



Asia-Pacific
Economic Cooperation



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AT A GLANCE GENDER AND STRUCTURAL REFORM

Achieving Economic Growth
Through Inclusive Policies

PREPARED BY US-Support for Economic Growth in Asia, (US-SEGA), implemented by Nathan Associates, for the APEC Economic Committee (EC)



Gender and Structural Reform

Economic Impact Assessment

Inclusive structural policies promote women's economic participation, reducing inequality and stimulating growth.

Structural policies play an important part in creating lasting economic growth by strengthening environments in which workers, businesses, and economies can thrive. There is a critical link between an economy's laws, policies, and regulations and the resulting environment that either enables or restricts women from full economic participation. Reforming these policies towards inclusivity and ensuring enforcement mechanisms are in place is critical to boosting productivity, creating a stronger business enabling environment, and generating greater GDP – all necessary to advance sustainable economic growth across the APEC region. This can take the form of eliminating legal restrictions, removing biases against women from existing laws, and reforming laws that appear gender-neutral, but are not. These inclusive structural reforms can contribute to APEC's overarching goal of promoting balanced, inclusive, sustainable, innovative, and secure growth.



Women's economic activity amidst the COVID-19 pandemic

Economies must actively address and close legal and regulatory gaps that are adversely affecting women's economic activity because of the COVID-19 pandemic. In response to the economic effects of the pandemic, policymakers are leveraging fiscal stimulus and economic response policies to keep their economies afloat, however women and women-owned businesses are often at a disproportionate disadvantage to access these recovery services. As a result, these initiatives do not reach their full potential to address economy needs. Governments should consider gender during their relief, recovery, and rebuilding efforts to ensure that women are able to equally access programs and contribute to GDP stabilization and expansion.

Inclusive structural reform and APEC

The La Serena Roadmap for Women and Inclusive Growth (the Roadmap), endorsed by APEC Leaders in 2019, reinforces the importance of structural reforms for creating an enabling environment for women to participate in the economy, including by reducing barriers and enhancing protections in policies, laws, regulations, and practices. Further, the EC and the Policy Partnership on Women and the Economy (PPWE) have supported structural reform efforts to enhance women's participation in the economy. This Economic Impact Assessment (EIA) builds on several recent efforts over the last few years to implement the EC's focus on inclusive growth and structural reforms that encourage women's economic participation. New Zealand launched APEC's gender and structural reform work in 2018, which was further advanced by the United States in 2019.

Methodology

Drawing on the APEC Women and the Economy Dashboard (The Dashboard), the 2020 AEPR on Women's Empowerment and Structural Reform, and the Roadmap, 106 reforms were evaluated on the following criteria: 1) Legal basis; 2) Relevance to the EC; 3) Room for improvement and variation in APEC; 4) Data availability; and 5) Direct link to women's economic empowerment. From this evaluation, four indicators satisfied all criteria, and are therefore included in this analysis: **1) Whether there is a law against discrimination by creditors on the basis of gender; 2) Whether utility bill payments may be reported to credit bureaus; 3) Whether women are allowed to work in industry in the same way as men; and 4) Whether employers must give employees an equivalent position when they return from maternity leave.**

The EIA's overarching objective is to understand if and how GDP may be affected when economies enact laws and regulations that remove barriers against women's economic activity.

The analysis includes unique, individually tested ordinary least square regressions with data spanning 1990 to 2019, depending on data availability. Each model utilizes internationally comparable data from 218 economies. The authors created an additional variable to measure impacts within APEC economies specifically. Each model begins with the null hypothesis that the change in the law or regulation has no effect on GDP growth. The alternative hypothesis for all models is that the law or regulation influences GDP growth.

Snapshot of Findings

Discrimination by creditors on the basis of gender in access to credit

Discrimination in access to credit prevents women from accessing the financial services they need to be financially independent and stable. When credit is more accessible to all, individuals are better able to manage their savings and spending. Public spending can increase, which can contribute to growth. Improved credit access can also lift low-income populations out of poverty and help them generate income. The analysis indicates that **1.54% higher annual GDP growth** is expected for an APEC economy that has a law that prohibits gender discrimination in accessing credit. The potential for reform across the APEC region is significant, as more than half of APEC economies have an opportunity to implement this policy and realize tangible economic benefits.

Provision of utility information to credit bureaus and registries

Utility bills are an alternate and additional source of information that credit bureaus and registries may use to determine an individual's creditworthiness. Alternative sources of information to support an individual's creditworthiness can enable women to access credit that could allow them to be financially empowered and independent, including to start or grow a business. The analysis indicates that **0.82% higher annual GDP growth** is expected for an APEC economy where utility payment information is reported to credit bureaus and registries. Although not explicitly designed to support women, enabling the use of utility information by creditors can advance women and economies without implementing gender-specific laws.

