

# G2 HACKATHON CHALLENGE

How to Make the WTO  
Fit for Future Trade



INSTITUTE OF INTERNATIONAL  
ECONOMIC LAW  
GEORGETOWN UNIVERSITY LAW CENTER



Geneva Trade  
Platform

Akin Gump  
STRAUSS HAUER & FELD LLP

Lee  
& KO 법무법인(유) 광장

## 2021 Hackathon Submission

**Feminizing Financing for Trade in Africa:  
New Approaches to Systemic Challenges**

**Team Penn Law – International Women’s Human Rights**

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**Watch the Video**



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### Question #1

Define the substantive issue that your team is addressing, why it's a problem, and why your team believes the WTO is the right forum to address it.

#### **Feminizing Financing for Trade in Africa: New Approaches to Systemic Challenges**

It is by now well established that trade is pivotal in facilitating development. In fact, trade is a cornerstone of many of the goals of the 2030 Agenda for Sustainable Development. In the African context, policymakers have identified trade as key to Africa's long-term, sustainable economic growth. Consequently, in 2018, African countries signed the African Continental Free Trade Agreement (AfCFTA)—an historic trade agreement that will remove tariffs on 90 percent of the goods traded across the continent. If successful, AfCFTA will ultimately create a unified African market with a GDP of more than \$3 trillion and a billion+ consumers, thus making Africa the largest free trade region in the world (Songwe, 2019). Despite the prominence of formal trade regimes in discourse surrounding Africa's future, however, not all forms of trade in Africa are created equal, nor is intra-African trade gender neutral.

Often ignored by policymakers, small-scale cross-border trade (SSCBT) comprises a significant share of informal economic activity across Sub-Saharan Africa (World Bank, 2020). Moreover, SSCBT is highly gendered. Approximately 70% of SSCBT is conducted by impoverished, albeit intrepid, entrepreneurially-minded women, whose primary source of income derives from the goods they sell across borders. Each day, hundreds of thousands of women traders cross Africa's bustling borders to exchange everything from fish, vegetables, and fruit to cosmetics and textiles. There is enormous potential in empowering these enterprising African women to grow their trading businesses, with positive concomitant effects for poverty reduction. Unfortunately, however, these women face a gender trade gap that is bottlenecking their economic potential.

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Across Sub-Saharan Africa, women who engage in cross-border trade to support their families face a litany of obstacles including: (i) sexual harassment, assault, and coercion; (ii) robbery (traders tend to carry large amounts of cash); (iii) labyrinthine border processes; (iv) banks that are closed at the border, as women tend to cross before sunrise; (v) inadequate border facilities; (vi) bribery and corruption; (vii) a dearth of licensed foreign exchange bureaus at the border, which leads women to seek out black market opportunists who take advantage of their lack of financial sophistication; (viii) onerous fines and confiscation of their goods if caught engaging with a black market money exchanger; and (ix) lack of access to capital. Interestingly, recent research in Sub-Saharan Africa reveals that women who engage in on SSCBT consistently identify lack of access to financing as the foremost issue they face and that most women traders have mobile phones (Zarrilli and Lopez, 2020).

The WTO is uniquely positioned to address the SSCBT gender trade gap in Africa for two reasons. First, the WTO's new director-general, Ngozi Okonjo-Iweala, is an African woman who has stated that one of her goals is to ensure women in Africa benefit more from trade. Second, the WTO's robust Aid for Trade program offers an excellent institutional framework to financially support—and empower—women involved in SSCBT through the innovative solutions we propose.

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## Question #2

Propose a specific treaty text, or more informal commitment/declaration text, that addresses either the concern or a particular, detailed aspect of it.

### DECLARATION ON GENDER EQUAL TRADE IN AFRICA

We, the Heads of State of Member States of the African Continental Free Trade Area (AfCFTA):

**Recognizing** the principle of gender equality is codified in Article 4 (1) of the Constitutive Act of the African Union;

**Reaffirming** our commitment to promote sustainable development in accordance with the Sustainable Development Goals (SDGs), with a special emphasis on goal 5 (gender equality), goal 9 (fostering innovation, increasing access to financial services and markets, and ensuring universal access to information and communications technology), and goal 17 (promoting south-south cooperation, including intra-African trade);

**Amending** the African Continental Free Trade Agreement (AfCFTA) to recognize that women face unique challenges in formal trade as well as small-scale cross-border trade (SSCBT); and

**Proposing** this Amendment: (i) focus on advancing formal and informal digital trade; (ii) commit to work with the WTO to increase access to capital for women through microfinance and mobile money platforms, funded by Aid for Trade; (iii) commit that any multi-national corporation (MNC) engaging in intra- or inter-African trade obey by the “gender inclusive trade standard” developed herein; and (iv) be subject to enforcement by the Council of Ministers as described in Article 11 of the AfCFTA.



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### Question #3

Suggest a legal/technical or institutional way to implement your textual proposal within the broader WTO framework (500 words)

Investments in financial services infrastructure, such as SMS-based capital and digitization of markets, can effectively reduce or neutralize the gender trade gap. African countries already participating in the Aid for Trade program are prime targets for technology initiatives, as they are already building infrastructure and improving trade capacity. Digital systems are inherently gender agnostic and a move towards technology as a curative will lower historic barriers to trade by reducing biased human decision making, removing artificial work-time constraints, and increasing information efficiency. In addition, digital systems can meet women where they are, creating safer physical environments to accelerate business.

Financial technology, such as SMS banking and digital cross-border transfer services, encourage participation by bringing financial services to the individual. Historically, women have been financially underserved for a multitude of reasons including prejudice by decision makers, geographic disparity, or social stigma; however, a digital-first banking system can remove these limitations. Increased access to financial services has had immediate and long-term effects on underserved markets. In the short term, microloans counteract short term fluctuations in income and provide stability and emotional relief. In the longer term, basic financial services allow for financial growth, successful budgeting, and increase literacy for credit and planning. The combination of short-term stability and long-term planning produce a growth mindset, fueling overall economic growth. Public Private Partnerships to bolster financial services can be forged with MNCs to amplify existing and proven processes.

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The move to digitize markets helps governments stabilize economic markets, identify transportation and trade patterns, and pinpoint risks of disaster and disease. Expanding these platforms to monitored, open data sharing can positively impact cross-border trade. Specifically, allowing individuals to submit data, such as prices, producers, fees, or travel times, as well as to freely download the same data, has been a boon to industries in developed nations. The role of government regulators is vital to reduce fraud and promote fairness, and if done correctly, the increased and equal access to information can greatly increase total economic output. Open and trusted data removes asymmetric information from transactions, allows proper pricing of goods, spurs new market participants, and creates new micro-markets, all effectively growing the economy. In an open data environment, all players will gain information, but women will specifically benefit as they have historically been disadvantaged in trade due to lack of information in negotiations, intimidation on pricing, or inability to safely travel. An open data environment can remove barriers to information and increase bargaining power on all sides. Governments or multinationals will hold the role of a strong central regulator.

Technology innovations ushered in a new wave of financial stability and well-being for millions of underserved individuals. However, there is ample room for technology to reduce the gender trade gap by facilitating access to capital. Countries in the early stages of developing their financial services sector, like those in the Aid for Trade program, have the benefit of building systems that meet individuals where they are, and can learn from the successes of developed nations.