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**Development-centred globalization:**

**Towards inclusive and sustainable growth and development**

## Inclusive and gender-sensitive development paths

Note by the UNCTAD secretariat

### Introduction

1. There is a growing recognition among policymakers in both developed and developing countries that high and persistent levels of inequality pose not only a moral challenge but also can be a source of economic instability and a drag on growth. This is certainly the case with the gaps between men and women. Across developed and developing countries, the salary gap between equally qualified men and women is still significant. According to International Labour Organization (ILO) data, about half of the female population above the age of 15 remains economically inactive, compared to 22.3 per cent for men.<sup>1</sup> In agriculture, women tend to have smaller plots and generally face market imperfections that limit their access to inputs, assets and services, and reduce their productivity. Women entrepreneurs on average manage smaller businesses than do men, often in less-profitable sectors. While expanded international trade has created many new jobs, women tend to be found in temporary, precarious occupations with little social security benefits and few opportunities for upgrading. Of the nearly 800 million illiterate adults worldwide, two thirds are women.<sup>2</sup> On average, women hold less than 20 per cent of seats in parliament.<sup>3</sup> In almost all countries, huge differences remain between men and women in the responsibilities they assume for house and care works.

2. Clearly, men and women do not enjoy the same opportunities, and do not have the same chances to benefit from and contribute to the development of their countries. Incorporating the gender dimension into economic policy has, to date, been moving at too slow a pace.

3. The legitimate aspiration of women to play a more critical role in the economic development of their countries is often linked to the quest for civil and political rights. The

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<sup>1</sup> ILO (2011). *Women in Labour Markets: Measuring Progress and Identifying Challenges*.

<sup>2</sup> As of 2008. UNESCO Institute for Statistics (2010). *Adults and Youth Literacy: Global trends in gender parity*. UIS Fact Sheet No.3.

<sup>3</sup> Inter-Parliamentary Union (2011). *Women in National Parliaments*. November.

“Arab Spring” has shown the key role that women can play as catalysts for social change. The challenge they are now facing is to become the decision-makers of the new regimes and to see their needs and aspirations reflected in the design of more inclusive development strategies.

## **I. Framing inclusive and gender-sensitive development paths**

4. Economic development and women’s empowerment are closely related. Development is in itself a driver of gender equality and a tool for women’s empowerment as structural changes, technological progress and educational commitments open new opportunities for a growing number of citizens. However, this is not an automatic or linear process. Policy action is needed to achieve gender equality and empower women.<sup>4</sup>

5. Under the precepts of the Washington Consensus, the assumption was that free trade – combined with liberalization of investments, deregulation of the private sector and financial systems, and the privatization of public-owned enterprises – would favour sustained economic growth and the development of productive capacities. In turn, higher levels of growth and productivity would expand employment opportunities and sustain livelihoods for all, men and women, giving them the same chances of benefiting from macroeconomic policies.<sup>5</sup>

6. The failure of adjustment programmes to generate inclusive outcomes produced an initial shift in policy focus during the 1990s towards poverty alleviation. With the adoption of the Millennium Declaration in 2000, the discourse in international development has broadened its emphasis to the Millennium Development Goals. With regards to trade, in 2001, the Doha Round of multilateral trade negotiations was launched with a strong emphasis on development, which contributed to putting under scrutiny the view that trade liberalization automatically led to economic growth and development for all.

7. The depth of the recent economic and financial crisis and its close connection to high and volatile prices in food and fuel markets has raised several questions about the overall wisdom of the development path followed during the last three decades. It has pointed to the need to explicitly incorporate the objectives of poverty reduction, employment creation and gender equality within growth strategies in order to achieve a “development-centred globalization” that is both inclusive and sustainable.

8. It is evident that economic policies impact different segments of the population, including men and women, in different ways; the assumption that economic policies are “gender-neutral” has been increasingly challenged. Only if policymakers consciously take into account these horizontal differences can economic policy play a critical role in narrowing the gender gap.

9. The gender dimension brings, in turn, new insights into development policy analysis. First, the economy–gender linkage prompts a shift in emphasis from aggregate considerations of income and wealth to redistributive effects within society. Second, introducing the gender dimension helps to extend the discussion of inclusiveness by linking macroeconomic dynamics to a wider set of inequality challenges – vertical inequalities of income and wealth, as well as horizontal differences rooted in race/ethnicity/cast or regional location. Finally, by delving deep into social norms and power relations, the gender approach integrates social and cultural factors into the economic analysis. In sum, the gender perspective contributes to a deeper and richer understanding of macroeconomic

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<sup>4</sup> Duflo E (2005). *Gender Equality in Development*. BREAD Policy Paper No. 011.

<sup>5</sup> WomenWatch (2011). *Gender Equality and Trade Policy*. Resource Paper.

policies and performance. It provides a framework for a reassessment of macroeconomic policy in ways that magnify their social meaningfulness and inclusiveness.

