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**DRAFT FOR DISCUSSION  
ADDRESSING GENDER ISSUES IN EBRD OPERATIONS:  
ANALYSIS AND A PROPOSED ACTION PLAN**

## **I Introduction**

Gender equality increasingly has been recognised as an important component of the development and transition processes, in particular to better leverage the untapped potential of women in emerging markets. The Third Millennium Development Goal specifically refers to the need to promote gender equality and empower women. In 2003, the heads of the Multilateral Financial Institutions (“MFIs”), including EBRD, signed a statement affirming their respective institution’s commitment to promoting gender equality within their respective organisations and in their work to assist member countries.

Following a period of painful economic restructuring and transition recession in most countries, recent economic growth has contributed to improvements in overall welfare for men and women alike. However, in some specific aspects of transition, and in selected regions, women’s opportunities have been more constrained than men’s. In some important respects, gender disparities have increased during transition, but from a relatively high base – that is, during communist times it was part of the official ideology to set high standards for income equality and social inclusion for nearly all groups, including women. Subsequently, in some regions the economic and political transition has resulted in a widening of gender differences in terms of access to economic opportunities, health and education and ability to influence political decisions, although not all of these trends have been negative for women (for example, general health conditions and life expectancy for men has deteriorated more rapidly than for women since the onset of transition in much of the region (**except in Serbia , where the life expectancy of women deteriorated, which presumably has its roots in additional burdens to women in the period of war conflicts, sanctions , bombing and post traumatic syndrome**)).

The EBRD currently does not have specific programmes to support gender related development through its projects. The Environmental Policy of EBRD, approved in 2003, contains a number of ‘safeguards’ to prevent or mitigate adverse impacts of projects on the work force and affected communities including a requirement for non-discrimination at the workplace. It is primarily through the implementation of this requirement that the Bank has assessed potential gender impacts of its projects to date. The proposed Environmental and Social Policy, which highlights the Bank’s objective of supporting sustainable development, pays special attention to the issue of gender equality and will help shape the Bank’s approach to this issue in the coming years.

Even in the absence of a specific programme on gender equality, much of the Bank’s work over the past 17 years – to promote economic opportunity and entrepreneurship

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through its projects, support political freedom and human rights as part of its Article 1 mandate and stimulate sustainable growth and development – has undoubtedly resulted in positive long-term benefits for women. Beyond the positive impacts that the Bank has had on conditions for women and families through its transition mandate, the Bank is now seeking to develop a structured approach to address gender equality within its scope of activities, in order to better measure the positive ongoing actions as well as to enhance this dimension through a deliberate effort to mainstream gender equality issues within the Bank.

This paper sets out to accomplish three goals:

- Provide a brief assessment of the impact of transition from central planning to a market economy on women<sup>1</sup>
- Describe the current state of EBRD efforts to promote gender equality
- Propose an Action Plan for Bank-wide initiatives and specific areas of intervention to prevent gender discrimination in its projects, mitigate gender inequalities in the region and actively promote greater opportunities for women

## II The impact of economic transition on women

### *Changes in labour force participation rates*

At the start of transition the participation rate of women in the labour force was higher than the average for advanced western European countries as well as low and middle-income countries. By contrast, male labour force participation rates were below the male average for low and middle income countries in 1990 for all transition countries but Armenia. The decrease in female participation rates once transition began was sharper than for men – in the Czech Republic, to take one example, the labour force participation rate for women dropped by 9.5 percentage points between 1989 and 1994, compared with a 1.8 percentage point decrease for men. (In Serbia the female labour force participation dropped from 50,1% in 2002 to 44,9% in 2005 )

During the transition recession and the abrupt restructuring of the economy in many countries, both men and women were victims of “labour market separation” (see Annex 1). Female labour force participation rates between 1990 and 2005 dropped in all transition countries except for Bosnia and Herzegovina, Croatia, Kazakhstan and Slovenia (where labour force participation rates for women actually increased and where at the same time labour force participation rates for men decreased). However, some data suggests that while women dropped out of the labour force at a greater rate than men in the early years in most transition countries, they have since rejoined the labour force at a faster pace than men. ( the quantity of women’s rejoining to the labour market in transition does not necessarily mean quality and thus contribution to non discrimination and equality. In Serbia the most dynamic areas of women’s employment are the low-income services and industry where professional education is almost not required)

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<sup>1</sup> The impact of the region’s social and political transition is treated elsewhere and is not the focus of this paper.

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Similarly, women who remained in the labour force throughout those years did not experience significantly higher unemployment rates than men. The gap between male and female unemployment in most of the transition region was smaller than in the EU-15 countries between 1998 and 2005. Higher unemployment rates for men in transition countries during the initial period of restructuring was mainly due to the fact that women dropped out of the labour force while men entered unemployment.

