THE ROLE OF GENDER INEQUALITIES IN EXPLAINING INCOME GROWTH, POVERTY AND INEQUALITY:

EVIDENCES FROM LATIN AMERICAN COUNTRIES

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THE ROLE OF GENDER INEQUALITIES IN EXPLAINING INCOME GROWTH, POVERTY AND INEQUALITY: EVIDENCE FROM LATIN AMERICAN COUNTRIES *

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ABSTRACT

This Working Paper investigates the possible link between gender inequalities in the labour market and significant economic outcomes such as income growth, poverty and inequality indicators. Our analysis is based on microsimulations for eight Latin American countries. We consider four aspects of gender inequalities: differences in labour market participation, differences in occupational status, wage discrimination and differences in characteristics. Our findings highlight the relevance of gender equality, especially an increase in women's access to the labour market, in bringing about a reduction in poverty and inequality.

Key Words: Gender, Labour Market, Microsimulation, Growth, Inequality, Poverty.

1 INTRODUCTION

Gender inequalities, like all other inequalities unrelated to merit, are intrinsically unfair and wrong. The fight against gender inequalities is of genuine interest in itself. It might also be argued, however, that gender equality is necessary because it can bring positive outcomes to a whole society, such as higher economic growth and lower levels of poverty and inequality. This latter view has been the subject of much recent research in an effort to understand the possible consequences of gender inequalities for society.

The present study is also an attempt to understand how gender inequalities affect all of society. We use microsimulation techniques to analyse the impact of different aspects of gender inequalities on household income distribution, in terms of income growth and levels of poverty and inequality. We consider four aspects of gender inequalities related to the labour market. The first is the difference between men and women in entry to the labour market, which results in a disparity of male and female participation in the labour force. The second is the distinct occupational status of women and men, which may be represented by higher

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female rates of unemployment or informality. The third is wage discrimination—that is, lower remuneration for women's productive characteristics. The fourth aspect of gender inequalities affecting the labour market consists of differences in men's and women's characteristic endowments. We use microsimulations to remove each of these components of gender inequalities from the labour market. The counterfactual household income distributions that emerge from each simulation are analysed considering mean income growth, poverty and inequality indicators. The research covers eight Latin American countries: Argentina, Brazil, Chile, the Dominican Republic, El Salvador, Mexico, Paraguay and Uruguay.

The paper is organised as follow. This introduction is followed by a section that provides background information and establishes the study's main objectives. The third section discusses the methodology. The fourth presents the data on the countries being analysed, while the fifth presents the results. Finally, the sixth section concludes.

2 BACKGROUND INFORMATION

The link between gender and economic growth has been examined from a macroeconomic perspective. The most popular technique in the macro approach to this issue is cross-country regression analysis. Examples of research papers based on this methodology are Dollar and Gatti (1999), Klasen (2002), and Klasen and Lamanna (2003), which examine the relation between economic growth and gender gaps in education and employment. The overall finding is a negative correlation between gender gaps and economic growth, although the details of the results vary with model specifications.

The theory underlying these macro studies relies on certain channels to explain how gender inequalities affect economic growth. One of the arguments used to explain how a gender gap in education produces economic inefficiency is that the exclusion of women from educational achievements limits the supply of skilled people. Another explanation concerns the externalities of greater female education, which are lower fertility levels and improved human capital among children. The relation between growth and the gender gap in employment have similar channels of transmission, though here the matter is more complicated because of reverse causality. Nonetheless, higher levels of female employment entail an increase in the supply of skilled people in the labour market, as well as a growth in female intra-household bargaining power that produces a rise in children's human capital.[1]

Attempts to establish a macro link between gender equality and growth are interesting, but the micro approach can also be very helpful in establishing a comprehensive context within which gender inequalities affect household income growth, as well as levels of poverty and inequality. As developed by Bourguignon *et al.* (2001), the microsimulations comprise a decomposition method that is key in this type of analysis. This method is an extension of the Oaxaca-Blinder decomposition (Oaxaca, 1973) and the distribution decomposition conducted by Juhn *et al.* (1993). These methods have been extensively used to analyse wage differentials, including the gender wage gap.

The decomposition developed by Bourguignon *et al.* (2001) includes an analysis of the occupational structure, thus facilitating an examination of household income distribution. Hence this technique can be used to analyse the impact of labour market features on characteristics of household income distribution, such as levels of poverty and inequality. This decomposition method must be carefully interpreted to draw causal inferences, though it might help shed some light on the links between changes in the labour market and household income distribution. According to Shorrocks (1999: 1): "Decomposition techniques are used in many fields of economics to help disentangle and quantify the impact of various causal factors. Their use is particularly widespread in studies of poverty and inequality." The use of microsimulations is a promising way of investigating the relationship between gender inequalities on the one hand, and poverty and inequality levels on the other. Indeed, it has already been used. Examples are Ferreira and Barros (2004), Gradín *et al.* (2006), Scorzafave (2004) and Bourguignon *et al.* (2001).

Applying this technique, Ferreira and Barros (2004) found that a narrowing of the gender wage gap contributed to lower Brazilian poverty levels in the period 1976–1996, while Gradín *et al.* (2006) found that wage discrimination is a relevant determinant of poverty levels in European countries. On the other hand, both Scorzafave (2004) and Bourguignon *et al.* (2001) showed that recent increases in the female labour force had an inequality-increasing effect in Brazil and Taiwan, respectively. In both countries this result is attributed to the fact that the women who entered the labour force had high levels of education and already belonged to the higher strata of the household income distribution.

In a micro model, there is a straightforward link between gender inequalities, a rise in income and poverty. For instance, an increase in women's education leads to an increase in the female labour force and productivity, which drive up women's earnings. The rise in female earnings leads to higher levels of household income and consumption—that is, an increase in current income and a reduction in poverty. Additionally, the reduction of current gender inequalities might affect children's human capital and savings, entailing an impact on future income growth and poverty reduction.[2]

The present study is based on microsimulation techniques and a micro conceptual framework. We simulate the suppression of different gender inequalities in the labour market and build different counterfactual household income distributions. These counterfactual income distributions are compared to the original one in order to estimate the impact of each simulation in terms of an increase in income and a reduction in poverty and inequality. We examine four aspects of labour market-related gender inequalities: differences in labour market participation, disparities in occupational status, wage discrimination, and divergences in characteristic endowments.

One caveat must be noted about this methodology. These simulation exercises represent partial equilibrium results—that is, the estimated impacts do not consider possible general equilibrium effects. Because of this limitation, the results must be interpreted as rough estimates of what would happen if gender inequalities were eliminated, not as the final equilibrium. Additionally, our results allow for an analysis of the relative importance of each aspect of gender inequality in explaining income growth and level of poverty and inequality.

We now turn to an analysis of the sources of each of the four aspects of gender inequality being considered in this study.[3] The gender gap in the rates of labour force participation stems not only from differences in characteristics between men and women but also from differences in the probabilities of labour market participation among men and women with similar characteristics. A possible explanation for women's lower probability of being economically active is that they might face barriers in access to the labour market. One of these barriers could be that they are responsible for domestic duties, and a lack of support (such as childcare facilities) might prevent them from entering the labour force. Other barriers that discourage women from joining the labour force might be the poor conditions they face in the labour market, such as wage discrimination and the struggle to find jobs, particularly high-quality jobs. Gender roles and cultural factors could also pose obstacles because there might be social disapproval of economically active women, or they might face legal impediments. There might be other kinds of barriers to women's entry into the labour market. On the other hand, the decision to be economically inactive can also be an option freely chosen by women who want to devote their time to the home. Regardless of the reasons for the lower probability of women joining the labour force, our methodology equalises the probabilities of women and men participating in the labour market, conditional on their characteristics, in order to reduce the discrepancy between female and male participation rates.

The second aspect of gender inequalities analysed is that women and men occupy very different positions once they are economically active. In other words, there is a gender gap in unemployment, formality and informality rates. Again, this gap depends on gender differences in characteristics and a disparity in the probabilities of being unemployed, or a formal or informal worker, between men and women with similar characteristics. Some barriers might be preventing women from finding jobs or formal jobs, and thus they are more likely to be unemployed or to work informally. For example, employers (particularly formal employers) might avoid hiring women of reproductive age. It is also possible, however, that the gender differences in the probabilities are the result of a free choice. For instance, women may prefer informal jobs because they offer more flexible working hours. In an effort to reduce the gender discrepancies in rates of unemployment, formality and informality, our methodology equalises the probabilities of being unemployed, formal or informal between men and women with equivalent characteristics, notwithstanding the causes of the different probabilities.

The wage gap is the third feature of gender inequalities in the labour market examined here. Gender differences in characteristics and divergent remuneration for characteristics between women and men are the causes of the gender gap in the hourly wage. If women and men receive different prices for the same characteristics, there is wage discrimination in the labour market. To narrow the gender wage gap, our methodology equalises the price that women and men obtain for their characteristics, so that women and men with similar characteristics receive the same hourly wage.

The gap in characteristic endowments is the fourth aspect of gender inequalities studied. This gender gap is generated outside the labour market but it produces different labour market outcomes for men and women, such as different participation rates, different occupations and different pay. We simulate identical characteristic endowments to investigate how labour market outcomes would be different between men and women.

The channel of transmission whereby gender equality affects income growth and levels of poverty and inequality is explained directly from our micro model. Promoting gender equality in terms of equalising women's and men's probabilities of being economically active, unemployed, formal or informal, balancing women's and men's wages, and levelling women's and men's characteristics might entail an increase in total female earnings. Sequentially, higher female earnings increase levels of household income and consumption, thereby reducing poverty and raising the income level. The following section explains this link in detail as we describe the methodology used, which is based on Bourguignon *et al.* (2001).

3 METHODOLOGY

3.1 HOUSEHOLD INCOME MODEL AND ITS LABOUR MARKET DETERMINANTS

Household income is the total amount of income received by individuals living in the household, while individual income is the sum of individual labour income and individual non-labour income. Thus household income (Y^H) can be expressed by the following equation:

$$Y^H = \sum_{i=1}^{n}\left[\left(\sum_{j=1}^{J} I_i^j Y_i^j\right) + I_i^{sl} Y_i^{sl} + Y_i^{nl}\right], \tag{1}$$

where the subscript *i* indicates each individual living in the household and the subscript *j* refers to each economic activity status; I_i^j is a dummy variable that assumes the value 1 if individual *i*'s main economic activity is *j*, and 0 otherwise; Y_i^j is individual labour income in main economic activity *j*; I_i^{sl} is a dummy variable that takes the value 1 if individual *i* has other economic activities and 0 otherwise; Y_i^{sl} is the individual labour income of secondary economic activities; and Y_i^{nl} is total individual non-labour income.

Though it is not possible to estimate econometrically the household income equation, it is not too difficult to discuss its labour market determinants. To analyse how labour market structure affects household income, we must consider the determinants of the income generated in the labour market. Two estimation models are necessary: one that determines the labour market participation structure, and another that considers the remuneration structure.

In the labour market participation structure model analysed here, individuals of economically active age can be divided into four groups: economically inactive, unemployed, formal worker and informal worker. Nonetheless, we consider that the decision among these four categories does not happen simultaneously.[4] First, individuals face the decision of whether to become economically active. Then, once they decide to participate in the labour market, they have to choose whether to continue looking for a job or to accept a formal or an informal job offer. That is, they make the decision to be unemployed or to be a formal or informal worker in their main occupation. Hence the labour market participation structure is determined by a sequential decision.

Because of the nature of the decision, we use the sequential logit estimation with two stages as recommended by Maddala (1983) and Liao (1994). The two stages are considered independent and estimated separately, and thus the probability of choice in one stage is considered independently of the probability of choice in the other stage. Hence the participation decision is modelled by a logit considering the entire sample (i.e., economically active and inactive individuals), while the occupational decision is estimated by a multinomial logit model only for a subsample (economically active individuals).

The probability of being economically active (P_i^A) is thus given by

$$P_i^A = \frac{e^{\lambda Z_i}}{1+e^{\lambda Z_i}}, \tag{2}$$

and the probability of being in each category status j (unemployed, formal worker, informal worker) conditional on being economically active (P_i^j) is

$$P_i^j = \left(\frac{e^{\lambda Z_i}}{1+e^{\lambda Z_i}} \right) \left(\frac{e^{\gamma_j Z_i}}{\sum_k e^{\gamma_k Z_i}} \right), \tag{3}$$

where λ is the vector of parameters estimated in the first stage by the binary logit, γ_j represents the vector of parameters of each category *j* estimated by the multinomial logit in the second stage, and Z_i represents the vector of explanatory variables.

Both the binary logit and the multinomial logit models can be considered in a utility maximising process. In the first stage of the sequential decision, there is a latent variable for each individual, which could be the individual utility of being economically active, and it is given by

$$U_i^* = \lambda Z_i + \varepsilon_i^\lambda, \tag{4}$$

where ε_i^λ is symmetrically distributed with zero mean and it has F(ε_i^λ) as the cumulative distribution function.

The individual will decide to become part of the labour force only if $U_i^* > 0$; otherwise he/she will choose to be outside the labour market. Therefore, the probability that the individual is economically active (P_i^A) is

$$P_i^A = P\left(\lambda Z_i + \varepsilon_i^\lambda > 0\right) = P\left(\varepsilon_i^\lambda > -\lambda Z_i\right) = 1 - F\left(-\lambda Z_i\right) = F(\lambda Z_i). \tag{5}$$

If F(ε_i^λ) is a logistic distribution, we have a binary logit model as implied by equation (2). The vector of parameters λ is estimated by the method of maximum likelihood. In addition, the error term (ε_i^λ) for each individual can be imputed considering its distribution and the restriction implied by equation (5).

In the second stage of the sequential decision, those who decided to participate in the labour market will have to choose an economic activity status. Consider that there are latent variables for each possible outcome j, which can be considered as the utility associated with each economic activity status j (being unemployed, a formal worker or an informal worker),

$$V_{ij}^* = \gamma_j Z_i + \varepsilon_{ij}^\gamma, \tag{6}$$

where $\varepsilon_{ij}^{\lambda}$ is independently, identically distributed extreme value. The unconditional probability of economic status j being chosen is given by (P_i^{Vj})

$$P_i^{Vj} = P\left(\gamma_j Z_i + \varepsilon_{ij}^{\gamma} > \gamma_k Z_i + \varepsilon_{ik}^{\gamma}, \forall j \neq k\right). \tag{7}$$

Considering the error distribution, it is possible to obtain that

$$P_i^{Vj} = \left(\frac{e^{\gamma_j Z_i}}{\sum_k e^{\gamma_k Z_i}}\right), \tag{8}$$

which explains equation (3). Therefore the second stage is a multinomial logit model and the vector of parameters of each outcome (γ_j) is estimated by maximum likelihood. The residuals ($\varepsilon_{ij}^{\gamma}$) can be imputed regarding its distribution and the restrictions imposed by (7).

Since our aim is to compare the participation-occupational decisions made by women and men, the sequential logit model is estimated separately for women and men. Thus, in the participation decision, we will have $\left(\hat{\lambda}_w, \hat{\lambda}_m\right)$ as estimated parameters and $\left(\varepsilon_{iw}^{\lambda}, \varepsilon_{im}^{\lambda}\right)$ as imputed residuals, where the subscript w stands for women and the subscript m for men. In the occupational decision, we will have estimated $\left(\hat{\gamma}_{jw}, \hat{\gamma}_{jm}\right)$ as parameters and imputed $\left(\varepsilon_{ijw}^{\gamma}, \varepsilon_{ijm}^{\gamma}\right)$ as residuals.

As mentioned above, the vector Z_i represents the vector of explanatory variables used in estimating the sequential decision model for both men and women.

The characteristics considered are education, age, race,[5] marital status, non-labour income, region, number of children, school attendance, the presence of elderly in the household, and the number of unemployed and informal workers in the household.

The educational variables are dummy variables that indicate if the individual has no level of formal education, incomplete primary, complete primary,[6] incomplete secondary, complete secondary or university level. The non-labour income is calculated for each individual as the logarithm of total household income without the individual labour income, and divided by the number of people in the household. The squared form of the non-labour income is also present in the model. The number of children variables depend on the age and sex of children; we use the number of 0–3 year-old children, 4–6 year-old children, 7–10 year-old boys, 7–10 year-old girls, 11–15 year-old boys and 11–15 year-old girls.[7] The number of unemployed and informal workers in the household is calculated excluding the individual himself/herself if he/she is in one of these categories. Moreover, we use as explanatory variables age, age squared, dummy variable for race,[8] dummy variable if married, dummy variables for regions, dummy variable if the person is attending school, and dummy variable if there is an elderly person (65 years or older) in the household.

The next step in understanding how the labour market affects household income is to estimate the determinants of wage equation. Because of some features of the simulations, we will consider two definitions of wage: one is the monthly wage of the main job and the other is the hourly wage of the main job. So the wage equations estimated are:

$$\ln Y_{ij} = \beta_j X_i + \varepsilon_{ij}^{\beta}, \tag{9}$$

$$\ln y_{ij} = \theta_j X_i + \varepsilon_{ij}^{\theta}, \tag{10}$$

where Y_{ij} is the monthly wage of individual i in his/her main occupation j, y_{ij} is the hourly wage of individual i in his/her main occupation j, X_i is the vector of explanatory variables, and ε_{ij}^{β} and $\varepsilon_{ij}^{\theta}$ are the residuals, which capture the effects of unobserved characteristics. The parameters β_j and θ_j are estimated using ordinary weighted least squares.

These equations are estimated separately, not only for women and men but also for formal and informal workers. As a result, we will have estimated $\left(\hat{\beta}_{jw}, \hat{\beta}_{jm}\right)$, which represent a total of four estimated parameter vectors for the monthly wage equation. Analogously, we will have $\left(\hat{\theta}_{jw}, \hat{\theta}_{jm}\right)$ as estimated parameter vectors in the hourly wage equation. Additionally, for those individuals who participate in these wage regressions, ε_{ij}^{β} and $\varepsilon_{ij}^{\theta}$ will be automatically calculated.

There are still three important issues to mention about the estimation of our labour market model (participation-occupational-wage structure). One is that we are considering only the main occupation of the individual to classify him/her as a formal or informal worker. We do not include analysis of the second job in our model, even though the second-job earnings are part of the household income. To model the participation-occupational structure fully, we would also have to estimate the probability of a person who is economically active having a second job. Our labour market analysis, however, is confined to the main occupation of each worker. We estimate neither the probability of participation in a second job nor the second job wage equation.

Another important issue is that the participation-occupational equations are reduced-form equations. In the structural model, wages are significant determinants of the participation-occupational equations. To estimate these equations, we obtain their reduced form by replacing the wages with their determinants.

Finally, we should mention that a sample selection bias correction procedure could be used in the estimation of the wage equation, since the error terms and the explanatory variables in these equations might be correlated. However, as argued by Ferreira and Paes de Barros (2004), the assumptions required to correct sample selection are as strong as assuming that the errors in the wage equation are independently distributed.

