4 Policies for improving the impacts of FDI on gender equality

This chapter presents a Policy Toolkit that can help countries improve the impacts of FDI on gender equality. It describes the channels through which FDI can affect gender and shows what policies and institutional arrangements can enhance its contribution to SDG 5. It builds on existing OECD instruments related to investment and gender equality, notably the Policy Framework for Investment, the Guidelines for Multinational Enterprises, and the Council Recommendations on Gender Equality in Education, Employment and Entrepreneurship, and on Gender Equality in Public Life.

Main policy principles

1. Provide coherent strategic direction on investment and gender equality and ensure policy co-ordination and effective implementation

- Align strategic objectives in the areas of investment, gender equality, labour markets, small and medium enterprises (SMEs), entrepreneurship and human resource development. Develop a national strategy for gender equality, clearly defining priorities, actors involved and budget.
- Improve policy coherence and co-ordination between actors responsible for gender and investment policies, as well as other relevant policies, through existing or new co-ordination mechanisms, including by establishing a focal point for responsible business conduct (RBC) (i.e. a National Contact Point for RBC) for countries adhering to the OECD Guidelines for MNEs.
- Conduct regular gender impact assessment of investment and relevant policies to improve policy design and implementation. Systematically collect gender-disaggregated data in areas such as investment, labour markets, entrepreneurship and human resource development.

2. Ensure that domestic regulation is aligned with international standards and supports the positive impact of FDI on gender equality

- Adhere to key international agreements that promote gender equality and integrate a gender perspective to identify and assess risks in supply chains and ensure that access to remedy considers a gendered perspective, as highlighted in the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. Consider including gender provisions in regional trade agreements and bilateral investment treaties and provide mechanisms for their implementation.
- Remove regulatory restrictions on FDI and trade in sectors that employ or have the potential to employ many women, such as the service sectors.
- Ensure that internal regulations on employment (e.g. minimum wage), social protection, and the workplace (e.g. sexual harassment) support the creation of good quality jobs for women by MNEs.
- Remove regulatory barriers that hold back women entrepreneurs and prevent them from taking advantage of the presence of foreign MNEs, such as businesses opportunities generated along MNE value chains and technology and productivity spillovers.
- Ensure equal access for women and men to a gender-equitable education system and to quality and affordable health care.

3. Stimulate investment, particularly international investment, that promotes gender equality, and strengthen the capacities of female entrepreneurs and the skills of female workers

- Design transparent investment incentive systems that promote gender equality, or that do not exacerbate existing gender inequalities, and regularly assess the benefits and costs of such schemes.
- Provide financial and technical support to help women entrepreneurs access the capital and skills they need to develop business linkages with foreign MNEs and benefit from foreign spillovers.

  Offer training and skills development programmes to women, particularly those at the bottom of the productivity ladder and those returning to the workforce, to prepare them to work for foreign MNEs and for their local suppliers.

4. Eliminate information barriers and gender stereotypes that penalise women in the labour market; and provide social support services to enable women to work

- Help women entrepreneurs overcome information asymmetries caused by gender stereotypes and connect with foreign investors and business partners.
- Eliminate gender stereotypes on traditional gender roles that inhibit women's participation in the labour force and prevent them from taking advantage of jobs created by MNEs.
- Provide good quality social support services such as childcare and elderly care services and safe transport to enable women to work, including for foreign MNEs.

4.1. Continued pressures on gender equality at the workplace

Achieving gender equality in the labour market can bring significant benefits to countries. Greater inclusion and empowerment of women in the labour market is related to lower income inequality and greater economic diversification (Kazandjian et al., 2016[1]), and contributes to more resilient economies (OECD, 2017[2]) (Box 4.1). OECD estimates suggest that reducing the gender gap in labour force participation by 25% by 2025 could increase GDP per capita growth by 24% in Mexico, 23% in Turkey, 19% in South Korea and 10% in the United States (OECD, 2017[2]). In the Nordics, increasing employment of women accounted for 3-20% of per capita GDP growth over the past 50 years (OECD, 2018[3]).

Participation of women in the labour market remains low in many countries, however, with a global average at less than 50% in 2019, compared to 75% for men (ILO, 2019[4]). In some regions such as the Middle East and North Africa and Central and South Asia, women's participation rates are even lower, at below 30%. In OECD countries, female labour force participation is higher, at around 65%, but the gap with men is still significant (OECD, 2019[5]). Women are also more likely to work part-time, in lower paid, less secure jobs and in the informal sector. Gender inequalities also persist with regard to wages. Globally, women earn, on average, 20% less than men (ILO, 2018[6]). A lower gender wage gap is observed in the OECD area, at around 13%, but with a large variation between countries (OECD, 2019[5]).

Women are also less likely to reach the highest levels of management, in both the private and public sectors. In the OECD area, only about one-third of managers are women. Women are also much less likely than men to become Chief Executive Officers (CEOs), sit on the boards of private companies or hold public leadership positions (OECD, 2020[7]). Similarly, in developing countries few women reach high-level, well-paid positions such as legislators, senior officials and managers (ILO, 2016[8]). In both developed and developing countries, women are also underrepresented as entrepreneurs. Women-owned businesses are generally smaller, tend to operate in low-productivity sectors and, especially in developing countries, in the informal economy (OECD, 2017[2]).

Persistent gender inequalities in the labour market are likely to make women more vulnerable than men during periods of economic turbulence, such as those caused by the COVID-19 pandemic. A recent OECD analysis indicates that the impact of the COVID-19 outbreak has been particularly hard on women (OECD, 2020[9]). This is because women are over-represented in the health care system, do most of the unpaid care work in households, face high risks of economic insecurity and are more at risk of violence, abuse or harassment during quarantine periods. The OECD analysis also shows that, so far, the economic crisis linked to the COVID-19 pandemic has hit hardest the sectors of the economy that are the main employers of women. These include many services sectors such as air travel, tourism, retail, accommodation services (e.g. hotels), but also manufacturing industries such as clothing.

Box 4.1. Key gender terms and concepts

Gender: According to the World Health Organization (WHO), ‘gender is used to describe the socially constructed characteristics of women and men’. It refers to “roles, behaviours, activities, attributes and opportunities that each society considers appropriate for girls and boys, women and men”. These vary across societies and cultures and change over time. Gender often aligns, but is different from biological sex. The different gender roles of women and men are at the root of inequalities, including those in the labour market.

Gender equality: UN Women states that “gender equality refers to the equal rights, responsibilities and opportunities between women and men, girls and boys. Equality means that the rights, responsibilities and opportunities of women and men do not depend on whether they were born or identify as male or female. Equality between women and men is seen as a precondition and indicator of sustainable and inclusive development”. In this chapter, gender equality is mainly discussed in relation to labour market outcomes (e.g. gender equality in employment).

Gender gap: refers to the difference between women and men in relation to a given economic, political or social outcome (e.g. the gender wage gap is the difference between the remuneration of women and men). Gender gap and gender inequality, the opposite of gender equality, are often used interchangeably in gender studies.

Gender empowerment: according to UN Women, ‘the empowerment of women concerns women gaining power and control over their own lives. It involves awareness-raising, building self-confidence, expansion of choices, increased access to and control over resources and actions to transform the structures and institutions which reinforce and perpetuate gender discrimination and inequality’. Gender empowerment is closely related to, but goes beyond, gender equality. This chapter focuses on gender empowerment in the labour market, which is defined as the possibility for women to develop new skills and access better employment opportunities, including executive and leadership positions.

