



# Gender

## Impact of the Gender scenario

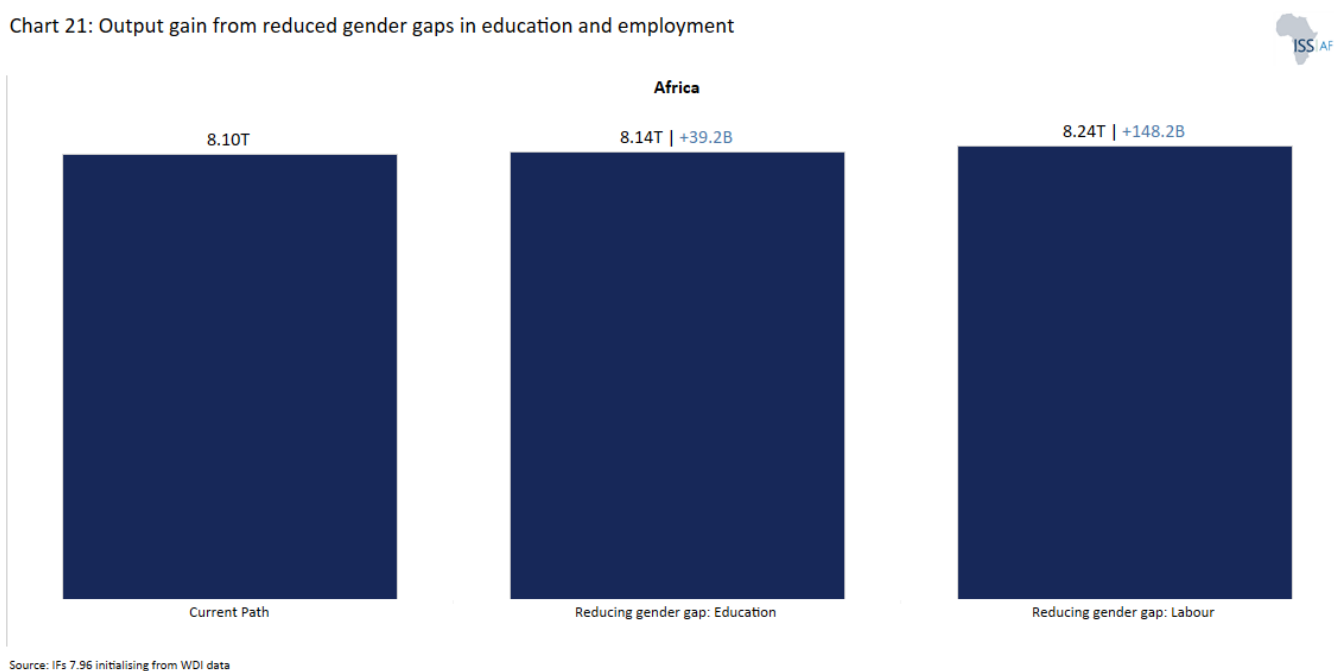
Kouassi Yeboua and Jakkie Cilliers

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## Impact of the Gender scenario

Much literature on gender and development focuses on gender gaps in education and employment. Therefore, we start the analysis by investigating separately the economic gain from a more rapid reduction in gender gaps in education and labour force participation rate. An aggressive but realistic reduction in gender inequality in education increases the size of Africa's economy (GDP) by about US\$39.2 billion (constant 2017 US\$) in 2043 compared to the Current Path forecast. This is equivalent to 0.5% increase. The gain is forecast to be US\$148.2 billion above the Current Path forecast (equivalent to a 1.8% increase) in the same year, with an aggressive but realistic reduction in the gender gap in the labour force participation rate (Chart 21).

