Leveraging Trade for Women’s Economic Empowerment in the Pacific

This publication provides insights on how trade can be leveraged to enhance economic opportunities for women in the Pacific. It includes an analysis of how gender mainstreaming in Aid for Trade programs could catalyze greater donor support to help the region benefit from gender-equitable and truly inclusive growth. In the Pacific, the labor force participation gap between men and women has narrowed, but women there are still less likely to be in work than men. To tap into the full potential of the female labor force in the region, much more needs to be done to boost women’s economic empowerment.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.
LEVERAGING TRADE FOR WOMEN’S ECONOMIC EMPOWERMENT IN THE PACIFIC

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Asia and the Pacific has made remarkable progress in lifting millions out of poverty over the past few decades. Open trade and investment have played a key role by boosting incomes and creating jobs. However, the benefits of trade are not always shared equitably: women, smaller enterprises, and geographically challenged nations tend to benefit less, for example. The current global economic environment is also marked by a less favorable global trade environment and more trade conflicts. Thus, it has become even more important to push for open trade that is more inclusive in pursuit of the Sustainable Development Goals.

Pacific island economies face many daunting development challenges shaped by the region’s unique geography. Their small size and isolation increase the cost of doing business. Limited supply-side capacity and trade infrastructure are barriers to markets and connections to global value chains. So it is especially important for these island nations to leverage those sectors with the greatest potential to generate economy-wide spillovers, and tap into the full potential of their female labor force.

The labor force participation gap between men and women has narrowed across Asia and the Pacific, but most of all in the Pacific. Yet, despite the progress, women in the Pacific are still less likely to be in work than men. Moreover, women are more concentrated in low-paid and low skilled jobs, informal and vulnerable employment, and are more burdened by unpaid household and care work. Women are also more likely to own or work for small and medium-sized enterprises than larger firms.

The ongoing transition toward higher value-added services in Pacific economies could benefit women. Services contributed around 23% of the Pacific’s global trade, 52% of total output, and absorbed 75% of female workers in 2017. Promotion of tourism can help women take advantage of both employment and entrepreneurial opportunities, while generating economy-wide spillovers for the primary, manufacturing, and services sectors.

More concerted effort for services liberalization and digital connectivity can enhance the tradability of services for even more inclusive growth. Indeed, expansion of information and communication technology can boost economic opportunities for women and creates avenues for exports such as in business services, telecommunication, and information services.

More must also be done to support small women-owned businesses, which often face large barriers, including difficulties in internationalization. The potential return of fostering female entrepreneurship is enormous, and requires promoting new technologies, improving access to finance, removing barriers to the formalization of economic activities, and fostering more conducive regulatory and institutional frameworks.
This report provides background material for Trading Up: Economic Empowerment and Gender Equality, a seminar at the 52nd Asian Development Bank Annual Meeting in Nadi, Fiji. It offers insights on how trade can improve opportunities for women through expanding sectors where women are most concentrated, as well as create new opportunities in nontraditional sectors. It also discusses how Aid for Trade can catalyze donor support and better mainstream gender into trade policy to help the Pacific benefit from inclusive trade-driven growth. I hope this publication will serve as a useful guide to seminar participants and policy makers generally in crafting effective strategies to economically empower women better.

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Definitions

The economies covered in this report are grouped by major geographic area. For the purpose of this publication the following apply:

- Central Asia comprises Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.
- East Asia comprises Hong Kong, China; Mongolia; the People’s Republic of China; the Republic of Korea; and Taipei, China.
- South Asia comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.
- Southeast Asia comprises Brunei Darussalam, Cambodia, Indonesia, the Lao People’s Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam.
- The Pacific comprises the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.
- Developing Asia comprises Central Asia, East Asia, South Asia, Southeast Asia, and the Pacific.
- Advanced Asia comprises Australia, Japan, and New Zealand.
- Asia and the Pacific (or Asia as referred to in this report) comprises developing Asia and advanced Asia.

Unless otherwise specified, the symbol “$” and the word “dollar” refer to United States dollars, and percent changes are year-on-year.

This report utilizes the definitions of the International Labour Organization (ILO) regarding employment in the formal and informal sectors (please refer to footnotes 15 and 18 of the main report for the online sources). The ILO defines employment in the informal sector as including all jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job. On the other hand, informal employment is defined as comprising the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period.

Similarly, the classification of status of employment used in this report adheres to the classifications of the ILO. People in non-vulnerable employment include employees and employers. Vulnerable employment includes own-account workers and contributing family workers—workers with a lower likelihood of having formal work arrangements and therefore more likely to lack elements associated with decent employment, such as adequate social security and a voice at work. In particular, the International Classification of Status in Employment defines
- **Employees** as all workers who hold the type of job defined as “paid employment jobs.” Paid employment jobs are those where the incumbents hold explicit (written or oral) or implicit employment contracts which give them a basic remuneration not directly dependent on the revenue of the unit for which they work (this unit can be a corporation, a nonprofit institution, a government unit, or a household).

- **Employers** are those workers who, working on their own account or with one or a few partners, hold the type of job defined as a “self-employment job,” and, in this capacity, on a continuous basis have engaged one or more persons to work for them in their business as “employee(s).” Self-employment jobs are those jobs where remuneration is directly dependent upon the profits (or the potential profits) derived from the goods and services produced (where own consumption is considered part of profits). The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise.

- **Own-account workers** as workers who, working on their own account or with one or more partners, hold the type of job defined as a “self-employment job,” and have not engaged on a continuous basis any “employees” to work for them during the reference period. (It should be noted that during the reference period the members of this group may have engaged “employees,” provided that this is on a noncontinuous basis.)

- **Contributing family workers** as workers who hold a “self-employment” job in a market-oriented establishment operated by a related person living in the same household, who cannot be regarded as partners because their degree of commitment to the operation of the establishment, in working time or other factors determined by national circumstances, is not at a level comparable to that of the head of the establishment.

In reference to aid in support of gender equality and women’s empowerment, the Organisation for Economic Co-operation and Development defines the term “bilateral allocable aid” as including sector budget support, support to nongovernment organizations, support to specific funds managed by international organizations, pooled funding, projects, donor country personnel and other technical assistance, and scholarships in donor countries (please refer to footnote 35 of the main report for the online source). It excludes core contributions to multilateral organizations, general budget support, imputed student costs, debt relief, administrative costs, development awareness, and refugee costs in the donor country. Further, “gender-targeted aid” or “gender-focused aid” refers to aid with activities that target gender equality as a principal or significant objective. Principal refers to gender equality as an explicit objective of the activity and fundamental in its design. Significant means gender equality was an important, but secondary objective of the activity. Overall, to qualify as gender-targeted or gender equality-focused, an activity must explicitly promote gender equality and women’s empowerment through specific measures which (i) reduce social, economic, or political power inequalities between women and men, girls and boys, ensure that women benefit equally with men from the activity, or compensate for past discrimination; or (ii) develop or strengthen gender equality or antidiscrimination policies, legislation or institutions.
| Abbreviation | Description |
|--------------|-------------|
| ADB          | Asian Development Bank |
| ADBI         | Asian Development Bank Institute |
| AfT          | Aid for Trade |
| DAC          | Development Assistance Committee |
| FAO          | Food and Agriculture Organization of the United Nations |
| FDI          | foreign direct investment |
| FSM          | Federated States of Micronesia |
| GDP          | gross domestic product |
| GMS          | Greater Mekong Subregion |
| GVC          | global value chain |
| ICT          | information and communication technology |
| ICT4E        | information and communication technology for education |
| IFC          | International Finance Corporation |
| ILO          | International Labour Organization |
| MSMEs        | micro, small, and medium-sized enterprises |
| ODA          | official development assistance |
| OECD         | Organisation for Economic Co-operation and Development |
| PACER        | Pacific Agreement on Closer Economic Relations |
| PNG          | Papua New Guinea |
| PRC          | People’s Republic of China |
| SDG          | Sustainable Development Goal |
| SPC          | Secretariat of the Pacific Community |
| STEM         | science, technology, engineering, and mathematics |
| UNCTAD       | United Nations Conference on Trade and Development |
| WTO          | World Trade Organization |
Free and open trade plays an important role in inclusive economic growth and development. It facilitates access to new markets, while trade liberalization and increased production enable job creation, technological transfers, skills upgradation, knowledge production and innovation, and institutional development. Along with efficient trade policies, these gains can contribute to other development outcomes and support the Sustainable Development Goals, particularly for women’s empowerment. However, the nexus between trade and gender is complex. It depends on a range of social, economic and cultural factors. Moreover, trade can economically empower women through different transmission channels, including better economic opportunities, technological upgrading, socioeconomic empowerment, and labor reforms.

Pacific economies face unique geographic and economic challenges because of their small size, remoteness, and infrastructure bottlenecks. Despite significant strides in economic and human development, these features impede the leveraging of trade for more inclusive growth. Average gross domestic product (GDP) per capita is now over $4,400, up from just $2,800 in 1990 (based on constant 2011 international dollar at purchasing power parity). The Pacific fares better than Asia and the Pacific on some measures of inclusive growth such as the performance of women-led and small firms. The Pacific also depends more on trade than the rest of Asia, both in merchandise and services. Yet, supply-side capacity and trade-related infrastructure constraints present significant challenges for participation in global value chains. Given the challenges of geography, connectivity, and narrow industrial bases, the Pacific countries must leverage sectors with the biggest potential to boost trade and economy-wide spillovers for inclusive growth, while realizing the full potential of their female labor forces and entrepreneurship.

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

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

b Asia refers to the Asia and Pacific region, which consists of developing Asia and advanced Asia. Developing Asia includes the 45 developing member economies of the Asian Development Bank (which covers the Pacific), while advanced Asia consists of Australia, Japan, and New Zealand.

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

The expansion of information and communication technology (ICT) also improves economic opportunities for women and creates export avenues in industries such as business services, telecommunication, and information services. Asia and the Pacific’s total trade in ICT-enabled services (i.e., digital trade in services) nearly tripled from $403 billion in 2005 to $1.1 trillion in 2017, and accounted for nearly two-fifths of trade in services over that time. Digital trade in services accounted for more than a quarter of the Pacific’s trade in services from 2005 to 2017, although Pacific economies are mainly importers. Trade in “other business services” accounted for the largest proportion, at 71.5%. Further improvements in ICT infrastructure and better digital connectivity could position the Pacific economies to tap the potential of digital services and generate new employment and income, particularly for women and youths.

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

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

Integrated support for micro, small, and medium-sized enterprises (MSMEs) and female entrepreneurship is also vital to women’s empowerment. MSMEs account for a significant share
of firms, and in employment, in most economies. And while, the average share of MSMEs in value added of output in Asia remains significantly below bigger firms, and their direct participation in international trade is even more negligible, the Pacific is an exception to this trend with a significant share of MSMEs participating in international trade. Compared to larger firms, MSMEs also tend to employ a higher proportion of the female workforce and are more likely to be owned or managed by women. For instance, data show that, on average, women are among the owners in about 60% of formal sector small and medium-sized enterprises (SMEs) in the Pacific, compared to about 51% in large enterprises, and they operate mostly in services such as wholesaling, retail, hospitality, and tourism. SMEs in the Pacific also employ more full-time female workers than large enterprises (on average, 38% of staff, compared with about 29% in large enterprises). Similarly, female-owned or -led firms provide better opportunities for women in managerial roles. However, MSMEs and women-owned firms are active predominantly in the informal sector.

To encourage women’s participation in trade, supply-side and capacity-building programs can be provided to MSMEs and female entrepreneurs. Programs can include promoting the adoption of new technologies and online platforms, improving access to finance, removing barriers to the formalization of economic activities, fostering more conducive regulatory and institutional frameworks, and providing capacity building through business development advisory and training services. The dynamism of the private sector, where women are typically underrepresented, can be further leveraged to deepen trade inclusiveness, besides strengthening the trade capacities of countries. Ultimately, these measures can also give women avenues to widen their footprint in the private sector.

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

Aid for Trade (AfT) can advance gender equality and empower women by expanding their access to economic opportunities—by increasing gender mainstreaming in aid for economic infrastructure and helping to improve gender targets in trade policies and regulations. Official development assistance (ODA) to promote trade is an important modality for multilateral development banks and other donors to help developing economies—especially the least-developed—improve their trade and productive capacities and their infrastructure and institutions to maximize the benefits of trade liberalization. From a low base of $4.1 billion in 2002, AfT to developing Asia reached $15.1 billion in 2017—40.3% of the total ODA received. AfT flows to the Pacific have also been growing, with AfT disbursements reaching 30.9% of the $1.9 billion in ODA in 2017.
In 2017, total AfT with gender targets from the Development Assistance Committee members of the Organisation for Economic Co-operation and Development accounted for 25.7% of total AfT in the Pacific, up from 12.2% in 2009, in an attempt to create better opportunities for women to benefit from international trade. It focused on sectors for building productive capacity, particularly banking and financial services, business and other services, forestry, agriculture, and tourism. The corresponding shares of gender-targeted aid (i.e., aid that targets gender equality as a “principal objective” or “significant objective”) to total AfT for these sectors is significant. In the Pacific, it increased from 39% in 2009 to 70% in 2017, higher than for developing Asia (from 29% to 59%). However, gender mainstreaming was involved in only about one-tenth of aid for economic infrastructure. Given that more than 60% of AfT was directed at infrastructure, greater gender mainstreaming in this part of the aid agenda would increase the impact of AfT on women’s economic empowerment.

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

International trade and foreign direct investment have played strong roles in the development progress and economic transformation of Asia and the Pacific over the past 5 decades. Growth of trade in goods and services in the region has averaged 11.3% annually since 1990. At the same time, real gross domestic product per capita (based on constant 2011 international dollar at purchasing power parity) has more than tripled from $3,763 to $11,739, lifting more than a billion people out of poverty as most economies in the region have moved up the development ladder to reach middle income. Open trade has accelerated output growth which, in turn, has provided opportunities for upward income and social mobility, especially for lower-income groups and marginalized segments of the economy, including women and small and medium-sized enterprises (SMEs).

However, gains from trade have not been shared equitably. While overall output per capita has risen significantly, there are signs that the distribution of income may have become more unequal within and across economies. This calls for a new urgency for policies to promote more equal opportunities for participation in international trade and better sharing of the gains.

The Aid for Trade Initiative launched in 2005 aims to help developing economies to build trade-related infrastructure and supply-side capacity by increasing available resources for developing countries to integrate with the global economy—in particular for economies that face greater geographic challenges such as the island nations of the Pacific. Aid for Trade (AFT) can also help tackle the general and gender-specific constraints that women face in engaging in and fully benefiting from international trade. This report examines the links between trade and women’s economic empowerment with a focus on the Pacific.

Total AFT disbursements to developing countries reached over $407 billion in 2006–2017, with over $137 billion specifically for Asia—3.4% of which went to the island nations of the Pacific. The 2017 regional report, Aid for Trade in Asia and the Pacific: Promoting Connectivity for Inclusive Development, shows that, by region, Asia is among the largest recipients of AFT disbursements. AFT will continue to help developing countries maximize opportunities for trade growth and broaden the economic and social gains that result.

However, significant changes in the global trade landscape have taken place since 2005, such as the rise of global value chains and the digital economy, and the economic transformation of many economies toward services. While these developments will continue to present significant opportunities for developing countries to strengthen engagement in international trade, existing inequalities may widen unless efforts are taken to build necessary productive capacity and economic infrastructure, and to enact trade policy and regulatory reforms. The recent stagnation of Asia’s participation in global value chains and ascendancy of protectionist tendencies also present challenges to pursuing deeper economic integration and sustainable, inclusive development.