Transition to a market economy meant that many women were suddenly required to choose between participating in the **formal** labour market and undertaking “caring” jobs **or to work in the informal economy**. The shrinking of fiscal budgets through, for example, a reduction of social expenditures allocated to childcare or care for the elderly shifted the burden of caring onto households. In most of the countries in the region the caring task fell to women, with little or no state support. Further, in the newly created private sector employers engaged in discrimination against women with children far more than state sector employers. Private sector employers in transition countries have also been less willing to accommodate maternity leave than state sector employers. Thus transition saw a higher concentration of female employees in the state sector which would allow female workers with children to combine paid work with maternity responsibilities. Studies have shown that gender is a determinant in access to private sector jobs, even holding constant other factors such as women’s propensity to enter self employment or to become employers themselves.<sup>2</sup>

Although some persuasive arguments have been put forward to explain the reduction in labour force participation rates for women, there is no good explanation for why the gender gap has increased in some transition countries and decreased in others. There is no apparent pattern in the change in labour force participation rates by country that would indicate a correlation with the degree of progress in transition, for example.

### *Changes in quality of employment*

A closer look to the type of jobs in which labour force participants are engaged shows marked gender differences, with the majority of males tending to be in permanent and self-employment categories while the majority of females are in the subsistence categories (unpaid family workers and inactive but owning land), as well as in the remainder of the inactive category.<sup>3</sup> Annex 2 shows the gender distribution of the percentage of labour force participants employed as unpaid family workers for those transition countries for which data is available.

In the transition region, women tend to be working in the service sector, whereas men are equally divided between industry and services.<sup>4</sup> Employment in agriculture has contracted almost everywhere for both men and women. However, in Romania and Kyrgyzstan employment in agriculture has increased and accounts for more than 40% of female employment. Variance in gender differentials among self-employed is large across countries, with the highest recorded rates in Estonia and the lowest in Poland, Latvia and Lithuania. **It also has to be stressed that traditional definitions of gender**

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<sup>2</sup> UNICEF (1999)

<sup>3</sup> EBRD (2000), chapter 5.

<sup>4</sup> Paci (2002).

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roles and duties reinforce the socio-economic gender gap between men and women and concur in increasing the rural poverty of households and of women. For example, women work and employment in the household and in agriculture within the household is not recognized and appreciated and remain as an unpaid activity.

However, as conventional statistics exclude “own-account” i.e. **informal and home based work**, production of services, and because this type of production tends to be carried out mostly by women, statistics on self-employment and more generally statistics on employment tend to underestimate the role of women. **Furthermore, sociological research encounters that in a considerable amount of cases; women themselves do not recognize their own active working status and declare themselves as “housewives”.** This self-definition can mislead the collection of statistical data that can very well, under such statement categorize such women as unemployed and, or inactive labor force which is far from reality.

Household data collected through the EBRD/World Bank Life in Transition Survey (LiTS) confirms that there are significantly fewer female than male entrepreneurs.<sup>5</sup> This is true across all education levels, except for those with a post graduate degree or those with no education. The data also confirms that there are significantly more women in white collar or service occupations than in blue collar or farm occupations, which are dominated by men. However, females who are white collar or service worker are significantly more educated than men. The opposite is true for blue collar workers: blue collar female workers are less educated than their male counterparts.

But whatever is written in statistics it had to be emphasised that women’s labour force is not a homogeneous social group, but on the contrary, it is the highly heterogeneous half of the population that reflects all social tensions and changes and has its own inner divisions and categories.

For instance, when women entrepreneurs are in concern there are some significant basic differences that determinate three main groups whose problems has to be solved by different approach and precisely targeted measures. They are the:

- ❖ **Enterprising, business women**, who wants to become “own bosses”, who seek social and financial independence. Most of women from these group have good educational qualifications and reached middle or higher management position in companies they worked in.  
Having a clear idea of business starting they are mostly running registered enterprises and need support in high level management education. Unfortunately they represent the minority in the women’s population seeking economic independence .(Of 100.000 registered small businesses in Serbia 8.000 are owned by women )
- ❖ **Urban/rural unemployed women**, who, due the lack of possibilities on the formal labour market , are forced to start their own small business .  
**Choosing entrepreneurship because of economic necessity.**

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<sup>5</sup> See EBRD (2007) and EBRD (2007a).

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Creation of small business or self-employment ,(equally in formal and informal economy) is their only opportunity to generate income as there were no other options for them.

Business created as a solution to unemployment often have the so called "Negative motivation" which means that women/man are not well prepared for the task. They represent the most multitudinous group and needs basic knowledge about enterprising and in most cases psychical encouragement and multilevel mentoring as well as significant assistance for gaining financial aid and get to the market , particularly to subsist on it.

- ❖ **Rural women-farmers, agricultural producers,** who are already dealing with production of different goods , and who need help in finding their place in the diversification of rural economy, through establishing registered small businesses and new services. Their inclusion to the market needs completely different approach than the urban unemployed women's population. (By the OECD methodology, 85% of territory of Serbia can be declared as rural and more than 45 % of population is living in these areas. )

### *Wage Equality*

Losses in real wages during transition have been accompanied by increasing wage differentials between men and women. An analysis by UNICEF finds that the Gini coefficient for wages rose by one third on average in central eastern Europe and the Baltic states (CEB) and in south-eastern Europe (SEE) and by one half in the Commonwealth of Independent States (CIS).<sup>6</sup> Pay differentials between men and women have increased and social services have been scaled back, leading to a double burden on women, who have been more likely to have left the formal labour market with all its associated benefits such as health care and pensions.<sup>7</sup> Discriminatory practices have further diminished women's opportunities: throughout the transition women continued to receive lower wages than men, have been made redundant more often, and are often passed over in favour of men in the hiring process.