3.2 SIMULATING THE ROLE OF GENDER INEQUALITIES IN EXPLAINING HOUSEHOLD INCOME DISTRIBUTION

The model described above is a very helpful tool in understanding how labour market characteristics affect household income distribution. More specifically, we use it to clarify the implications of gender inequalities in the labour market for income distribution. We simulate hypothetical scenarios without gender inequalities in the labour market and construct counterfactual income distributions, which are compared to the actual distribution.

The present analysis focuses on four aspects of gender inequalities: the different labour market participation rates, the difference in occupations among the economically active, the different remuneration of productive characteristics, and the disparities in characteristic endowments. Each of these aspects of gender inequalities is connected to different labour market-related features.

Our counterfactual-based simulations try to answer four questions:

1. How would total income distribution be if the effects of the determinants of labour market participation for women were the same as those for men?
2. How would total income distribution be if the effects of the determinants of occupational status for women were the same as those for men?
3. How would total income distribution be if women were remunerated the same as men for their characteristics?
4. How would total income distribution be if women had the same characteristics as men?

To answer the first question, we simulate the female participation equation, which is the first stage of the participation-occupational sequential decision. In this simulation, women and men with equal observed characteristics would have the same probability of being economically active. To achieve this result, we replace the female estimated coefficients in the female participation equation with the male ones. As a result, the simulated decision of being economically active is based on the following simulated utility (latent variable):

$$\left(U_w^*\right)_{c1} = \hat{\lambda}_m Z_w + \varepsilon_w^{\lambda}, \quad (11)$$

where $c1$ stands for first counterfactual. And the simulated probability of women being economically active is given by:

$$\left(P_w^A\right)_{c1} = \frac{e^{\hat{\lambda}_m Z_w}}{1+e^{\hat{\lambda}_m Z_w}}. \quad (12)$$

On the basis of this simulated decision of participating in the labour market, different women decide to enter the labour market or not. The earnings of women who decided to stay out of labour market are equal to zero. Those who were originally in the labour market keep their original occupational status and, if employed, their original wage. The occupational status of those who were not originally in the labour market is defined by their characteristics and the choice mechanism of the female occupational decision. More specifically, for those women who first become economically active, we calculate their second-stage utilities (or latent variables) considering the estimated female multinomial logit coefficients, their characteristics and their imputed residuals. The residuals were imputed for them regarding only the mean and standard deviation of the residuals distribution. The comparison among utilities determines which occupational status is chosen: unemployed, formal worker or informal worker. If the choice is not to be unemployed, the wage of those women is given by the estimated female monthly wage equation of the occupation chosen (formal or informal). Since these women were not part of the wage equation estimations, they do not have a residual term to include in their wages computation. Thus we impute wage residuals for them, observing the mean and the standard deviation of each residual distribution (formal or informal).

Once we have the simulated wages, we can compute the first counterfactual household incomes, $\left(Y^{H}\right)_{c1}$. Thus we will have the first counterfactual household income distribution, which is the income distribution that would prevail if there were no gender differences in access to the labour market.

The second question requires a simulation of the female occupational equation. If the effects of the determinants of occupational status were the same for men and women, then men and women with equal observed characteristics would have the same probabilities of being unemployed, formal workers or informal workers once they are economically active. Thus we only have to replace the female estimated multinomial logit coefficients for the male ones in the second stage of the female participation-occupational sequential decision. This means that the simulated women's occupational status decision is based on the following utilities (or latent variables) associated with each outcome:

$$\left(V_{wj}^{*}\right)_{c2} = \hat{\gamma}_{mj} Z_{w} + \varepsilon_{wj}^{\gamma}, \qquad (13)$$

where $c2$ refers to second counterfactual. The counterfactual probability of being in each occupational status j (unemployed, formal or informal worker), conditional on being economically active, is given by:

$$\left(P_{w}^{j}\right)_{c2} = \left(\frac{e^{\lambda_{w} Z_{w}}}{1+e^{\lambda_{w} Z_{w}}}\right)\left(\frac{e^{\gamma_{m} Z_{w}}}{\sum_{k} e^{\gamma_{m} Z_{w}}}\right). \qquad (14)$$

It is important to note that the participation structure is kept the same, since we only modify the occupational equation. After women's occupational structure is simulated, we must calculate wages for those who changed occupations. If a woman becomes unemployed, her earnings are zero. But the earnings of those who took either a formal or informal position will be calculated according to the monthly wage equation of the formal or informal sectors. Moreover, their wage residuals are imputed considering the mean and standard deviation of the residual distributions, so that they can be included in their wages. Having the simulated wage distribution is sufficient to obtain the second counterfactual household income distribution, which is the income distribution that would prevail if there were no gender labour market segmentation, $\left(Y^{H}\right)_{c2}$.

To answer the third question we must simulate the hourly wage equation. In the hourly wage equation, the estimated coefficients, $\left(\hat{\theta}_{jw}, \hat{\theta}_{jm}\right)$, are the prices women and men receive for their characteristics in the labour market; no wage discrimination implies that these prices are the same. We replace women's coefficient in the female wage equation by men's; hence women and men with same observed characteristics receive the same remuneration for them. Women's original wages, therefore, are

$$\ln y_{wj} = \theta_{wj} X_{w} + \varepsilon_{wj}^{\theta}, \tag{15}$$

and their simulated wages are

$$\left(\ln y_{wj}\right)_{c3} = \theta_{mj} X_{w} + \varepsilon_{wj}^{\theta}, \tag{16}$$

where $c3$ refers to third counterfactual. Note that in this simulation, the participation-occupational structure remains constant, while the wages for those women in the formal or informal sectors are re-estimated. When we have the simulated wage distribution, we calculate the third counterfactual household income distribution, $\left(Y^{H}\right)_{c3}$. This counterfactual represents the income distribution that would prevail if there were no wage discrimination against women's observed characteristics.

A complete analysis of the third question requires that we consider the difference in the prices of unobserved characteristics. For women to receive the same remuneration as men for their unobserved characteristics, we must equalise the standard deviation of women's and men's residual distributions. Thus we modify female residual distributions so that they have the male standard deviations. The simulated women's wages are

$$\left(\ln y_{wj}\right)_{c4} = \theta_{mj} X_{w} + \left(\sigma_{mj}^{\theta} / \sigma_{wj}^{\theta}\right) \varepsilon_{wj}^{\theta}, \tag{17}$$

where $c4$ refers to fourth counterfactual, and $\left(\sigma_{mj}^{\theta} / \sigma_{wj}^{\theta}\right)$ is the ratio between male residual standard deviation and female residual standard deviation related to the monthly wage equation in the formal or informal sector(j). With these simulated wages, women receive the same price as men for their observed and unobserved characteristics in the labour market. The household income distribution based on these simulated wages is the fourth counterfactual, $\left(Y^{H}\right)_{c4}$, which is what the income distribution would be if there were no wage discrimination against women's observed and unobserved characteristics.

The answer to the fourth question demands a simulation involving all the equations in the model. We replace the female characteristics by the male ones in all steps of the model. First, we change women's characteristics (Z) in the participation and occupational equations.

The female decision to enter the labour market, therefore, is based on the following utility (latent variable):

$$\left(U_w^*\right)_{c5} = \hat{\lambda}_w Z_m + \varepsilon_w^{\lambda}, \qquad (18)$$

where $c5$ refers to fifth counterfactual. Then, considering only those women who become economically active, we simulate the occupational equation by calculating the utilities that will support the occupational decision. Thus the female state of being unemployed, or a formal or informal worker, depends on the following simulated latent variables:

$$\left(V_{wj}^*\right)_{c5} = \hat{\gamma}_{wj} Z_m + \varepsilon_{wj}^{\gamma}. \qquad (19)$$

Then, knowing the women who are formal and informal workers, we have to change women's characteristics (X) in the wage equation and calculate their wages. Thus the simulated wages are:

$$\left(\ln Y_{wj}\right)_{c5} = \hat{\beta}_{wj} X_m + \varepsilon_{wj}^{\beta}. \qquad (20)$$

Note, however, that in equation (20) we are changing only the observed characteristics, though it is possible to change the unobserved characteristics as well. Modifying the female unobserved characteristics but keeping their price constant entails the following formula for the simulated wage:

$$\left(\ln Y_{wj}\right)_{c6} = \hat{\beta}_{wj} X_m + \left(\sigma_{wj}^{\beta} / \sigma_{mj}^{\beta}\right) F_{\varepsilon_{mj}^{\beta}}^{-1}\left(F_{\varepsilon_{wj}^{\beta}}\left(\varepsilon_{wj}^{\beta}\right)\right). \qquad (21)$$

On the basis of these simulated wage distributions we can compute the fifth and sixth counterfactual household income distributions, $\left(Y^H\right)_{c5}$ and $\left(Y^H\right)_{c6}$, respectively. The fifth counterfactual represents what the income distribution would be if there were no gender differences in the observed characteristics, while the sixth counterfactual describes the income distribution that would prevail if there were no gender differences in observed and unobserved characteristics.

3.3 ANALYSING THE SIMULATION RESULTS

The methodology explained in the previous section provides six counterfactuals of household income distribution, which are helpful in understanding how the different aspects of gender inequalities explain some features of the distribution. Though we use a decomposition methodology, we are more interested in its counterfactual interpretation. We are concerned with constructing counterfactuals to represent what the household income distribution would be if certain aspect of gender inequalities were eliminated from the labour market, considering all other gender inequalities to be constant. Comparison of these counterfactuals uncovers which aspect of gender inequalities has more significant potential effects on the household income distribution. For this reason we eliminate only one aspect of gender inequalities at a time, rather than removing them sequentially.[9]

Our interest is in assessing the impact of gender inequalities on the level of household income, and also on levels of poverty and inequality. To obtain these indicators, household income is divided by the number of individuals living in the household, so that we can analyse the distribution of per capita household income. For each counterfactual, therefore, we measure the mean per capita income level, the poverty indicators and the inequality indices to compare them with the original ones. By examining these measures, we are able to estimate the burden that different aspects of gender inequalities may represent for society as a whole.

In order to capture the poverty levels in the per capita income distribution, we use the poverty incidence and the poverty gap as poverty measures. Two poverty lines are used to avoid our results being dependent on the poverty line chosen. The poverty line values are defined as the value of the household per capita income of the twentieth and thirtieth percentiles of the original distribution. This means that for each country analysed we use poverty line values that consider 20 per cent and 30 per cent of the population as poor.[10] These poverty line values are used to calculate the original poverty gap, as well as the counterfactual poverty incidence and poverty gap indices. Since the outputs are not sensitive to the poverty line chosen, we opted to present the results related to the twentieth percentile poverty line.[11] The inequality in the household per capita distribution is measured by the Gini index.[12] Thus our analysis is based on a comparison of the original values of the poverty and inequality indicators with the counterfactual ones.

There is an important caveat to note regarding the methodology presented here. The results presented in the next section are essentially products of a partial equilibrium exercise—that is, no general equilibrium effects are considered. In other words, our simulations contemplate a *ceteris paribus* scenario, which does not consider all possible consequences of our simulated hypothesis for the economy. Nonetheless, although the results are based on a partial equilibrium model, they approximately represent the relevance of each aspect of gender inequalities in order to explain the actual income level and the indices of poverty and inequality. Consequently, this methodology enables us not only to discuss the implications of gender inequalities for society as a whole, but also to investigate which aspect of gender inequalities is more significant in explaining levels of income, poverty and inequality. The methodology can thus be helpful to policymakers, since it can shed light on the potential of each aspect of gender inequalities to increase income and to reduce poverty and inequality.

4 DATA ANALYSIS

4.1 DESCRIPTIVE STATISTICS

The methodology proposed by this study can be applied to the standard household survey data of any country. We applied it to eight Latin American countries: Argentina (Encuesta Permanente de Hogares, 2006; first semester), Brazil (Pesquisa Nacional por Amostra de Domicílios, 2006), Chile (Encuesta de Caracterizacion Socioeconomica Nacional, 2003), the Dominican Republic (Encuesta de Panel de Fuerza de Trabajo, 2002; October), El Salvador (Encuesta de Hogares de Propósitos Múltiples, 2004), Mexico (Encuesta Nacional de Ingresos y Gastos de los Hogares, 2006), Paraguay (Encuesta Permanente de Hogares, 2005) and Uruguay (Encuesta Continua de Hogares, 2004).

However, since the labour market functions very differently in urban and rural areas, the present analysis is confined to urban areas only. The background reason is that the labour market concepts and the market's generated income are very important to this methodology. Hence all income distribution statistics in this paper reflect only the urban situation. The urban population accounts for the following shares of the total population[13] in the countries examined: Argentina (89 per cent), Brazil (83.3 per cent), Chile (86.9 per cent), the Dominican Republic (64.4 per cent), El Salvador (65.06 per cent), Mexico (76.9 per cent), Paraguay (58 per cent) and Uruguay (92 per cent).[14]

Limiting the analysis to urban areas is not sufficient to make all data sets comparable; we also need strict definitions of income and labour market characteristics. Although it is not the purpose of this study to make a direct comparison among countries, it is still interesting to have similar variables across countries so that the methodology applied is as close as possible. Consequently, we have included both monetary income and estimated monetary values from in-kind payments in household income, but not self-consumption and imputed rental fee. The monthly wage and the hourly wage used in the wage equation are only monetary income. The monetary incomes provided by these surveys are before-tax but they include government transfers. Nevertheless, it is not enough to escape certain surveys' specificities about monetary income, such as imputed variables for the missing ones or values corrected for the national accounts (only Chile). Thus, for datasets with missing values in wage variables, we imputed values considering some individual characteristics: sex, occupational category and educational level.[15] Apart from these problems is the fact that different surveys capture income in different ways. We therefore made an effort to construct similar income variables across countries, though it was not feasible to have exactly the same measure. This is a not a huge problem, since it is not our aim to ensure total comparability among countries.

Though the study refers to the urban population, the group actually considered in the labour market simulations is even smaller. The simulation exercises are conducted only for 18–64 year-old individuals, since we consider those people to be of economically productive age. Additionally, we adopted common definitions related to the labour market features for all countries. We considered as economically inactive all those who neither work for a wage at least one hour per week nor search for a job. The economically active are defined complementarily and characterised as unemployed, formal or informal workers. The unemployed are those who have searched for a job. Formal workers are employees and employers in industry or services who work in a firm with more than five employees, and self-employed liberal professionals. Informal workers are paid domestic servants, the self-employed who are not liberal professionals, and employees and employers in industry or services who work in a firm with five employees or fewer. It is important to note that workers in agriculture, public or unpaid occupations are not included in any of the categories defined above.

Given these labour market definitions, for all the countries analysed we present some statistics that can characterise the existence of gender inequalities in their labour market.[16] Table 1 shows the difference in the labour-market participation rates between women and men. The rate of female labour-market participation is very low; the highest rate of economic activity among women is 62 per cent in Paraguay, and the lowest is 47 per cent in Chile. There is a clear gender gap in labour-force participation in the eight countries: the average female participation is about 56 per cent, whereas the male rate is above 80 per cent. Additionally, the female economic activity rate, on average, is 66 per cent that of the male rate; this ratio can be as high as 70 per cent in Brazil, Paraguay and Uruguay, or as low as 59 per cent in Chile. These figures suggest that men and women do not have equal access to the labour market in the Latin American countries analysed.

Table 2 shows occupational status for people who are economically active, disaggregated by gender. In general, we can say that men have a higher rate of formality and women have higher rates of informality and unemployment. The female formality rate is not higher than 86 per cent of the male rate in the Dominican Republic and not less than 60 per cent in Paraguay. On the other hand, the rate of female informality is 47 per cent more than the male rate in El Salvador, and 2 per cent higher in Uruguay. The only exception is the Dominican Republic, where the female informality rate is just 86 per cent of the male one. The rate of female unemployment is more than twice the rate of male unemployment in the Dominican Republic, and is higher than the male rate in all but two countries: El Salvador and Mexico.

Table 3 shows the wage gender gap. The average female-to-male monthly wage ratio is 62 per cent; it is 75 per cent in El Salvador and 51 per cent in Paraguay. This ratio, however, represents not only gender differences in endowments and remuneration but also in total time spent at work. Since women are over-represented in part-time jobs, the female-to-male hourly wage ratio is preferred to describe the pure gender wage gap. As expected, the hourly wage ratio is, on average, 77 per cent, which is higher than the previous one. It ranges from 61 per cent in Paraguay to 86 per cent in Uruguay.

Table 4 presents the educational attainment of women and men according to the categories defined above. It is interesting to note that there is no prominent educational gender gap in these countries, since on average the gender difference in educational years is 0.37. The highest gender difference is about one year, in El Salvador and Mexico. In Brazil and Argentina, women have an even higher mean of educational years than men. Nonetheless, Table 4 indicates a relevant gap, which is the educational divide between economically active women and inactive women.[17] On average, women who are part of the labour force have 1.5 more years of schooling than inactive women. In Brazil and the Dominican Republic this gap is about two years. A last point to note in Table 4 is that, among the economically active, the most educated are in formal occupations.

TABLE 1

Labour Market Participation, Actual Conditions

	Economic Activity Rate		Ratio of Female to Male Economic Activity Rate (%)
	Male (%)	Female (%)	
Argentina, 2006	85.18	54.12	63.54
Brazil, 2006	85.48	59.98	70.17
Chile, 2003	80.33	47.21	58.77
Dominican Republic, 2002	86.70	57.98	66.87
El Salvador, 2004	82.71	56.63	68.47
Mexico, 2006	87.96	53.29	60.58
Paraguay, 2005	88.31	62.05	70.26
Uruguay, 2004	86.78	60.94	70.22

Source: authors' calculation based on the respective national household surveys.

TABLE 2

Labour Market Segmentation, Actual Conditions

	Formality Rate (%)		Informality Rate (%)		Unemployment (%)	
	Male	Female	Male	Female	Male	Female
Argentina, 2006	44.94	33.30	44.24	48.62	10.83	18.08
Brazil, 2006	52.50	37.90	39.15	47.66	8.35	14.44
Chile, 2003	56.64	40.09	32.21	44.21	11.14	15.71
Dominican Republic, 2002	42.62	36.44	45.58	39.04	11.79	24.52
El Salvador, 2004	52.22	39.76	37.99	55.87	9.79	4.37
Mexico, 2006	55.24	46.44	40.94	51.26	3.82	2.30
Paraguay, 2005	34.28	20.74	58.39	68.86	7.33	10.40
Uruguay, 2004	45.68	36.52	42.89	43.74	11.43	19.74

Source: authors' calculation based on the respective national household surveys.

TABLE 3

Wage Differential, Actual Conditions

	Ratio of Female to Male Monthly Wage (%)	Ratio of Female to Male Hourly Wage (%)
Argentina, 2006	62.79	83.07
Brazil, 2006	61.20	74.19
Chile, 2003	60.31	73.33
Dominican Republic, 2002	66.39	82.74
El Salvador, 2004	74.98	81.29
Mexico, 2006	59.99	78.69
Paraguay, 2005	50.57	60.96
Uruguay, 2004	61.22	85.54

Source: authors' calculation based on the respective national household surveys.

