The Platform for Collaboration on Tax (PCT) Workshop on The Role of Taxation in Achieving Gender Equality

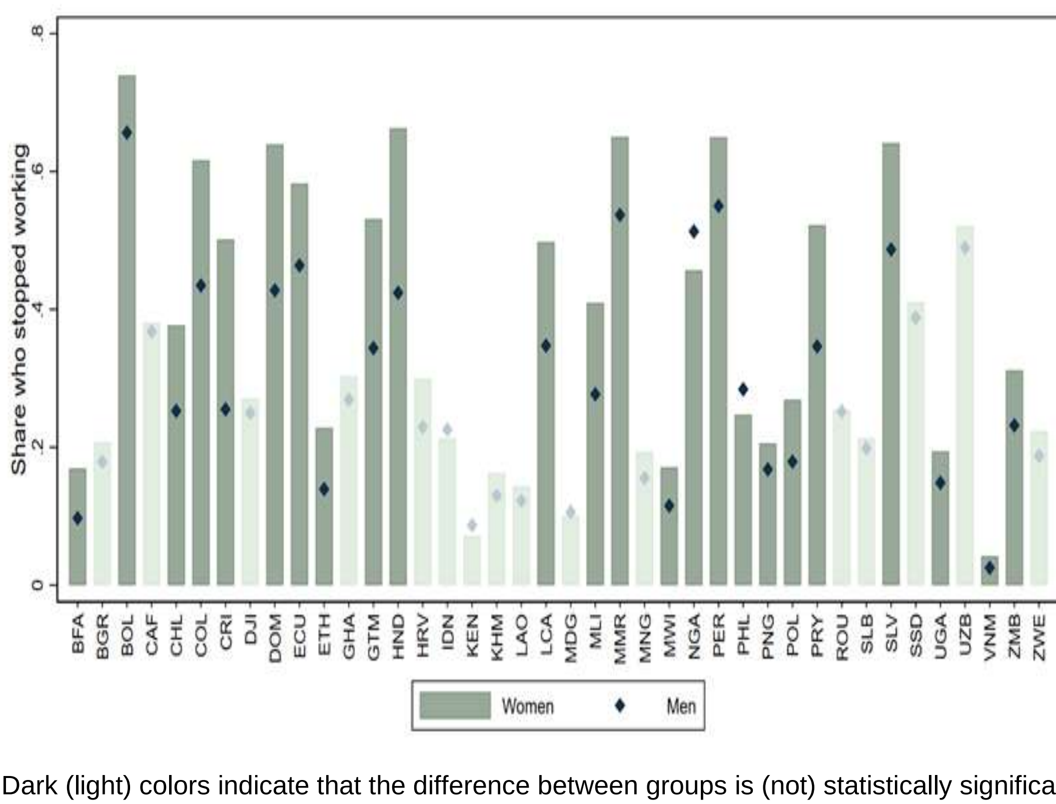
June 15, 2021 – 7:00-10:00 a.m. EST

Information Note to Accompany the Presentation Given by Ms. Chiara Bronchi, World Bank, at Session 2: The Work of PCT Partners on Gender Equality and Taxation

A. World Bank research on how COVID-19 has impacted women's participation in the workforce

A Global Jobs Watch World Bank study (Kugler et al., forthcoming), which was based on an analysis of harmonized high-frequency phone survey data for 40 mostly developing countries, found that women were substantially more likely than men to stop working in the initial stages of the crisis, i.e. between April and June 2020 (on average, 36 percent vs. 28 percent). See Chart 1 below:

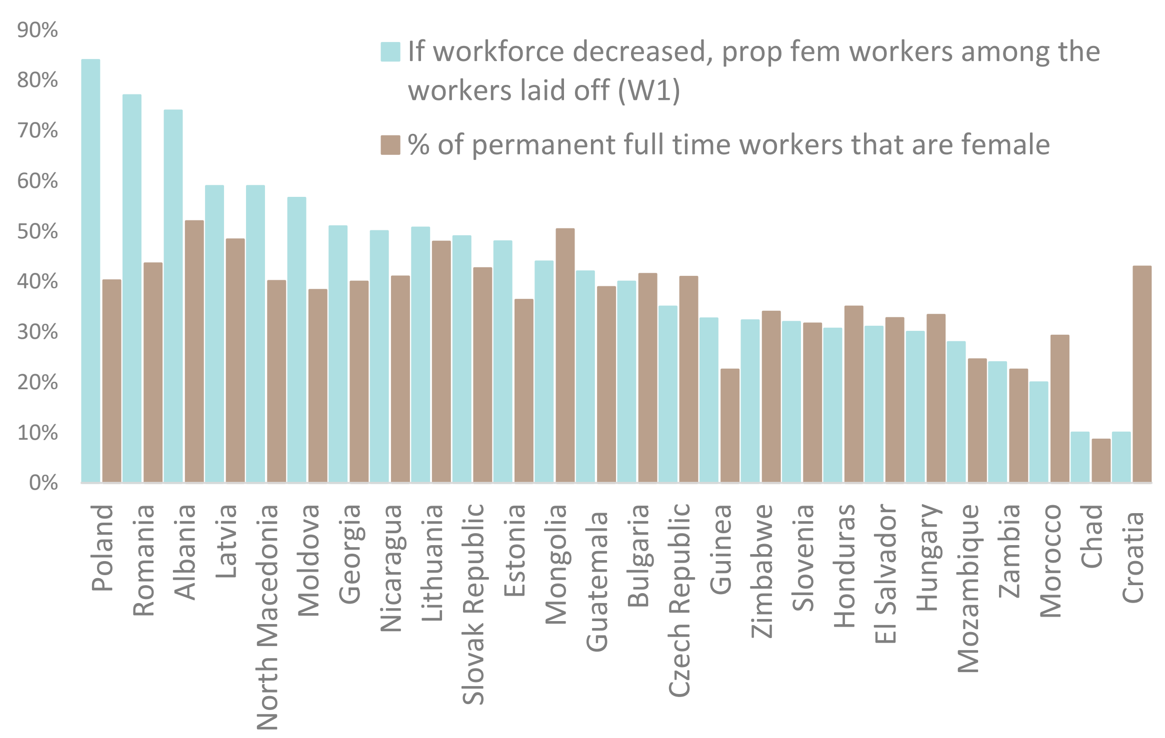
Chart 1:



