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## **Trade as a tool for the economic empowerment of women**

**Note by the UNCTAD secretariat**

### *Executive summary*

The relationship between international trade and gender is complex and requires a nuanced understanding of economic and social dynamics, as well as of specific local contexts, in order to develop policies that catalyse economic development and poverty reduction while also promoting women's empowerment and gender equality. Trade policies do not have equal impacts on all segments of the population, including men and women. Trade liberalization can be a tremendous force for providing new opportunities for women or may inadvertently further entrench or exacerbate existing gender biases and discrimination. Thus, this background note seeks to provide a firm foundation upon which to advance the global discourse on trade policy as a tool for economic growth, women's empowerment and gender equality.

The background note explores the gender and trade nexus focusing on three sectors: agriculture, manufacturing and services. It also includes a comprehensive examination of the treatment of gender equality and women's economic empowerment within the new global development frameworks, the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on financing for development. Throughout, the background note provides not only a review of current thinking and evidence on trade and gender, but also offers policy guidance and presents focused discussion questions for consideration.

## Introduction

1. The effects of trade policies on economic and social activities tend to differ by gender. This is due to a combination of cultural, social and economic factors. Women and men may have different skills, face diverse challenges and have different access to productive resources. Trade liberalization does not have a clear-cut positive effect on women's economic empowerment and well-being. Its impact can be double-edged. Women may simultaneously gain and lose from enhanced trade. They may access stable wage employment, but have limited opportunities for skills development. They may gain as consumers if tariffs are reduced on products that represent an important portion of their consumption basket, but be penalized when their produce competes with cheap imported goods. Gender-blind trade and other macroeconomic policies tend to exacerbate existing gender inequalities. The new development frameworks, the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, may be instrumental to reverse this trend as they establish close links between economic development, environmental sustainability and social justice.

## I. Agriculture

2. The nexus between trade, agriculture and gender is complex and multidimensional. It involves issues at the core of the 2030 Agenda for Sustainable Development and raises systemic questions on the different development pathways ahead. This section covers the key socioeconomic issues at stake, reveals the links between trade and gender in agriculture and highlights key issues and challenges.

### (a) Key socioeconomic issues

3. Agriculture is at the centre of the 2030 Agenda. It connects issues of poverty, sustainability, food security and gender equality. Poverty is disproportionately concentrated in rural areas. According to estimates, by 2010 78 per cent of the extreme poor, living on less than \$1.25 a day, were in rural areas (World Bank, 2015). In approximately half of the least developed countries for which data are available, the poverty to headcount ratio in rural areas is 2 to 3 times that in urban areas (UNCTAD, 2015a). This pattern of rural deprivation is reflected in a wide range of socioeconomic welfare indicators. Agriculture is also at the core of pressing sustainability issues. Challenges ahead include climate change, loss of biological diversity and soil fertility, water scarcity in the face of demographic pressure and resource scarcity. Rural women play an essential role in ensuring household food security and nutrition, through cultivation of home gardens, as wage workers and through food preparation. If employed in waged labour, rural women dedicate a substantial portion of their income to purchasing food for their families, and more in comparison with men (Food and Agriculture Organization of the United Nations (FAO), 2008). They also contribute to food security through the preservation of biodiversity and plant genetic resources. Separating food production or food security issues by gender, however, may be misleading. Food production and food security depend on the interplay of many resources, including land, capital and labour, managed by men and women.

4. Finally, agricultural activities are socially embedded in gender structures. Across developing countries, agriculture remains the most important source of employment for women, particularly in the poorest countries: about three quarters of employed women in the least developed countries work in agriculture (UNCTAD, 2015a). Rural women, however, continue to face gender-specific challenges and discrimination in rural labour markets.

**(b) Trade, gender and agriculture: Revealing the links**

5. The analytical work of UNCTAD has yielded insights into the complex ramifications of trade policy for gender in the context of agriculture. Key aspects are presented below.

*(i) Gender-based patterns and constraints in agricultural trade and rural development*

6. While the roles of men and women in agriculture are context specific, some patterns can be observed across most developing countries (UNCTAD, 2015a; FAO, 2011). Women tend to be as active as men in cash crop production, often providing the bulk of labour on contracted farms. There are, however, important gender differences in the scale of operations and control over commercial proceeds. In Rwanda, for example, while women are as active as men in growing coffee, it is generally men who deliver the coffee to washing stations on the day when payment is made (UNCTAD, 2014b). Evidence from a number of studies points to similar dynamics in both traditional export sectors (e.g. cocoa, coffee and tea) and non-traditional export sectors (e.g. fruit, horticulture and flowers). In food production, while women tend to predominate in small-scale marketing of staple crops in local markets, it is generally men who market crops for export, sign outgrower contracts and control sales proceeds (World Bank, FAO and International Fund for Agricultural Development, 2009; Croppenstedt, Goldstein and Rosas, 2013). Similar dynamics can be observed in the fisheries sector. In the Gambia's artisanal fisheries sector, men and women tend to produce different products, operate on different scales and serve different markets. Upstream activities (catching fish) tend to be male-dominated. Downstream activities, including artisanal processing and marketing, are also highly gendered. Women generally produce dried or smoked fish of relatively short shelf life for urban and inland markets, while men sell smoke-dried products with a longer shelf life and are the main suppliers of fresh higher-value species to export-processing factories (UNCTAD and Enhanced Integrated Framework, 2014). Pastoralist systems also exhibit specialization of activities along gender lines. Eggs, milk and poultry tend to be female-intensive, while men prevail in managing cattle (UNCTAD, 2015a).

