

IMPROVING WOMEN'S AND YOUNG WOMEN'S ACCESS TO THE OPPORTUNITIES CREATED BY THE AFCFTA: OPPORTUNITIES AND KEY ACTION AREAS

Photo: UN Women/Flickr

The policy brief series synthesizes research findings, analysis and policy recommendations on women in the AfCFTA

SUMMARY

The signature of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) on 21 March 2018 marked a historic milestone for economic integration in Africa.

The AfCFTA presents significant trade and business opportunities for women engaged in intraregional trade, including in critical sectors where women are actively engaged, such as agriculture, manufacturing (clothing and textiles) and services. Notwithstanding the promise, AfCFTA market liberalisation could also entrench multiple disadvantages that women and young women confront as a result of

pre-existing inequalities in African economies. In this regard, this brief analyses, synthesises and presents key findings from UN Women-led research, regional online surveys and advocacy on making the AfCFTA work for (young) women and (young) women-led businesses. It highlights opportunities for women and young women's participation in the AfCFTA and identifies specific barriers and gender inequalities that different groups face when accessing markets. This policy brief concludes with several key action areas for making the AfCFTA work for (young) women, (young) women-led businesses and gender-responsive businesses.

Abbreviations

AfCFTA African Continental Free Trade Area
SME Small and Medium-Sized Enterprises

STR Simplified Trade Regime
WICT Women in Cross Border Trade

INTRODUCTION

The signature of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) on 21 March 2018 marked a historic milestone for economic integration in Africa, creating a market of 1.3 billion people with a combined gross domestic product (GDP) valued at US\$3.4 trillion.¹ The Agreement envisages boosting intra-African trade through the gradual elimination of tariffs and the removal of non-tariff barriers to intraregional trade – on goods and services. The start of trade under the AfCFTA Agreement began on 1 January 2021. As of 31 July 2022, 54 of the 55 African Union (AU) Member States signed the AfCFTA Agreement, and 43 countries deposited their instruments of ratification.² A single market created under the AfCFTA Agreement presents considerable opportunities for accelerating intra-African trade and using trade more effectively as an engine for inclusive growth and sustainable development. The AfCFTA presents significant trade and business opportunities for women and young women engaged in intraregional trade, including in critical sectors where women are actively engaged, such as agriculture, manufacturing (clothing and textiles) and services. Notwithstanding the promise, AfCFTA market liberalisation could also entrench multiple disadvantages that women confront as a result of pre-existing inequalities in African economies. Ensuring that implementation of the AfCFTA Agreement is fair and inclusive and that benefits are distributed equitably along gender lines, is an imperative for gender-inclusive economic development.

This policy brief synthesises and presents key findings from UN Women-led research; regional online surveys and; advocacy on making the AfCFTA work for (young) women and (young) women-led businesses, both in the design and implementation of gender-responsive AfCFTA policy reforms and complementary measures, as well as in the soon-to-be negotiated AfCFTA Protocol on Women and Youth in Trade (Box 1). The Protocol highlights opportunities for (young) women's participation in the AfCFTA, identifies specific barriers and gender inequalities that different groups face when accessing markets, and proposes policy reforms and complementary measures to support women to maximise AfCFTA gains. Recognizing that women and young women across Africa play a vital role in trade in multiple economic roles, the focus for the purpose of this policy brief is on (young) women in small-scale intraregional trade; (young) women-owned and led micro, small and medium-sized businesses (formal and informal); and larger, (young) women-owned exporting firms.

1 World Bank. 2020. *The African Continental Free Trade Area, Economic and Distributional Effects*; <https://openknowledge.worldbank.org/bitstream/handle/10986/34139/9781464815591.pdf?sequence=4&isAllowed=y>

2 AfCFTA Official Website, *About The AfCFTA*. <https://au-afcfta.org/>

AfCFTA opportunities for women

There are a number of opportunities for women entrepreneurs and women-owned businesses that arise within the framework of the AfCFTA Agreement, notably in intraregional trade, value chains and public procurement. In Africa, women dominate informal intraregional trade which makes a significant contribution to socio-economic growth. Entrepreneurship is a critical source of employment and livelihood opportunities for Africa's women, who account for the majority of Africa's self-employed populations. Together, the self-employed and micro-enterprises account for more than 80 per cent in sub-Saharan Africa³. The progressive elimination of tariffs on intra-African trade will make it easier for women-owned and led businesses to trade within the continent and benefit from a growing African market, while the adoption of preferential trade regimes can facilitate the integration of small-scale intraregional traders and smallholder farmers into larger regional value chains. The AfCFTA Agreement provisions that entail mutual recognition and harmonisation of standards, licensing and certification of service suppliers across the continent will make it easier for (young) women-led businesses to meet export standards and to satisfy regulatory requirements for niche markets.

