



GENDER ANALYSIS OF THE EU AA/DCFTAS WITH GEORGIA, MOLDOVA AND UKRAINE

FINAL REPORT

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Abbreviations and acronyms

AA	Association Agreement
ADB	Asian Development Bank
DCFTA	Deep and Comprehensive Free Trade Area
CEDAW	Convention of the Elimination of All Forms of Discrimination Against Women
CIS	Commonwealth of Independent States
EaP	Eastern Partnership
EU	European Union
EEU	Eurasian Economic Union
ENP	European Neighbourhood Policy
FAO	Food and Agriculture Organization of the United Nations
FTA	Free Trade Agreement
HRBA	Human Rights-Based Approach
GDP	Gross Domestic Product
GRB	Gender-Responsive Budgeting
GSP+	General System of Preferences +
ICT	Information and Communication Technology
IDPs	Internally Displaced Persons
ILO	International Labour Organisation
IT	Information Technology
MFN	Most Favoured Nation
OECD	Organisation for Economic Cooperation and Development
QI	Quality Infrastructure (the set of institutions, services and facilities that underpin the implementation of Sanitary and Phytosanitary and Technical Regulations/Standards (accreditation, certification, surveillance, testing and conformity assessment)).
RIA	Regulatory Impact Assessment
Sida	Swedish International Development Cooperation Agency
SPS	Sanitary and Phytosanitary regulations and measures (see Footnote 1)
SME	Small and Medium-sized Enterprises
TBT	Technical Barriers to Trade (technical regulations and measures – see Footnote 1)
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNHCR	United Nations High Commissioner for Refugees
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USSR	Union of Soviet Socialist Republics
WEF	World Economic Forum
WTO	World Trade Organisation

Executive Summary

Objectives of this report

This study was conducted with the following two objectives:

1. To analyse how women and men, respectively, in Georgia, Moldova and Ukraine are likely to be affected by the implementation of the AA/DCFTAs.
2. To provide recommendations for Sida on possible actions to minimise gender inequalities arising from the AA/DCFTAs, and to maximise the benefits.

Key Trade-and-Gender Findings and Conclusions

In recent years, trade-and-gender analysis has tended to focus on 4-5 sets of interrelated impacts: production/employment, supply-side, consumption, revenue and regulatory effects. This report used that approach for the country analyses.

Drivers of change

This study of the AA/DCFTAs found that the key short-term (1-4 year) drivers for maximising the benefits and minimising inequalities are **reforms** (e.g., the approximation agenda) and **access to resources** affecting producers' ability to capture market opportunities in a timely fashion (land, skills, finance, technology, equipment, inputs, infrastructure, market information, etc.). Therefore, the issues covered under supply-side and regulatory effects throughout this report are particularly important in terms of short- and medium-term attention (1-5 years). If these drivers of change lag, the benefits will too, and inequalities may deepen.

Longer-term (4-10-year) drivers for both maximising and consolidating the benefits and mitigating the negative impacts of market opening include **sectoral resource reallocations** (including labour mobility) in response to adjustment, societal attitudes on equality issues, and international pressure to comply with conventions and other agreements on equality and anti-discrimination. Production/employment, consumption, revenue and regulatory effects all have long-term implications, and need to be managed carefully and proactively from the beginning in order to identify and deal with social costs, sectoral adjustment dynamics and gender inequalities (Hence there is an overlap in timeframes).

Gender equality

The three countries have improved their overall gender equality ratings in the past five years, including in areas linked to business and trade development. However, some indicators have stalled due to the economic slowdown and the continuing vertical and horizontal segregation of labour markets. The AA/DCFTAs contain specific timetables for addressing a variety of inequalities and strengthening labour rights for women and vulnerable groups. With appropriate advocacy and support (including tackling entrenched societal attitudes), these measures could eventually translate into income gains, and reduce wage gaps and other inequalities.

Potential beneficial impacts of the AA/DCFTAs

The main beneficial impact of the AA/DCFTAs will come from the implementation of the wide-ranging approximation/harmonisation agenda. The process (much of which is to be

completed in 5 years, with up to 15 years for more complex matters) will produce far-reaching changes in governance, transparency, sanitary and phytosanitary requirements, technical regulations and standards, intellectual property rights, trade facilitation and customs, competition, consumer protection, government procurement, labour and human rights, etc. Instituting international standards, norms and good practices will enhance competitiveness and improve export prospects, both to the EU and to other markets. Overall, there should be cascading effects in terms of better food and product safety, innovation, a more level playing field, greater competition and eventually, higher wages, lower prices and better quality of life.

In all three countries, the main export growth prospects arising from the EU market-opening are likely to be in various agrifood sectors, textiles/clothing, metals, niche machinery and electrical equipment, some chemicals products, and services. In all three countries, women make up a majority of the employees in the textiles/apparel segment and a large share of employees in agriculture, food processing, electrical equipment, and diverse service sectors. Export growth could enhance employment in specific segments and encourage new investment in niche areas. Women with the necessary skills should benefit from this.

SMEs are likely to benefit the most from the DCFTAs, though they will also face formidable challenges. Surveys show that female-owned and/or managed SMEs tend to perform better and employ proportionally more women. If inequalities (see below) can be overcome, women entrepreneurs could be well placed to take advantage of DCFTA-related opportunities.

The business-enabling environment has a strong influence on entrepreneurship, and thus on employment, economic growth and poverty reduction. It is closely related to rule of law and governance. According to a variety of international rankings in 2014-15, while skills shortages were Georgian business people's biggest challenge, corruption was the key issue in Moldova and Ukraine. And while 'trading across borders' was relatively easy in Moldova, it was relatively difficult in Georgia and Ukraine. Getting credit and construction permits was easier in Georgia than in Moldova and Ukraine. All three faced challenges in getting reliable electricity and access to quality infrastructure (the combined sanitary/phytosanitary, technical regulations, standards, metrology, etc, compliance-related system)¹.

¹ The three countries are being encouraged, since joining the WTO, to switch progressively from the standards used in the CIS region to international standards, and under the DCFTA, to EU standards and norms which tend to be in line with international standards. Compliance is imperative for taking advantage of trade opportunities. **SPS/TBT/Quality Infrastructure refers primarily to** the system for implementing, enforcing and certifying compliance with (1) sanitary and phytosanitary (SPS) food safety, hygiene, traceability, etc, requirements (in line with the WTO SPS Agreement), and (2) technical standards applying to processed and manufactured items, including production processes, safety, composition, metrology, labelling, packaging, etc. (TBT is the generic term in trade circles for technical standards and related measures governed by the WTO Agreement on Technical Barriers to Trade.) Quality infrastructure is the set of institutions, services and facilities that underpin the implementation of Sanitary and Phytosanitary and Technical Regulations/Standards (accreditation, certification, surveillance, testing and conformity assessment).

The informal sector is considered to be rather substantial in all three countries. Full implementation of the AA/DCFTA approximation agenda, WTO agreements and related cooperation activities should benefit formalisation, with flow-on impacts on wages, taxes, social coverage, etc.

DCFTA impacts that may worsen gender inequalities

A number of sectors will face challenges from the cost of implementing more rigorous quality requirements and from stiffer import competition due to tariff reductions. These include some food and apparel segments, vehicles, machinery and equipment (including industrial intermediates), some chemicals, plastics, building materials, and a variety of consumer items. Certain low-skilled male-dominated industrial segments may face more reallocation pressures, and certain female-dominated sectors (e.g., apparel) may face competitive pressures that could affect labour rights and pay.

For all three countries, 3-5% of the labour force may have to change sector of employment. Skills shortages and a mismatch between education and labour market needs could inhibit mobility and structural transition, and thus delay the timing and scale of expected gains from the DCFTAs and exacerbate inequalities.

Combined with the fallout from regional conflicts, these competitive and compliance pressures may accelerate the adjustment process, intensifying social costs and inequalities. For example, analyses indicate that some food prices will rise in all three countries. While the hikes are expected to be small, poor households, especially female-headed ones, would be disproportionately affected due to the large share of food in their budgets. Tariff cuts and stiffer import competition may lower prices for apparel and other consumer items, partially compensating for food (and possibly medicine) price hikes.

The process of reforming economies and adjusting to EU norms will have some heavy short-term financial costs, both for governments and businesses. Governments may be hard-pressed to find enough extra funds to implement the extensive approximation agendas and other wide-ranging reforms; develop quality and other infrastructure; deal with social costs as sectoral restructuring occurs (re-training, social cushions, credit facilities, etc); and manage the consequences of regional conflicts (negative impacts on trade, investment, migration, remittances, employment, foreign exchange, politics, etc). These financial pressures could have an impact on competing priorities, including social spending.

Businesses will have to secure the funding, equipment and expertise to upgrade their facilities and production practices to meet EU quality standards and to develop market opportunities. SMEs will need the most help to take advantage of the DCFTAs, and women entrepreneurs will need more assistance than men, because they face unequal challenges in almost every area (access to land, credit, basic and quality infrastructure, market information, technology, skills, technical support, business networks, and reliable infrastructure). If women are not prioritised in assistance, they could well be left behind where stronger competitive pressures would make it even harder to advance.

Conflicts in the region have resulted in particularly vulnerable groups, such as women IDPs

and other people (mainly men), who are not likely to benefit directly from the DCFTAs until the conflict situations have de-escalated. In Georgia, IDPs from the 2008 conflict have less access to formal employment than the local population due to marginalisation, and lack of information and networks. In Moldova, the breakaway region of Transnistria, which contains most of Moldova's industrial infrastructure, has the particular challenge of organized crime including human trafficking with trade and economic implications. The conflict in eastern and southern Ukraine has produced 1,5 million IDPs of which 66% are women and 23% are of working age; they are struggling to access employment. Due to the effects of the conflicts with Russia, a large number of professionals in Ukraine have left the country in search of better job opportunities. This, combined with trade embargos with Russia, disputes over gas supplies and damaged infrastructure, has had a significant effect on the Ukrainian economy.

Main Trade-and-Gender Recommendations

The recommendations are organised to reflect the main drivers of change, the areas where supportive or remedial action ostensibly could have the most impact over the short, medium and longer terms. They address Sweden's regional and international development assistance priorities. Overall, they are complementary and interrelated. Actions to 'maximise the benefits' can help to 'minimise gender inequalities', and vice-versa, provided gender aspects are addressed systematically. Not all recommendations apply to all three countries; some are already receiving assistance in specific areas (see Annex 8 – Donor Activities). For the full list of recommendations, see Chapter 3.

Approximation agenda and related reforms (2016-2020)

- Provide constant encouragement, support and monitoring of the implementation of the approximation agenda to 2020 and beyond. Establish effective donor coordination and division of labour to ensure that the governments' priority action plans are implemented in a timely, result-oriented manner. Encourage use of consistent gender-relevant methodology, including in regulatory impact assessments (RIAs) and in monitoring mechanisms. Managing expectations and raising awareness of opportunities and risks will be important in delivering the desired outcomes.
- Support governments to fully implement the AA/DCFTA anti-discrimination and gender equality legislative reform agenda. This will provide the legal underpinnings for implementation of the norms and good practices set out in international conventions and agreements and will support all trade-related gender efforts.
- Help institutions responsible for AA/DCFTA implementation develop and implement gender action plans. Ensure that these address legal and regulatory issues affecting women's access to land, credit, finance, labour rights, etc, and women farmers' rights regarding their savings, financial assets and access to social protection.
- Build capacity in trade agencies to monitor, advocate and support gender-aware policies and measures. This should include gender impact assessments in trade-related policy-making and in prefeasibility studies for bilateral and regional trade agreements.
- Identify and address gaps in each country's SPS/TBT roll-out under WTO and EU

agreements and support the respective governments and businesses in adapting to the new requirements and business processes. (*See Footnote 1 above.*) New programmes should include specific indicators for SPS/TBT support for female-owned businesses and for actors facilitating women's engagement in trade issues.

- Support governments in implementing the AA/DCFTAs (and WTO commitments) to improve services sector regulation. The services sector offers ample opportunity for expansion of employment and entrepreneurship, and it is an important enabler for greater value addition and productivity in all areas of the economy.
- As part of the roll-out of the WTO Trade Facilitation Agreement (also covered under the DCFTA), encourage the relevant customs and border authorities to address gender inequalities in border trade and in administrative and customs procedures. These inequalities and options for dealing with them are well documented.
- Enhance the capacity of civil society organisations to monitor the implementation of the AA/DCFTAs and to hold government and the EU accountable for their commitments on gender equality. Help establish gender-inclusive consultation mechanisms, ensuring that women's groups have equal opportunity to provide regular input into government policymaking and into trade agreement negotiations.
- Extend to Georgia Sida's support (in particular to Ministries of Finance) on gender-responsive budgeting. (Moldova is already receiving assistance from Austria.) This will help governments base public expenditure and tax decisions on a sound understanding of the gender implications.

Structural adjustment (2016-2025)

- Support awareness-building on the diverse opportunities and risks for women and men under the DCFTA and options for managing them. Target relevant central and local governments, civil society, farm groups, and industry associations.
- Support business organisations in advocacy to improve the business environment. Each country has different needs in this context, though land issues, credit, basic infrastructure, quality infrastructure and skills mismatches – and their associated gender-related constraints - appear to be common elements in all three. Tax and spending policies conducive to business and employment development also need attention.
- Develop comprehensive, well-designed interventions to facilitate women's and men's mobility across sectors and occupations. These should include a focus on skills-building, training/re-training and entrepreneurship. Support targeted training and skills-development for women, including unemployed women/girls, in computers, IT, financial literacy, and other areas where knowledge and skills are needed to enter the employment market or advance in existing jobs.
- Support national and local governments and secondary, tertiary and vocational

education institutions to develop systematic, permanent consultation mechanisms with businesses in all sectors of the economy, with the aim of meeting evolving skills needs.

- Support gender-appropriate agricultural and industrial extension services that will help farmers and SMEs improve their competitiveness. Such services should also help small farmers (female and male) secure access to water, irrigation systems, modern farming equipment, technology, credit, markets, quality and basic infrastructure, and market information.
- Support SMEs owned or managed by women to improve their competitiveness by capacity building on entrepreneurship, management, finance, law, IT and export readiness, including compliance with SPS and technical standards.
- Support the establishment and implementation of trade-oriented women's business networks, including women-to-women mentoring facilities and activities to help women join domestic and international value chains.

Mitigation of social costs related to the DCFTA (2016-2020)

- Support those who will be most affected by the 'social costs' of trade liberalisation (e.g., female-headed households and people in industrial and farming activities that may face substantial adjustment costs).
- Support governments and/or civil society organisations in monitoring the prices and availability of food and other basic consumables at the local level in order to determine the effects of the DCFTA on poor households. This information will be useful in devising targeted interventions and policy options.
- Assist governments to assess what tax and social policy measures might alleviate the social costs of readjustment.
- Evaluate the extent to which the implementation of AA/DCFTA commitments on competition policy, consumer protection policy, distribution policy/systems, tax policy, labour policy, etc, can mitigate the social costs of market opening. The AA/DCFTA implementation agenda provides a basis for monitoring to which gender-related indicators can be added.

Reduction of gender inequalities (ongoing)

- Assist governments and civil society to develop the information necessary to assess and address gender inequalities. Ensure that support to state statistical offices covers trade-and-gender statistics collection, including through specific questions in household and business surveys, and specific indicators to monitor trade-related impacts over time.
- Address entrenched stereotypes regarding what courses of study girls should pursue, what types of careers they should envision, and what types of jobs they should occupy. Develop awareness-building programmes and indicators to promote more equitable sharing of unpaid care responsibilities between women and men.

- Address women's labour rights and wage issues, particularly in industry and services sectors where the biggest - and most varying - gaps appear to occur. The AA/DCFTA approximation agenda offers a comprehensive approach in terms of legislative action and enforcement of international conventions, including on gender and anti-discrimination. It will be important to monitor this process, improve collection of sex-disaggregated statistics on employment and wages, and support women's groups in advocating their interests.
- Projects for farmers should include special measures to protect women's own savings and financial assets and ensure assistance for women in claiming fair remuneration of their contribution to family businesses (both own income and pension).

To sum up, action on these recommendations would respond to all of the priorities in Results Areas 1 and 2 of the 'Results Strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey 2014–2020' and to many of the priorities listed in the 'Action Plan for Feminist Foreign Policy 2015-2018'.

In particular, such action would:

- Enhance economic integration with the EU through implementation of the AA/DCFTAs;
- Improve SME competitiveness, with an emphasis on equal opportunities and conditions for women and men;
- Strengthen national institutions and governance;
- Reinforce gender mainstreaming, making it more pragmatic and effective; and
- Address key trade-related gender inequalities, with the aim of allowing women to take equal advantage of the opportunities emerging from the DCFTAs.

1. Introduction

The Eastern Partnership (EaP), initiated by the European Union (EU) in 2009, is the political framework for relations between the EU and the six partner countries in Eastern Europe (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). Under this framework, on 27 June 2014, the EU signed Association Agreements, including Deep and Comprehensive Free Trade Areas (AA/DCFTAs), with Georgia, Moldova and Ukraine. The AA/DCFTAs aim to pave the way for deepened cooperation with EU institutions, adaptation to the common EU legal framework (the *acquis communautaire*), greater access to the EU internal market, a broader exchange of knowledge, ideas and experience, and eventually more flexible mobility.

This study will analyse how women and men, respectively, in Georgia, Moldova and Ukraine are likely to be affected by the implementation of the AA/DCFTAs and provide recommendations for Sida on possible actions to minimise gender inequalities arising from the AA/DCFTAs and to maximise the benefits.

This gender impact assessment of the AA/DCFTA's is based on a need for deeper understanding of the effects of the trade agreements on women and men and is based on international, European and Swedish policies and plans.

1.1 RATIONALE

Core international human rights conventions, such as the Convention of the Elimination of all forms of Discrimination against Women (CEDAW) ratified by 189 states, requires State parties to eliminate all discrimination against women in economic life (Art 13) and in education and employment (Art. 10).

Gender equality is not only a fundamental matter of human rights – but it is also smart economics. If women, who account for half the world's working-age population, do not achieve their full economic potential and contribute to the economy, there will be significant negative effects on the national and global economy. A report released by McKinsey Global Institute in 2015 concluded that a “best in region” scenario in which all countries match the rate of gender improvement of the fastest-improving country in their region, could add as much as \$12 trillion, or 11%, to annual 2025 GDP.² Gender equality can only be achieved if all social, economic and legal barriers to women's and girls' empowerment are removed.

The EU Action Plan for Gender Equality and Women's Empowerment in Development 2010-2015 is coming to an end and will be replaced with the Framework for Gender Equality and Women's Empowerment: *Transforming the Lives of Girls and Women through EU External Relations (2016-2020)*. This new Framework covers the EU's activities in developing, 'En-

² McKinsey Global Institute (2015), *The power of parity: How advancing women's equality can add \$12 trillion to global growth*, available at http://www.mckinsey.com/insights/growth/how_advancing_womens_equality_can_add_12_trillion_to_global_growth

largement' and 'Neighbourhood' countries, including those in fragile, conflict and emergency situations. Pillar Two of the Framework, “Promoting the social and economic rights / empowerment of girls and women”, will be a guiding standard for all EU external actions related to economic development, including trade agreements. The Framework establishes that gender analysis should be done systematically for all new external activities, a feature that was not part of the previous Action Plan.³

The proposed Swedish aid budget for 2016 and the various strategies that govern Sida’s work confirm gender equality as a priority for bilateral, regional, and multilateral cooperation.

The “Swedish Foreign Service action plan for feminist foreign policy 2015–2018” aims for concrete results that enhance both gender equality and the full enjoyment of human rights by all women and girls. Among the focus areas for 2016 is “Strengthen the economic empowerment of women and girls and their access to economic resources, including through productive employment and decent work”. This commits the Foreign Service to:

“...ensure that measures contributing to the positive impact of trade on women’s economic empowerment will be identified, analysed and sought. As part of these efforts, the Foreign Service will push for a gender mainstreaming requirement for sustainability assessments in connection with multilateral trade agreement negotiations and thereby the inclusion of impact assessments of these agreements in relation to women and girls.”

“...promote the economic empowerment of women both in and through the EU. This will be done, for example, as part of efforts to strengthen the European single market and in the context of EU external action, including the EU’s negotiations on free trade agreements with third countries. This will also be done through development cooperation (the Development Cooperation Instrument and the European Development Fund), and through the EU Action Plan for Gender Equality and Women’s Empowerment through EU external relations.”⁴

Similarly, Sweden's Aid Policy Framework prioritises gender equality and states that development cooperation should be characterised by a consistent gender perspective.⁵ Gender equality is one of four focus areas in the work of the Swedish International Development Cooperation Agency (Sida).⁶ Sida highlights ‘women and girls living in poverty’ as a priority target group, while emphasising that its gender equality work covers men and boys as well.⁷

³ European Commission (2015). *Factsheet on the new Framework for Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations: 2016-2020*

⁴ Government of Sweden (2015). *Swedish Foreign Service action plan for feminist foreign policy 2015–2018 including focus areas for 2016*. available at www.government.se/contentassets/b799e89a0e06493f86c63a561e869e91/action-plan-feminist-foreign-policy-2015-2018

⁵ Government of Sweden (2014). *Aid Policy Framework – The Direction of Swedish Aid*, Government. Communication 2013/14:131, Stockholm

⁶ Sida (2015). *Our Fields of Work*, available at: <http://www.sida.se/English/how-we-work/our-fields-of-work/> 14-10-2015.

⁷ Sida (2015). *How Sida works with Gender Equality*, Sida. Stockholm

Sida's work in Georgia, Moldova and Ukraine is governed by the "Results Strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey, 2014–2020". Among the desired results particularly relevant for this study are:

Results Area 1: Enhanced economic integration with the EU and development of market economy.

