9 Socio-economic benefits of gender responsive policies

Stefania Fabrizio, International Monetary Fund

Rishi Goyal, International Monetary Fund

Lisa Kolovich, International Monetary Fund

Monique Newiak, International Monetary Fund

Gender equality is a powerful engine for economic growth and resilience. This chapter discusses how closing gender gaps can result in greater productivity, economic growth and human development. Drawing on a vast literature and insights and lessons from the International Monetary Fund’s work with member countries such as Mauritania, Niger, Nigeria, Senegal, and Sierra Leone, among others, highlights the importance of tailored policy advice with a gender lens, and capacity development initiatives. It examines the importance of decisive policy action to close persistent gender gaps in labour force participation and tackling gender inequalities in work, education, access to technology and other opportunities. It calls for collaboration with development and multilateral partners to leverage collective expertise and resources to address persistent barriers to gender equality.

The views expressed in this chapter are those of the authors and should not be attributed to the IMF, its Executive Board, or its management.

Key messages

- Gender equality is a potent driver of economic growth and stability. Closing gender gaps could raise real gross domestic product (GDP) by about 23% on average in emerging markets and developing economies.
- Applying a systematic and intentional gender lens to policy formulation is key to tackling barriers to gender equality and unlocking a powerful engine of growth and resilience.
- There is a large body of evidence of the macroeconomic and distributional benefits of closing gender gaps and the importance of well-crafted, gender-responsive policies, such as improved access to education, targeted infrastructure development and affordable childcare which enable women's full participation in the economy and green transition.
- At the international level, development partners should leverage collective expertise and resources to drive meaningful change, foster inclusive growth, and develop tailored policy advice and capacity development.

Closing gender gaps pays off in greater productivity, economic growth and human development

The global economic outlook is challenging, with the weakest medium-term growth outlook in decades, greater volatility and multiple disruptive transitions. Long-standing growth engines such as international trade are losing steam. Many countries have depleted their policy buffers, including in response to the pandemic and other shocks of recent years, leaving them with elevated debt levels. Lower productivity growth, climate change, demographic shifts and geoeconomic fragmentation add to the challenges of inclusive growth, stability and resilience.

A vast body of literature shows that closing gender gaps enhances economic growth, fosters stability, promotes inclusion and yields positive externalities. Gender gaps are an indication that productive human resources are likely underdeveloped, underemployed and/or misallocated, with adverse effects on productivity and growth.[1] Smaller gender gaps in opportunities (e.g. education, health and financial inclusion) and environments in which women and girls are protected from violence and harmful practices (e.g. child marriage and female genital mutilation) therefore lead to higher productivity, employment and development. In Senegal, for instance, successful implementation of a policy ensuring that all children receive at least five years of education could raise GDP by 8% (Malta, Martinez and Mendes Tavares, 2019[1]). Similarly, in Nigeria and Sierra Leone, lifting the level of education of girls to that of boys in each income quintile would boost GDP by 5% and 8%, respectively (Malta and Newiak, 2019[2]; Malta, Newiak and Sandy, 2020[3]). Greater inclusion of women as users, providers and regulators of financial services has been associated with greater stability of the banking system (Khera et al., 2022[4]). Female representation in managerial positions and on corporate boards is positively associated with improved firm performance in terms of funding obtained, revenues and profitability (Christiansen et al., 2016[5]). Women's political leadership is also associated with higher infrastructure spending and female educational attainment (Duflo, 2012[6]). Narrower gender gaps are associated with lower income inequality which, in turn, improves social cohesion and support for reforms and increases both the rate and sustainability of economic growth (Gonzales et al., 2015[7]; Demery and Gaddis, 2009[8]; Čihák and Sahay, 2020[9]).

In sum, gender equality is macrocritical.

Decisive policy action is critical to close persistent gender gaps in labour force participation

Wide gender gaps in labour force participation persist in many emerging and low-income and developing countries (LIDCs)[2] even as they have decreased by almost 8 percentage points over the past 20 years in advanced economies, driven largely by greater female labour force participation. In emerging markets and LIDCs, though, female labour force participation rates in 2022 were even lower than in 2000. While the gender gap narrowed by approximately 3 percentage points in LIDCs over this same 23-year period, this was due to a decrease in male labour force participation. Moreover, cyclicality in the labour market is not gender-neutral, particularly for hours worked and unemployment[3] (Gomes, 2024[10]). Labour market participation gaps will narrow based on current trends and policies but are forecast to remain sizeable – or to never close – for many economies unless there is a decisive step-up in policies (Badel and Goyal, 2023[11]). In fact, the average global gap has fallen by only 1 percentage point annually over the past three decades.