The AfCFTA can also be a powerful catalyst for Africa's digital transformation, with subsequent opportunities for women, young women in particular. As a driver of intra-African trade, digital technologies such as e-commerce have tremendous potential to advance women's economic independence and financial inclusion with a particular opportunity for young women. At the sectoral level, trade and business opportunities will be created in critical sectors where women are actively engaged, including in agriculture, manufacturing (clothing and textiles) and services. Governments have used public procurement policies as a vehicle for socioeconomic objectives; however, few governments have recognized the value of public procurement for unleashing the potential for women-owned businesses and entrepreneurs. While the AfCFTA Agreement does not make a specific provision for public procurement, it does create the impetus for African Governments to support the participation of (young) women-owned businesses in public procurement at the national and regional level, resulting in increased revenue and social gains.

The AfCFTA presents tremendous opportunities for export-led growth. However, gains for women will not be automatic. UN Women research, surveys and multi-stakeholder dialogue platforms highlight the main challenges that limit the participation of women small-scale traders, as well as women-owned micro, small and medium-sized businesses and larger, women-owned exporting firms in intraregional trade. Findings confirm that the majority of these businesses could miss out on opportunities that arise from continental trade integration because they are mostly informal, have low productivity and are confined to non-tradeable sectors, in low-value-added nodes of regional and global value chains. Both supply-side constraints and border obstacles (tariff and non-tariff) restrict the capacity of women small-scale traders and entrepreneurs to produce and sell products, and to expand their businesses to trade across key sectors.

While some constraints are experienced across all groups, the exact nature of the barriers that impede women's ability to benefit from intraregional trade differs. For example, the regional online survey findings showed that health-related risks due to a lack of adequate sanitation facilities at border crossings pose a greater challenge for women in small-scale intraregional trade. Conversely, accessing public procurement opportunities presents more of a challenge for women-owned and led micro, small and medium-sized businesses and for larger, women-owned exporting firms surveyed. These and other barriers intersect with social norms, traditional gender roles, and women's unpaid care and domestic work responsibilities to limit women's abilities, opportunities and participation in trade in general, and in the AfCFTA in particular. Improving economic outcomes for women, especially as small-scale intraregional traders and entrepreneurs requires awareness and understanding and addressing the underlying structural barriers, as well as discriminatory laws, policies, and practices that they confront. A more informed understanding of the exact nature of barriers is essential to inform the design and implementation of gender-responsive AfCFTA policy reforms and complementary measures for making the AfCFTA work for (young) women and (young) women-led businesses and gender-responsive businesses.

3 ILO, 2019. SMALL MATTERS: Global evidence on the contribution to employment by the self-employed, micro-enterprises and SMEs

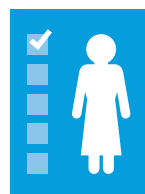
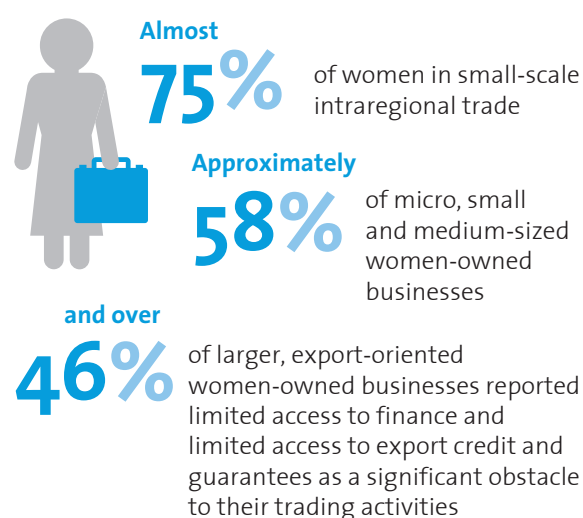
Main barriers to trade for women small-scale intraregional traders and women-owned and led businesses



Access to capital and trade finance

Lack of capital and limited access to trade finance was reported by women small-scale intraregional traders and women-owned businesses alike as a binding constraint, with direct implications for their ability to achieve scale and further develop their businesses to access new export and regional value chain opportunities created through the AfCFTA. Insights emerging from policy advocacy dialogues revealed that women entrepreneurs across Africa encounter diverse barriers to accessing finance. These include discriminatory social norms and conditions in the broader legal, institutional and regulatory environment. Women entrepreneurs also reported challenges in securing sizeable loans to finance their businesses, and often, even failing to apply for loans. This is due to various reasons that include lack of financial information, collateral, low levels of financial literacy and limited understanding of loan application procedures and of various financial products and financing options.

