

# SME Development Strategy of Georgia 2021-25 Gender assessment

Carried out by Nordic Consulting Group  
Anja Taarup Nordlund

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# 1. Introduction

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This gender assessment carried was carried out by Nordic Consulting Group (NSG), on behalf of Europe Foundation in Georgia, Tbilisi. It is based upon a translated version of the SME Development Strategy of Georgia with overall strategic objectives. No action plan has been assessed.

The gender assessment includes an overall assessment with main findings and recommendations, as well as more detailed comments and input as relevant to all seven strategic areas. In some cases indicators have also been suggested although no action plan was assessed whereby these may or may not be relevant.

## 1.1 Method

The assessment makes use of gender project review tool at Sida ([How Sida works with Gender Equality](#)), developed with support from [Nordic Consulting Group](#). It also makes use of the organisational assessment tool on organisational capacity for mainstreaming developed by Nordic Consulting Group, today made use of by Sida and overall presented in same brief.

NCG carried out a similar assessment 2018 of the SME strategy 2016-20. Some comments and suggestions have been included in this assessment as relevant.

# 2. Overall gender assessment

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## 2.1 Findings

1. It is positive to note that Europe Foundation recommendations to the SME strategy implementation 2018 to some extent have been included.
2. It is positive to note that a gender analysis has been included (under priority 6), which also points to needed actions under priority 1-5 and 7.
3. It is also very positive to note that a separate strategic priority promoting women's economic empowerment has been included (compared to 2018), which is the Priority 6: Fostering the development of women entrepreneurship.
4. Six out of seven strategic priorities do not refer to or consider persisting gender inequalities, which leads to a number of missed opportunities which are not covered in priority 6.
5. Targets set for the SME strategy at an overall level do not reflect the included gender efforts now expressed.

## 2.2 Recommendations

1. All priorities should have gendered targets (should not be limited to priority 6) and include concrete information on the following:

- a. How much funding/grants/credits should go to women/men, women/men - owned, -led SMEs
  - b. Who will be provided with what types of support, trainings, inclusion in activities etc.
  - c. Specific mechanism to ensure communication and outreach to women, women/men in rural areas, to elderly, people with disabilities
2. Indicators which are not yet formulated should all be disaggregated by sex, location, age and/or other parameters as relevant
3. When developing the budget for priority 6, also develop budgetlines for mainstreaming as part of priority 1-5 and 7 (in alignment with expected results). Report on funding spent and results achieved on gender targeted and gender mainstreaming activities.
4. Carry out a clear baseline for next programming period, based upon existing programming information as well as beneficiary surveys, follow-up mid-term and at end.
5. Ensure implementation arrangements are resourced equally with women and with men as managers, experts and administrators.
6. As highlighted under priority 6, gender awareness should be supported in state-funded institutions. This capacity building should also include support to strengthening their systems (e.g. organisational policies, strategies, tools, inclusion of experts, procedures and criteria for grants, knowledge, monitoring and communication). A gender responsive leadership in these institutions is key for needed actions to be funded, implemented, monitored and reported.
7. Consider external monitoring system of the SME strategy with hands-on expert advice (this is not the same as an advisory board/council). The task is to objectively carry out an external monitoring on behalf of the Economic Policy Department by e.g. engaging with stakeholders, review reports, interview beneficiaries, participate in meetings (as observers and similar). The team should consist of one gender expert.
8. Consult civil society, including women's movement, on gender results, needs and opportunities as part of monitoring.
9. Evaluation should be done by externally contracted and non-biased experts, including a gender expert.

### 3. Detailed gender assessment

| Where (in the document) | What  | Comments and/or suggestions   |
|-------------------------|---|---|
| <b>Introduction</b>     |   |   |
| Introduction            | Does not exist: Indicate in the introduction that inclusion of and investment into women, women-owned and women-led business are key for a successful SME sector.   | <p>Include two paragraphs:</p> <p>The Government of Georgia (GoG) recognizes the rights, knowledge and contribution of women in the SME sector, as well as the lack of equal access to business opportunities for women and men, including access to credit and capital. International research has shown that gender equality improves return in sales, return on invested capital and return on equity.</p> <p>GoG will therefore as party state to the Convention for Elimination of all form of Discrimination Against Women will legally align with Art. 4 and make use of accelerating measures to ensure equal opportunities in access to technical support, trainings and funding. This effort contributes to Sustainable Development Goal (SDG) 5 Gender Equality and SDG 8 Decent Work and Economic Growth.<sup>1</sup> (examples in footnote – see also annex 2 on gender and business).</p> |
|                         | Text says: “Around 26 million SMEs ensure employment for 109 million people in the EU and create 2/3 of its Gross Domestic Product (GDP). <sup>2</sup> In Georgia, SMEs account for 65% of total employment and 59% of GDP (2019). <sup>3</sup> | Include figures for how many of these are female/male owned and female/male-led?  |

<sup>1</sup> Supporting research: Diverse teams exhibit stronger returns and outperform market benchmarks (Christiansen *et al.*, 2016). Greater gender diversity is correlated with higher profitability, innovation and value creation (McKinsey & Company, 2015; Nordea, 2018). It also has significant macroeconomic effects in terms of GDP growth, higher productivity and rising wages (Lagarde and Ostry, 2018; Ostry *et al.*, 2018). The European Institute for Gender Equality (EIGE, 2017) estimates that the implementation of gender equality measures in our economy and society could lead to an increase in *per capita* GDP of up to 10% in EU Member States. Similar studies estimate that increasing the presence of women in digital jobs could boost EU GDP by around €16 billion thanks to more diverse innovation processes, management and marketing practices (European Commission, 2018) and that with equal entrepreneurial participation, global GDP could rise by 3-6%, boosting the world economy by USD 2.5-5 trillion (Boston Consulting Group, 2019).

