



PRESS RELEASE

Economic benefits of narrowing gender gaps far outweigh the additional social spending required

Advancing equality for women is arguably one of the biggest opportunities for inclusive growth in the coming decade. New research from the McKinsey Global Institute (MGI) released today at the Women Deliver Conference finds that achieving the economic potential of women and making progress toward the UN's recently adopted Sustainable Development Goals (SDGs) will require an additional \$1.5 trillion-\$2 trillion in annual spending on essential services in 2025—but the potential economic gains could be 6 to 8 times this outlay. Previous MGI research found that if every country bridged its gender gap at the same historical rate as its fastest-improving regional peer, the world could add \$12 trillion to annual GDP in 2025, an 11 percent boost over current trends.

“Narrowing the gender gap can unleash massive growth. But in order to realize the \$12 trillion opportunity that comes from advancing gender equality in the world of work, we have to tackle gender gaps in society more broadly. The opportunities vary by region, but among the large global opportunities are services to help manage unpaid care work, and financial and digital inclusion. In some regions, education and maternal and reproductive health are particularly important,” says Anu Madgavkar, an MGI partner.

MGI's latest analysis, *Delivering the power of parity: Toward a more gender-equal society*, provides an agenda for action and investment, quantifying the progress needed on a range of gender inequality indicators.

The research pinpoints six areas where improved access to services could unlock economic opportunities for women and help drive toward the SDGs: education, family planning and maternal health, financial inclusion, digital inclusion, and assistance with unpaid care work.

Within these six areas, millions of people—women and men, girls and boys alike—need improved access to essential services by 2025 in order to capture the economic potential of women and make progress towards the SDGs.

- In secondary education, for example, 58 million more girls and 60 million more boys would need to be enrolled in schools over and above current trends.
- Some 224 million additional women would need access to formal financial services
- 29 million to 57 million women in the global labour force, and an equivalent number of men, will need to be covered by paid family leave.
- Some 445 million more people would need improved access to safe water supplies, an important lever for reducing the unpaid care work performed by women in developing countries.

Addressing these areas would require a 20 to 30 percent increase in annual spending on these services above and beyond what is needed to maintain the current trajectories of rising population and GDP. Yet the economic returns associated with narrowing gender gaps are 6 to 8 times higher than the social spending required.

“Narrowing the gender gap calls for substantial investment and sustained effort, but it would produce an enormous return in the form of economic growth and millions of lives transformed,” says Vivian Hunt, managing partner of McKinsey’s UK and Ireland office. “We believe the degree of change is ambitious but achievable. The good news is that within each focus area, many interventions have proved effective and can ensure that spending is well used.”

The spending needed can come from public, private, and household or individual sources. Part of it will involve stepping up public-sector spending in gender-specific programs, but a country’s spending on women-oriented programs will be a small share of its overall development and social budgets. It is therefore important that overall public budgets and resources are channeled in a gender-neutral way. This will require specific measures to include gender as part of all policy dialogues and build capacity for gender-responsive budgeting.

Beyond the six areas, complementary interventions and investments will also be needed to address other aspects of gender inequality, such as the absence of legal protection, limited political voice for women, and violence against women. This will also need to go hand in hand with measures and investments to expand job opportunities and facilitate the movement of women into more productive work.

To offer solutions, MGI’s previous *Power of parity* report identified 75 interventions and more than 150 case examples that have been used to narrow gender gaps around the world. The new discussion paper explores a range of interventions to consider within the priority areas.

Collaborations by diverse partners—in funding, know-how, and execution capacity—can be effective in building a more gender-equal society. And, like any change program, action to tackle gender inequality needs to be tracked and measured to establish solid evidence for what works and what does not work, the report concludes.

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Note: Spending estimates exclude the resources required for financial inclusion due to data limitations. *The report will be available for download at www.mckinsey.com/mgi/*

The McKinsey Global Institute

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Gender diversity at McKinsey

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