

**GENDER AND EXPORT-LED POVERTY REDUCTION:
A STRATEGIC IMPERATIVE?**

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Abstract:

Our present trading system is unsustainable. The ultimate purpose of trade is to increase the general well-being of nations and their citizens through a more efficient employment of the world's productive forces so as to promote healthy and equitable growth. However, the growing inequalities between rich and poor nations, and between rich and poor individuals in both developing and developed countries, belies the aims of our international trade system. Approximately 50% of the world's population lives below the poverty threshold, of whom 70% are women.

The main challenge facing trade policy makers is how to promote gender-sensitive export-led strategies to reduce poverty in a way that is viable economically and politically and at the same time inclusive and fair. Until now, export-led growth has been based on the comparative advantage of women as available, cheap, flexible labour. The result has been an explosive cocktail of inequality that has converted gender-insensitivity into an artificial barrier that produces intra-trade and impedes poverty reduction. Not *disarming* it can have serious political consequences.

If trade is to be constructively to poverty reduction, policy makers cannot continue ignoring that women are the world's most over-utilized resource and under-valued asset. We must find ways to use exports as a tool for growing healthy bi-lateral and multilateral win-win advantages through strategies that deliver growth not just to the economic system at large, but also to its citizens and especially women. They are today's principal agents for growth and development. This suggests the need to acknowledge gendered resource constraints and address with urgent attention to strengthening women's capacity to participate fully in the global economy.

This paper proposes both a specific and a broad-based approach response to the question of how export-led poverty reduction strategies can systematically maximize market opportunities and at the same time minimize the risks inherent to implementing counter-mainstream actions and decisions aimed at creating gendered value-enhanced market opportunities. It is not offered as a *magical solution*, but as an attempt to describe how strategists and decision makers can realistically begin to reverse the downward slide into poverty by capitalizing on market-oriented structures that are already in place.

No policy or strategy can economically or politically resolve the trend towards globalized poverty in a cost-effective way, but it can certainly be reduced through international trade policy models capable of integrating moral imperative, social and political development, and health and equality variables into their thinking patterns.

Introduction:

Our present trading system is unsustainably based on a deeply rooted paradox of industrial growth: the wealth that is necessary to eliminate poverty has resulted in 1.5 billion people living on one dollar a day or less; 70% of them are women. The challenge facing trade policy makers is to recognize that while growth-through-trade is important for poverty reduction, trade alone is not enough. For trade to work in favour of poverty reduction, it is necessary to empower poor people as legitimate economic actors and specifically strengthen women's entrepreneurial role in domestic markets as a building block for promoting national development with global integration.¹ We must find ways of using trade as a tool, rather than a cause, for growing healthy sustainable, reciprocal gender-sensitive commercial flows that build bi-lateral and multilateral advantages, rather than just one-sided advantages.

Strategy and policy makers need to have a clear vision about how to promote women's market participation in trade flows from a win-win perspective, one that is distinctly different and unique from the win-lose models until now applied. Otherwise, the political costs to pay will be enormous. No policy or strategy can economically or politically reduce poverty and stop the resulting avalanche of immigration from poor to wealthy countries in a cost-effective way— but it certainly can be reduced through international trade policy models capable of integrating moral imperative, social and political development, and health and equality variables into their thinking patterns. This requires economists and politicians to think beyond the *safe* mathematical approaches they are accustomed to and *complicate* their existing cost-benefit paradigm with the human side of economic development.

The system of rules and agreements that currently governs the international trade map is still largely based on measures of development based purely on market criteria; and it is being mercilessly attacked from different flanks who call for decisions based on human well-being, and take into account the excluded majority – poor women – because economists have been loathe to put monetary value on these variables. The common buzzwords – power, empowerment, and equality – have been ignored for so long by mainstream economists and trade policy makers that today they have become central slogans and warrant careful attention when assessing trade policies and performance.

If trade exists to promote development, as mainstream policy economics argues, then “given the massive increase in global trade over the last 25 years, the global economy ought to have experienced accelerated growth. Instead, global economic growth has actually slowed relative to the prior quarter-century”². This suggests that there is a need to attend to the character of trade to ensure that it is inclusive and fair. Urgent priority must be given to strengthening the capacity of developing countries to participate in the global economy, while at the same time building women's capacities worldwide to participate in local, regional, and global markets and have a voice in macroeconomic policy making processes.

This paper outlines the linkages between gender and export-led poverty reduction strategies and provides a synopsis of the core interrelationships and potential interactions between prevailing gender biases and export-led trade. It will be argued that integrating a gender perspective into strategy and policy making is a strategic imperative that requires an analytical framework focused towards delivering cumulative profitable development value that is equality oriented, demand oriented and collective. It concludes with a proposal for an alternative framework to think about trade, gender and poverty reduction by emphasizing the role of women as agents of social change and economic development.

The Elephant in the Room

The world population has multiplied six-fold in only the last two centuries, reaching today's amazing 6.1 billion people, and world per capita income has, on average, grown even more quickly, with a consequently equally amazing economic growth. But the results have been terribly unequal: more than two-thirds of the world's poor are women. Poverty is gendered, and any trade strategy aimed at poverty reduction needs to be sensitive to this.

Although increased employment has had positive initial effects on women, the low quality of the work, its precarious conditions, and its negative impact on personal expectations and professional growth must lead us to seriously question export-led development as a strategy for reducing poverty. Despite the massive integration of women into the world labour force since the mid 20th century, the presence of women in economic production is still largely invisible in the majority of the world's countries. It is estimated that about two-thirds of women's activities in developing countries are not even captured by the System of National Accounts (SNA)⁴, while in developed countries poverty is on the rise and has a feminine face. In both, the capacity to export is severely constrained by the inherent wage gap behind the gender inequalities on which export-sector enclaves base their competitive advantage.

If export-led trade strategies are to be effective for reducing poverty, they must integrate gender into their design, implementation and monitoring processes. The failure to do so can generate a very grave and unsustainable situation of global poverty. Governments and institutions, therefore, need to find ways of growing and building advantages for women in international trade from a win-win perspective, rather than just eliminating disadvantages and talking about women as a special "focus group".

The stakes of having a clear strategic international gender-sensitive trade map are today higher than ever, for instead of improving the conditions of life and work for all, it is simply eliminating the least competitive players: again, poor women. The intense pressure on all economies to safeguard the win-lose competitiveness of their companies in the international markets, is the principal factor that impedes more equitable development. It leads to predator and protectionist attitudes that limit trade flows in the name of national security, the elimination of economic dependence, the protection of "strategic" sectors, the defence of "cultural values", and the guarantee of social peace⁵.

Export expansion has been considered, particularly for the last two decades, as the primary vehicle to enhance growth. However, the current export-led model remains anchored in a paradigm that not only reinforces the powerlessness of the disadvantaged in terms of market access and the present beggar-thy-neighbor global economic dynamics, but also stands to generate degraded competition between developing economies themselves⁶. It is true that more recent export-led strategies intend to be realistic and successful by taking other economic parameters into account⁷. But the resulting analysis continues ignoring the elephant in the room.

Psychologists refer to the "elephant in the room" phenomenon as a condition where people talk about everything except the most important issue⁸. In trade discussions, the elephant is still sitting quietly in the room sipping tea because policy makers have not yet paid sufficient attention to the common denominator in all economic and non-economic parameters used to design export-led poverty reduction strategies: gender.

Gender refers to socially constructed roles and behaviours of men and women. Gender relations are characterized in all countries throughout the world by unequal power and norms that determine an unequal distribution, in favour of men, of resources, work, decision making, political power, and the entitlement of rights and obligations in both the private and public spheres. It is a fact that women's work is today central to the world economy's production and reproduction spheres and that their labour has become the basis for the market-based and private-sector driven growth that multilateral trade agreements seek to promote. Gender is, therefore, an essential factor for devising any and all export-led trade strategies aiming at poverty reduction. So, what is the sense behind using export-led poverty reduction strategies to support the disadvantaged and then undermining them by reinforcing systemic inequalities?

Over the Edge

There seems to be a generalized belief among today's policy makers that because trade issues form part of the economic realm, they are subject to irrefutable natural laws comparable to physical laws⁹. This belief is obviously false, and decisions and structures based on it further and dangerously widen the gap between the expectations and the results of export-led poverty reduction strategies.

But regardless of whether policymakers are truly interested or not in reducing the poverty of others and promoting their economic development, the bottom line is that if economic policy makers don't start looking at things from an inclusive paradigm, the wealthy will begin losing their wealth and possibly even their lives. So the key question is not *what* should we trade, but rather *how* should we trade in order to best promote economic development and reduce poverty?