Survey findings confirmed lack of access to credit as a significant obstacle

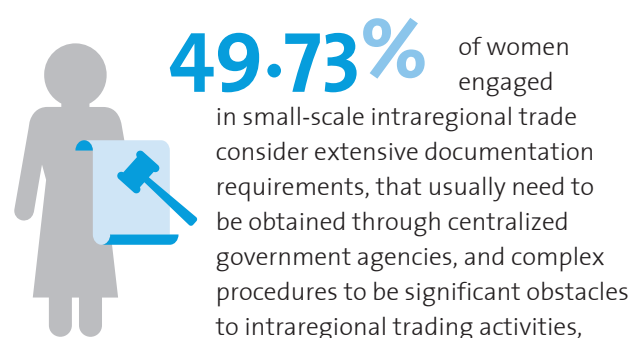


Trade-facilitation-related challenges

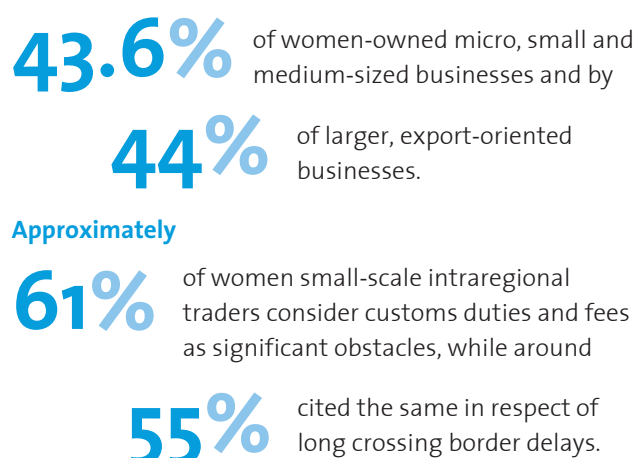
Extensive documentation requirements, complex border procedures and related trade facilitation challenges

Women intraregional traders as well as women-owned micro, small and medium-sized businesses and larger, export-oriented firms, confront particularly acute challenges related to trade facilitation. These include *inter alia* extensive documentation requirements, complex border procedures, customs duties and fees, and long delays at border crossings.

Survey findings show that



while this was reported as a significant obstacle for



A combination of extensive documentation requirements often issued at centralized locations, unpredictable and complex regulations and related cumbersome intraregional trade procedures, increase trade costs and affects women's engagement in export and trading activities. Gender gaps in education have direct implications for women traders' understanding of complex border processes. Together with time, resources and mobility constraints mean that poor trade facilitation will impact women, including young women, disproportionately.

Lack of personal safety and security

UN Women research, supported by online survey findings confirm lack of personal safety and security as a severe obstacle to the trading activities and overall well-being of women small-scale intraregional traders. In fact, lack of safety conditions was identified as a significant obstacle for 71.35 percent of women traders surveyed.

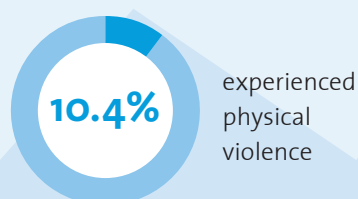
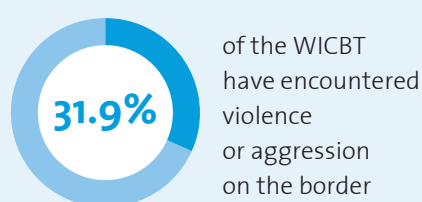
When conducting their business activities, women reported encountering various forms of gender-based violence that includes physical violence and aggression, humiliation, and sexual harassment. Women small-scale intraregional traders are also more prone to corruption and remain disproportionately vulnerable to the arbitrary application of existing rules and regulations border posts. Slightly over 28% of women small-scale intraregional traders surveyed reported being forced to bribe customs agents/others to pass their goods – an occurrence that is exacerbated due

to educational disparities and traders' lack of knowledge of existing rules and procedures.

