Gender and Inclusion Evidence Review – Prosperity Fund

WOW Helpdesk Query 19A

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April 2019

FINAL REPORT

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Introduction and Overview

The Terms of Reference for this Helpdesk query set out two main questions to be addressed in support of the revisions to the Gender and Inclusion Policy of the Prosperity Fund:

1. What does the evidence indicate on the relationship between gender equality, women's economic empowerment (e.g. education and skills, labour force participation, opportunities for women led enterprises) and growth, with a focus on middle income countries?

2. What are the key drivers, to ensure that opportunities for WEE are maximised, while supporting regional & national growth, and specifically business environment reform?

The repor addressed these questions through a rapid review of selected, relevant literature, which is listed at the end of the report. The evidence review is focused on gender equality and women's economic empowerment, not the broader literature on inclusion.

Executive Summary

Does economic growth result in greater gender equality and women's economic empowerment?

1. **The evidence shows that growth alone does not automatically lead to gender equality** or reduce occupational and sectoral segregation.

2. **Increasing evidence shows that the effects of economic growth on female labour market participation rates are mediated by a range of factors including**:

   - **Historical context** such as the strength of religious beliefs, social norms and attitudes to women, the political system (e.g. effects of collectivisation under Communism), impact of war;
   - **The type of economic growth**: export-oriented growth does create jobs for women, extractives-based growth does not;
   - **And policies that promote gender equality such as** childcare policies, taxation of secondary income, education policies, affirmative action e.g. quotas for women political leaders.

3. **Growth impacts on women's economic empowerment through a range of mechanisms beyond employment rates,** such as household decision making, reduced demands for domestic labour, reduced maternal mortality and widened incentives for women's education.

4. **The relationship between growth and women's economic empowerment is not linear, with no common pattern across Middle Income Countries and there are significant regional differences**. Increases in female labour market participation in Latin America and the Caribbean compare with a fall in South Asia, as well as high but falling rates in Eastern Europe, East Asia and Central Asia.

Does greater gender equality and women's economic empowerment contribute to economic growth?

5. **A consensus is emerging that women's economic empowerment does make a positive contribution to economic growth** and that gender equality is a driver of growth rather than a trade off with growth.

6. **The strongest evidence is on the positive effects on growth of narrowing the gender gap in education**. This is thought to occur through increasing the size of the workforce, reducing fertility and child mortality, widening the talent pool and enabling countries to benefit from female intensive export-oriented sectors such as garments.

7. **There is also growing, though less rigorously substantiated evidence, for the effects on growth of narrowing the gender gap in the following areas**:

   - **Employment, including labour force participation, pay and sector specialisation**. Rising female share of the total labour force has a positive impact on economic growth. There is some, but less strong evidence on how reducing gaps in labour force participation impacts on growth through increasing human capital, increasing overall labour force participation, supporting female intensive export manufacturing and increasing household expenditure on health and education. Reducing gaps in pay can also increase productivity and female labour participation.
   - **Participation in public bodies** and subsequent increase in representation has led to greater investment in infrastructure prioritised by women.

- **More women on boards, in management and better employment opportunities for women** can increase profit and company performance.
- **Entrepreneurship** skills and access to finance to SMEs can contribute to growth, though there are questions around the effectiveness of micro-credit and stand-alone support to women entrepreneurs.

What are the main drivers to ensure that barriers are addressed and opportunities for WEE are maximised, while supporting business environment reform, trade and regional & national growth?

