



# East African Community Regional Integration: Trade and Gender Implications







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## LIST OF ABBREVIATIONS

AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
ASEAN	Association of Southeast Asian Nations
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EALA	East African Legislative Assembly
EASSI	Eastern African Sub-regional Support Initiative for the Advancement of Women
EIU	Economist Intelligence Unit
EPA	Economic Partnership Agreement
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GII	Gender Inequality Index
HDI	Human Development Index
ILO	International Labour Organization
ISO	International Organization for Standardization
LDCs	Least Developed Countries
Mercosur	Southern Cone Common Market
MRAs	Mutual Recognition Agreements
NAFTA	North American Free Trade Agreement
NBS	National Bureau of Statistics
NISR	National Institute of Statistics of Rwanda
NTBs	Non-Tariff Barriers
PTAs	Preferential Trade Agreements
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SEATINI	Southern and Eastern Africa Trade Information and Negotiations Institute
SSA	Sub-Saharan Africa
STRs	Simplified Trade Regimes
TIFA	Trade and Investment Framework Agreement
TMEA	TradeMark East Africa
TRALAC	Trade Law Centre
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization
WITS	World Integrated Trade Solution
WTO	World Trade Organization

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## EXECUTIVE SUMMARY

This report presents the economic, trade, and gender profiles of partner states of the East African Community (EAC) within the context of regional integration (chapter 1), and analyses the impact of EAC regional integration on women's well-being with a focus on women's employment (chapter 2). Both descriptive and quantitative analyses are used to this end. Chapter 3 of the report presents the main findings and policy recommendations.

### Economic and social indicators

Rwanda, followed by the United Republic of Tanzania and Uganda and to a lesser extent Kenya, all had high economic growth rates over the last decade, with Burundi being an exception due to its political and socioeconomic crisis. Overall growth performance translated into sustained growth in real per capita GDP for all the countries except Burundi. In 2016, Kenya had GDP per capita of US\$ 1455, the United Republic of Tanzania US\$ 879, Rwanda US\$ 703, Uganda US\$ 615, and Burundi US\$ 286. As a result, poverty fell significantly in general. However, inequality remained high across EAC partner states, implying that the benefits of growth were not equally distributed among individuals in the society. This highlights the importance of taking distributional concerns further into account.

Moreover, Kenya and the United Republic of Tanzania, the two largest economies in the EAC, were also the ones with the largest gender inequality within the region, ranking 135th and 129th, respectively, on the United Nations Development Programme's Gender Inequality Index in 2015, while Rwanda, Burundi, and Uganda ranked 84th, 108th, and 121st. All five countries had lower Gender Inequality Index values than the sub-Saharan Africa (SSA) average.

This implies that gender equality is not a natural outcome of the development process, and that proactive gender equality policies and resource allocation for gender equality are needed to close the gaps.

The sectoral structure of economies shifted away from agriculture towards services and to a lesser extent industry across EAC partner states over time. Hence the development trajectory of the EAC, as is common in Africa, does not follow a gradual transition from agriculture to industry and then to services, as was the case for Asian developing countries. In 2016,

agriculture accounted for 31 per cent of GDP on average in the EAC compared to 18 per cent in SSA. The share of services was 47 per cent, compared to 58 per cent in SSA, and industry made up 22 per cent of GDP (24 per cent in SSA).

### Trade structure and regional integration

The export structure of the EAC has also changed over the course of the community's regional integration. Despite their dominant share in total exports, primary products fell in share from 53 per cent in 2002–2004 to 44 per cent in 2010–2012, on average, and were surpassed by manufactured products over time. Export markets also shifted more towards SSA and Developing Asia, replacing the past dominance of the European Union markets in EAC exports. The share of SSA in EAC exports increased from 30 per cent in 2002–2004 to 36 per cent in 2010–2012, while the share of Developing Asia in EAC exports increased from 17 per cent to 26 per cent over the same period. The role of intra-EAC trade remains limited, accounting for only 19 per cent of EAC exports in 2010–2012. This requires thorough reflection to understand why EAC Customs Union and Common Market policies fell short of their expected positive impact on intra-regional trade.

Despite the limited growth of intra-EAC trade, the EAC is considered the most successful among all the regional economic communities in Africa, having received the highest score among those communities on the Regional Integration Index of the United Nations Economic Commission for Africa (UNECA). However, there are still lessons to be drawn from successful regional integration cases around the world. For example, the market-driven and private-sector-led model of the Association of Southeast Asian Nations (ASEAN) may be suitable for Africa, as the latter shares similar characteristics with Asia such as a lack of strong institutions and the existence of different cultures, heritages, and legal systems. In particular, ASEAN's focus on technological innovation could also be a model for the EAC.

### Education

Education and skill development are critical for wage workers to access higher-level job positions, and for producers and entrepreneurs to access the necessary business information and technological skills. EAC

partner states have significantly increased adult literacy and gender parity in literacy over time. In 2015, the female literacy rate was 83 per cent in Burundi, 76 per cent in the United Republic of Tanzania, 75 per cent in Kenya, 68 per cent in Rwanda, and 67 per cent in Uganda, compared to the average of 53 per cent in SSA. Achievement of full gender parity in gross enrolment rates in primary education was instrumental in this outcome. However, gross enrolment rates in secondary education remain low – and below the SSA average – for all EAC partner states except Kenya. Accessing university education continues to be a privilege in SSA and East Africa, and the gender gap in tertiary enrolment is larger than the gap for primary and secondary education. Given the increasing role of services and manufacturing, EAC partner states need to take further steps to ease the access of primary school graduates to secondary and tertiary education. This is also important for women to close the gender gap in the labour market and better benefit from the opportunities generated under regional integration.

### Employment structure

Despite the significant change in GDP and trade structure, the employment structure in the EAC has changed to a lesser extent. Among EAC partner states, Rwanda and the United Republic of Tanzania had the strongest change in the sectoral composition of female employment. Agriculture is the dominant sector of employment in the EAC, and more so for women. According to the latest figures available, 96 per cent of women in Burundi, 76 per cent in Kenya, 84 per cent in Rwanda, 71 per cent in the United Republic of Tanzania, and 77 per cent in Uganda are still employed in agriculture. Men had a stronger shift towards industry and services than women over time. The increase in women's employment in services was mainly observed in low-skilled services such as trade and tourism. Women are predominantly employed as own-account workers and contributing family workers – the two forms of vulnerable employment – as opposed to men, for whom wage-salary work is relatively more common. For example, 88 per cent of women in Burundi, 72 per cent in Rwanda, 62 per cent in Uganda, 41 per cent in the United Republic of Tanzania, and 25 per cent in Kenya are own-account workers. Contributing family work is also common among women in Kenya (48 per cent) and the United Republic of Tanzania (38 per cent), according to latest figures. In all three members for which data are available (Rwanda, Uganda, and to a lesser extent the

United Republic of Tanzania), there was an increase in the female share of total employment in manufacturing, the so-called “feminisation of labour,” in the process of EAC regional integration.

### Informal employment

The informal economy constitutes a significant part of both economic activity and employment, particularly for vulnerable groups in developing countries. Women are more likely than men to be in informal employment, and they account for a relatively higher share of total informal employment overall. For example, in the United Republic of Tanzania, 52 per cent of women and 47 per cent of men were informal in non-agricultural activity in 2014. Uganda had a higher incidence of informal employment than the United Republic of Tanzania: 64 per cent of women and 56 per cent of men were informally employed in non-agricultural activity in Uganda in 2012. Women in self-employment are particularly subject to informality in East Africa due to the gender barriers to wage employment and business growth.

Informal cross-border trade is among the major activities for self-employed women in the informal economy in East Africa. A number of regions in SSA, including the EAC, have introduced Simplified Trade Regimes (STRs) to encourage informal traders to switch to formal trade. However, the effective uptake of STRs by small-scale traders is limited because these regimes usually waive only customs duties and do not provide an exemption for other domestic taxes or other border requirements. Lack of awareness and knowledge about the implications of STRs is also another inhibiting factor.

### Time-use patterns

Women's unpaid care and domestic work burden limit the number of hours they can devote to on-farm and off-farm productive activities, constrain their mobility, and limit their access to market resources and information compared to men. Women shoulder a larger burden of unpaid work than men in all three EAC members for which data are available. For example, women spend 3 and 3.5 times more minutes per day on unpaid care and domestic work than men in Rwanda and the United Republic of Tanzania, respectively. In Uganda, the gap is smaller, with women spending 1.2 times more minutes per day on unpaid work than men.

### Access to resources

Women consistently face structural biases in access

to assets, resources, and markets in developing countries in general. Access to credit is a key issue for female farmers and business owners in starting or expanding their farm or business, as they often possess fewer resources and assets than men. In EAC partner states, however, family or friends continue to be the most widespread source of borrowing as a key informal channel of credit for both men and women. Even in Uganda and Kenya, where formal credit use is the highest, only around 18 per cent of men and 13-14 per cent of women borrowed from a financial institution. This shows that initiatives to provide credit and training to women entrepreneurs need to be developed further. Land is a key asset for rural women's livelihoods given the dominance of agriculture in female employment in the EAC. Despite the introduction of laws on gender equality into property and inheritance laws, a significant gender gap continues to exist in access to land. Similar to the case of credit, a lower share of women tend to be landowners in the EAC, and the gender gap is particularly high in Uganda.

### **Participation in decision-making processes**

Commendable efforts have been made at the institutional and legal levels to reduce gender inequality in EAC partner states. All of the countries are parties to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and have national gender policy frameworks. Some of them introduced instruments to engender their trade policy. Unfortunately, these efforts have proved insufficient, at least for the time being, to overcome most gender inequalities, despite considerable improvements over time. In addition to gender gaps in education, access to resources, assets, and economic opportunities, women also lag behind in decision-making processes within the household. Political participation is an area where EAC members performed well in comparison to the international setting and the SSA average. While 38 per cent of the seats in the national parliament and 32 per cent of ministerial-level positions were held by women on average in the EAC in 2015, the same averages were 24 per cent and 20 per cent for SSA. Rwanda became the first country in history to have a higher share of women in the parliament than men in 2008 (64 per cent in 2015).

### **Employment effects of regional integration and tariff liberalization**

Empirical analysis in chapter 2 shows that EAC

regional integration had a positive effect on women's employment in general. According to the macro analysis, EAC regional integration and overall trade openness contributed to the shift away from agriculture towards services in the sectoral composition of female employment documented in chapter 1. However, women's employment in services mainly expanded at the lower end of the skill spectrum, such as in the trade and tourism sectors. Although these sectors have a higher potential than agriculture to secure stable income sources, they do not necessarily translate into income gains for women. The analysis finds that export tariff liberalization between EAC partner states had a positive impact on women's employment in production tasks, while the effect was insignificant for non-production workers. Being an exporter firm also meant a higher share of female production workers at the firm level. This might be because trade-induced technological upgrading in the economy benefits women as production workers by easing their access to jobs previously dominated by men.

It might also well be the case that women as production workers are a source of competitive advantage for those firms thanks to the existing gender wage gaps. This was indeed the main reason behind the feminisation of labour in other developing countries in the 1980s and 1990s. Therefore, implementation of labour protection policies is crucial to avoid such negative effects on women. Furthermore, firms that have an international certification generally tend to employ more female workers than firms without such certification. Country case studies also demonstrate the positive effects of certification on women's decision-making power. Countries should therefore develop or continue programmes that help firms achieve international certification.

### **Gender policy framework**

With regard to the overall gender policy framework, initiatives at the regional level may prove effective and may accompany and/or replace national initiatives. The East African Legislative Assembly (EALA) passed the EAC Gender Equality and Development Bill in March 2017. This act has considerable potential to improve conditions for women across EAC partner states. It could also contribute towards expanding the opportunities from trade liberalization and regional integration for women, particularly through its chapters on economic empowerment, land rights, and trade. Besides the national and regional policy framework, gender-sensitive implementation of the

United Nations' Sustainable Development Goals would also contribute towards achieving trade-related gender goals. Finally, the gender policy framework of the European Union could serve as an example of a

positive experience on gender mainstreaming at the regional level for the EAC as a region. More detailed discussion of policy recommendations is presented in chapter 3 of the report.

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## INTRODUCTION

The treaty that established the East African Community (EAC) was signed on 30 November 1999 and entered into force on 7 July 2000 following its ratification by the three original partner states – Kenya, the United Republic of Tanzania, and Uganda. Rwanda and Burundi acceded to the EAC Treaty on 18 June 2007, and became full members of the community on 1 July 2007. South Sudan acceded to the treaty on 15 April 2016 and became a full member on 15 August 2016 (EAC, 2016a).<sup>1</sup> The main objective of the EAC is to introduce policies and programs to promote cooperation among its member states for their mutual benefit in a wide range of areas including political, economic, social, and cultural affairs, research and technology, defence, security, and legal and judicial affairs.

EAC partner states signed the Customs Union Treaty in March 2004 to establish a common external tariff on imports from third countries and to gradually eliminate internal tariffs. The protocol became effective in January 2005, and the gradual process of establishing a Customs Union was completed in January 2010. Although the introduction of the Customs Union largely eliminated some of the barriers to trade, other impediments remain. Non-harmonized technical regulations, sanitary and phytosanitary requirements, customs procedures and documentation, rules of origin, and police road blocks are among the major trade barriers in the EAC.

The Customs Union Treaty was followed by the signing of the Protocol on the Establishment of the East African Community Common Market in November 2009. The Common Market came into effect in July 2010. This shifted the emphasis from solely liberalizing goods and tariffs to furthering the free movement of goods, services, labour, and capital. More recently, the Protocol for the Establishment of the EAC Monetary Union was signed in November 2013. Currently, the process towards an East African Federation is being fast-tracked with the aim of building a sustainable and powerful economic and political bloc in East Africa.

The implications of regional integration under the EAC for the overall welfare of its member states have been a subject of research in different areas. However, the gender implications of the EAC have been investigated to a lesser extent. In fact, trade policies are not gender-neutral because changes in a country's trade patterns

and volumes take place in the context of economic structures and institutions that tend to be shaped by gender bias.

This has two implications. On the one hand, trade leads to outcomes that vary by gender. Trade affects economies by changing relative prices, the structure of production, employment patterns, and relative incomes. Within a country, men and women tend to be affected by the changes in trade patterns and volumes differently in their various roles as wage workers, producers, and consumers. On the other hand, gender inequalities tend to affect trade strategies in terms of competitiveness and the extent to which a particular set of trade measures will translate into the desired economic performance. For example, asymmetric distribution of productive resources, limited access to information and markets, inadequate productive capacity, and weak infrastructure all lead to different opportunities for men and women (UNCTAD, 2014a).

This report aims to analyse the impact of EAC regional integration on women's well-being, with a focus on women's employment. Both descriptive and quantitative analyses are used to this end. Chapter 1 introduces the background on the country and gender profiles. The country profiles section presents the major changes in the economic and social structure of EAC partner states as well as changes in their trade structure and policies, with a focus on the EAC regional integration process. The gender profiles section presents the gender situation in EAC member states in the context of trade-gender interaction. It covers different dimensions of gender inequality including education, access to resources, assets, and economic opportunities, and women's agency and decision-making power. The section also presents the legal and institutional framework on gender equality in EAC member states with a focus on its implications for trade policy.

Chapter 2 presents a quantitative analysis of the impact of EAC regional integration on women's employment in EAC member states. The macro analysis deals with the role that trade openness and EAC regional integration played in the shift in the sectoral composition of employment for women. The micro analysis estimates the impact of tariff liberalization within the EAC and with other major trading partners around the world on the female share

of employment at the firm level. While doing so, the analysis also distinguishes between different effects for production and non-production workers. Finally,

the main findings and policy recommendations in chapter 3 draw the main conclusions and the related policy recommendations that come out of the study.

## NOTES

<sup>1</sup> South Sudan is not covered in this study because the country has only recently joined the EAC and not enough time has passed to assess the impact of regional integration on women there. Therefore, the terms “EAC partner states,” “member states”, and “EAC countries” used throughout the study refer to Burundi, Kenya, Rwanda, the United Republic of Tanzania, and Uganda.

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I



Economic  
and gender  
profiles of EAC  
member states

# 1. ECONOMIC AND GENDER PROFILES OF EAC MEMBER STATES

The combined 2016 GDP of Burundi, Kenya, Rwanda, the United Republic of Tanzania, and Uganda was US\$ 154.9 billion, and the total population of these EAC member states was 168 million in 2016.<sup>2</sup> Africa's growth performance (3.7 per cent on average in 2015) has been better than other regions around the world except for East and South Asia (5.6 per cent on average in 2015), despite the negative influence of the 2008–2009 global economic crisis (UNECA, 2016a). The growth performance of EAC countries (5.1 per cent on average between 2009 and 2014) was also well above the world average, although the growth rate fell to 2.6 per cent in 2015 (EAC, 2016b). This slowdown in growth performance was partly driven by the contraction in Burundi's economy, as will be discussed further in section 1.1.1.

The high-growth performance in Eastern Africa in recent years was the outcome of various macroeconomic policies, including improved exchange rate management, reductions in foreign debt, shrinking budget deficits, and the curbing of inflation (AfDB, 2014). Economic policy reforms improving the competitiveness of the private sector were also instrumental (with Rwanda showing the biggest improvement). However, the region has experienced high growth rates together with high inequality (AfDB, 2014). Therefore, social policies are as important as economic policies for the benefits of growth to be distributed more equally across society.

Section 1.1 presents the country profiles for EAC partner states by looking at their economic and social indicators and their trade policies and trade developments. It aims to put the economic and social structures in EAC partner states in perspective and show how they evolved over time in the process of EAC regional integration. Section 1.2 presents the gender profiles for EAC partner states by introducing the gender situation (output) and the legal and institutional framework (input) of the gender processes that are in place in each country. This section forms the background for the analysis in chapter 2 of the impact of EAC regional integration on women's employment.

## 1.1. COUNTRY PROFILES

### 1.1.1. Brief country overviews

*Burundi* is the smallest economy of EAC and has a fragile economy (AfDB, 2014). The Burundian civil war lasted from 1993 to 2005 and ended with the 2005 constitution that guaranteed representation of the Hutu and Tutsi, and parliamentary elections. A new political crisis emerged in 2015 related to the presidential elections.<sup>3</sup> As a result of the political crisis, the Burundian economy fell into economic crisis, with shrinking GDP in 2015. There are over 400,000 registered Burundian refugees who have fled the country due to the socio-economic crisis, with the United Republic of Tanzania being the main destination for refugees (Africa Center for Strategic Studies, 2017).

*Kenya* is the largest economy in the EAC and the only non-least-developed country among the EAC members, owing to its favourable geographic location, good economic infrastructure, relatively skilled labour force, and strong institutions compared to its neighbours. However, Kenya has experienced limited structural transformation with respect to its output, exports, and employment over the past few decades (UNECA, 2015a). Although Kenya is not considered as a fragile state by the African Development Bank, the country faces both political and socio-economic sources of fragility due to the politicization of ethnicity, poor adherence to law, and other factors (AfDB, 2014).

*Rwanda* has faced challenging ethnicity problems since gaining independence in 1962 – problems that led to the 1994 genocide. The economic structure of the country was severely affected by the genocide, but the country has achieved significant progress in rebuilding its economic and social infrastructure since the mid-1990s (AfDB, 2014). There is a general consensus that the Rwandan economy performed extremely well in terms of macroeconomic stability and growth, infrastructure provision, and human and social development. Rwanda is also considered to have among the best institutional capacity in Africa, ranking second after Mauritius in the World Bank's Ease of Doing Business ranking (UNECA, 2015b).

The *United Republic of Tanzania* has held peaceful elections since becoming a multi-party democratic country in 1992, and is known as a politically stable country. The United Republic of Tanzania plays an

important role for its landlocked neighbours, serving them with its seaport and transport corridor system (AfDB, 2014). Similar to Rwanda, the United Republic of Tanzania is one of the fastest-growing economies in Eastern Africa. Despite its impressive growth performance, however, the country suffers from a number of vulnerabilities. For example, minerals form a significant share of exports, exposing the country to fluctuations in commodity prices (UNECA, 2015c).

Although the economy in *Uganda* has been growing faster than the world and Africa on average since 2000, the country lags behind Rwanda and the United Republic of Tanzania in growth performance. Since the 1990s, the country has made significant progress in reducing poverty. However, demographic pressure in Uganda is among the most pronounced in Africa, and the country needs financial resources for education and health care. Another challenge is related to the

institutional structure. A non-conducive business environment negatively affects the private sector. The agricultural sector also needs the introduction of value chains and measures to increase productivity (UNECA, 2015d).

### 1.1.2. Selected economic and social indicators

This section presents a comparative evaluation of the changes over time in economic and social indicators for EAC partner states. The EAC introduced the Customs Union Treaty in 2005, and the Protocol on the Establishment of the East African Community Common Market went into force in July 2010 (box 1). Therefore, special attention will be given in this section to changes between pre- and post-EAC integration episodes.<sup>4</sup>

#### 1.1.2.1. Economic indicators

Figure 1 presents a snapshot of the EAC partner

#### Box 1. The East African Community Customs Union and Common Market

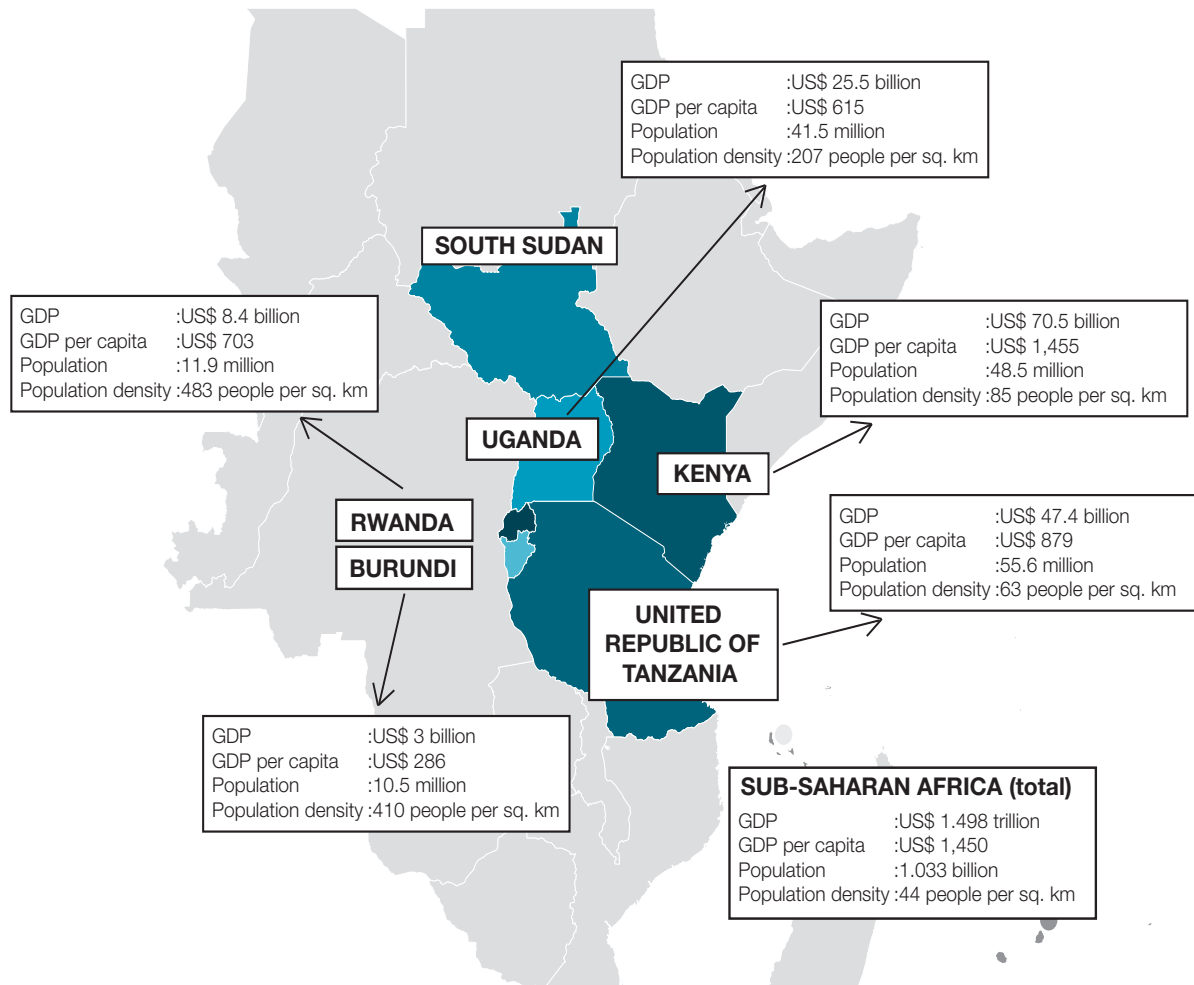
The EAC Customs Union, which has been in force since 2005, is defined in Article 75 of the Treaty for the Establishment of the East African Community. Accordingly, EAC partner states have agreed to establish free trade (or zero duty imposed) on goods amongst themselves and have agreed on a common external tariff to be applied to imports from countries outside the EAC zone when sold to any EAC partner state. Goods moving freely within the EAC must comply with the EAC Rules of Origin and with certain provisions of the Protocol for the Establishment of the East African Community Customs Union (EAC, 2017a).

The EAC Common Market, which has been in force since 2010, is in line with the provisions of the EAC Treaty. It forms the second regional integration milestone after the Customs Union, which became fully-fledged in January 2010. The Common Market implies that the EAC partner states maintain a liberal stance amongst themselves towards freedoms of movement for all the factors of production and products and the two rights listed below (EAC, 2017b):

- Free Movement of Goods
- Free Movement of Persons
- Free Movement of Labour/Workers
- Free Movement of Services
- Free Movement of Capital
- Right of Establishment
- Right of Residence

The operational principles of the community that underlie the EAC Common Market are:

- Non-discrimination of nationals of other partner states on grounds of nationality
- Equal treatment to nationals of other partner states
- Assurance of transparency in matters concerning the other partner states
- Sharing of information for smooth implementation of the protocol

**Figure 1. GDP and population indicators in 2016**

Source: World Bank, World Development Indicators database (accessed in July 2017).

Note: GDP and GDP per capita figures are measured in current US\$.

states in terms of their GDP and population figures in 2016. Kenya and the United Republic of Tanzania are the two largest economies of the EAC, while Burundi and Rwanda are the smallest. The United Republic of Tanzania and Kenya are also the two most populous countries in the EAC. In addition to their small economic size, Burundi and Rwanda also face the challenge of high population density due to their small geographical areas. Indeed, in terms of the land-to-labour ratio, Burundi and Rwanda are among the nine least developed countries (LDCs) in the world that face the greatest demographic pressure on land (UNCTAD, 2015a).<sup>5</sup> The populations of Burundi, the United Republic of Tanzania, and Uganda are all projected to increase at least fivefold by 2100, according to the UN Department of Social Affairs' Population Division (UNCTAD, 2015a). While this would create

demographic pressure, it would also present an opportunity for these economies, depending on how they respond to the increase in population.

