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W7 Position Paper

Gender gap and female empowerment: an international comparison

Executive summary

Addressing the gender gap remains a significant challenge for global social and economic growth. The phenomenon of the gap takes on many forms globally including restrictions on access to education and healthcare, as well as economic and civil rights inequalities.

While the literature on these themes highlights a growing commitment to implementing measures to support equal opportunities, it is important to emphasize the persistence of significant gaps that requires continued efforts to achieve gender equality.

Initiatives aimed at investing in projects that promote gender equality (such as Gender Bonds) together with government policies that support female empowerment contribute to reduce the gender gap by promoting access to capital, reducing wage inequality, promoting work-life balance and increasing female representation in decision-making positions.

The main global indices that analyze the gender gap, such as the 'Gender Gap Index' and the 'Gender Equality Index', show that the most desirable results are have been achieved in Northern Europe, with fourteen European countries currently among the top twenty countries in the world.

Despite Europe's favorable position in the current global landscape, the World Economic Forum estimates that, at the current pace, it would take 67 years to achieve full gender equality in Europe.[1, 2]

Italy recently launched its National Strategy for Gender Equality 2021-2026, with the aim of significantly reducing gender discrimination by 2026.[3]

Italy's G7 presidency in 2024 presents a unique opportunity to accelerate progress towards gender equality. This can be achieved by promoting ambitious and concrete policies that foster inclusive economic growth.

Closing the gender gap is an investment in the future of our country, as a more equitable and inclusive society could allow women to fully express their potential, making a decisive contribution to the country's social and economic development.

Contributing to the common good in an equitable manner is today's challenge for the future.

"Women's contribution to the workforce is essential and will become even more critical if we aim to promote inclusive and sustainable growth in G7 economies. This is particularly true for Italy, where, according to the latest ISTAT surveys, the female employment rate is just over 50%, and women's contribution to the national economy is not yet fully valued.[4]

Fabio Pompei | CEO Deloitte Central Mediterranean

"The combination of different experiences and cultures of the W7 Advisors has developed a set of coherent recommendations aimed at promoting financial literacy for women and girls in all their diversity. Supporting women's financial empowerment is not only a fundamental right and a prerequisite for achieving the Sustainable Development Goals of the 2030 Agenda, but also a crucial step towards bridging the gender gap and building a prosperous future for society as a whole"

Claudia Segre | W7 Co-Chair

Sources: [1] In the context of Europe, the term «Europe» refers to geographical Europe | [2] World Economic Forum, Global Gender Gap Report 2023, June 2023, Link | [3] Department for Equal Opportunities National Strategy for gender equality 2021-2026, Link | [4] Deloitte is Knowledge Partner and Main Sponsor of Women 7, the G7 forum for Equal Opportunities, 2024, Link

Gender gap: global analysis

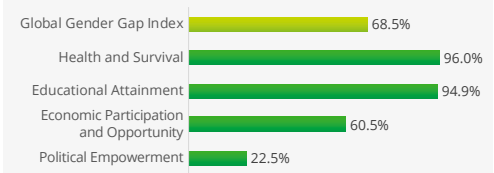
In recent years, progress towards gender equality has stalled. The gains made before 2019 have been hampered by the COVID-19 pandemic, and geopolitical crises have exacerbated the situation.[5]
Despite these challenges, the Global Gender Gap Index and the Gender Equality Index have revealed modest progress.

Global Gender Gap Index

The Global Gender Gap Index is a tool that measures the extent of gender disparities worldwide, tracking progress over time.

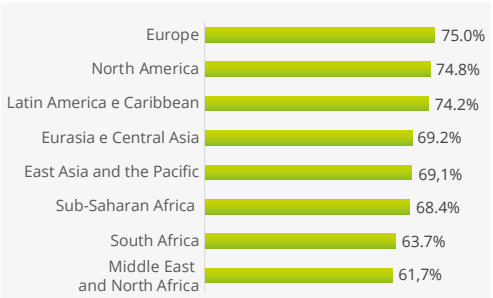
The index focuses on comparing the gender gap between women and men in terms of economic, educational, health, and political outcomes.[6] For 2024, the Global Gender Gap Index was estimated at 68.5% using a combination of sub-indices. (Fig. 1)

Fig. 1: *Composition of the Global Gender Gap Index*



Source: *WEF Global Gender Gap Report 2024*

Fig. 2: *Gender gap by region*



Fonte: *WEF Global Gender Gap Report 2024*

Europe leads in gender equality (75.0%), followed by North America (74.8%) and Latin America and the Caribbean (74.2%). (Fig. 2)

Europe is therefore at the forefront of gender equality, with thirteen of its countries ranking among the top 20 in the world.