1. **There has been considerable policy interest in understanding what levers may most effectively promote women's economic empowerment**, both as an objective in its own right and as a potential contributor to growth. Growth in itself is increasingly recognised not to be sufficient to drive gender equality and women's economic empowerment.
2. **National and regional reforms and strategies that support economic growth do not automatically lead to better outcomes for women and girls**. Their impact depends on the type of growth and the mix of policies and interventions to address the different barriers to women's economic empowerment. These barriers need to be addressed by economic development strategies and reforms at the national and regional level (labour market, fiscal policy and legal and regulatory frameworks) as well as through interventions specifically designed to reduce gender gaps and address discriminatory gender norms.
3. **The research and development community, from the IMF to NGOs, have recognised that as gender inequality has many roots: single solutions are not sufficient and a broad range of policy priorities and instruments must be combined**. The literature points particularly to the following drivers of women's economic empowerment:
   - Investing in girls' and women's education and skills;
   - Promoting women's access to decent work;
   - Strengthening women's access to property, assets and finance;
   - Strengthening women's legal rights and changing discriminatory laws and social norms, including on gender-based violence;
   - Addressing unpaid care including through: provision of affordable child and elderly care; extending rights to parental leave and flexible working; and introducing tax provisions and tax credits for secondary and low earners
   - Voice and representation
4. **While the literature does not identify barriers and drivers specifically for MICs, there is regional level analysis of key barriers for women's economic empowerment**: Low labour-force participation in quality jobs (India; Middle East and North Africa; South Asia (excluding India)[1]; sub-Saharan Africa); Low maternal and reproductive health (Sub-Saharan Africa); Unequal education levels (India; South Asia; sub-Saharan Africa); Financial and digital exclusion (India; Middle East and North Africa; South Asia; sub-Saharan Africa); and Girl-child vulnerability (sex ratio at birth and child marriage) (China; India; South Asia).

[1] References to South Asia in rest of this paragraph refer to South Asia excluding India.

1. Evidence review

1.1 Relationship between gender equality, women's economic empowerment and growth

The TOR posed the following question on the relationship between gender equality, women's economic empowerment and growth: **"What key findings does the evidence indicate on the relationship between gender equality, women's economic empowerment (e.g. education and skills, labour force participation, opportunities for women-led enterprises) and growth, with a focus on middle income countries?**

There is no universally agreed definition of women's economic empowerment. The UN Secretary Generals High Level Panel for Women's Economic Empowerment, co-chaired by the UK referred to the *economic empowerment of women as the ability to succeed and advance economically and to make and act on economic decisions (HLP 2016)*

Evidence is sub-divided here under two separate questions:

- Does economic growth result in greater gender equality and women's economic empowerment?
- Does greater gender equality and women's economic empowerment contribute to economic growth?

1.1.1 Does economic growth result in greater gender equality and women's economic empowerment?

Headlines:

The evidence shows that growth alone does not automatically lead to gender equality *or reduce occupational and sectoral segregation.*

Increasing evidence shows that the effects of economic growth on female labour market participation rates are mediated by a range of factors including*:*

- ***Historical context*** *such as the strength of religious beliefs, social norms and attitudes to women, the political system (e.g. effects of collectivisation under Communism), impact of war*
- ***The type of economic growth****: export-oriented growth does create jobs for women, extractives-based growth does not.*
- ***And policies that promote gender equality*** *e.g. childcare policies, taxation of secondary income, education policies, affirmative action e.g. quotas for women political leaders)*

Growth impacts on women's economic empowerment through a range of mechanisms beyond employment rates, *such as household decision making, reduced demands for domestic labour, reduced maternal mortality and widened incentives for women's education etc.*

The relationship between growth and women's economic empowerment is not linear, with no common pattern across Middle Income Countries. But there are significant regional differences*. Increases in female labour market participation in Latin America and the Caribbean compare with a fall in South Asia, as well as high but falling rates in Eastern Europe, East Asia and Central Asia.*

The answer to the question above is important in that it would help to explain whether economic development in itself, without specific policies to promote gender equality or women's economic empowerment, is likely to result in, or at least contribute significantly to, greater gender equality.

The classic hypothesis for answering this question was the **Feminisation U Curve**, which is now subject to significant criticism. This presented an initial process of economic transformation from dependence on agriculture to industrialisation and the development of service industries which sees a significant reduction in female labour market participation as women's labour on the family farm became obsolete and industrial employment was mostly taken up by men - the initial downward slope of the U Curve. Economic transformation then led to reduced fertility and improved educational opportunities for women both of which contributed to a rise in female labour market participation - the upward bend of the Feminisation U curve.