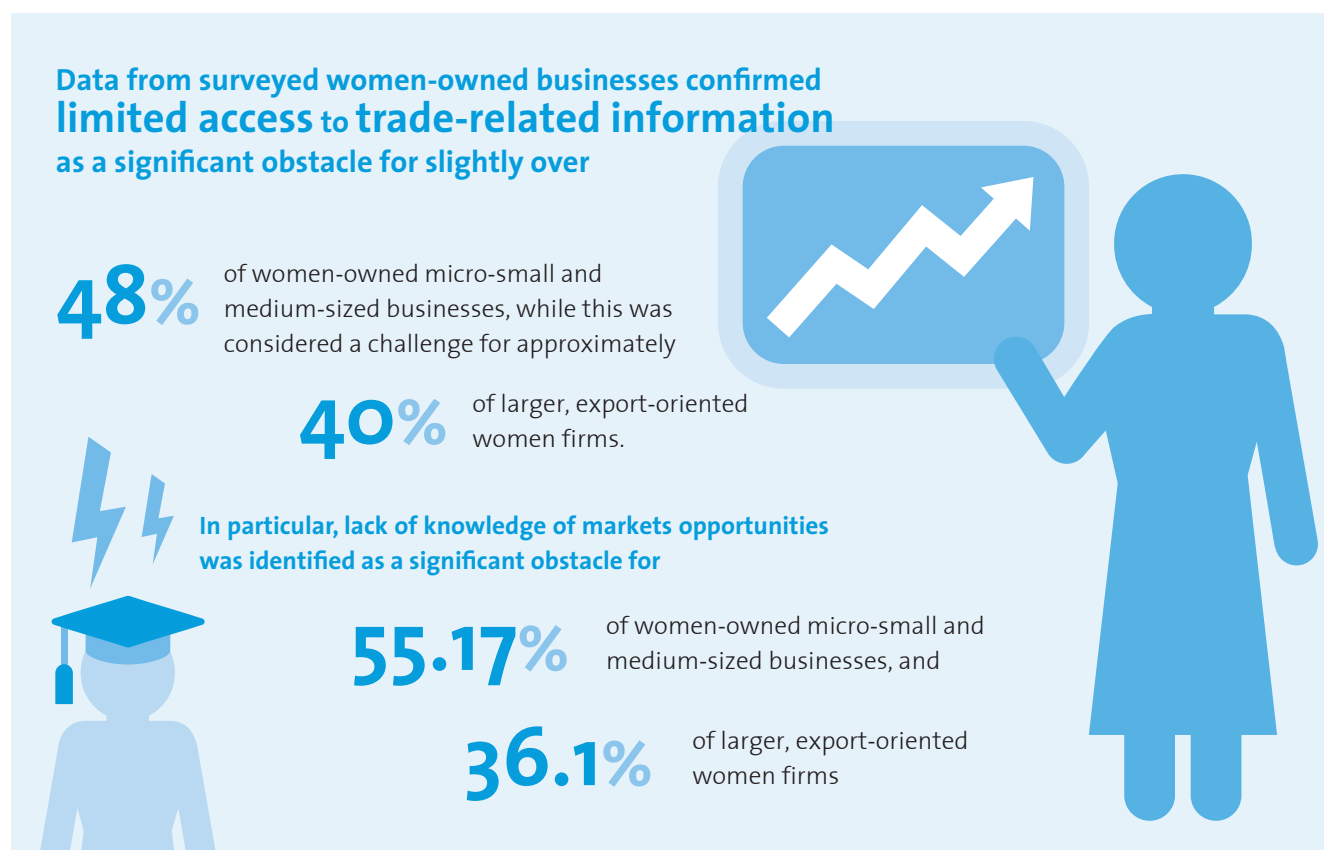
Access to trade-related information and knowledge of market opportunities

Access to trade-related information and market opportunities is important for enhancing the competitiveness and productivity of women-owned businesses, that includes expansion into regional and global value chains. Notwithstanding its importance, the information gap remains significant. Insights gleaned from UN Women research and echoed in multi-stakeholder dialogue platforms demonstrate how women small-scale intraregional traders struggle in finding information on intraregional trade regulations and procedures. Likewise, women-owned businesses experience limited access to trade-related information, including on export documentation – certificates of origin, trade permits, sanitary and phytosanitary certificates, rules of origin document requirements – as a distinct constraint. Women entrepreneurs and women-led SMEs need to be familiar with local content, rules of origin and other requirements for the trading of certain products. At the same time, they also need to be aware of market variations in order to produce and trade in demand-driven commodities as a way of enhancing their competitiveness in regional value chains. In both cases, however, information asymmetry prevails.

