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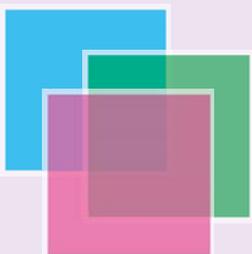
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# Gendered Review of SME Policy

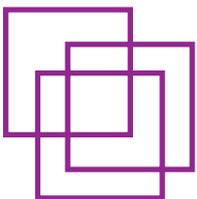


**Towards Gender Parity in Pakistan (TGP) Project**

ILO Country Office for Pakistan



# Gendered Review of SME Policy



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The primary goal of the International Labour Organization (ILO), a specialised agency of United Nations, is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The ILO is devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity. Thus, the ILO considers gender equality in the world of work as a key element in its vision of Decent Work for All Women and Men for social and institutional change to bring about equity and growth. The main focus or thematic areas of the ILO on gender equality coincide with the organization's four strategic goals, which are to: promote fundamental principles and rights at work; create greater employment and income opportunities for women and men; enhance the coverage and effectiveness of social protection; and strengthen social dialogue and tripartism. The ILO believes that investment in gender equality and women empowerment is not only a **right** thing to do but a **Smart** thing to do.

Today, Pakistan faces multiple challenges of low economic growth, humanitarian crises, internal and external security issues, and low social development indicators. Women in Pakistan continue to face constraints due to the prevalent socio-cultural norms that deny them equal access to facilities and opportunities. Pakistan still ranks 128 out of 182 on Human Development Index (2010), 124 out of 155 on Gender Development Index (2009) and 132 out of 134 on the Global Gender Gap Report (2009). Pakistan women have limited access to resources; restricted rights, limited mobility and somewhat muted voice in shaping decisions make them highly vulnerable.

Women are increasingly joining the work force but often in the informal economy dominated by low paying and poorly protected jobs that pose threats to their reproductive health and consequently to the welfare of their families. During the reporting period waged and salaried employment increased by only 2.4 percentage points of the unemployed (15+), whilst own-account workers decreased by more than 7 percentage points. The proportion of those working excessive hours has declined slightly since 1999-2000 but only because the proportion of females in total employment, who work less than 30 hours has increased. The proportion of males working excessive hours has risen by 1.4 percentage points since 1999/2000.

Despite recent gains in terms of employment and unemployment a clear gender gap is evident. The female labour force participation rate is 19.6 per cent as compared to males at 69.5 per cent. Women continue to be under-represented and under-utilised in the economy and labour market and tend to predominate as unpaid family workers in agriculture, and hold low paid, low skill jobs and at the lowest tiers of the industrial labour force in urban areas.

Women counted as employed include employees, self employed, unpaid family workers and those generally engaged in low skilled, low wage economic activities. More than half of these women earn less than 60 per cent of men's incomes. The bulk of the female labour force is employed in the informal economy, and is not covered under legal protection and labour welfare institutional mechanisms. In the urban informal sector 67.5 per cent of women work as home-based or casual workers on low wages, or as domestic workers with

extremely low remuneration. Women generally appear to be mostly unaware of labour laws and do not have a collective voice, therefore unable to exercise their rights.

For the ILO, Pakistan has been an important and active member and the government of Pakistan has ratified 34 ILO Conventions including C 100 and C 111, which indicates its commitment to pursue the attainment of high standards for its people, particularly for women. Pakistan's Government, Employers' and Workers' representatives have also repeatedly expressed their commitment to work for promotion of a right-based work environment.

The ILO approach is grounded in the rights-based argument and the economic efficiency rationale: not only is gender equality in the world of work a matter of human rights and justice for workers, it also makes good business sense for employers and is instrumental in achieving economic growth and poverty reduction at national levels.

The ILO is pleased to present to you the study named “**Gendered Review of SME Policy**” carried out by the ILO project entitled Towards Gender Parity in Pakistan (TGP) as part of its knowledge-creation for its tripartite constituents in Pakistan. One major objective for this project was to establish benchmarks from gender-perspective regarding various aspects of employment and to work more effectively towards achieving a marked change in the policies and practices.

It is understood that decreasing poverty and inequalities is like chasing a moving target where with the ever increasing population there is a need for more efforts to uphold principles of social justice and rights-based decisions. For this to happen, joint efforts by all the partners, collaborators and institutions would be required and I am glad that the ILO has taken lead in forging such collaborations and coordination among key stakeholders.

I would also like to extend my gratitude to the Government of Pakistan, Employers' Federation of Pakistan, Pakistan Workers' Federation and other partner organizations for their demonstrated commitment and immense support to us in our efforts for promotion of Decent Work in Pakistan.

I congratulate the TGP project team of on their successful initiatives to develop a much-needed knowledge base on Pakistan labour market from gender perspective. I am sure these efforts would help ILO and its partners in taking steps towards taking gender equality endeavours to new heights.

Thank you,

**Francesco d'Ovidio**

Country Director

ILO Office for Pakistan

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## EXECUTIVE SUMMARY

A gender sensitive SME policy is essential if the economy is going to work for women as well as men and to benefit from both women's and men's intellectual, entrepreneurial and physical labor in the small and medium enterprises of Pakistan. The ILO-commissioned review of the SME policy from a gender perspective attempts to not only highlight gender gaps in the policy but also shares findings from diverse studies and ILO guidelines to underscore the significance of ensuring gender equality in policy documents and their implementation. The main objective of the study was to review the SME Policy of Pakistan from a Gender perspective, particularly focusing on ILO Gender Equality Tools for Entrepreneurship development. The findings of the study were shared with and validated by some representatives of the relevant stakeholders including SMEDA, the Ministry of Industries, Labor and Women Development (MoWD), the Employers' Federation, Workers' Associations and NGOs.

Despite Pakistan's commitment to gender equality through various legal and institutional initiatives, gender issues still adversely impact the national economic productivity and social wellbeing. One of the gaps identified is the absence of gender sensitization and gender audits in key government Ministries such as Planning, Finance and Trade. Another apparent reason is the absence of gender responsive budgeting and the due allocation of funds/resources to the Ministry of Women Development both at the Federal and Provincial levels. The third critical reason for the persistent gender inequality is the curricula and the education system. The latter is the only sustained way which can rectify long standing gender inequalities rooted in everyday family life. In addition to socio-cultural prejudices, the current security situation and political volatility impact both male and female entrepreneurs negatively but the severity of the impact is different based, in part, on gender. The current Chambers of Commerce do not have the capacity to provide the support to Women SMEs. Women's Associations are few and far between and are institutionally very weak and therefore unable to carry out their due role. There are only three recent WED initiatives of any note and these happen to cater to the upstream clientele and not the large majority of women entrepreneurs.

Discussing the Pakistan SME Policy 2007 from a gender perspective, the researcher notices various gaps. Among them is the fact that the SME Policy omits the explicit consideration of the gender dimension in its problem statements and does not consider the heterogeneity of women entrepreneurs or men entrepreneurs. Briefly, it consists of generalized recommendations for the entire SME sector, therefore complicating the development of plans and activities that would facilitate competitiveness and productivity in small and medium businesses. Research shows that while SMEs operated by both men and women face various infrastructural and regulatory constraints that hinder their growth, the growth constraints of SMEs run by women are more challenging. These constraints persist as lack of access to basic SME requirements that are available to male-operated SMEs; for example, access to 1) formal finance; 2) marketing support and networks; 3) technology; 4) skills development, 5) international certification awareness and 6) regulatory procedures by the Government.

Through the ILO WEDGE (Women's Entrepreneurship Development and Gender Equality) project, it became clear that there was a need to increase the understanding of the gender differentiated aspects of SMEs, from value chains to enhancing the capacity of practitioners in their work to redressing gender imbalances in enterprise development. In the literature review of the policy followed by meetings with stakeholders it is seen that policies are often based on gender-blind or gender-discriminatory assumptions, marginalizing women as a 'special' minority case. Women are still excluded from many mainstream SME development interventions. Policymakers and women themselves need to recognize that women are dynamic agents

capable of transforming communities and economies when exogenous obstacles are removed and (their) basic rights are ensured. For the SME Policy to be gender sensitive and effective the macro policy environment needs to be much more conducive to the needs of the SMEs especially the women's enterprises. The ILO Conventions (e.g., 181, 110, 111) provide guidance from monitoring and regulation of private employment agencies to gender sensitivity in strategies and the ILO toolkits (e.g. GEMS, WEDGE) are some of the knowledge sources that can be leveraged for capacity building efforts towards achieving gender equality objectives in the SME sector.

