

GENDER PAY GAP AND LABOUR-MARKET INEQUALITIES IN RWANDA



Introduction

Despite progress in women's economic and political participation, formal employment and education attainment, a gender pay gap remains a pervasive labour-market feature across the world. More and more countries – both industrialized and developing – have passed laws mandating the equal treatment of women in the labour market, with the objective of reducing gender economic inequalities. The objective of this brief is to present an overview of the adjusted gender pay gap and labour-market inequalities in Rwanda. It uses data from Rwanda's Labour Force Survey 2022¹ and relies on the findings of the UN Women (2023) study titled “Why Women Earn Less: Gender Pay Gap and Labour-Market Inequalities in Rwanda.”

Rwanda is a landlocked low-income country with a population of 13.8 million (as at 2022).² The country has made progress towards gender equality in terms of women's economic and political participation, formal employment and education attainment in the country. For instance, the Country Policy and Institutional Assessment³ gender equality rating for Rwanda increased from 3.5 in 2007 to 4.5 in 2022,⁴ and as at February 2021, 61.3 per cent of seats in parliament were held by women.⁵ Yet, the gender pay gap is a pervasive labour-market feature in Rwanda.

Labour-market structure

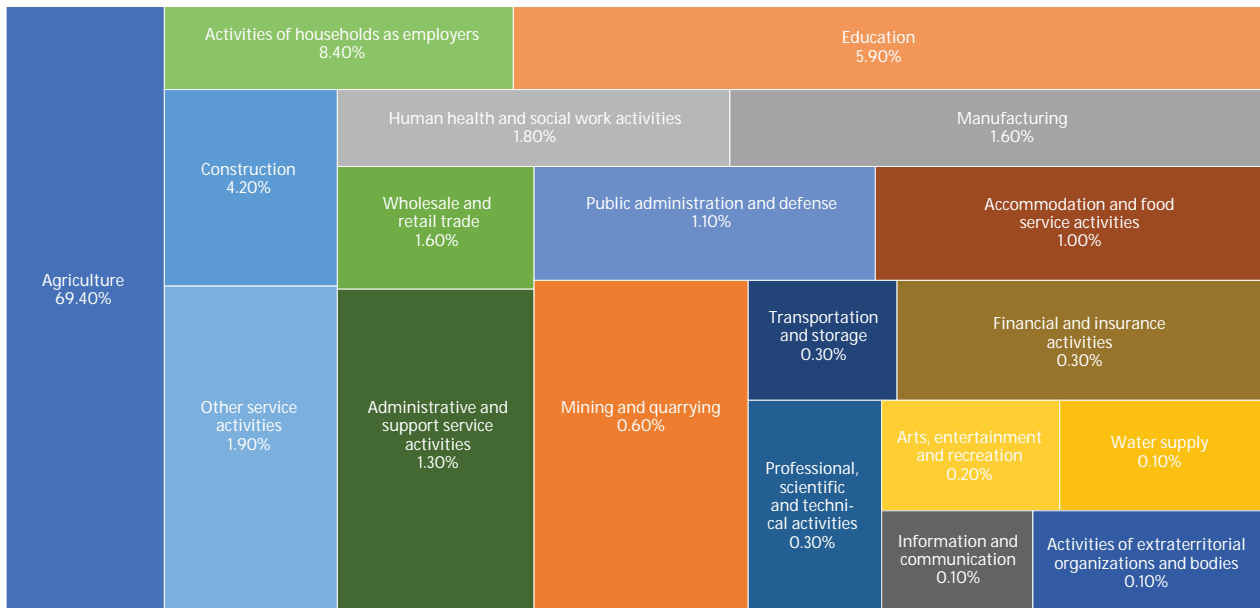
The employment rate in Rwanda is 52.9 per cent for individuals aged 15–64 years and 50.8 per cent for individuals aged 15 years or over. This is close to the official employment rate of the country (for individuals aged 15 years or over) of 47.8 per cent for 2022 (World Development Indicators; International Labour Organization-modelled estimate).

Figures 1 and 2 present women's and men's employment in each sector as a share of women's

and men's total employment, respectively. The majority of the labour force is employed by the agriculture sector. Other than agriculture, women dominate mostly care sectors – education and activities of households as employers, mostly as domestic workers. However, after agriculture, men are concentrated in the construction, education and transport sectors.