Gaddis and Klasen (2012) date the theory to the 1960s and describe it as becoming a stylised fact in development economics. They list a range of economists who have based their work on the Feminisation U, including Bloom, Canning, Fink and Finlay (2009), Aguero and Marks (2011), Jensen (2012) and Rees and Riezman (2012). The theory encourages a deterministic view that economic growth and transformation will lead to a universal trend in female labour market participation and gender equality which is largely independent of explicit gender policy.

More recently, however, the Feminisation U has been subject to significant criticism, summarised by Gaddis and Klasen (2012) in a review of 30 studies, 11 of which are global and the remainder focusing on particular regions of the world. This is partly empirical criticism focusing on problems with the labour market participation data and purchasing power parity comparisons of economic value between countries. They expand on this criticism to include a wide variety of other possible explanatory factors effecting female labour market participation including a variety of **historical contingencies** (including strength of religious beliefs, social norms and attitudes to women, effects of collectivisation under Communism, impact of war etc.) and also the **varying types of growth and economic transformation** experienced by different countries. For example, growth led by natural resource extraction being less likely to generate greater female labour market participation than export led manufacturing. Of particular pertinence in this context is the contention also that **gender related policies** may have a significant impact on female labour market participation: childcare policies, taxation of secondary income, education policies etc.

Klasen (2017) relates that in the last 25 years, while improved female education levels and decreasing fertility have created conditions ripe for increased female labour market participation, particularly given generally high rates of economic growth since 1990s, **actual participation rates have not increased very significantly**. There are also significant **regional differences**: increases in Latin America and the Caribbean compare with a fall in South Asia, as well as high but falling rates in Eastern Europe, East Asia and Central Asia. The trends seen since the 1990s are generally contrary to what would be expected under the Feminisation U hypothesis: Eastern Europe, East Asia and Central Asia should be on the rising part of the U. Falling participation in South Asia is also not consistent with declining fertility and rising women's education levels. Reasons include the finding that improved economic conditions mean many women may withdraw from the labour market which they had only entered for reasons of **distress rather than opportunity**. Stigma and **social norms** play a strong role in deterring women from entering the labour market despite the opportunities in some societies, particularly South Asia. Slower growth in female participation rates may also reflect sectoral and educational mismatches in female labour supply and demand.

Sophia Kan and Stephan Klasen (2018) have summarised the research output of the Growth and Economic Opportunities for Women (GrOW) programme, focusing again on the effects of growth on gender equality through women's employment. Summarising studies from India, Ghana, Latin America and a global database of 69 developing countries between 1980 and 2011, they conclude that

economic growth alone has no robust effects on female employment in developing countries. Some women enter employment, but others leave. As outlined above, this may be because there are cases of women no longer needing to take survival jobs – or perhaps because social norms push women out of the market. Economic growth also does little to reduce occupational and sectoral segregation and it is clear that the type of economic growth experienced matters: export-oriented growth does create jobs for women, extractives-based growth does not and tackling sectoral segregation requires specific policies and actions to address gender and social norms.

Esther Duflo (2012) outlines a variety of **mechanisms beyond increases in labour participation** through which growth impacts on gender equality and women's economic empowerment, without additional gender specific policy interventions, and for which there is empirical evidence. Adding to the criticism of the Feminisation U and its focus on labour market participation as a key source and indicator of women's economic empowerment. She doesn't provide analysis of MICs specifically but many cases are from middle income countries:

- Economic growth and technological progress **reduced maternal mortality in childbirth**. Improved survival rates for women have been shown to increase family investment in girls' education in Sri Lanka for example (Jayachandran and Lleras Muney, 2009, quoted by Duflo).