## ABBREVIATIONS

AKCSP	Aga Khan Cultural Services Programme
BDS	Business Development Services
BDSPS	Business Development Service Providers
BOI	Board Of Investment
CB	Collective Bargaining
CBR	Central Board of Revenue
CCIS	Chamber Of Commerce & Industries
CEDAW	Convention for the Elimination of all Forms of Discrimination Against Women
EPB	Export Promotion Bureau
EU	European Union
NCSME	National Committee on Small & Medium Enterprises
FAMOSE	Female and Male Operated Small Enterprises
FBS	Federal Bureau of Statistics
FPCCI	Federation of Pakistan Chambers of Commerce & Industry
FIs	Financial Institutions
GoP	Government Of Pakistan
GOWE(s)	Growth-Oriented Women Entrepreneur(s)
GDP	Gross Domestic Product
GET	Gender & Enterprise Together
GEMS	Gender Equality & Mainstreaming Strategy
GEVCAL	Gender Equitable Value Chain Action Learning
HEC	Higher Education Commission
HRD	Human Resource Development
HBW	Home Based Workers
IFC	International Finance Corporation
ILO	International Labor Organization
ICTs	Information and Communication Technologies
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MFI	Micro Finance Institution
MICS	Multiple Indicator Cluster Survey
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium-Sized Enterprise
MTDF	Medium Term Development Framework
MOC	Ministry Of Commerce
MOIP&SI	Ministry Of Industries, Production & Special Initiatives
MOITT	Ministry Of Information Technology & Telecom

MoST	Ministry Of Science & Technology
MOWD	Ministry Of Women Development
NGO	Non-Governmental Organization
NCSW	National Commission on the Status of Women
PCSME	Provincial Committees on Small & Medium Enterprises
PES	Public Employment Services
RBC	Regional Business Center
R&D	Research and Development
ROAP	Regional Office for Asia and The Pacific
SEWA	Self Employed Women's Association
SEWU	Self Employed Women's Union
SECP	Securities & Exchange Commission of Pakistan
SMEDA	Small & Medium Enterprises Development Authority
SMEs	Small & Medium Enterprises
SBP	State Bank of Pakistan
TNA	Training Needs Assessment
TEVTA	Technical Education & Vocational Training Authority
TDAP	Trade Development Authority of Pakistan
TIC	Technology Innovation Center
UN	United Nations
UNICEF	United Nations Children's Fund
UNISAME	Union of Small And Medium Enterprises
UNCTAD	UN Conference on Trade And Development
VC	Venture Capital
VCA	Value Chain Analysis
VCD	Value Chain Development
WBIC	Women Business Incubation Centers
WE	Women Enterprise
WEDGE	Women's Entrepreneurship Development and Gender Equality

In order to design and review public policies that promote development with equity, it is essential to apply a gender perspective, as an analytical tool complementing the global goal of social and gender equality. This is required to fully recognize both women's and men's contributions to development, along with their corresponding benefits and needs. Gender inequality is a persistent feature of the public and policy-making spheres around the world. In Pakistan, gender equality remains a priority agenda for the government and civil society. However, despite focused interventions and donor agency support, gender issues continue to adversely impact Pakistan's economic productivity and its social wellbeing. Gender inequalities have their roots in everyday family life; gender disparities at the household and community levels of responsibilities generally restrict women's prospects and hold back their full participation in other activities. Socio-cultural prejudices and stereotyping are still the main constraints to women's participation in the spheres of political and economic power.

In the economic sector, enterprises play a key role in creating productive and decent work that contributes towards the social aspirations of women and men. Whether small, medium (SMEs) or large, enterprises including cooperatives they are a major source of growth and employment in all countries and Pakistan is no exception. Enterprises and the entrepreneurs who run them thus play a vital role in creating jobs and reducing poverty. However, the SME sector in Pakistan is a long way away from applying gender equality objectives in enterprises. The ILO Decent Work Agenda and its goals are universally applicable in projects and programs; but there is no universal solution to the design, implementation and review of policies to promote gender balanced sustainable businesses, especially SMEs. This has to be addressed on a case to case basis.

In the case of SME development the promotion of gender equality and sustainability requires emphasis on gender equitable support to informal-economy entrepreneurs especially in their transition to the formal economy. Ensuring that appropriate laws and regulations cover all enterprises and workers should be a concurrent effort in this process (Annex 5a).

It has often been stated that sustainable socio-economic development requires confidence in public policies and regulatory frameworks to deliver on the promise of stable, equitable and prosperous societies. This necessitates social and economic inclusiveness, as well as equity in the distribution of and access to resources. Hence, women's economic empowerment is crucial for prosperous and sustainable societies. The Pakistan SME Policy needs to explicitly indicate the inclusiveness of its purpose; it should also elaborate why supporting men's and women's SMEs in their requirement for equal access to entrepreneurship opportunities, financial services and labor markets will serve the national economy and contribute to social development.

This study discusses the SME policy in particular and the gender issues of SMEs and related policies in general. This literature review is primarily from ILO publications (see Annex 4) and personal field experience and stakeholder views. The sections of the study are:

1. Study Background and the Methodology
2. Context Setting: Challenges to SMEs and Women's Enterprises
3. Gender Gaps in the SME Policy - Review with ILO Gender Equality Tools
4. Further Findings
5. Conclusions and Recommendations

Gender equality is at the centre of the ILO mission to promote productive employment and decent work for men and women. Gender equality cuts across the four pillars of Decent Work and recognizes that men and women must have equal rights, responsibilities and opportunities for work that guarantees an adequate standard of living for themselves and their families.

The Government of Pakistan (GoP) has initiated several programmes and set up various institutions that recognize the role of women in the economic development of the country and are intended to create an enabling environment where women can exercise their rights. In the SME sector women are much more visible than they were a decade ago; however, much more needs to be done before we can say that the SME environment has met the gender equality objectives to which GoP is a signatory.

According to the Small and Medium Enterprises Development Authority (SMEDA), "SMEs constitute nearly 90% of all the enterprises in Pakistan; employ 80% of the non-agricultural labor force; and their share in the annual GDP is 40%. There are a number of factors responsible for the importance of SMEs in Pakistan such as an entrepreneurial spirit and generating the fastest growing export sub-sectors, such as surgical instruments. SMEs are deemed more efficient in resource allocation compared to large scale industry. However, efforts seem focused on the large enterprises; for example, institutions like the Board of Investment (BOI), Export Promotion Bureau (EPB), and Central Board of Revenue (CBR) - established to facilitate business activities - have focused their efforts on large scale industry.

The current SME policy of Pakistan, approved in 2007, consists of generalized recommendations for the entire SME sector. It does not explicitly consider the heterogeneity of the sector and therefore makes it difficult for the implementing agencies to devise plans and activities that facilitate high productivity in micro, small and medium businesses. The Figure below indicates the demand for business support services. However, this data is not gender disaggregated.

In fact, women entrepreneurs are quite invisible in the SME Policy considerations. Women entrepreneurs work under the same macro, regulatory and institutional framework as their male counterparts. The business environment for women in Pakistan reflects the complex interplay of many factors, which can be categorized into two basic groups: 1) the socio-cultural group that is made up of social, cultural, traditional and religious elements; 2) the structural group which is informed by the first group and translates as constitutional structures, policy documents, regulatory arrangements and institutional mechanisms which are interpreted to discriminate against the economic activity of women. Apparently, the SME Policy of Pakistan further reinforces the weak bargaining position of women, primarily through its gender neutral approach, the results of which are anything but gender neutral.

A survey of the urban and rural SMEs in Pakistan revealed that large numbers of women-owned SMEs are household-based and concentrated in highly unstable, low return urban activities where growth prospects are bleak. Secondly, their activities are concentrated in stereotypical sub-sectors such as dress making, knitting and retail trading. It is also interesting to note that the closure rate of women's SMEs is higher than that of men's enterprises. Briefly, women's SMEs growth constraints include lack of access to: 1) formal finance; 2) marketing support and networks; 3) technology; 4) skills development, 5) international certification awareness; 6) regulation and difficult Governmental regulatory procedures.

A gender sensitive SME policy is essential for having the economy work for women as well as benefit from women's intellectual, entrepreneurial and physical labor enhancing the share of women in small and medium enterprises of Pakistan. Consequently the ILO proposed that a detailed study be carried out to highlight gender gaps in the current policy and recommend how to make it gender responsive. The main objective of the study is to review SME Policy of Pakistan from a gender perspective particularly focusing on ILO Gender Equality Tools for Entrepreneurship development. The findings of the study were shared with the relevant stakeholders including SMEDA, the Ministries of Industries, Labor and MoWD, the Employers Federation, Workers Associations and NGOs. These findings will be further used to initiate policy dialogue towards a more gender responsive and practicable SME Policy.

Gender mainstreaming efforts have been made in various programmes and projects for SME development and the results of these have been shared in reports to government and donor agencies. However, the concept of gender is rarely fully comprehended and/or mainstreamed at the SME level especially by experts who deal with investment and private sector development.

Gender is often considered a subject matter for poverty reduction or micro enterprise development alone. The integral significance of this concept and its contribution not just to SME development but also to sustainable development in general needs to be fully appreciated.

Hence, this research comes at an opportune time to inform policy and procedure for gender equitable SME development and growth.

## The methodology consisted of:

1. A desk review: Assessment of SME Policy in comparison with the ILO s Women Entrepreneurship Development and Gender Equality (WEDGE); Gender & Enterprise Together (GET) and the Gender Equality and Mainstreaming Strategy (GEMS) Modules and identification of gender gaps in the policy (see Annex 4 for the literature reviewed and the websites searched)
2. Identification of key stakeholders for discussion/dialogue on policy improvement
3. Validation of desk review through focus group discussions (see Annexes 5a to 5l for FGD reports and stakeholder comments)
4. Development of policy recommendations for improving gender aspects of the SME policy.