As part of their business activity:



Challenges that women experience in relation to access to trade-related information, including on export and market opportunities are exacerbated by women's limited access to formal professional networks such as chambers of commerce and business associations.



Poor infrastructure, including inadequate border infrastructure

Poor infrastructure that includes electricity shortages and poor information and communication technology (ICT) that limits the use of the internet, can reduce the ability of small-scale traders and women-owned businesses to complete trade processes as well as to produce goods and services and get them to the market. As women rely on public transport to a greater extent than men, poor transportation infrastructure limits women's successful participation in regional trade. In the case of women small-scale intraregional traders, who often travel with children as part of their domestic work and care responsibilities, delays caused by poor transportation infrastructure have detrimental implications

for clearing their goods and reaching more profitable markets before nightfall. Over and above additional costs incurred, overnight stays at border posts are accompanied by personal safety and security concerns for women. Likewise, inadequate border infrastructure is a binding constraint to the trading activities of women small-scale traders and impacts their overall safety, security and health. In this regard, lack of water, toilets, changing rooms and lockers were reported as significant obstacles to trading for almost 52 percent of small-scale women intraregional traders surveyed, while a lack of cold storage facilities and warehouses were viewed as a significant obstacle for around 45 percent of traders.

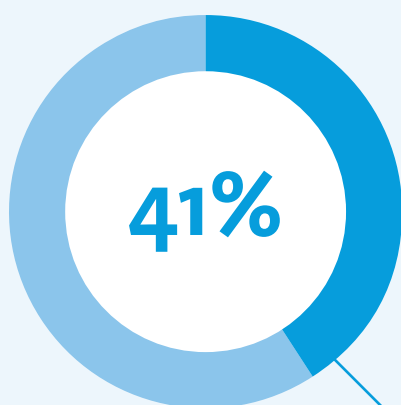
Weak cross-border trader and women's business associations

While playing a crucial role in addressing the plight of traders, intraregional trade associations are often ill-equipped to deal with the wide-ranging challenges that confront traders – especially (young) women. Associations typically lack financial resources and are unable to provide the required advocacy, market-driven

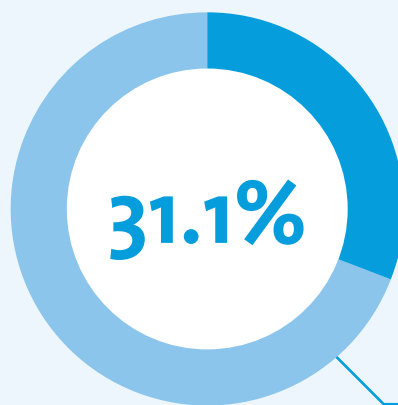
information and business support to their members. Survey data reinforce the importance of these associations, with almost 56 percent of women small-scale intraregional traders identifying weak intraregional trader associations as a significant obstacle to their trading activities.

In the case of women-led businesses, and specifically micro-small and medium-sized businesses,

weak women's business associations were reported as a significant obstacle for approximately



of respondents surveyed, while



of larger, export-led women businesses reported weak women's business associations as a significant obstacle to trading activities.



Unpaid care work

Unpaid care work challenges pose a significant barrier to work and employment opportunities, especially for women who take on more unpaid work and responsibilities in households than men. Women therefore have less time to devote to trade and business activities. Survey findings demonstrate the impact of unpaid care work and domestic activities, including childcare, elderly care, adult care, community care, cooking, cleaning, water and fuel collection on women's intra-African trade activities. In this regard, 62.7 per cent of women small-scale cross border traders spend between 2-5 hours daily on unpaid care work and domestic activities, while slightly over 55 percent of women-owned micro-small and medium-sized businesses were found to have spent the same amount of time on unpaid care work and domestic activities. Caretaking responsibilities cut into women's regular work hours, with consequent implications for women's participation in economic activities.

Figure 1:
Care and domestic activities (childcare, cooking, cleaning, water and cooking collection, etc.)