The top positions in the ranking are respectively occupied by Iceland (0.935), Finland (0.875) and Norway (0.875). However, there are also significant disparities within Europe, with Italy (0.703), Hungary (0.686), the Czech Republic (0.684) occupying the bottom positions in the ranking.[7] In general, progress towards gender equality is still slow. As the World Economic Forum estimates, it would take 67 years to achieve full gender parity in Europe at the current pace.

Focusing on the G7 countries, we note that there has been significant progress over the past ten years, although there is room for further improvement. It is interesting to note that Germany is the only country among the most economically advanced to appear in the Top 10 of the Global Gender Gap Index 2024. (Fig. 3)

Fig. 3: *G7 countries' score and rankings 2014-2024*

Countries	Score (disparity=0, parity=1)			Rankings (in 142 countries in 2014 and 146 countries in 2024)		
	2014	2024	Trend	2014	2024	Variation
Germany	0.778	0.810	↑	12th	7th	+5
United Kindom	0.738	0.789	↑	26th	14th	+12
Canada	0.756	0.781	↑	16th	22th	-6
France	0.746	0.761	↑	19th	36th	-15
United States	0.746	0.747	↑	20th	43th	-23
Italy	0.697	0.703	↑	69st	87th	-18
Japan	0.658	0.663	↑	104th	118th	-14

Source: *WEF Global Gender Gap Report 2024*

To close the gender gap, the G7 can step into a leading role by combining concrete commitments, dedicated resources, international collaboration, and innovation in research and cultural awareness.

Gender Equality Index

The Gender Equality Index is a tool used to measure the level of gender equality in the member countries of the European Union.[8]

It is calculated annually by the European Institute for Gender Equality and provides an overall score for each country, between 1 and 100, where 1 represents total gender inequality and 100 represents absolute equality. The final result is calculated based on six key domains: work (labor market participation, wages, employment, working conditions), money (financial resources, economic situation), knowledge (school participation and achievement of educational goals), health (access to healthcare, exposure to risk factors such as smoking and alcohol), power (political, economic and social), time at disposal (social activities, care activities).

The top positions in the ranking are occupied respectively by Sweden (82.2), the Netherlands (77.9) and Denmark (77.8). However, there are disparities, as also highlighted by the Gender Gap Index, in countries such as the Czech Republic (57.9), Hungary (57.3) and Romania (56.1), which occupy the bottom positions of the ranking.

Sources: [5] Leadership, representation, and gender equity in financial services, 2023, Link | [6] For each of these areas, a score is calculated representing the country's proximity to full gender equality, assigning a rating between 0 (complete inequality) and 1 (complete equality) | [7] The Global Gender Gap Index and regional indices are represented as percentages, while the individual country index is indicated with a score from 0 to 1 | [8] EIGE, Gender Equality Index, 2023, Link

Gender gap: Italian current condition

Closing the gender gap is a challenge that could further contribute to the growth of Italy. Women and men do not yet have the same opportunities, with proven disparities in areas such as work, economic pay, and social representation.

Italy

In 2024, Italy ranked 87th out of 146 countries in the Global Gender Gap Index with a score of 0.703, an improvement over its 2014 score of 0.697.
However, it still remains below the European average of 0.750. Progress made on the individual sub-indices is highlighted below. (Fig. 4)

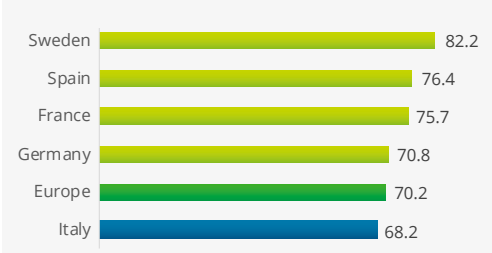
Fig. 4: *Comparison of Italy's Gender Gap Index 2014-2024*