Openness and integration into the global economy can, undoubtedly, contribute to economic growth and help disadvantaged individuals and groups improve their well-being, but they are not by themselves enough. Pro-poor trade development strategies require more inclusive decision making processes, as well as carrying out continuing gender impact assessments when designing and implementing policies. This is the only way to truly realize the export potential of all actors in the global economy. It is especially important to diagnose the gender intensity of production through the differences in the potential impact that trade expansion has on men and women, and specifically with regards to employment, wages, job security, mobility, and entrepreneurship, because ignoring gender results in obscuring women as key economic actors for development and has important consequences for export-led poverty reduction strategies.

This suggests the need to design operational strategies that necessarily acknowledge gendered resource constraints and address the issue of empowering¹⁰ women as fully recognized and legitimate actors, for although the trade liberalization process has indisputably generated more employment, empirical evidence shows that the productive feminine advantage has, to a great extent, been built on gender wage gaps to boost the competitiveness of total exports. The structure of labour markets and global production chains are so highly gendered and based on persistent horizontal and vertical occupational segregation by sex, as well as low salaries, that women are pushed into the less paid and unskilled jobs in labour intensive sectors and left out of the decision-making processes that affect their and their family's livelihood.

If we take into account that an increasing number of families depend on women's income, it becomes evident that export-led growth may have been good for the trade system, but women have been its main victims: in order to protect themselves and their families from the negative impacts of our current predator style of trade liberalization, many have taken advantage of jobs in intensive exporting sectors in order to eke out a living, only to discover the vicious Catch-22 situation that our present model of export-led growth has in store for them down the road: poor if you don't, poor if you do¹¹.

What we discover is that more and more women are ending up in a dead end, looking over the deep end: feminization of poverty as a direct consequence of their unequal access to economic opportunities and consequent emigration in order to earn a salary with which they can maintain the family. The underlying reality is that the entire economy is faced with the same dead end cliff hanger: productivity and growth rates affect trade performance, which weakens women's position as economic actors, which in turn constrains their economy's output response and thus its export capacity¹².

The key question is: how can export strategies contribute to reducing poverty by creating a lasting balance between trade liberalization on one hand, and the need for inclusive development on the other hand? As C.K. Prahalad points out in his book The Fortune at the Bottom of the Pyramid¹³: "Women are central to the entire development process."

This paper proposes both a specific and broad-based response to this question and argues that taking gender into account when designing export-led poverty reduction programs is not only a strategic imperative; it is a common sense strategy. It proposes a four-dimensional framework that based on gender-sensitive strategy-making and emphasizing the need to strengthen domestic markets, promote women's entrepreneurship capacity and integrate women-led MSEs into the export value chain, and

foster the creation of women-led MSE clusters and networks. The underlying premise is that international trade structures are not a given, but rather a result of specific choices, and that the actors involved in trade can reconstruct them through their coordinated actions. Obviously, all strategies have risks. But can we afford not to take them? After all, equal trade begins with equal and fair treatment of men and women and that this principle applies fully to export-led poverty reduction.

Designing gender-sensitive trade strategies:

The first and foremost challenge strategy and policy makers face, if they want to contribute to breaking the poverty cycle, is to enable the creation of gender sensitive export strategy design. Sensitivity is a term used to define the situation of an organization whose right hand coordinates thinking and action with its left hand. The strategic imperative here is to develop and apply the gender analysis approach to address the causes of poverty and use a holistic, multiple-level economic perspective focused on bottom-up capacity-building. The question to be answered here is not “*Should* the gender dimension be considered in trade policy making?” but rather “*How* can trade policies and strategies be gendered?”.

Gender-based analysis is a tool for explicitly taking into account gender in policy design and analysis and assessing the generally masked or obscured differential impact that proposed or existing trade policies or programs have on women and men. As a process, gender analysis is based on the fact that men and women participate in different ways in the economy and society and aims to identify the structures and processes that contribute to perpetuating the gender gap. It helps organize information such that strategy and policy makers can make informed recommendations based on real facts and not suppositions or presumed ideas on the lives of men and women. The ultimate purpose of gender analysis is to assess whether the needs and priorities of women and men are included in the policy or program under consideration, if additional changes are required so that women can participate fully and benefit from it, and if it provides opportunities for reducing or avoiding gender inequalities (see Annex 1).

Because strategy makers today still largely consider the linkages between gender equality and commerce neither direct nor strong enough to justify a gender-sensitive approach to strategy design. Export strategies, thus, neglect gender issues. This is a serious oversight. The failure to narrow the gender gap from policy inception leads to the exclusion of strategic options that strategy makers need to identify if they are to design actions that can effectively improve national competitiveness and export performance. The final result of ignoring the gender gap in strategic formulation is that it indirectly hinders trade performance.

Developing gender sensitivity requires two capabilities: the awareness of the need for change and the ability to change successfully¹⁴. The first means raising awareness within the strategy-making bodies about the relevance of the gender issue to export development and competitiveness. The second requires applying gender-based analysis to the entire policy process from beginning to end, such that knowledge is converted into pre-emptive action.

Awareness of the need for change:

Today’s compassionate trade agenda does not address the issue of how to reduce poverty through export-led trade because it suffers from “strategic drift”: a phrase that describes the slow but sure movement of the world away from the position for which today’s international policy making organizations were prepared¹⁵. It is centered exclusively on the external and competitive, but has no clear sense of how “inherited” organizational and strategy-making values influence the outcomes of policy efforts.

The biggest change for which international trade organizations were not prepared for is gender mainstreaming (GM)¹⁶. In practical terms it means taking into accounting the differences in the conditions, situations and needs of men and women during the planning stage and systematically examining measures and policies to assess the possible effects that policies can have on gender differences.

The ability to change successfully:

Because gender is clearly a relatively new strategic issue for all trade policy making organizations, and admitting that changes resulting from the gender gap will happen whether they are managed or not, international strategy makers are compelled to change the way they approach analysis and strategy making if they want to keep up with reality.

In their dual role of linking the visions of today and tomorrow and providing the framework for trade policies, they need to begin by identifying their own and their organization's capability gaps. They then must effectively transfer knowledge gained in order to provide strategy-making bodies with the information necessary to make the best proactive decisions about programs, design, implementation, and monitoring. As a methodology helps design trade strategy and/or policy that will maximize women as well as men's economic opportunities in poor countries or areas of the developed world.

Strengthening domestic markets through local development synergies:

One of the main problems that LDCs face when trying to apply the "trade not aid" rallying cry is that current export-led growth concentrates economic growth in a small part of the exporting country's economy, either geographically or sectorally. This is unlikely to be poverty reducing unless it helps to strengthen the domestic market. Countries must have at least a minimum base of production and supply capabilities to take advantage of market access preferences¹⁷. The trick is to successfully combine the opportunities offered by global and regional¹⁸ markets with strategies for gender-sensitive domestic investment, institution building, and domestic entrepreneurship.

But an economy is not an abstraction. Any intention to successfully promote development and growth must be based on the real economy of each nation and region. This means recognizing the "popular" or "informal" economy¹⁹ as a dynamic development hub. Between 50% and 70% of the active population in LDCs eke out their survival in the informal economy in order to respond to scarcity and poverty. In fact, it can be argued that not only is it the basis of the poor's future²⁰; it is a type of rupture economy whose "invisibility" impedes the "legal" inclusion of the poor in the fabric of the world economy but which constitutes the main building block for strengthening domestic markets. As such, it constitutes a window of opportunity for export-led trade to make a constructive contribution to poverty reduction. Given the right conditions, so it can be accepted as a valid market space, the informal economy can become a springboard for integrating women into the global economy.

At the heart of the poorest communities around the world, until now practically ignored in the international trade system, there exist a multitude of dynamic women's associations and groups that depend on the economy to assure the community's survival. According to UNIFEM's most recent report²¹, in developing countries the informal economy represents over 60 percent of feminine employment outside of agriculture – far more if agriculture is included.

Economists and politicians can object that to support the "informal" economy so that it can offer alternative products and services necessarily means reproducing underdevelopment and poverty. But it's time to start thinking outside the box so that this forceful and yet invisible local energy can be integrated into the formal market system. The poor need *real* opportunities. This is not primarily a question of legal and regulatory frameworks.

Creating a favourable policy environment is, of course, important. But it's above all a question of redressing power imbalances and refocusing priorities based on shared needs. Developed economies need a ready supply of raw materials and expanding markets for their manufactured goods; developing economies need to upgrade their informal economy to improve the quality of employment and access to developed markets for their agricultural products and non-traditional goods.