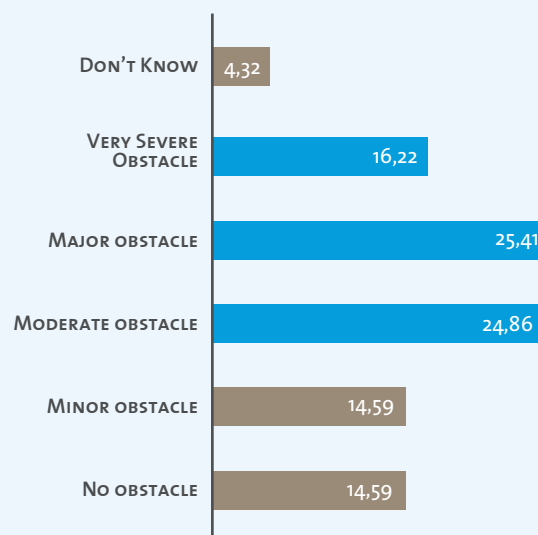


Figure 2:
Daily average time spent on unpaid care and domestic work

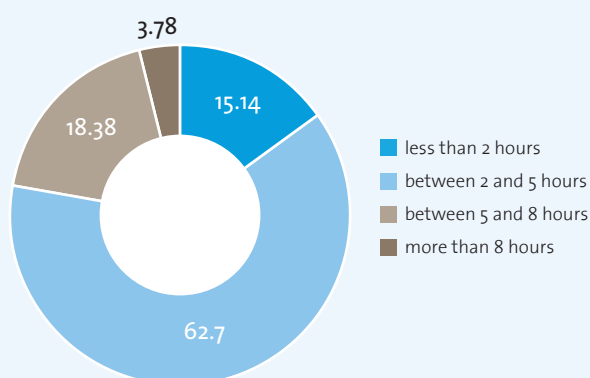
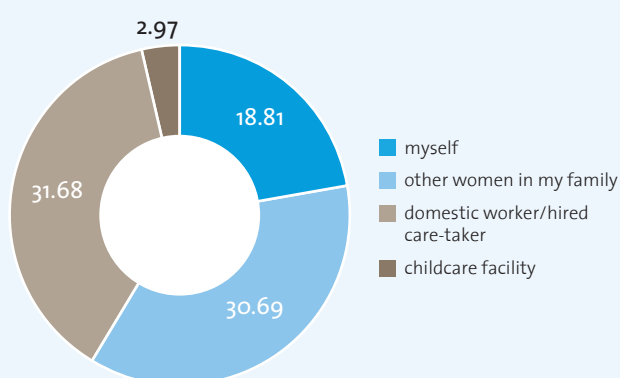


Figure 3:
Who takes care of your children/dependent members of your family while you undertake your cross-border trade activity (by % of respondents)



Access to public procurement

Public procurement presents a compelling entry point for boosting the participation of women entrepreneurs and women-owned businesses in intraregional trade and

economic development. Notwithstanding the considerable potential, women confront a number of entry barriers to accessing public procurement opportunities.

BOX 1:

AfCFTA and gender-responsive public procurement

Public procurement is an important opportunity to access markets. As a result of the AfCFTA, in a future African single market, SMEs from Mali will be able to access public contracts in Kenya for example, and vice versa. This represents a large market for SMEs, including those led by women. Globally, however, women only access 3% of all procurement contracts in the world. Lack of access to information, and lack of access to finance, and lack of critical size (to venture into intraregional markets or to absorb long delays in payments) put women-led businesses at disadvantage to benefit from the opportunities that intraregional public procurement offers. To address these problems at the national level, a number of countries have implemented 'affirmative procurement' practices which establish preferential treatment – via quotas, to women-led businesses; or have invested in training programmes targeting women-led businesses to build their capacity to access public tenders. Even at national level, access to public contracts is a way for women-led businesses to grow and achieve the size and conditions that will allow them to benefit further from intraregional trade, making AfCFTA more inclusive and responsive to women-led businesses and female entrepreneurs in Africa.

The top three constraints reported by women-owned micro-small and medium-sized businesses surveyed,

15.64%

were perceived corruption risks in the awarding of government tenders

14.22%

preferential treatment towards established contractors

10.9%
respectively

discrimination towards women-owned enterprises and lack of networks

Larger, export-oriented women firms identified the top three constraints as follows:

26.9%

Lack of information about upcoming government tenders

24.2%

discrimination towards women-owned enterprises

20.8%

and lack of information about government tenders

Policy recommendations and actions for making the AfCFTA work for small-scale intraregional traders and women-owned and led businesses