Note: Dark (light) colors indicate that the difference between groups is (not) statistically significant at a 5% level or less. Source: Kugler et al. (forthcoming), based on analysis of harmonized high-frequency phone survey data for 40 countries.

A second World Bank study (Bundervoet, Dávalos and Garcia, 2021) using the same harmonized high-frequency phone survey data for a sample of 34 countries also shows that women were 9 percentage points more likely to have lost their job in the immediate aftermath of the pandemic's onset. The study shows further that the pre-pandemic sector of employment played a large role in subsequent job losses, with workers in manufacturing, commerce, and other services being respectively 20, 16, and 17 percentage points more likely to have stopped working compared to workers in agriculture. See Chart 2 below:

Chart 2:

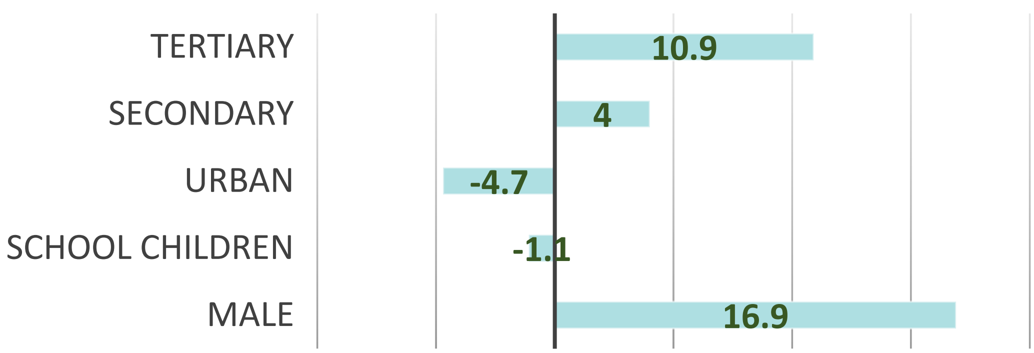


Cucagna and Romero (2021), in an analysis of labor market impacts of COVID-19 on women in 13 LAC countries, found that female workers were 44 percent more likely to lose their jobs than male workers at the onset of the crisis. The study argues further that highly female-intensive sectors—trade, personal services, education, and hospitality—explain 56 percent of all job losses. In East Asia and Pacific and across all sampled countries, women were more likely than men to have lost their jobs at the onset of the crisis, even when the analysis accounts for differences in age and education.

Most of the evidence presented so far refers to the initial impact of the COVID-19 shock, drawing on data collected during the first half of 2020; data from the second half of 2020 and early 2021 is much scarcer. World Bank research (Bundervoet, Dávalos and Garcia, 2021) show that although employment recovered relatively quickly over the second half of the year 2020, *for* *women the pace of recovery has been slower*. As Chart 3 below, derived from data collected during two post-pandemic survey waves, shows, men are 16.9 percentage points more likely to return to work among those who lost employment during the pandemic. Tertiary-educated workers are 11 percentage points more likely to have transitioned back into employment by Wave 2. Secondary-educated workers were also more likely than less-educated workers to transition back into work. In Latin American and the Caribbean, as the crisis evolved, temporarily unemployed workers started to go back to work, but the difference in employment losses between females and males persisted over time. By the third round of data collection in August 2020, the difference in total job losses between men and women was still 15 percentage points, and the permanent job loss rate affected one woman in five (Cucagna and Romero, forthcoming).