C.K. Prahalad has forcefully argued that the "bottom of the pyramid", the world's poorest, is one of the fastest growing new markets, with immense entrepreneurial capabilities and buying power; it warrants private sector investment, because it is a profitable market for goods and services, and NGO commitment, because it offers an alternative to "aid for nothing". This paper contends that not only do the poor represent a viable consumer market; they also represent a significant export power that must be unlocked by tapping into the greatest trapped resource: women. They are the driver behind a

bottom-push trickle-up development. But because the latter is based on the community capacity-building, it is critically important to convert women's non-recognized and largely invisible self-employment capacity into a recognized commercial potential adapted to changing economic situations, conditions and needs. The potential behind this latent impetus is immense; however, it cannot mature if women are not granted a legitimately recognized and "authorized" position on the world economic stage. The role of international trade organizations and partners is to contribute to the deconstruction of women's biggest barrier in their efforts to climb out of the poverty trap: strategy makers' lack of imagination for translating global thinking into effective gender-sensitive local action.

The tragedy of poor women is that they want to participate in the world economy without getting lost in a world that essentially ignores them²². One of the goals of gendering export-led poverty reduction should, therefore, be to support efforts to strengthen domestic markets, for they can act as an entry point for women's participation in global trade dynamics. It is what UNIDO calls a "bottom-up growth strategy", which focuses on the transformation and diversification of micro and small-scale enterprises to growth-oriented activities and on increasing women's under-utilized productive capacity in order to enable them to participate in the mainstream economy of the nation. This strategy complements and supports the growth of a modern and export-oriented sector by creating business opportunities that arise from women's local market and entrepreneurial capabilities, not external intervention. The goal is not to base the economy's success on exports, but to ensure that exports adequately complement the development and growth of the domestic market.

We propose a three-tiered approach for helping local informal market actors overcome their invisibility and putting them on the road to self-sufficiency: First, at the international organization level, raise awareness among strategy and policy makers of the key role local market actors play in promoting equitable, collective development; identify local economic activity types with a potential for local and regional trade expansion; inform the interested governments, defend the idea, and make sure the information reaches the populations concerned. Second, at the national and regional levels, motivate and support local administration and NGOs in identifying specific potentially expansive community projects by providing research and general coordination. Third, at the local level promote specific action through local associations.

The conclusion to be drawn here is that if trade policy is to be friendly to poverty reduction and human development, it must embrace and encourage diversity in development-through-trade strategies by providing gender-sensitive trade development assessments; their resulting multiplier effects will help prepare the domestic economy for equality-based engagement with the international economy. Trade policy must also help governments design appropriate policies for their particular country settings, conditions and stage of readiness to engage in international trade.

Promoting women's entrepreneurship:

One of the best ways to strengthen domestic markets is to promote women's entrepreneurship and facilitate the integration of women-led MSEs into the export-value chain through linkages with large companies. Micro-entrepreneurial activities are a natural result of the endogenous solidarity and social mechanisms that underlie the informal production system and serve as a structuring mechanism for the local market by joining economic activity to local society, something that the formal economy is unable to achieve.

Women entrepreneurs play a key role in this synergetic relationship: they are not "economic entrepreneurs" in the classical sense of the term nor is the aim of their activity exclusively profit. They deploy economic mechanisms in pursuit of community reproduction and development through a wide array of non-market mechanisms: citizenship, ethics, culture, identity, membership, resources, cooperation, partnerships, etc. It constitutes is what we could call a social-relational type of economic activity that is characteristic of women's growing contribution to their countries' economies.

Women are service providers, farmers, manufacturers and artisans who tend to reinvest in their communities and in the health and education of their families. This makes them good development partners²³. But entrenched mind-sets and hegemonic structures are extremely resistant to change. This makes it become urgent to stimulate and promote approaches that can capitalize on existing market-

oriented structures in which women are actors in their own right, for although their economic efficiency is generally weak, their economic activity contributes to the development of the domestic market, strengthens the society as a whole, and enhances the region's broader development prospects. Strategy makers must, therefore, focus on increasing women's capacity to generate output, employment, and income and enhancing their entrepreneurial potential and performance as a fundamental enabling factor for capturing gains from international trade²⁴.

One of the best examples of how the informal economy can become a for the integration of women entrepreneurs into global trade is the renowned *Mama Benz* (textile resellers) in Togo, Benin, Nigeria and Ghana²⁵. This is a success story of how a strategy, focused on helping women-led MSEs develop, does not contradict or harm the activity of big companies. In fact, they can perfectly well complement each other. This is especially true today if we consider that in today's century supply chains work. "Businesses are increasingly relying on their suppliers to reduce costs, improve quality, and develop new processes and products faster than their rivals' vendors can"²⁶.

The *Mama Benz* have based their success on playing the role of intermediaries or liaison agents between import-export traders and the local market, as well as on their excellent adaptability and traditional experience in cotton fabric print. One part of the commercial circuit they handle belongs to the modern section of the economy, managed by foreign companies that control the import operations. The latter's organization is focused on foreign production of the fabric and its importation to the country in question; this fabric must be adjusted to the domestic consumption of the country they sell to, always safeguarding the profitability of their capital investment and financial loans and respecting the host country's investment codes. The profitable adjustment of these three business factors depends to a great extent on textile wholesalers linked to the domestic market and who minimize the risk of commercializing the imported fabric by providing their suppliers with exclusive print designs adapted to local consumer tastes, needs, and purchasing power. The import-export companies, in return, grant them exclusivity.

The interesting aspect of this relationship is that the offer and demand is much more than a simple commercial wholesale exchange between and export-import firm and the wholesalers and retailers. The latter are not integrated into the modern circuit of the urban economy through a store, accounting books, guaranteed profit margins and regular income. These women resellers are intermediaries who link the modern economic circuit with the informal economic circuit, where the retail reseller becomes the wholesaler. The import-export companies undertake their services because it's cheaper to offer locally integrated women resellers credit facilities than pay for "modern" commercial circuit services and transport costs and adapt to a dispersed heterogeneous clientele.

On their part, in the face of economic modernity, the presence of these women textile reseller entrepreneurs on the local market positions them as privileged commercial actors initially motivated by the potential for growing income through domestic market expansion for their product. The resulting financial independence gained and the capacity and their ability to balance sales and credit with stocks and cash flow, is the basis for this opportunity to participate in the modern market economy supply chain.

What this brief overview points to is the immense productivity reserve that women constitute as part of the informal economy, a reserve that becomes the decisive factor for change in their communities: the obligation to handle a cumulative expansion in demand, which increases the requirement for profits and so encourages the transition from a survival economy to a self-sufficient one²⁷.

There are four main lessons to be drawn from the *Mama Benz* success story. First, it points to the fact that the most potentially entrepreneurial members of society are to be found in the informal economy, where women are an overriding majority and shows that the principal push factor behind trade is local, informal business initiative. This is one of the principal motors for innovation, competitiveness, and growth, and is one of the most important tools for women's development and social cohesion, especially when it involves MSEs (Micro and Small Enterprises), because it increases their access to and control over income and working conditions and gives them greater negotiating power for constructing a competitive advantage²⁸. In other words, not only is small beautiful, but put trade and

women's entrepreneurship together, and you have a powerful force with which to reckon, a force that contributes to economic growth, development, and prosperity in our world²⁹.

Second, it reveals how women's socially-minded enterprise development can play an important role in poverty alleviation and employment. This underlines the fact that women should not be viewed as a means to other ends, nor should MSE development for women be considered as a convenient low-cost self-help strategy that can be used to side-step the needed radical policies for redistributing wealth between and within countries. Gender is not an add-on; it is a basic factor for success. Successful approaches can only be built on a "clear understanding of the role of local women producers and workers in trade, and more specifically, of their existing and potential contributions to export earnings"³⁰

Third, the example shows how women can build a comparative advantage by manoeuvring a market space borne out of the synergies obtained from the interaction between the formal and informal economies. When women are empowered as autonomous agents, they can effectively engage in trade through export opportunities. By acting as an intermediary between the two, the textile resellers have been able to establish a social contract that, for both internally and externally, legitimizes the local economic activity. This legitimacy is based on a particular set of competencies that is, in general, particular to women: coordination reciprocity, ethics, teamwork (group norms), trust, and flexibility. In fact, these are the very same characteristics that constitute women's growing competitive advantage for boosting productivity in developed countries. When women are empowered as autonomous agents, they can effectively engage in trade through export opportunities and use it as a springboard for ongoing self-capacity building in benefit of the family and community.