- Partner countries better fulfil EU requirements for entering into and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs).
- Competitive small and medium-sized enterprises make up a greater share of the economy.

Results Area 2: Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law.

- Delivery of higher quality public services, based on principles of non-discrimination and equal rights and with less corruption.
- Partner countries better fulfil their international and national commitments on human rights, gender equality (including the EU's strategy for equality between women and men) and non-discrimination.
- Women and men have, to a greater extent, the same power to shape society and their own lives.

1.2 GENDER-DIFFERENTIATED EFFECTS OF TRADE AGREEMENTS

The women's movement and feminist economists have questioned the assumption that open markets will automatically lead to inclusive economic growth.⁸ They argue that women and men do not gain or lose evenly from the impacts of international trade.⁹

The effects of free trade agreements on women and men will depend on the initial social and economic conditions they face and if the negotiation, formulation, implementation and monitoring of the free trade agreement is gender responsive. The intensity of these effects and the direction of change are not easy to predict. They will depend on how markets and institutions operate, as well as on the social gender norms that shape and sanction what roles women and men take on and how they interact. Some changes can be positive while others can be negative. There may be tensions between different dimensions; hence the net effect for each individual woman and man can be uncertain. To conduct a gender impact assessment of free trade

⁸ Castro, J., (2006). *Trade liberalization and gender effects: a literature review for Colombia*. Revista Equidad y Desarrollo, 5, pp.109-129.

⁹ One World Action/Commonwealth Secretariat (2009), *Gender Justice in Trade Policy: The Gender Effects of Economic Partnership Agreements, an Advocacy Tool*, based on the report: Fontana (2009). *The gender effects of Economic Partnership Agreements (EPAs): a synthesis of the findings from Tanzania, Mozambique and Jamaica*

agreements is therefore crucial to determine if and when intended and unintended effects might occur and to mitigate the potentially negative impacts on gender equality. These assessments can be conducted before (ex-ante) or after (ex-post) a change in trade policy, such as the implementation of a FTA.

To date, only a few studies have examined the effects of trade liberalization on gender equality using cross-country data or meta-analysis.¹⁰ Most research has been specific case studies from which results cannot be generalized, but on the other hand these studies allow for more in-depth analysis in which trade effects on women and men can be easier disentangled from other types of processes.¹¹ While more systematic studies are necessary, the emerging body of evidence provides key insights to useful methods and analytical frameworks outlining the type of effects that should be examined when conducting ex-ante gender assessments.

Trade liberalisation may affect the employment and wages of women and men as the use and cost of production factors, including labour, are modified, and depending on the extent to which labour markets are gender segregated. In Asia, the strong export-driven GDP growth has partly been explained by the combination of a high share of women in export employment (75%) and a high gender-wage-gap (50-65%).¹² In fact, research has shown that the gender wage gap is positively correlated to economic growth in the manufacturing sector in economies that use women's lower wages as a comparative advantage when competing in the international market.¹³ Occupations dominated by women also tend to be less organized through labour unions leading to weak bargaining power and lower wages. At the same time so called feminisation of labour (e.g., the proportion of female workers increases in certain export sectors like textiles and electronic component using the argument "nimble fingers") in the context of trade liberalisation can undermine male livelihoods.¹⁴

Other research has looked at the potential impact on education, health and the general wellbeing of women and men. Cheaper consumer items due to trade liberalization might eventually improve gender equality, as this would allow a larger share of household income to be allocated to education, health and nutrition-related expenditure. However whether poorer house-

¹⁰ See Wood, A. (1991). *North-South Trade and Female Labour in Manufacturing: An Asymmetry*, Journal of Development Studies. v. 27, iss. 2, pp. 168-189.

Camps, E. Camou, M. Maubrigades, S.; Mora-Sitja, N, (2006). *Globalization and Wage Inequality in South and East Asia, and Latin America: A Gender Approach*, available at: <http://repositori.upf.edu/bitstream/handle/10230/907/970.pdf?sequence=1>

Oostendorp, R. H. (2009). *Globalization and the Gender Wage Gap*, World Bank Economic Review, v. 23, iss. 1, pp. 141-61.

Tejani, S. Milberg, W. (2010). *Global Defeminization? Industrial Upgrading, Occupational Segmentation and Manufacturing Employment in Middle Income Countries*, Working Paper, Schwartz Center for Economic Policy Analysis, New York

¹¹ Jackson, J. and Wedderburn, J. (2009). *Gender and the Economic Partnership Agreement: an analysis of the potential gender effects of the CARIFORUM-EU EPA*, Caribbean Development Report, Volume II

¹² Van Staveren, I. (2007). *The feminist economics of trade*, Routledge, New York.

¹³ National Board of Trade (2011). *Gender impacts of international trade and trade policy – a case study of the FTA between Korea and the EU*, National Board of Trade. Stockholm.

¹⁴ Sida (2015). *Supporting Women's Economic Empowerment: Scope for Sida's Engagement*, available at www.sida.se/contentassets/3a820dbd152f4fca98bacde8a8101e15/supporting-womens-economic-empowerment.pdf

holds will benefit from cheaper imports will depend on the type of goods to be liberalised. In a gender impact assessment of Economic Partnership Agreements (EPAs) with Mozambique, Tanzania and Jamaica the authors argued that "...it is improbable that cheaper imports from current EPAs will benefit vulnerable low-income women, as these imports include final consumption items such as washing machines and gas cookers, which can only be afforded by households with high incomes and easy access to energy sources".¹⁵ Moreover, government revenues might decrease or increase which could affect public services that benefit women and men in various ways. Importantly, studies also revealed that while trade liberalization may be beneficial to certain groups of women, it may not affect the lives of the poorest and most marginalised women but rather increase inequality between more affluent and poorer households.¹⁶ Other factors, such as class, education and skills, are therefore equally important to capture the heterogeneity in the society that will predetermine the relative impacts on individuals.

1.3 PURPOSE AND OBJECTIVES

In order to underpin effective implementation of the DCFTAs and to address related gender inequalities through strategic interventions and dialogue that contribute to the fulfilment of regional objectives, Sida has identified the need for a gender impact assessment of the AA/DCFTAs.¹⁷ Such an assessment will help to identify intended and unintended gender effects of trade liberalisation and in turn facilitate actions to support inclusive economic and trade development benefitting both women and men.

The objectives of this study are:

1. To analyse how women and men, respectively, in Georgia, Moldova and Ukraine are likely to be affected by the implementation of the AA/DCFTAs.
2. To provide recommendations for Sida on possible actions to minimise gender inequalities arising from the AA/DCFTAs, and to maximise the benefits.

Sida may find the report useful for various purposes, including:

- Implementation of the Results strategy for Sweden's reform cooperation with Eastern Eu-

¹⁵ One World Action/Commonwealth Secretariat (2009), *Gender Justice in Trade Policy: The Gender Effects of Economic Partnership Agreements, an Advocacy Tool*, based on the report: Fontana (2009). *The gender effects of Economic Partnership Agreements (EPAs): a synthesis of the findings from Tanzania, Mozambique and Jamaica*

¹⁶ Such as the poorest women in Pakistan (Siddiqui, R (2009). *Modelling Gender Effects of Pakistan's Trade Liberalization*, *Feminist Economics*, v. 15, iss. 3, pp. 287-321), the married or old women in Turkey (Baslevant, C. Onaran, O. (2004). *The Effect of Export-Oriented Growth on Female Labor Market Outcomes in Turkey*, *World Development*, v. 32, iss. 8, pp. 1375-93.), or the unskilled women in India (Chamarbagwala, R. (2006). *Economic Liberalization and Wage Inequality in India*, *World Development*, v. 34, iss. 12, pp. 1997-2015).

¹⁷ Gender impact assessment should ideally take place before policy development, as part of Regulatory Impact Assessments (RIA). It should also be done as part of pre-Free Trade Agreement (FTA) feasibility studies and during negotiations to ensure that gender considerations are integrated into final FTA texts so that trade agreements ultimately support more inclusive growth. However, to date such assessments are not systematically done. For example, in the case of Georgia, Moldova and Ukraine, comprehensive gender impact assessments were not conducted before the agreements were signed.

rope, the Western Balkans and Turkey 2014-2020.

- Contribution towards a common, evidence-based understanding of trade-and-gender issues in the region (through sharing the study with partners and other donor organisations).
- Dialogue with other entities, including political institutions.

1.4 APPROACH AND METHODOLOGY

The trade-and-gender analysis approach involved a number of sequential steps, supported by desk analysis and field interviews.

- a) To assess each of the three Association Agreements (content, implementation and reform agenda, specific issues).
- b) To collect and analyse relevant - and internationally consistent - macroeconomic and trade data, including as much sex-disaggregated information as possible (on a best endeavours basis). The aim was to assess trends and identify which sectors and which groups would be most affected by the AA/DCFTAs, and why.
- c) To explore how conducive each country's business environment is to business development and gender equality. The World Bank's *Doing Business* surveys, the World Economic Forum's *Global Competitiveness Reports*, Transparency International reports and other analyses provide a common base and time series. Such analysis helps in assessing the extent to which local business people (men and women) may be able to take advantage of the potential opportunities offered by the AA/DCFTA.
- d) To secure country-specific socioeconomic baseline data to inform the trade-and-gender analysis on labour force composition, labour market segregation, earnings, employment, access to assets and productive resources, consumption patterns, public provision of social services, etc.
- e) To create country profiles based on the above information. Creating realistic country profiles has been done through structured desk research, crosschecking and analysis of statistics and data from local statistics and customs offices, as well as from the World Bank, World Trade Organisation, OECD, International Labour Organisation, World Economic Forum, International Monetary Fund, UNECE, UNDP, UNHCR, Transparency International, etc. The desk research has been complemented by face-to-face structured and semi-structured interviews with trade-related officials, business associations (including women's business groups) and relevant NGOs where possible. The socioeconomic indicators are standardised and form part of regular labour force, household and time use surveys collected by National Institutes of Statistics, the ILO, the World Bank, UNICEF, UNDP and FAO. Using standard indicators facilitates continuous monitoring.

- f) To produce findings and conclusions on potential positive and negative gender impacts, in the form of opportunities and risks, of the DCFTAs in the following five areas (which are internationally accepted methods to assess trade-and-gender issues).¹⁸

1. Production/employment effects

How women's and men's employment is affected by the respective DCFTAs will depend on the composition of the labour force in the sectors that are sensitive to import competition and in the sectors that present opportunities for growth. The negative impacts arise more frequently where import competition is particularly strong in sectors employing a large number of women and where employment prospects in growth sectors are limited.

2. Supply-side effects

Women's and men's ability to take advantage of new economic opportunities generated by the DCFTAs will depend heavily on their access to and control over assets and resources. Challenges for business people typically include access to land, credit, market information and opportunities, inputs (goods and services), technology, skills, sanitary and phytosanitary (SPS) and technical regulation/standards (TBT) support¹⁹, and reliable infrastructure, including testing facilities. While these challenges are common for all business people, they tend to be more constraining for women. Relevant issues include corruption, rule of law, competition policy, government procurement, investment, trade facilitation, information and communication technology (ICT), transport, energy, trade promotion, standardisation, food safety, financial services, support for women's business groups, etc.

3. Consumption effects

Whether the DCFTAs will benefit consumers, and particularly women as primary family care providers, will depend on tariff cuts translating into cheaper consumer goods and greater choice, and whether the areas featuring tariff cuts constitute an important share in households' consumption baskets. Competition policy, consumer protection policy, distribution policy and systems, tax policy, labour policy, etc., all influence consumption. Trade agreements can have far-reaching effects on these factors. By mapping what con-

¹⁸ As previously done in the gender analysis of the Economic Partnership Agreements between the EU and Tanzania, Mozambique and Jamaica (OneWorld Action/Commonwealth Secretariat (2009), *Gender Justice in Trade Policy: The Gender Effects of Economic Partnership Agreements, an Advocacy Tool*, based on the report: Fontana (2009). *The gender effects of Economic Partnership Agreements (EPAs): a synthesis of the findings from Tanzania, Mozambique and Jamaica* and the case study of the Free Trade Agreement between Korea and the EU (National Board of Trade (2011). *Gender impacts of international trade and trade policy – a case study of the FTA between Korea and the EU*, National Board of Trade. Stockholm

¹⁹ See footnote 1 in the Executive Summary for an explanation of the importance of SPS/TBT compliance in taking advantage of the DCFTAs.

sumer goods will be part of the DCFTAs and understanding the consumption patterns of particular households, especially low-income households, the study will aim to assess whether certain consumer groups, particularly poor women, will benefit from cheaper goods and/or greater choice, or whether they will be disadvantaged.

4.Revenue effects

Changes in government revenues due to reduced tariffs and other import/export levies can have gender impacts if this leads to reduced public provision of social services like health, education, water, sanitation, energy and other infrastructure. Similarly, increases in revenues due to trade-stimulated business activities can have positive effects over the longer term. By collecting data on the tariff impacts of the AA/DCFTAs, trends in tariff contribution to government revenues, structure of budgets, sources of funds, and governments' options for compensating for any reduction in customs receipts, the study aims to assess the revenue impacts.

5.Regulatory effects

Regulatory reform is an increasingly important feature of trade agreements. The way it is managed can have important impacts on women and men, respectively, as well as on crosscutting areas such as the environment. Regulatory issues are in themselves crosscutting. For example, stronger competition and consumer protection policy can have a positive impact on trade and business development and on women and vulnerable groups, but this depends on how well the policies are applied and enforced in practice. Regulatory impact assessment (RIAs), monitoring and evaluation are important tools in this regard.

- g) To highlight priority issues and needs that affect women's and men's ability to take advantage of the opportunities offered by the DCFTAs, or to deal with the difficulties it may provoke.
- h) To review current and planned programmes addressing these issues/needs, to see where gaps might exist.
- i) To prepare recommendations for possible action by Sida aimed at maximising the benefits of the DCFTAs and minimising any gender inequalities arising from the DCFTAs' implementation.

The field work has included a range of targeted consultations, including with Swedish Embassies, EU Delegations, government institutions, non-governmental organisations, business groups, women's fora, and the donor community where applicable. The aim has been to gain a diversity of views and perspectives, including from the views and experiences of local women. Findings and recommendations have been analysed in an utilisation-focused manner in order to maximise utility for Sida and its partners.

1.4.1 Limitations

It is too early to precisely determine the gender-related effects of trade agreements signed in mid-2014 and to be implemented over the next 15+ years. Therefore, the study aims to identify potential positive and negative effects of the scheduled implementation in each country, by

major sector of the economy, by affected groups, etc. It is at times difficult to disentangle the effects of trade liberalisation from the effects of other simultaneous reforms that are part of the Association Agreements (e.g., approximation to the *acquis communautaire*, etc.). However, since many of the AA reforms tend to have trade-related (and gender-related) consequences, these will be taken into account in the overall analysis.

The availability of relevant and disaggregated data has posed a challenge, since the three countries are only just beginning to develop systems for sex disaggregation, and historical time series were neither available for comparison nor to facilitate projections.

The conflicts in the region directly and indirectly affect a variety of spheres, including the availability of appropriate stakeholders for consultations; up-to-date, reliable statistics and other information; objective assessments by stakeholders; ability to project trends; etc.

Caution should be exercised when interpreting the socioeconomic situation of women and men with traditional poverty indicators. For example, measures of economic well-being, such as Purchasing Power Parity, have been criticized for not specifically reflecting the goods and services the poor must buy; poverty expressed by such indicators may be underestimated.²⁰

1.5 CROSSCUTTING PERSPECTIVES

This study has used a human-rights based approach in framing the normative background and methodology in relevant human rights standards and holding consultations with a variety of relevant stakeholders to seek information from and about marginalised and disadvantaged groups. A conflict perspective has been included in the research and analysis. Georgia, Moldova and Ukraine, face additional production/employment effects related to Russia's reaction to the AA/DCFTAs, EU sanctions and Russia's economic slowdown. To the extent that information is available, the report notes the effects on trade, migration, household incomes, etc. The study also examines relevant economic and employment effects of regional geopolitical conflicts including internally displaced persons. The information is based on desk reviews of analysis, including by the EU, US State Department, UNHCR, and Transparency International etc., complemented and validated by national consultations.

1.6 CONTEXT

1.6.1 Regional geopolitics

Georgia, Moldova and Ukraine were all part of Greater Russia and the Soviet Union for most of two centuries until the USSR dissolved. In 1991 all became independent states, and they have had delicate relations with Russia ever since. Business, religious and cultural ties bind

²⁰ Ravallion, M. (2008). *How Not to Count the Poor? A Reply to Reddy and Pogge*. In *Debates on the Measurement of Poverty*, ed. Sudhir Anand, Paul Segal, and Joseph Stiglitz. Oxford, UK: Oxford University Press.

them, but young democracies also want to assert their independence and create their own destinies. Closer relations with the European Union have allowed them to envision new paths and new opportunities, and create new trade and investment - and security - links. These closer relations gained momentum with Partnership and Cooperation Agreements in the late 1990s, the European Neighbourhood Policy from 2004, and the Eastern Partnership from 2009. The 2014 Association Agreements, establishing Deep and Comprehensive Free Trade Areas and timetables for regulatory approximation, constitute a concrete step - and pathway - toward economic integration and political association. Nevertheless, while many people in the three countries yearn for full EU membership, this does not seem feasible politically at present.

Joining trade agreements cannot be a panacea for deeply imbedded national and regional problems. Trade treaties like the WTO Agreements and the AA/DCFTAs can indeed make a big difference, but only if they are fully implemented and put into practice in spirit and letter. This depends primarily on national governments' determination and will to lead their countries through a lengthy process of reform and economic adjustment. At the same time, it requires managing the expectations of the people (men and women), who expect to see quick results in the form of new trade, investment and employment. In countries burdened by conflict, the challenges are much greater, the returns are slower and the social costs are higher. In addition, all three countries must contend with breakaway regions closely linked to Russia, and with domestic groups pushing for closer ties with Russia and its common market.

1.6.2 Effects of conflict

Georgia

The conflict in South Ossetia and Abkhazia in the 1990's and 2008 resulted in some 247 000 Internally Displaced People (IDPs) over time. UNHCR found that 138 000 persons had been displaced after 2008 but that most IDPs had returned home in 2009.²¹ More recently (December 2014), the Government had registered 262 704 IDPs²², and International Displacement Monitoring Centre estimated the figure to be 232,700 IDPs counting returns.²³

About half of Georgia's IDP population is female. IDPs have less access to formal employment than the local population due to lack of information, established networks and marginalisation. IDPs do not usually have the relevant skills. Their limited access to land also means they are less able to cultivate products for sale or for their own consumption. Their limited

²¹ UNHCR (July 2009) *Protection of Internally Displaced Persons in Georgia: A Gap Analysis*, www.unhcr.org/4ad827f59.pdf

²² See Report of the Secretary-General to the General Assembly (7 May 2014), *Status of internally displaced persons and refugees from Abkhazia, Georgia, and the Tskhinvali region/ South Ossetia, Georgia A/68/868* <http://www.unhcr.org/5385a0779.html>

²³ Internal Displacement Monitoring Centre (December 2014) *Georgia IDP Figures Analysis*, <http://www.internal-displacement.org/europe-the-caucasus-and-central-asia/georgia/figures-analysis>

funds also prevent them from buying agricultural inputs, such as equipment and livestock.²⁴ Access to the breakaway regions remains problematic, and many vulnerable people in these areas lack access to basic services. They are unlikely to benefit from the DCFTA until greater regional stability is achieved.

Moldova

According to the UNHCR, there are no internally displaced persons in Moldova, only refugees and stateless persons.²⁵ The separatist region of Transnistria proclaimed independence from Moldova in 1990 although it is not recognised by the international community. It is considered one of the post-Soviet space's 'frozen conflicts' and has a reputation for corruption, organised crime, smuggling, illegal arms sales and money laundering. Transnistria contains most of Moldova's industrial infrastructure, but its economic potential is limited by its international isolation.²⁶ Human trafficking and other forms of organised crime pose a significant challenge. The US 2015 Trafficking in Persons report found that Moldova was primarily a source country for men, women, and children subjected to sex trafficking and forced labour within Moldova and in Russia, Ukraine, Turkey, United Arab Emirates, Greece, Cyprus, and other countries. Transnistria was a source for victims of both sex and labour trafficking. Corruption in the judicial system poses an acute challenge for bringing traffickers to justice. Official complicity in trafficking is reported to be a significant problem.²⁷

Ukraine

The conflict in the east and south of Ukraine started with the annexation of the Crimean Autonomous Republic from Ukraine by the Russian Federation in March 2014, and then continued with the separation of some eastern territories of Ukraine.

IDPs

As of August 2015 the Government had registered 1,459,226 IDPs in areas under its control.²⁸ The real number of IDPs might differ as many are not able or willing to register. There is also an unknown number of IDPs within non-government controlled areas in eastern Ukraine. Without formal documentation to prove their displacement, there is no access to program. The data disaggregated by sex, age, disability is approximate and is only available for IDPs displaced from eastern Ukraine. According to UNHCR, 66% of adult IDPs are women and 23.7 % of IDPs are of working age.²⁹ Most IDPs continue to rely on their own resources, as well as those of family, friends, and civil society, to meet their basic needs, but some also register for

²⁴ UNHCR (July 2009) *Protection of Internally Displaced Persons in Georgia: A Gap Analysis*, www.unhcr.org/4ad827f59.pdf

²⁵ UNHCR 2015 *UNHCR subregional operations profile - Eastern Europe*, www.unhcr.org/pages/49e48d3b6.html

²⁶ BBC News (17 March 2015) *Trans-Dniester profile – Overview*, <http://www.bbc.com/news/world-europe-18284837>

²⁷ US Department of State, *2015 Trafficking in Persons Report*

²⁸ Estimations of Internal Displacement Monitoring Center (IDMC), available at <http://www.internal-displacement.org/europe-the-caucasus-and-central-asia/ukraine/figures-analysis>

²⁹ UNHCR, (January 2015) *International Protection Considerations Related to the Developments in Ukraine – Update II*, available at <http://www.refworld.org/docid/54c639474.html>, *Protection Cluster Fact sheet - June 2015* available at <http://reliefweb.int/report/ukraine/protection-cluster-fact-sheet-june-2015>

Government support of benefit from international organisations.

