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COMPARATIVE REGIONAL IMPACTS OF THE ECONOMIC CRISIS ON TRADE AND WOMEN'S ECONOMIC EMPOWERMENT

*Paper prepared by Jason Jackson in collaboration with the
Commonwealth Secretariat and UNIFEM Caribbean*

EXECUTIVE SUMMARY

Objective

The purpose of this paper is to inform discussions of the gender effects of the global financial crisis at the Ninth Commonwealth Women's Affairs Ministers Meeting (9WAMM).

Distributional Effects of the Financial Crisis

The paper first describes the broad-based nature and source of the global financial crisis, paying particular attention to the relationship between the root cause of the crisis and distribution of political and economic power in the global economy. With this framework in place, the paper then provides a gendered view of the global system of production and trade to illustrate how economic shocks such as the current crisis can have disproportionate effects on women and men due to their gendered socioeconomic roles and differential capacities and location in the global economy. It shows how variation in local social and economic conditions affects the manner in which the financial crisis differentially impacts women and men. For example, it demonstrates how, despite important differences across countries and regions, women tend to bear a disproportionate share of the burden arising from the crisis due to their gendered responsibilities in households and the community, as well as due to their often-tenuous employment security and limited access to formal unemployment benefits. It then shows how the specific nature of these effects varies across countries, regions and social groups depending on domestic social and economic structures and relationship with the domestic and global economy.

Regional Impacts

It does so through comparing the effects of the crisis across the major regions of the Commonwealth: Africa, Asia, the Caribbean and the Pacific. First, it shows that countries across the Commonwealth have been affected by the crisis through similar channels: contracting global demands for exports and declining commodity prices, falling tourism arrivals and revenue as well as declining remittances and increased pressure on already weak fiscal positions. A quick scan of the Commonwealth by region provides examples of how differences in structural conditions affect the manner in which the crisis impacts differentially on women and the poor:

Africa: Most Sub-Saharan African countries are heavily dependent on commodity exports and small-scale agriculture, two areas that are highly gendered and have been negatively affected by the crisis. The crisis has severely dampened global demand for commodities that many African countries depend upon for employment and foreign exchange earnings. For example, the impact on the mining sector in Southern Africa has been particularly devastating for thousands of regional migrants (primarily working age men) who directly depend on the mines for jobs, as well as for the households and communities (primarily women, children and the elderly) that depend on these incomes through local provision of various goods and services in the mining areas or through remittances. A similar picture is evident in West Africa where rubber and other agricultural exports have declined by almost 50%, severely impacting rural producers. Further, the integration of many

African countries into international financial markets since the 1990s has increased countries' vulnerability to macroeconomic shocks arising from the financial crisis, which increases the threat of macroeconomic crises and diminishes the already limited capacity for government spending on health and other areas of social welfare.

Asia: Commonwealth countries in South and South-East Asia have seen immediate impacts from the crisis, particularly in areas such as agriculture and manufacturing. Countries such as Bangladesh have seen declines in demand in export-oriented manufacturing industries that primarily employ young women, at wages that were already low and working conditions that were already sub-standard. India has been hailed by its local financial press for avoiding the worst effects of the crisis, due to its insulated financial sector, dependence on local demand and counter-cyclical macroeconomic response. However, the effects of the slowdown have been strongly felt in rural areas that often fall outside of the gaze of observers in the financial press, as well as among the urban poor. In India, this phenomenon has led to the suicides of thousands of indebted rural farmers. Further, much of the stimulus package has targeted upper-middle income consumers by encouraging the purchase of high priced consumer durables such as automobiles. At the same time however, there have been worrying increases in the price of basic food grains upon which the urban and rural poor depend. These effects on food prices and consumption are likely to be disproportionately borne by women and girls due to their responsibilities in the household, as well as to social norms in many communities which favour boys' nutrition and well-being in times of scarcity.

Caribbean: Caribbean countries are highly dependent on international trade, with trade in most countries averaging up to 150% of GDP. Moreover, most countries have very narrow production structures, principally tourism, financial services, sugar, bananas, and bauxite and rely on a few major trading partners – Canada, the United Kingdom and the United States - which significantly increases their vulnerability to economic shocks. The region is also highly dependent on migrant remittances both for supporting low-income households as well as for foreign exchange inflows and hence macroeconomic stability. As a result the global financial crisis has had an immediate and strong negative impact on the region in terms of employment and income at the household level, as well as fiscal stability at the national level. Further, given that women head a disproportionate number of low-income households, and women tend to occupy the lowest paid and most tenuous positions in the region's main industries, the effects of the crisis have already begun to have a significant impact on women.

Pacific: In the Pacific relatively strong growth based on commodity exports, remittances and tourism over the past two to three years is expected to be reversed as the effects of the financial crisis is transmitted to the most vulnerable countries in the region. Analysis by the Asian Development Bank has suggested that countries such as Kiribati, the Solomon Islands and Tuvalu are expected to be especially hard hit while others may be able to draw on resources accrued during the commodity boom. As a result women and children are likely to be disproportionately impacted by declining income and

rising food and fuel prices given their heightened vulnerability. The Pacific Islands' linkages with the larger economies of Australia and New Zealand often insulate these countries from economic shocks but the negative effect of the crisis on commodity-exporting Australia, for example, is likely to limit extent to which the impact of the crisis on the region might be mitigated by its larger more economically diversified neighbours. The effects of the crisis are likely to be compounded by the fact that many countries in the region have limited capacity to prepare for the crisis by adjusting macroeconomic policy and devising social safety nets.