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1 Henceforth, Asia refers to the Asia and Pacific region, which consists of developing Asia and advanced Asia. Developing Asia includes the 45 developing member economies of ADB, while advanced Asia consists of Australia, Japan, and New Zealand.
2 For developing Asia (which does not include advanced Asian economies of Australia, Japan, and New Zealand), the annual average growth of trade in goods and services is 11.1% (World Bank, World Development Indicators).
3 Excluding advanced member economies of Australia, Japan, and New Zealand, trade of goods and services in the region grew 11.1% annually and real GDP per capita more than quadrupled from $2,421 to $10,638 (World Bank, World Development Indicators).
Given these fundamental changes and prevailing challenges, it is crucial that developing countries continue to build and improve their trade and productive capacities, infrastructure, and institutions. The challenges of geography, connectivity, and narrow industrial bases in landlocked and small, remote island nations make reforms and targeted policy interventions around these areas especially important. For countries in the Pacific, supply-side capacity and trade–related infrastructure constraints continue to impede access to markets and amplify isolation, undermining trade and inclusive growth potential. Boosting trade–related infrastructure, improving the business environment, shoring up productive capacities, and developing stronger institutions are therefore vital.

Further, leveraging on sectors with the biggest potential to contribute to inclusive growth, trade flows, and generating economy-wide spillovers is imperative if countries are to advance efforts in sharing the benefits of trade more equally. Despite and perhaps because of its geographic challenges, the Pacific comparatively fares better on some dimensions of inclusive growth, including the performance of women in small businesses. The Pacific is well placed to continue generating better economic outcomes for women—and to realize its aspirations for inclusive growth—by fully utilizing its trade potential through lowering trade barriers, reforming regulations, and leveraging technology, especially in sectors that enjoy comparative advantage, such as tourism–related services (i.e., transport and travel), as well as other business services; and telecommunications, computer, and information services.

Indeed, greater economic participation of women is critical to improve development outcomes and achieve the Sustainable Development Goals (SDGs). While gender equality is a stand–alone goal (SDG 5), it is also identified as critical to achieving several other SDGs (Annex: Gender Equality across the Sustainable Development Goals). Closing gender gaps could in fact generate a 30% increase in the per capita income of an average economy in Asia in one generation, and 70% in two (ADB 2015b).

Economies with a strong track record, pursuing the right policies, can expect to see a sustained growth and poverty reduction through open trade. And if strongly inclusive and pro–women trade policies are pursued, there is a better chance of trade leading to more inclusive growth and promoting women’s economic empowerment.

In all these respects, AfT can help facilitate more inclusive trade, through a greater and more effective focus on gender mainstreaming in AfT interventions. Indeed, the AfT Initiative provides a clear mandate for gender equality: “Aid for Trade should be rendered in a coherent manner taking full account ... of the gender perspective and of the overall goal of sustainable development ... Donors and partner countries jointly commit to the harmonization of efforts on cross-cutting issues, such as gender,” according to the World Trade Organization. Previous interventions and projects have demonstrated that AfT can help expand employment for women and increase their access to finance and participation in global supply chains. These gains have brought better development outcomes for women, including in education, health, and participation in several arenas of decision–making.

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4 The Pacific subregion includes the following ADB developing member countries: the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor–Leste, Tonga, Tuvalu, and Vanuatu.

5 In particular reference to the role of trade in women’s empowerment, the Addis Ababa Action Agenda of 2015 establishes a specific link between trade and gender equality. Paragraph 79 highlights that trade can “help promote productive employment and decent work, women’s empowerment and food security, as well as a reduction in inequality, and contribute to achieving the [SDGs]” if appropriate supporting policies, infrastructure, and an educated workforce are in place. Paragraph 90 also recognizes the “[t]he crucial role of women as producers and traders” and the need to “address specific challenges in order to facilitate women’s equal and active participation in domestic, regional and international trade” (United Nations 2015). Similarly, the Buenos Aires Declaration on Women and Trade of 2017 underlines removing barriers to and fostering women’s economic empowerment by tackling barriers to trade, lack of access to trade financing, and suboptimal participation of women in public procurement markets, among other features (WTO 2017b).

6 World Trade Organization. Women and Trade. Empowering Women through Aid for Trade. https://www.wto.org/english/tratop_e/womenandtrade_e/empoweringwomen_e.htm.

7 These examples are identified and discussed subsequently in this report.
The Trade and Women’s Economic Empowerment Nexus

Free and open trade plays an important role in achieving the Sustainable Development Goals (SDGs). It opens up access to new markets, and increased production and trade liberalization enable job creation, technological transfer, skills upgradation, knowledge production and innovation, and institutional development. Along with appropriate and efficient trade policies, these gains can contribute to other development-friendly outcomes and support the SDGs, particularly gender equality and women’s empowerment.

The nexus between trade and gender is, however, complex. Trade can both positively or adversely impact women’s economic empowerment, depending on the overall policy context and a range of social, economic, and cultural issues. Even when trade leads to greater empowerment for women, it can do so through different transmission channels, including through better economic opportunities, technological upgrading, socioeconomic empowerment, and labor reforms (ADB 2017b, ADBI 2017, Cagatay and Erturk 2004, Fontana 2004, von Hagen 2014, Jobes 2010).

Consider first that trade and global value chains have reinforced specialization, compartmentalization, and agglomeration of economic activities which can increase economic opportunities for women (Shepherd and Stone 2017). The key mechanism is through the expansion of comparative advantage sectors where women are more likely concentrated: as these sectors expand, the relative demand for female labor will increase, which can result in higher employment and income for women. Likewise, female entrepreneurs tend to gain from trade if they (and their capital holdings) are concentrated in comparative advantage sectors, besides accessing valuable export opportunities that generally arise from market opening that results from trade liberalization (Shepherd and Stone 2017).

International trade has created employment opportunities in many developing countries through the expansion of export and import sectors and by bringing in structural changes that have increased employment of lower-skilled workers, who would otherwise not find work or be confined to the informal economy. In many Asian countries, women have benefited from trade liberalization and participation in global value chains, particularly in export-oriented manufacturing and service industries. For instance, in the People’s Republic of China (PRC), employment in export-oriented manufacturing increased by 2.3 million over just 4 years (from 15 million in 2004 to 17.3 million in 2008) after accession to the World Trade Organization (Cai and Du 2014). In Bangladesh, job creation in the export-oriented garment industry created 4 million jobs, more than 75% for women who were mostly from poor families and entering the labor market for the first time (Government of the People’s Republic of Bangladesh 2016). In the Philippines, the business process outsourcing industry counts mostly women among its 1.3 million employees (Errighi, Bodwell, and Khatiwada 2016). In Indonesia, reduced import tariffs on locally relevant inputs led to greater participation in employment, increased work hours, and reduced domestic duties by women, especially those less educated (Kis-Katos, Pieters, and Sparrow 2018).
Greater trade openness in the region is associated with higher incidence of paid employment (Figure 1). Firm-level evidence also suggests that women’s participation in exporting firms is higher than firms that do not export, both as business owners and employees (Figure 2). Similarly, foreign-owned firms tend to employ more women than local firms. Globally engaged firms in the region also tend to have better employment growth (Figure 3). Overall, countries with liberal trade regimes also prove to have lower unemployment than others.8

The second main point is that trade may improve employment quality and labor conditions. Increased trade competition and trade policies (often driven by international agreements) encourage companies to formalize employment and adopt better labor standards. The formalization of employment—and the conditions of employment formalization including labor laws, the right to unionize, and adherence to International Labour Organization standards, among others—can set the foundation for increased bargaining power among women—a development that further welcomes broader attempts to empower women both economically and socially (Shepherd and Stone 2017).

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8 See for example Moore and Ranjan (2005); Dutt, Mitra, and Ranjan (2009); and Felbermayr, Prat, and Schmerer (2011).
Evidence also suggests that trade openness helps reduce egregious forms of employment, such as forced and child labor (Edmonds and Pavcnik 2004), in which women and girls are most vulnerable. Trade opens opportunities for women to compete in international markets where domestic prejudice might restrict their activities.

**Figure 2: Female Firm Ownership and Employment in Globally Engaged and Domestic Firms—Developing Economies (% of firms)**

Notes: World and regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.

Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).

Besides boosting employment and improving working conditions, trade opening also helps increase wages. Export sectors, for instance, tend to pay better than those in the informal sector. While this may not always necessarily be the case, but in many developing countries, export processing zones have benefited women in particular by bringing in more jobs,\(^9\) raising incomes, and improving job stability (World Bank and World Trade Organization 2015). Importers and exporters also tend to pay higher wages (about 30% more) than firms not engaged in international trade (WTO 2017c).

\(^9\) Evidence shows that women constitute as much as 90% of the workforce in the export-processing zones of many developing countries (World Bank and WTO 2015).
Third, trade and participation in global value chains can foster technology and skills transfer, which can encourage creativity, innovation, and efficiency among firms. In the process, this dynamic holds potential to promote the expansion and quality of skills development opportunities for women and enhance inclusiveness in education. As firms and producers become more deeply involved in global value chains, demand increases for technological upgrading; meeting global standards of quality, including environmental; and raising efficiency. This, in turn, requires a more skilled workforce and sustained training within firms.

Firm-level evidence suggests that exporting firms are more innovative and more likely to use technology and offer formal training than their non-exporting counterparts (Figure 4). Studies also find that innovation within firms is associated with increased employment, labor productivity, and skills development, and that innovative firms tend to employ more female workers (ILO 2017). Further, the creation of export-oriented market jobs, especially those that are skill-intensive, can generate incentives for training and educational opportunities (Heath and Mobarak 2015). For instance, in Indian villages where services outsourcing has increased employment for young women, girls are more likely to be in school than those in villages where no such trade links exist (WTO 2017c). International standards and practices can also promote the inclusiveness of skills development opportunities. Similarly, the liberalization of trade in education services can help increase the supply of and investment in education, and so improve quality and access opportunities, especially for women.

Fourth, noting that trade can be an important determinant of women’s labor market participation and wages, it must be highlighted that economic incentives often have much more profound impact than simply altering women’s economic outcomes (Seiermann 2018). Changes in economic incentives to favor women can help reduce other aspects of gender inequality. For instance, studying the impact of
economic incentives on women in rural PRC shows that increasing returns for tea, which women have a comparative advantage in producing, not only increased their incomes, but also the survival of girls in tea-producing regions in the early 1980s (Qian 2008). In Bangladesh, the rise of the export-oriented garment industry, which employs a workforce that is 80% women, has increased education for girls aged 5 to 9 and reduced the number of teenage girls getting married (Heath and Mobarak 2015). These examples show how the impact of trade policy on women’s lives goes far beyond economic benefits. Trade policy affects not only other targets of the United Nations’ SDGs, such as health and education, but the very essence of gender inequality: the way women are perceived in society and the opportunities they are given.

Figure 4: Innovation, Use of Technology, and Training in Firms—Developing Economies (% of firms)

R&D = research and development.

Notes: World and regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.

Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).

Notwithstanding its positive impacts, trade can have negative effects which can disproportionately accrue to women given prevailing gender biases and structural constraints. Trade liberalization can disrupt economic sectors and markets and can lead to a contraction in comparative disadvantage sectors. Where women are active in these sectors, there are risks of job displacements and losses, and in some cases, relocation from the formal to the informal sector. Moreover, while increased international competition from trade liberalization may bring opportunities for individuals and firms, it implies a need to grow and upgrade technologically. This may be particularly challenging for female employees and female-owned firms with limited access to credit, technical knowledge, training, and information networks. Along the way, the resulting increased competition can create risks, especially for women with less training and in low-skilled jobs, as well as to small firms owned by women, leaving them little room for growth as industry consolidates and existing large companies further expand.

For instance, Hong Kong, China has seen employment move from manufacturing to services as comparative advantage shifted (Vere 2014).
Trade can also reinforce common forms of workplace gender discrimination and inequality. Greater market competition may encourage exporting firms to take advantage of existing gender inequalities to lower costs of production, and limit women’s access to economic and labor rights. Evidence suggests that demand for low-cost and flexible labor in export industries has led to low wages and poor conditions in jobs predominantly occupied by women. This is particularly true in the agriculture sector where women are often more involved in informal labor market structures and receive little or no pay. Even where employed, they are concentrated in picking or packing activities, with limited bargaining power, erratic hours, and seasonal work. This is compounded by existing patterns of gender disparity in access to agricultural land, ownership of productive assets, access to credit or finance, and farm inputs, among others (ADB 2017b, FAO 2011, UNCTAD 2015).

Accordingly, although international trade has contributed to economically empowering many women, the benefits have not been equitably shared across different sectors and communities. Since international trade can have far-reaching consequences for gender equality, trade policy and related interventions should be specifically tailored for promoting greater economic participation and empowerment of women. Equally important is to mitigate the potentially adverse impacts of trade liberalization. These issues are discussed in the final section of this report.
Development Progress in the Pacific

Like the rest of the region, Pacific economies have also made significant development strides over the past 5 decades. Gross domestic product (GDP) per capita today (based on constant 2010 dollars) is over $2,600, up more than thirteen-fold from about $200 in the 1960s. Moreover, human development indicators in several Pacific countries are high relative to their per capita incomes, and access to basic services such as education and health has improved significantly (ADB 2017a). Less than one in three live below the $1.90 a day poverty line in the region compared with less than half the population 3 decades ago (falling from 49.9% in 1981 to 25.7% in 2015). However, this is still the highest share of extreme poverty among all of Asia's subregions (regional average of 6.9%), reflecting especially the ongoing challenge of engagement in international trade and investment. In this, the small size and remoteness of many Pacific economies from major markets are key bottlenecks to trade. In addition to raising the cost of public services provision and business production costs more broadly, remoteness also raises transport costs and lowers the likelihood of being on major shipping routes, while small export volumes and poor economies of scale inhibit competitiveness.

Moreover, key infrastructure bottlenecks are hindrances. Low road densities and relatively underdeveloped domestic transport, little access to utilities, and spotty coverage of information and communication technology (ICT) are among them. The costs of port construction and maintenance are high, and air transport facilities are relatively sparse. The Pacific's extreme vulnerability to natural disasters and climate change adds to the cost of developing and maintaining infrastructure (ADB 2017c). And lack of access to finance and credit remains a challenge especially for women. Nonetheless, Pacific economies have made significant progress in improving transport and telecom infrastructure networks in recent years.

The geographic constraints and development challenges have not stopped the Pacific economies from transforming from a major reliance on agriculture into relatively more services-based economies (including through a substantial contribution of government services). Since the 1990s, services have generated more of GDP than any other sector across Pacific economies except Timor-Leste, where marine based oil-extraction industry dominates. Across the Pacific economies, the share of services in total output ranged from 43% to 86%, with the Cook Islands and Palau highest, at more than 80% shares. In aggregate and to date, the services sector accounted for 52.2% of the Pacific's total value added. Nonetheless, agriculture remains significant for some, particularly in Kiribati, the Federated States of Micronesia, and Solomon Islands, where it accounted for at least a quarter of national GDP in 2017.

11 For PIC-11 countries especially, the proportion of the population living below the $1.90 a day poverty line declined minimally to 15.9% in 2015 from 16.6% in 1981.
12 The mining and quarrying industry (dominated primarily by marine based oil extraction) remains the predominant economic activity of Timor-Leste. In 2016, the sector accounted for nearly a third (32.5%) of the country's total output (ADB 2018c).
13 The aggregate figure was derived using 2017 data (or the latest year for which data are available for individual member economies) from national sources as cited in ADB (2018c).
International trade has played a role in the Pacific’s structural transformation. Generally, robust growth in both goods (an annual average of 10.7% from 2005–2017) and services trade (3.2% over the same period), along with regulatory reforms in services, have accelerated the Pacific’s overall shift to services. In comparison to the rest of Asia, the Pacific has been most open to trade in recent years, both in merchandise and services (Figure 5). The Pacific’s trade growth has grown steadily and faster than the rest of the region. In 2017, merchandise trade by volume expanded 9.1%, compared to 7.5% for the region overall. Services trade increased by 7.9% (mainly through the 15.3% growth in exports), exceeding that of Asia at 6.2% (Figure 6).