TABLE 4

Educational Endowment (Years of Education), Actual Conditions

		Inactive	Active	Formal	Informal	Unemployed	Total
Argentina, 2006	Men	11.08	10.56	11.30	9.85	10.33	10.65
	Women	10.22	11.29	13.09	10.07	11.25	10.76
Brazil, 2006	Men	6.80	8.20	9.07	7.07	8.09	7.90
	Women	6.80	8.74	10.45	7.33	8.86	7.94
Chile, 2003	Men	11.41	11.24	11.96	10.17	10.71	10.51
	Women	10.19	11.41	13.12	9.87	11.38	9.94
Dominican Republic, 2002	Men	8.93	9.07	10.60	7.55	9.40	9.42
	Women	7.66	9.84	11.72	7.85	10.22	9.37
El Salvador, 2004	Men	9.71	9.39	10.69	7.77	8.76	9.06
	Women	7.36	8.67	12.00	6.11	11.13	7.80
Mexico, 2006	Men	10.81	9.98	10.92	8.76	9.58	9.96
	Women	8.40	9.83	11.75	8.02	11.30	9.09
Paraguay, 2005	Men	9.53	9.34	10.55	8.75	8.44	9.39
	Women	8.24	9.31	12.45	8.18	10.52	8.87
Uruguay, 2004	Men	8.65	9.54	10.38	8.66	9.46	9.65
	Women	8.72	10.14	11.98	8.80	9.69	9.83

Source: authors' calculation based on the respective national household surveys.

4.2 REGRESSION RESULTS

The appendix presents tables showing all the regression outputs for all countries. On the basis of these results we can infer the determinants of the labour market participation decision, occupational position and wage for each country. The analysis of each of the estimated equations and their coefficients deserves further attention. Since this is not the purpose of the present paper, we draw only some general conclusions. The conclusions about these determinants reinforce some previous findings in the literature. The paragraphs below summarise the most important determinants in each stage that can be generalised for all countries analysed, with only a few exceptions.

As regards the participation decision, note that the probability of being economically active is highly and significantly influenced by educational level. The higher the educational attainment, the higher the chances of participating in the labour force. There is also a significant inverted U-shape relation between age and the probability of entering the labour market. Non-labour income, school attendance, the presence of elderly and the number of unemployed in the household negatively affect the chances of being economically active. Two important features of the female participation decision should be mentioned: the negative influence of being married and the negative impact of children, particularly young ones. These variables are relevant because they are related to the social role of women in society as housewives and mothers.

Education also plays a key role in the occupational decision. High levels of education increase the probability of being a formal worker rather than an informal worker or unemployed. Again, age shows a significant inverted U-shape with the probability of being formal and the probability of being informal rather than unemployed. The number of informal workers in the household significantly increases the probability of being informal, while the number of unemployed in the household significantly increases the probability of the individual being unemployed. Analysing the results of the participation-occupational model as a whole, we can infer that the presence of unemployed people in a household is a stimulus to other members to participate in the labour market. Though they are looking for a job, however, they have some difficult in finding one.

As expected, wages are positively and significantly correlated with educational attainment and show a significant inverted U-shape with age. But there are interesting differences between women and men in these results. According to the regression outputs, even when women have a higher marginal return to education, the gaps in the intercepts—which are determined not only by non-observed characteristics but also by gender—imply lower female wages.

5 SIMULATION RESULTS

This section presents the results of our simulation methodology for the eight Latin American countries selected. As explained above, we simulate the elimination of four aspects of labour-market gender inequalities to investigate their impacts on income distribution, in terms of average per capita income growth, and of poverty and inequality indicators.

The first gender inequalities aspect to be removed is the difference in women's and men's probabilities of being economically active, conditional on their characteristics. If the effects of the determinants of labour market participation were the same for men and women (that is, if women and men with the same characteristics had the same probability of being in the labour force), the rate of female participation in the labour force would increase in all the countries analysed. Table 5 shows that the rate of female economic activity would reach levels very close to the male rate, and would be even higher than the male rate in Chile.

In this first simulation, the women who would enter the labour force are allocated to the occupational categories (unemployed, formal or informal workers) according to the actual estimated female occupational equation; the result is also presented in Table 5. Comparing that with Table 2, we can note that there would be a decline in the rate of female formality and an increase in the rate of female informality in all countries. Moreover, the female unemployment rate would rise in most countries. This is because the women who are excluded from the labour market have poorer characteristics than those who are already part of the labour force. For example, the previous section showed that inactive women have less education than active women. When they become economically active, therefore, they face poor conditions in the labour market and most of them are unable to work in formal occupations.

After this step, we calculate the monthly wages that these women would receive in line with the actual female remuneration in the labour market. Table 5 presents the simulated ratio of the female-to-male monthly wage, which is smaller than the original in all countries. Again, this is because women outside the labour force have poorer characteristics.

Figure 1 shows the effects that the increase in the female labour force would have on the income distribution. For all countries, this simulation implies income growth followed by a fall in the poverty and inequality indices. The growth of the average per capita income level would vary from 15 per cent in Mexico to 3.5 per cent in Uruguay. The incidence of poverty would fall most in Chile (34 per cent) and least in Uruguay (15 per cent). Additionally, there would be a notable narrowing of the poverty gap: 37 per cent in Chile and 20 per cent in Uruguay. This indicates that the benefits reach all the poor, particularly the most poor. Inequality would also fall, indicated by a decline of about 4 per cent in the Gini index.

The second aspect of gender inequalities to be eliminated in our simulations consists of the gender differences in the probabilities of being in each occupational status—that is, women would have the same probability as men of being unemployed, formal or informal workers, given their characteristics. Table 6 shows that the female formality rate would increase and both the female informality rate and the female unemployment rate would decline in all countries except the Dominican Republic, Uruguay, El Salvador and Mexico. In the Dominican Republic, the female informality rate would rise from 40 per cent to 44 per cent; in Uruguay that rate would rise from 43 per cent to 45 per cent. In El Salvador, the female unemployment rate would increase from 4 per cent to 11 per cent; in Mexico, that rate would rise from 2 per cent to 5 per cent. Because of the improvement in the type of female occupations, the female-to-male monthly wage ratio would increase in all countries except one. The only country where this ratio would not rise is the Dominican Republic, where the rate of female informality would increase. In all the other countries, female formality would rise while female informality would decline, and thus women's monthly wage would increase.

The outcomes of the second simulation are income growth, less poverty and less inequality, as shown in Figure 2. The highest income growth (2.5 per cent) would be in Brazil. The most sizeable reduction in the incidence of poverty (8 per cent) would be in Brazil, the Dominican Republic and Uruguay. The most substantial narrowing of the poverty gap (12 per cent) would be in Brazil. The most marked decline in inequality (1.5 per cent) would be in Argentina, the Dominican Republic and Uruguay. Compared to the first simulation, however, these figures are not impressive. It is important to note El Salvador, where poverty and inequality would increase and income would fall. This is because female unemployment would rise from 4 per cent to 11 per cent. In Mexico, where the outcome is positive but to the smallest degree among the countries studied, female unemployment would rise from 2 per cent to 5 per cent. As mentioned earlier, in the Dominican Republic there would be an increase in female informality and a consequent decline in the average monthly wage for women. This would not have negative effects because the female unemployment rate would fall from 25 per cent to 11 per cent.

The third facet of gender inequalities considered in our simulations is wage discrimination by gender, which is removed when women receive the same remuneration as men for their characteristics. A complete approach to this issue required that we do two different simulations: one considering the observed characteristics, which are the explanatory variables in the hourly wage equation; and another considering both observed and non-observed characteristics, which are present in the residuals term. The results are presented in Tables 7 and 8, and in Figures 3 and 4; they do not differ very much.

Tables 7 and 8 show that there would be an increase in the female-to-male hourly wage ratio. In some countries, such as Brazil, the Dominican Republic and Uruguay, this ratio would be even higher than 1, implying that women are more skilled than men in these countries. The female-to-male monthly wage ratio would also increase in all countries but it would not surpass 1 in any country because it also depends on the total hours worked, and women work fewer hours than men. As a result of the improvement in female remuneration on both observed and non-observed characteristics, income would grow in a range from 0.7 per cent in El Salvador to 8 per cent in Brazil. The fall in the poverty incidence would vary from 14 per cent in Paraguay to 3 per cent in Argentina and El Salvador, and the decline in the poverty gap would range from 12 per cent in Paraguay to 0.5 per cent in El Salvador. The Gini index would show small variations in all countries, either rising or falling. The results of eliminating gender wage discrimination thus represent important achievements in poverty reduction and income growth, though these results are not as notable as the results of increasing the female labour force.

The fourth aspect of gender inequalities to be eliminated by simulations is the gender gap in characteristic endowments. Once more we consider two simulations, one for observed characteristics only, and another for both observed and non-observed characteristics. Tables 9 and 10 show that equalising women's and men's characteristics would not significantly alter the female labour force and differences in occupational status. The female-to-male monthly wage ratio would tend to decline but not to a significant extent in most countries. Figures 5 and 6 shows that these simulations do not produce significant outcomes for the countries analysed in terms of income growth, poverty and inequality. The simulation that considers only observed characteristics (Figure 5) would have a positive effect on poverty reduction but not as sizeable an impact as the previous simulations. In the other simulation (Figure 6), some of the impacts would even be negative (such as an increase in poverty or a fall in income) but not substantially so. These results confirm that the endowment gender gap is not a significant issue in these countries, because in some of them women might even have better characteristics, such as education.

TABLE 5

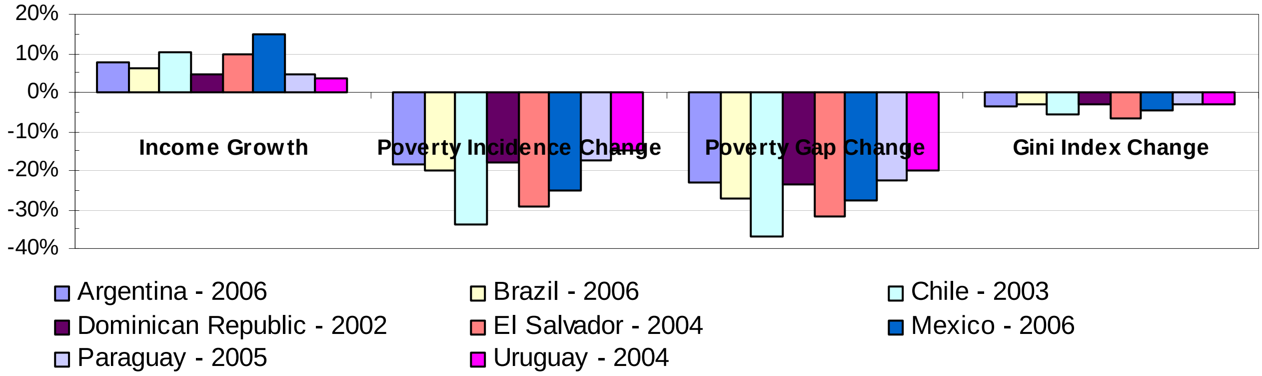
Labour Market Characteristics, Without Gender Differences in the Probability of Participating in the Labour Market

	Female economic activity rate (%)	Ratio of female to male economic activity rate (%)	Female formality rate (%)	Female informality rate (%)	Female unemployment rate (%)	Ratio of female to male monthly wage (%)
Argentina, 2006	81.64	95.84	30.77	51.06	18.17	61.10
Brazil, 2006	81.20	95.00	35.54	49.98	14.47	57.82
Chile, 2003	81.21	101.09	36.47	48.10	15.43	55.99
Dominican Republic, 2002	84.52	97.49	33.25	41.93	24.82	62.57
El Salvador, 2004	80.66	97.52	37.15	58.32	4.37	72.01
Mexico, 2006	87.23	99.17	42.70	55.36	1.94	59.00
Paraguay, 2005	82.18	93.06	19.35	70.44	10.21	49.17
Uruguay, 2004	82.68	95.27	20.10	45.54	20.10	59.09

Source: authors' calculations based on the respective national household surveys.

FIGURE 1

Impact on Income Growth, Poverty and Inequality,Without Gender Differences in the Probability of Participating in the Labour Market



Source: Authors' calculation based on the respective national household surveys.

TABLE 6

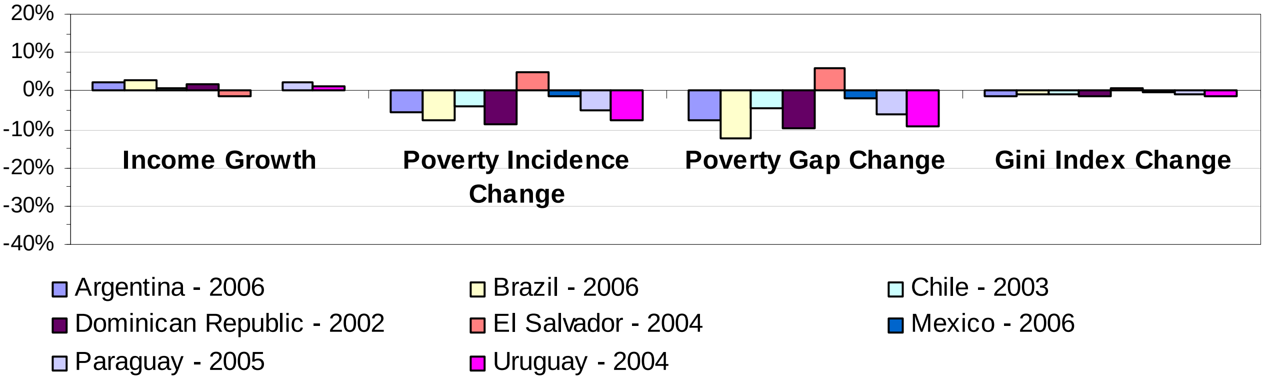
Labour Market Characteristics, Without Gender Differences in the Probability of Being Formal, Informal or Unemployed

	Female Formality Rate (%)	Female Informality Rate (%)	Female Unemployment Rate (%)	Ratio of Female to Male Monthly Wage (%)
Argentina, 2006	45.60	42.19	12.14	66.02
Brazil, 2006	53.62	36.80	9.58	62.38
Chile, 2003	55.98	31.42	12.60	60.80
Dominican Republic, 2002	45.75	43.39	10.86	63.55
El Salvador, 2004	51.14	37.59	11.26	76.32
Mexico, 2006	56.14	38.63	5.23	62.71
Paraguay, 2005	34.87	56.66	8.47	56.07
Uruguay, 2004	46.90	45.47	12.23	61.56

Source: authors' calculation based on the respective national household surveys.

FIGURE 2

Impact on Income Growth, Poverty and Inequality, Without Gender Differences in the Probability of Being Formal, Informal or Unemployed



Source: Authors' calculation based on the respective national household surveys.

TABLE 7

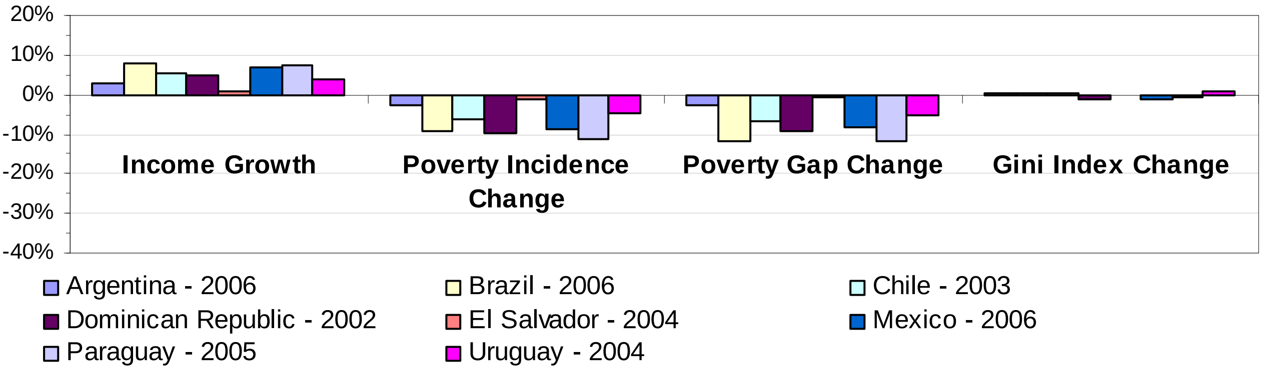
Labour Market Characteristics, Without Gender Wage Discrimination (Observed Characteristics)

	Ratio of Female to Male Monthly Wage (%)	Ratio of Female to Male Hourly Wage (%)
Argentina, 2006	74.86	99.76
Brazil, 2006	85.57	103.85
Chile, 2003	80.40	99.13
Dominican Republic, 2002	90.71	113.77
El Salvador, 2004	76.92	91.72
Mexico, 2006	77.09	102.09
Paraguay, 2005	73.79	89.07
Uruguay, 2004	81.65	114.10

Source: authors' calculation based on the respective national household surveys.

FIGURE 3

Impact on Income Growth, Poverty and Inequality, Without Gender Wage Discrimination (Observed Characteristics)



Source: Authors' calculation based on the respective national household surveys.

TABLE 8

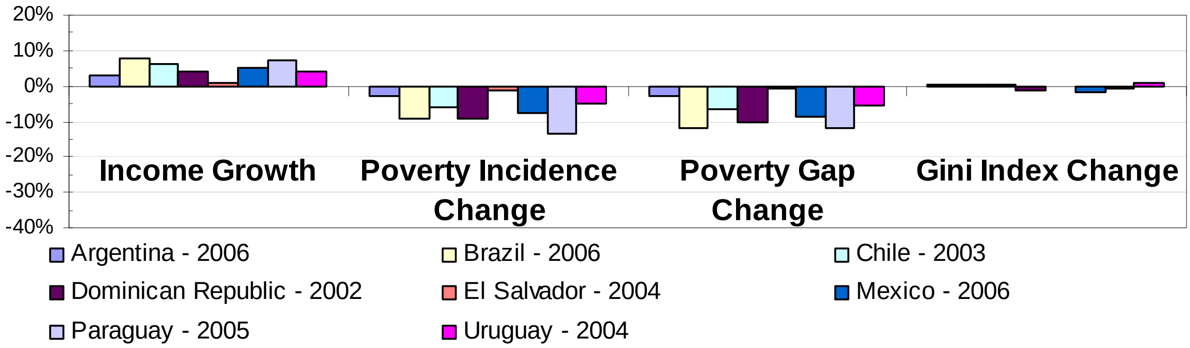
Labour Market Characteristics, Without Gender Wage Discrimination (Observed and Non-Observed Characteristics)

	Ratio of Female to Male Monthly Wage (%)	Ratio of Female to Male Hourly Wage (%)
Argentina, 2006	74.49	98.88
Brazil, 2006	85.44	103.39
Chile, 2003	82.44	103.22
Dominican Republic, 2002	87.88	107.60
El Salvador, 2004	77.83	97.25
Mexico, 2006	72.35	92.88
Paraguay, 2005	73.44	87.38
Uruguay, 2004	81.35	112.41

Source: authors' calculation based on the respective national household surveys.

