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Gender-Informing Aid for Trade: Entry Points and Initial Lessons Learned from the World Bank

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The effects of policy interventions on women are of increasing concern to policy makers in all fields, and trade is no exception. This note reviews recent World Bank projects and studies that "gender inform" trade-related interventions, and it uses the Bank's experience to promote gender-equal opportunities by highlighting entry points at which trade projects, studies, and policies can effectively address gender issues.

There are essentially three reasons why implementing gender-informed trade interventions and policies is key to achieving broader development objectives. First, discrimination against female entrepreneurs and farmers may impede their access to information, finance, and markets, which, in turn, can undermine the actual and potential productivity of women-led economic activities, thereby slowing overall productivity growth.

Second, interventions that are inadequately tailored to handling all circumstances or to meeting the particular requirements of women in specific places can also aggravate inequalities and reverse previously achieved gains for women because such interventions could favor only a subset of firms or workers in the target population. For example, evidence suggests that as industries upgrade, the production of a previously female intensive sector becomes less female intensive. Thus, interventions that will give rise to economic adjustments in female-dominated sectors should be complemented by efforts to ensure that the adjustment process does not fall entirely on those women.

Third, on average, women devote a larger portion of their incomes than do men to child health care and education, thus enhancing the human capital accumulation of countries in which women have higher levels of economic influence. (See, for example, Thomas [1990] and Qian [2008].) Thus, a trade project that adversely affects female income levels can have its development potential reduced, requiring that policies be designed and implemented to compensate for the negative effects. Conversely, an intervention that positively affects the incomes of women may have multiplier effects in terms of its overall development effects.

Export Competitiveness and Gender: Female Entrepreneurs and Workers

Interventions aimed at enhancing trade competitiveness and encouraging greater diversification are priority areas for trade support, as identified by the World Bank's new trade strategy. Taking into account gender-based discrimination and existing inequalities in access to resources can help to increase the per-

formance of the export sector. Therefore, including women in trade-related interventions implies that a larger set of the population will have opportunities to upgrade their skills, and a larger fraction of producers will have the necessary tools to exploit the available opportunities offered by the greater access to markets that follows from greater openness to trade.

One example of the potential effects of gender-informed trade competitiveness operations is the Ugandan cotton market. Cotton is a large, significant export crop for Uganda, and the sector is characterized by smallholder production (Baffes 2009a). Interviews with almost 500 cotton growers in four cotton-growing regions of Uganda revealed a large productivity gap between male and female cotton growers (Baffes 2009b; Baffes et al. 2010). Zhang (forthcoming) demonstrates that, even when accounting for the fact that women producers work lower-quality land, have weaker land ownership rights, and have less autonomy over land assets, women householder producers have average yields that are one-third below those of their male counterparts. Raising the competitiveness of the sector, therefore, calls for gender-specific interventions that go beyond simply improving access to land. Zhang's analysis revealed, for example, that female households have more limited access to information when compared to male producers.

This inequality has led to the decision to provide agriculture extension training for women through a local "social networking intervention." Female households participated in information sessions, and each woman was paired with a person in her village area with whom she was encouraged to develop an agricultural link. An impact evaluation conducted by Vasilaky (2010) revealed that the social networking intervention had a significant effect on yields for low-yielding farmers, considerably increasing female households' productivity. Future research will look at the channels through which the network's intervention affects outcomes and at the network's influence on agricultural learning.