Analysis carried out by Paci in 2002 looks at the various components of earnings differentials (for different types of jobs) and aside from a minor role played by differences in average productive characteristics and differences in the characteristics of the job (productive vs. caring jobs, where the latter are inherently less technologically intensive than the former), it finds a large unexplained component in the gender gap. This reflects both differences in the elasticity of supply of labour and discriminatory treatment of women in the labour market.

### *Access to Finance*

Access to finance is another dimension along which women are disadvantaged relative to men in some transition countries. One survey suggests that banks that use soft information on loan applicants rather than cash-flow or credit scoring lending methodologies discriminate against female borrowers, while lenders using hard

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<sup>6</sup> UNICEF (1999)

<sup>7</sup> According to a recent ADB report (2006), the pay gap between men and women in Tajikistan is 54 per cent.

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information to take lending decisions do not discriminate against female borrowers.<sup>8</sup>

Data from the 2005 EBRD/World Bank Business Environment and Enterprise Performance Survey (BEEPS) also suggests that firms managed by women are less likely to obtain a bank loan than similar firms managed by men.<sup>9</sup> There is some evidence that female-managed firms are charged higher interest rates than male-managed counterparts, which shows up strongest in the least advanced transition countries.

The data from the BEEPS would seem to be consistent with the theory that more competitive financial markets lead to lower levels of discrimination. More precisely, the descriptive statistics show that gender discrimination – in terms of both access to finance and the terms on which it is granted – is significant in the CIS countries (where financial development and competition are less advanced) but not in the remainder of the transition region. This is true when other characteristics of firms – such as sector, age, size, risk aversion, performance, etc. – are held constant. The strong results in the CIS countries could be attributable to factors other than the level of financial development, including differences in initial conditions, including culture, history and institutional starting points.

On the other hand, the BEEPS reveals that a random sample of firms in the transition region showed a roughly equal number of firms in CEB, SEE and CIS where the principal owner/manager is a woman (slightly lower for SEE). This could be seen as evidence that women entrepreneurs, at least by 2005, were in an equal position to men in their ability to own and run a business. However, given the sampling frame of the BEEPS, which is weighted more toward SMEs and excludes several types of businesses (in regulated industries, farms), and the small sample size for each country, this result should be accepted with caution and may not be representative of the entire economy. Similarly, this should not be taken as evidence on the ease of starting a business for male or female owned/managed firms. Many BEEPS firms are not de novo but rather established firms that were privatised; others may be de novo but were started by other owners and sold to a woman owner/manager.

It also seems that one of the main constraints for women in getting loans is the fact that women's enterprises are mostly concentrated in low income services and low profit production, with significantly small starting investments, which makes them non attractive costumers for commercial banks. The other significant pitfall, when Serbia is in concern, is the custom of estate ownership and inheriting by male members of the family, which preclude women from getting loans with mortgage guaranties.

### **III Current state of EBRD efforts to promote gender equality**

EBRD has not actively promoted gender equality to date. However the Bank through its projects has had positive direct and indirect impacts through existing policies, project preparation, implementation and accompanying social and environmental

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<sup>8</sup> See Joeveer K. et al. (2007).

<sup>9</sup> See EBRD (2005) and Muravyev et. al. (2007). The BEEPS sample used in the Muravyev paper was restricted to individually-owned firms with no separation of ownership and management and with a clear indicator of whether the principal owner (and manager) is a male or a female.

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impact mitigation measures.

As noted above the Bank's mandate to support transition, economic growth and sustainable projects accompanied by the accelerated economic growth witnessed in the region has helped to improve the overall quality of life, improved the overall infrastructure, whether it be through increased communication, transport, clean water or access to energy. For women, who are often at home in the countries of operation, such improvements have a clear positive impact. Any public consultation processes managed by the Bank should ensure that all relevant affected parties are adequately represented, including women, with a view to ensuring effective consultation and project design.

At the project level, the Environment and Sustainability Department (ESD) currently considers gender issues in carrying out its project due diligence as part of the Bank's non-discrimination requirement when implementing the social safeguard policies referenced in the Bank's Environmental Policy. However, there is no explicit gender focus and the Bank does not address gender issues in a consistent and systematic way. Guidance and tools to assist staff and clients assess potential gender impacts have been lacking. The proposed new Environmental and Social Policy, currently under Board consideration, has further emphasised gender issues both in the umbrella policy but also in the Performance Requirements which describe the responsibilities of the Bank's clients. Further guidance and tools will be developed to assist in project appraisal as part of the policy implementation plan.

There are projects in the Bank's current portfolio that have the specific objective to benefit women and promote equal opportunity for women:

- Two local banks in which EBRD is a shareholder have set up finance mechanisms that facilitate women's access to credit: ProCredit Bank Bulgaria provides an innovative form of mobile finance using a small van staffed by loan officers to serve remote rural areas; this is likely to reach women in these communities in a more efficient way than traditional rural banking. In Lithuania, Siauli Banka has set up a dedicated credit line for women, co-funded by Nordic Investment Bank and the Council of Europe Development Bank.
- Last year EBRD provided a loan and technical assistance to Mi-Bospo, a non-bank microfinance institution in Bosnia and Herzegovina which specifically target women entrepreneurs.
- In Tajikistan, one of the fastest growing institutions is IMON, a non-bank microfinance institution which was established by the National Women's Business organisation, which has been a leader in lending to small businesses in both rural and urban areas.
- The Group for Small Businesses (GSB), while not positively discriminating in favour of women, has facilitated access for women to finance anywhere from 30-40 per cent of the loans provided by its partner institutions are provided to women borrowers. Loans are available to all entrepreneurs and small businesses that satisfy standard creditworthiness assessments based on cash flow rather than collateral, which could otherwise discriminate against women. In some cases with a large majority of male borrowers preliminary

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research suggests that whilst men are, for cultural reasons, the formal signatories to loan agreements, it is often women who use the credit and who are the guarantors.