Finally, it is important to mention that the *Mama Benz* experience is a model that can be transferred to developed countries for simultaneously reactivating depressed areas, integrating immigrant women into the local economy, and stimulating their participation in the export-value chain in benefit of both the host country and the country of origin. An example of how this can be done is the project that the Spanish women's association Women for Dialogue and Education (MDE) is currently developing in Recas, a small rural town in the province of Toledo.

Situated approximately 60 kilometres from Madrid, Recas is characterized by its population: according to official figures, 24% are immigrants. The majority are Africans, with a high percentage of sub-saharans from Mali and Senegal. A study carried out by MDE of the immigrant women's situation shows that the majority work from sunrise to sunset, including Saturdays and Sundays, gathering lettuce and other vegetables. A small group is employed in a Dutch chicken factory situated in a neighbouring village, under equally harsh conditions. In addition to their job, almost all of these women have a big family to take care of, which greatly limits their available time for personal and professional growth.

MDE has designed a project, now under study by the Autonomous Community of Madrid for funding as part of its international program for development, entitled *The African Women's Center*. This initiative proposes creating a network of small local community or regional centers to help integrate African women into the local culture and society and train them in a profession of their choice that will enable them to form a business cooperative and, ultimately, return to their countries of origin with a "business on their back".

In Recas, the women have chosen to develop a textile business. MDE proposes to help a local textile factory overcome its fall into bankruptcy by updating its product line employing the African women's designs and labour. Given local government support, this would reactivate a very depressed rural area in Spain and, at the same time, allow its African women immigrants to develop self-sufficiency by producing something that can be sold on the national and, later on, the international market. The finished articles would be initially distributed through the company Mama Africa, located in Madrid and with many years of experience in the prêt-à-porté fashion sector.

This leads us to reconceptualize the MSE enterprise not as a distinct, independent entity, but as a continuum that includes varying degrees of interdependence between paid informal work and formal income-generating activities. MSE export trade development will thus be more effective if it is focused

from a sub-sector approach that links the actors and tasks along a value chain in terms of production and distribution of a particular final product or commodity.

The objective is to enable women to develop strategies that can protect their rights and interests as small-scale producers against those of larger producers and promote the expansion of MSE export sector as a whole. However, if women are to develop their full capacity as independent actors in the economic sphere, ready to seize business opportunities, marshal resources, and manage a business efficiently, they desperately need mechanisms to back their business project creation and expansion. One such mechanism is the Business Angel.

Business Angels as a market integration mechanism:³¹

All MSEs face a paradox: investors who search for promising projects consider the amounts of capital required as too modest to be of interest, while most lending institutions consider MSEs too risky because they lack collateral. In the United States, and more recently in Europe, with the United Kingdom in the lead, Business Angels have sprouted in the market as a catalyst for pooled investment and as a tool for encouraging investors and entrepreneurs to find the right “match”.

Although this concept is not new³², it is today being rediscovered in many countries, such as Spain, Australia and South Africa, as a viable and adaptable financial alternative to venture capital or grants in order to ensure “intelligent” capital investment for start-ups or small business expansion. Because Business Angels tend to invest in entrepreneurs who want to launch a business project or in businesses who want to begin or expand a business project, the investments have a follow-the-leader magnet effect for other sources of financing. They also serve as a motivational source for other potential entrepreneurs and MSEs.

The increasing professionalization of this concept is creating a new and dynamic market for capital offer and demand and has led to the creation of a new type of trade body: Business Angel Networks (BANs). Their main objective is to match investors (offer) with promising entrepreneurs (demand) by evaluating investment projects, pooling capital, training investors in quality investment and entrepreneurs in business know-how, and sharing best-practices. Because Business Angels are also the most visible part of the “informal” capital risk market, they are an ideal vehicle for strengthening the dynamism of the domestic market³³. This “bridge the capital gap” idea is an innovative way to resolve the problem of MSE financing. Why not adapt it to developing country conditions as a mechanism to foster and strengthen women-led MSE growth to help break the aid dependency circle?

BANs represent an important catalyst for private capital investment adjusted to smaller capital needs that conventional risk capital providers shy away from. This can help overcome the serious lack of early stage investment that small entrepreneurs, especially women, can practically never have access to and, thus, serve as a very efficient mechanism to motivate women and entrepreneurs to pursue their projects and provide much need support. They can also serve as a platform implementing programs for Predisposition to Investment, that is, the moment at which an investor is prepared to realize and monitor an investment.

The role of international trade organizations, in coordination with other regional organizations and NGOs working at the local level, is two-fold: 1) identify business angels and motivating them to commit to making the women-led MSE market visible by taking into account their specific requirements; and 2) serve as a push factor for BAN development³⁴. The benefits of BANs are enormous: they induce competitively, for only the best projects will obtain financing from investors; if effectively focused, this can constitute a motivating factor for both women and men entrepreneurs to create an MSE; they have reduced transaction costs because they are integrated into the local market structures and can easily and economically contact business angels and entrepreneurs; they increase the flow of business operations by connecting individual business angels with a wider network of people with whom they would otherwise have difficulty contacting; they provide a common resource pool for both investors and entrepreneurs that allows identifying and sharing best practices; and they provide a coordinating mechanism for partnership organizations.

BANs can also have a multiplier effect if they cooperate among themselves, with business service pools, and with other sources of financing, such as credit institutions, micro-credit centers, NGOs, etc. This is the best way to promote their experience. Existing business service organizations for women entrepreneurs can serve as an initial market entry point for pre-selecting projects for financing and identifying business angels. There are many existing such organizations in both developed and developing countries who already have a pool of MSEs and entrepreneurs, an existing communication channel, and are well positioned in their area to be able to organize personal meetings between a promising entrepreneur and a motivated investor and investment forums. These services are usually financed through monthly association quotas and/or success fees.

But the Business Angel mechanism will only be truly relevant to women entrepreneurs if the project selection methodology and matchmaking process are gender mainstreamed: they need to take into account gender differences and plan for them. This does not mean they should be specifically focused on women as a target group, but rather stress gender equality as an integral aspect of their processes, systems and structures³⁵.

They should be envisioned as a continuous, process-oriented strategy focused on integrating gender equality into the value chain. The aim is to anchor the gender perspective in policy-making through gender analysis in order to contribute to the transformation of the risk capital market status quo, rather than “fitting” women into it³⁶. This would, of course, require gendering the Business Angel process, from investor and entrepreneur screening, to training, to evaluation of results and impact. But considering that it is not gendered anywhere at this time, the championing organization behind the initiative could greatly contribute to women’s advancement in trade.

Integrating women into the value chain:

The importance of value chain analysis for SME development cannot be overemphasized as an approach for export-led poverty reduction strategy making and application. The value delivery system is a framework that can serve to define and manage the exchange relationship between an entrepreneur or a business and the market. However, despite the fact that the difficulties encountered by women in global supply chains are well documented, there is little research on how opportunities in the value chain can be captured for strengthening the participation of women-led MSEs³⁷. This present dearth of this type analysis from a gender perspective makes it difficult to apply it to understanding how trade policy can help women be better integrated into the export value chain in such a way as to promote gender equality in access to global markets, because the lack of specific information and experiences to draw upon makes it difficult to understand the market space that women entrepreneurs manage³⁸.

The way forward is to apply gender-mainstreaming tools on the sectors in which local women-led MSEs specialize and then ask how the global market for products from these sectors is organized. These markets are not free-for-all open spaces. They are coordinated by global buyers who source different parts and services from around the world and involve increasing functional integration between internationally dispersed activities that increasingly require corporations to create partnerships with local supplies. The value chain, after all, is a two-way street.

As seen in the *Mama Benz* example, these partnerships are central to identifying leverage points and ways to intervene in order to strengthen women’s position in them, but strategic analysis must include a gender-sensitive perspective in order to ensure that specific action plans strengthen domestic linkages with the global economy. As the 2004 Deloitte Report *Partnerships for Small Enterprise Development*, commissioned by UNIDO, underlines there is potential for much greater, specific engagement between corporations³⁹ and small women-led companies as a result of the changing nature of the value chain and the growing importance of CSR as a factor in that value chain. The increasing globalization of commerce is leading many corporations to produce, source or distribute from developing nations, which more often than not involves working with local partners and MSEs as part of their value chain.

However, the latter’s capability gap to fully meet the requirements of large firms limits the ability of local MSEs to effectively engage with corporations. This is perhaps the greatest challenge that women-led

MSEs face so that they can integrate their activity in the supply chain with a clear added value and, thus, link more effectively with opportunities in the global economy. This is where partnerships with small enterprises become valuable as a strategic entry point facilitator for converting informal women-led MSE activity into a formally recognized one, with clear commercial and CSR benefits for the corporation.