	2014	2024	Diff%
Gender Gap Index	0.689	0.705	2%
Health and Survival	0.973	0.967	-1%
Educational Attainment	0.992	0.995	0%
Economic Participation and Opportunity	0.597	0.618	4%
Political Empowerment	0.191	0.241	26%

Source: *WEF 2014-2024*

Similar results are obtained in the Gender Equality Index, where Italy ranks 13th out of 27 countries analyzed, with an overall score of 68.2 points out of 100, again below the European average (70.2). (Fig. 5)

Fig. 5: *Gender Equality Index 2023*



Source: *EIGE 2023*

Italy has made significant progress since 2013, gaining eleven positions in the ranking. The progress made on the individual items is highlighted below. (Fig. 6)

Italy's best performance is in the health domain, ranking 9th among all Member States.[9]

Gender inequalities are particularly evident in the field of work, where the country has ranked in last place since 2013.

Fig. 6: *Comparison of Italy's Gender Equality Index 2013-2023*

	2013	2023	Diff%
Gender Equality Index	53.3	68.2	+28%
Work	61.3	65.0	+6%
Money	78.9	80.3	+2%
Knowledge	53.8	60.8	+13%
Time	55.1	67.4	+22%
Power	25.2	62.7	+149%
Health	86.3	89.2	+3%

Source: *EIGE 2013-2023*

National Strategy 2021-2026

The National Strategy for Gender Equality 2021-2026, promoted by the Department of Equal Opportunities, is a five-year action plan with the aim of gaining 5 points in the EIGE's Gender Equality Index by 2026 and represents a crucial reference point for the implementation of the National Recovery and Resilience Plan.[10]

The initiative is part of the European Union's Gender Equality Strategy 2020-2025 and is proposed as a key reference for national policies aimed at promoting gender equality in the spheres of social life.

Among the main objectives are:

- Reduction of the gender pay gap and increase in female employment
- Increase in work-life balance opportunities and support for female entrepreneurship
- Fight against poverty and economic violence against women
- Promotion of female education and training
- Valorization of care work
- Increase of representation in positions of power
- Combating gender-based violence[11]

Sources: [9] Italy's ranking in the healthcare domain was calculated based on sub-indices related to health status (life expectancy and healthy life years at birth), behavioral habits, and access to healthcare | [10] PNRR and female empowerment: how to achieve gender equality, Link | [11] National Strategy for Gender Equality, Link

Gender gap: how to promote gender equality

Analysis of the literature on the topic highlights a growing commitment to developing measures to support gender equality, whose effectiveness has been empirically demonstrated, albeit sometimes with marginal effects. In fact, there are various tools that can directly or indirectly promote gender equality through public spending interventions, the enactment of ad hoc laws, or the use of tax incentives.

Gender Bond

Gender bonds are fixed-income securities issued by governments or companies to finance projects aimed at promoting gender equality, particularly in support of female entrepreneurship.

Several studies have highlighted the strong diffusion of these instruments in recent years, with growth from $4.3 billion in bank issuance in December 2020 to $14.4 billion in December 2023. (Fig. 7)

Gender bonds are typically issued primarily in developing countries, but not only.[12]
For example, the first gender bond in sub-Saharan Africa was in Tanzania, with proceeds destined for projects of socio-economic female empowerment.[13]

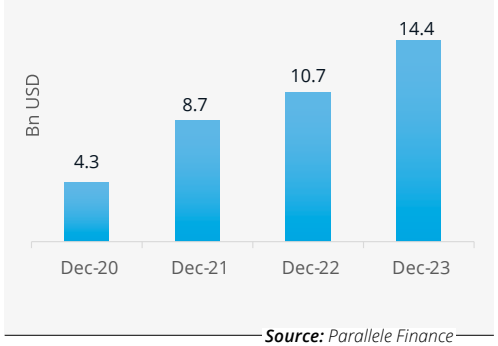
Shifting our focus to South America, BancoSol, the largest microfinance bank in Bolivia, issued the country's first Gender Bond in 2024, worth $30 million. The proceeds will be used to finance microenterprises led by women.[14]
European example is Spain, where a bond was issued to provide legal assistance to victims of gender-based violence.[15] Several Icelandic entities, both public and private, have recently issued Green Bonds, Social Bonds, or Sustainable Bonds with a specific focus on gender equality.[16]