7. These gender-based production and trade patterns reflect deeply entrenched social norms that limit women's mobility and impose a double burden of unpaid care work and productive activities on them. They also mirror gender-specific difficulties in accessing productive assets and services. Data display a consistent pattern of gender inequality in terms of access to land, credit, farm inputs, extension services and labour markets (FAO, 2011; UNCTAD, 2015a). Thus, women tend to face more obstacles than men, reducing their productive potential. This pattern is reinforced by intra-household decision-making dynamics that limit women's control over household income and spending priorities. It also reflects patterns of gender segregation in the labour market, which concentrates women in low-wage jobs and unskilled, labour-intensive nodes (formal employment) or confines them to contributing family work (traditional agriculture) (UNCTAD, 2015a).

*(ii) Gender-differentiated impacts of trade*

8. Trade liberalization does not have clear-cut positive or negative effects on women in agriculture. The effects vary across subgroups of women depending on sectoral segregation, crop and farming patterns, the type of land tenure arrangements in place and intra-household dynamics. In most cases, the impact of trade liberalization on women is double-edged. For example, cheap food imports as a result of trade liberalization benefit women as consumers, as women dedicate a substantial portion of their income to purchasing food for their families (FAO, 2008). Cheap food imports may at the same time erode rural women's already meagre earnings as producers in the sector. In the Philippines, where over one third of rural women were engaged in rice farming, liberalization of the rice market between

2001 and 2005 depressed the domestic price of rice and reduced incomes for small-scale farmers in the sector (UNCTAD, 2008). These differentiated impacts of trade are observable across sectors. There are though some discernible patterns and trends. Trade expansion is typically associated with a trend towards commercialization, which involves increasing the share of agricultural produce that is sold by farmers. It often implies intensive farming and specialization, with monoculture cash crops, but may also involve agricultural diversification, with a shift in farming from low-value staple crops into higher-value commodities (e.g. horticultural products). These patterns have discernible gender effects. In particular, agricultural diversification and commercialization can present new opportunities for rural women, but also pose significant challenges for them.

9. Diversification into non-traditional cash crop exports, with a shift in production from low-value staple crops into higher-value commodities such as fruits and vegetables, has been advocated as a way to upgrade agriculture and develop viable non-farm activities. The implications by gender of this process are not straightforward. On the one hand, export-oriented agro-industries may provide new and better employment opportunities for women. Wages tend to be higher and working conditions less burdensome in the formal agro-processing sector than in many traditional agricultural segments (FAO, 2011; Maertens and Swinnen, 2009; Deere, 2005). On the other hand, these industries and associated forms of organized supply chains, such as contract farming, pose gender-specific challenges. First, women workers in agro-processing are typically segregated in unskilled labour-intensive activities (e.g. packaging), with limited opportunities for skills development. In some sectors (e.g. floriculture) they are exposed to pesticides and other hazardous conditions. Furthermore, though these industries may provide the sole avenue of formal employment and waged income for rural women, wages tend to be low. Non-traditional cash crop exports, such as flowers, are characterized by volatile conditions in production and marketing and are extremely vulnerable to external shocks. They offer precarious low-wage employment, with contractions in demand passed on to employees through dismissal. Finally, while it is possible to leverage contract farming to empower small-scale female farmers, contract farming can also create new dynamics of exploitation, particularly when rural women are involved as unpaid family workers (UNCTAD, 2015a).

10. Similar patterns are observable in traditional export cash crops, such as coffee or tea. An interesting development with important gender ramifications is the shift to high-quality market segments. Rwanda is repositioning itself in the high-quality tea and coffee export segment, shifting from standard (bulk) grades towards premium quality and specialty buyers. This is in parallel with a move towards contract farming or other forms of structured supply chains. This process creates challenges and opportunities for women. It may favour commercially oriented farmers who have easier access to inputs and marketing networks, with a tendency to crowd out poor small-scale producers, including female farmers on marginal land. However, it can also provide significant openings for women, if off-takers (e.g. large processors, traders or retailers) support a reorganization of the chain beyond gender stereotypes. Specialty importers and processors also buy and sell the stories behind the product they trade. The empowerment of women can become a centrepiece for their preferred supplier programmes (UNCTAD, 2014b).

