APEC
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GENDER AND STRUCTURAL REFORM

Achieving Economic Growth Through Inclusive Policies




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ACRONYMS

AEPR . . . . APEC Economic Policy Report
APEC . . . . Asia-Pacific Economic Cooperation
EAASR . . . . Enhanced APEC Agenda for Structural Reform
EC . . . . Economic Committee
GDP . . . . gross domestic product
IFC . . . . International Finance Corporation
PPWE . . . . Policy Partnership on Women and the Economy
RASSR . . . . Renewed APEC Agenda for Structural Reform
US-SEGA . . . . US-Support for Economic Growth in Asia
USAID . . . . United States Agency for International Development

Executive Summary

Over the last three decades, the Asia-Pacific Economic Cooperation (APEC) region has been a powerhouse of economic growth, outpacing other regions and resulting in significantly reduced poverty rates and increased per capita income levels. APEC economies have committed to utilizing structural reform to support gross domestic product (GDP) growth and further broad-based, inclusive economic development. As defined by APEC's Economic Committee (EC), structural reform means "using policy to remove barriers that stand in the way of people and economic opportunity in the context of a market economy."[1] In essence, while the region continues to position itself as the world's economic engine, APEC's structural reform efforts shape the ways in which that prosperity is experienced by individuals, families, and communities to ensure all people can benefit from the region's economic success. To do this, economies enact laws, policies, or regulations that make key elements, like starting a business or securing access to basic services and infrastructure, easier for all to take part.

As economies advance structural reform efforts, it is essential to ensure that the different economic impact of policies on women and men is fully examined and integrated into legislative and regulatory changes. This applies to both structural policies that are inherently discriminatory, such as legal restrictions on the sectors or jobs in which women, including those from diverse backgrounds, can participate, and those that appear gender neutral, like not encouraging utility payments to be reported to credit bureaus as an alternative measure of creditworthiness. The COVID-19 pandemic underscores the need to ensure the different economic impacts on women and men are part of the approach to structural reform during macroeconomic policymaking. Across the region, economies are approaching economic relief and recovery efforts through various fiscal policies to stimulate and safeguard economic stability. While doing so, there must be a concerted effort to ensure women are also able to equally access and benefit from policy efforts. For example, economies are often implementing significant loan programs for businesses, though women-owned businesses are frequently restricted from accessing loans, either due to legal prohibitions, lack of collateral, or low financial literacy. In many economies, the term "she-cession" has been used to "emphasize the unequal impacts of the pandemic-induced recession on men and women," which is atypical of other economic downturns when women were less likely to lose their jobs.[2] Similarly, working mothers are experiencing significantly increased care responsibilities due to school closures, which has led to many working mothers dropping out of the workforce all together.[3] According to a March 2022 ILO analysis of 189 economies, more than two million mothers left the workforce just in 2020, demonstrating the pandemic's "motherhood penalty" on working women.[4]

To guide policymakers on where to focus structural reform efforts, this report provides quantitative evidence on the areas of reform that are likely to increase economic growth. Policymakers and stakeholders can utilize this data to build advocacy and reform cases for policies that both integrate women more fully into economic activities and drive GDP growth. The report supports APEC's efforts, including the Putrajaya Vision 2040, the Aotearoa Plan of Action, and the Enhanced APEC Agenda for Structural Reform (EAASR). This evidence should also be considered in conjunction with related resources, such as the 2020 *APEC Economic Policy Report (AEPR) on Women's Empowerment and Structural Reform*, which details the reforms noted in this report. The Gender and Structural Reform workstream is led by the United States and is supported by efforts from New Zealand and aims to broaden APEC's focus on gender and structural reform. In addition to complementing the AEPR, this report builds on the *APEC Women@Work Brief*, which was endorsed by APEC members in 2019.

In essence, this report aims to answer the question, "Which structural reforms in the APEC region are likely to have a positive impact on women's economic advancement, as well as grow GDP?" The authors used a multiple hurdle method with outlined criteria to determine the structural reforms of focus, detailed in the methodology chapter. The report focuses on the impact of four potential structural reforms:

1. The law prohibits gender[5] discrimination in accessing credit
2. Utility companies provide information to private credit bureaus or public credit registries as supplemental information to assess credit worthiness
3. The law prohibits women's exclusion from non-traditional employment in industry,[6] and/or the economy removes policies that restrict women's non-traditional employment in industry sectors
4. The law guarantees women the same or equivalent position after maternity leave, also known as job-protected maternity leave[7]

The report examines each of the four potential reforms with a brief literature review, a description of how the authors calculated the GDP effects, and what, if any, effects the reform has on GDP growth. The report specifically examines the predicted effects of these structural reforms on GDP growth, positively; neutrally; or negatively. This report measures the difference in GDP growth over the study period correlated with having these policies in place. Five private sector case studies are also woven throughout the report to demonstrate the complementarity and learnings businesses can bring to advance these reforms.

Highlights of Findings

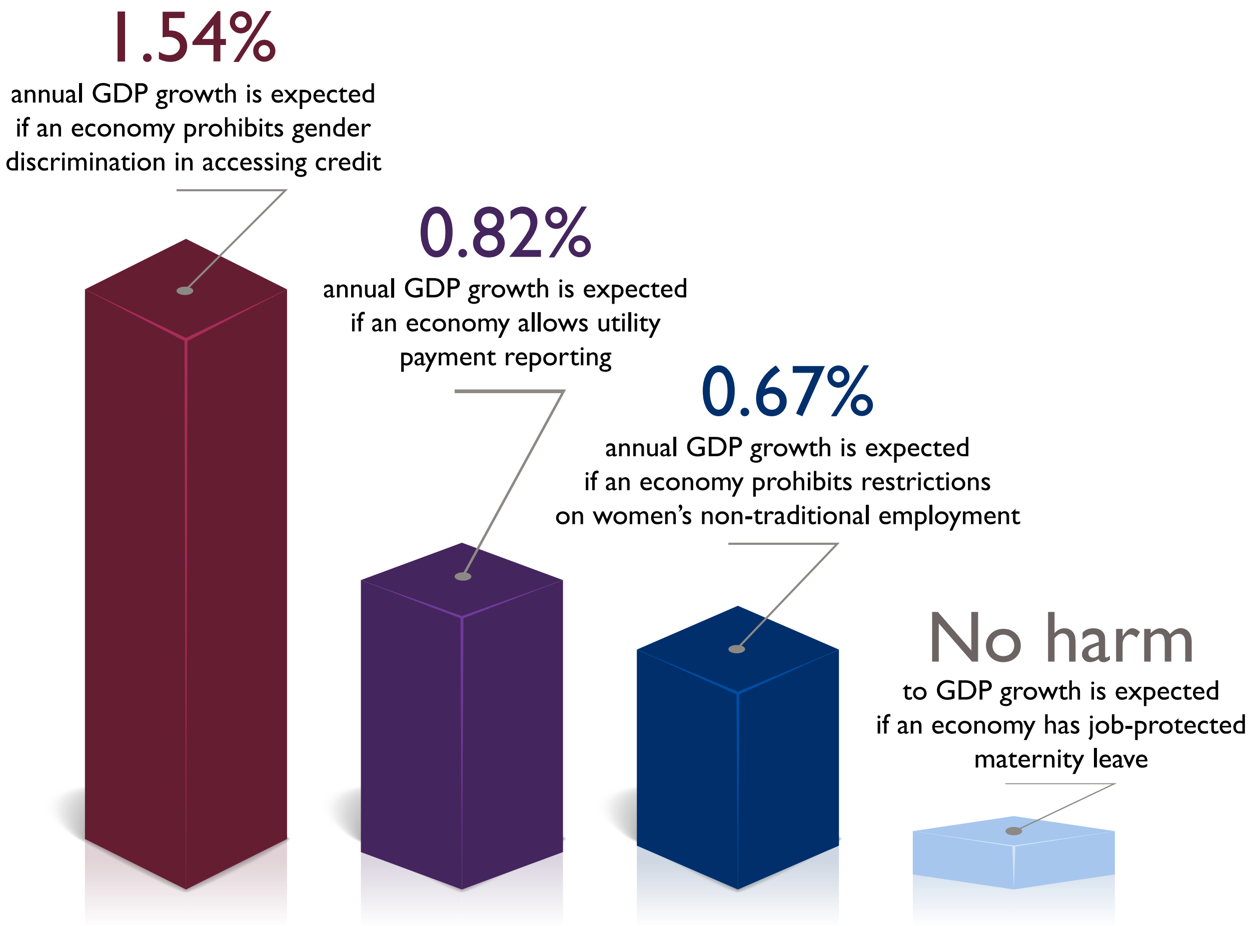
For the four structural reform measures examined, this analysis found the following estimated anticipated impacts on GDP growth for APEC economies:

1. Prohibiting gender discrimination in accessing credit: **1.54%** expected higher annual GDP growth
2. Allowing utility payment reporting: **0.82%** expected higher annual GDP growth
3. Prohibiting restrictions on women's non-traditional employment: **0.67%** expected higher annual GDP growth
4. Job-protected maternity leave: **No statistically significant** positive or negative effect on GDP growth for annual, five-year, or ten-year GDP growth

For the first three structural reforms, all results are statistically significant at the 99% confidence level. The fourth structural reform did not have statistically significant results, although the findings suggested growth for annual, five-year, and ten-year GDP growth measures, meaning that instituting this reform is not expected to be harmful to APEC economies, while allowing those economies to access other potential benefits of the policy, noted below.