FIGURE 4

Impact on Income Growth, Poverty and Inequality, Without Gender Wage Discrimination (Observed and Non-Observed Characteristics)



Source: Authors' calculation based on the respective national household surveys.

TABLE 9

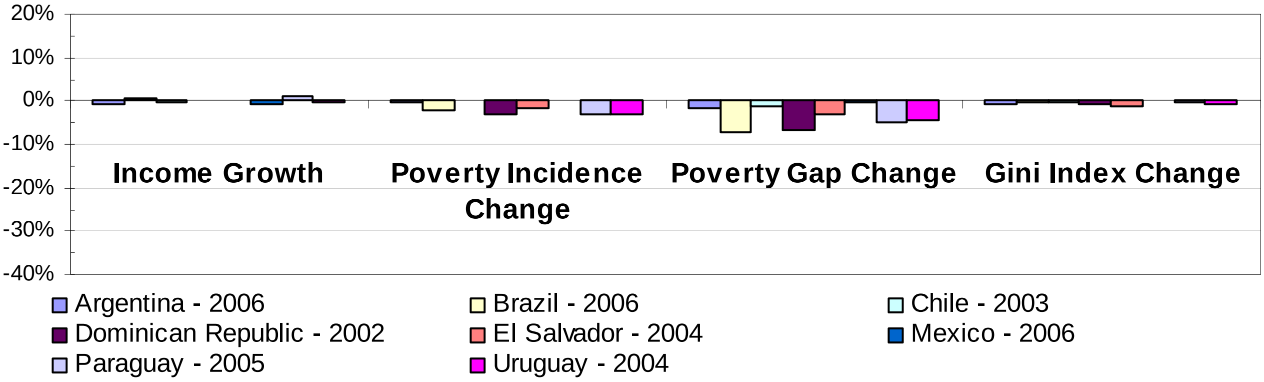
Labour Market Characteristics, Without Gender Gap in Observed Characteristics

	Female Economic Activity Rate (%)	Ratio of Female to Male Economic Activity Rate (%)	Female Formality Rate (%)	Female Informality Rate (%)	Female Unemployment Rate (%)	Ratio of Female to Male Monthly Wage (%)
Argentina, 2006	55.92	65.65	30.47	53.20	16.33	55.88
Brazil, 2006	62.68	73.33	35.10	52.19	12.71	55.87
Chile, 2003	48.64	60.55	36.75	48.30	14.95	56.70
Dominican Republic, 2002	60.99	70.35	35.62	44.56	19.82	60.84
El Salvador, 2004	58.28	70.46	41.87	53.76	4.38	72.66
Mexico, 2006	53.69	61.04	42.72	55.48	1.81	57.84
Paraguay, 2005	63.85	72.30	24.01	66.90	9.09	51.41
Uruguay, 2004	64.80	74.66	35.69	47.25	17.06	55.13

Source: authors' calculation based on the respective national household surveys.

FIGURE 5

Impact on Income Growth, Poverty and Inequality, Without Gender Gap in Observed Characteristics



Source: Authors' calculation based on the respective national household surveys.

TABLE 10

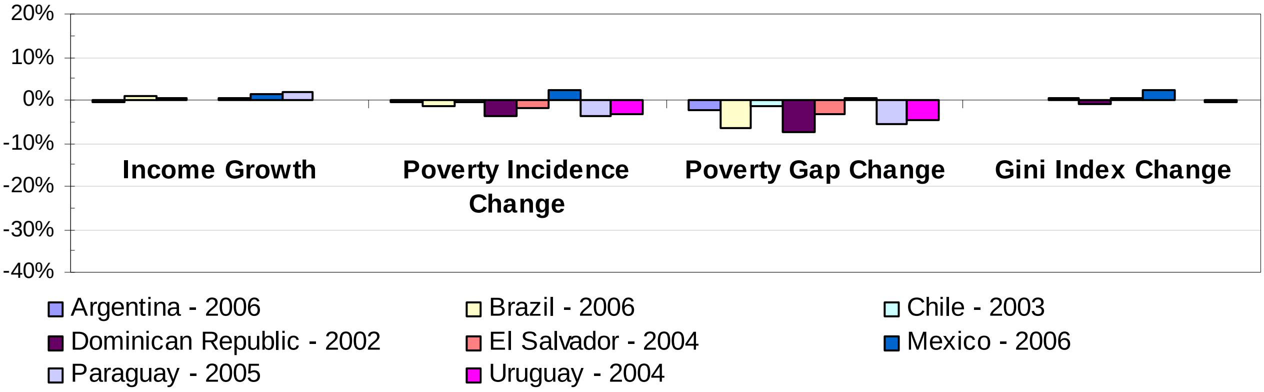
Labour Market Characteristics, Without Gender Gap in Observed and Non-Observed Characteristics

	Female Economic Activity Rate (%)	Ratio of Female to Male Economic Activity Rate (%)	Female Formality Rate (%)	Female Informality Rate (%)	Female Unemployment Rate (%)	Ratio of Female to Male Monthly Wage (%)
Argentina, 2006	55.92	65.65	30.47	53.20	16.33	58.07
Brazil, 2006	62.68	73.33	35.10	52.19	12.71	56.69
Chile, 2003	48.64	60.55	36.75	48.30	14.95	60.02
Dominican Republic, 2002	60.99	70.35	35.62	44.56	19.82	60.12
El Salvador, 2004	58.28	70.46	41.87	53.76	4.38	74.53
Mexico, 2006	53.69	61.04	42.72	55.48	1.81	62.75
Paraguay, 2005	63.85	72.30	24.01	66.90	0.91	53.55
Uruguay, 2004	64.80	74.66	35.69	47.25	17.06	55.80

Source: authors' calculation based on the respective national household surveys.

FIGURE 6

Impact on Income Growth, Poverty and Inequality, Without Gender Gap in Observed and Non-Observed Characteristics



Source: Authors' calculation based on the respective national household surveys.

6 CONCLUSION

This paper has investigated the hypothesis that gender inequalities may have implications for society as a whole in terms of household income growth and levels of poverty and inequality. Considering four aspects of gender inequalities, we simulated labour market features in order to obtain counterfactual household income distributions. The decomposition methodology used here does not consider general equilibrium effects, and thus the results must be analysed carefully. Our empirical findings correspond to a rough estimate of what would happen if there were no specific aspect of gender inequalities. Moreover, they do comprise important evidence about the direction in which the indicators would move in each simulation, and they do allow us to compare the simulations in order to highlight which aspect of gender inequalities have more significant effects.

The four aspects of gender inequalities considered are: different rates of economic activity, differences in occupational status, wage discrimination and the gap in characteristic endowments. We simulated the elimination of each of these in isolation. Our findings show that gender inequalities are significant not only for women but for everybody in society, especially the poor. The eradication of gender inequalities would result in a rise in household income and a decline in poverty and inequality. Nonetheless, it is worth noting that these results may vary among countries and according to each aspect of gender inequality being considered. For instance, equalising the probabilities of men and women being in each occupational status (unemployed, formal and informal worker) would have positive outcomes except in El Salvador, where income would fall and poverty would rise. This is because women in El Salvador have a lower probability of being unemployed than men, and so in this respect women are better placed than men even though they suffer other kinds of adversity (they are more likely to informal and be economically inactive).

Despite the foregoing observation, some general conclusions can be drawn. Overall, equalising characteristic endowments among men and women would not have significant results in any of the eight countries analysed. Equalising men's and women's probabilities of being in each occupational status would promote poverty reduction and a rise in income in all countries except one, though the scale of the change would be less than that resulting from the elimination of gender wage discrimination in most countries. The most impressive results for all countries analysed are from the simulation that equalises women's and men's probabilities of being economically active. The increase in female labour participation would lead to significant reduction in poverty, growth in income and decline in inequality.

In these eight Latin American countries, the aspect of gender equalities that has the potential to bring about substantial improvement in the indicators—in terms of income, poverty and inequality—would be an increase in women's labour market participation. In these countries, the promotion of women's participation in the labour force deserves special attention in public policies. It must be noted, however, that not *any* increase in the female labour force will have this result. As mentioned earlier, Scorzafave (2004) and Bourguignon *et al.* (2001) found that the recent increase in the female labour force had an inequality-increasing effect in Brazil and Taiwan, respectively. The reason is that women who entered the labour market were mostly from the upper part of the distribution. Hence, in order to ensure that an increase in the female labour force has the potential to reduce poverty and inequality, it is important to guarantee that poor women become economically active. Improving women's (particularly poor women's) access to the labour market is an important challenge that public policies should tackle. Since children negatively affect the probability of women being economically active, an important means of increasing female participation might be to provide childcare facilities, especially to poor women.

APPENDIX

TABLE A1

Actual Conditions

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Urban Population	23,522,846	155,933,826	13,595,542	5,564,575	4,031,882	80,822,562	3,383,530	2,364,322
Gini Index	0.4875	0.5514	0.5582	0.6132	0.4687	0.5210	0.5048	0.4618
Poverty Incidence (%)	20.08	19.88	19.99	19.97	19.97	19.96	19.96	19.99
Poverty Gap (%)	8.50	7.83	7.06	8.30	8.75	10.19	7.16	6.48

Source: authors' calculation based on the respective national household surveys.

TABLE A2

Impact on Income Growth, Poverty and Inequality, Without Gender Differences in the Probability of Participating in the Labour Market

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Income Growth (%)	7.57	6.19	10.15	4.66	9.89	14.92	4.67	3.69
Poverty Incidence Change (%)	-18.58	-19.77	-33.96	-17.80	-29.34	-25.36	-17.31	-14.98
Poverty Gap Change (%)	-23.12	-27.18	-36.85	-23.72	-31.91	-27.74	-22.42	-19.95
Gini Index Change (%)	-3.80	-2.97	-5.86	-2.85	-6.42	-4.87	-2.97	-2.83

Source: authors' calculation based on the respective national household surveys.

TABLE A3

Impact on Income Growth, Poverty and Inequality, Without Gender Differences in the Probability of Being Formal, Informal or Unemployed

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Income Growth (%)	2.07	2.58	0.76	1.65	-1.50	0.34	2.13	1.21
Poverty Incidence Change (%)	-5.72	-7.75	-4.10	-8.46	4.69	-1.19	-4.79	-7.65
Poverty Gap Change (%)	-7.44	-12.20	-4.27	-9.71	6.00	-1.83	-5.96	-9.12
Gini Index Change (%)	-1.50	-1.12	-0.71	-1.49	0.65	-0.61	-0.69	-1.46

Source: authors' calculation based on the respective national household surveys.

TABLE A4

Impact on Income Growth, Poverty and Inequality, Without Gender Wage Discrimination (Observed Characteristics)

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Income Growth (%)	2.84	8.05	5.62	4.63	0.70	6.90	7.38	4.06
Poverty Incidence Change (%)	-2.71	-9.05	-6.23	-9.55	-1.40	-8.55	-11.33	-4.88
Poverty Gap Change (%)	-2.74	-11.76	-6.58	-9.21	-0.70	-8.26	-11.98	-5.18
Gini Index Change (%)	0.35	0.28	0.18	-1.23	-0.16	-1.22	-0.85	0.72

Source: authors' calculation based on the respective national household surveys.

TABLE A5

Impact on Income Growth, Poverty and Inequality, Without Gender Wage Discrimination (Observed and Non-Observed Characteristics)

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Income Growth (%)	2.76	8.01	6.19	4.09	1.03	4.99	7.26	4.00
Poverty Incidence Change (%)	-2.75	-9.07	-6.17	-9.26	-1.17	-7.86	-13.71	-4.72
Poverty Gap Change (%)	-2.81	-11.82	-6.37	-10.36	-0.51	-8.73	-12.02	-5.27
Gini Index Change (%)	0.29	0.27	0.58	-1.41	0.04	-1.77	-0.69	0.70

Source: authors' calculation based on the respective national household surveys.

TABLE A6

Impact on Income Growth, Poverty and Inequality, Without Gender Gap in Observed Characteristics

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Income Growth (%)	-0.86	0.75	-0.38	0.30	-0.08	-0.57	0.99	-0.13
Poverty Incidence Change (%)	-0.24	-2.23	0.01	-3.05	-1.91	0.31	-3.03	-3.05
Poverty Gap Change (%)	-1.69	-7.24	-1.33	-6.92	-3.19	-0.48	-4.98	-4.42
Gini Index Change (%)	-0.56	-0.35	-0.28	-0.68	-1.05	0.14	-0.09	-0.83

Source: authors' calculation based on the respective national household surveys.

TABLE A7

Impact on Income Growth, Poverty and Inequality, Without Gender Gap in Observed and Non-Observed Characteristics

	Argentina 2006	Brazil 2006	Chile 2003	Dominican Republic 2002	El Salvador 2004	Mexico 2006	Paraguay 2005	Uruguay 2004
Income Growth (%)	-0.39	0.97	0.58	0.15	0.62	1.44	1.70	0.02
Poverty Incidence Change (%)	-0.57	-1.25	-0.38	-3.69	-1.97	2.47	-3.52	-3.29
Poverty Gap Change (%)	-2.28	-6.55	-1.39	-7.22	-3.38	0.42	-5.79	-4.80
Gini Index Change (%)	-0.13	-0.14	0.59	-0.84	0.27	2.43	0.81	-0.66

Source: authors' calculation based on the respective national household surveys.

TABLE A8

Argentina's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.64528	1.11908	-0.79865	0.1234759	-0.00621	0.0690121
	(0.22628)**	(0.31014)**	(0.652)	(0.5294256)	(0.51044)	(0.4293894)
Primary Complete	0.69225	1.35081	-0.57593	0.1317831	0.51659	0.2101684
	(0.21575)**	(0.29050)**	(0.61961)	(0.5050495)	(0.49339)	(0.4141348)
Secondary Incomplete	0.96371	1.5289	-0.6469	-0.0996294	0.44105	0.1644754
	(0.21736)**	(0.29240)**	(0.62056)	(0.5075626)	(0.49355)	(0.4148718)
Secondary Complete	1.17594	1.66853	0.1783	-0.1860065	0.70503	0.1542799
	(0.21594)**	(0.28988)**	(0.618)	(0.5069364)	(0.49223)	(0.4142842)
Superior	2.05933	2.29795	0.88041	-0.3980545	1.37542	0.168788
	(0.22439)**	(0.31396)**	(0.62373)	(0.5159938)	(0.51293)**	(0.4401262)
Age	0.25685	0.31637	0.18233	0.1139427	0.1806	0.1602874
	(0.01218)**	(0.01889)**	(0.02408)**	(0.0214244)***	(0.02267)**	(0.0221542)***
Age Squared	-0.00335	-0.00433	-0.00213	-0.000991	-0.00236	-0.0018071
	(0.00015)**	(0.00023)**	(0.00031)**	(0.0002714)***	(0.00028)**	(0.0002735)***
Married	-1.06832	1.20315	0.12377	0.1499534	1.01402	0.6702469
	(0.05099)**	(0.09546)**	(0.09571)	(0.0887062)*	(0.10159)**	(0.1006202)***
Region NOA	-0.62988	-0.82299	-0.05219	0.3241525	-0.32038	0.0598854
	(0.05043)**	(0.08482)**	(0.10069)	(0.0905659)***	(0.09079)**	(0.0898848)
Region NEA	-1.15184	-1.51073	0.25292	0.934432	-0.42761	0.2781925
	(0.06056)**	(0.09628)**	(0.15206)*	(0.133709)***	(0.12090)**	(0.116999)**
Region Cuyo	-0.45574	-0.45111	0.56181	0.6811973	0.1465	0.3866473
	(0.05984)**	(0.09830)**	(0.12607)**	(0.1196462)***	(0.11758)	(0.1164616)***
Region Pampeana	-0.35154	-0.65552	-0.26066	0.1760346	-0.10809	0.2735046
	(0.04553)**	(0.07838)**	(0.08525)**	(0.0805475)**	(0.08612)	(0.0854475)***
Region Patagonia	-0.47852	-0.76143	0.06746	0.2226627	-0.24821	-0.0623211
	(0.07887)**	(0.12482)**	(0.18942)	(0.1707224	(0.15339)	(0.1563629)
Ln (Non-labour income)	-0.27977	-0.53673	-0.68537	-0.4824928	-0.44478	-0.3417406
	(0.05115)**	(0.07643)**	(0.08858)**	(0.0854417)***	(0.08052)**	(0.080016)***
Ln (Non-labour income) Squared	-0.00081	0.0309	0.089	0.0499846	0.051	0.0266702
	(0.00634)	(0.00965)**	(0.01250)**	(0.0121797)***	(0.01217)**	(0.0121041)**
No. of Children 0-3 Years Old	-0.36614	0.6494	-0.20265	-0.2408007	0.14423	0.361782
	(0.05850)**	(0.15882)**	(0.11542)*	(0.1075358)**	(0.12842)	(0.1259677)***
No. of Children 4-6 Years Old	-0.39673	0.10183	-0.14781	0.0018889	-0.05536	-0.1351171
	(0.05277)**	(0.12149)	(0.10817)	(0.0965199)	(0.11367)	(0.1131932)
No. of Girls 7-10 Years Old	-0.24742	-0.16959	0.04271	-0.025951	-0.23743	-0.0788782
	(0.06057)**	(0.12293)	(0.13713)	(0.1295019)	(0.15438)	(0.1505272)
No. of Girls 11-15 Years Old	-0.18987	0.06067	-0.2441	-0.1352547	0.13953	0.0686593
	(0.04817)**	(0.08421)	(0.09976)**	(0.0883877)	(0.10106)	(0.0952565)
No. of Boys 7-10 Years Old	-0.23413	-0.11926	-0.17337	-0.0182642	-0.04226	-0.0213394
	(0.05792)**	(0.13723)	(0.13901)	(0.1159348)	(0.12254)	(0.1182029)
No. of Boys 11-15 Years Old	-0.14861	0.01396	0.0432	0.077128	0.05381	0.0194247
	(0.04526)**	(0.07917)	(0.09809)	(0.0865542)	(0.09001)	(0.0883462)
School Attendance	-0.87026	-1.85253	-0.16044	-0.496687	-0.14344	-0.393509
	(0.06850)**	(0.08636)**	(0.12281)	(0.119967)***	(0.12474)	(0.1306822)***
Elderly	-0.38194	-0.04657	-0.12504	-0.1064661	-0.0064	0.0454345
	(0.04237)**	(0.07495)	(0.08378)	(0.0772064)	(0.0771)	(0.0769673)
No. of Unemployed	0.03607	0.12767	-0.44391	-0.4694187	-0.59026	-0.5792049
	(0.04923)	(0.07948)	(0.09913)**	(0.0784995)***	(0.07859)**	(0.0747836)***
No. of Informal	0.18012	0.36027	-0.03808	0.3500285	-0.14145	0.3529733
	(0.02601)**	(0.04115)**	(0.06093)	(0.0535176)***	(0.06008)**	(0.0602751)***

Constant	-2.49613 (0.32355)**	-2.62793 (0.48274)**	-1.77132 (0.75359)**	-0.7170147 (0.6410007)	-1.75057 (0.63926)**	-1.476776 (0.5677066)***
Observations	21941	18980	10824		15554	
Pseudo R-Squared	0.1486	0.3252	0.1213		0.0827	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Gran Buenos Aires is the base category.