In fact, the services sector in the Pacific comprises a larger share of international trade than in Asia. Between 2005 and 2017, total trade in services with the world increased from $3.8 billion to $5.5 billion, accounting for 29.4% of Pacific trade by value, compared with 21.2% in Asia overall (Figure 7). The largest services traders have been Fiji, Papua New Guinea, and Timor-Leste, accounting collectively for 74.9% of the Pacific’s total services trade with the world in 2017 (Figure 8). Similar to the overall pattern in Asia, the sectoral distribution suggests a predominance of transport, travel, and other business services—these sectors accounted for 24.5%, 24.0%, and 20.8% of the Pacific’s total services trade over 2005–2017.

Similarly, employment potential in the services sector is high. Between 2005 and 2017, total employment in services in the Pacific grew at an annual average of 6.4%, significantly higher than the 4.1% average growth in the industry sector and the total services employment globally (2.8%) and in Asia as a whole (3.5%). Services also have potential to advance women’s economic participation. Globally, and in Asia, services account for most of the female workforce (Figure 9). In 2017, the sector absorbed more than 50.6% of female workers in Asia, up from 26.9% in 2000; in the Pacific, the share was 75.2% in 2017 (up from 29.4% in 2000). This compares to 57.4% from 40.6% globally.
Figure 6: Merchandise and Services Trade Value Growth (% year over year)

Notes: Trade figures are based on the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6). Services trade data are unavailable for Turkmenistan, the Cook Islands, the Marshall Islands, Nauru, and Palau. Source: ADB calculations using data from World Trade Organization. Statistics database. http://stat.wto.org/ (accessed January 2019).

Figure 7: Structure of Trade (%)

Notes: Agriculture includes agricultural raw materials and all food items. Industry includes fuels; manufactured goods; and ores, metals, precious stones, and non-monetary gold. Source: ADB calculations using data from United Nations Cooperation for Trade and Development. UNCTADSTAT. https://unctadstat.unctad.org/EN/Index.html (accessed February 2019).

While the services sector is a core element, and more so than the rest of the region, it does not dominate the Pacific’s trade structure. Industry—broadly consisting of manufactured goods; fuels; and ores, metals, precious stones, and non-monetary gold—remains predominant in trade.14 Total trade in the Pacific is dominated by a few economies. Notably, Papua New Guinea accounted for more than half of the Pacific’s merchandise trade and around two-fifths of its services trade from 2005 to 2017.

14 By comparison, agricultural trade comprises broadly “all food items” and “agricultural raw materials” product groups.
In terms of women’s economic empowerment, Pacific economies have made progress in access to education and training, with most economies close to achieving gender parity in primary and secondary enrollment. Financial inclusion and financial literacy have been improved, maternity leave introduced in the public sector, and numbers of women contributing to superannuation schemes for long-term financial security have increased, among other advances (Pacific Islands Forum Secretariat 2016). However, moves to improve gender parity in primary and secondary education and increased tertiary access has not yet translated into equal employment opportunities and control over productive assets. In particular, “gender pay disparities have widened or remained the same; legal, policy and social barriers hinder access to finance and resources, and the sustainability of business; gender discrimination on formal labor occupational segregation, maternity leave, care economy and precarious informal workplaces remain key challenges across the countries” (Secretariat of the Pacific Community 2017).
Figure 9: Female Employment by Sector (% of total female employment)

Source: ADB calculations using data from International Labour Organization. ILOSTAT. https://www.iolo.org/ilostat/ (accessed January 2019).
Women’s Economic Participation in the Pacific

Labor force participation rates have fallen across Asia—more steeply for men than for women. This has led to a narrowing of the gender gap in labor force participation, consistent with the convergence trend witnessed globally due to rising standards of living. The reduction in the gender gap has been the starkest in the Pacific as male labor force participation decreased by 22.3 percentage points during 1990–2017, compared to 17.6 percentage points for women. Despite this narrowing, women are still less likely to be in the workforce than men. The gap persists despite economic growth, decreasing fertility rates, and increasing education, in a disparity largely influenced by gender norms and compounded by structural constraints. Moreover, women are more concentrated in low-paid, low-skilled jobs or in informal and vulnerable employment. In addition, they have the double burden of also being primarily responsible for unpaid household and care work.

Figure 10: Female and Male Labor Force Participation Rates (%)

OECD = Organisation for Economic Co-operation and Development.
Notes: Regional female (male) labor force participation rate refers to total female (male) labor force as percentage of female (male) working-age population (ages 15 and above) per region. The Pacific does not include the Cook Islands, the Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru, Palau, and Tuvalu as data are unavailable.
Source: ADB calculations using data from International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed March 2019).

Women in the Formal and Informal Economy

The informal economy generally absorbs most of the employed population in Pacific economies (ADB 2018e). However, the variations are wide. Estimates show that the informal sector provides...
livelihood for around 80% of households in Papua New Guinea (Wang 2014) and for more than 75% of the population in Vanuatu (Government of Vanuatu 2010 and 2012). Similarly, data show that employment outside the formal sector accounted for 62.5% of employment in Timor-Leste in 2013, 37.1% in Fiji in 2016, and 32.8% in Samoa in 2017. When agricultural activities are excluded, employment outside the formal sector accounted for 38.6% in Timor-Leste, 29.3% in Fiji, and 16.1% in Samoa.

Focusing on women, anecdotal evidence and data for some Pacific economies suggest that they mainly work in the informal economy and carry out most of the unpaid care work (Secretariat of the Pacific Community 2017, Figure 11). For instance, employment outside the formal economy accounted for 37.8% of total female employment in Fiji in 2017, compared with 36.8% among men. In Timor-Leste, this is equivalent to 72.5%, compared with 57.2% among men.16

Across many countries in the Pacific, women in the informal economy have traditionally worked in the agriculture sector. In Tonga, most women are in the informal sector as employees, employers, or vendors of their own produce and handicrafts at local markets (ADB 2018e). In Fiji, women run large informal businesses, mostly in hospitality and tourism. Of women in employment, 76.4% in Timor-Leste in 2013 and 27.1% in Samoa in 2017 were in informal working arrangements. By comparison, female employment outside the formal sector in other Asian economies with data available in 2017 range from 16.6% in Brunei Darussalam to 85.7% in Indonesia. The percentages for informal employment range from 30.8% in Brunei Darussalam to 96.6% in Bangladesh.17

16 In particular reference to employment in nonagricultural activities, employment outside the formal economy in 2017 accounted for 33.8% among women and 26.6% among men in Fiji, and 49.8% among women and 33.4% among men in Timor-Leste.

17 Figures are based on reported data from the ILO’s harmonized series on “informal employment and informal sector as a percent of employment by sex.” (The ILO notes that the harmonized series was derived to improve comparability across countries.) Where more than one survey is indicated, data from labor force surveys was used, in line with the ILO’s approach.
The high incidence of female employment in the informal economy in Pacific countries bears economic and social risks, especially to the most vulnerable. That most women in the formal economy are in vulnerable employment can aggravate these risks.\textsuperscript{18} Data show that in 2017, more than half of the working population in vulnerable employment were women (Figure 12). Indeed, 80% of working women since 1991 have been classified as in vulnerable employment. Slow and minimal progress in changing this can be explained by the slow decrease in the share of contributing family workers, a category of employment usually associated with informality and poor working conditions. Women are significantly underrepresented as both employees and employers in employment that is not considered vulnerable, accounting for only around 30% in each of these categories in 2017. In addition, paid employment\textsuperscript{19} constituted only 16.1% of total female employment in 2017, and only 1% of women employed in 2017 were employers.

Figure 12: Employment by Status and Sex (% of total)

Notes: The categories of status in employment used refer to the groups of the International Classification of Status in Employment (ICSE)-93, excluding groups 4 (members of producers’ cooperatives) and 6 (workers not classifiable by status), which are not taken into account by the International Labour Organization’s modeled estimates. Vulnerable employment includes own-account workers and contributing family workers—workers who have a lower likelihood of having formal work arrangements, and are therefore more likely to lack elements associated with decent employment, such as adequate social security and a voice at work. The Pacific does not include the Cook Islands, Kiribati, the Federated States of Micronesia, the Marshall Islands, Nauru, Palau, and Tuvalu as data are unavailable.

Source: ADB calculations using data from International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed March 2019).

\textsuperscript{18} By ILO definition, own-account workers (self-employed persons without engaging employees) and contributing family workers (self-employed persons working in an establishment operated by a relative of the same household) are classified under vulnerable employment. However, it must be noted that these two categories are imperfect, proxy measures of vulnerability as workers under these categories are not always necessarily in a precarious or vulnerable situation. For complete definitions, see pages viii–ix, which are based on ILO. ILO. Concepts and Methods. Indicator Descriptions: Employment by status in employment.https://www.ilo.org/ilostat-files/Documents/description_STE_EN.pdf (accessed April 2019).

\textsuperscript{19} By ILO definition, paid employment refers to the “employees” category.
The underrepresentation of women in non-vulnerable employment is generally consistent with the pattern in Asia and globally: women made up less than 40% of employees and less than a quarter of employers in 2017. On the other hand, while data show that men seem to make up more than half of vulnerable employment, this masks that women are represented in more insecure forms of self-employment. In particular, within vulnerable forms of employment, women are overrepresented among contributing family workers (more than 60% regionally and globally in 2017), whereas men are overrepresented as own-account workers (at least 68% in Asia and the world). In other words, men tend to work more on their own account or with one or few partners, whereas women are more likely to work in a business operated by someone else in their household. In terms of progress in lifting women out of vulnerable employment, the Pacific is not keeping pace with positive developments globally and in Asia. While the share of non-vulnerable employment in female employment in Asia and the world has been increasing since 1991, though moderately, progress in the Pacific appears slow (Figure 13).

![Figure 13: Vulnerable and Non-Vulnerable Employment (% of total)](image)

Notes: Vulnerable employment includes own-account workers and contributing family workers—workers who have a lower likelihood of having formal work arrangements, and are therefore more likely to lack elements associated with decent employment, such as adequate social security and a voice at work. The Pacific does not include the Cook Islands, Kiribati, the Federated States of Micronesia, the Marshall Islands, Nauru, Palau, and Tuvalu as data are unavailable. Source: International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed January 2019).

In sum, much needs to be done to improve the employment status and working conditions of women in Pacific economies. The extent of informal and vulnerable employment among women, along with the inherent nature of activities in the informal economy, also represents several policy challenges around tackling job security, social and legal protection, skills development, and productivity and efficiency of sectors where women are concentrated or are most active.

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20 This pattern also holds true in the Pacific, where men accounted for 57.4% of all account workers in the region in 2017, while women made up 63.7% of all contributing family workers.
Sectoral Trends and Patterns

Evidence from the Pacific countries suggests some gender-based patterns of employment in tradable sectors. The services sector has been the main driver for increasing the economic participation of women in the Pacific as workers and entrepreneurs. In 2017, women accounted for 53.6% of total employment in services, indicating that the sector tends to be more female-intensive (Table 1). This, in part, may be because most micro, small, and medium-sized enterprises (MSMEs) in the Pacific—where women are concentrated—operate in the services sector. Further, this can be attributed to the continuing significance of cultural and creative industries (which are predominantly within the services sector) in women’s employment across the Pacific. By comparison, services employment in developing Asia is relatively more male intensive, with women accounting for nearly 40% of total employment in 2017. Further, services industries continue to be a growing source of jobs for women in the Pacific: the number of women in this sector increased more than fourfold to 1.6 million from 1991 to 2017. This trend will likely continue, with female employment in services during 2017–2020 (8.6%) outpacing overall growth in total female employment (7.1%) and male services employment (8.3%).

Table 1: Female Share of Employment by Sector (%)

|                | Agriculture | Industry | Services |
|----------------|-------------|----------|----------|
|                | 1991 | 2017 | 1991 | 2017 | 1991 | 2017 |
| Asia and the Pacific | 40.6 | 40.0 | 42.4 | 28.5 | 30.9 | 39.6 |
| Developing Asia | 40.5 | 40.0 | 43.3 | 28.7 | 28.6 | 38.8 |
| The Pacific | 44.6 | 37.5 | 23.2 | 18.9 | 49.9 | 53.6 |
| Fiji | 32.8 | 32.9 | 23.3 | 21.3 | 34.1 | 37.7 |
| Papua New Guinea | 47.5 | 36.8 | 15.7 | 16.2 | 58.5 | 56.5 |
| Samoa | 25.0 | 0.0 | 20.0 | 20.0 | 41.7 | 37.9 |
| Solomon Islands | 43.8 | 44.5 | 30.0 | 30.8 | 45.8 | 44.4 |
| Timor-Leste | 34.8 | 35.3 | 24.0 | 11.9 | 32.7 | 34.1 |
| Tonga | 7.1 | 7.7 | 75.0 | 69.2 | 36.4 | 40.0 |
| Vanuatu | 42.9 | 44.2 | 33.3 | 14.3 | 44.4 | 45.7 |

Note: Data refer to the share of women in employment in the respective sector as a percentage of both sexes.
Source: International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed January 2019).

Growth of female employment was most robust in wholesale and retail trade; financial and insurance activities; real estate, business, and administrative activities; education; and human health and social work activities, each expanding by an average of at least 5% a year during 1991–2017. The participation of women in tourism-related services and IT-enabled services is also anticipated to increase significantly in the coming years. This is discussed from page 24. Regionally and globally, female employment in wholesale and retail trade, education, and health is also rising (Figure 14). Notably, in the Pacific, wholesale and retail trade accounted for more than half of female employment in 2017.

In terms of entrepreneurship, most female-owned enterprises in the Pacific are in the services sector, specifically operating in the wholesale and retail trade, restaurant, hospitality and tourism, and some in information and communication technology (ICT) industries, as well as professional services such as legal advisory and accounting services (ADB 2018e, SPC 2017). A substantial share of services firms has female participation in ownership, at 63.8%—higher than the share among manufacturing firms (55.5%), and higher than the 39.3% average share among services firms in developing Asia (Figure 15). Nearly a third of such services firms within the Pacific, compared with around a fifth in developing Asia, are majority owned by women.

21 Figures are based on latest survey years of the World Bank Enterprise Surveys. Latest survey years vary by country (between 2009 and 2018).
Figure 14: Female Employment by Industry (% of total)

(a) The Pacific

(b) Asia and the Pacific

(c) World

- Other services
- Human health and social work activities
- Education
- Public administration and defense; compulsory social security
- Real estate, business and administrative activities
- Financial and insurance activities
- Accommodation and food service activities
- Transport; storage and communication
- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Construction
- Utilities
- Manufacturing
- Mining and quarrying
- Agriculture; forestry and fishing

Source: ADB calculations using data from International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed January 2019).

Figure 15: Women as Business Owners and Managers—Developing Asia (% of firms)

Services in Developing Asia
- Firms with female participation in ownership: 19.5%
- Firms with majority female ownership: 24.6%
- Firms with a female top manager: 39.3%

Manufacturing in Developing Asia
- Firms with female participation in ownership: 14.3%
- Firms with majority female ownership: 18.3%
- Firms with a female top manager: 37.0%

Services in the Pacific
- Firms with female participation in ownership: 22.9%
- Firms with majority female ownership: 32.6%
- Firms with a female top manager: 63.3%

Manufacturing in the Pacific
- Firms with female participation in ownership: 17.3%
- Firms with majority female ownership: 23.0%
- Firms with a female top manager: 55.5%

Notes: Regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.

Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).
Notwithstanding the growth potential and opportunities in the services sector, gender disparities remain prevalent and there is evidence of occupational concentration, as well as inter- and intra-industry gender-based segmentation (SPC 2017), which often relegates women to low-paid employment and lower value-added roles, or concentrates them into informal and small-scale services. Women also tend to be more engaged in low productivity traditional services with limited capital and skill accumulation potential. These service industries are typically associated with informal and vulnerable employment, and hence provide women with fewer opportunities for social and economic advancement. Even in modern services, international evidence points to a marked occupational segregation by gender. For example, in the IT sector, women are mostly concentrated in data processing, while men dominate better paid, high-skilled positions such as programming (Wajcman and Lobb 2007, Patel and Parmentier 2005).

The share of employment in services is projected to expand faster for women, further increasing their representation. It should also be noted that while men significantly dominate high-skilled occupations, women are improving their skills more swiftly than men, in a trend expected to continue since average annual growth in female employment in high-skilled occupations over 1991–2020 exceeds that of men, at 4.1% versus 3.2% (Figure 16). These gains are associated with the decline in the relative importance of agricultural employment and medium-skilled employment.22

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**Figure 16: Share of Employment in Services and High-Skilled Jobs in the Pacific (% of total employment)**

Note: The bubbles are sized proportionately according to the size of total employment. Source: ADB calculations using data from International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed March 2019).

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22 The stagnant movement in the share of low-skilled employment suggests that elementary occupations remain widespread in all economic sectors and that it is easier for the workforce to improve aggregate skills once an intermediate level has been achieved (that is, it is easier to go from a medium-skilled to a high-skilled job than from a low-skilled to a medium-skilled job).
Indeed, with ongoing transformation of the Pacific economies, the agricultural shares in both total and female employment have been declining. Nevertheless, agriculture remains the most important sector for employment in many Pacific countries.

On average, agricultural employment in the Pacific is male-intensive—men accounted for 62.5% of total agricultural employment in 2017, slightly higher than the average for Asia (60%)—with some cross-country variations. Some economies, particularly Fiji, Solomon Islands, and Vanuatu, have around 30%–70% of employed women working in agriculture. However, most rural women in the Pacific are concentrated in subsistence-oriented agriculture, and are more often involved in informal, unpaid labor such as within households or extended family frameworks (ADB 2018e).

Similarly, in the secondary sector—and consistent with the regional pattern in Asia—women are less represented in formal employment. Manufacturing, mining and quarrying, and utilities industries—which tend to be more export-oriented and hence more likely to benefit women from external trade—are significantly male-intensive. Overall, women accounted for less than a fifth of workers in the sector in 2017, which was about 10 percentage points lower than the average employment rate in developing Asia. Women are concentrated in manufacturing (84% of formal female employment is in the industry sector), yet they account for less than 40% of total industry employment.

Latest data show that within manufacturing firms in the formal sector, a significant share has female participation in ownership: on average, 55.5% have female owners (of which, more than a fifth are majority-owned by women). This is higher than the average for developing Asia, at 37.0% (of which 14.3% are majority-owned by women). Women-owned businesses—which mostly operate as MSMEs—tend to employ more women than large firms do. Overall, 35.0% of manufacturing firms in the Pacific employ women as full-time workers, higher than the 31.2% average for developing Asia.

Across sectors and by occupation, women in the Pacific tend to be concentrated in medium-skilled occupations—particularly in crafts and related trades—and significantly underrepresented in high-skilled employment. Looking to industry, the gender employment gap is notably pronounced in labor-intensive manufacturing and in several industries with potential for women to accumulate high skills—including communications, business services, education, and finance and insurance—where they are at least 10% less likely than men to be employed (Table 2). However, the gap in some of these industries, particularly education and business services, has been narrowing.

By and large, these trends underline that while women play a vital role in Pacific economies, there is an underutilization of the potential of the female workforce. Their relative concentration in the informal sector and in low-paying jobs and less skill-intensive industries jeopardizes their productive capacities and entrepreneurial aspirations, undermining the potential to use trade as a driver of inclusive growth and poverty reduction.

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23 Low-skilled occupations include elementary occupations and skilled agricultural, forestry, and fishery workers. Medium-skilled occupations include clerical support workers; service and sales workers; craft and related trades workers; and plant and machine operators, and assemblers. High-skilled occupations include managers, professionals, technicians, and associated professionals.

24 Since 1991, men accounted for at least 60% of total employment in high-skilled occupations (ILO, ILOSTAT).

25 The gender employment gap is computed as the difference between male and female employment as a percentage of male participation in sector s at year t.
### Table 2: Gender Employment Gap by Industry in the Pacific (% of male employment)

| Industry                                                      | 1991 | 2017 | Change |
|---------------------------------------------------------------|------|------|--------|
| Construction                                                 | 92.2 | 92.6 | ↓      |
| Transport; storage and communication                         | 84.1 | 84.2 | ↑      |
| Utilities                                                    | 100.0| 84.2 | ↓      |
| Mining and quarrying                                         | 87.5 | 79.4 | ↓      |
| Public administration and defense; compulsory social security| 76.3 | 67.8 | ↓      |
| Real estate; business and administrative activities           | 51.7 | 43.6 | ↓      |
| Manufacturing                                                | 34.1 | 41.1 | ↑      |
| Agriculture; forestry and fishing                            | 19.4 | 39.9 | ↑      |
| Education                                                    | 39.5 | 29.3 | ↓      |
| Financial and insurance activities                           | -25.0| 17.4 | ↑      |
| Human health and social work activities                      | 27.3 | 7.3  | ↓      |
| Accommodation and food service activities                    | 20.0 | 6.9  | ↓      |
| Other services                                               | 9.1  | 2.4  | ↓      |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | -96.7| -87.8| ↑      |

↑ = Increase in gender employment gap.  
↓ = Decrease in gender employment gap.

Note: Gender employment gap is computed as the difference between male and female employment as a percentage of male employment in sector s at year t.

Source: ADB calculations using data from International Labour Organization. ILOSTAT. https://www.ilo.org/ilostat/ (accessed January 2019).
Leveraging the Potential of Services Trade

Women could benefit from the ongoing structural transformation in the Pacific from agriculture-based to high value-added service-based economies. Proactive measures are needed to achieve further progress in this direction, and gender-based constraints need to be recognized (see next section, The Rural Economy).

Given the increasing predominance of the services sector in the Pacific for creating jobs, especially for women, further reforms and targeted interventions can help foster an enabling environment for more competitive services markets and enhance their tradability. These include improving regulatory regimes, enhancing connectivity, promoting openness to foreign direct investments (FDI), and modern trade facilitating solutions, such as digital trade.

Despite the positive outlook for services trade in the Pacific, barriers to trade and investment in services are higher than those for trade in goods. Facilitating trade in services requires continual trade liberalization. For this, adequate policy interventions and coherent approaches are necessary to shore up growth and maximize the benefits of the services economy and trade. At the very least, national regulations and administrative capacities have to be in sync so as not to undermine the intended purposes of regulations and policies and create unintended consequences. No one size fits all, but coordinated and harmonized approaches to regulation can reduce gaps and overlaps.

In this regard, services sectors and their reforms in trade negotiations need a prominent role. Yet, low-income countries’ neglect of services in negotiations carries a significant opportunity cost, in that trade liberalization can drive productivity and increase access to better services (Hoekman 2017). To expand progress in this area and liberalize trade in services, first, governments could create mechanisms (services knowledge platforms) to bring together regulators, trade officials, and stakeholders to discuss regulatory reform (Hoekman and Mattoo 2011), and ensure that women are represented in these discussions to ensure gender-sensitive regulations. Moreover, a new approach to World Trade Organization negotiations is needed, with countries that account for the bulk of services production agreeing to lock in applied levels of protection and pre-committing to reform policies that affect FDI and international movement for services providers.

Second, broad-ranging capacity constraints make it difficult for companies to produce and trade services, especially women businesses which face additional gender-specific difficulties. Measures to help remove these hurdles should target the availability and appropriateness of human capital (technical, export-related, and entrepreneurial abilities) and financial resources (notably, access to credit to underpin productivity-enhancing investment). Also important are infrastructure improvements. Developing standards for services sectors and engaging companies in key services sectors to meet these is another area for attention (Hoekman and te Velde 2017). These are particularly relevant for women-owned or -led businesses in view of their relative disadvantage in access to resources and capacity.
Third, and most importantly, services trade can benefit greatly from digital technology and e-commerce platforms, whose rise has made the upsurge in services trade possible. This has led to greater connectivity and opportunities to participate in global value chains for Pacific firms, especially for SMEs and women-owned or -led firms (see section on Integrated Support for Small Scale Firms and Female Entrepreneurship), and transformed the growth and tradability of services themselves. However, it is only a matter of time before this growth starts to slow, unless the Pacific economies continue to find ways to shore up their access and use of digital technologies.

**Shoring Up Digital Trade in Services**

Digital trade in services capitalizes on information and communication technologies (ICTs), which have facilitated the computerization of work (e.g., through automated business processes, remote working mechanisms) and digitalization of output (e.g., software and media products and services). This allows service providers to unbundle work and move it to groups or areas with lower labor cost but high-quality and timely services. Developments in the use of ICT encouraged multinational enterprises to enter developing economies with low wages, thereby encouraging FDI.

Asia’s total trade in ICT and ICT-enabled services (or digital trade in services) increased from $403 billion in 2005 to $1.1 trillion in 2017. This accounted for nearly two-fifths of the region’s trade in services during 2005–2017. Trade in other business services; telecommunications, computer, and information services; and charges for the use of intellectual property—which collectively accounted for the bulk (82.7%) of the total during the same period—rose to $931.1 billion in 2017 from $335 billion in 2005. Furthermore, exports of ICT-enabled services grew 8.9% on average over 2005–2017, faster than the 7.2% rate for all other services (Figure 17).

![Figure 17: Exports and Imports of ICT-Enabled Services](image)

**Figure 17: Exports and Imports of ICT-Enabled Services**

(a) The Pacific

(b) Asia and the Pacific

ICT = information and communication technology.

Notes: ICT-enabled services include those in the following service categories based on the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6): telecommunications, computer, and information services; insurance and pension services; financial services; charges for the use of intellectual property; other business services; and personal, cultural, and recreational services. Services trade data are unavailable for Turkmenistan, the Cook Islands, the Marshall Islands, Nauru, and Palau.

Source: ADB calculations using data from World Trade Organization. Statistics database. http://stat.wto.org/ (accessed January 2019).
In the Pacific, digital trade in services has also displayed a similar dynamism, accounting for more than a quarter of total trade in services in over 2005–2017. Growth in total digital trade in services in 2017 far exceeded that of Asia, at 18.4% versus 2.3%. Trade in other business services has accounted for the lion’s share, by contributing 71.5% to the total exports and imports, while charges for the use of intellectual property rights and telecommunications, computer, and information services had the highest average annual growth rates, at 18.6% and 3.9%, respectively, over 2005–2017. However, in contrast to the wider region, the Pacific economies are mainly importers of ICT-enabled services. In 2017, imports accounted for 83.2% of the total digital trade in services in the Pacific, compared with 49% in Asia.

Digital trade in services can create more economic opportunities for women. For example, other countries in Asia have benefited from job creation in the outsourcing industry and other ICT-enabled services. In India, more than 1.3 million of the 3.7 million people employed in the information technology and business process management industries are women, and they outnumber men as entry-level hires (PricewaterhouseCoopers and NASSCOM 2016). In the Philippines, the business process outsourcing industry counts mostly women among its 1.3 million employees (Errighi, Bowedwell, and Khatiwada 2016). In 2017, computer, communications, and other services accounted for 72% of commercial service exports for both countries.

Similarly, in the Pacific, female employment in finance and insurance; real estate; business and administrative activities; and in the transport, storage, and communication sector is expected to continue to grow in the coming years. Similarly, nearly a quarter of greenfield FDI jobs created in the Pacific in the last 5 years has been on business services, financial services, and communications. Overall, gender employment gaps in ICT and ICT-enabled service industries are expected to narrow, particularly in finance and insurance, where half of jobs in the industry are projected to be held by women by 2020. In general, improvements in digital connectivity infrastructure; increased uptake of ICT tools and services (especially mobile technology which has significantly benefited women across Pacific economies); and several initiatives targeted at women including around financial inclusion, e-commerce skills development, and ICT for education (ICT4E) programs (including technical and vocational education and training) are among factors that are helping to narrow these gaps.

Despite the progress, structural factors may be limiting women’s overall participation and the quality of their participation in digital services. Evidence shows that women are less represented than men in the ICT sector, with the extent of the gender employment gap varying greatly across Pacific countries. Relying on data from national censuses and surveys, the gender employment gap is largest in Samoa, Tonga, and Vanuatu, whereas Timor-Leste is closer to gender equality. International experience suggests that educational disparities and norms around women in science, technology, engineering, and math (STEM) subjects largely determine the gender inequalities in ICT (International Telecommunication Union 2004, Tuca 2018). In essence, underrepresentation of women in STEM
fields hinders them from entering higher-value added, technologically advanced, or knowledge-intensive industries—sectors which tend to benefit from greater skill accumulation and higher profit or wage margins. Improving women’s access to education and skills development opportunities through education reforms and technical and vocational education and training promotion can close gender gaps in education.

Overall, expanding access to ICT infrastructure is crucial for spurring growth in digital trade in services. This primarily includes expanding access and reducing the cost of accessing ICT devices and services and encouraging cross-border data flows. Despite improvements in digital connectivity across the Pacific, the cost of ICT tools and services remains high. Women are disproportionately affected by this and continue to experience higher barriers than men in initial access to, affordability, and use of ICT. Lower technical and digital literacy skills and less confidence due to unfamiliarity with ICT are their greatest impediments. Closing the information and infrastructure gaps does not only promote greater connectivity in domestic and global markets, it also enhances the transparency and accountability of (public and private) services delivery. Much progress has been made, particularly on internet, mobile cellular, and fixed broadband penetration. However, this has not been uniform, with rural populations, smaller businesses, and women-owned firms (see section on Integrated Support for Small Scale Firms and Female Entrepreneurship) still significantly behind urban centers, larger companies, and male-owned firms. The Pacific also lags the wider regional average for digital connectivity infrastructure (Figure 18).

Figure 18: Internet Users and Mobile Cellular and Fixed Broadband Subscriptions—Asia and the Pacific

Notes: For fixed broadband subscriptions, 2002 reported the required (earliest year) data for the largest number of constituent countries in each region. Data are unavailable for the Cook Islands.

Source: ADB calculations using data from International Telecommunication Union. https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx (accessed March 2019).
The case of tourism operators in the Pacific provides an example of the digital dividends available for women-owned and small firms. Notably, e-commerce has particularly benefited tourism exporters and women-owned tourism enterprises in the Pacific. Data show that 59% of tourism exporters’ revenues were reported as having been generated online, and among those who use online channels, export revenue increased by 42% on average in 2017–2018 (Pacific Trade Invest 2018). Based on estimates, gaining an online presence has led to more than $10 billion worth of sales among Pacific tourism operators in 2017 (ADB 2018a).

Tourism for Inclusive Growth and Empowerment

The promotion of international tourism has been a priority in the Pacific as a driver of economic growth and foreign exchange. Indeed, a number of countries have recognized tourism as a strategic pillar in national development strategies and in their overall development.