It is estimated that closing gender gaps in labour force participation in 128 emerging markets and LIDCs would result in potential GDP gains of 23% on average.

Higher female labour force participation can provide a much-needed boost to economic growth. Not only does it mean a larger and more diverse workforce but also, and importantly, better job-matching with talent – a main driver of higher productivity (Goyal and Sahay, 2023[12]; IMF, 2024[13]). For example, it is estimated that closing gender gaps in labour force participation in 128 emerging markets and LIDCs would result in potential GDP gains of 23% on average (IMF, 2024[13]). Even if gender gaps in labour force participation were narrowed by just 6 percentage points, which is the improvement experienced by top performers between 2014 and 2019, the output gains could more than compensate for the economic scarring from the pandemic (Badel and Goyal, 2023[11]; Sayeh, Badel and Goyal, 2023[14]). Leveraging this inclusive growth engine is especially important in an era of low growth, high volatility, high debt levels, higher interest rates and limited policy space.

Gender inequalities in work, access to education and technology, and other opportunities need to be tackled decisively

Rapid population growth in many LIDCs and emerging markets will cause these economies to face a youth bulge in the coming decades. Closing gender gaps in opportunities will contribute to human capital accumulation and more productive labour market matches, which ultimately can help countries achieve potential demographic dividends. However, women face barriers such as insufficient legal rights, hostile or unsupportive work environments, and unequal access to resources and services that impede them from engaging in paid labour market or entrepreneurial activities and leave them with limited options, such as unpaid work. Paid and unpaid work, in turn, also impact fertility choices and parents' incentives to invest in girls' education (Gu et al., 2024[15]).[4]

Enhanced access to education for girls and women is key to building a more skilled labour force pool and supporting positive macroeconomic outcomes. It is estimated that in Niger, for example, raising girls' education could increase female labour force participation by nearly 86%,[5] real GDP could rise by more than 11% and tax revenues could be boosted by more than 11% (Ouedraogo and Gomes, 2023[16]).[6] In light of structural and other barriers in some countries, however, complementary policies addressing broader social and economic challenges are essential to fully realise the benefits of education in boosting female labour force participation.

It is estimated that in Niger, for example, raising girls' education could increase female labour force participation by nearly 86%, real GDP could rise by more than 11% and tax revenues could be boosted by more than 11%.

The rapid growth of digital financial services provides an opportunity to eliminate mobility- and time-related barriers for women to access financial services. In fact, though fintech has helped improve women's access to financial services in several countries, significant discrepancies remain across regions and countries (Sahay et al., 2020[17]). Between 2017 and 2021, for example, men gained access at a faster pace than women overall, which widened gender gaps. It is important to address disparities in financial and digital literacy, legal barriers, and access to technology, all of which drive the gaps in access to digital financial services. Lack of financial literacy may lead to hesitancy or avoidance of financial services, while lower levels of digital literacy may impair women's ability to use these services effectively. In some countries, women cannot obtain the necessary credentials for mobile accounts and are discriminated against in credit access, property rights and asset ownership (Khera et al., 2022[4]; Molinier, 2019[18]). Disparities in access to smartphones, computers and the Internet also limit women's engagement with digital financial services, with women in low- and middle-income countries being less likely to own a mobile phone and use mobile Internet (Molinier, 2019[18]). The high cost of technology combined with lower income and limited control over household finances pose challenges for women in terms of the affordability of Internet services or mobile devices.

Climate-related disasters only increase women's workloads to secure a livelihood, adding to the time and resource constraints that hinder them from pursuing education and income-generating opportunities.

Barriers to equal opportunities carry over to the climate crisis and green transition. Climate change already disproportionally affects women, especially in agriculture-based economies (Sorensen et al., 2018[19]). Women account for a significant share (50-80%) of global food production but own less than 10% of the world's land (Osman-Elasha, 2012[20]). In rural communities, where women bear primary responsibility for household tasks and agriculture, their limited access to resources and decision making exacerbates their vulnerability. Climate-related disasters only increase women's workloads to secure a livelihood, adding to the time and resource constraints that hinder them from pursuing education and income-generating opportunities. Socio-cultural norms often restrict women's mobility during crises, and they face heightened risks of violence and exploitation.

