

Enhancing gender equality with the Continental Free Trade Area

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This policy brief has been prepared to highlight the links between trade and gender and to suggest areas of specific importance for gender equality in the Continental Free Trade Area negotiations and implementation.

1. Introduction

The Continental Free Trade Area (CFTA), to be concluded by the African States by the end of 2017, is expected to bring considerable benefits in terms of increased intraregional trade, the development of regional value chains, the creation of meaningful employment and, as a consequence, reduced poverty on the continent. If realized, these impacts would make the agreement truly transformational. For the initiative to deliver on these ambitions, it is crucial that progress includes all. It is in this context that the gender dimensions of African trade should be considered. The consistent gender inequalities on the continent create scope for differentiated impacts from the agreement between men and women.

In terms of legal frameworks, advances have been made on removing legal barriers for women and the implementation of legislation regarding equal opportunities.¹ However, legal equality is only a part of the position of women in society and the economy and can therefore deal with gender inequalities only in part. Cultural norms and assumptions can overpower laws and result in entrenched gender inequalities.

Considerable inequalities can still be found in relation to the distribution of assets, opportunities and skills. In addition, because of the unequal distribution of household tasks and unpaid family work, women are “time-poor”. As a consequence, differences emerge in the engagement of women and men in different sectors and in value chains.

While differences exist between African countries, some of the key inequalities include the following:

- **Access to credit.** Women face barriers to accessing financial resources.² This limits their opportunities to invest in their business, resulting in smaller scale operations and lower productivity.
- **Land rights.** In 47 of 48 African countries surveyed, women have no or limited access to land use, control and ownership.³ Women are therefore concentrated in farm wage labour and subsistence farming.
- **Wage.** The gender pay gap outside of agriculture in Africa is 30 per cent (United Nations

1 See, for example, the World Bank Group, *Women, Business and the Law 2016: Getting to Equal* (Washington, D.C.: World Bank, 2015).

2 In Uganda, women own 38 per cent of all registered enterprises but have access to only 9 per cent of formal finance. (African Development Bank, 2015).

3 Based on the 2014 Gender, Institutions and Development Database of the Organization for Economic Cooperation and Development.

Development Programme, 2016). Women also tend to be less unionized, which weakens their position to improve their working conditions and which can be exploited by firms.

- **Quality of work.** Women are more often working part-time or are in unstable forms of employment, such as seasonal labour.⁴
- **Household responsibilities.** Women spend considerably more time on household tasks and unpaid family labour. It has been estimated that 39.7 per cent of women in Africa, excluding North Africa, are contributing family workers relative to 19.2 per cent of men (International Labour Organization, 2012). This makes women time-poor and constrains the amount of time that they can contribute to productive and income-generating activities.
- **Education and skills.** Women are still underrepresented in managerial positions and more often found in low-skilled positions. This is driven in part by the gender inequalities in education.
- **Informality.** It has been estimated that informal cross-border trade represents 30-40 per cent of trade within Southern African Development Community and that women represent 70 per cent of informal traders (UN-Women, 2010). Informal traders face a number of challenges, including a lack of inadequate border infrastructure, limited market information and corruption and insecurity.

The inequalities presented above lead to the concentration of women in specific sectors and occupations. Gender equality effects are experienced when these sectors or occupations are affected disproportionately (positively or negatively) as a consequence of trade policy reform. Owing to time constraints and a lack of skills and knowledge, women-owned businesses may also be unable to meet the scale and productivity thresholds required to participate in international trade. As consumers, women may be particularly affected by trade policy reform because of their generally disadvantaged

position. For example, increased price volatility may hit female-headed households disproportionately owing to their generally lower income. On the other hand, reduced consumer prices may relatively benefit these household more owing to the large proportion of income spent on food.

The CFTA is expected to create dynamic changes in the trading patterns of African countries. This implies a redistribution of benefits and costs. African countries have, through the 2030 Agenda for Sustainable Development and Agenda 2063, committed themselves to the reduction of gender inequalities. In global and regional frameworks, the link has also been made between trade and the attainment of the developmental objectives of structural transformation and poverty reduction. For the CFTA and trade to contribute toward achieving these goals in general, it is crucial to acknowledge the structural imbalances that contribute to an unequal distribution of benefits from trade. In the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, it states the following: “Recognizing the critical role of women as producers and traders, we will address their specific challenges in order to facilitate women’s equal and active participation in domestic, regional and international trade” (United Nations, 2015, para. 90).

The present brief includes proposals for reflecting gender concerns in the CFTA negotiations and implementation. It is organized as follows: section 2 discusses how gender considerations can be integrated into the agreement text and institutional framework; section 3 highlights areas of the agreement that will be of specific interest when considering gender impacts; and section 4 discusses measures for ensuring the effectiveness of gender mainstreaming in the agreement and the realization of the expected benefits for gender equality. Section 5 concludes with recommendations.