Unemployed is the occupational equation base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A9

Argentina's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	-0.10571	-0.00956	0.08672	0.01086	-0.22223	-0.03365	0.1348	0.06686
	(0.27699)	(0.16838)	(0.15541)	(0.11297)	(0.1672)	(0.12384)	(0.15872)	(0.10596)
Primary Complete	0.18113	0.14926	0.29968	0.24415	-0.18566	0.19337	0.29687	0.14259
	(0.26049)	(0.16199)	(0.15141)*	(0.10620)*	(0.14865)	(0.11535)	(0.15392)	(0.09797)
Secondary	0.30715	0.28576	0.44871	0.45572	-0.04045	0.26029	0.47249	0.25883
	(0.26251)	(0.1637)	(0.15193)**	(0.10678)**	(0.1494)	(0.11682)*	(0.15443)**	(0.09849)**
Secondary Complete	0.70981	0.61718	0.67143	0.66572	0.32639	0.39712	0.72815	0.4949
	(0.25889)**	(0.16282)**	(0.15116)**	(0.10605)**	(0.14467)*	(0.11588)**	(0.15375)**	(0.09806)**
Superior	0.95139	1.24179	0.9925	1.30919	0.74321	0.88314	1.18587	1.07253
	(0.25969)**	(0.16808)**	(0.15275)**	(0.11347)**	(0.14643)**	(0.12390)**	(0.15619)**	(0.10819)**
Age	0.05421	0.03167	0.08379	0.09207	0.04021	0.03864	0.05892	0.04624
	(0.00922)**	(0.00807)**	(0.00608)**	(0.00665)**	(0.00845)**	(0.00758)**	(0.00647)**	(0.00671)**
Age Squared	-0.00051	-0.00031	-0.00085	-0.00097	-0.00037	-0.0004	-0.00056	-0.00042
	(0.00012)**	(0.00010)**	(0.00008)**	(0.00008)**	(0.00011)**	(0.00009)**	(0.00008)**	(0.00008)**
Region NOA	-0.43305	-0.35684	-0.35049	-0.47604	-0.31329	-0.58876	-0.3554	-0.49461
	(0.03975)**	(0.03485)**	(0.02390)**	(0.02946)**	(0.03579)**	(0.03323)**	(0.02391)**	(0.02906)**
Region NEA	-0.45187	-0.30381	-0.38721	-0.45762	-0.39332	-0.58593	-0.39643	-0.53181
	(0.05575)**	(0.04118)**	(0.03431)**	(0.03332)**	(0.04855)**	(0.03903)**	(0.03359)**	(0.03301)**
Region Cuyo	-0.19018	-0.30083	-0.14678	-0.21897	-0.16824	-0.37593	-0.19518	-0.24693
	(0.03793)**	(0.04370)**	(0.02712)**	(0.03442)**	(0.03781)**	(0.04104)**	(0.02769)**	(0.03410)**
Region Pampeana	-0.10562	-0.03331	-0.09609	-0.06126	-0.0457	-0.1061	-0.07785	-0.06116
	(0.02970)**	(0.03288)	(0.01932)**	(0.02669)*	(0.02926)	(0.03051)**	(0.02051)**	(0.02633)*
Region Patagonia	0.40134	0.29213	0.31626	0.16934	0.30122	0.29041	0.27346	0.11864
	(0.05059)**	(0.05665)**	(0.03567)**	(0.05786)**	(0.04597)**	(0.05736)**	(0.03871)**	(0.06273
Constant	4.77097	4.67229	4.55788	4.00393	0.36542	0.01293	-0.30927	-0.13568
	(0.29505)**	(0.22369)**	(0.18353)**	(0.16009)**	(0.20461)	(0.17994)	(0.18646)	(0.15678)
Observations	3355	5557	6469	7046	3075	5415	6118	6867
Adjusted R-Squared	0.22412	0.16719	0.28106	0.22335	0.26624	0.14765	0.30413	0.17913

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Gran Buenos Aires is the base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A10

Brazil's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.63972	0.83414	0.42474	0.0763031	0.43728	0.3068537
	(0.03477)**	(0.04418)**	(0.10123)**	(0.0800596)	(0.07838)**	(0.0752814)***
Primary Complete	0.94794	1.25414	0.78853	0.0594064	0.68964	0.1977858
	(0.04114)**	(0.05697)**	(0.10907)**	(0.0894409)	(0.08811)**	(0.0861555)**
Secondary Incomplete	1.10921	1.39647	0.71786	-0.1449484	0.67679	0.2520903
	(0.04428)**	(0.06048)**	(0.10912)**	(0.0892916)	(0.09042)**	(0.0889297)***
Secondary Complete	1.45113	1.74148	1.23893	-0.207144	0.9732	0.0823695
	(0.03792)**	(0.05169)**	(0.10214)**	(0.0827529)**	(0.08208)**	(0.0799627)
University	1.93623	2.17172	1.62761	-0.634117	1.38291	0.1067949
	(0.04618)**	(0.06312)**	(0.11037)**	(0.0951025)***	(0.09772)**	(0.0980128)
Age	0.18141	0.19376	0.13408	0.1171487	0.15061	0.1439834
	(0.00491)**	(0.00675)**	(0.01031)**	(0.0096815)***	(0.01009)**	(0.0101854)***
Age Squared	-0.00265	-0.00295	-0.0014	-0.0007883	-0.00192	-0.0014369
	(0.00006)**	(0.00008)**	(0.00014)**	(0.0001304)***	(0.00013)**	(0.0001312)***
Race	-0.0304	0.04841	0.21316	0.1222424	0.10156	0.1998885
	(0.01793)*	(0.02755)*	(0.03355)**	(0.0324896)***	(0.03641)**	(0.0372023)***
Married	-0.38524	0.89719	0.04373	0.2147332	0.88182	0.7263584
	(0.01889)**	(0.03656)**	-0.03685	(0.0352801)***	(0.04763)**	(0.0482774)***
Region Northeast	0.05455	-0.15384	-0.11507	-0.1910401	-0.53945	-0.4775738
	(0.02702)*	(0.04079)**	(0.05314)*	(0.0490714)***	(0.05524)**	(0.0554658)***
Region Southeast	0.56809	0.28333	0.21608	-0.3098367	-0.03759	-0.5744651
	(0.02700)**	(0.04097)**	(0.05252)**	(0.0494331)***	(0.05571)	(0.0564084)***
Region South	0.66834	0.37564	0.68089	-0.0153659	0.18791	-0.2539304
	(0.03186)**	(0.04819)**	(0.06263)**	(0.060346)	(0.06762)**	(0.0685852)***
Region Center	0.34683	0.31604	0.18143	-0.0289766	-0.08178	-0.2982315
	(0.03161)**	(0.04963)**	(0.06205)**	(0.0583476)	(0.0663)	(0.0669916)***
Ln (Non-labour income)	-0.24788	-0.27534	-0.44473	-0.411034	-0.33298	-0.4100158
	(0.02165)**	(0.02904)**	(0.03482)**	(0.0347882)***	(0.03123)**	(0.032104)***
Ln (Non-labour income) Squared	-0.01422	-0.02342	0.04586	0.030058	0.02601	0.0312019
	(0.00246)**	(0.00335)**	(0.00442)**	(0.004485)***	(0.00441)**	(0.0045954)***
No. of Children 0-3 Years Old	-0.55166	0.11926	-0.27574	-0.2469285	-0.09456	-0.0485416
	(0.02012)**	(0.05446)*	(0.03787)**	(0.0352284)***	(0.04954)*	(0.0500375)
No. of Children 4-6 Years Old	-0.27708	0.13258	-0.13564	-0.0622517	-0.1529	-0.1195465
	(0.02153)**	(0.05840)*	(0.04203)**	(0.0395169)	(0.05919)**	(0.0597212)**
No. of Girls 7-10 Years Old	-0.12812	0.05727	-0.1895	-0.1268238	-0.00961	-0.0017394
	(0.02530)**	(0.06413)	(0.04996)**	(0.0457784)***	(0.06664)	(0.0671713)
No. of Girls 11-15 Years Old	-0.02707	-0.01191	0.02138	0.101919	0.01124	-0.0337453
	(0.0228)	(0.04907)	(0.04898)	(0.0449719)**	(0.06467)	(0.0651418)
No. of Boys 7-10 Years Old	-0.16579	0.07942	-0.15402	-0.0656588	-0.03496	-0.0325368
	(0.02479)**	(0.06188)	(0.04960)**	(0.045744)	(0.06416)	(0.0645825)
No. of Boys 11-15 Years Old	-0.09654	-0.05017	-0.13773	-0.0826975	-0.05992	-0.1120081
	(0.02249)**	(0.04778)	(0.04685)**	(0.0426081)*	(0.05765)	(0.0579989)*
School Attendance	-0.25795	-0.83308	-0.20769	-0.2054539	-0.34484	-0.4954833
	(0.02772)**	(0.03690)**	(0.04609)**	(0.0458793)***	(0.04907)**	(0.0528177)***
Elderly	-0.1733	-0.14893	-0.14836	-0.103979	-0.22508	-0.0637099
	(0.02147)**	(0.02810)**	(0.04019)**	(0.0390296)***	(0.03911)**	(0.0397401)
No. of Unemployed	0.00142	-0.0145	-0.57524	-0.6840627	-0.60757	-0.7127421
	(0.01835)	(0.02692)	(0.03079)**	(0.0294351)***	(0.02761)**	(0.0293982)***
No. of Informal	0.16462	0.27448	-0.12644	0.3198156	0.03385	0.4353771
	(0.01155)**	(0.01760)**	(0.02315)**	(0.0212417)***	(0.0236)	(0.0235921)***

Constant	-1.51833 (0.11027)**	-0.54834 (0.15139)**	-1.80017 (0.21719)**	-0.2719818 (0.2006025)	-0.77223 (0.20275)**	-0.5732925 (0.2048217)***
Observations	95055	82688	56534		70457	
Adjusted R-Squared	0.1308	0.2179	0.1269		0.0906	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Region North is the base category.

Unemployed is the occupational equation base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A11

Brazil's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	**Informal Sector**	**Formal Sector**	**Informal Sector**	**Formal Sector**	**Informal Sector**	**Formal Sector**	**Informal Sector**
Primary Incomplete	0.19188	0.32246	0.24111	0.40743	0.17497	0.24874	0.22284	0.34479
	(0.04046)**	(0.02427)**	(0.01776)**	(0.02051)**	(0.04256)**	(0.02252)**	(0.01794)**	(0.01935)**
Primary Complete	0.35772	0.57429	0.43189	0.61445	0.32786	0.43613	0.42512	0.52609
	(0.04222)**	(0.02722)**	(0.01918)**	(0.02392)**	(0.04430)**	(0.02554)**	(0.01950)**	(0.02276)**
Secondary	0.47888	0.58929	0.46779	0.67928	0.47393	0.47119	0.48046	0.61816
	(0.04253)**	(0.02945)**	(0.01987)**	(0.02583)**	(0.04464)**	(0.02742)**	(0.02041)**	(0.02492)**
Secondary	0.63189	0.83705	0.66613	0.91675	0.62498	0.686	0.67378	0.84363
	(0.04036)**	(0.02584)**	(0.01826)**	(0.02254)**	(0.04263)**	(0.02400)**	(0.01840)**	(0.02158)**
University	1.23851	1.41344	1.35705	1.44145	1.36478	1.25853	1.45421	1.45464
	(0.04123)**	(0.03411)**	(0.02059)**	(0.02943)**	(0.04347)**	(0.03260)**	(0.02070)**	(0.02898)**
Age	0.06459	0.0744	0.08292	0.10184	0.0524	0.06411	0.07205	0.08139
	(0.00323)**	(0.00304)**	(0.00220)**	(0.00268)**	(0.00314)**	(0.00286)**	(0.00224)**	(0.00265)**
Age Squared	-0.00066	-0.00081	-0.00078	-0.00108	-0.00046	-0.00065	-0.00065	-0.00083
	(0.00005)**	(0.00004)**	(0.00003)**	(0.00003)**	(0.00004)**	(0.00004)**	(0.00003)**	(0.00003)**
Race	0.16511	0.13502	0.16353	0.21065	0.16431	0.11317	0.16089	0.18228
	(0.00959)**	(0.01125)**	(0.00694)**	(0.01045)**	(0.00985)**	(0.01069)**	(0.00732)**	(0.01034)**
Region Northeast	-0.12545	-0.34846	-0.16053	-0.24266	-0.09772	-0.30619	-0.15547	-0.21195
	(0.01801)**	(0.01781)**	(0.01201)**	(0.01490)**	(0.01811)**	(0.01726)**	(0.01280)**	(0.01483)**
Region Southeast	0.14761	0.1177	0.12992	0.12907	0.13119	0.1333	0.11536	0.12316
	(0.01611)**	(0.01662)**	(0.01097)**	(0.01468)**	(0.01605)**	(0.01619)**	(0.01174)**	(0.01458)**
Region South	0.08479	0.10541	0.09799	0.14169	0.07625	0.13986	0.08977	0.14391
	(0.01772)**	(0.02019)**	(0.01276)**	(0.01784)**	(0.01773)**	(0.01879)**	(0.01356)**	(0.01780)**
Region Center	0.1257	0.15427	0.11179	0.20365	0.12965	0.149	0.09899	0.18419
	(0.01920)**	(0.01914)**	(0.01324)**	(0.01697)**	(0.01954)**	(0.01854)**	(0.01400)**	(0.01723)**
Constant	4.1829	3.55886	4.06755	3.43251	-0.80067	-1.11528	-0.96974	-1.33497
	(0.06757)**	(0.06068)**	(0.04184)**	(0.05332)**	(0.06822)**	(0.05745)**	(0.04271)**	(0.05265)**
Observations	21186	27860	36827	28889	21178	27844	36809	28858
Adjusted R-	0.37133	0.24212	0.45062	0.3233	0.41494	0.22877	0.44711	0.30285

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Source: authors' calculation based on the respective national household surveys.

TABLE A12
Chile's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.92677	1.74111	-0.37682	-0.4566054	0.59794	0.0658342
	(0.14040)**	(0.16286)**	(0.44051	(0.3677269)	(0.32232)*	(0.3076001)
Primary Complete	1.11864	2.18007	-0.12331	-0.0793651	1.01467	0.3501055
	(0.14224)**	(0.16345)**	(0.43939)	(0.3669825)	(0.32669)**	(0.3121475)
Secondary Incomplete	1.25611	2.41796	0.14444	-0.4211394	1.08074	0.2079574
	(0.14013)**	(0.15617)**	(0.43129)	(0.3621777)	(0.31929)**	(0.3050712)
Secondary Complete	1.63102	2.54053	0.63093	-0.726915	1.46605	0.4006384
	(0.13834)**	(0.15172)**	(0.42732(	(0.35917)**	(0.31614)**	(0.3022595)
University	2.43167	2.92682	1.11411	-1.144122	1.81623	0.1700433
	(0.14523)**	(0.15947)**	(0.43286)**	(0.3669532)***	(0.32134)**	(0.3093977)
Age	0.22074	0.36886	0.16067	0.164506	0.14795	0.1892877
	(0.01032)**	(0.01498)**	(0.02189)**	(0.0212783)***	(0.01713)**	(0.0181562)***
Age Squared	-0.00295	-0.00488	-0.00189	-0.0014825	-0.00179	-0.0019197
	(0.00013)**	(0.00018)**	(0.00029)**	(0.0002728)***	(0.00021)**	(0.0002227)***
Race	-0.29427	0.04988	0.11434	-0.0060136	0.20043	0.1592818
	(0.08801)**	(0.13814)	(0.18321)	(0.1553123)	(0.15149)	(0.1562656)
Married	-0.99012	1.07193	0.10205	0.3286587	0.78076	0.6887013
	(0.04105)**	(0.07941)**	(0.08466	(0.082062)***	(0.08622)**	(0.090604)***
Region II	-0.11922	0.07313	0.27509	0.0940226	0.26307	-0.1542202
	(0.13638)	(0.23241)	(0.29184)	(0.2675022)	(0.24983)	(0.2637716)
Region III	0.02986	-0.01279	-0.15316	-0.3603483	-0.04124	-0.3622899
	(0.13803)	(0.22357)	(0.2897)	(0.2653827)	(0.25598)	(0.2728751)
Region IV	-0.13422	-0.09055	0.29171	0.0115266	-0.34157	-0.4388102
	((0.1208)	(0.20331)	(0.26627)	(0.2426663)	(0.23221)	(0.2342292)*
Region V	0.07298	-0.05877	-0.20233	-0.2547907	-0.36605	-0.5092359
	(0.10713)	(0.18206)	(0.23654)	(0.2046324)	(0.19943)*	(0.2048412)**
Region VI	-0.06436	0.04606	0.42901	-0.1382542	0.17572	-0.2107202
	(0.11731)	(0.19189)	(0.25627)*	(0.2290354)	(0.22274)	(0.2274464)
Region VII	0.07023	0.10826	0.06176	-0.33493	0.01743	-0.05386
	(0.11398	(0.18749)	(0.23962)	(0.2094582)	(0.22157)	(0.2269608)
Region VIII	-0.1957	-0.48291	0.18096	-0.0365913	-0.29158	-0.7036608
	(0.10466)*	(0.17484)**	(0.22485)	(0.194929)	(0.19073)	(0.1964606)***
Region IX	-0.10456	-0.25491	0.1703	-0.0709636	-0.43354	-0.578054
	(0.1305)	(0.1894)	(0.2761)	(0.2355081)	(0.20678)*	(0.213119)***
Region X	0.12028	-0.05205	0.36704	0.0282763	-0.16316	-0.2312644
	(0.11196)	(0.18127)	(0.24298)	(0.2109447)	(0.21604)	(0.216817)
Region XI	0.52513	0.3247	0.62752	-0.0499069	-0.09946	0.0512288
	(0.15912)**	(0.24189	(0.33852)*	(0.3167476)	(0.30011)	(0.2967396)
Region XII	0.27706	-0.08164	0.29714	-0.3005203	0.8867	0.7456728
	(0.17813)	(0.30692)	(0.38094)	(0.3681784)	(0.39675)*	(0.4106887)*
Region XIII	0.45634	0.52685	0.72776	-0.0692062	0.27069	-0.3573001
	(0.09912)**	(0.16718)**	(0.21313)**	(0.1849414)	(0.18478)	(0.1891266)*
Ln (Non-labour income)	-0.0895	0.0568	-0.30241	-0.3599321	0.11561	0.0224832
	(0.03199)**	(0.04852	(0.06226)**	(0.0602289)***	(0.03725)**	(0.0386292)
Ln (Non-labour income)	-0.00786	-0.01923	0.01916	0.0144786	-0.01244	-0.0073989
	(0.00216)**	(0.00317)**	(0.00417)**	(0.004003)***	(0.00289)**	(0.003051)**
No. of Children 0-3 Years Old	-0.51693	0.15374	-0.0031	-0.0774618	-0.07029	-0.1146455
	(0.04319)**	(0.09856)	(0.08245)	(0.085245)	(0.08796)	(0.0905386)
No. of Children 4-6 Years Old	-0.27263	0.17524	-0.02359	-0.0001748	-0.18205	-0.1058462
	(0.04409)**	(0.11282)	(0.08823)	(0.0859915)	(0.10339)*	(0.1066673)
No. of Girls 7-10 Years Old	-0.31165	-0.06207	-0.24606	-0.1157656	-0.12109	-0.0558252
	(0.05002)**	(0.10854	(0.10900)*	(0.1099173)	(0.10694)	(0.1106516)
No. of Girls 11-15 Years Old	-0.21472	-0.19844	0.02019	-0.000992	-0.18477	-0.1218041
	(0.04432)**	(0.07414)**	(0.08834	(0.0856318)	(0.08173)*	(0.0842954)
No. of Boys 7-10 Years Old	-0.36783	-0.02631	-0.08088	-0.1045109	-0.24483	-0.1828312
	(0.04918)**	(0.09559)	(0.10015)	(0.0950938)	(0.10880)*	(0.1091449)*
No. of Boys 11-15 Years Old	-0.22398	-0.00749	-0.14672	-0.0960427	-0.02963	-0.0069538
	(0.04395)**	(0.08152)	(0.09096)	(0.0784691)	(0.07908)	(0.0819812)
School Attendance	-2.17853	-2.74529	-0.13211	-0.0636965	-0.11026	0.0753095
	(0.08779)**	(0.08694)**	(0.15081)	(0.1658616)	(0.15182)	(0.1759152)
Elderly	-0.08791	-0.27669	0.07058	0.0531418	-0.32238	-0.2011822
	(0.03545)**	(0.05414)**	(0.07095)	(0.073765)	(0.06182)**	(0.0645438)***
No. of Unemployed	0.08273	0.04181	-0.61181	-0.8550238	-0.69463	-0.7600859
	(0.03830)*	(0.05917)	(0.06465)**	(0.071251)***	(0.05213)**	(0.0596146)***
No. of Informal	0.22673	0.22116	-0.16793	0.3774571	-0.03487	0.4916539
	(0.02573)**	(0.04075)**	(0.06267)**	(0.0579836)***	(0.04905)	(0.0492434)***
Constant	-2.29479	-5.35273	-2.13267	-0.0772418	-2.59315	-2.865178
	(0.28937)**	(0.41996)**	(0.68753)**	(0.6344497)	(0.50544)**	(0.5152818)***
Observations	43520	33737		18049		26700
Adjusted R-Squared	0.1576	0.4139		0.1548		0.086