Responding to country demands for gender equality interventions requires capacity building and collaboration among development actors

In recognition of the macrocriticality of gender equality, the IMF Executive Board endorsed its first gender mainstreaming strategy in 2022 (IMF, 2022[21]). The strategy aims to integrate gender into the IMF's core activities of surveillance, lending and capacity development in accordance with its mandate. This means that IMF staff are to systematically assess the macroeconomic consequences of gender gaps where they are macrocritical, evaluate the gender-differentiated impact of shocks and policies, and provide granular and tailored macroeconomic and financial policy advice. The strategy underscores the IMF's recognition of gender equality as not only a moral imperative but as fundamental to inclusive economic growth and resilience.

Policies can go a long way towards addressing barriers to female economic empowerment and closing macrocritical gender gaps. Discussions between IMF staff and policy makers[7] have focused on addressing equality of opportunities across a range of policies including:

- increasing access to education for girls (Belize, Kingdom of Eswatini, Mali)
- improving financial access (Costa Rica, Côte d'Ivoire, Gambia, Rwanda)
- removing legal barriers to gender parity (Kiribati)
- the provision of affordable and quality childcare (Belize, Kingdom of Eswatini, Mexico, St. Lucia)
- enhancing labour market flexibility (India, Korea, Luxembourg)
- instituting parental leave (Brazil)
- ensuring equal access to technology and digitalisation (Rwanda, Uganda), which provide more workplace flexibility through online job searches, virtual interviews and remote work.

Gender-responsive fiscal policies can also support women's economic empowerment and labour force participation through needed infrastructure investment, for instance, safer transportation (India); and by addressing gender biases in tax systems (Greece). In addition, policies that boost women's enrolment in STEM (science, technology, engineering and mathematics) education and vocational training and that integrate a gender lens into climate-related expenditures and reforms can lead to greater representation of women in green industries and mitigate the gendered impacts of climate change (Mali, Mauritania) (IMF, 2023[22]).

Support for capacity development also assists countries to effectively implement gender policies by providing the necessary training, resources and expertise to policy makers and institutions. In line with its gender strategy, the IMF has been providing capacity development to member countries on a wide range of topics and priorities including gender budgeting, tax and revenue administration, public financial management reforms, legal barriers, data collection and analysis, and courses and trainings on gender and macroeconomics and gender budgeting.

Collaboration across the international community is essential to develop more tailored policy advice and capacity development. The IMF focuses on gender equality and women's economic empowerment from a macrocritical angle and partners with other multilateral institutions. For example, the IMF (2023[23]) staff report on Mauritania featured analysis and policy recommendations on gender and climate change developed jointly with UN Women. The OECD, UN Women, the United Nations Population Fund and the World Bank also are providing strong support through their micro and sectoral-level work.

Conclusion

Gender equality and women's economic empowerment offer transformative potential in this era of low growth, external shocks and pressing challenges from megatrends. IMF research provides powerful evidence on the macroeconomic and distributional benefits of closing gender gaps and the importance of well-crafted, gender-responsive policies. Collaboration with international partners underscores the value of concerted action in designing granular, tailored policy advice and capacity development. Such a holistic approach leverages collective expertise and resources to drive meaningful change; foster inclusive growth; and build a more prosperous, resilient and equitable future.

References

Badel, A. and R. Goyal (2023), "When will global gender gaps close?", *IMF Working Paper*, WP/23/189, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/WP/Issues/2023/09/13/When-Will-Global-Gender-Gaps-Close-537981. [11]

Christiansen, L. et al. (2016), "Individual choice or policies? Drivers of female employment in Europe", *IMF Working Paper*, WP/16/49, International Monetary Fund, Washington, DC, https://www.imf.org/external/pubs/ft/wp/2016/wp1649.pdf. [5]

Čihák, M. and R. Sahay (2020), "Finance and inequality", *Staff Discussion Note*, No. 2020/001, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2020/01/16/Finance-and-Inequality-45129. [9]

Demery, L. and I. Gaddis (2009), "Social spending, poverty, and gender equality in Kenya: A benefit incidence analysis", German Technical Cooperation Agency, Eschborn, Germany, https://api.semanticscholar.org/CorpusID:158471766. [8]

Duflo, E. (2012), "Women empowerment and economic development", *Journal of Economic Literature*, Vol. 50/4, pp. 1051-79, https://www.aeaweb.org/articles?id=10.1257/jel.50.4.1051. [6]