The United Republic of Tanzania and Kenya are the two least densely populated countries among EAC member states thanks to their large geographical areas. The United Republic of Tanzania is also the most urbanized country in the EAC, followed by Rwanda and Kenya. Mobilizing the population from rural to urban areas – a key step in the development process – seems to be a bigger challenge for Burundi and Uganda. In line with their GDP and population figures, EAC member states in terms of GDP per capita are, from highest to lowest, Kenya, the United Republic of Tanzania, Rwanda, Uganda, and Burundi.<sup>6</sup> As the only non-LDC, Kenya has much higher GDP

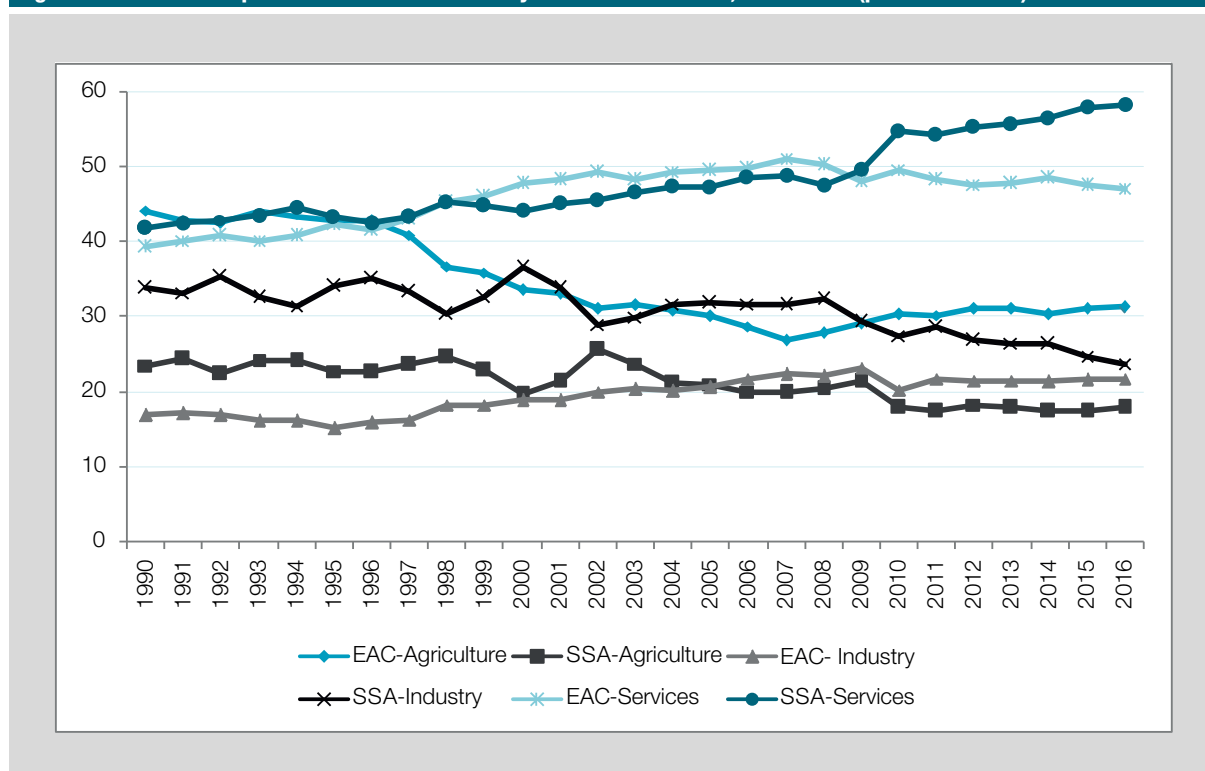
per capita (US\$ 1,455) than the other EAC member states, while Burundi has the lowest (US\$ 286). The United Republic of Tanzania, Rwanda, and Uganda have relatively more comparable GDP per capita values.

EAC partner states had relatively good economic growth performance over the last two decades in comparison with the world and sub-Saharan Africa (SSA). On average, the EAC region grew by around 5.6 per cent between 2000 and 2016.<sup>7</sup> Similarly, real GDP per capita grew faster (2.6 per cent) than the SSA average (2 per cent) during the same period. Among the EAC partner states, Rwanda (7.9 per cent on average) followed by the United Republic of Tanzania (6.6 per cent on average) and Uganda (6.4 per cent on average) had the best growth performances in the post-2000 period. Kenya (4.6 per cent on average) lagged behind Rwanda, the United Republic of Tanzania, and Uganda with its growth performance in the same period, while Burundi (2.7 per cent on average) had the worst growth performance and is currently going through a political and economic crisis.

The EAC experienced a rapid expansion of services and, to a lesser extent, industry from the mid-1990s to the mid-2000s, with services replacing agriculture's dominant role in economic activity (figure 2).<sup>8</sup> This structural change in economic activity has stabilized since the mid-2000s. Compared to SSA, the EAC as a whole has a much higher share of agriculture in its GDP and a lower share of services and industry. In 2016, the EAC as a whole had 31 per cent of its GDP in agriculture compared to SSA's 18 per cent in agriculture. The EAC share of services was 47 per cent compared to the average of 58 per cent for SSA. The contribution of the industrial sector (22 per cent) also lagged behind that of SSA (24 per cent). In fact, the industrial sector outweighs agriculture in SSA with respect to their contributions to GDP.

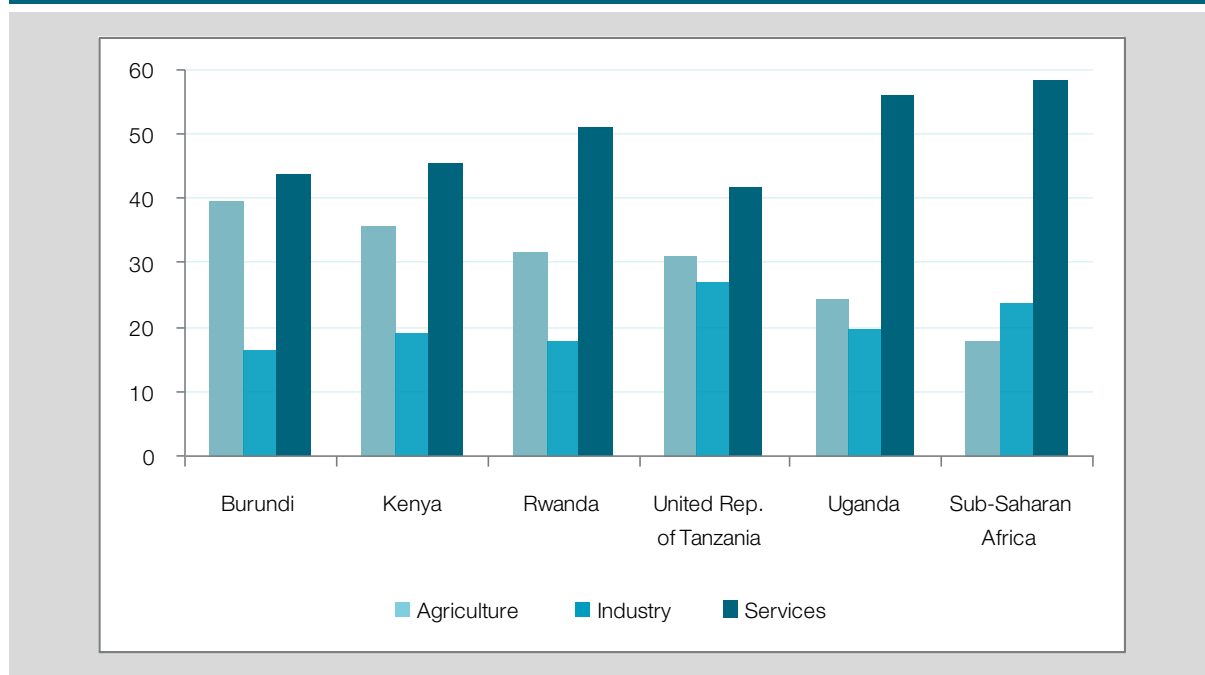
Within the EAC region, services are the main source of GDP for all the countries (figure 3).<sup>9</sup> The industrial sector is particularly important in the United Republic of Tanzania given the significant role of minerals in its exports (UNECA, 2015c). Uganda, Rwanda, and to a lesser extent Kenya have the highest shares of services

**Figure 2. Sectoral composition of economic activity in the EAC and SSA, 1990–2016 (per cent shares)**



Source: UNCTAD calculations based on data from the World Bank's World Development Indicators database (accessed in July 2017).

Note: EAC: East African Community; SSA: sub-Saharan Africa.

**Figure 3. Sectoral composition of economic activity in EAC partner states and SSA, 2016 (per cent shares)**

Source: World Bank, World Development Indicators Database (accessed in July 2017).

Note: EAC: East African Community; SSA: sub-Saharan Africa

in their GDPs. This is not surprising in particular for Rwanda and Uganda, given their landlocked economies and limited access to other markets. Kenya has a significant share of agriculture in its GDP. This reflects the limited structural transformation of the Kenyan economy over the last few decades (UNECA, 2015a). Overall, all EAC partner states have relatively higher shares of agriculture and lower shares of services in their GDPs than the SSA average. With the exception of the United Republic of Tanzania, they also have relatively low shares of industry in their economies compared to the SSA average. These differences imply that there is need for further policies to support the transformation of the EAC region from a rural/agriculture-based structure towards one further oriented towards industry and services.

The degree of sectoral transformation in employment is less pronounced than the sectoral transformation in economic activity, especially for female employment, as will be discussed in more detail in section 1.2.1. Despite the shift of GDP composition towards services over time, most people and especially most women are still employed in agriculture in EAC partner states. This partly reflects the low labour productivity in agriculture, which, in turn, requires more labour

to be employed there. In fact, the structural change in employment in the form of a shift from agriculture to industry and services first requires an increase in labour productivity in agriculture to meet the food production requirements of the country and to enable the release of labour from this sector.

#### 1.1.2.2. Social indicators

As the economic indicators presented above have shown, EAC member states, with the exception of Burundi, have managed to sustain high GDP and per capita GDP growth rates since the 2000s – well above the SSA average. Despite some improvements over time, however, income inequality has remained high in EAC partner states (table 1). Among them, Rwanda had much higher income inequality than the United Republic of Tanzania and Uganda, according to Gini index figures for the 2010s.<sup>10,11</sup> This implies that the benefits of rapid economic growth in Rwanda are not equally distributed. On the other hand, absolute poverty fell significantly in Rwanda, the United Republic of Tanzania, and Uganda, while it did not change much in Burundi from the mid-2000s to the 2010s.<sup>12</sup> The reduction in absolute poverty is a natural outcome of the sustained growth in real per capita GDP observed in those countries in the same period,

**Table 1. Poverty and inequality indicators in EAC member states**

	Burundi			Kenya		Rwanda		United Republic of Tanzania			Uganda		
	1992	2006	2014	1992	2005	2005	2013	1991	2007	2011	1992	2005	2012
Gini index	33.3	33.4	...	57.5	48.5	52.0	50.4	35.3	40.3	37.8	41.4	42.9	41.0
Poverty ratio (World Bank)	81.1	77.7	...	23.1	33.6	68.0	60.4	70.4	52.7	46.6	68.1	53.2	34.6
Poverty ratio	...	67.1	64.6	57.2 <sup>a</sup>	45.9	56.7	39.1 <sup>b</sup>	38.6 <sup>a</sup>	34.4 <sup>a</sup>	28.2	56.4	31.1	19.5
Rural poverty ratio		...	68.8	46.5 <sup>a</sup>	49.1	61.9	43.7 <sup>b</sup>	40.8 <sup>a</sup>	39.1 <sup>a</sup>	33.3	60.3	34.2	22.4
Urban poverty ratio		...	27.6	29.3 <sup>a</sup>	33.7	28.5	15.9 <sup>b</sup>	28.5 <sup>a</sup>	20.0 <sup>a</sup>	15.5	28.8	13.7	9.6

Source: World Bank, World Development Indicators database (accessed in January 2017).

Note: Poverty ratio is defined as a percentage. World Bank figures are based on the \$1.90 (2011 purchasing power parity) threshold. EAC: East African Community.

<sup>a</sup> The dataset includes non-comparable values for those survey years and therefore the numbers are not strictly comparable.

<sup>b</sup> National Institute of Statistics of Rwanda (2016b).

as documented earlier.

Poverty is much more prevalent in rural areas than in urban ones, as is typical for developing countries. Gender poverty measures are only available for Rwanda and the United Republic of Tanzania. Poverty was more common among female-headed households (43.8 per cent) than male-headed ones (36.9 per cent) in Rwanda in 2013 (National Institute of Statistics of Rwanda, 2016a). Interestingly, poverty was lower among female-headed households (24.7 per cent) than the whole population (28.2 per cent) in the United Republic of Tanzania in 2011 (National Bureau of Statistics of the United Republic of Tanzania, 2016). One explanation would be that relatively more female-headed households might be residing in urban areas in the United Republic of Tanzania.

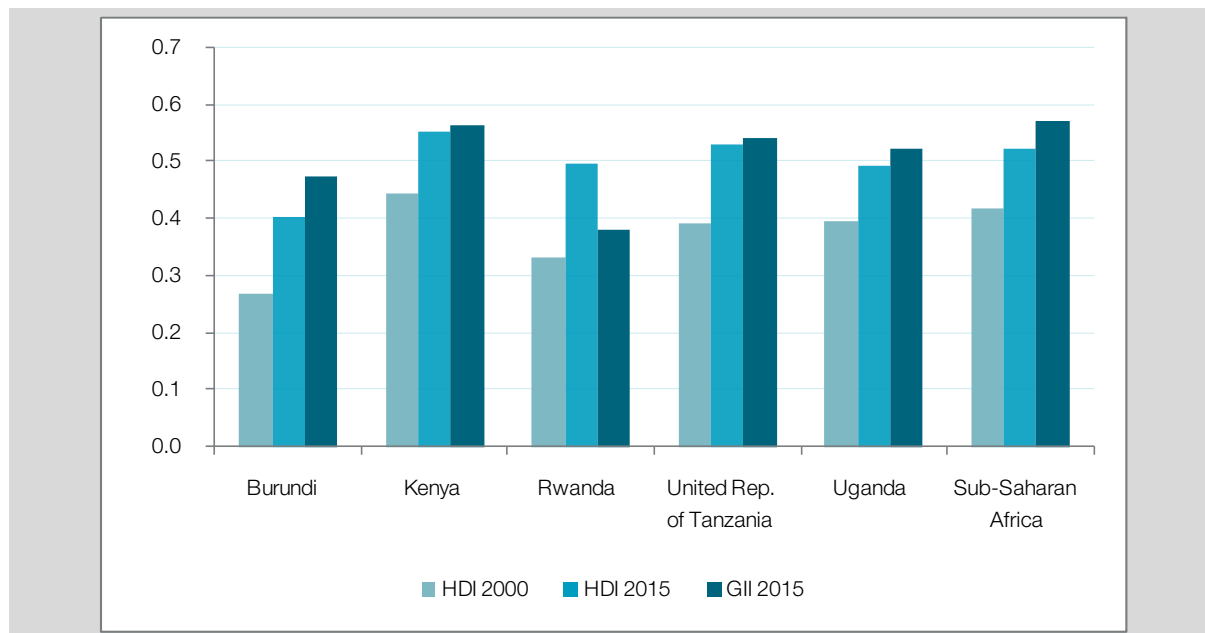
Kenya was ranked in the medium human development group of countries on the Human Development Index (HDI) in 2015, while Burundi, Rwanda, the United Republic of Tanzania, and Uganda ranked in the low human development group. Kenya and the United Republic of Tanzania had the highest HDI values in 2015 (above the SSA average) while Burundi and Rwanda were the member states showing the biggest improvements from 2000 to 2015 (figure 4).<sup>13</sup> Improvements in educational outcomes were the main driver of progress in both countries (UNDP, 2016a, 2016b). Overall, the EAC showed remarkable growth in human development from 2000–2010 (2.6 per cent annually) in comparison to SSA (1.7 per cent). However, this progress slowed in the post-2010 period mainly

because of the stagnation in educational outcomes, particularly in Kenya, the United Republic of Tanzania, and Uganda (UNDP, 2016c, 2016d, 2016e). As will be shown in more detail in section 1.2.1, expansion of education at the secondary and higher levels did not keep up with the universal expansion of primary education, which slowed down the gains observed over the 2000s.

The slowdown in educational gains is also important in the context of trade and gender interaction, as education is key to enhancing women's status in the labour market. EAC partner states all perform better on the Gender Inequality Index (GII) than on the HDI.<sup>14</sup> According to GIJ figures for 2015, Rwanda had the least gender inequality among EAC partner states, ranking 84th in the world, followed by Burundi (108th), Uganda (121st), the United Republic of Tanzania (129th), and Kenya (135th). The GIJ values for all five member states were lower than the SSA average of 0.572 in 2015. It is interesting that the two largest EAC economies are also the ones with the highest levels of gender inequality. This highlights the role of gender-specific policies and institutions in achieving gender equality regardless of the level of development of a country. Hence, gender equality is not a natural outcome of the development process. This issue is discussed in further detail in section 1.2.

### 1.1.3. Trade profiles and trade developments

This section presents a comparative evaluation of the changes in trade structure and trade policies in

**Figure 4. Human Development and Gender Inequality Indices in EAC partner states and SSA**

Source: UNDP (2016f).

Note: EAC: East African Community; GII: Gender Inequality Index; HDI: Human Development Index; SSA: sub-Saharan Africa.

EAC member states over time. Special attention will be given to changes in the course of EAC Customs Union and Common Market policies that went into full implementation in 2010.

### 1.1.3.1. Trade structure

EAC exports have expanded over time, particularly in the early 2000s (figure 5). The share of EAC exports of goods and services in total GDP increased from 13 per cent in 2000 to 18 per cent in 2015. However, the export capacity of the EAC lags behind that of SSA, where total exports corresponded to 22.5 per cent of GDP on average in 2015. Imports of goods and services grew faster than exports, particularly in the second half of the 2000s. Imports as a share of GDP increased from 21 per cent in 2000 to 28 per cent in 2015, comparable to the SSA average. As a result, the trade deficit grew well above the SSA average, particularly between 2005 and 2010. High trade deficits might cause a drag on economic growth over time.

Trade statistics for individual countries for merchandise exports and imports are presented as three-year averages for 2002–2004 and 2010–2012 in order to make a comparison between the pre- and post-Customs Union periods in the EAC regional integration

process. Among EAC partner states, the United Republic of Tanzania, and to a lesser extent, Rwanda and Uganda, experienced notable increases in their merchandise exports as a share of GDP between the pre- and post-Customs Union period (table 2). Burundi and Kenya, on the other hand, saw a drop in the share of merchandise exports. This was driven partly by the decline in the price of certain commodities such as tea and by weak external demand in recent years (UNECA, 2015a). Merchandise imports increased substantially between 2002–2004 and 2010–2012 in all EAC partner states (in Rwanda and the United Republic of Tanzania more pronouncedly), exceeding the SSA average. Further details regarding the structure of those changes in merchandise trade are presented later in this section.

Services exports also expanded in all EAC partner states except the United Republic of Tanzania between 2005 and 2010–2012. This is in line with the increasing role of services in economic activity in the EAC countries, as discussed in section 1.1.2. The most notable increase occurred in Rwanda and Uganda as the two landlocked economies of EAC. According to UNCTAD calculations based on the UNCTADStat database, the main export sector in services was transport services in Kenya and travel services in Rwanda, the United Republic of Tanzania,



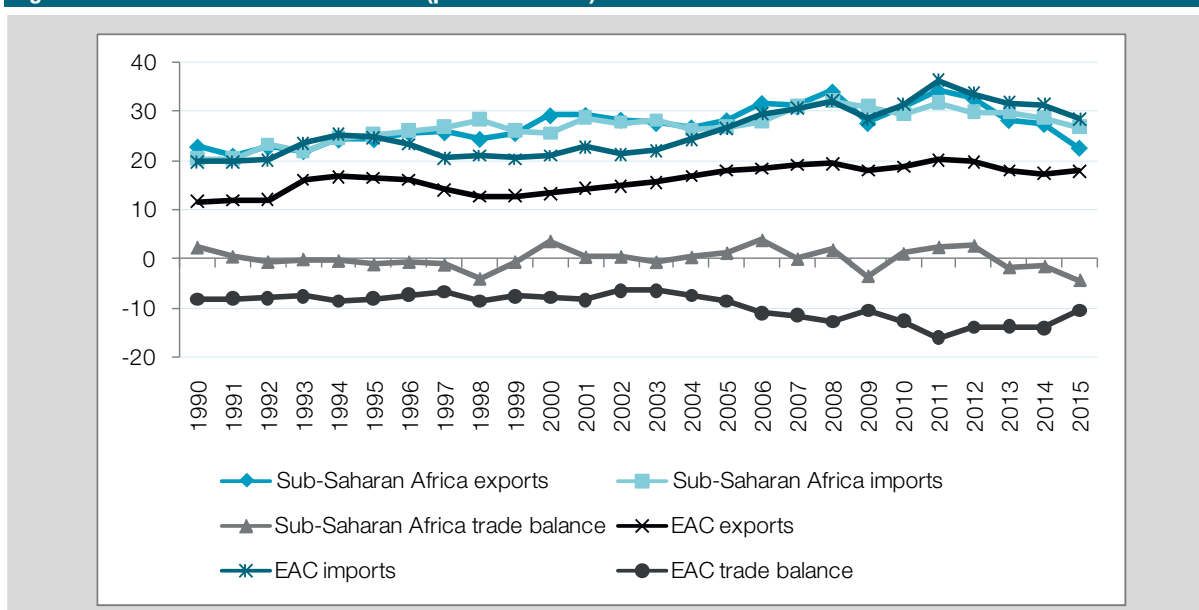
and Uganda. The implications of services trade for female employment are discussed in section 1.2.1.

EAC merchandise exports are dominated by primary products and, to a lesser extent, resource-based manufactures (figure 6). There has been a shift of merchandise exports away from primary products towards manufacturing and unclassified products in the EAC regional integration process.<sup>15</sup> Although

still very low, the share of medium technology exports in total merchandise exports also rose significantly. Descriptive statistics on the female share of employment are presented in section 2.3 for the manufacturing sub-sectors in EAC partner states.

Although intra-EAC trade expanded in volume, the relative role of intra-regional trade remained weak, with trade increasingly dominated by trading partners

**Figure 5. Trade flows in the EAC and SSA (per cent of GDP)**



Source: UNCTADStat Database (accessed in May 2017).

Note: EAC: East African Community; SSA: sub-Saharan Africa.

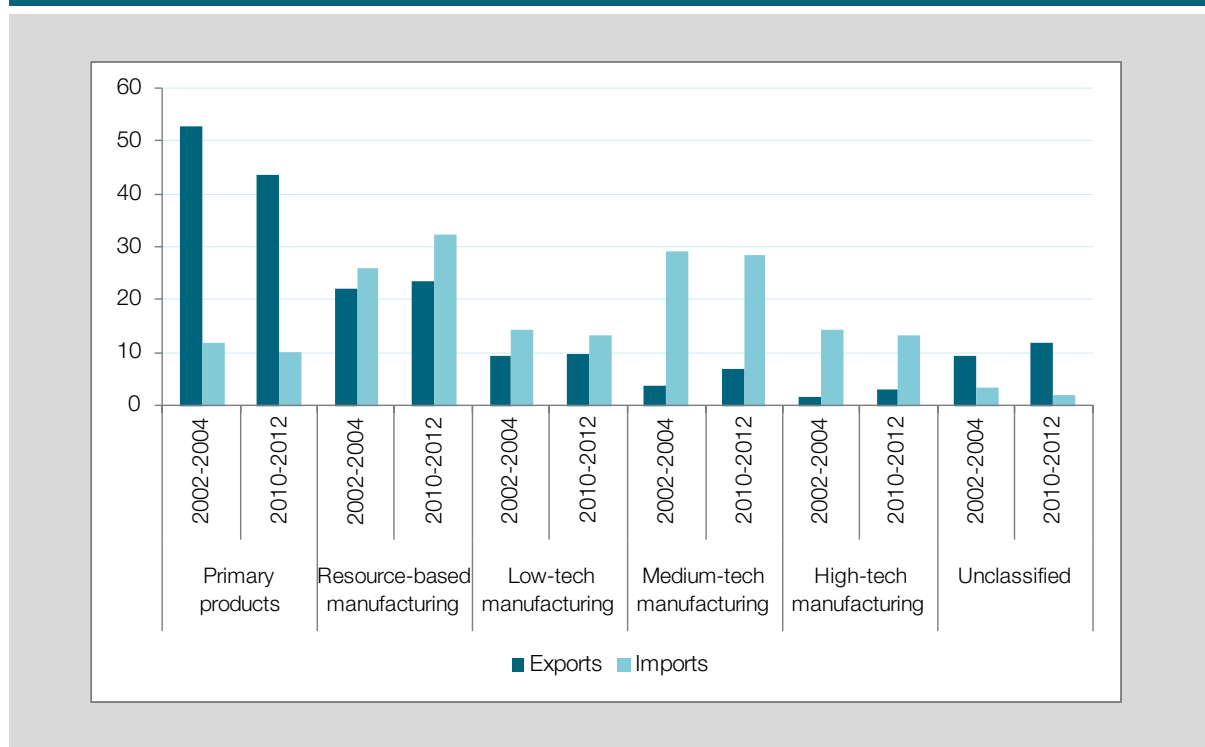
**Table 2. Trade flows in EAC partner states (per cent of GDP)**

	Merchandise exports		Merchandise imports		Services exports		Services imports	
	2002–2004	2010–2012	2002–2004	2010–2012	2005	2010–2012	2005	2010–2012
Burundi	6.0	5.4	23.4	30.3	3.1	4.3	12.0	9.0
Kenya	14.5	12.6	21.8	32.6	8.8	9.6	5.4	5.1
Rwanda	4.0	6.9	14.7	29.4	4.6	6.2	11.1	9.0
United Republic of Tanzania	7.5	13.5	13.8	29.0	6.9	6.7	6.5	6.1
Uganda	6.7	9.2	16.8	24.6	4.7	7.8	5.5	10.1
EAC	9.9	11.7	17.7	29.6	7.0	8.0	6.2	6.7
Developing economies: Asia	35.5	34.9	32.6	32.2	6.4	5.8	7.5	6.7
Sub-Saharan Africa	21.9	27.4	20.0	23.0	3.9	3.6	6.8	8.1

Sources: UNCTADStat Database (accessed in May 2017).

Note: EAC: East African Community.

**Figure 6. Sectoral composition of EAC trade with the rest of the world between 2002–2004 and 2010–2012 (per cent shares)<sup>16</sup>**



Source: UNCTADStat database (accessed in May 2017).

Note: EAC: East African Community.

outside the EAC. Intra-EAC merchandise exports as a share of total EAC merchandise exports increased only slightly from the pre- to the post-Customs Union period (figure 7). Instead, EAC merchandise exports mainly shifted towards developing economies in Asia (China and India being the biggest recipients) and SSA, replacing the dominance of traditional European Union export markets.