- Greater opportunities for work outside the **home widen incentives and expectations for the education of women** – e.g. new opportunities for low caste women in India to study English because of new job opportunities in telemarketing requiring English skills (Munshi and Rosenzweig, 2006)

- Access to electricity and electric appliances, both associated with economic growth, can reduce women's burden of labour engaged in **domestic tasks** (particularly collecting water and firewood) and increase women's free time. Dinkelman (2010), quoted by Duflo, finds that electrification in South Africa led to an increase of 9.5% in female employment without any change in male employment. A 2019 OECD report on unpaid care work states that "as a country's GPD increases, infrastructure is likely to improve and access to services increase decreasing the time women spend on domestic and care tasks, such as cooking or traveling to health centres. For example, in Bangladesh, where the GDP per capita is USD 1 156, women allocate 56% of their time to unpaid care work when awake, compared to 40% in Peru and 33% in South Africa where the GDP per capita is USD 6 572 and USD 6 161 respectively (World Bank, 2017). As a result, women in South Africa and Peru have more time for paid work and study as well as leisure and personal care (Ferrant and Thim, 2019)."

- Economic development is also associated with improved **legal rights** for women. There is empirical evidence of strong correlation between the two, but it is not possible to prove causal links.

Duflo argues, however, that **economic development is not enough to ensure women's empowerment and equality on its own**. Gender gaps remain, particularly in political participation, despite economic growth. 'Development' also makes certain types of gender discrimination easier e.g. sex selective abortion. Gender norms persist despite economic growth. Evidence shows that a strong association remains of women with family and men with careers and political leadership (for example, Beaman et al (2009) in their survey of attitudes to male and female leaders in West Bengal). The implication is that special policies – affirmative action – are needed to promote gender equality: policies that will benefit women at the expense of men in the short term (e.g. quotas for women political leaders).

Kan and Klasen (2018) also examine evidence on how economic growth may impact certain aspects of women's economic empowerment other than employment. In particular they summarise evidence on the impact of growth on **women's decision-making authority within the household**. Braga, Astone, Peters, and Woods (2017) found that GDP growth leads to greater female intra household bargaining power. The authors find that "a 4% annual growth rate in GDP per capita, over a five-year period, led to a 5% or so increase in the number of decisions a married woman participates in. Education accounted for a 6.6% increase in decision-marking, and employment led to a 9% increase. Factors that decreased decision-making power were having children (although by a trivial 0.007 pp per child) and being Muslim (a decrease of 0.26 pp). The effects of economic growth on domestic violence were insignificant."

1.1.2 Does greater gender equality and women's economic empowerment contribute to economic growth?

<u>Headlines:</u>

A consensus is emerging that women's economic empowerment does make a positive contribution to economic growth *and that gender equality is a driver of growth rather than a trade off with growth.*

The strongest evidence is on the positive effects on growth of narrowing the gender gap in education*. This is thought to occur through increasing the size of the workforce, reducing fertility and child mortality, widening the talent pool and enabling countries to benefit from female intensive export-oriented sectors such as garments.*

There is also growing, though less rigorously substantiated evidence, for the effects on growth of narrowing the gender gap in the following areas*:*

- ***Employment, including labour force participation, pay and sector specialisation****. Rising female share of the total labour force has had a positive impact on economic growth. There is some, but less strong evidence on how reducing gender gaps in labour force participation impacts on growth through increasing human capital, increasing overall labour force participation, supporting female intensive export manufacturing and increasing household expenditure on health and education. Reducing gender gaps in pay can also increase productivity and female labour participation.*
- ***Participation in public bodies*** *and subsequent increase in representation has led to greater investment in infrastructure prioritised by women*
- ***More women on boards, in management and better employment opportunities for women*** *can increase profit and company performance*
- ***Entrepreneurship*** *skills and access to finance to SMEs can contribute to growth, though with questions around the effectiveness of micro-credit and stand-alone support to women entrepreneurs.*

As outlined above, the consensus on whether economic growth promotes gender equality and women's economic empowerment has become less deterministic and more nuanced and conditional. In terms of the reverse mechanism, there have been some **recent confident and optimistic analyses** of how gender equality and women's economic empowerment may be beneficial to growth.