Policy Responses to the Crisis

Second, the paper shows how most national policy efforts aimed at limiting the impact of the crisis and promoting economic recovery have been gender-blind. This is largely because the conception of the crisis – and of wider macroeconomic policy – that underpins these policies generally ignores the differential effect of economic shocks on women and men.

The paper further shows that not only have many of these recovery efforts been gender-blind, most of these policies have not been directed at the most vulnerable members of society, and so will likely fail to generate pro-poor recovery. The distribution of gains from 'stimulus' plans in many countries have accrued to middle and high-income groups, particularly in urban areas. As a result many vulnerable and marginalized households and communities face the double impact of shouldering much of the burden of the crisis while being left out of the efforts at recovery.

Engendering the Crisis Response

Finally, the paper provides a macroeconomic policy framework that demonstrates how government interventions aimed at promoting a recovery can be re-engineered to target vulnerable groups – such as low-income women-headed households – and hence provide more broad-based benefits from stimulus plans and other recovery efforts. This framework and attendant policy-based tools can be used as instruments of advocacy across the Commonwealth, and will contribute to providing a nuanced basis for the capacity-building exercises in the Gender Responsive Budgeting work.

I. INTRODUCTION

1.01 The purpose of this report is to provide a conceptual, analytic and empirical basis for discussing the gender-based impact of the global financial crisis on Commonwealth countries. It is intended to allow Women's Affairs Ministers and Senior Officials from across the Commonwealth to gain insights into tools and approaches that can be used to advocate for gender-aware economic policies that can improve issues of gender equity in their home countries.

1.02 Economic crises often present opportunities for reconsidering the way in which economic policy is conceptualized, particularly from the standpoint of the effects of policies on society's poor and marginalized. This paper hopes to allow meeting participants to better understand how the crisis differentially affects men and women based on their location in the economy, and how to advocate for policies that can address some of the deeply entrenched and long-standing gender-based inequities which exist across the Commonwealth.

1.03 The tools and skills to do such advocacy are particularly relevant at this time given the penchant for responses to the crisis to reinforce rather than undermine existing inequities. Instead what is needed are efforts to directly address issues of poverty, inequality and social marginalization.

II. THE GENDER EFFECTS OF THE CRISIS ON INTERNATIONAL TRADE

2.01 The main channel through which the financial crisis is being transmitted to developing countries is international trade. Most middle and low-income Commonwealth countries are dependent on trade with industrialized countries, and so have suffered from falling demand and depressed prices for their exports as industrialized countries grapple with the recessionary effects of the crisis.

2.02 As a result the impact in the Commonwealth has been felt through falling economic growth and increased formal and informal sector unemployment. This impact has been coupled with very real concerns about rising food prices beginning in the period leading up to the 2008 crisis, which have had a devastating effect on nutrition and consumption in poor households. Remittances have become a critical pillar of support for most Commonwealth countries both at the macroeconomic level, as a principal source of foreign exchange earnings, as well as at the household level as a contributor to poor families' budgets. However, remittance flows have been affected by the crisis as migrants overseas themselves face the effects of the recession through job losses or retrenchment. This constrains the ability to send money back home. Finally, most low-income Commonwealth countries do not have the resources to launch the types of aggressive counter-cyclical 'stimulus' packages that have been put in place in the OECD as well as some large developing countries, leaving poor households with limited access to public support for basic foods and other necessities.

2.03 A brief summary of some of the principal channels through which the impact of the crisis is being felt is provided below:

1. Reduced demand and lower prices for exports across manufacturing, agriculture and service sectors, such as apparel and tourism, and collapsing commodity prices in countries that are dependent on primary goods sectors and extractive industries;
2. Declining remittances which provide critical support to household budgets, particularly amongst poor women-headed households;
3. Rising food prices and concerns with domestic food security;
4. Falling foreign direct investment (FDI) flows as projects are postponed or cancelled due to the global credit crunch;
5. Uncertain overseas development assistance (ODA) flows, as rich countries grapple with the domestic effect of the financial crisis. (Antonopoulos, 2009)

2.04 Across the world both men and women are feeling the effects of the crisis, but men and women are experiencing these crisis effects in different ways due to their differential location in global economy, as well as their differential social rights and responsibilities. For example, the impact of the crisis on export demand affects women and men in different ways across the Commonwealth, as the composition of the labour market in different sectors varies by gender. Heavy industrial and mining sectors such as automobile component manufacturing and assembly or copper mining tend to be industries that primarily employ men. By contrast, light industrial assembly activities such as textiles and apparel, leather and electronics principally employ young women. This gender division of labour also carries over the service sector. While export services such as information and communication technology (ICT) based activities such as 'back office' work provides medium income white collar jobs to both men and women, other service sectors such as tourism have a highly gendered structure with mainly women earning low wages as housekeepers. Similarly, the construction industry is highly cyclical but tends to provide good wages, albeit mainly to men who tend to occupy higher skilled and better remunerated positions in the industry than women. This holds even amongst the lower end positions. Across all sectors of the economy flexible and casual workers as well as migrant workers are the most vulnerable to the effects of the crisis as they have little formal labour market protections. In addition, men and women migrate to do different types of work, especially at low end of wage scale, eg construction (South Asian men in Middle East) or domestic work/child care (South Asian women in Middle East, EU, Asia; Pacific Island women in Australia, New Zealand), so they are likely to face different vulnerabilities.