The results of this analysis indicate that the most influential structural reform of the four featured in this report is prohibiting gender discrimination in access to credit, where economies could see an estimated positive impact on GDP by a growth of 1.54% annually. With the region's estimated total GDP at US$51.4 trillion and more than half of APEC economies yet to institute this legislation, **the potential economic growth effects could be enormous.** The second most effective structural reform on GDP growth is a provision allowing utility payment history to be reported to credit bureaus and registries, which could result in 0.82% higher annual projected GDP growth. This reform is also the only reform that is based on a regulation or provision, not a law, and may provide APEC economies the easiest avenue for enacting influential reform. The third highest impact on GDP growth is allowing women to work in an industry in the same way as men, which translates to an estimated increase of 0.67% annual GDP growth. By expanding and ensuring employment opportunities for women in all sectors and industries, economies are expected to benefit greatly as a whole. Lastly, job-protected maternity leave results in no statistically significant positive or negative effect to GDP growth annually or over the medium-term. It is important to note that while this reform does not demonstrate GDP growth benefits, there may be other, non-GDP measures not examined in this study, such as reduced labor market detachment and leadership ascension in the long-term.[8] [9] [10] [11]

APEC economies would benefit from all reforms, but some demonstrate higher expected annual GDP growth.



Introduction

Structural policies play an important part in creating long-lasting economic growth by strengthening environments in which workers, businesses, and economies can thrive. Structural reform can result in increased job growth and productivity that positively impact economies across the Asia-Pacific region and contributes to inclusive growth. However, legal and regulatory barriers can stymie economic potential by exacerbating gender inequality. There is a critical link between the laws, policies, and regulations in place in an economy and the resulting environment that either enables or restricts women's full economic participation. For instance, inclusive structural policies that promote women's employment and access to finance can deepen the participation of women in markets, thereby reducing inequality and stimulating economic growth. Reforming these policies and ensuring enforcement mechanisms are in place is critical to boosting productivity, creating a stronger business enabling environment, and generating greater GDP – all necessary to advance sustainable and inclusive economic growth across the APEC region. This can take the form of eliminating legal restrictions, removing biases against women from existing laws, and reforming laws that appear gender-neutral, but are not. These inclusive structural reforms can contribute to APEC's overarching goal of promoting balanced, inclusive, sustainable, innovative, and secure growth.

In addition, economies must actively address and close legal and regulatory gaps that are adversely affecting women's economic activity because of the COVID-19 pandemic. Many economies are experiencing stay-at-home orders, supply chain breakdowns, and significantly diminished economic performance. As a result, policymakers are leveraging fiscal stimulus and economic response policies to keep their economies afloat. It is imperative for stakeholders to be able to understand not only the barriers that women may face when trying to access these recovery packages, but also where policy does not adequately address their economic needs. For instance, many women business owners in the APEC region have never accessed a loan, due to discrimination or legal barriers. On average, just 16% of women across 19 APEC economies (excluding Brunei Darussalam and Papua New Guinea) have borrowed to start, operate, or expand a business.[12] As a result, when governments use loan programs to help businesses, women-owned businesses are disproportionately disadvantaged. Governments should consider gender during their relief, recovery, and rebuilding efforts to ensure that women are able to equally access programs and contribute to GDP stabilization and expansion.

The objective of this Economic Impact Assessment report is to provide policymakers and stakeholders with the quantitative information to bolster justification for reform efforts that ensure women have equal access and opportunities in the economy. This report demonstrates how certain structural reforms that enable greater economic participation of women can impact GDP growth and provides recommendations on how to use this critical data and information to promote further inclusive reforms. This report also features private sector case studies that showcase how the public sector can learn from the private sector's experience implementing similar reforms. The intended outcome is that the APEC region sees broader implementation of reforms that promote women's full participation in the economy.

The *La Serena Roadmap for Women and Inclusive Growth (2019-2030)*, endorsed by APEC Leaders in 2019, reinforces the importance of structural reforms for creating an enabling environment for women to participate in the economy, including by reducing barriers and enhancing protections in policies, laws, regulations, and practices.[13] Further, the EC and the Policy Partnership on Women and the Economy (PPWE)[14] have supported structural reform efforts to enhance women's participation in the economy. Within the EC specifically, this report links to a number of key structural reform efforts underway, including the second approach of the *APEC Structural Reforms for Inclusive Growth: Three Approaches*.[15] This report also aligns with the *10 Structural Reform Priorities and Gaps to Fill*, in which the ninth priority focuses on structural barriers inhibiting women from participating in the workforce. Finally, the report connects to the *Renewed APEC Agenda for Structural Reform (RAASR)*, which encourages women's deeper participation in open, transparent, and competitive markets, and is intended to reduce inequality and promote growth in APEC economies.[16]

Within the PPWE, nearly one-third of the indicators in the *APEC Women and the Economy Dashboard* correspond to the EC's structural reform focus areas and highlight where economies' laws, regulations, and policies restrict or support women's full participation in the economy. These include reforms around property and inheritance rights, access to credit, discrimination in employment, and business ownership and agency, among others. Further, this report aligns with the PPWE's founding objective to "streamline and elevate the influence of women's issues within APEC" by disseminating knowledge on women's economic participation to other APEC working groups and committees.[17]

This report builds on several recent efforts over the last few years to implement the EC's focus on inclusive growth and structural reforms that encourage women's economic participation. New Zealand launched APEC's gender and structural reform work in 2018, which was further advanced by the United States in 2019. At the 2019 Women and the Economy Forum in La Serena, Chile, the U.S. finalized the *APEC Women@Work* brief and the APEC Policy Support Unit launched the research report entitled *Structural Reform Measures to Improve Women's Access to Labor Markets, Finance, and Capital*. The *APEC Women@Work* brief focused on issues pertaining to women's wage employment and retention, including non-discrimination in hiring, promotion, and dismissal; employment restrictions; occupational standards; and returning to work following maternity leave, among others. The United States held two workshops with the Economic Committee on the margins of the Third Senior Officials' Meeting in August 2019 and with the PPWE at the Women and the Economy Forum in October 2019. In addition to U.S. efforts, Chile prioritized these issues for inclusion during their 2019 host year, alongside the *La Serena Roadmap*. This focus on inclusive structural reforms carried forward to 2020, with Malaysia's commitment through the AEPR. This report complements the *2020 AEPR on Structural Reform and Women's Empowerment* by contributing to the evidence base.

In addition, the policies outlined in this report can also assist economies in achieving the goals set forth in the Putrajaya Vision 2040, especially the objective to ensure strong, balanced, secure, sustainable, and inclusive growth. More specifically, work on these issue supports the Aotearoa Plan of Action, which calls for economies to collectively "advanc[e] inclusive policies, including under the economic drivers of trade and investment, and innovation and digitalisation, to promote sustainable economic growth opportunities, and improve quality of life for all members of society."[18] The EAASR also echoes these efforts through Pillar 3: Ensuring that all groups in society have equal access to opportunities for more inclusive, sustainable growth, and greater well-being.

This report begins with a review of the four areas within women's economic participation: gender-based discrimination in access to credit; reporting of utility bill payments to credit bureaus and registries; whether women can work in industries in the same way as men; and whether women are guaranteed an equivalent position when returning from maternity leave. The report then details the process used to determine these four focus areas and the methodology used for the economic impact assessment, as well as lessons from the private sector. The report closes by highlighting the impact of structural reforms in these areas and underscores the importance for advancing these reforms.

