Leveraging Trade for Women’s Economic Empowerment in the Pacific

Highlights

The labor force participation gap between women and men has narrowed in the Pacific, but women are still less likely to be at work than men. Women are also more likely to work in low-paid, low-skilled jobs or informal and vulnerable employment. To tap the full potential of female workers and entrepreneurs in the region, much more needs to be done. Trade can be leveraged to boost women’s economic empowerment. Gender mainstreaming in Aid for Trade interventions could catalyze greater donor support to help the region benefit from truly inclusive trade-driven growth.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.
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HIGHLIGHTS
Free and open trade plays an important role in inclusive economic growth and development. It facilitates access to new markets, while trade liberalization and increased production enable job creation, technological transfers, skills upgradation, knowledge production and innovation, and institutional development. Along with efficient trade policies, these gains can contribute to other development outcomes and support the Sustainable Development Goals, particularly for women’s empowerment. However, the nexus between trade and gender is complex. It depends on a range of social, economic, and cultural factors. Moreover, trade can economically empower women through different transmission channels, including better economic opportunities, technological upgrading, socioeconomic empowerment, and labor reforms.

The Pacific island countries face unique geographic and economic challenges because of their small size, remoteness, and infrastructure bottlenecks. Despite significant strides in economic and human development, these features impede the leveraging of trade for more inclusive growth. Average gross domestic product (GDP) per capita is now over $4,400, from $2,800 in 1990 (based on constant 2011 international dollar at purchasing power parity).\(^a\) The Pacific fares better than Asia\(^b\) on some measures of inclusive growth such as the performance of women-led and small firms. The Pacific also depends more on trade than the rest of Asia, both in merchandise and

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\(^a\) For the 11 small Pacific island countries (PIC-11), which consist of the Cook Islands, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu, income per capita also rose to about $3,400 from around $2,600 in the 1990s.

\(^b\) Asia refers to the Asia and Pacific region.
services. Yet, supply-side capacity and trade-related infrastructure constraints present significant challenges for participation in global value chains. Given the challenges of geography, connectivity, and narrow industrial bases, the Pacific island countries must leverage sectors with the biggest potential to boost trade and economy-wide spillovers for inclusive growth, while realizing the full potential of their female labor forces and entrepreneurship.

Despite a narrowing of the gender gap in labor force participation, women in the Pacific are still less likely to be in work than men. In 2017, the female labor force participation rate was 44.3%, more than 8 percentage points below that of men. Women also tended to be in vulnerable employment—only 29.3% of the total non-vulnerable employment was female. The gap persists despite economic growth and increasing education, in a disparity that is largely influenced by gender norms and compounded by structural constraints. Moreover, women are more concentrated in low-paid and low-skilled jobs, or in informal and vulnerable employment, with 51.1% of the Pacific female workforce recorded as being in vulnerable employment. They have the double burden of also being primarily responsible for unpaid household and care work.

Women in the Pacific could benefit from the gradual economic transition toward more high value-added services. Concerted efforts in services liberalization, domestic regulatory reform, and digital technologies can enhance the tradability of services for more inclusive growth. International trade has helped economies in the Pacific, as elsewhere, move from reliance on agriculture into more services-based economies. During 2005–2017, the services sector of Pacific island countries comprised a bigger share of trade by value (29.4%) than Asia’s services sector (21.2%), mainly through tourism and other business services. As they employ most of the female workforce in Asia, services could also support gender equality and inclusive growth. In 2017, the sector absorbed 75.2% of female workers in the Pacific, up from 29.4% in 2000, and more than 50.6% in Asia, up from 26.9% in 2000. In the Pacific, female employment is expected to continue growing in coming years across financial and insurance activities, real estate, business, and administrative activities, and in transport, storage, and communication. Regulatory reforms and targeted interventions can foster an enabling environment for the services sector to become more competitive. Examples include improving regulatory regimes, boosting connectivity, promoting openness to foreign direct investment, and encouraging modern, trade-facilitating solutions such as digital trade.

The expansion of information and communication technology (ICT) also improves economic opportunities for women and creates export avenues in industries such as business services, telecommunication, and information services. Asia and the Pacific’s total trade in ICT-enabled services (i.e., digital trade in services) nearly tripled from $403 billion in 2005 to $1.1 trillion in 2017, and accounted for nearly two-fifths of trade in services over that time. Digital trade in services accounted for more than a quarter of the Pacific’s trade in services from 2005 to 2017, although Pacific island

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Workers in vulnerable employment include own-account workers and contributing family workers. Workers in non-vulnerable employment consist of employers and employees.
countries are mainly importers. Trade in “other business services” accounted for the largest proportion, at 71.5%. Further improvements in ICT infrastructure and better digital connectivity could position the Pacific to tap the potential of digital services and generate new employment and income, particularly for women and youths.

Promotion of tourism can help women take advantage of employment and entrepreneurial opportunities, expand the industry, and generate spillovers for the primary, manufacturing, and services sectors. Globally, women make up most of the tourism workforce. In many Pacific island countries, tourism provides opportunities for their direct and indirect employment, from grassroots handicraft producers and hotel and restaurant workers to tourism industry executives. For many women, the sector also offers a means to transition from informal work to formal employment, which can boost economic and social empowerment. Tourism has also provided business and trading opportunities for women, as shown by the growing trend toward businesses in the industry being owned and led by women. Notably, e-commerce has benefited tourism exporters in particular, with data showing that 59% of their revenues were generated online.