2.05 This gendered division of labour not only matters for understanding the distributional effects of the crisis but also for devising equitable policies that take into account existing gender-based socio-economic differences so as not to reinforce existing inequities. For example, capital-intensive manufacturing sectors as well as construction tend to be the areas of focus for counter-cyclical 'stimulus' policies. This general approach holds in both developing and advanced countries, as seen in auto industry rescue packages in the UK and the US, and the green building retrofit plan in the United States, as well as in similar programs to boost the auto industry in India. Many of these programs effectively discriminate against women by focusing on areas of economic activity where men are primarily located. This reflects a long standing 'male breadwinner bias' in economic policymaking that is based on

conceptions of men as the principal earners in nuclear families, a view that is at odds with the empirical reality of most poor households in developing countries.

2.06 Contrary to common assumptions of women as wives and mothers managing households based on incomes provided by men, women in fact often are the primary income earners in large multigenerational households. This reality places an enormous strain on women, who face a particularly heavy burden during economic crises due to their societal role as caretakers. This is worsened by pervasive socio-cultural myths about the role of women and mothers who are expected to somehow 'make do' in times of need. This is reflected in major gender-based disparities in paid and unpaid work carried out within the household as well as in the propensity for women to engage in insecure or high-risk employment, including sex work, in order to ensure the survival of the family. Children are also highly vulnerable either to being withdrawn from school, or having to enter labour market. There are other important mechanisms: reduced remittances not only constrain household spending but can limit women's ability to reduce their poverty and to exercise autonomy. Similarly, tight credit markets associated with the global credit crunch can trickle down to the local community level by restricting the availability of microcredit, hence further reducing women's autonomy and power in the household. (Antonopoulos, 2009)

2.07 In order to recognize and address the gender effects of the crisis the macro-analytic frameworks employed by economic policymakers must be enlarged to include all channels of transmission of economic shocks: trade, fiscal, monetary, foreign exchange and balance of payments. The critical dimensions from a gender perspective include the location of individuals with respect to paid and unpaid work, including household work, subsistence production, care and volunteer work within the household and wider community.

2.08 If we analyze the economy using this type of expanded engendered framework supported by data on employment patterns, time use and the distribution of income and poverty it allows us to see the extent to which men and women are located in different areas of the economy, have different responsibilities and as a result face different vulnerabilities. For example, in many cases men tend to be located in higher paid employment with more secure wages, often in industry or financial services. By contrast women tend to be disproportionately located in low-paying services, agriculture and insecure manufacturing, especially forms of manufacturing tied to maquiladoras. Finally, women are often heavily concentrated in the informal sector and in unpaid work, while men tend to be in formal sector jobs or when engaging in unpaid subsistence labour do so with greater ownership rights to the land that is being tilled than his female counterpart. However, while these gender-based differentials are widely applicable across country contexts, it is however important to note that relative positions of men and women also vary within countries, by class, race, ethnicity and the urban-rural divide. All these dimensions need to be taken into account in order to have a true gender-aware picture of the global economy and to understand the full effects of the financial crisis.

2.09 With this gender-aware analytic framework in mind we can move on to examine the effects of the crisis across the major regions of the Commonwealth.

III. COMMONWEALTH AFRICA

3.01 African economies have been hard hit by the crisis. Many Commonwealth African countries had benefited from steady economic growth throughout much of the 2000s but this positive trend was largely reversed with the onset of the crisis in 2008. Much of the earlier economic growth was due to the rapid rise of commodity prices, as close to 80% of African exports are comprised of minerals, base metals and precious stones (see table 1 below). This means that the sudden contraction in global demand and commodity prices undermined the precise drivers of growth that had fuelled optimism in Africa and exposed the persistent vulnerability of the region. The price of a representative group of Sub-Saharan African metal commodities tripled over the period 2003-8, before dramatically collapsing by almost 50% in the second half of 2008. By contrast the prices of a weighted composite of agricultural commodities including coffee, cocoa, sugar, tea and wood rose by less than 80% of the same 2003-8 period, but with the crisis was much more resilient, falling by not more than 20%. (IMF, 2009b) However, as the table below indicates the impact of the metal and mineral commodity price crash is felt far more greatly in most economies of the continent.¹

Table 1: Structure of African Exports (2008)

Product group	US\$ billion	Share
Mineral products	341.6	67.0%
Base metals	29.1	5.7%
Precious stones and metals	21.7	4.3%
Chemical products	18.2	3.6%
Machinery	16.7	3.3%
Textiles and clothing	15.1	3.0%
Vegetable products	14.5	2.8%
Food, beverages and tobacco	13.6	2.7%
Transport equipment	12.6	2.5%
Other	27.1	5.3%
Total	510.1	100.0%

Source: SAI (2009)

3.02 The global financial crisis has revealed the multiple levels of vulnerability. At the same time the crisis struck, most poor African as well as Asian and Pacific households had already been grappling with the global spike in food prices, particularly basic food grains that comprise the majority of their food consumption basket. Women and girls often bear the brunt of this double burden, as women are expected to ensure that there is adequate food provided to the household, and when there is not enough food to adequately serve all members of the household women and girls often eat less than men and boys.

3.03 The main channel of transmission of the crisis on the real economy has been declining international trade flows. The African Development Bank (AfDB) reports

¹ There is however, important variation in country- and household-level impacts depending on the relative importance of these sectors for national and household incomes, as will be discussed further below.

that middle-income African economies have been particularly hard hit due to their relatively deeper integration into the global economy. (AfDB, 2009) The AfDB recently estimated that African countries faced a massive US\$251 billion shortfall in export revenue in 2009 which is expected to be followed by an even worse US\$277 billion shortfall in 2010. In total, exports across the continent have been revised downwards by a massive 40%. Oil exporting economies are expected to be worse hit, but other commodity dependent economies are also experiencing dramatic effects. (Ibid) African countries have been particularly vulnerable since their main trading partners are in the economically advanced countries, precisely those countries that were initially hard hit by the crisis, resulting in immediate effects on demand.