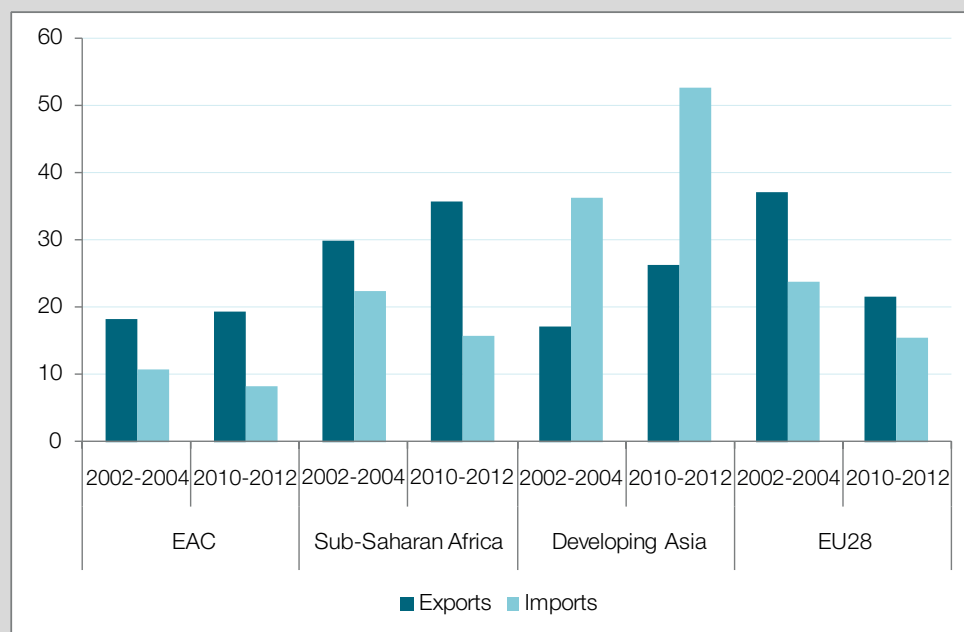
Similarly, the share of Asian imports in EAC merchandise imports has significantly increased over time while merchandise imports from other regions have lost their share in the EAC markets. Intra-EAC imports also fell in share during the EAC regional integration process. The increased role of Asian developing countries, and in particular China and India, is in line with the general trends around the world, and therefore, is not surprising. However, the limited role of intra-EAC trade calls for attention, and this issue is further discussed later in this section.

According to UNCTAD calculations based on the UNCTADStat database, 54 per cent of intra-EAC merchandise exports were of resource-based

manufactures in the 2002–2004 period, and this share declined to 34 per cent in the 2010–2012 period, on average. Resource-based manufactures were replaced particularly by low- and medium-technology exports in the course of EAC regional integration. A similar pattern was also observed for intra-EAC merchandise imports. Although intra-EAC trade had weak growth during the regional integration process, its composition exhibited a technological upgrading towards technology manufactures. This is particularly important for the more developed members of the EAC.

On the other hand, primary products continue to dominate the European Union and Asian export markets while there is an influx of higher-value-added import products into the EAC markets from those regions. According to UNCTAD calculations based on the UNCTADStat database, 78 per cent and 49 per cent of EAC exports to the European Union and Developing Asia, respectively, were of primary products in 2015. Of the EAC's imports from the European Union and Developing Asia, 69 per cent and 40 per cent

**Figure 7. Geographic composition of EAC trade with the rest of the world between 2002–2004 and 2010–2012 (per cent shares)**



Source: UNCTADStat database (accessed in May 2017).

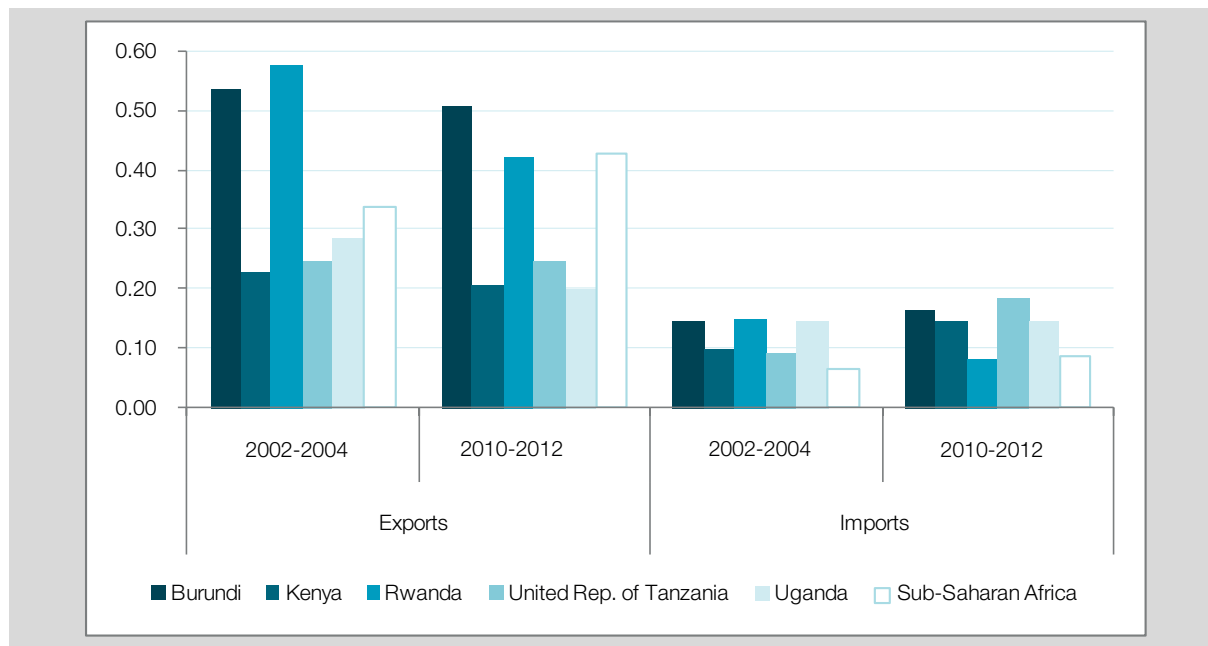
Note: EAC: East African Community. EU28 refers to the member countries of the European Union.

were of high- and medium-technology manufactures, respectively, also in 2015. This dichotomy in trade structure is a reflection of the limited transformation within the EAC. The more developed members of Kenya and the United Republic of Tanzania rely on the EAC as an important export market, while Burundi and Rwanda represent their main importers. The impact of tariff liberalization with different groups of trading partners on women's employment in manufacturing is examined in the micro analysis in chapter 2.

Concentration indices for exports and imports further demonstrate the degree of transformation in the trade structure of EAC partner states during the EAC integration process (figure 8).<sup>17</sup> As the two smallest members of the EAC, Burundi and Rwanda had the highest degrees of concentration in their merchandise exports dominated by commodities in 2015. According to UNCTAD calculations based on the UNCTADStat database, gold (41 per cent), coffee (23 per cent), and tea (10 per cent) were Burundi's top merchandise exports in 2015. Similarly, ores and concentrates of base metals (27 per cent), coffee (13

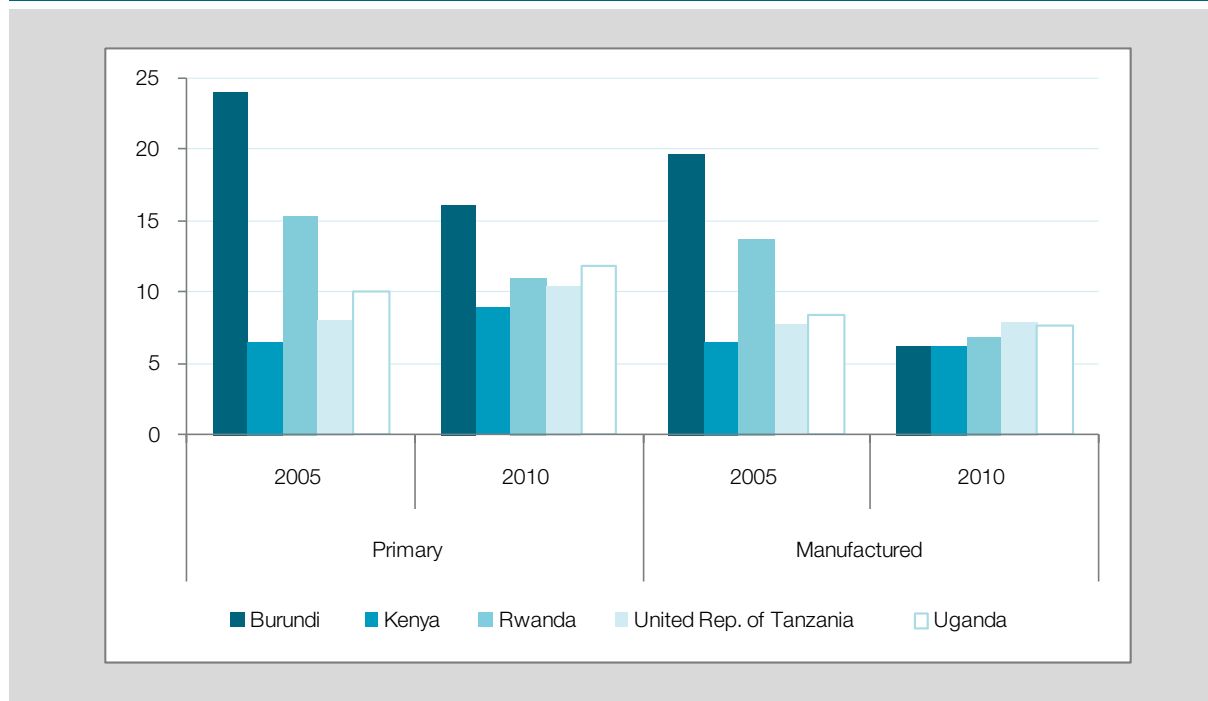
per cent), and tea (11 per cent) were Rwanda's top export products. Coffee and tea are two important export cash crops with significant gender implications, as will be discussed in section 1.2.1. For their part, Kenya, the United Republic of Tanzania, and Uganda had a lower concentration of their exports in a few products.<sup>18</sup> Rwanda and to a lesser extent Uganda managed to reduce their export concentration over time thanks to the significant rise of resource-based manufactures, which replaced some of their primary exports.

Figure 9 presents the applied tariff rate (trade-weighted) for EAC partner states.<sup>19</sup> The average applied tariff rate showed a significant decline over time in the two smallest members of EAC, Burundi and Rwanda, given their initially high tariff rates. Kenya, the United Republic of Tanzania, and Uganda, on the other hand, had some increase in the average applied tariff rate especially in primary products between 2005 and 2010. This seems to be reflecting the increased protection applied to imports from the rest of the world during the global economic crisis. This issue

**Figure 8. Concentration Index in EAC partner states between 2002–2004 and 2010–2012**

Source: UNCTADStat database (accessed in May 2017).

Note: EAC: East African Community.

**Figure 9. Applied tariff rates in EAC partner states in 2005 and 2010 (trade-weighted averages, per cent rate)**

Source: World Bank, World Development Indicators database (accessed in January 2017).

Note: EAC: East African Community.

**Table 3. Selected trade facilitation measures**

	Year	Burundi	Kenya	Rwanda	United Republic of Tanzania	Uganda	Sub-Saharan Africa	Euro Area	East Asia & Pacific
Logistics Performance Index	2016	2.5	3.3	3.0	3.0	3.0	2.5	3.7	3.1
Time to export, border compliance (hours)	2015	59	21	97	96	71	103	10	53
Time to import, border compliance (hours)	2015	154	180	86	402	154	144	2	65

Source: World Bank, World Development Indicators database (accessed in May 2017).

will be further investigated in the context of female employment in manufacturing within the context of EAC regional integration in chapter 2.

With regard to trade facilitation, all EAC partner states except Burundi had Logistics Performance Indices above the SSA average and close to the average of East Asia and the Pacific (table 3). Border compliance time to export was also below the SSA average for all EAC partner states, though to a lesser extent for Rwanda and the United Republic of Tanzania. Kenya performed particularly well in that regard. However, border compliance time to import was not any shorter than the SSA average for all but Rwanda. The United Republic of Tanzania stands out as a particular case, with border compliance time to import that is almost three times the SSA average.

### 1.1.3.2. Trade policies and practices

*An overview of EAC regional integration policies and other trade agreements*

Preferential trade agreements (PTAs) reduce trade costs among members via three channels: (i) a reduction in tariffs, (ii) a reduction in non-tariff barriers (NTBs), and (iii) trade facilitation mechanisms. Trade facilitation relates to tangible infrastructure (i.e. roads, highways, ports, and telecommunications), the business environment, transparency, customs management, and other intangible institutional factors that affect the ease of trading. While tariffs and some NTBs are achieved through easy measures implemented through shallow integration processes,

other NTBs and trade facilitation measures are mostly referred to as deep integration (De Melo and Tsikata, 2014).

PTAs become successful if member states are natural trading partners and have complementary production profiles and harmonized regulatory frameworks and rules of origin, and have implemented customs reforms adequately and provided technical assistance to the weaker partners. Besides their economic benefits, PTAs also politically benefit their members by reducing the probability of war, as trade increases the opportunity cost of war and allows for defusing political disputes through increased discussion on political issues (De Melo and Tsikata, 2014).

The EAC, recognized as the most advanced regional agreement among the major PTAs in Africa, adopted the linear model of integration (as is common in Africa), which follows a stepwise integration of goods, labour and capital markets, and eventually monetary and fiscal integration. A major shortcoming of the linear model of integration is that it largely ignores behind-the-border measures aiming to reduce trade costs (De Melo and Tsikata, 2014).<sup>20</sup> With respect to trade integration, the EAC introduced the Customs Union Treaty in 2005 to establish a common external tariff on imports from third countries and gradually eliminate internal tariffs. That process was completed in January 2010. The member states adopted an asymmetric tariff reduction approach in this transitional period of five years, taking into account the differences in the size and structure of member states' economies

(WTO, 2013).<sup>21</sup>

Although the introduction of the EAC Customs Union largely eliminated barriers to trade, NTBs remain as major impediments to trade in the community. Non-harmonized technical regulations, sanitary and phytosanitary requirements, customs procedures and documentation, rules of origin, and police roadblocks are among the major NTBs in the EAC (WTO, 2013). The EAC Elimination of Non-Tariff Barriers Bill, 2015 provides a legal mechanism for the elimination of identified NTBs in the partner states. The bill puts into effect Article 13 of the Customs Union Protocol, in which the partner states agreed to immediately remove all existing NTBs to importation into their respective territories of goods originating in the other partner states, and thereafter not to impose any new NTBs. However, the bill has only been assented by Kenya, the United Republic of Tanzania and Uganda. Moreover, it has no specific consideration for women traders and the specific obstacles they face (Karuhanga, 2017). Internal borders remain for the movement of goods; for example, one needs to pay the import duty for re-export of imported goods from one EAC partner state to another, and the exporter must claim a refund from the state in which imports first arrived (European Commission, 2017a).

The lack of hard and soft infrastructure aimed at reducing transit costs in intra-EAC and transit trade is another major obstacle faced by EAC partner states. In particular, the poor state of regional trade and transport infrastructure, and the prevalence of NTBs in the region, lead to significant transaction costs in trade. The introduction of common documentation, single windows at intra-EAC customs ports, and the Northern Corridor helped relax these constraints to some extent (Gasiorek et al., 2016).

The implementation of the Common Market Protocol seems to have brought mixed results as well, although capital movement and financial integration are the two notably successful areas of the Common Market process. They were stimulated by a major easing of constraints on cross-border transactions and banking services. Another successful area is the liberalizing of cross-border mobile telephony services through cuts in roaming charges and deregulation of the use of mobile phones for cross-border financial transactions. Movement of labour, on the other hand, has been liberalized to a lesser extent. It largely applies to highly skilled workers. Work permits are required and the paperwork process differs across the member states

(Gasiorek et al., 2016). However, under the Northern Corridor Integration projects, Kenya, Rwanda, and Uganda have made significant progress in the movement of labour.

Moreover, in Article 11.1(a) of the Common Market Protocol, EAC partner states undertake to “mutually recognize the academic and professional qualifications granted, experience obtained, requirements met, licenses or certificates granted in other Partner States.” To this end, Mutual Recognition Agreements (MRAs) regarding professional qualifications were signed by Kenya, Rwanda, the United Republic of Tanzania, and Uganda for engineering services (December 2012) and accounting, auditing, and bookkeeping services (September 2011), and by Burundi, Kenya, Rwanda, and Uganda for architectural services (July 2011) (EAC, 2016c). Other professions such as legal services, veterinarians, nurses, and doctors are negotiating MRAs in their respective professions. A MRA for legal services is in final stages of negotiation.

EAC partner states have close trade relations with the European Union under the Economic Partnership Agreement (EPA) framework. The EAC has negotiated the EPA as a bloc since 2007. The negotiations were concluded on 14 October 2014 and the agreement was initialled on 16 October 2014 and scheduled to be signed on 18 July 2016.<sup>22</sup> While Burundi and Uganda are yet to sign the EPA, Rwanda and Kenya individually signed the agreement. Kenya also ratified it in September 2016 to avoid being removed from duty-free and quota-free access to European Union markets. This would have had a large negative effect on Kenya's flower exports to the European Union (SEATINI, 2017). The United Republic of Tanzania withdrew its commitment to the European Union EPA on 9 July 2016 based on the argument that post-Brexit Europe was in turmoil (EIU, 2016). The United Republic of Tanzania has also been reluctant to sign and ratify the EPA because of its concerns about the country's industrialisation process (EIU, 2016). Due to the long-standing market entry barriers in the European Union (such as sanitary measures, rules of origin, and others) along with supply-side constraints in the EAC, the share of exports to the European Union has been falling over time. The 18th Summit of EAC Heads of State scheduled to take place on 6 April 2017 was to consider whether the EAC should sign and ratify the EPA as a bloc. However, the summit was postponed (SEATINI, 2017). The summit was finally held on 20 May 2017, but was inconclusive

because it was attended by only two presidents (The Economist, 2017).

EAC countries concluded the Trade and Investment Framework Agreement (TIFA) with the United States in July 2008 (WTO, 2013). EAC members benefit from duty-free and quota-free access to the U.S. market under the African Growth and Opportunity Act (AGOA) enacted in May 2010 for a 15-year period and renewed in June 2015 for another 10 years (AGOA, 2016). More recently, a major shift in African trade integration occurred with the launching of the Tripartite Free Trade Agreement between the COMESA, EAC, and SADC in June 2015.<sup>29</sup> The agreement covers the 26 member states of the three regional bodies and aims to liberalize 60 to 85 per cent of tariff lines upon entry into force of the agreement. The remaining 15 to 40 per cent will be negotiated over five to eight years. Rules of origin determine the products that qualify for tariff preferences. The agreement also aims to consolidate the existing COMESA-EAC-SADC mechanisms for removing NTBs into a single mechanism; introduce anti-dumping, countervailing, and safeguard mechanisms; establish a dispute settlement body; remove quantitative restrictions in imports; and improve trade facilitation (UNECA, 2016b).

However, the agreement requires 14 ratifications to enter into force, and only Egypt ratified it as of July 2017 (TRALAC, 2017). The elimination of import tariffs and the expected loss of government revenue are discouraging the members from ratifying the agreement (Canals, 2015). If implemented, the agreement would help solve the overlapping membership dilemma and facilitate free trade among the 26 members by removing tariffs and NTBs and implementing trade facilitation, applying the subsidiarity principle to infrastructure to improve the transport network, and fostering industrial development (De Melo and Tsikata, 2014).

#### *An assessment of regional integration in Africa and the EAC*

Despite various regional integration efforts in place, Africa is still the least economically integrated region in the world, as measured by intra-regional trade flows. The share of intra-regional exports-imports in total world trade of the region over the 2000s was around 11-13 per cent in Developing Africa, while it was 19-20 per cent in Developing America and 48-51 per cent in Developing Asia. When the estimates for informal

trade are taken into account, those figures for Africa increase to the levels for Developing America, which are still much lower than Developing Asia (UNCTAD, 2013).

The small, fragmented, sparsely populated, and often isolated economies in Africa make a compelling case for regional integration to reap the expected economic benefits of efficiency gains and economies of scale. However, a number of factors such as lack of complementarities among partners and diminishing returns to the exploitation of resources in Africa have reduced the supply response to regional integration policies (De Melo and Tsikata, 2014).

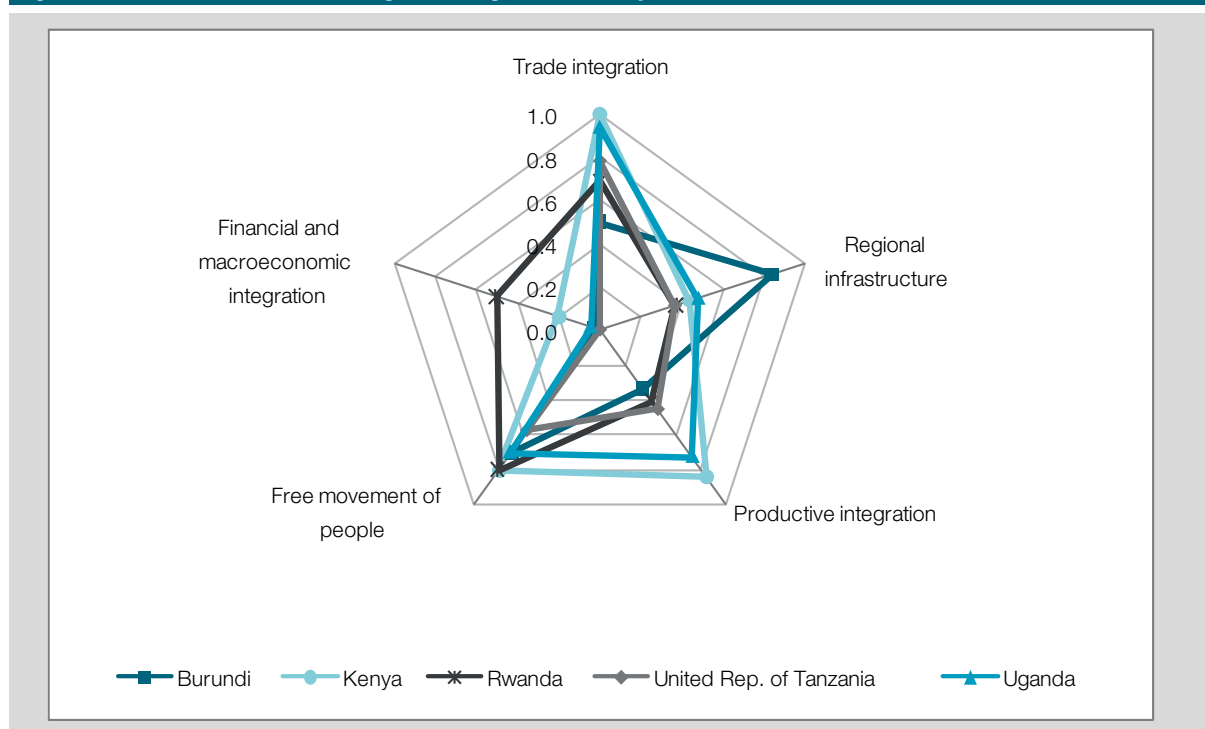
Additionally, poor competitiveness in production and trade (narrow production and export structure), a high degree of product and market concentration in trade (relative dependence on primary commodities), and external factors such as high competition from imports (especially manufactured products from other developing countries) are the inhibiting factors to boosting intra-regional trade in Africa (UNCTAD, 2013). Moreover, the existence of so many small economies limits the expected production efficiency and competitiveness gains from economies of scale. The need to cross so many borders and comply with different trade regimes also discourages intra-African trade (UNCTAD, 2013).

The EAC as a whole and its member states individually succeeded in achieving regional integration to a significant degree compared to their counterparts despite facing some of the above-mentioned problems common to Africa. UNECA (2016c) calculates a Regional Integration Index composed of the following dimensions: trade integration, regional infrastructure, productive integration, free movement of people, and financial and macroeconomic integration (box 2). Among all the regional economic communities in Africa ranked on that index, the EAC ranks as the top performing community in overall regional integration. The EAC has higher-than-average scores across all the dimensions except for financial and macroeconomic integration. Among EAC members, with respect to overall regional integration performance, Kenya has the highest score (0.656), followed by Uganda (0.577), Rwanda (0.553), Burundi (0.480), and the United Republic of Tanzania (0.433). With respect to trade integration and productive integration, Kenya and Uganda perform significantly above the United Republic of Tanzania, Rwanda, and Burundi. Regional infrastructure is the single area in which Burundi scores

### Box 2. Different dimensions of regional integration

UNECA's (2016c) regional integration index consists of five dimensions. The trade integration dimension is measured by the level of customs duties on imports, the share of intra-regional goods exports (per cent of GDP), the share of intra-regional goods imports (per cent of GDP), and the share of total intra-regional goods trade (per cent total intra-regional–economic-community trade). The regional infrastructure dimension is measured by the Infrastructure Development Index (transport, electricity, information and communication technology, water and sanitation), the proportion of intra-regional flights, total regional electricity trade (net) per capita, and the average cost of roaming. The financial and macroeconomic integration dimension is measured by regional convertibility of national currencies and the inflation rate differential. The free movement of people dimension is measured by the proportion of regional economic community member countries whose nationals do not require a visa for entry, the ratification (or not) of a regional economic community protocol on the free movement of persons, and the proportion of regional economic community member countries whose nationals are issued with a visa on arrival.

Figure 10. Different dimensions of regional integration in EAC partner states



Source: UNECA (2016c).

Note: EAC: East African Community.

well above its followers Uganda, Kenya, Rwanda, and the United Republic of Tanzania.

Kenya and Rwanda are the top performers in terms of free movement of people, closely followed by Uganda and Burundi, while the United Republic of Tanzania

scores the lowest among all the member states (figure 10). Rwanda is the only country that achieved financial and macroeconomic integration to some degree, followed by Kenya. On the other hand, Uganda and Burundi register very low scores while the United



Republic of Tanzania has a score of zero. Overall, it is safe to conclude that Kenya and Uganda, followed by Rwanda, have achieved a significant degree of regional integration, while Burundi and the United Republic of Tanzania performed relatively worse.

#### *Comparison to the European Union, ASEAN, and Mercosur*

The European Union integration model stands out as the most dynamic and advanced model in the world, and the Association of Southeast Asian Nations (ASEAN) integration model is among the most successful integration initiatives in developing countries. While the European Union integration model is institutional and policy-driven, ASEAN integration has been market-driven, particularly with the specific role of foreign direct investment (FDI) in this process (Odusote, 2015). It would be helpful to evaluate the African integration process in general and the EAC process in particular in light of these two successful integration processes. Additionally, a brief comparison with the Southern Cone Common Market (Mercosur) will be made as a regional trade community with similarities to African ones.

At the heart of the European Union integration process was the expansion of intra-industry trade among similar economies, and the resulting gains of economies of scale, rationalization, increased competitiveness, and an increased variety of products. None of these gains materialized in the African case, as intra-industry trade is almost non-existent and inter-industry trade remained low (Brulhart, 2009; De Melo and Tsikata, 2014).<sup>24</sup> Another sharp difference is in the distributional consequences of the integration process; while European Union integration was accompanied by a convergence of incomes across member states (as resources flowed to the weaker members in a cluster with strong members), the opposite case of divergence has been the case in the African context (as resources flowed to the strongest member in the group in a cluster with no strong economies partly because of weak institutions). The unequal distribution of gains from trade, in turn, negatively affects the integration progress in the absence of compensation mechanisms (De Melo and Tsikata, 2014).

Africa's integration experience is based on 20th century regionalism that involved exchange of market access at the expense of outsiders. However, 21st century regionalism is based on a different bargain: "an exchange of domestic market reforms for FDI

which brings home the service activities necessary to participate in the global value chain" (De Melo and Tsikata, 2014, p. 19). In that respect, Asian integration has focused on bringing about the services that are needed for diversification and successful participation in international production networks.