Gender-sensitive agricultural trade and rural development policies can contribute to gender equality and rural women’s empowerment. Women play vital roles in the Pacific’s rural economy, contributing indispensably to food production. Yet, prevailing gender-specific constraints hinder their ability to fully benefit from more productive income-generating opportunities. Moreover, their relative overrepresentation in the time-consuming and less lucrative aspects of agriculture—even when these activities are export-oriented—makes their work undervalued and insecure. The introduction
of gender-sensitive and gender-responsive mechanisms is imperative to leveraging trade and rural development strategies for empowering women. Mechanisms can include tackling traditional gender roles around agricultural activities, improving the legal framework for landownership, accelerating financial inclusion, providing gender-sensitive training and extension services to agricultural entrepreneurs, and closely aligning trade policies and strategies with rural development policies.

**Integrated support for micro, small, and medium-sized enterprises (MSMEs) and female entrepreneurship is also vital to women’s empowerment.** MSMEs account for a significant share of firms and employment in most economies. The average share of MSMEs in value added in Asia remains significantly less than that of bigger firms and their direct participation in international trade is even more negligible. Yet, the Pacific—where a significant number of MSMEs participate in international trade—is an exception. Compared to larger firms, MSMEs also tend to employ a higher proportion of the female workforce and are more likely to be owned or managed by women. For instance, data show that, on average, women are among the owners in about 60% of formal sector small and medium-sized enterprises (SMEs) in the Pacific, compared to about 51% in large enterprises, and they operate mostly in services such as wholesaling, retail, hospitality, and tourism. SMEs in the Pacific also employ more full-time female workers than large enterprises (on average, 38% of staff, compared with about 29% in large enterprises). Similarly, female-owned or -led firms provide better opportunities for women in managerial roles. However, MSMEs and women-owned firms are active predominantly in the informal sector.
To encourage women’s participation in trade, supply-side and capacity-building programs can be provided to MSMEs and female entrepreneurs. Programs can include promoting the adoption of new technologies and online platforms, improving access to finance, removing barriers to the formalization of economic activities, fostering more conducive regulatory and institutional frameworks, and providing capacity building through business development advisory and training services. The dynamism of the private sector, where women are typically underrepresented, can be further leveraged to deepen trade inclusiveness, besides strengthening the trade capacities of countries. Ultimately, these measures can also give women avenues to widen their footprint in the private sector.

Digital connectivity and the development of e-commerce provide enormous opportunities for firms owned or managed by women to improve productivity and competitiveness, to expand market access, and increase their participation in global value chains. Women-owned firms face disproportionate difficulty in adopting and implementing ICT tools and services. This can be primarily attributed to their limited access to required resources and to gender norms around the ICT and science and engineering fields. For instance, data show that fewer women-led firms have their own websites than male-led firms. However, evidence shows that once women gain access to ICT tools and services, they tend to use these as much as—or in some instances, much more than—firms owned or managed by men. In Samoa, for instance, female entrepreneurs are as likely as male entrepreneurs to develop an e-commerce business and more likely to use the internet to shop online. Tackling gender-specific constraints to ICT access is crucial to capitalize on the potential of digital trade and e-commerce. Proactive and gender-sensitive measures to support the digitalization of women-owned firms include: widening access to digital technologies and services; gender mainstreaming in ICT initiatives for education and training, employment, and the delivery of public services; and promoting public–private partnerships and strengthening regional efforts to modernize and harmonize cross-border e-commerce. Measures to improve e-trade facilitation are among other interventions that can help achieve the digitalization goal.

Aid for Trade (AfT) can advance gender equality and empower women by expanding their access to economic opportunities—by increasing gender mainstreaming in aid for economic infrastructure and helping to improve gender targets in trade policies and regulations. Official development assistance (ODA) to promote trade is an important modality for multilateral development banks and other donors to help developing economies—especially the least-developed—improve their trade and productive capacities and their infrastructure and institutions to maximize the benefits of trade liberalization. From a low base of $4.1 billion in 2002, AfT to developing Asia reached $15.1 billion in 2017—40.3% of the total ODA received. AfT flows to the Pacific have also been growing, with AfT disbursements reaching 30.9% of the $1.9 billion in ODA in 2017.

In 2017, total AfT with gender targets from the Development Assistance Committee members of the Organisation for Economic Co-operation and Development accounted for 25.7% of total AfT in the Pacific, up from 12.2% in 2009, in an attempt to create better opportunities for women to benefit from international trade. It focused on sectors
for building productive capacity, particularly banking and financial services, business and other services, forestry, agriculture, and tourism. The corresponding shares of gender-targeted aid (i.e., aid that targets gender equality as a “principal objective” or “significant objective”) to total AfT for these sectors is significant. In the Pacific, it increased from 39% in 2009 to 70% in 2017, higher than for developing Asia (from 29% to 59%). However, gender mainstreaming was involved in only about one-tenth of aid for economic infrastructure. Given that more than 60% of AfT was directed at infrastructure, greater gender mainstreaming in this part of the aid agenda would increase the impact of AfT on women’s economic empowerment.

**Integrating and scaling up the gender equality focus in ODA priority areas besides AfT is also essential.** For instance, aid for social infrastructure and services in developing Asia was less than half of total ODA in 2009–2017 and the proportion of gender-targeted aid remained low, at 27.2% of the allocation. The corresponding proportion of gender-targeted aid for social infrastructure and services in the Pacific was a little higher, at 45.1% of the total. Ultimately, because gender equality cuts across all areas of sustainable development, and is not limited to trade, a strategic focus on mainstreaming gender across a range of development interventions can significantly boost volumes of gender-targeted aid.

This brochure shares highlights from the ADB report *Leveraging Trade for Women’s Economic Empowerment in the Pacific* (May 2019).

See the full report at the ADB website: [http://dx.doi.org/10.22617/TCS190154-2](http://dx.doi.org/10.22617/TCS190154-2)
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