11. In the staple food segment, the trend is towards increased commercialization, with a shift from small subsistence farms to large commercial operations. This implies intensive, high external-input production systems and land consolidation. In terms of knowledge systems, it is in parallel with a move from traditional knowledge to formal, proprietary models of knowledge generation and diffusion. The shift towards more commercially oriented agriculture may pose significant challenges for rural women. Rural women tend to be relatively disadvantaged compared to men in terms of access to productive resources and time/space mobility. This can significantly hinder their ability to integrate efficiently into upgraded supply chains. Furthermore, if land is scarce, the expansion of the cash crop

acreage and the formalization of tenure arrangements may crowd out subsistence-oriented food production, often carried out by women. Proactive measures are needed to ensure gender-sensitive and socially inclusive modernization of the traditional staple food sector.

(iii) *Gender-sensitive trade and rural development policies*

12. Trade can create opportunities for women's empowerment and well-being in agriculture, but it can also magnify existing gender-based inequalities. Proactive measures are needed to ensure that rural women harness the benefits and opportunities of trade integration. Key interventions on the supply side have been detailed in several UNCTAD studies.<sup>1</sup> They include targeted, gender-sensitive subsidies for productive inputs; investment in time-saving and labour-saving technologies that respond to women's needs; market information systems and extension services attuned to women farmers and rural-based agribusiness; the strengthening of women cooperatives/associations; and microcredit schemes closely linked to training and mentoring.

13. Trade policies should be closely aligned with rural development policies. First, agricultural trade policies should always include a gender-impact assessment, to grasp the differentiated impacts on rural men and women. Second, if trade reforms are likely to adversely impact specific vulnerable constituencies or magnify an existing gap between the affluent and the poor, they should envisage corrective measures. For example, schemes can be set up for the recruitment of evicted subsistence-oriented farmers in newly established agro-processing factories. Likewise, contract farming schemes should be leveraged to empower small-scale female farmers. Off-takers (e.g. buyers and local processing factories) may act as catalysts for the empowerment of rural women by structuring their procurement in a way that favours women farmers and by providing extension support, quality inputs and finance. Public authorities should proactively structure business incentives and disincentives for this to occur. Finally, a number of trade-facilitation frameworks can help channel funds towards gender-sensitive initiatives, particularly on the supply side of the trade equation. Aid for Trade funds, for example, can be used to overcome obstacles that constrain rural women's ability to engage in international trade profitably.

14. Furthermore, trade policy is not enough. Policy coherence is needed across different areas. Trade, agriculture, labour, infrastructure and social policies are intertwined and need to be coordinated. In addition, a comprehensive approach is needed to address gender-specific supply-side constraints, such as household responsibilities, disproportionate care burdens and lack of technical skills and training. Flanking policies that should accompany trade policy include freeing women's time through the provision of better public services; upgrading women's skills through better education and on-the-job training; and setting up gender-sensitive business incentives (UNCTAD, 2014a).

### Questions for discussion

- How can developing countries ensure policy coherence between trade and rural development policies that move towards gender-sensitive and socially inclusive development outcomes?
- Which type of gender-sensitive flanking measures should be introduced to make agricultural trade liberalization socially inclusive?
- What are the gender implications of agricultural commercialization and diversification, and how can the interests of different constituencies and sectors be

<sup>1</sup> See UNCTAD, 2011a; UNCTAD 2011b; UNCTAD, 2013; UNCTAD, 2014a; UNCTAD, 2014b; UNCTAD and Enhanced Integrated Framework EIF, 2014; UNCTAD, 2015c.

balanced (subsistence versus commercial agriculture, traditional versus non-traditional sectors, etc.)?

- In the face of pressing sustainability issues, emphasis has shifted toward the internalization of environmental costs and a new green economy pathway. What are the challenges and opportunities for women?

## II. Manufacturing

15. This section analyses the role of women in the export-oriented manufacturing sector. Through country examples, it presents the opportunities that the trade-driven expansion of the sector has provided to women but also the hurdles they continue to face.

### (a) The feminization of labour

16. In developing countries the adoption of export-oriented policies from the 1960s onwards saw a massive number of female workers move into labour-intensive manufacturing production, a shift known as the feminization of labour (UNCTAD, 2014c). Labour-intensive industries exposed to strong international competition rely on returns to labour rather than skills or assets. Thus, such an unprecedented preference for women workers in export-oriented production was due to intense international competition that required the use of cheap labour to cut costs. Indeed, studies have shown a positive relationship between the share of basic manufactures in exports and female share of employment (Wood, 1991; Joekes, 1995; Seguino, 1997 and 2000).