Chart 21: Output gain from reduced gender gaps in education and employment

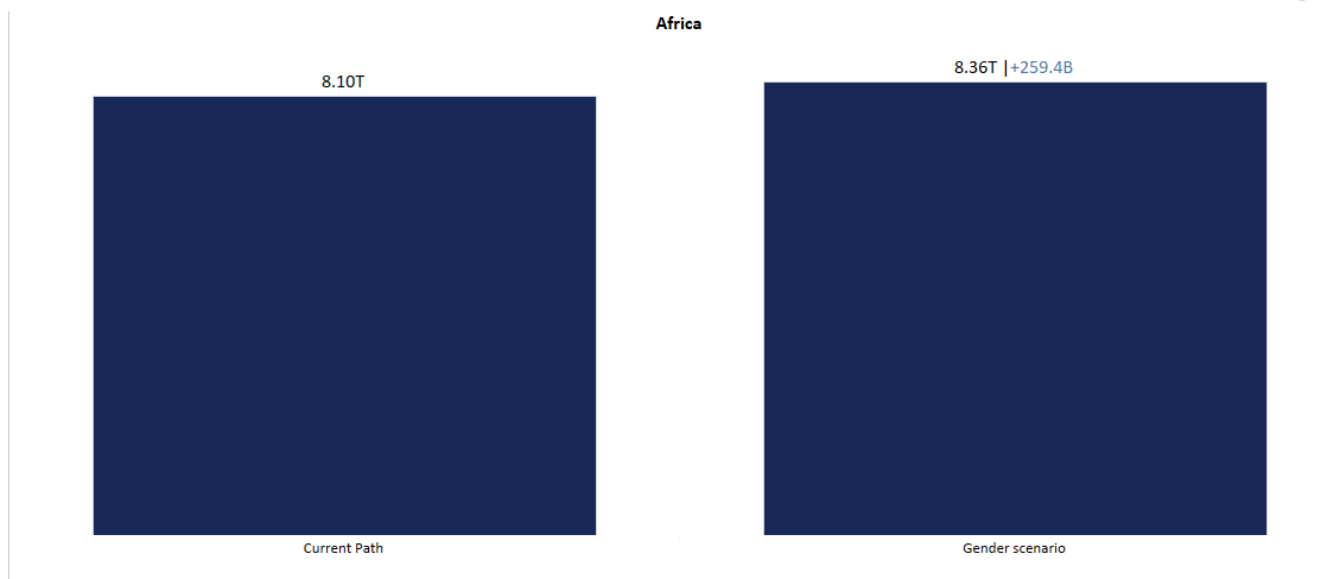


Because increased female employment increases the pool of skilled labour, the economic growth generated by gender inclusion in employment is much higher than that of better gender inclusion in education. One of the reasons is that the gender gap in employment is much higher than the gender gap in education in Africa. While many African countries have achieved gender parity at many levels of education, the gap between female and male labour participation rates is high. Also, reductions in gender gaps in education will likely only occur after a substantial time lag. Even then, the productivity-improving effect of education will depend on whether the skills are being harnessed through employment.

Separating the effects of gender gaps in education and employment can be tricky. Reduction in the gender gap in one dimension tends to reduce the gender gap in other dimensions. For example, gender inclusion in education might reduce the gender gap in labour force participation and wages, especially in the formal sector, where employers prefer educated workers and rarely consider hiring uneducated women or men.[1] Conversely, a reduction in the gender gap in employment and wages may reduce the gender gap in education as both male and female education become lucrative. In sum, it is highly unlikely that a single labour market intervention can have such an effect without the need for commensurate changes in social norms and behaviour, complementary policies or investments in, for instance, skills or social infrastructure to reduce women's time allocated to unpaid domestic work.

Chart 22 presents the size of the African economy in 2043 on the Current Path and in the Gender scenario.

Chart 22: GDP in 2043: Current Path vs Gender scenario



Source: IFs 7.96 initialising from WDI data

In 2019 (pre-pandemic level), Africa’s GDP was about US\$3 trillion. In the Current Path forecast, it will increase to US\$8.1 trillion by 2043. In the Gender scenario, the 2043 African economy is about US\$259 billion (or 3.3%) larger than expected in the Current Path forecast in the same year.

