** initially increased more for women than men, and then gradually went back to 2019 level, mostly due to the increased exit of women from the labor force
 - **Participation rate** of women has declined more, thus widening the gap





Effects of the labor force participation

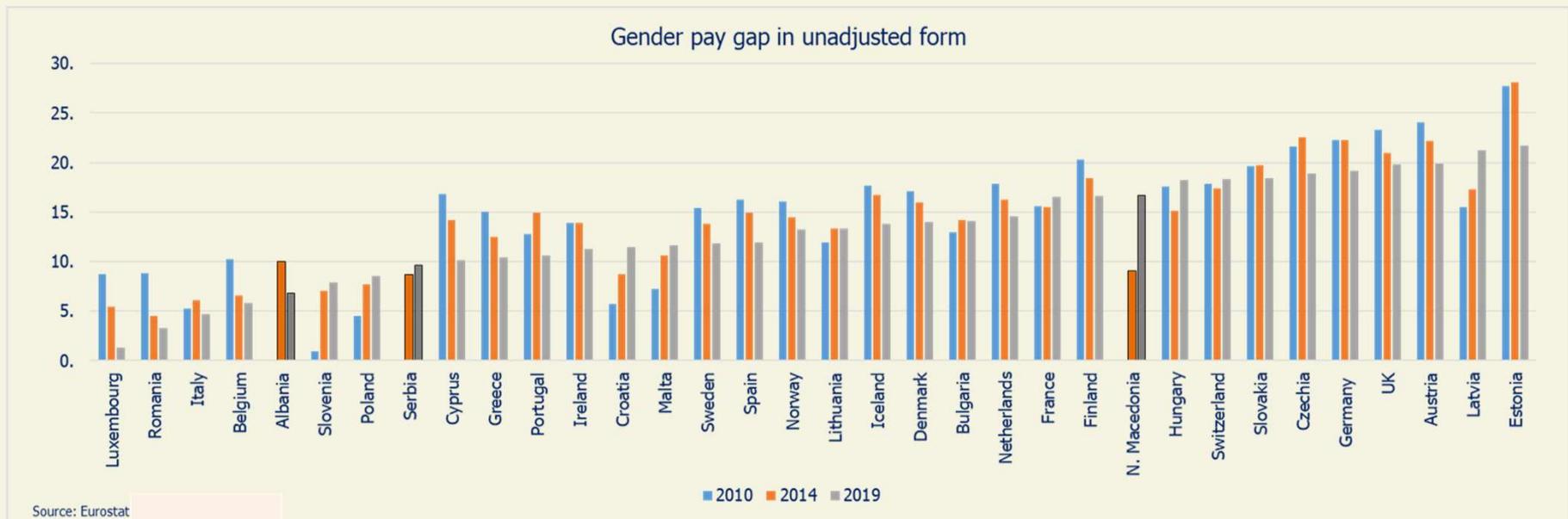
- **Participation rate dropped by 1.5 p.p. to 51 percent** – a record low since 2016, with faster drop for women (2 p.p. for women, 1 p.p. for men).
- **Female participation fell to 41 percent for the region** (only 41% of working age women are in labor force in comparison with 63% of men), although with large variations, from 52 percent of women participating in Albania to 22 percent in Kosovo. In our case, it was 46%.
- According to a survey, **about half of inactive women** (53 percent) reported that they do not seek employment due to family/caring responsibilities, twice the share of women with this reason in the EU-28.





Effects on the income

- **Adverse economic impact is also visible through the income channel:**
 - **Remittances**, that are important source of disposable income in the region, plunged last year and according to a UN study, the decrease was more prominent among women than men especially in rural areas and among women aged 35 to 44
 - Although **wage** data is still not available, most probably the wage gap widened after the crisis.





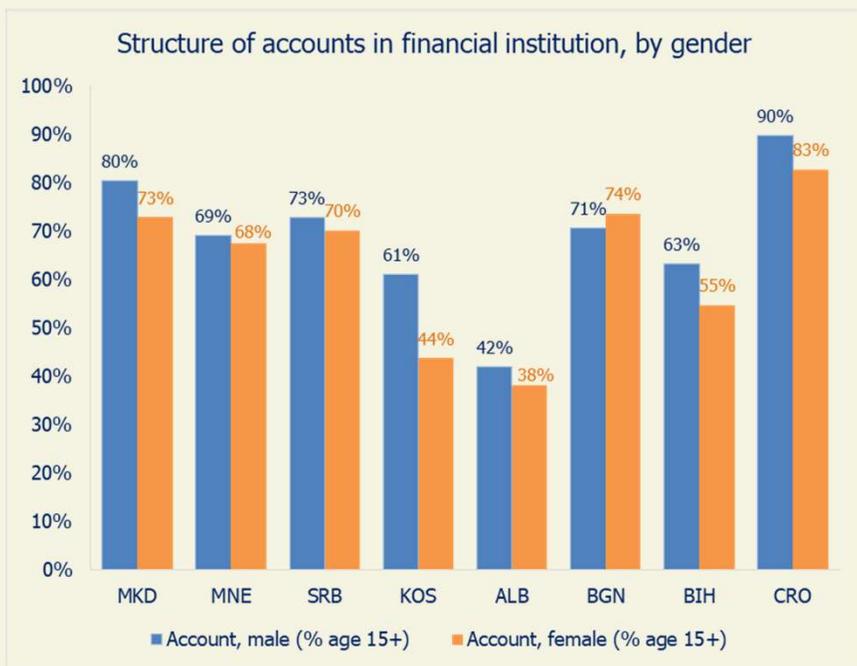
Why has crisis hit unevenly women and men?