17. Gender-based occupational segregation is pervasive across all regions and accompanied by gender wage gaps (UN-Women, 2015a). Distinct notions of “men’s work” and “women’s work” tend to segregate women in labour-intensive industries, such as garments, textiles, light electronics and toys, while men are more easily found in skill- and capital-intensive sectors. Due to often lower levels of skills and education, lower mobility and time poverty, women are more likely than men to accept precarious forms of employment. Furthermore, gendered stereotypes have reinforced the image of women workers as docile and suited for repetitive and detailed work (UNCTAD, 2014c; World Bank, 2013; Caraway, 2007). As a result, women face horizontal and vertical segregation, the first referring to the unequal distribution of men and women in different occupations and functions, and the latter to the fact that men are typically concentrated at the top of the occupational hierarchy while women are at the bottom. Gender segregation is a main cause of the gender wage gap, i.e. the difference between men’s and women’s pay for similar jobs. In the effort to integrate into global value chains, many firms have deliberately chosen a dual strategy based on hiring a female workforce with weaker bargaining power, on the one hand, and a small number of permanent, higher skilled and higher paid workers, who tend to be men, on the other. This strategy has allowed firms to cut costs, both wage costs and non-wage costs, such as social insurance and other benefits, adapt to changing demand and deliver under short deadlines. Examples are found in the horticultural value chain in Chile and South Africa, where women formed the core of the flexible labour force and men the core of the permanent labour force (Barrientos, 2001), and in the garment industry in Morocco, where firms striving to participate in the global garment industry are increasingly relying on employing a flexible, often casual workforce (Rossi, 2011). In the pursuit of enhanced competitiveness, firms are also increasingly relying on homeworkers, most of whom are women. This reduces overhead and wage costs for the firms and shifts part of the operational costs (e.g. electricity, heating) to the workers.

18. Madagascar experienced an extraordinary expansion of about 15,000 jobs in the apparel sector during the period of 1997–2003, more than doubling the value of its exports

from almost \$200 million to \$500 million (UNCTAD, 2008). Such rapid growth of the apparel sector provided employment opportunities for women, as more than 80 per cent of the jobs created were filled by female workers. However, the quality and security of jobs and prospects for advancement were severely limited (UNCTAD, 2008).

19. In Lesotho, preferential access to the United States of America market under the African Growth and Opportunity Act played a positive role in job creation and the economic empowerment of women, including of relatively unskilled women (UNCTAD, 2012). As in many other developing countries that export apparel, the sector is highly feminized with certain segments having up to a 98 per cent female workforce. Most workers are employed on a permanent, full-time basis, and basic worker rights are respected. Free health services are provided on factory premises. However, though the export expansion has created job opportunities for women, it has also created new patterns of inequality and vulnerability (UNCTAD, 2014a). For instance, although wages are in line with the minimum statutory wage, they are low in real terms. This makes it difficult for workers to cover basic needs or generate savings to start their own business. The tasks assigned to women are repetitive, with limited opportunities for skills development and job advancement. This means that in case of a trade shock, for example a change in the conditions under the African Growth and Opportunity Act, women employed in the apparel sector would have difficulty relocating to other sectors or starting a new activity (UNCTAD, 2012).

**(b) Women as small-scale producers**

20. Women are also engaged as small-scale producers and home-based entrepreneurs of items such as handicrafts, garments and food. These enterprises are characterized as having a low capital base and low productivity and are usually “survival orientated” (Kabeer, 2000). Women producers face structural constraints, including limited access to capital and market information, lack of financial literacy and shortage of technical and business training, all compounded by heavy domestic-care burdens. Thus, enterprises run by women tend to grow slowly and are generally less profitable than those headed by men (Kabeer, 2000). The repercussions of trade liberalization, therefore, tend to be uncertain for female producers. If on one hand trade liberalization provides opportunities for women entrepreneurs to access new export markets and increase their earnings, on the other, it often implies industry consolidation and expansion of already large companies. This leaves little room for microenterprises and small enterprises owned/managed by women.

21. Structural measures are needed to ensure that women benefit from expanded trade and successfully face the challenges in the manufacturing sector. UNCTAD has outlined key interventions in its trade and gender studies.<sup>2</sup> These interventions run across policy areas, going well beyond trade policy. They include market diversification; investing in micro-entrepreneurial endeavours that can offer, for example, off-farm activities to rural women; focusing interventions to enhance women’s access to capital, credit, networks and technological know-how to enhance productivity and earnings; diversifying the export base by promoting industries that potentially have a comparative advantage and creating industrial clusters; establishing trademark protection for handicrafts; establishing women’s labour associations for collective bargaining power; and setting up training programmes to incentivize horizontal and vertical gender mobility. Finally, countries should leverage flexibilities built into trade and investment agreements to mitigate gender imbalances and risks in manufacturing.

