

# Gender-Sensitive Business Environment Reform: Why does it matter? – A policy guide



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This Case Study was commissioned by the Donor Committee for Enterprise Development (DCED) Working Group on Business Environment Reform. Katherine S. Miles is the principal author. Feedback is welcome and should be sent to [Admin@Enterprise-Development.org](mailto:Admin@Enterprise-Development.org)

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Photographs on front page (from left to right) courtesy of: Edward Hedley, ALCP Georgia.

## Introduction

Gender-sensitive business environment reform (BER) is critical to deliver on the global commitment to achieve gender equality and empower all women and girls set out in the UN's Sustainable Development Goal number five.<sup>1</sup> Not only has it the potential to positively impact women's economic empowerment and support the fight against poverty, but also to contribute to jobs, incomes and poverty alleviation. It is estimated that advancing women's equality can add up to 12 trillion USD to global GDP by 2025.<sup>2</sup> This Policy Guide, developed by the Donor Committee on Enterprise Development (DCED) Business Environment Working Group (BEWG), sets out the relevance of considering gender in business environment reform interventions; the relationship of gender-sensitive BER to women's economic empowerment; and how donors can implement gender-sensitive BER interventions.

### ***What is gender-sensitive BER and why does it matter?***

Gender-sensitive BER refers to changes in the policy, legal, institutional, and regulatory conditions that govern business activities<sup>3</sup> in ways that account for the dynamics of socially constructed behaviors, norms and relationships between men and women. These behaviours, norms and relations differ from place-to-place and can change overtime. It considers the evidence of what business environment (BE) factors impact women's enterprises and employment differentially to that of men's and how, and in turn how this can undermine or accelerate women's economic empowerment – essentially women's ownership and access to assets, power and ability to make decisions about their own life (often referred to as agency), as well as decent employment.<sup>4</sup>

Gender-sensitive BER is not about a focus purely on women in reforms. However, it may involve targeted interventions explicitly focused on women to redress existing imbalances in society whereby they have been disadvantaged due to discrimination and social norms. Structural and sociocultural barriers, such as the gender pay gap, or restrictions on girl's participation in formal education, all have impacted women and girl's access to economic opportunities, and asset accumulation, as well as the ability to make choices about their own lives.

Gender-sensitive BER can take place at the national, subnational and sectoral levels within a country or at a regional (or international) level and it considers the socially constructed differences between women and men within one or more of the three components of the BE (See figure 1):

**Figure 1: Summary of gender-sensitive BER considerations and examples by BE component**

<b>Policy and legal framework</b>	
<b>Considerations:</b>	<b>Example</b>
✓ Assessing whether existing or new policies and laws that affect businesses have a differential impact on enterprises led or managed by women versus men, or women's and men's employment.	Parental leave policies that are not publicly financed and provide paid leave only for mothers, but offer no paid leave for fathers, discourage employers from recruiting women employees.
✓ Evaluating whether policies, laws and regulations specifically discriminate against either women or men where socio-cultural norms have been codified into law.	Restrictions on woman working in certain industries such as mining, or different requirements on women and men in the signing of business contracts or opening a bank account, impact women's ability to participate in the economy on equal terms than men.

<sup>1</sup> UN, 2015.

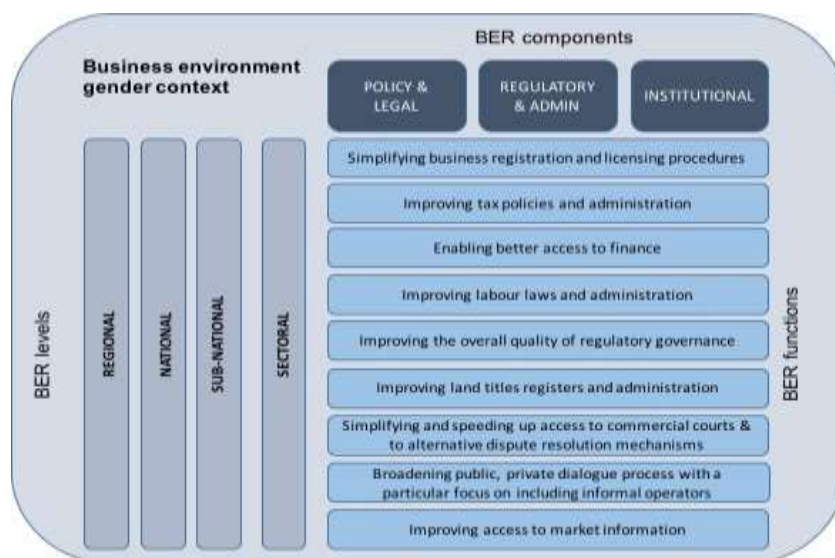
<sup>2</sup> McKinsey Global Institute, 2015.