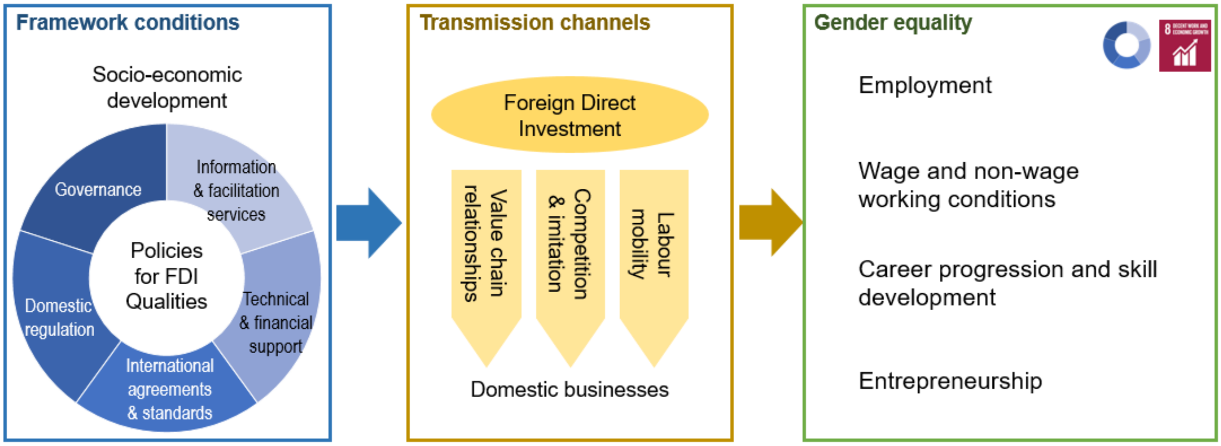
Gender mainstreaming: The conclusions agreed in 1997 by the UN Economic and Social Council define gender mainstreaming as “the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. The ultimate goal is to achieve gender equality”. Gender mainstreaming is not a substitute for gender policies. On the contrary, gender policies and gender mainstreaming complement each other.

4.2. The impact of FDI on gender equality

4.2.1. FDI can affect gender equality in the labour market through several channels

FDI generates multiple gender-specific effects in the labour market of host countries. It influences the relative demand and prices of factors of production, including labour. Since women and men have different preferences and skillsets due to policy and non-policy factors (taxation, social and cultural norms, etc.), and employment intensities of female and male labour varies across industries, FDI generates shifts in the relative demand for labour by gender and affects the employment and wages of women and men differently. FDI can also influence other dimensions of gender equality and the empowerment of women in the labour market, such as women’s non-wage working conditions (job security, occupational health, etc.) and prospects for skills development and career advancement (e.g. training and promotion) (Chapter 3). The operations of affiliates of foreign multinational enterprises (MNEs) (hereafter referred to as foreign MNEs or foreign firms) can also have significant implications for local women entrepreneurs (Figure 4.1, green box).

Figure 4.1. Conceptual framework: FDI impacts on gender equality in the labour market



FDI can influence gender outcomes through the direct operations of foreign MNEs or indirectly through business linkages and other market interactions with domestic firms (Figure 4.1, yellow box):

- **Activities of MNEs**: FDI affects women in host countries mainly through the direct employment activities and practices of foreign affiliates of MNEs (e.g. recruitment, remuneration, training, promotion, benefits). These, in turn, are influenced by the MNE corporate culture,[1] which is highly dependent on the country of origin.
- **Value chain relationships**: FDI can create jobs for local women not only in affiliates of foreign MNEs, but also in domestic companies through value chain relationships with local suppliers and buyers. Value chain relationships can be a channel for the transfer of gender practices and values from foreign MNEs to domestic companies (UNCTAD, 2021[10]). Through value chain relationships, FDI can also support local women entrepreneurs.
- **Competition and imitation effects**: Foreign MNEs compete with local firms in both product markets (i.e. crowding-out) and labour markets for local talent. Especially in female-dominated sectors, competitive pressures from foreign MNEs can lead to job losses for women if domestic firms downsize or close down. As women-owned firms are generally smaller and less productive than those owned by men (OECD, 2017[2]; OECD/European Union, 2019[11]) they are also more likely to be negatively affected by foreign competition. At the same time, higher wages and better job opportunities brought by foreign firms may force local competition to respond by improving wages and working conditions of women (Aguayo-Tellez, 2012[12]). Imitation effects occur when domestic firms imitate the business practices of the multinational firm, including human resources management (HRM) activities related to gender. Through imitation, foreign MNEs can have an impact on women in domestic firms or on women-owned businesses.
- **Labour mobility**: This channel concerns the movement of women workers from foreign MNEs to domestic enterprises or the start-up of enterprises by women previously employed by foreign MNEs. Previous work experience with the MNE can help women get better jobs in domestic enterprises. While working for the MNE, women can acquire new skills through on-the-job training and learning, which can give them better prospects for career development in future jobs. Labour mobility can also contribute to the transfer of information on gender practices from foreign to domestic companies (UNCTAD, 2021[10]; Davis A., 2020[13]). Women can also use the knowledge gained at the foreign MNE to set up their own company.

The direction and magnitude of gender-specific impacts of FDI depend on several policy and non-policy factors (Figure 4.1, blue box). Policy framework conditions include a broad set of policies that will be discussed in Section 4.3. Non-policy factors comprise:

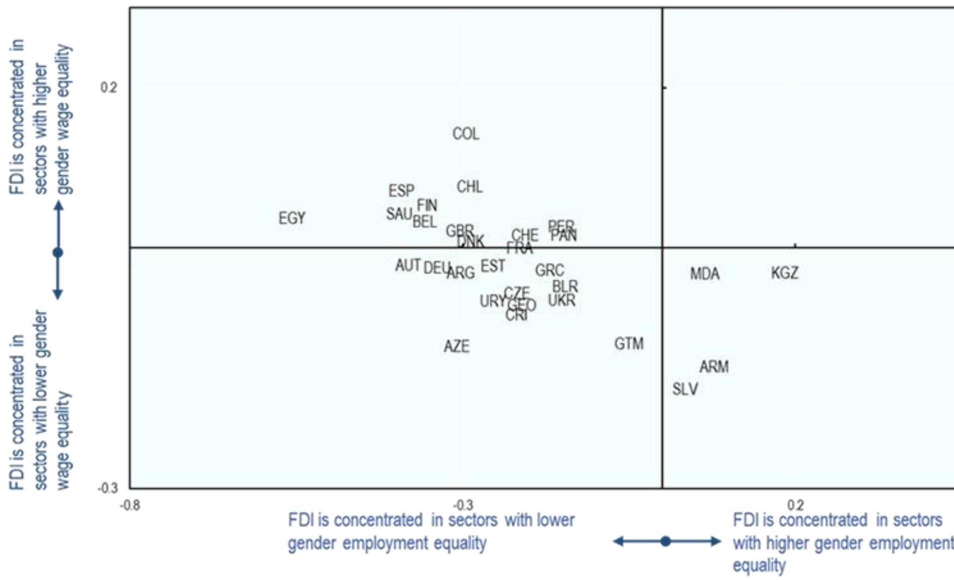
- **Sector, entry mode, and motive of FDI**: In general, the impacts on gender equality are expected to be greater when investment takes place in sectors with higher proportions of women than men. The choice of entry mode by foreign investors is also an important factor. For example, the creation of a new affiliate (greenfield FDI) is likely to have a greater effect on employment than a merger or acquisition (M&A) of an existing company, at least in the short term. Moreover, the motives that drive investors can vary widely. FDI driven by efficiency-seeking motives (e.g. the search for cheap labour and inputs) may lead to the creation of more (low-wage) jobs in the local economy, as opposed to FDI driven by the search for new markets.
- **MNE corporate culture:** Evidence points to the corporate culture of the MNE as an important factor governing gender equality in the workplace. Foreign affiliates in more gender-inclusive countries tend to have higher proportions of female employees, including in management positions, to have smaller gender pay gaps and to offer more family-friendly ways of working (e.g. teleworking) (Kodama, Javorcik and Abe, 2018[14]; Tang, 2017[15]).
- **Socio-economic development of the host country:** The characteristics of the host country, such as the structure of its economy, endowment of natural resources, comparative advantage, level of specialisation, explain the types of FDI attracted. Different types of FDI, in turn, are likely to have differentiated impacts on gender outcomes in the local economy. Social and cultural norms also play a crucial role as they influence women and men's roles in society and at work and affects women's decisions, aspirations and opportunities in relation to job opportunities.

An extensive review of the literature about the channels and non-policy determinants of gender-specific FDI impacts is discussed in Montinari and Wermelinger (2020[16]). Annex 4.A provides detailed questions for governments to self-assess the impact of FDI on gender equality.

4.2.2. The impact of FDI on gender equality varies greatly

FDI has varying effects on the employment and wage dimensions of gender equality. For example, in less developed countries, FDI in labour-intensive industries (e.g. clothing, electronics, toys, tourism) generates significant employment for women. However, these are generally low-skilled and low-paying jobs and offer limited career prospects (UNACTD, 2014[17]; Chen and Carr, 2004[18]). In countries with a more advanced industrial structure, the inverse relationship tends to be observed: FDI is directed towards more productive and technology-intensive sectors (Benfratello and Sembenelli, 2006[19]; Criscuolo and Martin, 2003[20]), which on average have smaller shares of women, but with jobs that are on average well paid, and with a smaller wage gap compared to men (OECD, 2019[21]; 2022[22]) (Figure 4.2).