Table 2: Destination of African Goods Exports (2008)

Region	US\$ billion	Share
EU-27	174.1	34.1%
NAFTA	121.7	23.9%
Asia	120.9	23.7%
Mercosur	78.6	15.4%
Other	14.9	2.9%
Total	510.2	100.0%

Source: SAI (2009)

3.04 Agricultural commodity exports have formed an important basis of economic growth and source of livelihoods for many Commonwealth African countries. Coffee is a crucial commodity export in Uganda, as in other neighbouring countries. However, coffee exports have suffered both declines in price and value such that the value of coffee exports fell 24% in Q1 of 2009 relative to the same period in the prior year. In addition to the effects of the crisis, Uganda's coffee sector also faces significant internal challenges drought and disease. Fisheries exports also suffered due to the recession, with Q2 exports falling by 37%. Like the coffee sector, fisheries also face important internal challenges that exacerbate the impact of the crisis, such as illegal fishing and over-fishing. High value-added export-oriented agriculture Cut flower exports have been one of the more resilient sectors in Uganda, but even this sector has seen declining albeit positive growth rates (ODI, 2010b) Women comprise more than 70% of the labour force in cut flower production (Antonoupoulos, 2009) There has been good news: Uganda has seen informal cross-border trade (with its regional neighbours) grow strongly during the crisis, with non-traditional exports performing particularly well (ODI, 2010b) The value of this trade has increased by 45% from US\$1.07 billion to US\$1.55 billion in just one year 2007 to 2008. These non-traditional exports have primarily comprised relatively high value industrial products such as cement and steel (accounting for 65%) as well as some agricultural products such as beans and maize (less than 10%) (ODI, 2010b)

3.05 Along with agricultural commodity exports, mineral and metal commodities have been key drivers of African growth over the course of the past decade. Zambia provides an excellent case example of how some African countries have experienced rapid growth in the 2000s through metal commodity exports. Total merchandise exports increased from US\$746 million to \$5.1 billion. This six-fold increase was driven primarily by increased production of copper (which was

privatized over the course of the decade) as well as a huge increase in the copper prices, which saw a fivefold increase from US\$1,550/tonne in 2002 to US\$8,714/tonne in 2008 – a clear reflection of the global commodities boom. While copper and copper-based exports are mainly headed for China and the EU, Zambia, like Uganda, has also been able to diversify its export mix to regional trading partners. Other non-traditional exports such as sugar, cotton and tobacco primarily serve regional markets such as South Africa and the Democratic Republic of Congo. These products are particularly important as women comprise a much higher proportion of the workforce in these agricultural sectors than in mining.

3.06 African exports are not confined to agricultural or mineral commodities. Kenya is one of the more diversified economies in the region and has developed an important tourism sector, but tourism receipts were down 13% in the fourth quarter of 2008 as compared to the same period in 2007. The majority of lost employment in tourism as well as other key sectors such as export agriculture tends to be in low-paying jobs, such as housekeepers or informal sector farm labourers, most of which tend to be held by women. As will be seen in upcoming sections, Kenya's limited diversification and reliance on remittances, tourism and primary agricultural commodities is similar to a number of Commonwealth countries in other regions such as the Caribbean and the Pacific, and women and men tend to be located in quite similar areas of the labour market and wider economy.

3.07 In addition to shocks to commodities and services exports, African countries have also suffered more direct effects of the crisis through the financial sector. Many African countries' fiscal and external account balance positions were already weakened by the food and fuel price shocks of 2007-8 and now have been further hit by declining capital inflows from remittances, FDI and ODA.

3.08 Kenya has been hard hit by declining capital inflows. For example, in just three months remittances in Kenya fell from US\$61 million in October 2008 to US\$39 million in January 2009. These have direct impacts on both macroeconomic stability, including foreign exchange reserves, as well as on Kenyan people's livelihoods as remittances provide direct support to household budgets, particularly amongst poor women-headed households.

3.09 Vanishing liquidity in the international system has hindered governments' ability to raise capital, leading to delays (Kenya, Tanzania, Uganda, Nigeria), cancellations (Ghana) and failure (South Africa) of various sovereign bond issues. This will have an immediate and negative effect on public expenditure programs, including infrastructure projects that would have been expected to provide significant direct and indirect employment to poor men and women. Worse, all this happens at precisely the time when new domestic spending on jobs are most needed to counter the trade-related unemployment effects of the crisis.

3.10 The impact of government finances is particularly worrying. Overall, the Africa region is expected to move from a 2.8% surplus in 2008 to a 5.4% deficit in 2009. (AfDB, 2009) This will have massive and negative impact on the ability of governments to engage in counter-cyclical spending to alleviate the effects of the crisis on its people. This challenge highlights one of the key differences between most African and other Commonwealth countries with limited fiscal resources, and

better off developing and industrialized countries that can tap domestic resources for counter-cyclical 'stimulus' spending.

IV. COMMONWEALTH ASIA

4.01 The phenomenon of the feminization of the labour force is now well known and has been observed all across the developing world, but is still exemplified in many Commonwealth Asian countries. The phenomenon reflects the expansion of jobs that women took up in light assembly such as textiles and apparel, where for example in Malaysia and Bangladesh women comprise 78% and 85% of workforce, respectively. However with the crisis and contraction in global demand these are jobs that are hit hardest, and as a result women in these countries suffer disproportionately from the loss of income, as do their dependents, which often include children and the elderly.