The McKinsey Global Institute report, 'The Power of Parity' (2015) models a global scenario where women participate in the economy as fully as men and calculates that this **would add US$12 trillion to global growth** – increasing annual GDP by 26% compared with business as usual by 2025. Alternative modelling whereby countries achieve similar levels of female participation as the 'best in the region' results in GDP increase of more than 10% in 46 of the 95 countries analysed - with greatest gains in India and Latin America.

These are dramatic headline figures, though the estimates involve some very significant assumptions. The full potential scenario assumes an increase in female labour participation rate from the current global average of 64% to 95%. It also assumes women work the same average hours as men and at the same levels of productivity. It is also notable that incremental investment of US$ 3 trillion would be required to sustain this expansion in employment by 2025 – 11% higher than business as usual.

IMF (2018. pg.1) states that "Greater gender equality boosts economic growth and leads to better development outcomes". This is based on analysis over a range of countries including HICs, MICs and LICs. "It contributes to reducing income inequality and boosting economic diversification and, in turn, supports economic resilience".In terms of **increasing growth**, the report states that "recent studies by IMF staff and others estimate that closing the gender gap could boost GDP in Canada by 4 percent (Petersson and others, 2017); Japan by 4 percent (Steinberg and Nakane,2012); Pakistan by 30 percent (Cuberes and Teignier, 2016); and Niger by 32 percent (OECD, 2016; Cuberes and Teignier, 2015)"(IMF, 2018, pg.5).

The IMF also states that improving gender equality can **reduce income inequality which thereby contributes to more sustainable economic growth**: "Gender inequality is associated with higher income inequality which in turn can undermine the sustainability of growth (Gonzales and others,2015a; Ostry and others, 2014.) This occurs through several channels. First, gender wage gaps directly contribute to income inequality, and higher gaps in labour force participation rates between men and women result in inequality of earnings, and unequal pensions. In addition, women are more likely to work in the informal sector, in which earnings are lower. Finally, inequality of opportunities, such as unequal access to education, health services, and finance inhibit equal chances to succeed on the labour market, and this is strongly associated with income inequality, particularly in emerging and developing countries." (IMF, 20018, pg.6).

Arjan de Haan (2017) summarises evidence around six different channels through which increased gender equality may have contributed to economic growth – or at least where gender gaps or inequality are seen to be constraining growth.

Firstly, narrowing the **gender gap in education** is the channel where most evidence is available. In Kan and Klasen's summary of the research output of the Growth and Economic Opportunities for Women (GrOW) programme (2018), they quote four arguments for how reducing the gender gap in education promotes economic growth: by increasing the size of the workforce and available hours of work, reducing fertility and child mortality, widening the talent pool and enabling countries to benefit from female intensive export-oriented sectors such as garments (Klasen and Minasyan, 2017). De Haan quotes two studies which showed that greater gender equality in education had a positive and significant impact on growth. Comparing countries in East and South Asia between 1962 and 1990, Klasen found that quarter of the differences in annual growth could be attributed to gender gaps in education. Seguino's analysis of 20 semi industrialised export-oriented economies found that improved men and women's education were associated with higher economic growth, with female education showing a stronger influence over time. Kan and Klasen quote the results of a systematic review of 54 studies examining the links between reducing gender gaps in education and economic growth. While the authors highlight a number of methodological issues with many of these studies, they suggest that "regression specifications that are arguably the most convincing…. carry a sizable and significant positive correlation coefficient, thus providing robust evidence that reducing the educational gender gap improves economic growth(Kan and Klasen. 2018, pg 14)

Esther Duflo (2012) finds that while correlation may be apparent, it is **very difficult to prove causal links between instances of improved equality resulting from girls' education and actual impacts on economic growth**. She argues that there is much evidence that higher women's education is correlated with greater child welfare, particularly health. But it is difficult to demonstrate the causal links. For example, it has been difficult to prove that improved women's education has a greater impact on child health than improved men's education.

