FINANCING FOR GENDER EQUALITY IN COUNTRIES FACED WITH ECONOMIC PARTNERSHIP AGREEMENT

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Introduction

In order to fully appreciate the critical importance of finance for Gender equality, it is appropriate to place the concept of gender equality in context of the Millennium Development Goals (MDGS) declared by the United Nations in September 2000.

These set of goals and targets (numerical and quantifiable indicators to access progress) are planned to be achieved by 2015. They are also designed to promote sustainable development.

Of the eight MDG Goals, the most relevant to this paper are:

- Halving extreme poverty and hunger
- Promoting gender Equality
- Developing a global partnership for development with target for aid trade and debt relief.

Development economists especially feminist economists and other social observers have consistently argued that sustained development cannot be achieved in a world of increasing inequalities amongst and within nations aggravated by the current world trade arrangement and globalization. They are of the view that a situation where the poor nations are becoming poorer and the rich and privileged few within nations are becoming richer whereas majority of the national populations, mostly women are becoming poorer. Poverty is becoming glaringly feminized and pressure is being mounted globally by various interest groups for restructuring of the world trading organization (WTO), and agreements.

It is also argued that poverty and livelihoods needed to be at the core of trade negotiations.
They also called for renegotiation of the terms of trade in goods and services, particularly in agriculture that sees rich countries subsidies dismantled, tariffs lowered and even playing field created. Indeed, the MDGs have been variously described as "the international communities effort to set the terms of a globalization not solely driven by the interests of the strong but managed in the interest of the poor" (UNDP – Nigeria MDG progress Report 2003). As such, the MDG agenda has been widely adapted by the development community including all the UN departments, Funds and programmes, UNDP, IMF, the World Bank, and OECD in both the North and South.

Donors agencies are also realigning their support around the MDGs. Hence of the establishment of the Doha Development Agenda (DDA) with a progressive range of measures that are expected to be beneficial to poor countries.

Negotiations are in progress between the European Union (EU) and the regional groupings of countries in the African, Caribbean and the Pacific region (ACP) to establish Economic Partnership Agreement (EPA). There are 6 regions – West Africa (ECOWAS), Eastern and

Southern Africa (ESA), Southern Africa Development Community (SADC), Central Africa (CEMAC), The Caribbean and the Pacific.

This second and critical phase deal with the substantive negations and were expected to be concluded by 31st December 2007.The first phase was launched in Sept. 2002.
EPAs are essentially free trade Agreements between the EU and the ACP group – two vastly unequal partners. It is estimated that the 25 EU countries have combined GDP of $13,300billion and of the six ACP groups 39 of the countries are among the Worlds 50 least developed countries.

This paper sets out to examine the issues involved in the EPAs. What are the impacts and challenges for the ACP countries? How do the issues of globalization, world trade arrangement especially WTO and processes particularly the General Agreement on Trade and Services (GATS), Trade Related Investment Measures (TRIMS) and Trade Related aspects of Intellectual Property Rights (TRIPS) etc contribute to inequalities and feminization of poverty among and within nations? It is argued that the rules of trade and economics development are not geared to poverty eradication, protection of human rights, gender equity or sustainable development. How would EPAs processes bridge this gap at both the negotiation and implementation stages? How would financing for development be arranged?

Like all other International Agreements, Conventions and Declarations, effects of EPAs will not be gender neutral. Infact, they will impact men and women differently due to existing inequalities in access to jobs, resources, decision making and negative traditional practices.
Trade agreements affects individuals through their impact on prices, employment and production structures. Studies have shown that trade liberalization tend to increase employment opportunities for men and women (especially educated professional women) whereas the informal sector which is dominated by largely unskilled men and women continue to be marginalized and pushed further into poverty levels.

EU-ACP Economic Partnership Agreements (EPAs)
Economic Partnership Agreements (EPA) are essentially Free Trade Agreements involving reciprocal arrangement and concessions among parties thus leading to further liberalization.

Historically, EPAs are off shoots of the Lome 1-4 Agreement (1975-2000) and the Contonou Agreement of 2003. The latter is a framework trade aid and political cooperation treaty which replaced the previous Lome conventions and provides for a general set of privileged relations between the EU and the ACP countries in matters of market access technical assistance and other issues. The stated objective is to facilitate economic and political integration of the ACP countries into a liberalized world market over the next 20 years.

