

WOMEN IN BUSINESS:



OPPORTUNITIES AND IMPACT OF THE PANDEMIC

Women in Business: Opportunities and Impact of the Pandemic

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ABOUT THE PROJECT

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The purpose of the project POWER is to promote women entrepreneurship through evidence-informed and custom-tailored capacity-building interventions, such as knowledge transfer, inspirational encouragement, policy dialogue and advocacy at the local level.

An informative-educational web-platform www.womenpower.ge was created as part of the project to foster entrepreneurial learning and success story sharing.

KEY FINDINGS

WOMEN IN BUSINESS – DESK RESEARCH FINDINGS

- Women to men ratio in business sector employment is 40% to 60%. Man's salary in the business sector is, on average, GEL 515 higher than woman's salary and comprises GEL 1380.5. The largest pay gap (GEL 613) between employees is observed in medium sized enterprises.
- As of 2019, only 29% of registered enterprises was owned by women, down by 2% on a corresponding indicator in 2017; the share of enterprises owned by men increased by 4% from 2017 to 2019 and reached 56%.
- Shortcomings in gender statistics and absence of accurate data make it difficult to arrive at more correct conclusions; for example, the gender of 15% of owners of new enterprises registered in 2019 is not specified and may significantly affect the analysis.
- Sectoral/vertical gender segregation in business activity of the country is apparent – businesses run by women dominate human health and social work activities as well as education sector whereas women lag far behind men in all other sectors.
- Vertical segregation is observed in so-called “traditional” female occupations – women are less represented in managerial jobs. Consequently, women's remuneration remains low. For example, in 2018, in health care sector, an average salary stood at GEL 837.7 for women and GEL 1394.2 for men.
- According to the World Bank's data, the gender gap on Georgia's labor market results in the loss of 11% of Gross Domestic Product (per capita). This means that if those working-age women who are left beyond the labor market, get engage in it on a similar level to men, Gross Domestic Product (GDP) will increase by 11.3%.
- According to studies conducted in Georgia, women's participation in government programs is low and they are mainly beneficiaries of small programs; for example, women account for 40.3% of beneficiaries of Micro and Small Business Support Program implemented by Enterprise Georgia, but the share of women in large industrial programs is much lower – women are seen in the management only in 27% of financed programs (the Parliamentary Gender Equality Council, 2019). Women's participation in agricultural projects comprises 23%; in the program of cooperatives, the share of female members of cooperative stands at 27% and only 8% of them is on the leading position (Sapari).
- According to international studies, during the Covid-19 pandemic, businesses run by women show a low capitalization and less dependence on self-financing, which means that businesses run by women face higher risks of closure or sharp drop in revenues than businesses run by men; women working in unstable environment/sector were the first to lose jobs and will be the last to recover lost income/job.
- The country has a legislative framework for the elimination of economic inequality of women – the Constitution of Georgia, the Law of Georgia on Gender Equality (2010), the Law on the Elimination of All Forms of Discrimination (2014), legislative amendments concerning discrimination, maternity leave, labor remuneration and labor

inspection, which were adopted in 2020. The key problem, however, lies in actual enforcement of this legislation and mechanisms of its enforcement.

- One should also take into account the effect of existing discriminatory attitudes and patriarchal norms on the economic empowerment of women. Access to financing and resources is an important factor for female entrepreneurs. The Georgian legislation recognizes the equality of children (woman and man) as heirs, but because of patriarchal attitudes, a son is perceived to be next in line, especially when it comes to inheriting real estate and land.
- The SME Development Strategy of Georgia 2016-2020 acknowledges that “to promote inclusive growth, it is important to reinforce female entrepreneurship” and speaks about the importance of developing specific mechanisms to this end; however, results fall short of attaining this declared goal.
- The Action Plan of the Government of Georgia for 2019-2020 dedicates just few sentences to gender equality, mainly placing emphasis on the response to domestic violence. The section on economic vision does not acknowledge a problem of gender inequality and accordingly, does not provide any solutions to it.
- The country has not revised the Georgia State Concept on Gender Equality. This document was adopted in 2006; in 2018, the Parliamentary Gender Equality Council presented a revised version and set seven years for its further revision – the work is still in progress and is not publicly available to discuss its details.
- The Action Plan of Parliamentary Gender Equality Council for 2018-2020 pays a particular attention to women’s economic empowerment, including to the development of a new methodology to calculate pay gap and a gender analysis of state budget; however, much will depend on the enforcement timeframe and mechanisms of the action plan.

RESULTS OF WOMEN ENTREPRENEURS’ SURVEY

The survey was conducted in November 2020. It covered 331 women entrepreneurs across Georgia, including 96 in Tbilisi and 235 in the regions.

Business environment

- Based on the results of the survey, a Georgian businesswoman can be described as a married individual with completed higher education, whose main source of income is business.
- The results have revealed a low involvement of young, start-up entrepreneurs and unequal distribution of resources and opportunities between Tbilisi and regions.
- The most important motivation to start a business is a desire to have own business, which may indicate that women try to acquire greater agency and independence.
- Start up of business is associated with various problems for women entrepreneurs, including with the difficulty to access finances and lack of own resources. In Georgia, women hold less assets than men; they also have to do unpaid domestic work which follows from gender roles and stereotypes and further complicates business activity of women. The survey showed that one of main motivations for women to start up business is a desire to have their own income.
- Small and micro entrepreneurship dominates businesswomen: among surveyed women, 76% is individual

entrepreneur and only 26% has limited liability company; besides, the share of individual entrepreneurs is high in the regions.

- The share of women in undertakings with high income and large turnover is small; lack of interest towards business among young, under-31 people is a manifestation of poverty of young women.
- When starting a business, a substantial segment of women entrepreneurs (38%) decided to take up entrepreneurship independently, without help from others. However, the role of a partner/spouse was no less important in this decision-making either – 38% of respondents said that a partner/spouse helped them take this decision, while in case of 25% of respondents, this role was performed by other family members and parents.
- Businesswomen name support from family, including husband, as one of important factors in both start-up and operation of business; this factor is especially conspicuous in regions where, compared to Tbilisi, more women mentioned husband's role, in particular, 43% of women in the regions and 31% of women in Tbilisi.
- Interviewed businesswomen specified three main factors facilitating startup of business: confidence (49%), management skills (23%), and support of family members in domestic work (19%). The role of family is significant here too; in addition to internal factors of confidence and knowledge, it was named as the most important external factor and proved to be a greater facilitating factor for regional businesswomen than for Tbilisi businesswomen.
- Family members play an important role for businesswomen as they share the burden of unpaid domestic work; this, for its part, speaks about the importance of availability and access to pre-school educational institutions, especially in regions. Access to preschool educational institutions is even more critical for single mothers or women whose family members (apart from husband) cannot engage in domestic work and perform their share of childcare activities. It is a responsibility of the state to ensure such access.
- As many as 64% of women entrepreneurs started business themselves; 23% got help from their families, while 12% established enterprises jointly with partners.
- Main obstacle to starting a business were lack of funds – 36%, lack of experience in management – 11%, and difficulty to combine business and family activities – 6%. In terms of rural-urban dimension, the difference was observed only in the component of funding; in particular this problem was named by 39.2% of rural women and 31.5% of women in Tbilisi.
- The majority of businesswomen obtained funds necessary for starting up a business from banks or microfinance organizations, or/and invested their personal savings. The number of women who required loans was higher in regions than in the capital city. Furthermore, savings of family members were used by 5% more women in regions than in Tbilisi.
- As many as 69% of interviewed women did not undertake any attempt to expand their businesses. Those 30% who did so, mainly turned to banks for funding. A very small share of businesswomen, mainly in Tbilisi, benefits from government programs and services of international organizations. These programs and services are mainly used to expand business, rather than obtain start-up capital. This may be explained by an important requirement whereby these programs can only be enjoyed on the basis of shared participation which women cannot afford due to lack of financial resources.
- Expansion of business is associated with risks for the majority of women. Some 34% of women view chances to expand business as slim due to insignificant profits while 14% of women has not even tried to expand due to insufficient business revenues.
- A large segment of businesswomen (49%) willing to expand their business (30% of interviewed women) turned to banks for funding; 11% of them were denied a loan mainly because of negative payment history. The second most frequent reason of denial was the lack of collateral.

- An attempt to expand business by using government programs was undertaken by only 7% of surveyed women. Assistance was denied to 20% of them and none of them was informed of the reason of denial. On the positive side, the share of respondents who dropped expansion plans due to lack of support from the family comprised only 1%.
- The most important factor for women willing to expand their business is the savings – either their own or/and the savings of family members, including husband. It is precisely with the use of savings that 59% of those willing to expand business did so.
- The lack of desire to expand business may be partially explained by the shortage of ideas and business opportunities as well as information about innovations. Businesswomen often lack knowledge as to how expand their business in future.

Impact of Covid-19 pandemic

- The existing inequalities have further deteriorated during the pandemic. The weight of burden on women as key performers of unpaid domestic work, has doubled.
- According to 63% of respondents, they suspended their business operation due to the pandemic but have resumed it or intend to resume. The main cause of suspension were regulations imposed by the government; however, 30% of women said that they had to stop operation because of drop in sales.
- Some 42% of respondents notes that their income from business has decreased in the range of 50% – 100%. Despite increased costs and decreased demand, businesswomen did not talk about dismissing employees; only 21% said that they downsized the staff.
- The majority of respondents, especially in Tbilisi, experiences stress associated with the pandemic; also, the biggest inconvenience for them has been caused by the closure of schools and kindergartens, which means longer hours of care work.
- Businesswomen living in Tbilisi also noted a negative effect of closure of day centers for persons with disabilities (PWDs) on their entrepreneurial activity; this could indicate that such centers for PWDs are less available regions.
- Government assistance to business – assessment of measures implemented by the state to support business was mixed: 47% of respondents evaluated the implemented measures as fully or partially effective whereas 42% evaluated them as fully or partially ineffective.
- Expectation from the government – 58% of respondents named the need of short-term monetary assistance, also coverage of utilities bill, and control on prices.
- The majority of businesswomen (66%) had not implemented any measure to mitigate negative results caused by Covid-19. The most frequent action undertaken was the reduction of manufacturing/service; however, it cannot be considered as an effective, result-oriented measure taken towards the adjustment. New sales methods (online sales, delivery service) have been applied more intensively in Tbilisi, while in regions, a higher number of businesswomen approached banks and suppliers with a request to change payment terms.
- Business optimism – 65% of the respondents believes that they will not have to suspend operation in the months to come. This indicator is especially high in rural areas (72%) as compared to the indicator in Tbilisi (55%).

PART I

INTRODUCTION: WOMEN'S ECONOMIC EMPOWERMENT AND ITS IMPORTANCE

The year 2020 marked the 25th anniversary of the Beijing Declaration and Platform for Action (1995). Among other issues, the Beijing Declaration speaks extensively about economic empowerment of women and challenges related to it. It calls on governments to ensure women's economic rights and independence through legislative and other available means.¹ The world has come a long way since the adoption of this document, but none of the countries has achieved full gender equality; even more, **the Covid-19 pandemic has had twice the impact on economic inequality, pay gap and unequal redistribution of power as anything else.**

When talking about inequality, one should take into consideration intersectionality of the problem. In 1989, Kimberle Crenshaw was the first to describe inequalities seen from **the prism of intersectionality**,² which, at present, implies a novel understanding and reevaluation of intersection of various categories such as gender, race, sexual identity and class. Consequently, when speaking about economic equality and empowerment, one should take into account a context, in particular, realities of a country or an individual, which would prompt to find relevant strategic solutions to eradicate inequality and ensure empowerment. Context on the level of individual is his/her given reality – a social status in a society, gender, identity and class. For example, in case of our study, the data should be broken down into as many smaller categories as possible in order to see various needs and realities for the empowerment of women. A nascent entrepreneur differs from a nascent female entrepreneur living in a rural area, they will show commonalities but differences too concerning the damage sustained due to Covid-19 pandemic and hence, the policy must be planned in the light of these differences.

Empowerment implies change, a type of change when an individual acquires a capacity to decide and to make a choice. This, for its part, gives us agency – when one is independent and has a possibility to choose.³ **Women's economic empowerment implies a process of enabling women to access and control resources**; consequently, it involves a change – a woman who is a victim of economic violence, or/and does not have choice or access to resources due to social and economic environment, starts fighting to acquire agency. The largest global contributors in this regard are the World Bank, the UN and the OECD. Gender equality is the fifth Sustainable Development Goal (SDG) developed by the UN, which sets the aim to empower women in various areas worldwide and have relevant national policies put in place. One of the targets of the gender equality requires from governments to undertake reforms in order “to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.”⁴ Although Georgia conducts an active monitoring of the fulfillment and practical implementation of SDGs, there is still much work to be done, especially in the area of economic empowerment of women. Nationalization of SDGs and coordination of this process is a responsibility

¹ United Nations. (2015) *Beijing Declaration and Platform for Action*. Available at: https://www.unwomen.org/-/media/headquarters/attachments/sections/csw/pfa_e_final_web.pdf?la=en&vs=1203 [21.11.20].

² Crenshaw, K. (1991) *Mapping the Margins: Intersectionality, Identity Politics and Violence against Women of Color*. Stanford Law Review, 42 (6).

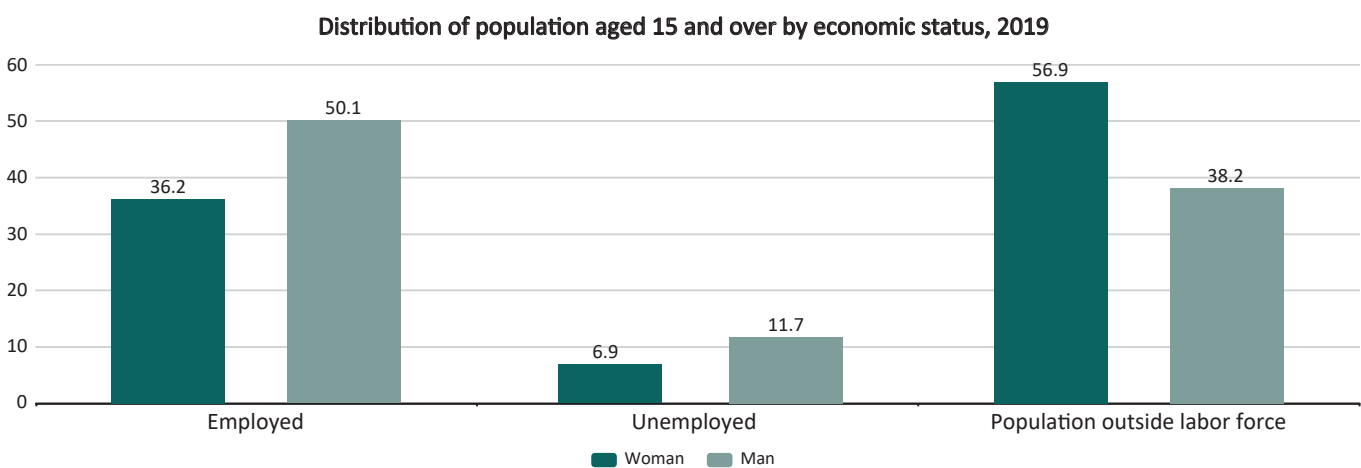
³ Kabeer, N. (2005) *Gender Equality and Women's Empowerment: Critical Analysis of Third Millennium Development Goal*. Gender and Development Vol. 13, No. 1, March.

⁴ United Nations (2020) *Sustainable Development Goals: Gender equality*. Available: <https://www.un.org/development/desa/disabilities/envision2030-goal5.html> [01.12.20]

of the government of Georgia. The action plan has been devised and one of key actors in this regard is the Inter-agency Commission on Gender Equality, Violence against Women and Domestic Violence.⁵ However, targets and mechanisms of attaining women’s economic empowerment are not fully developed, especially with regard to the access to financial services and unpaid domestic work.