Methodology

This study's overarching objective is to understand if and how GDP may be affected when economies enact laws and regulations that remove barriers against women's economic activity. This study used a rigorous process to select the focus policies. There are numerous types of laws and regulations that influence women's economic participation and engagement and a subset of these fall within the scope of the EC and the PPWE's scope. To identify these, the authors considered the indicators included in the 2019 *APEC Women and the Economy Dashboard* (the Dashboard) as a threshold of APEC's priority areas. Additional indicators that were not included in the 2019 Dashboard, but that align with the *La Serena Roadmap for Women and Inclusive Growth* (the Roadmap), were also considered to ensure identification of all potential indicators within APEC's mandate. Once all possible reforms were identified, scoring criteria were used to select laws and regulations of focus, as detailed in the following section.

Selecting Potential Structural Reforms

Drawing on the Dashboard and the Roadmap, the authors identified 106 potential reforms across the PPWE's five priority areas: (1) access to capital and assets; (2) access to markets; (3) skills, capacity building, and health; (4) leadership, voice, and agency; and (5) innovation and technology. The following criteria were used to narrow down the 106 potentially relevant indicators:

1. **Legal basis:** The potential reform involves a legal, structural, or regulatory matter. This may involve legislation, industry requirements, policies, statutes, ordinances, or administrative procedures, among others.
2. **Relevance to the EC:** Given that this initiative falls under the EC, the reform must be within the scope of the Committee.
3. **Room for improvement and variation:** Given that this study aims to help policymakers and stakeholders advocate for inclusive reforms, there must be a number of economies that have laws and regulations that require reform.[19] To meet this criterion, room for improvement is defined by 13 or fewer economies having the inclusive law or regulation in place. Similarly, to preserve the integrity of the study, there must be variation in development status amongst the economies that do not have the law or regulation in place to provide the most reliable outcomes.
4. **Data availability:** Data on the reform must be recorded by an internationally-comparable, public source with significant annual coverage from 1990 to 2019.
5. **Direct link to women's economic empowerment:** There must be sufficient and reputable research making a direct and clear connection between the reform and women's economic empowerment. Each of the 106 potential reforms was scored with a value of 1 if it met the criteria and a 0 if it did not. The authors used a multiple hurdle method, so for a reform to advance to Criterion 2 (relevance to the EC), it had to have scored a 1 on Criterion 1 (legal basis), and so on to advance from each criterion to the next. The maximum score for a potential reform was 5, meaning it scored a 1 on all five criteria. The lowest score is a 0, meaning it did not advance beyond Criterion 1 (legal basis).

Based on the criteria, the following four laws and regulations were the only ones to score a 5 (the highest score meaning satisfaction against all criteria), in no particular order:

- Whether there is a law against discrimination by creditors on the basis of gender;
- Whether utility bill payments may be reported to credit bureaus;
- Whether women are allowed to work in industry in the same way as men; and
- Whether employers must give employees an equivalent position when they return from maternity leave.

Demonstration of Indicator Selection Process

It is also essential to note that these potential reforms align with those detailed in *the 2020 AEPR on Women's Empowerment and Structural Reform*. One of the goals of this assessment is to provide quantitative evidence to complement the AEPR, which is a more in-depth analysis that provides information on gender and structural reform priorities in the region, policies and programs by member economies, enforcement mechanisms, and policy recommendations for regional stakeholders.

Measurement of GDP Growth

For each of the four potential structural reforms, the authors utilized unique conceptual models, detailed in the following section. Despite the models being distinct, they retain similar characteristics. All of the models are ordinary least square regressions with data spanning 1990 to 2019, depending on data availability. Each model utilizes internationally-comparable data from 218 economies and the authors created an additional variable to measure impacts within APEC economies, providing the opportunity to utilize global data to understand APEC-specific effects. Each model also begins with the same null hypothesis that the change in the law or regulation has no effect on GDP growth. The alternative hypothesis for all models is that there the law or regulation has an effect on GDP growth. Each model is individually tested and analyzed in the following chapters.

Full variable source information, empirical models, summary statistics, and regression outputs can be found in the data brief document, which serves as a complement.

Discrimination by Creditors on the Basis of Gender in Access to Credit

Women across the APEC region experience discrimination and gender bias when attempting to access financial services, including credit. This discrimination prevents women from accessing the financial services they need to be financially independent and stable. In some cases, creditors deny loans to women entirely or offer higher interest rates to women to account for the perceived risk they associate with female borrowers.[20]

Greater access to credit for women could translate to more women starting or growing their businesses. Currently, women own between 33 and 66% of formal and informal small- and medium-sized enterprises in Cambodia, Indonesia, the Philippines, and Viet Nam, but only 3-21% are able to access the formal financial services they need.[21] In East Asia and the Pacific, the unmet need for credit that women entrepreneurs face is more than 60% greater than that of male entrepreneurs.[22] The gender credit gap has exacerbated women-owned businesses' ability to withstand the COVID-19 pandemic; women-owned businesses face even greater liquidity constraints and insolvency than their male counterparts.[23] Addressing these unmet needs for financial services would enable more women-owned businesses to flourish and, in turn, generate greater economic growth. Globally, enabling women to fully access the financial products and services needed – for both individual and business needs – could result in an additional US$40 billion in annual revenue.[24] This statistic may be explained by the fact that women business owners are on average better bank customers than men. For example, global research illustrates that women-owned businesses beat the portfolio average in a number of non-performing loans.[25]

Greater access to credit can also bring informal sector women-owned businesses into the formal sector. Typically, businesses must be formalized (i.e. registered) to obtain loans from formal financial institutions, so access to finance can act as an incentive for businesses to formalize.[26] Bringing more businesses into the formal sector creates a larger tax base, which generates greater revenue. It also enables women to be better protected under labor laws and other employment systems and protections.

When credit is more accessible to all, individuals are better able to manage their savings and spending. Public spending can increase, which can contribute to growth. Improved credit access can also lift low-income populations out of poverty and help them generate income.[27]

One way to reduce gender discrimination and improve access to credit is to ban discrimination by creditors. Discrimination by creditors on the basis of gender in accessing credit is prohibited by law in nine APEC economies.[28] While some economies have had these laws in place for many decades – such as the United States (1974) – others have made reforms fairly recently. In the last decade, Mexico modified a law to provide for equality between men and women when accessing goods and services, which included finance services.[29] Global data shows that a greater share of women use debit cards and formal financial institution accounts in economies that have this kind of law in place.[30]

Methodology: Access to Credit

The authors developed a model to examine the potential relationship between a law that prohibits discrimination on the basis of gender[31] in accessing credit and GDP growth. The model is predicated on the assumption that, when there is reduced discrimination on the basis of gender in accessing credit, more women are able to access credit for the first time and/or women are able to access more credit. Increased accessibility of credit increases women's economic participation and spending, which stimulates the economy and GDP growth. Further, greater accessibility of credit can result in more women starting businesses or moving their businesses from the informal to the formal sector, scaling innovative businesses, all of which increases the tax base, thus contributing to GDP.

Analyzing anti-discrimination is essential because discrimination affects women in numerous ways and, if not protected, women can be denied the opportunity to access, use, and grow their credit solely based on unjustified distinctions relating to their gender. This, in turn, contributes to women's economic exclusion, drastically limiting their contributions to the economy. To investigate the potential effect of anti-discrimination on GDP, the authors also examined whether economies that have a law prohibiting discrimination by creditors on the basis of gender in accessing credit experience greater GDP growth (i.e. whether there is a relationship between the law and GP growth).

The structural reform in this model, **anti-discrimination law**, assesses whether an economy has a law prohibiting discrimination by creditors based on gender or prescribing equal access for both men and women when conducting financial transactions, entrepreneurial activities, or receiving financial assistance. The authors included other factors, such as labor force participation by gender and sector, instances of conflict, level of economic development, urbanization, and fertility rate. Since all of these factors can impact GDP growth, their incorporation enables the analysis to highlight the portion of GDP growth associated solely with implementation of the anti-discrimination law. Further, the authors considered economy-level bank lending rates, which is a measure of the average bank interest rate for loans that usually meets the short- and medium-term financing needs of the private sector. This was considered because with reduced discrimination, more women business owners may seek loans. Bank interest rates rise and fall partially based on demand and can affect an economy through inflation. Considering all these factors provides an ability to understand the relationship between anti-discrimination legislation and GDP growth.