<sup>3</sup> DCED, 2008.

<sup>4</sup> DFID, 2008.

<ul style="list-style-type: none"> <li>✓ Incorporating provisions in policies, laws and regulation that address barriers that are either uniquely experienced by women or men, or where they face greater vulnerability due to their role, social norms and customary law and practices in society.</li> </ul>	Inheritance laws or customary practices that favour men mean some women entrepreneurs lack access to assets to use as collateral to secure business loans.
<b>Regulatory and administrative framework</b>	
<ul style="list-style-type: none"> <li>✓ Ensuring that policies, laws and regulations are enforced and managed the same way for both women and men.</li> </ul>	Despite equal rights to land and property ownership existing in law, some women’s names are excluded from the land titles or property registration documents through coercion or tacit discrimination. E.g. there may only be space for one name on the land title documents even if land is jointly owned.
<ul style="list-style-type: none"> <li>✓ Incorporating both women and men in the workforce that enforces and manages policies, laws and regulations.</li> </ul>	Low or no representation of women in the offices responsible for registering or, granting licenses to new businesses or collecting taxes, restricts some women-entrepreneurs from engaging in these procedures, for instance where social norms prohibit them from communicating with unrelated males.
<b>Institutional arrangements</b>	
<ul style="list-style-type: none"> <li>✓ Ensuring the participation of both women and men representatives of government and business and other stakeholder groups (e.g. business associations, trade unions, civil society) during communications with each other to ensure that diverse gender perspectives (i.e. the views of both women and men) representing each stakeholder group is expressed.</li> </ul>	Low or no representation of women at senior management and leadership levels in the private sector, trade unions or in civil society organizations results in the absence of their views being communicated during public-private dialogue discussions and ongoing communications and negotiations between stakeholder groups.

The **business environment** (BE) plays important functions in the economy. Various factors that influence how these functions operate in practice impact business activity both negatively and positively.<sup>5</sup> The DCED categorizes these into nine functions (see figure 2).



**Figure 2: DCED BER Framework**

<sup>5</sup> Ibid.

The ways in which these functions operate in practice could either: a) uniquely negatively impact women's enterprises and employment based on their gender; or b) more severely or differently impact women as either employees or entrepreneurs compared to men. Donors can contribute towards enhancing women's economic empowerment by considering these factors in the business environment related to each BE function, and understanding the differential impacts these have on women and men's entrepreneurship and employment.

### **What Business Environment Factors Influence Women's Economic Empowerment and how?**

Gender-sensitive BER contributes to women's economic empowerment by directly or indirectly addressing a wide variety of constraints restricting women's entrepreneurship and employment. In turn, these can improve women's ownership and access to assets and resources, their power and ability to make decisions about their own life, and getting decent work or employment.<sup>6</sup> It is now well-established this is not only good for women in terms of fulfilling their basic human rights, growth and human development, but it is good for the economy.

Various factors and associated practices can constrain women's economic empowerment through their employment and/ or entrepreneurship, the severity of which will be dependent on the local context and women's individual characteristics. Conversely, multiple factors can act as enablers for gender-transformative change. Indeed, the United Nations Secretary General's High-Level Panel on Women's Economic Empowerment set out seven primary drivers of change towards women's economic empowerment to address systemic constraints facing women and persistent gaps in women's economic opportunities. Some of these drivers are directly relevant to gender-sensitive BER, namely: *ensuring legal protection and reforming discriminatory laws and regulations; strengthening visibility, collective voice and representation; building assets – digital, financial and property; improving public sector practices in employment and procurement; and changing business culture and practices*. Yet it is imperative to acknowledge the cross-cutting social norms that influence all functions and factors within the business environment, which require addressing through the drivers of *tackling adverse norms and promoting positive role models*, as well as *recognizing, reducing and redistributing unpaid work and care*.