<sup>2</sup> EuroStat. 2019. Statistics on SMEs. [https://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics\\_on\\_small\\_and\\_medium-sized\\_enterprises](https://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_small_and_medium-sized_enterprises)

<sup>3</sup> Geostat data for 2019. [www.geostat.ge](http://www.geostat.ge)

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|  | Background information from World Economic Forum (not included currently). | <p>Suggest the following is included:<br/>Georgia has made great progress as regards gender equality according to the World Economic Forum Gender Gap report, Georgia is 2021 ranked 49 out of 156 countries (compared to 2017, where Georgia was ranked 95 out of 144 countries). On ‘Economic Participation and Opportunity’ for women, Georgia was ranked 74 in 2017, and number 64 in 2021.</p> <p>The SME strategy will concretely contribute to increase the economic participation of women.</p> |
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### Vision, goal and key priority directions of the strategy

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| Targets  | <p>1. Increase in SME added value by 20% ;<br/>2. Increase in SME employment by 10% ;<br/>3. Increase in SME productivity by 20% .</p> | <p>Suggest:</p> <ul style="list-style-type: none"> <li>- (number 2) Increase in SME female employment 20%, increase in SME male employment 10%</li> <li>- New Number 4: Increase the percentage of female owned SMEs to XX %</li> </ul> <p>Other indicators:</p> <ul style="list-style-type: none"> <li># and % of SMEs productivity growth (disaggregated by small and medium enterprises) (disaggregated by sex, female/male/mixed ownership, sector, location)</li> <li># and % of micro enterprise owners (disaggregated by sex, male/female/mixed ownership, sector, location) (perceived and registered)</li> <li># and % of small enterprise owners (disaggregated by sex, sector, location) (perceived and registered)</li> <li>and % of medium enterprise owners (disaggregated by sex) (perceived and registered)</li> <li># and % of employees by types of enterprise (disaggregated female/male/mixed ownership)</li> <li># and % of growth of number of employees in SMEs disaggregated by small and medium size enterprises (disaggregated by sex, sector, location female/male/mixed ownership)</li> <li># and % of SMEs with access to state investments (disaggregated female/male/mixed ownership, sector, location)</li> <li># and % of SMEs with access to private investments (commercial banks, others) (disaggregated female/male/mixed ownership, sector, location)</li> <li># of initiatives by the state for SMEs (total)</li> <li># of initiatives by the state for women-led SMEs</li> </ul> |
| Key priority directions of the SME development policy in Georgia | <p>“At the meeting, the OECD (Organization for Economic Cooperation and Deveopment) made a presentation and suggested key</p>          | <p>First of all it is worrying that a strategy at this stage is discussed at meetings with OECD, but not with SMEs/trade and other business representatives. Secondly, a strategy cannot build on one study performed, rather various studies should form the basis of a strategy of this dignity. In particular the results from the previous strategy period should be included and form the basis of a new period.</p>  |

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|                         | priority directions of SME development strategy for 2021-2025, which had been identified on the basis of a study and a monitoring carried out by the OECD” | <p>OECD recommended 2018 to:</p> <ul style="list-style-type: none"> <li>- Base policies on gender-disaggregated business data and analysis</li> </ul> <p>(comment: this seems to be done to some extent, but results from previous strategy period has not been included here)</p> <ul style="list-style-type: none"> <li>- Set up gender-sensitive entrepreneurship training</li> </ul> <p>(comment: training to women entrepreneurs likely included in this training, but gender sensitive entrepreneurship training is more comprehensive and raises the need to change working methods in the supporting functions)</p> <ul style="list-style-type: none"> <li>- Establish a national commission on women’s entrepreneurship</li> </ul> <p>(comment: unclear if this has been done)</p> |
| Knowledge and resources | External actors not considered   | It is advisable to make use of the knowledge existing within women’s organisations in Georgia – this knowledge is higher and more specific than from actors such as e.g. OECD.  |
| Women and gender        | Male engagement not considered   | Non-discrimination and equality has higher likelihood of success if men are engaged and take responsibility for gender equality together with women.  |

### **Priority 1: Improvement of legislation, institutional framework and operational environment for SME**

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| 1.1. Improvement of Georgian legislative framework concerning SME by taking into account the best EU and international practice. | <p>Gender/women not referred to</p> <p>(barriers mentioned under Priority 6, but these are not specified)</p> | <p>Removal of obstacles for female-owned enterprises (such as, but not limited to: ensure access to affordable child care facilities, work with fatherhood and family responsibility of men, educate women and men about existing rights, including the right to land and other collaterals, educate girls, boys, women and men about labour rights, including equal opportunities and equal pay for equal work, empower girls at school age, initiatives to decrease gender based violence, value chain upgrading initiatives)</p> <p>Include diverse groups in consultations on SME policies, Keep statistics on who are consulted for SME policies (women/men, women/men-owned, women/men-led SMEs)</p> |
| 1.2. Improvement of institutional framework and sustainability of SME support system.  | Skills of employees of state institutions does not consider lack of gender awareness and discrimination       | <p>Women-owned business in particular receive less support and less funding (VC – Venture Capital), the main reason being that women are considered (by default) as less capable, whereas men are viewed (by default) as better business people irrespective of any result either group may show.</p> <p>Suggestion: When strengthening the state institutions, that gender awareness is increased as well. This will diminish the risk of arbitrary and discriminatory</p>  |