The Cotonou Agreements provide for the negotiation of WTO compatible and reciprocal economic partnership so that ACP-EU market access arrangement can be in force by January 1, 2008. The negotiations were to be carried out in two phases. The first phase at the pan ACP – EU level is to agree on principles and approaches to be adopted, the structure and the modalities of negotiation and cross cutting issues of common interest for the ACP. The second phase from September 2003 was to be negotiations on specific regional EPAs. Significally, EPAs are supposed to be a development tool and no country was supposed to be worse off that what it was before the EPA.

EPAs Principles and Objectives

EPA operates on four overriding principles namely reciprocity, regionalism and special treatment for least developed countries and WTO-compatibility. The major objectives of partnership is to reduce and eventually eradicate poverty while contributing to sustainable developments and to the gradual integration of ACP countries into the World Economy

- To strengthen integration between the ACP and EU
- To promote the economic liberalization of the ACP economies.
- To deepen ACP regional integration process.
- To increase access for European companies to ACP markets. (culled for EPA policy brief on Uganda 3 month to signing – A CSO contribution to the EPA Debate 2007.)

The scope of EPAs negotiation based on the Cotonou Agreement (Art 36-38) covers market access issues, Trade in services, Trade related areas, competition policy, protection of intellectual property rights, standardization and certification, agriculture and development. Possible challenges of Negotiations in each of the areas would be examined from gender equality perspectives.

The EU is insisting on fully reciprocal market access from ACP countries by January 2008. In addition, it wants commitment from these countries as well as timetables to agree to negotiate free trade rules and services, intellectual property rights and the Singapore issues (government procurement, trade facilities, investment etc).

A cursory review of the rules and regulations on competition, investment and government procurement indicate that even the decision to enter into EPAS was governed more by political consideration on the part of the ACP countries.

Challenges of EPAs and the Issue of Gender Equality

Given the brief profile of EPAs, it is clear that the issue of Gender equality and its implications for development has not been considered relevant either in the process of negotiation or its impact. Yet, when the challenges of EPAs are considered, this lack of awareness and commitment to gender also means that the goals of overall development through reduction and eradication of poverty may not be achieved even beyond 2015 if at all.

As stated inter-alia, globalization and world trading arrangement as driven by WTO is heavily skewed against women. Studies have shown that global economics and trade policies are gender neutral. It is stated “Women comprise 70% or the world’s 1.3 billion absolute poor. Worldwide, they bear the brunt of transition and crisis caused by market forces and globalization. Yet women issues are not considered in trade liberalization, policy making and analysis. The failure of government and intergovernmental organizations to formulate and evaluate trade policies from a gender perspective has exacerbated women’s economic inequity” (WEDO PRIMER 1999).

Furthermore, governments, through WTO and its various agreements are eroding women’s right to equitable development as established by CEDAW and other positive Declarations such as the 1995 Beijing Declaration and Platform for Action.

What are the challenges in the EPAS negotiation?
Examined first from the supply side, what are the issues of a reciprocal trade relationship with the developed economies such as the EU?

It is recalled that the WTO, General Agreement on Trade and Services (GATS) stipulates a level playing field in the provision of services (these include Banking, tourism, information and communication services, transportation, health delivery retail services etc).Unmitigated liberalization has the effect of reducing the ability of governments to regulate their economies. EPAs will effectively remove the mechanism by which governments and communities can potentially protect and strengthen the poor and under privileged – mostly women.

In the area of trade, there are many infrastructural constraints on the supply side for the ACP countries, particularly in the African Region. These include lack of provision of affordable basic service such as education, public utilities particularly electricity, public transportations, fuel which are handled by organized private sectors in developed economies but are considered as governments responsibility and not something to be left to market forces in many African countries. These countries poor infrastructures constitute basic constraints and pushes up production costs to the level that they cannot simply compete with developed economies like the EU in a reciprocal relationship / partnership. As each round of negotiation gets underway entailing further liberalization, EPA with EU may become counter productive for the poorer countries.

Significantly, previous Lome Agreements (Lome 1-4) recognizing the vast economic differences between the EU and ACP countries had non-reciprocal trading relationship. Therefore ACP countries could protect their markets from EU imports while ACP exports had better access to EU, but with EPA rules of reciprocity and WTO - compatibility, a deeper market opening to EU products is required. This gives clear advantages to the EU over the ACP especially in the area of agricultural goods. The European farmers invariably are heavily subsidized, better organized with relatively easy access to cheap and affordable credit (favourable lending rates of between 2-4.5% as against about 14-15% or more faced by Nigerian producers and many ACP countries). EU producers also operate on superior road networks, well organized marketing system, complemented by other infrastructures including those relating to standardization. They are therefore more competitive than their ACP counterparts.