Georgia does not have a declared state policy on economic empowerment to date, which is a matter of serious concern as pay gap and glass ceiling remain a problem and more than half of women is either economically inactive or unemployed. More specifically, according to the results of the survey conducted by UN Women, 10% of women has experienced, at least, one form of economic violence from their partners – be it prohibition to work, seizure of income, etc.⁶ Those who succeed in getting jobs have to deal with pay gap: an average monthly salary in Georgia comprises GEL 869.1 for women and GEL 1361 for men.⁷ It should be noted that last year an average salary increased by GEL 46.1 for women and GEL 80 for men. The share of economically inactive women aged above 15 is higher than that of men and comprises 56.9% (see Figure #1), which speaks about lost labor force and wealth. According to the World Bank, the gender gap on Georgia’s labor market results in the loss of 11% of GDP (per capita). This means that if working-age women were to participate in the labor market at the same rates men do, a potential increase of Gross Domestic Product (GDP) will be 11.3%. A study by Cuberes and Teignier (2016) also showed that 64% of the loss in GDP derives from distortions in the choice of occupations (so-called female and male occupations), while 36% derives from gaps in labor force participation. The country loses income primarily due to incorrect utilization of entrepreneurial talents and also, because low participation of women leads to the underutilization of the available human capital.⁸

Figure #1. Economic status of women and men in Georgia.



Source: Women and Men 2020. Geostat.

The fact that data has remained somewhat unchanged since 2002 is a sign of deep systemic problem that leaves women beyond the labor force. We should mention here that by 2020, the data changed because of a new methodology introduced by the Geostat, which resulted in decreased employment and increased unemployment indicators. This affected women employment and unemployment indicators too, decreasing women employment, as compared to 2018 Geostat data, by 0.2 percent in 2019,⁹ and by 1.7% in 2020.¹⁰ It is noteworthy that this change among men comprised 0.1% in 2019 and 0.7% in 2020. While fluctuation of employment and unemployment indicators depends on economy, a gap between women and men is influenced by many factors other than country’s economic indicators.

One should take into account cultural background and opinions or stereotypes dominating society. For example, according

⁵ Administration of the Government of Georgia (2020). *Sustainable Development Goals*. <https://sdg.gov.ge/main> [Accessed on 2.02.2021].

⁶ UN Women. *National Study on Violence Against Women in Georgia*. 2018. [Accessed on 14.11.2020].

⁷ National Statistics Service of Georgia. *Women and Men in Georgia*. [Accessed on 14.02.2021].

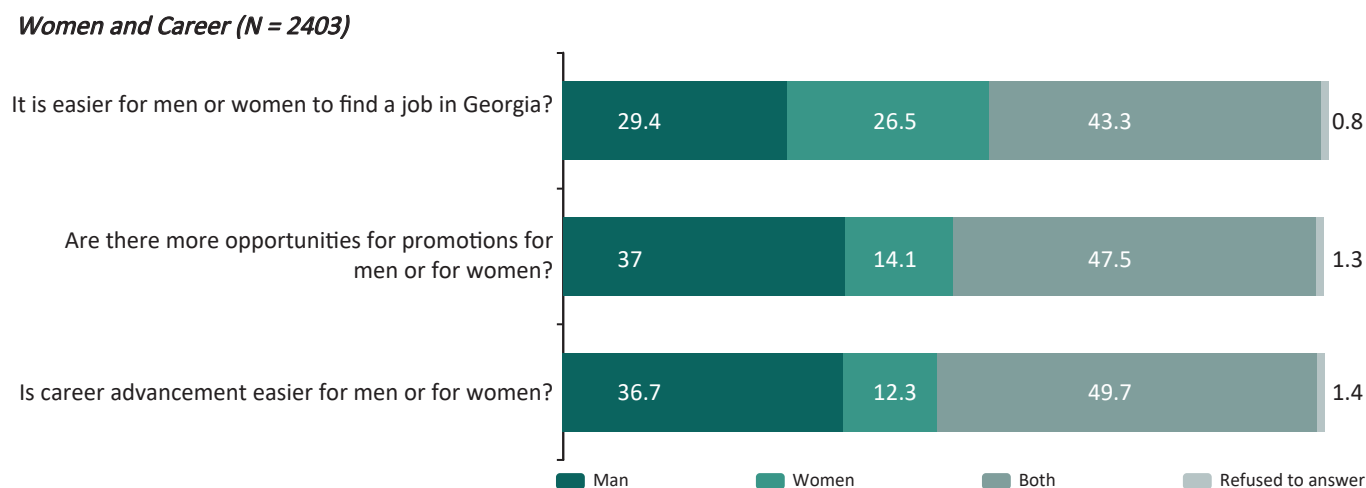
⁸ World Bank Group (2016) *Georgia Country Gender Assessment*. Available: <https://openknowledge.worldbank.org/bitstream/handle/10986/26091/1/12838-WP-P157626-Georgia-CGA-2016-final-PUBLIC.pdf?sequence=1&isAllowed=y> [20.02.2021]

⁹ Recalculated by using a new methodology.

¹⁰ Geostat (2020). *Employment and Unemployment Indicators Calculated by New ILO Standards*. National Statistics Office of Georgia. 28 December 2020.

to a most recent survey of public attitudes towards gender equality, conducted by UNDP and UNFPA in 2020, some 39% of respondents thinks that men are better business leaders than women, which shows a rather noticeable positive change compared to a corresponding indicator of 58% in 2013, when first such survey was conducted. Furthermore, 76% of women and 59% of men believe that a woman is equally qualified as a man and can do the same work equally well.¹¹ According to the survey, traditional attitudes about women and work are still deeply rooted in men. For example, **almost one in four men says that they feel uncomfortable with the female manager**. Both women and men agree that women encounter greater barriers to their career progression.

Figure #2. Percent of respondents who perceived men or women as having easier experience in the workplace.



Source: UNDP and UNFPA, 2020

As many as 74.8% of men and 56.3% of women think that a woman is valued more for her role in a family than her professional career. Against such attitudes, it is interesting to look at gender statistics on female employees in business sector and women entrepreneurs.

Business sector is one of important actors in the process of women’s economic empowerment; however, from the perspective of gender equality, this sector also faces challenge. According to the data of 2019, **the ratio of female to male employees in business sector was 40% to 60%**. Remuneration in business sector was higher for man by GEL 515, on average, than for women, and comprised GEL 1380.5. The largest difference (GEL 613) in remuneration is seen in medium sized enterprises. In 2019, **only 29% of registered enterprises was owned by women, down by 2% on a corresponding indicator in 2017**, whereas the share of enterprises owned by men increased by 4% from 2017 and reached 56% in 2019. It should be noted that shortcomings in recording gender statistics and absence of accurate data make it difficult to arrive at more correct conclusions; for example, the gender of 15% of owners of newly registered enterprises in 2019 is not specified, which may significantly affect the analysis.

Figure #3. Number of newly registered enterprises by owners’ gender (unit).

Year	Woman	Man	Not identified	Total
2013	12960	26191	5652	44803
2014	14335	26593	4534	45462
2015	14019	24655	5310	43984

¹¹ UNDP and UNFPA (2020). *Men, Women, and Gender Relations in Georgia: Public Perceptions and Attitudes*.

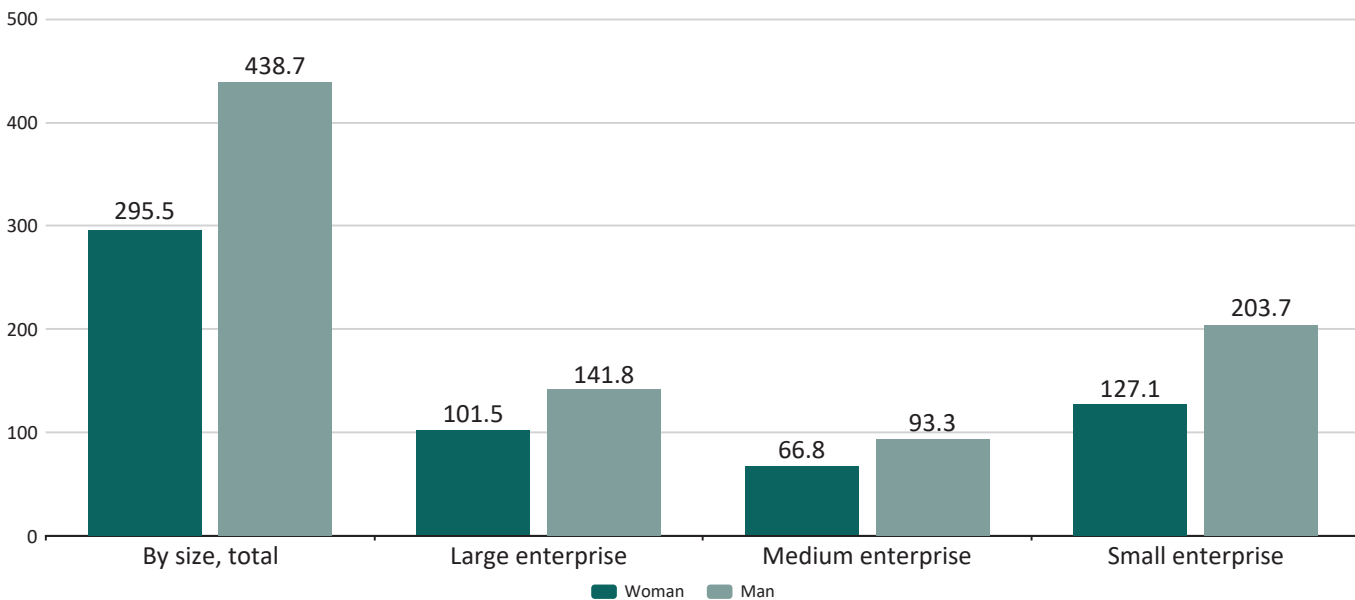
2016	13813	24611	6999	45423
2017	15715	25378	9000	50093
2018	14644	26043	9696	50383
2019	14451	27490	7574	49521

Source: Geostat.

By type, the majority of enterprises with the concentration of women is seen in wholesale and retail trade, repair of motor vehicles and motorcycles, whereas men are concentrated in processing industry and construction sector. Furthermore, the **distribution of enterprises by gender of their founders shows that women dominate human health and social work activities and education sector while lagging far behind men in all other sectors.** This may be explained by segregation of professions into so-called female and male occupations, or by horizontal segregation whereby caregiving and educational activities are perceived as occupations appropriate for women. The largest difference is seen in transportation and construction sectors where men account for almost 90% of business owners.¹²

Since 2015, the number of women and men employed in business sector, as well as average labor remuneration, has been steadily increasing, though the levels of employment and salaries are way higher for men than for women. It is worth to note that by size of enterprise, the largest share of women as well as men works in small sized enterprises; by pay gap, the largest difference is observed in medium sized enterprises which, in general, account for the smallest share of employment both of women and men and even more so, employ, like anywhere else, much fewer women than men.

Figure #4. Number of business sector employees by gender and size of enterprise (thousand/GEL).



Source: Geostat 2020.

By business activities, the largest difference in favor of men is seen in the construction sector which employs 66.7 thousand men and 7.5 thousand women. **Traditionally, balance is upset in favor of women in education and health care sectors, but this disbalance does not translate into remuneration because women's salaries remain low.** In particular, 17,5 thousand women and 5,6 thousand men are employed in the education sector. This data is not broken down by

¹² Geostat. *Women and Men in Georgia*. 2020. [Accessed on 14.02.2021].

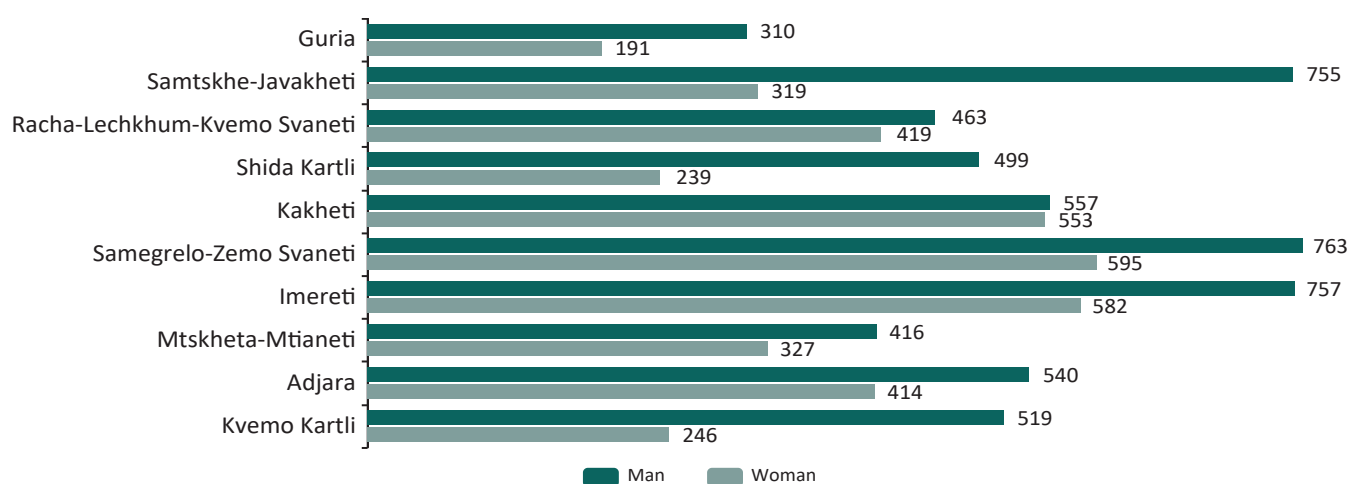
positions of employees, although positions must be the main factor causing differences in salaries. Similarly, in 2018, the health care sector had 54,4 thousand female and 18 thousand male employees, but average monthly salary comprised GEL 837,7 for women and GEL 1394,2 for men, which resulted from dominance of men on managerial positions and of women on low-paid positions such as nurse. Concentration of men on leading positions is a vertical segregation which, coupled with horizontal segregation, plays a significant role in creating gender pay gaps.

Framework of women's economic empowerment may be a reference point for exploring problems of businesswomen, but the issue needs to be narrowed down and tailored to requirements of women. Gender stereotypes, the state of economy and a public or private sector policy create an environment that poses more problems to female entrepreneurs than male entrepreneurs. Global Entrepreneurship Monitor survey conducted in 2014 found that in Georgia the share of women among nascent entrepreneurs comprised only 37.5%. Self-confidence of women was lower than that of men at an early stage of entrepreneurship as 26.7% of women thought they had adequate capabilities to start business compared to 43.3% of men who were confident about their capabilities. Such a wide gap between women and men is caused by the lack of agency and access to finances/material resources for women. Gender stereotypes dominating a society are especially influential, whereby women, having decided to start their own business, are constrained by responsibilities of unpaid care and domestic work artificially assigned to them by society, placing each of them under a psychological pressure and potentially reducing their efficiency outside family. A survey conducted by UN Women showed that 30.8% of rural population interviewed in Georgia did not have access to kindergartens.¹³ Lack of access to social infrastructure – kindergartens, PWD rehabilitation centers, elderly care programs – limits women's potential opportunities to engage in income-generating activities and financially ensure themselves and their families.

Assessment of motivation to start up business revealed that 37.7% of men started business because they saw an opportunity for doing so, compared to 11.1% of women. There is a different motivation to start business, which shows economic inequality and poverty among women. As many as 66.7% of nascent women entrepreneurs said that they started business because of the need to do so, compared to a corresponding indicator of 45.8% among men. A manifestation of unequal starting position of businesswomen is seen in their low involvement in government programs. The most glaring example is the statistics on beneficiaries of the government program Enterprise Georgia.

The government program, **Enterprise Georgia**, has supported the development of small and medium size entrepreneurship since 2014. According to its 2018 report, the total number of female beneficiaries is lower than that of male beneficiaries nationwide, although the program has a set quota of 40% for women applicants to ensure equality. The data of 10 regions shows the largest difference in **Samtskhe-Javakheti where the total number of male beneficiaries, since the inception of the program to 2018, comprised 755 as opposed to 319 women (29.7%)**. The smallest difference was observed in Kakheti where the ratio comprised 553 women to 577 men over the same period.¹⁴

Figure #5. Beneficiaries of Enterprise Georgia's Micro Grants project by regions.



