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Economic Empowerment of Rural Women through Enterprise Development in Post-Conflict Settings

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“To overcome gender inequalities in labour, market and economy, provisions must be taken to include women's strategic interests in related policies and proactively to uphold women's employment and entrepreneurship.”

- Policy and Women Entrepreneurs in South-East Europe (SEE)

In several developed countries, small and medium enterprises owned by women are growing at a faster pace than the economy as a whole and consequently become a significant engine for job creation and growth.

In the USA women own 38 percent of all businesses (8 million firms), employ 27.5 million people (or 1 in 5 workers), and generate \$3.6 billion in annual sales. In Great Britain women are one-fourth of the self-employed sector. In the European Union (EU) one-third of new businesses are started by women.¹ This indicates that women are starting new businesses at a faster rate than men and are expanding their share of business ownership. Also the new EU member countries are making progress in this area. The rate of participation of women in the labour force has

* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.

¹ Women Entrepreneurs in the Global Economy, Susanne E. Jalbert, Ph.D. March 17, 2000

grown significantly and women's aspirations to contribute to economic growth have expanded and their ability to earn incomes improved.

In SEE countries, which aspire to become part of the EU in the coming years, women entrepreneurs are still an untapped source of business and job creation. A substantial gap exists between male and female entrepreneurship. A renewed emphasis in current European Commission policies for a more entrepreneurial Europe² and for women entrepreneurship as a priority pillar within the recently enacted European Small Business Act (SBA), ensuring policy alignment, monitoring systems and supporting frameworks for women's entrepreneurship, requires a concerted commitment by all pre-accession countries to bring forward and ensure improvements in women's employment and participation in the economy. The SBA is a continuation and further concretization of the EU Enterprise Charter, otherwise known as the European Charter for Small Enterprises for Western Balkan Countries in the pre-accession process. SEE countries signed an agreement on the implementation of the Charter in 2003, and consequently have also agreed to implement the European SBA.

Systematic development of small and medium enterprises (SME) as one of the main competitive advantages of the EU is also defined in the "EU 2020". The SBA has certain elements of Aquis Communautaire and is composed of ten principles. The first principle clearly states the need to strengthen women entrepreneurs through all forms of education and training.

EU member states need to adjust their national policies in line with the SBA. The same process is valid for pre-accession countries, but little or no progress has been recorded yet. The situation of women in entrepreneurship in SEE countries remains similar even after a decade, which could be best shown in the Istanbul indicators on Women Entrepreneurs.³ In April 2010, independent experts in women entrepreneurship from all pre-accession countries (Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Serbia, the former Yugoslav Republic of Macedonia and Turkey) gathered in Istanbul and developed four indicators, which the experts group considers as significant for a more strategic development of women enterprises in the region. As the Mediterranean Enterprise Charter is also developing such policies, the European Training Foundation (ETF) proposed that the drafting of the indicators is also followed by a chosen number of countries from the southern Mediterranean countries, and, subsequently, representatives of Jordan and Syria were present.

The draft indicators focus on the following areas:

1. Policy and data for women's entrepreneurship;
2. Training for women's entrepreneurship;
3. Improved access to finance for women entrepreneurs;
4. Networking and good practice.

- Policy and data for women's entrepreneurship

Development of indicators based on the EU policies (i.e., Small Business Act for the SEE countries) is a requirement to be fulfilled for EU accession. In the recent decade, women in countries in transition were frequently faced with numerous challenges of being equal in all

² See Barroso, J.M. (2009). Political guidelines for the next Commission. European Commission

³ ETF - The European Training Foundation Indicators on Women's Entrepreneurship, April 2010

social, political, economic, societal, and cultural areas of life. Notwithstanding that the indicators were signed by coordinators of governments of SEE countries, their implementation entirely depends on women, otherwise they remain in the policymakers' drawers. According to many studies and analyses, SEE countries in transition have largely failed to reflect the needs and priorities of women and to create conditions conducive for their economic empowerment.