10. *Questions:* What is the difference if economic value is generated by men or women? Are policies that favour women justified from an economic point of view and worth the cost they imply to the society? What are the social ramifications (in terms of fertility rate, family structures, etc.) of women's economic empowerment? Are "career women" truly role models for other women?

## II. Trade, poverty and gender

11. The relationship between gender and trade is multifaceted and ambiguous. First, *gender affects trade*, in that gender-based inequalities can impact significantly on trade policy outcomes and trade performance. For example, some export-led strategies have been premised on low-wage female labour. Most notably, during the 1970s, low wages for women in some Asian countries played a pivotal role in holding down costs of production in labour-intensive manufacturing export industries. Another example of how gender-based inequalities impact trade performance is in agriculture. Women farmers tend to face gender-specific constraints in adapting to higher level of competition as they receive fewer services and lesser support than those received by men. This translates into lower levels of agricultural production, with negative spillovers on food security and women's competitiveness.

12. Second, while gender relations impinge on trade, in turn *trade affects gender*, in that men and women are affected differently by trade policies and performance. Trade policy may alleviate or magnify existing gender-based inequalities. For example, enhanced trade in services may be beneficial to women providing services abroad, for instance as health personnel. The money they earn and send home contributes to the well-being of the household, but it is also a vehicle for changing gender relations – winning respect for women who work temporarily abroad, and upgrading the status, within the household and the community – of women who receive the money. In this example, trade in services alleviates gender-based inequalities. Conversely, enhanced trade in services may magnify existing gender-based inequalities, for example the opening of essential services – such as education, health, water – to foreign competition may make access more expensive and then less affordable for women.

13. *Questions:* Who has benefited from trade liberalization policies and, in particular, has there been a gender bias in the gains from trade? What is the link between gender inequalities, supply side obstacles and export competitiveness? What has been the revenue effect of tariff liberalization and its discrete impact on women? Women's low-paid work has been used by several countries to build up their productive and export capacities; can this be called "smart economics"?

## III. Agriculture, intellectual property, food security and gender considerations

14. The agricultural sector remains central to development prospects in many developing countries, since it is key to forging virtuous ties between economic growth, poverty alleviation and hunger reduction. In 2006, agriculture accounted on average for 28 per cent of gross domestic product (GDP) in the least developed countries (LDCs), compared with

about 13 per cent in the other developing countries. It absorbed about 69 per cent of the economically active population in LDCs.<sup>6</sup>

15. The agriculture sector is crucially important to women. According to Food and Agriculture Organization of the United Nations (FAO) estimates, women produce more than 50 per cent of the food grown worldwide. In developing countries, they comprise on average 43 per cent of the agricultural labour force.<sup>7</sup> Their participation in the sector is expanding due to the so-called “feminization of agriculture”, a phenomenon associated with growing male migration and the decreased viability of peasant farming due to globalization, among others.<sup>8</sup>

16. The agriculture sector is underperforming in many developing countries, also because of gender-specific constraints. Gender gaps are observed in access to all productive resources, such as land, modern inputs (e.g. improved seeds, fertilizers, pest control measures and mechanical tools), credit and extension services. As a consequence, the yield gap between men and women averages around 20–30 per cent. It is estimated that closing the gender gap in agricultural yields would increase agricultural output in developing countries between 2.5 and 4 per cent. This in turn could reduce the number of undernourished people in the world in the order of 12–17 per cent.<sup>9</sup>

17. Although women constitute only 20–30 per cent of agricultural wage workers worldwide, they often predominate in high-value sectors for export, such as horticulture, where wages are typically higher and working conditions better than in traditional agricultural employment.<sup>10</sup> Yet, women tend to be concentrated in temporary, casual and seasonal work, and segregated in certain activities (e.g. processing and packaging) that require relatively unskilled labour. Such employment segregation is often used to legitimize the payment of lower wages to women.

18. Technological developments in agriculture present new challenges and opportunities for women. Different views exist about the risks and benefits that genetically modified (GM) crops can bring about. According to some evidence, women farmers seem to prefer GM varieties over conventional ones for two main reasons: (a) insect-resistant varieties can reduce the number of workers that women would need to hire to spray crops with pesticides; and (b) such varieties potentially reduce manual weeding, a task activity usually performed by women and children. Male farmers appear to prefer GM crops mainly because of better yields.<sup>11</sup>

19. Agro-biotechnology, as many other technologies, presents some specific difficulties for women. First, GM seeds are costly and this may become an obstacle for women to have access to them. Second, farmers are legally prevented from saving/exchanging/replanting GM seeds from their harvest, and this goes against common farming practice of saving seed for the next planting. This may have specific implications for women in subsistence agriculture. Third, a proper handling of the technology needs appropriate training and

<sup>6</sup> UNCTAD (2009). *The Least Developed Countries Report 2009: The State and Development Governance*. United Nations publication. Sales No. E.09.II.D.9. New York and Geneva.

<sup>7</sup> FAO (2011). *The State of Food and Agriculture 2010-2011*; and FAO, *Climate Change, Biofuels, and Land*. (<ftp://ftp.fao.org/nr/HLCinfo/Land-Infosheet-En.pdf>).

