



INFORMATION SESSION 3

Progress and Challenges in Closing the Gender Pay Gap and other Gender-based Gaps within the 2030 Agenda for Sustainable Development Framework

— Objectives

Equal pay for men and women is an aspiration claimed as far as the ILO Constitution, which included the “**equal pay for work of equal value**” principle. Almost a century later, the 2030 Agenda includes this same principle under SDG 8 on inclusive growth and employment, setting in target 8.5 “*By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value*”.

The objectives of this information session are:

1. To share information on the current status of the gender pay gap and other gender gaps and to socialize advances in legislation, public policy, and specific measures taken by tripartite constituents to move towards equality;
2. To present the objectives and main actions of the Equal Pay International Coalition (EPIC), led by the ILO, UN Women and the OECD, to achieve target 8.5 and explore how this initiative can be structured in the region.

— Context

What is pay equity? Defining the concept

When reference is made to pay equity, the right of two people to receive the same pay when they perform the same job is often considered. However, the principle embodied in the ILO Constitution and enshrined in the Equal Remuneration Convention, 1951 (No. 100) “**equal pay for work of equal value**” goes much

further. It is about ensuring equal remuneration for two jobs that are of equal value even if they differ in content, involving different skills or qualifications, requiring different levels of effort, involving different responsibilities, and are performed under different conditions and in different establishments.¹

The concept of work of equal value, therefore, refers to the need to revalue socially and monetarily the occupations performed by women, many of them associated with the traditional roles played historically in households without any remuneration. Understanding pay inequality involves analysing the horizontal segregation that keeps women in a relatively small number of occupations concentrated in lower-paying sectors; and vertical segregation, which makes it difficult for them to move up the company hierarchy, thus relegating them to the lowest paid jobs. Other factors that impact women’s pay include: the need to combine paid and unpaid work, responsibility for caring for dependents, violence against women that limit their participation and performance, and discrimination linked to their reproductive role.

The Legal Framework

The Equal Remuneration Convention, 1951 (No. 100) is one of the fundamental conventions and together with the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), such conventions

1 OIT (2013). Equal Remuneration: An Introductory Guide. ILO. Oelz, M., Olney, S., Tomei, M. Available in Spanish at http://www.igualdadempresa.es/recursos/monograficos/docs/Guia_introduccion_Igualdad_Salarial_OIT_2013.pdf and in English at <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1304&context=intl>

are the key international standards for preventing and combating discrimination in employment and occupation. These two Conventions have been ratified by all Latin American and Caribbean countries and by Canada.

By ratifying Convention No. 100, countries have incorporated the pay equity principle into their domestic legislation. Most have even given this principle constitutional status.² Further, labour standards, such as Employment Codes, also refer to pay equity in almost all countries.³ Fewer countries have chosen to include this principle in their gender equality legislation.⁴

Though all countries have some sort of legal provision on pay equity, the principle of “equal pay for work of equal value” has not been incorporated in all cases. Thus, the legislations of Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, and Venezuela recognize the principle of pay equity in a restrictive manner, limiting it to “equal pay for equal work”.

Time has shown that simply including the principle in the regulations does not guarantee progress in this area, which is why some countries have taken on the task of drafting detailed pieces of legislation with specific measures to achieve pay equity. This is the case in countries like Chile, Colombia, and Peru.

Minimum wage policies can be a powerful tool for closing pay gaps. Given that women mostly hold occupations where they earn wages equal to the minimum wage, policies that improve compliance with the minimum wage or increase it can significantly benefit women. However, if not properly designed, such policies may directly or indirectly discriminate against vulnerable groups of workers (*for example, by setting lower wages in female-dominated sectors and occupa-*

tions, such as domestic work, or by excluding migrants from the coverage of minimum wage legislation).⁵

Pay Gap and other Gender-based Gaps in the Region

In recent decades, the region has experienced a sustained increase in the labour participation rate of women, which has already surpassed the symbolic threshold of 50 per cent in Latin America and the Caribbean. Despite this, there is still a difference of around 25 percentage points with respect to men, and this lower participation is one of the reasons why one out of every three women in the region has no income of her own.

Women’s unemployment rates are higher than men’s (10.4 per cent vs. 7.6 per cent); this situation is worse for young women. In 2016, the unemployment rate for young women was 22.2 per cent vs. 15.5 per cent for men, i.e. almost 7 points higher, despite having -on average- more years of education than men. In 2015, women accounted, on average, for 61 per cent of graduates of tertiary education programmes. Therefore, women’s substantive progress in education has not yet been transferred to the labour market.