Effect on economy

Women and men have lost their jobs, businesses and pensions as they were forced to move. Although there are opportunities to restore livelihoods, the process is slow, in particular if relevant documents are missing. The economic crisis and the war have led to a sharp increase in the number of workers and professionals desiring to work abroad. The Ukrainian government reinstated a general draft, with the power to conscript men between the ages of 20 and 27. Many young men are reportedly leaving the country to avoid conscription. This includes employment, study, training programs, internships, and other available opportunities.³⁰ Ukraine's currency (hryvnia), dropped down by more than 50 % against the U.S. dollar in 2014, increasing Ukraine's real public and private debt burden (mostly denominated in foreign currencies), inflation reached 24.7% in 2014, affecting consumer goods and thus hitting the entire population. In Ukraine the economy declined by up to 8% in 2014. In Russia, the costs of the conflict are estimated to be about 1% of GDP in 2014 - 2016, primarily on account of increased investment risks. The conflict in Eastern Ukraine has led to destruction of the country's infrastructure, especially within the metal and coal industries. Another implication of the conflict is reflected in the dispute over gas between Russia and Ukraine.³¹

Effects on trade

The conflict between Ukraine and the Russian Federation has had significant effects on trade as both countries have imposed embargos on respective food imports.³² Since 2 December 2015 the Eurasian Economic Union (EEU) functions as a replacement of the Eurasian Customs Union. Armenia, Belarus, Kazakhstan and Russia are all members of the EEU. Many experts draw a parallel between the EEU and CIS, where the latter has never been seen as a full-functioning organization. There is concern that Russia exercises pressure over EEU members to introduce customs duties and export quotas for Ukrainian commodities. Belarus and Kazakhstan as well as Russia remain important trade markets for Ukraine.

1.6.3 Gender equality trends in Georgia, Moldova and Ukraine

Since independence in 1991, Georgia, Moldova and Ukraine have taken a series of steps to address gender inequality and improve the situation of women and girls. The countries have signed and ratified the Convention on the Elimination of All Forms of Discrimination against

³⁰ Franck Düvell and Irina Lapshyna (15 July 2015), *The EuroMaidan Protests, Corruption, and War in Ukraine: Migration Trends and Ambitions*, available at <http://www.migrationpolicy.org/article/euromaidan-protests-corruption-and-war-ukraine-migration-trends-and-ambitions>

³¹ See for example New east Platform (4 January 2015), *The Ukrainian Crisis: Consequences for Ukraine and Post-Soviet States*, available at <http://neweastplatform.org/2015/01/04/the-ukrainian-crisis-consequences-for-ukraine-and-post-soviet-states>

³² See for example The Telegraph, (3 January 2016) *Ukraine bans Russian foods as trade war escalates*, available at <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/12078921/Ukraine-bans-Russian-foods-as-trade-war-escalates.html>

Women (CEDAW) and adopted the Beijing Declaration and Platform for Action (BPfA). A number of institutional mechanisms for gender equality have been established and national legislative frameworks have been aligned with international standards.

For example, in March 2010, the Government of Georgia adopted the law “On Gender Equality” and developed a complementary National Action Plan. Moreover, the Georgian Gender Equality Council of Parliament, initially a temporary advisory structure, became a standing body in March 2010.³³ In Moldova, a gender unit is now housed within the Ministry of Labour, Social Protection and Family, and gender focal points are systematically appointed in all ministries. In 2003, the Moldovan Government adopted a National Plan to promote gender equality. One major achievement in Ukraine was the development of the national legislative framework on gender equality, in particular the Law “On Ensuring Equal Rights and Opportunities of Women and Men”, which was passed in 2005.³⁴

At the same time, Georgia, Moldova and Ukraine have struggled with the difficulties of the transition period and the political and economic uncertainties that have affected both women and men. In Moldova, poor economic performance since the independence in 1991 has led to growing poverty and declining social welfare affecting both women and men.³⁵ While gender disparities vary, societal norms about the roles and functions of women and men are still very traditional across the three countries. For example, a 2013 UNDP study in Georgia revealed that the general attitude among Georgians was that men should be the sole breadwinners while household chores are the women’s responsibility. Similar to women in other countries, women in the South Caucasus and Western CIS carry a higher burden of unpaid work in the household which limits their participation in entrepreneurship and wage employment. However, out of economic necessity, this conservative mind-set is gradually being challenged. Many women have taken on the role of breadwinners while remaining the primary caregivers. Nevertheless, female economic activity remains lower than their male counterparts and women are under-represented as employers and wage-earners and over-represented as unpaid family workers.³⁶

There are also notable disparities between the countries; for example, female labour participation is well above the global average in Georgia and Ukraine, but well below the average in Moldova.³⁷ While gender wage equality has improved, wage gaps between women and men persist; this can be partially explained by industrial and occupational segregation and fewer hours of employment among women. However, the majority of the gap remains unexplained,

³³ UN Women (2014). *Georgia - Beijing +20 National Review of the Implementation of the Beijing Declaration and Platform for Action*, Tbilisi.

³⁴ UN Women (2015). *Ukraine National review: Implementation of the Beijing Declaration and Platform for Action (1995) and the outcomes of the twenty-third special session of the General Assembly (2000) in the context of the twentieth anniversary of the Fourth World Conference on Women and the adoption of the Beijing Declaration and Platform for Action*, Kiev.

³⁵ IFAD (2007). *Gender Profile Moldova*, available at <http://www.ifad.org/english/gender/cen/profiles/mda.htm>

³⁶ Khitarishvili, T., (2015). *Gender and Employment in South Caucasus and Western CIS*, UNDP, Tbilisi

³⁷ Global average was 50 % in 2014. Georgia: 57 %, Moldova: 38 % and Ukraine: 54 %. Compare to Germany: 54%, USA: 56 %, Sweden: 60 % (World Bank Data)

possibly due to discrimination in the labour markets.³⁸ There are also certain groups of women in Georgia, Moldova and Ukraine that face higher levels of discrimination, marginalisation, vulnerability and poverty; these include Roma, women with special needs, internally displaced women, women from rural areas, and older women.

³⁸ World Bank, Sattar, S. ed. (2012). *Opportunities for Men and Women: Emerging Europe and Central Asia*, Washington.

2. Key Findings and Conclusions from the Trade and Socioeconomic Analysis

Chapter 2 contains three parts:

- 2.1 A brief introduction to the Association and Deep and Comprehensive Free-Trade Area (DCFTA) Agreements between the EU and Georgia, Moldova and Ukraine, respectively;
- 2.2 Findings and conclusions on the potential trade-and-gender impacts of the DCFTAs for each of the three countries; and
- 2.3 Sum-up of the key findings and related needs emerging from the analysis.

The detailed country-by-country analyses are at Annexes 1-3, background on relevant aspects of the AA/DCFTAs at Annex 4, and socioeconomic statistics at Annex 5.

2.1 INTRODUCTION TO THE AA/DCFTAS

On 27 June 2014, the EU³⁹ signed Association Agreements (AAs) with Georgia, Moldova and Ukraine. The negotiation process had been underway since 2008-2010. Pending ratification by all parties, the Agreements have been in effect provisionally since September 2014 (1 November 2014 for Ukraine). As of mid-December 2015, all Parties had reportedly ratified the Agreements, but a few still had to deposit the instruments in Brussels.

The agreements are ambitious, focusing on a far-reaching ambit of economic, institutional, regulatory, and social change, with the aim of progressively stronger political association and economic integration.

They cover the range of relevant issues, including democracy, human rights, rule of law, governance, justice, security, corruption, trade facilitation, food safety, technical standards, consumer protection, competition policy, intellectual property rights, government procurement, environment, social policy, labour, gender, dispute settlement, sustainable development and market economy.

The three countries have agreed to apply EU levels of transparency and good practices in these areas through a systematic, 'gradual approximation' of their laws, regulations, enforcement mechanisms, and administrative and other practices to the EU *acquis communautaire* and internationally accepted good practices. The AAs include a strong cooperation agenda, to support implementation and compliance.

³⁹ EU Parties to the Association Agreements: Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain; Sweden; United Kingdom. <http://eeas.europa.eu/delegations>

Deep and Comprehensive Free-Trade Areas

While trade-related aspects are covered throughout the AAs, the major trade issues are addressed under the Title of 'Trade and Trade-Related Matters'. This section establishes a Deep and Comprehensive Free-Trade Area (DCFTA) between the EU and the three countries, respectively. This title and its 15 Chapters reiterate and build on WTO principles (transparency, non-discrimination) and obligations (regulatory reform, transparency, endeavours to adopt international standards and good practices, etc.). The chapters generally feature the same content for all three countries, but the order of these chapters sometimes differs, providing an insight into negotiating priorities.

While Georgia offered immediate full implementation of the Goods and Services parts of the DCFTA agreement, Moldova and Ukraine opted for a 10-year transition period leading to full liberalisation in 2024. All three parties have detailed schedules of action for approximation.

Long-term objectives of the AAs/DCFTAs

Fully implemented, the AA/DCFTAs (together with full execution of WTO Agreements) are expected to lead to higher-quality, more competitive goods and services, and a more transparent and fair business and labour environment.

The key benefits would include:

- **Safer, more competitive products** due to compliance with international food hygiene and industrial/consumer product standards; this would benefit consumers and increase confidence in the three countries' products, allowing them to expand trade with Europe and other markets.
- **New business opportunities** and market diversification through mutual market-opening.
- A more **modern and effective legal and regulatory environment** due to the harmonisation and approximation programme - once it is fully implemented and enforced by the parties.
- Fairer **competition**; enhanced **consumer protection** and product safety; **reduced corruption**; and a harmonised approach to **labour rights** and practices, **environmental and energy issues, human rights, gender equality**, etc.
- A more **efficient and accountable public sector**, due to institutional and structural reforms with support and monitoring by EU members and international organisations.
- **Better business environment** due to much stronger measures to address unfair competition and corruption through improved transparency, competition policy, government procurement, etc.
- **Stronger enforcement of intellectual property rights** to protect innovation, invention and creativity.
- **More efficient, accountable spending** by central and local governments due to strict accountability rules and increased transparency for public tenders.

'**Winners and losers**'. A number of studies on the potential impacts of the agreements all highlight positive long-run benefits in terms of economic growth, disposable incomes, cost of living, wages and employment. The winners in Georgia, Moldova and Ukraine will be consumers, citizens and businesses, especially exporters and potential exporters that have or can develop competitive products and services meeting strict EU requirements.

As in all trade liberalisation processes, the DCFTA will necessarily lead to reallocation of resources. Hence the negatively affected will be the market segments that do not have econo-

mies of scale, or are otherwise disadvantaged in terms of competing with larger, financially stronger, more efficient or more innovative national and EU firms. Some companies may fail, jobs may be lost and prices of some products may rise due to the cost of higher standards. Poorer households, especially those headed by women, are likely to be more disadvantaged than other groups and will need extra help to cope. New skills and knowledge will be in demand, and training, retraining and re-skilling programmes will need to be retargeted and intensified in order to facilitate job creation and entrepreneurship.

Implementing the tariff cuts and the legislative approximation agendas will be a time-consuming and costly affair that will extend through the 2020s.

The challenges facing governments are largely predictable, given experience in countries acceding to the EU:

- Capacity to manage the implementation agenda in an efficient, effective fashion.
- Identifying and focusing on the key drivers of change, and changing mind-sets and entrenched behaviour (e.g., corruption, power, vested interests, etc.).
- Cost of building capacity, building awareness and commitment, and implementing the reforms (especially application in government and the private sector, and enforcement).
- Maintaining the momentum and enthusiasm for reforms (communications, visible results and wins).
- Helping economic operators with the costs of upgrading standards, compliance, etc.,
- Facilitating access to reliable infrastructure, including Quality infrastructure.
- Helping businesses take advantage of trading opportunities under the DCFTA.

Governments have the responsibility to **minimise the social cost** of liberalisation and market opening by finding early solutions for future problems (e.g., providing extra 'cushioning' support for disadvantaged sectors, upgrading the education and training system to match future needs, providing seed funding, encouraging entrepreneurship, assisting SMEs to comply with SPS/TBT requirements and rules of origin, supporting development of exportable surpluses, facilitating foreign market development, etc.).

The implementation process will also be supported by a broad-based economic and sectoral **cooperation agenda**, much of which is 'gender-relevant'. The trade agenda alone covers: transport; energy; environment; climate; industrial and enterprise policy; mining; financial services; company law; accounting and corporate governance; information society; tourism; agriculture and rural development; fisheries and maritime governance; research, technological development; consumer policy; employment, social policy and equal opportunities; public health; education, training and youth; technical fields; audio-visual and media; sport; civil society; regional development; cross border/regional relations; civil protection; participation in EU agencies and programmes. Many of these areas offer opportunities for SMEs, civil society and women's groups to advocate their interests and seek assistance. This will require good organisation, planning and coordination by EU donors, as well as by interest groups.

Specific Gender-Related Issues

Gender-related issues are covered in several parts of the AA/DCFTAs, as shown above. The most direct reference is in the Chapter on Employment, Social Policy and Equal Opportunities: "*The Parties shall strengthen their dialogue and cooperation on promoting the International Labour Organisation Decent Work Agenda, employment policy, health and safety at work, social dialogue, social protection, social inclusion, **gender equality** and anti-*

discrimination, and thereby contribute to the promotion of more and better jobs, poverty reduction, enhanced social cohesion, sustainable development and improved quality of life".

These objectives are underpinned by a comprehensive cooperation checklist, which includes "*equal opportunities and anti-discrimination, aiming at enhancing **gender equality** and ensuring **equal opportunities between men and women**, as well as **combating discrimination** [...]*".

The approximation timetable for **antidiscrimination and gender equality** sets out eight areas in which Georgia, Moldova and Ukraine must harmonise their legislation and practice with those of the EU within 3-4 years. *Please see Annex 4, Chapter 1, Box 1.2 for details.*

Box 2.1

Approximation Timetable for Anti-Discrimination and Gender Equality

Georgia, Annex XXX; Moldova: Annex III, Ukraine: Annex XL Employment, Social Policy and Equal Opportunities

[Georgia, Moldova, Ukraine] undertakes to gradually approximate its legislation to the following EU legislation and international instruments within the stipulated timeframes. [Red text indicates where one or two Parties' commitments differ from the other(s).]

Council Directive 2000/43/EC of 29 June 2000 implementing the **principle of equal treatment** between persons irrespective of **racial or ethnic origin**.

*Timetable: the Directive's provisions shall be implemented within **4 years** of the entry into force of this Agreement. (Georgia: 3 years)*

Council Directive 2000/78/EC of 27 November 2000 establishing a general **framework for equal treatment in employment and occupation** EN L 161/1980 Official Journal of the European Union 29.5.2014

*Timetable: the Directive's provisions shall be implemented within **4 years** of the entry into force of this Agreement. (Georgia: 3 years)*

Georgia and Moldova only: Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the **principle of equal opportunities and equal treatment of men and women in matters of employment and occupation**

*Timetable: that Directive's provisions shall be implemented within **3 years** of the entry into force of this Agreement. (Georgia: 4 years)*

Council Directive 2004/113/EC of 13 December 2004 implementing the principle of **equal treatment between men and women in the access to and supply of goods and services**

*Timetable: the Directive's provisions shall be implemented within **3 years** of the entry into force of this Agreement.*

Ukraine only: Council Directive 96/34/EC of 3 June 1996 on the **framework agreement on parental leave** concluded by UNICE, CEEP and the ETUC

*Timetable: the Directive's provisions shall be implemented within **3 years** of the entry into force of this Agreement.*

Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of **pregnant workers** and **workers who have recently given birth or are breastfeeding** (tenth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)

Timetable: the Directive's provisions shall be implemented within 3 years_of the entry into force of this Agreement. (Georgia: 4 years)

Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of **equal treatment for men and women in matters of social security**

Timetable: the Directive's provisions shall be implemented within 4 years_of the entry into force of this Agreement (Ukraine: 3 years)

Source: Association Agreements

Country-specific analyses

The subsequent three sections (2.2, 2.3, 2.4) provide the key findings and conclusions of each detailed country analysis. These assess the potential trade-and-gender impacts of the DCFTAs in terms of:

- Possible sectoral consequences of the AA/DCFTAs on Georgia, Moldova and Ukraine, respectively
- Production and employment effects
- Supply-side trade-and-gender-related constraints
- Consumption effects
- Revenue effects
- Regulatory effects.⁴⁰

A set of consolidated findings and a needs assessment are at the end of this chapter, leading into the recommendations in Chapter 3.

2.2 GEORGIA ANALYSIS

This section sums up the key points of the Georgia trade-and-gender analysis at Annex 1.

2.2.1 EU-Georgia Trade Relations

Relations between the EU and Georgia started in 1992 following the disintegration of the Soviet Union. The EU was one of the first to assist Georgia in its transition period. The European Commission Delegation to Georgia was set up in 1995, followed by the 1996 Partnership and Cooperation Agreement (in force from 1999 and replaced by the AA). Relations intensified after the 2003 'Rose Revolution'. In December 2005, the EU granted Georgia General System of Preferences + (GSP+) status, which provides non-reciprocal reduced-tariff or duty-free access for 7200 products. It is tied to Georgia's timely implementation of core human and labour rights, good governance and environment conventions. GSP+ was renewed in 2008 and 2014, and is continuing for a 2-year transition period after the entry into force of the DCFTA.

The EU-Georgia Association Agreement is the outcome of the EU's European Neighbourhood Policy (ENP) launched in 2004 and the 'Eastern Partnership' established in 2009. Association

⁴⁰ See Chapter 1 – Methodology and Approach – for an explanation of these five sets of effects.

negotiations started in 2010 and DCFTA negotiations in 2012, culminating in the signing of the agreement in June 2014.

Key Facts: EU-Georgia Association Agreement

Date of Signature: 27 June 2014

Date of Entry into Force: 1 September 2014 (provisional until ratification by all Parties)

Full implementation: Goods: 1 September 2014. Services: 1 September 2014.

The EU-Georgia Association Agreement comprises 8 Titles, 432 Articles, 39 Annexes and 4 Protocols. All Annexes and Protocols are an integral part of the Agreement.

The EU has been one of Georgia's major trading partners for years. In 2010-2014, the EU's share in Georgian exports rose from 18% to 22%, while its share of Georgian imports remained stable at 28%.

Georgia's main exports to the EU have been minerals/fuels, food products (especially vegetables, fruits and nuts), chemical products and clothing. Georgia's main imports from the EU have typically been fuels, machinery, vehicles and chemicals.

Within these main categories, the items most protected by tariffs and 'non-tariff measures' (e.g., rules of origin, sanitary and phytosanitary measures, and technical requirements) have been food, chemicals, transport equipment, machinery and clothing. Tariff liberalisation, therefore, is not enough to facilitate market access; exporters need to meet rules of origin, product safety, technical standards and other requirements.

Key gains for Georgian goods exports to the EU market

- **Fresh and processed foods, beverages and nuts** in general will benefit from lower tariffs. Those that are already being exported to the EU are likely to grow further since they probably already meet the EU's strict food safety requirements. New market entrants will have to invest in compliance, which takes time and can be rather costly, so gains may be seen only in the medium term (3-5 years).
- **Clothing** exports are expected to benefit from easier rules of origin (tariffs were not an issue) and from new investment. Turkey was mentioned as a potential investment and export partner in this area.
- Emerging areas that have seen EU sales expand in recent years are **nonelectrical machinery** and **scientific and precision instruments**. The most promising areas in these segments increasingly require well-educated, skilled workers, innovators, increasingly sophisticated production technology, high compliance with technical standards, and quality inputs.

Where tariffs were already low and reducing them to zero will not make a huge difference in sector competitiveness, Georgia's traditional major exports to the EU will still remain important generators of foreign exchange (minerals/fuels, metals and chemicals).

Conclusion: The DCFTA offers Georgian businesses a variety of new opportunities, as well as the chance to consolidate existing export segments and move up value chains. SMEs will benefit if they can meet the EU's rigorous quality and technical requirements, and if they can

recruit managers, professionals and workers with the necessary experience and skills. Much will depend on the Government's success in implementing the agreements (legal harmonisation) and providing up-to-date quality infrastructure (accreditation, testing, analysis, conformity assessment), reliable and reasonably priced physical infrastructure, and support (education, training, access to resources/credit, market information, etc.).

Key gains for EU goods exports to Georgia

Georgia offered **immediate duty-free entry to all EU goods** from the date the AA/DCFTA went into effect. The main beneficiaries are processed foods and alcoholic beverages, transport equipment, plastics, wood products, building materials, machinery and equipment, including intermediate goods.

The main areas that will pose **competition for Georgian producers** as a result of the tariff cuts are the broader agriculture and food sector, particularly dairy, processed foods, the vehicles sector, miscellaneous consumer goods and industrial intermediates.

Conclusions: Due to the tariff cuts, EU exporters to Georgia will increase their price competitiveness in a number of areas that have been growing steadily in recent years (the above 'beneficiaries' plus chemicals and metals).