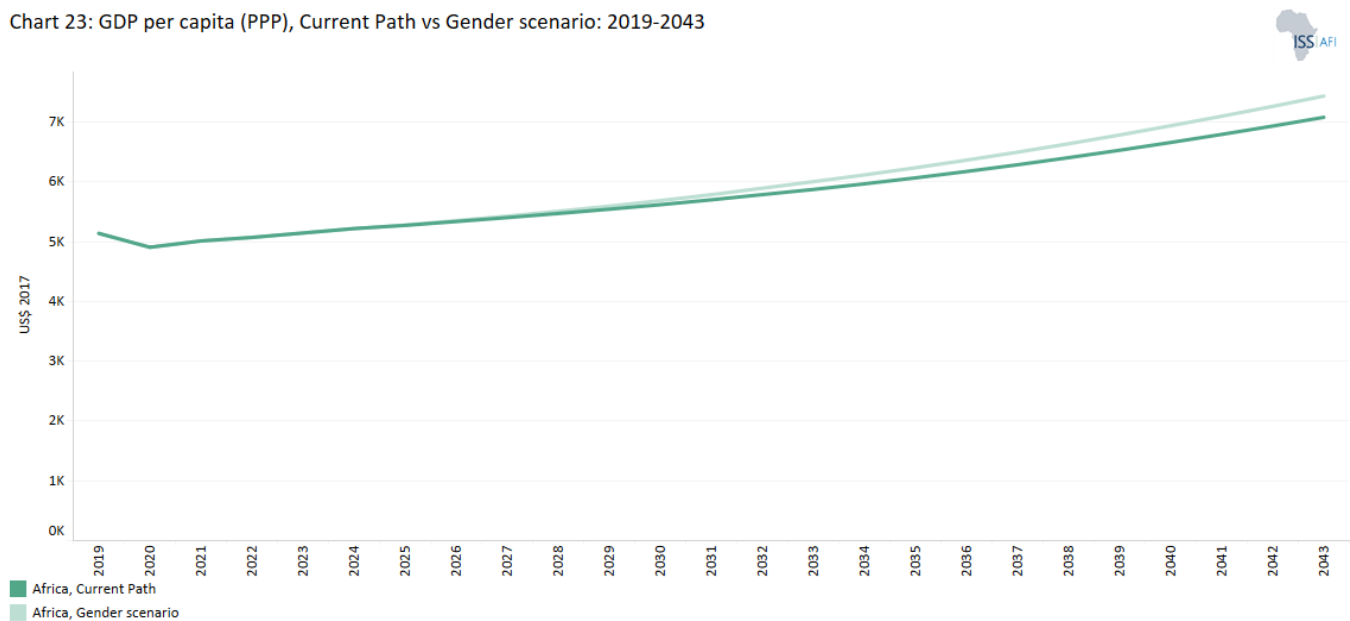
At the regional level, the most significant absolute gain in GDP compared to the Current Path forecast in 2043 occurs in West Africa (and additional US\$90 billion or 3.3%), closely followed by North Africa (US\$89 billion or 4.6%), Southern Africa (US\$31.6 billion or 2.02%), East Africa (US\$27 billion or 2%) and Central Africa (US\$21 billion or 3.7%). At the country level, Egypt and Nigeria gain the most, while Seychelles, Comoros and São Tomé and Príncipe gain the least compared to the Current Path forecast.

On average, North Africa and West Africa have the highest gender gaps in employment, political participation and decision-making processes. As gains tend to be larger where pre-existing gender gaps are larger, these subregions will benefit more from policies to achieve gender equality.