Figure 1

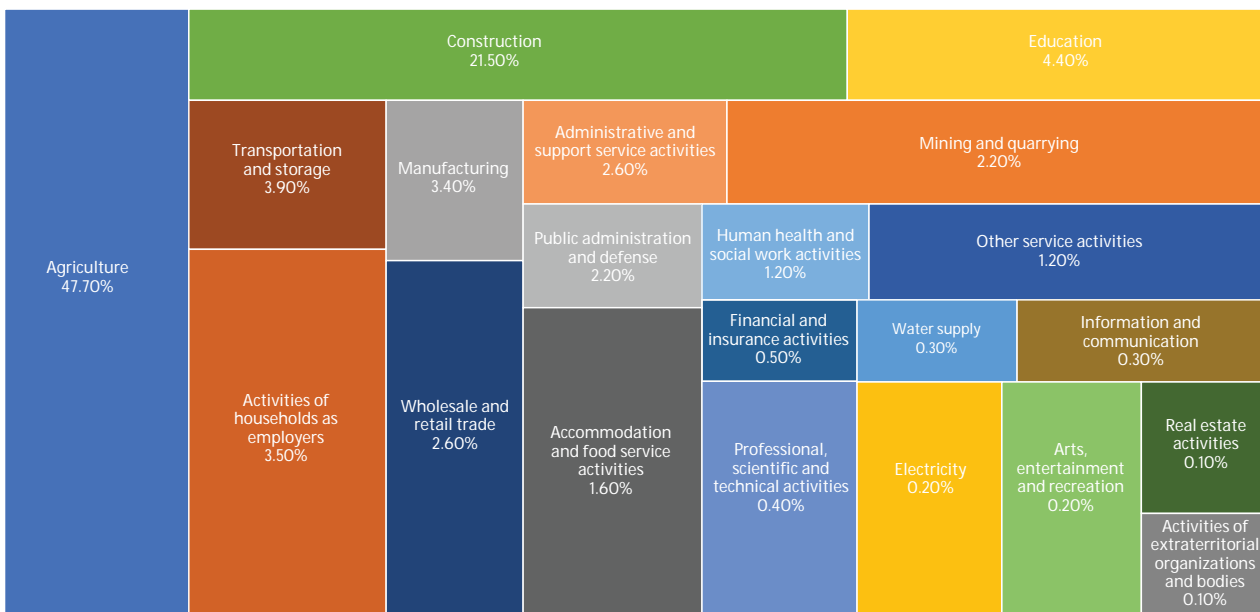
Women's share of employment by sector, as a percentage of women's total employment



Source: Authors' own calculations.

Figure 2

Men's share of wage employment by sector, as a percentage of men's total employment



Source: Authors' own calculations.

Table 1 presents women's and men's shares of employment by occupation. Elementary occupations

make up the majority of jobs for women (86.7 per cent) and men (72.3 per cent) in Rwanda.

Table 1

Percentage of wage employment by occupation (as per the International Standard Classification of Occupations) and formality status, by gender

	Men (%)	Women (%)
Managers	1.3	0.5
Professionals	6.7	7.1
Technicians and associate professionals	1.0	0.5
Clerical support workers	0.6	1.2
Services and sales workers	6.1	3.5
Skilled agricultural, forestry and fish workers	0.3	0.1
Craft and related trades workers	9.3	0.5
Plant and machine operators and assemblers	2.5	0.0
Elementary occupations	72.3	86.7
Formality status		
Formal	11.7	9.3
Informal	88.3	90.7

Source: Authors' own calculations.

Gender pay gap

The **unadjusted or raw gender pay gap** in Rwanda is **26.2 per cent** when considered at the hourly level and **38.5 per cent** when considered at the monthly level. The monthly gap is larger than the hourly gap because women work fewer hours than men in paid employment. This suggests that, on average, women work shorter hours than men in Rwanda. The gap exists for all levels of education but is highest, at 38.7 per cent, for individuals with a secondary-level education and lowest, at 10.6 per cent, for individuals with a tertiary-level education. By marital status, the gap is smaller for single individuals, at 19.2 per cent, although it is not substantially different from the gap for married individuals, which is 22.9 per cent.

The gender pay gap varies by sector and is particularly notable for certain sectors. For example, women earn



28.4%

more than men in education and



35%

more in construction. Interestingly, women's and men's wages in the sectors agriculture and households as employers, which are

women-dominated sectors in Rwanda, are almost balanced.

The adjusted gender pay gap in Rwanda is statistically insignificant at the 5 per cent level.

Thus, observable individual characteristics and job characteristics entirely explain the raw gender pay gap. The rest of the coefficients are analysed group by group. Wages grow with age until about 46 years of age, after which they begin to decline. Education offers positive returns: a secondary educational level brings higher wages than a primary educational level, by about 46.6 per cent, while a tertiary educational level brings higher wages than a primary educational level by 179.5 per cent. Personal characteristics explain the gender pay gap to a limited extent, since the raw gap reduces from 26.2 per cent to 21.7 per cent with their addition. Married individuals have a higher wage than single individuals by, on average, 10.4 per cent. However, the addition of marital status explains only a very small part of the pay gap.