While the remaining 29 EU tariffs and duty-free quotas on agricultural and food products do not currently pose a problem for Georgian exporters, they will again be on the negotiating table in 2019. If Georgia can improve its production capacity and food safety compliance in these areas, it should be able to make a good case then for more liberal, if not full, market access. This would particularly benefit women and men who are active in primary agriculture.

Services Trade Opportunities

In the DCFTA, as in its WTO commitments in 119 (of 155) sectors/subsectors in 2000, Georgia offers a fairly open services regime for establishment (investment), cross border trade, and contractual supply of services by natural persons. The main improvements over its WTO commitments were further liberalisation for investment in the financial, telecommunications and transport sectors, and for movement of service suppliers (subject to qualification and other requirements, see below).

The EU has improved its WTO services commitments (130 sectors/subsectors), particularly by expanding the scope and removing obstacles to commercial establishment in a number of sectors (e.g., professional services, computer-related services, construction, distribution, tourism).

Conclusion on services: The commitments offer both sides interesting opportunities in services trade and investment. For Georgia, these could include new EU business related to tourism services, professional services, computer-related services, financial services, transport services and distribution services (including franchising EU brands), and possibly others as capacity and skills are built up.

For the EU, greater opportunities now exist to do business in Georgian business services, finance, communications, distribution, transport/logistics and other areas, and to supply services through cross border movement of professionals. The negotiations on visa arrangements will have some impact on movement of professionals across borders, but the main issues will remain licensing requirements and recognition of qualifications - often bilateral rather than

regional procedures (the EU is trying to regulate some professions on an EU-wide basis).

2.2.2 Potential Impacts on Georgian Trade and Business Development

Sectors that should benefit directly and indirectly in the long run

New or expanded business and trade opportunities with the EU and/or other countries may arise from Georgia's easier access to EU markets, from inbound EU investment, from cheaper EU imported inputs and other products, and from improved SPS and technical regulation measures and management. In fact, many say the SPS/TBT improvements⁴¹ will have the most positive impact on Georgia's (and the other countries') long-run trade prospects.

Sectors that should benefit from the DCFTA	
<p>Agriculture and agro-processing Nuts (meets EU and international standards; enjoys EU investment) Other fresh foods (esp. niche areas and exports to neighbours) Beverages (wine, juice, etc.)</p>	<p>Services Professional services (legal, accounting, bookkeeping, engineering, advertising, translation, management consulting services) Computer-related services, including IT Research and development services, including scientific R&D and other innovation Testing and analysis services Services related to mining and manufacturing Construction services Environmental services Financial services (insurance, banking, etc.) Tourism-related services Transport & logistics services Distribution services (retail, wholesale, commission agent, franchising) Repair and after-sales-service services</p>
<p>Manufacturing Metals Iron and steel products Motor vehicles and parts Chemicals (esp. ammonium nitrate fertilizers, medicaments) Apparel (easier rules of origin may encourage export expansion and investment) Nonelectrical machinery Scientific and precision instruments</p>	

Sensitive sectors that may decline, at least temporarily

The analyses identified segments expected to be sensitive to import competition, or otherwise challenged by the agreement (e.g., by the cost of complying with the new rules and regulations). Some segments may decline only temporarily; they may be able to rebound if they can put in place the necessary quality and other controls and systems required under the AA/DCFTA, and if they engage in innovation.

Sectors that may face challenges due to the DCFTA	
<p>Agriculture and agro-processing Dairy Processed foods</p>	<p>Manufacturing Transport equipment Electronic and IT products Industrial intermediates</p>

⁴¹ See Footnote 1 in Executive Summary for further details.

	Chemicals (cleaning agents, medicaments) Plastics Wood Stone, ceramics, glass products Miscellaneous consumer goods
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Impact analysis

Our findings largely coincided with those of a trade modelling exercise conducted in 2011 and published in 2012 (see Annex 4, Chapter 1.6). Our analysis found evidence for a slightly more optimistic outlook for the foods sector, given more recent statistical trends.

The trade modelling exercise concluded that the DCFTA would have overall positive macroeconomic effects, as well as positive long-term effects on human rights, environment and labour rights (due to rising public demand for higher standards, better monitoring of obligations under international agreements, and improved administrative capacity to implement them). Predictably, there would also be a social cost, especially for lower-skilled and marginalised groups.

Short- and Long-Term Effects of EU-Georgia DCFTA on Georgia Ecorys/CASE CGE Modelling, 2012⁴²

Macroeconomic Impacts	Short-Run Effects	Long-Run Effects
GDP, % change	1,7	4,3
Consumer prices, % change	-1,0	-0,6
Wages, less-skilled, % change	1,5	3,6
Wages, more-skilled, % change	1,5	3,6
Terms of trade, % change	-0,1	-0,6
Total imports, % change	4,4	7,5
Total exports, % change	8,9	12,4
Imports from the EU, % change	n.a.	23
Exports to the EU, % change	n.a.	43

The combination of tariff cuts and implementation of international food hygiene and industrial standards will offer new opportunities for several sectors. The most important ones for the economy (given their value-added and projected output change) will be fresh foods and nuts, animal products, commerce, construction, communications, and 'public and other' services. Within manufacturing, chemicals, primary metals and 'other machinery and equipment' are expected to show **strong gains in output and thus employment**. However, their small contribution to value added at present means the gains for the economy may be rather small until they build up critical mass.

⁴² EU, Ecorys/CASE (Oct. 2012). *Trade Sustainability Impact Assessments in support of negotiations of a DCFTA between the EU and Georgia and Moldova, final report, for DG Trade*, available at http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150105.pdf

The modelling showed that imports from the EU of machinery and equipment, motor vehicles, beverages, other processed foods, transport services, and business/ICT, finance and insurance services would grow the fastest as a result of tariff cuts. The increase will pose challenges for some Georgian producers, but they will offer benefits for others (cheaper inputs) and for Georgian traders and consumers (choice, price, quality).

Regarding socioeconomic impacts, overall **employment and wage** levels would increase in line with rising output and reallocation of resources, especially labour and capital, from less-productive to more-productive sectors. The analysis suggests that about 4% of the Georgian labour force would change sector of employment (5% of less-skilled workers and 3,5% of more-skilled workers). It cautioned: "*The 'ease' of this transition will be crucial for determining the timing and scale of expected gains from the DCFTA. Such gains may well be delayed or limited if labour reallocation proves difficult.*"

Several **poverty** indicators are likely to improve, but the poorer 10% of the population may face challenges since food prices may rise slightly (less affluent households spend more of their budget on food). On gender **inequality**, the study comments: "*The indirect favourable DCFTA impact on equality may come about if and when increasing living standards begin to support gradual changes in societal preferences on equality issues. Other mechanisms of positive influence may be related to international conventions supporting equality and condemning discrimination. On the negative side, sectoral employment reallocations may affect the weakest workforce groups with low education and skill levels, with a risk of exacerbating currently observed inequalities.*"

2.2.3 Georgia: Key trade-and-gender findings and conclusions on potential positive and negative effects related to the DCFTA⁴³

2.2.3.1. Production and employment effects

In 2014, 53% of Georgia's population of 3,7 million was economically active. The labour force participation rate among women was 57% compared to 77% among men.⁴⁴ It appears that more women join the workforce after raising children, as from age 35 to 64, the rate rises to an average of 75%. Male participation is around 90% from age 25 to 64.

The 2014 employment-to-population-rate among women (51%) was also lower compared to men (67%) in all age groups. There were also age disparities within each sex group.⁴⁵ 25% of employed women worked on their 'own account', compared to 43% of employed men. 35% of employed women worked as 'contributing family workers', compared to 14% of employed

⁴³ For all socioeconomic statistics provided in the following analysis, refer to Annex 7: Socioeconomic data by country for full datasets and data sources.

⁴⁴ Economically active = labour force participation. A measure of the active portion of an economy's labor force. The participation rate refers to the number of people who are either employed or are actively looking for work. The number of people who are no longer actively searching for work would not be included in the participation rate.

⁴⁵ Employment rate = ratio of the employed to the working age population.

men. The unemployment rate in 2014 among women was lower than for men, with 10% compared to 14%. The lower unemployment rate among women does not directly correspond to a higher employment rate. It is more likely that fewer women were actively looking for jobs, either staying home doing unpaid household work or working in the informal economy. Notably, the 22% urban-unemployment rate was four times higher than the 5% recorded in rural areas. The youth unemployment rate (age 15-24), at 31%, was also particularly high, indicating that the school-to-work transition was difficult. The share of unemployed people living below the nationally-defined poverty line was 30%. Many of these were in the agriculture sector.

In 2013, The World Bank STEP report noted: "*Many unemployed Georgians are highly educated. Over half of the unemployed have a secondary school diploma, and as many as 40% have a higher education degree, 46% in urban areas. A singularly important reason for the high unemployment in Georgia appears to be that highly educated workers do not have the skills needed in the labour market. [...] Many Georgian employers complain it is difficult to find workers with the required skills. In 2008 close to 30% of Georgian employers saw inadequate workforce skills as a major obstacle to the operation and growth of their firms. Importantly, innovative and growing firms suffered from skill shortages the most.*"

Gender stereotypes about the roles and functions of women and men still prevail. According to a UNDP survey, Georgians generally feel that men should be the sole breadwinner, while women should do the household chores.⁴⁶

The labour market exhibits **horizontal and vertical discrimination**, meaning that women and men are under- or over-represented in specific occupations, and that women less often occupy management positions and have fewer opportunities for promotion and career advancement. Women earn significantly less in almost all sectors, although the gap is closing gradually. According to UNECE/ILO, the gender wage gap⁴⁷ in Georgia declined from 43% in 2010 to 36% in 2014 (see Table 2 in the Georgia Annex).

Sectoral review

In 2014, **Agriculture** contributed 9% of GDP and nearly 30% of exports (when agro-processing is included). It also accounted for half of Georgia's employment, divided fairly equally between women and men. About 54% of employed women worked in agriculture, along with 48% of men. Many of the women worked in subsistence, family and market farming. The gender wage gap in agriculture was 23% in 2013.

Industry and energy accounted for 17% of GDP in 2014 and 10% of employment (21% women, 79% men). Industry has been growing steadily in recent years, and the number of women working in the sector has doubled to 36 000 since 2010 (4% of working women, up

⁴⁶ UNDP (2013). *Public Perceptions on Gender Equality in Politics and Business*, UNDP Georgia, Tbilisi.

from 1% in 2010). The number of men in the sector has risen 57% to 139 000, or 15% of total employed males. The gender wage gap in manufacturing was 35% in 2013.

Services comprised 74% of the economy and employed 39% of the working population (50% women, 50% men). 42% of women work in the services sector, and 37% of men. Both levels have declined since 2010, especially for women. These are all relatively low figures for a sector that makes up such an important part of the economy. Given services' important role in economic and trade development, it would be useful to investigate these data more thoroughly. Informal employment may partly explain the question, but no recent statistics were available for this study. The gender wage gap in services sector ranged from 13% in public administration and real estate to 42% in financial services (and over 30% in the other segments, except for 20% in education).

Given the trade analysis in 2.2.2 and the above production/employment effects, the likely positive impacts are summed up as 'opportunities' and the possibly negative effects as 'risks' under each of the 'five dimensions' of analysis.

Opportunities (likely positive effects): As the trade analysis in 2.2.2 showed, niche areas of agriculture and agro-processing will benefit, with good employment and benefits in terms of reducing gender inequalities. Existing major industrial export sectors, including clothing which employs many women, will continue, and niche segments should grow, offering expanded employment opportunities for both men and women. The Services sector will benefit overall, with relatively good distribution of gains in sectors employing predominantly women (e.g., hospitality, tourism, education), as well as in sectors employing mainly men (e.g., transport, construction, etc.).

Risks (constraints to address): Initially, regulatory compliance obligations combined with greater EU competition and could hit agriculture and food processing harder than other areas, with implications for social cover, especially for rural women and those working in certain lower-grade processing. Some industrial activities will also face short- to medium-term challenges to become competitive or close. This will affect mainly lower-skilled workers, many of whom are men.

As in most countries, a shortage of early childhood care and after-school care have an impact on labour force participation rates. Traditional mind-sets and attitudes tend to perpetuate inequalities. Other constraints relate to access to information about the skills and education needed in the marketplace, and to education providing these skills. Services to support labour mobility across sectors and activities will help to overcome this.

Georgia's gender profile generally sets a positive note in terms of the country's ability to take advantage of potential opportunities under the DCFTA and to withstand the challenges it may pose. However, a few indicators appear to have stalled in recent years, indicating that efforts to improve them should be strengthened (see Table 2 in Annex 1.)

2.2.3.2. Supply-side gender-related issues

See also the detailed tables in Annex 1.

In December 2014, the Georgian Employers Association surveyed **women entrepreneurs** on the challenges they faced. The respondents had to state three main problems that hampered their firms' development. The results were distributed as follows (% of respondents that listed

this as one of the three main problems):

- Socioeconomic conditions, low level of solvency of the population – 15%
- High cost of credit, inflexible bank system – 13%
- Lack of finances – 11%
- High taxes for SMEs – 11%
- Low qualification of labour force - 9%
- Lack of appropriate training – 9%
- High level of competition for small business – 7%
- Low level of awareness of business issues of women entrepreneurs – 6%
- Others – 19%."

Women's right to own land is protected by law, but daughters' right to inherit land and women's access to property other than land is not well governed, largely due to traditional systems where land stays in the family and passes to the eldest son. In case of divorce, land stays with the husband's family. In 2010, women held 22% of land (including leased) and 20% in 2012 (later figures not available).

Women and men have equal access to credit under the law. Women are also well represented among senior officers in commercial banks. Nevertheless, they often are constrained by a lack of savings, lack of property to use as collateral, lack of credit history and poor access to investment or working capital.

Households and companies alike face similar challenges in access to reliable basic and quality infrastructure however these constraints are more difficult for women who are at the lower end of the value chain, or who otherwise lack the necessary knowledge and resources. For example, insufficient infrastructure of centrally supplied (piped) water means that many women (especially in rural areas) must spend considerable time on water collection and disposal; consequently, they have less time to engage in paid work.

Girls and boys have equal access to education in Georgia, the literacy rate is 100%, and women outpace men in graduation from university and post-graduate studies. However, there is a severe dearth of places available in tertiary institutions, and only about 60% of applicants are successful. In recent years, a cull of the education system has aimed to reduce corruption and raise quality. This partially explains the decline in enrolment. In science, technology, engineering and maths, 42% of graduates are women and 58% men.

Many of the graduates are jobless or underemployed. There is a well-documented mismatch between the skills needed by modern agriculture, industry and services and those turned out by the education system. Two reports in 2015 supported this with detailed data and interviews: one set from 2008-13 (a large part of it focusing heavily on construction and large

firms) and the other from 2015 (covering many sectors and regions).⁴⁸ Interviews indicated that much remains to be done in terms of filling the productivity and unemployment gaps caused in large part by the skills shortage. One change, from 2010 is that demand for higher-level technical and professional skills is intensifying.

Opportunities: There is a plentiful supply of well-educated young men and women. Physical infrastructure (roads, rail, ports and telecommunications) is improving. Georgian products are becoming more visible in international markets.

Risks: Educational qualifications frequently do not meet market needs. The skills shortage is one of the biggest constraints to taking advantage of the DCFTA and managing the challenges that greater competition will imply. Georgia has a well-documented shortage of highly qualified workers and professionals in key disciplines all the way up the main trade-related value chains (e.g., machinery operators, agriculture engineers, food biologists and many more). Such shortages in the sectors most likely to benefit from the DCFTA (niche foods, chemicals, metals, machinery and equipment, apparel, professional services, logistics, tourism) could indeed delay the timing and scale of benefits. So could delays in implementing SPS measures and technical regulations and standards at both the national and company level.

Basic energy and water infrastructure is still insufficient to support business and farm development to the degree needed to create exportable surpluses. Financing business development can be costly.

Women's access to land, credit and basic infrastructure constitutes the main supply-side set of inequalities that will impede their ability to benefit from the DCFTA.

2.2.3.3. Consumption effects

The percentage of the Georgian population living below the relative poverty line decreased from 23% in 2010 to 21% in 2014.⁴⁹ Households headed by women or unemployed men, households with seven or more members and rural households are all more likely to be poor.⁵⁰ Poverty rates are highest in rural areas: 27% of the rural population lived under the poverty line compared to 15% of the urban population in 2014. Moreover, the 2008 conflict produced about 247 000 Internally Displaced Persons (IDPs). Access to the breakaway regions remains problematic, and many vulnerable people there lack access to basic services.

According to the Georgia ISET Consumer Confidence Index of February 2013, 51% of re-

⁴⁸World Bank Georgia (Jan. 2015). *STEP Skills Report*, based on 2012-13 data and the 2008 IBRD-World Bank Business Environment and Enterprise Performance Survey.

BCG Research, Tbilisi (May 2015). *Qualitative study of attitudes/demands of the employers and deficient professions at the labour market* (based on Mar-Apr 2015 interviews).

www.aljazeera.com/indepth/features/2015/11/wine-georgia-popular-export-thrives-embargo-151125132611088.html

⁴⁹ Share of population under 60% of the median consumption

⁵⁰ ADB (2014). *Country Partnership Strategy Georgia 2014-2018*.

spondents were running household deficits, while only 36% managed to make ends meet.⁵¹ The 2014 average monthly income per household was GEL 983.9 (\approx €407) while the average monthly household expenditure was GEL 956,2 (\approx €395). Female-headed households' average expenditure was 67% of male-headed households'. Much of the increase in income and consumption during the last 15 years benefitted the top quintile of Georgia's population, and income inequality is still high. The Gini coefficient in 2014 remained high at 0.40 (0 is perfect equality).

Opportunities: Overall inflation is expected to decline slightly as a result of the DCFTA. Prices of numerous products (consumer goods, vehicles, industrial intermediates) are expected to fall, as supplies increase due to greater imports and more competition.

Risks: However, some prices may rise due to a stricter regulatory environment for food and industrial product safety and quality, and for consumer protection. The poorer strata of the population, which spend up to 50% of their income on food and non-alcoholic beverages, could be disadvantaged by any price rises in food. Women do most of the household shopping and market gardening. They may have to shop around more to make their household incomes go further. Women who earn less than men would carry more of the burden of food price hikes.

2.2.3.4. Revenue effects (of tariff cuts)

The World Bank reports that public finances in Georgia are likely to come under pressure over the short- to medium-term. Up till now spending on pensions has been the largest component of social expenditures in Georgia and in 2014 women made up 71 % of people receiving an old-age pension. Notably, in 2013 only 40% of the population in the poorest decile received targeted social assistance; 29% of people receiving social assistance were women.⁵² In 2014, universal health care was introduced, an important reform which is projected to double government health expenditure. Cuts may therefore be necessary in other areas.

Opportunities: Studies show that eventually the government should receive increased income, profit and value-added taxes due to development of new business, new EU investment, greater employment, etc. This might be a positive long-term effect for gender equality in Georgia, as it could facilitate greater public expenditure in services that underpin gender equality and female employment (e.g., infrastructure, childcare, social support, education, health, etc.). Potentially increased government income is important as the World Bank reports that public finances in Georgia are likely to come under pressure over the short- to medium-term.

Risks: The tariff cuts are not expected to produce deleterious effects. However, because the government cannot easily increase tax rates, fiscal consolidation (under the IMF Stand-By

⁵¹ ISET Policy Institute (2013) *Georgian Consumer Confidence Index*.

⁵² ADB (2014). *Country Partnership Strategy Georgia 2014-2018*.

Agreement) will fall proportionately more on the expenditure side. To achieve the desired fiscal outcomes, strengthening the effectiveness of social spending and supporting the government in developing institutional capacity will be crucial. Gender-responsive budgeting would help ensure this outcome.

2.2.3.5. Regulatory effects (of the DCFTA Approximation agenda)

Opportunities: Implementation of the many measures foreseen under the DCFTA, most by 2019, should bring greater transparency and predictability in trade- and business-related activities, including public administration, competition, public procurement, labour practices, etc. Implementation of SPS/TBT measures and practices and the accompanying Quality Infrastructure, is considered by all analysts to be the single most positive aspect of the DCFTA. Adopting and applying these measures and good practices will enhance product safety and reliability, and improve Georgia's competitive edge in neighbouring markets as well as in the EU.

Risks: Implementation of the Approximation/Harmonisation agenda will be expensive and complex, both for government and for companies. All will need constant encouragement and direct hands-on support. Women, who tend to be more concentrated at the low end of the value chain (e.g., primary producers), may face more challenges to cope with the increased costs of complying with stricter food hygiene and other product standards. They also have less leverage in terms of access to finance, technology, infrastructure, expertise, etc.

2.3 MOLDOVA ANALYSIS

This section sums up the key points of the Moldova trade-and-gender analysis at Annex 2.

2.3.1 EU-Moldova Trade Relations and the DCFTA

The EU and the Republic of Moldova have had progressively closer relations since the early 1990s. In late 1994, they signed a Partnership and Cooperation Agreement (PCA) which came into force in 1998. In mid-2014, they signed the Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA), which replaces the PCA. It will coexist with the EU's Regulation on Autonomous Trade Preferences until the end of 2015, to facilitate business adaptation to the DCFTA. In 2013-2014, the Regulation extended duty-free treatment to Moldovan wine and granted duty-free quotas for apples, plums and table grapes. The DCFTA covers trade in goods and services and improves establishment conditions for investors. The EU removed most tariffs immediately in September 2014. Moldova has 10 year years to implement tariff cuts on sensitive sectors such as agriculture and food products.

Moldova's exports to the EU reached €1160m in 2014 - mainly textiles and clothing, machinery and appliances, fresh and processed food products, and beverages. EU exports to Moldova totalled €2 350m in 2014. In recent years, these have been primarily machinery and appliances, mineral products, transport equipment and chemical products.