Source: Enterprise Georgia Annual Report 2018.

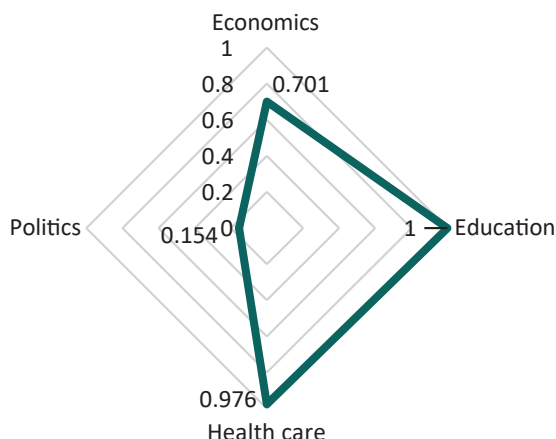
¹³ UN Women. *The Gender Assessment of Agriculture and Local Development Systems*, 2016.

¹⁴ Enterprise Georgia, 2018 *Annual Report*. Available at: <http://www.enterprisegeorgia.gov.ge/uploads/files/publications/5cb6eea5070eef-Annual-report-2018-Web.pdf> [01.12.20].

It is worth noting that the 2019 report of Enterprise Georgia does not provide gender statistics, though steps taken towards the empowerment of women can be discerned. In particular, small and medium business was defined as a priority of the program in that year and furthermore, it started to issue grants to residents of occupied regions of Georgia (Abkhazia and Tskhinvali region), with the total of 14 projects financed and 48 beneficiaries selected included 22 women.¹⁵

To fully perceive the situation concerning the economic empowerment of women in Georgia, we should look at rankings of Georgia by global gender indices. There are various indices, but most relevant to this study is the Gender Gap Index of World Economic Forum. According to the 2020 report, Georgia ranks 74th among 153 countries, with its score of 0.704.¹⁶ Since 2018, Georgia has improved its ranking, though this improvement comprises just 0.038 between 2006 and 2020. According to four dimensions measured by the index, Georgia fares the best in Educational Attainment, ranking 29th.¹⁷

Figure #6. Georgia's indicators on the Gender Gap Index scale.



Source: World Economic Forum.

On the regional (Eastern Europe and Central Asia) level, Georgia ranks the eighth from the bottom among 26 countries and is ahead of two other Caucasian countries and the Czech Republic. The most relevant index for this report, the Economic Participation and Opportunity, measuring various indicators shows the worst indicator by earned income and the best indicator by professional and technical workers.

Figure #7. Gender Gap Index 2020. Georgia's indicators.

	Rank	Score	Average
Economic Participation and Opportunities	61	0.701	0.582
Labor force participation rate %	91	0.762	0.661
Wage equality for similar work (1–7 scale)	73	0.649	0.613
Estimate earned income (PPP-\$)	118	0.494	0.499
Legislators, senior officials and managers %	14	0.791	0.356
Professional and technical workers %	1	1.000	0.756

Source: World Economic Forum.

¹⁵ Enterprise Georgia, 2019 *Annual Report*. Available at: <http://www.enterprisegeorgia.gov.ge/uploads/files/publications/5e9ff7a844a85-Annual-Report-2019-small-pdf.pdf> [03.02.2021]

¹⁶ On the 0-1 scale of the index 0 means "large gap", and 1 means "no gap." Global Gender Gap Index measures: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment.

¹⁷ World Economic Forum (2020) *Global Gender Gap Report 2020*. Available at: http://www3.weforum.org/docs/WEF_GGGR_2020.pdf [01.12.20]

Against this backdrop, it is extremely important to explore challenges and opportunities of women entrepreneurs in Georgia, as the development of entrepreneurship among women plays an important role in progressing towards women's economic empowerment. Objectives set by this survey were to identify factors impeding and facilitating women to start up, run and expand business and to study the impact of pandemic on businesswomen. Recommendations were drawn up based on the results of the survey.

The report is organized in the following way: the above introduction in the first part of the report, overviewing the framework of women's economic empowerment and gender inequality statistics, is followed by a detailed discussion of survey methodology. The next chapter provides the analysis of challenges and opportunities for women entrepreneurs in Georgia, including the overview of legislative framework and policy which involves the analysis of all significant documents that create a basis for women's economic empowerment, and specifically, empowerment of women entrepreneurs. In a separate subchapter, the impact of Covid-19 pandemic is discussed on women and, in general, on economy across the world. We will also provide examples of measures implemented to empower businesswomen. The second part of the report reflects results of the survey. This part consists of three subchapters: the first subchapter describes a general profile of women entrepreneurs, sizes of women-operated enterprises and other indicators. The second subchapter discusses opportunities and challenges in starting, expanding and operating business and businesswomen's perceptions of their situation in this regard. The final, third subchapter discusses the impact and the scale of impact of the Covid-19 pandemic on women entrepreneurs. The final part of the report presents conclusions followed by recommendations for key actors on what measures should be undertaken to improve the situation of women entrepreneurs.

SURVEY METHODOLOGY

The aim of the survey is to identify challenges and opportunities of women entrepreneurs in Georgia. Furthermore, it aims to evaluate the impact of Covid-19 pandemic on activity of businesswomen. Principles of women's economic empowerment has been selected as an analytical framework and the data has been analyzed accordingly. A desk research was carried out at the initial stage and the existing situation was analyzed according to it by using official documents and secondary sources - theoretical and empirical literature that determined a comprehensive framework for the empowerment of women entrepreneurs. However, the survey is in essence quantitative. The Caucasus Research Resource Centers (CRRC) conducted a telephone survey by applying Computer Assisted Telephone Interviewing (CATI) technique. The survey was carried out between 17 and 21 November 2020, and actually reflects the second wave of pandemic and accompanying restrictions.

The survey is representative of the country (excluding occupied territories) for women owning business. The sample is divided into two strata: Tbilisi and regions. Consequently, results can be generalized from both perspectives. Interviews were conducted in Georgian. The applied method of sampling was a stratified random sampling. A frame of sampling was a list of women owning business in Georgia. To this end, 1500 businesses were selected and 863 respondents were reached. At the end of the day, 96 interviews were conducted in Tbilisi and 235 in regions, which made up the total of 331 respondents. The error of margin of the survey is +/- 3,4%.

Figure #8. Sampling design.

Stratum	Number of selected businesses	Businesses that were contacted	Responses obtained
Capital city	500		96
Regions	1000	863	235
Total	1500		331

The next stage involved the cleaning of database, weighing and coding of responses to open-ended questions. The survey tool itself consisted of three parts: apart from demographic data in the first part, respondents spoke about their companies; in the second part, respondents talked about their attitudes to starting a business, about their motivations to start up business and obstacles they encountered in this process; in the third part, women entrepreneurs talked about the

effect of the coronavirus, the damage caused to their business by the pandemic and measures they undertook to adjust to the emerged reality.

POLICY AND INSTRUMENTS FOR EMPOWERMENT OF WOMEN ENTREPRENEURS

Legislative framework

The key legislative document, the Constitution of Georgia, obligates the state to ensure the right to equality, which implies “*equal rights and opportunities for men and women. The State shall take special measures to ensure substantial equality of rights for men and women, and to eradicate inequality.*”¹⁸ Legislative amendments of 16 December 2018, concerning the mechanisms of political empowerment of women resulted in setting mandatory quotas in party lists, but the component of economic equality has largely remained neglected. The renewed Labor Code needs also be noted among significant legislative changes introduced in the past few years.

The **Law on Gender Equality**, adopted in 2010, ensures “*equal rights for men and women in political, economic, social and cultural life.*”¹⁹ To this end, the state assumes the obligation to keep gender statistics, introduce gender budgeting approach, protect women against discrimination and harassment in labor relations. The state is also committed to ensuring equality in family relations. It is worth to mention the issue of running and owning property – although the Georgian legislation recognizes the equality of children (woman and man) to inheritance, because of patriarchal attitudes, a son is perceived as a preferred heir, especially when it comes to inheriting real estate and land. The existing inequality in the access to resources leads to economic violence. Based on the Law on Gender Equality, supervision mechanisms were established, such as the Parliamentary Gender Equality Council, the Inter-agency Commission on Gender Equality, Violence against Women and Domestic Violence. Furthermore, gender issues are covered by the Gender Equality Department at the Office of Public Defender and the Prime Minister’s Advisor on Human Rights and Gender Equality.

On 29 September 2020, the Parliament of Georgia adopted a set of legislative amendments concerning discrimination in the workplace, maternity leave, labor remuneration and labor inspection. The law was changed to include provisions on ensuring equal pay and eradicating discrimination on the ground of gender. The Labor Code reads: “***Employers shall ensure equal remuneration of female and male employees for equal work performed.***”²⁰ Greater consideration is given to pregnant and breastfeeding women. Even more, the right to a parental leave because of birth of child is granted to men too, representing a step taken towards the redistribution of unpaid care and domestic work, which is extremely important for women’s economic empowerment, including for the creation of more favorable conditions for women entrepreneurs – a possibility to redistribute domestic work will alleviate this burden of those women who work full time or run their own business.

In addition to the Labor Code, there is one important instrument for combatting discrimination - the Law on the Elimination of All Forms of Discrimination adopted by the parliament in 2014. To eliminate any direct and indirect discrimination, the Law intends to “ensure equal rights of every natural and legal persons under the legislation of Georgia, irrespective of race, skin color, language, sex, age, citizenship, origin, place of birth or residence, property or social status, religion or belief, national, ethnic or social origin, profession, marital status, health, disability, sexual orientation, gender identity and expression, political or other opinions, or other characteristics.”²¹

As the overview shows, there are significant legislative provisions ensuring gender equality and preventing economic violence, but it is a separate issue as to how effective each of this law is in practice, whether they contain relevant implementation levers and how these provisions are reflected in policy documents.

¹⁸ Government of Georgia (2018). *The Constitution of Georgia*. Available at: <https://matsne.gov.ge/ka/document/view/30346?publication=36> [25.11.20]

¹⁹ Parliament of Georgia (2010). *Law of Georgia on Gender Equality*. Available at: <https://matsne.gov.ge/ka/document/view/91624?publication=9> [25.11.20]

²⁰ Parliament of Georgia (2010). *Labor Code of Georgia*. Available at: <https://matsne.gov.ge/ka/document/view/115567?publication=17> [29.11.20]

²¹ Parliament of Georgia (2014). *Law of Georgia on the Elimination of All Forms of Discrimination*. Available at: <https://matsne.gov.ge/ka/document/view/2339687?publication=3> [29.11.20]

Policy and practice of women's economic empowerment

The **Georgia State Concept on Gender Equality** of 2006 is a policy document which reflects the vision of the Georgian state about the elimination of inequality. The document dedicates a separate chapter to the economic topic, which reads: "*Provision of equal participation of women and men is an important mechanism in implementation of the policy of economic security, which will facilitate the achievement of this goal.*"²² The state also acknowledges the need of mainstreaming gender equality in government programs for economic development and poverty reduction, which, for its part, will stimulate the achievement of gender balance on the labor market, especially in entrepreneurial activity. The Concept also underlines equal access to fiscal, credit and production resources as one of the mechanisms for private sector development and creation of jobs. The Concept was soon, in 2010, followed by the adoption of the Law on Gender Equality, but the Concept itself was not updated for years; it was not until recently, namely, 2018, that the Parliamentary Gender Equality Council presented a revised document and set a seven-year term for a new revision.²³ The document is not available and consequently, we cannot discuss its content or essential changes made to it, but the fact itself is clearly a positive step towards the development of consolidated state policy for strengthening gender equality.

The Parliamentary **Gender Equality Council**, operating since 2014, is one of leading mechanisms in ensuring gender equality in Georgia. In its action plan for 2018-2020, a particular attention was paid to women's economic empowerment; in particular, the plan envisaged the development of a new methodology for calculating pay gap and the introduction of a gender analysis of state budget. The implementation of these measures will indeed be a step forward. The Action Plan contains a provision saying: "*For the purpose of economic empowerment of women - draft the package of legislative amendments of the Labor Code of Georgia and the other laws,*"²⁴ but it does not specify the timeframe for the implementation of this measure and moreover, it is ambiguous what it implies. One should also mention an inquiry group set up by the Gender Equality Council, which assessed women's participation in government programs. It also assessed access to vocational education for women's economic empowerment. After reviewing the activity of legislature, it is also interesting to overview instruments developed and policy implemented by the executive government.

The Action Plan of the Government of Georgia for 2019-2020 dedicates just a few sentences to gender equality and the main emphasis is placed on the response to domestic violence. In the section on economic vision a problem of gender inequality is not acknowledged as a serious barrier to the economic development of the country, and hence, solutions to it are not provided. Nor does it say anything about the necessity to ensure gender equality in terms of employment, small and medium business development or other areas, which makes us assume that the mentioned document is gender-blind.²⁵ As regards a more extensive four-point plan "**Freedom, Rapid Development and Prosperity**," it is more inclusive in terms of gender equality and reads that "*Effective measures will be implemented for ensuring gender equality in all fields of social life, especially in political and economic activities, and at the decision-making level. Each instance of violation of gender equality will be addressed promptly and effectively. The government will promote raising awareness of gender issues.*"²⁶ Clearly, policy documents of this scale cannot be more detailed, but it is necessary to show the state is aware of gender equality and economic injustice. However, how effectively this or that authority will act to implement this program is a separate issue. In 2021, it will be possible to assess the fulfillment of the mentioned plan and provide a gender analysis.

The most important document for women entrepreneurs is the **SME Development Strategy of Georgia 2016-2020**. The document acknowledges that "To promote inclusive growth, it is important to reinforce female entrepreneurship. Women are less active in entrepreneurial activities rather than men so it is important to *develop specific mechanisms to stimulate* deeper involvement of women in entrepreneurial and economic activities."²⁷ The strategy identifies the promotion of female entrepreneurship as a separate priority and specifies the need to conduct a needs analysis of women and based on the analysis, to plan measures, also establish a platform to facilitate a dialogue among stakeholders and to promote women entrepreneurship. Results of the analysis of this program will be interesting to learn how much were the planned

²² Parliament of Georgia (2006). *Resolution of Parliament of Georgia on the Approval of The Georgia State Concept on Gender Equality*. Available at: <https://matsne.gov.ge/ka/document/view/44014?publication=0> [26.11.20]

²³ Parliament of Georgia (2018). *The Parliamentary Gender Equality Council presented a draft state concept on gender equality*. Available at: <http://www.parliament.ge/ge/saparlamento-saqmianoba/komisiebi-da-sabchoebi-9/genderuli-tanasworobis-sabcho/news-gender/genderuli-tanasworobis-sabchom-genderuli-tanasworobis-saxelmwifo-koncefciiis-proeqti-waradgina.page> [28.11.20]

²⁴ Gender Equality Council (2018). *Action Plan 2018-2020*.

²⁵ Government of Georgia (2019). *Government Program 2019-2020*. Available at: http://gov.ge/files/68_73407_808965_%E1%83%A1%E1%83%90%E1%83%9B%E1%83%97%E1%83%90%E1%83%95%E1%83%A0%E1%83%9D%E1%83%91%E1%83%9D%E1%83%9E%E1%83%A0%E1%83%9D%E1%83%92%E1%83%A0%E1%83%90%E1%83%9B%E1%83%902019-2020.pdf [02.11.2020]

²⁶ Government of Georgia (2016). *Freedom, Rapid Development and Prosperity Government Platform 2016-2020*.

²⁷ Government of Georgia (2016). *The SME Development Strategy of Georgia 2016-2020*.

measures implemented, especially when, for example, despite set quotas, women participation remains low in Enterprise Georgia program, let alone total dominance of man in several business sectors, lack of women on managerial positions and a problem of pay gap.