In contrast, the African integration process has focused more on barriers to goods trade (Baldwin, 2011; De Melo and Tsikata, 2014). For example, ASEAN was complemented by related agreements such as the ones on services, promotion and protection of intellectual property rights, and investment. The bloc introduced a blend of regional and national initiatives on innovation and intellectual property policies and put an emphasis on the inflow and diffusion of technological innovations to foster innovation and competitiveness in regional supply and value chains (UNECA, 2016b).

Contrary to the successful cases of the European Union and ASEAN, Mercosur turned out to be disappointing in terms of evolving into a truly integrated single market, despite some initial success. Mercosur has seen an increase in Asia's share in its trade together with a decline in its intra-regional trade. There have been two main elements in explaining this outcome (Defraigne, 2016). First, macroeconomic shocks caused by the East Asian and Russian financial crises of the 1990s hit the region very negatively. Second, the specialization pattern of Mercosur exports in mainly primary products and the limited share of manufacturing exports led to a trade pattern characterized by imports of manufactured products from Asia being exchanged for commodities (Defraigne, 2016). Moreover, the integration process was a state-led one without active participation of civil society. This state-led regional integration process contributed to low levels of integration in Mercosur (Caichiolo, 2017). Both of those patterns observed in trade structure and the active role played by the state seem to be the case also in the African context.

The ASEAN model of market-driven and private-sector-led integration seems to be a more suitable example for Africa, as Africa shares similar characteristics with Asia such as the lack of strong institutions and the existence of different cultures, heritages, and legal systems. The institutional structure of the European Union model could provide a basis for enhancing institutional capacity for economic integration in Africa (Odusote, 2015). On the other hand, the case of Mercosur shows that reliance on the primary sector as the main export sector and the lack of active

involvement of private sector agents in the regional integration process can be detrimental to participating countries.

## 1.2. GENDER PROFILES

This section presents a comparative evaluation of the gender profiles in EAC partner states by considering both gender-related outcomes and relevant policies and social institutions that have contributed to those outcomes. The first sub-section presents the gender situation through: (i) education outcomes; (ii) access to economic resources, assets, and opportunities; and (iii) women's agency and participation in political and household decision-making processes. These dimensions are considered as the outputs of the gender processes that are in place. The second sub-section presents a comparative overview of the legal framework, customs, and the set of institutions and policies related to gender equality in EAC partner states. They are considered as inputs to the gender process, and hence underlie the gender situation observed in each country's profile. Specific focus is given to the gender situation in the labour market within the context of EAC regional integration.

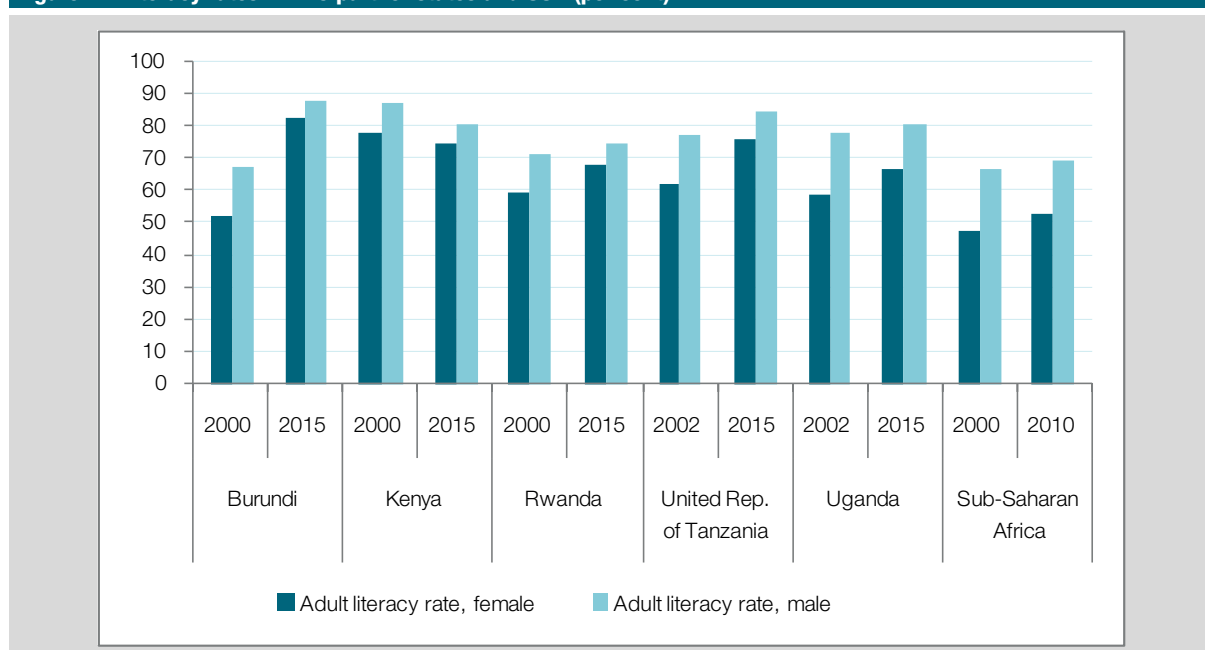
### 1.2.1. Gender situation in a comparative perspective

#### 1.2.1.1. Education

Education and skill development are critical for entering higher-level job positions as wage workers, and for accessing the necessary business information and technological skills as producers and entrepreneurs. Adult literacy rates have significantly increased over time across all EAC partner states, and the gender parity in literacy has increased to levels well above the SSA average.<sup>25</sup> In 2015, the female literacy rate was 83 per cent in Burundi, 76 per cent in the United Republic of Tanzania, 75 per cent in Kenya, 68 per cent in Rwanda, and 67 per cent in Uganda, compared to the 2010 average of 53 per cent in SSA (figure 11). Scores on the Gender Parity Index for adult literacy also increased to 0.82 in Uganda, 0.90 in the United Republic of Tanzania, 0.91 in Rwanda, 0.92 in Kenya, and 0.94 in Burundi, well above the SSA average of 0.77.

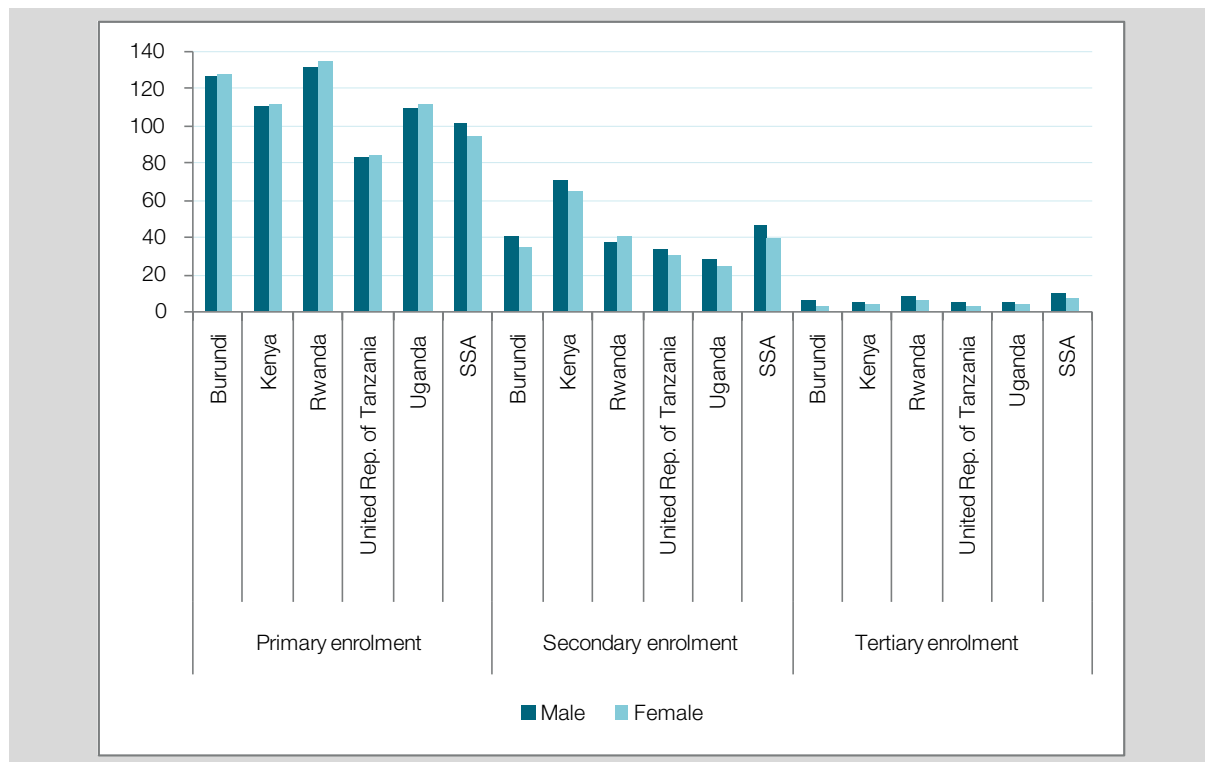
Despite those improvements, full adult literacy is far from achieved and the gender gap in literacy remains particularly high in rural areas. For example, in the United Republic of Tanzania, in 2012, the adult literacy rate was 78 per cent for rural men and 65 per cent for

Figure 11. Literacy rates in EAC partner states and SSA (per cent)



Source: World Bank, World Development Indicators database (accessed in May 2017).

Note: EAC: East African Community; SSA: sub-Saharan Africa.

**Figure 12. Gross enrolment rates in EAC partner states and SSA (per cent)**

Source: World Bank, World Development Indicators database (accessed in May 2017).

Note: Data for primary education enrolment are for 2014 for all countries. Data for secondary education enrolment are for 2012 in Kenya, for 2013 in the United Republic of Tanzania, and for 2014 for the rest of the countries. Data for tertiary education are for 2009 in Kenya, for 2011 in Uganda, and for 2013 for the rest of the countries. EAC: East African Community; SSA: sub-Saharan Africa.

rural women, while the same figures were 95 per cent and 90 per cent, respectively, in urban areas (National Bureau of Statistics of the United Republic of Tanzania, 2015). This is likely to translate into competitive disadvantages for rural women in accessing and using market information and extension services as well as in getting credit when completing paperwork is required.

EAC partner states had significant improvements in educational enrolment at all levels and all achieved full gender parity in gross enrolment rate in primary education compared to the SSA average of 0.93.<sup>26</sup> In Burundi and Rwanda, gross enrolment rates in primary education are even higher for girls than boys due to the larger catching-up effect among girls. This trend in enrolment rates in primary education might be the key factor behind the increase in adult literacy rate (figure 12).<sup>27</sup>

However, gross enrolment rates in secondary education remain low—and below the SSA average—for all EAC partner states except Kenya, where

compulsory education also covers the secondary level of education. The shortfall in secondary and higher-level educational enrolment is concerning given the importance of skills development in the transition of the labour force towards emerging sectors under trade liberalization.

Accessing university education continues to be a privilege in SSA and East Africa, and the gender gap in tertiary enrolment is bigger than the one for primary and secondary education. Even in Rwanda, which has the highest tertiary enrolment rates, only 6.6 per cent of girls and 8.5 per cent of boys attend a university. Given the increasing role of services and manufacturing in the production and export structure, EAC partner states need to take further steps to ease the access of primary school graduates to secondary and tertiary education. This is also important for women to close the gender gap in the labour market and to better benefit from the opportunities generated under regional integration.

Figures for the adult population age 25 and above

show a large shortfall in educational attainment. According to the latest statistics available, only 8 per cent of women and 14 per cent of men in the adult population had at least a primary-level education in Burundi. In the United Republic of Tanzania, where educational attainment at the primary level (at least) was the highest, 59 per cent of women and 71 per cent of men had at least a primary-level education. The same figures for women and men, respectively, were 47 per cent and 55 per cent in Kenya, 27 per cent and 36 per cent in Rwanda, and 24 per cent and 42 per cent in Uganda.<sup>28</sup> These figures point to the importance of technical and vocational education and training programs to close the skill gap for the adults in the labour force who are no longer in formal education. For example, Rwanda is expanding its vocational training programs through the Workforce Development Authority in its Skill Development Project. There are 384 vocational training schools, 70 per cent of which are equipped with computer laboratories (UNECA, 2015b). Employment figures presented in section 1.2.1 shed further light on this issue.

### 1.2.1.2. Access to economic resources, assets, and opportunities

Enhancing women's access to economic resources, assets, and opportunities forms a key dimension of

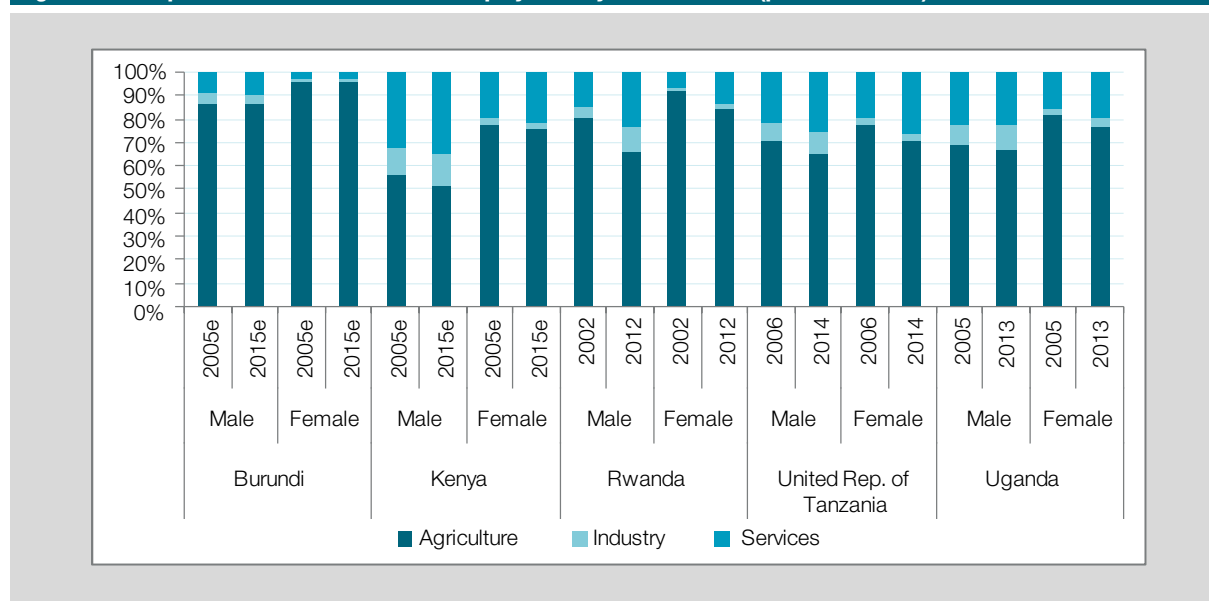
women's empowerment. The gender situation in EAC partner states is assessed in this section with respect to women's status in the labour market, gender time-use patterns and women's access to resources.

#### *Women's status in the labour market*

As discussed in section 1.1.2, the sectoral distribution of economic activity has shifted over time away from agriculture towards services in EAC member states, and services have become the main sector of the economy. This structural change in economic activity was not accompanied by an equally strong shift in the employment structure, and agriculture continues to be the main employment sector in the EAC. The sectoral shift of labour was particularly weak for women. According to the latest figures available, 96 per cent of women in Burundi, 76 per cent in Kenya, 84 per cent in Rwanda, 71 per cent in the United Republic of Tanzania, and 77 per cent in Uganda are still employed in agriculture (figure 13).

Rwanda and the United Republic of Tanzania were the two EAC members that had the strongest change in the sectoral composition of female employment over time, though the change was much weaker than the one for men. For example, in Rwanda, there was a drop of 8 percentage points in the share of the agricultural sector in total female employment between

**Figure 13. Composition of male and female employment by broad sectors (per cent shares)**



Source: ILOstat database (accessed in February 2017). Data for Burundi and Kenya are International Labour Organisation estimates. Data for Rwanda come from the Population Census, data for the United Republic of Tanzania come from the Labour Force Survey, and data for Uganda come from the Household Survey.

2002 and 2012. Of that decline, 6.3 percentage points shifted to services while the remaining part moved to industry. Rwanda's success in closing the education gap, as documented previously, likely contributed to this outcome. Chapter 2 empirically analyses the role that trade liberalization and EAC regional integration played in this change in the sectoral composition of female employment in EAC members. It should be noted, however, that the change in male employment structure was much more pronounced, and men had an equally strong shift towards the industrial sector in both Rwanda and the United Republic of Tanzania.

It is useful to take a closer look at gender and trade interaction in each broad sector of the economy. Next we look at the issues related to the successful participation of women in agriculture under trade liberalization and regional integration policies.

*Employment in agriculture.* Women can be both sources and achievers of competitive advantage in

agriculture in trade liberalization episodes. On the one hand, female employment would be a source of competitive advantage in labour-intensive, export-oriented agri-business due to women's lower wages on average. On the other hand, women can be achievers of competitive advantage in their own enterprises. However, the gender constraints in access to resources and market opportunities, land ownership, educational attainment, and the domestic care work burden would limit those achievements (UNCTAD, 2014a). Therefore, women's successful participation in the agricultural sector in the process of trade liberalization and regional integration is closely linked to the removal of those barriers that women face.

As is typical in developing countries, agriculture constitutes a large share of employment despite its small contribution to GDP, mainly due to the low agricultural labour productivity prevailing in those countries. Women further lag behind men in terms

### Box 3. The gender gap in agriculture and case studies of Kenya and Uganda

There are four basic explanations for the gender gap in agriculture. The first and most common explanation is related to access to and control of labour. Female-headed plots tend to be worked less and receive fewer inputs such as fertilizers than male-headed plots. The second explanation is tenure insecurity. Women are less likely to have titles and therefore are expected to invest less. The third explanation is the lack of access to farming support for women – in particular credit, extension, and input support – due to discrimination. The fourth explanation is related to differences in output and marketing strategy. Women are more likely to grow subsistence crops while men tend to produce cash crops for market sale (Githinji et al., 2014).

Githinji et al. (2014) document a 34 per cent raw gap in agricultural labour productivity between women's farms and men's farms in Kenya based on micro data for 2006. They find that this gender gap disappears once the likelihood of a farm producing market-oriented crops is controlled for. Hence, crop choice emerges as the main determinant of the gender gap in agricultural productivity in Kenya. This highlights the importance of policies such as food assistance, credit, or insurance interventions to reduce risks that prevent women from growing market-oriented cash crops. This is also important in the context of trade policies to encourage women to participate more in higher-value products. A recent study on Uganda documents a much lower gender productivity gap in agriculture (17.5 per cent) for 2009–2011 (Ali et al., 2016). Based on decomposition analysis, the authors find that female-managed plots, interestingly, hold an endowment advantage due to the smaller planted area (in the context of strong inverse returns to planted area) as well as the higher number of family labour days per acre applied to female-managed plots. However, women's greater child care responsibility emerges as the main driver of the gap in returns to endowments. This is particularly important in the Ugandan context as a country with one of the highest fertility rates, and calls for policies targeting child care constraints. In contrast to other country contexts, differential uptake of cash crops such as coffee and banana, as well as of improved seeds and pesticides, play a smaller role. Differential returns to male-owned assets and to the use of seeds and pesticides are also among the smaller drivers of the gap.

of labour productivity (output per unit of land area), which in turn contributes to the income gap between men and women in rural societies, and constrains the benefits that women could get from agricultural liberalization as producers. For example, in SSA, female-managed plots are on average 20-30 per cent less productive than male-managed plots (FAO, 2011). In the EAC, the agricultural gender productivity gap is estimated as 17.5 per cent in Uganda and 34 per cent in Kenya. Differential uptake of cash crops and the domestic care burden are among the factors that explain this gap (box 3).

As documented in section 1.1.3, agricultural products continue to be among the top export goods of EAC partner states, and their share has not fallen significantly during the EAC integration process. Therefore, policies targeting the supply-side constraints faced by female farmers continue to be important in order to increase the benefits from regional integration. It is helpful to distinguish between export cash crops and subsistence-oriented staple food crops while examining the gender implications of trade policies in agriculture. On the one hand, import penetration leads to cheap food imports, reduces the domestic price of agricultural produce, and erodes women's already-low earnings in subsistence-based agriculture. On the other hand, trade liberalization can benefit women farmers by providing expanded markets for export of market-oriented cash crops as well as by creating new opportunities to integrate into global supply chains as producers (UNCTAD, 2014a).

In the context of the EAC, coffee and tea are among the main export cash crops in EAC partner states. Coffee and coffee substitutes ranked among the top five export commodities in Burundi, Kenya, Rwanda, and Uganda in 2015. Similarly, tea and mate ranked among the top three export commodities in Burundi, Kenya and Rwanda in 2015, as has been discussed in section 1.1.3. Tea and coffee are often the only source of cash income for rural women in the EAC. Therefore, developments in the trade of tea and coffee have important gender implications.

One such development is the shift towards premium-quality and high-value market segments in tea and coffee markets within the context of increased trade liberalization. For example, Rwanda is repositioning itself from standard grades to high-quality specialty products such as fully washed Arabica coffee or orthodox loose-leaf or green tea varieties (UNCTAD, 2014b). The distributional outcomes by gender of

this transformation can cut both ways. On the one hand, the shift towards specialty markets may favour commercially oriented farmers who have easier access to inputs and marketing networks – likely crowding out smallholder farmers, many of whom are women. On the other hand, this shift may support the reorganization of the value chain beyond gender stereotypes, as direct marketing links with large processors, traders, or retailers would need to be established (UNCTAD, 2014b).

Moreover, production for high-quality segments does not automatically suggest a shift towards large-scale, capital-intensive production with the inherent gender bias. If the right incentives are in place, small-scale agriculture can perform better due to the knowledge-based and labour-intensive nature of specialty production. This would, in turn, create opportunities for smallholder female farmers in this market (UNCTAD, 2014b). In that respect, box 4 presents the potential role that certification schemes could play in promoting gender equality in rural societies in the EAC in the process of trade liberalization and regional integration.

*Employment in manufacturing.* Following trade liberalization policies in many developing countries, there was an increase in the female share of employment in manufacturing – a phenomenon known as the “feminisation of labour” (Standing, 1999). This shift was mainly driven by the competitive advantage that women provided to firms thanks to existing gender wage gaps and their relatively lower bargaining power. More recent shifts from labour-intensive to capital-intensive production in manufacturing, along with a consequent increase in wages, have begun to attract more men to manufacturing firms, hence contributing to a decline in the share of female employment. This phenomenon has been defined as the “defeminisation process” (Kucera and Tejani, 2014). This latter phenomenon is more valid for middle-income developing countries. Indeed, in EAC partner states for which data were available, there has been a feminisation of labour in manufacturing during the EAC regional integration process (figure 14). This phenomenon was particularly strong for Rwanda and to a lesser extent for Uganda, while the share was almost the same in the United Republic of Tanzania. This is not surprising given the high share of female employment in the United Republic of Tanzania to start with.

The change in the employment structure is one of the main channels through which trade policies

#### Box 4. Certification schemes and gender equality in agricultural production in Rwanda, the United Republic of Tanzania, and Uganda

Voluntary certification schemes are becoming instrumental in the shift towards high-value market segments in response to increased international competition, and they have significant gender implications. According to the findings of a field survey in 2012 in Uganda, women in certified households had significantly more control over coffee production and revenues than women in non-certified households. This, in turn, has a positive impact on household nutrition and food safety. Moreover, women in certified households received training courses on coffee production and marketing (Chiputwa and Qaim, 2016). In Rwanda, which has one of the highest numbers of fair-trade certified coffee producers in Africa, women had increased participation in decision-making in cooperatives, according to a study conducted in 2009 (Elder et al., 2012).

However, gender equity outcomes should not be considered as solely linked to certified value chains, but should also be evaluated in a broader framework. For example, there is evidence of gender equity in tea value chains in the United Republic of Tanzania and there are positive contributions from improved standards, although this is more a reflection of long-term socio-technical changes in the country than in the standards themselves (Loconto, 2015).

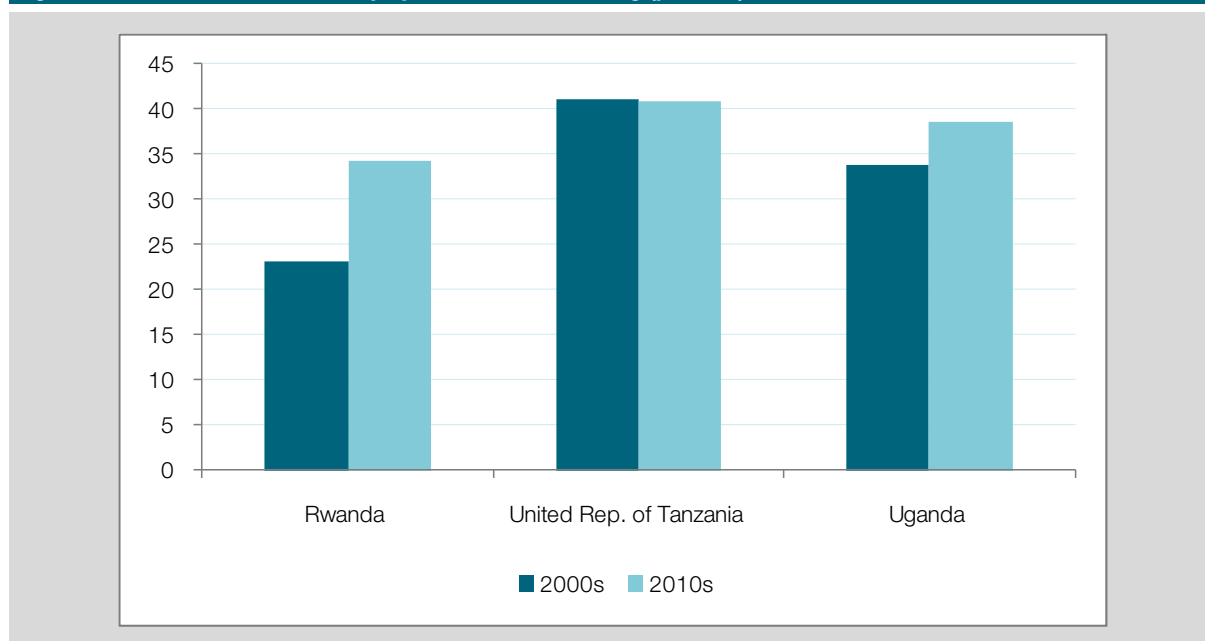
Although these findings cannot be generalized to other EAC partner states, they point to the potential of certification schemes to reduce the adverse effects on women of agricultural commercialization, which tends to be induced by increased trade openness. Hence, policymakers should further consider this shift towards specialized market segments in traditional export cash crops as a way to improve the livelihoods of rural women in agriculture by introducing targeted policy measures.

induce gender outcomes. Although manufacturing has a relatively small share of employment for men, and particularly for women, manufacturing is often considered to be the backbone of the development process in EAC member states and therefore lies at the centre of trade integration policies. Manufacturing employment also provides higher wages and more stable job prospects than agriculture and low-skilled services sectors in general. Indeed, the Asian development process was mainly driven by the expansion of manufacturing exports and production. It is also one of the sectors that is directly affected by tariff policy changes. In that regard, section 2.3 of chapter 2 presents a micro analysis of the impact of tariff changes on the female share of employment in manufacturing firms in EAC partner states to better draw a link between EAC regional integration and women's employment.