International tourist arrivals in the Pacific grew from 943,800 in 2005 to 1.6 million in 2017, representing about a 0.6% destination share of tourist arrivals to the Asian region in 2005–2017 (Figure 19). The Pacific also recorded 4.5% average annual growth in tourist arrivals over the same period. Fiji is by far the most popular destination (51.1% of Pacific arrivals in 2005–2017), followed by Papua New Guinea (11.2%) and Samoa (9.5%). Most tourists were from Australia and New Zealand, with the People’s Republic of China, Europe, Japan, and the United States other significant markets (ADB 2018a).

Figure 19: International Tourist Arrivals in the Pacific (thousands)

Fiji PNG Samoa Palau FSM Tonga Kiribati Marshall Islands

FSM = Federated States of Micronesia, PNG = Papua New Guinea.
Note: Data for Timor-Leste in 2005 and Marshall Islands in 2013 are unavailable. 2017 data for the Federated States of Micronesia and Papua New Guinea are estimated using growth rates from UNWTO database.
Source: World Bank. World Development Indicators. https://databank.worldbank.org/ (accessed April 2019); and United Nations World Tourism Organization (UNWTO). Tourism Satellite Accounts. http://statistics.unwto.org/ (accessed January 2019).

Figures refer to gains of all tourism operators, but women are mostly represented based on anecdotal evidence. No sex-disaggregated data are available from the survey cited in this paragraph.
International tourism receipts in the Pacific continue to expand. In 2017, international tourism receipts of the Pacific economies are estimated to reach around $2 billion, more than double the amount in 2005 (Figure 20). Average annual growth over 2006–2017 was recorded at 6.5%. Fiji (59.9% total receipts in the Pacific over 2005–2017), Vanuatu (14.9%), and Samoa (8.3%) were the top recipients. Meanwhile, Palau, Vanuatu, and Fiji were the most tourism-dependent, deriving 24%–45% of their annual GDP from tourism income over those years.

Figure 20: International Tourism Receipts in the Pacific ($ billion)

Tourism remains a significant contributor to economic growth and development. To date, its 4.7% share in the Pacific’s GDP and 11.4% of its total exports are telling, and the South Pacific Tourism Organisation forecasted that the sector’s economic contribution would amount to $4.9 billion by 2019. Moreover, the World Bank has estimated a doubling of tourist arrivals by 2040 to 3 million, an average annual growth of 3%, and the creation of 127,600 jobs by 2040. Further, the positive and multiplier effects of tourism on other sectors, including agriculture, transportation, fisheries, and infrastructure, are increasingly apparent. For instance, in Fiji, small and medium-sized hotels and resorts are more likely to engage with local food suppliers, with some purchasing up to 70% (Scheyvens and Russell 2012).

From a gender perspective, tourism also provides women with opportunities for direct and indirect employment. These opportunities occur in a variety of services, from grassroots handicraft producers and hotel and restaurant workers to tourism industry executives. For many women, the sector also offers a means to transition from informal work to formal employment, which can lead to greater economic and social empowerment. Tourism has also provided business and trading opportunities for women, as shown by the growing trend toward female-owned and -led businesses in the industry.
Ethnographic studies have also provided evidence of the role of tourism, particularly community-based tourism entrepreneurship, in empowering women beyond economic terms. One example is in Fiji. There, through involvement in tourism, women have become successful business operators and influential drivers of sociopolitical change shaping established gender relations within indigenous settings (Movono and Dahles 2017).

Yes, pressing needs and challenges must be tackled to strengthen the sector’s development potential and fully realize the expected gains. For one, the sector remains fundamentally constrained by transportation inefficiencies, limited air connectivity, restrictive visa requirements, high transaction costs, and customs duties and regulations (ADB 2017b). These are compounded by the Pacific’s inherent vulnerability to environmental disasters. Moreover, its tourism destinations are largely concentrated in a few areas, and there is a recognized need to expand and/or diversify tourism services (e.g., the potential of sports, health, adventure, ecotourism, and cultural and historical tourism) (ADB 2018a).

Globally, women make up most of the tourism workforce, both in formal and informal jobs (UNWTO). However, women tend to be concentrated in lowest paid, lowest-skilled jobs; perform a lot of unpaid work in family tourism businesses; and remain underrepresented in management positions (UNWTO). In the Pacific, women workers and entrepreneurs in tourism are particularly constrained by lack of access to finance and training, high business license fees, complex procedures, and cumbersome legal requirements in doing business (ADB 2018e).

Overcoming these challenges not only can encourage growth and expansion of tourism—especially to the extent that it can generate spillovers in the primary, manufacturing, and services sectors—but also help women to maximize the opportunities presented in the sector. In this regard, boosting open trade within and outside the Pacific through reforms in visa regimes (i.e., advocating for visa-free entry) and facilitating labor mobility is vital. Boosting investments in infrastructure, especially air transport, and fostering discussion among stakeholders about ways to enable international flights are also critical. Risk mitigation of vulnerabilities due to geography is necessary to boost competitiveness. This can come through expansion and/or diversification in the types of services offered, the modes of transport available for tourism activities, and the sources of tourist arrivals, as well as developing climate-resilient infrastructure. Ultimately, developing adequately skilled tourism sector staff and productive hospitality and tourism enterprises (such as by eliminating market entry barriers, improving the ease of doing business among tourism operators, providing training and skills development opportunities) are important for servicing new markets and enhancing the sector’s resilience (Cheer et al. 2018), and more so to accelerate the contribution of tourism in social progress and women’s empowerment.

31Accounting for the perspectives of different stakeholders in a conference held in Fiji in 2018, other areas for policy action to boost the growth and development of tourism in Pacific island economies are as follows: promoting renewable energy and energy efficiency; addressing waste management issues; promoting the local handicraft sector and creative industry; preserving culture and heritage sites; conserving and restoring natural resources; and strengthening capacity building and expertise development for local communities, governments, and tourism organizations, and other stakeholders (ADB 2018a).
Women’s Participation in the Rural Economy

Women play a vital role in the Pacific’s rural economy. Whether involved in subsistence farming and aquaculture to feed their families, growing cash crops and edible marine life for commercial purposes, or in textile production from cultivated or naturally occurring plants, women’s agricultural labor is an indispensable part of food production and consumption practices throughout the Pacific (ADB 2018e, Fay-Sauni and Sauni 2005, Vunisea 2007, Young-Leslie 2007).

Despite their significant contributions, the gendered division of labor within the rural economy—along with the challenges that women face from cultural norms, social practices, and discriminatory legal frameworks—constrain their ability to more actively participate and benefit from more productive, export-oriented opportunities in the rural economy. In many Pacific economies, women are overrepresented in less lucrative and more time-consuming aspects of production. For instance, men tend to dominate and control cash crop agriculture, with women limited to labor-intensive and time-consuming activities that receive minimal payment (Bourke et al. 2006). Similarly, in the tuna industry, women are more engaged in domestic processing and marketing, whereas men are involved in more lucrative export-oriented tuna capture and commercial marketing (Demmke 2006).

Some evidence further reveals that the work of women (and children) are often unpaid and invisible despite their critical roles within the agricultural export production sector, whereas incomes derived from related activities tend to be controlled by men (Carswell 2003, Ironmonger and Hill 1999). In the fisheries sector, women’s involvement is sometimes undermined and underreported because their activities are viewed as an extension of their traditional role preparing food for home consumption (Vunisea 2007). Women are also more likely than men to make active use of family-based systems in their agricultural activities, particularly in regard to the potential for income generation (Fairbairn-Dunlop 2005). Overall, the devaluation of women’s labor leaves their agricultural work even in formal export-processing arrangements lower paid, lower status, temporary, and insecure (Bolabola 1994, Emberson-Bain 1994).

Main Constraints for Women

One of the main challenges that rural women face in the Pacific island countries is unequal access to land (Box 1). Despite playing an active role in agriculture, many women are excluded from inheritance rights to customary land and, in some cases, have no rights to land other than those permitted by their fathers or husbands. Although changes in the legal framework for land property rights have been significant, with governments making greater commitments to make land available for economic development, gaining equal access to and control over land remains a pressing problem for women in Pacific economies (ADB 2018e). This challenge essentially makes it difficult for women to further pursue private sector and agricultural activities, especially those that are export-oriented.
Employment segregation and gender wage gaps: Unequal burden of work and unpaid care work: As in other societies, women in the Pacific carry the unequal burden of work due to their multiple responsibilities in non-economic (i.e., household, community) and economic activities. For example, in Papua New Guinea, women work on average nearly twice as many hours as men. In Tonga, women work over 50% longer than men on non-economic activities each week. In Fiji, in 2015–2016, women working for wages or salaries spent on average 24 hours a week on household work, while men spent 10 hours. In Solomon Islands, 85% of women in the labor force in 2009 were in unpaid work and only 15% worked for wages, a salary, or profit.

Employment segregation and gender wage gaps: Taking the case of the formal sector, gender gaps in earnings are common in Pacific economies. In the Federated States of Micronesia, women (representing 39% of the formal sector employees in 2015) earned, on average, 13% less than men. In the Marshall Islands, women comprised 32% of formal sector employees and earned 9% less than men. In Palau, women in wholesale and retail trade earned 18% less than men.

Violence against women and girls: Women and girls in the Pacific experience some of the highest rates of gender-based violence globally, including economic violence. In the Marshall Islands, almost 27% of ever-partnered women reported that their partners either took their earnings or income or refused to give them money. In Vanuatu, women who earned their own income were about 1.5 times more likely to experience physical and sexual violence than those who did not earn an income. Further, women who experienced physical and/or sexual partner violence in their lifetime were significantly more likely to work for an income (83%) than those who had never experienced violence, despite that women living with violence were also significantly more likely to have to give up or refuse a job because of their husband or partner.

Access to resources

- Gender gaps in access to and control over land remain a perennial problem across economies in the Pacific. For example, in Timor-Leste, 36.2% of men owned land alone, while only 29.8% of women did so in 2016. The proportion of joint land property was also much higher than own property for women, as opposed to men. The persistence of gender disparities in land access generally reflects sociocultural norms more significantly embodied in customary law and practice rather than formal discrimination in landownership and inheritance rights.

- Despite progress of many Pacific economies in developing the finance sector (such as expanding the number of financial institutions, introducing secured transactions frameworks, and enhancing the uptake of digital transactions), women remain disadvantaged in access to finance. In many member economies, customary ownership of land and women’s lack of rights to assets prevent them from using land and/or other assets as collateral to gain secured, formal sources of funding such as bank loans. Given their disadvantaged position in asset ownership, women are also more likely to resort to alternative, informal sources such as from nonbank lending institutions that charge high interest rates.

- Legislation on economic rights further provides a glimpse about women’s access to resources in a country. In 2017, seven (Fiji, the Marshall Islands, Palau, Samoa, Solomon Islands, Timor-Leste, and Vanuatu) of the eight Pacific economies with available data have constitutions that prohibit discrimination on the grounds of sex; the same number of economies (out of 11) also have a law that mandates paid or unpaid maternity leave (Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, and Vanuatu). However, only two of those economies with available data have a law that mandates nondiscrimination in hiring based on gender (Fiji and Kiribati), and in terms of equal pay for females and males for work of equal value (Kiribati and Samoa). Women in Pacific economies also have weak social protection in the private sector, not to mention the lack of it for those in the informal sector where they dominate.

Sources: ADB (2018e); SPC (2017); World Bank, Gender Statistics Database.
Unequal access to training, credit, and job opportunities in agriculture is another challenge for rural women in Pacific economies. For one, the stereotyped notion that agriculture is a male activity continues to marginalize women farmers and, in some cases, makes them underserved or invisible in training and outreach efforts (Balakrishnan 2000). Moreover, and as discussed earlier, women in the Pacific are largely constrained by access to finance, much more so for those in rural areas where weak access to both public and private financial services is more pronounced. Women also suffer from unequal time burden, as previously mentioned, in which they are expected to be involved in agricultural activities as part of their multiple responsibilities in the household. This is particularly common in subsistence production where women frequently spend greater time than men (Curry et al. 2007, Shrestha 1997, Sillitoe 2006). Given the challenges of geography in Pacific economies, the impacts of climate change also pose risks and may even exacerbate the difficulties that women face in the rural economy. As climate change prompts more extreme weather and sea-level rises, threats to the agriculture, fishing, and tourism industries will tend to disproportionately put women at a greater disadvantage especially given the nature of their activities within these industries. Persistent gender discrimination can also put rural women at a greater disadvantage than men (as well as from women in urban areas).

Given these challenges, the significance of introducing gender-inclusive and gender-sensitive mechanisms to empower rural women cannot be discounted. First, traditional gender roles around economic activities in the rural economy must be tackled or rejected. Women must not be confined to subsistence activities, and their significant, tangible contributions, especially to commercial and trade-related activities, must be fairly acknowledged and valued. Second, efforts to improve the legal framework for landownership must be sustained. More importantly, reforms of discriminatory laws on inheritance, divorce, and access to matrimonial property and maintenance must be supported and women should be included in these reform processes to ensure their rights and interests are represented (ADB 2018e).

Third, financial inclusion must be accelerated. This entails giving women the same control of household income and commercial proceeds as men, and making use of digital technologies to bring in alternative sources of credit. Mobile technology in particular has significantly benefited rural women in many Pacific economies through greater access to financial services and by creating opportunities for women to access financial literacy training (UNCTAD 2018b). Fourth, targeted training and gender-sensitive business support can help women build capacity as entrepreneurs. For example, the Pacific Seeds for Life project under the Secretariat of the Pacific Community Innovation Fund has provided training to women farmers in Vanuatu, which in turn, has provided them avenues to better engage in commercial farm activities, connect with international markets and grow their businesses (SPC 2019). In Papua New Guinea, visits by women agricultural extension workers to train women farmers have also provided capacity building, although security and safety of these workers are among other measures to be considered (Fresh Produce Development Agency 2008). More generally, rural development policies in rural infrastructure development or agricultural commercialization and diversification, among others, must be pursued with gender-sensitive design and implementation.

Gleaning from the experience of Pacific rural women in export-oriented agriculture, it must again be underlined that while trade can create opportunities for women’s empowerment as discussed on the Trade and Women’s Economic Empowerment Nexus section, it can also magnify existing gender-based inequalities. Proactive measures are therefore needed to ensure that women can harness the benefits and opportunities from trade integration. These can include introducing and/or ensuring that agricultural technologies and time-saving devices suit the needs and life realities of women (Balakrishnan 2000); providing microcredit schemes that are closely linked to training and mentoring (UNCTAD 2016b); providing market information systems and extension services attuned to the needs of rural-based agribusinesses and women farmers, especially as they adopt modern agricultural
practices; and strengthening women cooperatives and associations. Where possible, these should also be coupled with programs targeting change in social norms to address gender discrimination.

Further, trade policies should be aligned with rural development policies. As with other sectoral trade policies, agricultural trade policies must be gender-sensitive and should include gender-impact assessments to ascertain and solve differences in how trade impacts rural men and women (UNCTAD 2016b). Moreover, if trade reforms are likely to magnify existing inequalities, these should envisage corrective measures. For example, schemes can be set up for the absorption of evicted subsistence-oriented farmers in newly established agro-processing factories. Similarly, contract farming can be leveraged to empower small-scale women farmers. In particular, buyers and local processing factories may act as catalysts by restructuring their procurement practices in ways that favor women farmers, and by providing extension support, quality input, and finance. The role of public authorities in creating business incentives and disincentives is crucial. Finally, trade facilitation programs such as Aid for Trade can help channel funds toward gender-sensitive initiatives and help rural women overcome obstacles that hinder their profitable engagement in international trade.
Integrated Support for Small-Scale Firms and Female Entrepreneurship

Micro, small, and medium-sized enterprises (MSMEs) have long been recognized as engines of growth in developing and developed countries, given their potential to create job opportunities, enhance competition, introduce innovative technologies, and boost productivity (Kritikos 2014). The economic potential of advancing gender equality in these firms is also enormous, as they are more likely owned by females than males, and are also major employers of women (Figure 21). In the context of women’s disadvantaged position in labor market participation and wages, empowering MSMEs and advancing women’s entrepreneurship is particularly important.