From government support programs to support female entrepreneurs, one should note programs implemented by Enterprise Georgia and the Ministry of Agriculture. According to a study conducted by the Gender Equality Council in 2019, women beneficiaries of Micro and Small Business Support Program of **Enterprise Georgia** comprise 40.3%, though the percentage indicator varies by years. As regards industrial component of Enterprise Georgia, the engagement of women is low – among up to 400 financed projects, managerial positions are held by 111 women, which comprises only 27%. **Women's participation in agricultural projects is lower than in Enterprise Georgia.** Women comprised 23% of beneficiaries of the projects implemented in 2018. It is interesting that, as stated in the study, a 30% quota set for women in a co-financed Agriculture Modernization, Market Access and Resilience project was removed in 2019 because of failure to attain it. Consequently, the share of men further increased in the program. Participation of women is a requirement in two of eight projects for the development of agricultural cooperatives. These are the hazelnut production development program, requiring that 31% of cooperative shareholders are women, and the beekeeping cooperatives support program with at least 15% of shareholders to be women.²⁸ The analysis of cooperatives program, conducted by Sapari, shows that women comprise 27% of cooperative shareholders and only 8% of them hold leading positions. To sum up, women are concentrated in programs designed for small and medium business, but their participation sharply falls when it comes to large projects. For example, women's participation in Preferential Agro Credit Program, which has the largest budget, is a mere 7.3%.²⁹ One may infer from the above said that businesswomen in Georgia face a problem of owning and managing resources. This survey serves the very aim of identifying causes of such state of affairs and results of it are provided in the second part of this report. Also, before we proceed to discussing challenges faced by businesswomen in Georgia and impact of Covid-19 pandemic on their activities, it is necessary to overview changes induced by the pandemic in the world in 2020 and global trends that have been observed in terms of gender equality.

Impact of Covid-19 pandemic on women entrepreneurs

The Covid-19 pandemic continues to affect the world, be it in the form of health care system crisis, radicalization and polarization of political climate or deterioration of condition of vulnerable groups of population. Existing inequalities have further deepened during the pandemic. Women's load, as main performers of care and domestic work, has doubled. The pandemic equally affected both economically active and inactive women. Against the pandemic-induced economic recession, it is especially important to explore problems which businesswomen have come to face. With the scarce information available to us, we will try, in this subchapter, to analyze the effect of the pandemic on the welfare of women.

Forecasts of poverty levels after 2020 are alarming. Poverty indicators have shown a constant decrease since 1990, with the share of women living in extreme poverty expected to go down to 2.7% between 2019 and 2021. However, the forecasts predict an increase of this indicator to 9.1% after the pandemic, thus drastically changing already attained progress and representing a devastating boomerang effect of the pandemic. **Women working in unstable environment/sector were the first to lose jobs and will be the last to recover lost income/jobs.**³⁰ This forecast is even more alarming against the pre-pandemic estimate of the World Economic Forum whereby it would take 257 years to attain gender equality in economic life because the progress in this sphere has been the slowest. One may assume that the impact of Covid-19 will further delay the closure of the gap in economics.

A study conducted by Carnegie Endowment and the National Democratic Institute into women's political participation revealed that **the primary problem is the decrease in women's economic security worldwide and a return to traditional gender roles.**³¹ The authors note that the political engagement of women largely depends on their economic empowerment because lack of financial power and time availability prevent women from engaging in electoral processes. One should also note a sort of positive tendency when the world drew attention to a group of countries led by women, that had been successful in handling the pandemic. For example, Germany, Denmark, Finland and Norway were named as successful

²⁸ Parliament of Georgia (2019). *Women's Participation in Government Economic Programs*.

²⁹ Margvelashvili, K. (2017). *WOMEN'S ECONOMIC EMPOWERMENT IN GEORGIA: Analysis of Existing Policies and Initiatives*. Available at: <https://sapari.ge/wp-content/uploads/2017/12/woman-economic-geo-www.pdf> [12.01.21]

³⁰ UN Women (2020) *The COVID boomerang effect: New forecasts predict sharp increases in female poverty*. Available at: <https://data.unwomen.org/features/covid-19-boomerang-effect-new-forecasts-predict-sharp-increases-female-poverty> [05.12.20]

³¹ Brechenmacher, S., Hubbard, C. (2020) *Exacerbating Women's Political Exclusion*. Carnegie Endowment for International Peace.

countries because of lower indicators of Covid-19 deaths and cases and effective response policy. Professors of Liverpool and Reading universities conducted a study, based on the data of 194 countries, to prove the causality between female leaders and successful response to the pandemic. The article, published in June 2020, assessed the first wave of the pandemic and found that **COVID-outcomes were systematically better in countries led by women and that may be explained by the proactive and coordinated policy responses adopted by them.**³²

Headlines about success stories overshadowed another reality - exacerbation of women's political engagement and economic welfare. For example, the analysis of composition of task forces set up for pandemic response in 87 countries revealed that only 3.5% of them was gender-balanced whereas the majority, 85.2%, was dominated by men. Although that data reflected the national level task forces, the situation proved similar on an international level too; for example, 80% of committees of the World Health Organization is men-dominated.³³ This evidences women's low involvement in decision making, which is not a trait of countries like Georgia alone, but a problem on a global scale.

Increase in unpaid care and domestic work has a decisive effect on women's economic activity. The share of women in informal economy is quite large; hence, pandemic-induced restrictions have seriously influenced them. According to the International Labor Organization, **1.6 billion people employed in informal sector worldwide faced financial problems due to the pandemic.** It should be noted that women are largely engaged in those sectors that have been most severely hit by the pandemic.³⁴ The state of informal enterprises is worth noting separately. These are small-scale businesses with up to 10 employees, including women loaded with unpaid domestic work, who work in most difficult conditions without health and safety guarantees. Their productivity is very low, they lack savings or any other capital and are therefore extremely vulnerable to economic shocks; furthermore, they are largely ineligible for pandemic-related short-term financial assistance programs. Risk groups also include women working in the health care sector – in the majority of countries they account for the largest share of Covid-19 cases; **for example, among Covid-infected health care personnel women comprise 69% in Italy, 75.5% in Spain and 73% in the United States of America.**³⁵ Such high indicators reflect the reality that health care sector of Georgia as well as other countries employ more women, compared to men, especially, on vulnerable and low-paid positions, who are in longer direct contact with infected patients.

According to the Organization of Economic Cooperation (OECD), within three months of the pandemic breakout, half of small and medium sized businesses lost large share of income and faced a threat of closure. In the OECD countries, 5% of female labor force participants owns established business, 3% owns new business and 5% tries to start a business. The countries apply different mechanisms of financial support. For example, various countries issued unemployment compensation (Canada, Germany, Italy, Israel, etc.) and abolished or reduced all types of social taxes for self-employed people. Less frequently applied measure was tax breaks for small and medium business and self-employed people (Italy, Spain, Peru and Argentine). Judging by the results of crisis in 2008, one may say that women entrepreneurs and their businesses were not more exposed to it than men. That, back then, was explained by characteristics of women-operated businesses, in particular, concentration mainly in health care, education and other personal service activities which are more resilient to economic collapse. However, in contrast to 2008, the Covid-19 pandemic has a more profound impact on the economy and restricts personal activity more severely too. According to data, women-operated businesses show lower capitalization levels and lower reliance on self-financing, which suggests that businesses run by women are at greater risk of closure or sharp drop in revenues than businesses operated by men.³⁶ This, coupled with unpaid care and domestic work, shows that the situation of women is clearly not favorable.

To cope with the challenge, the UN calls on governments to implement specific economic policy on the national level, for example:

- To expand preexisting, or introduce new, monetary assistance program for women, be it conditional or unconditional cash-transfers;

³² Garikipati, S., Kambhampati, U. (2020) *Leading the Fight Against the Pandemic: Does Gender 'Really' Matter?* Available at: SSRN: <https://ssrn.com/abstract=3617953> or <http://dx.doi.org/10.2139/ssrn.3617953>

³³ Van Daalen KR, et al.(2020) *Symptoms of a broken system. The gender gaps in COVID-19 decision making.* *BMJ Global Health.* doi:[10.1136/bmjgh-2020-003549](https://doi.org/10.1136/bmjgh-2020-003549)

³⁴ International Labour Organisation (2020) *COVID-19 crisis and informal economy. Immediate responses and policy challenges.* ILO brief, May. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/briefingnote/wcms_743623.pdf [21.11.20]

³⁵ UN Women (2020) *COVID-19: Emerging gender data and why it matters.* Available at: <https://data.unwomen.org/resources/covid-19-emerging-gender-data-and-why-it-matters> [05.12.20]

³⁶ OECD (2020) *Women at the core of fight against COVID-19 crisis.* Available at: https://read.oecd-ilibrary.org/view/?ref=127_127000-awfnqj80me&title=Women-at-the-core-of-the-fight-against-COVID-19-crisis [05.12.20]

- To temporarily eliminate utilities bills for poor people;
- To ensure targeted social assistance programs for women who were affected by the pandemic and worked in sectors such as tourism, retail trade, restaurants, etc.;
- To extend basic social protection package to informal workers;
- To alleviate the tax burden on women owned businesses;
- To integrate a gender assessment to understand the economic impact of COVID-19 pandemic on women and girls.³⁷

International experience

The table below shows programs/initiatives developed by various countries to support and empower women entrepreneurs.

Intervention	Short Description	Result	Country
Networks for Business Extension	Going for Growth was founded in 2009, aimed at business extension initiatives for women entrepreneurs and widening of their professional networks. The initiative helps growth-oriented businesses in development, by setting specific growth objectives and constant monitoring and control against the pre-set objectives. Women entrepreneurs have mentors/leaders, who themselves are entrepreneurs and participate on voluntary basis. 6-month session comprises knowledge exchange, discussing problematic issues, and having “positive pressure” upon one another for motivation.	Over the course of 7 years, 400 women entrepreneurs participated in the program. In the sixth year of the project, 70 percent of beneficiaries reported sales increase by 15 percent within 6 months after the program completion. 22 percent of participant women entrepreneurs increased product export.	Ireland
Providing loans for women entrepreneurs	Mecklenburg-Western Pomerania – a state investment bank provided loans to those women entrepreneurs, whose applications were rejected by commercial banks.	The program aimed at overcoming the negative obstacles of private banking institutions on women entrepreneurs, since in most of the cases access to funds through commercial banks is rather challenging.	Germany
Mentoring programs at Commercial banks	Some of the private and commercial banking institutions (such as HVB Branchen) envisage provision of mentoring services to women entrepreneurs. These services support women entrepreneurs in receiving and managing bank loans.	In order to ensure demand on credit lines, some commercial banks introduced mentoring services. This approach proved to be effective in attracting women entrepreneurs and in supporting them in sustainable business development.	Germany
Lines of credit and meso-financing	Lines of credit and meso-financing can provide much-needed liquidity to women-owned firms in times of crisis.	The Women Entrepreneurship Development Project (WEDP) issued 23.3 million USD to women entrepreneurs in just its first calendar year, with 66% of recipients being first-time borrowers. Three years later, women who received the credit line increased their profits by an average of 40%, and repayment rates stand at 99.1%.	Ethiopia

³⁷ United Nations (2020) *The Impact of COVID-19 on women*. Available at: <https://reliefweb.int/sites/reliefweb.int/files/resources/policy-brief-the-impact-of-covid-19-on-women-en.pdf> [05.12.2020]

Information sessions on business registration and banking products

Helping urban firms to formalize through small incentives and a banking information session can also boost their access to financial services.

a GIL study showed that encouraging women entrepreneurs to register their firms, coupled with an information session at a bank, increased their use of formal financial services, which helped boost their profits by an average of 20%. A similar effect was observed for men. This model could be adapted to the current crisis by offering the bank information via mobile phones.

Malawi

Business plan competitions	Business plan competitions could be another tool to address capital constraints and encourage investment and risk-taking during the post-crisis recovery. These competitions could also foster innovations around the Coronavirus response.	A business plan competition providing cash grants averaging \$50,000 increased the likelihood that women would operate a firm, boosted employment, and led to increases in sales and profits.	Nigeria
Personal initiative trainings	Personal initiative training—which teaches women entrepreneurs to be proactive and demonstrate perseverance—may help them to bounce back from the economic ramifications of COVID-19.	In Togo, the training resulted in a 40% increase in profits for female entrepreneurs compared to those who took a traditional business training, and it was successfully scaled up in over ten countries. It could be a key tool to promote investments, decrease risk aversion, and increase worker productivity during crisis recovery. Depending on mobility restrictions, the training could take place virtually. This training also boosted the profits of male entrepreneurs who were trained.	Togo
Coaching as well as providing information and training on sector choice	Coaching as well as providing information and training on sector choice can be crucial to guide women who are starting new self-employment livelihoods during the recovery phase.	Evidence from Ethiopia and Uganda highlights that women entrepreneurs' profits are significantly higher in sectors in which women are typically less likely to operate, compared to those they earn in female-dominated sectors. Counseling women on the implications of sector choice during the very initial startup phase may support improving women's business outcomes in the medium-term.	Ethiopia, Uganda
Soft Skill Training	Soft skills training can increase employment of the most vulnerable to help them bounce back from the crisis	Preliminary results from a GIL study in Togo showed that a soft skills training had large and positive impacts on number of hours worked (10%), reservation wage (7%), and income (15%) for only the poorest participants, indicating the effectiveness of the intervention for low-income, more vulnerable groups.	Togo
Cash Transfers	Complementing training with cash grants can enhance entrepreneurship and employment outcomes as part of the crisis recovery.	In Benin, a World Bank project which offered business and lifeskills training as well as cash grants (approximately \$400) to vulnerable youth yielded positive short-term impacts on employment outcomes.	Benin

Training young women to operate as franchisees of large firms and cash grants

Both training young women to operate as franchisees of large firms and cash grants can increase entrepreneurship and short-term incomes.

In urban Kenya, a bundled project that offered business and life skills training, a capital grant, and links with firms to start small-scale franchises, yielded similarly persistent increases in entrepreneurship rates and short-term increases in income as cash grants of comparable value (approximately \$220).