Chart 3:

Probability of being back in employment

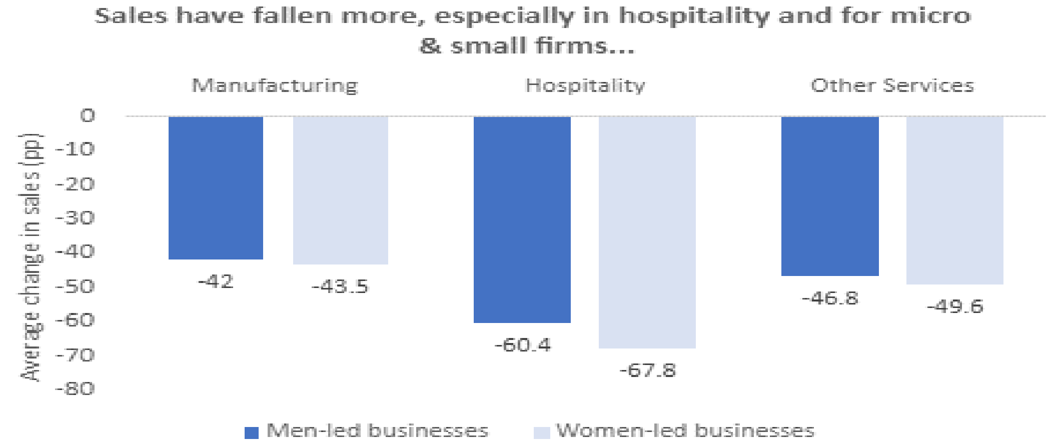


Note: Estimates for return to employment based on the level of education (tertiary or secondary), location (urban or rural), presence of school-going children and gender-based on employment data between Wave 1 and Wave 2 of post-pandemic surveys for 13 countries.

Women-led businesses have been more likely to close due to COVID-19 and reported shorter survival durations. Globally, female-owned businesses were 5.9 percentage points more likely to have closed than male-owned businesses.

The decrease in sales has been larger among women-led businesses regardless of business sector and size while access to support has been lower. See Chart 4 below:

Chart 4



As women were more affected by COVID-19 in the marketplace, they were also more strained by the pandemic at home. 31% of female versus 26% of male business owners spent six or more hours daily on domestic tasks.

It is obvious that without specific offsetting interventions, these changes could lead to an increase in household poverty and hamper the development of children. Women have also undertaken a disproportionate share of the increased responsibilities for childcare resulting from closed schools and childcare centers and for the care of the elderly and sick family members. Labor market and social protection measures enacted to address the economic fallout have helped but have not been adequate to address these additional burdens. Finally, in developing countries, the shift in fiscal resources to address the pandemic may leave critical programs for women and girls, such as maternal health and reproductive and family planning services, short of funds.

B. What World Bank is doing to include the gender lens in its fiscal policy and tax-related technical assistance work

In response to the heightened need for greater gender equality during the COVID recovery, World Bank's lending, advisory and analytical portfolio includes more targeted gender interventions. The gender lens is now being included in the tax policy work, particularly, Technical Assistance.

a) Development Policy Loans example from Turkey and Poland:

This is one example of creating incentives for taxpayers for investing in human capital. Government tax policies can orient citizens' human capital investments. For example, to address gaps between men and women in labor force participation, World Bank supported Turkey to provide tax credits to childcare providers to increase the supply of childcare centers. Poland used tax credits for childcare to encourage mothers to rejoin the labor force.

b) Engendering fiscal incidence analysis:

Standard fiscal incidence analysis provides few policy-relevant conclusions concerning the economic, financial, and social needs of males and females. This engendered fiscal incidence analysis work will provide additional incidence analysis to better understand the profile of impacts that tax policy has on men and women as individuals.

The aim here is to develop evidence for fiscal policy reform so that public programs are designed, financed, and implemented; and equality of opportunity is increased; while poverty, vulnerability, and livelihood risk exposure are all reduced in a gender-inclusive manner.

This project, which is led by the Poverty team of the World Bank, will ensure methodological integration of gender-specific fiscal impact analysis into Commitment to Equity (CEQ) Assessments to estimate fiscal policy impacts on households according to their gender composition or gender, age, and employment characteristics; and, practical application or pilots of Engendered CEQ Assessments in countries with rich survey data.

c) Female property ownership in India:

Property tax is recognized as a robust and resilient source of revenue for local governments. Traditional property tax policy design includes little consideration for compliance differences between women and men. This analysis explores the link between property tax incentives and women's compliance with property taxation in India.

d) Ethiopia Technical Assistance to support data collection and policy guidance on taxation and gender:

The project supports data production, research and training activities implemented by the Living Standards Measurement Study team in Development Economics Research in collaboration with Macroeconomics, Trade and Investment (MTI) Global Practice and Gender Group. The key in these analyses is the presence of implicit biases in taxes across various outcomes: employment, property rights and asset ownership, consumption patterns, and utilization of social services. Availability of data at the individual level is crucial in exploring these issues. Findings feed into the gendered fiscal incidence and gender and rural land use fee and agricultural income tax.

In Ethiopia, more than 2/3rd of the rural households pays rural land use fee and agricultural income taxes. The preliminary findings of the team suggest that the tax burden is heavier on female adult-only households due to gender norms and practices, which lead to lower productivity.

While the net fiscal system has favorable implications on progressivity and equity, a disaggregated examination of its components (taxes and transfer) reveals more relevant information to better guide policies aimed at gender equity.