The growing interest among investors in Gender Bonds offers private issuers of these instruments an attractive opportunity to:

- Demonstrate their commitment to promoting gender equality
- Diversify their investor base
- Explore and utilize new sources of financing, with the potential to be included in sustainability indices

Government issuers can instead use gender bonds as a financing tool to analyze the structural causes and consequences of gender discrimination at national and local levels, potentially intervening with ad hoc policies.[15]

Fig. 7: *Global gender bond issuance*



Source: *Parallele Finance*

Microcredit

Microcredit is a form of financing that aims Microfinance Institutions to provide access to small financial loans to start or develop small-scale businesses or projects.

This type of financing is particularly widespread in developing countries and low-income communities, where women may have difficulty obtaining credit through traditional financial institutions. Several studies have shown an increase in women's empowerment through microcredit.[18]

More precisely, it is associated with greater control by women over their own financial resources, greater decision-making power within the household, and greater self-esteem.

In addition, a study[19] on microcredit highlights that as the average loan amount disbursed by MFIs (Microfinance Institutions) decreases, there is greater participation and access to microcredit by women.
The greater participation of women as borrowers of small loans is justified by the fact that smaller loans are easier to obtain and repay.

However, in countries with a high level of gender equality, female participation in microcredit decreases significantly. In fact, women with a better social and economic position, higher levels of education, and greater involvement in family decisions ask for credit from other financial institutions that disburse loans for higher amounts.

Sources: [12] FSD Africa. 2020. Viability of Gender Bonds in SSA: A Landscape Analysis and Feasibility Assessment. Nairobi, Link; González-Ruiz, J. D.,Marín-Rodríguez, N. J., & Valencia-Arias, A. 2023. Gender social bonds in the Latin American market, Sustainability, 15 (20), 15144, Link | [13] NBM Bank.2023. Social Bond Issued By a Commercial Bank, Link | [14] Investment Fund For Developing Countries. BancoSol Issues First Gender Bond in Bolivia, Link | [15] Junta de Andalucía. 2023. Sustainability Bond Issued by a Regional Government, Link | [16] Government of Iceland. Ministery of Finance and Economic Affairs,Annex to Inceland's Sovereign Sustainable Financing Framework: Financing for Gender Equality, april 2023, Link | [17] Lyons, P., Rees, J., Rees, A., Kerslake, K., 2022. The Growing Trend of Gender Bonds in 2022. Dechert LLP: News & Insights | [18] Cheston, S. Kuhn & L. 2002. Empowering Women through Microfinance. UNIFEM, New York, NY.; Kato, M. P., & Kratzer, J. (2013). Empowering women through microfinance: Evidence from Tanzania, ACRN Journal of Entrepreneurship Perspectives, 2 (1), pp. 31-59. | [19] Bezboruah, Karabi & Pillai, Vijay., 2017. Microcredit and development: a multilevel examination of women's participation in microfinance institutions, Development in Practice, 27(3), pp. 328-339.

Gender gap: how to promote gender equality

The unprecedented challenges of the pandemic may have slowed the pre-2019 momentum towards gender parity in leadership roles. However, they have also led companies to pay greater attention to broader corporate responsibility, integrating diversity, equity, and inclusion (DEI) elements into their overall strategies, policies, and missions.[20]

Gender governance

Gender governance refers to the promotion of gender equality through policies, practices, and decision-making structures within a specific organization. These policies ensure that men and women have more equitable opportunities in the corporate decision-making process.