Key Facts: EU-Moldova Association Agreement

Date of Signature: 27 June 2014

Date of Entry into Force: 1 September 2014 (provisional until all parties ratify). Moldova ratified 2 July 2014.

Full implementation of DCFTA:

Services (both sides): 1 September 2014.

Goods: EU: 1 September 2014; Moldova: 1 January 2024.

The EU-Moldova Association Agreement comprises 7 Titles, 465 Articles, 35 Annexes and 4 Protocols.

Key gains for Moldova in Goods exports to the EU market

Many of the tariff cuts will benefit existing export sectors, giving them a competitive boost. Many exports to the EU were already benefitting from duty-free Most-Favoured Nation (MFN) status (from Moldova's WTO membership). Some were already benefitting under the EU's General System of Preferences (GSP+) programme operating since 2005.

The biggest tariff cuts (number of lines weighted for size of cut) were the following:

- Processed foods, beverages, sugar: 729 additional lines with an average 14,8% tariff
- Textiles and apparel: 1120 additional lines with average 8% tariff
- Live animals & products, including dairy, eggs, honey: 825 new lines with an average 9,8% tariff
- Chemicals & allied products: 850 new lines, average tariff 4,3%
- Machinery and electrical equipment: 1068 new lines, average. tariff 2,3
- Vegetable products (fruit, vegetables, cereals, oilseeds, medicinal plants, etc.): 381 new lines, average tariff 5,5%.

Conclusion: The main tariff cuts mentioned above are among Moldova's principle export interests to the EU. In addition, of Moldova's top 25 exports (individual products making up nearly half of its global sales), all but two (apples and fresh table grapes) are now duty free, and apples and grape juice have duty-free tariff quotas (tariffs not applicable until the thresholds are surpassed). Therefore, the **benefits should begin to flow relatively quickly**, depending on the capacity of Moldovan producers to meet volumes and specifications. In the first year of the agreement, for example, sugar exports to the EU rose significantly.

Key gains for the EU in Goods exports to Moldova

The EU was already benefitting from duty-free MFN status from Moldova before the DCFTA was signed. Under the DCFTA, Moldova immediately removed tariffs on a further 4607 lines (nearly half of its schedule), equalling 30% of its imports from the EU in 2011-2013. The remaining 607 lines will become duty-free over a 10-year transition period, as shown below. These lines represent sensitive items for Moldovan producers and currently make up 6,5% of Moldova's imports from the EU.

Conclusion: EU exporters will increase their price competitiveness in a number of areas, including segments in which they are already exporting sizeable amounts to Moldova. At the same time, Moldovan food, consumer goods and industrial intermediates producers may face additional competition from EU products in terms of price, quality and choice. Consumers – both men and women - in Moldova will benefit from greater competition in price, quality and choice, though in some areas, food prices may rise due to stricter hygiene rules.

Services Trade Opportunities

In the DCFTA, the EU has given Moldova concessions that improve its WTO Services commitments (the benchmark), mostly by expanding the scope and removing obstacles to commercial establishment in a number of sectors (e.g., computer-related services, courier, construction, franchising, travel agencies). Overall the EU regime remains more restrictive than Moldova's, reflecting its 28 members' individual limitations on national treatment and market access.

When it joined the WTO in 2001, Moldova offered extensive commitments in 147 of 155 services sectors/subsectors (compared with the EU's 130). In the DCFTA, its main improvements were further liberalisation for investment in the real estate, telecommunications, insurance and air transport sectors, and for movement of service suppliers in a number of sectors (subject to qualification and other requirements).

Conclusion on Services: The commitments offer both sides interesting opportunities in services trade and investment. For Moldova, these could include new EU business related to tourism services, professional services, computer-related services, financial services, transport services and distribution services (including franchising EU brands), and possibly others as capacity and skills are built up.

For the EU, clear opportunities now exist to do business in virtually every sector of the Moldovan economy and to supply services through cross border movement of professionals. The negotiations on visa arrangements will have some impact facilitating on movement of professionals across borders, but the main issues will remain licensing requirements and recognition of qualifications - often bilateral rather than regional procedures (the EU is trying to regulate some professions on an EU-wide basis).

2.3.2 Potential Impacts on Moldova's Trade and Business Development

Sectors that should benefit directly and indirectly in the long run

New or expanded business and trade opportunities with the EU and/or other countries may arise from Moldova's easier access to EU markets, from inbound EU investment, from cheaper EU imported inputs and other products, and from improved SPS and technical regulation measures and management. In fact, the SPS/TBT improvements are expected to have the most positive impact on Moldova's trade prospects.

Sectors that should benefit from the DCFTA	
<p>Agriculture and agro-processing</p> <ul style="list-style-type: none"> Grains Sugar Some niche fresh foods (fruits, vegetables) Sunflower seeds and nuts Some processed foods Some beverages (wine, juice, etc.) 	<p>Services:</p> <ul style="list-style-type: none"> Professional services (legal, accounting, bookkeeping, engineering, advertising, translation, management consulting services) Computer-related services, including IT Research and development services, including scientific R&D and other innovation

Manufacturing Textiles and apparel Machinery and electrical equipment, incl. intermediates Primary metals Chemicals and related products	Testing and analysis services Repair and after-sales-service services Construction services Distribution services (retail, wholesale, commission agent, franchising) Environmental services Financial services (insurance, banking, etc.) Tourism-related services Transport & logistics services (air, road, rail)
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Sensitive sectors that may decline, at least temporarily

The analysis identified segments expected to be sensitive to import competition, or otherwise challenged by the agreement (e.g., by the cost of complying with the new rules and regulations). Some segments may decline only temporarily; they may be able to rebound if they can put in place the necessary quality and other controls and systems required under the AA/DCFTA, and if they engage in innovation.

Sectors that may face challenges due to the DCFTA	
Agriculture and agro-processing Live animals, meat, dairy (phased-in liberalisation) Some fresh foods Processed foods and beverages (phased-in liberalisation) Manufacturing Paper Textiles and clothing (phased-in liberalisation) Shoes (phased-in liberalisation) Headgear (phased-in liberalisation)	...Manufacturing continued Building materials (phased-in liberalisation) Electronic and IT products Motor vehicles Machinery & equipment, incl. industrial intermediates Cleaning agents Medicaments Plastics (phased-in liberalisation) Miscellaneous consumer goods

Modelling of potential DCFTA impacts

The findings of our analysis largely coincided with those of the Ecorys/CASE 2011-2012 trade modelling study.⁵³ It estimated that the DCFTA would increase Moldova's GDP by 5,4% over the long run, provided it is fully implemented and sustained. Similarly, Moldova's exports would rise as much as 16% and imports 8%. The combined benefits would be greater employment in export sectors, higher wages for workers, and more competitive prices and quality for consumers. The study concluded that the implementation of nontariff measures would be the single most important benefit for both sides (particularly sanitary and phytosanitary measures, technical regulations, standards, and services and investment liberalisation).

⁵³EU, Ecorys/CASE (Oct. 2012). *Trade Sustainability Impact Assessments in support of negotiations of a DCFTA between the EU and Georgia and Moldova*, final report, for DG Trade, available at http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150105.pdf

Short- and Long-Term Effects on Moldova of EU-Moldova DCFTA

ECORYS/CASE CGE Modelling, 2012

Macroeconomic Impacts	Short-Run Effects	Long-Run Effects*
GDP, % change	3,2	5,4
Consumer prices, % change	-1,0	-1,3
Wages, less-skilled, % change	3,1	4,8
Wages, more-skilled, % change	3,1	4,8
Terms of trade, % change	0,1	0,1
Total imports, % change	6,4	7,7
Total exports, % change	14,8	16,2
Imports from the EU, % change	--	22
Exports to the EU, % change	--	32

*Long-run=when inter-sectoral resource reallocation and dynamic investment effects have taken place.

The study also concluded that in addition to overall positive macroeconomic effects, the DCFTA would have **positive long-term effects on human rights, environment and labour rights**, due to rising public demand for higher standards, better monitoring of obligations under international agreements, and improved administrative capacity to implement them. The projected increase in average wages and decrease in consumer prices would produce higher disposable income overall. At the same time, however, the adjustments would imply **social costs**, especially for lower-skilled and marginalised groups.

2.3.3 Moldova: Key trade-and-gender findings and conclusions on potential positive and negative effects related to the DCFTA⁵⁴

This section sums up Annex 2's detailed analysis of each set of effects.

2.3.3.1. Production and employment effects

Moldova has a population of 3,6 million people, of which 2 million are part of the labour force (920 000 women and 1,1 million men aged 15-64). In 2014, the labour force participation rate among women was 38%, compared to 44% for men. Economic inactivity has become an outstanding feature of the Moldovan labour market. Reasons include jobless economic growth; few employment opportunities regardless of relatively high educational levels; high reservation wages⁵⁵; age-based discrimination; and high degrees of household work combined with limited public services (significant for women, negligent for men).⁵⁶

⁵⁴ For all socioeconomic statistics provided in the following analysis, refer to Annex 7: Socioeconomic data by country for full datasets and data sources.

⁵⁵ The reservation wage is the lowest wage rate at which a worker would be willing to accept a particular type of job. A job offer involving the same type of work and the same working conditions, but at a lower wage rate, would be rejected by the worker.

⁵⁶ ILO (2012). *Decent Work Program Moldova 2012-2015*.

1,2 million people are employed - approximately half women and half men. The employment rate among women was 37% in 2014, compared to 42% among men. Unemployment averaged 3% for women, versus 5% for men in 2014. This did not reflect higher availability of jobs for women, but rather indicated that women were economically inactive and had left the labour force.⁵⁷ Unemployment among women in the 15-24 age group was 10%. It halved to 5% in the 25-34 group and halved again to 2,5% in the 25-64 group.

With relatively low employment rates combined with high economic inactivity rates, there is a significant need for more and better jobs in the domestic labour market. Migration is often seen as the only alternative to unemployment, underemployment and informal work. About a quarter of the Moldovan labour force works abroad – both women and men.⁵⁸

Moldova has improved its standing in terms of gender gaps in recent years (see Table 2 in Annex 2). The average gender wage gap was 12% in 2014, below that of neighbouring countries (though some analysts question the accuracy of the measurement). The gender pay gap is smallest in agriculture (9%), 13% in manufacturing and 28% in financial services. (See socio-economic data in Annex 5 for more details.)

A World Bank enterprise survey highlights the better performance in a variety of areas of women-managed businesses in Moldova. This is consistent with similar WB surveys in other countries.

Performance of Enterprises in Moldova, 2013

Subgroup Level	Capacity utilisation (%)*	Real annual sales growth (%)	Annual employment growth (%)	Annual labour productivity growth (%)
All	82,7	3,1	3,2	-0,7
Top manager is female	83,8	4,1	2,7	0,8
Top manager is male	82,3	2,8	3,5	-1,2

Sectoral overview

Agriculture underpins the Moldovan economy, comprising 15% of GDP and 30% of employment (43% women, 57% men), and contributing directly to about half of Moldova's exports (including agro-processing). In 2014, 26% of employed women and 34% of employed men worked in agriculture. Interestingly, the proportion of men in agriculture has been growing, while that of women has been declining. In the food and livestock segments of the broad-

⁵⁷ Schmitz, C. Veverita, E. Sinchetru, A. (2013). *Improving economic efficiency through integrating a gender perspective in the Moldovan budgetary process.*

⁵⁸ EU/CASE Vasile Cantarji Georgeta Mincu (2013). *Costs and Benefits of Labour Mobility between the EU and the Eastern Partnership Partner Countries Country Study: Moldova*

er agriculture, forestry and fishing sector, women make up about one-third of the people employed. In Moldova, 20% of employed women are classified as 'contributing family workers' versus 8% of employed men, underscoring the vulnerability of female employment. Informal employment is particularly notable in the agriculture sector (81% for females and 68% for males, according to the ILO), but much less in non-agricultural activities (9% for women; 19% for men). Most of part-time employment is also found in agriculture.

Industry and energy accounted for 17% of GDP in 2014 and 12% of employment (distribution by sex: 46% women, 54% men). The broad sector engaged 11% of employed women and 13% of employed men. In recent years, women's participation in industry has expanded, while that of men has contracted. Manufacturing is dominated by the food and beverage sector, which comprised more than 43% of output and 45% of industrial exports. Women slightly outpace men in the fast-growing food segment, while men are more predominant in beverages. In fact, three important growth areas - food processing, textiles/clothing and electrical equipment- employ mostly women. Men are most active in machinery, metals and chemicals.

Services comprises nearly 70% of the economy and employs 57% of the working population (distribution by sex is 54% women, 46% men - fairly constant in recent years). 62% of women work in the services sector, and 53% of men. Services sector expansion has strong positive correlations with poverty reduction and with bringing more women and youth into the economy.

Opportunities

The DCFTA gives Moldovan farmers, agro-processors, manufacturers and a host of services providers the security of access to the large EU market and to potential EU investors. Equally importantly, it provides a solid framework for adopting and applying international good practices, standards and rules that will benefit producers, workers and consumers alike. Fully implemented, the DCFTA is projected to bolster Moldova's GDP by 5,4%, reduce consumer prices 1,3%, raise wages 5%, increase disposable incomes and eventually reduce poverty.

For Moldova, the biggest direct gains from the DCFTA (exports) are expected to be in agriculture (especially grains, crops, sugar), agro-processing, and textiles/clothing, followed by metals, machinery and electrical equipment. The biggest indirect gains are projected to occur in services, including commerce, construction, transport services, and professional and business/IT services.

Among the sectors that may benefit the most from the DCFTA, women are most active in agriculture, textiles, commerce and professional services. Men are most well represented in agriculture, transport, construction and certain business services, including IT.

Upgrading production processes and meeting the stricter EU requirements will mean that the lower-skilled segments will have to improve skill levels, and that higher-skilled areas will also have to adapt to new ways of working (more automation, robotisation, high accountability, etc.). This may benefit women, who currently account for two-thirds of Moldovans with technical or professional qualifications and 60% of Ph.D. graduates. Men comprise 86% of engineering graduates.

Given the broad reach of the services sector, both women and men stand to benefit from the positive effects of the DCFTA, women being particularly well represented in some of the growth areas (e.g., certain professional services, financial services, tourism, commerce, etc.)

and men in others (e.g., IT, construction, repair/after-sales service, transport, etc.).

None of the major services subsectors is predicted to decline as a result of the DCFTA. This augurs well for the economy given services' strong positive correlations with poverty reduction and economic participation rates.

Risks

The 10-year transition period for phasing in tariff cuts is expected to shield sensitive sectors (livestock, meat, dairy, some processed foods, textiles, shoes, building materials, plastics) while they adapt to the new, more competitive environment. Initially, competition and compliance obligations could hit agriculture and food processing harder than other areas. This would have implications for social cover, especially for rural women and those working in certain lower-grade processing. Subsistence and small market farming (which often involve women) may be less affected than more developed farm sectors, because these activities are rarely obliged to meet onerous SPS requirements. Indeed, some studies show that this segment may benefit from lower overall cost of living, including food prices, since low-income households spend more than half of their budgets on food and beverages.

Certain other industrial activities will face short- and medium-term pressures without the transition umbrella (e.g., vehicles, electronics), affecting both female and male workers. About 5% of the labour force is expected to change sectors during the adjustment period. The expanding clothing sector could provide a 'buffer'. In the short to medium term, informal employment might expand if competitive pressures force companies to cut labour costs. The competitive and compliance pressures posed by the DCFTA, combined with problems related to regional conflicts, may hasten the adjustment process. Social costs and inequalities may intensify due to all these circumstances. Additional social cushions, together with services to support labour mobility across sectors, will help to manage this.

2.3.3.2. Supply-side gender-related issues

(Also see the detailed tables in Annex 2.)

Women-managed businesses in Moldova are more likely to remain small and undercapitalised for a number of reasons. While women might not face legal constraints in accessing finance, they do face gender stereotyping problems and practical issues like insufficient assets to meet collateral requirements. Women are also considered more 'risk-averse' in terms of taking on debt. Only 14% of women-led agri-businesses are formal, and thus are less likely to benefit from export-support programmes (support programmes reach just 30% of such businesses). They are also smaller and less capital intensive: about 9% own tractors and 8% have irrigation systems. As a result, they are less likely to be able to scale up their business and conform to EU quality standards.⁵⁹ Women comprise 36% of agricultural landholders, but own only

⁵⁹ National consultant;

www.statistica.md/public/files/Recensamint/Recensamint_agricol/Femei_barbati_agr/Femei_barbati_agric_eng.pdf

19% of agricultural land. Pervasive corruption and organised crime are among the challenges faced by both female and male entrepreneurs.⁶⁰

Access to Quality Infrastructure⁶¹ (QI) is one of the most important issues in trade development. It is also one of the areas with the most constraints, especially for SMEs. In Moldova, the key issues are government capacity to manage QI, including surveillance; businesses' understanding of requirements; availability of accredited testing and conformity assessment facilities; and time and cost of conformity assessment and certification. These constraints are more difficult for women who may be at the lower end of the value chain (e.g. milk producer who sells to a cooperative), or who otherwise lack the necessary access to information and resources.

WEF Survey 2014: Women's access to property and credit (1=worst, 0= best score)	
Inheritance right of daughters	0,5
Women's access to land ownership	0,5
Women's access to property other than land	0,0
Women's access to credit	0,5

Key issues/constraints in access to finance	Priority (H, M, L)	Urgency (H, M, L)	Potential Impact (H,M, L)
Traditional attitudes	M	M	H
Loan products that do not reflect women's needs (e.g., smaller credit lines)	M	M	M
Financial literacy	H	H	H
Lack of experience in preparing business plans	M	M	M

The analysis highlighted areas where better skills, knowledge and awareness will be needed to take advantage of the DCFTA opportunities, as well as to minimise the challenges it brings.

Specific education and skills required to take advantage of trade opportunities	Priority (H, M, L)	Urgency (H, M, L)	Potential Impact (H, M, L)
Entrepreneurship (especially for women)	H	H	H
Management (general business administration, plus all types of management - HR, financial, product, production, etc.)	H	H	H
Marketing and client relations	M	M	M
Finance and accounting	H	M	M

⁶⁰ Turcan, A. and Colesnicova, T. (2013). *Gender peculiarities of entrepreneurship in the Republic of Moldova*. Practical Application of Science, Volume I, Issue 2

⁶¹ Quality infrastructure is the set of institutions, services and facilities that underpin the implementation of Sanitary and Phytosanitary and Technical Regulations/Standards (accreditation, certification, surveillance, testing and conformity assessment).

Application of modern technology (ICT, automation, logistics, etc)	H	H	H
Quality management	H	H	H
Technical specialities (a long list exists, ranging from agronomists to welders to laboratory technicians to lathe cutters)	H	H	H
Engineers (shortage of specific skills within the discipline)	M	M	M

Opportunities: Girls and boys have equal access to education in Moldova; the literacy rate is 99% for females and 100% for males. Girls outpace boys in graduation from university and post-graduate studies. Women are particularly well represented in basic sciences (e.g., biology, chemistry), while men prevail in engineering. Both areas offer a good basis for future opportunities under the DCFTA. Access to basic transport infrastructure is improving, facilitating trade.

Risks: Educational qualifications frequently do not meet market demand, due in large part to traditional systems and poor communications between the education system and industry. This can make the school-to-work transition problematic. The higher-than-average unemployment rate in the 15-24 year age group may be evidence of such a mismatch. Similarly, improvements are needed in the area of continuing education, to help adults upgrade their knowledge and skills, and enhance their employability.

Quality infrastructure and basic infrastructure are still insufficient to support business and farm development to the degree needed to create exportable surpluses. Getting credit to finance business development is costly and time-consuming. It is a challenge to secure reliable information and support to access trade-related opportunities and networks. Most parents do not have good access to childcare facilities. Most of these supply-side constraints affect both sexes, but they tend to affect women more due to a variety of cascading inequalities. In short, women's unequal access to land, credit, basic infrastructure, networks and support affect their ability to take advantage of the DCFTA. Traditional mind-sets and attitudes tend to perpetuate these inequalities.

2.3.3.3. Consumption effects

Poverty in Moldova has declined drastically in the last 10 years. Similarly, consumption growth among the bottom 40% of the population has been faster than average consumption growth. However, Moldova is still one of Europe's poorest countries. In 2013, 13% of the population lived below the national poverty line. The most-at-risk groups are those with low education levels, households with three or more children, rural households, self-employed, elderly and Roma.⁶²

The biggest share of women's and men's average disposable monthly income is employment (W: 37%, M: 44%), followed by social protection payments (W: 24%, M: 19%) and remit-

⁶²World Bank (January 2015), *Moldova Country Review*

tances (W: 24%, M: 14%). The average income of urban inhabitants (2111 lei) is 29% higher than that of rural inhabitants (1506 lei). Food represents the largest part of total expenditures: about 44% for both female- and male-headed households. Food products' share in poor people's consumption is much higher than for the wealthy. The poorest quintile devotes 56% of their expenditure to food products while the richest quintile spends 37%.

Opportunities: Various analyses predict that inflation will decline and employment, wages and disposable incomes will rise over the longer term if the DCFTA is fully implemented. Prices of numerous products (e.g., consumer goods, vehicles, industrial intermediates) are expected to fall, as tariff cuts lead to greater supplies and more competition. This will have positive effects for both consumers and producers (women and men). In addition, more rigorous quality, safety and transparency requirements will benefit all consumers.

