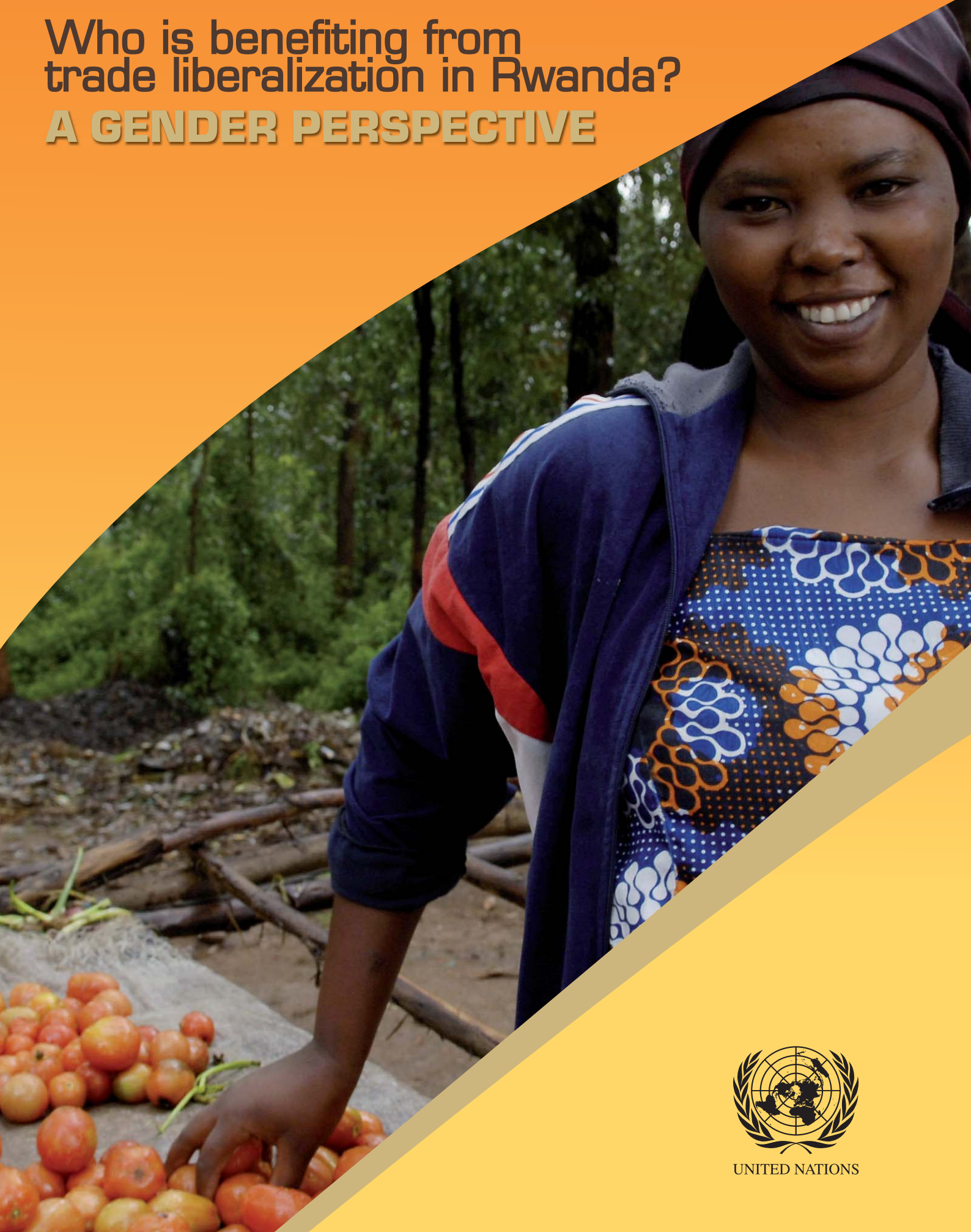


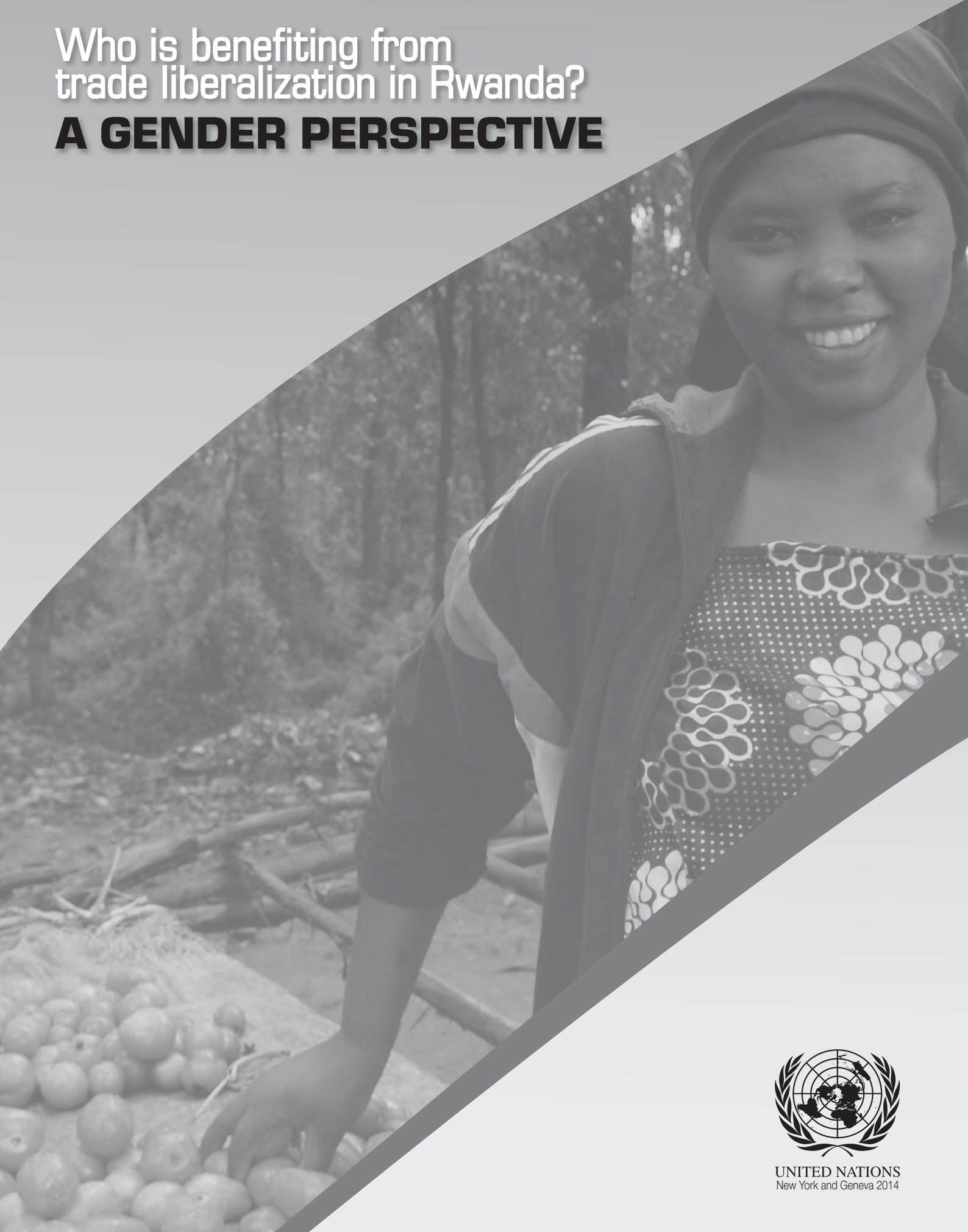


# Who is benefiting from trade liberalization in Rwanda? **A GENDER PERSPECTIVE**





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This study is part of UNCTAD's activities on trade, gender, and development carried out by the organization in accordance with its mandate. The Doha Mandate, resulting from the Thirteenth Ministerial Conference of the United Nations Conference on Trade and Development (UNCTAD XIII), held in Doha, Qatar from 21 to 26 April 2012, provides UNCTAD with a specific mandate on gender-related issues. Paragraph 56 calls on UNCTAD to "continue its work in the area of agriculture in the context of commodities to help developing countries achieve more sustainable and strengthened agricultural production, food security and export capacity. This work should take into account the needs of small-scale farmers, and empowerment of women and youths" (subparagraph (i)). Moreover, the Mandate states that "...UNCTAD should...reinforce its work on the links between gender equality, women's empowerment, and trade and development, without prejudice to other programmes" (subparagraph (n)). The Doha Mandate underlines the key role that gender equality and women's empowerment play in harnessing the potential for inclusive growth and development" (paragraph 51); and stresses that they are "among the goals which are essential to all countries to attain" (paragraph 8).