Robust standard errors in parentheses.
* significant at 1% level; ** significant at 5% level; ***significant at 10% level.
Region I is the base category.
Unemployed is the occupational equation base category.
Source: authors' calculation based on the respective national household surveys.

TABLE A13

Chile's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	-0.02848	0.23117	0.31505	0.28039	-0.13047	0.22526	0.32612	0.22256
	(0.18372	(0.09063)*	(0.09873)**	(0.11292)*	(0.15483)	(0.08409)**	(0.08171)**	(0.11803)
Primary Complete	-0.03511	0.38579	0.47613	0.52274	-0.11934	0.35497	0.48495	0.33265
	(0.18601	(0.09184)**	(0.10079)**	(0.11316)**	(0.15514)	(0.08508)**	(0.08495)**	(0.11849)**
Secondary Incomplete	0.15827	0.47831	0.54953	0.60321	0.05853	0.39443	0.54388	0.41761
	(0.18311	(0.09174)**	(0.09744)**	(0.11283)**	(0.15406)	(0.08723)**	(0.08007)**	(0.11686)**
Secondary Complete	0.51418	0.77059	0.8178	0.86728	0.35887	0.65492	0.82362	0.58127
	(0.18247	(0.09132)**	(0.09754)**	(0.11202)**	(0.15382)*	(0.08562)**	(0.08012)**	(0.11603)**
University	1.13945	1.19732	1.58627	1.31756	1.12051	1.13364	1.69184	1.10698
	(0.18252	(0.10215)**	(0.09929)**	(0.11845)**	(0.15386)**	(0.09517)**	(0.08206)**	(0.12182)**
Age	0.06239	0.03908	0.07573	0.10494	0.03112	0.03649	0.05057	0.05185
	(0.00842	(0.00732)**	(0.00560)**	(0.00748)**	(0.00776)**	(0.00688)**	(0.00545)**	(0.00796)**
Age Squared	-0.00052	-0.00034	-0.00064	-0.00107	-0.00017	-0.00032	-0.00036	-0.00046
	(0.00011	(0.00009)**	(0.00007)**	(0.00009)**	(0.0001	(0.00008)**	(0.00007)**	(0.00010)**
Race	0.20611	-0.06396	0.09677	0.10333	0.28899	0.10731	0.12775	0.12444
	(0.05702	(0.05177)	(0.03536)**	(0.06374)	(0.06501)**	(0.04510)*	(0.04057)**	(0.06102)*
Region II	0.20032	0.28793	0.31332	0.04567	0.10883	-0.08026	0.32004	0.02665
	(0.19331	(0.13509)*	(0.07267)**	(0.10419)	(0.14842)	(0.12227)	(0.07556)**	(0.11454)
Region III	0.05616	0.1425	0.13634	0.01018	-0.10395	-0.21732	0.12939	0.14152
	(0.19354	(0.12805)	(0.07402)	(0.09099)	(0.14497)	(0.11296)	(0.07416)	(0.09961)
Region IV	0.02654	0.11852	0.03828	-0.04015	-0.06165	-0.18234	0.0769	-0.05455
	(0.19409	(0.12381)	(0.07671)	(0.08146)	(0.15116)	(0.10175)	(0.0752)	(0.09878)
Region V	-0.07649	0.13011	0.02737	-0.09489	-0.13334	-0.23157	0.08995	-0.03922
	(0.18736	(0.11105)	(0.06485)	(0.07244)	(0.13762)	(0.09029)*	(0.06319)	(0.08308)
Region VI	0.11513	0.18427	0.13588	0.07709	0.02486	-0.20922	0.14127	-0.01205
	(0.1871)	(0.11907)	(0.06772)*	(0.07526)	(0.13843)	(0.10102)*	(0.06697)*	(0.08679)
Region VII	-0.00133	-0.02623	0.09601	-0.21021	-0.08868	-0.39609	0.1709	-0.16913
	(0.18859	(0.11777)	(0.06853)	(0.07501)**	(0.13966)	(0.09538)**	(0.06840)*	(0.08537)*
Region VIII	-0.01166	0.09049	0.0597	-0.16072	-0.09055	-0.29393	0.10913	-0.16204
	(0.1857)	(0.11304)	(0.06413)	(0.07102)*	(0.13721)	(0.09171)**	(0.06373)	(0.08298)
Region IX	0.03146	0.04065	0.05447	-0.19496	-0.07939	-0.36262	0.11577	-0.17567
	(0.19018	(0.11565)	(0.07686)	(0.07468)**	(0.14338)	(0.09592)**	(0.07636)	(0.08513)*
Region X	0.09657	0.15973	0.1031	-0.00496	0.00247	-0.22244	0.13751	0.00893
	(0.18725	(0.11633)	(0.06814)	(0.07373)	(0.13792)	(0.09470)*	(0.06919)*	(0.08262)
Region XI	0.22755	0.32425	0.4022	0.14979	0.03327	-0.04378	0.45788	0.0814
	(0.19053	(0.15364)*	(0.12912)**	(0.10542)	(0.14793)	(0.13076)	(0.13356)**	(0.12189)
Region XII	0.18119	0.33064	0.30851	0.07431	0.07924	0.0328	0.33023	0.11986
	(0.20926	(0.1703)	(0.08605)**	(0.14041)	(0.16722)	(0.16978)	(0.08746)**	(0.13257)
Region XIII	0.26282	0.38345	0.28823	0.18504	0.16846	-0.05263	0.31501	0.19441
	(0.18179	(0.10756)**	(0.06126)**	(0.06440)**	(0.13172)	(0.08661)	(0.06059)**	(0.07632)*
Constant	9.59456	9.88559	9.25362	9.08074	5.24515	5.3493	4.44671	5.22316
	(0.28617	(0.19601)**	(0.15196)**	(0.20614)**	(0.24451)**	(0.18367)**	(0.14206)**	(0.21943)**
Observations	5972	8859	13370	9541	5792	8546	12936	9194
Adjusted R-Squared	0.33582	0.14158	0.39914	0.21522	0.36032	0.13913	0.40625	0.15344

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Region I is the base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A14

Dominican Republic's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.40929	1.21182	1.34805	-0.7258259	-0.82504	-1.235567
	(0.17236)**	(0.26461)**	(0.64168)*	(0.4182362)	(0.57128)	(0.5599747)*
Primary Complete	0.63336	1.21297	1.0017	-1.146288	-0.42817	-1.346721
	(0.20587)**	(0.30836)**	(0.66735	(0.4491006)*	(0.5903)	(0.579582)*
Secondary Incomplete	0.81179	1.20306	1.53333	-0.8516828*	-0.35332	-1.44468
	(0.19164)**	(0.27046)**	(0.64478)**	(0.4226916)*	(0.57586)	(0.567656)*
Secondary Complete	1.1078	1.15289	1.893	-0.9391926	-0.36391	-1.545223
	(0.19206)**	(0.29546)**	(0.64200)**	(0.4263439)*	(0.57776)	(0.5695946)**
Superior	1.63047	1.53499	2.36221	-1.574882	0.10008	-2.205882
	(0.19837)**	(0.28250)**	(0.64287)**	(0.4403442)**	(0.58638)	(0.5825123)**
Age	0.24355	0.31194	0.10072	0.0969009*	0.09938	0.1481567
	(0.02448)**	(0.03533)**	(0.04436)*	(0.0438797)	(0.04055)**	(0.0413005)**
Age Squared	-0.00352	-0.00443	-0.00071	-0.0001674	-0.0012	-0.0014537
	(0.00032)**	(0.00044)**	(0.00062	(0.0005964)	(0.00052)*	(0.0005206)**
Married	-0.4037	0.92505	0.11855	0.2098164	1.38908	1.002213
	(0.08888)**	(0.18536)**	(0.14521	(0.1490697)	(0.19925)**	(0.2014621)**
Region Distrito Nacional	0.25907	0.42643	-0.02076	-0.0220436	0.01673	-0.1693972
	(0.07747)**	(0.13045)**	(0.12762	(0.1343044)	(0.13778)	(0.1396955)
Ln (Non-labour income)	-0.21703	-0.37429	-0.41936	-0.4135545	-0.20007	-0.2630713
	(0.07029)**	(0.11659)**	(0.10169)**	(0.102849)**	(0.08983)*	(0.0919581)**
Ln (Non-labour income)	-0.00221	0.00887	0.02496	0.0201339	0.01154	0.0143539
	(0.00584	(0.00944)	(0.00885)**	(0.009519)*	(0.00936)	(0.0097216)
No. of Children 0-3 Years Old	-0.38845	0.44225	-0.29413	-0.2666922	0.15401	0.3427621
	(0.08107)**	(0.34576)	(0.13344)*	(0.141514)	(0.18963)	(0.1922474)
No. of Children 4-6 Years Old	-0.27463	0.28704	-0.11334	-0.1505161	-0.34707	-0.2068835
	(0.09376)**	(0.27546)	(0.16011)	(0.1601806)	(0.21177)	(0.217224)
No. of Girls 7-10 Years Old	-0.08119	0.20909	-0.02815	0.0399124	0.01836	0.1003435
	(0.10091	(0.2846)	(0.18026)	(0.1847877)	(0.2274)	(0.225365)
No. of Girls 11-15 Years Old	0.02351	0.02309	-0.18352	-0.1227641	0.20876	0.2126711
	(0.09905	(0.17834)	(0.16506)	(0.163047)	(0.20476)	(0.2077627)
No. of Boys 7-10 Years Old	-0.27066	-0.00932	-0.1527	0.0914185	-0.29997	-0.1779796
	(0.10347)**	(0.24436)	(0.18484)	(0.1744182)	(0.21198)	(0.2202566)
No. of Boys 11-15 Years Old	-0.01055	0.01585	-0.14714	-0.0387651	-0.08642	-0.0669969
	(0.0968	(0.16356)	(0.16602)	(0.1520404)	(0.18202)	(0.1835315)
School Attendance	-0.46448	-1.25791	-0.04371	0.2729058	-0.05361	-0.0316425
	(0.11888)**	(0.15626)**	(0.16913)	(0.1907317)	(0.18898)	(0.2009216)
Elderly	-0.24355	-0.03917	-0.1176	-0.0691069	-0.28758	-0.0898105
	(0.09250)**	(0.1286)	(0.15058)	(0.1604106)	(0.14624)*	(0.1549951)
No. of Unemployed	-0.10926	0.0165	-0.45633	-0.3766564	-0.29025	-0.4559633
	(0.07783	(0.11572)	(0.12185)**	(0.1244884)**	(0.11082)**	(0.1112016)**
No. of Informal	0.02762	0.22148	-0.09646	0.3353208	-0.0359	0.4469006
	(0.05587	(0.07984)**	(0.09462)	(0.0965225)**	(0.11202)	(0.1149283)**
Constant	-1.99453	-2.12962	-1.85201	0.1015397	0.21028	0.1815269
	(0.50896)**	(0.78464)**	(0.99699)*	(0.8773517)	(0.92354)	(0.9436552)
Observations	3983	3398	2306		2937	
Adjusted R-Squared	0.1387	0.2458	0.1357		0.1259	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Distrito Nacional is the base category.

Unemployed is the occupational equation base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A15

Dominican Republic's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	-0.19784	0.19801	0.34924	0.23529	-0.01931	0.16085	0.35009	0.16963
	(0.16597)	(0.13073)	(0.10156)**	(0.07728)**	(0.22622)	(0.12389)	(0.11172)**	(0.07247)*
Primary Complete	-0.11199	0.51033	0.62578	0.29542	0.06851	0.34725	0.61335	0.24989
	(0.17814)	(0.15219)**	(0.11852)**	(0.09539)**	(0.22899)	(0.15545)*	(0.12502)**	(0.08886)**
Secondary	0.16429	0.58082	0.58285	0.35129	0.31529	0.44493	0.60132	0.29398
	(0.17017)	(0.13923)**	(0.10395)**	(0.08469)**	(0.23024)	(0.13246)**	(0.11391)**	(0.08280)**
Secondary Complete	0.26971	0.65719	0.77886	0.52404	0.46272	0.52327	0.80015	0.44156
	(0.16752)	(0.14146)**	(0.10344)**	(0.08968)**	(0.22862)*	(0.13100)**	(0.11268)**	(0.09515)**
Superior	0.69405	1.05145	1.25905	0.48869	0.95937	0.90743	1.37015	0.51127
	(0.16698)	(0.16994)**	(0.10813)**	(0.10052)**	(0.22772)**	(0.16441)**	(0.11350)**	(0.09661)**
Age	0.06664	0.0771	0.06859	0.10301	0.05513	0.07142	0.05783	0.08369
	(0.01577)	(0.01758)**	(0.01318)**	(0.01202)**	(0.01578)**	(0.02033)**	(0.01247)**	(0.01149)**
Age Squared	-0.00066	-0.00083	-0.00058	-0.00119	-0.00049	-0.00072	-0.00047	-0.00097
	(0.00022)	(0.00023)**	(0.00019)**	(0.00016)**	(0.00022)*	(0.00027)**	(0.00018)**	(0.00015)**
Region Distrito	0.21069	0.1068	0.15647	0.27346	0.24669	0.08349	0.10532	0.2208
	(0.04894)	(0.06232)	(0.04105)**	(0.04165)**	(0.04716)**	(0.06593)	(0.03795)**	(0.04193)**
Constant	6.57345	5.71742	6.27646	6.02113	1.3519	0.94736	1.21673	1.2874
	(0.31567)	(0.32970)**	(0.24457)**	(0.22295)**	(0.35155)**	(0.36894)*	(0.23934)**	(0.21824)**
Observations	873	855	1295	1293	873	855	1295	1293
Adjusted R-Squared	0.31356	0.1348	0.37624	0.1383	0.36816	0.09928	0.40084	0.10599

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Distrito Nacional is the base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A16