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|  |        | <p>behavior and decision-making as regards funding, training, inclusion in programmes etc.</p> <p>Suggestion: carry out Institutional review of SME supporting institutions should include analysis of their capacity to provide gender equal support (from a gender perspective such as but not limited to: gender knowledge of staff and managers, the systems in place, framework, resources and communication).</p> <p>Suggestion: SME supporting institutions must have an equal share of women and men in decision-making committees, in particular in relation to grants and other provided support to SMEs.</p> <p>All reports from SME supporting institutions should provide and reports with sex-disaggregated information on what kind of support was delivered to who, how and why and with what results.<br/>% of funds distributed in different programmes should be disaggregated by sex</p> |
| 1.3. Improvement of statistics on SMEs activity. |        | Disaggregate all statistics by sex, location, age and other parameters as relevant.  |
| 1.4. Creation of a competitive environment       | Gender | <p>Competition is about having equal opportunities. Currently women have less funding for their business ideas compared to men (globally). A recent study in Sweden showed that 99% of all VC went to men!<sup>4</sup> Not only do men more often get VC, but they also get more.<sup>5</sup></p> <p>A study from 2017 (also Sweden) showed that men dominate the sector completely, and they take decisions about what to invest into, arbitrarily investing in men.<sup>6</sup></p> <p>A competitive environment requires fair competition, which is currently not the case in EU or in Sweden and not in Georgia (no numbers available).</p> <p>Suggestions to leverage the ground by providing women specifically with state VC (more women and higher amounts)</p> <p>Invest in reaching/educating women-owned SMEs on relevant information.</p>  |

<sup>4</sup> Dagen Industri (2019): <https://www.di.se/digital/nya-siffror-sa-lite-riskkapital-gar-till-kvinnor-medan-miljarderna-rullar-till-man/>

<sup>5</sup> Harvard Business review (2017) <https://hbr.org/2017/06/male-and-female-entrepreneurs-get-asked-different-questions-by-vcs-and-it-affects-how-much-funding-they-get>

<sup>6</sup> Albright Foundation (2017).

[https://static1.squarespace.com/static/5501a836e4b0472e6124f984/t/58bced3159cc68b96971c2f8/1488776501391/Rapport2017\\_v8.pdf](https://static1.squarespace.com/static/5501a836e4b0472e6124f984/t/58bced3159cc68b96971c2f8/1488776501391/Rapport2017_v8.pdf)



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| 1.5. Fast and effective dispute resolution  | Gender | Target: 50% of middle and top managers in state institutions dealing with dispute resolution are women.              |
| 1.6. Improvement of the access to public services   | Gender | Targeted outreach to women may be required   |
| 1.7. Development of insolvency and rehabilitation system.   | Gender | Target: 50% of middle and top managers in the national enforcement agency are women.                                 |
| 1.8. Awareness raising of changes to regulations among small and medium entrepreneurs and development of public-private dialogue. | Gender | Target: awareness raising activities include 50 % women/men (percentage corresponding to the sector gender division) |

## **Priority 2: SME skills development and promotion of entrepreneurial culture**

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| 2.1. Continuous assessment of labour market needs       | Gender   | Ensure studies are carried out with a gender lens, Disaggregating all data. Include trend identification beyond current labour market needs.  |
| 2.2. Raising awareness of safe labour environment needs | Occupational health and safety (OHS), and Responsible Business Conduct (RBC)<br>International conventions, company requirements not considered, nor gender as part of these. | <p>Related to OHS: different groups face different risks at work. Taking a gender perspective is useful. Men are e.g. at higher risk of dying in work related accidents, whereas women are in higher risk of gender based violence (including sexual harassment)</p> <p>Related to RBC: Awareness raising should include non-discrimination legislation as well as international conventions. The latter is often referred to by larger companies as part of their ESG/CSR (Environment, Social, Governance/Corporate Social Responsibility) work and sometimes as part of their ISO standards on occupational health and safety. Larger companies within the EU are in addition required to report and take responsibility for ESG in their supply chain!</p> <p>These type of companies/buyers of products and services may refer to the International Declaration for Human Rights, the Convention of Elimination of all Forms of Discrimination Against Women, the ILO (International Labor Organization) conventions (including c190 entering into force June 2021 on violence and harassment in the sphere of work, which covers also sexual harassment), and others.</p> |
| 2.6. Promotion of responsible                           |  | PRI (Principles for Responsible Investment), UN global compact (and more), based upon HR Conventions and the ILO (to some extent overlapping with above).   |

