ACCESS TO INFRASTRUCTURE, WOMEN'S TIME ALLOCATION, AND ECONOMIC GROWTH

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POLICY HIGHLIGHTS

- Improving **access to infrastructure** reduces women's time allocated to home production. Time devoted to **market work increases**, thereby **promoting economic growth**.
- Increases in women's time in market work simultaneously **mitigates gender bias** and **raises family income**. This increases the level of savings and likewise **promotes growth**.
- Improved **gender equality in the marketplace** also leads to greater **bargaining power** for women in the family, resulting in a **higher savings rate**.
- The type of infrastructure matters. Whereas **investment in physical infrastructure** has greater direct effects on growth, **investment in social infrastructure** has greater effects on women's labor supply.

Gender gaps persist across myriad dimensions such as health, education, and economic activity. On average, women tend to earn less than men while also dedicating more time to home production. Such gaps have direct consequences for a country's economic growth, making policies that address them critical in helping poor countries improve their growth prospects.

This paper emphasizes the relationship between access to infrastructure and women's time allocations between home production, child rearing, and the labor market by developing a simple two-period, gender-based overlapping generations (OLG) model. These time-allocation decisions are shown to influence significantly the growth outcomes in low-income developing countries.

Improving access to infrastructure generally increases women's labor supply and hence a country's overall economic growth. However, the net effects on growth may also be ambiguous. For instance, a high degree of preference for current consumption may have an adversre effect on how much families save; it may also induce women to spend *more* time in household chores rather than less. Nevertheless, higher growth may still be achieved if efficiency in time use improves at the same time.

The question then becomes how best to allocate investment toward infrastructure. Physical infrastructure—such as roads, electricity, water, and sanitation—has a relatively smaller effect on women's labor supply but also has a direct effect on overall productivity and labor market demand. Meanwhile, social infrastructure—such as schools, hospitals, and childcare—has a much larger impact on women's labor supply but a more limited effect on market activity. If the government faces a financing constraint, optimal policy must balance these effects. In particular, this requires consideration of the relative efficiency of these two types of investments.

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