Although there is no clearly defined conceptual nexus between trade and gender, it is true that women in the ACP predominate in those sectors most affected by trade liberalization. About 70% of female labour force in developing economies is engaged in small holder agriculture – small scale farming, cultivation of food crops domestic livestock. In the organized sectors labour force participation, they occupy the lowest rung of production. Their position is precarious, unprotected and low paid. “The indirect impacts of EPAs on women will also depend on access to public services and food security, women must be supported as worker but also as service users “(Glenys Kinnock July 2007)

Opening up women service providers to unfair competition by foreign services providers even in sectors such as human services, education, medical health, information and communication tend to adversely affect their livelihoods and standard of living.
“Any EPA-related reduction in governments subsidies to social services will have an immense impact on women’s lives not only will they have to pick up those services not delivered by the state, a reduction in medical services has a devastating effect on women’s health, maternal

health and child mortality rates as women revert to traditional healers, birth attendants for maternity care. – This was the experience in Nigeria at the height of the IMF induced Structural Adjustment Programme in the 1980s.

Apart from agriculture, other aspects of the structural constraints on the supply side are the issues of human capital and good governance for which many of the ACP countries are rated very low. These are complimentary elements that are required for countries to benefit from liberal trade policies. Compared to the EU, there is limited management skills, low vocationally trained workforce and formal education that are not necessarily tailored to market needs, consequently in the context of free trade of goods and services underpinned by the principle of reciprocity and WTO compatibility, the ACP countries are greatly disadvantaged.

Besides, compliance with the rules and regulations of the WTO, EPAs is relatively easier for the EU countries given the superior quality of their public institutions. For most ACP countries are characterized by unstable, inappropriate legal and regulatory framework, aggravated by high levels of corruption. All these have debilitating effect on development. The central issue is that EPAs will remain very favourable to EU as long as the liberalization deepens into the services, investment and procurement sectors in particular. The principles of the current EU-ACP EPAs imply a fundamental restructuring of the political and economic relations between the two groups.

Thus, aid for trade will remain important even if private capital flow and direct investment continue to increase. Developed countries need to be sensitized to appreciate the impact of these agreements on poverty levels and indirectly on women in developing countries. Studies have shown that trade policy enforcement mechanism is tilted in favour of rich countries that can afford teams of expensive lawyers well versed in international trade laws and accounting and auditing firms – mostly multinationals who can negotiate agreement to their own advantage.

Indeed, the rules are designed such that no local service provider can effectively compete for government contract without the help or partnership of multinationals. In their submission to prove that trade in services is ensuring under development, a network of NGOs (Devnet Nigeria) argued that “Estimated 70 -90% of World Bank, USAID and DFID contracts are executed by foreign consultancies using rules that explicitly eliminate the best local expertise and service providers” (Globalization Review, 2005)

What then are the gains of EU – ACP, EPA given the existing WTO Trade Related Investment Measures (TRIM)? Which advocates for liberalization of investment, according equal treatment to local foreign investors?

Under the WTO Doha development Agenda (2001), developed countries including EU countries committed to other LDCs full duty free and quota free market access. For those countries, which could not offer full market access, but for cogent reason acceptable to WTO offer 97% market access.

The objective was to place more emphasis on the development implications of future trade agreement. In reality, EU countries maintain protective policies in areas of greatest concern to less developed countries. For example in agriculture, farmers are still heavily subsidized and as argued above, African farmers particularly women are disadvantaged by this arrangement. Same could be said for textiles and apparel sectors where women labours predominate. Many

textile-manufacturing industries have been closed down unable to compete with imported materials. The attendant job loss affected mainly women workers.

Ghana and Nigeria can export their Cocoa beans duty free to Europe but must pay more than 25% tariffs on processed chocolates – thus "food processing is shifted to Europe leaving Ghana bereft of the manufacturing base to escape from poverty".

Nigeria's Petrol and Gas sectors can be placed in similar position. Crude petroleum is exported while refined petroleum is imported and sold to domestic consumers at relatively high cost albeit heavily subsidized. Nigeria is thus deprived of the benefit of employment, transfer of technology, while domestic consumers experience high cost of domestic fuel and revenue loss by the government.

Meanwhile, there is the unquantifiable environmental and livelihood cost to the people of the Niger Delta (where the crude is derived), again it is the women who bear the brunt.

Given the points made above on trade in services why should ACP and particularly Africa negotiate a reciprocal trade agreement with EU who are also members and signatories of the WTO? In the final analysis, the decision to negotiate by the ACP countries was governed more by political consideration blinded by the need to attract foreign investment and economic aids.