Risks: The stricter regulatory environment will bear a cost which will be passed on to consumers. While these costs are projected to be quite small, they may affect food products more than other segments. This would have a greater impact on the poorer strata of the population, which spend up to 50% of their income on food and non-alcoholic beverages. Women who earn less than men would carry more of the burden of food price hikes, particularly in female-headed households. Moreover, women may have to shop around more to make their household incomes go further. This would add to the extra time they already devote to childcare and household duties (7,3 hours per day, compared to 4,1 hours for men).

In addition, many female-headed households depend on remittances from abroad to meet their monthly expenses (24% of their average disposable income according to 2014 data, compared to 14% for male-headed households). About one third of remittances came from family members working in Russia. The regional conflict and Russian sanctions against Moldova for its rapprochement to the EU, plus the weak Russian economy and rouble, will therefore affect female-headed households more acutely.⁶³

2.3.3.4. Revenue effects (of tariff cuts)

Opportunities: Tariff duties make up about 6% of Moldova's total tax intake; half or less comes from imports from the EU. The tariff cuts applying to EU imports will be phased in over 10 years. During this period, the government expects the difference to be more than made up through increased revenues from DCFTA-related new business development, EU investment, greater employment and increased consumption. Rising revenues over the long term could have positive gender impacts if the government increases spending on services that facilitate women's ability to engage in productive employment. Gender-responsive budgeting and the fight against corruption could facilitate such an outcome. The government has an important responsibility under the AA/DCFTA to develop the necessary institutional ca-

⁶³Frear, T. (17 December 2015) *Why Moldova is falling and what can be done*. European Leadership Network, available at www.infotag.md/finances-en/203162/ accessed 21 December 2015

capacity. The Agreement includes an extensive cooperation agenda, designed to support the government in this endeavour.

Risks: No deleterious effects on social spending are expected from the tariff cuts. However, it will be important to monitor and encourage the implementation of the AA/DCFTA to ensure that the projected benefits (and thus increased revenues) do indeed take place.

2.3.3.5. Regulatory effects (of the DCFTA Approximation agenda)

Opportunities: Implementation of the many measures foreseen under the DCFTA, most in the next five years, will bring greater transparency and predictability in trade- and business-related activities, including public administration, competition, public procurement, labour practices, etc. A major objective is to vastly reduce corruption and to control vested interests. Implementation of SPS/TBT measures and practices, and its accompanying quality infrastructure, is considered by all analysts as the single most positive aspect of the DCFTA. Adopting and applying these measures and good practices will enhance product safety and reliability, and improve Moldova's competitive edge in neighbouring markets, as well as in the EU.

Risks: Implementation of the approximation/harmonisation agenda will be expensive and complex, both for government and for companies. Women entrepreneurs may face more challenges in coping with the increased costs of compliance given the constraints they face in access to finance, technology, infrastructure, expertise, etc.

Pervasive corruption and related public sector ineffectiveness pose the major risk in terms of Moldova being able to maximise the benefits of the DCFTA and minimise the risks. Despite a concerted donor effort, implementation of SPS and technical regulations/standards is moving slowly, according to several reports. As this is considered the single most important driver of benefits over the long run, it will be important to overcome the obstacles as a matter of urgency, in order to ensure full implementation and enforcement of the measures. Given the high incidence of corruption, EU importers are understandably sceptical about Moldovan testing results and demand additional assurances, including independent testing in Europe, which increases time and cost for Moldovan exporters (and may dissuade some from even trying to export to the EU).

2.4 UKRAINE ANALYSIS

This section sums up the key points of the Ukraine trade-and-gender analysis in Annex 3.

2.4.1 EU-Ukraine Trade Relations

In 1998, the EU and Ukraine adopted a Partnership and Cooperation Agreement (PCA) providing a comprehensive framework for cooperation and trade. In 2008, negotiations started on a new Association Agreement, including a Deep and Comprehensive Free Trade Area. After some starts and stops, the AA/DCFTA was signed in mid-2014, replacing the PCA. The agreement will go into effect on 1 January 2016, assuming all EU members submit their ratification instruments to Brussels. The DCFTA covers trade in goods and services including tariff elimination or reduction over a maximum of 10 years. It opens services markets beyond WTO commitments, and improves establishment conditions for investors.

Key Facts: EU-Ukraine Association Agreement

Date of Signature: 27 June 2014

Date of Provisional Entry into Force: Association Agreement: 1 November 2014 (following ratification by Ukraine and the European Parliament on 16 September 2014). The AA will go fully into effect after all 28 EU members ratify it (all had ratified by December 2015, but several still had to submit paperwork to Brussels).

DCFTA (Title IV of the AA): On 1 January 2016 the DCFTA was scheduled to take over the process of market access liberalisation started with the EU's 23 April 2014 unilateral tariff cuts - the Autonomous Trade Measures (ATM).

Full implementation: Ukraine has a 10-year transition period until 1 January 2024.

The EU-Ukraine Association Agreement is composed of 7 Titles, 486 Articles, 44 Annexes and 3 Protocols.

Ukraine's exports to the EU totalled €14 billion in 2014, up from €12bn in 2010. The fastest-growing categories have been food products (€4bn, accounting for almost 30% of the total and growing more than 20% per year), chemicals (€0,6bn, up 4% p.a.), machinery (€1,4bn, up 2% p.a.), and textiles/clothing (€0,4bn, up 1,2% p.a.). Fuels sales to the EU totalled €2,5bn in 2014 and had been declining for some years.

In 2014, EU exports to Ukraine totalled €17m (about the same as in 2010, but down significantly from €24bn in 2012 and 2013). The main growth areas were fuels, food products and chemicals/pharmaceuticals. Other exports, while sizeable, had been showing declines. These include machinery and textiles/clothing.

Ukraine's recent best performers have been food/agrifood, chemicals and machinery, while the EU's have been fuels, food and chemicals.

Key gains for Ukraine in goods exports to the EU market

Under the DCFTA, tariffs will be eliminated in all but a few areas. Most industrial tariffs will fall to zero immediately. The main exceptions include a 10-year phase-out for duties on used clothing and vehicles (European cars had a 13% market share Ukraine in recent years). Agriculture has more exceptions with multi-year phase-out periods. For example, the EU is protecting a variety of food products with a mixture of tariffs, levies and tariff-rate quotas (thresholds for duty-free imports). Still, Ukraine will benefit from the duty-free quotas, and it will have a chance to renegotiate them down the track.

Many of the tariff cuts will benefit existing export sectors (e.g., food, machinery, textiles), giving them a competitive boost. Many of Ukraine's exports to the EU were already benefitting from duty-free Most-Favoured Nation (MFN) status following Ukraine's WTO accession in 2008. Many were also benefitting under the Autonomous Trade Measures programme operating since 2014.

Key gains for the EU in Goods exports to Ukraine

The EU was already benefitting from duty-free MFN status before the DCFTA was signed. EU exporters will increase their price competitiveness in a number of areas, including segments in which they are already exporting sizeable amounts to Moldova (vehicles, food, chemicals/pharmaceuticals), and in consumables and industrial intermediates.

Services Trade Opportunities

When it joined the WTO in 2008, Ukraine offered extensive commitments in 137 of 155 services sectors/subsectors (compared with the EU's 130). The FTA consolidates these with further regulatory, competition and procurement sections focusing on implementation of transparency and other internationally agreed good practices. The EU has offered concessions improving on its WTO Services commitments (the benchmark), mostly by expanding the scope and removing obstacles to commercial establishment in a number of sectors. Overall, though, the EU regime remains more restrictive than Ukraine's - reflecting its 28 members' individual limitations on national treatment and market access.

Conclusion on Services: The commitments offer both sides interesting opportunities in Services trade and investment. For Ukraine, these could include new EU business related to tourism, professional services, computer-related services, transport and distribution (including franchising EU brands), and possibly others as capacity and skills are built up. For the EU, clear opportunities exist in the Ukrainian services sector, including through cross border trade (e-commerce) and investment. The main issues for movement of services professionals will remain licensing requirements and recognition of qualifications. These tend to involve bilateral rather than regional procedures in the EU context.

2.4.2 Potential Impacts on Ukraine's Trade and Business Development

Sectors that should benefit directly and indirectly in the long run

New or expanded business and trade opportunities with the EU and/or other countries may arise from Ukraine's easier access to EU markets, from inbound EU investment, from cheaper EU imported inputs and other products, and from improved SPS and technical regulation measures and management. In fact, the SPS, TBT and Trade Facilitation improvements will have the most beneficial impact on Ukraine's long-term trade prospects.

Sectors that should benefit from the DCFTA <i>(not just from exports but from indirect effects as well)</i>	
Agriculture and agro-processing Live animals, meat Grains/cereals Sunflower seeds/oils Sugar Some niche fresh foods (fruits, vegetables) Some processed foods Some beverages (wine, juice, etc.)	Services: Professional services (legal, accounting, bookkeeping, engineering, advertising, translation, management consulting services) Computer-related services, including IT Research and development services, including scientific R&D and other innovation Testing and analysis services Repair and after-sales-service services Construction services Distribution services (retail, wholesale, commission agent, franchising) Environmental services Financial services (insurance, banking, etc.) Tourism-related services Transport & logistics services (air, road, rail)
Manufacturing Textiles and apparel Machinery and electrical equipment, incl. intermediates Metals Some niche areas (e.g., vehicle parts, certain chemical products)	

Sensitive sectors that may decline, at least temporarily

The analysis identified segments expected to be sensitive to import competition, or otherwise challenged by the agreement (e.g., by the cost of complying with the new rules and regula-

tions). Some segments may decline only temporarily; they may be able to rebound if they can put in place the necessary quality and other controls and systems required under the AA/DCFTA, and if they engage in innovation.

Sectors that may face challenges due to the DCFTA <i>(some sectors that benefit above may also face pressures)</i>	
Agriculture and agro-processing Live animals, meat Sugar Some fresh foods Some processed foods and beverages	Manufacturing Textiles and clothing Electronic and IT products Motor vehicles (phased-in liberalisation) Machinery & equipment, incl. industrial intermediates Pharmaceuticals Miscellaneous consumer goods

Impact analyses

Quantitative analyses (but none so recent and comprehensive as the 2011 Ecorys/CASE studies done for Georgia and Moldova) reveal that under a variety of long-run scenarios (e.g., DCFTA and DCFTA minus Russia FTA), the cumulative effect on GDP would be strongly positive; exports and imports would grow an extra 2-6%; wages of unskilled and skilled labour would rise 6-12%; and 3-4% of unskilled labour, and 2% of skilled labour would shift to another sector.⁶⁴

An inequality analysis using a CGE micro-simulation model revealed only small distributional effects. *"This might be explained by the fact that the biggest reduction of Ukraine's import tariffs was done when the country joined the WTO, resulting in an already low level of protection even before the establishment of the EU-Ukraine FTA."*⁶⁵ A 2007 Ecorys/CASE exercise (before Ukraine joined the WTO but including expected WTO outcomes) showed cumulative long-run welfare gains of 5%, and skilled and unskilled wage gains of 4 and 5%, respectively.⁶⁶

According to the Kiev modelling, the main sectoral 'winners' in Ukraine would be agriculture/agrifood, light industry, electrical equipment, and wholesale/retail activities. Iron/steel and transport equipment might not fare as well.² The Ecorys/CASE study showed positive impacts in agriculture, metallurgy, machinery and electrical equipment, textiles/clothing and wholesale/retail activities.

Ukrainian food, consumer goods and industrial intermediates producers may confront additional competition from EU products in terms of price, quality and choice. Consumers will

⁶⁴ Institute for Economic Research and Policy Consulting, Kiev (2014). *Quantitative analysis/modelling of effects of DCFTA*.

⁶⁵ Frey, M. Institute for East and Southeast European Studies and University of Regensburg, Germany (no date), unpublished paper, *The Effects of the EU-Ukraine FTA: An Inequality Analysis Using a CGE-Microsimulation Model for Ukraine*

⁶⁶ EU, Ecorys/CASE (Dec. 2007). *Trade Sustainability Impact Assessment for the FTA between the EU and Ukraine*, available at http://trade.ec.europa.eu/doclib/docs/2008/january/tradoc_137597.pdf

benefit from greater competition in price, quality and choice, though in some areas, food prices may rise due to stricter hygiene rules.

2.4.3 Ukraine: Key trade-and-gender findings and conclusions on potential positive and negative effects related to the DCFTA⁶⁷

2.4.3.1. Production and employment effects

Ukraine has a population of 42 million people: 54% women, 46% men. Due to the conflict and loss of territory, the population has declined. The labour market is characterised by relatively high labour force participation among women (59% in 2013) and men (72% in 2013). The employed population in December 2014 (18 million) was 2 million people fewer than in December 2013, and by mid-2015 it had slid further to 16,4 million, even though the unemployment rate remained fairly steady around 10%.

In 2013, women made up 48% of the employed population and men 52%. The employment rate was 55% among women and 66% among men. In 2014, female and male unemployment rates were 8% and 11%, respectively. The unstable macroeconomic environment, low employment productivity and high incidence of vulnerable and informal employment represent high risks for the Ukrainian workforce, which is migrating in ever-higher numbers. Long-term unemployment is showing a tendency to rise, as is youth unemployment and unemployment of people over 50 years and socially vulnerable groups.

There were nearly 3 million people in informal employment in 2014 of which 42% were women and 57% were men. Half of the informal employment took place in non-agricultural activities. About three quarters of people in vulnerable employment worked in the informal sector (mainly on personal smallholder farms, selling their products) without any occupational or social protection. In the informal economy, women face more discrimination and exploitation, which is difficult to combat, and they do not have access to social protection packages such as maternity leave.⁶⁸

Figures from 2014 indicate a gender wage gap of approximately 24% (women UAH 3037 vs. men: UAH 3979 per month). However the real gap may well have been larger because measures against discrimination are weaker in the informal economy, and wage statistics are based on official wages and do not include informal salaries. The gender wage gap can be explained by horizontal and vertical gender segregation of the labour market, i.e., women are concentrated in low-paid sectors, and men tend to occupy higher positions than women (for example 69% of employers were men in 2013). Moreover, a traditional division of domestic responsibilities makes career development more challenging for women.⁶⁹

⁶⁷ For all socioeconomic data provided in the following analysis, refer to Annex 7.

⁶⁸ UN (2015). *MDGs Ukraine National Report*, Kyiv.

⁶⁹ Petrova, I. (2014). *Social consequences of European Integration of Ukraine: the labour market*, Friedrich Ebert Stiftung.

Women are well represented in the services sector, particularly in social services (health, education, welfare), public service, commerce (wholesale/retail), beauty salons, design/tailoring, cleaning, hospitality, catering, tourism, translation, accounting and bookkeeping, consulting, real estate, etc. In agriculture, they are most active in horticulture and dairy. In manufacturing, they are most numerous in textiles and clothing (76% of permanent full-time employees), food (64%), chemicals (44%), machinery and equipment (29%), and 'other' manufacturing (36%).

According to field interviews for this study, *"In the manufacturing sector, women are rarely in decision-making positions despite gender-equality efforts including legislation, programmes and quotas. On average, women earn 25-30% less than men in similar posts."*⁷⁰ Nevertheless, World Bank reports show that - overall - nearly one fifth of manufacturing firms have women in senior management, and females own one third of enterprises with less than 50 employees (see socioeconomic datasets in Annex 5). As with the other two countries, female ownership rates need further investigation to determine if indeed the women at the head are the main decision-makers.

The indicators in Table 2 in the Annex 3 show that Ukraine has made some advances in the past five years, particularly when a variety of gender-related factors are combined. However, individual areas, such as the wage gap, need dedicated attention.

Sectoral overview

Agriculture represented 12% of GDP in 2014 and 20% of total employment in 2013. 19% of employed women and 21% of employed men worked in the agriculture sector in 2013. Women made up 47% of agricultural employment. The gender wage gap in agriculture was 12% (vs 23% economy-wide).

Industry and energy accounted for 25% of GDP in 2014 and 25% of total employment in 2013. 14% of employed women and 35% of men worked in this sector in 2013. Women made up 38% of industry employment overall and 37% of manufacturing employees. They were most numerous in textiles and clothing (76% of permanent full-time employees) and food (64%) and less so in chemicals (44%), machinery and equipment (29%), and 'other' manufacturing (36%). The gender wage gap was 25%, reflecting possibly the high percentage of female production-line workers in the textile (80%) and food (70%) industries. Textiles and apparel ranked highest in female ownership (50% of garment firms), top managers (55% of garment firms), and proportion of full-time, permanent female workers (76%). Food was second (9%, 17%, 64%, respectively).

⁷⁰NGO interviews: Ukrainian Marketing Association, Ukrainian Women's Fund, Women's Consortium of Ukraine, Women's Perspectives

Services comprised 63% of GDP and 55% of total employment in 2013. 67% of employed women and 45 % of men worked in this sector, and the female share of employment was 47%. Men made up 90% of all employees in construction, while women made up 57% of employees in wholesale, retail and vehicle repair. 24% of women were employed in education, health and social work compared to just 6% of employed men. The female share of employment in education was 78% and 81% in health and social work, but even so the wage gap was 9% and 10%, respectively. Other areas where women were measurably more prevalent were hospitality; financial services; and arts, entertainment and recreation. The wage gaps in these subsectors were 15%, 33% and 38%, respectively.

Entrepreneurship

Women entrepreneurs are most present in the services sector – especially in tourism, hospitality, retail trade, real estate, tailoring, beauty/hairdressing, education and arts translation, consulting, accounting, research, child-and-elderly care services, housecleaning, international projects in Ukraine. As for agriculture, women are active in small family farming (dairy, horticulture and herbs).

Male SME entrepreneurs are found more in IT, construction, engineering services; transport services (including gas-stations, car repairing, taxi, passenger and freight transport, etc.), wood, furniture production. Medium-sized male entrepreneurs are more prevalent in law firms, trade (supermarkets) and manufacturing.

Field interviews revealed some interesting facts about woman entrepreneurs in Ukraine that probably apply equally to business women around the region.

Challenges Facing Female Entrepreneurs in Ukraine

With the changing economic and employment opportunities in Ukraine, women and men have different motivations for starting their own business. Women mostly became entrepreneurs because they were more challenged by the unemployment that arose when other sectors collapsed in the 1990s: research and educational institutions, state enterprises, collective farms, public service, etc. Women initially registered as entrepreneurs for social security and insurance purposes (registration is important for pensions). Later, the motivation changed in favour of independent employment and ‘escape’ from discrimination based on age, family status, etc. women also start small businesses because they need to balance work and family responsibilities; they are still expected to do most of the house and family duties. The situation tends to be more equal in family businesses.

Women entrepreneurs are registered either as self-employed physical entities (five categories of taxpayers reflecting the size and type of economic activity) with or without hired employees, or legal entities (firms, companies). In Ukraine, women’s businesses tend to be smaller than those run by men, though in time they often steadily turn into more sustainable small and medium-size businesses.

Various studies highlight the sectoral differences between small and medium-sized businesses operated by women and men in Ukraine:

Women entrepreneurs concentrate more in services sectors: accounting, research, consulting, translation, tourism, hospitality, hotels, restaurants, catering, retail trade, real estate, tailoring, beauty/hairdressing, education and arts (language, painting, fitness, preschools, coaching, etc.), child-and-elderly care, cleaning, international donor/NGO projects.

In agriculture, women are active in small family farming (dairy, horticulture and herbs). Value-added is not developed appropriately yet, though there are some success stories.

Male SME entrepreneurs are found more in IT, construction, engineering services; transport services (including service stations, car repairing, taxi, passenger and freight transport, etc.), wood and furniture production. As medium-sized entrepreneurs, men are more prevalent in law firms, commerce (supermarkets) and manufacturing.

Source: Local consultant, based on interviews with NGOs: Ukrainian Marketing Association, Ukrainian Women's Fund, Women's Consortium of Ukraine, Women's Perspectives

Opportunities: The DCFTA will give farmers, agro-processors, manufacturers and a host of services providers the security of access to the large EU market and to potential EU investors. Equally importantly, it provides a solid framework for adopting and applying international good practices, standards and rules that will benefit producers, workers and consumers alike. Fully implemented, the DCFTA would bolster Ukraine's GDP, reduce consumer prices, raise wages and disposable incomes and in the long run, alleviate poverty.

The main beneficiaries of the DCFTA in the short and medium term will be agriculture and agro-processing, textiles/clothing, metals, machinery and electrical equipment, as well as a variety of services sectors. The initial main employment effects will be seen in agribusinesses, clothing and services, all of which employ large numbers of women. In the textiles and apparel sectors wages are often low and labour practices (where notable gender inequalities occur) need to be improved. The effects in terms of the income gap may be limited initially, but pressure under the DCFTA for stronger labour rights for women would be a positive outcome and would eventually translate into income gains.

The DCFTA would also provide considerable extra opportunities for women in the Services sector, including the chance to move into the formal economy and thus improve social and legal coverage. Gains for the Services sector, which employs most women and men in Ukraine, will depend heavily on how proactively the individual service providers will seek to participate in and provide services to the agriculture and industrial sectors slated to benefit. Analyses indicate that the distribution gains would be spread widely enough to benefit both women and men. This may assist in reducing the need to migrate abroad to find work and support families. This would have very important benefits for both women and men.

Risks: The 10-year transition period for phasing in tariff cuts is expected to shield sensitive sectors (e.g., vehicles) while they adapt to the new, more competitive environment. Initially, competition and compliance obligations could hit agriculture and food processing harder than other areas. This would have implications for social cover, especially for rural and female-headed households and for people working in certain lower-grade processing. Other industrial activities will face short- and medium-term pressures to raise standards (including labour standards) without the transition umbrella. About 3-4% of the labour force is expected to change sectors during the adjustment period. This will require specific support strategies (re-training, re-skilling, placement services, etc.).

