



**“ECONOMIC EMPOWERMENT OF WOMEN:
KEY FACTORS FOR EQUALITY FOR 2030”
a Forum organized by OCAPROCE International**

**Session 5 - Gender Pension Gap:
Cumulative Effect of lifelong Gender Imbalances in
Paid & Unpaid Work**

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The **Gender Pay Gap**, which was the topic of the previous session, measures the gender gap in pay per hour or per month. It therefore provides a **snapshot on income inequality between men and women**.

But it doesn't give the whole picture: it doesn't tell us anything about how women's disadvantages accumulate over their lifetime – and the consequences for women in old age.

There are many other factors that contribute to gaps in women and men's income over the longer term, and that translate into large income inequalities over their lifetimes, as well as significant gender gaps in pensions, which are even higher than the Gender Pay Gap. – so we are talking of an even bigger robbery there!

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So what are the other factors?

1. Labour force participation, which in every country in the world remains lower for women

As shown by the infographic on the left, globally women's labour force participation stands at 49.6% whereas it is 76.1% for men.

2. The types of employment, that is whether paid work is formal or informal

As shown by the infographic on the right, women are overrepresented in the informal sector around the globe, especially in developing countries. The informal economy falls out of the scope of labour laws, leaving many exposed to low pay and unsafe working conditions, and without social benefits, such as pensions, sick pay and health insurance.

3. Patterns of employment: men usually work full time whereas part time work which is dominated by women
4. Career profiles: women often do not have linear career, with career breaks linked to motherhood and care responsibilities.

As a result of all these factors, in a country like Germany, women on average earn just half as much income as men over their lifetimes.

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The Gender Pension Gaps are also the result of these accumulated disadvantages. There are actually several gaps.

1. The first Gender gap is in pension entitlement:

Women are over-represented among the 73 % of the world's population that have partial or no access to pensions. Among these, 65% are women – that is 200 million women do not receive pensions in old age.

Even in developed countries, women often spent more time outside the labour market for caring for children or relatives, and as a result, they do not always meet contributory requirements, and are therefore more likely to receive minimum pension payments or depend on social welfare.

The few figures which are shown on the slide illustrate this first gap in pension entitlement, with large variation across regions:

Region	Men	Women
North Africa	63.6%	8.0%
Arab States	31.0%	3.3%
West and Central Asia	94.4%	86.4%
Eastern Europe	95.3%	95.3%

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2. The 2nd Gender gap is in pension payments/benefits:

Among those who do contribute to pensions, women are more likely to have worked part-time and in less well-paid jobs, which as we have seen results in lower life-long earnings and therefore can lead to large gender disparities in pension payments.

This is illustrated by the OECD graphic on the slide. Please note that older persons who do not receive a pension are not covered by the gap indicator in this graphic.

The data I have found on Europe is higher as it does cover every older person: the figures show large disparities in Europe when it comes to the gender gap in pension payment from 5% in Estonia to 45% in Germany. Even a gender equality champion like Sweden has a large gender gap when it comes to pension payment.

Pension gaps in the EU (source Eurostat 2012):

Germany & Luxembourg	45%
UK	40%
France	36%
EU28	31.0%
Sweden	30%
Slovakia & Denmark	8%
Estonia	5%

As a result of these gaps, in both developed and developing economies, the risk of poverty in old age falls disproportionately on women – a topic on which my colleague and friend Silvia will certainly further elaborate.

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Mothers are especially at a disadvantage when it comes to the Gender Pension Gaps.

Mothers already face more discrimination in the labour market in comparison to women without children, notably in hiring, in wage levels, and when it comes to promotion.

Mothers also face greater constraints than women without children when it comes to balancing paid work and their family responsibilities. Such policies like inflexible working hours, limited parental leave, or the lack of childcare options, can force them into part-time employment, or even to withdraw from the Labour force. In turn, this exposes them to further inequalities, such as limited access to social protection, in particular old-age benefits.

The Gender Pension Gaps also illustrate this “Motherhood penalty”. In effect, the motherhood wage gap, career breaks linked to maternity and care responsibilities, as well as part time work patterns, have a cumulative effect that results in a significant lifetime income gap, as well as a “**Motherhood Pension Gap**” which is higher than for women without children.

And indeed this disadvantage increases with the number of children.

Few data is available on the motherhood pension gap and its correlation with the number of children. The graphic shows the case of Germany.