UNCTAD aims to contribute to the analysis of the linkages between trade policy and gender equality, and to the related international debate, by looking at specific country experiences. This study is one in a series of case studies that are being conducted by UNCTAD in seven developing and least- developed countries, namely Bhutan, Cape Verde, Lesotho, Angola, The Gambia, Rwanda, and Uruguay.

This study was prepared by an UNCTAD team including Irene Musselli and Filippo Gori, under the overall coordination of Simonetta Zarrilli, chief of the Trade, Gender and Development Section in the Division on International Trade in Goods and Services, and Commodities. The study benefited from insightful comments and suggestions provided by Lisa Borgatti, Elizabeth Jane Casabianca, Amata Diabate (on behalf of the UN Country Office in Rwanda), Murray Gibbs, Judith Kazaire (on behalf of the Ministry of Gender and Family Promotion of Rwanda), Maria Pia Lacarte, Armin Lalui, Mariangela Linoci, and David Rugamba Muhizi.

The information in this report has been gathered from various sources, including interviews with key players in the country. To this purpose, a fact-finding mission was carried out in Kigali, Rwanda in November 2013 by two UNCTAD staff members. The Rwanda Development Board (RDB) facilitated the in-country travel and arranged the interview schedule. Interviews were conducted with Emmanuel Hategeka, Permanent Secretary, Ministry of Trade and Industry; Robert Opirah, Director General of Trade and Investment, Ministry of Trade and Industry; Armin Lalui, Trade Economist, Ministry of Trade and Industry; Raphael Rurangwa, Director General, Strategic Planning and Programs Coordination Department, Ministry of Agriculture and Animal Resources; Rugamba Muhizi, Head, Manisha Dookhony, Senior Advisor, and Hussein Sall, Economic Analyst, Strategy and Competitiveness, RDB; Tony Nsanganira, Head, and Modeste Nkikabahizi, Senior Agribusiness Development Officer, Agriculture Development Department, RDB; Faustin Karasira, Head, Product Development and Planning, RDB; Vivian Kayitesi, Head, Investment Promotion and Implementation, RDB; Eusebe Muhikira, Agricultural Head, and Diane Sayinzoga, Manager, Trade and Manufacturing Department, RDB; Leonidas Gatete, Community and Cultural Tourism Officer, Tourism and Conservation, RDB; Immy Kamarade, President, Rwanda Chamber of Women Entrepreneurs; Mark Priestley, Country Director, Rwanda, Trade Mark East Africa; Sebahizi Prudence, National Coordinator, East African Civil Society Organizations Forum; Immaculee Habiyambere, Development Dynamics International; Ejid Mupenzi, Project Coordinator Pro-femmes; and Emelang Leteane, Social Affairs Officer, Economic Commission for Africa. Their invaluable input is gratefully acknowledged.

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## EXECUTIVE SUMMARY

Rwanda is a leading example of successful integration of gender considerations in all government programmes and laws, as well as in the main plans and strategies that form the country's development framework. In seeking to become a more prosperous and competitive nation, Rwanda has acknowledged the importance of women's participation and awarded special emphasis to gender equality. Through the institutionalization of gender equality and wide-ranging commitments to it taken at the highest levels of decision-making, Rwanda has made impressive advances in furthering the status of girls and women. In 2008, Rwanda became the first country in history to have more women members than men in its Parliament. In 2014, women held 63.8 per cent of the seats in the Lower House and 38.5 per cent in the Upper House. This makes Rwanda number one in the world in the political participation of women, superseding countries such as Sweden and Finland (Inter-Parliamentary Union 2014). In addition, while Rwanda has made impressive progress in educational attainment for its population in general, there has been particular progress for women: enrolment in primary education for girls in the relevant age group was 98 percent in 2012, higher than the boys' rate. The country has also made remarkable advances in health: maternal mortality dropped from 3,400 deaths per year in 2000 to 1,300 in 2013 (World Health Organization, Global Health Observatory).