Ukraine has improved its gender-gap rankings in recent years. However, as in many countries, the wage gap (averaging 20-30% at present) is proving hard to overcome. In addition, due to gender stereotypes, both females and males tend to be under-represented in some emerging areas of industry and services.

The conflicts with Russia, combined with the competitive and compliance pressures posed by the DCFTA, are hastening the adjustment process. Social costs and inequalities are intensify-

ing due to all these circumstances. Additional social cushions, together with services to support labour mobility across sectors, are required.

2.4.3.2. Supply-side gender-related constraints

Read this section in conjunction with the detailed tables in the Ukraine Annex, Section 3.6.2.

Women entrepreneurs face many of the same limitations that male entrepreneurs confront. These constraints are associated with an inadequate enabling environment for small business development (including insufficient basic and quality infrastructure), the ‘frozen’ credit system, heavy business taxation, unsupportive regulatory environment, and inconsistent enforcement of laws relating to small businesses.

Key Issues/Constraints in access to Quality Infrastructure ⁷¹	Priority (H, M, L)	Urgency (H, M, L)	Potential Impact (H, M, L)
Sanitary and Phytosanitary (SPS) testing and conformity assessment facilities and services (SPS infrastructure). Technical regulations, standards and related testing and conformity assessment facilities and services (TBT).			
Complicated and time-consuming procedures	M	M	M
Getting information on the requirements (SPS, Technical reg., standards))	H	H	H
Changing standards	H	H	H
Access to accredited testing facilities	H	H	H
Dealing with inspectors	M	M	M
Corruption	M	M	M
Cost of meeting requirements	M	M	M

While women and men have equal legal rights to land, property and credit, gender gaps still exist in women's real access to and control over economic resources, due in large part to traditional mind-sets and norms. As a result, it is more difficult for women to start a business, and women's businesses tend to be smaller than men's. An unequal division of unpaid care work further motivates women to engage in smaller, often family-run, businesses and part-time work.

Opportunities: Full implementation of the AA/DCFTA approximation agenda and well targeted cooperation could lead to the necessary legislative/regulatory reforms, including land reforms, improvements in infrastructure, better governance, and a narrower education-marketable skills gap.

Risks: Women and men face similar challenges in accessing land, credit, infrastructure, market information, technology, skills, and appropriate education. The constraints affect both sexes, but tend to affect women more, due to a variety of cascading gender inequalities, including:

- Traditional mind-sets and attitudes
- Societal stereotypes related to women's choices of educational spheres
- Insufficient assets in their own name to use as collateral for loans

⁷¹ The information is provided by the Ukrainian Marketing Association, Reodl, DSM, GUESS

- Poor basic infrastructure in many areas (water, electricity, gas, transport): women have to spend extra time getting water and energy supplies, made more difficult by poor transportation options
- Poor social infrastructure in rural areas, including small towns, villages means women have to take on additional schooling and caring responsibilities
- Shortage of childcare facilities
- Access to business and trade networks (often a male domain, or meetings may be scheduled at times when women cannot attend)
- Access to knowledge, training, further education (how to find out about these opportunities; how to schedule participation around work and family obligations, etc.).

2.4.3.3. Consumption effects

The number of people living below the poverty line in Ukraine had been decreasing until the conflict broke out. For most age groups, poverty indicators for men are higher than for women. However, there are notable exceptions for households with children (every third household with children is below the poverty line), single mothers with young children, unemployed women, women in rural areas and women over 75 years. Sudden loss of livelihoods as a result of the conflict is a new cause of poverty in Ukraine. Since 2014, the cost of living has significantly increased across Ukraine, with a basic food basket 42% more expensive in July 2015 than it was in July 2014.⁷²

Opportunities: Employment, wages and disposable incomes are all projected to rise over the longer term and inflation is set to decline slightly if the AA/DCFTA is fully implemented. Prices of consumer goods, vehicles and industrial intermediates are expected to fall, as supplies increase due to tariff cuts and stronger competition. Both consumers and producers will benefit. In addition, consumers will benefit from more rigorous quality, safety and transparency requirements.

Risks: The stricter regulatory environment will bear a cost which will be passed on to consumers. Modelling studies predict these will be small overall, but they may affect food prices more than other segments. This would have a greater impact on the poorer strata of the population, which spend up to half of their income on food products.

In addition, many female-headed households depend on remittances from abroad to meet their monthly expenses. In 2014, about half of remittances came from Ukrainians working in Russia. The regional conflict and Russian sanctions against Ukraine, plus the weak Russian economy and rouble, will therefore affect women-headed households more acutely.

2.4.3.4. Revenue effects (of tariff cuts)

⁷² World Food Programme, Deborah Nguyen (11 December 2015). *10 facts about food security in Ukraine*, www.wfp.org/stories/10-facts-about-food-insecurity-ukraine

Opportunities: Customs duties account for just 3,7% of total tax income in Ukraine. The impact of the DCFTA is small, plus the highest tariff cuts applying to the most sensitive EU imports will be phased in over 10 years. Over the latter part of this period, the government expects increased revenues as a result of new business development, EU investment, greater employment and increased consumption. Increased revenues over the long term could have positive gender impacts if the government increases spending on services that facilitate women's ability to engage in productive employment. Gender-responsive budgeting and the fight against corruption would facilitate such an outcome.

Risks: No deleterious effects on social spending are expected from the DCFTA tariff cuts per se. However, the economic crisis in Ukraine due to the conflict with Russia and lower commodity prices is affecting social spending.

As in the other two countries, reaping the benefits will require a concerted effort by the government to implement the Agreements fully in a timely fashion and to provide the necessary business-enabling environment.

2.4.3.5. Regulatory effects (of the DCFTA Approximation agenda)

Opportunities: Implementation of the many measures foreseen under the DCFTA, most in the next five years, will bring greater transparency and predictability in trade- and business related activities, including public administration, competition, public procurement, labour practices, etc. A major objective is to vastly reduce corruption and to control vested interests. Implementation of SPS/TBT measures and practices, and its accompanying quality infrastructure, is considered by all analysts as the single most positive aspect of the DCFTA. Adopting and applying these measures and good practices will enhance product safety and reliability, and improve Ukraine's competitive edge in neighbouring markets, as well as in the EU.

Risks: Implementation of the Approximation/Harmonisation agenda will be expensive and complex, both for government and for companies. Women entrepreneurs, who tend to be more concentrated at the lower end of the value chain (e.g., in primary production or basic processing), may face more challenges to cope with the increased costs of complying with stricter food hygiene and other product standards. They also have less leverage in terms of access to finance, technology, infrastructure, expertise, etc.

2.5 OVERALL KEY FINDINGS AND NEEDS ASSESSMENT

This section sums up the key findings and needs identified in the three sets of analysis. They are directly related to:

1. maximising the opportunities and benefits offered by full implementation of the DCFTAs; and
2. minimising gender inequalities that may arise as a cost of the DCFTAs.

Overall, the three countries share many of the same trade-and-gender challenges.

Drivers of change

This study of the AA/DCFTAs found that the key short-term (1-4 year) 'drivers' for maximising the benefits and minimising inequalities are reforms (e.g., the approximation

agenda) and access to resources affecting producers' ability to capture market opportunities in a timely fashion (land, skills, finance, technology, equipment, inputs, infrastructure, market information, etc.). Therefore, the issues covered under supply-side and regulatory effects throughout this report are particularly important in terms of short- and medium-term attention (1-5 years). If these drivers of change lag, the benefits will too, and inequalities may deepen.

Longer-term (4-10-year, due to some overlap with the above) drivers for both maximising and consolidating the benefits and mitigating the negative impacts of market opening include sectoral resource reallocations (including labour mobility) in response to adjustment, societal attitudes on equality issues, and international pressure to comply with conventions and other agreements on equality and anti-discrimination. Production/employment, consumption, revenue and regulatory effects all have long-term implications, and need to be managed carefully and proactively from the beginning in order to identify and deal with social costs, sectoral adjustment dynamics and gender inequalities at an early stage.

2.5.1 The main consolidated findings of the 'five-dimension' analyses

2.5.1.1. Production/employment effects

*How women's and men's employment is affected by the respective DCFTAs will depend on the **composition of the labour force** in the sectors that are sensitive to import competition and in the sectors that present opportunities for growth. Negative impacts arise more frequently where import competition is particularly strong in sectors employing a large number of women and where employment prospects in growth sectors are limited.*

In all three countries, the main export growth areas arising from the EU market-opening are likely to be in various agrifood sectors, textiles/clothing, metals, niche machinery/electrical equipment, and possibly some chemicals products. Agriculture, food and textiles/clothing are fairly employment-intensive (and increasingly automated); metals, machinery and chemicals are more capital intensive.

In all three countries, women make up a majority of the employees in the textiles/apparel segment, and a large share of employees in agriculture, food processing, electrical equipment, and diverse service sectors (professional services, hospitality, tourism, wholesale/retail trade, financial services, education, health, public administration, etc.). While they have been entering industry in greater numbers in recent years, women are still under-represented in many manufacturing subsectors, particularly in the more capital-intensive ones. (See socioeconomic datasets in Annex 7.) This presents an opportunity if women can develop the necessary skills that are in demand in those sectors. In addition, the DCFTA contains specific timetables for implementing stronger labour rights for women and vulnerable groups. This will be a positive outcome and should eventually translate into income gains. It will be important to encourage women's groups and other stakeholders to monitor this and advocate their interests.

The services sector, a significant employer in all three countries, will also offer many opportunities directly and indirectly related to the DCFTA, including in adding value to products and moving up the export value chain. This will mean extra opportunities for women in Services, including the chance to move into the formal economy and thus improve social and legal coverage. Services sector expansion has strong positive correlations with poverty reduction and with bringing more women and youth into the economy.

All three countries have improved their gender equality ratings in the past five years. Some indicators, however, have stalled during the economic slowdown (see country analyses in the Annexes). It will be important to monitor them carefully and encourage mitigating actions where necessary, including finding more effective ways to address traditional mind-sets and attitudes that tend to perpetuate inequalities in education, the workforce and life in general.

The process of reforming economies and adjusting to EU norms may have some heavy short-term costs, both for government and for businesses. Government will have to find extra money to implement the extensive approximation agendas and other wide-ranging reforms, develop quality infrastructure (SPS, technical regulation, standards), deal with social costs as sectoral restructuring occurs (retraining, social cushions, credit facilities, etc.). Businesses will have to secure the funding, equipment and expertise to upgrade their facilities and production practices to meet EU quality standards and to develop market opportunities.

A number of sectors will face challenges, both from the cost of implementing more rigorous quality requirements and from stronger import competition due to tariff reductions. These are likely to be in agrifood, some apparel segments, vehicles, machinery and equipment (including industrial intermediates), some chemicals, plastics, building materials, and a variety of consumer items. These broad sectors, of course, contain innumerable subsectors, and the impacts will depend on each country's specific sectoral strengths and weaknesses, and on tariff phase-out schedules. Georgia eliminated tariffs immediately, while Moldova and Ukraine negotiated a 10-year transition period. The individual country chapters in Annexes 1-3 explore these issues in more detail.

In all three countries, 3-5% of the labour force is likely to change sector of employment, as resources are reallocated from less-productive to more-productive areas. Less-skilled workers tend to be more affected by such changes. The sustainability analyses⁷³ noted: *"The 'ease' of this transition will be crucial for determining the timing and scale of expected gains from the DCFTA. Such gains may well be delayed or limited if labour reallocation proves difficult. Sectoral employment reallocations may affect the weakest groups with low education and skill levels, with a risk of exacerbating currently observed inequalities."* Studies indicate that certain low-skilled male-dominated industrial segments may face more reallocation pressures, and that certain female-dominated sectors (e.g., apparel) may face competitive pressures that could affect labour rights and pay.

A pressing problem in all three countries is a lack of effective coordination between the educational system and business. It is an especially pressing issue in Georgia, where many employers say the lack of the right skills is holding back development (see Georgia analysis in Annex 1, in particular the sections on business environment and supply-side constraints).

⁷³EU, Ecorys/CASE (Oct. 2012). *Trade Sustainability Impact Assessments in support of negotiations of a DCFTA between the EU and Georgia and Moldova*, final report, for DG Trade, available at http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150105.pdf

The competitive and compliance pressures posed by the DCFTA, combined with problems related to ongoing conflicts in the region, may hasten the adjustment process. Social costs and inequalities may intensify due to all these circumstances. Additional social cushions, together with services to support labour mobility across sectors, will help to manage this.

Women's labour force participation rates remain below men's and are the highest in Ukraine, at 62% of women, 60% in Georgia and just 44% in Moldova. Gender wage gaps, due to vertical and horizontal segregation of the labour markets, are highest in Georgia (36% on average), average in Ukraine (24%) and lowest in Moldova (12%). The highest wage gap in all three countries is in financial services, which nevertheless tends to have a majority of female employees. The agricultural sector is among the most equitable, yet it presents the highest degree of vulnerable employment and working poor. Manufacturing presents a range of gaps, as does Services. If it has not already been done, targeted research could help determine the reasons for the variations (e.g., structural and other issues) and facilitate interventions to remedy them (including to fix data issues).

World Bank enterprise surveys revealed that SMEs managed by women tended to perform better on a variety of basic business indicators. While female-run businesses tend to be smaller than those of men, they often employ proportionally more women. Thus, encouraging women's entrepreneurship may have an impact on female employment, as well on SME competitiveness as a whole.

2.5.1.2. Supply-side effects

*Women's and men's ability to take advantage of new economic opportunities generated by the DCFTAs will depend heavily on their **access to and control over assets and resources**. Challenges for business people typically include access to land, credit, market information and opportunities, inputs (goods and services), technology, skills, SPS/TBT support, and reliable infrastructure, including testing facilities. While these challenges are common for all business people, they tend to be more constraining for women.*

The business-enabling environment has a marked influence on entrepreneurship. Section 3 of the country analyses in the Annex assesses the business environment and the challenges facing entrepreneurs. A number of interesting points emerged. Georgia, for example, has made considerable advances in recent years, ranking 24 of 189 countries in World Bank 'Doing Business', 69 of 144 in WEF Competitiveness indices in 2014, and 50 of 175 in the Transparency International Corruption Perception index. Moldova placed 52, 82 and 103, respectively, while Ukraine ranked 83, 76 and 142. While skills shortages were Georgian business people's biggest headache, corruption was the key issue in Moldova and Ukraine. And while 'trading across borders' was relatively easy in Moldova, it was relatively difficult in Georgia and Ukraine. Getting credit and construction permits was easier in Georgia than in Moldova and Ukraine, and getting reliable electricity was relatively difficult in all three.

In maximising the benefits and minimising the inequalities, targeted assistance to businesses is as important as institutional support, and it will be more important once the regulatory reforms actually go into practice. The above indicators can help to target assistance on the issues that will make a difference. Small and medium-sized enterprises (SMEs) will need the most help to take advantage of the DCFTA, and women entrepreneurs will need more assistance than men, because they face unequal challenges in almost every area (access to land, credit, basic and quality infrastructure, market information, technology, skills, technical support, business networks, and reliable infrastructure). While women may not face legal dis-

crimination in access to credit, they often are constrained by a lack of savings, credit history and property to use as collateral. Traditional mind-sets and attitudes tend to perpetuate inequalities.

As a general rule, in order to become competitive and ready to export, SMEs need to fulfil a number of requirements, including those listed in the box.

SME Export Readiness
- Market analysis completed, and marketing strategy and materials developed
- Exportable surplus of competitive product(s)
- Strong management capacity
- Appropriately qualified/skilled workers, professionals, technicians
- Production processes and products meet international Quality requirements (e.g., international, EU standards and norms, private standards if necessary)
- Sufficient funds to support product development, export promotion and exporting (while waiting for payment)

A recently released EU-commissioned study⁷⁴ of SMEs' ability to take advantage of the DCFTA produced useful findings about SME strengths and weaknesses in all three countries. The study provided detailed quantitative and qualitative information that will prove very helpful - indeed required reading - for programme designers, despite its lack of gender-specific information.

The following table, combining the results of the analyses and interviews in the three countries, lists the main skills that business people, and women in particular, need in order to take advantage of trade opportunities. Most interviewees said these were high-priority needs.

Specific knowledge and skills required to take advantage of trade opportunities	Priority (H, M, L)	Urgency (H, M, L)	Potential Impact (H, M, L)
<i>General (based on interviews with business people)</i>			
Management and planning skills	H	H	H
Finance and accounting	H	H	H
IT and modern technology	H	M	M
Product development	M	M	M
Quality management	H	H	H
Marketing and market information	M	M	H
Regulatory policy (especially to understand and meet EU requirements)	H	H	H

⁷⁴EU, DAI Europe (2014). *EU Support to the Private Sector in the context of Association Agreements including DCFTAs (Georgia, Moldova and Ukraine)*, Project No. 2014/ 345014

Technical and engineering skills (a long list)	H	H	H
<i>For women in particular (based on interviews)</i>			
Entrepreneurship	H	H	H
Management	H	H	H
Finance	H	H	H
Planning	H	H	H
Marketing	H	H	H
Legal and regulatory issues	H	H	H
IT and computers, e-commerce, web utilisation, etc.	H	H	H
Communication with domestic and foreign partners, clients	H	H	H
Access to business and trade networks	H	H	H
Foreign languages	H	H	H

This is supplemented by a Georgian Employers Association report on the needs of women entrepreneurs:

- basic principles of business planning, development and management, especially as relates to SMEs
- finances, budgeting, accounting, legal and regulatory issues, international trade rules (including DCFTA)
- market analysis, product development, marketing, communications, distribution, logistics
- participating in business fora and trade fairs (the domain of larger companies), and generally linking in better to what is happening in the business world.
- A more long-term, coherent, coordinated programme of support from donors, government and NGOs.

The section on supply-side effects and constraints in each country analysis in the Annex covers the issues and needs in detail.

2.5.1.3. Consumption effects

Trade agreements can have far-reaching effects on consumption patterns. The study identifies the consumer goods covered by the DCFTAs and assesses the consumption patterns of particular households, especially low-income households, in order to gauge the impact on certain groups, including poor women.

The number of people living below the poverty line has decreased in all three countries and consumption growth among the poorest quintile has been notable. Nevertheless, income inequality is still high, with significant vulnerabilities among unemployed, self-employed, households with children, household headed by women, rural households, internally displaced people, Roma, and older women.

Food is the main consumer item that may see higher prices in all three countries as a result of the DCFTA. Analysts expect the price hikes to be small, but poor households, especially female-headed ones, may be disproportionately affected due to the large share of food in their budgets. This may be partially compensated by lower prices for apparel and other consumer goods subject to tariff cuts and greater competition.

As mentioned above, the competitive and compliance pressures posed by the DCFTA, combined with problems related to regional conflicts, may hasten the structural adjustment process. Social costs and inequalities may intensify due to all these circumstances. Monitoring

and flexible response mechanisms are therefore required.

2.5.1.4. Revenue effects

Tariff cuts can negatively affect government budgets if customs duties form a significant portion of tax receipts. Lower spending can have gender impacts if it reduces public provision of social services like health, education, water, sanitation, energy and other infrastructure. The magnitude of effects will depend on revenue currently collected from tariffs, the relative importance of tariff revenue in budgets, and the government's options to compensate for any losses. At the same time, new business arising from the trade agreements may well produce higher tax revenues over the longer term.

The revenue effects of the DCFTA are expected to be minimal. Although Georgia eliminated all import tariffs for the EU immediately, these only accounted for a very small portion of its total tax revenues. Moldova and Ukraine opted for a 10-year phase out of tariff cuts on sensitive products. As a result, the revenue impacts will be very gradual and are not expected to have a measurable effect on social spending.

Over the longer-term, in all three countries, the governments expect to receive increased income, profit and value-added taxes due to DCFTA-inspired trade and business development, new EU investment, greater employment, etc. If this indeed transpires, with proper encouragement, it could be a positive long-term effect for gender equality, as it could facilitate greater public expenditure in services that underpin equality and productive female employment (e.g., infrastructure, childcare, social support, education, health, etc.). Gender-responsive budgeting in all three countries and the fight against corruption in Moldova and Ukraine would facilitate such an outcome.

Many households in the three countries - especially female-headed ones - depend heavily on remittances from migrant workers. In the past two years, they have suffered due to the sharp contraction in inflows reflecting both the weakness of the Russian and EU economies and their respective currencies, and Russia's measures to demonstrate its disapproval of the AA/DCFTAs. Governments are also feeling the effects of lower remittances, an important generator of foreign exchange.

2.5.1.5. Regulatory effects

Regulatory reform is an increasingly important feature of trade agreements. The way it is managed can have important impacts on women and men, respectively, as well as on cross-cutting areas such as the environment. Regulatory issues are in themselves crosscutting. For example, stronger competition and consumer protection policy can have a positive impact on trade and business development and on women and other vulnerable groups, but this depends on how well the policies are applied and enforced in practice.

Implementation of the Approximation/Harmonisation agenda will be expensive and complex, both for government and for companies. All three countries have a huge task ahead. The process (much of which is to be completed in 5 years, with up to 15 years for more complex matters) will produce far-reaching changes in sanitary and phytosanitary requirements, technical regulations and standards, intellectual property rights, trade facilitation/ customs, competition, consumer protection, government procurement, etc. Instituting international standards, norms and good practices will not only enhance competitiveness and improve export prospects, but should also have cascading effects in terms of better food and product safety, innovation, a more level playing field, greater competition and eventually, higher wages, lower prices and higher quality in a number of areas.

2.5.2 Consolidated Trade-and-Gender Needs Sum-Up

The main needs emerging from the ‘five-dimension’ analyses are prioritised and consolidated to reflect the ‘drivers’ of change - the areas where supportive or remedial action ostensibly could have the most impact over the short, medium and longer terms. Of the four categories below, in terms of the objectives of this report, the approximation agenda is the highest-priority, highest-impact area for attention, followed by structural adjustment and social costs, and gender inequalities.