Employment in non-traditional industry sectors

With certain economies legally restricting women's ability to seek employment in industry sectors, the Asia-Pacific region does not meet its labor force and productivity potential. By lifting these legal restrictions on women's employment in industry, economies could promote greater female labor force participation, thereby increasing productivity and competitiveness. The analysis indicates that a **0.67% higher annual increase in GDP growth** is expected for an economy that prohibits restrictions on women's employment in non-traditional industry sectors. Of note, this analysis concerns employment restrictions in a specified set of fields. An economy's precise reforms and resulting impacts will depend on whether the existing legal framework restricts some or all of these sectors. The data available for analysis is limited to non-pregnant, non-nursing women.

Job-protected maternity leave

Women in APEC economies who are entering motherhood must decide whether to remain in the workforce after maternity leave. Women may find returning to work to be disadvantageous if they cannot return to the same position and/or are not guaranteed the same pay as pre-maternity leave. When women leave the labor market, economies experience negative spillover effects associated with loss of income and contributions to innovation, amongst other factors. The results from this model demonstrate that **no statistically significant impact on GDP growth** is expected for APEC economies instituting a job-protection maternity leave law. While job-protected maternity leave does not have significantly positive results on GDP growth, the presence of this law **was not found to harm GDP growth**. Economies should consider instituting this reform as it may be impactful in other economic areas outside of GDP growth, such as the ability to improve women's labor force participation, addressing labor shortages, increasing the tax base, and boosting the number of women's positions in managerial and leadership positions.

ANTICIPATED IMPACTS ON GDP GROWTH

- Prohibiting gender discrimination in accessing credit: 1.54% expected higher annual GDP growth
- Allowing utility payment reporting: 0.82% expected higher annual GDP growth
- Prohibiting women's exclusion from non-traditional industries: 0.67% expected higher annual GDP growth
- Job-protected maternity leave: No statistically significant positive or negative effect on GDP growth for annual, five-year, or ten-year GDP growth



Recommendations and Next Steps

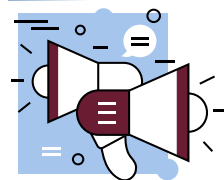
The EIA provides a number of recommendations for APEC and economy-level implementation, private sector engagement, and further research. Amongst others, these recommendations include:



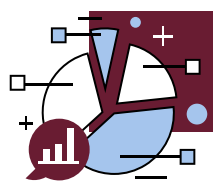
Economies, as they look to grow their GDP, especially in the wake of COVID-19, should **implement policies in the four areas of reforms that are evidenced-based**, using quantitative results, like those outlined in this report. While all four reform areas are important, prohibiting discrimination by creditors on the basis of gender represents the greatest opportunity for GDP growth in APEC economies.



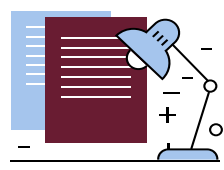
Economies that have recently passed legislation in the four areas examined in this report may wish to **undertake an economy-level assessment of the impacts of a particular law**. An economy-level assessment of a law would reveal the impact of the legislation on women's economic participation and demonstrate the effectiveness of a particular policy. Such assessments could also serve as useful economy-level models from which other APEC economies can learn.



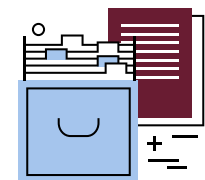
APEC should **facilitate a workshop or dialogue to share the key findings of this report** and work with economies to **identify key structural reforms and how to address them**. The workshop or dialogue will also serve as a forum for economies to exchange lessons learned on implementing and enforcing structural reforms that advance women's economic participation.



The EC should work with the PPWE to **invite case studies or success stories from economies** that have demonstrated the quantifiable benefits of implementing a structural reform aimed at improving women's participation. This could serve as a continual reminder to economies that the impacts of these reforms are truly tangible. The practice of collecting these case studies could be institutionalized within the EC or within the APEC Policy Support Unit, as an annex to the Dashboard.



The EC, working with the PPWE, should **examine other types of policies that have the potential to bring women workers, entrepreneurs, and business owners, including indigenous women, to move from the informal into the formal economy** to broaden the tax base and generate economic growth. This could include exploring the types of access to incentives and finance mechanisms that encourage women workers, entrepreneurs, and business owners to move from the informal to formal economy.



APEC should undertake **complementary research into non-GDP measures** to comprehensively understand how structural reform can benefit women's economic empowerment and inclusion and generate benefits for economies outside of GDP growth. These measures could use the findings in this report as a starting point to capture additional measures of economic well-being and advancement.

To download the full report



About US-SEGA: US-Support for Economic Growth in Asia (US-SEGA) is a joint project of the U.S. Agency for International Development and the U.S. Department of State. For more information on US-SEGA technical services, please contact US-SEGA Contracting Officer's Representative, Kofi Owusu-Boakye at kboakye@usaid.gov, or US-SEGA Chief of Party, Ann Katsiak at akatsiak@nathaninc.com.