

**Comments on Draft Action Plan of EBRD**  
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Equal accessibility to resources for men and women as well as the equal participation in the decision-making processes is not only one of the most important components of developing democracy, but it also represents a tool for economic development and reduction of poverty in many countries.

Research studies confirm that the transition to a market economy has even further aggravated their socioeconomic status. The implementation of market principles, liberalization of trade and privatization have brought about a total ruin of the domestic markets of those countries, which in turn has resulted in a crisis of production, increased imports of foreign-made goods, mass migration to western countries, as well as wars and numerous ethnic conflicts.

Transition countries are facing significant challenges in enabling women to act as economic, social and political agents in a process of change that would revitalize civil society and, ultimately, enable the achievement of the full economic potential of the region in a balanced and sustainable manner. It is obvious Labour-market position and overall living standards of women have declined relative to men's is more complex. Poverty increases gender disparities and affects women and men differently.

Last year World bank endorsed Gender Equality Plan As Smart Economics and now is new initiative of EBRD Action Plan on Gender equality. Integrating gender components inside of activity of financial intuitions are crucial important for economic reviving and well-being population.

EBRD has good experience working in Georgia and implementation of ERBD Action Plan should be considered step forward for promoting gender equality issue , especially economic opportunities for women in the country.

I would like to highlight that draft of Action Plan of EBRD on gender equality is written good understating of the current situation in transition countries. Looking ahead –potential for new opportunities is complex of programs, close collaboration of national governments and different stakeholders. It is urgent to shift to practical level for gender mainstreaming in all levels of the managerial processes.

Additional comments which may be useful:

- Working in the informal sector has become a common form of occupation for women. The combination of formal work with secondary work in order to receive an income adequate to one's needs has become very widespread. The overwhelming majority of women are employed in the agricultural sector. Work in the informal sector is regarded as a necessary strategy for physical survival, especially in cases when there is no other alternative for finding a job.
- In transition countries economic growth is concentrated in sectors such as communications, transport, financial services, industry and trade; mostly men are engaged in the mentioned fields and all leadership positions are occupied by them. Women are occupied less subside sectors of industry.

- Job loss in these female-dominated labour markets has not been offset by any significant new employment opportunities in the private sector, which is distinguished by overt gender discrimination in employment practices. These detrimental effects of labour market restructuring have been compounded by the lack of institutional support for the promotion of gender equality.
- Despite of instructional changes, main orientation was focused on economic growth through investment on large enterprises rather than in **small and medium business**, which is especially gender sensible and has potentials for employed growth.
- It should highlighted, in economic affairs, government policy has been focused less on poverty eradication than creation of a transparent and deregulated business environment conducive to foreign investment and promotion of domestic entrepreneurship. But a strong assumption exists that economic growth will lead to reduced poverty.
- There is lack of gender statistic and indicators to identify good practice in promoting economic empowerment of women and attain women MDGs to renew it attention to women`s economic empowerment and Increase women`s investment .
- Entrepreneurship does not come automatically with liberalization and privatization. An Entrepreneurial economy must be promoted through appropriate policies and adequate institutions in mane areas, such education and training and starting capital

## **Access of Men and Women to Finance, Land and Assets Case of Georgia**

Decrease of revenues, high unemployment rate and neglect of small and medium enterprises made poverty dramatically where women's activity has been mainly transferred on the household works. This situation has not been improved since 2004. At present the lot of small and media business does not exceed 1/4 in the total business production, the latter showing no tendency to grow, on the contrary, it has decreased, at certain extent. According to the proportions formed in Georgia for recent years (2002-2006), approximately 15% is the lot of small business, 10% – of medium business and 75% – of large business in the total business sector turnover.

High rate of self-employment suggests that heavy reliance on unpaid labor is the norm for households in Georgia. As USAID GMSE Microfinance Demand Survey (<http://www.usaid.org/ge/programs/pdf/12.pdf>) illustrates Female-owned enterprises have been operating on average three years longer than male owned enterprises but operate only six months of the year compared to ten months among male-owned enterprises. About 40 percents are female owned enterprises, most of them are unregistered and are able to self-finance. Poorer households tend to be more heavily concentrated among unregistered and to be female. The most common source of informal loans is family and friends followed moneylenders and pawnshops. Access to loans is actively high among registered, male owned enterprises. More than 60 percent of women are willing to take loans and among them  $\frac{3}{4}$  can provide security, Female owned households and micro enterprises account for only about 35 percent of demand on loans.

This survey suggest that women's are more carefully attention to loans rather men and apply for credits only in case if they ensure to safely return it.

Current period one of state action to improve access to loans is strategy of "Cheap credits" that was introduced in 2008. Government have to allocate about 300 mln GEL for entrepreneurs on Agriculture and tourism with low rate of interest aiming at fostering development of branches that will help households to stimulate employment and alleviation of poverty. Special programs for women entrepreneurship is still lacking.

One of the biggest problems faced by Georgia on the path to economic growth is that micro and small businesses have a hard time gaining access to credit. In every vibrant economy, micro and small businesses are at the core of job creation and increasing incomes.

If Georgia's small entrepreneurs continue to find it difficult to gain access to credit, the country's economy will have a hard time developing. Georgia could very well address the big issues faced by large business – taxes, overregulation, lack of investment, etc. – but without making the business environment friendlier to the micro, small, and medium businesses, a large section of the economy will not grow.

At the same time, the government cannot expect to maintain a system in which only large business constitutes the nation's tax base – without tax contribution from small business, the government will never have sufficient resources to provide the services it is charged with providing.

What should be done

- promote investment and private enterprise, especially small and medium-scale businesses, through pro-market reforms of the regulatory environment both at the local as well as national levels;
- advance domestic and international trade and financial sector reforms;
- and strengthen the responsiveness of local governance to the requirements of the business sector and the needs of the poor.