Gomes, D. (2024), "Gender and business cycles", *Gender Note*, No. 2024/001, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/gender-notes/Issues/2024/04/04/Gender-and-Business-Cycles-546729. [10]

Gonzales, C. et al. (2015), "Catalyst for change: Empowering women and tackling income inequality", *Staff Discussion Note*, No. SDN/15/02, International Monetary Fund, Washington, DC, https://www.imf.org/external/pubs/ft/sdn/2015/sdn1502.pdf. [7]

Goyal, R. and R. Sahay (2023), "Integrating gender into the IMF's work", *Gender Notes*, No. 2023/001, International Monetary Fund, Washington, DC, https://doi.org/10.5089/9798400257247.067. [12]

Gu, J. et al. (2024), *Promoting Gender Equality and Tackling Demographic Challenges*, https://www.imf.org/en/Publications/gender-notes/Issues/2024/06/10/Promoting-Gender-Equality-and-Tackling-Demographic-Challenges-549916. [15]

IMF (2024), "Interim guidance note on mainstreaming gender at the IMF", *IMF Policy Paper*, No. 2024/003, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/Policy-Papers/Issues/2024/01/12/Interim-Guidance-Note-on-Mainstreaming-Gender-at-The-IMF-543779. [13]

IMF (2023), "Islamic Republic of Mauritania: 2022 Article IV Consultation and Request for 42-Month Arrangements under the Extended Credit Facility and the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for the Islamic Repub", *Country Report*, No. 2023/073, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/CR/Issues/2023/02/03/Islamic-Republic-of-Mauritania-2022-Article-IV-Consultation-and-Request-for-42-Month-529136. [22]

IMF (2023), "Islamic Republic of Mauritania: Selected issues", *Country Report*, No. 2023/074, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/CR/Issues/2023/02/03/Islamic-Republic-of-Mauritania-Selected-Issues-529141. [23]

IMF (2022), "IMF strategy toward mainstreaming gender", *Policy Paper*, No. 2022/037, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/Policy-Papers/Issues/2022/07/28/IMF-Strategy-Toward-Mainstreaming-Gender-521344. [21]

Khera, P. et al. (2022), "Women in fintech: As leaders and users", *IMF Working Paper*, WP/22/140, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/WP/Issues/2022/07/15/Women-in-Fintech-As-Leaders-and-Users-520862. [4]

Malta, V., A. Martinez and M. Mendes Tavares (2019), "A quantitative analysis of female employment in Senegal", *IMF Working Paper*, WP/19/241, International Monetary Fund, Washington, DC, https://doi.org/10.5089/9781513516202.001. [1]

Malta, V. and M. Newiak (2019), "Nigeria: Selected issues – Human capital and gender equality", *IMF Staff Country Report*, No. 19/93, International Monetary Fund, Washington, DC, https://www.imf.org/-/media/Files/Publications/CR/2019/1NGAEA2019002.ashx. [2]

Malta, V., M. Newiak and M. Sandy (2020), "Sierra Leone: Selected issues – Boosting human capital, accelerating development, and lowering inequality in Sierra Leone", *IMF Country Report*, No. 20/117, International Monetary Fund, Washington, DC, https://www.elibrary.imf.org/downloadpdf/journals/002/2020/117/article-A001-en.pdf. [3]

Molinier, H. (2019), "Leveraging digital finance for gender equality and women's empowerment", UN Women, New York, NY, https://www.unwomen.org/en/digital-library/publications/2019/09/discussion-paper-leveraging-digital-finance-for-gender-equality-and-womens-empowerment. [18]

Osman-Elasha, B. (2012), *Women .. In the Shadow of Climate Change*, United Nations, New York, NY, https://www.un.org/en/chronicle/article/womenin-shadow-climate-change. [20]

Ouedraogo, R. and D. Gomes (2023), "Macroeconomic gains from closing gender educational gaps in Niger", *Selected Issues Papers*, SIP/2023/006, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/selected-issues-papers/Issues/2023/02/27/Macroeconomic-Gains-from-Closing-Gender-Educational-Gaps-in-Niger-Niger-530234. [16]

Sahay, R. et al. (2020), "The promise of fintech: Financial inclusion in the post COVID-19 era", *Departmental Papers Series*, No. 20/09, International Monetary Fund, Washington, DC, https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2020/06/29/The-Promise-of-Fintech-Financial-Inclusion-in-the-Post-COVID-19-Era-48623. [17]

