



Anders Olofsgård, SITE
Edvard von Sydow, SITE
June 2018

Gender Equality and Economic Development: From Research to Action

It's increasingly being acknowledged that gender inequality is not just a human rights issue, but of first order importance for economic development. It is also an issue of high priority for the Swedish government, with the feminist foreign policy gaining a lot of attention worldwide. This policy brief shortly summarizes presentations held during a full day conference at the Stockholm School of Economics on June 1, 2018. The event focused on how gender discrimination negatively impacts the productivity of low and middle income economies, but also how reforms and specific initiatives can better the situation. The perspective was both long term, discussing how norms and laws governing women's rights have evolved over time, and short term, illustrating the current challenges women and societies face, with a particular emphasis on the situation in Eastern Europe. This was the 7th installment of SITE Development Day - a yearly development policy conference organized with support from the Swedish Ministry for Foreign Affairs.

From Research: Causes, Costs and Remedies

Cross-country differences in gender equality are often explained by variation in formal institutions such as laws and policies, and informal institutions such as social norms, religion and culture. A recent literature has focused on understanding the underlying drivers behind the variation in gender norms, arguing that these norms themselves may be functions of predetermined fundamentals such as geography, language and external shocks such as wars, revolutions or the slave trade. An influential line of research has emphasized that certain agricultural conditions have given prominence to technologies that require more muscular strength (the plow), whereas in shifting agriculture, hand-held tools like the hoe and the digging stick, require less upper body strength, are more labor intensive and easier to combine with child care. The former conditions are therefore associated with a stricter gender division of labor that generated a norm that the natural place for women is in the home. That these differences still linger have been empirically shown looking at cross-country variation in outcomes such as female labor force participation, political representation, inheritance rules, polygamy, parental authority and women's freedom of movement. The variation is also found among second generation immigrants, where the attitudes from the parents' ancestry are reflected also among those born and raised in western societies with more equal gender norms.

There has been an increasing emphasis on trying to estimate how gender inequality inhibits economic development, and to put numbers on the foregone economic development and growth from continuing inequality. A key indicator of

inequality in this respect is the gender gap in labor force participation. There has been progress globally in this respect, but we are still far from equality and outcomes vary dramatically across regions and countries. Traditional approaches to estimate the benefits of increased female labor force participation (flfp) has assumed perfect substitutability between men and women. New evidence suggests that this may not be true, that men and women are complementary, which implies that increased flfp increases production beyond just the fact that more people are put to work. This also means that more women in work increases the productivity of men, in other words a win-win situation. This complementarity effect can take place at the workplace (think of diversified company boards), but recent research suggests that this is particularly true at the macro level. This is likely because men and women tend to work in different sectors and occupations that are themselves complementary, yielding the additional benefit at the macro level. Estimates of welfare gains of eliminating barriers to female labor force participation to levels seen in the US, suggest improvements of on average 22 % in South Asia and 18 % in the Middle East and North Africa region.

One important policy tool to influence gender outcomes, and sometimes also gender norms, is tax and benefits policy. These sets of policies are almost never explicitly gender biased, but the impact of details of policies in areas such as inheritance law, parental leave, pensions and taxes all affect the incentives that men, women and couples face. It is also important to understand that these policies often operate in an environment that is far from being without a gender bias, suggesting that there may be motivation for government intervention to correct outcomes and also lead the way to slowly change norms. As



models of household decision-making suggest that partners may not operate as a unitary actor maximizing joint welfare, and women typically have lower bargaining power within the household, policies that leave discretionary power to the couple may lead to highly unequal outcomes. Instead policies may need to be individualized, such as tax policy and parental leave policy.

The conference also contained a panel specifically focusing on Eastern Europe. The communist legacy meant that these countries, in some dimensions such as flfp, started from much more equal levels than other countries at comparable levels of income in the 1990s. The most immediate gender crisis in some ways was on behalf of men, whose life expectancy dropped dramatically. This crisis for men also created externalities in the form of domestic violence and orphaned children. Since 1990, there has therefore been some reversals in gender outcomes, and in some areas, such as political representation, the region on average performs quite poorly. Individual countries also face very different challenges. In Georgia the sex ratio at birth increased dramatically in the 1990's as economic hardship and conflict coincided with the introduction of new technology to determine the sex of a child in utero. In Belarus inequality strikes both ways, with men having more than 10 years lower life expectancy, have higher retirement age and are drafted to military service. On the other hand women are under-represented in politics and largely responsible for unpaid homework, partly due to a very generous 3 year-long paid maternity leave policy. The tradition of bride kidnapping in parts of Central Asia (as high as 10-25 % of women in parts of rural Kyrgyzstan) was brought up, and research showing birthweight losses of children to kidnapped mothers equivalent to those measured elsewhere

in conflict zones (100-200 g) suggest that this is indeed a real violation of these women.

To Action: Policies for gender equality

The SDG 2030 agenda and the concurrent finance for development process both emphasize the importance of having all sectors of society onboard in the quest of achieving the new development goals. The event therefore included representatives of both the private, public and civil societies, and featured a range of different initiatives across these sectors. A sector in which many women work for foreign companies in developing countries is textile. Here foreign companies can lead the way through initiatives beyond direct wage and employment policies that improve women's welfare, such as information campaigns devoted to personal hygiene or policies that transfer salaries directly to the personal account of the employees (an approach that matters when there is unequal bargaining power within the household, as shown through research). Also initiatives to reduce harassment and support female careers can make a difference. A sector on the other side of the spectrum is the telecommunications sector, which is very male dominated. This bias typically start from an early age, and is reinforced by gender stereotypes. Active work in the community to early on reaching out with tech programs explicitly targeting girls can make a difference, and so can making people aware of unconscious biases.