There remains work to be done, however, particularly with regard to access to economic assets and resources (particularly for rural women) and security (gender-based violence). There is evidence that women, and rural women in particular, tend to be relatively disadvantaged in terms of de facto land ownership, access to supply-side services, and credit. For example, although women do most of the production work in the tea and coffee sector, only about 30 per cent of the family farms are reportedly owned and managed by women. Yet, it is important to acknowledge, several pieces of progressive legislation have significantly strengthened the de jure land rights of Rwandan women. Likewise, female-headed households are less likely than their male-headed counterparts to own durables – such as radios, mobile phones, and bicycles – that enhance the marketing capacity of farmers. Finally, as detailed in the study, rural women in Rwanda often lack the needed collateral to

secure credit, the ability to articulate a business plan, and the literacy skills required to navigate through the loan application process, all of which significantly hinder their ability to access credit, even government-backed credit. These gender-specific constraints result in significant competitive disadvantages and constrain women's ability to upgrade and scale up their operations.

It is also important to acknowledge gender-based cultural norms/mindset that still define men's and women's work, particularly in rural society, and that to some extent limit the reach and impact of "equalizing" legislation. Women, in particular, have the double burden of unpaid care and productive activities. This results in significant time shortages that constrain the ability of women to fully engage in income-generating activities.

Overall, these gender constraints continue to impinge on the ability of women to participate effectively in dynamic, commercially oriented activities. With specific reference to trade, the main finding from the study is that trade integration within the region and globally has not yet been able to reduce existing gender disparities in Rwanda. Rather, the tendency seems to be a growing polarization in terms of employment whereby women are increasingly segregated in the less-dynamic, contracting sectors (by and large, informal and non-tradable), while men engage in the expanding sectors.

Women could well benefit as much as men from the momentum that is slowly transforming Rwanda's economic structure from farming related activities to a high value-added service-based economy. But proactive measures are needed in this direction. Gender-based constraints need to be acknowledged and redressed by means of gender-specific and, as warranted, redistributive measures. To be effective, these measures should acknowledge the gender-differentiated effects of trade in more than one respect. Indeed, as discussed throughout the study, trade and trade policy tend to have discrete effects on women in all of the economic roles they play: as producers or wage-earners and traders; as consumers; as users of public services; and as taxpayers. Policymakers need to be cautious about the gender ramifications of trade in all these areas, and implement gender-specific and gender-redistributive measures as appropriate.

An important caveat is needed, at the very outset. The use of gender-disaggregated household data may introduce important biases in the analysis. These data are disaggregated by sex of the head of household (male and female heads of households). Comparisons of male- and female-headed households are then used for gender analysis. Biases are so introduced in the analysis since male- and female-headed households are not comparable, in most cases. This is due to the fact that households recorded as “female-headed” in Rwandan statistics are frequently single-parent households that face specific social and economic challenges. Male-headed households include all other households in which women are married to men. By comparing male- versus female-headed households, the analysis thus compares two-parent families and female-headed single-parent families. This explains, in particular, higher rates of poverty among female-headed households. This warrants some caution when interpreting the findings from the analysis, which makes extensive use of household data disaggregated by the sex of the head of household.

## **MAIN FINDINGS: DISTRIBUTIONAL OUTCOMES OF TRADE BY GENDER**

### ***Employment effects***

This report tries to gauge the gains female workers can obtain from exports and the potential losses they can suffer from imports. The analysis moves from the gender division of labour along tradable and non-tradable lines, as defined by the export/import orientation of a sector. Export orientation is calculated as the ratio between the value of exports of a sector and the share of total GDP coming from that sector's output. Likewise, the index of import exposure is calculated as the ratio between the value of imports in a sector and the share of total GDP coming from that sector's output. With a degree of approximation, the index of export orientation measures how much a sector benefits from external trade, while the index of import exposure measures the potential competition that domestically produced products face vis-à-vis imports in internal markets.