Figure 4.2. Contribution of FDI to gender equality in wages and employment



Note: See OECD (2019[21]) for a description of the methodology and data.
Source: OECD based on Financial Times' fDi Markets database, ILO and UN National Accounts.

There is limited evidence on the contribution of FDI to non-wage working conditions of women due to the lack of comparable data on issues such as job security, safety, and benefits. Some studies suggest that the working conditions offered by foreign MNEs tend to be better than the alternatives available in the domestic economy because MNEs are more resilient to adverse economic cycles, offer better job security and greater protection of labour rights (Davin, 2004[23]; Ver Beek, 2001[24]). On the other hand, other studies indicate that women working for MNEs are more likely to have precarious contracts than their male co-workers (Chen and Carr, 2004[18]; Ghosh, 2002[25]). Regarding practices that empower women in the workplace and allow them to grow professionally, evidence for some countries indicates that foreign firms offer better opportunities for career advancement than domestic firms, as evidenced by their higher shares of women in top-management positions (Kodama, Javorcik and Abe, 2018[14]; Olcott, 2014[26]; Ono, 2004[27]). Yet, even if employed by foreign MNEs, women are not immune to the discriminatory barriers that prevent them from advancing in their professional career. Women remain largely under-represented in the top management and boards of MNEs (UNCTAD, 2020[28]).

Corporate culture is a key factor governing the gender employment practices of MNEs, and is strongly influenced by the values and norms in place in the country of origin. Affiliates of MNEs from more gender-equal countries tend to be more gender-inclusive than domestic firms: they have higher female employment shares, show a smaller gender pay gap and are more likely to offer family-friendly working arrangements (Kodama, Javorcik and Abe, 2018[14]; Tang, 2017[15]). With respect to entrepreneurship, some evidence points to a negative competition effect of foreign firms on women-owned businesses, possibly due to the fact that women-owned businesses tend to be smaller and less productive than men-owned businesses (OECD, 2017[2]). At the same time, the FDI Qualities Indicators show that, in countries with a less developed industrial structure, FDI tends to prevail in sectors with larger shares of businesses owned by women. These are typically female-dominated industries, which are labour-intensive and low-skilled (e.g. garment) (OECD, 2019[21]).

Economic and other disruptions can further affect the impact of FDI on gender equality, as the recent COVID-19 pandemic and related economic crisis has shown. Measures introduced by governments to contain the pandemic have generated significant disruptions in MNE activities and their value chains, and has put employment of women at risk, particularly in sectors where women are over-represented such as health care, tourism, accommodation, but also in manufacturing sectors like apparel and food. Longer-term changes in MNE investment decisions and business strategies in response to the crisis are likely to have important implications for women workers, especially in female-dominated sectors and in low-cost countries. Similar disruptions in MNE activities could also be caused by environmental disasters (e.g. floods, wild fires) and other events (e.g. economic and financial crisis).

4.3. Policies that influence FDI impacts on gender equality

Policies that influence the impact of FDI on gender equality pertain to different areas, from investment to labour markets, small and medium sized enterprises (SMEs), entrepreneurship and human resource development. This Policy Toolkit aims to provide a comprehensive policy framework for countries to maximise positive impacts of FDI on gender equality. It builds on existing OECD instruments related to investment and gender equality, notably the Policy Framework for Investment, the Guidelines for Multinational Enterprises, and the Council Recommendations on Gender Equality in Education, Employment and Entrepreneurship, and on Gender Equality in Public Life. It complements these instruments by offering a comprehensive mapping of policies and institutional settings that influence the impacts of FDI on gender equality across selected OECD and developing countries (Chapter 1). The Policy Toolkit is structured around four principles and the policy instruments that support these principles (Table 4.1). Annex Table 4.A.2 provides detailed questions for governments to self-assess policies influencing the impacts of FDI on gender equality, while Annex Table 4.A.3 classifies policy instruments by policy area.

Table 4.1. Overview of FDI Qualities Policy Toolkit for enhancing FDI impact on gender equality

Principle 1: Provide coherent strategic direction on investment and gender equality and ensure policy coordination and effective implementation	Governance	National strategies and plans on gender equality
		Policy coherence and coordination
		Gender impact assessment and data collection
Principle 2: Ensure that domestic regulation is aligned with international standards and supports the positive impact of FDI on gender equality	International agreements & standards	International agreements on gender equality
		OECD Guidelines for MNEs and sectoral Guidance for RBC
		Gender provisions in RTAs and BITs
	Domestic regulations	Regulatory restrictions on FDI and trade in female-dominated sectors
		Labour market regulations, social protection, labour income taxation
		Regulatory barriers to women entrepreneurship
		Education and health care systems
Principles 3: Stimulate investment, particularly international investment, that promotes gender equality, and strengthen the capacities of female entrepreneurs and the skills of female workers	Financial and technical support	Investment incentives to attract FDI in female-dominated sectors and to promote gender equality
		Financial and technical assistance to women entrepreneurs
		Training and skills development programmes for women
Principle 4: Eliminate information barriers and gender stereotypes that penalise women in the labour market; and provide social support services to enable women to work	Information & facilitation services	Information services and matchmaking programmes to link women entrepreneurs with foreign MNEs
		Public information campaigns to eliminate gender stereotypes
		Social support services (e.g. childcare services, safe transport)

4.3.1. Provide coherent strategic direction on investment and gender equality and ensuring policy co-ordination and effective implementation

Align strategic objectives in the areas of investment, particularly foreign investment, gender equality, labour market, entrepreneurship/SMEs and human resources development

Policy priorities and objectives in the area of investment and gender equality can vary considerably depending on a country's stage of socio-economic development. At the same time, the institutional framework governing the policy areas of investment and gender equality may also differ from country to country. For example, some countries may have a more centralised policy system, while others may give more power and responsibility to sub-national levels of government. Regardless of the institutional set-up, it is important that different institutions and levels of government have clear responsibilities and that their actions are aligned. National strategies and plans are an important tool for ensuring policy coherence between relevant institutions, as they can help identify potential trade-offs between different strategic development objectives and encourage co-ordinated policy responses between the actors involved. The alignment of national strategies and plans implies that they are made available to all stakeholders, including international donors, and that they are regularly updated.

Maximising the impact of FDI on gender equality requires coherence between policy objectives and actions in several policy areas, including investment, gender equality, labour markets, entrepreneurship and SMEs, and human resource development. Establishing a comprehensive policy framework for investment promotion with a clear link to sustainable development goals, including in the area of gender equality, is important to raise awareness of the impact of FDI and sustainable development and to encourage targeted and co-ordinated policy actions. This would ensure that attracting FDI to specific sectors or regions does not exacerbate existing gender inequalities, but rather supports gender equality goals. At the same time, gender equality priorities, as well as the actors and budget needed to achieve them, should be clearly defined in the national gender equality strategy. The 2015 OECD Recommendation on Gender Equality in Public Life provides guidelines for the development of an effective gender equality strategy. According to the guidelines, the gender equality strategy should follow a whole-of-government approach to ensure co-ordination and coherence between relevant actors and gender initiatives.

Promote policy co-ordination among relevant actors

The governance framework for gender and investment policies can vary considerably from one country to another. Especially in developed countries, gender policies are highly integrated into the activities of all government ministries and agencies, which ensures a more comprehensive approach. In less developed countries, which rely more on private investment, there is often more limited government intervention and gender equality initiatives depend largely on dedicated ministries and institutions supporting women and gender equality, including private actors and the donor community. Nonetheless, institutional arrangements and programmes can change significantly even among countries with similar levels of development and gender equality performance (Box 4.2). Improving policy coherence and co-ordination among actors responsible for gender and investment policies, as well as other relevant policies, is key to improving the impact of FDI. Co-ordination mechanisms can take different forms, from gender focal points in relevant ministries and agencies to inter-ministerial committees. In countries that have adhered to the OECD Guidelines, an important role can be played by the National Contact Point for Responsible Business Conduct (NCP for RBC), which provides an important link between investment and other sustainable development areas, including gender equality.