In addition, women are more affected than men by informality (46.5 per cent vs. 43.3 per cent), partly due to high rate of informal employment in households (74 per cent), in the own-account workers category (81.6 per cent), and in some subsectors such as trade, restaurants, and hotels (60 per cent), and community, social, and personal services (39 per cent), which generally have high levels of female participation.

The region’s labour markets remain highly segregated, with women highly concentrated in the social, community and personal services sector and the commerce sector (63 per cent). Both are low-productivity sectors associated with lower levels of education, low wages, scarce social security coverage, more insecurity in the workplace and often no contract.

2 As is the case of Argentina, Brazil, Bolivia, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Dominican Republic, Uruguay, and Venezuela.

3 As is the case of Argentina, Bolivia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Panama, Paraguay, Dominican Republic, and Venezuela.

4 As is the case of Colombia, El Salvador, Honduras, Mexico, Peru, and Uruguay.

5 *Global Wage Report 2014/2015: Wages and Income Inequality*. ILO: Geneva. Available in Spanish at http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_343034.pdf and in English at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_324678.pdf

As for the pay gap, in Latin America in 2015 the difference between men's and women's monthly wages was 15 per cent. This situation varies from one subregion to another. The difference against women is greater in the Southern Cone and the Andean Region, 23.4 per cent and 16 per cent respectively, while in Central America and Mexico it is 9.9 per cent. Though it may persist, the gender pay gap has narrowed over the past decade. Specifically, for the entire region between 2005 and 2015, the gender pay gap narrowed by 6 percentage points. In Central America and Mexico, the reduction was similar to that of the region, while in the Southern Cone and the Andean region it was 5.8 and 4.5 percentage points, respectively.⁶

According to ECLAC calculations, eliminating the gender income gap between men and women would have a very significant impact on poverty reduction. In Bolivia, poverty would fall by 14 percentage points, in Colombia by 9 percentage points and in Peru and Ecuador by 8 percentage points.⁷

However, this accumulated level of information is unclear and does not allow us to know the real dynamics of this form of discrimination in different contexts. For this reason, the ILO is promoting various initiatives that seek to fill this information gap, including the World Wage Report 2019, which will be devoted to the pay gap, and a Report for the Latin American region on the same topic, to be published in 2019.

Fighting the Gender Pay Gap in the Region: what has been done

In spite of the fact that progress in the area of gender pay equity has been much more modest than in other areas associated with promoting gender equality, some countries have been implementing innovative proposals in recent years.

A first group of initiatives deals with Gender Pay Equity Programmes proposed by the ILO. These programs seek to provide employers and workers with tools to

eliminate gender wage inequality in specific contexts, through job assessments processes. One of the countries to follow this path is Chile. After identifying some limitations on implementing the provisions of the law, the Chilean Government signed a protocol of agreement with the *Agrupación Nacional de Empleados Fiscales* (National Association of Tax Employees, ANEF) and the Public Services International (PSI) which, among other aspects, included conducting a pilot study to make visible the gender pay gap based on the principle of "equal pay for work of equal value" in the *Instituto de Seguridad Laboral de Chile* (Labour Safety Institute of Chile, ISL). This pilot study made it possible to analyse all ISL jobs and the wage ratio by applying a methodology to calculate the value of each job, and to determine wages appropriately. Beyond guaranteeing gender pay equality in ISL, this experience will allow us to continue providing guidance through similar efforts in other institutions and companies.

PSI has promoted similar initiatives in other countries, always on the basis of bipartite agreements between the company/administration and the entity's workers' organizations. In Peru, a similar experiment was carried out in 2013 in the public water company (EPSEL).⁸ In the municipality of Quixadá in Brazil, a *Gender and Remuneration Equity Committee* was established and an Equity Law including equal pay for work of equal value, among other measures to promote equality was passed. Panama and Colombia are just beginning to implement similar initiatives.

Pay equity has also been included in numerous collective bargaining agreements, sometimes as a general principle and sometimes addressing specifically the situation of unequal gender pay between women and men. However, the general practice has been to stipulate equity for equal work - repeating national legislation, without including the principle of "work of equal value". Some good practices in inserting this principle have occurred in Uruguay, where PIT-CNT negotiated a job assessment system with specific reference to eliminating differences between women and men; and in Colombia, through a *Acuerdo Nacional del Sector Público* (National Public Sector Agreement) that established, among other measures, the creation of the

6 ILO (2017). 2017 Labour Overview of Latin America and the Caribbean. Available at: http://www.ilo.org/wcmsp5/groups/public/---americas/---rolima/documents/publication/wcms_613957.pdf

7 ECLAC (2014). Panorama social 2014. CEPAL: Santiago de Chile. Available in Spanish at <http://www.cepal.org/es/publicaciones/37626-panorama-social-america-latina-2014> Available in English at: https://repositorio.cepal.org/bitstream/handle/11362/37627/4/S1420728_en.pdf

8 Lambayeque Sanitation Service Provider (Entidad Prestadora de Servicios de Saneamiento de Lambayeque).

Gender Subcommittee within the Permanent Commission for Consultation, to follow state policy in this area and propose the regulation of Law 1496 of 2011 on equal pay for men and women.