***1.54%** higher annual GDP growth is expected for an APEC economy that has a law that prohibits gender discrimination in accessing credit.*

The results indicate that the most influential structural reform of the four examined is prohibiting gender discrimination in access to credit. With the region's estimated total GDP at US$51.4 trillion and more than half of APEC economies with the opportunity to institute this reform, the potential economic growth effects could be enormous.

GDP Growth Impact: Access to Credit

The analysis indicates that **1.54% higher annual GDP growth**[32] is expected for an APEC economy that has a law that prohibits gender discrimination in accessing credit. These results suggest that reducing gender discrimination in accessing credit has a positive impact on economic growth. Moreover, the analysis demonstrates the impact changing this single law can have in reducing gender discrimination and generating and sustaining economic growth. The potential for reform across the APEC region is significant, as more than half of APEC economies have an opportunity to implement this policy and realize tangible economic benefits.

When stakeholders are considering which legislative and regulatory opportunities to pursue of the four discussed in this report, prohibiting gender discrimination in access to a credit is the greatest opportunity for GDP growth in the APEC region. The effects on GDP growth of having a law providing women equal access to credit are the most substantial of the four topics examined, both in the amount of projected GDP growth and statistical significance. As economies look to rebuild after the COVID-19 pandemic, enabling women's equal access to credit represents huge potential for a more inclusive, smooth economic recovery. This result is consistent with other research on the transformative effects for economies writ-large when women have equal access to major economic functions, such as credit. This also presents a catalyzing opportunity to expand women's economic engagement because, once women can access credit, they may be exposed to additional financial services that can advance their economic contributions to society. By opening the door to women's financial inclusion through credit access, economies have the potential to grow their GDP beyond the predicted additional 1.54% growth, as women become increasingly active in the formal economic sector.

UPS CASE STUDY: Expanding Access to Finance through Digital Financial Services and Financial Technologies

UPS has demonstrated a strong commitment to the advancement of women-owned businesses and their ability to engage in the supply chain and trade. The company has recognized that a critical part of this is women-owned businesses accessing the finance required to grow their businesses and engage in international markets. However, across the APEC region and globally, women have experienced discrimination in accessing finance – from small loans to trade financing. As part of its commitment, UPS has supported more than 3,500 women-owned businesses through its Women Exporters Program, a global initiative to equip women to expand their businesses and reach global markets. The program has delivered training and one-on-one coaching sessions for women business owners in Mexico and Viet Nam, among other economies. Complementing this program is UPS's support to research on women business owners conducting e-commerce in Southeast Asia. Through all of its work supporting women-owned businesses, UPS has examined and supported several e-commerce issues, including payment systems, financial services, and fintech; social media and marketing; customs and international shipping; cloud-based services and productivity tools; and transparency and compliance.

Emerging from this work is a recognition that digital financial services are one way to promote women's access to finance and expansion of their businesses to international markets. As financial technologies (also known as fintech) become increasingly prominent, businesses and economies are looking at how fintech can not only benefit women-owned businesses but also promote greater women's financial inclusion across the board. For trade finance in particular, women-owned businesses in Asia are more likely to obtain finance through fintech platforms following rejection from traditional banks.[33] One element of fintech's reach to more women is its potential to remove discrimination. Many fintech platforms remove the element of discrimination by making decisions to lend to potential borrowers based solely on economic and business parameters without implicitly or explicitly factoring gender or other characteristics into the decision to lend.

While the potential to reduce non-discrimination based on gender is evident, it is critical that governments underpin this with legal protections. Non-discrimination laws and policies should protect women in accessing all types of financial services, including fintech, which is less regulated in many economies due to its more recent emergence. In its research in Southeast Asia, UPS found that this is one public policy issue that governments can pursue to support women-owned businesses.[34] Governments have an opportunity to support structural reforms that encourage accessible global financial services technologies on a non-discriminatory basis.

Provision of Utility Information to Credit Bureaus and Registries

Utility bills are an alternate and additional source of information that private credit bureaus and public credit registries may use to determine an individual's creditworthiness. A record of on-time utility bill payments can demonstrate that an individual is able to meet payment obligations.[35] The use of utility bills as a supporting source of information benefits individuals who have no existing formal relationship with banks (such as no previous loans) or limited assets or credit history.[36] The use of utility bills to assess creditworthiness also enables unbanked individuals or micro, small, and medium-size enterprises to build credit histories even without having had access to credit previously. One U.S. energy company reported that 8% of its clients with no prior credit history gained a credit score after the company began reporting customer payment data to credit bureaus.[37] This can enable individuals and businesses to provide more data points for potential creditors and escape the conundrum of not being able to access credit due to a lack of credit history.[38]

Alternative sources of information to support an individual's creditworthiness are particularly important for women for several reasons. Women tend to have more limited assets that are required for traditional access to credit. For instance, in Mexico, there is a gender gap of more than 20 percentage points in asset ownership.[39] Women are less likely to own property and, therefore, cannot use it as collateral.[40] Further, some economies do not accept moveable assets as security. Therefore, it is critical that women be able to establish credibility as a borrower, also known as "reputational collateral." Alternative sources of information to build this credibility can range from utility bill payment information for individuals to transaction history for women-owned businesses, as highlighted in the case study below.

In some economies, women have lower credit scores on average than men. For example, one study in the United States found that single women have lower credit scores than single men with comparable demographic characteristics. The study suggests that women take on more credit and have a harder time repaying their past debt, which may be associated with labor force participation, gender bias toward borrowing, degree of financial literacy, and differences in treatment by financial institutions.[41] These barriers inhibit women from building a strong credit history and thus necessitate the need to consider other forms of information to determine their ability to meet payment obligations.

In 19 APEC economies, a significantly smaller percentage of women have borrowed from a financial institution in the last year than have paid utility bills (27–69 percentage points fewer), indicating that payment of utility bills is a financial transaction in which women are more likely to engage.[42] Policies in APEC economies should recognize the types of financial transactions that women are most likely to undertake when assessing creditworthiness. Providing utility payments as an alternative way to demonstrate credit history can enable women to access credit that could allow them to be financially empowered and independent, including to start or grow a business.

As economies look to implement this reform, they can draw on examples from the 10 APEC economies – including Australia, Brunei Darussalam, Canada, China, Malaysia, Mexico, New Zealand, Peru, Chinese Taipei, and the United States – where utility companies provide information to private credit bureaus or public credit registries.[43] This means that at least one private credit bureau or public credit registry in the economy collects information from a utility company.[44] The drive to institute this reform is gaining momentum as several economies have made this reform over the last decade, including Brunei Darussalam and China.[45]

Methodology: Utility Payments

To further explore women's access to credit, the authors developed a model to examine the potential relationship between the use of utility payments as an alternate form of credit history and GDP growth. More specifically, the model looks at whether utility companies provide information to private credit bureaus or public credit registries and whether that influences GDP growth. The model assumes women have more limited credit histories, credit experience, and assets than men and therefore require another source to demonstrate and build credit histories to improve access to loans.

Analyzing whether utility companies provide information to private credit bureaus or public credit registries is important to understanding the possible sources that enable women to build credit. Without additional sources of information like utility bill histories, many women face challenges in of building a traditional credit history, particularly if they do not have a relationship with a formal banking institution or have not had the required collateral to obtain previous loans. This can inhibit their ability to contribute to the economy. To examine the potential effect of utility companies providing this alternative information, this model examines whether economies that provide utility payment information to private credit bureaus or public credit registries experience greater GDP growth.

The structural reform of focus in this model, **utility payments law**, assesses whether utility companies provide information to private credit bureaus or public credit registries in a particular economy. The authors included other factors, such as labor force participation by gender and sector, instances of conflict, level of economic development, urbanization, and fertility rate. Since all of these factors can impact GDP growth, their incorporation enables the analysis to highlight the portion of GDP growth that is associated solely with implementation of the utility payments law. Further, the authors considered whether an economy has a law prohibiting discrimination by creditors on the basis of gender. This was considered because if an economy has the utility payments law in place, women may be able to better establish credit histories. However, if the anti-discrimination law is not in place, they may still be prevented from accessing finance, and thus contributing to the economy.