<sup>2</sup> See UNCTAD 2011a, 2011b, 2012, 2013, 2014a, 2014b, 2014d and 2015c.

### Questions for discussion

- What measures need to be taken to incentivize horizontal and vertical gender mobility in the manufacturing sector and narrow the gender wage gap?
- What is the potential of creating industrial clusters in developing countries for the diversification and expansion of the manufacturing sector? What are the implications by gender?

## III. Services

22. The services sector offers tremendous opportunities for expanding employment opportunities in the developing world and, with advances in information and communications technologies (ICTs), potential for upgrading an economy's value-addition in exports. Nevertheless, as with other aspects of trade and gender, the relationship between gender, development and trade in services is complex and requires a nuanced understanding of economic and social dynamics as well as country contexts in order to design policies that maximize economic development potential and promote gender equality.

23. The services sector is a critical source of jobs in the developing world, and in particular for women. By 2013, employment in services accounted for 39.4 per cent of the workforce, eclipsing employment in agriculture (37.6 per cent share) and industry (23.0 per cent share) (International Labour Organization, 2015). In 2012, 47 per cent of the female workforce worked in the services sector, exceeding the percentage share employed in manufacturing, and rates for female participation in services employment have shown steady growth over time, though with significant regional differences (International Labour Organization, 2012). Liberalization of services trade has the potential to generate further employment and income opportunities for women. Moreover, services trade, especially through modes 1 and 4, has been shown to provide particular advantages for women, including through call centres and other ICT-enabled services and through the ability to travel to foreign markets where opportunities and demand exist (UNCTAD, 2004). The liberalization of services trade does not, however, automatically lead to improved outcomes for women. Gender wage gaps persist in the services sector, and there is evidence of inter- and intra-industry gender-based segmentation that often relegates women to lower-paid, lower value added roles or crowds women into informal and small-scale services (UNCTAD, 2014b; UNCTAD 2013). Moreover, the kinds of services women provide matters. While employment in medium-/high-skill services may empower women economically and socially, engagement in low-productivity services with reduced capital and skill accumulation potential, such as petty trade and personal and community services, provides women with fewer opportunities for social and economic advancement.

### (a) High-skilled employment in the services sector: Opportunities and persistent constraints for women

24. Advances in ICTs over the last decades have opened vast new opportunities for trade in services that were once thought untradeable. Moreover, the international development community views ICTs as an effective tool for economic growth, improved service delivery and empowering women socially and economically (World Bank, 2016). The question is whether the impressive proliferation of ICTs, and the new possibilities they provide for trading in services, have delivered dividends for women in terms of expanded access to high-quality jobs, reduced gender-based discrimination and economic empowerment.

25. Evidence suggests that the expansion of exportable services has enhanced employment opportunities for women, most notably in the information technology sector in

countries such as India, Jamaica, Mexico and the Philippines (Mitter et al., 2004; Prasad and Sreedevi, 2007). Studies indicate that information technology sector jobs have contributed to shrinking gender wage gaps (World Bank, 2016) and may play to women's comparative advantages (Rendall, 2010). It should be noted, however, that while in certain instances the reduction of the gender wage gap is the result of better pay for women, and is therefore a welcome development, in others it is the consequence of men's wages going down more dramatically than women's wages: this evidently cannot be considered as progress (UN-Women, 2015a). It usually happens during periods of economic crisis, with high rates of unemployment and declining influence of unions. Studies show that even in high-skilled services sector jobs, distinct gender-based occupational segregation and discrimination persist. For instance, women are often concentrated into lower-value roles such as data entry and processing while higher-value positions such as programming remain dominated by men (UNCTAD, 2014c). In India, whereas women make up nearly 50 per cent of the workforce in business process outsourcing, only about one quarter of workers in software development are women (UNCTAD, 2014c). Banga and Bansal (2009) show that in India within the services sector, females who are highly educated still earn only 75 per cent of that earned by similarly educated men, suggesting that growth in services trade, while providing expanded opportunities for women, nevertheless disproportionately benefits men.

**(b) Women and trade in low-skilled and informal services**

26. Liberalization of travel and movement of persons across borders has also opened new employment opportunities for lower-skilled workers in developing countries. Tourism can be a critical source of foreign exchange, especially for developing and least developed countries, provide jobs to large numbers of unskilled workers and incentivize the preservation of natural resources and cultural heritage. For women, through direct and indirect employment, the tourism industry offers access to sources of income they may not otherwise have (UNCTAD, 2011b; World Tourism Organization, 2012). In Angola, a country heavily reliant on export proceeds from the extractive sector, which tends to rely on a male-intensive work force, tourism has been growing rapidly, generating new employment opportunities for women. While this work is typically low-skilled, it does allow some women the opportunity to shift from the informal sector into formal employment (UNCTAD, 2013). Similarly, UNCTAD found that in Bhutan the expansion of tourism, and in particular community-based tourism and ecotourism, provides employment opportunities for many women and can act as a "catalyst for poverty reduction, promotion of cultural heritage and environmental protection in rural areas" (UNCTAD, 2011a).