The adjusted gap vanishes when sectors are taken into account, suggesting that sectors, or their interaction with educational level, explain most of the gender pay gap in Rwanda. This suggests a high level of sectoral segregation. Almost all sectors pay higher wages than agriculture (the reference

category), with the exception of households as employers, which is dominated by women and pays lower wages than agriculture. When only occupations are taken into account, the adjusted gap reduces to 11.1 per cent, thus not by as much as when sectors are considered, revealing that almost all of the occupations pay lower wages than the managers occupation. The addition of

sectors or occupations reduces the coefficient size for personal characteristics, which further provides evidence for sectoral and occupational segregation by educational levels. When all personal characteristics, sectors and occupations are put together, as well as when formality status in wage employment is added, the gap becomes zero.

Decomposition of the gender pay gap

The Oaxaca–Blinder decomposition of the gender pay gap is presented in Table 2 and confirms

that personal and labour-market characteristics explain the pay gap entirely.

Table 2

Oaxaca–Blinder decomposition of the gender pay gap in Rwanda

	Average log hourly wages
Men	5.461***
	(0.013)
Women	5.199***
	(0.012)
Difference (raw pay gap)	0.262***
	(0.018)
Explained part, i.e. explained by characteristics	0.269***
	(0.027)
Unexplained part	-0.0186
	(0.015)
Interaction of the two parts	0.012
	(0.026)

Source: Authors' own calculations.

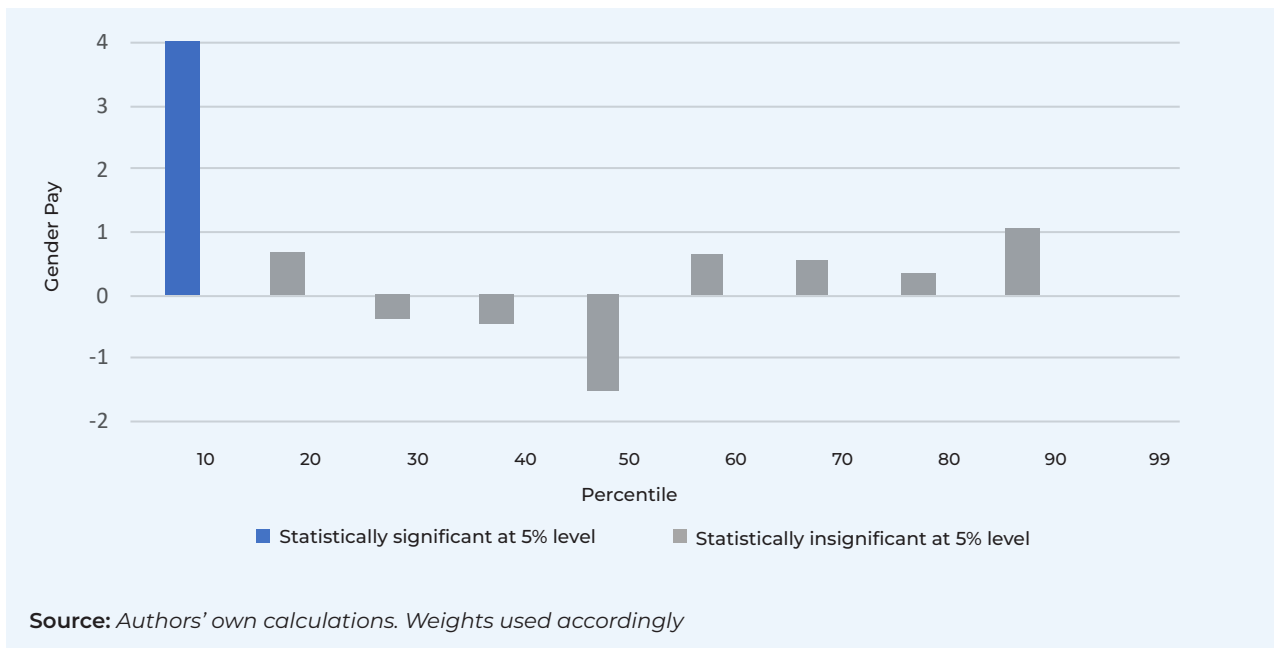
Note: *, ** and *** denote statistical significance at the 10%, 5% and 1% levels, respectively. Standard errors given in parentheses. Results robust to heteroskedasticity.