GDP Growth Impact: Utility Payments

The analysis indicates that 0.82% higher annual GDP growth[46] is expected for an APEC economy where utility payment information is reported to private credit bureaus and public credit registries. The results demonstrate that enabling an additional source of information – via utility payment records – can have an impact on the economy, suggesting that this enables more women to build credit history and subsequently access credit. Further, the 0.82% expected higher GDP growth highlights that allowing creditors to use this additional information may facilitate greater financial inclusion of women and in turn, stimulate the economy.

***0.82%** higher annual GDP growth is expected for an APEC economy where utility payment information is reported to private credit bureaus and public credit registries.*

The second most impactful structural reform on GDP growth is a provision allowing utility payment history to be reported to credit bureaus and registries. This reform is also the only reform that is based on a regulation or provision, not a law, and may provide APEC economies the easiest avenue of enacting an influential reform.

While this policy issue might appear gender neutral, it is clear that use of alternative information by creditors can have disproportionately positive effects for women and their financial inclusion, which has economic impacts that are felt by all. Although not explicitly designed to support women, enabling the use of utility information by creditors is one way to advance women and economies, even without implementing gender-specific laws. This serves as a model for seemingly gender-neutral economic reforms that can have catalytic impacts on women, and in turn, the economy.

More than half of APEC economies have an opportunity to implement this policy and realize tangible economic benefits. However, this model looks at whether *at least one* utility company provides information to credit bureaus or public credit registries in a particular economy. There is certainly potential for greater economic impact if an economy were to ensure that *all* utility companies report information to both private credit bureaus and public credit registries. The structural reform may look different in each economy as economies use various structural reforms, whether it be an incentive to promote utility companies to provide information to creditors or a regulation ensuring that all utility companies provide this information and that creditors use it. Regardless of its form, it is clear that enabling creditors to use utility bill information is a prime opportunity to increase women's financial inclusion and access to credit and may generate 0.82% additional GDP growth in APEC economies.

MASTERCARD CASE STUDY:
Enabling Women to Build Credit

Mastercard recognized that numerous men and women around the world are unable to build the credit histories required to obtain loans that would help them grow their businesses. In 2017, the company launched the Jaza Duka program in partnership with Unilever and Kenya Commercial Bank (KCB) to enable shopkeepers in Kenya to access finance to grow their businesses. Mastercard plans to extend the program to India in partnership with the former U.S. Women's Global Development and Prosperity (W-GDP) Initiative. Prior to Jaza Duka, shopkeepers would restock their shelves using the cash, which limited their ability to have fully supplied merchandise and inhibited expansion. Since these dukas (small shops) sourced some of their inventory from Unilever, a digital platform was created where shopkeepers can order Unilever products. With this digital platform, Unilever had a digital transaction history for each shopkeeper. This transaction history was used as an alternative source of credit history; it demonstrated that shopkeepers repeatedly purchased and sold the products and pay back a loan. KCB was able to use this digital transaction history to offer them loans and as a result 18,000 shopkeepers – 80% women – used the digital platform to build a transaction history.[47 48] For many shopkeepers, this alternative source of information allowed them to obtain a loan they would not have otherwise received, due to lack of formal credit history or required collateral.

The Mastercard program has had a huge impact on more than 18,000 shopkeepers, exemplifying that providing a new source of information to creditors enables greater access to loans. Approximately 62% of the shopkeepers were able to access formal bank credit lines for the first time.[49] The shopkeepers used new credit to increase their stock; 60% of the shopkeepers' stock purchases used credit. This enabled them to increase their sales and grow their businesses, leading to a 20% increase, on average, in daily sales of Unilever products.[50] These shops enabled improved access to goods, enabling communities to not only access the products they need, but to stimulate the local economy.

One key learning was that particularly for first time lendees, the effectiveness of the program was boosted by equipping shopkeepers with basic financial knowledge. Mastercard partnered with Technoserve to deliver in-person training on financial and credit management, inventory planning, merchandising, marketing, and other business skills. More than half of the 5,000 shopkeepers that received the training in 2017 and 2018 were women.[51] For governments across the region developing structural reforms, a key to realizing economic growth may be to establish policies on non-traditional sources of credit history paired with funding for capacity building programs that equip women business owners with the skills to successfully manage the loans and expand their businesses.

VISA FOUNDATION CASE STUDY: Advancing Women-Owned Businesses in COVID-19 Economic Recovery

The Visa Foundation has long committed to fostering small and medium-sized enterprises (SMEs) around the world as a mechanism for widespread private sector development and economic growth. Leveraging its position as a corporate leader in global payment technology, the Visa Foundation helps financially underserved SMEs through expanding their access, potential for growth, and ability to invest in their communities. The Foundation also supports SMEs to reopen after humanitarian crises to jumpstart economic recovery and stabilization. Throughout this work, the Visa Foundation maintains a focus on women's economic empowerment by ensuring initiatives serve women-owned business, which are often under-funded and under-resourced.

Prior to the COVID-19 pandemic, the annual credit gap in funding for women-owned businesses was US$300 billion.[52] Given the economic strain caused by public health measures, such as social distancing measures and reduced business operations, SMEs worldwide are struggling to keep afloat, which compounds the gender gap in credit availability. As part of the Visa Foundation's social impact initiatives, the Foundation recently committed US$200 million over five years to support SMEs' economic re-integration with a particular focus on women-owned businesses.[53] The funds will serve two purposes: (1) US$60 million will be provided in grants to non-governmental organizations that build the capacity of SMEs and (2) US$140 million will be allocated to partners to invest for positive social and financial returns for SMEs. As part of this work, the Visa Foundation will partner with organizations that foster women's economic empowerment to expand women-owned SMEs' access and growth opportunities.

The Visa Foundation's response to COVID-19 recovery demonstrates the transformational role the private sector can play to advance women's economic empowerment through economic recovery. By working to support women-owned enterprises, the Foundation's support will provide sustainable, long-term solutions that will endure beyond the pandemic and enhance the success of women-owned businesses worldwide. For APEC policymakers, the Visa Foundation demonstrates the private sector's interest and commitment to both economic recovery and advancing women's economic prosperity. In this instance, the Foundation's goals mirror those expressed by many APEC economies to ensure that COVID-19 recovery efforts are inclusive and provide opportunities for all people to benefit the global economy in a sustainable and equitable way. Especially in times of crisis, such as the COVID-19 pandemic, the Visa Foundation is demonstrating that programs may be tailored to more actively integrate women to increase their benefit from recovery efforts and be more fully included in the next phase of economic growth.

Non-Traditional Employment in Industry Sectors

On average, globally, women's labor force participation and employment rates are lower than that of men. Women's employment opportunities in the APEC region and beyond are limited by restrictions on what occupations women[54] can hold. In many cases, these restrictions arise from societal norms and bias related to women's safety. For instance, there are often concerns over strenuous conditions and/or heavy lifting and the ramifications those might have on women's health or safety. However, these concerns can be addressed through technologies, legal or regulatory labor protections, and other policies that support workplace health and safety and enable both men and women from diverse backgrounds to work safely across all sectors.[55]

Legal and regulatory employment restrictions should not be confused with important legal or regulatory labor protections, which support women's employment in the formal economy by instituting safeguards on women's health, safety, and working ability without prohibiting women from holding jobs. In some cases, legal and regulatory restrictions on women's non-traditional employment in industry pose further risk to women's health, safety, and earning potential, as women barred from formal employment are pushed to work in these sectors informally and/or without labor protections. For example, in one APEC economy's capital city, women in the informal economy comprised approximately 60% of total agricultural employment in 2012, despite the economy placing legal restrictions on women's employment in the agricultural sector.[56]

With certain economies legally restricting women's ability to seek employment in industry, the Asia-Pacific region does not meet its labor force and productivity potential. The data available for analysis is limited to non-pregnant, non-nursing women. In many cases, women comprise a share of graduates in the relevant fields, and hold the education and skills required to perform industry work, but are unable to obtain jobs due to legal restrictions.[57] Sectoral and occupational restrictions reduce the number of qualified, trained individuals available to fill these jobs; by restricting women entirely from these jobs, the pool of qualified candidates is effectively cut in half. By lifting these legal restrictions on women's employment in industry, economies could promote greater female labor force participation, thereby increasing productivity and competitiveness and boosting GDP.

Research consistently suggests that women make economic decisions that benefit the economy as a whole through increased household economic resilience and improved economic outcomes across generations, amongst other factors.[58] For example, in a study of 20 semi-industrialized economies, every one percentage point increase in the share of income generated by women correlated with a 15% increase in aggregate domestic savings.[59] Thus, if women are restricted from participating in all sectors of the labor market, including some that are higher wage sectors such as mining, they are restricted from making the economic decisions that would benefit the economy.