4.02 Bangladesh is often cited as the epitome of feminization of labour, particularly in light manufacturing industry, and so provides an excellent case for understanding the gender effects of the crisis on export manufactures. In general, Bangladesh's overall export performance in 2008 stood up well to the effects of the crisis, but the country's chief export sectors nevertheless were not immune. Export performance was volatile and varied widely across sectors. While ready-made garment exports withstood the effects of the crisis better than expected, there were major declines in the export of other goods such as tea, jute, and especially leather as well as smaller declines in footwear. (See Table 3 below) However, this performance in garments reflects strategic efforts by Bangladeshi exporters to cope with lower prices and profit margins as many tried to maintain relationships with powerful multinational firm buyers in developed countries. These measures include layoffs, as well as increasing working hours and lowering wages and benefits for many of the 2 million workers in the industry fortunate enough to keep their jobs. Most of these workers in the apparel sector are young women that already were considered to be facing difficult working conditions, and whose wages from the industry typically provide essential support to poor families in rural areas. For these women, having to accept the choice of starkly reduced wages and benefits over unemployment reflects their weak and vulnerable position in the global industry.

Table 3: Declining Export Growth in Major Commodities in Bangladesh (2009-9)

Export Product	2008	2009	Change in growth rate 2008-9
Ready Made Garments (RMG)	31.1	2.5	-28.6
Woven RMG	25.4	1.4	-24.0
RMG	36.7	3.5	-33.2
Non-RMG	22.6	-13.2	-35.8
Raw jute	-0.7	11.7	12.4
Tea	26.9	-62.9	-89.8
Leather	-6.6	-34.3	-27.7
Jute goods	-3.5	0.8	4.3
Frozen foods	16.1	-27.5	-43.6
Chemical	46.2	-57.0	-103.2
Engineering products	-0.3	-2.0	-1.7
Home textile	15.8	0.1	-15.7
Footwear	36.9	-6.4	-43.3
Total Exports	29.0	-1.2	-30.2

Source: ODI (2010a)

4.03 Despite Bangladesh's initial resilience, by 2009 manufactured exports began to reflect the true effects of the crisis, falling by 11.7% in Q1 primarily due to a decline of 9.7% in apparel exports. Total agricultural commodity exports fell by 18.4%, with substantial variation by product: for example, frozen foods fell by 43.6% and tea exports were devastated by a 90% decline (ODI, 2010a). Bangladesh also lost export market share to major competitors, particularly China, which benefited from domestic 'stimulus' support of the type that poorer and fiscally weaker Commonwealth countries have been unable to afford. China's implementation of tax rebates and other export incentives along with price cuts and other domestic policy support allowed Chinese exporters to significantly gain market share in the EU and US at the expense of weaker producers. While Bangladesh was also able to raise its market share, it was forced to do so with far less domestic policy support to cushion the blow of lower prices and wage cutting that characterized the response.

4.04 As in most other Commonwealth countries remittances are a major contributor to poor households' livelihoods. Bangladesh is a major exporter of labour with the US, EU, India and especially the Middle East being the most important destinations and as a result, the key sources of remittances. The total contribution of remittances to GDP more than doubled from 4% in 2000 to 11% in 2008. It is worth noting that these figures only account for official remittance flows transmitted through formal banking channels; they do not capture remittances sent informally, such as when persons send cash home or return with cash themselves. The greatest contributions to remittance flows by far, some 63% of flows in 2007, come from the Middle East. However, worryingly this region attracts mostly low-wage workers, primarily men in the construction industry and women who engage in domestic work, and further, countries in the region are known for the worst treatment of migrant workers. The situation is being exacerbated by the fact that over the course of the last 6-9 months there has been a marked decline in the number of Bangladeshis who are able to go overseas for work, as countries from the UAE, Saudi Arabia, Sudan, Singapore and Malaysia have cut back on visa offerings due to the slowdown in highly cyclical

industries such as construction as well as other sectors that drove overall labour demand. Some countries have also begun sending Bangladeshi workers back home due to slowdowns in their economies and lack of work. Almost 40,000 workers were sent back in 2009, 97% due to retrenchment (ODI, 2010). Growth in remittance flows reflected these dynamics in labour flows, by showing volatile declines during the second half of 2008 onwards, before showing a small increase of 5.4% in the first half of 2009. It remains to be seen whether remittance flows return to their previous high growth trajectory as the slow but 'job-less' recovery proceeds in the industrialized countries.

4.05 A number of Commonwealth countries in Asia faced the economic crisis in the context of serious domestic conflicts, adding a further dimension of vulnerability to women and children, particularly in poor rural households. In this respect Sri Lanka faced a number of critical macroeconomic challenges in 2008. Like many other Commonwealth countries Sri Lanka was hard hit by the rise in commodity and food prices in early 2008, and then was struck by capital flight with the onset of the crisis in the last quarter of the year. This period of macroeconomic instability saw the rupee coming under pressure, a sharp rise in inflation to 28% and a loss of two-thirds of the Central Bank's foreign reserves. The real economy was also affected as exports declined by 5.2% between October 2008 and June 2009. All this was reflected in growth rates that fell sharply to 1.5% by the beginning of 2009.

4.06 This combination of rapid increase in inflation and sudden economic slowdown is devastating for poor households as they face price increases alongside wage cuts and job losses. Better news in the form of the ending of the civil war provided a well-needed boost to the economy in mid-2009, leading to significant capital inflows and greater stability in the foreign exchange market. However, these macroeconomic shocks occurred as the economic crisis was taking its toll on exports and production and had a major impact on the Sri Lankan economy and livelihoods.