Notwithstanding its critical role, the AfCFTA and related trade policy alone cannot respond to all the gender inequality issues that arise in the context of women's successful participation in intra-African trade. Because gender distinct trade barriers and inequalities restrict the ability of women to trade, key action areas in the form of gender-responsive AfCFTA policy reforms and complementary measures that extend well beyond trade policy are required. Findings emanating from UN Women research, regional online surveys and advocacy, have identified a number of key action areas for making the AfCFTA work for women, especially as small-scale intraregional traders and women-owned and led businesses. To this end, specific recommendations and complementary measures include:

- **Increase access to finance.** For women-owned and led businesses to grow and participate in intra-African trade, increased access to finance is vital. This will require a comprehensive understanding of the financing gap, especially for small-scale intraregional traders and women-owned and led businesses. Governments will need to reform the institutional environment by removing regulatory and legal barriers that impede women's access to finance and wider participation in the economy and develop innovative financial products (and delivery channels) that meet the needs and support the majority of women-led micro-entrepreneurs and SMEs to grow their businesses. This includes micro-finance, low interest and non-collateralized loans to more complex forms of export finance and guarantees schemes. In parallel, it will be important to advance a more informed understanding of how different financing instruments can serve different needs and at different stages of the business cycle. Financial and digital literacy, and business management are particularly important in helping women and women-owned businesses to access financial services.
- **Improve trade facilitation through policies and measures** that reduce high costs of importing and/or exporting goods under the AfCFTA Agreement and increase access to information, for women small-scale intraregional traders and women-owned businesses. This could include: 1) designing a regional Single Window system that could eventually be rolled out as a continental Single Window; 2) creating a gender-responsive AfCFTA Simplified Trade Regime that lowers the costs of formal import and export procedures and supports the participation of women small-scale intraregional traders in more formal trading arrangements created through the AfCFTA Agreement.
- **Invest in trade infrastructure and small-scale trade facilitation interventions** to improve the safety and facilitate the participation of women in small-scale intraregional trade. Priority areas for consideration include: 1) ensuring satisfactory infrastructure such as energy, communication networks and roads, including safe and affordable transportation services as well as gender-responsive border infrastructure, including separate health and sanitation facilities, drinking water, improved security lighting, border markets, and warehouse and storage facilities; 2) establishing dedicated Gender Desks and gender champions at border crossings to address issues of gender discrimination. This alone, however, is not enough. Ensuring the safety and security of (young) women traders will require the implementation of measures to prevent and punish corruption, including sexual harassment, extortion for sex and gender-based violence, at border crossings and customs administration; 3) creating Trade Information Desks that support small-scale intraregional traders with their STR paperwork and information on intraregional trade requirements.
- **Strengthen education, skills development and formal training** through investments that eliminate gender gaps in access to all areas of primary, secondary and tertiary education, including in subjects relating to science, technology, engineering and mathematics (STEM) as well as ICT and vocational skills training. Increased emphasis on education, skilling, and reskilling strategies for (young) women and girls is particularly important in the context of (young) women's access to new opportunities in high-value sectors and segments of regional value chains and higher-skilled jobs created through the AfCFTA. Likewise, regular training and capacity development on packaging, labelling, branding and certification of products could be particularly beneficial in helping (young) women entrepreneurs meet standards and improve the competitiveness of their products for new African export markets.
- **Increase access to trade and market-driven information** to help address the information asymmetry that (young) women face. Information on meeting export requirements is important for creating a better understanding of the legal and regulatory requirements for exporting under the AfCFTA, while enhancing entrepreneurs' knowledge of production and trade in demand-driven commodities helps to build the productive capacities of businesses and improve competitiveness in regional

value chains. The creation of a trade information network could be particularly beneficial for enhancing AfCFTA information dissemination efforts. In parallel, ongoing networking and mentorship support, including through digital platforms can connect (young) women entrepreneurs and (young) women-owned businesses to regional investors and buyers and help them access new business opportunities.