The nature of the link between MSEs and the business of the corporation can be through either the latter's general support to the MSE for strategic reasons and that generally accrue long-term CSR benefits (such as positive reputation impact) through means other than doing direct business with the MSE, or through more direct commercial links in the supply chain or distribution chain, which generates direct short-term commercial benefits. Commercial benefits represents the most direct opportunity for corporations to increase engagement with the MSE sector; it is the best way for them to better engage with local suppliers and reduce costs, as well as the shortest path to link small business with global markets.

It would seem that the convergence of a corporation's CSR and commercial supply chain/distribution agendas provides a clear building block for supporting women-led MSE development as a formally recognized local and global economic actor. The question is whether strategy and policy makers should focus on helping local enterprises find a niche in global value chains coordinated by outside enterprises or whether they should provide support for local enterprises so they can produce and market their own product overseas. The answer must necessarily address how to bridge the gap for women between the so-called more modern economy and the informal sector.

The main challenge that strategic planners face here is how to develop by a gender-sensitive value chain approach in order to assess and compare the relative effectiveness of different interventions aimed at poverty reduction. However, an in-depth search for answers and useful recommendations is beyond the scope of this paper.

Building women's MSE networks and clusters:

Networking is a major ingredient in the recipe for successful gendered export led poverty reduction strategies, for it is one of the key mechanisms for providing access to information, new customers, and suppliers. In fact, developing networks and systems of information exchange may be more important than skills training and human development because they will result in more mobilization potential⁴⁰, provide an advocacy channel for women workers and women in business, and create and promote women entrepreneur role models. They are also a key resource for reducing women's marginalization and exclusion from formal economic structures - by bringing women entrepreneurs out of their isolation and into larger networks and groups of MSE owners or suppliers of goods and services - and strengthening their equal participation and integration in export trade flows by promoting their autonomy within a diversity of contexts and situations.

The specific goal of supporting women exporter networks is to optimize the small comparative advantages that a group of exporters can obtain through networking and help women entrepreneurs create exporting clusters with enough critical mass to provide access to the same opportunities that big exporters have in terms of obtaining capital, resources, information, and technology. This is essential if women are to build a competitive advantage based on the product or service being offered, and not on location and low costs. As UNIDO points out in a report entitled *A Path Out of Poverty. Developing Rural and Women Entrepreneurship* (2003), promoting collective self-help capacities and advocacy roles through support for initiatives of groups, private sector associations and communities empower rural and women micro and small entrepreneurs to identify their needs, plan and implement their own projects, share the benefits of their collective efforts and evaluate their effectiveness.

Clusters are an important characteristic of most advanced economies at national, regional, local, and even metropolitan level and represent a new form of intermediate spatial organization to link markets and actors at all levels, clusters are also an alternative way to integrate the informal sector into the value chain. In the context of poverty alleviation and as a support to networking, the cluster approach to exporting women entrepreneurs can help increase their bargaining and market power and foster healthy competition, as well as cooperation. The work carried out by the UNIDO SME Programme

suggests that clustering and networking matter in developing countries because they help small businesses raise their competitiveness. By helping them attain a competitive advantage that eludes isolated entrepreneurs and overcome obstacles in accessing inputs and product markets, they can develop collective efficiency⁴¹ through economies of scale and scope.

Like with BANs, the collective approach has lower transaction costs and facilitates mutual learning that can be used for forming networks or upgrading existing clusters, while the combination of competition and cooperation drives the search for individual improvement. The central argument behind networks and clusters is that participating enterprises, which tend to be from the same region or town and produce similar or complementary products, “can overcome obstacles and conquer markets beyond their individual reach and that external assistance plays an important role in facilitating cooperation”⁴².

The challenge facing organizations that provide skilled external assistance is two-fold. On one hand, experiences in clustering in developed countries tell us little about how new or weak clusters can be stimulated and what factors induce them to take one trajectory of growth or another. What does come through from real cases of MSE clustering and promotion is that one of the keys for cluster dynamism seems to be forward linkages and customer orientation, that is, that they be demand driven. This means that external assistance aimed at supporting women-led MSE development through clustering and networking needs to deemphasize the supply orientation that generally guides assistance policies and programs (training, credit, raw materials, technology) and focus more on those who would buy the outputs.

Although it is questionable whether MSEs, as opposed to medium.-sized or large suppliers, can occupy the market space opening up as a result of corporate deverticalization, due to their difficulties in meeting tight schedules, product specifications and quality standards, existing business service providers and BANs can help fill the capability gap by providing diagnostic services and putting MSEs in contact with approved sources of support, acting as stimulators for development by promoting cooperation, and providing market information and business skills training.

However, because the experience in MSE policies in developed and developing countries are devoid of gender perspective, if clustering and networking are to constitute a viable tool for fostering the collective efficiency required for strengthening women-led MSEs and for integrating them into the global value chain, it is absolutely necessary to first apply the gender analysis process to existing cases and draw on the insights gained in order to define a gender-sensitive approach to promoting networks and clusters for trade purposes.

Gender-sensitive networks and clusters can help to mitigate the difficulties inherent to the dispersed transactions of independent, isolated and informal business relations through coordination and trust, without imposing the lack of flexibility or social blindness typical of vertical integration or formal alliances. What is clear is that they represent a robust organizational structure that offers advantages in terms of strengthening women’s capabilities and ownership and control over productive resources and in terms of greater productive efficiency and adaptability: greater access to productive resource and suppliers, greater access to technical and market information, greater attractiveness for potential clients, better access to institutions and public resources, greater decision making over one’s own time dedication, and stronger motivation. By progressively developing their capacity to innovate, BANs also increase the value women contribute to the local and favour the creation of new businesses motivated by the successful feedback circle that will inevitably be generated⁴³.

Conclusion: Gender as a Strategic Imperative:

The ultimate purpose of trade is not, or should not be, simply to strengthen a nation's economic position. Nor is it merely a system for exporting and importing commodities and labour. The promise of international trade is to increase the general well-being of nations and their citizens through a more efficient employment of the world's productive forces so as to promote healthy and equitable growth.

However, the growing chasm between rich and poor countries, and between rich and poor individuals within both developed and developing countries, belies the aims of international trade in today's global society. It is emblematic that the richest 20% of the world consumes 86% of the planet's natural resources, while 50% of the world's population lives in poverty. But what should be underlined is that this reality has a woman's face; women represent one half of the planet's population, but account for 70% of the 1.5 billion people who live below the poverty threshold⁴⁴. Facts like these lead to an inevitable conclusion: economy and trade policy and decision makers must, coining Paul Hawken's phrase, either dedicate themselves to transforming commerce to a restorative undertaking or march society to the undertaker⁴⁵.

"Until very recently, when confronted with the grim reality of scarcity and disorder, western man tended to place his hopes in technological progress as a sure path to affluence and stability. However, the increasing strains and stresses which now affect the human condition have gradually compelled a drastic reassessment of man's *gender blind*⁴⁶ faith in liberal trade as the means for economic growth and development."⁴⁷ Indeed, one of the most striking deficiencies of the various development-through-trade models has been the tendency to overlook or dismiss the significance of gender. Yet it is the gender inequalities inherent to international production and trade structures and processes that are largely responsible for the perpetuation of poverty in the developing world and the increasing pockets of poverty in the developed world.⁴⁸

Given the trend in trade policy towards promoting economic development through exports, we could say that export-led growth has converted gender into an artificial barrier that produces intra-trade and impedes poverty reduction. The competitive strategies of MNCs have turned the developing economies into consumer and resource pools for labour intensive production facilities, where women have emerged as the group offering the greatest comparative advantage. The "on-the-move" industrial character of disaggregated production chains has reorganized the entire world production system and placed women as the key actor in the process: the most valuable "fairy finger" labour resource, but also the last beneficiary in line.

One of the consequences of overlooking gender is that it masks the critical linkages and complementarities among the sectors of economic activity that provide impetus for export production and between the formal and informal sectors that make such production possible. Trade and foreign investment flows, therefore, need to be refocused to help redress the imbalances and inequalities inherent to the present structure of the world economy and start recognizing women's entrepreneurial potential as a source of growth and development.

One of the most serious negative consequences derived from our dual and asymmetric trading system is that it leads thousands of human beings to emigrate for economic reasons. According to the UN, 200 million people had already emigrated at the beginning of our young 21st century. This constitutes a serious threat to the integrity and cohesion of all countries and to world stability, security and peace. But it is a threat that is also strongly gendered and has an exponentially increasing political cost.