As another example: In France, the gender pension gap is

- 19% for women who have no children,
- 31% for women who have one or two children, and
- 50% for women who have three or more children.

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*And this links us directly to the issue of **Unpaid Family Care Work***

In all regions women work more than men – as illustrated on this graphic.

On average women do almost two and a half times as much unpaid family care and domestic work as men, and if paid and unpaid work are combined, women in almost all countries work longer hours each day than men.

So what can we do?

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Addressing the Gender Gap in Pensions means addressing the various factors and root causes that contribute to this Gap:

1. Addressing the Gender Pay Gap, a topic which was discussed in the previous session
2. Addressing the issue of discrimination against women on the labour market – especially against mothers - (that is the “motherhood penalty” which I discussed in a previous edition of this Forum)
3. Addressing the issue of informality of women’s paid work in many parts of the world - On this point I’d like to mention universal social pensions which start being implemented in a few developing countries – instead of contributory pensions that prevailed in developed countries.

The introduction of universal social pensions in countries such as Bolivia, Lesotho and Mauritius, for example, has helped close gender gaps and provides women with basic income security in old age.

Further, It has been estimated, for example, that the introduction of universal social pensions would cost around 1 per cent of gross domestic product (GDP) per year in most countries in sub- Saharan Africa.

4. But it also means addressing the issue of Unpaid Family Care Work as one of the main obstacle to Women Economic Empowerment, which is necessary to ensure pension in old age.

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[MMM Recommendations]

This last slide will focus on this 4th point – **addressing the unequal distribution of Unpaid Family Care Work and responsibilities – based on the 3R framework: Recognize-Reduce-Redistribute Unpaid Care Work.**

Recognition:

→ Every mother works - Unpaid Family Care work must be recognized as “work” and made statistically visible to the general public and policy makers by conducting regular Time-Use surveys. It must also be included in Labour Statistics (following a resolution which was adopted at the ILO in 2013).

→ Mothers and other caregivers are not “inactive” & Care work must be recognized as essential and valuable work! - They must be given a status and rights (e.g. access to social protection or implementation of a Social Protection Floor, education and training, **care credits in pension calculations**)

In particular, the so-called “care credits” can compensate for periods of unpaid work during which the care provider makes limited or no pension contributions. “Care Credit” in pension calculation can help establish pension eligibility, advance the date of retirement, improve the pension amount, or affect a combination of these.

Many developed countries have introduced “care credits” in contributory pension calculations, in particular in Europe. For example: Canada, Finland, France, Germany, Sweden, UK – They can help reduce the gap, but as we could see from the statistics which were shown, they are not enough.

I will not elaborate on the 2nd R -
Reduction through infrastructure development
Which is quite obvious.

The 3rd R is
Redistribution - both between men and women & between families and other stakeholders.

→ Paid Paternity Leave are proving effective in engaging fathers in care work - right from the start!

→ Parental leave shared by mothers and fathers are also – paid at sick pay level to encourage men in taking these leaves.

→ Policies to reconcile Work and Family life, for both men and women, are also essential so that women remain in the workforce AND men take their share of care responsibilities

I’d like to mention as an example of good practice, the Right to request flexible working arrangements, which was implemented in the UK. But a cultural change in corporations is also needed....

→ Policies to support women’s re-entry into the labour market after a career break linked to maternity or other care periods are also important (Taking a life course approach and and recognize of the skills, values and sensibilities mothers develop through maternity and unpaid care work).

→ Lastly I’d like to say a word on the role of women themselves: women have to make room for men.... And also the boys they educate!

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I am afraid that I have to conclude on a negative note with this quote:

“Overall, **the considerable size of the Gender Pension Gap is one of the biggest gender equality policy challenges of our times.** Given the long-term focus of the social insurance system and the rather slow development of any long-term perspectives for mothers in the labour market that offer adequate incomes, this challenge cannot be tackled overnight. “

The Gender Pension Gap
- Developing an Indicator Measuring Fair Income Opportunities for Women and Men
A Study by the Fraunhofer Institute for Applied Information Technology (FIT) on behalf of the Federal
German Ministry for Family Affairs, Senior Citizens, Women and Youth

And this is all the more a challenge in a context of ageing populations and longer life expectancies that have led to a worldwide retirement savings shortfall which, according to the Financial Times is estimated as \$100tn.

Thank you!