- **Prioritize a targeted gender-responsive procurement strategy** that identifies a range of complementary measures for empowering (young) women-owned and led businesses in public procurement processes in the AfCFTA. This could include through addressing regulatory and procedural constraints in procurement processes that may be especially burdensome for (young) women entrepreneurs, establishing quotas for (young) women-led businesses to access national and international public tenders, providing timely information on procurement opportunities and procedures and how to access public tenders as well as on tender preparation and submission. Encouraging more inclusive processes through increasing the number of (young) women-owned businesses as public procurement suppliers and building the capacity of (young) women entrepreneurs in sectors which agencies procure goods and services, will also help (young) women to seize new opportunities provided by an integrated continental market.
- **Close the gender gap in unpaid work** through the provision of access to affordable childcare services as a prerequisite for (young) women's participation in trade and entrepreneurship activities. Increased investments in labour-saving technologies and infrastructure, including transport, water and water pumps, electricity as well as clean cooking stoves and mini grids all have the potential to increase women's flexibility in terms of growing their businesses through trade, as well as freeing up time for activities such as paid work, education and training.
- **Strengthen intraregional trade and (young) women's business associations** through technical support and financial resources for the creation of intraregional and regional networks of (young) women traders, as well as for national, regional and continental mechanisms that promote the sharing of information and best practices amongst (young) women business associations. Support should extend to ensuring that (young) women's business associations are involved in the design and

implementation of effective national, regional and continental trade advocacy campaigns that influence the negotiations, design and implementation of trade policy. Likewise, concerted efforts should be made to ensure that (young) women's business associations are included in a country's national Trade Facilitation and AfCFTA Committee, and to strengthen the capacity of (youth) women's business associations to effectively lobby on the gender dimension of trade-related priorities.

Way forward

AfCFTA market liberalisation can be a tremendous force for generating new opportunities for women, but gains will not be automatic. As African countries turn to implementing the AfCFTA Agreement, deliberate efforts will need to be made by all stakeholders, including governments, regional institutions, the private sector, civil society – especially women and community-based organisations – and development partners to expand (young) women's economic opportunities and outcomes. High-level recommendations set out in this policy brief may be contextualised to inform the design of gender-responsive AfCFTA policy reforms and complementary measures that address specific barriers and gender inequalities in AfCFTA implementation. These recommendations can also be used to inform the design of the soon-to-be negotiated AfCFTA Protocol on Women and Youth in Trade, ensuring that the Protocol is better targeted and responds to the specific needs and realities of women in Africa. It will be essential as part of this process to ensure that a Protocol for Women and Youth in Trade and all policies, programmes and accompanying processes to implement the Protocol are led by women and young women. This will require creating more advocacy platforms and dialogues between governments, (young) women's groups and other stakeholders to build broad-based support on targeted actions that must be undertaken to make the AfCFTA work for (young) women and (young) women-led businesses. Of particular importance is the need to ensure (young) women's full and effective participation in the AfCFTA national decision-making processes, including in National AfCFTA Committees. Finally, deliberate efforts are required to support the gender data agenda, particularly through strengthening the capacities of Member States to collect sex-disaggregated data and to undertake gender analysis as an imperative for effective decision-making.

BOX 2:

UN Women-led work on women in the AfCFTA

UN Women has offered knowledge products, technical assistance, policy advocacy and capacity building support on strengthening the participation of women and women-led businesses in the AfCFTA.

- In partnership with the AfCFTA Secretariat and the United Nations Development Programme (UNDP), UN Women launched two online surveys to support this objective. The first survey covered women as small-scale intraregional traders and women-owned and led micro, small and medium-sized businesses (formal and informal), while the second covered larger, export-oriented women firms. Both surveys sought to respond to significant data gaps on the exact nature of barriers that women small-scale traders and women-owned business face in undertaking intraregional trade; and to identify concrete opportunities for empowering women and women-led businesses in the AfCFTA.
- UN Women has also convened various *multi-partner advocacy strategies, platforms and dialogues* to foster a deeper awareness of the challenges that women entrepreneurs, producers, and traders face when engaging in intraregional trade and how these challenges can be effectively addressed in gender-responsive AfCFTA policy and programming.
- The *UN Women Advocacy Brief* contains nine key messages that UN Women country offices, civil society organisations and women groups can advocate for to ensure the AfCFTA works for women and women-led businesses.
- The *Opportunities for Women Entrepreneurs in the Context of the AfCFTA* study demonstrates how the AfCFTA can enhance opportunities for women entrepreneurs and women-owned businesses.

The results of UN Women research, regional online surveys and advocacy may be contextualised to inform and guide the design of gender-responsive AfCFTA policy reforms and complementary measures, as well as the soon-to-be negotiated AfCFTA Protocol on Women in Trade.

Relevant publications may be found here:



<https://africa.unwomen.org/en/digital-library/publications/2019/07/opportunities-for-women-in-the-acfta>



<https://africa.unwomen.org/en/digital-library/publications/2021/07/9-advocacy-messages-to-make-the-african-continental-free-trade-area-work-for-women>