With the development of policies, governments will promote and strengthen small enterprises, new businesses and entrepreneurship opportunities, and, where possible, facilitate the transition with the creation of a favourable environment for economic development – from an informal to a formal economy. However, SEE countries, including Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Serbia, the former Yugoslav Republic of Macedonia and Turkey, are yet to create a comprehensive set of gender-sensitive policies, including fiscal, economic, employment, social, and education and training. For this reason, governments should involve ministries responsible for fiscal, economic, employment, social and education and training policies and interested parties to apply a set of evidence-based and complementary policies, in order to maximize the potential of women entrepreneurship. These countries are yet to establish a structured dialog among key stakeholders, including Chambers of Commerce, employers' organisations, trade unions, civic interest groups, since no institutional support structures have been created for the promotion of women entrepreneurship policies and measures. To create an environment conducive for women entrepreneurship, governments and key stakeholders should develop a mid-term action plan, with clearly defined measures for all policy areas (fiscal, economic, employment, social and education/training) including a consultation forum for women enterprises, and measures related to the provision of information and networking.

- Training for women's entrepreneurship

Another major obstacle of the SEE countries for women in the labour market and those self-employed is the lack of management capacity building. There is no gender-sensitive solution for strategic encouragement of women entrepreneur trainings. There are ad hoc training services for business development. Therefore, it is necessary to create and implement a national training framework in entrepreneurship and related services, which would continuously follow the development of women in entrepreneurship. In addition, these countries also lack national analysis on the assessment of the situation, including policy reviews, gender-sensitive evaluation, and identification of existing data available. Women need to be supported by initiatives which would shed light on the real situation of women in the economy, through detailed studies encompassing human rights, particularly for regions hiding behind numerous traditional measures. Therefore, it is necessary to establish a national training framework which would assist women in enhancing entrepreneurship competencies and prepare them for the labour market, which would ultimately contribute to increasing women's employment and enhancing competition in the country.

- Improved access to finance for women entrepreneurs

Access to financing is a critical factor to enable women entrepreneurship development, in terms of growing and developing businesses, particularly for women in the countries in transition. Istanbul indicators have considered that financing of women in entrepreneurship is very much necessary and of highest importance. Until now, SEE countries did not provide earmarked financial support for women enterprises in order to support the objective of providing more

women with improved access to financial support instruments and encouraging business development. And also fiscal laws and bylaws do not have special provisions to encourage women's entrepreneurship. And last but not least there are no data on the access of women entrepreneurs to financing.

Different from other EU pre-accession countries, the government of Croatia allocates an annual fund which aims to support women and youth activities. However, this fund is not sufficient to support empowerment of women entrepreneurs, because the largest portion of allocated funds is for women and youth activities such as sports, art, and culture etc. Therefore, women representing SEE countries suggested that governments should establish specific allocations from their National Budgets, create guarantee instruments (mutual schemes, and mixed loan guarantee schemes), and provide flexibility to allow accommodation of women's needs and make available those funds for women entrepreneurs and those willing to start a business. It is necessary that at least 20 percent of the national budget allocated to support local enterprises is allocated to women entrepreneurs. To achieve this, governments should review, and if necessary, reform policies, including government laws and regulations on business activities, markets, and contracts, to ensure that they do not discriminate against women.

As a response to the need to achieve an economic, social and political equality between women and men, the UN General Assembly adopted the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1979, thus establishing international regulatory instruments to fight gender-based discrimination, and to ensure gender equality in the distribution and access to public funds⁴. (Kosovo authorities have made significant steps in this direction. The Constitution provides for a direct application of the Convention on the Elimination of All Forms of Discrimination against Women). In addition to this Convention, governments of Member States reiterated those principles in the Fourth World Conference on Women in Beijing in 1995. Furthermore, Article 35 of the Beijing Declaration provides that Member States are determined to "Ensure women's equal access to economic resources, including land, credit, science and technology, vocational training, information, communication and markets, as a means to further the advancement and empowerment of women and girls, including through the enhancement of their capacities to enjoy the benefits of equal access to these resources, inter alia, by means of international cooperation."⁵