*Employment in services.* As discussed earlier, women's employment shifted away from agriculture and mainly towards services in EAC partner states in the course of regional integration. Therefore, it is useful to look at what type of services jobs women are increasingly holding in the course of the integration process (table 4). Almost half of the women working in services are

employed in the wholesale and retail trade, and repair sub-sector in the United Republic of Tanzania and Uganda, and around one-third of women working in services in Rwanda are employed in this sub-sector. Public services and tourism (hotels and restaurants) are the other major services sub-sectors where women are employed. This is not surprising given the role of tourism in services trade in those countries. There is clear gender segregation in tourism employment, with women holding a higher share of tourism jobs in their total services employment. Moreover, women are often segregated into higher-risk, lower-value, and lower-skilled jobs, as documented for Kenya by Christian et al. (2013).

In contrast, men are mostly employed in the trade, transport and public services sub-sectors, and they hold a relatively larger share of employment than women in the finance sub-sector, although figures of employment share in finance are still very low. Hence, it seems to be the case that, in the course of EAC regional integration, women in Rwanda, the United Republic of Tanzania, and Uganda shifted mainly towards lower-skilled segments of services such as trade and tourism. Men shifted towards trade and transport and communication as well as finance,

**Figure 14. Female share of total employment in manufacturing (per cent)**

Source: ILOStat database (accessed in May 2017).

Note: Data for Rwanda are from the Population Census (2002, 2012), for the United Republic of Tanzania from the Labour Force Survey (2006, 2014), and for Uganda from Household Surveys (2005, 2013).

**Table 4. Composition of male and female services employment by sub-sectors (per cent shares)**

	Rwanda				United Republic of Tanzania				Uganda			
	Male		Female		Male		Female		Male		Female	
	2002	2012	2002	2012	2006	2014	2006	2014	2003	2012	2003	2012
Wholesale and retail trade, and repair	3.7	6.0	1.7	4.0	10.3	11.9	7.3	12.5	13.8	11.8	9.4	11.5
Hotels and restaurants	0.3	1.1	0.1	0.6	1.1	1.4	3.0	6.3	1.4	1.1	3.8	3.7
Transport, storage and communications	1.9	4.2	0.1	0.2	2.8	5.0	0.1	0.3	3.7	4.7	0.1	0.3
Financial intermediation, real estate, etc.	0.5	1.9	0.2	0.6	0.9	1.5	0.2	0.7	0.6	1.4	0.2	0.4
Public administration and defence, education, health, social work, etc.	4.2	5.7	1.7	3.2	4.8	5.2	2.4	4.3	7.6	7.8	4.0	6.0
Activities of private households, extraterritorial organizations, and services n.e.c.	3.5	4.2	3.1	4.5	1.6	0.3	6.1	1.9	0.9	0.8	1.6	2.1

Source: ILOStat database. Data for Rwanda come from the Population Census; data for the United Republic of Tanzania and Uganda come from Labour Force Surveys.

Note: Statistics on the sub-sectoral composition of services employment were not available for Burundi and Kenya.

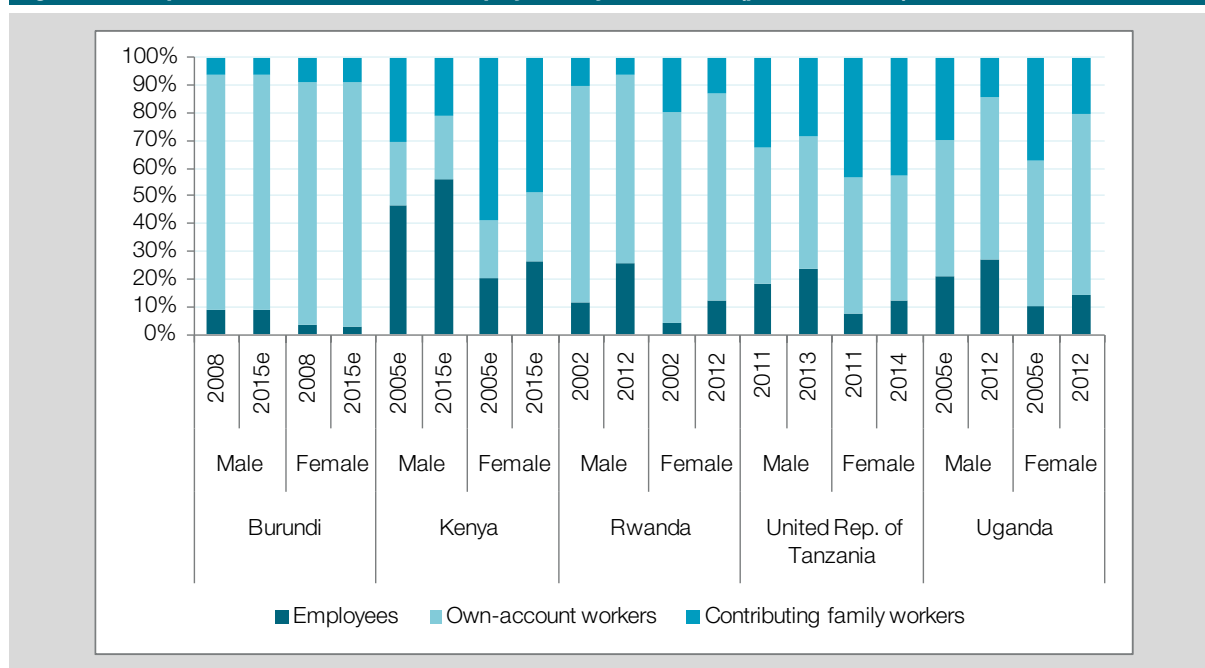


and they had a higher presence than women in the upper segment of services. EAC regional integration coincided with a significant expansion of services trade as well. It looks like this expansion of exports was translated mainly into tourism and trade jobs for women, while men accessed more positions in higher-skilled services such as transport and communication.

*Status in employment.* Besides the sectoral dimension of employment, it is also useful to examine the work status of women in order to gain a broader perspective about their overall position in the labour market.<sup>29</sup> Overall in agriculture, women work mostly as own-account workers on their own plots, as contributing family workers on the household plot, and to a lesser extent, as wage laborers on other farms and in agro-enterprises. According to the definition of the International Labour Organization (ILO), the sum of own-account workers and contributing family workers form the category of vulnerable employment. These workers often lack decent working conditions, adequate social security, and representation by trade unions, and they tend to have inadequate earnings and work under difficult conditions. In manufacturing and services, wage-salary employment is also prevalent among women (UNCTAD, 2014a).<sup>30</sup>

According to the latest figures available, the overwhelming majority of female workers are own-account workers in Burundi (88.3 per cent), Rwanda (72 per cent), and Uganda (63.4 per cent), hence they are in vulnerable employment (figure 15). Although own-account work is also the most common form of employment for men in those countries (85 per cent, 64.8 per cent, and 56.3 per cent, respectively), men hold a significantly higher share of wage-salary employment compared to women. This implies that women have fewer opportunities in wage employment and mostly work as own-account workers on their own plots in agriculture. For example, in Rwanda, in 2014, 66 per cent of women were employed as independent farmers and 13 per cent of them worked as wage farmers, while only 10 per cent of women were employed as non-farm employees. In contrast, 33 per cent of men had jobs in non-farm wage employment, while the share of men in independent farm work was 41 per cent in 2014. However, there is a catching-up of women in non-farm wage employment. The growth rate of non-farm wage employment was 24.3 per cent for women and 19.6 per cent for men between 2011 and 2014 (National Institute of Statistics of Rwanda, 2016c). Decent work is also part of UN Sustainable

**Figure 15. Composition of male and female employment by work status (per cent shares)**



Source: ILOStat database (accessed in February 2017).

Note: The categories of “employers” and “other” are not presented in the figure as they correspond to a very small share of total employment.

Development Goal 8, and expansion of non-farm wage employment is critical in that regard.

Kenya has the highest share of women in wage employment (26 per cent) among EAC partner states. However, there is still a large gender gap in wage employment when compared to the figures for men (55 per cent). According to figures for 2014, 77 per cent of women in wage employment were employed in services (mainly public administration, social security, and education) while 12 per cent worked in agriculture and 11 per cent in industry. In contrast, 25 per cent of men in wage employment worked in industry and 15 per cent worked in agriculture (Kenya National Bureau of Statistics, 2016). Those figures show that women have more limited access to wage employment in the tradable sectors of the economy, and hence seem to

benefit less from the new employment opportunities arising under trade liberalization. Contributing family work is also common among women in Kenya (48.3 per cent) and the United Republic of Tanzania (38.4 per cent). Contrary to the case of Burundi, Rwanda and Uganda, women seem to work more on the household plot in agriculture in those countries.

EAC partner states have not seen significant changes in their employment structure despite the more pronounced changes in the production and trade structure, and the gender gap in employment is still significant. Women continue to be heavily employed in the agricultural sector and in own-account and contributing-family-work positions. Although there is some improvement for women in the form of a shift away from agriculture towards services and

#### Box 5. Gender wage gaps in the United Republic of Tanzania and Uganda

Gender wage gap figures are available at the sub-sector level for the United Republic of Tanzania and Uganda for 2014. The raw gender wage gap is calculated as the ratio of mean monthly earnings (gross remuneration in cash and in-kind) of women to that of men. Overall, there is a larger gender wage gap in Uganda than in the United Republic of Tanzania (box table 5.1).

Sectoral employment figures earlier showed that agriculture, services (trade, tourism), and to a lesser extent manufacturing are the main sectors of women's employment in EAC partner states. Therefore, sectoral gender wage gaps are presented for those sectors only. In Uganda, women in agriculture earn 63 per cent of what men earn, on average, while the agricultural gender wage gap is lower in the United Republic of Tanzania (88 per cent). However, the United Republic of Tanzania has a much higher gender wage gap in manufacturing, with women earning only 57 per cent of what men earn, on average. In services, there is a higher gender wage gap in the trade sector in Uganda and in the tourism sector in the United Republic of Tanzania. Although the raw gender wage gap does not control for differences in qualifications of workers, it still shows that women lag behind men to different degrees in various sectors of the economy. While increasing women's employment is a goal itself, policies should target improving women's skills and their access to higher-remuneration positions as well. Only then will women be able to fully benefit from the positive employment stimulus of the EAC integration process documented in chapter 2.

**Box table 5.1. Raw gender wage gap (ratio)**

	United Republic of Tanzania	Uganda
Total	0.80	0.64
Agriculture, forestry and fishing	0.88	0.63
Manufacturing	0.57	0.73
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.67	0.46
Accommodation and food service activities	0.60	0.86

Source: ILOStat database (accessed in February 2017).

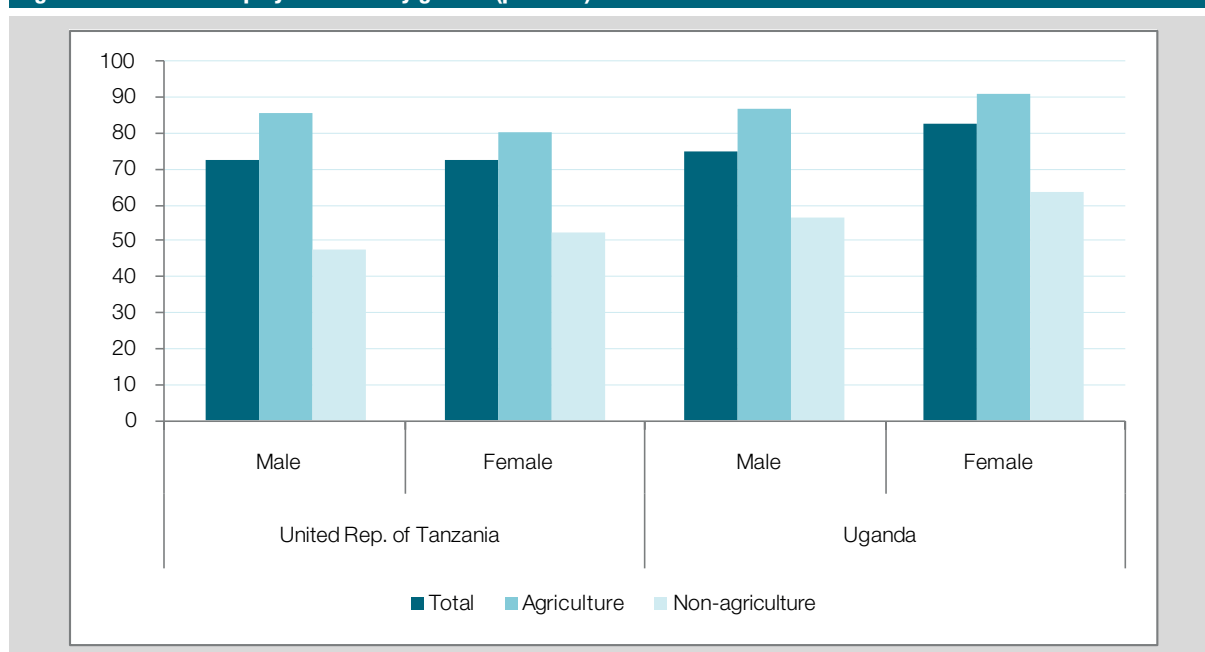
wage-salary employment, the shift has been mainly towards trade and tourism sectors, where women tend to be segregated into lower-skilled positions and face a significant gender wage gap (box 5). These characteristics of employment in the EAC point to the need for more targeted policies on both the supply and demand sides of the labour market to further ease the transfer of women towards higher-value-added sectors and higher-skilled jobs.

*Women in the informal economy.* The informal economy forms a significant part of both economic activity and employment, particularly for vulnerable groups in developing countries. The regulatory and institutional environment can contribute to the decision to remain in the informal economy. For example, stringent regulations make it costly to switch to the formal sector, while the lack of effective implementation of certain institutions such as those for property rights and access to credit, as well as the pervasiveness of the informal sector, make formalisation less beneficial. Moreover, the informal sector, with its low-cost structures, creates significant competition to the formal sector. Policies that support microenterprises, relax external constraints (such as access to finance, a fixed location, and to basic infrastructure), and target internal constraints such as

labour and managerial skills could be instrumental in facilitating transition from the informal to the formal sector (Cassim et al., 2015).

Women are more likely than men to be in informal employment, and they form a relatively higher share of informal employment overall (Vanek et al., 2013). The gender gap in education and the mismatch between women's skills and those demanded by the labour market, along with institutional and cultural barriers, are among the factors behind higher informality among female workers (UNDP, 2016g). The share of non-agricultural informal employment is estimated to be about 66 per cent of total female employment on average in SSA based on survey data for 2004–2010 (UNDP, 2016g). The same is true for EAC partner states for which data were available. The informal employment rate is also lower in non-agricultural activity, as expected (figure 16). For example, in the United Republic of Tanzania, 52.4 per cent of women and 47.4 per cent of men were informal in non-agricultural activity in 2014. Uganda had a higher incidence of informal employment than the United Republic of Tanzania: 63.9 per cent of women and 56.3 per cent of men were informally employed in non-agricultural activity in Uganda in 2012 (ILO, 2017). In Kenya, the informal employment rate for the active

**Figure 16. Informal employment rate by gender (per cent)**



Source: ILOStat database (accessed in July 2017).

Note: Figures are for 2014 for the United Republic of Tanzania and for 2012 for Uganda.

population was 76 per cent for men and 85 per cent for women in 2009 (UNCTAD, 2017a).

Women's informal employment has a number of gender equality implications. Women as informal workers often lack formal work arrangements such as health insurance and pension coverage, and earning flows are irregular. They face the high risk of being trapped in a vicious circle of poor remuneration and a limited ability to improve their skills and move up the wage and jobs ladder. This, in turn, has implications for overall development and growth prospects (UNDP, 2016g). Women in self-employment are particularly subject to informality in East Africa due to the gender barriers to wage employment and business growth. Women-owned micro and small enterprises are more likely to have no employees than male-owned businesses in the United Republic of Tanzania and Uganda. Hence, they are mostly subsistence enterprises and often too small to benefit from formalisation alone. There is a need to extend rights and protections as well as improve business capacity and integration into the local economy for women-owned micro and small enterprises (ILO, 2015). Informal cross-border trade is among the major activities for self-employed women in the informal economy and is examined next.

*Informal cross-border trade.* Informal cross-border trade refers to trade in legitimately produced goods and services that escapes the government regulatory framework, thereby avoiding certain tax and regulatory burdens.<sup>31</sup> Informal cross-border trade is particularly important in the African context because it supports livelihoods by creating jobs—particularly in remote rural locations and especially for vulnerable persons such as poor women and unemployed youth—and by contributing to food security, as raw agricultural products and processed food items are among the most traded goods (UNCTAD, forthcoming). Women are documented in many case studies as accounting for most informal cross-border traders. Women's time and mobility constraints, as well as their limited access to productive resources and support systems, make informal cross-border trade one of the few options available to them as a source of income (Mbo'o-Tchouawou et al., 2016).

Simplified trade regimes (STRs) have been introduced by a number of countries and regions in SSA, including the EAC, to reduce the cost of formal trade formalities and the difficulties resulting from regulations and requirements. The aim is to encourage informal traders to switch from informal to formal trade. However,

the effective uptake of the EAC STR by small-scale traders is limited because the STR, while introducing streamlined paperwork and exemption from cumbersome formal customs clearance procedures, does not provide exemptions from certain domestic taxes and border requirements. Moreover, to benefit from the STR, transactions must be below a value of US\$ 2,000 and involve merchandise included on a common list of approved products. Lack of awareness and knowledge about the implications of the STR is also another inhibiting factor (UNCTAD, forthcoming).

Besides the officially applied trade policy measures, African cross-border traders, especially women, face other obstacles. These include lack of trade facilitation, inadequate border infrastructure (such as warehousing facilities), unpredictable trade policies, immigration requirements, and corruption and insecurity while crossing the border. Delays at the borders affect traders negatively by cutting their profits, restricting their reach to potential markets or stores within opening hours, or leading to extra accommodation costs for overnight stays. Women are particularly at a disadvantage in that regard due to their household responsibilities. Unpredictable trade policies induce cross-border traders to informality by creating an environment that is typically not conducive to business. For example, the United Republic of Tanzania has a record of introducing maize export bans on short notice, usually when there is a concern over regional food security (UNCTAD, forthcoming).

Cross-border traders, and women in particular, also face important supply-side constraints before reaching the borders. Women often possess low initial endowments of inputs, assets, and resources, and they face problems in enhancing their businesses. The existing gender gaps in access to credit, as documented later in this section, constrain women's capacity as cross-border traders as well. Agricultural trade, often involving home-grown produce, is common among most cross-border traders in SSA, including women. Therefore, supply-side constraints more heavily faced by women, such as limited access to land, inputs, resources, etc., negatively affect informal cross-border traders as farmers (UNCTAD, forthcoming).

Access to markets and market information is another supply-side obstacle that is disproportionately felt by women cross-border traders due to their more limited access to durable goods such as radios and cell phones, as well as vehicles and/or financial resources

for transportation. They often struggle to find profitable markets for their products beyond occasional street-selling along border areas. Gender gaps in human capital also limit women's ability to access necessary market information and upgrade their skills towards higher-value areas. The unpaid work burden, often shouldered by women, deprives women cross-border traders of the time needed for trips across the border that are necessary to survive and succeed (UNCTAD,

forthcoming).<sup>32</sup>

The abovementioned constraints are generally common to all cross-border traders, and women in particular, across Africa. However, country or regional case studies are important to understand the peculiarities specific to each regional context and in turn to develop national and region-wide policies. Box 6 in that regard presents an overview of the major

#### Box 6. Women as informal cross-border traders in the EAC

According to the findings of a field study conducted with 538 informal cross-border traders in five EAC countries (EASSI, 2012), women informal cross-border traders indeed face various border and supply-side obstacles despite the introduction of simplified trade regimes (STRs) and other related policies. Cross-border trading was the primary economic activity for 68 per cent of women informal cross-border traders interviewed: 42 per cent of them traded agricultural products, while other major tradable products included textiles (21.5 per cent) and consumables (18.5 per cent). Of the women interviewed, 28 per cent and 39 per cent were daily and weekly traders, respectively. This implies that women are frequent traders due to the small quantities they trade and therefore are prone to inefficiencies resulting in trade. Certificates are issued free at all border posts for goods that are worth US\$ 2,000 or less according to the Rules of Origin in a Single Customs Territory. While 62 per cent of women were checked to have their goods originating from the EAC region cleared, 53 per cent of them cleared their own goods through customs to avoid clearance charges by agents. Moreover, 48.5 per cent of respondents spent less than one hour, and 22 per cent of them spent one hour, at customs clearing their products (EASSI, 2012). Overall, these findings are positive in terms of expanding formal trade and the shortening of the time spent at borders, even if much remains to be done.

In terms of supply-side obstacles, only 15.5 per cent of the respondents had completed secondary school or more, while 11 per cent had no schooling. Most women cross-border traders had primary or lower secondary education. While most women informal cross-border traders (82 per cent) had heard of the EAC Customs Union and Common Market protocols, only 64 per cent of them were aware of the free movement of goods, services, and people within the region and the elimination of internal customs border controls, and only 59 per cent of them were aware of the elimination of taxes on goods and services originating within the EAC (EASSI, 2012). A study conducted among women traders in the United Republic of Tanzania found the level of awareness to be much lower, with only 11 per cent of respondents acquainted with the rules of the EAC Customs Union Protocol (UN Women, 2012). These diverse findings point to the importance of local programs to target the different needs of women at various border crossing points.

Forty-six per cent of women relied on their own capital for trading, and access to credit was limited due to lack of collateral for banks, and to misinformation and fear of losing assets based on others' experiences. Most women (84 per cent) had mobile phones, only 45 per cent owned land, and 66 per cent had adequate access to markets to sell their products, generally because they dealt in small quantities. Access to markets, and to bigger markets, could be further expanded by initiatives such as group marketing through cooperatives, processing, packaging and branding (EASSI, 2012). According to a study conducted in four towns along the Kenya-Uganda and Kenya-United Republic of Tanzania borders, men tend to have more experience than women in practicing cross-border trade in agriculture, and they trade in larger volumes than women. Moreover, regression analysis shows that women tend to be more involved as buyers in agricultural trade than men (Mbo'o-Tchouawou et al., 2016).

findings on women informal cross-border traders in the EAC region based on existing field studies.

#### *Time-use patterns*

Women's unpaid care and domestic work burden limits the number of hours they can devote to productive on-farm and off-farm activities, constrains their mobility, and limits their access to market resources and information, in comparison to men (UNCTAD, 2014a). It also restricts their productivity as farmers as was discussed in box 3. As a result, women face a double burden that constrains them from taking advantage of the opportunities generated by trade liberalization and regional integration.

In line with the traditional gender division of labour, women spend more time on unpaid work and work less in paid work compared to men in all three countries for which data were available. For example, women spend 3 and 3.5 times more minutes per day on unpaid care and domestic work than men in Rwanda and the United Republic of Tanzania, respectively (figure 17). Uganda exhibits a more egalitarian picture with women spending 1.2 times more minutes per day on unpaid work than men. The result of this imbalance is that in the United Republic of Tanzania, women can devote only 70 per cent of the time that men can to

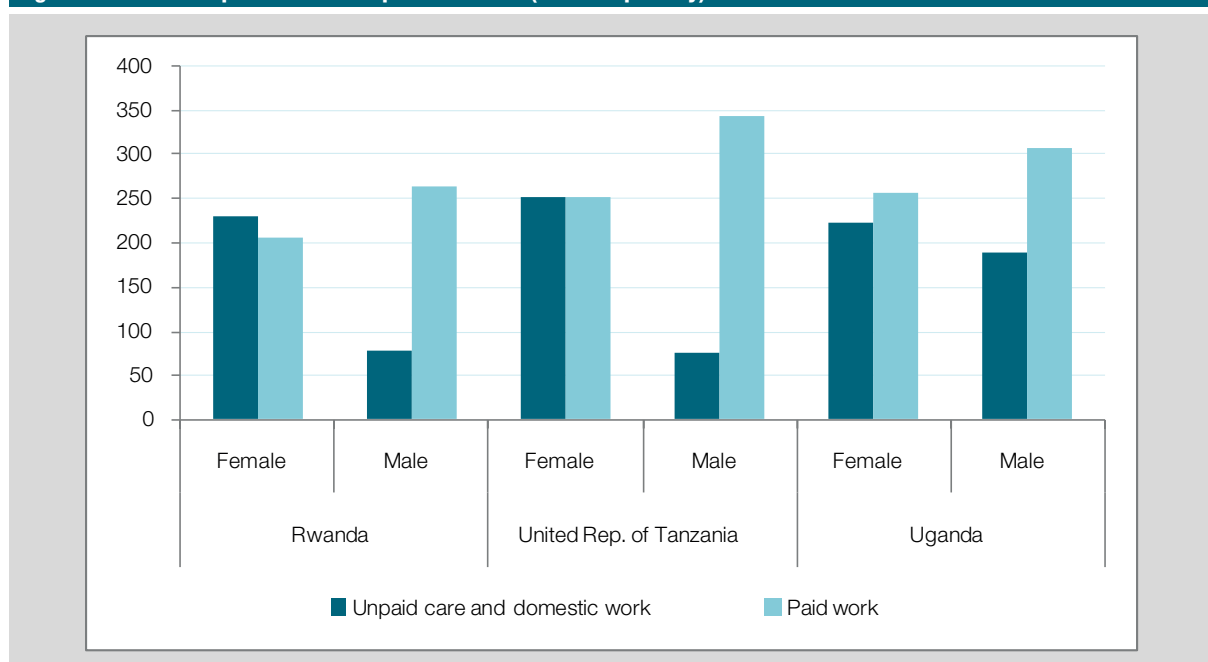
paid work; that figure is 80 per cent in Rwanda and Uganda. Overall, the unpaid work burden needs to be taken into consideration in the formulation of gender-sensitive trade and employment policies to help women close this gap in time-use patterns.

#### *Access to resources*

Women consistently face structural biases in access to assets, resources, and markets in developing countries in general. Rural women, particularly in LDCs, face further constraints in access to land, credit, agricultural inputs, extension services, labour, markets, and education. These constraints, in turn, hinder women's ability to engage in productive farm and non-farm activities. Time and mobility constraints as well as women's limited role in decision-making processes further exacerbate this unfavourable position (UNCTAD, 2015a). Overall, addressing these supply-side constraints is critical to improving women's chances to benefit from trade liberalization and regional integration policies. Therefore, an assessment of EAC partner states is needed with respect to women's access to credit, land, and other productive resources.

Access to credit is a key issue for women farmers and business owners in starting or expanding their farm or

**Figure 17. Time-use patterns in EAC partner states (minutes per day)**



Source: UN Women (2016).

Note: Figures are for 2006 for the United Republic of Tanzania, 2010 for Uganda, and 2011 for Rwanda. EAC: East African Community.