Aid agencies and NGOs also play an important role in promoting gender equality in partner countries. Research shows that women in relative terms tend to spend resources in ways that benefit the family more, and discrimination can be counteracted through policies specifically



targeting women and trying to strengthening their situation both outside and inside the household. Initiatives that give women access to credits, and foster collective action and political engagement have been tested on large scale in for instance India. Aid financed investment funds target female entrepreneurs, and engage in programs to integrate women into the investment process. Investors also have the leverage to stress the importance of partner companies investing in their female employees, for instance through education, safe transportation and separate changing rooms. A major player like Sida can engage in a dialogue also with partner governments to incentivize them to live up to commitments made in conventions and treaties, but also empower change agents that can put pressure on patriarchic structures. In the health sector, priority is given to sexual and reproductive rights, but beyond targeted interventions it is also important to mainstream a gender perspective into all types of projects and programs. It's acknowledged that measuring impact is a challenge, and some partners are perceived as more receptive than others, but the perception is that attitudes are changing.

A Government Perspective

From the Swedish government's side it was emphasized that gender equality is a goal in itself, as well as a prerequisite for economic development. The by now well-known feminist foreign policy is based on three R's: that all women and girls should have access to rights, representation and resources. The policy is backed up by an action plan with clearly expressed goals in areas of peace and violence, political representation, economic empowerment and sexual and reproductive health rights. These goals

will be evaluated for results (a fourth "R") and, due to international demand, the foreign ministry is currently preparing a handbook for feminist foreign policy to document the process and the lessons learned. In the collaboration with Eastern Partnership countries, gender equality became part of the summit declaration in 2015. There's an increasing willingness to talk about gender in the partnership countries, but many challenges remain, as also exemplified by recent experience from working in the government of Ukraine. Swedish initiatives are often a catalyst for change, though, with EU politicians and administrators slowly following pace. It was emphasized that to argue for the case of women and girls, data and research is crucial, so the FREE initiative to create a center of excellence in gender economics (FROGEE) was received with much appreciation.

To get more information about the presentations during the day and references to the data and literature discussed above, please visit [this page](#).

Participants at the conference

Ann Bernes, Ambassador for Gender Equality and Coordinator of Sweden's Feminist Foreign Policy, Ministry for Foreign Affairs.

Raphael Espinoza, Senior Economist, IMF.

Paola Giuliano, Associate Professor of Economics, UCLA, Anderson School of Management.

Michal Myck, Director at CenEa, Poland.

Anna-Karin Dahlberg, Corporate Sustainability Manager at Lindex.

Richard Nordström, General Director at Hand in Hand.

Karin Kronhöffer, Director Strategy and Communication at Swedfund.



Anne Larilahti, VP Head of Sustainability Strategy at Telia.

Jesper Roine, Deputy Director, SITE.

Charles Becker, Research Professor of Economics, Duke University.

Tamta Maridashvili, Researcher, ISET-PI, Georgia.

Lev Lvovskiy, Research Fellow, BEROC.

Elsa Håstad, Director at the Department for Europe and Latin America at Sida.

Inna Sovsun, Vice President at Kyiv School of Economics (KSE), Ukraine.

Anna Westerholm, Sweden's Ambassador for the EU Eastern Partnership.

Carin Jämtin, Director General at Sida.

Torbjörn Becker, Director at SITE.





Anders Olofsgård

Stockholm Institute for Transition Economics
anders.olofsgard@hhs.se
www.hhs.se/site

Anders Olofsgård is currently Deputy Director at the Stockholm Institute of Transition Economics (SITE), and Associate Professor at the Stockholm School of Economics. Before that he was Associate Professor at the Edmund A. Walsh School of Foreign Service, Georgetown University. He earned his Ph.D. in Economics from the Institute for International Economic Studies (IIES), at Stockholm University, in 2001.

Olofsgård's primary research areas are political economy, development and applied microeconomics, and he has published widely in both economics and political science journals. He has also been a visiting scholar at the research department of the IMF, and done work for among others the World Bank, USAID and the Swedish Parliament.

Opinions expressed in policy briefs and other publications are those of the authors; they do not necessarily reflect those of the FREE Network and its research institutes.



Edvard von Sydow

Stockholm Institute for Transition Economics
edvard.vonsydow@alumni.hhs.se
www.hhs.se/site

Edvard von Sydow is a full-time research assistant at SITE, working in multiple projects at the institute. He holds a B.Sc. in Business and Economics from the Stockholm School of Economics.

freepolicybriefs.com

The Forum for Research on Eastern Europe and Emerging Economies is a network of academic experts on economic issues in Eastern Europe and the former Soviet Union at BEROE (Minsk), BICEPS (Riga), CEFIR (Moscow), CenEA (Szczecin), KEI (Kiev) and SITE (Stockholm). The weekly FREE Network Policy Brief Series provides research-based analyses of economic policy issues relevant to Eastern Europe and emerging markets.