Examples of BE related constraints and enablers to women's employment and entrepreneurship are set out related to each of the functions of the BE. Illustrative programme examples are highlighted and indicate that they can address constraints or leverage on the enablers related to multiple factors, functions, levels and components of the business environment.

#### **Business Registration and Licensing**

Administration of business registration processes and licensing laws and policies have differential impacts on women and men due to social norms. Some women have lower levels of awareness of the procedures due to their restricted access to information and education level. In various places, legal constraints prevent them from registering a business without a male relative and they are unable to afford the cost or capital requirements for business registration given low levels of assets. Moreover, women are at greater vulnerability to corruption and harassment in the process of business registration. These constraints contribute to many women entrepreneurs choosing to operate informally with implications for tax-collection, reducing women's social protection and restricting business growth.<sup>7</sup>

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<sup>6</sup> DFID, 2008

<sup>7</sup> DCED, 2016.

**Box 1: Country Programme Example: Growth and Employment in States (GEMS) 3 Programme**

The Growth and Employment in States (GEMS) is a seven-year programme, jointly funded by the World Bank (£105 million) and DFID Nigeria (£91 million). The programme, running from 2010-2017, aims to increase growth and employment across six sectors of the Nigerian economy, as well as through business environment reform. The GEMS 3 BER programme component addresses key issues in the business enabling environment, particularly in relation to increased employment and incomes for the poor and women. The programme mainstreams gender as it addresses business environment reform in the areas of land, investment and tax and in doing so enhances women's public participation. The programme found that socio-cultural factors were preventing women registering their land despite Sharia law providing women with the right to inherit property. These included women's social isolation, prohibitions on women engaging with unrelated men conducting the land measurement in the fields; and male relatives registering women's land in their name when submitting a women's paperwork in person due to constraints on women engaging with the unrelated male officials processing the paper work in the land ministry. Baseline data also identified that women experienced greater levels of harassment than men during the process of tax collection and were not being consulted in public decision-making processes. To address these constraints, the programme has promoted women's participation in the land measurement process to access and communicate with the local women who may otherwise be deprived of land rightfully theirs.

**Tax Policies and Administration**

Seemingly gender-neutral tax policies and legislation can be gender-biased e.g. personal income tax related to second earners. For instance, there can be a higher tax for secondary earners where there are joint filing systems. Given that women can more often than not be the secondary earners due to their reproductive and caring responsibilities, they can be impacted by this bias and it may discourage the formalization of their employment or entrepreneurship.<sup>8</sup> Consequently it is argued that individual tax filing systems<sup>9</sup> are more gender-equitable than joint filing systems.<sup>10</sup> Moreover, reducing the tax burden for (predominantly female) secondary earners by replacing family taxation with individual taxation can potentially generate large efficiency gains and improve aggregate labour market outcomes.<sup>11</sup>

Women face greater vulnerability to unequal treatment, gender-based harassment, bribery and extortion during tax collection, including cross border trade. Overall these factors can impact both women-owned and managed enterprises and the employment of women, influencing the profitability of their enterprises, labour force participation, the formality of their enterprises, and their perceived value in paying taxes. From the government's perspective, it can result in irregular and lower tax payments from women.<sup>12</sup> (see box 1).

**Access to Finance**

From the business case perspective, there is evidence to suggest that the financial inclusion of women can provide a more diversified and stable retail deposit base, as women can be stronger savers than men. This in turn can contribute to financial stability. It can also enhance financial integrity within the financial system.<sup>13</sup> From the FSP perspective, as the Global Banking Alliance for Women's members indicate, women's financial inclusion can allow them to profitably expand their client base into new market segments. They have found that women want different things from a bank than men do and require a diverse approach – one that combines financial services with access to information, education and networks.<sup>14</sup> Yet, despite this business case, multiple factors constrain women's access and usage of finance.

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<sup>8</sup> Where tax liability is assessed on the combined income of the married couple.

<sup>9</sup> where income earners are individually responsible for filing taxes based on their own earnings, independent of marital status or household structure.

<sup>10</sup> IMF, 2013. UNDP, 2010. Grown and Valodia, 2009.

<sup>11</sup> IMF, 2013.

<sup>12</sup> DCED, 2016.

<sup>13</sup> GBA, 2015.