The Bank is also playing a positive role through demonstration effects:

- Of some 275 Supervisory Board seats filled by EBRD nominee Directors 41 per cent or 112 seats are held by women. Deepening financial markets, a key priority in Bank operations, have also been shown to increase overall access to finance as well as to decrease the level of discrimination towards women in access to credit.

The Bank has also provided advisory and technical assistance support which have positive gender impacts:

- A specific regional BAS gender focused initiative in the Caucasus was launched in 2005 with the objective of supporting female entrepreneurs. [Funded by CIDA]
- In Azerbaijan the Business Advisory Service (BAS) of the Turnaround Management Group (TAM) has conducted management and marketing skills training for business women's start-ups. [Also funded by CIDA]
- The new TAM initiatives concerning contributing to local community development are examples of exploiting new business opportunities with possible gender benefits. TAM/BAS Strategy has an explicit statement which refers to increasing the economic participation of women. In addition, TAM and BAS have developed specific "Women In Business" programmes that are targeted to women meeting the following conditions: with feasible business ideas; managing enterprises; enterprises with over 50 per cent ownership by women or women intensive enterprises. (See Annex 3)
- In Kyrgyzstan, the Small Grants Programme (SGP) developed under the Community Business Forum helped to empower poor people, especially women. The SGP has funded some 68 socially oriented enterprises, information and advisory centres, children's education, health services, agricultural enterprises and eco tourism. Many of these enterprises are now self sustainable. Women's share of employment is high, and many of the social entrepreneurs are women and have become active leaders in their communities.

The Bank is also conducting research to deepen its support to women:

- Two "Impact Assessment" studies led by OCE will examine issues of access to finance for women: in Mongolia, the team is working with XacBank to investigate what type of microfinance is best to reach poor women; in Ukraine, the team is working with Aval Bank in a study that looks at the impact of training of loan officers on women's access to finance.

The Bank provides capacity training in a variety of fields to increase its outreach in the financial sector and other areas, which deepen the professional capacity of its participants:

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- The majority of participants in recent Trade Facilitation Seminars have been women.

### IV A business case for the gender-based approach

Recent academic research, studies by expert consultants and analysis by other IFIs supports the view that reducing gender disparities in the workplace makes good business sense. More equality between men and women is associated with faster and more sustainable economic growth, poverty reduction and overall well-being.

The main contribution of gender equality to growth is through labour productivity and the efficient allocation of human capital. When women have equal access to education, training and employment opportunities, companies are able to tap into a larger and more diversified talent pool. Research commissioned by the IFC showed that companies with greater employee diversity, especially in top management, make better decisions, produce better products and achieve better financial performance than companies with a more homogeneous labour force.<sup>10</sup>

#### Gender and Rural development

Sustainable rural development is based on the concept of identifying new economic possibilities and development potentials which by experiences of new EU members\* (*Commission of the European Communities (2000/a) Women, active in rural development <http://europa.eu.int/comm/agriculture>*) significantly opens the way to the process of integration of women's enterprising into rural economy. In fact, for instance, by entering into self-employment and setting up small businesses women can be at the forefront of innovation and diversification in rural areas, for example by developing agri-tourism activities, artisan food and drinks production, craft enterprises telecommunication, caring services and other.

Viewed in this light, it appears that **rural development** presents more potential than agricultural development alone for a **switch in the inequality paradigm**. In fact, **rural development** presents a new conceptual and practical framework in which gender roles can be de-constructed, contested and re-defined according to strategic gender interests.

Gender equality is also associated with less corruption and better governance. Better governance, in turn, has been linked to more sustainable growth. Household surveys, including the EBRD/World Bank Life in Transition Survey, shows that women tend to show less tolerance for corrupt practices than men. This evidence suggests that by promoting greater gender equality, the Bank and the authorities in the transition region could promote growth by improving governance.

Of course, the Bank's business is transition. In that respect, the business case for an EBRD gender-based approach must go beyond arguments in favour of growth and poverty reduction and address core issues of transition from plan to market. Gender equality can lead to market expansion through the creation of products and services that appeal to women consumers; it can lead to the strengthening of market-based institutions and policies that improve labour conditions and social inclusion and reduce discriminatory practices; and it can lead to a transfer of skills and behaviours that improve human resource and other management practices that are common in

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<sup>10</sup> See IFC (2008) and Catalyst (2004), cited therein.

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mature market economies, including policies of corporate social responsibility.

