

**Women Entrepreneurs as Engine of Growth: Challenges, Financial
Access and Global Trade**
5 July 2013

Distinguished Representatives,
ladies and gentlemen,

It is my pleasure to join you today and I would like to thank Ingrid for inviting me to the first Geneva International Women Entrepreneurs' Forum. I am impressed by the Forum's content and the level of support, co-operation and participation from governments, businesses, financial and research institutions and international organizations. It is testimony of the central role of women entrepreneurs in all sectors of economic activity for any country to achieve inclusive growth and sustainable development.

The theme "Finance and Sustainable Development for Women Entrepreneurs" is of particular interest as more than 1500 participants from governments from developing and developed countries, CEOs, IOs, RDBs, NGOs are gathering next week , from 8-10 July at the WTO for the 4th Global Review on Aid for Trade to discuss strategies to connect developing country and Idcs firms, in particular SMEs to international value chains .

I would therefore like to share with you today some insights on the changing environment of international trade, the participation of SME's and in particular women in global value chains as well as our findings on the challenges SMEs face in participating in GVCs through the 4th Global Review on Aid for Trade monitoring exercise.

Changing trade and global landscape

The world we live in today is characterised by profound change. The old patterns of trade are being transformed by increasingly sophisticated technology and innovations in transportation. Global production is increasingly characterized by rapid changes in technology and reorganisation of production and distribution systems around "value chains". This has led to international trade in 'tasks' as opposed to complete products. Additionally, the topography of actors is shifting, and there is no longer a clearly delineated North-South divide of the 20th Century. A large number of developing countries have now emerged. Recent statistics show that for the first time in 2012, developing countries constitute over 50% share of world trade.

Women entrepreneurs have to be cognizant of the changing global landscape in which their businesses operate. The challenge that female entrepreneurs face or are likely to face is how to effectively participate in global trade through connecting to local, regional or global value chains(GVCs). This is a broader challenge that many countries, particularly the developing and least-developed countries (LDCs) are facing. WTO is aware of these challenges and that is why we launched the Aid for Trade initiative in 2005 with a focus on building capacity to trade. In the last eight years, we have managed to mobilize resources, with annual commitments reaching US 48 billion in 2010. Although the global financial crisis started to take its toll on resources in 2011, resources are still up, with Africa and Asia accounting for approximately 75% of total Aid for Trade flows. In an ideal competitive policy environment, with no gender barriers or biases, women entrepreneurs stand to gain from the opportunities provided by the impressive expansion in scope and reach of the production and supply networks.

In the real world though, the nature of gender relations are often reflected in the economic structure, which is typically accompanied by noticeable gender job segregation by sector and occupation. In the manufacturing sector for instance, there is positive association between trade liberalization and female share of employment in semi-industrialized and Asian countries specializing in the export of labour-intensive manufactured goods. In low-income agricultural economies, women are concentrated in (unpaid) subsistence food production and find themselves in low-productivity trap. Outside the agricultural sector, women tend to be engaged mainly in micro, small and medium enterprises (SMEs).

The monitoring exercise conducted in preparation of the 4th Global Review of aid for trade which we are hosting next week has for the first time enabled us to ask almost 700 private sector operators, for which most are SMEs, the main obstacles hindering their participation in regional and global value chains. Access to trade/business finance came out as the largest obstacle followed by transport costs and capacity and the business environment. Therefore, this Forum is spot on in devoting its first theme to "Finance and Sustainable Development for Women Entrepreneurs."

These results are buttressed by further analyses of women's participation in value chains. A recent World Bank study indicated that women typically participate at the bottom of the value chain pyramid in developing countries. Moreover, the ability for female entrepreneurs to enter value chains and upgrade into higher-value activities are complicated by limited access to key inputs, such as land, finance, and market information. For instance, limits on women's right to own land puts them at a disadvantage in accessing credit from formal financial institutions since land is often used as collateral. Whereas there has been considerable focus on certain domains

such as gender equality in education and health, others spheres such as gender disparities in financial access have not received due attention. For female entrepreneurs to better participate in global value chains, access to finance is crucial. There is need to address gender-intensified constraints to credit by raising awareness among financial institutions, developing innovative financial instruments, and improving financial literacy.

Sufficed to say, there is now widespread recognition amongst central bank governors and supervisors that trade finance products are safe and sound products deserving non-punitive regulatory treatment. There has also been a successful mobilization of Multilateral Development Banks to provide trade finance. WTO has led efforts in order to meet such financial challenges and are proud to now see tangible results. For example, after three years of intense advocacy, training and mobilization with the African Development Bank, the AfDB Trade Finance Facility launched its first operations in May of this year. The programme seeks to support African financial institutions to address on-going constraints in financing international trade. One key criterion in selecting commercial bank partners was their priority to SMEs. We are therefore happy to announce that entrepreneurs at the “bottom of the pyramid” have been the primary beneficiaries with an estimated 80 per cent of the program reaching small and medium enterprises. In addition, the Director General, Pascal Lamy has set up a Trade Finance Group which brings together key providers of trade finance to look at shortages in supply and regulatory barriers.

Another WTO led initiative on measuring trade in value-added has confirmed the rising role of services in total trade, now representing more than 50 percent of exports. Services remain an untapped potential area where women entrepreneurs can venture into and opportunities there should be explored further.

Furthermore, we require at the WTO, for governments to respect gender balances in their nomination of candidates for our trade-related technical assistance with a goal to increase the participation and capacities of women in negotiations and policy formulation. I am also happy to note that some of the topics of your discussions and presentations include integrating women entrepreneurs into GVCs.

Conclusion

I would like to conclude by reiterating that the positive effect of gender equality in promoting welfare and economic growth is increasingly getting recognized. Given the critical role of finance in facilitating economic growth and development, limited access limits growth and human development. Initiatives such as those mentioned above should therefore be replicated in order to ensure participation of women in trade and global value chains.

This first forum is headed in the right direction in creating a momentum for a gender dimension on economic development especially as the development community is working towards the Post -2015 MDGs. I am a strong supporter of this dialogue and I shall continue to monitor its progress. I wish you a continued fruitful discussion and I look forward to hearing about the future prospects.