Value chain analyses are also important tools for analyzing competitiveness bottlenecks in specific sectors and for studying gender differences. Such tools have been used for World Bank projects, such as the Bank's analysis of agricultural competitiveness in Mali. The project focuses on targeted interventions along the value chains of both traditional and nontraditional agricultural products for which Mali has a comparative advantage. The project has already yielded significant results, including a 72 percent increase in mango exports and a 71 percent increase in shallot and onion exports (World Bank 2011). In the case of mango exports, the analysis of the value chain revealed that women are largely involved in picking, sorting, and collecting mangoes; transforming mangoes into juice, dried fruits, and marmalade; and selling fresh mangoes to local and regional markets. In the case of onions, women are largely involved in the production, transformation, and marketing processes (Diop-Diagne, Balcet, and Dicko 2009). Therefore, considering the role of women when designing Aid for Trade interventions can help better identify the constraints faced by exporters, thereby increasing the overall effect of the intervention and ensuring that female producers benefit from any additional income.

The concentration of female workers in a particular sector might also imply that certain issues regarding the sector's underperformance are gender specific (for example, fewer women than men are being formally trained). A precise example of this implication can be found in the garment sector of the Lao People's Democratic Republic. Traditionally, Lao PDR's garment sector has been a highly female labor–intensive sector and has been a major source of manufacturing exports for the country. The sector is also subject to a high employment turnover, which, in turn, affects its productivity (Record 2010). In this context, recent activities funded by the World Bank's Gender Action Plan will offer gender-sensitive assessments of current working practices, which, in turn, seek to enhance the productivity of the sector.

The "Southern Sudan Women's Association" is another example of a project that can help the competitiveness agenda by ensuring that all female-led firms in the region have the tools with which to exploit the economic opportunities available as market opportunities expand. Though the World Bank provided technical support with the registration process for the association, female entrepreneurs in the region spontaneously created the group, and it has continuously grown. Furthermore, the association recently joined forces with the East African Women's Entrepreneurs Exchange Network, which helps its members to expand their sales beyond the domestic market. The voluntary decision to form the association suggests that women are looking for better ways to acquire information and to share experiences so they can grow their businesses.

So far, this note has largely discussed how gender inequality can affect the competitiveness of the export sector. However, trade projects should also consider interventions that mitigate the burdens on women—namely, burdens that arise from women's adjustments to more efficient production methods. Although certain sectors appear to employ women more intensively than do other sectors, upgrading processes may drive female workers out, because they may be replaced by more highly skilled men (see, for example, the analysis of Tejani and Milberg 2010). Key reasons for this outcome include (a) differences in the content of men's and women's education (Berik forthcoming); (b) discrimination and gender segregation in certain jobs (Tejani and Milberg 2010); and, finally, (c) tight female labor markets that can lead to upward pressures on female wages and to the emergence of lower wage sites, which, in turn, "lead firms to invest in training for male workers, consistent with the view that men deserve

more secure employment and are less likely to leave paid work to fulfill domestic responsibilities" (Seguino and Growth 2006, 8). These factors point to the need for interventions aimed at improving the skill levels of women who are already employed in such sectors to avoid their replacement in the workplace.

Trade Facilitation and Gender: The Importance of Informal Cross-Border Traders

Reducing trade costs is an important dimension of increasing competitiveness. Such costs weigh particularly heavily on informal traders. The economic contribution of informal cross-border trade in low-income countries is often large. For example, Lesser and Moisé-Leeman (2009) report that Uganda's informal exports to its five neighboring countries in 2006 accounted for 86 percent of the Uganda's official export flows to those countries, whereas, in Benin, informal cross-border trade for certain commodities accounts for as much as 10 times the official export flows.

Informal cross-border trade constitutes a major source of income for small producers in developing countries and contributes to linking producers across regional markets. In the case of the borders between Burundi, the Democratic Republic of Congo, and Uganda, food commodities represent the products most frequently traded. Facilitating such trade could help to reduce food prices in the region and could increase food security[1] (see Brenton et al. 2011).

Evidence suggests that women represent a large proportion of informal cross-border traders in Africa. The Economic Commission for Africa (2010) reports, for example, that women constitute the majority of informal traders, representing between 70 percent and 80 percent of the total in Southern and West Africa. Similarly, the Overseas Development Institute (2010) reports that women constitute 70 percent of informal traders in the Southern African Development Community. In Benin, 80 percent of those involved in informal trade are women, a figure that rises to 95 percent for individuals involved in the informal marketing of unprocessed goods. According to Brenton et al. (2011), 85 percent of traders along the Great Lakes border in Africa are women.