4.07 The Sri Lankan apparel industry faced significant uncertainty during 2008 and the first half of 2009, with some businesses appearing to avoid layoffs but most also not hiring new staff. However, given that the apparel industry is characterized by high turnover rates, this effectively meant that the industry experienced net job losses. As in Bangladesh and most other Commonwealth countries up to 90% of Sri Lankan garment workers are young women, many from rural areas. Most of these workers already face very poor working conditions and are not unionized, illustrating how many young Sri Lankan women continue to face heightened vulnerability even when they manage to secure formal sector jobs in the cities. Men have also been disproportionately affected by industry-level effects related to the crisis. For example, the export-oriented service sector has been badly hit by the crisis with the World Bank (2009) singling out the transshipment industry, which Sri Lanka had been trying hard to promote and which primarily employs men, as particularly hurt by the decline in international shipping. This variation in findings of the effects of the crisis on men and women highlight the need for gender-aware analysis of the crisis in order to design appropriate policy responses.

V. COMMONWEALTH CARIBBEAN

5.01 The Commonwealth Caribbean felt the effects of the global financial crisis through the familiar mechanisms of declining export earnings, FDI, remittances and aid flows. These have been compounded by a general loss of trade credit as well as growing macroeconomic instability in some countries, particularly through increased pressure on inflation, domestic exchange rates and loss of international reserves. However, unlike other Commonwealth countries the Caribbean faces the crisis having seen very weak economic growth over the past ten years. The commodity price boom that many African and Pacific countries have enjoyed was not witnessed in the Caribbean. Instead, countries in the region saw generally weak and somewhat volatile growth from traditional agricultural exports, tourism, bauxite, petroleum and financial services.

5.02 Caribbean countries are highly dependent on international trade, with trade for most countries averaging up to 150% of GDP. Further, like most African and Pacific Commonwealth countries most Caribbean members-states have very narrow production structures, relying principally upon services exports such as tourism and offshore financial services, as well as agricultural and mineral commodities, principally sugar, bananas, bauxite and petroleum.

5.03 In addition, countries in the region are heavily reliant on three major trading partners – Canada, the European Union (primarily the United Kingdom) and the United States - which significantly increases their vulnerability to economic shocks. The region is also highly dependent on migrant remittances both for supporting low-income households as well as for foreign exchange inflows and hence macroeconomic stability. As a result the global financial crisis has had an immediate and strong negative impact on the region in terms of employment and income at the household level, as well as fiscal stability at the national level. Further, given that across the Commonwealth Caribbean women head-headed households account for more than 50% of low-income households, and women tend to occupy the lowest paid and most tenuous positions in the region's main industries, the effects of the crisis have already begun to have a significant impact on women, children and the elderly.

5.04 As in other regions women and men tend to be located in different types of activities in the Caribbean. For example, like many other Commonwealth countries the export-oriented services sector is dominated by women. However, women are generally clustered around the lowest paying jobs, such as housekeepers in the tourism industry. Export-oriented light manufacturing in textiles and apparel is an important employer of women, particularly in Jamaica, but this industry has been on the decline in the region since the late 1980s as the Caribbean suffered significant losses with the signing of the NAFTA trade pact between the US, Canada and Mexico and later with the ending of the multi-fiber agreement. Similarly, export-oriented electronics assembly was an important employer of women in the Eastern Caribbean but has also come under pressure from more competitive producers. The result of these trends in gender-based trade employment has been decreased formal sector job opportunities for low-skilled urban women, which in turn has led to greater concentration of female labour in the urban informal sector.

5.05 Class however remains an important feature that segments Caribbean labour markets, as skilled labour faces a significantly different opportunity set. Despite significant gains for Caribbean women in educational achievements –women enjoy better secondary school achievement rates and now outnumber men almost 2:1 in tertiary educational institutions in the region – these gains have yet to be fully reflected in labour market outcomes both in terms of wages and occupational positions of women in regional firms. Services trade provides a useful example of this gendered dynamic.

5.06 Services trade is the most important area that the region has sought to promote, particularly in the context of declining income and employment in manufacturing and traditional agricultural sectors, and women have been quick to take advantage of these new opportunities. However, continued labour market discrimination has limited the gains that women might have been expected to make in newer export-oriented sectors such as offshore financial services, and has increased their vulnerability to job losses during time of crisis, despite their relative high education and skill levels. The result is that skilled women workers in the export services industry paradoxically find themselves in a similar situation to unskilled women in export manufactures. Gender thus trumps skills in the international division of labour in important ways.

5.07 Tourism is the region's most important industry, and in fact the Caribbean is the most tourism-dependent region in the world. However, as elsewhere, the tourism industry felt the immediate impact of the recession in the industrialized countries. The region is highly dependent on the US, Canadian and European (especially UK) markets for tourism. According to recently released figures from the Caribbean Tourism Organization (CTO) every Commonwealth Caribbean country with the exception of Jamaica experienced sharp declines in tourist arrivals in 2009 as compared to 2008 (see table 4). Anguilla's tourism industry has been the worst affected, with a devastating 23% drop in stay-over tourist arrivals. Several other countries in the region also experienced double-digit drops in tourist arrivals. However, in contrast to stay-over visitors most countries in the region avoided major losses in cruise ship passenger arrivals, though there was some important variation across countries. While Jamaica was the only country that managed to see slight (4%) growth in the number of stay-over visitors, perhaps due in part to an aggressive marketing campaign in its main tourism market, the United States, it nevertheless suffered the most with cruise ship arrivals that fell by 15% from 2008 to 2009.