Box 4.2. Institutional approaches to gender mainstreaming in investment, labour markets and SME/entrepreneurship policies: a comparison between Canada and Sweden

Canada and Sweden have made extensive efforts to incorporate gender equality into their policy frameworks. In Canada, there is a dedicated ministry called Women and Gender Equality Canada, while in Sweden there is a Minister of Women who is part of the cabinet. Sweden has implemented a formal gender mainstreaming programme and formally defines itself as a ‘feminist government’. Canada depends on a diverse set of gender initiatives taken at both the federal and provincial levels.

The Programme for Gender Mainstreaming in Government Agencies was implemented in Sweden over 2013-19, as a way to increase awareness in over 60 government agencies. In Canada, initiatives are more fragmented and are largely taken by individual ministries, or within an individual province. There is also a greater focus on encouraging women’s entrepreneurship and economic leadership, whereas in Sweden the aim is more to encourage women’s welfare and participation and socio-economic life.

When it comes to policy areas that are crucial for improving the impact of FDI on gender equality, namely labour markets, entrepreneurship, and skills, there are no specific programmes for women in either Invest in Sweden or Sweden’s innovation agency, Vinnova, but rather gender equality considerations are based on organisational governance approaches and strategies. Vinnova, for example, has a gendered perspective, especially through the inclusion of female staff, in the assessment of its funding allocations to company innovation and development projects. Business Sweden, the parent organisation of Invest in Sweden, also takes a similar approach in aiming to ensure that women make up 40-60% of all activities in the organisation.

Meanwhile in Canada, there are numerous programmes dedicated to women in both ministries and agencies such as Business Development Canada; Canadian Trade Commission; and Innovation, Sciences and Research Development Canada. Innovation Science and Economic Development Canada spearheads the Women Entrepreneurship Strategy, which provides both funding and networking opportunities for female entrepreneurs. Business Development Canada also provides two unique programmes that target women business owners and entrepreneurs. With regard to export development, the Canadian Trade Commissioner Service has its own Business Women in International Trade Initiative, which even organises women-led trade missions and provides mentorship and capacity building for women-led businesses that want to engage in foreign markets.

In terms of FDI, Invest in Canada does not have a formal programme or initiative to support gender equality. However, FinDev Canada, an arm of the Canadian Government that deals with outbound investment in supporting the private sector in developing countries, has a gender-focused investment strategy, which is dedicated to directing investment towards women’s economic empowerment and entrepreneurship, and helps corporate clients to do the same. In contrast, Sweden’s provisions in the relevant fields of investment are more symbolic in nature and designed to support equality between men and women by leveraging the gender perspective in business activity.

Source: OECD (2022[29]), FDI Qualities Policy Mapping (database).

Conduct systematic gender impact assessments of investment and relevant polices; and collect data disaggregated by gender

Determining the impact of FDI on gender equality outcomes is important to identify areas where policy intervention might be most needed. The first part of this chapter provides a conceptual framework for analysing the impact of FDI on gender equality by identifying the main transmission channels. Moreover, Annex 4.A offers a set of questions and indicators that can guide policy makers in assessing the link between FDI and gender equality in their country. In addition to evaluating the impact of FDI on gender equality, assessing the impact of policies, including investment policies, on gender equality is important for improving policy design and implementation. On the one hand, this helps to ensure that policies are effective in promoting gender equality. On the other hand, policy evaluation helps prevent unintended negative impacts of policies on women more generally.

Gender impact assessment, however, is not possible without adequate data. The FDI Qualities Indicators (OECD, 2019[21]; OECD, 2022[22]) are an important effort insofar as they shed light on the link between FDI and gender equality in the labour market and allow for comparative analysis across countries and over time. In an effort to improve the measurement of gender impacts and policies, the government should also prioritise the collection of timely and internationally comparable data and indicators disaggregated by gender in areas such as investment, entrepreneurship and SMEs, labour markets and human resource development. The use of quantitative methodologies (e.g. analysis of data collected through surveys) should be accompanied by the use of qualitative tools (e.g. interviews or consultations). For example, consultations with foreign investors can help to improve the completeness and reliability of the data collected. In addition, collaboration between institutions responsible for investment promotion, gender equality, labour markets, entrepreneurship and SMEs, including the department of statistics, can facilitate the exchange of information, experience and expertise.

4.3.2. Ensure that domestic regulation is aligned with international standards and supports the positive impact of FDI on gender equality

Join and implement major international agreements on gender equality

Gender equality and non-discrimination based on sex are fundamental rights enshrined in numerous international human rights instruments (Table 4.2). Although not all of these agreements are legally binding, they are important insofar as they contribute to the integration of gender equality principles into national law. The UN Charter of 1945 is the first international instrument binding on signatory countries to establish the principle of equality between men and women. Since then, numerous international instruments have promoted women's rights. After the UN Charter, an important milestone is the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1979. The CEDAW Convention defines gender discrimination for the first time and provides the basis for achieving gender equality in many areas. Countries that have ratified the convention are legally bound by its provisions and must report regularly on the measures they take. Other key treaties are the Beijing Declaration and Platform for Action, adopted in 1995, and a number of ILO conventions dealing with gender-specific issues such as the Equal Remuneration Convention, the Discrimination (Employment and Occupation) Convention, the Workers with Family Responsibilities Convention and the Maternity Protection Convention. The adoption of the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) by UN members in 2015 is another important step towards achieving gender equality. Gender equality and women's empowerment are reflected in SDG 5 and integrated into many of the other SDGs (e.g. good health and well-being, quality education, decent work and economic growth). Although the 2030 Agenda for Sustainable Development is not in itself a legally binding international agreement, it has the merit of having increased the transparency and measurability of countries' efforts in the area of gender equality. Companies operating in countries adhering to and implementing these international agreements must take these standards into account in their operations.

Table 4.2. Major international agreements on women's human rights and gender equality

International agreement	Year	Legally binding on signatory countries	Number of countries that have joined
UN Charter	1945	yes	193
UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)	1979	yes	189
Beijing Declaration and Platform for Action	1995	no	189
ILO's Equal Remuneration Convention (n100)	1951	yes	173
ILO's Discrimination (Employment and. Occupation) Convention (n 111)	1958	yes	175
ILO's Workers with Family Responsibilities Convention (n 156)	1981	yes	44
ILO's Maternity Protection Convention (n 183)	2000	yes	38
2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals	2012	no	193
Buenos Aires Declaration on Women and Trade	2017	no	118

Adhering to the OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are recommendations made by governments to companies to prevent and address the negative impacts of business operations on the economy, society, and the environment (OECD, 2011[30]). The Guidelines provide non-binding principles and standards for responsible business conduct, which signatory governments commit to promoting. Coverage of gender issues in the Guidelines is limited though (Box 4.3). Only chapter V on "Employment and Industrial Relations" contains an explicit reference to gender, particularly to the principle of equal treatment in employment and non-discrimination on the grounds of sex. Other explicit references can be found in the commentaries of chapters V and IV on "Human Rights". The OECD Due Diligence Guidance for Responsible Business Conduct (RBC) (OECD, 2018[31]) and Sectoral Guidance provide additional tools to help companies identify and address potential negative impacts on women in their operations and value chains. Other multilateral instruments that promote responsible business practices contain references to gender equality, such as the ILO Tripartite Declaration of Principles on Multinational Enterprises (ILO, 2017[32]) and the United Nations Norms on the Responsibilities of Transnational Corporations. Like the OECD Guidelines for MNEs, these instruments do not impose any legal obligations on companies.

Box 4.3. Gender issues in the OECD Guidelines for MNEs

Two chapters of the OECD Guidelines for MNEs are more closely related to gender issues: chapter IV on 'Human Rights' and chapter V on "Employment and Industrial Relationships". Commentary 40 of chapter IV on 'Human Rights' states that enterprises should pay particular attention to the human rights of individuals belonging to vulnerable groups such as women. Chapter V on "Employment and Industrial Relationships" refers to principles of equal treatment in employment and non-discrimination on grounds of sex. Commentary 54 of chapter V further stresses the importance of equal criteria for selection, pay and promotion and of preventing discrimination or dismissals based on marriage, pregnancy and maternity, whereas Commentary 58 states that equal opportunities should also be ensured in training.