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| business conduct (RBC)   |   |   |
| 2.3. Enhancement of entrepreneurial skills   | Gender  | Target: 50% women/men in all trainings  |
| 2.4. Development of entrepreneurship-oriented vocational education system  |   |   |
| 2.5. Development of labour market information system (LMIS), labour market management information system (Worknet) and relevant services | Gender and diversity  | Test LMIS with diverse set of actors considering sex, age, urban/rural etc.   |
| 2.7. Facilitation of the use of digital services via broadband Internet  | Very good that it is stated that: “digital services by women, ethnic and social minorities and persons with disabilities” | Target: 50% women/men in all trainings<br>Targets should be developed as regards reaching rural areas, women/men with disabilities, elderly and children. |

### **Priority 3: Improvement of access to finance**

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| 3.1. Development of government funding programs           | Gender  | Clarify what amounts will be channelled in the different funding programs<br><br>Earmark funding for women entrepreneurs and women owners exclusively in all streams<br><br>Make a selection criteria women in management |
| 3.2. Development of alternative financing mechanisms.     | Gender  | National bank loan guarantees to commercial banks for women entrepreneurs<br><br>Educate banking sector on gender equality and the business opportunities by engaging with women-led/owned SMEs                           |
| 3.4. Broadening of collateral.                            | Gender<br>Priority 6 analysis points out women own less land                        |   |
| 3.3. Further improvement of financial literacy.           | Gender<br>Priority 6 analysis points out the need for skills in women entrepreneurs | Target: 50% women/men in all trainings<br><br>Existing initiatives (e.g. from Enterprise Georgia) must document learning and results with investments into men and women SMEs.  |
| 3.5. Improvement of transparency and quality of financial | Gender  | Men and women are engaged in and affect by corruption differently.  |

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| information of SMEs.  |  | Carry out a study on gendered impact of corruption on the business sector in Georgia.   |
| 3.6. Further development of VC and “business angels” ecosystem. | Gender<br>Under priority 6 it is mentioned the % of women included in programmes and as beneficiaries in the agro-credit program. BUT it is not clear how much in terms of % that women and men have received funding/access to credit | Approximately 1/3 of entrepreneurs in Europe are women. Considering the access they have to venture capital; it is a staggering high figure. More than 90% of all venture capital in 2018 in EU went to male owned and male managed business. This mistake is now thoroughly being examined and EU is keen to change these numbers. <sup>7</sup><br><br>Include statistics on Number of women and men receiving different kind of VC.<br>Include statistics on % distribution of the VC.<br><br>Monitor and carry out research on VC access/gender<br>Communicate to investors about non-biased and smart business choices (it pays off to invest in women).<br><br>Target: increase the female to male ratio of state venture capital with 100% in 5 years (baseline unknown so the target may be higher or lower) |

#### **Priority 4: Promoting SME export growth, market access and internationalization**

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| Analysis   | Growth sectors not identified in the SME strategy. Nor considered from a gender perspective | The DCFTA (Deep and Comprehensive Free Trade Agreement) can make, or break businesses and some sectors will have better opportunities than others. Some are more female dominated than others.<br><br>Suggestion: include an analysis of sectors with higher growth rates<br><br>Target: 50% of all promotion for traditional female sectors<br>Target: 50% female representation in business outreach funded by GoG |
| 4.1 Increase export capacity                                 | Gender  | Target: 50% women/men assisted in adapting to existing requirements as well as to provide information on requirements in export markets.   |
| 4.2 Raising awareness of DCFTA capabilities and requirements | Gender  | Study 2016 suggest: If Georgia can improve its production capacity and food safety compliance in these areas, it should be able to make a good case then for more liberal, if not full, market access. This would particularly benefit women and men who are active in primary agriculture. <sup>8</sup><br><br>Target: 50% of trained are women/men   |

<sup>7</sup> [https://ec.europa.eu/info/sites/default/files/economy-finance/dp129\\_en.pdf](https://ec.europa.eu/info/sites/default/files/economy-finance/dp129_en.pdf)

<sup>8</sup> INdevelop (2016) <http://alcp.ge/pdfs/a80032915e68ace19e1b914b2e3b1bf9.pdf>

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| 4.3 Development of National Quality Infrastructure (QI) and relevant institutions (accreditation, metrology, standardization, etc.) for further approximation with international and/or European practices | Gender | As women have less access to business networks, it is in particular important to further their involvement.<br><br>Target: equal representation of women/men from Georgia in QI international and regional organizations |
| 4.4 Strengthen the links between investments and SMEs  | Gender | Target: Equal exposure of SME products by women and men owned SMEs to larger companies   |

**Priority 5: Promoting Electronic Communications, Information Technology, Innovation, Research and Development for Small and Medium Enterprises**

|   |                                    |  |
|---|------------------------------------|--|
| 5.1 Develop innovative funding                        | Gender, performance and innovation | Outreach to private financing instruments with gender and business possibilities (see annex 2 on examples)<br>Research suggest mixed groups are more innovative (in particular when men and women are mixed)   |
| 5.2 Promoting the development of e-commerce           | Gender                             | Target: 50% of trained are women/men   |
| 5.3 Access to Information Technology                  | Gender                             | Ensure high speed access is available at affordable prices, e.g. subsidising rural connectivity, subsidising poor households.  |
| 5.4 Development of Broadband Infrastructure           | Poverty and affordability          | Carry out affordability studies (disaggregated by sex, location)   |
| 5.5 Development of small and medium telecom operators | Gender                             | Development of the SM telecom operators there is a high risk that women will not benefit as operators. Considered targeted efforts and specific target setting on the inclusion of women.<br><br>Who is telecom operators may affect what types of clients and business they engage with (see also annex 2).<br><br>Global study 2015 showed:<br><br>• Female participation in the Telecommunications workforce varies widely by company, ranging from 10% to 52% among those sampled. (25% in EU) |