The service sector benefits the most from reduced gender inequalities in Africa with an increase of US\$174 billion (or 4% larger) compared to the Current Path forecast in 2043. The manufacturing sector follows with an increase of US\$56 billion (or 3% larger) above the Current Path in 2043. In the short term (until 2030), the value added of the agriculture sector in the Gender scenario is above the Current Path forecast; thereafter, it slightly declines below the Current Path. Reduced gender barriers in the scenario accelerate women's movement from agriculture to other sectors, particularly the service sector. Labour supply in agriculture as a share of total labour supply in the Gender scenario is 0.4 percentage points lower than the Current Path forecast in 2043. Like other developing countries, African women are increasingly moving from agriculture into services, partly due to the declining gender barriers or shifting social norms.[2] While most women are still employed in the agricultural sector, the share of women employed in the service sector in Africa has been increasing. For instance, female employment in the service sector as a share of total female employment in sub-Saharan Africa increased from 28.45% in 2000 to 39.7% in 2021. That of industry slightly increased from 8.2% to 8.7% over the same period, while female employment in the agriculture sector as a share of total female employment in sub-Saharan Africa declined from 63.4% in 2000 to 51.6% in 2021.[3]

Chart 23 shows the impact of the Gender scenario on Africa's GDP per capita. In 2043, Africa's GDP per capita (PPP) is forecast to reach US\$7 434 in the Gender scenario—US\$355 more than the Current Path forecast of US\$7 079 (equivalent to a 5% increase). This is significant given the size of Africa's population by 2043 (i.e. over 2 billion).