### V A proposed EBRD Action Plan

Transition considerations remain primary to the Bank's activities and the following Action Plan addresses the need to both mainstream gender issues overall within the Bank within its mandate as well as to have specific actions to increase the positive impact of the Bank on gender equality. . By mainstreaming gender, the Bank will be better informed about potential disparities which may exist within policies, strategies and projects of the Bank. At the same time, the Bank will also develop initiatives with the objective of increasing the economic participation of women overall within the private sector and specifically within the decision making processes. The Bank will seek to work with other international financial institutions to leverage its resources. Toward this end, the Gender Action Plan proposes that the Bank:

- continue with specific initiatives to increase **targeted** financial access and opportunities to women in the area of micro, small and medium-sized enterprises (MSME) such as through credit lines and advisory services being provided through GSB and TAM/BAS, **having in mind the different needs of enterprising women categories (urban, rural, marginalized and multiple discriminated )**
- select countries to pilot schemes which could improve gender equality and increase the empowerment (participatory decisionmaking roles) of women by reviewing the specific activities of the Bank in the respective country and enhancing the appropriate gender components.
- leverage the positions the Bank has on Supervisory Boards, by both enhancing the awareness of the nominee directors of gender issues but where possible to introduce such discussions at the investee companies. It should be noted that no actions for investee companies or any client should be considered as a mandatory obligations by the client unless the client clearly discriminates against any group, including women.
- continue to enhance the project preparation and mitigation measures which have been put in place in Infrastructure projects as well as through other Environmental and Social Policy objectives increase staff awareness within the Bank on gender issues
- provide targeted extension services to women on business development issues
- seek to develop measures to gauge the impact of the Bank's projects on gender where relevant.
- seek to leverage existing networks which have been developed by countries and/or other IFI's to increase the impact of Bank efforts.
- **In order to create targeted measures for each country , involve local women's NGOs in conducting participatory mapping of problems, needs and resources , (through public competitions)**

The Action Plan, as a new initiative of the Bank, will be an evolving document subject to revision based on lessons learned through its implementation. The plan draws on existing work by international bodies and IFIs and highlights the need to adapt current research within the existing operational and institutional mandate of the Bank. Considerations for potential actions will be filtered through the need to adapt actions and strategies based on the stage of transition, political factors, specific needs

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and sector and country priorities and perhaps most importantly the relevance of the Bank's operational instruments for the task. The Action Plan, which describes initiatives to be taken by the Bank over the next 24 months, should be followed by an evaluation of activities to further guide its actions.

A coherent general EBRD approach to enhance gender equity through its projects would be to make operational use of the gender references in the Bank's new Environmental and Social Policy. This would have the advantage of providing a systematic approach. The approach taken by the Bank would have the following components:

### **1. Mainstreaming**

Mainstreaming the consideration of gender into the Bank's operations would include activities at both the strategy and individual project levels. As part of the Bank's strategy, it would involve policy dialogue, and may necessitate some consideration as to how investments and/or lending to entities that provide finance solely to female borrowers could be pursued by the Bank.

The main direction of this mainstreaming should pursue the following principles

- ❖ with 40-50 % of participation in the labour force, women are active promoters of development , economic growth and contributors to GDP and National product. (the point is in righteous reinvesting and redistribution of that contribution as well as in implementation of equal opportunities policy and not in providing periodical aid or social programs)
- ❖ Gender Economic Equality means equal participation in the benefits of economic growth and development
- ❖ Enchantment of women's economic position is based on equal access to resources
- ❖ Sustainability of women's position in economic development is based on full involvement and employment of their human resources.( Principles of Creative economy and industry )

### **2. Capacity Building**

While the Bank has made positive steps towards gender equality, an assessment done by a consultant to review the Bank's actions in gender development noted the uniform lack of awareness of gender issues within Bank staff. Therefore critical to the implementation of a Bank program would be to increase the awareness of staff about: the gender situation in the Bank and in the countries of operation, as well as the rights and opportunities which could be made available to women. In addition specific training should be provided to Bank staff involved in TC and Bank investments to highlight the positive impact gender awareness can have on the performance of their clients, e.g. through increased profits as demonstrated in a recent IFC paper on gender citing examples from Fortune 500 companies and performance correlation to diversity.

### **3. Building Networks**

Professional women in industries and financial sector of EBRD countries of operation could also serve as a springboard for new initiatives Building networks for specific business initiatives have proven to be effective instruments to increase empowerment

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of women in various sectors. The Bank can seek to identify those in the countries of operations which would coincide with its private sector mandate.. The Bank is already active in network building such as in Foreign Investor Councils.

### **4. Institution Building**

Inclusion of policies promoting gender equality (i.e. equal opportunity and non-discrimination) as an additional indicator for good corporate governance in projects.

#### **5. Project Preparation Initiatives**

Through ESD the Bank can ensure effective mitigation of gender issues associated with projects, the Bank would strengthen its gender-related safeguards, i.e. those related to labour standards, resettlement, indigenous and vulnerable people, and public health and safety.

Mitigation would involve clarifying the Bank's social safeguard policies and labour requirements in the new Environmental and Social Policy and strengthening implementation by increasing the capacity of both Bank staff and clients in this area. This would involve the following:

- Strengthening the implementation of the social safeguards and the existing labour due diligence, which identifies and addresses, *inter alia*, discriminatory practices. This could be implemented through the modification of currently used tools and guidance for ESD staff so as to add a focus, at the due diligence stage, on adverse gender impacts and gender discrimination both amongst the workforce and amongst affected communities. Work is already underway in this area.
- An assessment of gender issues in the preparation of country strategies and sector policies, particularly where gender inequality is particularly problematic, and assessment of the status quo.