Currently, eight of 21 APEC economies legally restrict women's non-traditional employment in industry sectors, including mining, construction, manufacturing, energy, water, agriculture, and/or transportation.[60] Restrictions on the employment of women in industry include laws and regulations barring their entry into these sectors, as well as regulations limiting their work hours (such as preventing women from working at night) and regulations preventing them from working in industrial undertakings. Restrictions on industry employment also include legal environments that grant ministers or ministries the power to restrict women from working certain jobs.[61]

Some APEC economies are moving to lift some or all of these restrictions. For instance, the Ministry of Labor in Russia issued an order, effective in 2021, to reduce the number of job functions women are banned from occupying from 456 to 100.[62] Despite these efforts, and similar efforts in other APEC economies, barriers continue to exist. Enabling women to work non-traditional jobs in the same way as men is a critical component to comprehensively address women's ability to participate in the economy.

Methodology: Non-Traditional Employment

The authors developed a model to investigate the potential relationship between a legal environment that prohibits restrictions on women's non-traditional employment in industry and GDP growth.[63] Through this investigation, the model explores the assumption that, when women can hold jobs in industry in the same way as men, women have a wider menu of employment options and more women can participate in the formal labor force, which stimulates the economy. Increasing participation in the formal labor force, regardless of gender, impacts the economy in a number of ways: raising total wages received and ability to consume, boosting productivity in the relevant sectors, and expanding the economy's aggregate tax base – all of which stimulate GDP growth. These outcomes are magnified when women's labor force participation rates increase.

This investigation aims to strengthen conceptual assertions that an economy that institutes structural reforms to allow women's unrestricted non-traditional employment in industry sectors can create a larger pool of qualified and competitive jobseekers who stimulate the economy. The model examines the associated changes in GDP growth when an economy that formerly restricted women's non-traditional employment in industry sectors institutes reforms to allow such employment. The authors also investigate whether economies that prohibit women's exclusion and/or lift restrictions on women's non-traditional employment in industry experience greater GDP growth and whether there is a relationship between the relevant legal environment and GDP growth. It also explores whether an economy's legal environment allows women to hold jobs in specific industry sectors in the same way as men. The data available for analysis is limited to non-pregnant, non-nursing women.

The structural reform of focus in this model, **industry law**, considers restrictions on women's employment in mining, construction, manufacturing, energy, water, agriculture, and transportation, as well as restrictions on women's night hours, restrictions on women's industrial undertakings, and rights granting relevant authorities the power to restrict women from occupying certain jobs. The authors evaluated the structural reform in two ways: first considering the relationship between the relevant legal environment and GDP growth for all economies; and second considering the relationship between the relevant legal environment and GDP growth for APEC economies. The model also considers a set of specific factors that can also impact GDP growth when women's non-traditional employment in industry is allowed and unrestricted. These factors include male-to-female ratio of employment in relevant sectors, wage and salaried workers (female and total), gross domestic savings, value-added through the production of final goods in the relevant sectors, and the legal environment for equal remuneration for equal work. The model also addresses other factors that influence an economy's GDP and GDP growth irrespective of the reform. These factors include population (total population, male percentage of the population, and employment as a share of population), fertility rates, urbanization, instances of conflict, and level of economic development.

GDP Growth Impact: Non-Traditional Employment

The analysis indicates that a **0.67% higher annual increase in GDP growth**[64] is expected for an economy that prohibits restrictions women's non-traditional employment in industry sectors. The data available for

An APEC economy could see a ***0.67%*** *annual increase in GDP growth by instituting a law or policy that prohibits women's exclusion from non-traditional employment or by removing existing laws or policies that restrict women's non-traditional employment.*

The third highest impact on GDP growth is allowing women to work in industry in the same way as men. By opening the employment opportunities for women in all sectors and industries, economies are expected to benefit greatly as a whole.

analysis is limited to non-pregnant, non-nursing women. The analysis also suggests this relationship is meaningful and unlikely to be a random occurrence. While these specific results draw from an assumption that the relevant laws are enforced and firms in the applicable industries have 100% compliance, The general trend still demonstrates how removing restrictions on women's employment in industry sectors can have a positive impact on the economy, suggesting that allowing women to access a greater menu of options when seeking formal employment generates positive economic benefits. Further, reducing such employment restrictions for women can positively impact formal labor force participation and productivity, which is critical for generating economic growth.

At time of writing, eight APEC economies have an opportunity to implement associated reforms and see higher GDP growth. It is important to note that this analysis examined legal restrictions impacting industry sector employment in a specified, yet varied, set of fields. For each of these economies, the precise contours of the reforms and the impacts that result will depend on the existing legal environment and whether the legal framework currently restricts some or all of these sectors. For example, an economy with restrictions on all of the examined sectors may require more comprehensive and complex reforms, but may see a greater economic benefits from those reforms than an economy that currently restricts only some of the examined sectors. Further, an economy that restricts women's employment opportunities in sectors outside this scope may see additional economic growth by removing the associated restrictions in those sectors as well. However, regardless of the magnitude of the economy's restrictions and reforms, it is clear that allowing women to occupy non-traditional jobs in industry sectors and, further, presenting women with greater employment opportunities increases economic growth potential.

FINNING INTERNATIONAL CASE STUDY: Advancing toward a Diverse and Inclusive Company

Finning is the world's largest dealer of Caterpillar equipment, catering to industries such as mining, construction, forestry, and energy.[65] Finning is committed to an environment of openness and inclusivity, including gender inclusivity, where everyone can feel safe and valued, and have a sense of belonging. Going beyond permitting women's unrestricted non-traditional employment in industry, Finning institutes initiatives to support and promote women's employment at the company. Finning recognizes that women's inclusion adds valuable diversity to the range of viewpoints in the company, and that different viewpoints lead to better decision-making, fueling better business performance and company growth. These values are apparent in Finning's leadership and directorship, with women comprising one-third of Finning's Board of Directors[66] and approximately one-quarter of Finning's corporate officers at time of writing.[67] Still, it strives to engage varied perspectives not just at the senior level, but throughout the company, as every employee contributes to diverse thought. Beyond decision-making, Finning values inclusivity as a competitive differentiator. It seeks to attract, retain, and develop the most capable talent pool of both women and men to promote collaboration and innovation for today's challenges. Talent drives the company forward and Finning cannot afford to lose talent due to an exclusionary environment, such as one with structural barriers on women's participation. Because Finning works in industries where women are underrepresented, its gender inclusive recruiting and talent retention efforts are even more critical.

Finning approaches inclusivity as it would any other business objective, by engaging with the board, developing a strategic roadmap, guaranteeing initiatives are resourced effectively, and ensuring that the objective is a part of managers' leadership targets.[68] As a part of its strategic roadmap to embed inclusion throughout the company, Finning prioritized inclusive talent integration in 2019. Finning implemented several corporate policies, processes, and programming in an effort to reduce limitations on the talent pool. These initiatives include auditing facilities to ensure they meet the needs of female staff, monitoring gender diversity in hiring and retention, mandating diverse candidate slates and interview panels, delivering conscious inclusion workshops on recruiting and supporting diverse teams, and rewarding inclusive behaviors so they are normalized in company culture.[69] Through these initiatives, in 2019, 100% of Finning executives established a goal to build inclusive and diverse teams, and 94% of mid-level leaders and above completed Finning's Building Respectful Teams training. Also, in 2019, Finning introduced a metric to measure women's representation as frontline leaders.[70] Finning uses this data along with data on women's representation as mid-level leaders, senior-level leaders, executives, and board members to continue striving towards increased women's leadership throughout all levels of the organization.[71] The Finning case identifies that, even when women are not barred from employment outright, additional steps can be taken to support women in non-traditional jobs in industry. This, in turn, can boost greater overall performance. For policymakers in the APEC region, Finning's inclusivity vision and initiatives can serve as a blueprint to attract, engage, and retain women in non-traditional jobs in industry.

Job-Protected Maternity Leave

For many people across the APEC region, parenthood represents a substantial life change and requires significant consideration to make labor force decisions. Parenthood can be compounded by social norms that reinforce unequal care responsibilities, particularly for women, including real or perceived repercussions that motherhood may have on their on women's career trajectory.[72] This reality has been particularly underscored especially during the COVID-19 pandemic, with many working mothers may face an even more uneven care load.