Chart 23: GDP per capita (PPP), Current Path vs Gender scenario: 2019-2043

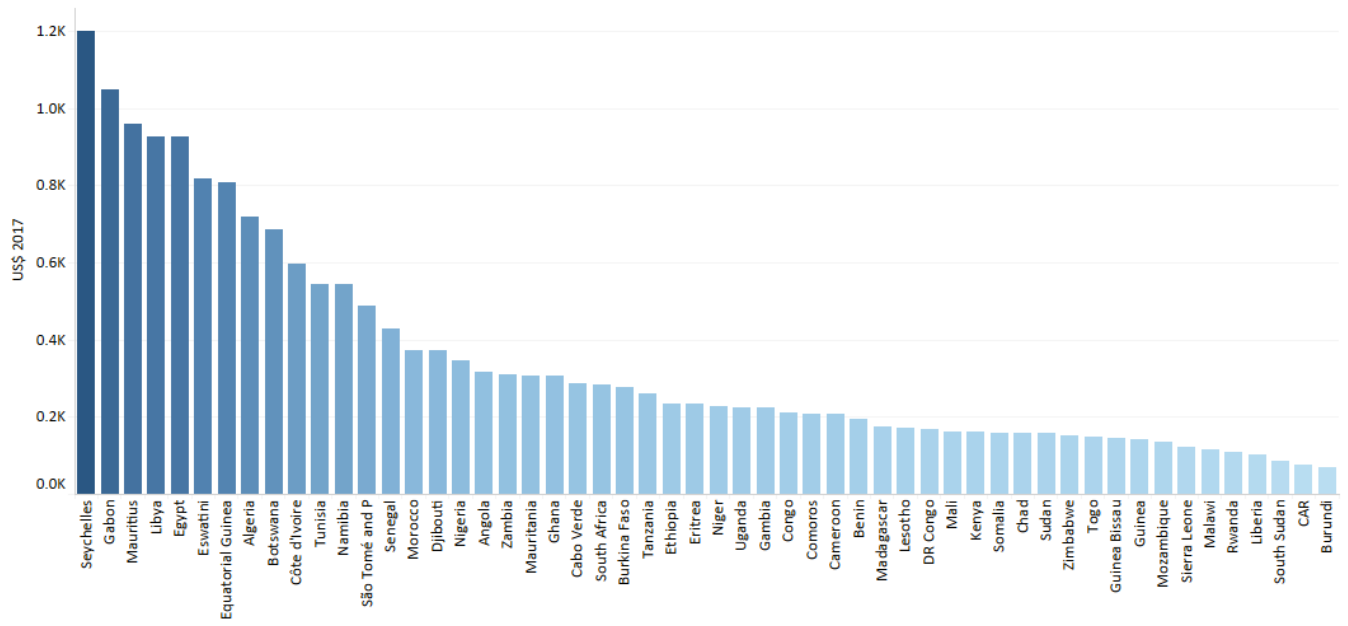


Source: IFs 7.96 initialising from WDI data

At the regional level, the most significant absolute increase in GDP per capita in the Gender scenario compared to the Current Path forecast is in North Africa (US\$750), followed by Southern Africa (US\$330), West Africa (US\$325), East Africa (US\$208) and Central Africa (US\$195). West Africa and North Africa have almost the same improvement in GDP in the Gender scenario compared to the Current Path forecast. However, the absolute increase in GDP per capita in North Africa is more than double that of West Africa due to the large difference in population size. In the Gender scenario, the population of West Africa, driven by Nigeria, is projected to reach about 655 million in 2043. This is nearly 2.5 times the size of North Africa in the same year.

The scenario's impact on GDP per capita differs by country (Chart 24): Seychelles gets the largest GDP per capita increase (US\$1 195) compared to the Current Path in 2043. It is followed by Gabon and Mauritius, partly due to their small population sizes. The country that gains the least in GDP per capita is Burundi, but it gains more than Seychelles in the increase in the size of the economy (i.e. in GDP). Burundi's population is forecast to increase by 46% between 2023 and 2043, while the population of Seychelles will increase by only 3.8% over the same period.

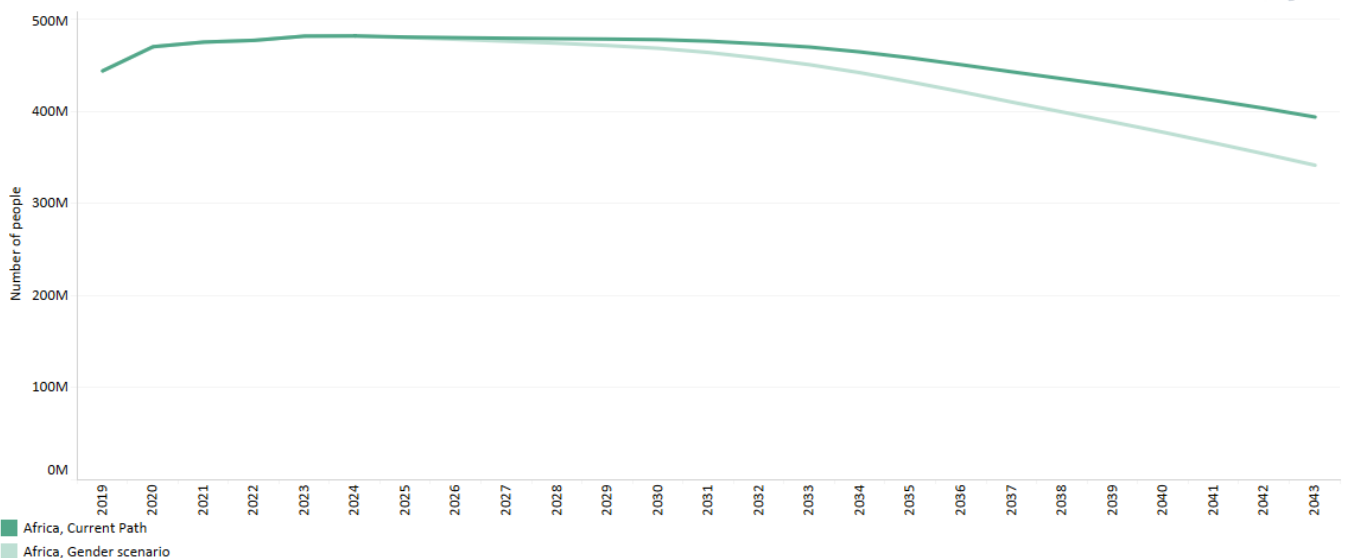
Chart 24: Increase in GDP per capita, Current Path vs Gender scenario: 2043



Source: IFs 7.96 initialising from WDI data

Reducing gender inequality could also significantly reduce poverty in Africa (Chart 25). Using US\$1.90 as the extreme poverty line and considering progress towards the SDG headline goal of eliminating extreme poverty by 2030, the Gender scenario could lift about 10 million Africans out of extreme poverty by 2030. Furthermore, by 2043 53 million people could be lifted out of extreme poverty compared to the Current Path forecast.