### **6. Projects aimed at increasing economic participation of women**

A proactive policy would entail addressing the systemic causes of gender inequalities, e.g., barriers to market entry, wage discrimination and the malfunctioning of the market. This could involve, for example, identifying and pursuing opportunities to expand EBRD activities into rural areas for development of the agricultural and agribusiness sector. Such a development would improve access to finance and is also likely to create opportunities for employment and micro enterprise development for rural people, and women in particular. Micro - Small and Medium-sized enterprises are areas which require both advisory and financial support and have an increased impact on women. a proactive approach would need careful preparation with Banking, OCE and ESD.

### **7. Actions**

The following table presents the proposed EBRD Action Plan to further the Bank's objective of achieving a coherent and effective policy on incorporating gender in its operations, with a view to strengthening the Bank's transition impact. The Bank's actions, in line with its mandate, will focus primarily on increasing the economic participation and empowerment of women in the private sector in its countries of operation, in other words increasing the number and role of women in decision-making in private sector. Recommendations for action range from the mainstreaming of gender within the Bank through awareness raising training, and strengthening due

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diligence practices related to gender within the environment and social policy. The creation of a Working Group with members from various Bank departments, will contribute towards the overall development of a gender policy for the EBRD. Simultaneously, the potential for new initiatives addressing gender-related imbalances as an obstacle to transition, is present, and will be investigated by the Working Group, with the assistance of the specialist to be hired to assist the Group. The list below is not exhaustive, but a first foray into assessing the opportunities available to the Bank which fall both within its transition mandate and its capacities as a project-based financial institution. The timeframe and resource implications column at this stage is a preliminary estimate, and subject to modification.

	<b>Action</b>	<b>Description</b>	<b>Deliverables</b>	<b>Timeframe/ Resource Implications<sup>11</sup></b>
<b>Looking Ahead – Potential for New Opportunities</b>	Review of Existing Bank Activities with a Gender Component	An assessment of the Bank’s current and potential activities which impact on gender-related issues will help clarify existing best practice, examples which can be further built upon, and identify gaps where the Bank’s transition mandate can be enhanced.	<p>Consultations with sector teams, as well as Country Directors will contribute to a wide-ranging review of activities which either directly or indirectly impact gender-related issues;</p> <p>Clarification of existing areas of EBRD intervention, and identification of potential new areas where Bank could intervene in the future;</p> <p>Development of diagnostic tools and statistics, followed by collection of relevant data, to assist project teams;</p> <p>Continuous monitoring of the impact and continued relevance of existing activities linked to promotion of gender equality in Bank operations.</p>	<p>Ongoing through IV Q 2008</p> <p>IV Q 2008</p> <p>1 Q 2009</p> <p>EUR 25,000</p> <p>1 ESD Gender Specialist EUR 100,000</p>
	Pilot Country Programmes	In order to assess the desired impact of new initiatives in the Bank’s operations, a pilot programme could be developed and implemented in an ETC country and an advanced	<p>Review of Bank activities across sectors in the selected pilot country for gender issues</p> <p>Review of level and number of economically active women in private sector</p>	To start 3rd Q 2008

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		transition country to test the potential for successful implementation elsewhere, and to help identify selected gaps in the Bank’s activities at country level related to gender-specific issues and how these could enhance the Bank’s transition impact, which the Bank could address.	Determination of any obstacles Identification and development of advisory and financial products to support women Identification of existing networks or gaps to support women Product and activity launch	EUR 150,000 per country
	In-house and external research studies	Studies to improve understanding of the specificities of both a country-based and/or a sector based approach to maximising the gender equality transition impact of EBRD projects. These studies could also help identify areas for policy dialogue, as well as design features and implementation strategies of Bank initiatives in this area. Baseline studies across the region as well as within the Bank’s priority thematic areas would also provide a comparative framework on which further work could/should be focused.	Qualitative and quantitative research conducted by specialised teams, based on sector and/or country specific.  Field research as part of baseline studies contributing to project preparation for gender projects.  <b>PARTICIPATORY MAPPING OF GENDER RELATED ECONOMIC NEEDS , PROBLEMS AND RESOURCES IN CERTAIN COUNTRIES</b> conducted by experienced women’s non governmental organizations	To start 1 <sup>st</sup> Q 2009  EUR 1 million (approx.)
	Continued develop-	The existing framework within which	A consultation process with other IFI’s, European	Ongoing

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	<p>ment of on-going initiatives</p>	<p>the Bank has already achieved gender-related progress will be further developed and strengthened. These include TAM/BAS initiatives, Technical Cooperation projects, the implementation of gender-related work in the ESD, and ongoing work within the Group for Small Business.</p>	<p>Commission, donors, and banking institutions could be undertaken, in order to keep up with initiatives with a similar objective, as well as monitor policy processes, especially at EU level, which are likely to impact on Bank countries and sectors of operation.</p>	<p>EUR 30,000</p>
	<p>Other potential initiatives</p>	<p>Without swaying too far from the Bank’s transition mandate and capacity for action, there are a few initiatives which could be further developed, and their feasibility investigated. These initiatives would encompass both short and longer term timeframes.</p>	<p>Dedicated Credit Lines, supporting female borrowers;  Financial education support for Women in Business;  There is potential for the development of standard “codes of conduct” clauses for companies</p>	<p>TBD</p>