<sup>8</sup> Deere CD (2005). *The Feminization of Agriculture? Economic Restructuring in Rural Latin America*. United Nations Research Institute for Social Development, Occasional Paper 1.

<sup>9</sup> FAO. *The State of Food and Agriculture 2010-2011*.

<sup>10</sup> FAO (2010). “Agricultural Value Chain Development: Threat or Opportunity for Women’s Employment?” *Gender and Rural Employment Policy Brief 4*.

<sup>11</sup> IFPRI (2011). Women cotton farmers. Their perceptions and experiences with transgenic varieties – A case study for Colombia, Discussion paper 01118.

information sharing. “Time poverty” reduces the ability of women to be trained and have access to information. Few women pursue studies/training in science and technology; this makes them less versatile in technological developments and may have negative impacts on the effective and safe use of technology. Moreover, women’s limited participation in scientific institutions where the research agenda is set up may lead to the result that agro-biotechnology developments do not address the priority needs of women.

20. *Questions:* How can credit institutions, agricultural extension services and marketing outlets be made more responsive to the needs of women farmers? How can women move to more stable and remunerative contractual schemes in export-oriented agricultural sectors, without losing their comparative advantage as “a pool of cheap labour”? Is land titling a “magic bullet” for women’s economic empowerment? What are the benefits, costs and threats of agro-biotechnology for rural women? Would the presence of women in scientific institutions guarantee that technological developments are geared to respond to women’s needs or would their presence on the boards of companies lead to this result?

#### **IV. Equality of opportunity versus equality of outcome: Translating women’s educational gains into full employment and decent work**

21. Over the last two decades, significant improvements have been registered in enrolment rates of girls at all levels of education. Women and girls, however, still have less access than do men and boys to education, and the gender gap in education remains wide, notably in sub-Saharan Africa, Southern Asia and Western Asia.<sup>12</sup>

22. Evidence suggests that enrolment rates and school attendance for both boys and girls are proportional to household income. Girls are, however, more likely than boys to drop out of school, since their value is perceived to be higher at home – where they can perform several household tasks – than at school. This is despite the fact that studies show that (a) an extra year of primary school may increase a girl’s future wage by an estimated 10–20 per cent; (b) educated women are more likely to have fewer, healthier and better-educated children; and (c) the economic growth of a country depends, among others, on the ability to tap all skills and talents.<sup>13</sup> Some countries have put in place tools to raise children’s, and especially girls’, enrolment (e.g. the “Bolsa família” programme in Brazil and the “The Bike scheme” in India).

23. Gender segregation in academic disciplines is persistent across countries/regions and it is reinforced by cultural norms and stereotypes about what are considered female or male sectors. Evidence shows that, as countries grow richer, gender gaps tend to move from enrolment to disciplinary segregation. Sectors such as engineering, construction, technological and industrial research are still heavily male-dominated, while women dominate education and health studies with 84 and 82 per cent of female presence respectively.<sup>14</sup>

24. Between 1980 and 2008, the rate of female labour force participation increased from 50.2 to 51.7 per cent, confirming the trend of women’s growing engagement in labour

<sup>12</sup> UNDESA (2011). The Millennium Development Goals Report.

<sup>13</sup> World Bank (2008). *Girls’ Education in the 21st Century Gender. Equality, Empowerment, and Economic Growth*. International Bank for Reconstruction and Development/World Bank, Washington D.C.

<sup>14</sup> World Bank (2012). *World Development Report on Gender Equality and Development*. International Bank for Reconstruction and Development/World Bank, Washington D.C.

markets, though relevant differences can be found at the regional level.<sup>15</sup> In most countries, however, women's employment remains limited to some sectors and the jobs women get are often below their level of education/training. This suggests that educational achievements are not reflected adequately on the labour market: expanding women's education is a necessary but not sufficient tool for achieving full employment and decent work for women.

25. Striking gender differences are also present in the entrepreneurial sector: women are especially concentrated in micro and small enterprises and oriented to subsistence-based and low-profit activities. They usually operate in the informal market and in sectors that do not require special skills (e.g. small-scale farming, petty trading, street vending and beauty services).<sup>16</sup> Productivity levels and earnings are on average lower for women-led enterprises as compared to men-led enterprises. Limited access to resources, financial services, information and communication technologies, intrinsic limitations linked to the sectors where they operate, lack of adequate training and time constraints all influence the outcomes of women's activities and often prevent them from benefiting from market opportunities abroad.<sup>17</sup>

26. *Questions:* Which policy instruments have proved effective to close the gender wage gap? If increased education gains for women do not translate into improved participation in the labour market, how suitable is it to invest in women's education? How realistic is at present to pursue the goal of full employment and decent work for women? How effective are policies providing economic incentives for families to send girls to school?

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<sup>15</sup> ILO (2011). Op. cit.

<sup>16</sup> UNCTAD (2011). *Information Economy Report 2011*. United Nations publication. UNCTAD/IER/2011. New York and Geneva.

<sup>17</sup> Ibid.