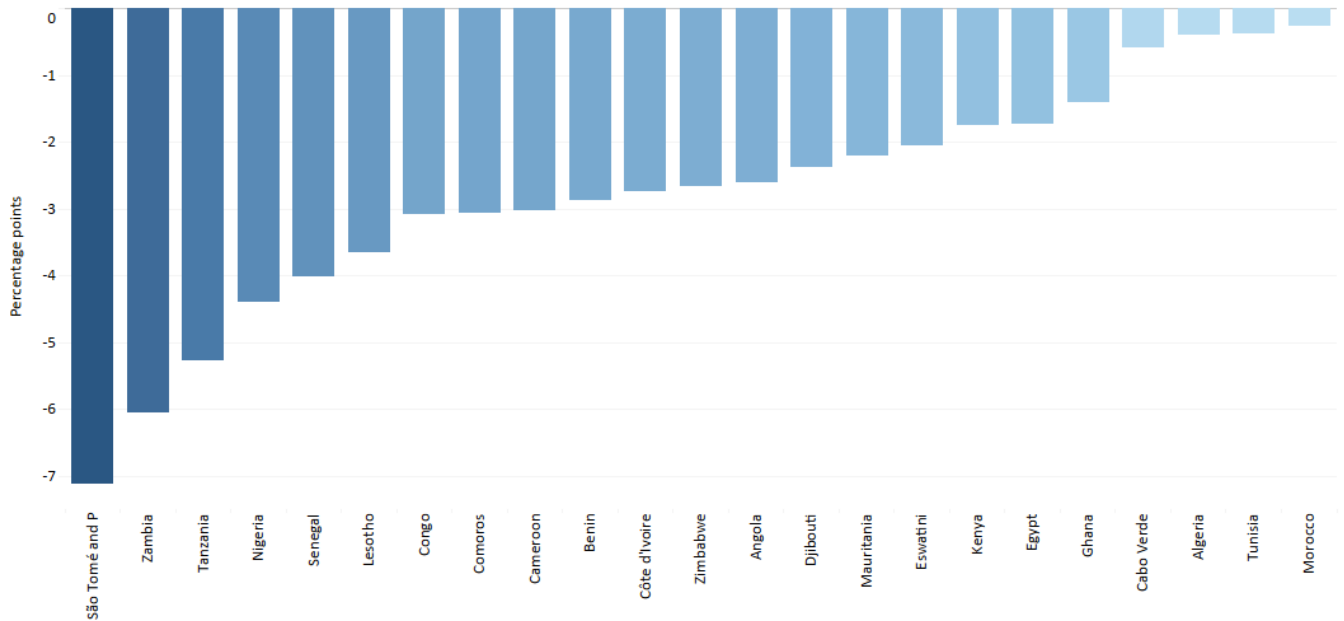
Chart 25: Absolute number of poor people, Current Path vs Gender scenario: 2019-2043



Source: IFs 7.96 initialising from UNPD population prospects estimate, WDI and PovcalNet data

The Gender scenario reduces poverty in all African countries. However, the magnitude of the impact on poverty reduction differs between African subregions and countries. Chart 26 presents the percentage points reduction in poverty rate (US\$1.90) in 2043 in the Gender scenario compared to the Current Path.