5.08 These impacts have direct effects on employment in the tourism sector, which as in other regions of the Commonwealth is highly gendered with women generally occupying the majority of positions, though these are concentrated in the low end of the income scale. For example, poor women in the tourism industry tend to be dependent on low-wage labour in the hotels and so are highly vulnerable to fluctuations in stay-over arrivals. For example, Clegg (2009) reports that the Bahamas largest private sector employer laid off 800 workers amounting to 10% of its staff, the majority of whom can be expected to be women housekeepers. By contrast, cruise ship passengers primarily patronize taxis, restaurants and duty-free shops (as well as craft merchants) which are comprised of occupations with a much different gender balance. Most taxi drivers are low-middle income men, while restaurants and duty-free stores tend to be owned by the wealthy and hire low-

middle income women and men as staff. There are few places in this part of the industry's structure for low-skill, low-income women who are similar to those who find opportunities in hotel housekeeping.

Table 4: Caribbean tourism arrivals (stop-over) 2009

Destination	Tourist Arrivals	% Change, 2008-9
Anguilla*	30,716	-22.6
Antigua & Barbuda	234,410	-11.8
Bahamas	1,326,722	-9.3
Barbados	518,564	-8.7
Belize	232,373	-5.2
Bermuda	235,860	-10.5
British Virgin Islands**	205,914	17.0
Cayman Islands	271,958	-10.2
Dominica***	64,402	-12.1
Grenada	113,370	-12.5
Guyana	141,053	6.2
Jamaica	1,831,097	3.6
Montserrat***	4,897	-17.1
St Lucia	278,491	-5.8
St Vincent & the Grenadines***	65,846	-11.2
Trinidad & Tobago**	251,975	-5.7

* Figures reflect January-June

** Figures reflect January-July

*** Figures reflect January-November

Source: Caribbean Tourism Organization, March 2010

5.09 As in other Commonwealth regions remittance inflows have also suffered due to the crisis. The region is highly dependent on remittances, with these flows amounting to 23% and 16% of GDP in Guyana and Jamaica, respectively (Clegg, 2009). As elsewhere in the Commonwealth remittances play two key roles: they have become a critical source of foreign exchange and hence are pivotal in maintaining macroeconomic stability (in the case of Jamaica remittances are the most important source of hard currency inflows) and second, remittances provide crucial support to poor households, majority of which are women-headed in the Commonwealth Caribbean. Initial indications suggest that growth of remittance flows has been severely curtailed in the wake of the crisis. This is a major concern for countries like Jamaica where remittances have been credited as one of the leading factors in the slow decline in poverty through the 1990s and 2000s. Once again this is an area where women are expected to shoulder a heavy burden of adjustment arising from the economic crisis.

5.10 The Commonwealth Caribbean has also suffered some direct effects of the financial crisis due to weak financial sector regulation and contagion. Notwithstanding the aforementioned gender-based biases in the industry, the growth of the Caribbean offshore finance sector represented something of a success story in the 1990s and early 2000s but began to come under pressure in recent years due to OECD tax avoidance measures. Financial services trade in this sector was directly impacted by the financial crisis in parent companies in Canada, the US and the UK, as well as well as by the collapse of regional financial institutions in the Caribbean,

CLICO which is based in Trinidad and Tobago and the Stanford financial empire which had major operations in Antigua and Barbuda. The effect of the collapse of Stanford's operations on the Antiguan economy has been especially devastating as Stanford was the largest private employer in the country, employing 5% of the country's labour force.

5.11 Finally, as elsewhere the impact of the crisis on trade and the productive sector in the region, as well as on financial inflows has negatively impacted the fiscal position of many countries. Further, most Caribbean Commonwealth countries are highly indebted and with the exception of Guyana have not been eligible for debt relief. For example, Grenada, Jamaica and St Kitts have public sector debt-to-GDP ratios of well over 100% face severe fiscal constraints, while several other countries such as Barbados, Belize, Guyana, St Lucia and St Vincent have debt-to-GDP ratios that are dangerously close to the 100% mark. As a result countries suffer from a significant debt overhang that acts as a major impediment for governments to engage in social sector spending, and in the context of the crisis severely limits the ability to engage in counter-cyclical spending (Lewis-Bynoe, 2009; CDB, 2008). The combination of this precarious fiscal position and the onset of the financial crisis has taken its toll on some countries, as Jamaica has been forced to enter into negotiations with the IMF and other countries in the region have sought assistance through lending facilities from regional development banks. Past experience provides an ominous guide to the likely effects of IMF-led macroeconomic programs on poor vulnerable households in Jamaica, most of which are headed by women.

VI. COMMONWEALTH PACIFIC

6.01 As in much of Commonwealth Africa, a number of countries in the Pacific have enjoyed relatively strong growth based on commodity exports, remittances and tourism over the course of the decade. However, as in other Commonwealth countries the vulnerabilities of this growth path and weak and uneven underlying social conditions is being exposed by the financial crisis. For example, the Solomon Islands had benefited significantly over the past several years from strong demand but is expected to suffer heavily due to over-reliance on the logging industry which provides a massive 70% of the country's export revenue and 40% government revenue. Recent analysis by the Asian Development Bank (ADB) suggests that while some countries such as Papua New Guinea may be able to draw on resources accrued during the commodity boom, others such as Kiribati, the Solomon Islands and Tuvalu with much weaker economic bases are expected to be especially hard hit as they have limited ability to engage in domestic spending to boost growth or provide adequate social safety nets (ADB, 2009). As a result of the crisis and these existing weaknesses UNICEF (2009) argues that in the Pacific region women and children are likely to be disproportionately impacted by declining income and rising food and fuel prices given their heightened vulnerability.