27. Despite the new opportunities presented in tourism, women are still often limited in their access to higher-paid positions and the most lucrative subsectors. Women are more likely to have lower-skilled jobs, such as working as receptionists and in house cleaning at hotels or as servers in restaurants (UNCTAD, 2011b). Women are more likely to be casual or informal workers, exposing them to greater income vulnerability. More generally, much of the value generated by tourism accrues not to the local communities where women play a more predominant role, but rather to large tour operators and brokers in offices still dominated by males inside and outside a country. A study of the Kenyan tourism sector found that only 2 of the 31 largest and most profitable tour operators are owned or managed by women (Christian et al., 2013). Furthermore, occupations within the Kenyan tourism industry are highly gendered. There are very few female drivers or licensed guides (Christian et al., 2013). UNCTAD found that in Cabo Verde gains from tourism are more concentrated at the middle- and upper-ends of income distribution (UNCTAD, 2011b). Policies to promote the tourism sector should consider how to target women through, for instance, training and skills enhancement or through revenue-sharing schemes such as that

implemented in Rwanda to redirect gains from tourism back into local communities (UNCTAD, 2014b).

28. Finally, services trade has provided many opportunities for women in the informal sector. Informal or small-scale cross-border trade has emerged as a critical economic activity linking developing countries and providing livelihoods to thousands of poor women. Data on small-scale trade are typically poor or non-existent. Where data are available, they reveal how important small-scale trade has become to moving agricultural and some manufactured goods, as well as to moving high- and low-skilled service providers between countries. In the Great Lakes Region of Africa, small-scale trade contributes to food security and provides incomes for agriculture producers and traders. Small-scale traders are predominantly women – surveys suggest 85 per cent – and for many, trade activities contribute the primary source of income for their families (Brenton et al., 2011). While cross-border trade is mostly in agricultural goods, data reveal a tremendous amount of informal trade in services. Services provided are at the high-skilled (such as health and education services) as well as lower-skilled (hairdressing, house cleaning or construction) ends of the spectrum, but because of complex, costly and restrictive visa and immigration regulations, most of these service providers must operate informally (Dihel and Goswami, forthcoming).

29. The informality and small-scale nature of cross-border trade leaves female traders highly vulnerable to disruptions caused by family obligations, weather, outbreaks of violence or unannounced border closures. Furthermore, while traders tend to be women, border officials are predominantly men, creating an imbalance that has led to unacceptable levels of physical, verbal and sexual abuse of traders at many border crossings (Brenton et al., 2011). Moreover, the regulatory and legal requirements are highly opaque and often complex, opening the door to corruption and bribes. Recently, however, small-scale cross-border trade has received more prominence on national, regional and international agendas, and projects have been launched, including by UNCTAD, to improve conditions for traders, simplify and clarify trade regulations and promote small-scale trade facilitation.

### Questions for discussion

- What government policies should be put in place to ensure women have access to the education, skills building and human capital development opportunities necessary to fully take advantage of higher-skilled service jobs?
- If managed correctly, sustainable tourism can pay a double dividend of providing new avenues for female employment and promoting cultural and environmental preservation. What policies need to be in place to ensure that benefits from tourism accrue to the local communities and to women working directly or indirectly in the tourism sector?
- Informality in small-scale cross-border trade of goods and services limits traders' access to finance and other support services and makes traders more vulnerable to corruption, abuse and other risks. From a policy standpoint, how can Governments effectively improve the current environment for small-scale traders, while also encouraging gradual formalization of trade activities?

## IV. Gender equality and women's economic empowerment in the new global frameworks

30. Among the key elements of two new global development frameworks – the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on Financing

for Development – are gender equality and women’s empowerment. This section analyses how the two frameworks are connected and highlights the opportunities and risks they present for women.

**(a) The 2030 Agenda for Sustainable Development**

31. The new set of 17 Sustainable Development Goals and related targets included in the 2030 Agenda for Sustainable Development is highly ambitious, since the aim is to “leave no one behind”. By establishing a close link between economic growth, environmental sustainability and social justice, the 2030 Agenda provides the opportunity to address gender issues in a multidisciplinary, multifaceted manner, linking economic, social and environmental aspects. As Fukada-Parr (2015) notes, contrary to the Millennium Development Goals that were criticized for providing “short-term fixes” to development problems, the Sustainable Development Goals aim at addressing the power structures and social relations that are the source of poverty and inequality within and between countries.