In this regard, the most pressing decision that many women in APEC economies who are entering motherhood, as either first-time mothers or mothers with children, face is whether to remain in the workforce after returning from maternity leave. Social, cultural, and economic pressures may weigh heavily and exacerbate women's decision-making. For example, women may be perceived as less family-oriented if they work while mothering because they are spending time at work, rather than with their child. Another example is women may not find it economically viable to remain in the workforce after giving birth; for example, if childcare costs, are similar to a woman's pay. Some women find returning to work to be economically disadvantageous for various reasons, including not being able to return to the same position and not being guaranteed the same pay as pre-maternity leave. In these situations, they may drop out of the workforce.[73][74]

Similar to what occurs when women are denied other economic opportunities, such as accessing credit and/or the same jobs as men, when women drop out of the labor market because of care responsibilities, there are significant negative spillover effects on economies. These effects are felt in two key ways. First, since they are no longer earning income, mothers who are no longer formally employed contribute less to GDP growth. According to the Council on Foreign Relations, the East and Southeast Asia region alone stands to gain US$3.3 trillion if economies reach gender parity in the workforce by 2025.[75] Similarly, women's labor market detachment removes them from the formal tax base in many APEC economies, which utilize income taxes on formal economy workers to generate revenue. Additionally, when women drop out of the workforce it also reduces their contributions to innovation and next generation workplace ideas are excluded when they depart, reducing diversity in thought and resulting in fewer opportunities for economies to grow and transform.

Second, women's trajectories and ascensions to leadership also become more fraught, which can negatively affect their ability to reach decision-making positions and achieve power parity with men. When women leave the workforce to care for children, especially mid-career, their ability to rise to leadership roles is diminished. Because the importance of labor continuity is a major determinant of wage outcomes, by leaving the workforce for childrearing, women often end up significantly behind their male counterparts in terms of both wages and career advancement. This hurdle means women are less likely to be managers, leaders, and high-wage earners.[76]

Eighteen APEC economies have a maternity leave regime, though 10 economies do not have legal frameworks that support women's return to work after maternity leave.[77] By guaranteeing women the same or equivalent position and salary after maternity leave, economies can reduce the disadvantages women face when deciding whether to return to work after having children. Once the law provides women with the assurance that they will not lose their wages or organizational seniority because of childbirth or associated maternity leave, they may be more likely to return and remain in the workforce. Because women may take maternity leave multiple times throughout their careers, this protection may be increasingly helpful in continuing labor market participation post-birth.

Methodology: Job-Protected Maternity Leave

The authors created a model that examines the potential impact job-protected maternity leave has on GDP growth. As the only measure of economic protection in this study, versus the previous measure of providing equal economic access, the authors explored whether guaranteeing women the same or equivalent position after maternity leave affects economic performance, specifically measured through GDP growth. This model assumes that a woman has three choices when she becomes pregnant: (1) staying in her job after giving birth, continuing to work without taking leave; (2) taking leave and returning to the job after maternity leave;[78] or (3) quitting her job. For the purposes of this analysis, this model assumes that when women are presented with option 2 (maternity leave), they would prefer to return to their same or equivalent jobs to avoid career and income disruptions. Similarly, the model assumes that when women take maternity leave, their decision to return to the labor force is influenced by whether they are guaranteed the same position. If women are not provided the same or a similar position and may be slated in lower paying positions that do not match their experience and skills, they may choose to not return to the workforce and instead pursue childrearing or low-wage jobs in the informal economy. As a result, by protecting women's positions after maternity leave, economies may be able to incentivize their return to the formal workforce, which is likely to have positive effects on economic growth, tax bases, labor market participation, and other economic factors.

For this potential structural reform, the authors specifically examined whether a law that guarantees a woman's ability to return to the same position after maternity leave has any impact on GDP growth. In essence, as a result of such a law, women are not required to choose between career trajectory and family life, resulting in a decrease of maternal labor market detachment. If true, women's return to the labor force may influence GDP because the GDP calculation relies on labor force participation, particularly for measures of economic output.

Unlike the three previous structural reforms measures outlined in this report, job-protected maternity leave is a fundamentally different type of reform. It is the only measure of economic protection in this study. The other three – access to credit, utility payments, and non-traditional employment reforms –focus on ensuring women to have the same opportunities as men for economic engagement. These types of reforms allow the doors for women to be opened to various parts of the economy where they had not been present. Job-protected maternity leave, however, represents a legal protection for women *already present* in the formal economy. This difference between utilizing structural reform to expand who is able to engage in the economy and using structural reform to protect those who are already economically active, highlights the menu of policies economies can undertake to ensure equality between women and men.

The structural reform of focus, **return law**, measures whether an employer has a legal obligation to reinstate a returning employee after paid or unpaid maternity leave in an equivalent or better position and salary than the employee had pre-leave. This applies both to economies that have established, required maternity leave regimes, as well as those economies that do not, but do have a law providing protection when maternity leave is taken. In the APEC region, 11 economies currently have laws guaranteeing job protection following (paid or unpaid) maternity leave, and 10 economies do not. To adequately assess the impact of job-protected maternity leave, this model also includes several factors that are not the primary focus. Their inclusion in the model allows for the true impact on GDP growth can be estimated.

These secondary factors are: number of children per woman, employment to population ratio; the proportion of wage and salaried workers; the male-to-female employment ratio in industry; the male-to-female employment ratio in agriculture; the male-to-female employment ratio in services; whether equal remuneration is legally required between men and women; urbanization; instances of conflict; the level of economic development; and island economy status. Each of these variables are further described in the data accompaniment to this report. This model was also conducted with both an annual GDP projection, a five-year GDP projection, and a ten-year GDP projection to measure changes in GDP growth over time.

***No harm to GDP growth** is expected for APEC economies instituting a job-protected maternity leave reform.*

Job-protected maternity leave results in no significant positive or negative effect to GDP growth annually or over the medium-term. There may be other, non-GDP measures that were not measured in this study, such as reduced labor market detachment and leadership ascension in the long-term, that may benefit from this reform.

GDP Growth Impact: Job-Protected Maternity Leave

The results from this model demonstrate that **no statistically significant impact on GDP growth** is expected for APEC economies instituting a job-protection maternity leave law. For annual GDP growth, five-year lagged GDP growth, and ten-year lagged GDP growth, there was not a significant result that APEC economies will experience GDP loss as a result of enacting legal protections for women returning from maternity leave, but there is insufficient evidence that there are direct effects on GDP growth by having this law.

These results differ from the three previous reforms because, unlike those models that estimate statistically significant GDP growth as a result of structural reforms, the analysis using this model demonstrated that there was no evidence showing that providing women with job-protected maternity leave increased GDP growth in the short or medium terms. While job-protected maternity leave does not have significantly positive results on GDP growth, the presence of this law was not found to harm GDP growth. As a result, this does not negate the importance of job-protected maternity leave as a legal protection to reduce labor market detachment. Economies should consider instituting this reform as it does not cause negative GDP growth and may be impactful in other economic areas outside of GDP growth, such as the ability to improve women's labor force participation, addressing labor shortages, increasing the tax base, and boosting the number of women's positions in managerial and leadership positions, among others.

WALMART CASE STUDY: Providing Support to Mothers Returning to Work

From its small business beginnings 50 years ago, Walmart has grown to the largest retailer in the world with almost 265 million customers and members shopping at Walmart's 11,500 stores in 27 economies and e-commerce websites. In addition to its massive retail footprint, Walmart is a significant employer in many APEC economies with 2.2 million employees worldwide.[79] Women compromise more than 55% of Walmart employees, including over 38% of management and 31% of officers, many of whom are mothers.[80] To support working mothers, Walmart goes beyond the legal and regulatory requirements to ensure that mothers feel supported, understanding when mothers have flexibility, they are more likely to increase their productivity, engagement, and performance, lowering turnover and training costs.[81]

In the United States, for example, Walmart provides 10 weeks of paid maternity leave and six weeks of paid paternity leave to all full-time associates, including adoptive parents and employees who are both hourly and salaried. Similarly, in Chile, Walmart has instituted several supportive policies for working mothers, including providing guidance to first-time mothers; assistance planning a "work return schedule;" and extended postnatal leave. As a result, Walmart Chile is one of only four companies, and the only retailer, to be certified as a Family Responsible Employer on the IESE Family-Responsible Employer Index, a measure of companies' dedication to family-friendly policies. Walmart Chile also received the Impulso Prize for its innovative solutions to increase labor adaptability for workers with families. In Mexico, Walmart, under the banner Walmex, goes above and beyond the legal requirements to support mothers, particularly after birth as they transition back into work. Walmex offers a flexible work plan for returning mothers. After the four-month period post-birth, mothers can return to their positions working four hours a day. After five months, women can return working five hours a day. This pattern continues through the 8th month, where mothers are expected to fully transition back into their full-time roles. This type of flexibility provides working mothers with an opportunity to adapt to their new schedule and continue to engage with their colleagues during their return. By utilizing this program, mothers are more likely to feel part of the Walmex community and increase their attachment to the firm, aiding overall retention and job satisfaction.