El Salvador's regressions: participation-occupational model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.2841	1.0282	0.14976	1.17788	1.17253	0.3347189
	(0.10016)**	(0.20708)**	(0.66042)	(0.28761)**	(0.28761)**	(0.2630974)
Primary Complete	0.48141	1.13023	0.66442	1.32105	1.30794	0.124378
	(0.13141)**	(0.24796)**	(0.70103)	(0.30853)**	(0.30880)**	(0.2912828)
Secondary Incomplete	0.66177	1.35947	-0.13678	1.80415	1.78209	0.5750304
	(0.17532)**	(0.30226)**	(0.77823)	(0.40547)**	(0.40530)**	(0.3900396)
Secondary Complete	0.9995	1.20357	1.03839	1.82408	1.79904	0.0618819
	(0.13073)**	(0.24207)**	(0.6566)	(0.30515)**	(0.30442)**	(0.2891353)
University	1.63517	1.64473	0.79222	2.0565	2.01736	-0.405625
	(0.15315)**	(0.26503)**	(0.6572)	(0.33274)**	(0.33709)**	(0.334201)
Age	0.22444	0.23361	0.13894	0.08175	0.08176	0.0679124
	(0.01787)**	(0.03073)**	(0.08242)*	(0.04269)*	(0.04292)*	(0.0421124)
Age Squared	-0.00289	-0.00345	-0.00104	-0.00088	-0.00089	-0.0003552
	(0.00023)**	(0.00038)**	(0.00113)	(0.00056)	(0.00056)	(0.0005445)
Married	-0.45017	1.33254	0.57809	0.76436	0.77768	0.5929869
	(0.07076)**	(0.14961)**	(0.26282)*	(0.15951)**	(0.16019)**	(0.1624182)**
Region Central 1	0.06563	-0.15363	0.47255	0.60212	0.60201	0.2502108
	(0.09214)	(0.15858)	(0.3152)	(0.20253)**	(0.20242)**	(0.2025407)
Region Central 2	-0.1017	-0.00638	0.99263	0.00818	0.00826	0.087018
	(0.09426)	(0.16211)	(0.38227)**	(0.19757)	(0.1975)	(0.1945059)
Region Oriental	-0.32159	-0.18502	0.49205	0.14902	0.14071	0.4393384
	(0.09391)**	(0.16333)	(0.34413)	(0.21423)	(0.2141)	(0.2157704)**
Region Amss	0.30707	0.30161	0.38505	0.5221	0.51684	-0.0087929
	(0.08039)**	(0.14164)*	(0.2444)	(0.16452)**	(0.16468)**	(0.1684901)
Ln (Non-labour income)	-0.17103	-0.14578	-0.0136	-0.33868	-0.38485	-0.5906676
	(0.08130)*	(0.12753)	(0.28188)	(0.13415)**	(0.13465)**	(0.1388471)**
Ln (Non-labour income)	-0.04058	-0.04484	-0.02797	0.04055	0.05201	0.075072
	(0.01247)**	(0.01972)*	(0.0536)	(0.02448)*	(0.02378)*	(0.0247102)**
No. of Children 0-3 Years Old	-0.36352	0.1329	-0.35578	-0.06787	-0.05893	0.0913801
	(0.07887)**	(0.24372)	(0.26574)	(0.17505)	(0.17463)	(0.1762863)
No. of Children 4-6 Years Old	-0.24508	-0.20867	0.38345	-0.04325	-0.03698	0.0349996
	(0.07624)**	(0.18551)	(0.30329)	(0.18196)	(0.18184)	(0.1891795)
No. of Girls 7-10 Years Old	-0.24637	-0.00954	-0.14706	0.01688	0.02141	-0.0261779
	(0.08924)**	(0.20223)	(0.33352)	(0.22083)	(0.22055)	(0.2246598)
No. of Girls 11-15 Years Old	0.24074	0.07413	-0.1414	0.00298	0.00801	-0.1279207
	(0.07347)**	(0.14205)	(0.27051)	(0.17779)	(0.17764)	(0.179174)
No. of Boys 7-10 Years Old	-0.06703	-0.32133	0.02707	0.08351	0.09198	0.0556178
	-0.08102	(0.16679)*	(0.31264)	(0.17646)	(0.17623)	(0.1799225)
No. of Boys 11-15 Years Old	-0.15266	0.03171	0.35678	-0.07368	-0.06848	-0.1149408
	(0.07282)*	(0.11861)	(0.25418)	(0.16137)	(0.16128)	(0.165908)
School Attendance	-1.61617	-2.61527	0.73257	1.40385	1.41574	1.952634
	(0.15858)**	(0.19157)**	(0.37823)*	(0.44238)**	(0.44342)**	(0.470112)***
Elderly	-0.32305	-0.17933	-0.21423	-0.21453	-0.20752	-0.1387809
	(0.06750)**	(0.13549)	(0.17104)	(0.14502)	(0.14533)	(0.1511439)
No. of Unemployed	-0.40424	-0.13029	-0.7634	-0.81518	-0.80032	-0.9291054
	(0.09257)**	(0.14565)	(0.21929)**	(0.16641)**	(0.16571)**	(0.1686155)**
No. of Informal	0.08699	0.07757	-0.19863	0.11429	0.10611	0.315907
	(0.04232)*	(0.06895)	(0.13225)	(0.09594)	(0.09581)	(0.0930778)**

⇨

Constant	-2.36716 (0.36560)**	-1.65787 (0.64178)**	-1.41384 (-1.54704)	-1.66758 (0.83484)*	-1.66102 (0.84275)*	-0.2505503 (0.8075002)
Observations	9922	7115	5464		5854	
Adjusted R-Squared	0.142	0.3412	0.2753		0.1003	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Occidental is the base category.

Unemployed is the occupational equation base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A17

El Salvador's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.28247	0.19888	0.16422	0.32107	0.50262	0.14453	-0.27477	0.49252
	(0.15406)	(0.05508)**	(0.07967)*	(0.09916)**	(0.2888)	(0.10738)	(0.30251)	(0.14791)**
Primary Complete	0.33421	0.329	0.23051	0.42012	0.83074	0.20805	-0.47497	0.52474
	(0.14964)*	(0.07799)**	(0.08108)**	(0.10881)**	(0.27092)**	(0.14972)	(0.29658)	(0.16883)**
Secondary	0.43196	0.54471	0.31643	0.27375	0.87373	0.65547	-0.11553	-0.02203
	(0.15699)**	(0.09655)**	(0.09130)**	(0.13645)*	(0.31369)**	(0.18456)**	(0.33891)	(0.19783)
Secondary Complete	0.60226	0.31752	0.39249	0.67592	1.12873	0.26137	-0.15736	1.12351
	(0.14981)**	(0.07454)**	(0.08083)**	(0.11831)**	(0.27557)**	(0.14522)	(0.2901)	(0.18418)**
University	1.12303	0.73926	0.92	0.96386	1.83843	0.20053	0.55938	1.07269
	(0.14861)**	(0.14288)**	(0.08378)**	(0.14434)**	(0.26178)**	(0.21169)	(0.29008)	(0.23913)**
Age	0.0515	0.07144	0.06313	0.0771	0.07846	0.05348	0.03516	0.06382
	(0.01500)**	(0.01248)**	(0.00870)**	(0.01342)**	(0.02883)**	(0.01987)**	(0.02495)	(0.02916)*
Age Squared	-0.00047	-0.00076	-0.00064	-0.00087	-0.00066	-0.00059	-0.00018	-0.00064
	(0.00022)*	(0.00016)**	(0.00012)**	(0.00017)**	(0.00039)	(0.00025)*	(0.00034)	(0.00035)
Region Central 1	0.00983	-0.02784	0.01818	0.04224	-0.10807	0.107	-0.10946	-0.03396
	(0.04582)	(0.05887)	(0.04056)	(0.06875)	(0.09467)	(0.08732)	(0.17036)	(0.14804)
Region Central 2	0.03382	-0.02363	-0.03024	0.01209	-0.13439	0.09913	-0.07984	0.00925
	(0.05993)	(0.06624)	(0.04473)	(0.07504)	(0.15483)	(0.11221)	(0.19153)	(0.1554)
Region Oriental	0.08465	0.08045	0.05626	0.09627	0.0606	0.19686	0.00753	0.07308
	(0.05759)	(0.06509)	(0.05391)	(0.07168)	(0.10542)	(0.10082)	(0.18905)	(0.15045)
Region Amss	0.01585	0.1171	0.05525	0.13945	-0.07854	0.16645	-0.08456	-0.05362
	(0.04013)	(0.05564)*	(0.03559)	(0.06095)*	(0.10115)	(0.09027)	(0.1561)	(0.14381)
Constant	3.57424	2.99261	3.71149	3.25728	-2.62463	-1.49178	-0.49221	-1.82137
	(0.26517)**	(0.23342)**	(0.16271)**	(0.26187)**	(0.49131)**	(0.37269)**	(0.53712	(0.57083)**
Observations	1926	3117	2603	2274	417	1060	345	614
Adjusted R-Squared	0.40808	0.06069	0.31296	0.10779	0.51712	0.03139	0.41839	0.1416

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Occidental is the base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A18

Mexico's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.16459	1.34368	1.03243	0.1677588	0.8274	0.6684486
	(0.10876	(0.21170)**	(0.9398)	(0.9203634)	(0.35838)*	(0.3592445)*
Primary Complete	0.40854	1.85892	1.20715	-0.2076828	1.06516	0.620283
	(0.11551)**	(0.24674)**	(0.93535)	(0.9172106)	(0.35837)**	(0.3605156)*
Secondary Incomplete	0.85486	2.02326	1.16034	-0.4256752	1.07818	0.5466508
	(0.14447)**	(0.25077)**	(1.00708)	(0.9914702)	(0.40376)**	(0.408447)
Secondary Complete	0.72217	1.84891	1.48388	-0.3754404	1.10413	0.2853159
	(0.12076)**	(0.25227)**	(0.92865)	(0.9094011)	(0.37498)**	(0.3786386)
Superior	1.12842	1.67539	1.1284	-1.53653	1.23382	-0.0728029
	(0.12351)**	(0.22444)**	(0.93919)	(0.9210601)*	(0.36507)**	(0.3695736)
Age	0.22061	0.28517	0.12907	0.087153	0.24292	0.269421
	(0.01380)**	(0.02579)**	(0.07668)*	(0.0771448)	(0.03866)**	(0.0393868)**
Age Squared	-0.0029	-0.00414	-0.00078	0.0001069	-0.00301	-0.0030729
	(0.00017)**	(0.00032)**	(0.00111)	(0.0011132)	(0.00049)**	(0.0004989)**
Married	-1.09773	1.30923	0.96468	1.381234	1.06035	1.031957
	(0.05964)**	(0.12987)**	(0.32428)**	(0.3257156)**	(0.17288)**	(0.1748851)**
Region Norte	-0.16303	0.22224	0.41132	0.0881624	-0.33581	-0.6239617
	(0.09925)	(0.19722)	(0.50849)	(0.5154143)	(0.28651)	(0.2919953)**
Region Noreste	-0.02312	0.28581	-0.29557	-0.2898431	-0.28286	-0.6671035
	(0.09554)	(0.1913)	(0.42426)	(0.4324446)	(0.27764)	(0.2844082)**
Region Occidente	0.07912	0.39928	-0.63002	-0.4616841	-0.30786	-0.3876492
	(0.10127)	(0.21301)*	(0.43327)	(0.4388873)	(0.3095)	(0.3149396)
Region Centro Norte	0.06268	0.4103	0.26039	0.2841189	-0.13017	-0.3400002
	(0.08329)	(0.16777)**	(0.38815)	(0.3929797)	(0.25171)	(0.2555928)
Region Centro Sur	-0.16681	0.11063	0.1356	0.4038715	-0.31363	-0.0608607
	(0.09119)*	(0.17697)	(0.44929)	(0.4531472)	(0.27533)	(0.2795011)
Region Oriente	0.02253	0.24384	-0.67924	-0.0291174	0.05147	0.2396577
	(0.09381)	(0.1874)	(0.42245)	(0.4330744)	(0.29585)	(0.2999541)
Region Sur	0.07615	-0.09403	-0.76031	0.0961592	-0.53833	-0.3178236
	(0.10338)	(0.2233)	(0.45243)*	(0.454634)	(0.33476)	(0.3398086)
Region Sureste	0.34201	0.44271	-0.59562	-0.1493938	1.21995	1.286209
	(0.11659)**	(0.22710)*	(0.52664)	(0.5274757)	(0.40892)**	(0.4127089)**
Region Centro	0.0016	0.05576	-0.69417	-0.7813628	-0.21093	-0.1107125
	(0.09154	(0.17272	(0.37409)*	(0.3831547)**	(0.27694)	(0.2822483)
Ln (Non-labour income)	-0.09961	-0.13513	-0.06905	-0.1075094	-0.15421	-0.1589819
	(0.00714)**	(0.01689)**	(0.03561)*	(0.0360094)**	(0.03161)**	(0.0319014)**
Ln (Non-labour income)	0.00266	0.01211	0.02538	0.0119443	0.01527	0.0022653
	(0.00109)**	(0.00222)**	(0.00539)**	(0.0054042)**	(0.00411)**	(0.0041599)
No. of Children 0-3 Years Old	-0.39782	0.59313	0.60245	0.8949984	0.44297	0.4654724
	(0.05706)**	(0.17977)**	(0.40492)	(0.40414)**	(0.23983)*	(0.2402164)*
No. of Children 4-6 Years Old	-0.12955	0.09779	0.13847	0.3471745	0.3376	0.379751
	(0.05819)*	(0.17436)	(0.42331)	(0.424351)	(0.35002)	(0.354192)
No. of Girls 7-10 Years Old	-0.0656	0.34613	0.62268	0.6113566	-0.21701	-0.2057478
	(0.066)	(0.19329)*	(0.4351)	(0.4322649)	(0.20536)	(0.2049122)
No. of Girls 11-15 Years Old	0.05238	0.06207	-0.25582	-0.205607	0.09348	-0.0643857
	(0.05045)	(0.11436)	(0.25571)	(0.2587286)	(0.15012)	(0.1510931)
No. of Boys 7-10 Years Old	-0.14621	0.2072	0.43065	0.6195603	0.63081	0.688346
	(0.06627)*	(0.14703)	(0.44954)	(0.4507027)	(0.31345)*	(0.316386)**
No. of Boys 11-15 Years Old	-0.0731	0.07148	0.62306	0.7118802	0.26825	0.1986736
	(0.05331)	(0.09407	(0.31931)*	(0.3163086)**	(0.17534)	(0.1766802)
School Attendance	0.88655	1.47635	-0.77241	-0.9313242	-1.55361	-1.83512
	(0.05885)**	(0.07072)**	(0.25767)**	(0.2611587)**	(0.32753)**	(0.3291411)**
Elderly	-0.16727	-0.04725	0.06412	-0.0406672	-0.10552	-0.0139292
	(0.05919)**	(0.09712)	(0.18889)	(0.1988977)	(0.14564)	(0.1464348)
Unemployed	-0.01217	-0.13012	-0.98477	-1.112109	-0.94944	-0.9440394
	(0.07182)	(0.17294)	(0.18493)**	(0.1917335)**	(0.15407)**	(0.1544518)**
No. of Informal	0.11089	0.20242	0.03344	0.5423993	-0.22035	0.2919596
	(0.03002)**	(0.06180)**	-0.13383	(0.1365191)**	(0.08436)**	(0.0837858)**

Constant	-6.24864	-9.63987	0.91387	3.581117	3.35696	4.194932
	(0.30229)**	(0.49508)**	-1.67883	(1.690)**	(1.46264)*	(1.470205)***
Observations	16620	12521	8703		10878	
Adjusted R-Squared	0.122	0.3806	0.1874		0.1135	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Noroeste is the base category.

Unemployed i the occupational equation base category.

Source: Authors' calculation based on the respective national household surveys.

TABLE A19

Mexico's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.16532	0.38821	0.33847	0.44196	0.13582	0.37738	0.32471	0.33874
	(0.19159)	(0.12137)**	(0.07328)**	(0.10299)**	(0.21193)	(0.11026)**	(0.07857)**	(0.10976)**
Primary Complete	0.54916	0.66223	0.47665	0.54153	0.51556	0.59083	0.48243	0.39966
	(0.18936)**	(0.13471)**	(0.07617)**	(0.10335)**	(0.21263)*	(0.11974)**	(0.08071)**	(0.11050)**
Secondary	0.81212	0.90627	0.53675	0.63974	0.82761	0.8396	0.6067	0.53662
	(0.19232)**	(0.14523)**	(0.08204)**	(0.11041)**	(0.21499)**	(0.13845)**	(0.08642)**	(0.11914)**
Secondary Complete	0.91677	0.97119	0.68899	0.74103	0.93873	0.8526	0.72279	0.62995
	(0.18851)**	(0.13365)**	(0.07750)**	(0.10921)**	(0.21164)**	(0.12348)**	(0.08216)**	(0.11426)**
Superior	1.23238	1.29704	1.14389	0.86043	1.36192	1.20724	1.28777	0.91957
	(0.18716)**	(0.14774)**	(0.07539)**	(0.11030)**	(0.21075)**	(0.13522)**	(0.07945)**	(0.11540)**
Age	0.09261	0.08815	0.13038	0.1255	0.0789	0.08748	0.11037	0.08693
	(0.01067)**	(0.01508)**	(0.00762)**	(0.00941)**	(0.00992)**	(0.01367)**	(0.00749)**	(0.00940)**
Age Squared	-0.00095	-0.00101	-0.0014	-0.00146	-0.00073	-0.00099	-0.00114	-0.00098
	(0.00015)**	(0.00019)**	(0.00010)**	(0.00012)**	(0.00014)**	(0.00018)**	(0.00010)**	(0.00012)**
Region Norte	-0.13911	-0.37053	-0.17445	-0.2475	-0.07638	-0.31614	-0.13555	-0.29682
	(0.06044)*	(0.12334)**	(0.05106)**	(0.08859)**	(0.06079)	(0.10774)**	(0.05182)**	(0.08784)**
Region Noreste	-0.09908	-0.31768	-0.14254	-0.13008	-0.10436	-0.21982	-0.15825	-0.18901
	(0.05878)	(0.12596)*	(0.04758)**	(0.06596)*	(0.05828)	(0.11068)*	(0.04685)**	(0.06518)**
Region Occidente	-0.17865	-0.17825	-0.23916	-0.0738	-0.11129	-0.1718	-0.27115	-0.13805
	(0.06949)*	(0.11543)	(0.05724)**	(0.07014)	(0.06408)	(0.10294)	(0.05619)**	(0.06793)*
Region Centro Norte	-0.23387	-0.31934	-0.1729	-0.15705	-0.21948	-0.22574	-0.18727	-0.21806
	(0.05648)**	(0.10007)**	(0.04285)**	(0.06034)**	(0.05667)**	(0.08928)*	(0.04332)**	(0.06092)**
Region Centro Sur	-0.26346	-0.4147	-0.24648	-0.23672	-0.22793	-0.35618	-0.25634	-0.39232
	(0.05275)**	(0.11595)**	(0.04772)**	(0.06069)**	(0.05192)**	(0.09730)**	(0.04814)**	(0.06308)**
Region Oriente	-0.29149	-0.40937	-0.34421	-0.45143	-0.24654	-0.43777	-0.36599	-0.53812
	(0.06075)**	(0.10936)**	(0.05746)**	(0.06466)**	(0.06160)**	(0.09353)**	(0.05518)**	(0.06360)**
Region Sur	-0.40992	-0.63428	-0.2933	-0.4831	-0.37461	-0.66086	-0.3558	-0.56656
	(0.11361)**	(0.12087)**	(0.05500)**	(0.07418)**	(0.09395)**	(0.10871)**	(0.05728)**	(0.08149)**
Region Sureste	-0.49947	-0.80652	-0.15359	-0.46967	-0.36656	-0.66162	-0.22262	-0.51014
	(0.10786)**	(0.12984)**	(0.06053)*	(0.10137)**	(0.10076)**	(0.11732)**	(0.06241)**	(0.09660)**
Region Centro	-0.04714	-0.10603	-0.13436	-0.02872	-0.04161	-0.09646	-0.17249	-0.17379
	(0.05204)	(0.10939)	(0.04833)**	(0.06114)	(0.05164)	(0.0932)	(0.04825)**	(0.06023)**
Constant	5.61926	5.09302	5.34519	5.2991	0.58335	0.25085	0.32167	0.85201
	(0.26995)**	(0.28717)**	(0.15350)**	(0.20951)**	(0.27180)*	-0.25798	(0.15463)*	(0.21504)**
Observations	4025	4619	6326	4683	4025	4619	6326	4683
Adjusted R-Squared	0.27416	0.10806	0.30799	0.14781	0.33132	0.11635	0.33606	0.14275

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Noroeste is the base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A20