Another strategy for moving towards gender pay equality has to do with strengthening the oversight capacity of labour ministries to ensure compliance with the laws. This is the case of Costa Rica, which has developed a Guide to Gender-Sensitive Labour Inspection, which includes guidelines to help inspectors identify pay equity violations. Similarly, in El Salvador and Mexico, within the framework of Special Plans to fight against pay inequality, the labour inspections department carried out specific actions to promote gender pay equity.

Fighting the Gender Pay Gap in the Region: challenges ahead

Estimating gender pay gaps: In order to effectively address the gender pay gap, it is necessary to consider both aggregate gender pay gap analyses and detailed job-based analyses. On one hand, it is necessary to continue improving systems to estimate gender pay gaps and to carry out more detailed analyses in order to obtain more complex and realistic images of the situation in each country. On the other hand, the aim is to make progress in the implementation of methodologies that seek to compare jobs in companies and workplaces in order to provide a specific response to the principle of equal pay for work of equal value enshrined in Convention No. 100.

Discrimination as the cause of the gender pay gap: Among the efforts made in recent years to improve the measurement of the pay gap, those aimed at determining which part of the gap is due to direct discrimination and which part of the gap is due to other verifiable causes stand out. In other words, it is a question of establishing which part is due to different salary payments when working conditions (working hours, educational level, etc.) are similar. This is, without a doubt, an effort of great relevance since it contributes to quantifying one of the hardest nuclei of the pay gap, the one which considers that paying women less, just for the fact of being women, is legitimate.

However, it is important not to lose sight of the fact that the other portion of the gap – the one associated with differentiated conditions such as working hours

or sectors of employment- is also, to a large extent, the product of discrimination and the disadvantageous conditions faced by women in the labour market. Some of the policy measures that can be promoted to reduce this portion of the gap are:

- Policies that promote the training of women in more technical and technological areas, for example in the STEM disciplines (Science, Technology, Engineering, and Mathematics);
- Policies that promote co-responsibility in care of dependent persons, both in households (between men and women) and in society (by the State, families, companies, and workers);
- Formalization policies aimed at female-dominated industries, such as informal trade and domestic work;
- Employment policies and plans that include specific measures to address the specific needs of women;
- Minimum wage policies that correct biases that devalue women's work in pay scales and campaigns to ensure respect for the minimum wage.

Bipartite dialogue: condition necessary to achieve progress at the workplace. The experience gained in several countries in applying ILO tools for analysing the gender pay gap identifies as a methodological strength the establishment of Joint Committees/Committees on Pay Equity within the institutions. In addition to recognizing that it is the employers and workers who best know the job at the workplace, this success responds to the principle of social dialogue. Deepening and replicating these experiences will allow to speed up the pace of progress.

Salary equality is a right that must be made visible: Although the social debate on gender pay equity has become increasingly frequent in recent years, efforts still needed to be made to raise awareness by specifically and pedagogically raising awareness of the scope of the principle of equal pay for work of equal value. It is a question of setting that two different jobs can have equal value, making it evident that traditionally female activities have been unfairly devalued and, consequently, women undertaking those activities have been paid less.



Public information and awareness-raising campaigns should accompany other initiatives on equal pay, in order to contribute to raising awareness of this right and its scope, while advancing in the valuation of women's work.

Building Alliances: Equal Pay International Coalition (EPIC)

The Equal Pay International Coalition (EPIC) is a strategic partnership to support Member States in achieving the United Nations' Sustainable Development Goals (SDGs), in particular target 8.5 of Goal 8, as well as Goal 5, as equal pay is fundamental to achieving gender equality and empower women. By promoting the achievement of target 8.5, EPIC can become a catalyst to achieve other related goals and objectives.

Led by the International Labour Organization (ILO), UN Women and the Organization for Economic Cooperation and Development (OECD), EPIC is a multi-stakeholder coalition that promotes equal pay for work of equal value for women and men. EPIC members join forces to foster alliances at national, regional, and international levels to support governments, employers, and workers and their organizations in achieving equal pay for men and women.

The EPIC was launched regionally on June 30, 2018 in Panama, with H.E. Ms. Vice President of Panama as Regional Champion.