⁴ See, for example, United Nations Conference on Trade and Development, “Virtual institute teaching material on trade and gender. Volume 1: unfolding the links” (New York and Geneva, 2014a).

2. Institutionalization of gender considerations in the Continental Free Trade Area agreement

It has been traditionally considered that trade agreements and trade policy in general are gender neutral, that is to say, their impacts are not driven by gender. Real-life experience has proven that this is not the case. While trade liberalization is not inherently good or bad for gender inequality, the channels outlined above are likely to result in a change in the gender gap. To meaningfully acknowledge this relationship, it is important that, rather than being an afterthought, gender considerations become an integral part of the CFTA negotiations, agreement and implementation. Doing so provides an opportunity to ensure that trade is used effectively as a tool to close the gender gap rather than to exacerbate existing gender inequalities on the continent.

Gender analysis is crucial for determining exactly what the impact of the agreement will be on gender equality. It is the responsibility of the negotiators to reach a deal that is beneficial for the people they represent, including women. Accordingly, consideration of how the impacts will influence gender equality should be included when carrying out an impact assessment on the CFTA. This analysis will be a continuation of the work that will be required to understand the distribution of benefits in different sectors. Breaking down the involvement of women and men in these sectors, in terms of employment and ownership, will give an indication of possible areas of concern or opportunity.

It is also important to acknowledge gender directly in the agreement text. The inclusion of specific language on gender in the agreement serves two key purposes. First, it provides the legal basis for the consideration of gender in trade policy. In particular, it is a tool that can be used by stakeholder groups to ensure accountability of the policymakers on their commitment towards inclusiveness and gender equality. This could contribute towards the CFTA emerging as an agreement of all Africans and encourage grassroots participation in the process. Second, inclusion of references to gender equality can ensure that policy space is preserved for the implementation of policies to enhance gender

equality. This is the case especially for provisions on safeguards and other special provisions.

The CFTA is expected to include a mechanism for monitoring and evaluation. It is crucial that the monitoring and evaluation framework for the agreement includes tracking of the gender impacts of the agreement. The inclusion of gender analysis should be explicitly included in the text on this aspect of the agreement. The institutionalization of monitoring of gender impacts would also be helpful to ensure that the appropriate resources are contributed to this task. Gender disaggregated data will be required for the monitoring of gender aspects of the agreement. This may mean that capacity-building and additional resources need to be introduced for statistical authorities and other bodies responsible for data collection at the national and regional levels.

3. Provisions of special importance for gender equality in the Continental Free Trade Area agreement

The extent to which specific provisions may have an impact on gender equality depends on the structure of the economy and gender distributions between and within sectors. For this reason, targeted gender analysis will be required at the national and regional levels, rather than focusing only on aggregate impacts. Given the general characteristics of women as economic actors in Africa, there are provisions that are of specific interest and the impacts of which should be considered carefully. Implementation of such measures to reduce negative impacts on more vulnerable parts of the economy would also ensure that the CFTA positively contributes to poverty reduction (Sommer and Luke, forthcoming).

A. Agricultural provisions

The CFTA is expected to include the full liberalization of agricultural products. The agreement therefore has great potential to boost intra-African agricultural trade, in line with the priorities outlined in the Action Plan for Boosting Intra-African Trade. There is scope for savings in terms of the food import bills of African countries, the building of agroregional value chains

and enhancing value addition in agroprocessing. Changes in the agricultural markets are expected to have an impact on women in particular, given that women's economic activity in Africa is focused on the agricultural sector. Women make up two thirds of the agricultural labour force and produce the majority of Africa's food (African Development Bank, 2015).

Women's participation, however, is often focused on the lower-value substance crops rather than export-oriented crops. This is driven by the limitations posed by household responsibilities, limited access to credit (for productive investments) and more restricted rights to land. These factors add barriers for women to participate in more productive agricultural activities and agricultural trade. In addition, increased regional competition may have a negative effect on the less productive parts of the agricultural sector, which can pose a risk to the livelihoods of women in agriculture.

In the light of the above factors, the following are recommended:

- Flexibilities, transitional periods, temporary exclusion lists and agricultural safeguards could be considered to provide some protection to the agricultural sectors with particular relevance to gender equality.
- Targeted programmes should be introduced to support small-holder farmers, especially women, to help them to connect to agricultural regional value chains and adopt technologies to increase productivity.

B. Industrialization provisions

It is expected that the CFTA will encourage industrialization on the continent through the development of regional value chains and the more diversified nature of intra-African trade. In addition, the creation of good-quality jobs in the industrial sector is likely to open new opportunities for women in the formal sector. The agreement is also expected to increase specialization on the continent. Accordingly, it is possible that, in some cases, the increased regional competition will put competitive pressure on less competitive domestic industries. It will be important to have an understanding of where

these negative impacts may be felt, to what extent women will be affected and whether the necessary skills and resources are available for them to move into expanding and more productive sectors. Since gender roles in households and the labour market are relatively rigid, women may be less likely to enter expanding non-traditional female industrial sectors owing to a limited access to productive assets and training, and time constraints (United Nations Conference on Trade and Development, 2014b).