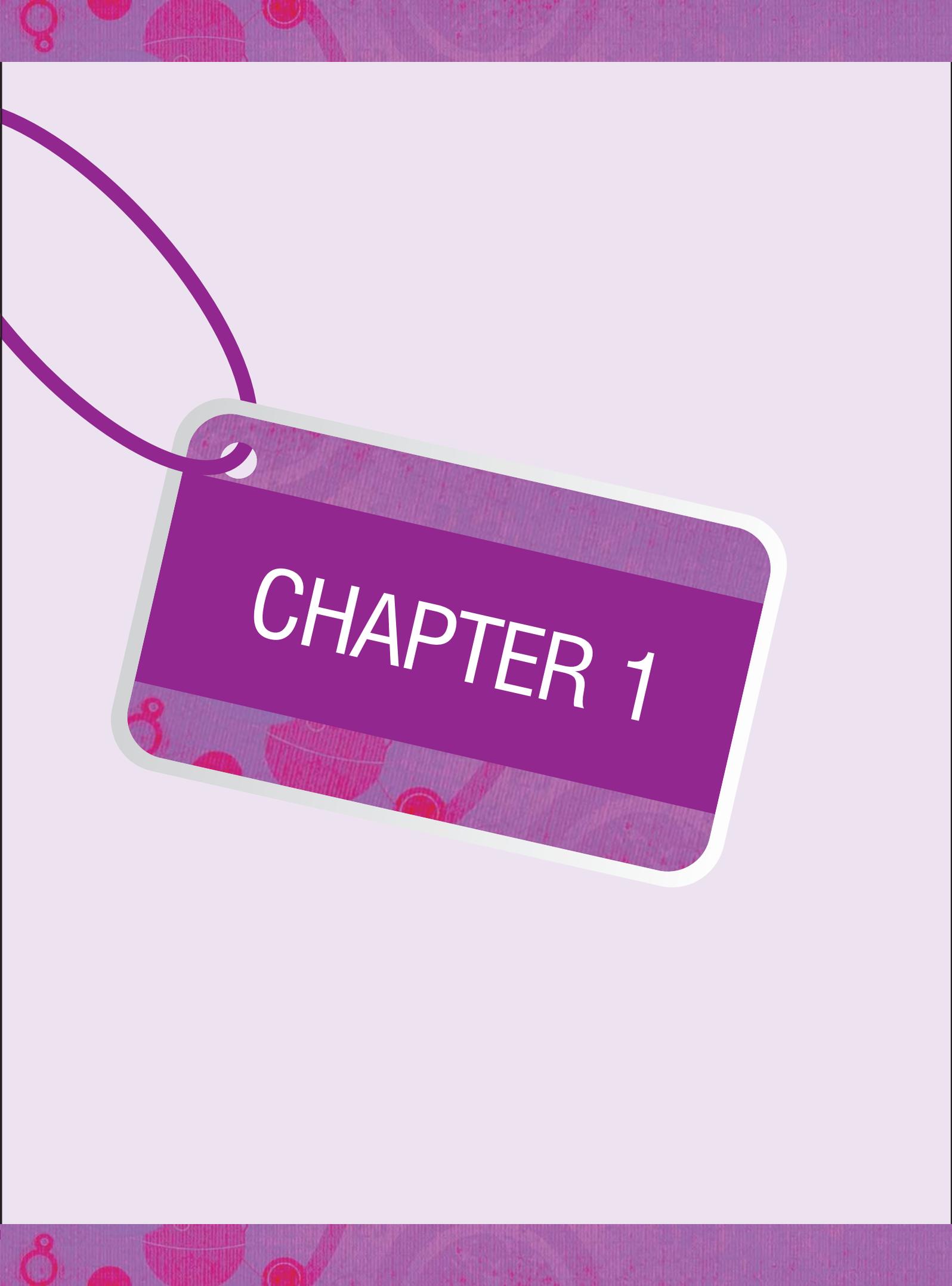
The GOWE Assessment Framework tool proposes a review of a range of supportive mechanisms that can enhance women entrepreneurs growth prospects. It proposes measures and actions that contribute to a more conducive environment for women who have the desire to grow their businesses. As well as highlighting some of the practical forms of support that can benefit women entrepreneurs, the GOWE assessment framework gives particular attention to strategic issues such as how policies, laws and regulations can facilitate or inhibit women s economic activities, and how the public and the media contribute to creating a more conducive enterprise culture in support of women entrepreneurs. Unfortunately this framework was not available to the research study.

The research and the focus group discussions primarily used the four parameters identified by the European Commission to assess gender inequality, (Annex 8) namely:

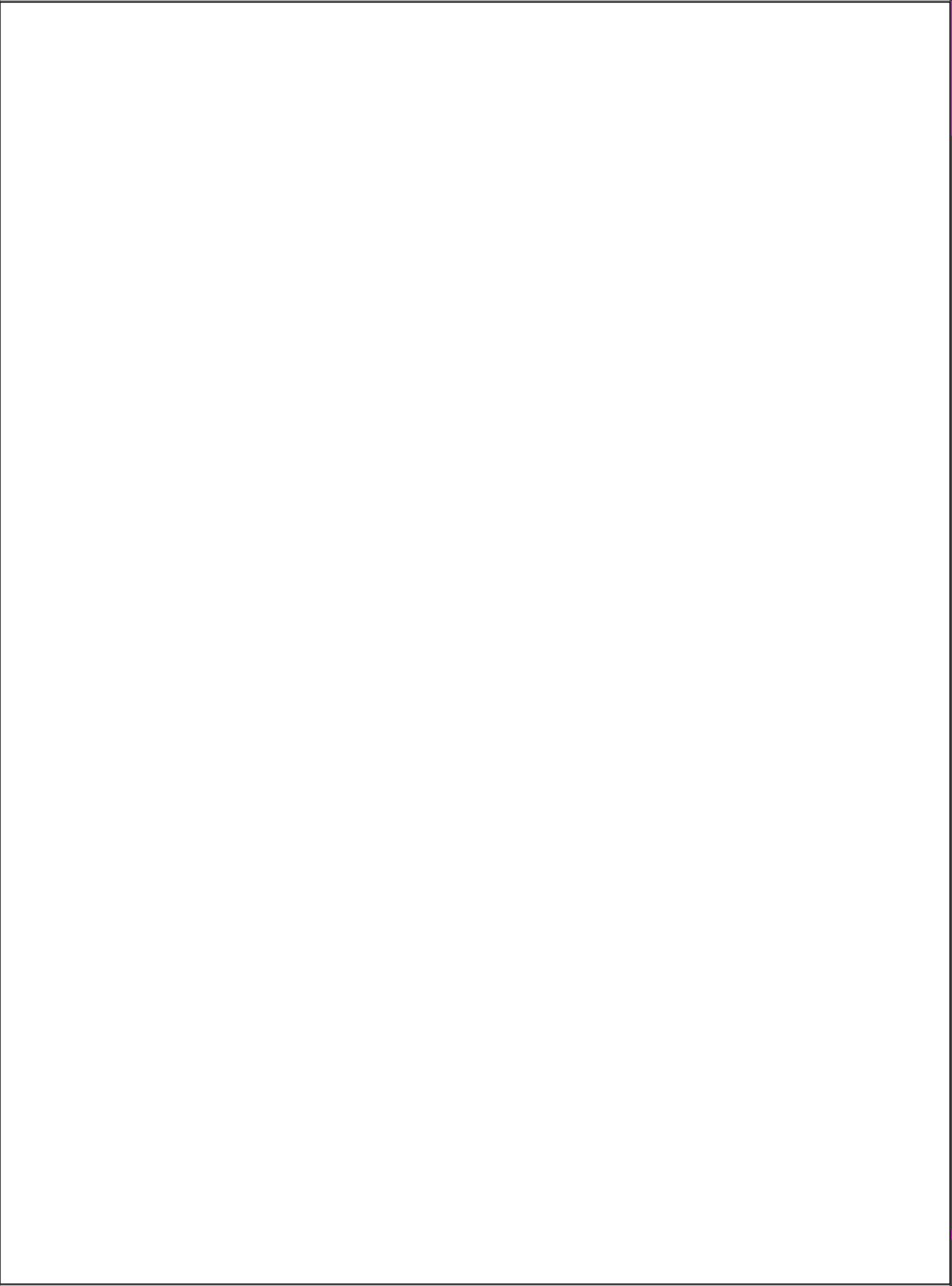
1. Participation this refers to the gender composition of the target group or population of the policy;
2. Resources this specifies the access to and distribution of resources such as time, money, and power;
3. Norms and values this indicates the value attached to men and women or to masculine and feminine characteristics;
4. Rights this refers to direct or indirect sex discrimination, human rights and access to justice in the legal, political or socio-economic environment.

## The expected outputs include:

1. SME Policy of Pakistan reviewed in consonance with ILO s WEDGE, GET & GEMS modules
2. Gender gaps in the SME policy identified
3. Recommendations framed and stakeholders identified for initiating policy dialogue (Annex 3)



# CHAPTER 1



## 1. Challenges for Women in Economic Development

When analyzing the context throughout Pakistan, it is important for any policy to consider the low skills base and lack of literacy that impact negatively on the income opportunities for many entrepreneurs, especially women. There is little investment in education in general and especially in girls' education and other capacity building initiatives. This situation leads to limited employment and income opportunities in adulthood. It also leads to a limited number of women and men potential entrepreneurs from rural backgrounds being able to avail opportunities for enterprise development in urban areas. Research shows that women can make a significant contribution to economic growth and poverty reduction when opportunities are opened up for them. Key factors for pro-poor growth, according to several studies, are education and skills development for girls and women as well as increased access to productive resources.