6.02 It is important to note that wealthier Commonwealth Pacific countries have not been immune to the effects of the crisis. New Zealand and Australia both entered recession in Q4 2008, largely through the same mechanism that has affected developing country Commonwealth states: collapsing prices and demand for commodities. Besides major shocks to mineral exports in Australia, particularly coal

and iron ore, both Australia and New Zealand also faced up to a 31% decline in prices of agricultural commodities such as milk and wool. (UNICEF, 2009) As a result, the Pacific Islands' linkages with the larger economies of Australia and New Zealand often insulate these countries from economic shocks but the negative effect of the crisis on commodity-exporting Australia, for example, is likely to limit extent to which the impact of the crisis on the region might be mitigated by its larger more economically diversified neighbours. The effects of the crisis are likely to be compounded by the fact that many countries in the region have limited capacity to prepare for the crisis by adjusting macroeconomic policy and devising social safety nets, thus leaving poor households especially vulnerable to the effects of the downturn.

6.03 Most Commonwealth Pacific states including the Cook Islands, Fiji, Samoa and Vanuatu are heavily dependent on tourism receipts for foreign exchange earning as well as for employment, incomes and supporting livelihoods. As in the Commonwealth Caribbean, however, the industries in these countries have been badly affected by the recession in the principal tourism markets of Australia, Canada, China, Europe, New Zealand, Taiwan and the US. Some tourism markets in the region have been further affected by their vulnerability to natural disasters. Samoa and Tonga both experienced tsunamis in 2009 which, in addition to reduced travel as a result of the crisis, further depressed tourism earnings. The loss of tourism earnings in the Pacific affects women in both the formal and informal sectors through retrenchment from hotels and other tourism-related service jobs, as well women's earnings from sale of handicrafts and other informal sector marketing activities that are associated with the sector. (UNDP, 2010) The interaction of these countries' vulnerability to natural disasters and economic shocks, and the resulting effect on women and poor households highlights the need for a holistic analysis of development challenges facing countries in the Pacific and elsewhere in the Commonwealth.

6.04 Food and nutrition has emerged as a particularly important issue in the region. In Papua New Guinea 85% of the population relies on agriculture, but at the same time 29% are undernourished. In the Solomon Islands and Vanuatu, 80% of the population lives in subsistence, but with high reliance on rice, which has seen steady price increases. Low nutritional levels has important intergenerational effects that can lead to the persistence of poverty across generations including stunting, lower cognitive ability, increased likelihood to under-perform or drop out of school (UNICEF, 2009), which in turn has effects on future labor market prospects and critically, the ability for households to transcend structural poverty. Further, in many Pacific Island countries up to 50% of household expenditure goes towards purchasing food, even in rural areas where most families are engaged in subsistence farming (Ibid). This suggests that the subsistence sector is no longer sufficient for nutritional, health, or educational needs.

6.05 Urban migration does not appear to provide an easy route out of rural deprivation in the Commonwealth Pacific. Data on Pacific Islands suggests that urban and rural poverty are at similarly high levels, as opposed to other developing countries where rural poverty tends to be significantly worse. UNICEF (2009) suggests that urban citizens are not able to increase their standard of living given

available opportunities. As a result, urban and rural households are presented with limited options to escape poverty.

6.06 Prospects for young people hoping to improve their life opportunities by entering the formal labour market appear similarly dim. Many Commonwealth Pacific economies face high youth unemployment amongst both young men and women of up to 20%. Much of this is due to unavailability of jobs but also in some cases to a mismatch of skills. For example, in Fiji every year half of 15,000 school leavers join ranks of unemployed; at same time Fiji recruits 6,000 skilled workers because its own students lack appropriate skills and qualifications as schools do not train students to meet industry standards (UNICEF, 2009).

6.07 These challenges facing poor households raise important questions about sources of support, particularly in the context of weak fiscal capacities of most governments in the region. This is becoming evident not only in terms of general social safety net support around food and nutrition, but also in the area of health. For example, the crisis is having an immediate impact on HIV/AIDS services. Papua New Guinea (PNG) reports 75% cut in budget for HIV programs due to loss of ODA. Given the well-established role that women play as caregivers in households, especially when household members are ill, such a drastic cut in public sector support will almost certainly place an enormous burden on Papuan women, particularly those in poor and overcrowded households. UNICEF (2009) notes that many Pacific Island societies boast strong local institutions based on care and redistribution within an extended family network that forms the basis of traditional social support systems. Many of these systems, however, rely on disproportionate contributions from women, as revealed in recent Pacific time use surveys (UNDP, 2008; 2010).

6.08 Finally, even some apparently good economic news can have its downsides. Inflation in the region is generally falling, mainly due to falling fuel costs. However, this general trend can mask important country-level developments. For example, the Fijian dollar was recently devalued by 20% in an effort to make the country more competitive in the tourism market. However, this strategy has potential costs as devaluation may result in a rise in inflation that can negatively affect the poor through increased cost of food and fuel. Women are likely to be particularly affected given their responsibilities for the household budget.

VII. SUMMARY AND CONCLUSIONS

7.01 This report has highlighted specific trade-related mechanisms through which the global financial crisis has affected Commonwealth countries, and how these effects have specific gender dimensions, many of which lead to women bearing a disproportionate share of the burden of adjustment and sacrifice. It has further demonstrated that there are significant similarities across Commonwealth countries in the manner in which the economic crisis has affected local economies and livelihoods, and in particular how it has affected – and will likely continue to affect – women and women-headed households. There are also, however, important differences arising from the domestic economic structures and principal areas of economic activity, particularly as they pertain to trade.

7.02 The key trade-related mechanisms have been contracting demand and falling commodity prices, significant declines in tourism as well as reduced growth in remittances and weakened fiscal positions, the latter two of which undermine the scope for public sector support to poor and vulnerable households, most of which are headed by women.

7.03 The report provides a conceptual and analytic basis for deeper discussion of the gender effects of the financial crisis in the Commonwealth

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