Economic literature has shown that there is a positive relationship between gender diversity on the board of directors and increased corporate performance.
In Spain, for example, a study based on a sample of 125 companies listed on the Madrid Stock Exchange in the period 2005-2009, found that the increase in female representation on boards of directors is positively correlated with higher economic results.[21]

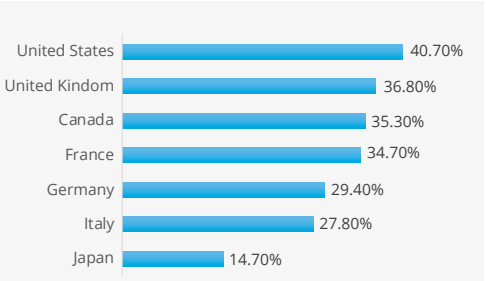
Similar results have also been found in developing countries: in Indonesia, for example, a study conducted in 2018 showed that listed companies with boards of directors composed of men and women tend to have less financial difficulty than companies where the board of directors is composed only of men.[22]

Five of the top six countries with the highest percentage of women on boards of directors have laws that impose mandatory representation quotas. Norway, for example, in 2006 introduced a law that requires listed companies to have at least 40% women on their boards of directors.[23]

In Italy, despite the Golfo-Mosca law of 2011 having contributed to increasing the female presence on the boards of directors of listed companies, women do not hold top positions as frequently.[24]

Italy is in fact the country with the lowest percentage of female managers among the European members of the G7 (just over one in four). (Fig. 8)

Fig. 8: *Percentage of female managers*



Source: *OECD.Stat 2019*

Equal opportunity

Equal opportunity policies aim to promote pay equity and the existence of pension plans that take into account specific female needs.

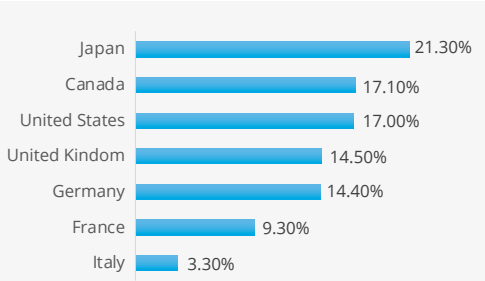
Since 2020, Deloitte Global has been analyzing some of the critical factors that have a profound impact on women's careers through its Women@Work Report. In 2024, 5,000 women from 10 countries (Australia, Brazil, Germany, Canada, China, India, Japan, South Africa, the United Kingdom, and the United States) working in 7 different sectors were interviewed. 14% of the women interviewed believe that their rights in their countriesy have worsened; of these, about one-third consider that the right to equal pay has worsened and 15% say that this has personally affected them.[25]

Urgent measures are needed to promote equal opportunities. If we consider the use of tax incentives, the reference literature has shown, for example, that a tax cut on wages can generate lasting growth in female employment, reducing both the amount and duration of unemployment benefits and stimulating business growth, without penalizing male employment.[26]

As for the use of ad hoc policies, in 2006 Switzerland launched the Lohngleichheitsinstrument Bund (LOGIB), an initiative aimed at reducing wage discrimination between companiese.[27] Despite the strong improvements achieved over the years, a continuous commitment is still required to further reduce the gender wage gap. (Fig. 9)

The figure below highlights a relatively contained gender pay gap for Italy compared to other G7 countries.

Fig. 9: *Gender pay gap*



Source: *OECD 2022*

Sources: [20] PNRR and female empowerment: how to achieve gender equality, Link | [21] Alvarado N., de Fuentes P., Laffarga J.,2015. Does Board Gender Diversity Influence Financial Performance? Evidence from Spain, Journal of Business Ethics, Volume 141, pp 337–350. | [22] Abbas. A., Frihatni, A. A., 2023. Gender diversity and firm performances suffering from financial distress: evidence from Indonesia, Journal of Capital Markets Studies, 7(1), pp. 91-107. | [23] Adams, R.B. & Ferreira, D. 2009. Women in the boardroom and their impact on governance and performance, Journal of Financial Economics, 94, pp. 291-309 | [24] The Board of the Future 2023, Link | [25] Women @ Work 2024: A Global Outlook, Deloitte, Link | [26] Rubolino, E. 2022. Taxing the Gender Gap: Labor Market Effects of a Payroll Tax Cut for Women in Italy. Working paper 9671, CESifo | [27] Vaccaro, G. 2018. Using Econometrics to Reduce Gender Discrimination: Evidence from Difference in-Discontinuity Design. Working Paper. Presented at IZA New York 2018