The second channel examined by De Haan is **reducing gender gaps in labour force participation.** Klasen and Minasyan (2017) formulate four mechanisms through which gender employment gaps may reduce economic growth by: reducing the natural pool of female human capital; reducing overall labour force participation; restricting growth of female intensive export manufacturing and reducing expenditure of household income on health and education. In general, there is much less evidence of this link. Klasen and Lamanna (2009) explore the impact of changes in women's share of the total labour force and the ratio of female-to-male activity rates on economic growth over 1960–2000. Rising female share of the total labour force had a positive and significant impact on economic growth

A related employment connected channel is the **gender pay gap**. There is very limited evidence on its impact on economic growth as a whole, and mixed conclusions are drawn. De Haan quotes Seguino (2000) who found that gender earning gaps in manufacturing reduced unit labour costs and thereby contributed to greater competitiveness. Kas and Klasen quote Cavalcanti and Tavares (2016) who "find that wage gaps decrease female labour force participation and fertility. Specifically, a 50% increase in the gender wage gap decreases per capita income by 35% in the long run. The authors argue that their findings explain differences in economic growth between the USA and countries such as India, Saudi Arabia, and Egypt "(Cavalcanti and Tavares, 2016, pg.41)

A fourth channel through which **gender equality can boost economic growth is through greater women's participation in public institutions**. Duflo (2012) presents evidence that reservation of seats for women in local councils in India and subsequent increase in representation led to greater investment in infrastructure prioritised by women (Chattopadhyay and Duflo, 2004). This case helps to demonstrate that the reservation policy did actually lead to increased political power for women. Representatives elected in this way did not just become instruments of their husbands or of other male politicians. However, **women's choices on how to spend resources are not necessarily more welfare generating overall than men's choices**. They may just be directed towards generating more benefits for women. In the Indian example above, greater investment in water infrastructure was made in West Bengal at the expense of schools and road infrastructure. This reduced the amount of time women spent collecting water but did not lead to improved health or other more benefits for the overall population as water supplies were already clean.

The fifth mechanism listed by De Haan is at the company level – and the idea that **increased gender equality in governance structures, management and staff of companies improves company performance** and thereby also contributes to economic growth. The IMF (2018) state that women's representation on boards or in senior management increase corporate profits, again contributing to economic growth. IMF research also finds that adding one more woman to senior management or a corporate board, while keeping the size of senior teams unchanged, is associated with 8–13 basis points higher return on assets (Christiansen and others, 2016). De Haan quotes an IFC report (2013) that finds that better employment opportunities for women can contribute to increased profitability and productivity in the private sector, and improved relations with local communities.

Finally, research has been conducted on whether **support to reduce the gap in entrepreneurship skills between men and women can contribute to growth**. De Haan quotes a Goldman Sachs (2014) estimate that closing the credit gap for women- owned small and medium enterprises (SMEs) across the developing world as a whole could boost income per capita growth rates by over 1.1 per cent on average Duflo (2012) finds that microfinance directed towards women owned businesses does not appear to result in greater productivity than microfinance directed towards male owned businesses (Karlan and Zinman, 2011 and De Mel, McKenzie and Woodruff, 2009). Also, enterprise training directed specifically at women owned businesses does not appear to be effective on its own (Karlan and Valdivia, 2011; Drexler, Fischer and Schoar, 2010; Field, Jayachandran and Pande (2010). "This study provides a striking illustration of the trade-off faced by policy: **the fact that women face multiple constraints means that relaxing just one may not improve outcomes**." Buvinic and O'Donnell (2016) evidence from private sector projects on women's economic empowerment find more promising examples of micro-credit and support for women entrepreneurs, especially when interventions are bundled.

1.2 Opportunities for Women's Economic Empowerment

The second main question posed in the TOR focuses on the efficacy of various levers and mechanisms for women's economic empowerment which will also contribute to economic growth:

"What are the key drivers, to ensure that opportunities for WEE are maximised, while supporting regional & national growth, and specifically business environment reform?