Women face a double burden of paid work and reproductive work in the household. Typically, unpaid work in the household and in society is not recognized as being of economic value; it is not usually counted in systems of national accounts. Unpaid work in the household underpins much of labour market inequality. Studies from around the world indicate that family care responsibilities and lack of childcare options severely limit women's economic choices. Public expenditure cuts in health, education, transport and infrastructure, lack of childcare and social services affect women more severely than men since these increase women's household responsibilities and burdens. Such research needs to be factored into the text and implementation of any Policy documentation and particularly one for small and medium enterprise development.

A number of international policy instruments such as the Convention to Eliminate All Forms of Discrimination Against Women (CEDAW) and the Beijing Platform of Action have called not only for the recognition of women's unpaid work but also demanded that it be given values in economic accounting, particularly in the Systems of National Accounts. A key tool for capturing such information is Time-Use Surveys that can complement Labour Force Surveys and have been used by a number of countries to design more equitable policies.

South Korea used three valuation methods to measure housework performed by fulltime housewives. Calculations based on the results estimated that women's unpaid work amounted to between 13-23 per cent of GDP in 1999. Based on these results, South Korea developed policy recommendations including (a) the need for insurance for full time housewives, (b) family friendly policies in the areas of family support, childcare, after-school care and equality of opportunity at work and (c) sharing of conjugal assets in cases of marital divorce.

Often, there is an institutional separation of economic and social policy, and an associated hierarchy among Ministries within Government based on the inherent views and perceptions about what gender means and the role of gender equality in economic and social development. Ministries of Labour are often under-resourced, but the Ministries of Women Development or Social Welfare in Pakistan are even more marginalized and have little influence over national policy agendas. Yet these institutions are often primarily responsible for gender equality interventions.

The more powerful Ministries such as Finance, Planning or Trade are responsible for the design of macro-

economic policy and rarely have gender equality concerns mainstreamed. For various capacity reasons the Ministries often result in producing gender blind policies which unfortunately are not gender neutral in their impact. Indeed their effects can be profoundly negative on women s businesses, their lives and on poverty alleviation in general.

## 2. Government Perceptions of Gender and Gender Equality Objectives

The ILO s work with the Government of Pakistan shows that there is strong commitment to pro-moting gender equality. However there are many challenges, misconceptions and obstacles that preclude policy makers from designing effective, gender-sensitive strategies. Some of the issues which policy makers confront in their efforts to promote gender equality are:

1. They often see women as needy , i.e. in need of social assistance rather than as agents of change for social and economic development.
2. They often lack the capacity to conduct a gender analysis, often resulting in gender blind policies that do not impact women and men in the same way.
3. They often separate the economic and social aspects of development thereby giving emphasis to trickle down assumptions in which policy is targeted to the sector perceived to be economically stronger, with benefits eventually reaching the more vulnerable segments of society including marginalized women.
4. This view of social and economic separation perceives equality as a luxury of high income economies. Moreover, promoting equal employment opportunity interventions is often perceived as being costly and is often postponed until the economy has reached a certain size and income level.
5. Policy makers primarily assess just the short term costs; they need to be mindful of the longer term, harder to measure, but real benefits of equality such as more efficient labour allocation, full use of human capital and capital formation for the next generation.

A related issue is that the frameworks within which policies are designed can constrain effective gender responsive strategies. For example, orthodox economic models assume the behavior of the individual to be rational, self-interested and market oriented. These models do not recognize differences based on sex, gender stereotyping, class, race etc. or the unequal power relations that exist within the home, the labor market and wider economy .

Policies based on such models can have significantly negative consequences for the poorest and most marginalized sectors of society, particularly women. Moreover, poverty alleviation strategies tend to measure poverty by income level linked to households. This is unhelpful in disaggregating gender dynamics within the household or assessing how women contribute towards economic growth.

The role of the State is agreed as being critical in the development process such as in allocating resources, providing infrastructure, education and training, and promoting particular sectors and labour standards, regulating capital flows to avoid capital volatility and promoting labour market policies. The Government needs to reduce its excessive emphasis on inflation targeting and refocus towards gender equitable goals such as employment creation through SME development and targeted investment to strategic sectors to

stimulate productivity that will benefit both men and women.

In addition to the collection of gender disaggregated data, which is crucial for policy development, efforts need to be made to increase dialogue with and representation of women in macroeconomic policy making. Concurrently, the organization of the informal economy is required since women are often concentrated there and in business segments that are least protected, most invisible and most vulnerable.

### 3. Gender Issues of Women Entrepreneurs

Some gender issues specific to women entrepreneurs, highlighted by the interviews with SMEDA officials and other stakeholders (Annex 5) continue to be:

1. Discrimination
2. Limited access to productive resources, i.e. land, credit, skills, technology, networks, information
3. High registration costs
4. High transaction costs
5. High taxes and
6. Complicated procedures for women entrepreneurs in joining the formal economy.

The Graph below is extracted from the Independent Organisational Evaluation of Small and Medium Enterprise Development Authority (SMEDA) . date

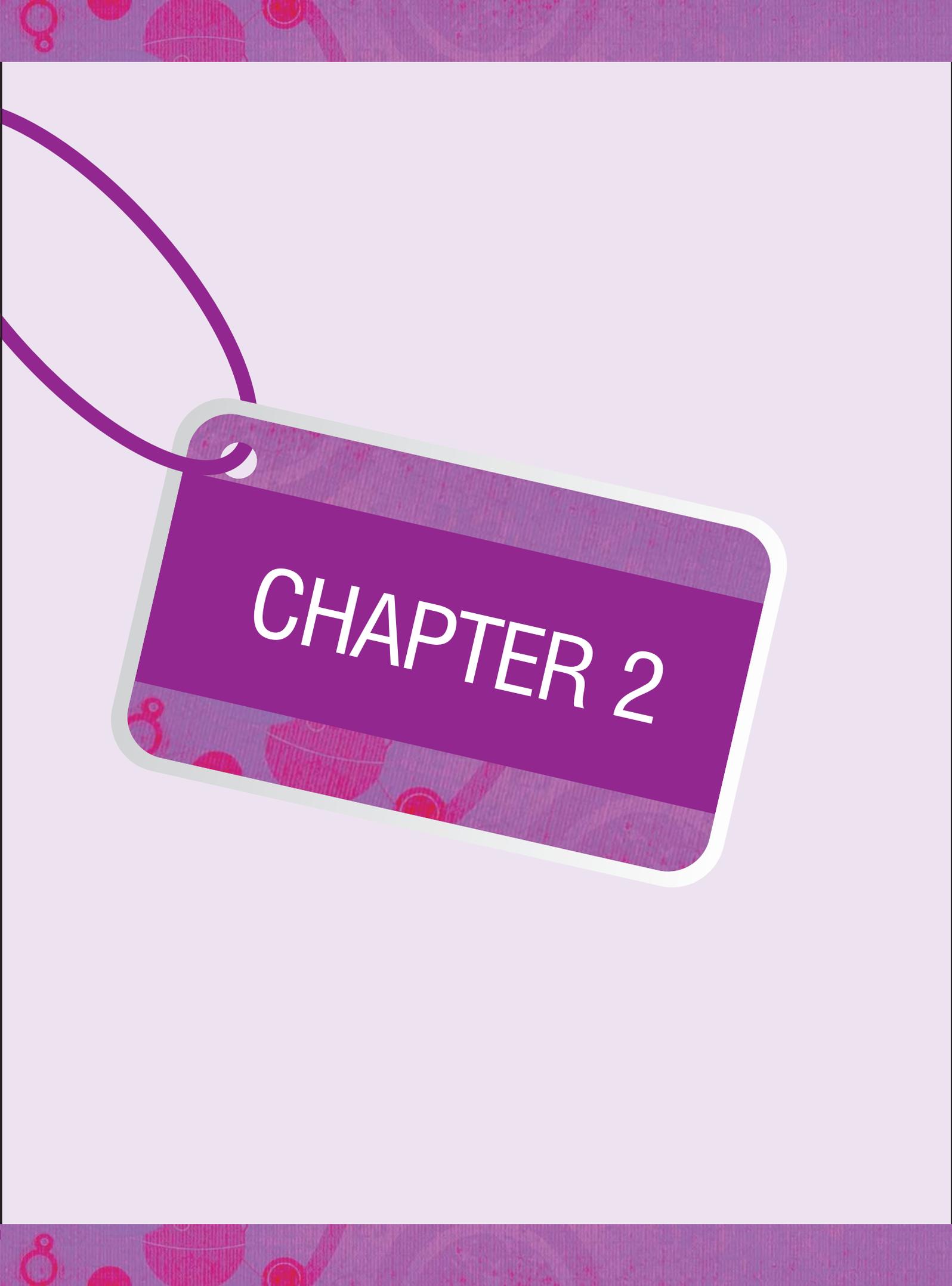
Moreover, women enterprises often set up supply-driven operations rather than demand driven (often linked to occupational segregation) . The failure rate of these enterprises is high due to market saturation, gender segmentation (women are concentrated in female oriented enterprises such as food vending, hairdressing etc.) and lack of access to technology and skills training, credit, mentoring and market access. These women s enterprises are often unable to access essential services such as Business Development because of lack of access to information, or lack of legal literacy or limited time due to family responsibilities. There is a need to ensure that women are able to identify real income opportunities, beyond their traditional skills base.