- Networking and good practice

The existence of a functional women entrepreneurs' network encourages better policies and measures, including the exchange of best practices. Several differences were identified with regard to composition of networks as well. Networks established by female entrepreneurs included a greater proportion of females, pointing to a special pattern of network composition. Moreover the female entrepreneurs tend to have smaller networks than their male counterparts. Hence, it is necessary to create networks at the national level in transition countries for information exchange, lobbying together locally, regionally and internationally and on the relationships with governments, donors and international institutions, cooperation together and

⁴ "The Convention on the Elimination of All Forms of Discrimination against Women," UN General Assembly, 1979, available at <http://www.un.org/womenwatch/daw/cedaw/>.

⁵ Article 35, Fourth World Conference of Women in Beijing, Declaration, see: <http://www.un.org/womenwatch/daw/beijing/platform/declar.htm>

with others versus isolation and individualism and achieving collective strategies that will lead to more sustainable changes for women entrepreneurs at national, regional and global level.

The national women entrepreneurs' network will increase women's access to new technology and markets options, identify best practices in the region, ensure support from government for the existing businesses and professional associations, support the creation and development of new businesses and professional contacts, break up women's isolation, and encourage start-ups of new women's business.

- Gender Equality and Women's Economic Empowerment

Building entrepreneurship is considered an effective tool in combating female unemployment in transition countries, where the private sector development is still in its infant stage. The process of privatization and economic development of all levels is carried out without the participation of women. Their absence in the economic decision-making structures, the non-inclusion of a gender perspective in economic policies as well as the lack of mechanisms for implementation of strategies and plans for economic empowerment of women, especially mechanisms connected to non-implementation of the law on gender equality and of the national action plan for gender equality, are only some of the factors which shape this reality.

Economic development and support to rural women often fail to recognize the specific obstacles that women face while accessing such assistance schemes like local and central government subventions, training, consulting as well as matching grants for farmers. All the above mentioned assistance schemes are dedicated to agriculture businesses in general, where rural women are rarely involved, and they do not benefit equally as men. After a decade of development assistance, women residing in rural areas are still marginalized and have relatively limited access to information and resources.

Overall, poverty is mostly evident among women living in the rural areas. Their special needs and priorities are almost entirely neglected from the macroeconomic development plans of the local governments. Despite the fact that most of them are involved in agricultural activities in their daily life, they lack the know-how and access to markets and also the financial means to invest and develop their farming business. While this fact is recognized by the government, only very limited support targets specifically women both in rural development in general and in agri-business in particular.

When women do start their own businesses, they often face the problem of the sustainability of their businesses. Following eleven years of implementation experience we have learnt that in order to make businesses sustainable, women also need to build their assertiveness skills, in order to feel confident in their decision-making role in a traditionally male-dominated society. Nevertheless, women are legally equal before the law to inherit the land. However, legislations and conventions have often little impact on widespread traditional practices of registering property in men's name and inheritance system that favours men. If existing conventions and legislations were indeed implemented, many of the problems facing women would certainly be eliminated.

A main particular problem for women is the limited access to land, property rights and inheritance (e.g. in Kosovo, only 8 percent of real estate is owned by women), causing problems in providing collateral at the financial markets. Land is mainly handed down in a male line of descent, and due to tradition it's not uncommon for women to lose the use rights at the death of their husband and also at the death of male descents in their father's family. The problem of property in heritage and ownership makes it almost impossible or very difficult for women entrepreneurs to get credit (loans) from the banks, government or development agencies. Bank practices such as those that require a male co-signer also discourage women. In addition, many poor women, especially those with little education, have difficulties completing the complicated application forms required by lending agencies to have access to same loaning opportunities.