Chart 26: Percentage point reduction in poverty, Current Path vs Gender scenario: 2043



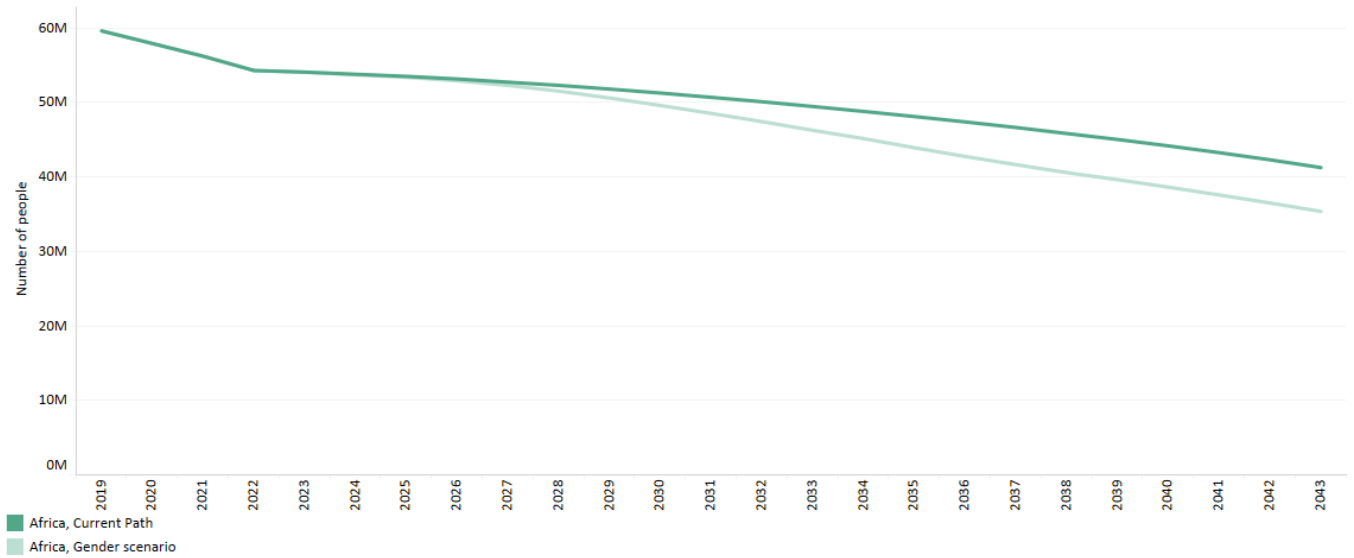
Source: IFS 7.96 initialising from UNPD population prospects estimate, WDI and PovcalNet data

Somalia, Madagascar, Sierra Leone, Burundi, Malawi and Liberia see the largest reduction in poverty rates in 2043 (four to five percentage points reduction compared to the Current Path forecast). All are among the poorest countries in Africa, and welfare gains from increased production (and thus consumption) tend to be higher in poorer countries.

However, in considering the absolute number of poor people, Nigeria will see the biggest poverty reduction by 2043 (12 million fewer poor people compared to the Current Path forecast, equivalent to a 13.4% reduction). Countries such as Seychelles and Mauritius and most North African countries have already achieved the SDG goal of eliminating extreme poverty. As a result, the contribution of the Gender scenario in reducing the extreme poverty rate by 2043 is marginal in these countries.

Reducing gender inequalities in Africa will increase women’s access to education and income and better health resulting in a positive effect on children’s health and development. The number of stunted children in Africa in the Gender scenario in 2043 is 35 million—this is six million fewer children than the Current Path forecast of 41 million in the same year (Chart 27). Stunted children experience diminished intellectual capacity, academic performance and future productivity. A high rate of stunted children implies, therefore, a significant loss of human capital for Africa and compromises its long-term development objectives.