Practical guidance for companies on how to identify and address potential negative impacts on women in their own operations and value chains is further provided in the OECD Due Diligence Guidance for Responsible Business Conduct. The OECD Due Diligence Guidance helps companies to become aware of actual and potential risks across GVCs in situations where women may be disproportionately impacted, for instance in certain sectors or geographical areas. It also provides guidance on how to ensure that actions taken to prevent and mitigate negative impacts on women are effective and appropriate. In addition to the OECD's general guidance on due diligence, other OECD sectoral guidance instruments help companies operating in specific sectors to identify how their actions may disproportionately affect women. For example, the OECD Due Diligence Guidance for "Responsible Supply Chains in the Garment and Footwear Sector" explains how companies along these value chains can identify and address gender-specific risks, such as sexual harassment and discrimination. Similarly, the OECD-FAO Due Diligence Guidance for Responsible Agricultural Supply Chains integrates gender as a cross-cutting theme in supply chain due diligence to support companies in taking a proactive and systematic approach to risk management while ensuring that actions do not undermine gender equality.

Mainstream gender in international trade and investment agreements

The inclusion of gender provisions in regional trade agreements (RTAs) and bilateral investment treaties (BITs) has increasingly been seen as a means to make trade and investment more gender inclusive. Nonetheless, there is still a lack of evidence on the impact of these provisions and it is unclear whether they contribute to improving gender equality outcomes in signatory countries. Currently, 80 out of 350 regional trade agreements, 69 of which are in force and notified to the WTO, contain specific gender provisions. While gender provisions have evolved over time, they remain general in nature. Korinek, Moïsé and Tange (2021[33]) classifies them into three main categories, ordered from most to least ambitious: (i) provisions that reaffirm parties' existing commitments to gender equality; (ii) "safeguard" provisions designed to ensure that the RTA will not adversely affect gender equality; and (iii) provisions that actively promote gender equality and women's economic empowerment by incorporating gender-sensitive policies or co-operation on gender equality issues between countries. The provisions in these three categories rarely contain binding obligations.

Mechanisms to implement gender provisions are also important, e.g. budgetary commitments for implementation or provisions for consequences of non-compliance. The most detailed and comprehensive gender chapters and provisions are those included in the RTAs to which Chile is a party with Argentina and Uruguay and the amended RTAs negotiated by Canada with Chile and Israel (Monteiro, 2018[34]). An interesting example is also the modernised Canada-EU RTA for which organisations representing women entrepreneurs were consulted and engaged both in the design phase of the agreement and during implementation and monitoring (Korinek, Moïsé and Tange, 2021[33]). Gender provisions are generally absent from bilateral investment treaties (BITs). One notable exception is provided by the 2019 model BIT of the Netherlands, which contains an explicit provision on gender equality. In particular, the provision recognises the relevant contribution of women to economic growth and emphasises the importance of 'incorporating a gender perspective' to promote inclusive growth and support the economic integration of women. Although this provision is excluded from investor-state dispute settlement, as it is aimed at inter-state relations rather than investor-state relations, it has an important policy and programmatic function (De Brabandere, 2021[35])).

Eliminate regulatory restrictions on FDI and trade in sectors that employ or have the potential to employ many women

Restrictions on FDI inflows can take different forms. Some restrictions directly affect FDI flows, such as limits on foreign ownership, a screening and approval process, and constraints on foreign personnel. These restrictions tend to be justified by national policy objectives, such as the desire to protect domestic firms and workers from foreign competition. Other impediments stem from national policies regulating product and labour markets (e.g. competition policy), intellectual property rights, infrastructure, state-owned enterprises (SOEs), and public procurement and tend to have a negative impact not only on foreign but also on domestic firms.

These restrictions and barriers increase uncertainty for investors and may divert investment to less risky locations, and thus undermine the potential benefits associated with FDI, such as job creation, productivity spillovers and the transfer of skills and technology (Chapters 2 and 3). These restrictions also have implications on gender equality when they affect sectors where many women work or have the potential to work (e.g. services sectors). Trade restrictions both at the border (e.g. tariffs and quotas) and behind the border (e.g. technical and sanitary barriers, migration barriers) also reduce the expected returns on investment projects and limit the positive spillover effects of FDI on women, especially when they concern female-dominated sectors. Furthermore, trade barriers tend to have a negative impact especially on women-owned/led businesses due to their more limited financial, managerial and time resources (Korinek, Moïsé and Tange, 2021[33]).

Ensure that domestic regulation supports the creation of good quality jobs for women by foreign MNEs

Foreign MNEs can create employment opportunities for women in host countries, both within their affiliates and in domestic companies through supply chain relationships. The ‘quality’ of these jobs, as well as the ability of women to take advantage of these opportunities, is influenced by domestic regulation related to employment (e.g. minimum wage, employment protection, Chapter 3), social protection (e.g. length of maternity leave), the workplace (e.g. sexual harassment law, flexible working arrangements), and taxation of labour income (e.g. taxation of secondary workers) (Thomas and O’Reilly, 2016[36]). Employment and social protection policies are found to be more impactful in countries with less advanced legal and regulatory frameworks and tend to be more effective when negotiated with trade unions and workers’ representatives (Chapter 3). On the other hand, policies that address gender inequalities in the workplace, such as policies in favour of teleworking, are found to be more effective in developed countries (IMF, 2018[37]).

While labour market regulations are important for setting minimum standards and protecting women from gender discrimination and life cycle risks, they can also perpetuate patterns of gender inequality. For example, regulations prohibiting women from working in certain sectors, which are not imposed on men, can reinforce gender inequality gaps. Similarly, taxation of labour income that disproportionately penalises secondary income earners, who are often women, is likely to discourage female labour participation. These regulatory barriers are likely to prevent women from benefiting from the employment opportunities created by foreign multinationals or to make such opportunities more attractive to men than to women.

Remove regulatory barriers that prevent women entrepreneurs from taking advantage of the business opportunities created by FDI

FDI can have a beneficial effect on local women’s entrepreneurship. For example, linkages with foreign MNEs can help women-owned enterprises become more productive and expand their business in domestic and international markets (Chapter 2). Regulatory barriers, however, can hold back women entrepreneurs and reduce their ability to profit from the presence of foreign MNEs. Regulatory procedures such as business registration and licensing, worker registration, and reporting requirements can be more burdensome for women entrepreneurs, especially when they are complex and non-transparent. This is due to the fact that female entrepreneurs tend to have fewer resources, time and skills to deal with these complex procedures than male entrepreneurs (OECD/European Union, 2019[11]).

In addition, in some countries, regulations and laws may explicitly prevent women from registering a business, signing contracts, owning a bank account and using formal credit services. In several countries, women also face discrimination in relation to property and inheritance rights (World Bank, 2021[38]). This makes starting and running a business even more difficult, as property can be sold and used as collateral for loans that finance the start-up and growth of the business. Furthermore, if women do not have equal inheritance rights, they are less able than men to accumulate property and wealth that could be used for the enterprise.

Improve women's access to quality education and health systems

A well-educated and productive female workforce is an important prerequisite for improving the impact of FDI on gender equality. It can attract technology-intensive FDI, which creates better jobs for women. In countries with a comparative advantage in low-value-added production, it can help women move to alternative or better job opportunities when technology improves and wages rise. In some developing countries, women do not have the same access to education as men. Even in advanced countries, stereotypes about gender roles underlie inequalities between girls and boys in performance and career choices (OECD, 2018[39]).

The 2013 OECD Council Recommendation on Gender Equality in Education, Employment and Entrepreneurship provides principles for a gender-equal education system (OECD, 2017[40]). These include ensuring equal access to quality education for both boys and girls, eliminating gender discrimination and stereotypes in curricula and teaching practices, making science, technology, engineering and mathematics (STEM) subjects as well as financial and entrepreneurial issues more attractive to girls, and raising awareness among parents and teachers about gender stereotypical attitudes on school performance. In some countries, women also have limited access to health services due to their more precarious economic status and various cultural and social barriers. This can have a negative impact on their health and further hinder their participation in the labour market (OECD, 2017[2]). A universally accessible health care system is an important condition for developing a productive workforce and enabling women to benefit from economic prospects brought by FDI.

4.3.3. Stimulate investment, particularly foreign investment, that promotes gender equality, and strengthen the capacities of female entrepreneurs and the skills of female workers

Design investment incentive systems that promote gender equality

Investment incentives can support gender equality objectives. Incentives used to attract FDI in specific sectors can boost women's employment and wages when used in sectors that employ many women. They can also be used to directly promote gender equality goals. For example, tax incentives can be given to companies that encourage the hiring of women or their training, or that provide services such as childcare. Similarly, subsidies and grants can be given to companies to help offset the higher costs they may face in hiring, promoting and training women. Currently, the use of investment incentives to promote gender inclusive practices in the workplace remains limited (Kronfol, Nichols and Thu Tran, 2019[41]). An interesting example is Jordan, which provides incentives to companies that hire a certain proportion of women in specific sectors (Box 4.4).