Kenya

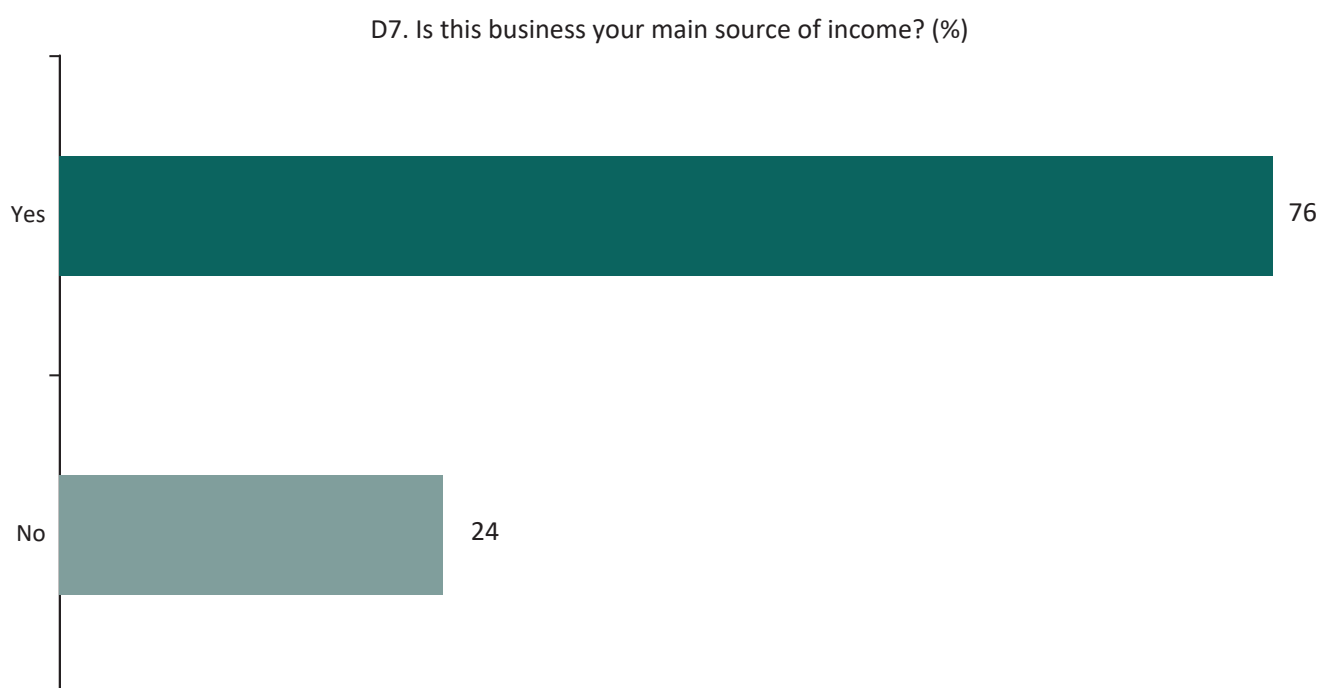
PART II

RESULTS OF SURVEY

Women entrepreneurs in Georgia

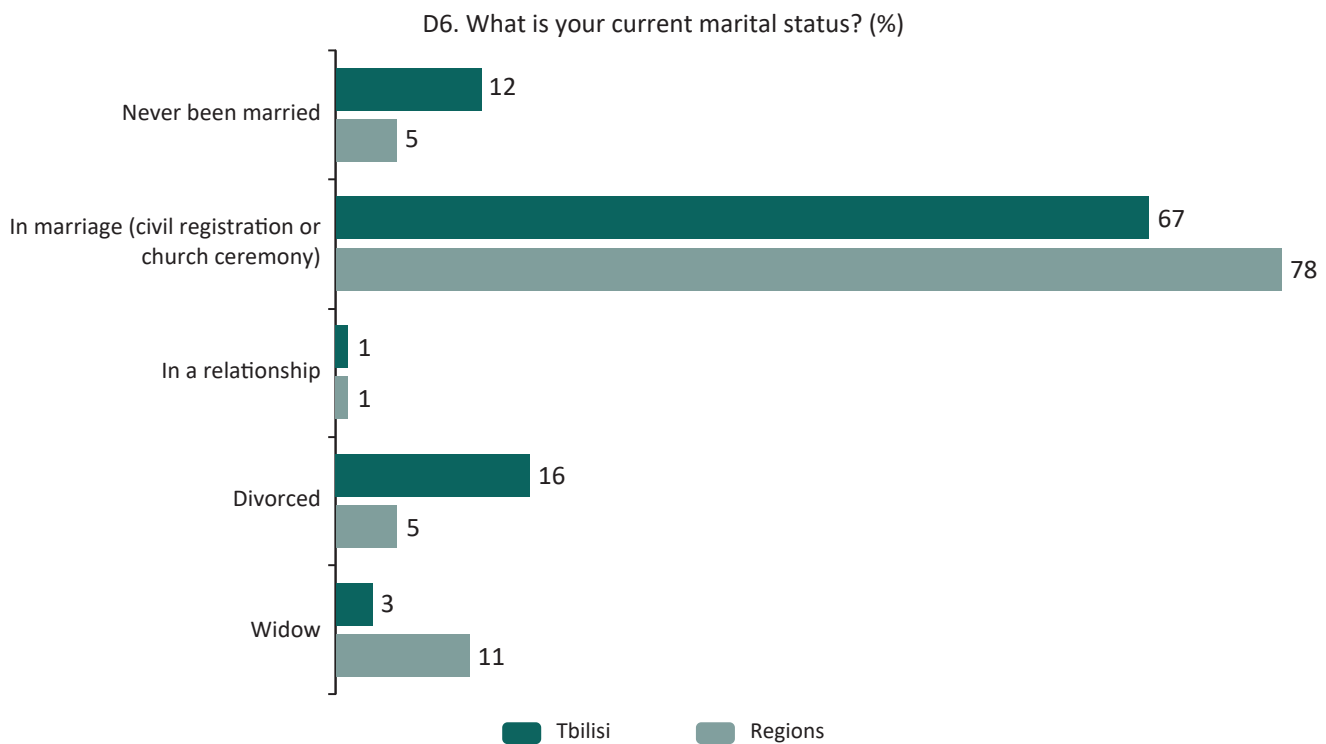
When talking about women entrepreneurs, it would be interesting to describe women entrepreneurs in Georgia. It has turned out that the majority of respondents is between 31 and 60 years old, most of them is married and has a complete higher education. Furthermore, business is the main source of income for the majority of interviewed businesswomen.

Figure #9. Business as main source of income.



A profile of a Georgian businesswoman that follows from above said is that of a married individual whose main source of income is her own business and who has attained a higher education level. In terms of rural-urban dimension, it should be noted that more women are married in regions than in Tbilisi and more women have complete higher education in Tbilisi than in regions. By geographic distribution, almost half of respondents are from Tbilisi.

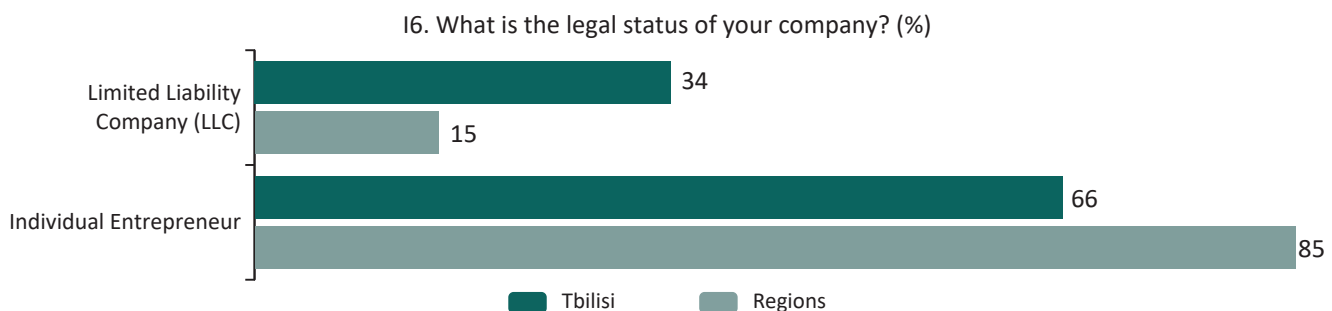
Figure #10. Marital status of businesswomen by settlement types.



The data shows a number of problems, in particular, the lack of engagement of young nascent entrepreneurs and unequal distribution of resources and opportunities between Tbilisi and regions. Furthermore, married businesswomen name support from family as one of important factors in starting as well as operating a business. Unpaid domestic work is perceived as the main activity of women in patriarchal society, including in Georgia, and family members often share this unpaid work (care for children or elderly family members or PWD, house cleaning, family chores) with women. Support from family is therefore an important element and underlines the significance of availability of care infrastructure (kindergartens, programs for elderly and PWDs, rehabilitation centers, etc.) in economic empowerment of women.

As regards the type of business, 76% of surveyed women is individual entrepreneur and only 23% has the status of limited liability company.

Figure #11. Legal form of women's companies by settlement types.

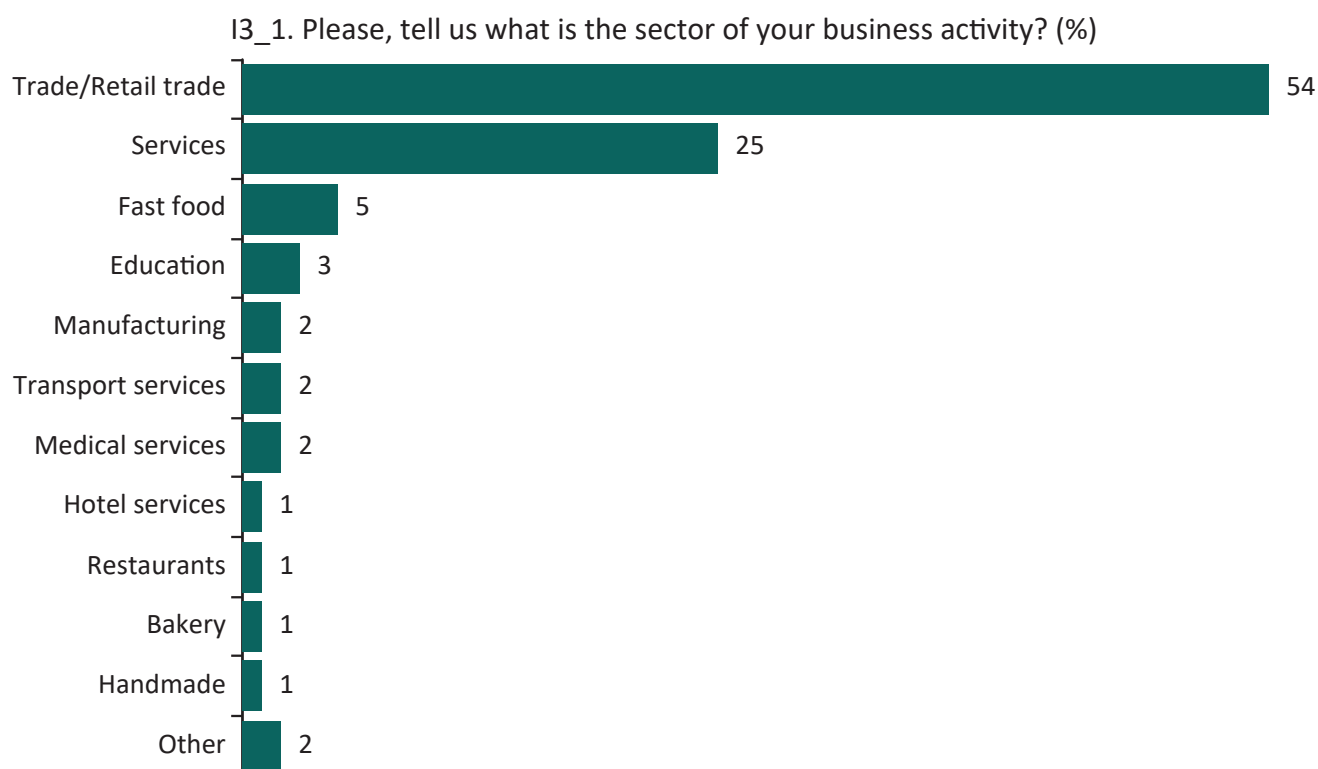


It should be noted that a limited liability company (Ltd) is a legal entity that requires resources and finances for registration, whereas an individual entrepreneur is not a legal person and performs activity as a physical person. A difference is seen in this component between regions and the capital city, in particular, the number of businesses registered as individual entrepreneur is higher in regions than in Tbilisi and vice versa, the number of businesses registered as Ltd is higher in

Tbilisi than in regions. This suggests a regional dynamic of women’s access to resources – more women possess capital required for registering business as Ltd in Tbilisi.

Furthermore, an annual turnover of 48% of surveyed companies does not exceed GEL 100 000 and half of them operates in retail trade or in general, trade sector. Some 27% of respondents are service provider.

Figure#12. Sectors of business activities of women entrepreneurs.

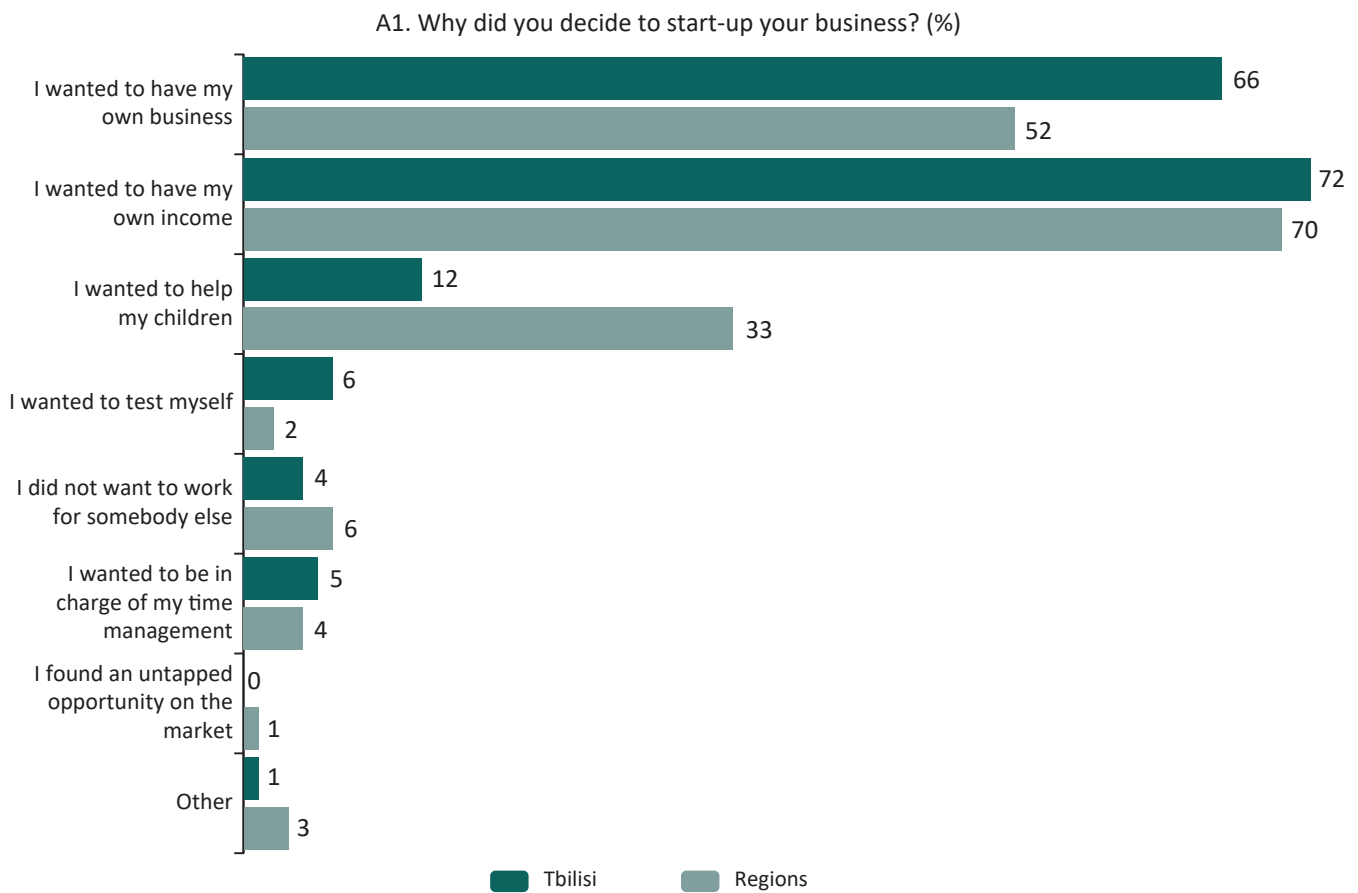


In summing up a general profile of female entrepreneurs, several problems that were discerned should be noted, in particular, shortage of women in high-income and large-turnover undertakings; differences between Tbilisi and regions, that create additional barriers in achieving success. Lack of interest towards business among young, under-31 people is a manifestation of poverty among young women. In the following subchapter we will discuss motivations and challenges in starting businesses.

Starting and operating business: opportunities and challenges

Starting business is associated with various problems for women entrepreneurs. These problems include the difficulty to access finances and the lack of own resources. In Georgia, women hold less assets than men; they also have to perform unpaid domestic work assigned to them following gender roles and stereotypes, which further complicates business activity of women. The survey has showed that one of main motivations for women to start up business is a desire to have their own income. Yet another factor encouraging women to start their own business is the desire to ensure their children financially, which highlights the importance of the role of family for women entrepreneurs. The latter motive was more frequently named in regions than in Tbilisi, which can be explained by economic hardships and dominance of nuclear family in rural areas. The most important factor named by women was the desire to have own business, which may indicate that women try harder to obtain agency and independence.