Immigration flows affect men and women differently and can be said to be increasingly feminized. The preference of the export industry for hiring women has created marked imbalances in the work force, as well as in social structures. As women have become an indispensable basic production "commodity", they have also become an indispensable income source for the family's survival – globally, the proportion of female-headed households ranges from 20%-24%⁴⁹. Their difficulty in climbing out of poverty leads an increasing number to emigrate as a strategy to resolve their economic problems at home; they cannot live on the salaries they earn⁵⁰.

Commerce is, of course, an insufficient mechanism to significantly reduce the rich-poor gap, but it certainly is an essential building block for contributing to poverty reduction by eliminating unjust processes that instead of generating wealth, take away the poor's resources. One of the greatest resources that trade must stop ignoring and strengthen is women, for they are not only the primary cell for social transmission of values and half the world's population, they are also the motor behind change and development. As The Economist points out in its much talked-about article entitled "A quick guide to women economics"⁵¹, "Carve up the world's economic growth a different way and another surprising conclusion emerges: over the past decade or so, the increased employment of women in developed economies has contributed much more to global growth than China has." The article continues on to say that "women are becoming more important in the global market place not just as workers, but also as consumers, entrepreneurs, managers and investors."

If trade is to contribute positively to poverty reduction, policy makers cannot continue making mistakes in their strategy designs; they cannot continue ignoring the gender aspects involved in export-led development. Women are the world's most over-exploited resource and under-utilized asset and aspiring business women, among them small-scale exporters, are prevented from realizing their economic potential because of gender inequalities. Making better use of their skills is not just a matter of fairness; it simply makes good trade sense. The question is: are international trade institutions and their strategists and decision makers losing their grip?

It's time to recognize that women are an essential part of the economy, to embrace the potential that they have to offer. Strategy makers need to recognize reality by putting gender analysis at the center of strategy making processes and women's empowerment at the heart of poverty reduction strategies. But if world markets are to work efficiently and fairly, it's necessary to remember that equality is more than an economic or even political phenomenon. It represents a state of mind and as such constitutes the power tool that can shape a better future for all: Equal trade begins with reconciling equal individual opportunity with global human opportunity, and this requires changing the very nature of comparative advantage – it is now less a matter of price of physical resources and the cost of labour and more a function of unpriceable imagination, innovation, and time⁵²...and gender equality.

It is not a question, as many would have it, of culture or values. It is not a question of financial realism. It is a call for inclusive economics, socially conscious trade and future focused governance. Paraphrasing Ricardo Lagos, ex-president of Chile and the new president of the Club of Madrid: We cannot accept that inequalities, neither internal nor external, be the basis of the future we are now building. Our responsibility is to listen to what women and men throughout the world dream today, so that the pieces can all fall into place in a new coherent definition of development.

ANNEX 1

GENDER ANALYSIS METHODOLOGY

There are many approaches to developing and approaching policy from a gender perspective. We propose a comprehensive approach that integrates gender into each step of the policy development process by using an 8-step process that focuses not solely on outcomes, but principally on the concepts, arguments, and the language used to justify policy. It can be followed sequentially and combines the methodology developed by Status of Women Canada⁵³ and that developed by the Spanish Institute for Development and Cooperation⁵⁴.

More trade among nations contains the potential for economic growth, through employment creation and political stability, but in order for this potential to be fully realized export-led trade policy must take into account underlying cultural and social conditions and barriers that discriminate against women and keep them from enjoying the benefits that trade offers. Using the gender analysis methodology in trade strategy making will ensure that the resulting recommendations for policy or program implementation are translated into a sustained reduction of poverty.

STEP 1: IDENTIFYING, DEFINING, AND REFINING THE ISSUE

This stage involves identifying the problem or opportunity requiring policy development or analysis and determining its nature, scope and importance within the context of the current policy environment. It must consider:

- a) cultural, economic, political, legal, and socio-economic factors that may affect gender equity within the issue at hand;
- b) how the background of each member involved in the strategy making process may influence their or the group's vision and prevent it from asking appropriate questions and hearing the true answers;
- c) involve both men and women in identifying the issue and respond to its potential human impact by specifically profiling the activities and roles of women and men, taking into account the sex-based division of labour (differentiating between reproductive, productive, and community work) and the amount of time assigned to each activity; this will help identify the interdependence and reciprocity of men and women's work, plan a balanced impact of actions implemented, and proactively avoid possible conflicts;
- d) analyze existing gender inequalities in the access and control of resources (both formal and informal)⁵⁵ and benefits⁵⁶ in order to understand how the issue can alleviate or exacerbate differences in social and economic power inherent to strategy implementation. Because women often have informal, rather than explicit, rights to use and control certain resources and benefits (such as the use of land), it is essential that trade policies do not erode them or involuntarily annul them.

All this information must be refined by dedicating special attention to the capacity of women to participate in the recommended policy or program's implementation. It is, therefore, necessary to: 1) identify the organizational and/or representative social, economic and political spaces through which women can voice their needs and interests with respect to the issue; and 2) carry out a problem analysis in order identify existing barriers to policy or program success.

STEP 2: DEFINING DESIRED/ANTICIPATED OUTCOMES

This stage involves proposing the desired goals and anticipated outcomes for the recommended strategy or policy and analyzing intended/unintended outcomes in order to see how it can meet or hinder other policies or programs already in place or being implemented.

It considers: outcome indicators using different measures so that they are equitable for both men and women; monitoring process that avoid outcomes for women as mere add-on and that equally consider different outcomes for both women and men by defining indicators that capture different gender realities; partners involved in defining outcomes, ensuring that expectations take into account both women and men and do not unintentionally incorporate existing stereotypes or biases; and accountability for achieving outcomes.

It is also essential to analyze the macro, meso and micro factors⁵⁷ that can influence strategy making or policy/program implementation, for gender relations evolve and do not remain static over time.

STEP 3: DEFINING THE INFORMATION AND CONSULTATION INPUTS

This stage involves looking at what knowledge is needed and what sources can best provide it. It requires identifying available and relevant data sources, if possible disaggregated by gender; because it is often not available, it may require information in the form of case experience or primary data gathering, consulting with NGOs (who can provide unique and comprehensive information not available through traditional data sources).

It also involves looking for partners for data gathering and analysis and actively seeking the advice and participation of community and women's groups and experts in the field. When seeking such participation, it is important to include both men and women and take into account the existing gender inequalities and power relations among different groups in the community so as to make sure women can voice their opinions and incorporate their views and enrich the strategy or policy process.

This stage also involves assessing the capacity of the organization in charge of strategy or policy making to work with gender perspective. This requires identifying personnel perceptions and attitudes with respect to gender issues and identifying the institutional limits and opportunities to carry out the process from a gender perspective.

STEP 4: GATHERING RELEVANT INFORMATION

This stage involves defining the tasks and methods of analysis, defining the approaches to data presentation, and carrying out the required research. Research design should include gender as the primary analytical tool for understanding social, economic, and political processes and research questions must make specific reference to both women and men so that gender differentials are exposed and understood.

STEP 5: DEVELOPING AND ANALYZING OPTIONS

This stage involves articulating and refining options in terms of how they may disadvantage or provide benefits for either women or men, clarifying how they reinforce or challenge stereotypes and systemic discrimination, and identifying their implications and outcomes, as well as their impact on existing policies, programs and legislation. From a gender perspective, it is important to analyze the way in which the option selection criteria are chosen and are prioritized. It is useful to develop a Planning Matrix in order to verify each option's gender sensitivity (general objectives, specific objectives, expected results, resources needed in terms of project structure, performance indicators, evaluation of indicators, suppositions, risks and conditions).

Scenario Planning is a method that can also contribute greatly to exploring different options and the consequences of not adopting a gender-sensitive option.

STEP 6: MAKING RECOMMENDATIONS / DECISION-MAKING

This stage involves the analysis of options and involves a collaborative effort that draws directly on public input and consultation. Recommendations must ensure that the option contains no differential consequences based on gender and is presented in terms the policy environment and the decision's favorable and unfavorable impacts and implications. It should outline a method to ensure that the policy is implemented in a gender-sensitive and equitable manner.

STEP 7: COMMUNICATION POLICY

This stage involves communicating the chosen option, addressing both women and men, and plays a significant role in the recommendation's acceptance and implementation. Key aspects include:

- timing, choice of media, gender-aware language, and public involvement
- participation and acknowledgement of partners and consultation groups
- highlighting gender implications
- communicating the participation and contributions in the strategy/policy making process of both women and men

STEP 8: ASSESSING THE POLICY'S GENDER SENSITIVITY

This stage involves evaluating the degree to which the strategy or policy making group has successfully integrated the gender perspective into its regular work processes, and whether and how it has been able to institutionalize gender by creating the questions and formulating the analytical procedures that will produce successful gender-sensitive trade solutions.