In the light of the above, the following is recommended:

- Safeguard and transitional measures should be considered for the temporary protection of industries with considerable gender equality implications.
- Supporting policies should target skills upgrading for women to enhance their mobility across sectors and occupations.

C. Trade facilitation

Many women are involved in small-scale businesses with limited resources to deal with administrative procedures. Many also operate in the informal sector, meaning that they are less likely to benefit from the reduction of formal tariffs throughout the continent. For these reasons, trade facilitation measures are likely to benefit women in trade disproportionately and have the potential to contribute positively to gender equality. Measures to increase transparency and the simplification of processes can support women who have less access to informal information networks and who may face discrimination when dealing with border authorities. E-procedures can deal with their more limited time resources by cutting the need to physically visit government offices. Nevertheless, when introducing e-portals, it is important to also consider possible inequalities in access to technology between men and women.⁵

In the light of the above, the following is recommended:

⁵ At a very basic level, an African woman is 23 per cent less likely than a man to own a mobile phone (African Development Bank, 2015).

- The CFTA is expected to directly address trade facilitation. Trade facilitation provisions should include an objective to support female traders in particular.
- A continental simplified trade regime could encourage the formalization of small businesses and support the participation of women-owned enterprises in intra-African trade. An extensive common list for low-value exports should be considered for duty-free market access, with a focus on products that are of specific importance to women traders. The regime should build on the success of the simplified trade regime of the Common Market for Eastern and Southern Africa.

D. Promoting the cross-border movement of women

The CFTA will also liberalize the movement of economic operators throughout the continent for the purposes of taking part in trade and investment. This is expected to provide many opportunities, in particular in services. Women may be less able to access these opportunities, given that their mobility can be limited by their caretaking responsibilities. Furthermore, because of the existing gender gap in education, women may also face difficulties in accessing cross-border opportunities when they are tied to formal qualifications.

In the light of the above, the following is recommended:

- The liberalization of services under the agreement must cover the free movement of economic operators, including those engaged in the informal and services sectors.
- Conditions relating to qualifications should be limited and, where appropriate, informal qualifications should also be considered.

4. Capacity-building for sustainable gender equality in trade policy

The incorporation of gender considerations into the CFTA negotiations will only be the first step in the process for using trade to support the achievement of gender equality goals. First and foremost, there is a need to correct the underlying structural inequalities that prevent the full participation of women in economic activities and trade. Gender equality will require a well-rounded and consistent commitment to bridging gaps between genders in all areas of the economy and society. This includes action on education, health, social security, labour rights, land ownership, access to credit, technology and many others. The agreement will result in losses in tariff revenue, which may have an impact on government expenditure. It will also be important to ensure that possible cuts in government assistance and services will not have a disproportionate impact on women and increase gender inequalities.

Governments will need to be prepared to incorporate gender analysis into all trade policy measures introduced in the process of the implementation of the CFTA. Doing so may require building the capacities of trade officials at the national level. Development resources, such as Aid for Trade, could be earmarked for this purpose. Gender analysis and training should be incorporated into all development cooperation and gender mainstreaming should be made an integral part of trade policy development.

Efforts to ensure that gender considerations are included in the CFTA process should be supported by targeted advocacy and capacity-building on the agreement for women. A good understanding of the agreement by the private sector will be crucial for it to generate the expected benefits and enhance intraregional trade. Special attention should be paid to reaching women entrepreneurs and women's networks to provide information on the rights and opportunities created by the agreement, and the available programmes to support their participation.

5. Recommendations

1. Member States should include gender considerations in all ex ante and ex post impact assessments carried out on the CFTA to ensure that the agreement contributes positively towards gender equality at the national, regional and continental levels.
2. Explicit references to the objective of gender equality should be included in the CFTA agreement.
3. Member States should ensure that adequate policy space, in the form of, among other things, safeguards, flexibilities and transitional periods, is maintained for the purpose of promoting gender equality.
4. A continental simplified trade regime should be considered to ensure that small-scale traders and informal sector operators, including women, benefit from the CFTA.
5. The liberalization of the movement of economic operators should provide enough flexibility to allow women to take advantage of cross-border opportunities.
6. The monitoring and evaluation framework of the CFTA should include the tracking of gender impacts.
7. Development partners should provide support for capacity-building in member States in mainstreaming gender into the implementation of the CFTA.
8. Targeted advocacy on the CFTA should be carried out for women entrepreneurs and women's networks.

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