32. Millennium Development Goal 1 dealt with extreme poverty and hunger. While access to productive resources is a precondition for fighting poverty and hunger, none of the targets and indicators of the Goal referred to it. In a shift, Sustainable Development Goals 1 and 2 include targets on ensuring that men and women have equal access to economic resources, basic services, property and inheritance, technology, financial services and markets as a means of fighting poverty and improving food security. Moreover, Sustainable Development Goal 1 calls for setting up gender-sensitive development strategies as a means to accelerate investments in poverty eradication actions.

33. Millennium Development Goal 3, on gender equality, was criticized for focusing mostly on education and agency and for not paying enough attention to the structural causes of gender inequality, such as violence against women, gender-based discrimination and lack of or limited access to economic resources. Sustainable Development Goal 5 corrects some of those shortcomings by including targets on violence against women, on legislation promoting gender equality and women’s empowerment, on unpaid care work and on access to economic resources, land ownership, inheritance and natural resources.

34. Millennium Development Goal 8, on developing a global partnership for development, was intended to mobilize support from rich countries for development through trade concessions, higher aid, debt relief and capacity-building, but did not lead to full delivery on those commitments (United Nations, 2013). Its “successor”, Sustainable Development Goal 17, addresses some of those shortcomings. However, none of its targets and indicators specifically refers to the important role women play in the economy or addresses the many obstacles they face.

35. Sustainable Development Goal 16, which deals with promoting peaceful and inclusive societies for sustainable development, includes a target on promoting and enforcing non-discriminatory laws and policies for sustainable development.

36. The targets of Sustainable Development Goals 1, 2, 5 and 16 and the indicators under consideration establish a link between women’s access to productive resources, the implementation of non-discriminatory legislation and the creation of gender-sensitive development strategies on one hand, and the goals of ending poverty, achieving gender equality and empowering women, and promoting peaceful and inclusive societies on the other. However, they do not make an explicit link between gender equality, women’s economic empowerment, and trade. Sustainable Development Goal 17 does not address the links between trade and overarching objectives such as reducing inequality and promoting women’s well-being overall. This means that at the national level, countries may wish to develop additional indicators to monitor whether trade is indeed contributing to reducing

gender inequalities and providing new opportunities to women. UNCTAD has made detailed suggestions in this direction (UNCTAD, 2014d and 2015b).

37. While the new development agenda is ambitious and comprehensive, there may be some hurdles during implementation. One possible problem is that some Goals and targets may benefit from more attention from and financing by the donor community than others. Second, as some Sustainable Development Goals are more “transformative” than others, they may be regarded as particularly challenging to implement since implementation would require significant structural changes in society and in the economy. Stakeholders at the national and international levels should ensure that the high level of ambition that inspired the formulation of the Sustainable Development Goals is maintained through implementation. Since the Sustainable Development Goals are based on a “best endeavour language” and do not include an enforcement mechanism, all interested partners should contribute to ensure that they are properly and fully implemented.

**(b) The Addis Ababa Action Agenda on Financing for Development**

38. The 2030 Agenda for Sustainable Development recognizes that the Addis Ababa Action Agenda “is an integral part of the 2030 Agenda”, “is critical for the realization of the Sustainable Development Goals and targets” and it “supports, complements and helps to contextualize the 2030 Agenda’s means of implementation targets”.<sup>3</sup> The Addis Ababa Action Agenda establishes in its preamble a strong link between gender equality and women’s empowerment on one hand and achieving sustained, inclusive and equitable economic growth and sustainable development on the other. It calls for gender mainstreaming in the formulation and implementation of all financial, economic, environmental and social policies. It reconfirms the commitment to adopt policies and actions to ensure women’s equal rights, access to economic opportunities and to eliminate gender-based violence and discrimination in all its forms (paragraph 6). These commitments are confirmed in several “action areas”, including those related to domestic and international private business and finance, and international development cooperation.

39. In the section on international trade as an engine for development, the Addis Ababa Action Agenda stresses that trade can help promote productive employment and decent work, women’s empowerment and food security and a reduction in inequality, and can contribute to achieving the Sustainable Development Goals on the condition that appropriate supporting policies, infrastructure and an educated workforce are in place (paragraph 79). It recognizes women’s critical role as producers and traders, and commits to address their specific challenges in order to facilitate women’s equal and active participation in domestic, regional and international trade (paragraph 90). The broad inclusion of gender issues in the text of the Addis Ababa Action Agenda has been interpreted by several institutions and observers as providing a strong foundation to hold all stakeholders – Governments, development banks, the private sector and the United Nations system – accountable for gender equality and women’s empowerment and for integrating gender issues into financial policymaking (UN-Women, 2015a and 2015b).