Sayeh, A., A. Badel and R. Goyal (2023), "Countries that close gender gaps see substantial growth returns: Empowering women economically is a powerful engine of inclusive growth", *IMF Blog*, https://www.imf.org/en/Blogs/Articles/2023/09/27/countries-that-close-gender-gaps-see-substantial-growth-returns. [14]

Sorensen, C. et al. (2018), "Climate change and women's health: Impacts and policy directions", *PLoS Med*, Vol. 15/7, p. e1002603, https://doi.org/10.1371/journal.pmed.1002603. [19]

Notes

[1] For a more detailed discussion, see: https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2018/10/09/Economic-Gains-From-Gender-Inclusion-New-Mechanisms-New-Evidence-45543; https://www.imf.org/-/media/Files/Publications/WP/2017/wp17166.ashx; https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth; https://www.jstor.org/stable/3693510; https://doi.org/10.1080/13698249.2014.966427; https://hbr.org/2016/11/why-diverse-teams-are-smarter; https://www.journals.uchicago.edu/doi/abs/10.1086/683847; https://ideas.repec.org/a/bpj/bejmac/v18y2018i1p15n5.html; https://doi.org/10.1080/13545701.2014.986153; https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Catalyst-for-Change-Empowering-Women-and-Tackling-Income-Inequality-43346; https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Inequality-Gender-Gaps-and-Economic-Growth-Comparative-Evidence-for-Sub-Saharan-Africa-43946; https://onlinelibrary.wiley.com/doi/abs/10.3982/ECTA11427; https://www.imf.org/-/media/Files/Publications/WP/2020/English/wpiea2020119-print-pdf.ashx; https://hbr.org/2016/11/why-diverse-teams-are-smarter; https://elibrary.worldbank.org/doi/10.1093/wber/lhf004; https://www.nber.org/system/files/working_papers/w29354/w29354.pdf; https://mitpress.mit.edu/9780262536738.

[2] Per the IMF *World Economic Outlook*, the IMF group of LIDCs includes countries that have per capita income levels below a certain threshold (based on USD 2 700 in 2017 as measured by the World Bank's Atlas method and updated following new information in early 2024), structural features consistent with limited development and structural transformation, and external financial linkages insufficiently close for them to be widely seen as emerging market economies. See: https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024.

[3] Gomes argues that "the business cycle represents the natural rhythm of economic growth and recession. Economic expansions bring opportunities, such as increased employment and rising incomes, whereas contractions can lead to job losses and financial challenges. The relationship between gender and business cycles is complex, with a multitude of interwoven factors influencing outcomes". See: https://www.imf.org/en/Publications/gender-notes/Issues/2024/04/04/Gender-and-Business-Cycles-546729.

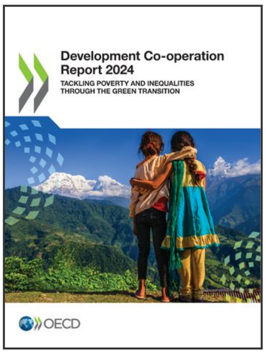
[4] Gu et al. (2024) shed light on the link between public policies and the household's decision-making process on education, labour force participation and fertility choices.

[5] While investing in girls' education is crucial for enhancing skills and broadening opportunities, it may not be sufficient to generate higher female labour force participation in the context of persistent societal norms and gender biases. Labour market structures also may not support the integration of educated women due to a lack of appropriate job opportunities as well as gender discrimination or inadequate workplace policies, such as flexible working hours and maternity leave. Economic barriers such as lower wages for women and fewer career advancement opportunities also deter educated women from entering or remaining in

the workforce. Thus, while educational attainment is a critical component of women's empowerment, complementary policies addressing these broader social and economic challenges are essential to fully realise the benefits of education in boosting female labour force participation.

[6] To quantify these impacts, a micro-founded general equilibrium model was used to examine the impact of an increase in education spending so that the number of years of education of boys and girls within the same income percentile is equalised.

[7] Since the launch of its Strategy Towards Mainstreaming Gender at the IMF in July 2022, gender issues have been integrated into IMF surveillance activities (Article IV consultations) in approximately 50 countries.



From:

Development Co-operation Report 2024

Tackling Poverty and Inequalities through the Green Transition

Access the complete publication at:

https://doi.org/10.1787/357b63f7-en

Please cite this chapter as:

Fabrizio, Stefania*, et al.* (2024), “Socio-economic benefits of gender responsive policies”, in OECD, *Development Co-operation Report 2024: Tackling Poverty and Inequalities through the Green Transition*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/1ee59be6-en