Gender pay gap by percentile

Figure 3 presents the adjusted pay gap through deciles (and the top centile). Understanding the gender pay gap at different points of the wage distribution can be used to examine the prevalence of a “sticky floor” and “glass ceiling” in the economy. A “sticky floor” refers to a labour market where individuals, typically women, in low-paying jobs encounter limited job mobility and barriers to

career advancement. A “glass ceiling” refers to obstacles that hinder women from reaching top managerial and leadership positions. The adjusted gender pay gap is zero along the entire income distribution, except for the bottom 10 per cent of wage earners where women earn more than men. Thus, there is no evidence of either a “sticky floor” or a “glass ceiling” in Rwanda.

Figure 3
Adjusted gender pay gap by decile and top percentile



Occupational and sectoral segregation by gender

Table 3 presents Duncan Segregation Index values. The occupational segregation value is 0.13, while the sectoral segregation value is 0.33, reflecting low to moderate levels of gender segregation in Rwanda. This means that about 13 per cent of women and men employees would need to

switch places across occupational categories and about 33 per cent would need to do this across sectors for distribution to become identical. By educational level, the numbers suggest that levels of both occupational and sectoral segregation are highest for secondary-educated individuals.

Table 3
Horizontal gender segregation index values, by occupation and sector

	All	Educational level		
		Primary or less	Secondary	Tertiary or above
Occupation	0.133	0.135	0.249	0.176
Sector	0.325	0.286	0.386	0.180

Source: Authors' own calculations. Weights used accordingly.

Conclusion

There is an 11.1 p.p. employment gap between women and men overall in Rwanda, and this is even larger among adults aged 25–64 years. Among the employed population, women consistently work fewer hours than men. The unadjusted gender pay gaps in Rwanda are 38.5 per cent at the monthly level and 26.2 per cent at the hourly level, highlighting differences in working hours. These unadjusted

gender pay gaps are seen across all educational levels, being widest among secondary-educated individuals. Employment rates are influenced by marriage more so than the presence of dependants in the household. After accounting for individual and labour-market characteristics, the adjusted gender pay gap becomes statistically insignificant or almost zero.

Closing the gender pay gap and addressing other labour-market inequalities is important for improving women's socioeconomic position and achieving social justice for more than half of the world's population. However, as this study highlights, the gender pay gap and other labour-market inequalities are complex issues influenced by various factors, such as sectoral and occupational segregation, differences in education and care responsibilities, and societal norms. Given that the adjusted gender pay gap is almost zero, efforts in Rwanda must be focused on achieving equity between women's and men's individual and labour-market characteristics. A comprehensive approach involving multiple stakeholders, including governments, employers, civil society organizations and individuals, is required to work towards this goal.

In conclusion, achieving gender pay equality and addressing labour-market inequalities require a multifaceted approach involving various stakeholders across the economy. Public policy efforts to tackle the “explained” part of the gender pay gap can vary. Some include enhancing educational opportunities for women and girls, promoting women's participation in high-paying and traditionally “masculine” occupations and sectors, supporting women's labour force reintegration after career breaks, regulating the private sector to ensure care-friendly policies and providing a robust social protection system. Policies to recognize, reduce and redistribute women's and girls' unpaid care work responsibilities would complement all policy efforts to reduce the gender pay gap. In this way, Rwanda can unlock the full potential of its workforce, fostering socioeconomic advancement, innovation and sustainable economic growth.

References

1. The survey comprises 16,572 households and 70,424 individuals, of whom 41,263 belong to the 15–64 years age group, which is used for the analysis of employment. A person is considered employed if that person did any work for a wage, salary, commission or any payment in kind, excluding temporary, in the past seven days; ran any kind of business in the past seven days; helped unpaid in a business owned by the household in the past seven days; and/or had a job, business or other economic or agricultural activity that she or he would return to within the next three months. A total of 13,765 employed individuals are labelled as wage employees, which is the group used for the analysis of wages. To arrive at the hourly wages, the reported wage aggregated at the weekly level is divided by the average usual hours worked per week by an individual. Considering those on zero wages and zero hours, the final sample for the analysis is 12,918 individuals.
2. World Bank (2024). “Rwanda.” Accessed 15 January 2024. <https://data.worldbank.org/country/rwanda>.
3. “Gender equality assesses the extent to which the country has installed institutions and programs to enforce laws and policies that promote equal access for men and women in education, health, the economy, and protection under law.” Accessed 15 January 2024. <https://databank.worldbank.org/metadataglossary/country-policy-and-institutional-assessment/series/IQ.CPA.GNDR.XQ>.
4. World Bank (2023). “CPIA Gender Equality Rating (1 = Low to 6 = High) – Rwanda.” Accessed 15 January 2024. <https://data.worldbank.org/indicator/IQ.CPA.GNDR.XQ?locations=RW>.
5. UN Women (2023). “Rwanda.” Accessed 15 January 2024. <https://data.unwomen.org/country/rwanda>.