40. Some critical voices from civil society, however, have underlined issues in the agreed text. Some observers have highlighted that the Addis Ababa Action Agenda refers to the contribution of women to the global economy mainly in relation to growth and productivity, instead of putting emphasis on women’s entitlement to social and economic rights as core United Nations values. A second criticism refers to the Addis Ababa Action Agenda not putting sufficient emphasis on the role of States in removing the global obstacles to inclusive development, and on mobilizing official development assistance and

<sup>3</sup> See paragraphs 40 and 62. The Addis Ababa Action Agenda of the Third International Conference on Financing for Development, adopted by the General Assembly on 27 July 2015.

sufficient domestic resources to gender equality and women's empowerment. Finally, on international trade, reference to flanking policies as necessary preconditions for trade to play a positive role towards achieving overarching goals, including women's empowerment and reduced inequality, is welcome. However, according to some civil society representatives, what is missing in the text is reference to the policy space that is needed for developing countries to protect sectors where women work, as well as reference to the need to assess ex ante the impact of trade and investment agreements on women's economic empowerment and well-being (Women's Working Group on Financing for Development, 2015).

41. Finally, gender equality and women's empowerment-related activities will require sufficient funding. Calculations about the cost of implementing the Sustainable Development Goals all point to the need to mobilize domestic and international resources. For poor countries, the cost of implementing the Sustainable Development Goals may be enormous. According to UNCTAD estimates, developing countries face an annual investment gap of US\$2.5 trillion in key sustainable development sectors (UNCTAD, 2014e). As with the Millennium Development Goals, domestic private and public resources are expected to remain the most relevant sources of financing (UNCTAD, 2015d).

42. As recognized by the Addis Ababa Action Agenda, gender-aware public budgets are essential for establishing a strong link between public spending and gender equality (paragraph 53). Strengthening domestic resources in developing countries would require a number of actions, including rethinking international tax rules, reinforcing the capacity of developing countries to tax, prosecute evaders and negotiate fair agreements with multinational corporations, and furthering and broadening the discourse on global governance in tax issues (Development Finance International and Oxfam, 2015).

43. International financing will play an important role when domestic finance is limited or missing. According to data from the Organization for Economic Cooperation and Development (OECD), the total volume of OECD/Development Assistance Committee members' aid commitments targeting gender equality and women's empowerment tripled over the period 2002–2012, from US\$8 billion to US\$24 billion, representing around 35 per cent of total bilateral aid allocated by sector. Most of this aid targeted education and health. In 2011 and 2012, aid to women's economic empowerment amounted to US\$5.5 billion on average. These aid flows grew at almost the same annual average rate (11 per cent) as the total rate of growth of aid focused on gender equality (12 per cent). This indicates that projects on women's economic empowerment were not prioritized despite the strong political support expressed by donor countries. As a result, significant funding gaps remain in this specific area (OECD, 2014).

44. The Sustainable Development Goals and the Addis Ababa Action Agenda converge in identifying and addressing the main hurdles that impede women's full participation in the economy and in society. The latter instrument is meant to contribute to implement the former. For both frameworks, the challenge is translating commitments into concrete action. The Sustainable Development Goals are meant to be transformative, and indeed a thorough transformation of the situation of women will depend on the willingness and ability of Governments to change power structures and social relations. Lack of access to land and other productive resources, gender segmentation in education and in the labour market, disproportionate care burden and limited public voice are all gendered obstacles that reflect deeply entrenched social norms. From a gender perspective, transformative actions may include:

(a) Investment in public infrastructure that supports women's traditional care work, such as providing safe water, sufficient sanitation, safe transportation, basic health care, early childhood education and support for elderly care. This kind of investment not

only contributes to gender equality, it also facilitates the expansion of private investment and ultimately raises growth and contributes to development.

(b) The mainstreaming of gender into trade and industrial policies to gain an understanding of how gender equality and women's economic empowerment are served – or are not served – by strategies for industrialization and growth.

(c) Multilateral, regional and bilateral trade and investment agreements that adequately recognize the legitimate concerns of developing countries and provide the policy space for Governments to develop trade and industrial policy in ways that are gender aware.

### **Questions for discussion**

- The Sustainable Development Goals do not make an explicit link between gender equality, women's economic empowerment and trade. Would implementation of the Sustainable Development Goals at the national level provide the setting for making this link explicit? If yes, how?
- The Addis Ababa Action Agenda lists a number of pre-conditions that are necessary for trade to contribute to the fulfilment of a number of overarching goals, including women's empowerment and equality. Which “transformative” policies are necessary for this to happen?
- How appropriate is it to use the “smart economy” approach to advocate for gender equality and women's economic empowerment?
- Projects on women's economic empowerment suffer from funding gaps. How it be ensured that the donor community “walks the talk” by allocating sufficient aid to those activities (and not only to those on health and education)?

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