Based on this methodology, the analysis points to some gender biases in the gains from trade: in relative terms, sectors that tend to be more female-intensive (agriculture) are less export-oriented, and hence less likely to gain from trade than sectors that tend to be more male-intensive (such as the mining, manufacturing, and utilities industries). In particular:

- Agriculture employs the vast majority of women (8 out of 10), with a gender ratio of 61 per cent. The share of female workers that may possibly directly benefit from exports is represented mainly by the relatively small share of farmers involved in the cultivation of export cash crops – slightly higher than 11 per cent of rural households (male- and female-headed) when considering only tea and coffee.
- Sectors that tend to be more male-intensive (such as the mining, manufacturing, and utilities industries) tend to be more export-oriented, and hence more likely to benefit from external trade. Female work participation in manufacturing and mining (export-oriented) is close to negligible, as the sector employs less than 2 per cent of all active women.
- An exception is the services sector, which is to a large extent non-tradable, with limited direct effects of trade on employment. Yet, in the tradable segment, the bias is in favour of women: imported services focus mainly on transportation and freight (typically male-dominated); and exported services are oriented to tourism (business and leisure travel) where the presence of women is higher than that of men. Yet, the overall impact on women's welfare in Rwanda is limited: the tourism sector currently directly employs a nearly negligible number of female workers (13,600), corresponding to 0.5 per cent of active women).

### ***Consumption effects***

Rwandans in general, and women in particular, tend to be relatively insulated from fluctuations in international (that is, outside the East African Community – EAC) food prices because of a number of factors:

- Rwanda imports (from outside the EAC) only about 10 per cent of the food it consumes internally. Most imported foods are directed to Kigali; in rural areas, inhabited by the vast majority of Rwandans, local markets are supplied by small-scale subsistence farmers. This attenuates exposure to external price fluctuations.
  - It is estimated that outside Kigali, on average, 50 per cent of overall household income is represented by in-kind consumption (consumption of goods produced from within the household); for poorer households, the share is significantly higher. Heavy reliance on food produced for self-consumption reduces exposure to international price shocks.
-

- In Rwanda, the incidence of extreme poverty is significantly higher for female-headed households. This translates into higher reliance on subsistence activities and consumption in kind. Accordingly, poor rural women tend to be less vulnerable to international price spikes, though they also are less likely to reap the benefits of cheap food imports, as they mainly consume what they produce.

### **Revenue effects**

The sharp decline in central government receipts from import tariffs following intra-EAC tariff liberalization has been more than offset by the surge in direct and indirect taxes and net grants. It does not appear that tariff liberalization has translated into reduced public spending, which would have had negative repercussions, especially on women, who tend to use public services (e.g. public transport) more than men:

- The decrease in international trade revenue receipts from fiscal year 2008/09 to fiscal year 2009/10 was RWF 22.8 billion (0.7 per cent of 2009 GDP and 3.1 per cent of total receipts for the same year), corresponding to a 35 per cent decline (Rwanda Revenue Authority, 2010).
- The overall fiscal collection for the same period, however, rose from RWF 381 billion to RWF 395.5 billion, thanks to the surge in direct and indirect taxes and net grants (RWF +68 billion).
- Social spending has not been impaired. Available data, for example, show that resources channeled to health have not decreased; to the contrary, the relative share of public spending on health appears to have increased between 2008/09 and 2010/11.

## **MAIN POLICY RECOMMENDATIONS**

of agriculture. Policy interventions are needed to build a diversified, integrated, competitive, and dynamic rural economy that is also gender-sensitive and, overall, socially inclusive.

As regards staple food production:

- The government may wish to carefully consider in which direction its agricultural reform process is heading – whether towards a large-scale industrial model (which may pose specific challenges for rural women), or towards a more complex system that builds on knowledge-intensive, sustainable smallholder agriculture (more “gender-friendly”), or a combination of the two.
- For smallholder agriculture to be commercially viable, the key issue is to set up the right incentives in terms of support infrastructure and services as well as risk management. It is also imperative to tackle gender-specific obstacles that hinder women’s ability to improve their production and its quality, and to engage in agricultural activities with more value added.

Turning to cash crops for export:

- It is imperative to tackle gender-specific constraints that limit women’s ability to actively engage in dynamic, commercially oriented segments.
- Off-takers (buyers and local processing factories) may act as catalysts for the empowerment of rural women by structuring their procurement in a way that favours women farmers and by providing extension support, quality inputs, and finance.
- This “structured trade” may raise challenges such as dependency relationships between actors with different bargaining power, abuse of position by downstream actors, and difficulty of exit. This may invite a shift from bilateral contractual

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