- **The crisis did not hit all sectors in the economy evenly;** it had more pronounced effect on services, especially services dependent on social interactions and informal economy where women tend to be more present. For example, in NM, these sectors employ 27% of all employed women and 25% of all employed men.
- In addition, according to some studies (Makenzie), the **pandemic has intensified the challenges that women have already faced in the workplace** and find that one in four women consider downshifting their careers or leaving job because of family responsibilities amid new COVID environment (interruption in schooling and childcare).

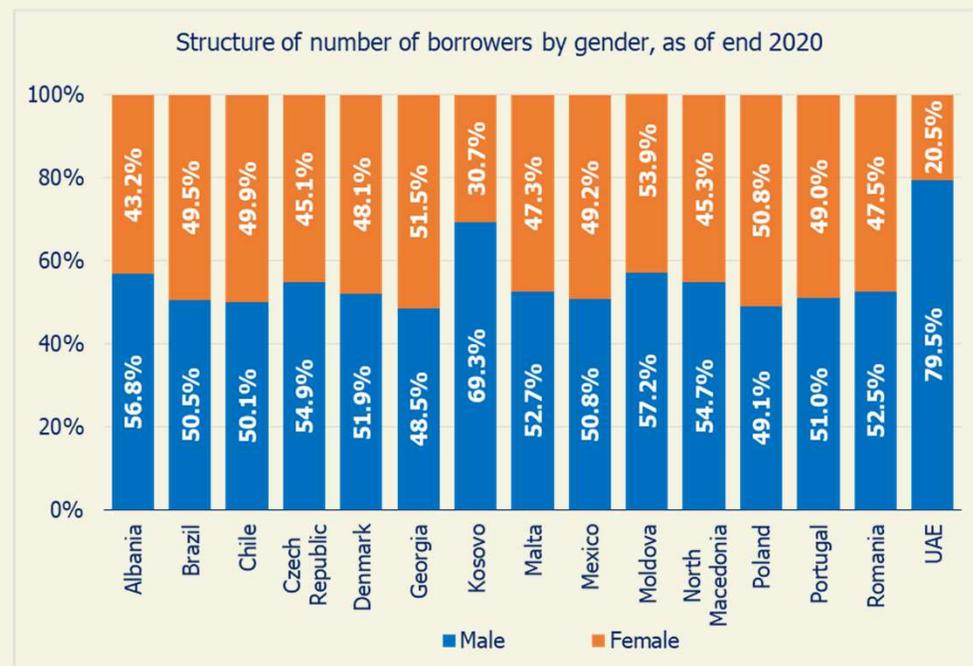


Effects on access to finance

- **These developments (lower employment and income) can negatively affect woman access to finance** and can further widen the existing access gap:
 - 60% of all borrowers from commercial banks are men and
 - 64% of all outstanding loans are extended to men
- Access to finance is important determinant of **female entrepreneurship** that lags behind in the region



Source: World Bank Findex Database, as of 2017



Source: IMF Financial Access Survey data, as of 2020



Summary

- **Unlike previous economic crisis, the current crisis has disproportionately affected women** in many respects, emphasizing issues that existed even before the crisis.
- **Particularly worrisome is the further increase of inactivity of women** as the region faces shrinking of working age population (demographics and immigration), and labor is one of the key determinants of growth.
- **Studies show that higher inclusion can bring a number of benefits**, not only for women, but for the whole society - higher inclusion is associated with 10% higher GDP growth in advanced economies and even 30% in developing economies
- **Focusing on the Western Balkans, a WB study estimates that countries each year lose an average of 18 percent of their total GDP due to gender gaps in the labor market**, and two thirds of the costs are explained by the low participation (one-third of this loss is due to distortions in the choice of occupations between men and women).
- **Higher growth stems not only from higher quantity of labor force**, but also from different skills and psychological virtues that women bring in, such as risk aversion, thoughtfulness, pragmatism, empathy, more diversified institutional environment. Credit Swiss finds that **Fortune 500 companies** with female representation perform better than those without.
- **So, crisis emphasized even more the need for policymakers holistic approach** to tackle all sources of gender disparities entrenched in the institutional, regulatory, educational and traditional norm settings
- Focus on overcoming the crisis as a burning issue, should not sideline the fight for gender equality, but reinforce it.