In reality several traditions in the Kosovar society work against gender equality. The society was and is characterized by patriarchal structures, especially in the rural areas. According to the United Nations Development Programme (UNDP) (2010), Kosovo scores 0.76 on the Gender Development Index, which is the lowest in Balkan. Poverty data on Kosovo point to a "feminization" of poverty and a rise in the number of women among the poor.

The picture of women in the labour force reveals clearly that inequality continues to prevail but it also reveals clearly that traditional patterns are undergoing fundamental change. Women are generally disadvantaged, and unemployment continues to be a big challenge for women. Only 12 percent of women who are part of the formal labour force, which accounts for only 28.4 percent, have a permanent full-time job. Among Kosovo's business owners only 6 percent are women. Only 4 percent of women conduct formal activities in the field of agriculture (livestock and agriculture). 15 percent are involved in production activities (textile products, dairy products, vegetable preservation, bakeries, traditional carpets, and wedding gowns, etc). The majority of women are involved in service and trade activities, with 38 percent providing services and 43 percent involved in trade.⁶ Economy is one of such sectors where women are unsatisfactorily represented. One such indicator is the share of women in the labour market in Kosovo, which is assessed at the lowest rate in Europe, with only 35 percent of women actively participating in the market. For these reasons, the government and development agencies should provide special funds for women in the economy and employment – especially for women in rural areas and women entrepreneurs.

- Women participation in local and national institutions

The public environment and its gender balance, including policymaking bodies, and the gender balance in decision-making, are important in ensuring women's and men's representation in policy drafting processes, management and administration. The situation of women is similar in SEE countries in terms of women's participation in local and central institutions. An analysis of the current situation of women in decision-making positions in the SEE countries shows that it is 20 to 30 percent. According to the Women's Regional Lobby for Peace, Security and Justice in the South-Eastern Europe, women's participation in the parliament in the 1990s was low, ranging from 7 to 20 percent. After the introduction of the Assembly quota, and its implementation by the election committees in Bosnia and Herzegovina, Albania, Serbia and Kosovo, there was a notable increase of women's participation in public office. However, legislative quotas are yet to be introduced in Montenegro and Croatia, which has affected the

⁶ According to research "Women Entrepreneurs in Kosovo" by SHE-ERA, 2006, www.she-era.org

participation of women in the public life. Of all SEE countries, Albania had the lowest participation of women in politics. However, despite the increase of women's participation in public decision-making in all SEE countries, women's representation remains unsatisfactory.

After the amendments in the Elections Law, the 30 percent quota for the inclusion of women in the Parliament was seen as necessary as an affirmative mechanism, guaranteeing that election lists of political parties should ensure that every third candidate is a woman. However, as seen in practice, the quota has provided limited results in terms of women's participation in decision-making and their representation in election campaigns, an issue frequently discussed in the previous term. Many studies and analyses on the position of women in the Kosovo society, namely their representation in politics, indicate that it is still early to assume that without affirmative measures, namely quotas, women will be equally represented as men. Women's participation in political processes in the recent years is an irrefutable proof that the application of the 30 percent quota has brought positive results. Kosovo is one of those countries with a very high participation of women in politics, surpassing many EU countries.

In the current mandate of the Kosovo Assembly (2010), women are represented with 30 percent, and there are 37 women MPs out of a total of 120. This year Kosovo is the first country in the Balkan region to have a woman as a consensual President and this happens for the first time in its history.

In the current mandate, Kosovo Assembly has 13 Parliamentary Committees, only two of which are chaired by women. In the past mandate, out of 18 Parliamentary Committees, 7 were chaired by women. Kosovo Government consists of 17 ministries. Two women hold the position of Deputy Prime Minister, two hold ministerial seats, and three are women Deputy Ministers. In addition to the lack of leadership positions of the Kosovo Assembly, the number of women in leading positions is also disproportional in other central and local government bodies. There are nearly 14 percent women in leading positions at the central level, and 7 percent at the local/municipal level.