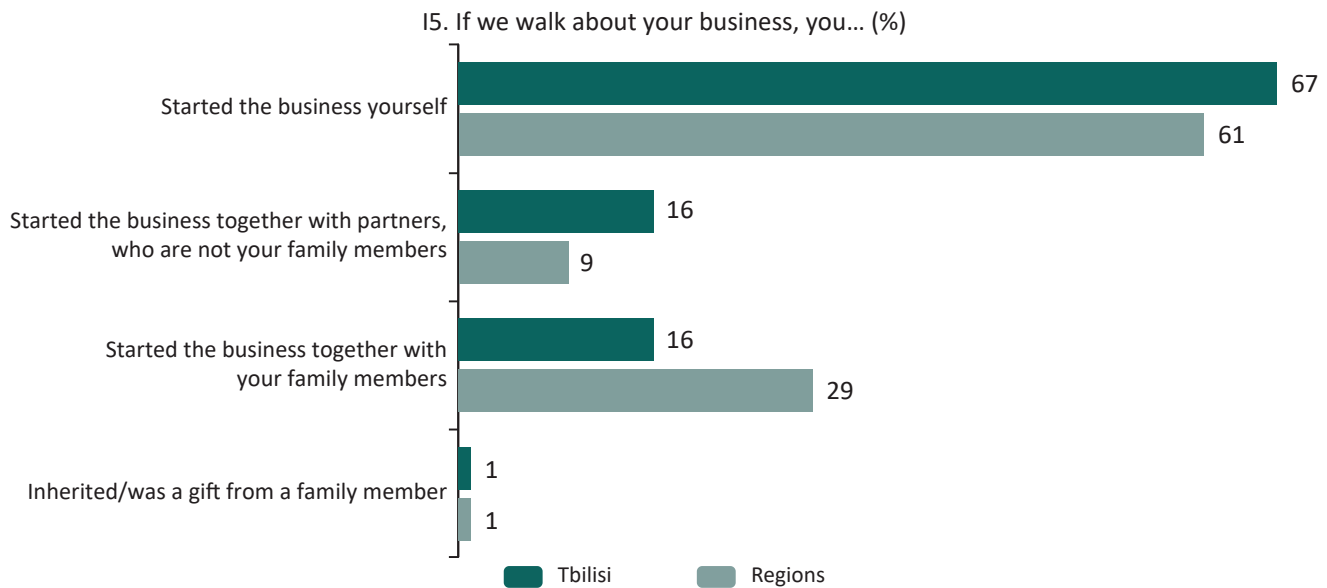
Figure #13. Motivation to start up business.



Regional difference was seen in the role of husband in a decision to start a business. A higher number of regional women mentioned the role of husband in taking this decision, namely, 43% of rural women, as compared to 31% in Tbilisi.

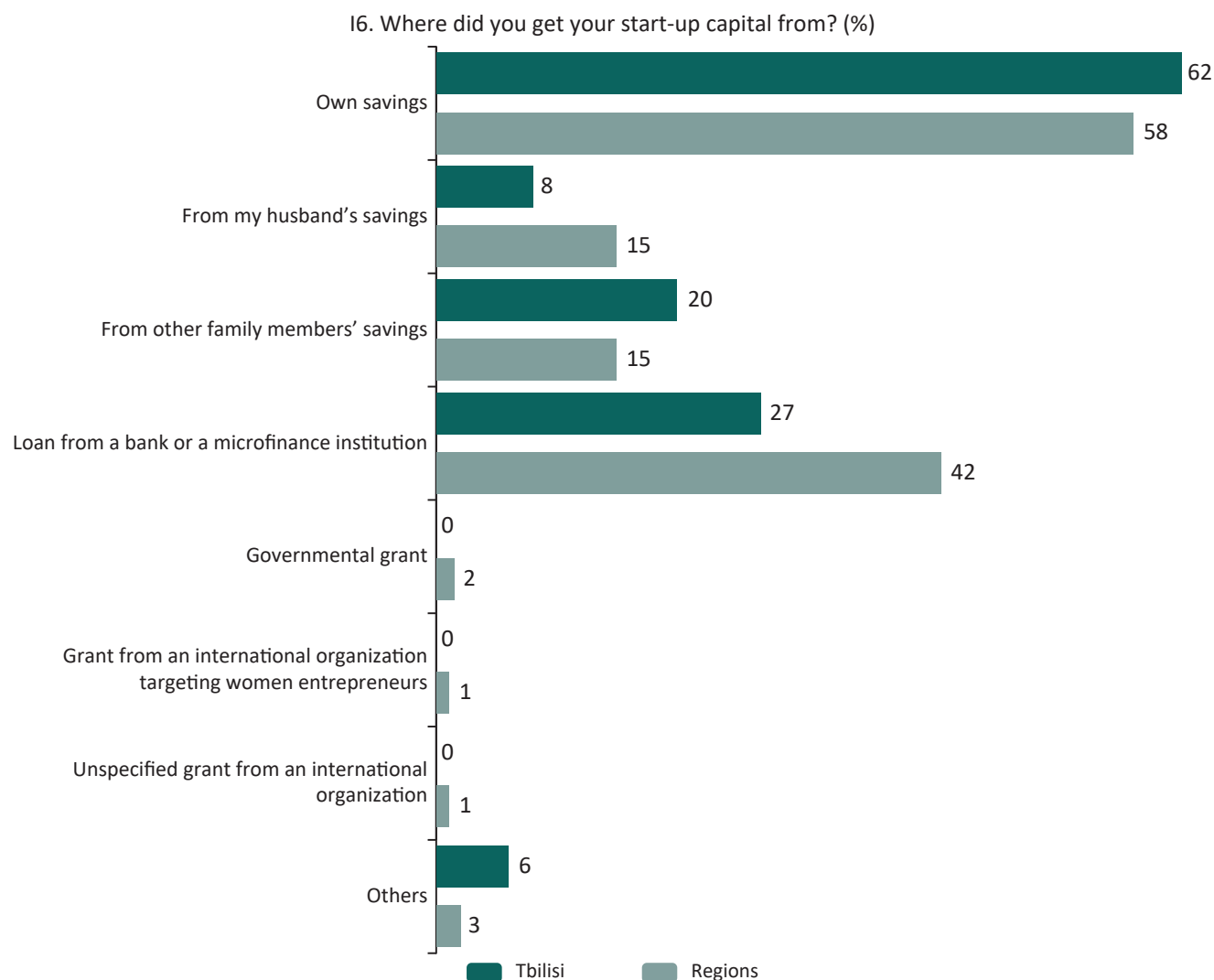
According to the survey results, 64% of women started their business independently; 23% got support from their families while 12% established enterprises jointly with their partners. The analysis of data showed that the contribution of family to starting a business is higher in regions than in the capital city.

Figure #14. Inception of business by settlements.



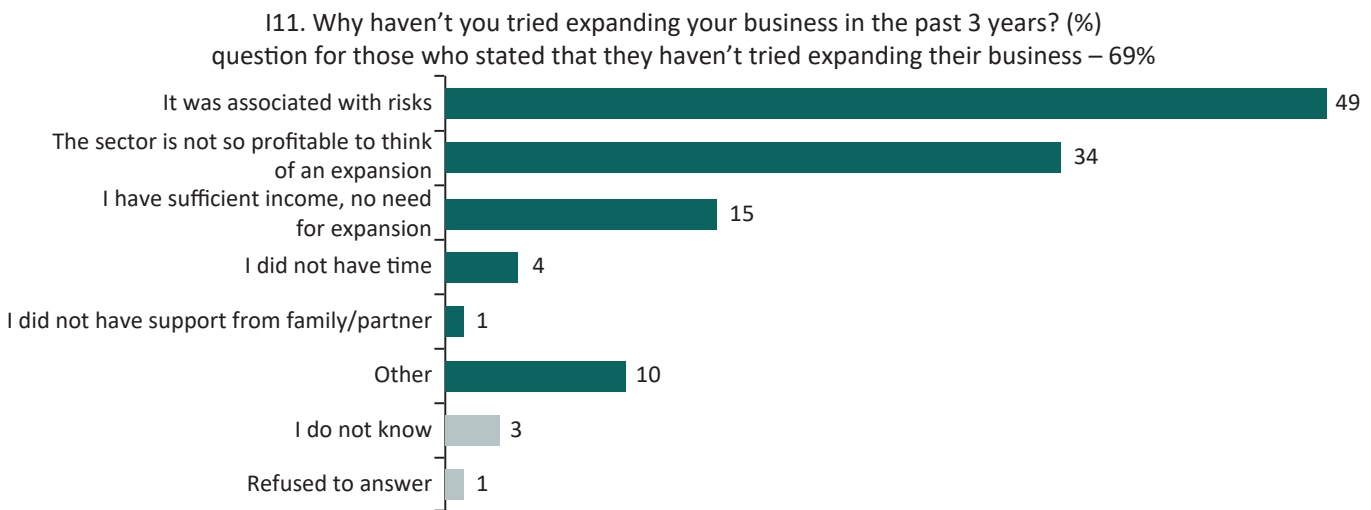
The above data shows lack of agency and financial weakness of women in regions. Asked specifically about financial resources, the majority of businesswomen said that they took funds from banks or microfinance organizations or/and invested their personal savings in the business. Scarcity of economic resources in regions was apparent here too, as a higher number of women had to take out loans in regions than in Tbilisi.

Figure #15. Source of start-up capital by settlements.



Problem in access to finances is also seen from the fact that 69% of respondents has not even tried to expand their business. Those 30% who did so, mainly turned to banks for funding. The reliance on microfinance organizations was more conspicuous in regions than in the city, as seen from sources of start-up capital. Despite government programs, discussed above, and efforts of international organizations, a very small number of women benefit from these services. These programs are mainly used to expand business rather than obtain start-up capital. This may be explained by the fact that a necessary condition for these programs is co-participation which women cannot afford due to lack of financial resources at the nascent stage. Expansion of business is associated with risks for the majority of women: 34% of women viewed chances to expand business as slim due to insignificant profits, while 14% of women said they did not try expansion because of insufficient business revenues. At the same time, results of the survey – fear of risks, unprofitability of a sector, lack of need because of sufficient income – speak about a potential lack of relevant knowledge of how to analyze and manage risks and how to study profitability of sector or master a new sector. Provision of such type of information and relevant consultation may encourage women entrepreneurs expand their businesses.

Figure #16. Motives of not expanding business.

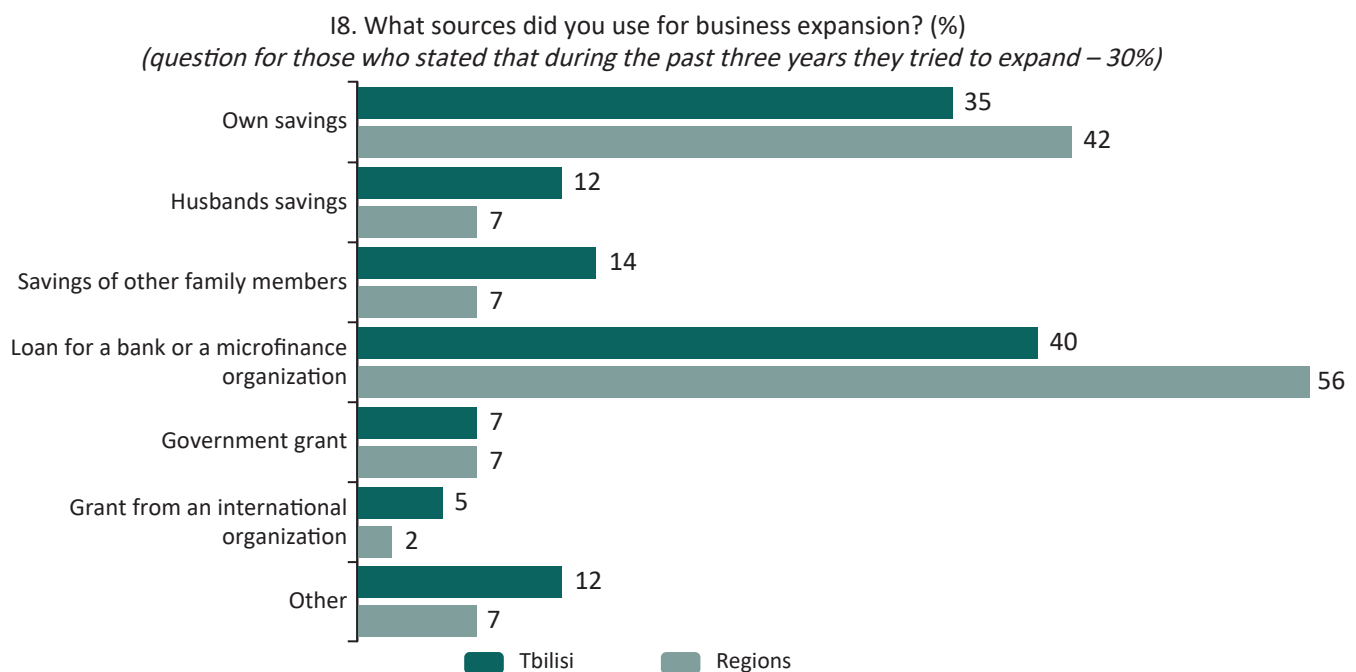


Some 30% of interviewed women tried to expand their business in the past three years. A large segment of them (49%) turned to banks for funding, but 11% of them was denied a loan mainly because of negative payment history. The second most frequently cited reason of denial was the lack of collateral. This is yet another evidence of importance of access to financial resources and ownership of property.

From those who were willing to expand (30% of respondents) only 7% applied for grants under government programs. Some 20% of applicants was denied grants and none of them was informed of the reason of denial.

The most important factor for women willing to expand business is the savings – 40 % of this category (30% of respondents) used their savings to expand business, while 19% did that by investing savings of family members and husband. The number of businesswomen with personal savings is higher in regions as well as of those who took out loans from banks and microfinance organizations. Businesswomen living in Tbilisi more frequently use savings of family members and husband, also grants from international organizations for the expansion of their businesses.

Figure #17. Sources of business expansion by settlement types.

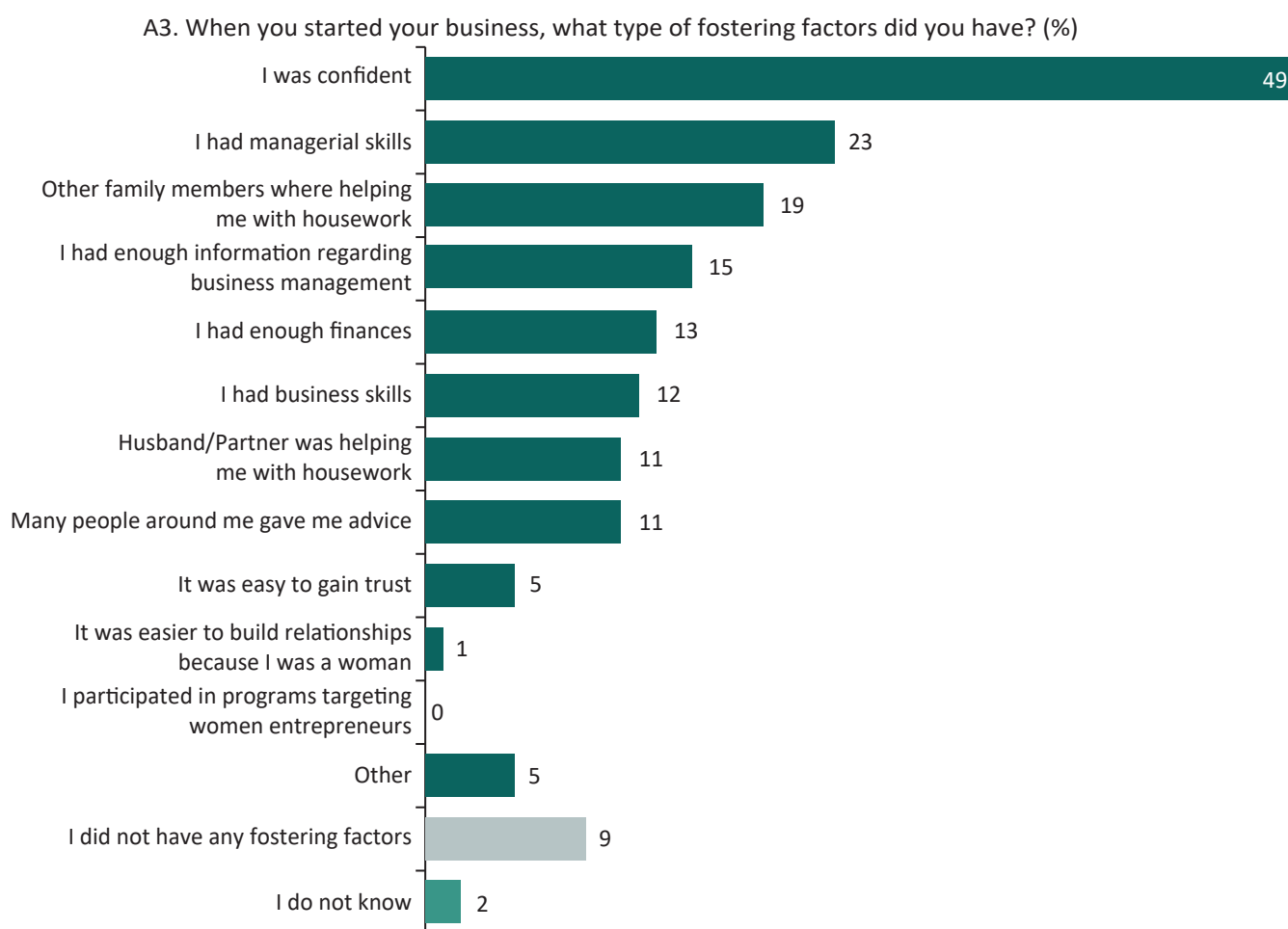


On the positive side, the share of respondents who dropped expansion plans due to lack of support from family comprised only 1%.