Incentives, however, have distorting effects as they can divert resources from more efficient to less efficient activities and entail an economic cost both in terms of expenditure and revenue forgone (OECD, 2021[42]). The use of investment incentives may therefore reduce the fiscal space for other policies that are important for achieving gender equality. For this reason, it is important that investment incentive schemes are designed in a transparent way and regularly assessed.

Box 4.4. Investment incentives and gender equality in Jordan

There are several investment incentives in Jordan that can have a positive effect on gender equality, including a direct tax incentive for employing Jordanian women, as well as incentives in special economic zones (SEZs) and satellite production units that employ many women:

Corporate tax incentive to hire women: In 2020, the Government of Jordan adopted Regulation No. 18, introducing corporate income tax (CIT) incentives. According to this regulation, companies receive a reduced CIT rate if the share of Jordanian women and workers with disabilities is not less than 15% of the total workforce, with the exception of companies in the textile and garment sector that are located in QIZs, for which the share must not be less than 25%. Although this is a low percentage, it is a rare example of a corporate tax incentive directly linked to the achievement of a gender equality objective. The tax incentive, however, discriminates against foreign women, who represent an important share of workers especially in industries such as textiles and clothing.

Investment incentives in SEZs: Jordan has numerous SEZs that enjoy investment incentives, including a series of exemptions from income tax, export taxes and customs duties. These incentives have attracted many foreign companies since the 1990s. As many of these zones are dominated by female-intensive sectors, especially textiles and garments (73% women in 2021), these incentives have significant potential to boost local women's employment and wages, although they do not ensure that jobs created are 'good' jobs.

Investment incentives in satellite production units: As of 2017, incentives for satellite production units, outside the defined SEZs, have also encouraged the integration of women into the workforce. Satellite production units, created to stimulate female employment in rural areas, provide a range of incentives to companies in terms of land, rent exemptions and subsidised wages, transport, social security and utilities for companies. Currently about 85% of the workforce in satellite units are women.

Source*s:* OECD (2022[29]), OECD (2022[43])

Provide financial and technical assistance to women entrepreneurs

Due to various economic, social and cultural barriers, including the fact that women spend more time than men on family care and domestic work, women entrepreneurs tend to have fewer entrepreneurial and managerial skills and have more difficulty accessing formal credit than male entrepreneurs (OECD/European Union, 2019[11]). Lack of skills and capital can affect the capacity of women entrepreneurs to develop linkages with foreign firms and benefit from related technology and productivity spillovers. The 2013 OECD Council Recommendation on Gender Equality in Education, Employment and Entrepreneurship encourages countries to design policy instruments to help female entrepreneurs overcome barriers related to lack of skills and credit (OECD, 2017[40]). Financial support can take the form of soft loans or microcredit, or tax benefits. Technical support can help women entrepreneurs strengthen their skills and grow their business. This can include training programmes to develop skills in business, management and digitisation, professional advice on legal and tax issues and other business development services.

Offer training and skills development programmes to female workers

Skills development and upgrading is key to increasing women's employability and career prospects, including within foreign companies. This is particularly important for women at the bottom of the productivity ladder and those re-entering the workforce. Especially in developing countries, investing in women's skills minimises the risk of women remaining in low-skilled jobs or moving into informal employment when wages rise (Braunstein, 2009[44]). In addition to ensuring equal access to a quality education system, governments can support women's skills development through training programmes that take into account the needs of domestic and foreign companies (Chapters 2 and 3). These programmes can be organised in collaboration with companies, training centres or universities. Governments can also provide incentives to companies to train their female employees, for example through training grants. Offering training incentives to companies may be preferable when they have a better understanding of the skills that are lacking in the local labour market. In addition, governments can also provide certification and qualification programmes to help women obtain a standardised accreditation that they can use to signal their skills to companies (Kronfol, Nichols and Thu Tran, 2019[41]).

4.3.4. Eliminate information barriers and gender stereotypes that penalise women in the labour market; and providing social support services to enable women to work

Help women entrepreneurs overcome information barriers and develop linkages with foreign MNEs

Women entrepreneurs often have more limited access to information due to a lack of time and resources and their smaller professional networks (OECD, 2017[2]). In addition, gender stereotypes can influence potential business partners and investors' perceptions (Kronfol, Nichols and Thu Tran, 2019[41]). These information asymmetries hold back women entrepreneurs and can hinder the development of business linkages with foreign firms. Several information and facilitation measures can help women entrepreneurs overcome these information barriers. For example, programmes such as mentoring, coaching or trade fairs and events aimed primarily at women-owned businesses can help women entrepreneurs acquire relevant information about their business and expand their professional network. Matchmaking events, supplier diversity programmes and supplier databases identifying women-owned enterprises can enable women entrepreneurs to connect with potential business partners and investors (Box 4.5). In addition, especially in developing countries, women entrepreneurs tend to have limited access to the internet and digital platforms (OECD/European Union, 2019[11]). Improving women's access to affordable digital technologies, particularly mobile technology, could help them more easily obtain information and develop business connections.

Box 4.5. Programmes to link women entrepreneurs with foreign MNEs: Experiences from Canada, Rwanda and Morocco

Connecting women entrepreneurs to foreign multinationals, thus creating links for women in the global supply chain and increasing their capacity as suppliers, is another crucial policy approach taken by governments. Some notable examples are Supplier Diversity Canada and programmes implemented with the support of SheTrades Global in Rwanda and Morocco.

S**upplier Diversity Canada** is an initiative funded by Women and Gender Equality Canada, which aims to advance business diversity and inclusion in Canada by bringing women-owned, aboriginal-owned, minority-owned and LGB-owned businesses into corporate supply chains and government contracts. The initiative includes training procurement professionals on the advantages and tools available to broader their supplier network and connecting diversity suppliers with procurement opportunities. Numerous MNEs have engaged in supplier diversity programmes, including Marriott, Sodexo, IBM, Dell, and several others.

SheTrades Global is a programme of the Centre for International Trade that helps women-owned businesses expand their network, learn new skills and connect with business partners and investors. With the support of SheTrades Global, Rwanda and Morocco have developed similar programmes. In

Rwanda, where 98% of women-owned businesses are small or micro enterprises, these programmes focus on connecting different female suppliers with local and regional supply chains. The programme is especially adapted to the horticulture and coffee sectors, where women business owners dominate. In Morocco, the programme is geared more towards women in the agri-food sector, with an international focus on linking Moroccan suppliers with potential buyers in both Canada and Europe.

Source: OECD (2022[29])

Eliminate gender stereotypes that prevent women from participating in the labour market

Women in host countries may not be able to benefit from the job opportunities generated by foreign MNEs due to various social and cultural barriers. Social norms shape the acceptable roles for women and men in society and influence women's aspirations and opportunities. In most developed and developing countries, men are still seen as breadwinners, while unpaid care work is considered a women's prerogative (OECD, 2017[2]). Even at school age, girls have different aspirations from boys and show less interest in some professional careers (e.g. science, technology, engineering, mathematics: STEM) (Mostafa, 2019[45]). These gender stereotypes are at the root of patterns of gender inequality in the labour market, e.g. the fact that women tend to be concentrated in low-value-added sectors (e.g. labour intensive manufacturing, education, health, social services) and in part-time jobs. Because of these social barriers, women may not be able to take advantage of job opportunities brought by foreign multinationals. Transforming these social gender norms is therefore key to increasing female labour force participation and maximising the positive impact of FDI on employment. This can be achieved through social media, public information and awareness-raising campaigns that aim to change traditional gender roles and patterns in society and at work. In schools, programmes targeting female students and their teachers can eliminate differences in approaches to learning and teaching. For example, mentoring programmes can help girls expand their networks, influence their career aspirations, and raise awareness of different educational and professional careers.

Provide good quality social support services to enable women to work

The provision of public social support services such as childcare, elderly care and transport are crucial to enable women to benefit from the employment opportunities created by foreign MNEs. The opportunity cost of entering the labour market is higher for women than for men. This is due to an unequal distribution of unpaid care responsibilities between men and women (OECD, 2017[2]). The disproportionate share of care work for which women are responsible has a negative impact on their labour force participation and affects the types of job opportunities available to them (e.g. more women work part-time than men) (OECD, 2019[5]). The provision of public childcare and elderly care services is therefore important for increasing women's labour force participation. The ability of women to travel to work by safe and affordable means of transport is also an important factor influencing their decision to work and the quality of employment opportunities available to them (Livingston, 2004[46]; UNACTD, 2014[17]).