It is quite apparent that women and women headed enterprises are often at the lower end of the informal economy where decent work deficits are the greatest. Evidence suggests that employer discrimination in hiring of women in the private sector is common. SMEs struggle to comply with maternity and other protections, which often act as a disincentive to hire women.

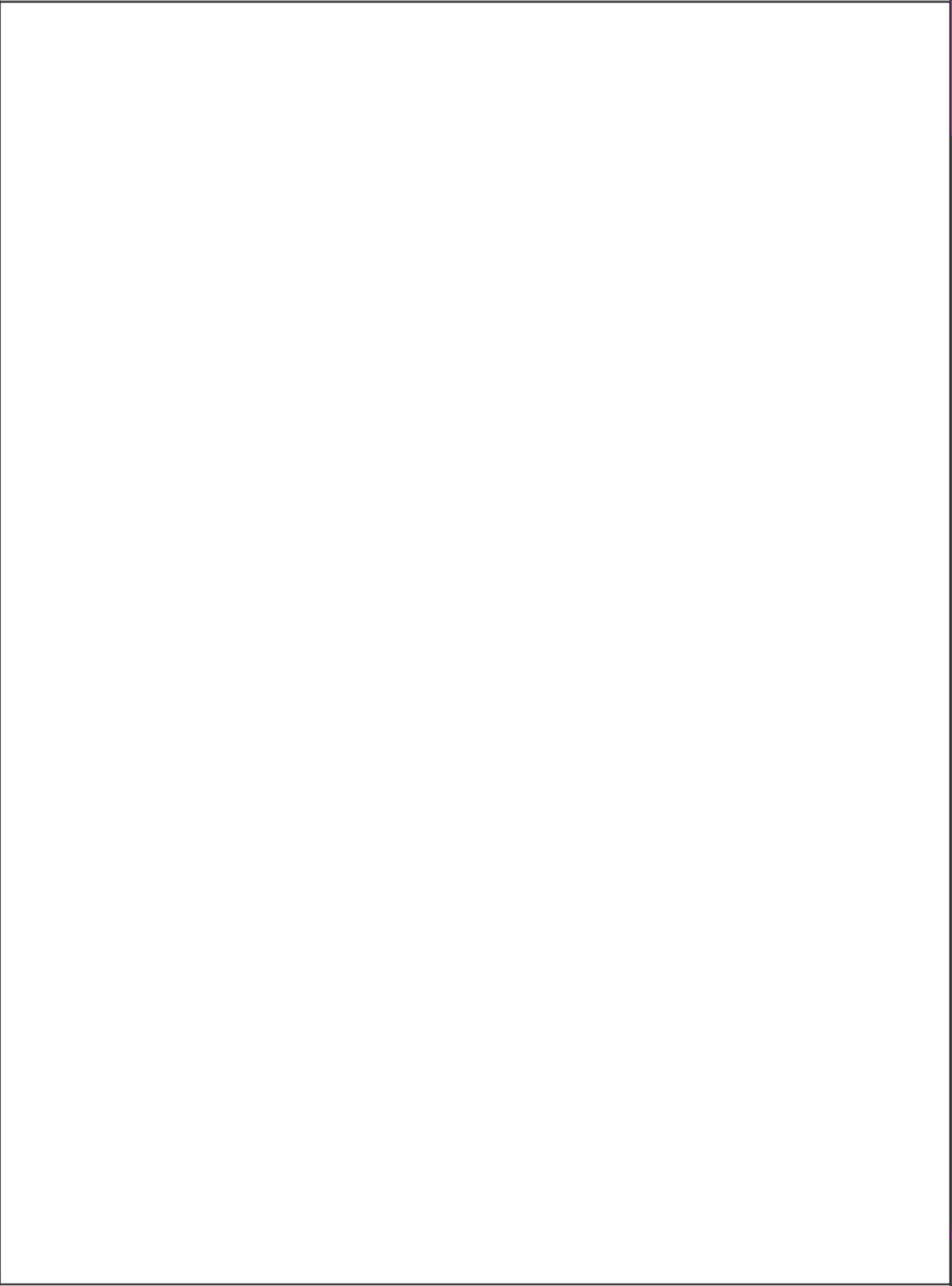
In a recent study conducted by the ILO using one of the WEDGE tools, women themselves identified the following gender constraints which prevent them from realizing their full potential: (see Annex 5g)

- 1) The lack of property rights was spontaneously mentioned as a key constraint. This affects not only access to finance but also other dimensions of the enterprise such as decision-making power.
- 2) The burden of women's unpaid work in the household is a key constraint in their marketing and enterprise activities.
- 3) Conflict in the household because men would not accept women's economic role.

- 4) Upstream and downstream sexual harassment was said to be as a serious problem for women of all ages.
- 5) Getting, managing and retaining skilled labour was a serious problem.



# CHAPTER 2



# Gender Gaps in the SME Policy - Review with ILO Gender Equality Tools

Although gender equality of opportunity is mentioned in the SME Policy 2007, it does not suffice for gender equity. Gender equality of opportunity usually requires significant changes in institutional culture and processes - including language, assumptions, relationships and incentives (Annexes 5l and 5m). Pakistan has legislation and even religious laws against different forms of gender discrimination, for example property rights legislation under Shariah, which remains unimplemented without supportive measures to enable women to take advantage of these laws. There is still a need for an initial period of affirmative action in order to support sufficient numbers of women or men to challenge existing inequalities and stereotypes and to establish new norms and practices that provide equality of opportunity.

The SME Policy neglects the gender mainstreaming/gender equality perspective. Documents and institutions such as the National Commission on the Status of Women (NCSW) in support of gender equality are not integrated into SME supporting institutions such as the various Chambers or Associations and SMEDA itself. (Annex 6, the SME policy with instructions for facilitators of FGDs and Annex 5l)

There are no gender mainstreaming instruments or gender target settings in the SME sector generally and in the SME policy specifically. The most important gender mainstreaming intervention is the setting up of the Women's Business Incubation Centers (WBIC) which serve a purpose but are not sufficient to address the issues in the sector. Nor does WBIC serve to capitalize on the vast women's entrepreneurial potential in the country. Furthermore, the WBIC does not cater to rural women entrepreneurs. The current subsidized programs for women through government platforms do not have the requisite outreach to even fifty percent of the women's enterprises (WE). Moreover, women's enterprises, along the value chains, are often micro enterprises belonging to socially vulnerable groups and mothers with small children: these groups require higher subsidies and explicit inclusion strategies within the SME Policy and Plans.

It has been learned from SME interventions in Pakistan that a policy focus is required alongside a programme or project approach because gender inequalities that burden women require changes in the behavior and position of men as well as of women. Change is also required in the underlying gender inequalities in power and resources that structure the ways in which women and men behave towards each other. Therefore, gender equality objectives are better met through mainstreaming change in gender relations in strategies targeting men; for example, the inclusion of gender awareness in capacity building and SME training for men as well as women.

There is limited evidence of gender mainstreaming in the SME policy support and implementation. Several initiatives may have had a gender impact but there are no gender impact assessments available. In addition, despite the strong emphasis on women's participation there is very little attention to the gender-equal distribution of the resources and/or its benefits in terms of time, money and power. The SME Policy sets the targets of increasing the share of SMEs in value added production to 40%, and increasing women's ownership to 6%. Otherwise these targets are all employment targets and are not accompanied by concrete measures other than the objective for women to be 60% of the beneficiaries in all action measures. With regard to the mobilization of inactive workers, several measures have been taken, such as social security contribution reductions for contracting women on indefinite contracts, various training programmes, action plans in enterprises and a specific employment programme for victims of gender violence.

Women should benefit from the SME policy on a more or less equal footing with men but this is not apparent.

Some of the key issues lies within the structural reform for achieving a more efficient and transparent labour market. One idea is that employment services and municipalities could join together in creating and running new job centers (Annex 5i, meeting with NCSW).

## 1. ILO WEDGE and other Gender Mainstreaming Tools

Through the WEDGE project, it became clear that there was a need to increase the understanding of gender differentiated aspects of SMEs from value chains, to enhancing the capacity of practitioners in their work, to redressing gender imbalances in enterprise development. Policies are often based on gender-blind or gender-discriminatory assumptions, marginalizing women as a 'special' minority case. Women are still excluded from, and often further disadvantaged by, many 'mainstream' SME development interventions.

Policymakers need to recognize that women are not a homogenous group. There are different levels of vulnerability according to race, class, disability etc. Nor should women be seen as passive victims in need of social assistance. Women are dynamic agents capable of transforming communities and economies when given opportunities.

The ILO Guides and Tools (see reference list, Annex 4) aim to improve the accuracy, relevance and usefulness of practitioners work and policy recommendations in general through including the perspectives and needs of the majority, rather than just the male half of the population involved in SMEs and SME development.

The research study was provided with the following four tools, with the others taken from the internet:

1. Making the Strongest Links: A practical guide to mainstreaming gender analysis in value chain development. ILO. Linda Mayoux, Grania Mackie
2. GET Ahead for Women in Enterprise Training package and Resource Kit ILO
3. Promoting Gender Equality at Work: ILO Gender Mainstreaming Strategy (GEMS) in Asia and the Pacific, 2004 to 2007. ILO Regional Office for Asia and the Pacific (ROAP)
4. Gender Equitable Value Chain Action Learning (GEVCAL).