<sup>14</sup> <http://www.gbaforwomen.org/the-approach/>

These factors include women's overall legal capacity, restricted land titles and property rights, and discriminatory banking laws based on gender and a woman's marital status. Where the law restricts women's inheritance and ownership of property, women may be unable to meet collateral requirements to secure credit to scale their business. Moreover, the lack of implementation of non-discriminatory policies or laws can restrict women's access to finance, for instance when for women to open a bank account a male relative signature is requested by a financial institution even though it is no longer legally required. Other constraints include the absence of collateral registries, credit bureaus and digital distribution channels, as well as credit or guarantee funds specifically for women. Moreover, some women face insufficient identity documents to meet Know Your Customer (KYC) requirements in line with international standards on Anti Money Laundering/ Counter Terrorist Financing (AML/CTF). Women's lower levels of basic education in some jurisdictions due to social norms prioritizing the education of boys over girls can negatively influence their financial competence and can impact women's access to finance later in life.<sup>15</sup>

**Box 2: International Programme Example: Women Business and the Law**

The World Bank's Women, Business and the Law (WBL) programme collects data on laws and regulations constraining women's entrepreneurship and employment. The dataset illuminates how government policies limit women's full economic participation through unequal laws and a business environment which does not support the businesses women participate in. The 2016 edition of Women, Business and the Law dataset covers 173 economies. Since 2015, 65 economies included in the dataset carried out 94 reforms increasing women's economic opportunities and so while these reforms cannot be directly attributed to WBL, the programme has contributed to drawing attention to the need for reform in these countries.

**Labour Laws and Administration**

The IMF has argued that there is evidence that when women are able to develop their full labour market potential, there can be significant macroeconomic gains from gender equity.<sup>16</sup> McKinsey & Company have argued that at a macro level advancing women's equality could add \$28 trillion of additional annual GDP in 2025. Or in the scenario where all countries matched their 'best-in-region country' in progress toward gender parity, \$12 trillion could be added to global growth in 2025.<sup>17</sup> Moreover, evidence suggests women-owned businesses tend to employ more women and scaling these businesses can enhance women's economic participation. Further, the creation of gender-sensitive infrastructure such as gender-segregated toilets and the provision of safe transportation to and from the work place and the provision of work-based child care facilities, can contribute to women's labour force participation.

Yet despite the clear benefits of women's participation in the labour market for economies and women and their families, there is clear evidence that legal gender differences exist and directly impact on women-owned and managed enterprises and the employment of women. For example, gender based job restrictions on working hours, night working, sectors and occupations exist in various jurisdictions. (See box 2). These factors influence women's economic productivity, formal workforce participation, contribute to a gender wage gap and result in occupational segregation. Absence of or inadequate policies related to maternity, paternity and parental leave, as well as subsidized or public child and elderly care, are additional factors. This is in a context where women's disproportionate responsibility for child care results in less time for paid work. The ODI found that on average across 66 countries, women spend more than three times as much time as men on unpaid care and domestic work.<sup>18</sup> Moreover, the absence or restriction of paternity leave can reinforce existing social norms regarding women's role as a care giver in the family and society. Too often, maternity and paternity policies are not implemented even if they exist in statute, and do not offer social protection to the large numbers of women working

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<sup>15</sup> AFI & WWB, 2016; AfDB, 2013; BMZ, GIZ & UK AID, 2013.

<sup>16</sup> IMF, 2013.

<sup>17</sup> McKinsey and Company, 2015.

<sup>18</sup> ODI, 2016.

informally.<sup>19</sup> These factors influence women's labour force participation, the types and quality of jobs that they do, and their productivity and earnings.

### **Quality of Regulatory Governance**

Gender discrimination against women can occur in the application of rules related to sector specific controls, inspections and audits. This restricts women's ability to effectively operate a business in the affected sectors and in turn influences their economic empowerment.<sup>20</sup>

### **Land Titles, Registration and Administration**

Equal property rights and joint land titling increase women's labour force participation, agricultural production and earnings, and the ability for women-owned and managed enterprises to access credit to grow their businesses. Yet, despite the clear economic benefits, gender bias exists in the administration of land titles with implications for women in terms of realizing their rights, which affect their access to credit given their lack of traditional forms of collateral. Customary law can prevail over statutory law preventing women from gaining access to land titles they are entitled to with an impact on women's access to property, workforce participation and access to credit. This is further exacerbated by the documented lack of women's representation in decision-making bodies that administer land rights or hold public bodies to account, resulting in women often lacking access to land they are entitled to which can be used to support their labour force participation.<sup>21</sup> (see box 1)