![Figure 21: Female Firm Ownership and Employment by Firm Size (%)](image)

Notes: Regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable. Source: ADB calculations using data from World Bank. Enterprise Surveys. [http://www.enterprisesurveys.org](http://www.enterprisesurveys.org) (accessed March 2019).

Key Role of MSMEs in the Pacific Economy

MSMEs account for a significant share of firms and employment in most economies. Based on the latest data available (as of 2011) on firms in both the formal and informal sectors, MSMEs in Asia totaled 266.3 million (IFC Enterprise Finance Gap Database). Using the most recent figures after 2003 for economies with available data, MSMEs in the region have also employed 168.3 million people (MSME Country Indicators Database). While SMEs tend to employ more women than large
firms, women are still less represented as full-time workers. On average, only two in five full-time workers in SMEs in the Pacific (and a third in SMEs in developing Asia) are women (Figure 21).

Across most of developing Asia, the bulk of MSMEs are in the informal sector (Figure 22). The Pacific, along with East Asia and South Asia, recorded the largest proportion of MSMEs operating in the informal sector (i.e., at least 80%).

![Figure 22: Distribution of MSMEs by Sector (% of firms)](https://finances.worldbank.org/widgets/2ppx-k958)

**MSMEs** = micro, small, and medium-sized enterprises.

Note: Asia and the Pacific does not include the Marshall Islands; Myanmar; Nauru; Palau; Taipei, China; Tuvalu; and Vanuatu as data are unavailable.

Source: International Finance Corporation. Enterprise Finance Gap Database. https://finances.worldbank.org/widgets/2ppx-k958 (accessed April 2019).

IFC data further show that MSMEs in Asia are predominantly male-owned, with only 38.6% of all MSMEs in the region being female-owned. The Pacific recorded the highest proportion of female-owned MSMEs among Asian subregions at 49%, suggesting that female entrepreneurship is very common in the subregion.

Most female-owned firms, however, tend to operate informally. As of 2011, more than 90% of female-owned MSMEs in Asia were informal sector enterprises (Figure 23). This compared to 80.2% globally. Within the Pacific for instance, almost all female-owned MSMEs in Samoa and Timor-Leste were in the informal sector.

Within the formal sector in Asia, female-owned enterprises represented less than a quarter of all MSMEs (it was 28.3% globally). However, the Pacific had the highest proportion of female-owned MSMEs operating in the formal sector in the region at 35.4% in 2011. Overall and on average, most female-owned MSMEs within the formal sector are micro enterprises, and are significantly underrepresented in the formal sector.
More recent World Bank Enterprise Surveys data up to 2018 show a consistent pattern of low (yet improved) female participation in the formal, private sector (across firms of all sizes), both as owners and employees. On average, less than two-fifths of Asian firms have female participation in ownership (17.6% are majority female-owned), and only 32.7% of full time workers are female (Figure 24). The Pacific had the highest percentage of firms with female owners, at 59.9% (28.3% are majority female-owned), and 37.6% of permanent full-time workers being women, mostly in SMEs. Overall, female ownership and employment remains most prevalent in smaller firms, suggesting there is a substantial room for improvement among large firms.

The industry engagement of small, female-owned firms reflects some gender-based patterns. As elsewhere in Asia, female-owned MSMEs in the Pacific are overrepresented in the informal sector and underrepresented in the formal sector. They typically are concentrated in industries that experience intense competition and generate lower returns, such as agriculture, retail, restaurants, hospitality and tourism, and handicrafts (ADB 2018e).

Notwithstanding the challenges faced by smaller and women-owned firms, the potential return of fostering small and female entrepreneurship is enormous, especially given their role in supporting inclusive and sustainable development.

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The slightly higher proportion of large firms with female participation in ownership in Asia compared with SMEs may be because some Asian countries (especially in East and Southeast Asia) have recently adopted corporate governance practices geared toward achieving more gender-balanced boards, particularly in listed and public companies (OECD 2017). Narrowing these to ownership nonetheless shows that a lower proportion of large firms are majority-owned by women, possibly indicating some signs of tokenism. This highlights the need to advocate for a critical mass of women owners or stakeholders across all firm sizes to truly make progress in achieving more gender-balanced firms.
Supporting the Internationalization of MSMEs and Women-Owned Firms

While MSMEs employ the majority of the workforce in the region, their share in value added remains significantly lower, and the direct participation in international trade is even more negligible compared with larger firms. This is true across all Asian subregions, with the notable exception of the Pacific. While only around one-fifth of MSMEs in Asia are engaged in export markets, compared with 34.6% of large enterprises, in the Pacific the percentage of SME exporters, on average, slightly exceeds that of large firms, at 30.2% versus 29.6% (Figure 25a). On the other hand, and matching the general pattern in Asia, foreign-owned firms export much more than domestically owned firms (Figure 25b).

In parallel, generally fewer female-owned or -led businesses are engaged in international markets than male-owned or -led businesses. This is shown by the lower percentage of female-led firms either engaged directly or indirectly as exporters and using material inputs and/or supplies of foreign origin (Figure 26). While this pattern may not necessarily hold true in Asia as a whole, Pacific firms conform to it. However, compared with the rest of the region, a higher proportion of both male and female-led businesses in the Pacific are internationally engaged.

The reason MSMEs are relatively unengaged in international markets is because they are more vulnerable to risks and face greater challenges, especially in exposure to trade costs. For instance, relative to larger firms, on average, it takes longer for SMEs to clear exports through customs than for larger firms in Asia. The pattern is most pronounced in the Pacific where, on average, it takes 2 more days for SMEs to clear exports through customs than it does in the region as a whole (Figure 27). Despite the obstacles, the impressive trade performance of Pacific MSMEs in engaging with international markets is testament to the inherent trade potential of these firms.
That female-led firms generally do less international business than male-led firms reflects that they tend to be smaller, have fewer employees, and often have limited access to the productive resources needed to engage with international markets. This is compounded by the gender-related constraints mentioned above that ultimately hinder the internationalization of female-owned businesses. Further, because of their small size, female-owned firms tend to suffer disproportionately from trade-related fixed costs, such as non-tariff measures. In the case of startups with clear motivation to grow, internationalization seems a natural step. However, across the Pacific economies, anecdotal evidence suggests that small-scale and women entrepreneurs start a business more often due to necessity, influenced by a lack of paid employment opportunities (ADB 2018e, SPC 2017) and the initial focus may be on the domestic market.
Figure 26: International Activity by Gender of Top Manager (% of firms)

Note: Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.
Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).

Figure 27: Number of Days to Clear Exports and Imports in Customs—Developing Asia

SMEs = small and medium-sized enterprises.
Notes: Regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.
Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).

Gaining access to global markets is one of the ways to foster growth and realize the enormous potential of MSMEs and women-owned firms to support inclusive and sustainable development. Participation in global production networks does not just expose these firms to a larger customer base, as Yuhua and Bayhaqi (2013) note, it can also provide a range of opportunities, including (but not limited to)
• increased technical capacity;
• increased demand for existing products and services, greater utilization of operational capacity, and improvement of production efficiency; and
• greater access to and cooperation with other enterprises—both upstream and downstream—which can help build their credibility, and in the process make it easier for them to get finance and attract investors and human resources.

Ultimately, these opportunities can boost competitiveness, provide a gateway for a gradual and sustainable path to internationalization, and strengthen roles in bringing job opportunities and fostering inclusive growth in a local economy. Hence, holistic and integrated support is needed for MSMEs and women-owned firms to realize their potential. Support mechanisms can include paving the way for better access to finance, fostering more conducive regulatory and institutional frameworks, providing capacity building through business development advisory and training services, and promoting the adoption of new technologies and online platforms.

Foremost, shoring up financial resources is crucial to help MSMEs and women-owned firms expand and enter foreign markets. Global experience and firm-level data show that SMEs are largely constrained by access to finance (Figure 28). Similarly, female-owned and -led businesses tend to face more hurdles in meeting their credit needs compared with their male-owned or -led counterparts (ADB 2018e, ADB 2015a). An ADB survey notes that about 74% of rejections of trade finance proposals are from MSMEs and midcap firms, with female-owned firms facing 2.5 times more rejections than male-owned firms (Di Caprio, Kim, and Beck 2017). Furthermore, these enterprises are less likely to take loans from formal financial institutions such as banks and they tend to borrow on less favorable terms and for a shorter duration. To fill the financing gap, most have to resort to internal finance sources, such as personal savings, borrowing from friends and relatives, and internal profit (ADB 2017b; Harvie, Oum, and Dionisius 2013). The disadvantaged position can be primarily attributed to smaller and female-owned firms having weak credit histories and few assets or resources available as collateral for borrowing.

Targeted interventions and innovative financing models are therefore important to meet the needs of smaller and female-owned firms at different stages of their business cycle and encourage their participation in global value chains. Given that women’s access to finance is hampered by customary laws (especially on landownership), financing tools that do not depend on real estate securities but rather as collateral for loans use a firm’s valued assets, such as movables and accounts receivable, are viable options (ADB 2015a). Improving access to gender-sensitive microfinance and trade finance are also essential support for smaller and female-owned firms to develop and internationalize. Digital technologies, including mobile networks and social media, also hold potential in bringing in new sources of finance to smaller and female-owned firms. Mobile banking has benefited women across the Pacific, particularly in financial account ownership. The increasing uptake of mobile technology and social media networks should be used to advantage as these offer enormous opportunity for greater financial inclusion, including through (i) increasing awareness about and access to financial products and services among small-scale and female entrepreneurs; (ii) greater information dissemination on diverse insurance products; (iii) facilitating crowdfunding platforms to support investment and working capital needs of these firms; and (iv) improving borrowers’ creditworthiness assessment (i.e., more accurate, unbiased, and comprehensive evaluation of borrower creditworthiness). To harness the potential of digital technologies explored earlier in this report, responsive regulatory frameworks and supportive institutions must also be fostered.

33 As a case in point, a microfinance expansion project in Papua New Guinea is helping rural communities access financial services. The project will strengthen industry regulation and the capacity of lenders to deliver a wider range of financial services and products in rural areas, focusing on lending to micro and small enterprises, especially to women. The project also supports a large-scale financial literacy training program. To date, over 200,000 clients and potential clients have received financial literacy training (47% of them women).

34 For example, ADB’s Trade Finance Program—which includes the features of strong gender and small and medium-sized enterprises—has been facilitating the participation of women and SMEs in global and regional value chains, often by supporting their access to finance along supply chain transactions or providing guarantees.
Figure 28: Constraints on Business for Asian Firms (% of firms)

Notes: Regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.

Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).
Encouragement for more conducive regulatory and institutional frameworks is vital to create opportunities for business growth and expansion. Smaller firms, especially owned by women, are particularly vulnerable to the rigidities of regulatory frameworks and institutional settings. Excessive or cumbersome regulatory requirements tend to discourage firms from entering the formal economy, and in some cases, even drive them to fall back into the informal economy, where they are even more prone to business risks. For instance, registering and eventually running a legally registered enterprise might have higher associated entry costs, more procedures to follow, and more cumbersome tax matters to deal with. Regulatory constraints are likely to disproportionately impede smaller firms since they tend to have more limited resources and access to information networks than larger ones.

Therefore, regulatory barriers to the entry and formalization of firms must be tackled, while reform in key areas such as access to finance is also crucial, in order to facilitate the growth and internationalization of smaller and women-owned firms. Indeed, empirical studies suggest that eliminating gender-based differential treatments for entrepreneurs has positive impacts on women’s empowerment. For instance, Islam, Muzi, and Amin (2018) find that laws prohibiting gender-based discrimination by creditors and laws enabling women to register a business like men are positively associated with female participation in business ownership. Field et al. (2016) report that access to bank accounts has a positive causal impact on women’s labor supply in India. Similarly, Gonzales et al. (2015) note that female labor force participation is positively correlated with women being able to legally sign a contract or open a bank account.

Along with access to productive assets and favorable business environments, access to information, skills, and networking opportunities all play vital roles in entrepreneurship and business expansion. Business owners and managers with adequate possession of these factors tend to recognize business opportunities especially in expanding into the international marketplace and are therefore more inclined to participate in global value chains.

However, smaller firms, especially women-owned, usually lag in some related areas, including financial literacy, management skills, and digital literacy—in part because of their disadvantaged position in accessing financial and digital services and social networks (ADB 2018e). Anecdotal evidence suggests that difficulties in getting training in business-related matters is also more pronounced for women due to gender norms and biases. Gender biases in education and women’s underrepresentation in STEM fields also hinder their moving up the value chain and entering international markets.

In this regard, targeted training and capacity-building programs for smaller and female-owned firms in key areas such as management and IT skills would enable them to expand their businesses and tap opportunities to participate in global value chains. Public–private partnerships can also encourage business associations to reach out to female MSME owners and promote networking and share experiences.

Finally, digital connectivity and the development of e-commerce can be a vital avenue for MSMEs and female-owned and -managed enterprises to enhance their productivity and competitiveness, expand market access, and increase their participation in export markets. In particular, ICT can enable entrepreneurial activities among women by enhancing access to finance; improving business communication strategies; providing a degree of anonymity that reduces gender biases to a minimum; facilitating access to networks and knowledge sharing; and enabling time and cost efficiencies in business management (ADB 2017b). ICTs can enable entrepreneurs to communicate better along the business chain and to make their administration or business operations more efficient. Moreover, ICTs have become essential tools for businesses to obtain better access to crucial information in areas such as business development, market and pricing information, production technologies, government regulations and compliance rules, financing and credit, and training opportunities. Further, ICTs can offer increased opportunities and methods for entrepreneurs to promote their businesses, gain
access to support services, and create networks with customers, partners, and other stakeholders in a convenient and affordable manner (UNCTAD 2014). Ultimately, with adequate access and proper use of ICTs (Box 2), smaller firms and women-owned firms—especially those in the informal sector—can achieve the higher productivity, efficiency, and profitability needed to catalyze the move toward formalizing their businesses.

Box 2: Accelerating ICT Use and E-Commerce Adoption for SMEs and Women-Owned Firms

Experience from other developing countries suggests that micro, small, and medium-sized enterprises (MSMEs), particularly women-owned enterprises, face difficulties in adopting and implementing new forms of information technology due to a number of factors such as lack of awareness of its application or access to training on the use of information and communication technology (ICT) tools (UNCTAD 2014). Moreover, these firms often have limited access to resources they require, such as finance and skills, to invest and learn how to use these tools more effectively. For example, women are generally less likely to own ICT tools such as mobile phones than men, especially in low- and middle-income countries (GSM Association 2018), a fact also common among smaller firms. In the Pacific, evidence from Samoa reveals that “current e-commerce facilities are more accessible by well-established male-owned businesses who have been in the industry for years” (UNCTAD 2017a), same as with MSMEs compared with larger firms. The situation is not any different in other Pacific countries where women and smaller businesses remain underserved in access to ICT tools and services. Within ICT tools and services, firm-level data also show that while female-owned and smaller firms in the Pacific are more likely to use e-mail to interact with clients than large firms and in the wider Asian region, a lower proportion own websites, which again demonstrates great untapped potential, not to mention their clear disadvantage in having sufficient resources to set up their own businesses (Box Figure 1).