<u>Headlines:</u>

There has been considerable policy interest in understanding what levers may most effectively promote women's economic empowerment*, both as an objective in its own right and as a potential contributor to growth. Growth in itself is increasingly recognised not to be sufficient to drive gender equality and women's economic empowerment.*

Reforms and strategies at the national and regional level that support economic growth do not automatically lead to better outcomes for women and girls*. The impact depends on the type of growth and the right policies and interventions to address the different barriers to women's economic empowerment. These barriers need to be addressed by economic development strategies and reforms at the national and regional level (labour market, fiscal policy and legal and regulatory frameworks) as well as through interventions specifically designed to reduce gender gaps and address discriminatory gender norms.*

The development community, from the IMF to NGOs, have recognised that as gender inequality has many roots, single solutions are not sufficient and that a broad range of policy priorities and instruments must be combined*. The literature points particularly to the following drivers:*

- *Education and skills*
- *Employment and access to decent work*
- *Access to property, assets and finance*
- *Legal rights and changing social norms, including addressing discrimination and gender-based violence*
- *Addressing unpaid care including affordable child and elderly care, parental leave and flexible working and tax provisions and tax credits for secondary and low earners*
- *Voice and representation*

The literature does not identify barriers and drivers specifically for MICs. *the McKinsey report does provide regional specific analysis of key barriers and mechanisms to address across different regions.*

- Low labour-force participation in quality jobs (India; Middle East and North Africa; South Asia (excluding India); sub-Saharan Africa)
- Low maternal and reproductive health (Sub-Saharan Africa)
- Unequal education levels (India; South Asia (excluding India); sub-Saharan Africa)
- Financial and digital exclusion (India; Middle East and North Africa; South Asia (excluding India); sub-Saharan Africa).

- Girl-child vulnerability (sex ratio at birth and child marriage) (China; India; South Asia (excluding India)

This section examines the drivers of women's economic empowerment per se, without reference to substantiation of wider impacts on growth. And as the underlying causes of gender economic inequality are many and varied, so too are the required responses. These responses are important because, as it was argued in the first section, women's economic empowerment does not flow automatically from economic growth.

Hunt and Samman (2016) identified 10 direct or underlying factors that enable or constrain women's economic empowerment. Direct factors are linked to women's individual or collective lived experiences while indirect factors are the wider structural conditions that determine women's individual or collective lived experiences, though the categories are inextricably linked.

Direct factors	**Underlying factors**
• Education, skills development and training • Access to quality, decent paid work • Address unpaid care and work burdens • Access to property, assets and financial services • Collective action and leadership • Social protection	• Labour market characteristics • Fiscal policy • Legal, regulatory and policy framework • Gender norms and discriminatory social norms

IMF priorities outlined in 'Pursuing Women's Economic Empowerment' highlighted the following policy areas, which mirror those suggested by ODI research very closely:

- Investing in health and education – to provide a level playing field in the longer term.
- Equal access to financial services.
- Equal legal rights especially over property.
- Affordable child and elderly care.
- Publicly financed parental leave
- Flexible working arrangements.
- Removing tax provisions against secondary earners and using tax credits as benefit for low wage earners.

The UN Secretary General's High-Level Panel on Women's Economic Empowerment identified seven key drivers of women's economic empowerment in its 2016 report 'Leave No One Behind: a call to action for gender equality and women's economic empowerment' (see Figure 1 below): tackling social norms, laws and regulations, unpaid care work, building assets, changing business culture and practice, improving public sector employment and procurement and strengthening collective voice and representation. This selection includes many of those identified above but places greater emphasis on addressing social norms and strengthening collective voice and agency.

Figure 1: Seven drivers of Women's Economic Empowerment

Source: UNHLP, 2016

McKinsey (2015) measured indicators of gender equality in work and in society. The social indicators included a range of equality indicators within the three categories of: essential services and enablers of economic opportunity; legal protection and political voice; physical security and autonomy. McKinsey analysed the correlation between these indicators and economic development indicators (per capita GDP growth and urbanisation) and found that they are strongly linked:

> "The correlation analysis suggests that acting to make improvements on four areas appears to be the most promising route to accelerating gender equality in work: education level, financial and digital inclusion (we consider these together as the delivery models for financing are closely tied with digital channels), legal protection, and unpaid care work. Apart from being closely linked to equality in work, they also lay the groundwork for improvements in access to health care, physical security, and political participation. Putting energy, effort, and resources into these four areas is likely to generate far-reaching impact and social change."