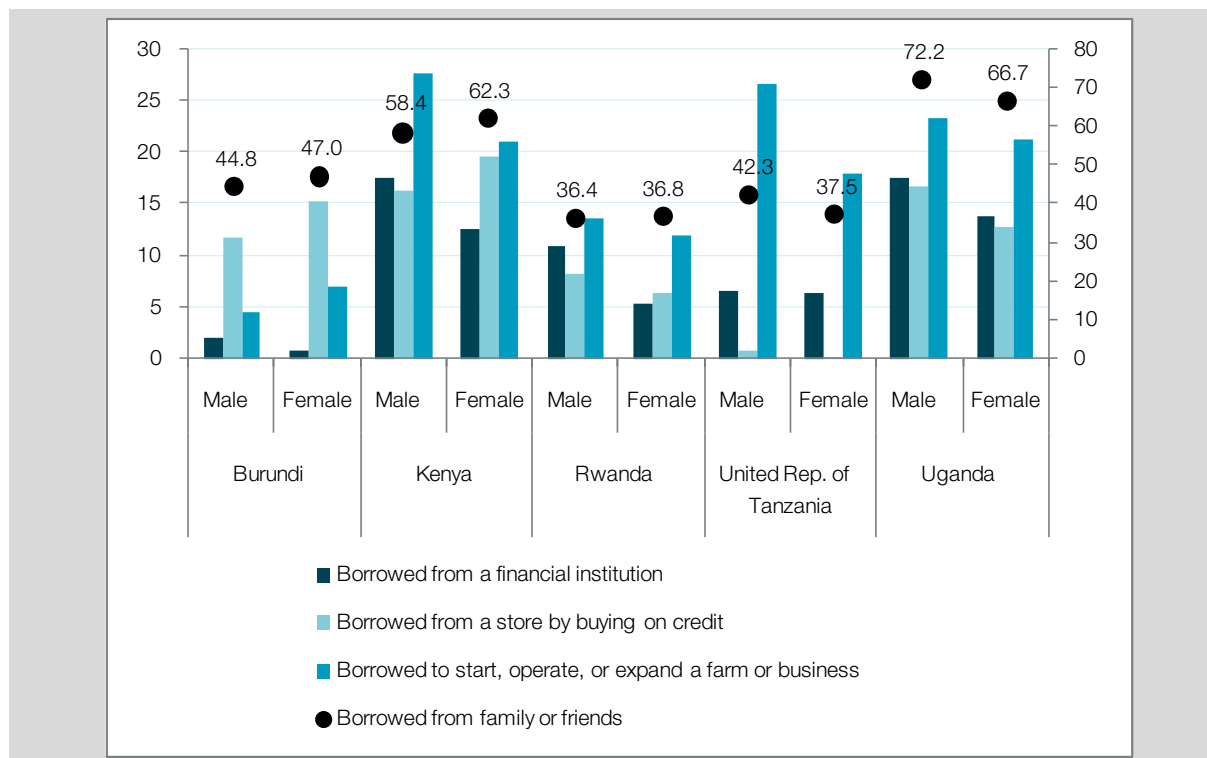
business, as they often possess fewer resources and assets than men. Given the gender-biased customs and traditions that are common in many societies, easing access to formal sources of credit is essential to reduce the gender gap in credit use. In EAC partner states, however, family or friends continue to be the most widespread source of borrowing as a key informal channel of credit for both men and women (figure 18).

Uganda and Kenya are the two EAC partner states with the highest incidence of formal credit usage, although in both cases usage is lower for women. For example, around 18 per cent of men borrowed from a financial institution in Kenya and Uganda while only 13-14 per cent of women in those countries did so. Borrowing for investment purposes was also more common in Kenya, Uganda, and the United Republic of Tanzania, while it was less common in the two smallest EAC member states of Burundi and Rwanda. However, a lower share of women borrows to start, operate, or expand a farm or business, particularly in

Kenya and the United Republic of Tanzania.

Those gender gaps in access to credit point to the importance of targeted programs. Indeed, there are some initiatives for that purpose in the EAC. For example, Kenya established the Women Enterprise Fund in 2007 to provide affordable loans to women enterprises and to help women form linkages with larger enterprises, marketing activities, and capacity-building. However, the Fund had a limited impact and female entrepreneurship remains quite small in Kenya, as the marketing and capacity-building activities reached only a small share of women and the amounts loaned were low (UNCTAD, 2015b). In Rwanda, the government established the Women Guarantee Fund in 2006 to support access by women entrepreneurs and women-owned small and medium-sized enterprises to credit without collateral through banks and micro finance institutions at affordable rates. Although the program is an important initiative, the requirement of a sound business plan for eligibility is a significant obstacle, particularly for rural women

**Figure 18. Indicators of credit access and usage in EAC partner states (per cent)**



Source: World Bank, World Development Indicators database (accessed in May 2017).

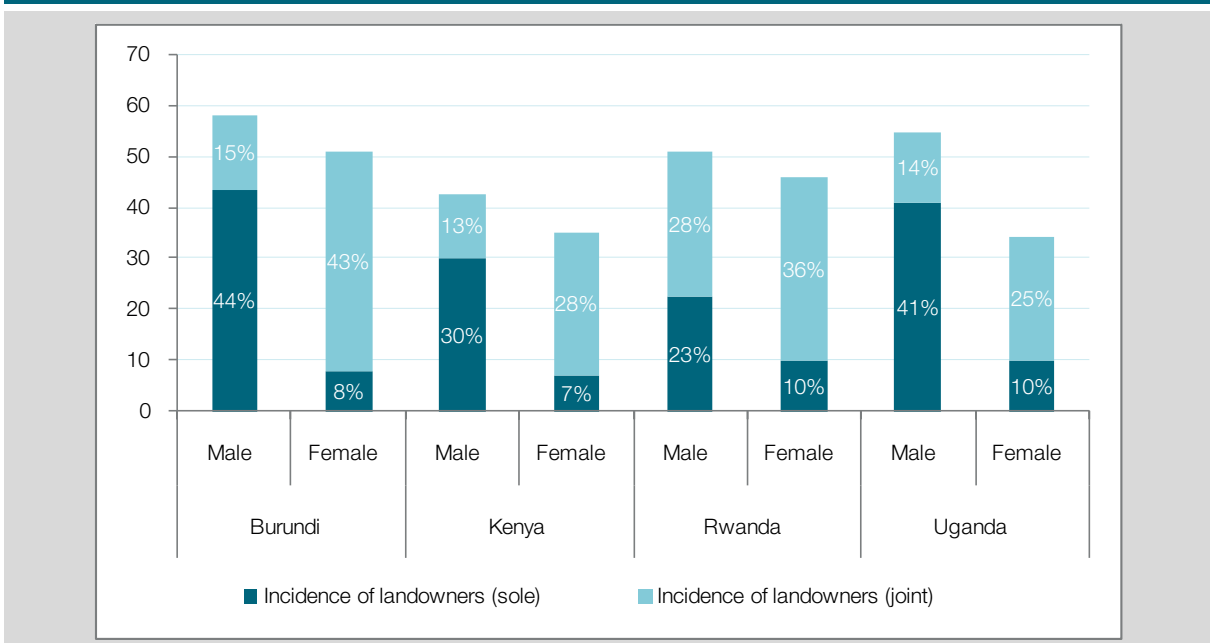
Note: Data are for 2014 for all the countries. The y axis on the right measures the share of men and women ages 15 and older who borrowed from family or friends (indicated by the black dots in the figure). The y axis on the left measures the other three indicators listed in the figure. EAC: East African Community.

(EASSI, 2015).

Land is a key asset for rural women’s livelihoods given the dominance of agriculture in female employment in the EAC. Land can be used for subsistence farming, cash crop farming, or as collateral for borrowing.

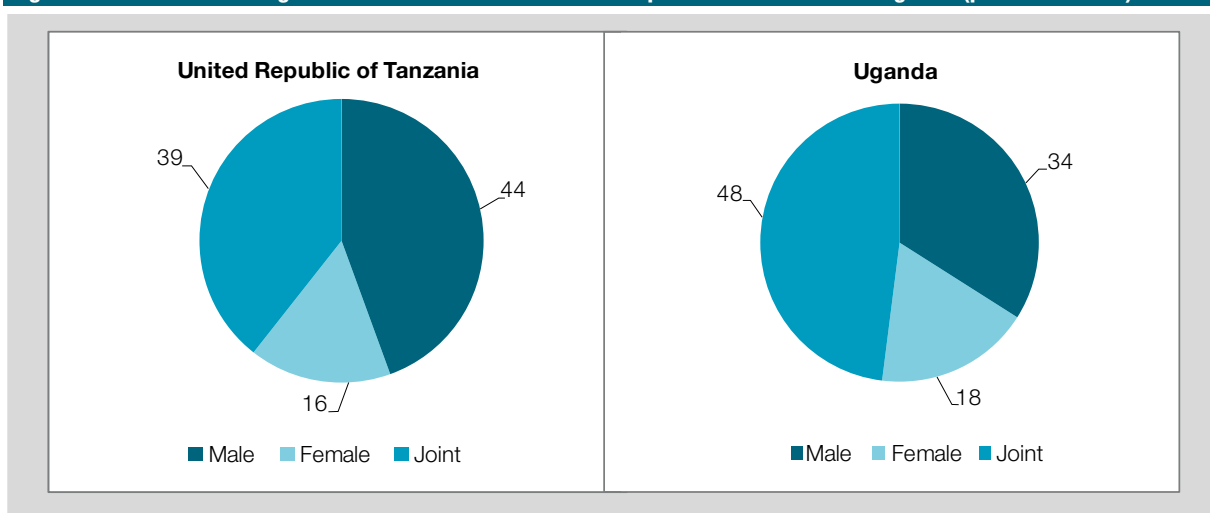
Similar to the case of credit, a lower share of women tend to be landowners in the EAC, and the gender gap is particularly high in Uganda (figure 19).<sup>33</sup> Sole ownership is also more common among men, while women tend to be joint owners.

**Figure 19. Incidence of land ownership in EAC partner states (per cent)**



Source: World Bank Gender Statistics database (accessed in February 2017).  
 Note: Data are for 2010 in Burundi, for 2014 in Kenya, for 2015 in Rwanda, and for 2011 in Uganda. Land covers both agricultural and residential areas. The rates for women are defined for the 15-49 year-old age group. EAC: East African Community.

**Figure 20. Distribution of agricultural land area in the United Republic of Tanzania and Uganda (per cent shares)**



Source: FAO Gender and Land Rights database (accessed in February 2017).  
 Note: Data are for 2011 in the United Republic of Tanzania and for 2010 in Uganda.



Figures on the distribution of agricultural land are available only for the United Republic of Tanzania and Uganda (figure 20). While women constitute half of the population, only 16 per cent and 18 per cent of total agricultural land area are solely owned by women in the United Republic of Tanzania and Uganda, respectively. Men hold a significantly higher share of total land area in both countries as sole owners. Those patterns seem to reflect the existing customs and traditions that are biased against women's land ownership, despite the laws in place, as will be discussed in more detail in section 1.2.2. Hence they need to be addressed in order to ease the constraints that female farmers face in trying to benefit from trade liberalization in agricultural goods. This is particularly important given the still-important role of agricultural commodities in the export structure of EAC partner states, as documented in section 1.1.3.

### 1.2.1.3 Women's agency and participation in decision-making processes

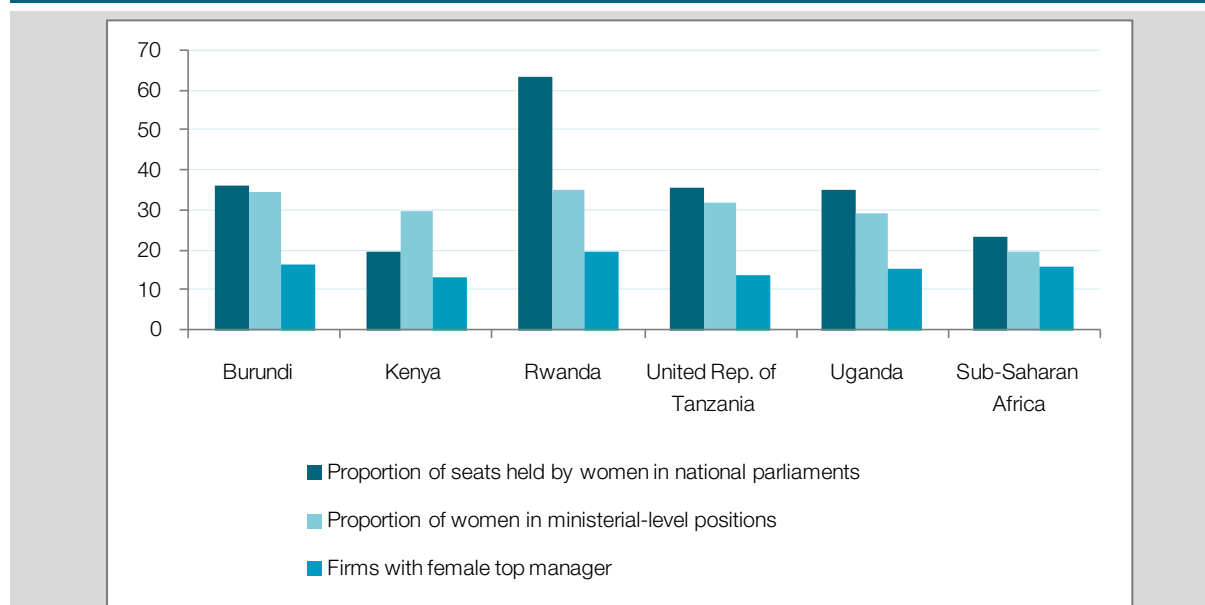
Improving women's access to assets, resources, and economic opportunities is critical for their successful participation in expanding sectors of the economy under trade liberalization. Improving access is not sufficient, however, if not complemented with policies that improve women's agency and decision-making

power at both the macro and micro levels.

EAC partner states have performed well above the SSA average in the participation of women in the parliament and ministries. While 38 per cent of the seats in the national parliament and 32 per cent of ministerial-level positions were held by women on average in the EAC, the same averages were 24 per cent and 20 per cent for SSA (figure 21). Rwanda is a particularly outstanding case, becoming the first country in history to have a higher share of women in the parliament than men in 2008. In 2015, 64 per cent of the seats were held by women in the national parliament. This indeed was instrumental to Rwanda's outstanding achievements in gender equality. On the other hand, women held only 20 per cent of the seats in the national parliament in Kenya. Women's participation rate in top managerial positions in firms in the EAC is equal to the SSA average of 16 per cent. Rwanda (20 per cent) and Kenya (13 per cent) are also the two extremes with respect to participation in firm management.

Overall, EAC partner states have a successful record of increasing women's participation in political representation, while the achievements in the private sector are less pronounced. This is not surprising, as political representation is being stimulated by the

**Figure 21. Indicators of political and managerial participation in EAC partner states and SSA (per cent)**



Source: World Bank Gender Statistics database (accessed in February 2017).

Note: Data for firms with female top manager are for 2016 in SSA, for 2011 in Rwanda, for 2014 in Burundi, and for 2013 for the rest of the countries. Political participation indicators are for 2015 for all countries. EAC: East African Community; SSA: sub-Saharan Africa.

introduction of gender quotas, as discussed in more detail in section 1.2.2, while this is not the case for private sector.

Although it is important to increase the voice of women at political and managerial levels, the expected gains from trade liberalization and regional integration cannot be fully realised without improving women's agency and decision-making power in the household. Household dynamics is indeed an important element of women's empowerment due to its direct implications for women's control of household resources and for women's employment outside the household.

Rwanda performs well above the other EAC partner states at the household level. While 65 per cent of women in Rwanda participate in all three decisions on own-health care, major household purchases, and visiting family, only 35 per cent and 38 per cent of women participate in those decisions in the United Republic of Tanzania and Uganda, respectively (figure 22). Early marriage is also an important issue for the United Republic of Tanzania and Uganda. Although addressing those issues requires a more fundamental

approach, it is still useful to take into account the gender dynamics at the household level while designing targeted policies.

## 1.2.2. Gender-related policies and social institutions

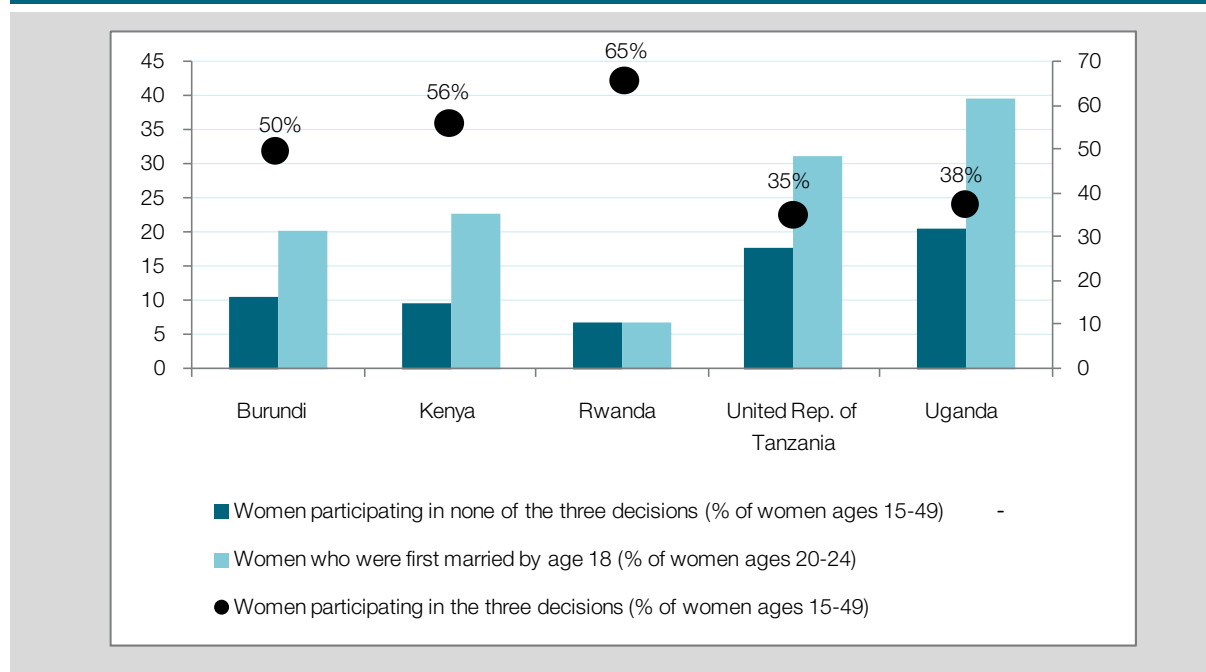
### 1.2.2.1 Comparative legal and institutional framework for gender equality

The legal and institutional framework for gender equality forms the input to the gender situation output realised in each country. It is, therefore, useful to make a comparative assessment of EAC members' gender policy frameworks with a focus on women's participation in economic life and trade policy.

#### *International and regional setting*

At the international level, all EAC member states ratified a number of conventions on promoting gender equality, with the most important being the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) (box 7). One should note, however,

**Figure 22. Selected indicators of household decision-making in EAC partner states (per cent)**



Source: World Bank Gender Statistics database (accessed in February 2017).

Note: Decision-making and early marriage data are for 2010 in Burundi, for 2014 in Kenya, for 2015 in Rwanda, and for 2011 in Uganda. Decision-making data are for 2016 and the early marriage indicator is for 2012 in the United Republic of Tanzania. The three decisions referred to in the figure are own-health care, major household purchases, and visiting family. The y axis on the right measures the share of women participating in the three decisions (indicated by the black dots in the figure). The y axis on the left measures the other two indicators listed in the figure. EAC: East African Community.

**Box 7. Regional and international legal commitments on gender equality by EAC member states**

At the international level, Burundi (8 January 1992), Kenya (9 March 1984), Rwanda (2 March 1981), the United Republic of Tanzania (20 August 1985), and Uganda (22 July 1985) all ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), without reservations.

CEDAW, which was adopted in 1979 by the UN General Assembly, is often referred to as an international bill of rights for women. It consists of a preamble and 30 articles, defines what constitutes discrimination against women, and sets an agenda for national action to end such discrimination (CEDAW, 2016). Burundi signed (13 November 2001), and Rwanda (15 December 2008) and the United Republic of Tanzania (12 January 2006) ratified, the Optional Protocol to CEDAW as well. The General Assembly adopted a 21-article Optional Protocol to the CEDAW on 6 October 1999. By ratifying the Optional Protocol, a state recognizes the competence of CEDAW to receive and consider complaints from individuals or groups within its jurisdiction.

In addition, Burundi, Kenya, Rwanda, and Uganda launched their National Action Plans to implement United Nations Security Council Resolution 1325 (UNSCR 1325). UNSCR 1325 stresses the importance of women's equal participation and full involvement in all efforts to maintain and promote peace and security (<http://www.un.org/womenwatch/osagi/wps/>).

All of the EAC member states also ratified the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (Maputo Protocol), which has a specific focus on women's reproductive rights and eradication of female genital mutilation in Africa. The protocol was adopted by the Assembly of the African Union in Maputo, Mozambique on 11 July 2003.

that traditional patriarchal attitudes that are dominant, particularly in rural areas, continue to be an obstacle despite the commitments made by the governments. Hence, transforming women's life in economic and political spheres requires specific action targeting those attitudes.

At the EAC level, Article 5 of the EAC treaty covers gender mainstreaming issues in all EAC endeavours, while Articles 121 and 122 emphasize the role of women in socio-economic development in EAC partner states. The Gender and Community Development Committee, established by the EAC in March 2000, compiled a framework to guide future programmes. The EAC Gender and Community Development Strategic Plan and the 4th EAC Development Strategy (2011–2016) provide guidelines for gender mainstreaming in EAC policies and programmes (EAC, 2017c). The EAC Vision 2050 document also highlights the importance of women's participation in the transformation of the region by stressing harmonized gender policies and the need to support comprehensive programs such as conditional cash transfer programs, early childhood development programmes, and finance for female farmers (EAC, 2016d).

In one impressive development, the East African

Legislative Assembly (EALA) passed the EAC Gender Equality and Development Bill on 8 March 2017, International Women's Day. The act consolidates into one legally binding document the various instruments on gender equality to which the EAC partner states are party or signatory at the regional, continental, and international levels. Those instruments include the Beijing Declaration and Platform for Action, CEDAW, the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa, and the recent SDGs, especially Goals 1 and 5 (EASSI, 2017).

The major goal of the act is to ensure that the rights of women and men are uniformly promoted, realised, and protected across EAC partner states given the efforts to promote gender equality at different levels in each member (EALA, 2017). The act covers the following 13 critical areas (EASSI, 2017): legal and state obligations to protect human rights, media, education, health, power and decision-making, economic empowerment, agriculture and food security, land rights, trade, peace and security, climate change and environmental management, extractive industries, and marginalized groups.

### *National setting*

At the national level, all five countries recognise gender issues in their Constitutions and National Development Visions, which are long-term strategies to national development. They all have ministries working on gender equality issues.<sup>34</sup> With respect to constitutional rights, the constitutions in all five countries contain a clause on non-discrimination that mentions gender and a clause on equality. Customary law is recognized as a valid source of law under the constitution in Kenya, Rwanda, and Uganda, but it is invalidated if it violates constitutional provisions on non-discrimination or equality (World Bank, 2016).<sup>35</sup>

All five EAC member states introduced quotas for women representatives in the parliament (29 per cent in Uganda, 33 per cent in Kenya, and 30 per cent in the rest), and all but the United Republic of Tanzania introduced quotas for women representatives in local government (Burundi and Rwanda, 30 percent, Kenya and Uganda, 33 per cent). No quotas exist for women on corporate boards and candidate lists in elections (World Bank, 2016). Overall, EAC member states established the legal basis to promote wider participation of women in political governance processes. Indeed, the figures on women's political participation presented in section 1.2.1 show that those measures were effective (though to a lesser extent in Kenya).

In all EAC member states, men and women have equal ownership rights to property (World Bank, 2016). However, as shown earlier in figure 19, there is a significant gender gap in land ownership in EAC partner states due to cultural practices. Hence, there is a clear discrepancy between what the law states and what is happening in reality. Only in Kenya and Rwanda do both sons and daughters have equal rights to inherit assets from their parents; and only in Rwanda do female and male surviving spouses have equal rights to inheritance (World Bank, 2016). While property rights are relatively more gender-equal, there is a significant gender gap in inheritance laws in EAC member states except for Rwanda.

In terms of workplace protections and restrictions, the law mandates equal remuneration for work of equal value in Kenya, the United Republic of Tanzania, and Uganda. Despite the existence of laws for gender wage equality, however, there is a large gender gap in the United Republic of Tanzania and Uganda, as discussed in box 5. This implies that there are issues

with the implementation of laws in place. The laws mandate non-discrimination based on gender in hiring only in Burundi and the United Republic of Tanzania. Prospective employers are not prohibited from asking about family status, while dismissal of pregnant workers is prohibited in all the EAC member states. All the member states except Burundi guarantee mothers an equivalent position after maternity leave. This is an important protection for the continuation of career development for female workers. Burundi, Rwanda, and the United Republic of Tanzania require employers to provide break time for nursing mothers (World Bank, 2016).

### *Engendering trade policy*

Rwanda, Uganda, and the United Republic of Tanzania all have their national trade policies. Kenya has also recently finalized its national trade policy. Rwanda, the United Republic of Tanzania, and more recently Kenya, took commendable steps to add gender considerations to their trade policy frameworks. For example, the United Republic of Tanzania trade policy targets women in its framework with a focus on the limitations faced by women in access to productive assets. In that regard, access to better extension services in agriculture is being considered as an intervention area. Rwanda's national trade policy targets social development and gender equality as one of its primary focuses, and recognizes the need for the gender assessment of trade agreements in its policy (EASSI, 2015). However, within ministries of trade in the United Republic of Tanzania, Uganda and Kenya, gender ministries are not part of the national monitoring committee on non-tariff barriers. Even though some ministries of trade established gender desks within the ministry or one of its departments, those desks are inactive (Karuhanga, 2017). Although Uganda's national trade policy is considered as not incorporating gender considerations explicitly, Uganda's national export strategy and its accompanying gender dimensions include major measures to increase women's participation in export sectors through capacity-building initiatives. For example, Uganda's Export Promotion Board targeted industries with a high female concentration (such as coffee, dairy, and commercial crafts) for support and conducted several capacity-building activities for women entrepreneurs (EASSI, 2015).

As discussed earlier, among EAC partner states, Rwanda has performed extremely well in promoting gender equality. Both the national trade policy and

national export strategy of Rwanda provide specific interventions to reduce gender imbalances within the context of trade policy. These measures include integrating gender issues in trade policy formulation and implementation, increasing gender awareness about trade opportunities, improving women's access to training programs on entrepreneurial skills (including rural female entrepreneurs), and designing measures for sectors where women have significant participation. In that regard, Rwanda's Chamber of Women Entrepreneurs provides entrepreneurship training and facilitates access to finance for women. It has also established telecentres to reduce the gender gap in information and communications technology. Business development support centres were also

established to support micro- and small-scale businesses (EASSI, 2015).

A similar initiative, the Women Entrepreneurship Development Programme, was established in the United Republic of Tanzania in 2004 in partnership with the United Nations Industrial Development Organization (UNIDO). The programme targets women within the food processing industry covering all regions of the United Republic of Tanzania and reaching even rural women. In addition, the Women Entrepreneurship Development Trust Fund provides micro credit and business training. However, those instruments suffer from limited implementation and do not translate into targeted outcomes (EASSI, 2015).

## NOTES

<sup>2</sup> These figures are the total of individual country values of GDP (current US\$) and population statistics from the World Bank's World Development Indicators database (accessed in July 2017).