When starting a business, a substantial segment of women entrepreneurs (38%) decided to take up entrepreneurship independently, without help from others. However, the role of a partner/spouse was no less important – 38% of respondents said that a partner/spouse helped them take this decision, while in case of 25% of respondents, this role was performed by other family members and parents.

Interviewed businesswomen named three main factors at the nascent stage of entrepreneurship: confidence (49%), management skills (23%), and support of family members in domestic work (19%). The role of family is significant here too; in addition to internal factors such as confidence and knowledge, the family was named as the most important external factor and it proved to be a greater facilitating factor for regional businesswomen than for Tbilisi businesswomen. It should be noted that 9% of respondents said they did not have any facilitating factor when starting a business.

Figure #18. Facilitating factors in starting business.



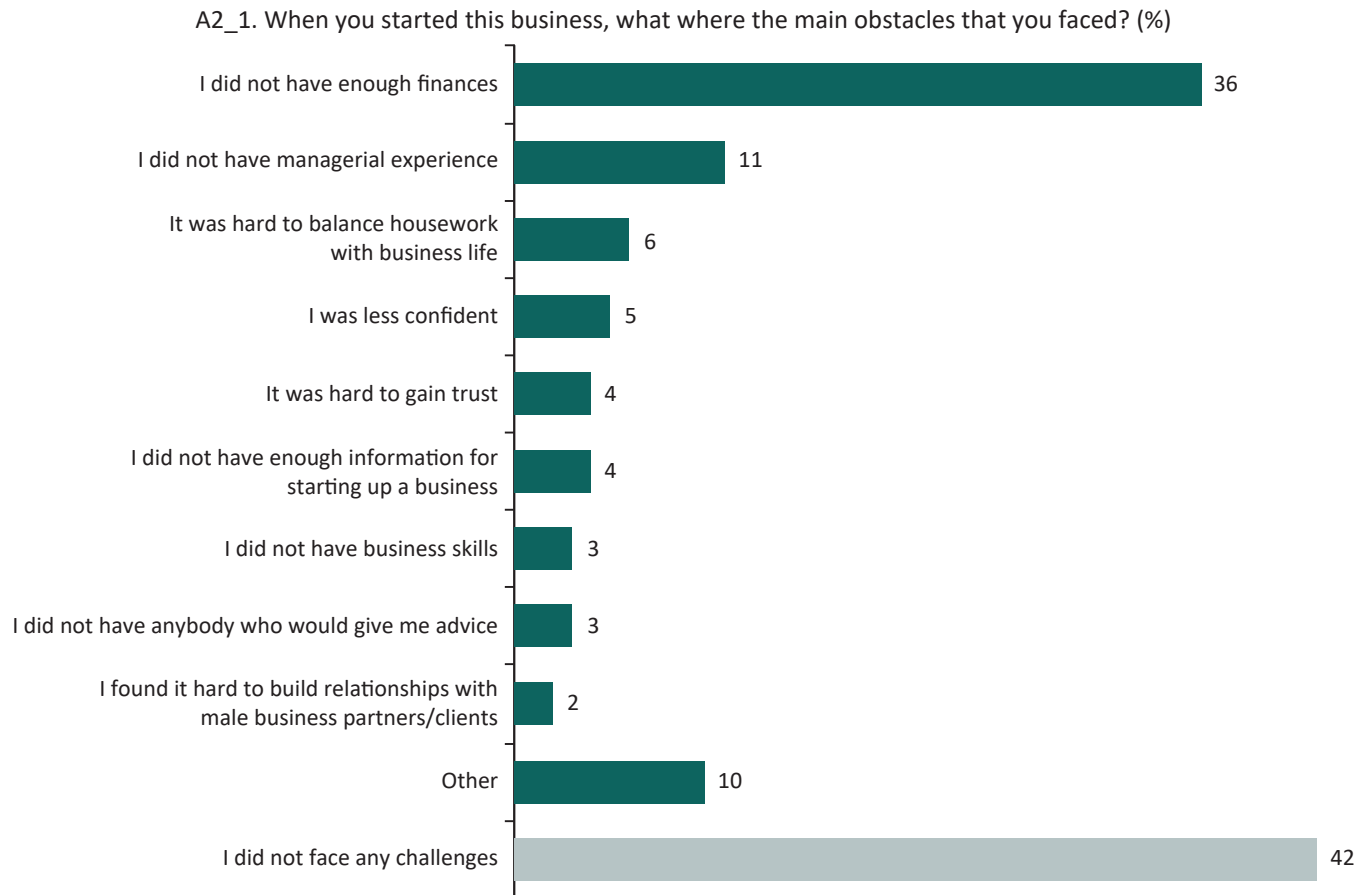
The above-named facilitating factors suggest an important role of family members in sharing a burden of unpaid domestic work, which, for its part, speaks about the importance of availability of and access to pre-school educational institutions, especially in regions. An absolute majority of businesswomen has a partner/husband and one may assume that in case of having children they rely on the availability of kindergarten infrastructure or family support. Access to preschool educational institutions is even more critical for single mothers or women whose family members (apart from husband) cannot engage in domestic work and perform their share of childcare activities. Such access must be ensured by the state.

Three main obstacles at a start-up stage of business are characteristic for economic and social situation in the country: 36% lacked funds, 11% lacked management experience, 6% found it difficult to combine business and family activities. Regional differences were

observed only in the component of finances; in particular, this problem was named by 39.2% of rural women and 31.5% of urban women.

Three important issues: improvement of access to financing, expansion of knowledge and distribution of domestic work must be targeted by the state and other stakeholders when developing mechanisms of empowerment of women entrepreneurs.

Figure #19. Obstacles that emerged at a start-up stage.



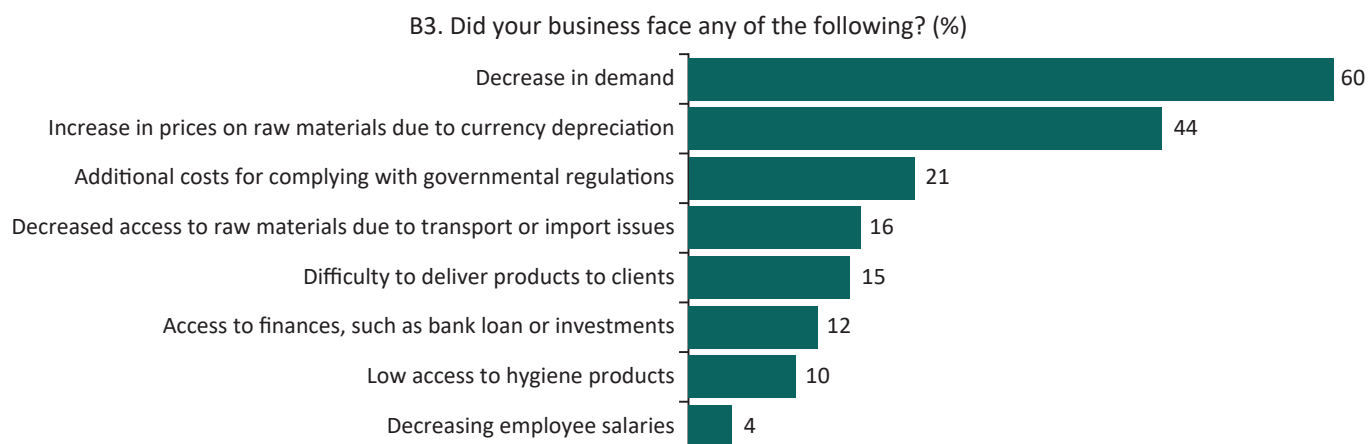
The role of family members is important at the stage of business operation too. Two thirds of women said that their family members were engaged in business as labor force. However, assistance in domestic work as well as moral support was noted too. It is important to achieve such a situation where distribution of unpaid domestic work between women and men is achieved and perceived as a norm both in rural and urban areas. Only thus can women be empowered economically as they will no longer have to face a choice between their business and family.

Impact of Covid-19 pandemic on women entrepreneurs in Georgia

Problems faced by businesswomen were further exacerbated by the Covid-19 pandemic. Measures implemented by the state to contain the spread of the virus proved to be a heavy burden for entrepreneurs. **According to 63% of respondents, they suspended their business operation due to the pandemic but resumed it or intended to resume. Some 33% of the respondents did not suspend or intended to suspend their business activity. The main cause of suspension was the regulations imposed by the government; however, 30% of women said that they had to stop operation because of drop in sales.** No wonder that a drop in demand was named as one of biggest problems for business during the pandemic; but 44% named prices on raw materials, having increased as a result of national currency depreciation, which

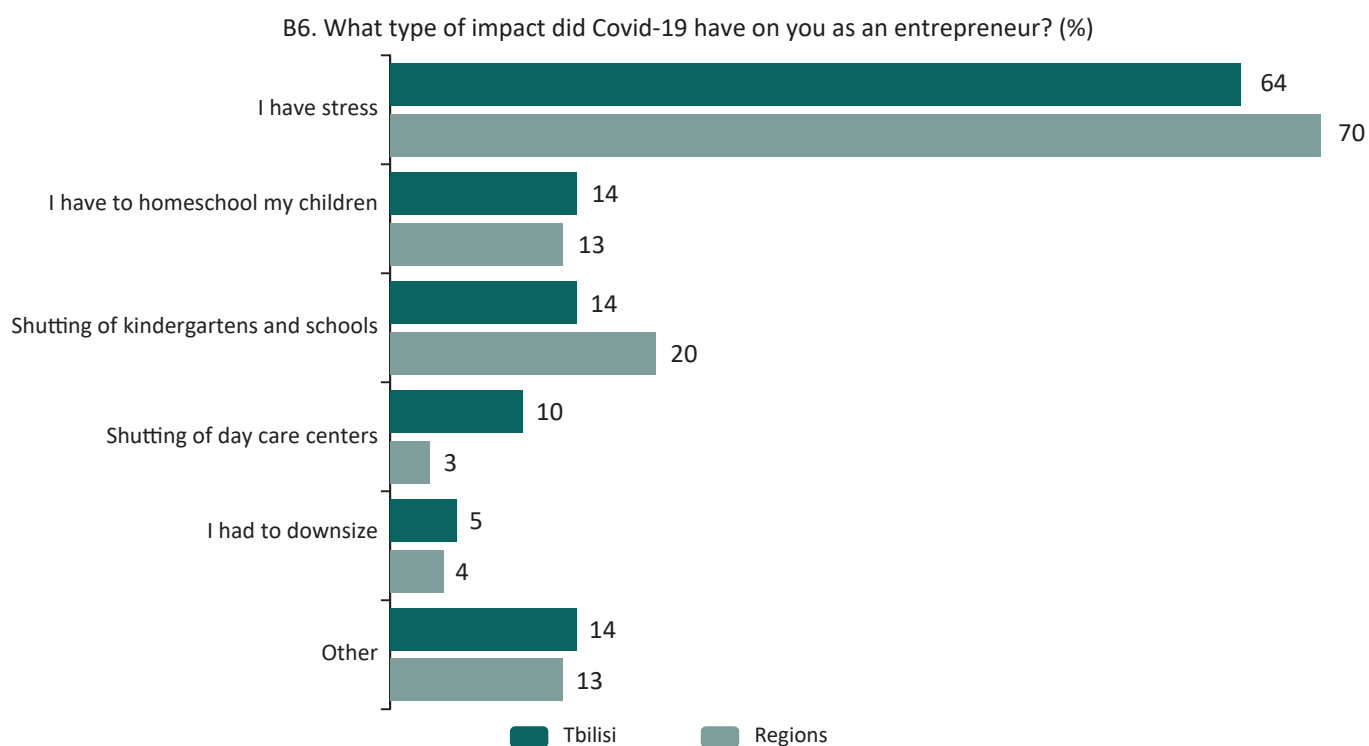
logically entailed increase in production costs and accordingly, price of products. Yet another serious obstacle to women entrepreneurs was the additional costs incurred due to regulations introduced by the state. It should also be mentioned that businesswomen did not cut salaries of hired employees.

Figure #20. Problems caused by the pandemic.



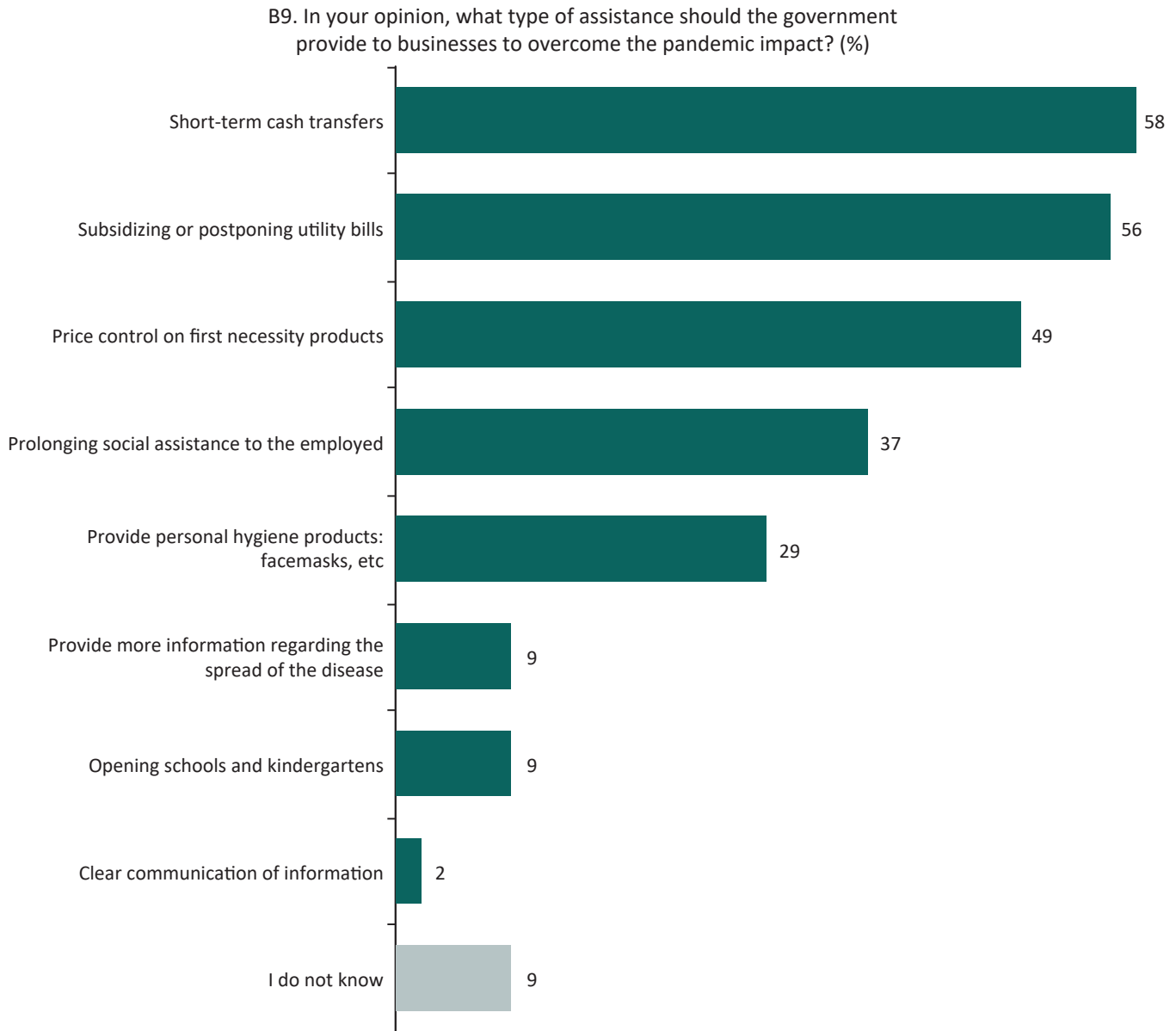
Some 42% of respondents noted that their income from business decreased in the range of 50% - 100%. The decrease affected a higher number of women in Tbilisi (35% of respondents). Despite increased costs and decreased demand, businesswomen did not talk about layoffs; only 21% said that they downsized the staff. The majority of respondents, especially in Tbilisi, experienced stress associated with the pandemic; also, the biggest inconvenience for them was caused by the closure of schools and kindergartens, which meant longer hours of care work. Businesswomen living in Tbilisi also noted a negative effect of closure of day centers for PWDs on their entrepreneurial activity; this could indicate that such PWD centers are less available regions.

