Gender and Value Chain-Driven Industrialisation Under the AfCFTA: Synthesis Report

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This report draws together themes that have been covered in prior tralac research within the gendered value chains project and attempts to create an overall synthesis of the various data-driven themes of this research.

Firstly, an overview of the gendered insights in industrial data produced by the United Nations Industrial Development Organisation (UNIDO) is provided. This is followed by a review of the more microeconomic enterprise data contained in the World Bank Enterprise Surveys database. This is followed by the presentation of the most important findings of the tralac gendered value chains database, which provides an interesting counterpoint to the related enterprise surveys data. Finally, armed with insights as to which sectors are better represented by female entrepreneurs, we interrogate directed intra-African value chain data to understand the nature and the potential of these sector value chains under the AfCFTA.

**Summary insights from the UNIDO data**

The analysis of UNIDO (2024) data reveals certain important insights into female participation in various industrial sectors as employees (rather than as business owners). Overall, for Africa, female employment is above average in the clothing, textiles and leather (CTL) sectors as well as the sector for the manufacture of certain electronic equipment (‘radio, television and communication equipment’).

When considering export specialisation groups, the export specialists with higher female employment are those of agri-foods and the diversified group, whereas countries specialising in fuels and mining generally have lower female employment rates. When slicing the data by LDC category, it is apparent that LDCs have higher female employment in certain sectors like clothing and textiles, while non-LDCs have higher female employment in the furniture manufacturing sector. Overall, the data suggests that more labour-intensive and less capital-intensive industries tend to have higher female participation,
and LDCs are able to utilise female labour more extensively in certain sectors compared with non-LDCs.

**Summary insights from the World Bank Enterprise Surveys data**

The World Bank Enterprise Surveys (2022) data reveals patterns in enterprise characteristics, female ownership, and employment across different sectors and regions in Africa. It highlights the importance of ownership data as an indicator of female empowerment in the industrial sector.

The distribution of enterprises across countries and sectors shows a diverse economic landscape in Africa, with Nigeria, Zambia, and South Africa having the highest number of surveyed enterprises. The service industry, particularly retail and other services, is prominent across the continent, while manufacturing also has strong representation.

A heatmap of female full-time employment relative to the average reveals that sectors such as food, hospitality & tourism, services, retail, and textiles & garments have above-average female employment participation. These sectors also show above-average female ownership, indicating a correlation between ownership and employment participation in certain sectors. In addition, smaller enterprises tend to have higher average percentages of female ownership, indicating that barriers to entry for female entrepreneurs may decrease as the scale of business operations diminishes.

When considering the most important obstacles to business faced by African Micro, Small, and Medium Enterprises (MSMEs), fully female-owned businesses report the highest levels of difficulty in accessing finance (28.52%) and electricity supply (18.19%). Practices of competitors in the informal sector also pose challenges for fully female-owned businesses (9.79%). Political instability, tax rates, corruption, access to land, and regulatory challenges are other prominent obstacles faced by enterprises, with fully female-owned businesses experiencing these challenges more intensely.

**Sectorally-focused data on the main business obstacles faced by fully and majority-owned female enterprises reveals that access to finance is the dominant obstacle in female-represented sectors, except in the sectors of ‘other manufacturing’ and ‘food’, where electricity supply is also significant. The obstacle of practices of competitors in the informal sector is more important for female-owned retail and services businesses.**

**Summary insights from the tralac gendered enterprise value chains surveys**

The tralac gendered enterprise value chains surveys is a comprehensive study of female-owned MSMEs across 21 African countries, with a focus on trade, business challenges, and value chain participation. The survey, conducted in two phases and available in both English and French, collected responses from 559 enterprises to explore demographic data, obstacles in business, preferential trade area (PTA) utilisation, and aspirations within value chains.

The majority of responses came from Kenya and Ghana initially, with a significant extension to other regions in the second phase. The survey revealed that 80% of the enterprises engaged in cross-border
trade, predominantly imports over exports. There was an observable correlation between enterprise size and female ownership; smaller enterprises tend to have higher female ownership.

The data highlighted major business environment challenges such as bribery, corruption, access to finance, and high costs related to electricity and transport, with smaller enterprises facing these more acutely. Cross-border trading difficulties were also prominent, especially customs procedures and sanitary and phyto-sanitary (SPS) requirements, which are typically most challenging for businesses involved in agricultural/perishable goods trade.