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|  |        | <ul style="list-style-type: none"> <li>• In three-quarters of telecommunications companies surveyed, women accounted for less than 40% of the workforce.<sup>9</sup></li> </ul>  |
| 5.6. Strengthen the links between research and industry                | Gender | Ensure 'transfer' has a 50% women/men target in the businesses engaged with.   |
| <b>Priority 6: Fostering the development of women entrepreneurship</b> |        |  |
| Analysis   | Covid  | Include information about how much was distributed (cash transfer) and who got was disaggregated by sex and region.  |
| 6.1. Promoting Women's Empowerment Principles (WEPs)                   | WEPs   | <p>Very good</p> <p>It is highly suggested to have as concrete target to measure how well the WEPs are implemented, concretely showing how much money women actually get in their hands as part of the investments compared to men.</p>  |
|  | STEM   | <p>More women in STEM increases GDP.<sup>10</sup></p> <p>Make ues of programming inspiration from other <a href="#">European countries</a>.</p>  |
| 6.2. Improving gender-based statistics in state programs               | Gender | <p>Yes!</p> <ul style="list-style-type: none"> <li>- On who gets what (trainings, funding, included into trade missions etc.) for the SMEs</li> <li>- Results</li> <li>- On who has what positions (who are managers, who has what salaries etc.) for the state programs.</li> </ul>   |
| 6.3 Encourage women's participation in state programs                  | Gender | <p>Yes, e.g.</p> <ul style="list-style-type: none"> <li>- Develop targeted outreach/communication to attract women</li> <li>- Provide earmarked grants/salary compensation schemes for women specifically</li> <li>- Provide funding to cover for kindergarten for children below age of 4 (free after age of 4)</li> <li>- At state funded programmes have available referral information for people experiencing gender based violence (in particular for women).</li> </ul> |

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<sup>9</sup> GSMA (2015) Accelerating the digital economy: Gender diversity in the telecommunications sector <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/11/Accelerating-the-digital-economy-Gender-diversity-in-the-telecommunications-sector.pdf>

<sup>10</sup> See European Institute for Gender Equality (EU): <https://eige.europa.eu/gender-mainstreaming/policy-areas/economic-and-financial-affairs/economic-benefits-gender-equality/stem>

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|  |        | - Ensure non-discrimination and violence free environment (including sexual harassment) in state funded programmes (train staff and managers)   |
| 6.4. Enhancing digital skills in women                                     | Gender | Set clear targets on who are included in what trainings, Outreach to women SMEs in particular (show them the business case of digital literacy) |
| 6.5 Increase the capacity of state structures to develop gender approaches | Gender | Yes, e.g. on gender analysis, discrimination, gender and business correlation, risks of GBVs (including sexual harassment).                     |

### Priority 7: Fostering the development of Green Economy

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| 7.1 Development of authentic, high quality, four-seasons tourism products and services;                                | No consideration to gender or women | - Women are particularly well represented in the tourism/hospitality sector, while men are more present in transport. <sup>11</sup>   |
| 7.2 Involving the local population in the development of ecotourism, thus increasing their income generation potential |                                     | Considering this in investment can boost female entrepreneurship and access to opportunities.   |
| 7.5. Management of ecotourism at all levels.   |                                     | Target: 50% of funding go to women entrepreneurs, women-owned or women-led businesses in eco-tourism sector   |
| 7.3 Raising environmental awareness  |                                     | Environmental awareness should likely target male men, male-owned and male-led businesses in particular.<br><br>Here are some arguments for why this is the case:<br><br>The “Environmental Consumerism Among Women Business Owners,” that reported the environmental friendliness of a product does have a moderate to major influence on the purchasing habits of 77% of women decision-makers in business.<br><br><b>And</b><br><br>More women than men said they would make a green New Year’s resolution. The study shows that women are |

<sup>11</sup> Indevelop (2016) GENDER ANALYSIS OF THE EU AA/DCFTAS WITH GEORGIA, MOLDOVA AND UKRAINE <http://alcp.ge/pdfs/a80032915e68ace19e1b914b2e3b1bf9.pdf>