NOTES:

¹ Sophie Bessis. Las emergencias del mundo: economía, poder, alteridad. Ediciones Nobel, S.A., 2005; UNCTAD. *Least Developed Countries Report 2004*.

² Thomas I. Palley, "Thinking Outside the Box about Trade, Development, and Poverty Reduction", a FPIF Discussion Paper, January 18, 2006.

³ Sachs, Jeffrey. The End of Poverty. Penguin Press, 2005

⁴ Clones, *ibidem*

⁵ Montserrat Millet. La regulación del comercio internacional : del GATT a la OMC. La Caixa, 2001.

⁶ Palley, *ibidem*.

⁷ Such as: adequate supply of inputs to production at cost and productivity levels sufficient to increase not only the product's competitiveness in the international market but also sustain the worker's family beyond survival level; enabling institutional and domestic market infrastructures; and adequate social safety nets to safeguard the labour force against market and price fluctuations.

⁸ Thomas Palley, "Export-Led Growth: The Elephant in the Room", www.thomaspalley.com.

⁹ George Soros. La crisis del capitalismo global (The Crisis of Global Capitalism). Editorial Debate, S.A. 1999.

¹⁰ The World Bank's *Empowerment Team* defines empowerment "as increasing the capacity of individuals and groups to make choices and to transform these choices into desired actions and outcomes."¹ It involves the interplay of two interrelated factors: agency and opportunity structure. The former refers to an actor's ability to make meaningful choices and the latter to the aspects of the content within which actors operate. This goes hand-in-hand with ensuring that the strategies designed also provide opportunities for poor people to contest their rights through normative changes that confer legitimacy to their claims.

¹¹ First, the growing dependence in the developing world on capital-intensive production has, rather than increased employment opportunities, pushed more and more women working in the production lines into the informal economy. But, in addition, as export production structures become more technologically advanced, they become higher-skilled, at which point women are laid off and more men are employed at higher wages. To make matters worse, because trade openness leads to intensified competition and has budgetary repercussions from compliance to trade agreements, there is a growing tendency to limit public services available for health and education for the poor. Secondly, as traditional and semi-industrial relations of production and exchange are inserted into or displaced by the global system of production, many micro-entrepreneurs, the majority women, find it more and more difficult to gain access to capital and compete and bargain for wage workers and favourable terms of trade in the sectors in which they work.

¹² Nilufer Catagay, "Gender, Poverty and Trade", Background paper to for UNDP Report on Trade and Sustainable Human Development, 2000.

¹³ C.K. Prahalad, The Fortune at the Bottom of the Pyramid. Eradicating Poverty through Profits. Wharton School Publishing, page 8

¹⁴ Ken Langdon and Andrew Bruce. Creating a Market Sensitive Culture. Pitman Publishing, 1997.

¹⁵ For example:

- Reduction of trade barriers. From the perspective of classical theory, reducing tariff and commercial barriers does not, at first sight, seem to have different implications for men and women. Yet these differences are produced from the very moment the elimination of trade barriers allows taking advantage of the comparative advantage provided by cheap labour in poor countries and that this is carried out based on a vertical and horizontal labour segmentation practices that keep women in the lower levels of both.
- Promotion of commerce versus social promotion. Policy actions aimed at increasing national product competitiveness tends to be translated into currency devaluation as a corrective mechanism that can promote competitiveness, fiscal aid to producers of exportable goods and services as a tool for reducing price of goods, compensations to local producers in exchange for the reduction of commercial barriers that facilitate imports. But all of these have different implications for men and women: the resulting national budget reductions or restriction affect social policies (health, education, social services) that directly negatively affect women by increasing their load of domestic responsibilities in detriment of their employability.
- Relationships among levels. Trade policies from a gender perspective cannot be interpreted by separating them from the context of general macroeconomic policies, for they are intimately linked to market dynamics (meso level) and private business (micro level).

¹⁶ As a concept, GM is a “new strategy for action designed to change structures of gender discrimination”¹ that was popularized at the 4th World Conference of Women in Beijing in 1995. It refers to “the reorganization, improvement, development and evaluation of all decision-making processes, in the sense that all actors participating in this process follow the idea of equality in all general policies and at all levels”. Source: Britta Thege, “Gender Mainstreaming in the EU”. Institute of Women Research and Gender Studies. University of Applied Sciences. Kiel, Germany.

¹⁷ UNCTAD Press Release, 27/05/04. www.unctad.org.

¹⁸ The multiplication in the number of regional trade blocks is one of the main factors characterizing international relations during the last decades. According to Maurice Schiff and Alan Winters, in their study entitled *Intégration Régionale et Développement*, commissioned by the World Bank, over one-third of total international trade is carried out within them. In principle, their objective is to reduce trade barriers among member countries, which implies discriminating against those who are not members, form an economic union with common executive, judiciary and legislative institutions, and stimulate investment.

The evolution of regional trade blocks forms part of the trend towards the integration of domestic markets into the globalized economic context of trade relations. It is a controversial subject that merits detailed consideration on the part of international trade organizations when designing strategies aimed at poverty reduction through exports. Specific attention needs to be dedicated to evaluating the possibilities that regional integration offer women-led MSE clusters and networks as a vehicle for their participation in global markets. Although the analysis required is beyond the scope of this paper, we can point to the two basic issues such an analysis requires. On one hand, it is necessary to carry out an in depth gender-sensitive evaluation of the use of regionalism by developing countries as a tool for development. On the other hand, it is necessary to carry out a detailed analysis of how the world economic environment defines and affects the players that currently participate in existing or potential developing country trade blocks.

What is undeniably is that a well conceived trade block can improve a country’s economic efficiency and well-being by offering individual players a greater market choice, thus increasing producer dynamism. A regional trade block usually increases trade among its members, thus benefiting entrepreneurial undertaking and serves as a bridge to global markets by helping entrepreneurs expand their market reach. However, regional trade blocks can also increase, instead of eliminate, trade distortions and inefficiencies by substituting member country goods and services with imported ones that are cheaper because they enjoy the same rights as those traded in the block.

In other words, although regional integration can provide advantages by stimulating trade among member countries, the empirical elements at present are insufficient to be able to say that developing countries can obtain significant gains from it. In fact, one of the conclusions in the study carried out by Schiff and Winters is that trade among developing countries does not increase significantly as a result of regional integration. On one hand, the policy advantages offered by the trade block do not stimulate diversification in investment sources among members themselves, but rather stimulate more FDI external to the block. On the other hand, they do not grant the developing countries involved with a greater market credibility on the international stage; the effect, in fact, can be just the opposite if integration efforts are not accompanied by greater liberalization vis-à-vis the rest of the world and if they lack the “north’s” stamp of approval. This, of course, could be a consequence of the trade inequalities inherent to the very nature of regional integration that today works for rich countries and directly discriminates against excluded countries (i.e. the poor).

The key questions to be explored are whether regional trade integration is a stage that can help smooth the path for incorporating the disadvantaged into the global market and if regional trade benefits or impedes the integration of women into international trade structures and flows.

¹⁹ According to the ILO definition this includes all forms of informal wage employment and informal self-employment through the selling of one's labour or of small quantities of goods. It has been commonly assumed that in developing countries, workers in the informal economy would be absorbed into the modern industrial economy as the benefits of economic growth trickled down. Instead, over the past two decades, the informal economy has persisted and grown, in both developing and developed countries.¹ But estimates show that the informal sector in developing countries employs between 30%-70% of the labour force, a majority of whom are women. Poor people have been excluded from the mainstream modern economy and in their attempts to work their way out of poverty they have been forced to invent an alternative one based on the logic of exchange and redistribution, rather than accumulation. Nevertheless, despite the fact that of the 1 billion people who live on less than \$1 a day, roughly half – 550 million – are working, they simply don't earn enough to feed themselves and their families. Source: Marta Chen, Jean Venk, Francie Lund, James Heintz with Renata Jhabvala, Christine Bonner. Progress of the World's Women 2005. Women, Work, and Poverty. UNIFEM 2005 Report.

²⁰ In Africa, where we find the poorest of the poorest countries, 1 of every 3 people depend on the informal economy to survive and in the near future it will provide 93% of the new jobs in urban centers. In Senegal, for example, in the last ten years, employment in the urban informal sector has increased from 58% to 77% of total employment. Jobs in this sector have doubled while those in the modern economy have decreased by 10%. In fact, modern businesses only employ some tens of thousands of people, no more than 40,000. Even in Kenya, where industry is more developed than in Senegal, of the 9,200,000 active people, only 15% have employment in the formal sector. Source: Rapport d'orientation sur l'extension de la protection sociale au secteur informel urbain, July 1996. ILO, Dakar. Cited by Philippe Engelhard in Africa ¿Espejo del mundo?.