### **Access to Commercial Courts and to Alternative Dispute Resolution Mechanisms**

The presence of gender bias in the judiciary has implications for women's businesses such as contract enforcement and the overall legal risk of doing business. Further, there are gender differences in women's legal literacy in terms of handling commercial disputes, such as non-payment by customers, or breaches of contract, which restricts their ability to access justice and enforce business contracts.<sup>22</sup>

### **Broadening Public Private Dialogue**

Enhanced participation of women in associations or groups can result in positive impacts for women's businesses in terms of income and access to markets, access to credit and policy change beneficial for women. Legal rights for women and quotas can serve to enhance their representation in parliament and at senior levels within the private sector. Moreover, there is evidence to suggest that implementation of policies that increase women's participation in the workforce positively impacts both economic growth and profitability. Similarly, increased representation of women in parliament stimulates reforms that give women greater property rights and enhance their legal capacity. Yet, women's participation in public-private dialogue can be restricted due to the disproportionate responsibility they shoulder of unpaid care and domestic work. This can also be a factor as to the low level of women's unionization compared to men, which can further result in a lack of women's views and interests being represented by trade unions. As such there is a clear need to ensure that women are adequately represented in all stakeholder groups through public private dialogue processes.

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<sup>19</sup> DCED, 2016.

<sup>20</sup> Ibid

<sup>21</sup> Ibid

<sup>22</sup> Ibid



**Box 3: Regional Programme Example: The Economic Integration of Women in the MENA Region (EconoWin)**

EconoWin was commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ) implemented by GIZ from 2010-2016. The main programme objective was to improve the conditions for the integration of women in business and employment in Egypt, Jordan, Morocco and Tunisia. The initiative sought to achieve its objectives through four components: changing attitudes and perceptions of women in employment through an awareness-raising media campaign; advisory services and implementation of gender-sensitive economic and employment policies; economic empowerment of women through gender sensitive value chain development; and the professional orientation for women in higher and lower-qualified segments. EconoWin collaborated with business and professional associations in the region through a Gender Diversity Competition whereby private sector companies submitted an idea for a corporate gender diversity project and the winning companies received technical and financial support from a local consultant to support its implementation. It established an initiative called Ana Hunna, which used short films to highlight women's potential in the world of work, challenge traditional perceptions and stimulate public dialogue about the situation of working women in the region.

**Access to Market Information**

Access to market information can be a challenge for women in a context where social norms may restrict women's access to education, literacy, ability to communicate with unrelated males, and their time poverty. Furthermore, their unpaid household responsibilities may restrict their mobility and time available to participate in trainings or information sessions.<sup>23</sup> Women's lack of access to market information related to public tenders and procurement processes restricts their business revenues and enterprise growth. Women's literacy levels can also negatively impact their access to market information to grow their business.<sup>24</sup> Moreover, women's limited market information on procedures for business licensing reduces compliance with standards, business formalization and access to credit and contracts. Successful approaches to overcoming these constraints include using mobile platforms to share information (notwithstanding there is a gender gap in access to mobiles) as well as employing female agricultural extension workers, and considering the timings and format of their service delivery so they are compatible with women's household responsibilities.

**Box 4: Country Programme Example: The Alliances Lesser Caucasus Programme (ALCP)**

ALCP is a Swiss Agency for Development and Cooperation market development project implemented by Mercy Corps Georgia. The goal of the programme is to contribute to poverty alleviation and the transition to a durable market economy for the livestock sector in Southern Georgia. The programme supported the development of Guidelines for the Application and Implementation of the Law on Gender Equality by local Self Government Bodies in 2012, which emphasize the participation of women in these local government bodies. In turn, ALCP trained the Ministry's Regional Coordinators and village representatives in all 3 regions of operation on enhancing the participation of women in municipal spring village meetings in line with the guidelines. These activities have contributed to boosting women's participation in annual municipal spring village meetings. As a result, community led budgetary decisions are increasingly reflecting the women's priorities such as infrastructure and childcare.

In summary, many of the highlighted constraints related to each function of the BE restrict women's economic participation as employees and entrepreneurs. By following the lead taken by some of the profiled programmes and implementing gender-transformative practices based on the emerging business case, donors can take a gender perspective in business environment reform interventions, address these constraints and leverage off the enablers. In doing so, donors can enhance women's access to resources, economic opportunities and ability to make decisions about their own lives.