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<b>Mainstreaming of Gender in Bank operations</b>	Creation of Gender Steering Group	The gender Steering Group comprises members from m Banking, OCE, Communications and ESD, and is tasked with proposing initiatives for the development of the Bank's gender policy.	<p>Terms of Reference (ToR) for the Steering Group on Gender;</p> <p>A full-time gender specialist, to implement the Group's recommendations will be assigned, initially on a 1(+1) year contract;</p>	<p>3Q 2008</p> <p>1 year + 1year</p> <p>EUR 150,000</p>
	Training	<p>It is considered necessary for gender awareness training to be mandatory for senior management and banking staff, as well as for Board members.</p> <p>In co-ordination with HR, it is envisaged that nominee directors also be offered gender awareness training.</p>	<p>ToR and internal gender awareness training guidelines;</p> <p>Possible incorporation of internal training to coincide with training on new Environment and Social Policy;</p> <p>Review/assessment of existing levels of gender awareness, and familiarity with current gender-related initiatives, among Bank staff;</p> <p>Specific gender training for staff, including on links to the Bank's transition mandate;</p> <p>Specific gender training for project related staff</p> <p>Potential regional advisory group on gender issues, comprising members from business, policy-making, and NGO community;</p>	<p>3Q for TOR and selection of consultant</p> <p>ongoing</p> <p>3Q start – 4th 2009</p> <p>EUR200,000</p> <p>EUR 200,000</p> <p>EUR 100,000</p>

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	Strengthening of social safeguards and labour due diligence	Following on from the inclusion of a reference to gender in the new Environment and Social Policy, currently under review, adverse gender impacts and gender discrimination amongst the workforce and the affected communities could be given an increased focus at the project due diligence stage.	Development of “Code of Conduct” relating to non-discrimination in employment and labour issues.	EUR 50,000 IV Q 2008
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**Resource Implications:**

The implementation of the proposed Action Plan would require additional resources to both continue to assess the actions of the Bank on the gender issues as well as to implement the actions described in the Action Plan Table. Based on the steps proposed in the Action Plan the required budget is expected to be EUR 2,000,000 over the next two years subject to revision. It should be noted that the proposals for net income allocation include EUR 1 million in the first year as part of the ETC Multi-Donor Fund matching funding for gender-related initiatives.

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### Annexes:

#### Annex 1. Labour Force Participation Rate, in per cent of ages 15-64

	female		male	
	1990	2005	1990	2005
Albania	63.3	54.7	86.3	75.7
Armenia	76.7	55.4	89.7	65.9
Azerbaijan	68.5	66.2	80.6	78.1
Belarus	72.4	66.4	82.2	72.3
BiH	66.1	70.5	82.4	78.3
Bulgaria	72.3	52.4	77.8	62.6
Croatia	55.0	57.5	76.9	71.0
Czech Republic	74.1	64.0	82.2	77.4
Estonia	76.0	64.4	83.0	73.6
FYRM	52.8	47.9	77.5	73.2
Georgia	79.1	52.4	78.2	76.1
Hungary	57.3	53.5	74.4	66.8
Kazakhstan	68.0	73.6	81.6	80.1
Kyrgyz	65.0	59.9	78.0	77.5
Latvia	75.0	63.0	83.4	71.9
Lithuania	70.4	65.9	81.7	72.4
Moldova	70.4	65.4	81.5	76.0
Mongolia	59.3	56.2	83.7	83.3
Poland	65.1	57.6	79.2	68.8
Romania	61.1	55.3	77.2	69.5
Russia	71.7	67.1	81.6	75.3
Serbia and Montenegro	54.9	54.7	77.0	76.0
Slovak	70.6	62.4	82.5	76.4
Slovenia	63.3	66.6	76.9	75.5
Tajikistan	56.2	49.5	77.6	65.8
Turkmenistan	69.1	65.1	80.0	76.5
Ukraine	70.7	62.9	79.7	72.4
Uzbekistan	64.4	60.6	78.5	75.7
Low Income	50.6	47.8	87.0	85.0
Low & Middle Income	59.0	56.7	86.3	84.4

Source: World Development Indicators

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### Annex 2. Unpaid family workers, in per cent of same gender employment, 2000-04.

	Male, in % of male employment	Female, in % of female employment
Albania	na	na
Armenia	1.1	0.8
Azerbaijan	na	na
Belarus	na	na
BiH	na	na
Bulgaria	1.3	2.6
Croatia	1.8	6.3
Czech Republic	0.3	1.2
Estonia	0.3	0.4
FYRM	7	18.1
Georgia	19.9	38.8
Hungary	0.4	0.7
Kazakhstan	0.8	1.2
Kyrgyz	6.5	15.9
Latvia	3.5	3.9
Lithuania	2.8	4.3
Moldova	1.3	3.4
Mongolia	18.4	31.7
Poland	4	7.2
Romania	7.8	23.4
Russia	0.1	0.1
Serbia and Montenegro	na	na
Slovak	na	na
Slovenia	na	na
Tajikistan	na	na
Turkmenistan	na	na
Ukraine	1.1	2
Uzbekistan	na	na
Europe and Central Asia	2.9	7.3
Upper Middle Income	2.8	6.7

source: World Development Indicators

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## **Annex 3**

### **TAM/BAS and Gender**

Through its efforts to strengthen economic transition, by promoting the development, deepening and sustainability of the MSME sector, the TAM/BAS Programme has recognised addressing gender equality and broader gender related issues as an increasingly important component of the transition process, in particular in terms of helping to better realise the potential of women to contribute to economic development in emerging markets.