Paraguay's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary	0.19075	0.84117	0.79371	-0.2650751	0.53404	0.3557676
	(0.21847)	(0.48397)*	(0.51403)	(0.4512908)	(0.44039)	(0.4234904)
Secondary Incomplete	-0.15239	-0.58278	0.90343	0.3117732	1.34174	1.157525
	(0.20137	(0.25078)*	(0.50431)*	(0.4078646)	(0.49817)**	(0.4863606)**
Secondary Complete	0.33686	0.02897	1.11645	-0.3620151	1.19462	0.9825262
	(0.15932)*	(0.24696)	(0.39528)**	(0.3272921)	(0.33194)**	(0.3238781)***
Superior	0.56552	-0.20909	1.36599	-1.479501	1.75584	1.022416
	(0.17065)**	(0.27845	(0.34995)**	(0.3034535)**	(0.39150)**	(0.3896325)***
Age	0.17639	0.34737	0.18255	0.0683014	0.20161	0.2475311
	(0.03368)**	(0.04891)**	(0.09399)*	(0.0740547)	(0.06676)**	(0.0671644)***
Age Squared	-0.00231	-0.0046	-0.00176	-0.0001923	-0.00257	-0.0028444
	(0.00043)**	(0.00060)**	(0.00125	(0.0009635)	(0.00083)**	(0.0008357)***
Race	0.24189	0.09863	-0.40094	-0.290524	0.42517	0.4975724
	(0.12821)*	(0.20295)	(0.29381)	(0.2581901)	(0.30334)	(0.2984236)*
Married	-0.64788	1.05502	-0.41287	-0.4761411	0.59218	0.6248192
	(0.13372)**	(0.30029)**	(0.31807	(0.2922994)	(0.33496)*	(0.3196278)*
Region Central Urbano	-0.14199	-0.10939	-0.28889	-0.1353762	-0.1109	0.167137
	(0.14917)	(0.26575)	(0.30635)	(0.2795295)	(0.32598)	(0.3229339)
Region Resto Urbano	-0.39828	-0.36616	-0.47234	0.3830796	-0.2323	0.3297369
	(0.12301)**	(0.19856)*	(0.3033)	(0.2555814)	(0.27907)	(0.2762959)
Ln (Non-labour income)	-0.064	0.13663	-0.91762	-0.8891249	-0.1858	-0.001529
	(0.08509	(0.12029	(0.25310)**	(0.2324981)**	(0.15028)	(0.1479739)
Ln (Non-labour income)	-0.00436	-0.01904	0.05437	0.0538434	0.00424	-0.0133125
	(0.00555	(0.00813)**	(0.01432)**	(0.0122736)**	(0.01046)	(0.0103099)
No. of Children 0-3 Years Old	-0.34706	-0.09727	0.34624	0.1064012	0.70114	0.4811655
	(0.11052)**	(0.43427)	(0.27979)	(0.2498882)	(0.35275)*	(0.346415)
No. of Children 4-6 Years Old	-0.13334	0.45485	0.0232	0.2677735	0.23696	0.3482347
	(0.12695)	(0.35853)	(0.35149)	(0.3039247)	(0.40909)	(0.4011323)
No. of Girls 7-10 Years Old	-0.00225	-0.28828	0.72774	0.6135366	0.39691	0.2123226
	(0.14218)	(0.51133)	(0.42852)*	(0.4005981)	(0.46317)	(0.4561443)
No. of Girls 11-15 Years Old	-0.11197	0.08197	0.35804	0.3778773	-0.63751	-0.7330128
	(0.14148)	(0.39463)	(0.41973)	(0.3635235)	(0.33195)*	(0.3129597)**
No. of Boys 7-10 Years Old	0.09788	-0.2436	-0.77227	-0.2193341	0.31333	0.2322075
	(0.1489)	(0.35865)	(0.38122)*	(0.3270636)	(0.37101)	(0.3526408)
No. of Boys 11-15 Years Old	-0.07853	-0.23784	0.82976	0.7792524	0.80651	0.7907324
	(0.13976)	(0.29285)	(0.46105)*	(0.4340322)*	(0.47114)*	(0.4561366)*
School Attendance	0.12399	0.23108	-0.03329	-0.0719905	-0.39934	-0.5076581
	(0.11296)	(0.19365)	(0.26944)	(0.2363041)	(0.2558)	(0.2481928)**
Elderly	-0.10373	-0.17279	-0.14542	-0.0814364	-0.19011	-0.1846058
	(0.12319)	(0.18378)	(0.26478)	(0.2490288)	(0.284)	(0.2829317)
Unemployed	-0.18605	-0.16034	-0.24574	-0.5959666	-0.48328	-0.5513317
	(0.12514)	(0.16576)	(0.20383)	(0.1895733)**	(0.20363)**	(0.1754951)***
No. of Informal	0.08587	0.15622	0.04256	0.2031035	0.27539	0.6619434
	(0.05356	(0.09108)*	(0.14188	(0.1247113)	(0.15762)*	(0.1525947)***
Constant	-0.27261	-2.48774	-1.1909	2.515621	-1.11358	-1.705875
	(0.69212)	(0.91310)**	(2.0634)	(1.802601)	-1.34023	(1.344277)
Observations	2360	1995	1450		1765	
Adjusted R-Squared	0.0687	0.2131	0.1787		0.1127	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Asunción is the base category.

Unemployed is the occupational equation base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A21

Paraguay's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary	0.52642	0.29404	0.19181	0.09649	0.37789	0.18042	0.12724	0.03151
	(0.14125)**	(0.10266)**	(0.09969	(0.09153	(0.16059)*	(0.1289	(0.11184	(0.09335
Secondary Incomplete	0.4791	0.05891	0.14631	0.16035	0.46158	0.11104	0.14133	0.15908
	(0.16823)**	(0.11542	(0.08988	(0.07121)*	(0.15100)**	(0.10055	(0.08528	(0.06575)*
Secondary Complete	0.33554	0.42498	0.43746	0.39149	0.36667	0.42531	0.42446	0.47116
	(0.12860)**	(0.08357)**	(0.09008)**	(0.07752)**	(0.09870)**	(0.08653)**	(0.08390)**	(0.07943)**
Superior	0.71259	1.00616	0.73802	0.65012	1.01072	1.14142	0.87246	0.80944
	(0.12435)**	(0.10075)**	(0.10110)**	(0.07833)**	(0.10583)**	(0.09995)**	(0.10678)**	(0.08815)**
Age	0.11522	0.04054	0.0794	0.0986	0.05799	0.05946	0.075	0.07334
	(0.02400)**	(0.01447)**	(0.01573)**	(0.01325)**	(0.01992)**	(0.01592)**	(0.01727)**	(0.01380)**
Age Squared	-0.00134	-0.00045	-0.00076	-0.00104	-0.00047	-0.00067	-0.0007	-0.00071
	(0.00031)**	(0.00019)*	(0.00020)**	(0.00017)**	(0.00027	(0.00021)**	(0.00023)**	(0.00018)**
Race	0.23006	0.0337	0.32616	0.21299	0.23542	0.08526	0.43712	0.18774
	(0.08611)**	(0.06483)	(0.07763)**	(0.05999)**	(0.07118)**	(0.06662)	(0.07686)**	(0.06267)**
Region Central Urbano	-0.04867	0.01664	0.17078	0.16974	-0.05136	0.01469	0.15181	0.13601
	(0.09341)	(0.07018)	(0.08630)*	(0.06570)**	(0.08385)	(0.07471)	(0.08767)	(0.06920)*
Region Resto Urbano	-0.08178	-0.06574	0.10237	0.03157	-0.11073	-0.13087	0.07778	-0.0019
	(0.09316)	(0.06506)	(0.06312)	(0.05838)	(0.08693)	(0.06699)	(0.06602	(0.06112)
Constant	11.34372	11.96202	12.09582	11.41722	6.85184	6.50583	6.83777	6.50879
	(0.47220)**	(0.26274)**	(0.29043)**	(0.25015)**	(0.36949)**	(0.27598)**	(0.31072)**	(0.25483)**
Observations	336	1090	681	1160	336	1090	681	1159
Adjusted R-Squared	0.23752	0.13749	0.31778	0.19558	0.409	0.17386	0.38485	0.21195

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Asunción is the base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A22

Uruguay's Regressions: Participation-Occupational Model

	Participation Equation		Occupational Equation			
			Female		Male	
	Female	Male	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	1.17123	1.85981	0.43729	0.3999894	-0.11604	-0.0526877
	(0.31980)**	(0.32561)**	(0.88855)	(0.5900856)	(0.9409)	(0.8581283)
Primary Complete	1.68102	2.64139	0.92488	0.494297	-0.04988	-0.2012481
	(0.31293)**	(0.31845)**	(0.87129)	(0.576212)	(0.93094)	(0.8489403)
Secondary Incomplete	2.10156	3.41138	1.50021	0.5486666	0.2478	-0.0837941
	(0.31165)**	(0.31758)**	(0.86979)*	(0.5757347)	(0.93042)	(0.8487689)
Secondary Complete	2.42065	3.72497	1.92774	0.6184062	0.24242	-0.0697384
	(0.31363)**	(0.32451)**	(0.87145)*	(0.5789291)	(0.9335)	(0.8523527)
Superior	2.71094	3.48838	2.61181	0.1308092	0.98602	-0.3401924
	(0.31496)**	(0.32035)**	(0.87327)**	(0.5828153)	(0.93555)	(0.8556573)
Age	0.23246	0.32678	0.15677	0.1251188	0.16117	0.1431963
	(0.01120)**	(0.01867)**	(0.01956)**	(0.0183999)**	(0.02035)**	(0.0204841)**
Age Squared	-0.00317	-0.00459	-0.00169	-0.0009452	-0.00203	-0.0015178
	(0.00014)**	(0.00022)**	(0.00025)**	(0.0002316)**	(0.00026)**	(0.0002557)**
Married	-0.53954	0.91279	-0.02766	0.004166	1.02746	0.7861002
	(0.04661)**	(0.09424)**	(0.07608)	(0.0733809)	(0.09675)**	(0.0974649)**
Region Interior	0.43066	0.23039	0.41371	-0.0833933	0.17362	-0.1812571
	(0.04157)**	(0.06979)**	(0.07025)**	(0.0657705)	(0.07727)*	(0.0774254)**
Ln (Non-labour income)	-0.62122	-1.43559	-0.82699	-0.7146447	-0.55814	-0.4732499
	(0.19356)**	(1.03108)	(0.21341)**	(0.2150201)**	(0.10897)**	(0.1104488)**
Ln (Non-labour income)	0.00764	0.04279	0.05085	0.0328708	0.02922	0.0153609
	(0.01239)	(0.06348)	(0.01450)**	(0.0147943)**	(0.00877)**	(0.0090136)*
No. of Children 0-3 Years Old	-0.4679	-0.08791	-0.29341	-0.1082387	0.02357	0.0685441
	(0.05002)**	(0.15429)	(0.08399)**	(0.0804732)	(0.11735)	(0.117618)
No. of Children 4-6 Years Old	-0.3523	-0.1101	-0.10082	-0.1738905	-0.02225	0.1175951
	(0.05553)**	(0.1373)	(0.09473)	(0.089587)*	(0.12151)	(0.1217176)
No. of Girls 7-10 Years Old	-0.27288	-0.33637	-0.25752	-0.2225585	-0.24451	-0.0871954
	(0.05499)**	(0.12491)**	(0.08808)**	(0.0824331)**	(0.11105)*	(0.1087066)
No. of Girls 11-15 Years Old	-0.15948	-0.08917	-0.21762	-0.0568007	0.10793	0.0755111
	(0.04854)**	(0.09946)	(0.08074)**	(0.0715182)	(0.10282)	(0.1019828)
No. of Boys 7-10 Years Old	-0.28217	-0.05878	-0.21335	-0.227014	-0.17943	-0.1996164
	(0.05285)**	(0.11799)	(0.08913)**	(0.0818564)**	(0.10150)*	(0.0997722)**
No. of Boys 11-15 Years Old	-0.23826	-0.18697	-0.17869	-0.104944	-0.13049	-0.2085074
	(0.04721)**	(0.08225)*	(0.07986)*	(0.073452)	(0.08564)	(0.0855447)**
School Attendance	-0.95897	-1.36988	-0.79712	-0.4048747	-1.01546	-0.8930219
	(0.07335)**	(0.09422)**	(0.11027)**	(0.1119722)**	(0.11117)**	(0.1176072)**
Elderly	-0.08347	-0.1647	-0.02903	-0.1137645	-0.25815	-0.083463
	(0.03978)*	(0.06058)**	(0.06605)	(0.064577)*	(0.06893)**	(0.0680664)
Unemployed	0.17233	0.1377	-0.26448	-0.4012164	-0.42193	-0.5201893
	(0.04630)**	(0.06896)*	(0.06705)**	(0.0630343)**	(0.06005)**	(0.0606579)**
No. of Informal	0.06275	0.13349	-0.14048	0.2225958	-0.11638	0.3046883
	(0.02877)*	(0.04620)**	(0.04931)**	(0.0445454)**	(0.05073)*	(0.0492061)**
Constant	-0.44386	2.3942	-0.82352	0.8049234	0.55676	0.9515392
	(0.84843)	(4.15246)	(1.24091)	(1.048345)	-1.05949	(0.989771)
Observations	14803	12839	9136		11129	
Adjusted R-Squared	0.1459	0.3155	0.1276		0.1025	

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Montevideo is the base category.

Unemployed is the occupational equation base category.

Source: authors' calculation based on the respective national household surveys.

TABLE A23

Uruguay's Regressions: Wage Model

	Monthly Wage				Hourly Wage			
	Female		Male		Female		Male	
	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector	Formal Sector	Informal Sector
Primary Incomplete	0.34978	0.18755	0.23365	-0.3347	0.58194	0.5812	0.3078	0.05262
	(0.12864)**	(0.3119)	(0.28591)	(0.16384)*	(0.13561)**	(0.27609)*	(0.28104)	(0.13799)
Primary Complete	0.57674	0.44158	0.48234	-0.11256	0.82198	0.70134	0.56293	0.23183
	(0.05974)**	(0.30793)	(0.27834)	(0.16028)	(0.08969)**	(0.27232)*	(0.27396)*	(0.13513)
Secondary Incomplete	0.8274	0.62783	0.70838	0.27716	1.09034	0.82947	0.79193	0.54802
	(0.05174)**	(0.30833)*	(0.27855)*	(0.1599)	(0.08677)**	(0.27286)**	(0.27421)**	(0.13493)**
Secondary Complete	1.06922	0.93385	0.93321	0.47225	1.36701	1.03135	1.01162	0.76501
	(0.05182)**	(0.30923)**	(0.27894)**	(0.16153)**	(0.08763)**	(0.27386)**	(0.27461)**	(0.13692)**
Superior	1.4288	1.23185	1.52198	0.97047	1.9323	1.45199	1.78498	1.32171
	(0.05145)**	(0.31172)**	(0.27942)**	(0.16822)**	(0.08698)**	(0.27639)**	(0.27495)**	(0.14295)**
Age	0.09094	0.05724	0.10886	0.11615	0.07349	0.04789	0.07505	0.07112
	(0.00815)**	(0.00794)**	(0.00669)**	(0.00692)**	(0.00779)**	(0.00743)**	(0.00611)**	(0.00609)**
Age Squared	-0.00088	-0.00055	-0.00103	-0.0012	-0.00064	-0.00046	-0.00064	-0.00069
	(0.00011)**	(0.00010)**	(0.00008)**	(0.00009)**	(0.00010)**	(0.00009)**	(0.00008)**	(0.00008)**
Region Interior	0.19677	0.28505	0.1455	0.08995	0.22157	0.41142	0.20155	0.17383
	(0.02829)**	(0.03019)**	(0.02275)**	(0.02582)**	(0.02702)**	(0.02755)**	(0.02150)**	(0.02366)**
Constant	5.13495	5.46673	5.21703	5.35833	0.03406	0.66523	0.50424	0.83027
	(0.16152)**	(0.33752)**	(0.30075)**	(0.20262)**	(0.17016)	(0.30119)*	(0.29209	(0.17276)**
Observations	3333	3729	5023	4528	3333	3729	5023	4528
Adjusted R-Squared	0.27799	0.13914	0.36609	0.22744	0.37265	0.16263	0.40592	0.21708

Robust standard errors in parentheses.

* significant at 1% level; ** significant at 5% level; ***significant at 10% level.

Montevideo is the base category.

Source: authors' calculation based on the respective national household surveys.

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NOTES

1. These transmission channels and others are better explained in Klasen and Lamanna (2003) and DFID (2008).

2. This analysis considers the conceptual framework developed by Morrison et al. (2007).

3. This analysis has benefited from the literature review by Altonji and Blank (1999).

4. Even though, in the model presented, the individual "decides" whether to work or not and whether to be unemployed or formal or informal, this does not mean that he/she does not face barriers when making the decision. That is, some barriers might be limiting the options that the individual faces.

5. The dataset for Argentina, the Dominican Republic, El Salvador and Mexico did not have this information. We therefore omitted this variable in the analysis of these countries.

6. In Paraguay, we aggregated the primary complete and incomplete in only one dummy variable, since the number of observations was small.

7. For the countries where we could identify the mother of the children, these variables represent the number of children for each women (Brazil, Paraguay and Chile). However, for the countries on which we do not have this information, they represent the number of children in the household (Argentina, the Dominican Republic, El Salvador, Mexico, Uruguay).

8. In Brazil (white and non-white), Chile (indigenous and non-indigenous) and Paraguay (indigenous and non-indigenous).

9. Actually, there would be many possibilities in the sequence to be simulated, and the result would change to each order chosen; that is, this decomposition methodology is path-dependent. To avoid this issue, the maximum numbers of sequences could be considered so that Shapley values could be estimated (based on the average of all results) as formally asserted by Shorrocks (1999). Since we are more interested in the counterfactual interpretation and in the comparison among each aspect of gender inequalities, we considered the effect that each gender inequality would have individually as if all others remained unchanged.

10. We could have used the national poverty line in each country, but the poverty incidence in these countries varies approximately in the interval 20–40 per cent. Hence our poverty lines reproduce the reality in these countries.

11. Of course the twentieth percentile poverty lines have different meanings in the countries analysed. However, we are more interested in comparisons within countries and not among them. Thus the results presented here show what would happen to the 20 per cent poorest in each country for each simulation exercise. It is important to note that these results would not be significantly different for the thirtieth percentile poverty lines.

12. The original values of the poverty indicators and the Gini index for each country are presented in the Appendix.

13. All these proportions are based on the National Household Surveys used, except for Argentina and Uruguay, whose surveys are only for urban areas. For Argentina we used official statistics produced for 2001 by Indec (Instituto Nacional de Estadística y Censos), and for Uruguay we used official statistics produced for 2004 by Ine (Instituto Nacional de Estadística).

14. Each dataset comprises an urban sample size of 27,277 households/93,558 individuals (Argentina); 101,697 households/343,740 individuals (Brazil); 42,925 households/160,093 individuals (Chile); 5,734 households/22,143 individuals (Dominican Republic); 8,757 households/34,901 individuals (El Salvador); 15,160 households/59,417 individuals (Mexico); 2,566 households/10,672 individuals (Paraguay); 18,465 households/55,587 individuals (Uruguay).

15. Proportion of imputed wages: 8.00 per cent in Argentina, 1.20 per cent in Brazil and 11.74 per cent in El Salvador. We used the hotdeck method and we ordered the datasets by gender, occupational category, educational level and age.

16. These statistics may differ from other publications since we consider only the adult (18–64 year-old) population in urban areas, and we exclude workers in either agriculture or public occupations.

17. This gap could be even higher if we were considering public workers.

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