Box Figure 1: Asian Firms That Use Their Own Website and E-Mail with Clients or Suppliers (%)

|               | Developing Asia The Pacific | Developing Asia The Pacific | All Developing Economies | All Developing Economies |
|---------------|----------------------------|----------------------------|--------------------------|--------------------------|
|               | Female-led                 | Male-led                   | Female-led               | Male-led                 |
| (a) By Gender of Top Manager |                   |                           |                           |                           |
| Female-led    | 35.2                       | 35.9                      | 44.3                     | 37.4                     |
| Male-led      | 74.5                       | 74.5                      | 67.9                     | 63.1                     |
| (b) By Firm Size |                         |                           |                           |                           |
| Small (5–19)  | 21.0                       | 40.8                      | 58.6                     | 46.0                     |
| Medium (20–99)| 73.5                       | 90.7                      | 81.6                     | 77.2                     |
| Large (100+)  | 49.1                       | 81.6                      | 88.5                     | 88.5                     |
| Small (5–19)  | 27.6                       | 58.6                      | 46.0                     | 77.2                     |
| Medium (20–99)| 66.7                       | 88.5                      | 77.2                     | 88.5                     |
| Large (100+)  | 64.1                       | 82.4                      | 82.4                     | 91.7                     |

Notes: Regional averages are computed by taking a simple average of country point estimates. For each economy, only the latest available year of survey data are used in this computation. Developing Asia does not include Brunei Darussalam; the Cook Islands; Hong Kong, China; Kiribati; the Marshall Islands; Nauru; Palau; the Republic of Korea; Singapore; Turkmenistan; and Tuvalu as data are unavailable.

Source: ADB calculations using data from World Bank. Enterprise Surveys. http://www.enterprisesurveys.org (accessed March 2019).

continued on next page
Interestingly, evidence also shows that once women gain access to ICT tools and services, they tend to use these as equally as—or in some instances, exceedingly more than—men. For instance, results from the 2017 Pacific Exporters Survey show that Pacific firms with female owners are more active online, with their own website and social media as the most popular channels. Similarly, an UNCTAD (2017a) study in Samoa cites that “women are as active in online (and offline) business as men in Samoa” (Box Figure 2). This underscores the significance of giving women access to ICT tools and services and additional skills and knowledge to utilize these more effectively.

**Box Figure 2: E-Commerce Use and Business Ownership**

*Gender Distribution in Samoan Firms*

| Entrepreneurs having developed an e-commerce business | Ownership by business members of an ICT federation (or similar) | Entrepreneur having received training | Officials participating actively in e-commerce | Businesses targeting exports in their e-commerce | Businesses using internet to shop online | Businesses formally registered as e-commerce business |
|-----------------------------------------------------|-------------------------------------------------------------|------------------------------------|--------------------------------------------|---------------------------------------------|------------------------------------------|--------------------------------------------------|
| Mostly men                                          | More men                                                    | Equal                              | More women                                 | Mostly women                                | Mostly women                             | Mostliy men                                      |

Source: Adapted from United Nations Conference on Trade and Development (2017a).

Despite recent developments in ICT and telecom infrastructure, the e-commerce ecosystem in the Pacific is still at a nascent stage and challenges remain which impede firms—especially women-owned and smaller firms—from increasing their use of ICT tools and services and from further engaging in domestic and cross-border e-commerce activities. Among others, these include the quality and cost of internet connections; limited broadband and mobile connectivity; lack of trust and credibility in online payment solutions; inadequate legal and regulatory frameworks; limited awareness, related skills, and knowledge of e-commerce platforms among businesses and consumers; high transaction costs; weak logistics and transport infrastructure; lack of access to finance and low financial inclusion; and lack of consolidation in national or regional web portals (ADB 2017b, UNCTAD 2018a, UNCTAD 2018b, UNCTAD 2017a). Nonetheless, given their flexibility and ability to adapt to change faster (i.e., they are usually less hierarchical than larger firms), and to implement innovations at a relatively greater ease than larger firms, MSMEs—including women-owned—can take active and strategic steps to leverage the benefits of ICTs.

In supporting the digitalization of small businesses and women-owned enterprises, the following are several policy actions Pacific governments, the private sector, international organizations, and intergovernmental agencies can take:

- Advance capacity-building efforts for MSMEs specific to electronic business and digital trade through cross-border knowledge sharing of best practices and policies, as well as increased investments in e-commerce training, awareness, and education.
- Foster a business environment that support startups and small businesses, especially women-owned, through the process of business registration to the delivery of products or services and after-sales activities.
By and large, the private sector plays a pivotal role in creating jobs, diffusing technology, and raising incomes. Its dynamism can be leveraged to not only strengthen the trade capacity of countries but also to enhance trade inclusiveness. For one, firms can contribute to fostering gender equality in the workplace through a range of corporate governance policies and practices, such as eliminating gender pay gaps, tackling gender-based violence at work, promoting family and parental leave, increasing women’s roles in decision-making and management, and hiring and advancing women in nontraditional fields. Given that the private sector can play a significant part in narrowing gender disparities, developing incentive programs that make a strong business case for gender equality is integral to encouraging firms to implement these policies and practices. These programs can take the form of tax incentives, related corporate governance training, certification programs for companies that meet standards for gender equality in the workplace, and incentivizing banks that support MSMEs and women-owned firms to conduct their businesses either online or offline. Providing support to women’s associations and cooperatives could also complement these incentives.

Many case stories point to the benefits of these various forms of support. For instance, the Pacific Private Sector Development Initiative—an ADB project cofinanced with the governments of Australia and New Zealand—has been implementing programs to reduce barriers to women’s economic empowerment (ADB 2018d). These include improving access to finance and financial services, enhancing business law frameworks (such as simplifying registration requirements), and promoting electronic registries and boosting technical skills through business leadership and corporate governance training. Successful initiatives in the project are as follows: (i) increased access to bank accounts for women in Timor-Leste and Papua New Guinea, as a result of outreach efforts, branchless banking, and the promotion of savings accounts; (ii) mobile banking in Papua New Guinea (MiCash by the Nationwide Microbank), allowing outreach to women in remote areas; (iii) Secured Transaction Act not requiring land as collateral in several Pacific countries (e.g., the Federated States of Micronesia, the Marshall Islands, Palau, and Solomon Islands); and (iv) a new Companies Act.
in Solomon Islands and Vanuatu to simplify registration requirements and promoting electronic registries. In particular, “community companies” under the new Companies Act in Solomon Islands are particularly effective in increasing the number of women-owned businesses since women-only community business groups can register as companies without costly and cumbersome requirements.

Microfinance projects in Bangladesh, Cambodia, India, Indonesia, and Tajikistan have helped strengthen industry regulations and provided capacity building for local lenders to widen the range of financial services and products on offer. These have especially benefited micro and small enterprises and women (especially those in rural areas) by enabling them to engage in entrepreneurial activities, increase their incomes, and broaden their income sources. Related projects in public sector management and the finance sector in many countries in Asia (e.g., Nepal, the Lao People’s Democratic Republic, and several Pacific countries) have provided opportunities for creating the enabling policy and regulatory environment to support gender equality in MSME finance and sector development. For example, gender equality approaches have included introducing an SME policy or law that tackles issues of women’s MSMEs, streamlining cumbersome registration and tax payment processes, introducing institutional reforms to reduce harassment of women entrepreneurs in local registration and payment offices and at customs, and introducing security transaction laws to allow collateral outside of fixed assets to be more easily accessible to women.

Ultimately, women are an asset to the private sector. Studies have shown that boosting women’s participation benefits organizations. For instance, evidence from low- and middle-income countries suggests that gender-empowering initiatives such as promoting women in leadership and senior management positions bolstered revenue, efficiency, and productivity (Edwards 2017). Moreover, gender diversity in corporate boards and/or increasing the leadership of women executives prove to have incremental benefits on a broad range of corporate outcomes, including improved boardroom dynamics and effectiveness and overall firm financial performance (Adams and Ferreira 2009; Adusei and Yaa Takyiwah Obeng 2019; Arena et al. 2015; Chandani, Mehta, and Chandrasekaran 2014; Mathisen, Ogaard, and Marnburg 2013; Mohan 2014; Nielsen and Huse 2010). Proactive policy support and affirmative measures to mainstream and upscale women’s economic participation is vital not only to fully maximize their potential contributions but also to cultivate a vibrant private sector.
Aid for Trade for Women’s Economic Empowerment

Official development assistance to promote trade, or Aid for Trade (AfT), is an important modality for multilateral development banks and other donors to help developing economies—especially the least-developed—improve their trade and productive capacities, infrastructure, and institutions to maximize the benefits of trade liberalization.

From a low base of $124 million in 2002, AfT commitments to the Pacific rose to $743 million in 2017. While less cumulative support went to the Pacific ($7.1 billion in 2002–2017) than to other parts of developing Asia ($227.5 billion), total commitments to the Pacific exhibited the highest (compounded) annual average growth rate, at 12.7% (compared to 7.0% for developing Asia).

AfT flows to the Pacific have also been growing over the years. AfT disbursements increased more than fourfold, reaching $573.7 million in 2017 from $131.9 million in 2002 (Figure 29). Cumulatively between 2002 and 2017, the Pacific received $5.2 billion in total AfT disbursements, accounting for 21.7% of total official development assistance (ODA).

As a percentage of GDP, Pacific island countries are the most reliant on AfT amongst countries of developing Asia. AfT disbursements over the period 2002–2017 accounted for 1.4% of the Pacific’s regional GDP, compared to 0.1% in developing Asia. This is particularly true of Tuvalu (23.1%), Kiribati (11.6%), and Nauru (7%). The largest recipients were Papua New Guinea ($1.9 billion), Timor-Leste ($695.8 million), Solomon Islands ($448.6 million), and Vanuatu ($401 million). The top AfT donors during the same period were Japan ($2.89 billion), Australia ($1.57 billion), ADB ($1.08 billion), World Bank ($1.05 billion), and New Zealand ($0.6 billion).

AfT flows to the Pacific have mainly targeted sectors that build economic infrastructure and productive capacity, broadly in line with the regional pattern. Since 2002, the bulk of AfT commitments and actual disbursements across the Pacific countries have gone to these, while activities related to trade policies and regulations have received the least. In 2017, most AfT disbursements targeted transport and storage ($310.8 million), agriculture ($79.8 million), and energy ($60.4 million)—equivalent to 54.2%, 13.9%, and 10.5% of the AfT Pacific total. In 2002–2017, aid to agriculture, banking and financial services, communications, tourism, and trade policies and regulations showed the most robust growth (15%–25% annually).

For AfT in services, the Pacific’s aid disbursements in such sectors grew at an annual average rate of 10.1% (quadrupling from $107 million in 2002 to $449 million in 2017) (Figure 30), which was comparable to Asia. While the Pacific accounted for only 3.3% of the wider region’s total AfT in services, in per capita terms it received the highest at $24, on average, between 2002 and 2017. The largest recipient sector was transport and storage, which accounted for 69.3% of total AfT to Pacific services over 2002–2017.
AFT can contribute to the 2030 Sustainable Development Agenda, including in promoting gender equality and women’s empowerment. The first step is to increase the gender dimension of AFT. Support for gender equality and women’s empowerment in the Pacific has been on the rise. AFT disbursements that integrate gender equality as either a principal (primary) or significant (secondary) objective more than tripled to $98 million in 2017 (from $28 million in 2009). These disbursements accounted for 25.7% of total bilateral allocable AFT, up from 12.2% in 2009 (Figure 31). In comparison, aid disbursements from OECD Development Assistance Committee members with gender targets was much higher and reached $589.7 million (or 45.1% of total aid) in 2017 from $340.9 million (27.9% of total) in 2009.

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AFT (aid) refers to bilateral allocable AFT (aid). For complete definitions, see pages viii–ix, which are based on OECD. Stat. Creditor Reporting System: Aid projects targeting gender equality and women’s empowerment. https://stats.oecd.org, and OECD. Aid in Support of Gender Equality and Women’s Empowerment. http://www.oecd.org/dac/stats/aidinsupportofgenderequalityandwomensempowerment.htm (both accessed April 2019).
Calls for gender mainstreaming in aid programs is indeed growing. However, there is a need to reevaluate aid programs screened for gender equality and to shore up gender-targeted aid out of total aid screened for gender equality. Overall, AfT targeting gender equality and women’s empowerment in the Pacific accounted for less than a quarter of total bilateral allocable AfT over 2009–2017 (Figure 32). The proportion is lower in developing Asia as a whole at 16.9%.

Given these relatively low proportions, substantial room exists for better gender mainstreaming in AfT projects. For instance, AfT support for economic infrastructure in particular can help reduce women’s poverty (including time poverty), enable women to enjoy basic human rights, and contribute to reducing inequalities more broadly. Improving transportation facilities in particular can increase women’s mobility and access to markets, decent work, and services (ADB 2013). Moreover, improving women’s access to reliable and affordable modern energy can reduce women’s unpaid work, allow more time for paid work, and improve health and well-being (OECD-DAC Network on Gender Equality 2016). Similarly, enhancing women’s access to communications infrastructure and services (e.g., mobile phones, use of the internet, digital platforms, digital financial services) can help women harness the benefits of the digital economy, including through increased employment opportunities or income-generating activities, and improved access to information and government services.
There is ample anecdotal evidence to demonstrate that investing in physical and digital infrastructure helps ease the unpaid care and domestic responsibilities of women and girls, maximize their employment and entrepreneurship opportunities, improve access to health and public services, and expand their choices to lift themselves and their families out of poverty. For instance, the Pacific Regional Connectivity Program—which is financing an undersea fiber-optic cable system linking Tonga to Fiji by way of the Southern Cross Cable—has facilitated high-speed internet connectivity and brought a wide range of benefits to Tongans. These include reducing connectivity costs by 60%, increasing...
international trade opportunities in tourism and business outsourcing, improving education and health services, and facilitating other services such as bills payment, remittances, and communication services at more affordable rates. Women and children have benefited most. Similarly, a high-speed internet connectivity program in Palau has connected women to new economic opportunities, especially through improved access to communication services and education and health facilities. In Papua New Guinea, a town electrification investment program has given women a voice in community decision-making and provided skills training for generating income, both from project employment and small-scale business opportunities.

In other parts of Asia, a transport infrastructure project in Afghanistan and Uzbekistan has helped boost trade between the two countries and increase per capita income and employment opportunities, including for women. In India, transport projects have improved connectivity and access to markets and services, particularly in less-developed states and remote areas. These projects have made it easier for villagers to travel, transport goods, and seek income opportunities through trade or employment, and for women to visit health centers and girls to go to school. In the People’s Republic of China, an integrated road project has expanded economic opportunities and access to social services for rural communities and created jobs for poor people, of whom 90% are women.

Despite these benefits, gender mainstreaming in aid to economic infrastructure subsectors is still minimal. In the Pacific, the proportion of aid in transport and storage, communications, and energy...
that targets gender equality only stands at around 11%-13%. The corresponding proportions in Asia are lower, at 3%-10%. Noting that these sectors comprise the largest shares in total AfT, increasing the impact on gender equality and women’s empowerment would entail increasing gender targeting of aid in these sectors. Improving the gender-sensitivity and responsiveness of infrastructure projects should also be a priority of donors and recipients to develop a more coordinated gender mainstreaming strategy.

Similarly, AfT support for building productive capacity can contribute to advancing women’s empowerment by redressing gender imbalance in access to and control over productive resources such as land and finance—resources that are critical to help women to better access economic opportunities and realize their rights. Additionally, aid for building productive capacity can help resolve market failures and promote gender-sensitive, industry-specific policies. It can do so primarily by increasing efficiency in legal and regulatory reforms and by fostering an enabling business environment. Further, aid for building productive capacity can help economies capitalize on export-oriented services, such as business services and tourism, with great potential to contribute to GDP and growth in female employment.