A significant portion of the enterprises were not aware of preferential trade areas (PTAs) or found the information on specific benefits limited, particularly those owned by women. This was most acute in ‘majority-owned’ female businesses. Customs and implementation issues, as well as stringent rules of origin and unattractive tariff benefits, were other notable barriers preventing effective utilisation of PTAs.

When cross-referencing the categories of business environment challenges with the expressed desire to upgrade it was found that, while many businesses expressed a desire to upgrade within their value chains, they faced greater challenges in areas such as transport, government regulations, and bribery. The report also discusses the role of gender in the context of value chain positioning, showing that female-owned businesses often face specific challenges that may require targeted support.

Thanks to the industry sector dimension present in the data, it was also possible to draw some conclusions for the most important sectors covered. Agriculture/agri-business, textiles, apparel and leather, and the food sector are predominantly occupied by micro and small enterprises, indicating a skew towards smaller business participation in these industries. On the other hand, the pharmaceuticals and transport equipment sectors are characterised by a prevalence of medium-sized enterprises, reflecting the greater barriers to entry experienced and highlighting the need for investment in technology and plant/equipment.

Finally, trade relationships can be analysed within the data, thanks to several response categories relating to ranking of African trade partner and value chain position. The survey indicates that MSMEs, particularly those owned by women, are more involved in intra-African trade compared with larger businesses. Policy strategies and trade facilitation efforts are suggested to prioritise MSMEs and female-owned enterprises to strengthen African value-chain development, especially in sectors such as ‘cosmetics and personal care products’, where there is greater female entrepreneur involvement and MSMEs are more integrated into African markets.

**Summary insights from directional value chain data: agriculture and CTL**

The final section deals with directional value chain flows for the clothing, textiles and leather (CTL) and agriculture and agro-processing (AAP) sectors, two sectors with among the highest rates of female entrepreneur participation as represented in the tralac gendered value chains survey. This section provides an analysis of the trade flows within the AAP and CTL sectors in Africa, emphasising their
significance in the continental trade landscape and highlighting the role of female enterprise ownership. AAP and CTL together account for 53% of the total responses in the dataset. These sectors are heavily dominated by female ownership, with AAP showing 75% and CTL about 90% of enterprises having more than 50% female ownership.

The report compares intra-African and global trade flows for both sectors using 2017 directional value chain data (UNCTAD 2022). AAP shows nearly four times the number of value flows above USD100k compared to CTL, with a significantly higher proportion of these flows remaining within Africa (9.8% for AAP vs. 6.6% for CTL). Developed countries heavily dominate the re-export of intermediate products originating from Africa in both sectors, suggesting a significant loss of potential value that could be retained within the continent. This indicates a substantial opportunity for African countries to move up the value chain by increasing their own processing and finishing of these goods.

European countries are primary buyers of African CTL, with significant value flows originating from North African countries such as Egypt to Europe. Contrastingly, intra-African CTL trade is dominated by South Africa, with most other African nations less involved. In the AAP sector, European countries also dominate extra-African trade. However, intra-African trade shows a diverse pattern with significant roles for South Africa, Nigeria, and Egypt, both as originators and recipients of trade flows.

By adding preferential trade area (PTA) membership to the dimensions of data in the directional value chain data, insights as to the importance (or otherwise) of PTA membership between intra-African trading countries can be gained. The analysis reveals a complex network of trade relationships within Africa, often transcending traditional PTA alignments. In other words, mutual PTA membership is often not as important as a foundation for bilateral trade between two countries as one may suppose. This highlights the potential for more inclusive regional trade policies that could harness these existing dynamics for broader economic integration.

**Conclusions**

The analysis suggests that there are numerous opportunities to support female entrepreneurship through targeted policy initiatives, particularly in enhancing their participation in higher-value segments of supply chains. Additionally, the diverse and often transcending PTA alignments in trade relationships highlight the potential for more inclusive regional trade policies to promote broader economic integration. Of course, the AfCFTA itself, once fully implemented, will assist in this, though there is some risk that one of the most important sectors in this study – the CTL sector – will be designated as ‘sensitive’ or even possibly excluded from liberalisation from some countries.

The findings of this research suggest that support for CTL and AAP MSMEs in general, and female-owned MSMEs in particular, is pro African integration and African value-chain development. Supporting these sectors would involve prioritising MSMEs in industrial policy strategy and also addressing the requirements of female-owned businesses, which tend to be found on the smaller end of the scale. Trade facilitation efforts, which are already a part of the action plans of many African trade promotion agencies, should also prioritise the MSME and female-owned MSME sectors.