Figure #21. Impact of Covid-19 on women entrepreneurs.



Evaluation of measures implemented by the government to support business was mixed: 47% of respondents evaluated the implemented measures as fully or partially effective whereas 42% evaluated them as fully or partially ineffective. Businesswomen seem to expect more diverse assistance from the state. Some 58% of respondents named the need of short-term monetary assistance, assistance in payment of utilities bill, and control over prices on staple products. Regional businesswomen additionally named the extension of social assistance to employees.

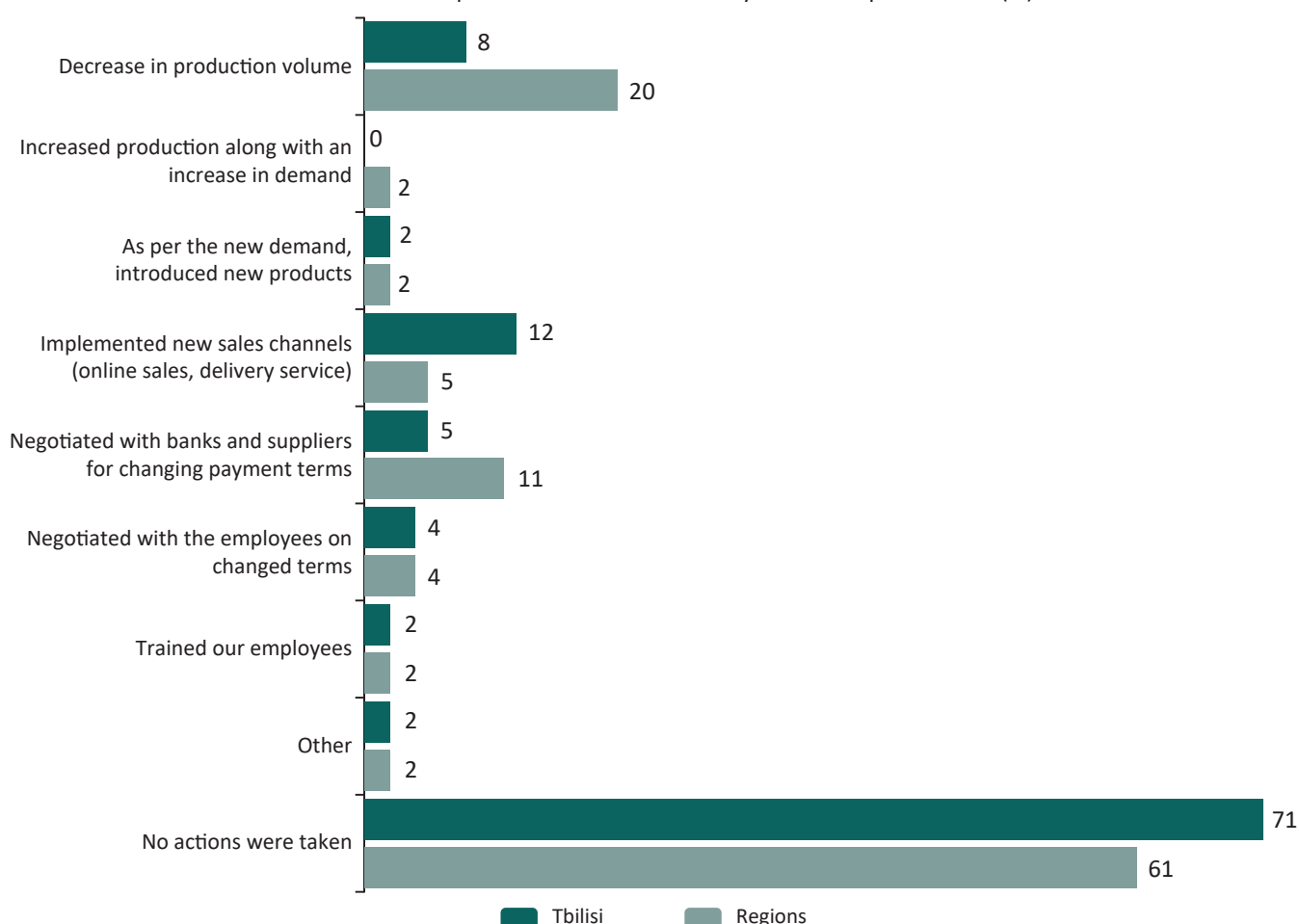
Figure #22. Types of desired government assistance to business.



The majority of businesswomen (66%) did not implement any measure to mitigate negative results caused by Covid-19. The most frequent action undertaken was the reduction of manufacturing/service; however, this cannot be considered as an effective, result-oriented measure taken towards the adjustment. New sales methods (online sales, delivery service) have been applied more intensively in Tbilisi, while in regions, a higher number of businesswomen approached banks and suppliers with a request to change payment terms.

Figure #23. Measures undertaken to mitigate results of the pandemic.

B8. Now I will list a number of activities that businesses have implemented to overcome the impact of the pandemic. Which one corresponds to the activities that you have implemented? (%)



The survey also showed that despite all the above listed problems, **a large segment of businesswomen is optimistic about their future activity – 72% of the respondents believes that they will not have to suspend operation during the following year. The indicator in Tbilisi stands at 55%.** It is also worth to note with regard to uncertainty of future that 22% of respondents in Tbilisi and regions find it difficult to say whether they will have to suspend their businesses. Interviewed businesswomen plan to implement a whole set of measures during the next year: to master new sales channels (online sales, delivery service), to increase production and to offer new products to customers. This optimistic attitude provides an opportunity for supporting women entrepreneurs with timely intervention and needs-tailored assistance package to spare them from a necessity to suspend operations. To this end, the public, private and nongovernmental sectors must act in a coordinated manner.

CONCLUSION

Women entrepreneurs have an important role in the progress towards economic empowerment of women. But, unfortunately, Georgia does not have special government programs to support businesswomen. Even more, existing public policy documents on economic development do not reflect women's needs. The anti-crisis plan to mitigate negative effects of Covid-19 is gender-blind and does not contain interventions tailored to women, including businesswomen.

The role of family is extremely important for women entrepreneurs both at the stages of start-up and operation of business. Women share with family members unpaid domestic work which is assigned to women under gender roles. Availability of kindergartens, care centers for elderly and persons with disabilities is especially important in supporting women's economic empowerment, particularly in regions.

Reliance of women entrepreneurs on banks and micro-finance organizations is heavier in regions than in Tbilisi. More women living in Tbilisi have start-up capital for business than those living in regions.

The global pandemic further exacerbated existing inequalities and reinforced barriers which women entrepreneurs faced before the outbreak of Covid-19 pandemic. This is especially true in regard with unpaid domestic work which further increased due to closure of kindergartens and schools.

Excess stress proved to be a serious barrier to business activity during the pandemic, especially in Tbilisi.

Despite a notable decrease in production and annual turnover, the majority of businesswomen managed to retain hired employees and avoid cuts in their salaries. However, according to almost half of the respondents, business revenues shrank significantly mainly because of increased prices on raw materials and decreased sales.

Women entrepreneurs were passive in implementing measures to adjust to new realities during the pandemic, such as, for example, the use of new sales channels (online sale, delivery service) and search of new markets.

Women entrepreneurs are optimistic about the future, especially in regions. Relevant and timely interventions may mitigate the effect of Covid-19 on businesswomen and support sustainable development of their business. Also, the state needs to develop a long-term vision of economic empowerment of women, which will take into account special needs of women entrepreneurs on start-up, operation and expansion stages.

RECOMMENDATIONS

The recommendations provided below aim at supporting women entrepreneurs in Georgia, in general, and in particular, at overcoming adverse economic effects of Covid-19. Furthermore, offered interventions will improve a general business environment in the country which will positively affect both female and male entrepreneurs.

Recommendations to state entities:

- With the involvement of relevant state entities, draw up a state policy on women's economic empowerment, which will convey the vision of the government in this area and alongside other issues, will set the aim of supporting women entrepreneurship and eliminating negative effects of Covid-19 pandemic.
- Introduce mandatory gender analysis in public policymaking process in order to assess impact of a new policy, law or measure on gender equality. This may be achieved by introducing Gender Impact Assessment mechanism or improving the existing Regulatory Impact Analysis mechanism and clearly specifying gender indicators in it.
- Analyze the engagement of women in existing economic programs (Enterprise Georgia and Ministry of Agriculture programs), identify factors that impede and facilitate the engagement and implement corresponding changes.
- Incorporate mechanisms oriented on women and girl empowerment (training, mentoring, knowledge expansion and skills development-improvement) in measures designed for women's economic empowerment and their engagement in business, which will aim at supporting women and girl to obtain agency.
- Ratify a number of international labor agreements that will foster women's economic empowerment and engagement in business activity: the ILO Protocol of 2014 to the Forced Labour Convention, 1930; the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families; the ILO Maternity Protection Convention, 2000 (No. 183) and the ILO Termination of Employment Convention (No. 158).
- Undertake relevant measures to implement the principle of equal remuneration for equal work performed in order to eliminate a gendered pay gap, and regularly assess remuneration of women and men in all spheres. To this end, develop and introduce a methodology for the assessment of pay rates and performed work.
- Introduce amendments to the Labor Code, which will require from every employer whose employees exceed a set minimum number, to annually present Geostat with segregated gender statistics about employees, including their salaries.
- In cooperation with banking and microfinance institutions, develop special programs which will notably increase access to financial resources.
- Conduct needs assessment of those female entrepreneurs who may additionally experience other type of

discrimination (on the ground of ethnicity, place of residence/rural settlers, disability, sexual orientation and gender identity), and develop needs-tailored programs that will improve their access to resources.

- Introduce a mechanism of informing women applicants of the reasons of denial to place them in government programs, thereby enabling entrepreneurs to improve their future applications.
- For the aim of increasing access to resources, national action plans and strategies must envisage the introduction of gender budgeting, as an effective means of gender mainstreaming, in all ministries and local self-government bodies.
- To avoid sectoral segregation, introduce gender-sensitive training on all stages of education.
- To increase access to financial resources for women, plan and implement continuous campaigns that will raise awareness of equal rights of women and man to inheritance.
- Amend policy documents to ensure women with free legal aid on issues of land ownership and registration; place special emphasis on rural women.
- Develop technical assistance programs that will help female entrepreneurs and potential entrepreneurs make a correct and informed choice of a sphere of activity.
- Conduct in-depth survey about factors that prevent women entrepreneurs from expanding their business.
- Make business operation/entrepreneurial activity part of formal education and introduce gender-sensitive training. Pay special attention to training among girls to increase engagement of youth in business activity.
- Plan and implement awareness raising campaigns about sharing domestic work with male family members.
- Prioritize the development of care-related infrastructure (kindergartens, elderly and PWD support programs, rehabilitation centers for children as well as elderly people, etc.) which will significantly facilitate economic empowerment of women, including female entrepreneurs.
- Define the construction and repair of kindergartens in rural settlements as a priority of the Rural Development Strategy of Georgia and specify in the Local Self-Government Code an explicit obligation of ensuring sufficient number of kindergartens up to international standards.
- Create and develop women entrepreneur networks which will be goal-oriented, inclusive and interactive, where women will have opportunity to exchange knowledge, establish contacts, form partnerships and embolden one another.

Recommendations to local self-government bodies:

- Introduce mandatory gender analysis in public policymaking on the local level in order to assess impact of a new policy or measure on gender equality in a relevant self-government unit.
- Introduce and practice gender budgeting as a mechanism of efficient and fair distribution of resources.
- Envisage needs assessment of female entrepreneurs and tailored activities in gender equality action plans.
- Pay special attention to the creation of kindergarten infrastructure and PWD centers (both for child and adult PWDs) in regions in order to alleviate caregiving burden of women and free their time to enable them to enter the labor market, including, engage in entrepreneurship.

Recommendations to civil society and media:

- Plan and implement public awareness campaigns to encourage citizens to use services and products of women entrepreneurs.
- Incorporate measures facilitating women and girl to empower themselves and acquire agency in the activities designed for economic empowerment of women.

Recommendations to international and donor organizations:

- Continue support of projects for women's economic empowerment and enhancement of their involvement in business. Pay special attention to vulnerable groups – disabled women, women representing ethnic minorities, LGBT (lesbian, gay, bisexual and transgender) women, women living in rural areas and young women, and to their special needs in projects.
- Ensure integration of measures oriented on acquisition of agency by women in all supported projects for the attainment of gender equality.
- When discussing common economic policy with public entities, stress the importance of women's economic empowerment and ensure that important issues for women are reflected in various policy documents on economic development.
- Envisage women's needs in programs supported for overcoming the Covid-19-induced crisis.

Mitigation of adverse effect of Covid-19 pandemic on women entrepreneurs

- Collect and analyze information about Covid-19, also conduct gender-specific analysis of relevant relief programs, their impact on the existing gender equality. Also, explore how resources were distributed, who (women and men) benefitted from government programs under the anti-crisis plan devised during the pandemic, including from programs in support of entrepreneurs (subsidy of 80% of bank loan interest during six months for small hotels, credit guarantee scheme, and construction sector support).
- Reflect special needs of women-operated and owned businesses in government support programs drawn up during the pandemic.
- Create predictable environment for business, inter alia, provide business sector with information about Covid-19 related restrictions in due time.
- With the involvement of civil society organizations specializing on women issues and women rights, draw up an economic recovery plan for the post-pandemic period, with special emphasis on female entrepreneurs and employed or self-employed women.
- Draw up technical assistance programs that will help female entrepreneurs find new channels of sale and new markets, also introduce and/or improve online sales and delivery service.
- Conduct additional survey of digital technology development among female entrepreneurs to identify types of technological solutions that will help various entrepreneurs manage and expand their businesses. Based on results of the survey, initiate relevant technical assistance and capacity building programs. Involvement of digital technology may especially benefit women entrepreneurs because of their care and domestic work-related gender roles.

- Introduce consultation services that will help women entrepreneurs adapt to a new reality emerged as a result of Covid-19 pandemic.
- Facilitate the closing of digital gender gap by developing relevant programs and increasing access to the Internet.
- Supply women-operated and owned businesses with face masks and other protective means.