The authors then calculated 'gender parity scores' for each country and identified 10 'impact zones' where the most serious types of gender inequality are concentrated and in which regions. Of these, five were global priorities:

1. Blocked economic potential
2. Time spent in unpaid care work
3. Fewer legal rights
4. Political under-representation
5. Violence against women

And five were region specific:

6. Low labour-force participation in quality jobs (India; Middle East and North Africa; South Asia (excluding India); sub-Saharan Africa)
7. Low maternal and reproductive health (Sub-Saharan Africa)
8. Unequal education levels (India; South Asia (excluding India); sub-Saharan Africa)
9. Financial and digital exclusion (India; Middle East and North Africa; South Asia (excluding India); sub-Saharan Africa).
10. Girl-child vulnerability (sex ratio at birth and child marriage) (China; India; South Asia (excluding India)

The report identified mechanisms to address these impact zones, including:

- Financial incentives and support (e.g. CCTs, subsidised child care, tax incentives for secondary earners).
- Technology and infrastructure (e.g. Egypt building schools in areas of low enrolment of girls; safe transport for women to travel to work in business outsourcing centres in India).
- Creation of economic opportunity (e.g. flexible work arrangements, women leadership training)
- Capacity building – education and skills training (e.g. Intel 'She will connect' programme)
- Advocacy and shaping attitudes;
- Laws, policies, regulations (e.g. to address violence against women, anti-discriminatory labour market policies).

Kan and Klasen's (2018) overview of evidence explored a number of enabling factors for women's economic empowerment in the context of promoting economic growth. **Trade policy** is identified as a key driver of impact on gender equality, with the authors citing studies that showf for example how trade policies have proportionately benefited women through: reduced input tariffs in Indonesia, (Kis Katos, Pieters and Sparrow, 2017): how women have benefited when men have lost out more from trade reforms in Brazil(Braga 2017); and a case where women's employment increased as a result of distress caused by trade reforms in India (Gupta and Pieters, 2018). Men are often disproportionately affected by trade liberalisation due to higher rates of employment in the tradable goods sectors most effected compared with women with a high proportion of employment in service sectors. The impacts of trade policy on women's economic empowerment are therefore very sector and context specific. Nevertheless, gender analysis of expected impacts is clearly an important consideration when promoting trade reforms.

Kan and Klasen also reviewed some of the channels through which women's economic empowerment may impact on economic growth, outlined in the section above to highlight evidence of effectiveness at least in terms of their empowerment objectives. Within this category, micro-level studies have shown that **vocational education** training can have a disproportionately positive effect on employment of women. Kan and Klasen quote a study from Nepal (Chakravarty, Lundberg, Nikolov and Zenker, 2017) which showed proportionately higher impacts on non-farm employment and income levels for women.

Lei, Desai and Vanneman (2017) found that improvements to **transport infrastructure** in India led to increased female labour force participation. Lie, citing Peters et al (2016) found that while infrastructure improvements can lead to greater labour force participation rates for women, this is not automatic. Increases also depend on appropriate safety measures being in place on transport systems and also for some improvement in social norms and attitudes to women working. Peters et al (2016) also conducted a systematic review of evidence on whether **subsidised childcare** promoted greater labour force participation by women. The report found a positive relationship with labour force participation but did not show evidence of increased leisure time for women or for greater employment in the formal sector.

The 2019 OECD report on unpaid care work outlines four policy areas which can contribute to women's economic empowerment through **addressing the burden of unpaid care work** which falls disproportionately on women. These are: increasing shared responsibility for care work within the household; improving social protection and public services provision and strengthening infrastructure, such as energy, transport, water supply.

As outlined above, the strongest body of evidence points to investment in educational opportunities for women as a key driver of women's economic empowerment. However, as Duflo (2012) concluded, because women face multiple constraints in terms of equity and empowerment, it is not surprising that interventions to relax one of them is unlikely to have the expected improved outcomes.

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