Implementation of the Approximation agenda and related reforms (particularly important in 2016-2020)

- Awareness of DCFTA roll-out, opportunities and risks, and how to manage them. (The EU SME study mentioned above showed that most business people and relevant government agencies needed support and advice on even the most basic issues.)
- Motivation: Constant encouragement and substantial support (funding, expert advice, etc.) will be required in all three countries to implement the Approximation agenda over the next 15 years (most deadlines occur in 2015-2020). This will require effective coordination and management of expectations among all stakeholders. Maintaining the momentum and enthusiasm for reforms (need clear results and 'wins') is a politically sensitive issue that could determine the success of the AAs.
- A focus on key trade-and-gender issues in the Approximation agenda, including support to:
 - Fully implement the Anti-Discrimination and Gender Equality legislative reform agenda.
 - Establish Regulatory Impact Assessment (RIA) as part of the DCFTA legislative and implementation process, covering the potential impact on specific groups, including women.
 - Mainstream gender-responsive budgeting.
 - Develop gender action plans for institutions responsible for AA-DCFFTA implementation, addressing issues raised in this and other reports on gender inequalities.
 - Confront the issues affecting women in crossborder trade, including onerous border/customs procedures and harassment. (The WTO Trade Facilitation Agreement provides a legal basis for this, and 'women in trade' initiatives in various countries have tackled these problems.)
 - Institute practical and effective gender mainstreaming in the development, implementation and enforcement of competition, consumer protection, distribution, tax, labour and trade policies under the Approximation agenda, and generally.
 - Facilitate gender-inclusive consultation mechanisms to build awareness, identify priorities and address weaknesses and ongoing needs.
- Support for the full and timely implementation of key chapters of the DCFTA that will improve the business and trade environment and advance Sweden's *Results Strategy* priorities:
 - SPS and TBT measures (Chapters 3 and 4 of the DCFTAs: WTO and DCFTA commitments and obligations – important for business and trade development, consumer protection, competitiveness)
 - Transparency (Chapter 12 – important for everything)

- Customs and Trade Facilitation agenda (Chapter 5 – important for fair trade, governance, efficiency and cost effectiveness, competitiveness)
 - Services (Chapter 6) (Well-regulated services are an enabler for greater value addition, productivity and competitiveness in manufacturing, agriculture and services. A thriving services sector contributes to employment and poverty reduction.)
 - Competition and consumer protection (Chapter 10 – important for governance, fair play, safety, anticorruption, competitiveness)
 - Government procurement (Chapter 8 – important for governance, anticorruption, level playing field)
 - Intellectual property rights (Chapter 9 – important for innovation, business development, competitiveness)
- Capacity-building to underpin the above priorities, including support for:
 - institutional strengthening to overcome specific weaknesses that could hinder the Approximation roll-out
 - results-oriented strategic planning, including issues- and risk-management systems and implementation/enforcement planning and execution
 - legislative drafting in line with EU *acquis*. (More drafters may well be required. This may offer an opportunity for female lawyers, who make up a fair share of the legal profession.)
 - coordination, communications and monitoring systems to ensure that government institutions and businesses understand, adopt and apply the new rules, regulations and practices in a timely fashion
 - civil society organisations to monitor the implementation of commitments on gender equality. (This will require new alliances across different segments of civil society.)
 - broader-based participation (women's groups, SMEs, civil society) in advocacy of interests and seeking assistance under the wide-ranging AA/DCFTA economic and sectoral cooperation agenda (especially in areas raised in this and other analyses).

Structural adjustment (2016-2025)

- Awareness-building in the business community and related organisations of DCFTA roll-out, opportunities and risks, and how to manage them
- Improvements in the business-enabling environment – in addition to the issues listed under ‘Approximation agenda’ above (e.g., credit, basic and quality infrastructure, skills and talent, administrative procedures, trade facilitation, etc)
- Tax and spending policies conducive to business and employment development, and at the same time, ensuring adequate social cover
- Support to understand and comply with EU/WTO sanitary and phytosanitary (SPS) and technical measures, standards and other quality requirements. Such compliance is a major market-entry requirement, not only for the EU.
- Services as an enabler for greater value addition and productivity in manufacturing, agriculture and services sectors.

Mobility and skills

- Systematic and permanent consultation and coordination between business and educational institutions to align education and training with market needs
- Better understanding of skills gaps by subsector, region and gender
- Dedicated labour-mobility support: awareness-building, education, training, placement services, etc.

- In addition to services for both women and men, there is ample scope for women to enter industry in greater numbers if they obtain the skills that are in demand. This calls for comprehensive and well-designed interventions to facilitate women's economic mobility across sectors and occupations and to widen their options. It starts with eliminating gender stereotyping throughout educational and workplace systems.
- Longer-term, more coherent and better coordinated programmes of support for women-in-business from donors, governments and NGOs
- Women's economic empowerment, including as part of post-conflict and peacekeeping activities
- Assistance to women entrepreneurs and managers on the basic principles of business planning, development and management; finances, budgeting, accounting, legal and regulatory issues, international trade rules (including DCFTA); market analysis, product development, marketing, communications, distribution, logistics; participating in business fora and trade fairs (the domain of larger companies), and generally linking better to what is happening in the business world.
- Vocational education and training designed to overcome gender inequalities by facilitating employment, reducing wage gaps, diminishing occupational segregation and providing women, including unemployed women/girls, with targeted training and skills-development in computers, IT, financial literacy, etc.
- Help for returning migrants to find work that will use skills acquired abroad (or re-training)
- Targeted training and counselling for displaced persons and the long-term unemployed.
- Greater use of on-the-job training (best results, but companies cite high costs, keeping trained employees as a challenge)

Sectoral/SME needs (to increase competitiveness and reduce inequalities)

- Support to SMES, including those owned by women, in entrepreneurship, management and export readiness (ensure support is 'gender-sensitive, taking into consideration women's work and home obligations).
- Land reforms allowing for greater efficiency and economies of scale (cooperative movement can help if it is designed and managed properly, and if it underpins the uptake of technology, etc.)
- Improvements in women's access to and control over land and property rights
- Generally, support to agriculture, industry and services sectors to access modern technology, equipment and expert advice
- Agricultural extension services (gender-sensitive, not 'gender-blind'), including direct support to female and male farmers, *inter alia*, in access to water, irrigation systems, modern farming equipment, technology, credit, markets, quality infrastructure, information, product development, packaging, marketing, etc
- Women's access to business and trade networks, including business associations and bilateral chambers of commerce
- Networking for women managers and female heads of companies
- Mentoring and linkage programmes (e.g., women to women in-country and external links as well)

Mitigation of social costs arising from the DCFTAs (2016-2020)

- Awareness-building of DCFTA opportunities and risks, and how to manage them (including simulations/projections of revenue effects)

- Information on the evolution of prices of food and other basic necessities at the local level before drawing definitive conclusions about the effects of the DCFTA on poor families' ability to buy food and other products
- Better understanding of certain regions' and groups' dependence on remittances
- Social cost management, including cushions for disadvantaged groups (female-headed households and people in industrial and farming activities that may face hefty adjustment costs)
- Supportive tax and social policy tools (e.g., lower VAT on basic consumables, food coupons, direct cash support, small business support)
- Practical and effective gender mainstreaming in development, implementation and enforcement of competition, consumer protection, distribution, tax, labour and trade policies, as part of efforts to minimise negative consumption effects and social costs.

Reduction of gender inequalities (ongoing)

- Institutional strengthening, gender mainstreaming (including through RIAs) and gender-responsive budgeting
- Effective collection of relevant sex-disaggregated statistics across the sectors and sub-sectors of the economy, to get a clear and continuous tracking of key gender indicators, including wage gaps
- Targeted household survey questions to fill gaps and to use in monitoring over time
- Elimination of gender stereotypes limiting women's and girls' choices in education, careers, etc.
- Donors to ensure that training and other programmes are 'gender-sensitive', taking into consideration women's working hours and domestic obligations
- Awareness and protection of labour rights, through enforcement of the ILO conventions and legally binding codes of conduct
- Fair remuneration of women's contribution to family businesses, including farms (own income, assets, pension rights, etc)
- Measures to address unequal treatment of women in and by the financial sector
- Engagement of men and boys in women's economic empowerment, especially in relation to sharing of unpaid work and equitable household decision-making.

3. Recommendations for Sida Action

An important objective of the assignment was to provide recommendations for Sida on possible actions to minimise any gender inequalities arising from the AA/DCFTAs, and to maximise the benefits, enabling men and women, equally, to take advantage of the DCFTAs.

In preparing the recommendations, we have taken into consideration Sweden's Aid Policy Framework, the 'Results Strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey 2014–2020' and the 'Swedish Foreign Service action plan for feminist foreign policy 2015–2018 including focus areas for 2016'.⁷⁵

Relevant Excerpts from Results Strategy for Reform Cooperation with Eastern Europe

Results Area 1: Enhanced economic integration with the EU and development of market economy

- Partner countries better fulfil EU requirements for entering into and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs)
- Competitive small and medium-sized enterprises make up a greater share of the economy.

Results Area 2: Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law

- Delivery of higher quality public services, based on principles of non-discrimination and equal rights and with less corruption
- Partner countries better fulfil their international and national commitments on human rights, gender equality (including the EU's strategy for equality between women and men) and non-discrimination
- Women and men have, to a greater extent, the same power to shape society and their own lives.

Action on the proposed recommendations would respond to many of the priorities listed in the action plan for feminist foreign policy and to all of the priorities in the box above. In particular, the recommendations would:

- Enhance economic integration with the EU through implementation of the AA/DCFTAs
- Improve SME competitiveness, with a special emphasis on equal opportunities and conditions for women and men
- Strengthen national institutions and governance
- Reinforce gender mainstreaming, making it more pragmatic and effective
- Address key trade-related gender inequalities, with the aim of allowing women to take equal advantage of the opportunities emerging from the DCFTAs.

We have reviewed, on a best-endeavours basis, the list of current donor programmes on trade and gender issues in the three countries (see Annex 8: Donor Activities).⁷⁶ Little information was available for 2016-2020, though we imagine that a number of projects set to finish in 2015-16 may be extended. The EU is overseeing the AA/DCFTA legislative and regulatory

⁷⁵ Government of Sweden (2015). *Swedish Foreign Service action plan for feminist foreign policy 2015–2018 including focus areas for 2016*. Available at www.government.se/contentassets/b799e89a0e06493f86c63a561e869e91/action-plan-feminist-foreign-policy-2015-2018

⁷⁶ Best endeavours, based on information received from the local consultants and on EU websites

implementation agendas, and awareness-building programmes. And a variety of donors, including Sweden, have been working on the all-important quality infrastructure (SPS/TBT) in the three countries. There also appears to be considerable support (including from Sweden) for the agriculture sectors in the three countries, and numerous projects on entrepreneurship and SMEs, as well as trade statistics. In addition, there are a number of projects on trade-related priorities (reform, competitiveness, finance), often under the World Bank banner. Many of the above projects included gender-related objectives.

The gender-related aid programmes most relevant for this study are:

- Ukraine: Sida's gender-responsive budgeting initiative
- Georgia: USAID projects on gender equality in employment and 'women as agents for change'
- Moldova: Sida's support for the Women's Law Centre, for women in politics, women in business, women's entrepreneurship, and rural women's rights, empowerment and community leadership; Austria/Finland's gender-responsive budgeting programme; and USAID's Women's Career Development Programme.

In addition, the **AA/DCFTA Economic and Sectoral Cooperation agenda** provides a framework for a wide variety of project-development opportunities in areas with trade-and-gender relevance: transport; energy; environment; climate; industrial and enterprise policy; mining; financial services; company law; accounting and corporate governance; information society; tourism; agriculture and rural development; fisheries and maritime governance; research, technological development; consumer policy; employment, social policy and equal opportunities; public health; education, training and youth; technical fields; audio-visual and media; sport; civil society; regional development; cross border/regional relations; civil protection; participation in EU agencies and programmes.

The recommendations could be implemented through any of Sida's three gender action mechanisms:

1. Integration of gender equality into programmes and projects (mainstreaming)
2. Targeted interventions in order to address specific groups or issues
3. Dialogue on gender equality and women's rights and roles in development.⁷⁷

The recommendations emerged from the 'five-dimension' country analyses and, like the needs assessment, are organised to reflect the main 'drivers' of change described in Section 2.5. The recommendations should be read together, as they are complementary and interrelated. Actions to 'maximise the benefits' often also help to 'minimise gender inequalities', provided proper attention is paid to the gender aspect throughout. Not all of the recommendations apply to all three countries. Moldova, for example, appears to be well served by donors in a

⁷⁷See Government of Sweden (2015). *How Sida works with Gender Equality*, Sida Gender Tool Box, www.sida.se/English/partners/resources-for-all-partners/methodological-materials/gender-tool-box/. Also refer to Sida (2015). *Supporting Women's Economic Empowerment: Scope for Sida's Engagement*, available at www.sida.se/contentassets/3a820dbd152f4fca98bacde8a8101e15/supporting-womens-economic-empowerment.pdf

number of gender-related spheres.

Recommendations for Action in 2016-2025

Approximation agenda and related reforms (particularly important in 2016-2020)

Recommendation 1. Provide constant encouragement, support and monitoring of the implementation of the Approximation agenda to 2020 and beyond. Establish effective donor coordination and division of labour to ensure that the governments' priority action plans are implemented in a timely, results-oriented manner. Encourage use of consistent gender-relevant methodology, including in regulatory impact assessments (RIAs) and in monitoring mechanisms. Managing expectations and raising awareness of opportunities and risks will be important in delivering the desired outcomes. This should include support for communications and consultation strategies aimed at the business community and civil society. Disseminate trade agreement information in layman's language in order to make the texts easily accessible to a broad segment of the population.

Recommendation 2. Support governments to fully implement the AA/DCFTA Anti-Discrimination and Gender Equality legislative reform agenda. This will provide the legal underpinnings for implementation of the norms and good practices set out in international conventions and agreements, and will support all trade-related gender efforts. Encourage open dialogue and collaboration among government departments (including the areas of trade, planning, gender equality and statistics)

Recommendation 3. Help institutions responsible for AA/DCFTA implementation to develop and implement gender action plans. Ensure that these address legal and regulatory issues affecting women's access to land, credit, finance, labour rights, etc, and women farmers' rights regarding their savings, financial assets and access to social protection. Build capacity in trade agencies to monitor, advocate and support gender-aware policies and measures. This should include gender impact assessments in trade-related policy-making and in prefeasibility studies for bilateral and regional trade agreements.

Recommendation 4. Identify and address gaps in each country's SPS/TBT roll-out under WTO and EU Agreements, and support the respective governments and businesses in adapting to the new requirements and business processes. New programmes should include specific indicators for SPS/TBT support for female-owned businesses and for actors facilitating women's engagement in trade issues. Sweden has valuable experience and expertise in these areas in general (e.g., the International Training Programmes), including in overcoming bottlenecks.

Recommendation 5. Support governments, in implementing the AA/DCFTAs (and WTO commitments), to improve services sector regulation. The services sector offers ample opportunity for expansion of employment and entrepreneurship, and it is an important enabler for greater value addition and productivity in manufacturing, agriculture and services.

Recommendation 6. As part of the roll-out of the WTO Trade Facilitation Agreement (also part of the DCFTA), encourage the relevant customs and border authorities to address gender

inequalities in border trade and in administrative and customs procedures. These inequalities and options for dealing with them are well documented.

Recommendation 7. Enhance the capacity of civil society organisations to monitor the implementation of the AA/DCFTAs and to hold government and the EU accountable for their commitments on gender equality. Help establish gender-inclusive consultation mechanisms, ensuring that women's groups have equal opportunity to provide regular input into government policymaking and into trade agreement negotiations. Build new alliances across different segments of civil society (NGOs, trade unions, small and micro-businesses, rural women's networks, youth and women's organisations).

Recommendation 8. Extend to Georgia Sida's support (in particular to Ministry of Finance) on gender-responsive budgeting. This will help government base public expenditure and tax decisions on a sounder understanding of the gender implications. (Moldova is receiving GRB assistance from Austria.)

Structural adjustment (2016-2025)

Recommendation 9. Support awareness-building on the diverse opportunities and risks for women and men under the DCFTA and options for managing them. Target relevant central and local governments, civil society, farm groups, and industry associations. Support SMEs, civil society and women's groups to advocate their interests and seek assistance under the AA/DCFTA economic and sectoral cooperation agenda.

Recommendation 10. Support business organisations, including women's business groups, in advocacy to improve the business environment. Each country has different needs in this context, but land issues, credit, basic infrastructure, quality infrastructure and skills mismatches – and their associated gender-related constraints - appear to be common to all three. These would need special attention, indicators of success and securing the involvement of relevant stakeholders, including women in business. Provide advice and assistance as necessary to help governments design tax and spending policies conducive to business and employment development, while at the same time, ensuring that adequate social cover is not neglected. Such support should have clear gender outcomes.

Recommendation 11. Support the establishment of permanent consultation mechanisms linking national and local governments with businesses in all sectors of the economy, with the aim of identifying and meeting evolving skills needs. Identify the type of constructive role donors can play in this process over the longer term. Sida projects in other countries (e.g., CREDO in Bosnia and Herzegovina) have had some success in this area.

Recommendation 12. Develop comprehensive, well-designed interventions to facilitate women's and men's mobility across sectors and occupations. These should focus on:

- Improving information on job openings and on the related skills requirements in growth sectors/subsectors (and enhancing access to such information)
- Providing access and incentives to skills-building, training/retraining and entrepreneurship
- Targeted training and skills-development for women, including unemployed

women/girls, in computers, IT, financial literacy, and other areas where knowledge and skills are needed to enter the employment market or advance in existing jobs

- Targeted training and employment counselling for vulnerable groups, such as the long-term unemployed and displaced persons
- Gender-sensitive support, taking into consideration females' working hours and home responsibilities
- Capital cities, to start with, as these have the highest unemployment rates.

Recommendation 13. Support gender-appropriate agricultural and industrial extension services that will help farmers and SMEs improve their competitiveness. Such services should also help small farmers (female and male) secure access to water, irrigation systems, modern farming equipment, technology, credit, markets, quality and basic infrastructure, and market information. Support should be tied to performance indicators linked to the gender-related needs highlighted in this study.

Recommendation 14. Support SMEs, with a special focus on those owned or managed by women, to improve their competitiveness by capacity building on entrepreneurship, management, finance, law, IT and export readiness (see export readiness box in 'Needs' section). Support qualitative research on gender roles and constraints in various sectors. Women entrepreneurs and farmers may be more concentrated at the lower ends of the value chain and may face more challenges to cope with the costs of complying with stricter food hygiene and other product standards. They also face more challenges than men in access to finance, technology, infrastructure, expertise, etc.

Recommendation 15. Support the establishment and implementation of trade-oriented women's business networks, including women-to-women mentoring facilities and activities to help women join domestic and international value chains.

Mitigation of social costs related to the DCFTA (2016-2020)

Recommendation 16. Support those who will be most affected by the 'social costs' of trade liberalisation (e.g., female-headed households and people in industrial and farming activities that may face substantial adjustment costs).

Recommendation 17. Support governments and/or civil society organisations in monitoring the prices and availability of food and other basic consumables at the local level in order to determine the effects of the DCFTA on poor families. This information will be useful in devising targeted interventions and policy options, e.g. mitigating measures and funding (budget programmes) for vulnerable groups of women and men.

Recommendation 18. Assist Governments to assess what tax and social policy measures might alleviate the social costs of readjustment (e.g., lower VAT on basic consumables, food coupons, direct cash support, faster VAT refunds to SMEs, etc.).

Recommendation 19. Evaluate the extent to which the implementation of AA/DCFTA

commitments on competition policy, consumer protection policy, distribution policy/systems, tax policy, labour policy, etc, can mitigate the social costs of market opening. These policies and their gender effects should be addressed as part of actions to minimise negative consumption effects and social costs. The AA/DCFTA implementation agenda provides a basis for monitoring to which gender-related indicators can be added.

Reduction of gender inequalities (ongoing)

Recommendation 20. Assist governments and civil society to develop the information necessary to assess and address gender inequalities. Ensure that support to State Statistical offices covers trade-and-gender statistics collection, including through specific questions in household and business surveys, and specific indicators to monitor trade-related impacts over time.

Recommendation 21. Address entrenched stereotypes regarding what courses of study girls should pursue, what types of careers they should envision, and what types of jobs they should occupy.

Recommendation 22. Develop awareness-building programmes and indicators to promote more equitable sharing of unpaid care responsibilities between women and men. Related to this is access to affordable childcare and basic infrastructure. Build monitoring and analysis of care responsibilities (needs and effects) into decentralisation processes, private sector development, labour market programmes, etc.

Recommendation 23. Address women's labour rights and wage issues, particularly in industry and services sectors where the biggest - and most varying - gaps appear to occur. The AA/DCFTA approximation agenda offers a comprehensive approach in terms of legislative action and enforcement of international conventions, including on gender and anti-discrimination. It will be important to monitor this process, ensure that gender issues are indeed fully addressed, and encourage good communications between officials and stakeholders. Ensure collection and monitoring of sex-disaggregated statistics on employment and wages in sectors most affected by the DCFTAs. Support women's groups in advocating their interests. Consider proposing legally binding codes of conduct for companies, including processes of formalisation.

Recommendation 24. Projects for farmers should include special measures to protect women's own savings and financial assets and ensure assistance for women in claiming fair remuneration of their contribution to family businesses (both own income and pension). This can be done through farmers unions, legal aid, etc. More research is required to determine what type of support and channels of support will be most effective.