<sup>3</sup> There have been reported human rights violations, displacements, and economic degradation, with 3 million people – one-fourth of the population – needing assistance. There has been no significant progress in the dialogue led by the EAC (UN, 2017).

<sup>4</sup> Caution is needed when drawing causal links between EAC trade policies and changes in the socio-economic outlook, as there are other interfering factors in place. However, given the significance of the EAC for its member states, such a comparison between the pre- and post-EAC integration episodes still provides valuable insights.

<sup>5</sup> Six of them are in Africa (Burundi, Djibouti, Eritrea, Ethiopia, Rwanda, Somalia) and three are in Asia (Bangladesh, Bhutan, Nepal).

<sup>6</sup> The ranking of the countries remains unchanged when the comparison is made using GDP per capita measured in purchasing power parity, constant 2011 international \$ based on data from the World Bank's World Development Indicators database (accessed in July 2017).

<sup>7</sup> Average growth statistics are calculated based on data from the World Bank's World Development Indicators database (accessed in July 2017). Simple averages of the growth rates of the five member states are used to calculate EAC averages.

<sup>8</sup> EAC averages for the sectoral composition of economic activity are calculated as weighted averages, with population numbers used as weights to control for the relative size of the five member states.

<sup>9</sup> Sectoral composition figures show the share of value added by each sector to a country's GDP. According to

the World Bank's World Development Indicators database, value added measures the net output of a sector after adding up all outputs and subtracting intermediate inputs. Deductions for depreciation of fabricated assets or depletion and degradation of natural resources are not made while calculating the value added.

- <sup>10</sup> The Gini index is a measure of inequality derived from the Lorenz curve. The closer the index number is to 100, the higher the degree of inequality. The descriptive statistics on inequality led to similar conclusions when alternative measures such as the 90/10 ratio or the Palma ratio were used.
- <sup>11</sup> Comparable figures were not available for Burundi and Kenya for the 2010s.
- <sup>12</sup> The poverty ratio refers to the headcount ratio, which is equal to the percentage share of the population living below the poverty line. Poverty figures based on the national poverty line are lower than the figures based on the World Bank definition for all the countries except Kenya. However, the ordering of countries is comparable across both measures. The SSA average rate for absolute poverty based on the World Bank definition was 40.1 per cent in 2013. Hence the poverty rate was higher than the SSA average in Rwanda and the United Republic of Tanzania.
- <sup>13</sup> The HDI is a composite measure of development that is composed of the health, knowledge, and living standards dimensions. The health dimension is measured by life expectancy at birth; the education dimension is measured by expected years of schooling and mean years of schooling; and living standards are measured by gross national income (GNI) per capita. The HDI is calculated as the geometric mean of these three sub-indices.
- <sup>14</sup> The GII measures gender inequalities in the areas of reproductive health (measured by the maternal mortality ratio and adolescent birth rates); empowerment (measured by the proportion of parliamentary seats occupied by females and the proportion of adult females and males ages 25 and older with at least some secondary education); and economic status (measured by the labour force participation rate of female and male populations ages 15 and older).
- <sup>15</sup> Unclassified products consist of coin (other than gold coin), not being legal tender, and non-monetary gold (excluding gold ores and concentrates).
- <sup>16</sup> According to the Lall classification, primary products refer to agriculture and mining products; resource-based manufactures refer to agro-based and other resource-based products; low-technology manufactures refer to textile, garment, footwear, etc.; medium-technology manufactures refer to automotive, process, and engineering products; high-technology manufactures refer to electronic and electrical etc. products; and unclassified products refer to commodities and transactions not elsewhere specified (Lall, 2000).
- <sup>17</sup> The Concentration Index, also known as the Herfindahl-Hirschmann index, provides a measure of the degree of product concentration. As the index value gets closer to 1, it indicates a higher degree of concentration of exports or imports on a few products. An index value closer to 0 means that exports or imports are more homogeneously distributed among different products.
- <sup>18</sup> According to UNCTAD calculations for 2015 based on the UNCTADStat database (accessed in February 2017), tea and mate (20 per cent), crude vegetable materials (11 per cent), petroleum oils (4 per cent), and vegetables (4 per cent) were the top export products in Kenya. The United Republic of Tanzania's top export commodities were gold (19 per cent), unmanufactured tobacco (7 per cent), and waste and scrap of ores and precious metals (7 per cent), while Uganda's main export products were coffee and coffee substitutes (19 per cent), fish (4 per cent), and construction materials (4 per cent).
- <sup>19</sup> The rate is the average of applied rates weighted by the product import shares corresponding to each partner country. Hence, it shows the rate of trade protection actually realized, not the statutory rates.
- <sup>20</sup> While border barriers refer to factors such as port efficiency and customs administration, behind-the-border barriers refer to the quality of infrastructure and the regulatory environment. Unlike border barriers, behind-the-border barriers impose costs and constraints on economic activity regardless of the destination of the product (Wilson et al., 2004).
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- <sup>21</sup> One should note that the Customs Union allowed for the provision of a list of 59 sensitive products, 31 of which were agricultural, with high levels of protection ranging from 35 to 100 per cent. Most notable examples are sugar (100 per cent), rice (75 per cent), wheat (60 per cent) dairy products (60 per cent), and maize (50 per cent) (Gasiorek et al., 2016). The share of sensitive products in imports had declined over time for all countries except Rwanda, while the share of sensitive exports had increased for all countries and most notably for Uganda. This implies that protection has helped the protected industries expand over time (Gasiorek et al., 2016).
- <sup>22</sup> If the EPA is ratified by all partner states, 82.6 per cent of imports from the European Union by value will be liberalized. Since 65.4 per cent of imports are already duty-free, the remaining 15.3 per cent will be progressively liberalized starting from the 7th year until the 15th year, and 2.9 per cent from the 12th year until the 25th year after the EPA enters into force (European Commission, 2017a).
- <sup>23</sup> COMESA is the Common Market for Eastern and Southern Africa; SADC is the Southern African Development Community.
- <sup>24</sup> Intra-industry trade refers to both exporting and importing significant amounts of products within the same industry category, while inter-industry trade means that a country mostly exports (or imports) in certain industries while importing (or exporting) in other industries.
- <sup>25</sup> The adult literacy rate measures the percentage share of the population ages 15 and above that can both read and write with understanding a short simple statement about their every-day life.
- <sup>26</sup> The gross enrolment rate measures the ratio of total enrolment (by gender) in primary education, regardless of age, to the population (by gender) of official primary education age, expressed as a percentage. This indicator can take a value above 100 per cent due to the inclusion of over-aged and under-aged students because of early or late school entrance and grade repetition.
- <sup>27</sup> Compulsory education policy and the introduction of free primary education have contributed to this positive outcome in enrolment rates in primary education. The duration of compulsory education is six years in Burundi and Rwanda, 12 years in Kenya, and seven years in the United Republic of Tanzania and Uganda.
- <sup>28</sup> Educational attainment ratio figures were available for 2014 for Burundi, 2010 for Kenya, and 2012 for the others, and come from the World Bank's World Development Indicators database (accessed in May 2017).
- <sup>29</sup> Data on status in employment by sector were not available in a comparable fashion.
- <sup>30</sup> However, one should note that off-farm employment does not necessarily lead to a pathway out of poverty for rural women if most women are in vulnerable forms of employment.
- <sup>31</sup> Informal cross-border trade can be done either by informal (unregistered) traders operating entirely outside the formal economy or by formal (registered) traders who fully or partially evade trade-related regulations and duties.
- <sup>32</sup> Time poverty is important due to certain features of cross-border trade such as having several transactions of limited value, offering relatively modest profit margins, etc.
- <sup>33</sup> The incidence of landownership measures the share of landowners (including both agricultural and non-agricultural land) in the total adult population by gender.
- <sup>34</sup> Burundi has the Ministry of National Solidarity, Human Rights and Gender, Kenya has the Ministry of Gender, Sports, Culture and Social Services, Rwanda has the Ministry of Gender and Family Promotion, the United Republic of Tanzania has the Ministry of Community Development, Gender and Children, and Uganda has the Ministry of Gender, Labour and Social Development.
- <sup>35</sup> Personal law is also recognized as a valid source of law under the constitution in Kenya and Uganda; however, it is invalidated only in Uganda in case of a violation of the constitutional provisions on non-discrimination or equality. Personal law refers to non-customary legal systems that are products of tradition or doctrinal texts, which are sometimes uncodified.
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# II



Empirical  
analysis

## 2. EMPIRICAL ANALYSIS

This chapter presents a quantitative analysis of the impact of EAC regional integration on women's employment at both the micro and macro levels. For the macro analysis, we use an econometric model to analyse the effect of trade openness on women's employment in the broad sectors of agriculture, industry, and services. A firm-level survey is used in the micro analysis to investigate the impact of tariff changes on female employment in the manufacturing sector. In this context, the study aims to assess the impact of the EAC Common Market and Customs Union regional integration policies on gender equality in the workplace.

### 2.1. TRANSMISSION CHANNELS

UNCTAD (2014a) illustrates the plurality of interaction channels between trade and gender. A key channel of transmission is through the impact of trade liberalization on employment and wages. Heckscher-Ohlin theorem suggests that a country holds a comparative advantage in the production of the goods that use its abundant factor intensively, and the country becomes the exporter of those goods. Additionally, Stolper-Samuelson theorem suggests that the relative price of the exported goods increases due to increased external demand under trade liberalization, which, in turn, leads to a rise in the returns to the abundant factor under certain economic assumptions. Since developing countries are abundant in labour rather than capital, the relative demand for labour and the relative returns to labour (wages) are expected to rise under trade liberalization policies.

Another way to think about this framework is to take skill levels into account. Considering the disparities in the distribution of low- and high-skilled labour in developing countries, we can assume that trade will increase the relative returns to low-skilled labour in those countries. Moreover, assuming that women form the bulk of the low-skilled labour pool, trade liberalization is expected to increase the demand for women's labour in particular. As a result, according to standard theory, it is expected that women's employment and wages will rise compared to men, reducing the gender wage gap and promoting gender equality in developing countries. Trade liberalization may influence wage disparities not only by affecting the relative demand for various types of workers but also by altering discriminatory practices.

Some scholars assert that liberalization is likely to lead to competitive pressures that will reduce the scope for employers to discriminate, including against women. Female workers in this framework are assumed to be as equally skilled and productive as male workers. As import competition increases in concentrated industries (i.e. those industries in which a few large firms take up a large percentage of the market), firms that previously discriminated against women would no longer continue paying higher wages to equally productive male workers. This would, in turn, reduce the gender wage differential in these sectors. Increased competition would also make firms abandon past discriminatory hiring practices, and as a result the female share of employment would increase (UNCTAD, 2014a).

According to new trade models, trade-induced technological upgrading reduces the need for physically demanding skills. Women become more productive in blue-collar jobs under the new technology compared to men, while women's relative productivity would not be affected in white-collar jobs. As a result, trade liberalization is expected to improve labour market outcomes for women in blue-collar tasks but leave them unchanged in white-collar jobs (Juhn et al., 2014).

Competitive pressures might also push firms to use labour as a cost-saving measure. Women can become a source of competitive advantage thanks to the existing gender wage gap and their lower bargaining power. Hence, the female share of employment would increase mainly in low-paying and less-secure jobs as a cost-cutting strategy without any improvement in wages. Therefore, it is important to look at the types of positions being created under trade liberalization (UNCTAD, 2014a).

This chapter assesses the impact of trade liberalization policies under two broad categories. Trade liberalization policy is mainly implemented through the removal of tariff and non-tariff trade barriers. As a result, trade liberalization policy shows its effect through a rise in trade flows as a result of increased openness. Trade openness is often measured by the share of total trade (exports and imports) in a country's GDP. As trade volumes increase in an economy, this is expected to induce a change in the sectoral distribution of employment.

According to standard trade theory, as discussed above, one would expect to see growth in the share

of female employment in industry, where developing countries hold a comparative advantage, relative to agriculture and services (Bussmann, 2009). This pattern indeed coincides with the case of Asian developing countries. However, in the context of Africa, where services trade corresponds to a large proportion of total trade and plays a significant role in economy, the same expectations may not hold. As discussed in chapter 1, African economies do not follow the classical model of development, which envisions a gradual shift from agriculture first to industry, and then to services. Instead, African countries often see a direct shift from agriculture to services with minor improvements in industry. The macro analysis investigates this issue by analysing the impact of trade flows on the sectoral distribution of female employment.

The second and more direct measure of trade liberalization would be the reduction in tariff rates. The manufacturing sector is the main sector where tariff changes show their effect directly. Therefore, the micro analysis investigates the impact of import and export tariff changes by trading partners on the female-to-total employment ratio in manufacturing firms in the EAC.

Section 2.2 introduces the macro analysis, section 2.3 introduces the micro analysis and section 2.4 concludes this chapter.

## 2.2. MACRO ANALYSIS

We estimate the impact of trade flows on the female share of employment in agriculture, industry, and services following a framework based on Bussmann (2009). The data cover a balanced panel of five countries for the period 1991–2015. Female employment shares are calculated from ILO estimates and cover both paid employment and self-employment in the overall economy. Data for trade openness and other control variables are taken from the World Bank's World Development Indicators. The fixed-effect panel data model is used as the estimation method. The advantage of this model is that it controls for country-specific characteristics such as religion, culture, and other socio-economics factors.

The dependent variable measures the share of women working in each broad sector of the economy. Our main interest variable is the share of total trade in GDP as well as its sub-components as export and import shares. In order to evaluate whether there is

any structural change after EAC regional integration policies went into effect, a variable is created for each country based on its participation date. Our control variables include GDP per capita, fertility rate, population growth rate, urban population share, and sectoral shares of male employment. GDP per capita controls for the influence of economic development on the employment structure. The fertility rate controls for the impact of domestic care work on women's employment.<sup>36</sup> The population growth rate controls for the size of the labour market as well as the different tendencies between small and large countries to open to trade. The urban population share controls for the structural features of the sectoral composition of an economy. Sectoral shares of male employment are introduced to test relative effects in the employment shifts. Further details about the estimation methodology are presented in the annex.

According to the findings of the analysis, trade openness has a positive effect on the female employment share in services, while it is negatively associated with the female employment share in agriculture (table 5). Our findings do not reveal any significant relationship between trade openness and the female employment share in industry. This finding is in line with the expectations about the African development case as discussed above, and earlier in chapter 1. When looking at the components of trade openness (export/GDP and import/GDP), the analysis reveals similar qualitative results. However, the impact of the export share in GDP is more dominant in magnitude than the impact of the import share in GDP. The introduction of EAC regional integration policies also seems to have contributed to the effect of overall trade openness on female shares of employment. However, one should note that there are other contributing factors that might coincide with this period.

GDP per capita is negatively associated with industrial employment and positively associated with services employment. This is consistent with the African model of development in which services play a leading role in the transition from a rural to an urban society. An increase in the fertility rate has a negative effect on the female employment share in agriculture and a positive effect on women's shares of employment in industry and services. Urbanisation also leads to similar effects. These findings imply that women in urban areas might be facing the pressure of being the household breadwinners as the number of children increases. Hence they are inclined to seek out paid

**Table 5. Macro analysis results**

	Female agricultural employment		Female industrial employment		Female services employment	
Trade/GDP	-0.037** (0.014)		0.004 (0.007)		0.034*** (0.011)	
Export/GDP		-0.069* (0.038)		0.015 (0.017)		0.048** (0.024)
Import/GDP		-0.025** (0.010)		-0.001 (0.009)		0.029*** (0.008)
EAC	-0.908** (0.385)	-0.962** (0.394)	0.191 (0.200)	0.201 (0.198)	0.746*** (0.247)	0.771*** (0.254)
Log (GDP per capita)	0.454 (0.554)	0.819 (0.747)	-2.295*** (0.459)	-2.469*** (0.629)	1.967*** (0.432)	1.812*** (0.455)
Fertility	-5.059*** (1.081)	-4.994*** (1.076)	1.975*** (0.143)	1.946*** (0.140)	3.222*** (1.085)	3.199*** (1.085)
Log (population)	-3.423 (3.964)	-2.369 (3.376)	2.908 (1.771)	2.649 (1.693)	-0.301 (2.374)	-0.781 (2.064)
Urban population share	-0.286* (0.140)	-0.257* (0.131)	0.172*** (0.048)	0.160*** (0.053)	0.172 (0.109)	0.161 (0.104)
Male agricultural employment	0.428*** (0.051)	0.436*** (0.050)				
Male industrial employment			0.332*** (0.104)	0.346*** (0.111)		
Male service employment					0.426*** (0.032)	0.429*** (0.031)
Constant	146.234** (68.996)	125.440** (57.464)	-49.259* (26.594)	-43.772* (24.563)	-28.069 (44.237)	-19.068 (38.113)
Number of observations	125	125	125	125	125	125

Source: UNCTAD estimations using data retrieved from the ILOStat and the World Bank, World Development Indicators databases. Note: \*\*\* Significant at the 1 per cent level; \*\* Significant at the 5 per cent level; \* Significant at the 10 per cent level. To obtain heteroscedasticity and autocorrelation robust Driscoll-Kraay standard errors, the user written command xtscrcorr by Hoechle (2007) in Stata was used for the estimation of the fixed-effect panel data models. EAC: East African Community.

employment, which is mostly in industry and services in the urban setting. On the other hand, women in agriculture might be more inclined to take care of children instead of working as unpaid family workers. Male employment shares all have a positive and significant coefficient, implying that female and male employment distributions follow similar patterns.

### 2.3. MICRO ANALYSIS

This section analyses the impact of tariff liberalization with EAC and non-EAC trading partners on women's employment in the manufacturing industry based on firm-level data, using the framework in Juhn et

al. (2014) and UNCTAD (2017b). Juhn et al. assess the impact of changes in export and import tariffs on the female share of employment during the North American Free Trade Agreement (NAFTA) regional integration process. In a similar vein, UNCTAD (2017b) studies the case of COMESA regional integration, also by distinguishing by trading partners such as the European Union, rest of the world, and the Tripartite Free Trade Area. We further investigate the impact of import and export tariff changes within the EAC region by also calculating the country-specific effects of EAC regional integration. As discussed in the section on trade profiles in chapter 1, the major trade partners of

EAC countries are in the Asia-Pacific region, European Union, and SSA. Therefore, the analysis introduces import and export tariff changes for each of those regions as well.

### 2.3.1. Data and methodology

This section introduces the detailed data sources and methodology used for the micro analysis. Firm-level data come from the World Bank's Enterprise Surveys for Burundi, Kenya, the United Republic of Tanzania, and Uganda for the period 2013–2014 (World Bank, 2017).<sup>37</sup> The employment variable refers to the number of full-time, permanent employees in formal manufacturing firms.<sup>38</sup> Tariff data are from the World Integrated Trade Solution (WITS) database for each sector included in the Enterprise Surveys. Tariff variables are defined as import tariffs and export tariffs by main trading partners. The export tariff change measures the average export duties faced in the destination countries and the import tariff change measures the average tariff change imposed on imports. Hence, the export tariff is a policy measure that is not set by EAC countries but by their trading partners, while the import tariff is determined by the EAC member states themselves. These measures are differentiated by trading partners as EAC and non-EAC (Asia-Pacific, European Union, SSA). Specifically, the EAC export tariff change measures the average tariff imposed on exports of a specific country by other EAC partner states before the implementation of the Customs Union.<sup>39</sup> This distinction for specific partners allows for testing whether the impact of trade liberalization on the female share of employment varies across markets due to differences in traded products or specialization patterns.

We include both export and import tariff measures in the analysis to assess the impact of trade liberalization on women's labour market outcomes through two channels. First, increased trade liberalization would allow firms to become more export-oriented and in this way increase their production capabilities. The export tariff measure shows the degree of trade liberalization in a specific export market for EAC firms. Second, trade liberalization also affects non-exporting firms by increasing import competition in the domestic market for EAC firms. The import tariff measure captures the effect of increased import competition in the EAC market from different trading partners. Further details about the estimation methodology are presented in the annex.

The micro analysis exploits the variation in import and export tariffs across sectors to assess the impact of trade liberalization and regional integration. The greater the tariff on exports/imports in a particular sector in EAC trade before implementation of the EAC Customs Union, the greater the degree of trade liberalization would be in that sector, as tariffs were mostly reduced to zero. For non-EAC trade, the tariff change is measured as the difference between the average of applied tariff rates before 2008 and the average after 2008. Hence, a larger positive tariff change indicates more trade liberalization in that sector. This can be seen in table 6. For example, the export tariff change was 6.42 per cent and the import tariff change was 2.75 per cent on average in EAC markets, implying increased trade liberalization as a result of the EAC Customs Union process.

The year 2008 is also chosen as a threshold for non-EAC trading partners for two reasons. First, we aim to control for the impact of tariff changes with other trading partners in the process of EAC regional trade integration. Second, we also observe a pattern after the global economic crisis of 2008–2009: tariffs imposed on imported goods from the rest of the world tended to increase in order to secure tariff revenues and protect domestic markets. As shown in table 6, the world average import tariff change was -2.17 per cent, implying higher protection against imported goods from the rest of the world.

In the analysis, we also distinguish between the impact on production and non-production workers in order to determine if there is any trade-induced technological upgrading effect, as discussed in section 2.1. Production tasks mostly coincide with blue-collar jobs, while non-production tasks refer to activities related to management, sales, administrative tasks, etc.<sup>40</sup> Figures 23 and 24 summarize how the female share of employment for the production and non-production tasks evolved in exporting firms between pre- and post-EAC periods.<sup>41</sup> The female share of employment in production tasks tends to increase in all member countries studied except for Burundi.

On the other hand, the share of female employment in non-production tasks falls in the EAC integration process more sharply in the United Republic of Tanzania, and to a small degree in Kenya and Uganda. Unfortunately, there are no data on non-production workers in Burundi for the post-EAC period. Overall, we observe a feminisation of the labour force only in production tasks between pre-

**Table 6. Descriptive statistics**

Variable	Minimum	25th percentile	Mean	Median	75th percentile	Maximum
Female employment share	0	0	0.22	0.17	0.33	1
Female employment share in production	0	0	0.20	0.10	0.33	2
Female employment share in non-production	0	0	0.31	0.28	0.50	1
EAC export tariff change	0	3.74	6.42	5.67	10.49	11.71
World export tariff change	-4.23	-0.79	1.91	1.80	4.32	11.18
Asia-Pacific export tariff change	-20	0.04	1.80	0.91	3.24	39.79
European Union export tariff change	0	2.1	5.22	3.53	7.54	57.6
Sub-Saharan Africa export tariff change	-2.42	3.33	5.73	6.22	8.52	24.2
EAC import tariff change	0	0	2.75	1.39	3.16	16.59
World import tariff change	-12.45	-4.58	-2.17	-0.77	1.34	18.2
Asia-Pacific import tariff change	-8.44	-5.04	-1.71	-0.43	0.80	11.64
European Union import tariff change	-8.02	-3.12	0.16	1.21	3.45	13.48
Sub-Saharan Africa import tariff change	-4.38	0.82	3.44	1.78	4.74	34.04
Capital or business city	0	0	0.46	0	1	1
International certificate	0	0	0.29	0	1	1
Multi-establishment firm	0	0	0.13	0	0	1
Log of total sales	11.92	16.71	18.63	18.32	20.24	27.61
Exporting firms	0	0	0.34	0	1	1

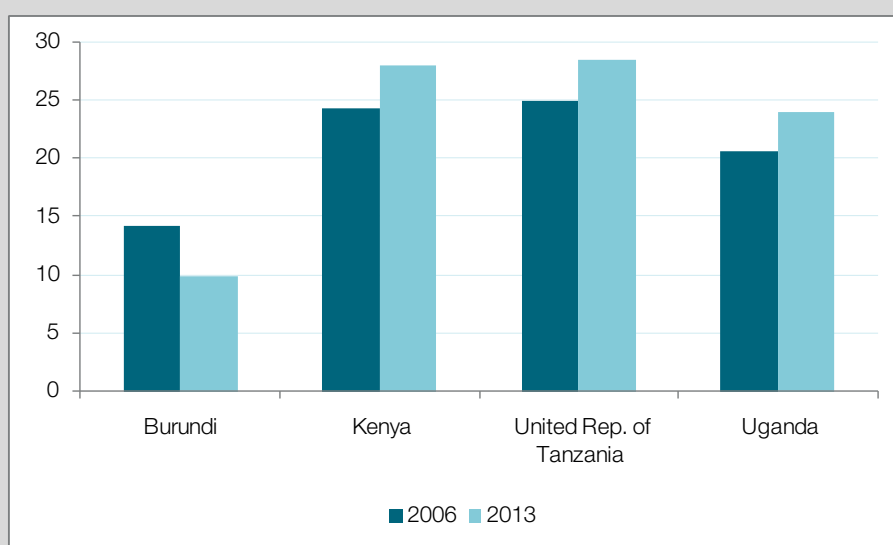
Source: UNCTAD calculations based on the World Bank Enterprise Surveys and the World Integrated Trade Solution database.  
Note: EAC: East African Community.

and post-EAC integration. The econometric analysis aims to investigate the role of trade liberalization in this outcome.

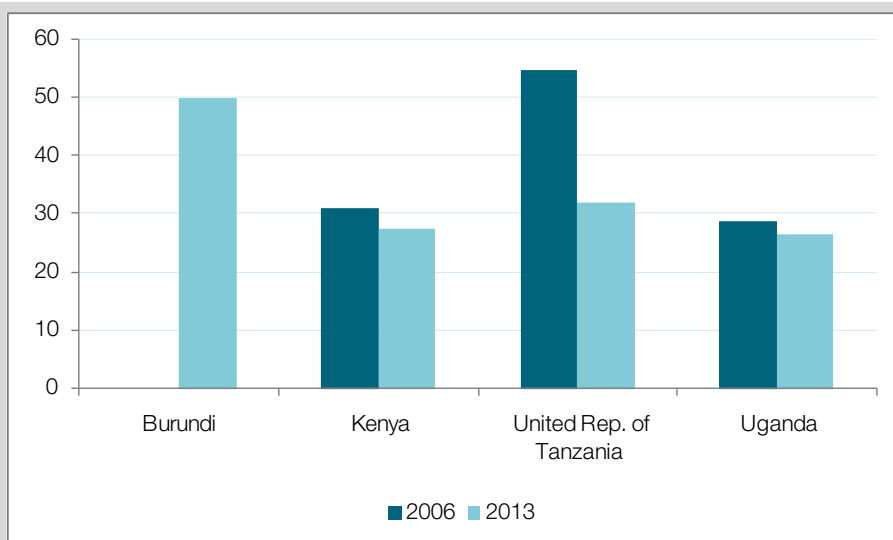
Table 7 shows the descriptive statistics for female-to-total employment shares and the percentage of top female managers across sectors for individual countries and the EAC region overall. According to the descriptive statistics, textiles, garments, publishing, printing and recorded media, and chemicals are the sectors where the female-to-total employment share is high across all EAC members. Women are concentrated mostly in lower-value-added manufacturing sectors. Similarly, the percentage of top female managers tends to be high in the garments and publishing, printing and recorded media sectors. For some specific sectors, this statistic seems to be quite high. For example, the female top manager ratio exceeds 35 per cent in the textiles sector and 53 per

cent in the garments sector for Uganda. Given the shift of exports towards low- and medium-technology sectors over time, a feminisation of labour is expected to follow further in those sectors.