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|  |  | <p>more likely than men to experience “green guilt,” as the poll calls it—41% versus just 27% of men. As a result, women are more focused on following through with their green resolutions (52% will “very likely” adopt green habits in 2010, as opposed to 33% of men).<sup>12</sup></p> <p>And</p> <p>A study showed that environmentally friendly behavior may be associated with un-manliness, making a case for working with men, boys and environmental norms a priority.<sup>13</sup></p>  |
| 7.4. Preservation of the country's diverse nature and rich culture in the long run | Gender roles and bio-diversity not considered  | <p>As above</p> <p>And</p> <p>Women’s and men’s particular roles and responsibilities within household, community and society lead to unique knowledge related to biodiversity, shaped by their specific needs and priorities. Women’s “biodiversity values” are generally overlooked in national policy and programming. In some settings women play an important role in seed selection and management, particularly women in local communities.<sup>14</sup></p>   |
| Aspects not included   | <p>Energy efficiency not included</p> <p>is increased by having more women in the sector.</p>  | <ul style="list-style-type: none"> <li>- Women are underrepresented in the energy sector with app 22% employed in traditional energy provision, but slightly more app 32% in renewable energies.</li> </ul> <p>Green investments should both take into account the higher number of women in the sector and promote female entrepreneurship and women in the sector in general and in renewables in particular (growth market).<sup>15</sup></p> <p>Target: Minimum 30% of all funding is provided to women, women-owned or women-led businesses.</p> |
|  | <p>Climate change adaptation not included.</p> <p>Women and men are affected and impact on climate change different. Women as a group is excluded from</p> | <p>SMEs provide solutions and services for climate change mitigation investments.</p> <p>Support mitigation measures which build on gender analysis</p> <p>Support specifically female SMEs in the sector (trainings, awareness raising about the sector, the needs and possibilities)</p>  |

<sup>12</sup> The green market oracle <https://thegreenmarketoracle.com/2012/03/08/women-are-more-environmentally-friendly/>

<sup>13</sup> Brough et al (2016) Is eco-friendly un-manly?

<sup>14</sup> Sida brief on gender and Environment, 2021 (to be published)

<sup>15</sup> International Renewable Energy Agency: <https://www.irena.org/publications/2019/Jan/Renewable-Energy-A-Gender-Perspective>

|                       |  |   |
|-----------------------|--|---|
|                       | climate change adaptation investments, including in the supply chain |   |
| <b>Implementation</b> |  |   |
| Implementation        | Equal opportunities  | <p>Ensure equal opportunities in the implementing agencies, and equity in numbers. Mixed workforce has better results (see Annex 2). Report on:</p> <ul style="list-style-type: none"> <li>- # and % women/men in top management, middle management, experts, administration and other groups.</li> <li>- Equal pay for equal work/work of equal value (in line with EU directives on equal opportunities)</li> </ul>   |
| <b>Monitoring</b>     |  |   |
| Monitoring            | Gender and structure   | <p>Set-up an external monitoring function of the SME strategy with hands-on expert advice (this is not the same as an advisory board/council). The task is to objectively carry out an external monitoring on behalf of the Economic Policy Department by e.g. engaging with stakeholders, review reports, interview beneficiaries, participate in meetings (as observers and similar).</p> <p>Ensure monitoring team includes a gender expert. Consult civil society, including women's movement on gender results, needs and opportunities as part of monitoring.</p> |
| Reporting on results  | Shift reporting on activities to report on what changes (results)    | Ensure reporting is about results primarily (based upon targets, indicators, anecdotal evidence and observations) and secondly on activities carried out.   |
| <b>Evaluation</b>     |  |   |
| External evaluation   | Objectivity  | <p>The strategy should be evaluated by external resources to be objectively assessed. It is not advisable to evaluate own work, as this risks the possibilities for learning and developing the work.</p> <p>Evaluation should be based upon OECD DAC evaluation criteria.</p> <p>Include gender expert on evaluation team.</p>   |

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## Annex 1 Tool for gender analysis

From Sida brief on How Sida works with Gender Equality, 2020

| Gender analytical aspects   | Findings in relation to the SME strategy  |
|---|---|
| <b>Quantitative and qualitative data</b><br>some  | Some use of both quantitative and qualitative data, not all data of relevance has though been disaggregated   |
| <b>Gender roles and relations</b><br><br><b>Social norms</b>  | Good explanations of gender roles in the sphere of work and private life of relevance for SME development, some aspects not included (see detailed assessment), social norms and how these affect women/men explained to some degree.   |
| <b>Intersectionality</b>  | There is some intersectional analysis done, with reference to different age groups and difference for rural/urban population (but limited), the general analysis is limited to women and men.   |
| <b>Access to/control over and benefit from resources</b>  | Consideration to access to resources have been included (land/property/credit and venture and angle capital   |
| <b>Human security/safety issues such as gender-based violence</b>   | The impact of gender based violence in varying forms is not discussed or included in the analysis. In particular relevant for business are the aspect of sexual exploitation, abuse and harassment in the sphere of work, as well as to/from work, as well as at home – all affecting business development negatively, in particular for women. |
| <b>International/regional legally or politically binding commitments, such as conventions, treaties and agreements.</b> | There is no mentioning of the Convention of Elimination of All forms of Discrimination against Women (CEDAW) which stipulates states parties to make use of acceleration measures for gender equality.<br>No links made to SDGs   |

## Annex 2 The Business Case for Gender Diversity (NCG, 2019)

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There is evidence that gender equality promotes economic growth. Numerous studies conducted suggest that there are various benefits to taking gender diversity into account, more so presenting a stronger case when these benefits are seen as interconnected. For example, as argued by the IFC (2013)<sup>16</sup>, over and above the competitive advantage gained by corporations that promote equal opportunities; employment for women, which leads to higher wages and increased decision making has a positive influence on household expenditure such as children's nutrition, health and education. These positive externalities contribute to the overall health of the economy and compound the direct (bottom line) benefits experienced by the corporations.