References

Aguayo-Tellez, E. (2012), "The Impact of Trade Liberalization Policies and FDI on Gender Inequalities: A Literature Review", *World Development Report Background Papers*, https://openknowledge.worldbank.org/handle/10986/9220. [12]

Benfratello, L. and A. Sembenelli (2006), “Foreign ownership and productivity: Is the direction of causality so obvious?”, *International Journal of Industrial Organization*, Vol. 24/4, pp. 733-751. [19]

Braunstein, E. (2009), *Making policy work for women: gender, foreign direct investment and development*. [44]

Chen, M. and M. Carr (2004), “Globalization, social exclusion and gender”, *International Labour Review*, Vol. 143/1-2. [18]

Criscuolo, C. and R. Martin (2003), “Multinationals, foreign ownership and US productivity leadership: Evidence from the UK”, *Royal Economic Society Annual Conference 2003 50, Royal Economic Society*. [20]

Davin, D. (2004), “The Impact of Export-oriented Manufacturing on the Welfare Entitlements of Chinese Women Workers”, *Globalization, Export-oriented Employment and Social Policy*, pp. 67–90. [23]

Davis A., P. (2020), “Can Multinational Firms Promote Gender Equality? The Role of Labour Mobility”, *Transnational Corporations Journal*, Vol. 27/3. [13]

De Brabandere, E. (2021), “The 2019 Dutch Model Bilateral Investment Treaty: Navigating the Turbulent Ocean of Investment Treaty Reform”, *ICSID Review - Foreign Investment Law Journal*, Vol. 36/2, pp. 319–338, https://doi.org/10.1093/icsidreview/siab014. [35]

Ghosh, J. (2002), “Globalization, Export-Oriented Employment for Women and Social Policy: A Case Study of India”, *Social Scientist*, Vol. 30/11/12, pp. 17-60. [25]

ILO (2019), *ILO - modelled estimates – July 2019*, https://ilostat.ilo.org/resources/methods/ilo-modelled-estimates/. [4]

ILO (2018), *Global Wage Report 2018/19: What lies behind gender pay gaps*, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_650553.pdf. [6]

ILO (2017), *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf. [32]

ILO (2016), *Women at Work: Trends 2016*, https://www.ilo.org/gender/Informationresources/Publications/WCMS_457317/lang--en/index.htm. [8]

IMF (2018), *Pursuing Women’s Economic Empowerment*, https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/31/pp053118pursuing-womens-economic-empowerment#:~:text=Summary%3A,in%20turn%2C%20supports%20economic%20resilience. [37]

Kazandjian, R. et al. (2016), “Gender Equality and Economic Diversification”, *IMF Working Paper*, https://www.imf.org/external/pubs/ft/wp/2016/wp16140.pdf. [1]

Kodama, N., B. Javorcik and Y. Abe (2018), “Transplanting corporate culture across international borders: Foreign direct investment and female employment in Japan”, *The World Economy*, Vol. 41/1, pp. 1148–1165. [14]

Korinek, J., E. Moïsé and J. Tange (2021), “Trade and gender: A Framework of analysis”, *OECD Trade Policy Papers*, https://doi.org/10.1787/6db59d80-en. [33]

Kronfol, H., A. Nichols and T. Thu Tran (2019), “Women at Work. How Can Investment Incentives Be Used to Enhance Economic Opportunities for Women?”, *Policy Research Working Paper 8935, The World Bank Group*. [41]

Livingston, J. (2004), “Murder in Juárez: Gender, Sexual Violence, and the Global Assembly Line”, *A Journal of Women Studies*, Vol. 25/1, pp. 59-76. [46]

Monteiro, J. (2018), “Gender-related provisions in regional trade agreements,”, *WTO Staff Working Papers ERSD-2018-15, World Trade Organization (WTO), Economic Research and Statistics Division.*. [34]

Montinari, L. and M. Wermelinger (2020), “Enhancing the positive impact of FDI on gender equality: design of a Policy Toolkit”, *DAF/INV/WD(2020)24*. [16]

Mostafa, T. (2019), “Why don’t more girls choose to pursue a science career?”, *PISA in Focus* 93, https://doi.org/10.1787/02bd2b68-en. [45]

OECD (2022), *FDI Qualities Indicators: 2022*. [22]

OECD (2022), *FDI Qualities mapping: A survey of policies and institutions that can strengthen sustainable investment.*. [29]

OECD (2022), *FDI Qualities Review of Jordan: Strengthening sustainable investment, OECD Publishing, Paris*, https://doi.org/10.1787/736c77d2-en. [43]

OECD (2021), “OECD Investment Tax Incentives Database: Enhancing transparency through comparable data in developing countries”, *COM/DAF/INV/CTPA/CFA/WP2(2021)1.*. [42]

OECD (2020), *OECD Employment Database*, https://stats.oecd.org/index.aspx?queryid=54753. [7]

OECD (2020), *Women at the core of the fight against COVID-19 crisis*, OECD Publishing, Paris, https://doi.org/10.1787/553a8269-en. [9]

OECD (2019), *FDI Qualities Indicators: Measuring the sustainable development impacts of investment*, http://www.oecd.org/fr/investissement/fdi-qualities-indicators.htm. [21]

OECD (2019), *OECD Employment Outlook 2019: The Future of Work*, OECD Publishing, Paris, https://doi.org/10.1787/9ee00155-en. [5]

OECD (2018), *Is the Last Mile the Longest? Economic Gains from Gender Equality in Nordic Countries*, https://doi.org/10.1787/9789264300040-en. [3]

OECD (2018), *OECD Due Diligence Guidance for Responsible Business Conduct*, http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf. [31]

OECD (2018), *Programme for International Student Assessment*, https://www.oecd.org/pisa/. [39]

OECD (2017), *2013 OECD Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship*, https://doi.org/10.1787/9789264279391-en. [40]

OECD (2017), *The Pursuit of Gender Equality: An Uphill Battle*, OECD Publishing, Paris, https://doi.org/10.1787/9789264281318-en. [2]

OECD (2011), *OECD Guidelines for Multinational Enterprises, 2011 Edition*, OECD Publishing, Paris, https://doi.org/10.1787/9789264115415-en. [30]

OECD/European Union (2019), *The Missing Entrepreneurs 2019: Policies for Inclusive Entrepreneurship*, https://doi.org/10.1787/3ed84801-en. [11]

Olcott, G. (2014), "The impact of foreign ownership on gender and employment relations in large Japanese companies", *Work, Employment & Society, British Sociological Association*, Vol. 28/2, pp. 206-224. [26]

Ono, H. (2004), "Foreign ownership and the structure of wages in Japan", *Paper presented at the National Bureau of Economic Research Conference,*. [27]

Tang, H. (2017), "Do Multinationals Transfer Culture? Evidence on Female Employment in China", *CESifo Working Paper Series* 6295. [15]

Thomas, A. and P. O'Reilly (2016), "The Impact of Tax and Benefit Systems on the Workforce Participation Incentives of Women", *Documents de travail de l'OCDE sur la fiscalité*, Éditions OCDE, Paris, https://doi.org/10.1787/d950acfc-en. [36]

UNACTD (2014), *Investment by TNCs and Gender: Preliminary Assessment and Way Forward*, https://unctad.org/en/PublicationsLibrary/webdiaeia2014d4_en.pdf. [17]

UNCTAD (2021), *Multinational Enterprises and the International Transmission of Gender Policies and Practices*, https://unctad.org/system/files/official-document/diaeinf2021d1_en.pdf. [10]

UNCTAD (2020), *World Investment Report 2020*, https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf. [28]

Ver Beek, K. (2001), "Maquiladoras: Exploitation or Emancipation? An Overview of the Situation of Maquiladora Workers in Honduras", *World Development*, Vol. 29/9, pp. 1553-1567. [24]

World Bank (2021), *Women, Business and the Law*, https://wbl.worldbank.org/en/wbl. [38]