We include firm sales in the regression as a control for firm size and an exporter firm indicator to control for the impact of outward orientation. The exporter indicator is defined as having export revenues. In addition to these variables of interest, we include several other control variables, such as being located in the capital or the main business city, having multiple establishments, and having an international certification. As discussed in section 1.2.1, international certification has implications for women's empowerment. The details of the estimated regression and the methodology are presented in the annex.

**Figure 23. Share of female production workers in export firms (per cent)**

Source: UNCTAD calculations based on the World Bank Enterprise Surveys.  
 Note: The initial year is 2007 in Kenya; the final year is 2014 in Burundi.

**Figure 24. Share of female non-production workers in export firms (per cent)**

Source: UNCTAD calculations based on the World Bank Enterprise Surveys.  
 Note: The initial year is 2007 in Kenya; the final year is 2014 in Burundi.

### 2.3.2. Empirical findings

Table 8 summarizes the results from the estimates of the impact of tariff changes on gender labour outcomes, differentiated by EAC partner countries. The results indicate that EAC trade liberalization positively affects overall female labour ratios of employment in

all countries except for Burundi. Specifically, a one percentile point decrease in EAC export duties faced in destination markets in the EAC region is correlated with an approximate 3.6 per cent reduction in the overall female-to-total labour ratio in Burundi.<sup>42</sup> On the other hand, a one percentile point decrease in

**Table 7. Female share of employment and top management by sectors**

Sectors	Female-to-total employment share (per cent)					Top female manager share (per cent)				
	B	K	T	U	O	B	K	T	U	O
Food	15	26	21	26	24	18	9	9	9	10
Textiles	20	28	34	52	39	0	8	22	37	22
Garments	...	28	37	49	38	...	25	28	54	32
Leather	19	25	...	17	22	0	0	...	0	0
Wood	12	33	9	5	10	0	0	0	5	2
Paper	...	22	...	33	26	...	0	...	20	8
Publishing & printing	20	23	40	42	31	23	14	21	29	22
Refined petroleum	...	6	15	53	16	...	20	50	0	25
Chemicals	32	30	27	33	30	0	8	25	22	13
Plastics	28	12	21	22	18	0	0	0	20	3
Non-metal	...	9	8	19	13	...	0	14	0	5
Basic metal	...	12	7	12	11	...	0	0	0	0
Fabricated metal	7	11	7	11	10	0	0	0	8	4
Machinery & equipment	...	15	2	17	15	...	9	20	18	13
Electronics	...	15	18	31	21	...	18	0	25	14
Transport machines	...	15	5	0	12	...	5	0	0	3
Furniture	7	16	8	10	9	0	0	1	4	2
Total	18	23	20	24	22	13	8	10	14	11

Source: UNCTAD calculations based on the World Bank Enterprise Surveys.

Note: B: Burundi; K: Kenya; T: United Republic of Tanzania; U: Uganda; O: Overall.

EAC export tariffs is associated with a 2.1 to 2.5 per cent increase in the overall female-to-total labour ratio for Kenya, the United Republic of Tanzania, and Uganda.<sup>43</sup>

According to the results presented in table 8, trade liberalization affects workers differently across work categories. This positive effect of EAC trade integration due to export tariff change mainly results from the effect on production workers, while creating no statistically significant impact on non-production workers in EAC countries. More specifically, a one percentile point decrease in EAC export tariffs decreases the production female-to-total ratio in Burundi 4.3 per cent while increasing it by a range of approximately 1.9 to 2.7 per cent in Kenya, the United Republic of Tanzania and Uganda. Hence, EAC integration benefitted female production workers only in Kenya, the United Republic of Tanzania, and Uganda, while having no significant effect for female non-production workers in those countries. This finding is in line with the expectations discussed in section 2.1. Trade-induced technological upgrading seems to increase

the productivity of female production workers and their relative employment by reducing the required physical strength.

We also attempt to measure the effect of the EAC import tariff change on female labour ratios in the individual EAC member states. However, our estimates do not reveal any significant estimates. This implies that import competition does not lead to expected incentives to reduce discrimination in hiring practices, as discussed in section 2.1.

Additionally, our model allows for evaluating the effect of trade liberalization with other trade partners on gender labour market outcomes in the EAC region. Our estimates suggest that the female-to-total labour ratio increases by 2.1 per cent overall and by approximately 2.3 per cent in production tasks as a result of a one percentile point decrease in world export duties faced in the destination markets. Similarly, trade liberalization with the Asia-Pacific region and the European Union positively affects the female-to-total labour ratio, though to a lesser extent. As discussed in section



Table 8. Micro analysis findings

	Overall	Production tasks	Non-production tasks
Constant (Burundi)	0.2633* (0.1479)	0.3326* (0.1820)	0.0383 (0.2517)
Kenya	-0.1582 (0.1527)	-0.2146 (0.1885)	0.0894 (0.2338)
United Republic of Tanzania	-0.3637** (0.1434)	-0.4186** (0.1748)	-0.0246 (0.2368)
Uganda	-0.3083** (0.1397)	-0.3413** (0.1710)	-0.0798 (0.2420)
EAC export tariff (Burundi)	-0.0356*** (0.0096)	-0.0425*** (0.0127)	-0.0044 (0.0299)
EAC export tariff (Kenya)	0.0565*** (0.0212)	0.0618** (0.0254)	0.0056 (0.0415)
EAC export tariff (United Republic of Tanzania)	0.0603*** (0.0109)	0.0689*** (0.0136)	0.0130 (0.0311)
EAC export tariff (Uganda)	0.0601*** (0.0110)	0.0671*** (0.0138)	0.0176 (0.0312)
World export tariff	0.0210*** (0.0035)	0.0227*** (0.0039)	0.0079 (0.0064)
Asia-Pacific export tariff	0.0049** (0.0022)	0.0065*** (0.0025)	-0.0035 (0.0035)
European Union export tariff	0.0062** (0.0025)	0.0062** (0.1434)	0.0041 (0.0040)
Sub-Saharan Africa export tariff	-0.0014 (0.0044)	-0.0003 (0.0049)	-0.0003 (0.0071)
EAC import tariff (Burundi)	0.0084 (0.0102)	-0.0006 (0.0123)	0.0259 (0.0175)
EAC import tariff (Kenya)	-0.0017 (0.0105)	0.0008 (0.0131)	-0.0200 (0.0187)
EAC import tariff (United Republic of Tanzania)	-0.0046 (0.0123)	0.0028 (0.0139)	-0.0264 (0.0199)
EAC import tariff (Uganda)	0.0167 (0.0238)	0.0323 (0.0270)	-0.0242 (0.0372)
World import tariff	-0.0166*** (0.0030)	-0.0201*** (0.0034)	-0.0070 (0.0060)
Asia-Pacific import tariff	-0.0023 (0.0030)	0.0009 (0.0035)	-0.0029 (0.0056)
European Union import tariff	0.0165*** (0.0040)	0.0175*** (0.0046)	0.0070 (0.0050)
Sub-Saharan Africa import tariff	-0.0062* (0.0036)	-0.0034 (0.0042)	-0.0072 (0.0055)
Capital or business city dummy	0.0211 (0.0152)	-0.0079 (0.0174)	0.0766*** (0.0230)
International certificate dummy	0.0303* (0.0169)	0.0301 (0.0199)	0.0095 (0.0249)

	Overall	Production tasks	Non-production tasks
Multi-establishment firm	0.0236 (0.0210)	0.0353 (0.0242)	-0.0233 (0.0311)
Exporter dummy	0.0377** (0.0165)	0.0517*** (0.0200)	0.0251 (0.0242)
Log total sales	-0.0050 (0.0033)	-0.0079** (0.0039)	0.0056 (0.0052)
Number of observations	837	855	721
R-square	0.202	0.194	0.06

Source: UNCTAD estimations using data retrieved from the World Bank Enterprise Surveys and the World Integrated Trade Solution database.

Note: Robust standard errors in parentheses. \*\*\* Significant at the 1 per cent level; \*\* Significant at the 5 per cent level; \* Significant at the 10 per cent level.

1.1.3, the share of European Union exports in total exports of EAC partner states has fallen significantly over time and been replaced by an increasing share of exports to Asia. This implies that the loss in the positive impact on the female share of employment from trade liberalization in the European Union markets due to the fall in exports to those traditional markets is being offset by a positive impact of exports to Asian markets on women's share of employment.

Furthermore, according to our estimates, a one percentile point decrease in the world import tariff is associated with 1.7 per cent and 2 per cent reductions in the female-to-total labour ratio for overall workers and production tasks, respectively. However, as noted above, the world import tariff change is measured as the difference between averages before and after

2008 for products imported from the world by the EAC region. Considering that EAC countries increased these tariffs in response to the 2008 financial crisis, these results also indicate a positive effect of trade liberalization on female employment outcomes.

Our model also suggests that exporting firms tend to have a higher female-to-total ratio than non-exporting firms. Having international certification is also associated with an increase in the female share of employment overall. Similarly, being located in the capital city or main business city has a positive effect on women. However, large firms tend to hire fewer female workers compared to men. It seems like women have better chances in smaller firms in the EAC region.

## NOTES

<sup>36</sup> This is particularly relevant for male-headed households. Conversely, in female-headed households, this variable would measure the intensity of the need for paid work.

<sup>37</sup> Rwanda's Enterprise Survey (2011) does not have information that distinguishes between men and women and therefore could not be included in the micro analysis.

<sup>38</sup> Hence it is plausible to assume that the employment variable refers to formal employment only.

<sup>39</sup> Since the timing of Customs Union membership differs across member countries, 2005 was set as a threshold date for Kenya and 2008 for the other countries, as these are the years after which tariffs were dropped down to zero.

<sup>40</sup> Although non-production tasks are made up of mostly white-collar jobs, they also include non-traditional white-collar categories such as vendors.

<sup>41</sup> We present descriptive statistics only for exporting firms as they are more directly affected by trade liberalization.

<sup>42</sup> A one percentile point decrease in a tariff rate refers to a one percentile point increase in tariff reduction (measured by the tariff variable in the model), implying an increase in trade liberalization in a given sector. One should also note that percentile point change is different from percentage change. A one percentile point increase refers to a change, let us say, from 5 to 6 per cent or from 10 to 11 per cent in the tariff rate. In percentage change terms, this would have corresponded to respective increases of 20 per cent and 10 per cent in the tariff rate. Hence, in our estimations we refer to the exact percentile point change in the tariff rate.

<sup>43</sup> These numbers can be calculated as 0.0209 (which is equal to  $-0.0356 + 0.0565$ ) for Kenya, 0.0247 (which is equal to  $-0.0356 + 0.0603$ ) for the United Republic of Tanzania, and 0.0245 (which is equal to  $-0.0356 + 0.0601$ ) for Uganda.

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# III



Main findings  
and policy  
recommendations

### 3. MAIN FINDINGS AND POLICY RECOMMENDATIONS

This report has presented the economic, trade, and gender profiles of EAC member states and has examined the impact of EAC regional integration on women's employment and well-being.

#### *Patterns of economic activities*

All EAC partner states except Burundi experienced high economic growth rates over the last decade that led to sustained growth in real per capita income. However, this remarkable growth performance was accompanied by persistently high inequality, despite a significant fall in poverty in the same period. This implies that the benefits of growth were not equally distributed among individuals in society, pointing to the need to take distributional concerns further into account. The United Republic of Tanzania and Kenya are the two largest economies in the EAC. At the same time, they have the largest gender inequality within the region. This leads to two conclusions. First, although economic development can facilitate closing the gender gap, it is not sufficient unto itself to do so—that is, gender equality is not a natural outcome of the development process. Second, pro-active gender equality policies and resource allocation for gender equality are necessary to close the gaps.

Sectoral composition of economic activity in the EAC has changed significantly over time, with a shift away from agriculture towards services and, to a lesser extent, industry. This structural change in EAC partner states, as is common in Africa, is in contrast to the Asian experience of a gradual shift from agriculture towards manufacturing and then towards services. Given the indispensable role of the industrial sector in the development process, this sudden shift to services emerges as a common issue to address for development policymakers in Africa.

#### *Export structure, trade partners, and intra-EAC trade*

The EAC export structure has shifted away from primary products towards manufactured goods, although primary commodities still form the bulk of exports.

The role of intra-EAC trade remains limited. Trade is increasingly dominated by trading partners outside the

EAC, mainly developing Asia and SSA, replacing the dominance of the European Union as the main trading partner. A thorough analysis is needed to understand why the EAC Customs Union and Common Market, key components of the community's regional integration, have only been able to further trade integration to a limited extent. This may be because of lack of complementarity among the EAC economies and very low levels of intra-industry and inter-industry trade. It may also be because of the limited implementation of hard and soft trade facilitation measures, despite considerable progress over time. This is another area for analysis for EAC policymakers.

The EAC Elimination of Non-Tariff Barriers Bill, 2015 provides a legal mechanism for the elimination of non-tariff barriers in the partner states. However, the bill has two shortcomings: so far it has only been assented by Kenya, the United Republic of Tanzania and Uganda; and it has no specific considerations for women traders and the particular obstacles they face. Although the introduction of such a bill is welcome, those limitations mean that the bill falls short of effectively removing the specific barriers faced by women traders. Lack of recognition of these specific barriers and of solutions to address them contribute to keeping women in the informal sector, as shown in the discussion in section 1.2.1 of the report on cross-border trade.

#### *Sectoral composition of employment, especially for women*

The shift in the employment structure in the EAC has been rather limited, with agriculture remaining the major sector of employment. Women are overrepresented in agriculture compared to men, and lag behind them in terms of labour productivity. This contributes to the income gap between men and women in rural society and constrains the benefits that women could get from agricultural liberalization as producers. The share of industry in the employment of men has increased more significantly than it has for women. The shift from agriculture towards services over time was mainly through an increase in women's employment in the trade sector, and to a lesser extent in the tourism and education sectors. For men, the employment shift occurred mainly towards the construction, trade, and transport service sectors.

Spearheading a structural change in employment requires complementary policies on both the supply and demand side to ease the transfer of labour from

agriculture to expanding sectors of the economy and to increase value-added in agriculture. In this regard, accompanying trade policy with education policy plays a vital role. This would require joint public/private sector educational initiatives such as on-the-job training and skills development programs aimed at improving women's skills in higher-value-added niches where demand is increasing. However, supply-side considerations should be accompanied by demand-side policies to support and incentivize the expansion of trade and production in those higher-value-added niches. Policy instruments such as targeted input subsidies, technological investments, and extension and advisory services could be used to support the upgrading of female farmers in agriculture towards higher-value-added areas. Incentivising both vertical and horizontal mobility as well as enforcing protection against gender-based discrimination is also essential for women to successfully participate in expanding sectors.

Women have more limited access to wage employment than men in the tradable sectors of the economy and hence seem to benefit less from the new employment opportunities arising from trade liberalization. Instead, women are overrepresented in own-account work and contributing family work in comparison to men, and this trend has not been diverted during the EAC regional integration process. A significant gender wage gap also exists, despite the existence of laws that mandate equal remuneration for work of equal value. Labour market policies such as training programs and employment offices could help facilitate women's access to wage/salary employment. Women's unpaid work burden also needs to be taken into consideration, as does the formulation of trade and employment policies that take gender issues into account in order to help women close the gap in time-use patterns.

Access to credit and land plays a key role in improving the livelihoods of rural women and helping them benefit from trade liberalization policies as producers. There is a significant gender gap in access to resources such as land, despite the existence of laws on gender equal property rights. There is also a gender gap in women's access to formal sources of credit in EAC partner states to different degrees. Women's access to economic resources needs to be further improved by easing barriers to credit and transforming customs that inhibit women's access to land. There are country-level initiatives targeting women entrepreneurs and

their access to credit, but they have not proven to be very effective and may need re-thinking.

#### *Gender equality in the EAC through laws and institutions*

Commendable efforts have been made at the institutional and legal levels to reduce gender inequality in EAC partner states. All of the countries are parties to CEDAW and have national gender policy frameworks. Some EAC partner states also have a gender component in their national trade policies. Unfortunately, these efforts have proved insufficient, at least for the time being, to overcome most gender inequalities, despite considerable improvements over time. A number of factors might come into play in the insufficient enforcement of legal and institutional frameworks on gender equality. The institutions in charge of gender equality may not have sufficient power to influence policymaking and may not be involved when crucial policy decisions are taken. For example, by and large, gender ministries are not part of the debate on trade issues, and in cases where gender desks are established within the ministry or department of trade, those desks are not sufficiently active. Furthermore, there may be resistance from lawmakers in the implementation of gender-equitable laws. Customary law de facto may prevail over civil law when it comes to implementation on the ground. Stereotypes and social rules still very much embedded in most cultures and societies may inhibit full implementation of institutions and legal frameworks to promote gender equality. Indeed, changing social norms and stereotypes that assign specific roles to women and men in society and in the economy requires time. However, gender relationships can be transformed.

#### *The impact of EAC integration on women's employment*

The findings from the analysis in chapter 2 suggest that EAC integration and trade liberalization overall had important gender implications in the labour market. The analysis found that trade openness and the structural change introduced by EAC regional integration indeed contributed to the shift away from agriculture towards services in the sectoral composition of female employment documented in chapter 1. Given that the expansion of services employment was mainly at the lower end of the skill spectrum, such as in trade and tourism sectors, this implies that those gains in employment in services did

not necessarily translate into income gains for women. This trend in employment structure highlights the importance of undertaking more consolidated efforts region-wide to help women transfer to higher-skilled services and industrial jobs in order for EAC regional integration to benefit women beyond employment generation.

The analysis found that trade liberalization between EAC partner states through the establishment of the Customs Union had a positive effect on the female employment share in manufacturing industries in all members being examined except Burundi. This positive effect of EAC trade integration was realised only for women in production tasks, while there was no significant effect on non-production workers. The findings were similar for the effect of being an exporting firm in general. This implies that trade-induced technological upgrading in the economy seems to benefit women in sectors where there was more export liberalization by easing their access to jobs previously dominated by men. Those positive gains for women from EAC export tariff liberalization point to the importance of implementing incentive programs to encourage more domestic firms to open up to international markets in those sectors. As highlighted above, supplementing such demand-side policies with adequate education/training programs is critical to ease the transfer of women, currently employed for the most part in agriculture, to those higher-value-added sectors in manufacturing.

It should also be highlighted that the positive effects only for production workers might be indicative of cost-cutting strategies by exporting firms. Especially given the gender wage gap documented for the few countries for which sectoral data were available, this motive might indeed be a driver behind firms' tendency to hire more women in the course of trade liberalization and regional integration. Although it is not possible to determine to what extent this effect was the main motive behind hiring more women, policymakers in each country should ensure implementation of equal wage and other labour rights policies in order to avoid such exploitation of women through lower wages and poor working conditions. It is also important to increase the skills of women through education and training programs in order to improve their matches with higher-skill positions in non-production jobs.

Furthermore, firms that have an international certification, such as that from the International Organization for Standardization (ISO), tend to

employ more female workers than firms without such certification. Country case studies also demonstrate the positive effects of certification on women's decision-making power. By developing or continuing programmes that help firms achieve international certification, countries can create another channel to boost female employment in the manufacturing sector in EAC member states. However, it should be noted that it is difficult for developing countries and in particular for LDCs to successfully participate in international standard-setting, as the process requires strong institutions and capacity. It is also a largely male-dominated area in which women's participation for the time being is very limited.

#### *Implementing the Sustainable Development Goals in a gender-sensitive manner in the EAC*

All of the EAC countries are starting to implement the SDGs. Countries may wish to make implementation of the SDGs gender-sensitive, and not only with reference to the gender equality goal (SDG 5). For example, SDGs 1 and 2 make a link between ending poverty and hunger and access to economic resources, basic services, land, technology and finance. They also link investments in poverty eradication with the establishment of pro-poor and gender-sensitive development strategies. Since women's lack of or limited access to productive resources is among the main reasons why they are poorer and less efficient than men as economic agents, the establishment of such links is welcome. Gender-sensitive implementation of SDGs 1 and 2 would include, for example, increasing the female share of landholding and immovable property, bank/saving accounts, and permanent, managerial and professional jobs, as well as decreasing the female share of informal employment. All of those measures would also contribute towards expanding the expected positive benefits for women from EAC regional integration by reducing some of the obstacles faced by women as producers and workers, as discussed in chapter 1.

#### *Gender mainstreaming in other regions*

In other regions of the world, mainstreaming gender equality in policymaking and in national and regional institutions has proven to play a critical role in closing gender gaps. Looking at policies, institutions, and markets through a gender lens is the first step to identifying gender inequalities in social, economic, and political spheres and addressing them.

The European Union's gender policy framework



provides a positive example of gender mainstreaming at the regional level. The European Union Commission's 2016–2019 Strategy for Equality between Women and Men prioritizes five key areas for action: (1) increasing female labour market participation and equal economic independence; (2) reducing the gender pay, earnings, and pension gaps and thus fighting poverty among women; (3) promoting equality between women and men in decision-making; (4) combatting gender based-violence, including trafficking in human beings and protecting and supporting victims; and (5) promoting gender equality and women's rights across the world.

Different policy initiatives are used to target each of these areas (European Commission, 2017b). For example, the European Structural and Investment Funds, such as the European Social Fund and the European Regional Development Fund, act as a leverage effect by encouraging member states to invest in improving the quality of and access to care facilities and women's integration in the labour market. The European Union Rights, Equality and Citizenship Programme also supports projects to promote economic independence and equal sharing of paid and unpaid work for women. The effective implementation of a directive (2006/54/EC) on gender equality in employment and occupations continues to be a challenge in EU member states, and is monitored constantly. The European Union also sponsors awareness-raising events on such topics as wage transparency (for example, 3 November 2016 was designated as "European Equal Pay Day").

In addition, the European Union has launched a number of projects to increase women's participation in decision-making processes, particularly in managerial positions. The European Women on Boards Network launched an online talent pool of women for transnational, non-executive directorship positions to increase their profile and visibility. The Mentoring as a Tool towards Empowerment Project develops a toolkit and highlights best practices for increasing the percentage of women in senior executive positions. With regard to gender-based violence, the European Commission introduced an initiative to bring together different stakeholders to collectively combat gender-based violence. The initiative includes funding for national authorities and grassroots organisations as well as policy exchanges between members and social media campaigns. The European Institute for Gender Equality launched a gender mainstreaming platform

in 2016 that includes online gender mainstreaming toolkits in selected sectors (European Commission, 2017b).

Mirroring the European Union approach, a mix of instruments could be used by EAC member countries to achieve gender equality objectives, including the integration of a gender-equality perspective into all EAC activities; enforcement of equal rights legislation; EAC funding programmes aimed at redressing inequalities; improved collection of gender-disaggregated data; exchanges of good practices and peer-learning between member states; and an annual review of key actions carried out towards achieving gender equality in line with the EAC Gender Equality and Development Bill.

EAC partner states may wish to carry out ex-ante gender assessments of the trade reforms they plan to implement at the national or regional levels. Such assessments would give them an indication of the likely impact of trade reforms on women and, in the event of foreseen negative impacts, put in place compensatory measures. UNCTAD has developed an instrument (the Trade and Gender Toolbox) that makes it possible to carry out such an assessment (UNCTAD, 2017a). Moreover, as is increasingly happening in the Americas, trade agreements encompass trade and gender chapters. This is the case of the recent free trade agreements between Chile and Uruguay and between Canada and Chile. The European Union seems willing to move ahead along the same lines. These are interesting instruments and developments that EAC partner states may wish to consider while designing their national or regional trade policies.

#### *Achieving gender equality through regional initiatives*

In consideration of the main economic, legal, and societal obstacles that hamper gender equality in the EAC region, initiatives at the regional level may prove effective and could accompany and/or replace national initiatives.

Funds at the regional level could be made available for promoting women's access to secondary and tertiary education and vocational training, finance, employment, career progression, and provision of childcare infrastructure. Specific regional support could be provided to female students attending upper-level schools and to upper-level educational institutions that offer programmes geared toward providing women with the skills needed to work in

expanding export sectors.

The EAC could also put in place a regional credit mechanism across all partner states to support women entrepreneurship, considering that limited access to finance is a major obstacle for women to start or expand their businesses.

Taking into account that firms with international certifications tend to employ more women, efforts could be made at the regional level to ensure a meaningful presence of women during the development of international standards of special interest to EAC exporting companies.

Finally, overcoming social discriminatory norms – such as those that impede or limit women's access to land, or stereotypes about women's and men's roles in society and the labour market – requires long-term advocacy campaigns that could be efficiently promoted by all EAC member states at the regional level.

#### *Limitations of the study*

The main limitation of the analysis in this report is its focus on women's employment in examining the gender impact of EAC regional integration. The labour market outcome is the most commonly analysed channel in studies on gender and trade in the economics literature, mainly due to data constraints. It was not feasible to analyse the impact of EAC regional integration on other aspects of women's empowerment such as entrepreneurship, consumption, or participation in informal cross-border trade in a comparable fashion across all EAC partner states due to lack of data. Further research based on field surveys might help to address those limitations.

The report, therefore, presented a descriptive picture of the economic and trade structure in EAC partner states and the changes in key gender inequality indicators in different areas of women's empowerment. It also analysed the impact of EAC regional integration on women's employment through quantitative analysis.

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## ANNEX: EMPIRICAL ANALYSIS

### Macro analysis

Two specifications estimated by fixed-effect panel procedure for the macro model are as follows:

$$FES_{it} = \beta_1 TO_{it} + \sum_{j=1}^6 \delta_j X_{jit} + u_{it},$$

and

$$FES_{it} = \beta_1 ETO_{it} + \beta_2 ITO_{it} + \sum_{j=1}^6 \delta_j X_{jit} + u_{it}$$

where  $FES_{it}$  denotes the female employment share in a given broad sector for country  $i$  and time  $t$ ,  $TO_{it}$  is the corresponding trade openness,  $X_{jit}$  represents one of six control variables, and  $u_{it}$  represents unobservable factors in the first regression. Furthermore,  $ETO_{it}$  and  $ITO_{it}$  in the second specification represent the export and import components of trade openness. Year dummies are also used in the estimation of those models given above.

### Micro analysis

The micro model is given below, and the impact of EAC export and import tariff is differentiated across member states:

$$ftr = \alpha_0^j + \sum_{j=2}^4 \alpha_0^j \cdot D^j + \beta^1 \cdot EACexpT +$$

$$\sum_{j=2}^4 \beta^j \cdot EACexpT \cdot D^j + \sum_{k=1}^4 \gamma^k \cdot OPexpT^k + \delta^1 \cdot EACimpT +$$

$$\sum_{j=2}^4 \delta^j \cdot EACimpT \cdot D^j + \sum_{k=1}^4 \tau^k \cdot OPimpT^k +$$

$$\sum_{l=1}^5 \theta^l X^l + u,$$

where  $EACexpT$  and  $EACimpT$  denote intra-EAC export and import tariff changes, respectively;  $OPexpT$  and  $OPimpT$  refer to export and import tariff change with other trading partners;  $D$  represents the dummy variable for countries where Burundi is the base;  $X$  refers to other control factors used in the regression; and 1 denotes the base category (Burundi) while  $j$  denotes the other countries (2 for Kenya, 3 for the United Republic of Tanzania, and 4 for Uganda). Additionally,  $k$  is the code for trade partner where 1 represents trade with the rest of the world and 2 denotes the Asia-Pacific region, 3 is the European Union, and 4 refers to SSA. Ordinary least square is used as the estimation procedure.

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