For the purpose of the review, the ILO gender concepts and definitions (Annex 1) have been used. Gender equality refers to the equal rights, responsibilities, opportunities, treatment and valuation of women and men both at the workplace (in jobs and enterprises) and in the relation between work and life. It is reiterated here that the promotion of gender equality does not mean giving more power to women and taking away power from men. It recognizes that men and women are different but equal. Gender equality is about ensuring that all persons are treated with dignity and can develop to their full potential, leading to a higher quality of life for all. The gender equality of opportunity is a basic human right established by International Agreements and Conventions, such as the ILO's Conventions 111 and 100 and the 1979 Convention on the Elimination of All Forms of Discrimination against Women. Gender equality of opportunity and women's empowerment are now widely recognized as integral and inseparable parts of any sustainable strategy for economic growth and SME development.

Gender mainstreaming therefore requires addressing many interlinked and mutually reinforcing dimensions (economic, social and political) and levels (individual, household, community, national, and international) on which gender inequality operates. While reviewing the SME Policy, the ILO GEMS Toolkit in Brief was found to be extremely useful and its concepts, definitions and strategies were especially kept in mind when studying the SME policy. Consequently, beside the overall gender neutral language and omission of gender equality in

the analysis, objectives and SME promotion strategies, it was also observed that gender budgeting is required within the SME Policy content. The GEMS Tools are used for self-assessment as well as for assessment of the SME policy process (known to me) and of the content as can be seen. See Table 1 below.

This one-page summary checklist is provided by the GEMS Toolkit to assess to what extent gender concerns are integrated into the design of any ILO action. If most of the answers to the following questions are yes, it means the design of ILO action is responsive to the needs and concerns of people of both sexes. If more than half of the answers are no or not sure, more attention is needed to make sure that the action will address the needs and concerns of men and women. This and other questionnaire sets have been modified for the purpose of examining the SME Policy with a gender lens.

**Table 1: Gender Considerations in the SME Policy**

<b>General</b>	<b>Yes</b>	<b>No</b>	<b>Not sure</b>
Does the document show that the ILO/GoP gender perspective has been incorporated in its analysis of economic, social, political and environmental factors related to the SME sector?		*	
Does it take the gender context into consideration in terms of content and institutional		*	
Does it refer to international agreements on gender equality?		*	
<b>Planning Procedures</b>			
Has a stakeholder analysis been undertaken and is there explicit reference to a balanced participation and the specific needs of women and men in preparatory activities?		*	
Did the national women's or gender machineries for the promotion of gender equality participate in the design of the document?			*
<b>Problem Identification</b>			
Does the document use data disaggregated by sex?		*	
Does the document consider the factors contributing to girls'/boys' or women's/men's labour situations from a gender perspective?		*	
Does the document take into account the different experiences of women and men, and if yes, in what ways?	* Very generally		
Does the document use gender-sensitive language?		*	
If there are visual images, are these gender-sensitive and balanced?		*	
<b>Objectives</b>			
Do the Policy objectives states gender equality goals?		*	
Are indicators disaggregated by sex?		*	
Are outputs and targets disaggregated by sex when appropriate?		*	
Do outputs and targets include organizations/institutions that work on gender equality issues?		*	
<b>Implementation, Monitoring, Evaluation</b>			
Do policy inputs reflect gender responsibilities and expertise?		*	
Have financial and/or technical resources been allocated to promote gender equality?	* In terms of women specific measures, very nominally		
Does the policy evaluation require assessments of the differential impact of activities on girls/boys or women/men?		*	
Have women and men been equally consulted in assessing the usefulness of the activities within the Policy?			*

<b>Gender Perspective Integration</b>	Done	Not Done	Somewhat Done
Allocate human and financial resources to include gender expertise		*	
Identify specific constraints faced by either women or men, boys and girls, to be addressed by the programmes of SMEDA			*
Design a gender-specific intervention when a certain group is in a particularly disadvantageous position, e.g., targeting women/girls only or men/boys only	*		
Assist, when necessary, key actors in mainstreaming gender concerns into new and ongoing programmes			*
Develop gender-specific outputs to ensure the nature and extent of the programme's benefits for girls and boys and women and men		*	
Develop indicators for measuring progress made towards promotion of gender equality between boys, girls, their parents and other key actors		*	

As can be seen from the responses to the checklist, most of the answers are in the No or not sure category. The Checklist above indicates a clear need for attention to the SME Policy to make sure that its

they have a lower status in society and more limited networks, and often do not own assets such as land. Also, due to more restricted access to education, training and skills, women's choice of business ideas and opportunities is limited. Mobilizing resources, especially during the start-up period, may create a serious bottleneck for women who often cannot produce the necessary legal documents and requirements. As the enterprise grows, the woman entrepreneur may find herself in a situation where she needs to employ and manage workers, maybe for the first time in her life.

### **3. Gender Equitable Value Chain Action Learning (GEVCAL) Manual**

The Gender Equitable Value Chain Action Learning (GEVCAL) Manual was also used to assess the SME Policy. The GEVCAL mainstreams gender at all stages of policy development and its main goal is effective and ongoing implementation of gender equitable and pro-poor Value Chain Development (VCD) strategies as a sustainable development process. GEVCAL sees Value Chain development as requiring collaboration between different stakeholders, including 'heads of industry' and informal sector actors, workers and those who are vulnerable along the chain. It also focuses on building capacities and networks for ongoing learning. This ILO Guide was used to inform the recommendations and give thought to the smaller players in the various sectors that SMEs occupy.

According to the GEVCAL the gender lens should be used to investigate why there are barriers to entry and the causes of inequalities in different parts of the value chain within the SME sector: i.e. investigating the effects of different interests and power relations and contextual factors. It was observed that the SME Policy has not included this perspective or insight as per GEVCAL recommendation. Needless to say identification of potential conflicting interests between stakeholders and best strategies for redistributing value in favor of those most vulnerable and disadvantaged is also required. The SME Policy omits any mention of how the stakeholder capacity building and networks can become part of a sustainable participatory action learning process. This requires some form of participatory monitoring of outcomes and impacts of the SME interventions.

### **4. Gender Gap Checklist Three: Questions Used to review the SME Policy**

Is all information gender-disaggregated and is gender difference included as a dimension of analysis and monitoring throughout? Answer 1: No

What gendered assumptions are made in language and terminology? For example: in definitions of 'enterprise', 'worker', 'head of household'?

Answer 2: No gendered assumptions were made in the SME Policy language and terminology, especially not in the terms mentioned in the question.

Are women's 'invisible' and/or non-market activities part of the analysis and recommendations throughout?

Answer 3: There is little analysis of women's work and none of women's invisible work and non-market activities in the SME Policy.

Are gendered power relations within and between enterprises part of the analysis and recommendations

throughout? Within households? Within markets? Within communities? Within development institutions?

Answer 4: No. Gendered power relations have not been considered in the analysis for SMEs whether between enterprises, markets or households.

Are the gender implications of macro- and meso-level policies included in the analysis and recommendations? Answer 5: No

Is the full range of female stakeholders not only included throughout the process but have they been given a voice?

Answer 6: No, the full range of female stakeholders was not included in the policy development process as was verified by both SMEDA and Chambers of Commerce officials and FGD participants.

Have the gender dimensions of men's attitudes, behavior and experience also been included in the analysis and recommendations?

Answer 7: It is not apparent that men's attitudes have been included in the analysis of the SME Policy although their experiences have been considered.

What are the implications for the gender skills and gender composition of the Management Team and/or Steering Committee/s?

Answer 8: The gender skills of the Steering Committee of the SME Policy are quite limited whereas those of the Management Team of SMEDA are at varying levels of understanding differing from province to province.

As can be seen from the answers, the challenge for the SME policy is to translate this broad framework of questions into an integrated, time-bound, manageable and gender sensitive SME development. Below is another set of (ILO toolkit informed) questions used to review the SME Policy.

## **Policy Focused Gender Review Question**

Q. Are gender inequalities in the Policy perpetuated by information sources, and/or the SMEs? A. Yes, they are perpetuated both by information sources and the SMEs themselves for the various reasons mentioned in the previous section of this report.

### **The following criteria were briefly considered for the purposes of the research:**

1. Gender segregation of tasks/markets/products? Answer - Not done
2. Gender discrimination within the production process? Answer - Yes
3. Gender discrimination in markets? Answer - Yes
4. Individual differences in skills, resources, time between men and women? Answer - Yes
5. Gender constraints at household/family/kinship level? e.g. lack of control over income, unpaid household work, restrictions on movements outside the home and relations with men? Answer Yes.
6. Gender constraints at community level? e.g. social sanctions and violence, withdrawal of social support, lack of business networks? Answer. - Yes
7. Gender discrimination within development institutions? e.g. business development services, training, financial services? Answer. - Yes
8. Gender discrimination in national legislation and policy-making?

Answer - Yes

9. Gender discrimination in international agreements? e.g. on trade, aid and development programmes?  
Answer - Yes in varying degrees.
10. Gender blindness/bias in underlying conceptualization of issues and policies? Answer - Yes

As can be seen, the overall gender equality appreciation is minimal in the SME Policy although efforts have been made to include women-focussed considerations. Unfortunately, this effort is more as an addendum and very much with the old fashioned protectionist view rather than the Equality in Outcomes .

## **Gender Perspectives in Stakeholder Analysis**

Stakeholder analysis provides the basis for identifying the potential roles of different stakeholders at every stage of SME development, including:

1. Their relative power and hence priority status for policy outcomes
2. The degree to which they are likely to be affected by SME development
3. Their potential role in ensuring the reliability of the evaluation
4. Their potential role in implementing the recommendations.