²¹ UNIFEM Report, ibidem.

²² Idea is adapted from Daniel Cohen, La mondialisation et ses ennemis. Grasset, 2004, cited by Simeon Christian in Faire face à la pauvreté et à l'uniformisation mondialiste. L'Harmattan, 2005.

²³ ITC, The Quarterly Magazine of the International Trade Center, Issue 4/2003. www.tradeforum.org.

²⁴ Linda Mayoux, "Jobs, Gender, and Small Enterprises: Getting the Policy Environment Right". ILO, 2001.

²⁵ For a the detailed study of textile resellers in West Africa on which this example is based, see Rita Cordonner's book entitled Femmes africaines et commerce. Les revendeuses de tissu de la ville de Lomé (Togo). L'Harmattan 1987.

²⁶ Jeffrey K. Liker and Thomas Y. Choi, "Building Deep Supplier Relationships" in Harvard Business Review, December 2004.

²⁷ This is important if we take into consideration that historians of technology have demonstrated that the development of productivity is rarely endogenous. It results from stimulating demand. We should not forget that the growth of European countries during the industrial revolution was based on domestic demand originating from the expansion of productivity and agrarian income.

²⁸ One of the most dynamic world economic changes in the last two decades is the explosion of women-owned and operated business as employment generators: between one-quarter and one-third of the world's businesses are owned by women. Throughout the developing world, approximately 100 million women are employed in labour-intensive industries, such as clothing manufacturing and food processing¹; the UN has estimated that women run 70%-80% of small businesses.

²⁹ Loral Delaney, "Women Entrepreneurs Take on the World", Enterprising Women, www.enterprisingwomen.com.

³⁰ Randriamaro, ibidem, page 50.

³¹ This section is based on the study carried out by ESBAN (Spanish Business Angel Network), entitled "Los business angels en España, una nueva vía de financiación para la PYME. Estudio para el fomento de las redes de business angels en España" and commissioned by the Spanish Ministry of Industry, Tourism and Commerce, 2005.

³² The Business Angel concept was born in Silicon Valley in 1938, when Frederick Terman invested 500\$ in Bill Hewlett and Fred Packard.

³³ The need for creating BANs as a relevant actor within the "informal" risk capital sector is based on two main factors: 1) the aversion to risk that banks typically have, especially when concerning small business projects and even more so when these are led by women; and 2) the important role international trade and other international organizations, as well as private organizations (such as business or women's associations), can play as a push factor for creating BANs.

³⁴ In order for BANs to develop successful , it is necessary to: 1) create a critical volume of business angels – identified through trade associations, chambers of commerce, consulting companies, business service organizations, and local NGOs; 2) apply a gender-sensitive methodology to search for, identify, advise, and prepare good investment projects; and 3) identify exit channels for business angels. This push factor role implies raising awareness of the win-win benefits and services the BA market offers; potential investors and entrepreneurs both need to know what the advantages of BANs are. Given that BANs are a relatively recent and innovative phenomenon in general, it is also necessary to reaise awareness in the public sector at the national and regional levels.

³⁵ Training, screening, matchmaking, market aware-raising, partnership creation, code of conduct design, and communications.

³⁶ An existing tool that can and should be used is the GIA (Gender Impact Assessment). It is an analytical tool for assessing and monitoring policies and processes that helps identify the existing differences between men and women, in a particular policy area, the reasons behind those differences and what leads to them, and how they can be addressed in order to ensure equitable training, advise, selection and screening processes and policy outcomes for both women and men.

This should be accompanied by the Gender Proofing of project processing and investor-entrepreneur matchmaking. This means specifically looking at the three factors proposed in the Swedish model: 1) representation: how are women and men represented in business groups that in some way or another take part in local decision-making in the area of commerce?; 2) resources: in terms of money, time and space, how are they distributed among women and men, how are locations of business initiatives chosen and what priorities are defined?; and 3) socio-cultural environment: what values, standards and quality benchmarks exist that influence business and commerce, who sets standards, and whose needs does the project to be financed satisfy?. This method provides answers to three key questions that influence investor-entrepreneur matchmaking: 1) how is power distributed during the process and entailing negotiations from a gender perspective?; 2) what is the role of gender in establishing project screening and matchmaking structures and organizational solutions; and 3) to what extent are the different areas of BAN activities standardizing gender analysis?. This becomes critically important if we take into account that creating a BAN requires the cooperation of banks, regional development agencies, providers o professional services, and Bas and potential entrepreneurs.

³⁷ Linda Mayoux is a consultant for WISE Development and outlines basic issues involved and some key questions for gender analysis of value chains. Website source: IDS Research: Globalization Value Chain Studies. www.ids.ac.uk.

³⁸ A market space is a broader than usual definition of a market (a group of customers) and refers to a set of possible value delivery systems. More specifically, it is the potential wealth that could be generated in a given time-frame by a given set of broadly related value delivery systems. Source: Michael J. Lanning. Delivering Profitable Value. A Revolutionary Framework to Accelerate Growth, Generate Wealth, and Rediscover the Heart of Business. Perseus Books, 1998.

³⁹ A corporation refers to companies of a large-scale with a well-established international presence.

⁴⁰ Paula Kantor, "Promoting Women's Entrepreneurship Development Based on Good Practice Programmes: Some Experiences from the North to the South". Seed paper No. 9 of the Series on Women's Enrepreneurship Development and Gender in Enterprises, Wedge, ILO.

⁴¹ Collective efficiency is defined in the UNIDO programme as competitive advantage derived from local external economies and joint action.

⁴² 2004 Deloitte Report *Partnerships for Small Enterprise Development*, commissioned by UNIDO. Page 9.

⁴³ Michael Porter, "Las agrupaciones y la nueva economía de competencia", in Estrategias para la economía global (World View: Global Strategies for the New Economy) . Edited by Pearson Educación de México, S.A., 2005.

⁴⁴ For example, according to a recently Publisher article in the Spanish newspaper *El País*, in Latin America 67.8% of rural families headed by women live in extreme poverty, in comparison to 26% headed by men. In urban centers, the percentage is 43% in comparison to 10%. *El País*, Monday, May 22, 2006.

⁴⁵ Paul Hawken. The Ecology of Commerce. A Declaration of Sustainability. Harper Business, 1993.

⁴⁶ Added by the autor of this paper.

⁴⁷ Joseph A. Camillero. Civilization in Crisis. Human Prospects in a Changing World. Cambridge University press, 1976. page vii.

⁴⁸ In the United States, for example, 13% of the population lives in poverty; 57,2% are women (Ohio University Extension Fact Sheet. Family and Consumer Sciences. www.ohioonline.osu.edu). In Europe, poverty today affects 72 million citizens or 16% or the total European population (Sarah Bouquerel and Pierre-Alain de Malleray (Robert Schuman Foundation), cited in "Análisis: Europe and Poverty. What Reality?". www.euractiv.com.)

⁴⁹ "Enterprise Development. Micro-enterprise Development. www.oecd.org.

⁵⁰ For example, 59.9% of women from the Dominican Republic who have emigrated to Spain had jobs. Studies also show that it is the poorest women who emigrate, the majority to work in domestic service. For example, in

Spain approximately 50.5% of the total number of jobs offered to immigrants are for domestic services...or prostitution; women make up 100% of both.

⁵¹ The Economist, April 15th, 2005.

⁵² Harland Cleveland. Birth of a New World. Jossey-Bass Publishers. 1993. Page 143

⁵³ www.swc.cfc.ca

⁵⁴ Irene López-Méndez and Beatriz Sierra Leguina, Integrando el análisis de género en el desarrollo. Instituto Universitario de Desarrollo y Cooperación, 2000, with the support of the Spanish Agency for International Cooperation (AECI).

⁵⁵ Resources: productive resources (land, work, credit, employability), social (networks, public services, information channels), political (organizational, community leadership), time (family, professional, personal), mobility. Source: López-Méndez and Sierra Leguina, *ibidem*.

⁵⁶ Benefits: income from third parties, ownership, payment in kind (food, clothing, housing), education, political power/prestige. Source: *ibidem*.

⁵⁷ Factors include: sociocultural (household structure and dynamics, community and local environment; political (institutional environment and its effect on the social position of women vis-avis men); financial aid and economic conditions (micro, meso, and macro economic activities and conditions for exchange); environmental (activities, ownership, control of resources, products, and decision-making in relation to surrounding natural environment); technological (access, potential, productivity, skills). It is equally important to identify the needs and interests of women and men that are common to both and those that are specific to either only, as well as the existence of spaces where they can be articulated.

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