Financial Cost of EPAs – The Demand Side Constraints

ACP countries are not unaware of the negative impact on their national economics and development strategies of reciprocal free trade arrangement as envisaged by EU/ACP EPAs. Many of them do not have the "capacity to liberalize in parallel and concurrently with the EU". They have therefore demanded that the implementation of tariff dismantlement should be linked to the attainment of certain development indicators.

One of the main advantages of service sector liberalization is the expected increased earnings from service exports. But as noted above, given the dominance of international conglomerates in the sector, gains to poor countries on account of service export is minimal. For example Tourism has only succeeded in employment opportunities at the lowest level – (in the Hotels and Airlines local investors could hardly compete and employees tend to prefer the foreign employers) women are employed mainly as waiters, cleaners etc. In the process, female youths are increasingly into the sex trade which the government cannot control as it contravenes the rules of liberalism and less government.

A potential export earner is that of unskilled labour – domestic workers etc who could send remittances back home but, such movement is still highly restricted and migrants tend to work under very harsh conditions with no rights whatsoever.

Incoming investment is also expected to boost resources but the terms usually extracted from governments who are anxious to promote investment sometimes have the effect of locking out domestic investors in the poor countries, apart from weak linkages with the local economies. The 'non-discrimination' investment policy also implies that ACP countries are prevented from

using investment policies to build up national industries (e.g. limits to ownership, insistence on joint ventures, indigenization, local employment etc.).

Many ACP countries depend upon import duties for as much as one third of their national revenues. EPAs will certainly cause a decline in government revenues for those countries ranging from an estimated 10% for Ghana and Senegal to over 19.8% for Cape Verde and 21.9% for the Gambia. Such large losses undermine budgetary allocation to finance key areas as education, health and poverty alleviation measures, precisely the areas where mostly women and other vulnerable groups welfare are addressed.

The likelihood of EPAs to encourage and attract Development Aid Funds especially to finance the supply side constraints appear elusive, hence the call for more policy space in exchange for market access. The EU has made it clear that available development funds will be directed primarily at supporting EPA related needs. The EU Aid for trade strategy is to support wider Aid for Trade agenda proportionate to increase in official development assistance.

Conclusions

It is clear from the foregoing that the EU – ACP EPAs currently being negotiated would give an unfair advantage to EU and undermine the capability of ACP countries to pursue appropriate development policies. Issue of development must be central to address the numerous identified supply side constraints that is currently hindering effective trade development in the ACP countries.

Besides faced with EPAs, the possibility of achieving the MDG goals especially in the area of poverty reduction and gender equality appears far fetched. No doubt most of the ACP countries need policy space to be able to promote domestic growth, regulate investment and support a competitive environment while increasing export especially of its traditional goods and services.

Impact assessment studies so far conducted indicate that some of the objectives of EPA especially as they relate to gradual integration of the ACP countries into the world economy and to deepen ACP regional integration process can be achieved in the context of WTO without signing EPAs.

Various NGOs groups are springing up all over the ACP countries to oppose the idea of EPAs in its present form and have come up with concrete reform measures. Invariably, all seems to oppose EPA rules on competition, investment and government procurement.
Financing for gender equality requires a review of current rules and regulation of EPAs

As at 31st December 2007 deadline, many of the regional groups such as ECOWAS countries have not signed the EU EPAs agreement. Indeed, Nigeria recently set up a committee to review the terms of EPA while Eastern and Southern Africa are not united on whether to sign. The Pacific countries had their reservations especially in respect of services, intellectual property rights and investment. The Caribbean States had indicated they might sign by November 2007. It also requires that gender issues be mainstreamed into all trade related sectors including the

training of negotiators. EPAs negotiation is currently the preserve of technical experts many of whom has no gender perspectives.

The way forward is that stakeholders including civil society groups, particularly women groups must be part of any bilateral and multi -lateral trade agreements in terms of participating in the process and the debates on the content of EPAs. In this regard, capacity of all stakeholders should be enhanced through systematic training in gender analysis and advocacy to enable them participate effectively in trade commitment at local, regional and international levels. The EPAs has proved that gender issues must be integrated in any policy that affects livelihood.

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This paper has also benefited from the papers presented and the discussions on the EU- ACP Economic Partnership Agreement at the Africa Wide Civil Society meeting organized by TWN Africa / Africa Trade Network held in Accra Ghana, 24 –26 Nov. 2007.