Stakeholder analysis identifies differences and potential conflicts of interest not only between women and men, but also between women. It will generally be necessary to distinguish broadly between these and give different consideration and investigation to:

1. Female upwardly mobile entrepreneurs who can serve as role models and agents for change.
2. The vast majority of women who may not have access to the necessary resources for mobility because of factors like poverty, vulnerability or lack of education that further compound the constraints of gender inequality.
3. It is important that women are not all lumped together as 'one stakeholder category' even though they may face many similar constraints because of gender inequality.

Despite the similar constraints that women face because of lack of adequate resources, limitations on mobility and discriminatory attitudes, women do differ in the degree to which they are affected. This depends on the differences in their age, levels of education and marital status. These differences may be as important or even more important in determining the opportunities and constraints open to individual women as entrepreneurs.

### **Gender-inclusive stakeholder analysis also views the stakeholders differently to ensure inclusion of:**

1. Women working at different stages of the value chain but who are less visible, for example: in ancillary activities, temporary work, putting out systems and home working. They are likely to be among the most vulnerable stakeholders. They may also be critical in attempts to improve quality and productivity.
2. Women family members who are significant actors in 'male-owned' enterprises as managers, supervisors and unpaid family workers in production or reproductive activities. They may be not only vulnerable but also significant potential beneficiaries of management training and quality improvement measures.

3. Women involved in enterprises or trading activities which might be displaced by some types of upgrading strategies.
4. Potential as well as actual female consumers who might be significant in market expansion locally, nationally or internationally.

**The ILO tools also recommend the inclusion of the following to ensure 'Gender balance':**

1. Men in 'female-owned' enterprises
2. Men who are vulnerable to displacement by policies aiming to benefit women in value chain upgrading.

It is also important to include consultations with men when investigating gender inequalities to identify which opportunities and constraints faced by women are due to the economic and market context, and/or poverty and hence faced by men as well as women, and which are due to gender. Consequently, men were consulted (separately) regarding the gendering of the SME Policy. This is also an important part of identifying way of involving men in finding ways forward to support the necessary changes in behavior and attitudes. Understanding the dynamics of power and difference within and between stakeholder groups, and the best ways in which the different interests can be represented and negotiated, will continually need to be refined.

Giving stakeholders, including the most vulnerable, a voice requires focused attention to ways in which participatory processes are facilitated to ensure that:

1. The right voices are actually present (presence)
2. Those voices can speak (consultation)
3. Those voices are heard (influence)
4. Those voices are listened to (equity and control).

## 5. Empowerment Analysis Tool

This tool looks at the norms and values in the personal lives of men and women and how these relate to the work life. The Analysis highlights ways in which male gender roles limit men's willingness to plan for the future and also leads them to seriously limit their wives' ability to make a significant contribution to household income. This means that even if there are any significant increases in household incomes, men need to address their own gendered attitudes towards rights to luxury expenses, to control household income and to determine what their wives do. It is not clearly established that increasing a particular man's income would lead to higher levels of household well-being, or lead to significant benefits for his wife.

**Some questions for this analysis were:**

1. What are women's own strategies for coping with constraints and maximizing opportunities?
2. How far do these perpetuate or challenge inequalities at the different levels?
3. What are women's priorities for change?
4. How do these compare with those of men?

## 6. Gender and Entrepreneurship Together – Another ILO Gender Toolkit

This Toolkit was also provided as an instrument against which to review the SME Policy from a gender perspective. The GET is a training package 'GET Ahead for Women in Enterprise' that aims to assist ILO partner organizations in promoting enterprise development among women in poverty who want to start or are already engaged in small-scale business. It draws upon generic tools such as those developed by the ILO resources including those on association building and safe working conditions which are a vital concern for women entrepreneurs, particularly in small and micro enterprises in the informal economy. The content in GET Ahead was considered in analyzing the relevance of the SME Policy 2007 for the women entrepreneurs, especially the micro and small entrepreneurs, because as was highlighted the enterprise sector and the needs of those who work in it have not been duly addressed by the SME 2007 policy.

The Paper on 'Gender Issues and Tools for SME and ICT' by Chat Garcia Ramilo 2008, discussed old and new gender gaps vis a vis the use of ICT to address gender inequalities and its contribution to women's empowerment. This was also used in the review of the SME Policy. An 'old' gender gap has to do with women's current exclusion in the existing SME sector. Countless studies have shown that there is a large gender gap favoring men in terms of ownership of and participation in SMEs. A 'new' gender gap emerges with the introduction of ICTs in SMEs (or livelihoods) having to do with differential access, knowledge and capacity between women and men. Similarly, many studies have amassed evidence that women are disadvantaged compared to men in terms of access to knowledge and training in technology. Moreover, as we have observed, this disadvantage is compounded by overall gender disparities in mobility, access to income and resources, safety and security, roles in decision-making, discrimination, violence against women and other socio-cultural factors that affect women both globally and in their specific local contexts. Many of these gender related gaps and barriers have so far not made it in the overall discourse of how SMEs can successfully adopt ICT for development.

In the paper, two main reasons are given for the lack of integration of a gender perspective in ICT for development: 1) a lack of skills and practice in evaluation and evaluative thinking and; 2) a lack of understanding and experience in gender analysis. While some organizations had a conceptual understanding and commitment to gender equality, they were not always capable of translating this knowledge into operational and measurable terms within their projects. This lack of capacity is common in the ICT for development sector and is expressed in weak focus on gender in project design, implementation and policy formulation. One of the main challenges, therefore, is developing effective planning and evaluative thinking about gender and ICT for development which can bring about more solid gender practices in the ICT sector. The SME Policy does not in any way factor in this learning or consideration of gender perspective in ICT use for SME development.

The research also studied the variety of manuals on 'how to gender mainstream' developed by the European Union (EU) community. An example at the European level is the EQUAL guide on gender mainstreaming that was written for those involved in national EQUAL programmes (EC 2004). Another, more recent example is the gender mainstreaming manual developed by the Swedish Gender Mainstreaming Support Committee (Jämstöd 2007). For example, the framework for applying gender mainstreaming by Stevens and Van Lamoen (2001), who developed a manual for gender mainstreaming at universities, was used. In addition, useful information may be found in guides to gender impact assessment. Rubery & Fagan (2000) described, for example, a seven-stage gender impact assessment process.

Based on the literature and taking the specific area and stakeholders into account, a checklist for gender mainstreaming has been developed for this study, consisting of four steps, The steps are shared as Annex 10 and may also be considered as the criterion against which the SME Policy development process was assessed.

## 7. EU Tool Used for the Gender Perspective in the Policy Structure

1. Are there any targets set with regard to equal opportunities? Answer - No
2. Are all relevant stakeholders aware of the gender equality issues? Answer - No
3. Is there a clear structure of responsibilities? Answer Yes but not sure how much used.
4. Are training facilities available and/or is it possible to make use of external expertise? Answer Yes but not sure if adequate.

## 8. Assessing the Policy Impact

1. Do men and women have equitable access to active labour market policies, including training? Answer At the micro and small levels women have some access to training but generally this does not meet the requirements of their business or self employment purposes. Men are in some instances at a disadvantage, especially those who are past their mid thirties or coming from a rural education background. The quality of the trainings does not meet the market requirements.
2. Are measures available to the inactive as well as the unemployed? Answer Generally no, with very few exceptions.
3. Are there measures addressing the needs of specific groups, like lone parents (by providing childcare services), the disabled (by providing social services and technical aid), or women returners after long-term caring (by offering training facilities)? Answer Generally no, there are very few exceptions but not in any systematic way.
4. Do active labour market policies promote the entry of women into high quality, non-traditional jobs? Answer Yes in cooperation with donor programmes but not in any systematic and sustainable way.
5. Do men and women benefit in equal terms from initiatives to start-up businesses or any other services provided by public employment services? Answer Generally no, there are very few exceptions but not in any systematic way.

Preference is given to women, because social norms still negatively affect the participation and success rate of women entrepreneurs. The KPK SMEDA Chief highlighted that to promote WE, mark up rate should be subsidized, skills training should be regularly offered, and loans from Rs. 500,000 to 1m need to be introduced. To facilitate the WE, the KPK SMEDA are also coordinating with TADP.

6. Is the equal pay legislation effective at lowering the gender pay gap? Answer Not to the knowledge of the people consulted so far, primarily SMEDA and women entrepreneurs and two men from the Sarhad Chambers of Commerce.