Studies that look into the business case for gender diversity have predominantly been conducted in high income countries, and corporations in these countries are now well aware of the benefits of investing in equal opportunity strategies and policies. However, evidence from emerging economies is slowly accumulating.

“The 15 gender indicators fall into four categories, (...) the first dimension is gender equality in work, which includes the ability of women to engage in paid work and to share unpaid work more equitably with men, to have the skills and opportunity to perform higher-productivity jobs, and to occupy leading positions in the economy (...) gender equality in society is intrinsically a worthwhile goal, but it is also vital for achieving gender equality in work”.<sup>17</sup>

From the synthesis on different studies, there are various business benefits realised by companies who invest in equal employment opportunities for women. However, in the absence of studies that show causality, it is all the more important to note that the business case for gender diversity likely depends on the organisational and economic context. That is to say the overall business strategy and the environment in which it operates affects the extent to which diversity initiatives create business benefits. The Department for Business Innovation & Skills (2013) also says that the manner in which diversity is managed has an impact on the results, as poor management can actually lead to financial loss. Companies should not treat gender diversity as a parallel strategy, but should instead be a part of the business strategy.

The following are business benefits highlighted by different studies:

### **Improved financial performance for companies:**

- “One of the key findings of the [IFC 2019] report is that private equity and venture capital funds with gender-balanced senior investment teams generated 10 percent to 20

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<sup>16</sup> International Finance Corporation (2013), “Investing in Women’s Employment – Good for Business, Good for Development”

<sup>17</sup> International Finance Corporation (2019), “Moving Toward Gender Balance in Private Equity and Venture Capital”

percent higher returns compared with funds that have a majority of male or female leaders”.<sup>18</sup>

- Also, when women are underrepresented in the private equity industry, female entrepreneurs have a harder time accessing capital. The report found that female investment partners invested in almost twice as many female-led businesses than male investment partners. At the portfolio level, companies with gender-diverse leadership achieved increases in valuation (of shares) that were 20 to 30 percent higher than those which lacked gender parity”.<sup>19</sup>
- Companies with a higher share of women at top levels deliver strong organisational and financial performance.<sup>20</sup> “Evidenced through surveyed respondents, gender balanced teams have improved decision making, enhanced governance, and a better ability to tap into larger markets by serving a more diverse customer base”.<sup>21</sup>
- Companies with the most gender-diverse management teams had 17 percentage point higher stock price growth.<sup>22</sup> “The median gender balanced portfolio company experienced a 64 percent increase in company valuation (of shares) between two rounds of funding or liquidity events. This was about 10 percentage points greater than that of gender-imbalanced portfolio companies”.<sup>23</sup>
- Companies with more women on their boards were found to outperform their rivals with a 42% higher return in sales, 66% higher return on invested capital and 53% higher return on equity.<sup>24</sup>
- A McKinsey study (2010)<sup>25</sup> of 279 big corporate enterprises from the UK, France, Germany, Spain, Sweden, Norway, and the BRIC countries (Brazil, Russia, India and China), compared the companies with women in top management with companies without women in top management. The comparison was made per sector and those with women in top management were more successful than the companies managed by just men. The return on equity was 41% higher in these companies and the so-called EBIT margin (i.e. earnings before interest and taxes) was 56% higher.
- The Catalyst Corporation found that ‘the group of companies with the highest representation of women on their top management teams experienced better financial performance than the group of companies with the lowest women’s representation’. The investigation was made in 2007 with over 30,000 companies. Moreover, this finding holds for two key financial measures: return on equity was 35.1% higher and the total return to stakeholders was 34% higher.<sup>26</sup>

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<sup>18</sup> Ibid.

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/resources/gender-balance-in-emerging-markets](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/gender-balance-in-emerging-markets)

<sup>19</sup> International Finance Corporation (2019), “Moving Toward Gender Balance in Private Equity and Venture Capital”

<sup>20</sup> McKinsey & Company (2007), “Women Matter”.

<sup>21</sup> International Finance Corporation (2019), “Moving Toward Gender Balance in Private Equity and Venture Capital”

<sup>22</sup> In a United States study based on the *Fortune 500* Companies over a period of four years, Catalyst, Inc. found a robust correlation between gender diversity and profitability. Companies with the highest representation of women on their top management teams experienced better financial performance than the group of companies with the lowest women’s representation. This finding holds for both financial measures analysed: Return on Equity (ROI), which is 35.1 % higher, and Total Return to Shareholders (TRS), which is 34.0 % higher. In four out of the five industries analysed, the group of companies with the higher women’s representation on their top management team experienced a higher TRS than the group of companies with the lowest women’s representation.

<sup>23</sup> International Finance Corporation (2019), “Moving Toward Gender Balance in Private Equity and Venture Capital”

<sup>24</sup> Catalyst, 2007, *The Bottom line: corporate performance and women’s representation on boards*.

<sup>25</sup> McKinsey “Women at the top of corporations- Making it happen” Women Matter 2010, McKinsey and Company, Paris, 2010.

<sup>26</sup> Catalyst “The Bottom Line- Connecting Corporate performance and Gender Diversity”, Catalyst, NYC, 2007.