Annex 4.A. Assessing the impact of FDI on gender equality

Annex Table 4.A.1. Core questions to assess the impact of FDI on gender equality

Dimension	Policy questions	Potential data source
Gender equality in the labour market	What is the gender employment gap in the country? How does it vary across sectors? Has it increased (or decreased) over time?	ILO's databases on labour market statistics
	What is the gender wage gap in the country? How does it vary across sectors? Has it increased (or decreased) over time?	OECD's Employment Outlook Equal Pay Legal Database – EPIC
	How many women reach the top levels of management in private and public companies? Has this share increased (or decreased) over time?	OECD's Employment Outlook
	What is the share of women-owned/led businesses and how does it vary across sectors? Has this share increased (or decreased) over time?	OECD Entrepreneurship Database Global Entrepreneurship Monitor
	What is the level of discrimination against women in social institutions (formal and informal laws, social norms, and practices)?	OECD SIGI
Structure of the economy	In which sectors and value chains do women work? Have these changed over time?	ILO's databases on labour market statistics
	In which sectors and value chains are women-owned/led businesses concentrated? Have these changed over time?	OECD's Employment Outlook WB's Doing Business
	Does the country have a comparative advantage in female-dominated sectors? How has this changed over time?	UN Comtrade Database
FDI characteristics	Is FDI concentrated in sectors that employ many women?	OECD FDI Qualities Indicators
	How has the gender employment gap shifted, if at all, in sectors that have seen FDI growth? How has the gender wage gap shifted, if at all, in sectors that have seen FDI growth?	OECD FDI Qualities Indicators
	What is the share of FDI coming from more gender-equal countries?	OECD FDI statistics OECD Development Centre
FDI transmission channels	What is the female employment share of affiliates of foreign MNEs? How does this compare to the labour force as a whole?	OECD FDI Qualities Indicators*
	Is the gender wage gap higher in foreign firms relative to domestic firms?	OECD FDI Qualities Indicators*
	What is the share of women in top levels of management /boards in foreign and domestic firms?	OECD FDI Qualities Indicators*
	What is the extent of linkages between foreign and domestic firms in female dominated sectors?	OECD extended TiVA database (based on AMNE data)
	To what do extent female workers move from foreign to domestic firms?	National Sources*

Annex Table 4.A.2. Core questions to assess policies that influence the impact of FDI on gender equality

Dimension	Instrument	Policy questions
Governance	National strategies and plans	What are the country's priorities in terms of gender equality and women empowerment in the labour market? Are these priorities aligned with broader development objectives?
		What is the country's FDI attraction strategy? Are gender equality objectives and gender considerations incorporated in the strategy?
	Policy coherence and co-ordination	What is the quality of the broader institutional framework that affects gender-specific impacts of FDI? Do relevant institutions have enough decisional power and financial resources?
		Do institutions co-ordinate their policies, activities and strategic priorities? Are these co-ordination mechanisms formal?

Dimension	Instrument	Policy questions
	Gender impact assessment and collection of data	Do relevant institutions systematically undertake gender impact assessment of their policies and programmes?
		Do institutions regularly collect gender-disaggregated data in areas such as investment/FDI, labour market, SMEs/entrepreneurship and human resource development? Are the data timely and internationally comparable?
International agreements	International standards on gender equality	Has the country ratified major international instruments promoting gender equality (e.g. CEDAW)? Has the country placed reservations on specific articles? Has the country adopted legislation to conform to such international obligations?
	OECD Guidelines on MNEs and Sectoral Guidance on RBC	Has the country adhered to the OECD Guidelines for MNEs and to any of the OECD Due Diligence Guidance for RBCs?
		Does the country allocate sufficient resources to the National Contact Point for RBC?
	RTAs and BITs	Is the country party of RTAs or BITs that incorporate gender provisions? How strong are the mechanisms to enforce these provisions?
		Is market access granted in partner countries in sectors where women work and own businesses?
Regulation	FDI and trade openness	Are there restrictions on FDI and trade in sectors that employ or have the potential to employ many women?
	Labour market regulations	Does the country have a law on minimum wage? Does the country have a law demanding equal pay between women and men?
		Does the country have a well-designed and implemented social protection system that addresses women's specific life-cycle transitions and risks? Does the government provide quality and affordable childcare services?
		Are there restrictions for women to work in certain jobs and/or sectors? Is there a legislation on sexual harassment in employment? Does the country have gender-neutral labour income taxation?
	Regulatory barriers to women entrepreneurship	Can a woman open a bank account, take out a loan, or assume a mortgage in the same way as a man? Can a woman sign a contract in the same way as a man? Can a women register a business in the same way as a man?
		Can a woman inherit property in the same way as a man?
	Education and health care systems	Is there universal access to education and health care in the country? Does the education system provide equal opportunities for girls and boys (e.g. what is the share of girls in STEM subjects)?
Financial & technical support	Investment incentives	Are there investment incentives in sectors where many women work? If so, are they designed in a transparent way and regularly assessed?
		Are there incentives for companies that promote gender-inclusive business practices (e.g. tax incentives to hire women; wage/training subsidies for women)? If so, are they designed in a transparent way and regularly assessed?
	Financial and technical support to women entrepreneurs	Are there financial programmes to support women entrepreneurs (e.g. soft loans, microcredit, tax incentives)?
		Are there training programmes and business support services (e.g. advice on legal and tax issues) for women entrepreneurs?
	Training and skills development programmes for women workers	Are there skill development programmes and/or certification and qualification programmes targeting women? Are they organised in collaboration with foreign MNEs?
Information & facilitation services	Information and facilitation services for women entrepreneurs	Are there programmes to help women overcome information barriers and link to foreign MNEs (e.g. matchmaking events, supplier diversity programmes)?
	Initiatives to eliminate gender bias and stereotypes	Are there initiatives in place to eliminate stereotypes about gender roles (e.g. public information campaign)?
	Social support services	Is safe public transport available to women, particularly in areas where foreign MNEs are located? Are there affordable and accessible childcare and elder care services for families?

Annex Table 4.A.3. Policies for positive FDI impacts on gender equality by policy area

Policy area	Policy dimension	Institutions and policies			
		Governance	Regulation	Financial and technical support & information and facilitation services	International agreements
Investment policy	FDI/trade openness	Gender equality strategy encompassing all relevant policy areas; Sectoral strategies incorporating gender equality objectives or considerations (e.g. investment promotion strategy); Systematic gender impact assessment; Collection of data for gender analysis; Gender mainstreaming & policy co-ordination and coherence in relevant policy areas	FDI and trade restrictions in female in sectors that employ or have the potential to employ many women		Gender provisions in BITs and RTAs WTO Joint Declaration on Trade and Women's Economic Empowerment
	Investment promotion & facilitation			Tax incentives to attract FDI in female-dominated sectors;	
	Business linkages			Information and facilitation programmes to link women-owned/led businesses to foreign MNEs;	
	Responsible business conduct				OECD MNE Guidelines for MNEs; OECD Due Diligence Sectoral Guidance on RBC;
Labour market policy	Employment and job quality		Labour market regulation (e.g. minimum wage, employment protection, sexual harassment)	Tax incentives to hire and train women; Information services to reduce gender bias in the workplace;	ILO Conventions on gender equality; Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); Beijing Declaration and Platform for Action; 2030 Sustainable Development Goal Agenda (SDG 5: Achieve gender equality and empower all women and girls);
	Social protection		Social protection legislation (e.g. paid maternity leave; parental leave)	Affordable quality childcare and elderly care services	
	Taxes on labour income		Labour income taxes that affect male and female labour demand differently (e.g. taxation on secondary earners);		
	Transport to work			Safe public transport	
Private sector development	Entrepreneurship/SMEs		Regulation affecting women's ability to start and run a business	Subsidised loans or grants to support women entrepreneurs; Business development support for women entrepreneurs;	
	Property		Regulations affecting women's ability to own and inherit assets, including land;		
Human resources development	Education		Regulation on the education system	Training and skills development programmes for women; Information programmes to reduce gender stereotypes in teaching and learning;	
	Health		Regulation on the health system		

Note

[1] Evidence shows that the corporate culture of the MNE is influenced by the home country's policy context as well as its social and cultural norms (Kodama, Javorcik and Abe, 2018[14]; Tang, 2017[15]). While the Policy Toolkit focuses on host country policies, home country policies also play an important role through their effect on the MNE corporate culture.

From:
FDI Qualities Policy Toolkit

Access the complete publication at:
https://doi.org/10.1787/7ba74100-en

Please cite this chapter as:

OECD (2022), “Policies for improving the impacts of FDI on gender equality”, in *FDI Qualities Policy Toolkit*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/6d220eb9-en