Because of the importance of informal, cross-border trade as a potential source of growth, it is, therefore, crucial to acknowledge the dynamics and constraints faced by small traders in the design of Aid for Trade interventions. Brenton et al. (2011) find that small-scale women entrepreneurs are subject to requests for bribes, to physical abuse, and to harassment at country borders. Even in the presence of this risky environment, most women surveyed declared that they would still like to expand their business. The authors discuss the reasons behind the corruption and physical abuse faced by these traders, including (a) a lack of transparency in the application of rules and (b) bad infrastructure. Interventions that target these informal traders have the advantages of improving the quality of life for women and of increasing women's incomes by allowing for an expansion and, ultimately, for formalization of their activities. However, the quality of customs-border arrangements confronting small traders has attracted much less attention than has customs-border management for larger and formal traders (Brenton et al. 2011).

Aid for Trade interventions could help these traders increase the volume of their activities. Given that the large majority of informal traders are women, trade facilitation interventions should target women specifically. If these interventions are applied generally, then support for informal trade may have disproportional benefits for women (and their children). For example, Maimbo, Saranga, and Strychacz (2010) discuss the importance of cross-border mobile banking to increase the volume of informal cross-border trade in Southern Africa, which is already significant at an estimated $17.6 billion per year—with most traders, again, being women.

Looking Forward

These examples have illustrated that incorporating gender differences into Aid for Trade interventions can have high payoffs. Although the earlier discussion has focused mostly on increasing the benefits of trade opportunities for women, other dimensions are also important. For example, the evidence suggests that women are subject to more volatile employment statuses following trade liberalization and are more vulnerable to external demand shocks, such as those associated with the recent global financial crisis. For example, Levinsohn (1999), in analyzing the effects of trade liberalization in Chile, finds that gross job reallocation rates are often more than twice as high for women than for men. In this context, Aid for Trade can be used to ensure that women do not disproportionately bear any adjustment costs associated with trade liberalization. To identify such situations, researchers need to develop better gender-disaggregated data, which are not always up to date—or even available—for some countries. Investing in the collection of such data will help to lay the basis for a more comprehensive analysis of trade and gender interventions.

Discussions about the role of gender in the Bank's trade portfolio have identified a need for operational guidance to help task managers identify and assess the gender dimensions of trade lending and of analytical and advisory activities. To address this need, the World Bank's International Trade Department and the Poverty Reduction and Economic Management (PREM) Gender and Development Group are developing guidance notes to support gendered analysis, diagnostics, technical assistance, and lending operations by integrating gender di-

mensions into the development, implementation, and evaluation of trade activities. These guidance notes will focus on topics that are of central importance in the World Bank Group's new trade strategy, including export competitiveness, trade facilitation and logistics, and trade policy (market access) and regional integration.

In designing gender-related interventions into the Aid for Trade interventions, one can find it useful to look at the interventions that improve the performance of female entrepreneurs, even if the interventions do not specifically focus on trade.[2] For example, the World Bank and the United Nations Development Fund for Women are testing a pilot program that provides a business-training program (structured around personal development, business development, and management and productivity improvement) with a technical assistance component that provides for more specific support that is based on the characteristics of women's businesses and their needs. The preliminary findings of the program's impact evaluation suggest that training alone is not effective. Adding a technical assistance component to help women (a) increase their association with business peers and (b) use informal credit sources led to a 17 percent increase in their sales.

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Notes

1. It is important to note that although informal trade is undocumented, many cross-border traders pay duties and taxes (Maimbo, Saranga, and Strychacz 2010).
2. See Bardasi and Gamberoni's (forthcoming) policy note on entrepreneurship.

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