**How to Implement Gender-Sensitive Business Environment Reform Programmes?**

The case is clear for gender-sensitive BER programmes, but how to implement such programmes? It is essential to integrate gender considerations throughout all stages of the programme cycle. This includes: providing in-country gender resources and capacity-building for staff; gathering sex-disaggregated data through monitoring and evaluation; integrating gender at each level within the results measurement framework; and ensuring women's representation and participation in the policy reform process from all stakeholder groups. Moreover, both women and men should be engaged throughout interventions, from

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<sup>23</sup> Ibid

<sup>24</sup> Hampel-Milagros, 2011.

gender analysis, solutions design, implementation through to evaluation/sustainability phase for all gender-sensitive BER programmes. For key recommendations, specific to gender-sensitive BER donor programmes, see figure 3:

**Figure 3: Considerations for Implementing Gender-sensitive BER interventions by Programme Phase**

Diagnostic Phase	Solutions Design Phase	Implementation Phase	Evaluation and Sustainability Phase
<ol style="list-style-type: none"> <li>1. Conduct a gender analysis of existing SME policies and Women Business and the Law Data to identify legal and policy constraints facing women to inform areas for reform</li> <li>2. Consult to establish the lack of policy implementation at a national and sub national level.</li> <li>3. Identify evidence of what policies work for women related to the identified BE constraints. This is to identify the incentives for reforms and in turn this evidence can be used demonstrate the business case to change 'the rules of the game'.</li> <li>4. Explore opportunities to support gender-sensitive BER through regional economic groupings.</li> </ol>	<ol style="list-style-type: none"> <li>1. Design solutions that implement and measure not only on legal and policy reforms but their operationalization at the regulatory and administrative level.</li> <li>2. Pilot gender-sensitive BER at the subnational level to later scale up if successful.</li> <li>3. Incorporate subnational engagement in the design of national reform programmes to support policy implementation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Factor in women's socio-cultural constraints in designing consultations and trainings (e.g. child care responsibilities and personal safety).</li> <li>2. Consult with women's business associations to boost women's participation and assess the level of policy implementation.</li> <li>3. Build the capacities of women to engage in the reform process to address the barriers in the enabling environment.</li> <li>4. Identify champions for change from the public and private sectors and civil society to promote women's economic empowerment through gender-sensitive BER.</li> <li>5. Engage with a range of stakeholders to promote the business case gender-sensitive BER for women's economic empowerment.</li> <li>6. Create multi-stakeholder partnerships between the public, private and civil society partners to address the barriers facing women.</li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct interviews and women-only focus group discussions, to understand social norms affecting the implementation of BE policies and laws and unintended effects.</li> </ol>

## Conclusion

Without addressing gender-specific issues or women's greater vulnerability to business environment constraints at all levels, functions and components of the business environment, women's employment and entrepreneurship will be hampered. This in turn will have serious implications for women's economic empowerment, gender equality, jobs, income and poverty alleviation. It is essential that donors mainstream gender considerations while further seeking to achieve transformative change during BER interventions at all stages of the programme development cycle. As gender influences and is influenced by all aspect of the business environment – it also needs to be considered for all aspects and stages of programming. Critically, any gender-sensitive BER will require addressing not only the factors that directly restrict women's employment and entrepreneurship, but also the socio-cultural binding constraints on women to effectively remove negative implications on economic empowerment and sustainable economic growth. By proactively incorporating these considerations in programming, donors can contribute to delivering on their global commitments to SDG 5 and impact the lives of women and their families.

To learn more about gender-sensitive BER, refer to the following resources:

- DCED (2016). [Business Environment Reform and Gender Technical Paper](#)
- DCED (2016). [Supporting Business Environment Reforms: Practical Guidance for Development Agencies Annex: Gender and Business Environment Reform.](#)
- DCED (2014) [Measuring Women's Economic Empowerment in Private Sector Development Guidelines for Practitioners.](#)
- DCED (2016) [Practitioner Brief: Rapid Qualitative Assessment Tool for Understanding Women's Economic Empowerment Results](#)
- UN (2017) [Leave No One Behind: Taking Action for Transformational Change on Women's Economic Empowerment.](#)