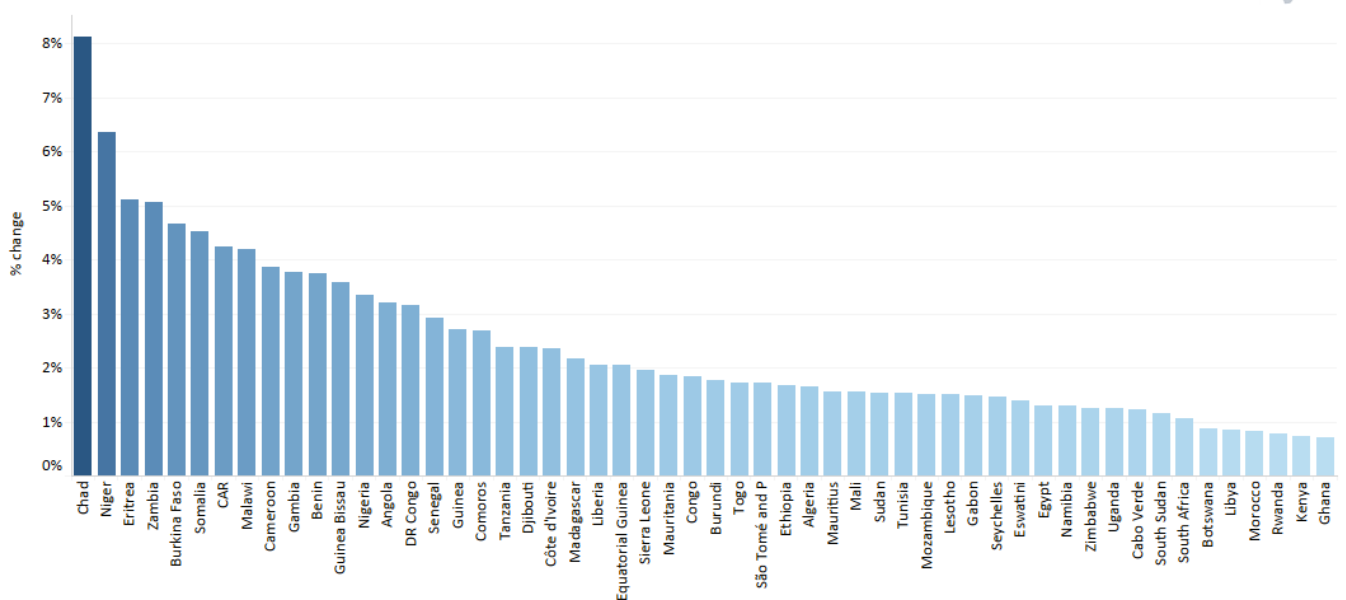
Chart 27: Stunted children, Current Path vs Gender scenario: 2019-2043



Source: IFs 7.96 initialising from WDI data

The Gender scenario improves human development in all African countries, as shown by the change in countries' Human Development Index (Chart 28). This is driven by reduced gender gaps in education, health and livelihood. In percentage change compared to the Current Path, the biggest improvement in the index is recorded by Chad and Niger. However, these countries improve from a very low base as they are among the countries with the lowest levels of human development globally. The overall gender gap in the HDS in Africa is 4% in the Gender scenario compared to 6% in the Current Path forecast in 2043.

Chart 28: Human Development Index (HDI), Current Path vs Gender scenario: 2043



Source:

## Endnotes

1. S Klasen, *The impact of gender inequality on economic growth performance in developing countries*, *Annual Review of Resource Economics*, 10, 2018, 279–98.
2. J Lipowiecka and TK Nganga, *The gender dimensions of services*, Issue Paper, International Centre for Trade and Sustainable Development (ICTSD), 2016. International Labour Organization (ILO), *Global employment trends for women*, 2012.
3. The World Bank, *World Development Indicators*, 2023.

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**Dr Kouassi Yeboua** is a senior researcher in African Futures and Innovation programme in Pretoria. He recently served as lead author on ISS studies on the long-term development prospects of the DR Congo, the Horn of Africa, Nigeria and Malawi. Kouassi has published on various issues relating to foreign direct investment in Africa and is interested in development economics, macroeconomics, international economics, and economic modelling. He has a PhD in Economics.

**Dr Jakkie Cilliers** is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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