Gender equality is relatively better mainstreamed in aid for building productive capacity in the Pacific than it is for infrastructure—most notably in banking and financial services (70.6% of bilateral allocable AfT disbursements for the sector), business and other services (60.5%), forestry (40.3%), agriculture (39.0%), and tourism (43.3%). Gender-sensitive investments in these subsectors need to be sustained and scaled up to help tackle the perennial issues of access to land and finance, lack of skills training and opportunities for business development, and relative concentration in informal sectors (among others) for which women in the Pacific are markedly at a disadvantage.

Notably, better targeting at sectors where women are concentrated and/or are most active and have high potential for growth can be an important catalyst in promoting women’s empowerment. While ideally women should be encouraged and supported to participate in all sectors, increasing investments and scaling up gender equality focus of aid in such sectors could provide early entry points for women to capitalize on sectoral trade opportunities and reap a broader range of economic and social benefits from these sectoral advantages. For women in the Pacific, as in Asia, the services sector—particularly tourism and ICT and ICT-enabled services industries such as financial, business, and education services—plays a key role. Support to agriculture (and rural development) is another area that demands increased support and targeted intervention, especially taking into account the prevalence and nature of female employment and entrepreneurship in the informal economy.

Aside from providing direct investments to these key sectors, AfT program designs should further incorporate gender objectives. Among them, strengthening women’s land, property and inheritance rights in the agriculture sector, enhancing their financial literacy and business skills and extending financial or business services and credit, and promoting gender-responsive digital financial or business services or linking these to health, education, and social services. For sectors besides these, more comprehensive and integrated designs may be needed. For example, growth in tourism necessitates a comprehensive and integrated approach that involves investment in infrastructure, strengthening backward-linked sectors that supply for the industry, sustainable environmental resource management, easing people’s movement through liberalization of visa regimes, and complementary services such as in retail and marketing, telecom, finance, and transportation. AfT can contribute to not only catalyzing direct financing network infrastructure, but also developing tourism by strengthening policy with coherent and integrated strategies that incorporate the elements mentioned above, plus improving standards related to hospitality and areas such as safety, security, health, and environmental standards. Support can also be given for managing, developing, and protecting tourism assets, and for skills development at the institutional, community, and human resources levels.
Mainstreaming Gender into Trade Policy

The final part of this review of AfT turns to support for trade policies and regulations that is instrumental in helping economies build the institutional preconditions to trade and getting better equipped to implement gender-sensitive and -responsive trade strategies and policies, as well as in improving the labor market and business environment conditions for women. AfT can contribute by providing gender-sensitive trade education and training to national bodies involved in trade policies and regulations and reforms. It can help equip institutions in the analysis and implementation of trade agreements, including those that incorporate gender issues. AfT can also help improve or fully implement trade facilitation measures, such as the simplification and harmonization of international import and export procedures that prove beneficial for SMEs, particularly those owned by women. Measures contained in the Trade Facilitation Agreement directly contribute to improving access to the internet, reducing corruption and bribery, and formalization and growth of MSMEs, among others (WTO 2017a). All have a direct positive impact on women. To date, only Fiji, Papua New Guinea, and Samoa out of the six World Trade Organization member Pacific island countries have ratified the Trade Facilitation Agreement.36

Moreover, given the volatility of structural and regulatory reforms, AfT-related adjustment can raise gender equality by helping developing countries adapt to changes in trade processes and cope with the negative socioeconomic impacts and unintended consequences of trade liberalization and regulatory reforms that affect women. AfT can support the implementation of gender-sensitive and gender-responsive labor market policies including policies that promote labor market efficiency and fair employment practices; adjustment programs that provide workers with social safety nets; and labor laws and programs that help female workers transition from one workplace to another (ADB 2017b, Vandenberg 2017).

Case stories point to several projects mainstreaming gender in trade policies and regulations. In trade facilitation, the South Asia Subregional Economic Cooperation Trade Facilitation Program supports modern and effective customs administration and/or management; streamlined and transparent trade processes and procedures; and improved services and information for private sector traders and investors, including women entrepreneurs. Similarly, the Transport and Trade Facilitation in the Greater Mekong Subregion (GMS) project aims to promote the GMS as a more integrated production base and market. Efforts include gender equality and women’s empowerment in transport and trade facilitation, capacity development, and legal and regulatory development outputs.

Gender mainstreaming in aid for trade policies and regulations has been relatively low, at 22% in Asia, and 30.3% in the Pacific. Further raising the gender equality focus of aid in trade policies and regulations is important, given that trade creates both winners and losers with potentially adverse consequences for women and other disadvantaged groups. Integrating gender in trade policies and strategies is particularly important in contexts where social norms could constrain women’s access to markets and/or finance. Overall, better gender mainstreaming of aid for trade policies and regulations can enable women’s economic rights and opportunities and contribute to making progress toward gender equality more broadly.

To translate gender equality aspirations into reality, mainstreaming gender in trade policies and regulations is necessary. In particular, this entails:

- accounting for how trade reforms may affect different productive sectors (i.e., recognizing that the impacts of trade vary across sectors and that women tend to be concentrated in certain sectors);
- having a thorough understanding of their overall and gender-differentiated impacts, and consequently making them responsive to gender considerations (i.e., the need to make trade policies and strategies adequately recognize that women and men face diverse challenges, have different skills and access

36 See https://www.tfafacility.org/ratifications for more information.
to productive resources, and are employed in specific occupations or tasks; as well as the need to consequently conduct ex ante gender impact assessments of trade measures to identify the potential differential impacts of trade measures on women and men, determine any necessary accompanying measures to mitigate existing disparities and/or avoid exacerbating gender inequalities, and design trade policies and strategies in a way that favors women’s empowerment and well-being [UNCTAD 2017b]);

- incorporating gender issues in the main body of trade agreements, advocating for the inclusion of gender-related provisions;
- having liberalization commitments effectively and adequately reflect the interests and concerns of women (particularly in the context of Pacific economies, the Pacific Agreement on Closer Economic Relations [PACER] Plus provides vital opportunities to make trade more inclusive [Box 3]);
- developing monitoring, evaluation, and accountability mechanisms in order to ascertain the impacts of trade reforms on gender equality over time and ensure that implementation strategies do not fall short of addressing gender structural inequalities as well as of budgetary allocations to effectively carry out these implementation strategies; and
- ensuring policy coherence between trade and other policies, such as labor market policies.37

Two essential elements are needed to achieve gender mainstreaming in trade policy making:

- widening consultative processes to include women’s perspectives in determining national priorities and formulating advocacy positions (voice and agency); and
- a conscious effort to increase the number of senior women around the negotiating table, in which capacity needs to be built within nations and regionally (UNCTAD 2016a).

Ultimately, a critical mass of female trade negotiators who can demonstrate women’s enhanced agency and voice are more likely to bring positions about gender-equitable outcomes of trade agreements to the negotiating table. In the Pacific, involving women and women’s groups in PACER Plus negotiations and ratification process would be vital to ensure their interests are represented and met.

Last, integrating and scaling up gender equality focus in other official development assistance (ODA) priority areas, besides AfT, is also essential. Development budgets for gender equality represent a small fraction of overall ODA, despite political commitments. Between 2009 and 2017, less than a fifth (19.8%) of total ODA disbursements in developing Asia (representing only 29.7% of total bilateral allocable aid) is targeted for gender equality. Moreover, out of the total aid screened for gender equality, only 35.1% is gender-targeted. The percentages are a little higher for the Pacific: over the same period, 33.5% of total ODA and 41.3% of total bilateral allocable aid are targeted for gender equality.

More importantly, support to social infrastructure and services sector programs specifically dedicated to gender equality and women’s empowerment as their principal objective remains consistently low. Over 2009–2017, funding for programs in this sector with gender equality and women’s empowerment as their main objective remained low, at 5.6% of total bilateral allocable aid in Asia and 6% in the Pacific. Overall, 58.8% of aid in social infrastructure and services in Asia and 42.5% in the Pacific remains gender blind. Notably, in social infrastructure and services that are highly relevant for women’s empowerment—including education, health, and employment policy and administrative management—aid dedicated to gender equality and women’s empowerment ranged between only 7%–19% in Asia overall and 3%–17% in the Pacific. Ultimately, because gender equality cuts across all areas of sustainable development, and not limited only to trade-related activities, strategically mainstreaming and focusing on gender in development interventions that attract higher financing can significantly boost volumes of gender-targeted aid.

37 In particular, incorporating labor provisions in trade agreements—especially on labor standards and workers’ rights—and ensuring that these work in synergy is vital to equally promote productive employment, decent work, and women’s empowerment.
Box 3: PACER Plus and Women’s Empowerment in the Pacific

The Pacific Agreement on Closer Economic Relations (PACER) Plus is a trade and economic integration agreement in the Pacific involving the 14 members of the Pacific Islands Forum, namely, Australia, the Cook Islands, the Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru, New Zealand, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. The negotiations were concluded on 20 April 2017. New Zealand has ratified the agreement in October 2018 and Australia, in December 2018. To date, only three of the aforementioned member countries (the Federated States of Micronesia, the Marshall Islands, and Palau) remain as non-signatories. The remaining nine signatories are currently undertaking the completion of their domestic procedures towards their eventual ratification of the Agreement.

The Agreement primarily covers specific chapters on trade in goods and services, investment, movement of natural persons, technical barriers to trade, rules of origin and verification procedures, customs procedures, and sanitary and phytosanitary measures. Under the Agreement, a separate arrangement also sets out a development and economic cooperation work program and commitments for broader trade-related assistance. Moreover, an arrangement on labor mobility provides a regional framework to build the Pacific’s labor supply and to access regional labor markets, including to Australia and New Zealand.

A key objective of the Agreement is “to support Pacific island countries (PICs) to become more active partners in, and benefit from, regional and global trade” toward creating greater opportunities for growth, long-term job creation, and increased living standards. While the Agreement does not explicitly contain a separate chapter on trade and gender, provisions contained under the Agreement and the related Arrangements are expected to contribute in advancing more gender-inclusive and gender-responsive trade policies and strategies in the region, primarily through enhancing women’s access to trade and markets, as well as facilitating labor mobility initiatives that support women’s empowerment. Ongoing development assistance programs are also aimed to ensure that the implementation of the Agreement will directly benefit women. For instance, Australia’s Department of Foreign Affairs and Trade (DFAT) is providing targeted support to the PACER Plus signatory PICs to streamline and harmonize trade procedures, including through the establishment of national and regional trade portals. This will help countries to meet their PACER Plus transparency obligations, which in turn, could benefit women and small and medium-sized enterprises. A study by United Nations Conference on Trade and Development (UNCTAD) on gender and trade aims to further inform this work.

As the study finds, the lack of transparency regarding the procedures necessary to run a business or participate in international trade tends to disproportionally affect small and medium-sized enterprises, many of which are managed or owned by women. Barriers that tend to affect women traders more than their male counterparts include corruption and harassment, high costs and time demands to fulfil documentary and border requirements, and to meet destination-market requirements. This is mainly due to underlying gender gaps including access to information, lack of education, limited access to productive resources, and time poverty, among others.

Key policy messages emerging from the UNCTAD study point to the need of ensuring a gender-responsive implementation of the PACER Plus through more targeted policies. Once the agreement enters into force, monitoring progresses on various elements—such as women’s employment in export sectors, women entrepreneurs’ participation in international trade, women’s familiarity with customs rules and procedures, and women’s awareness of requirements in PACER Plus destination markets for their products and services—could help in assessing whether the agreement is being implemented in a gender-responsive manner and whether it is contributing to overall efforts to improve Pacific women’s standing in economies and societies.

Further priorities such as closing the gender gap in access to information and communication technology, increasing the availability of gender-related data and statistics, and promoting women’s participation in the implementation of transparency provisions are identified as critical factors that contribute to enhance the beneficial impact of transparency on gender equality and women’s economic empowerment.

Source: UNCTAD. Forthcoming. International Trade, Transparency, and Gender Equality: The Case of the Pacific Agreement on Closer Economic Relations (PACER) Plus (funded by Australia and New Zealand under the PACER Plus Readiness Package).
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ANNEX
Gender Equality across the Sustainable Development Goals

Goal 1 recognizes that women’s equal access to and control over economic resources contribute not only to eliminating poverty but also to better education, nutrition, and health outcomes for children and other members of the household.

Goal 2 acknowledges that women play a critical role in food production, processing, and distribution but are more likely to be food insecure than men, and empowering them is essential for achieving the agricultural productivity and nutrition targets of SDG 2.

Goal 3 recognizes that gender differences in health outcomes are driven by biological differences and social determinants such as gender roles, access to resources, voice, and agency.

Goal 4 includes a comprehensive set of targets that moves beyond gender parity in education to focus on quality education, which has important gender-related implications for economic opportunity.

Goal 5 emphasizes that gender equality is central to all the SDGs. In particular, it espouses the elimination of all forms of discrimination and harmful practices and violence against all women and girls, the recognition of unpaid care work, equal opportunities in leadership roles, and access to sexual and reproductive health.

Goal 6 recognizes that women and girls play a central role in the provision, management, and safeguarding of household water and sanitation. Addressing water and sanitation needs of women benefits the health and well-being of entire communities.

Goal 7 acknowledges that as primary energy managers in households, women can play a powerful role in the successful transition to sustainable energy for all.

Goal 8 emphasizes that women’s access to decent work is an essential measure of inclusive and sustainable growth.
Goal 10 acknowledges that gender equality is crucially linked with overall equality in society, and reducing inequality is crucial for improving economic efficiency, productivity, and environmental sustainability.

Goal 11 recognizes that women have equal rights to the city and their safety in public spaces is crucial for sustainable urbanization.

Goal 12 acknowledges that unsustainable production and consumption patterns are gendered, including travel “choices” and their sustainability. Promoting more sustainable production practices, halting overexploitation of natural resources, and fostering innovations that support sustainability throughout the supply chains can impact women and girls in different ways.

Goal 13 recognizes that gender equality is critical to mitigate climate change impacts: Women’s inclusion in climate discussions leads to improved outcomes of climate-related projects and policies.

Goal 14 emphasizes that enabling women to have decision-making power in local fisheries leads to better resource-governance and conservation.

Goal 15 acknowledges that women and girls—particularly those from landless and land-poor households—are impacted by deforestation in their responsibilities to meet food and fuel needs. Further, it recognizes that women’s specific knowledge of and dependence on forests make them key contributors to forest conservation and regeneration.

Goal 16 highlights that women play a vital role in preventing conflict and forging and maintaining peace. By fully protecting women’s rights, peaceful and inclusive societies will be within reach.

Goal 17 recognizes that when countries lose resources from unrecorded capital flight, fewer resources are invested in essential services on which millions of women and girls depend. Goal 17 underlines that achieving SDGs requires an enabling environment and a stronger commitment to partnership and cooperation. Mobilizing sufficient resources will be critical for meeting the gender equality commitments of the 2030 Agenda.

SDG = Sustainable Development Goal.
Sources: ADB and UN Women (2018), and UN Women (2018).
Leveraging Trade for Women’s Economic Empowerment in the Pacific

This publication provides insights on how trade can be leveraged for greater economic empowerment of women in the Pacific. It includes an analysis of how gender mainstreaming in Aid for Trade interventions could catalyze greater donor support to help the region benefit from truly inclusive trade-driven growth. In the Pacific, the labor force participation gap between men and women has narrowed, but women there are still less likely to be in work than men. Women are also more likely to be working in low-paid, low-skilled jobs, or informal, vulnerable employment. To tap into the full potential of the female labor force and entrepreneurial potential, much more needs to be done.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—69 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.