- Credit Suisse Institute (24<sup>th</sup> of September 2013) revealed that male dominated firms had recovered more slowly than gender-balanced firms since the 2008 financial downturn. Many big companies both in Europe and United States are well aware of all these facts. Most of the big companies have people directly employed to guarantee progress on equal opportunities.
- IFC exemplifies an estimate for potential increase in financial performance: “The Insurance industry can play a major role in addressing this [gender] gap and earn up to \$1.7 trillion by 2030 from women alone—half of it in emerging economies if they target women”.<sup>27</sup>

### **Enhanced productivity through better quality decision-making:**

- Diversity among employees and board members boosts creativity and innovation by adding complementary knowledge, skills and experience. A more diverse board of directors contributes to better performance because decisions are based on evaluating more alternatives compared to homogenous boards.
- Strong board diversity is shown to lead to more objective and active boards, greater participation in decision-making and stronger management oversight.<sup>28</sup>
- Mixed groups of women and men (50/50 or 40/60) have twice as good innovation conditions.<sup>29</sup>
- Teams that do not acquire the required personal skills and competencies will be less productive and more likely to be unsuccessful in achieving their aims.<sup>30</sup> Research in highly specialized areas like software engineering has shown that gender plays a critical role especially in the initial stages of a development project.<sup>31</sup>

### **Enhanced productivity through satisfied and loyal employees:**

- The implementation of Equal Opportunities policies from work-life balance, to proactive talent management, or flexible working arrangements has been associated with a more loyal and productive workforce.
- People are made dissatisfied by a bad environment, but they are seldom made satisfied by a good environment. The prevention of dissatisfaction is just as important as encouragement of motivator satisfaction.<sup>32</sup> Gender inequalities or discrimination can cause dissatisfaction.

### **Better customer focus:**

- According to recent estimates, women control about 70 % of global consumer spending. More women in management positions can therefore provide a broader insight in economic behaviour and consumers’ choices, leading to market share gains through the creation of products and services more respondent to consumers’ needs and preferences.

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<sup>27</sup> International Finance Corporation (2015), “She for Shield Report: Insure women to better protect all”

<sup>28</sup> “Women in the Boardroom and their Impact on Governance and Performance”, Renee B. Adams & Daniel Ferreira, 2009.

<sup>29</sup> Vinnova (2010) “Gender and Innovation”.

<sup>30</sup> Belbin, R.M. (1981), “Management Teams”, John Wiley & son, New York.

<sup>31</sup> Vreda Pieterse & Derrick G. Kourie, (2006) “Software Engineering Team Diversity and Performance”.

<sup>32</sup> Herzberg, Frederick (1959), “The Motivation to Work”, New York: John Wiley and Sons.

## **Reputational Benefits:**

- Companies can benefit from the reputational benefits associated with a focus on promoting diversity in their workforce.
- There are a number of certification schemes, which allow companies to capitalise on this. Examples include the UN Gender Equality Principles as part of the UN Global Compact, Gender Equity Seals for businesses available in a number of countries, etc.
- IBM has worked (2010 onwards) to increase the number of women in the workforce to achieve its strategic goal of significantly increasing business with small and medium-size businesses, of which a substantial portion are run by women. According to IBM's CSR report, "IBM's supplier diversity program helps increase purchasing opportunities and contracts with diverse businesses".

## **Retention:**

- Deloitte calculated they would save USD 190 million per year just by retaining women, giving women the opportunity to grow within the company and making the workplace more adapted to their needs.
- Supporting an internal environment that does not force women to choose between family and career is also important to attracting and retaining women employees in private equity firms. Nearly a quarter of private equity firms do not provide maternity leave and more than half do not offer paternity leave. Private equity and venture capital firms can provide and support equal maternity and paternity leave benefits and support flexible arrangements for professionals managing work and family commitments.<sup>33</sup>

## **Effects on society at large (interesting for firms working to strengthen their CSR work):**

- Gender-based violence can cost 3.7 percent of GDP from lost productivity, more than double of what most governments spend on education, based on a World Bank Group report. Companies can lose up to 9 percent of their wage bill from lost productivity; absenteeism; and medical, security, and re-recruitment costs, according to one study. By supporting staff affected by gender-based violence, companies can create safe and respectful workplaces—while reducing the costs stemming from violence, increasing staff engagement and loyalty, and becoming employers of choice.<sup>34</sup>
- "Considering a "full-potential" scenario in which women participate in the economy identically to men, and find that it would add up to \$28 trillion, or 26 percent, to annual global GDP in 2025 compared with a business-as-usual scenario, (...) this would add as much as \$12 trillion in annual 2025 GDP."<sup>35</sup>

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<sup>33</sup> [https://www.ifc.org/wps/wcm/connect/news\\_ext\\_content/ifc\\_external\\_corporate\\_site/news+and+events/news/gender-equality-in-private-equity](https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/gender-equality-in-private-equity)

<sup>34</sup> [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/priorities/employment](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/priorities/employment)

<sup>35</sup> McKinsey & Company (2015), "The power of parity: How advancing women's equality can add \$12 trillion to global growth".

- “Both advanced and developing countries stand to gain. In 46 of the 95 countries analysed, the best-in-region outcome could increase annual GDP in 2025 by more than 10 percent over the business-as-usual case”.<sup>36</sup>

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<sup>36</sup> McKinsey & Company (2015), “The power of parity: How advancing women’s equality can add \$12 trillion to global growth”.