Transition countries are facing significant challenges in enabling women to act as economic, social and political agents in a process of change that would revitalise civil society and, ultimately, enable the achievement of the full economic potential of the region in a balanced and sustainable manner.

As emphasised in the TAM/BAS Strategic Plan 2008-2010, capitalising on the potential of women to strengthen skill levels within the MSME sector, and encouraging their participation in business, is an avenue to for TAM/BAS to achieve its goal of promoting the transition to market economies.

TAM/BAS activities began with the Women Entrepreneurs Initiative in Azerbaijan in 2004 with a women workshop run in cooperation with the Soros Foundation, and are being expanded to utilise productively the untapped potential of women managers and entrepreneurs.

The following sections describe TAM and BAS specific “Women in Business” (WIB) programmes currently ongoing. These are targeted to: i) women identified as having feasible business ideas; ii) women managed enterprises; iii) established 50-100% women-owned enterprises; or iv) women-intensive enterprises.

These are just a few examples of WIB tailored MSME support that will enhance confidence and build competence of women to ensure they can play an equal role in economic development during transition. It is planned to develop this concept further by extending the programme in Early Transition Countries, the Western Balkans and other countries of operation.

#### **BAS – Women in Business (WIB)**

Currently the BAS Programme is carrying out a Women in Business programme with donor support from the ETC Fund, Canada, and Taiwan. The objective of the programme is to promote women entrepreneurship in Armenia and Georgia, as an avenue to achieving the BAS Programme’s goal.

The programme will be carried out over the next 2 years by the local BAS teams in Yerevan and Tbilisi, and will include: BAS projects tailored to women entrepreneurs, workshops/ seminars and training courses offering business training targeted to women entrepreneurs, visibility and dissemination activities of market economy best practices and success stories of women entrepreneurs, and linking with EBRD funded financial intermediaries to improve access to microfinance institutions for assisted women entrepreneurs

Activities have been designed and will be carried out in order to achieve the programme objectives. In particular, women will be provided with training in modern technologies and some focus will be placed on supporting women in

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hospitality/tourism and textile/fashion, on the basis of previous BAS Women Entrepreneurs Initiatives described below. The focus on these sectors has been guided primarily by the historical and economic context of the countries, following previous assistance provided by the international community and as a response to national governments' priorities.

As mentioned, the current programme follows a number of Women Entrepreneurs Initiatives carried out by BAS in the South Caucasus in recent years. These experiences have identified the obstacles encountered by women entrepreneurs in the Caucasus and provided a basis to design the current programme in such a way to maximise transition impact by addressing the specific market failures resulting in the low participation of women in the Armenian and Georgian labour forces

The first BAS Women Entrepreneurs Initiative in Azerbaijan in 2004 was a women workshop run in cooperation with the Soros Foundation. Among other impacts, the workshop helped women entrepreneurs build contacts with each other, which later grew into an informal network of Women in Business, starting new businesses and helping the growth of established women-owned enterprises.

The second initiative was carried out between October 2005 and November 2006 by the BAS Programmes in Armenia, Azerbaijan and Georgia. The programme consisted of focus groups, workshops, and tailored BAS consultancy projects for women identified as having feasible business ideas, women run enterprises, or established women-owned enterprises. As with the first programme, the initial impact of the initiative was the creation of informal networks, which are powerful tools for continued support of women entrepreneurs.

The programme was also instrumental in creating additional jobs, either directly through business start-ups or indirectly through the growth in services and activities, including in remote regions of the countries.

The third initiative was carried out in Armenia at the beginning of 2007 and involved the establishment of a fashion training centre. The 4 month project trained about 50 young fashion designers in Yerevan and Gyumri, and taught them the basics of product development and fashion marketing. The students gained a fundamental understanding of fashion design, marketing and business, and obtained internship placements and/or jobs with established designers or, in some cases, as production managers.

### **TAM – Women in Business (WIB)**

The TAM Programme in Serbia, funded by the European Agency for Reconstruction also has a Woman in Business element. The programme includes seven TAM projects for women-run, or women-owned, SMEs. This will follow the TAM model, with industry sector specialists selected on the basis that they can respond to the current development needs of the enterprise. Considering the concentration of women in certain industry sectors, women owned SMEs will be selected from smaller companies who have the potential to act as a centre of competence for the industry sector. An example is a communications company using innovative, modern ICT tools to improve export potential for Serbian companies. With TAM assistance, this could be developed further to encompass PR, media advertising, market research services and outsourcing aspects to a network of related service companies. In addition, workshops will be held for women entrepreneurs on enhancing finance skills, and on Serbia-specific problems, which will be determined in a focus group.