Walmart's support for working parents provides an example of how workplaces can extend beyond the law to provide direct, targeted policies to increase productivity, performance, and retention. APEC policymakers can utilize this case study to demonstrate the benefit of supporting working mothers' connection to their job at both a personal and company level, thereby reducing overall labor market detachment and benefiting the economy writ large.

Conclusion

Structural reforms are not just important aspects of women's economic empowerment from an inclusion perspective, but have a fundamental impact an economy's growth trajectory. As demonstrated through this APEC economic impact analysis, three of the four issues examined have substantial positive effects on GDP growth, specifically:

1. **Prohibiting gender discrimination in accessing credit:** 1.54% expected increase in annual GDP growth
2. **Allowing utility payment reporting:** 0.82% expected increase in annual GDP growth
3. **Prohibiting restrictions on women's non-traditional employment in industry:** 0.67% expected increase in annual GDP growth

These three structural reforms represent efforts to provide women equal access to economic activities through credit and occupational integration. By providing the opportunity for more women to participate in the economy, these structural reforms may also have compounding positive effects over time as more women access increasing credit lines, grow their businesses, advance into leadership positions, and invest in their communities. Similarly, expanding economic access demonstrates the ability for member economy governments to enact enabling policies that not only further women's economic empowerment, but also facilitate broad-based economic growth.

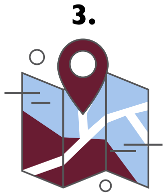
The fourth structural reform, job-protected maternity leave, highlights a different type of structural reform mechanism: one that intends to protect women once they are already in the economy. Thus, three of the structural reforms address economic access and the fourth addresses economic protection. This difference is meaningful because it showcases the options economies have when choosing which types of structural reforms to enact and when, depending on motivating factors. The finding that there is no statistically significant harm to GDP associated with maternity leave protection is important both in what it illuminates (no positive or negative impacts on GDP) and in its limitations (the analysis did not cover other potential positive economic impacts beyond GDP growth rates). The finding is also important because it does not imply that economies will undergo negative economic consequences for instituting this structural reform. In essence, the result does not signify that economies should not pursue this type of structural reform, but only that the scope of the analysis for this report does not cover all potential effects, such as long-term GDP growth potential as a result of women staying in the labor force over decades, reducing labor market detachment, and the ability for women to succeed to organizational leadership positions, among others.

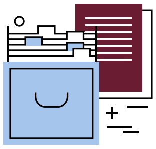
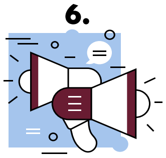
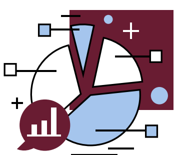
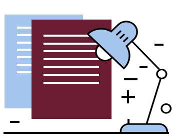
To bring all four structural reforms into fruition, stakeholders are encouraged to examine the recommendations provided in the following section and particularly examine the ways in which the public and private sectors can work together to facilitate women's economic empowerment.

Recommendations

Based on the results of the analysis using the models described above, this report provides a number of recommendations for APEC and economy-level implementation, private sector engagement, and further research. The results featured in this report serve as data points and hard evidence that can be used to advocate for further reforms, serve as a starting point for further research, and make the case for more inclusive policies across the APEC region. These policies can also assist economies in achieving the goals set forth in the Putrajaya Vision 2040, especially the objective to ensure strong, balanced, secure, sustainable, and inclusive growth. Similarly, as outlined in the Aotearoa Plan of Action, economies will work to collectively "advanc[e] inclusive policies, including under the economic drivers of trade and investment, and innovation and digitalisation, to promote sustainable economic growth opportunities, and improve quality of life for all members of society."[82] The EAASR also echoes these efforts through Pillar 3: Ensuring that all groups in society have equal access to opportunities for more inclusive, sustainable growth, and greater well-being.

The following list of recommendations offers actionable steps that APEC and individual economies could take to advance inclusive structural reforms in the region:

1. 	Economies, as they look to grow their GDP, especially in the wake of COVID-19, should implement policies in the four areas of reforms that are evidenced-based, using quantitative results, like those outlined in this report. While all four reform areas are important, prohibiting discrimination by creditors on the basis of gender represents the greatest opportunity for GDP growth in APEC economies.
2. 	Because of the economic growth potential associated with implementing these reforms, economies should look to maximize the economic benefits by enacting enforcement mechanisms to support full access to credit. These mechanisms will enable governments to ensure compliance by employers, banks, and other institutions. This may include measures such as data collection requirements, labor inspections, complaint mechanisms, and audits of loan portfolios, to ensure that gender discrimination is eliminated.
3. 	Economies should take steps to eliminate legal and regulatory barriers on women's employment in certain industry sectors, such as mining, construction, manufacturing, energy, water, agriculture, and/or transportation. As an initial step, economies should identify and map existing legal restrictions on the industries in which women can work and occupations women may hold.
4. 	Economies that have recently passed legislation in the four areas examined in this report may wish to undertake an economy-level assessment of the impacts of a particular law. An economy-level assessment of a law would reveal the impact of the legislation on women's economic participation and demonstrate the effectiveness of a particular policy. Such assessments could also serve as useful economy-level models from which other APEC economies can learn.

5. 	Economies should undertake complementary research into non-GDP measures to comprehensively understand how structural reform can benefit women's economic empowerment and inclusion and generate benefits for economies outside of GDP growth. These measures could use the findings in this report as a starting point to capture additional measures of economic well-being and advancement.
6. 	Economies should promote more systematized data collection on women's business ownership, as it relates to access to credit. This would enable the study of the impacts of these and other related laws on women's business ownership and growth.
7. 	APEC should facilitate a workshop or dialogue to share the key findings of this report and work with economies to identify key structural reforms and how to address them. The workshop or dialogue will also serve as a forum for economies to exchange lessons learned on implementing and enforcing structural reforms that advance women's economic participation.
8. 	The APEC EC should work with the PPWE to invite case studies or success stories from economies that have demonstrated the quantifiable benefits of implementing a structural reform aimed at improving women's participation. This could serve as a continual reminder to economies that the impacts of these reforms are truly tangible. The practice of collecting these case studies could be institutionalized within the EC or within the APEC Policy Support Unit, as an annex to the biannual APEC Women and the Economy Dashboard.
9. 	The APEC EC, working with the PPWE, should examine other types of policies that have the potential to bring women workers, entrepreneurs, and business owners, including indigenous women, to move from the informal into the formal economy to broaden the tax base and generate economic growth. This could include exploring the types of access to incentives and finance mechanisms that encourage women workers, entrepreneurs, and business owners to move from the informal to formal economy.
10. 	APEC should further explore mechanisms that can support women's credit worthiness and ability to obtain finance, especially those that may falsely appear gender neutral on the surface. The EC, in particular, should examine the gendered aspects of collateral registries and secured transactions, as well as and how these mechanisms can support or inhibit women's access to finance. This could also include looking at how to reform collateral laws to better support women's access to finance and promote economic growth.
11. 	APEC should convene a public-private dialogue on return to work programs for parents, including the transition back to the same position following childbirth. This would enable the sharing of private sector programs and best practices that could be used as models for the public sector.

Endnotes

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6 For the purposes of this report, non-traditional employment refers to women's employment in male-dominated occupations or sectors. When discussing non-traditional employment in industry, this report specifically considers women's employment in the mining, construction, manufacturing, energy, water, agriculture, and transportation sectors.

7 This study particularly focuses on whether the law guarantees women the same or equivalent job after maternity leave. This choice was driven by data availability and variation within APEC economies. APEC economies should consider expanding to parental leave regimes, which may more evenly distribute care burdens and change social norms toward even division of unpaid care tasks.

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