Women have their forums within political parties, enabling them autonomy in their activities. Women's forums in political parties and their media spaces often do not go beyond addressing issues such as gender equality, gender-based violence, women's participation in politics, family issues, women's careers, fashion, etc. For this reason, "predetermined political and media space" also carries the risk of social-political and media marginalization of women candidates, and they can also produce negative effects in the democratization of the society.

Women are often subject to economic discrimination, and lack of access to income or capital. Only 2 percent of the total number of loans was issued to women. Public Utility Boards and other managerial committees are further bodies featured with a notable lack of women in decision-making positions. In general, women in Kosovo continue to be involved in vocations traditional to women, i.e. education, healthcare, agriculture, etc. This differentiation, rather this segregation of vocations and positions, is further associated with a difference in salaries. An average monthly income in Kosovo is estimated at slightly over 200 Euros, and it is lower for women than men.

Situation at the central level in Kosovo

Among the achievements at the central level, it's worth emphasizing the establishment of the Office on Gender Equality, on the basis of UNMIK Regulation 2004/18, with the mandate to implement and monitor the implementation of the Law on Gender Equality and to promote the development of gender equality in Kosovo. This Office was elevated to the Agency on Gender Equality with a Government Decision, dated 1 September 2006. Furthermore, at the municipal level, since 2003, each municipality of Kosovo has Gender Equality Officers, to assist the integration of a gender equality perspective in general institutional developments. Also, on the basis of data from Ministry of Public Services, the percentage of women employed at the central and local institutions is 35.6 percent, whereas at local level this percentage is 40.5 percent, which means that it is in compliance with provisions of the Law on Gender Equality. This means that Kosovo needs to work more on promotion of women's rights and implementation of the Law on Gender Equality and other mechanisms.

However, despite all this, Kosovo has managed to develop a solid legal framework and other mechanisms to achieve gender equality. A number of institutional mechanisms have been established at central and local level, and a good legal framework is in place to ensure the achievement of gender equality in Kosovo. All these shortcomings show that in general there is a slow pace of achieving gender equality as one of the basic preconditions for a democratic and developed society.

Central level bodies that have been established are the following:

- Committee on Human Rights, Equal Opportunities, Gender Issues and Missing Persons at Assembly of Kosovo;
- Agency on Gender Equality;
- Office of Good Governance within the Office of the Prime Minister;
- Human Rights' Cells in each Ministry;
- Gender Equality Officers in each Ministry of the Government;

- Development partners and gender mainstreaming (approach)

Developmental partners in various countries around the world, especially those in transition and post-war countries have an important impact and play an important role on countries' political, economic, social and cultural development. Macroeconomic data shows that economies of countries in transition have had a positive growth, greatly aided by donations and development programs. Some progress has also been made through initiatives aimed at stimulating an investment friendly environment through financial reforms and the promotion of a free market economy. In such cases, international organizations integrate gender perspectives in their programs and missions, and tend to integrate gender equality in the standard implementation plans of all countries. We can merely list a number of development partners that continue to play an important role in transition countries and integrate gender equality through the adoption of various policies: USAID programs, Swedish International Development Agency (SIDA), UN Agencies, OSCE, UNIFEM, Swiss Development Cooperation, World Bank, ECLO (European Commission Liaison Office), and many other international governmental development agencies.

Kosovo's most significant programs and documents regarding gender equality are in line with those adopted and crafted by most of the countries in Southeast Europe. Those include: Gender

Equality Law, National Gender Equality Action Plan, Regulation on Domestic Violence, Political Parties' Women Programs, Electoral Law that ensures the quota (30%) of women representation, Parliament Resolution on the Millennium Declaration and Millennium Development Goals (MDGs), etc.

As far as the economic development of countries in transition is concerned, as mentioned above, women tend not to benefit as much as men from the development partners' SME programs. There is still a dose of fear among development partners which feel that women are still not able to implement larger programmes and manage larger funds and therefore do not entrust them with any tenders. Although there is no concrete data on women entrepreneurship, the analogous experience of the countries of the region shows that women have scarcely benefited from such programs, when compared to men.