Is there (additional) legislation that obliges social partners to bargain over equal pay? Answer No

7. Are companies required to survey and analyze pay practices on a regular basis? Answer No

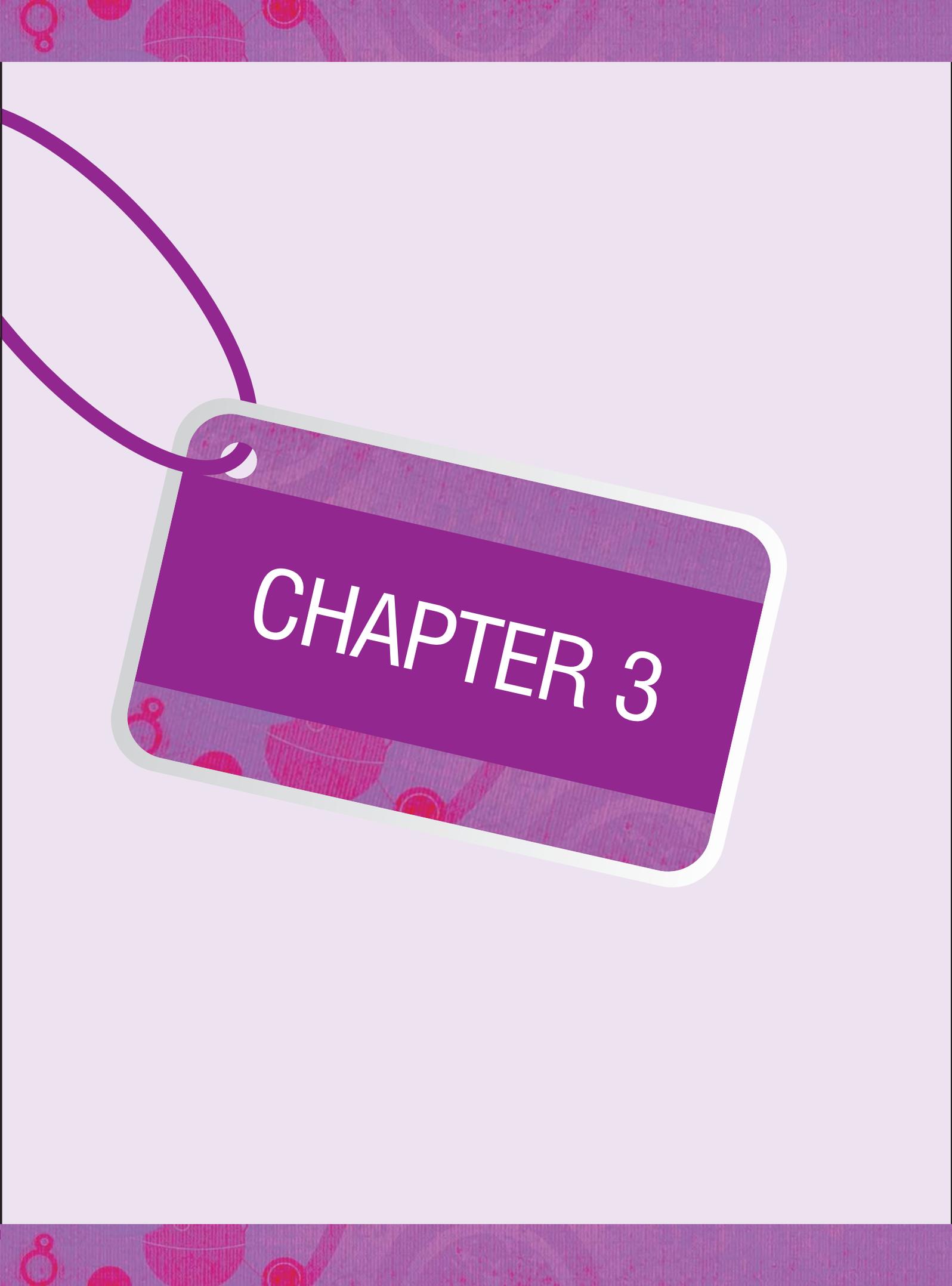
Are job evaluation measures used on a regular basis? Answer No

8. Do women returning to work or setting up SMEs have access to training? Answer There are Skill development Centers for women but to all practical purposes, no.
9. Do policies promote (horizontal and vertical) desegregation of occupations and workplaces? Answer No
10. Are wage policies aimed at reducing wage inequality and improving the remuneration of low-paid and/or female dominated jobs? Answer Not in SMEs

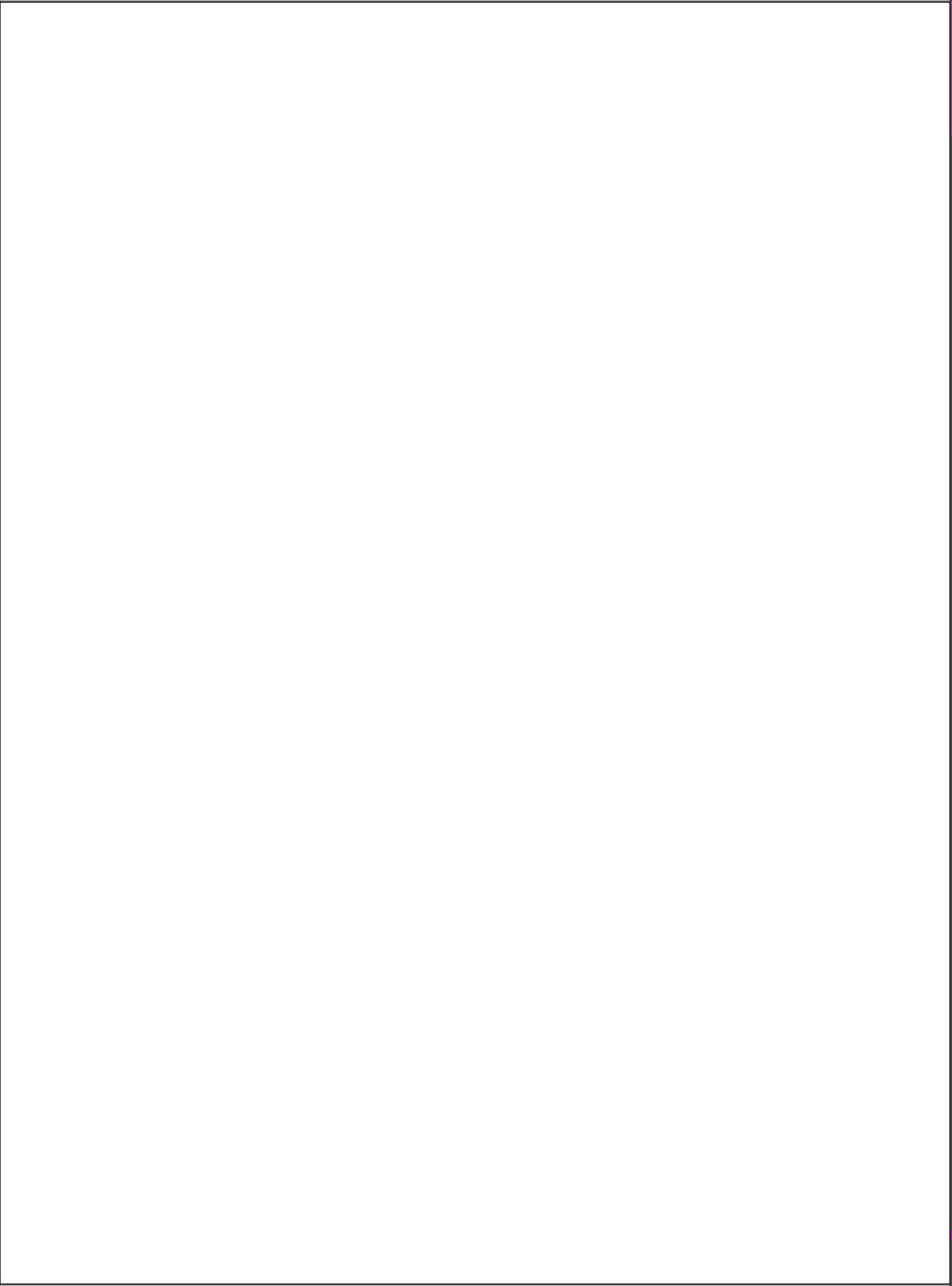
To sum up, after using the various gender equality tools it was highlighted that the SME Policy has a number of gender gaps both in content and approach to addressing the SME sector issues. Briefly, the gender gaps are visible at every stage of the policy cycle:

- (1) at the problem identification or problem statement stage as shared in Annex 6 and earlier in the text, the objectives of the SME Policy and its problem statement articulation are gender neutral/gender blind which adversely affects the emphasis given to women SMEs and to the perceived results of the Policy by the women entrepreneurs.
- (2) at the policy formulation stage, which involves analysis and stakeholder consultations this stage is inadequately informed from the gender perspective as has been highlighted throughout this section and will be further discussed in the next section.
- (3) at the implementation stage which includes a government agency (SMEDA), its structure, systems and budgeting. SMEDA as the leading agency has taken some serious steps to maintain a gender aware organizational structure and human resource policy practices. The budget, however, does not qualify as being gender responsive and support to women entrepreneurs as well as to male entrepreneurs needs to be more gender equitable. There is no clear SMEDA strategy for achieving gender equality objectives.
- (4) at the evaluation stage, the impacts of the Policy are assessed for this stage of the policy cycle there are no gendered monitoring indicators nor a framework for evaluation such as in Annex 9 so the voices of both men and women can be considered in the evaluation of the SME Policy.





**CHAPTER 3**



ILO research findings show that women entrepreneurs are mostly in the micro enterprise sector and are practically invisible in the large and medium enterprise categories. However, there are many situations where women want to grow their businesses, but gender-based legal, economic or socio-cultural barriers and inequalities prevent them from doing so. The areas where women are more disadvantaged than men are: in their property rights, access to finance, markets, education and networks business support. Women are able to participate in private sector growth through increased access to productive resources such as credit, land, technology, business networks and market information.

Trade is another avenue that offers new opportunities for enterprise; women may not be able to take advantage of those opportunities because of some of the factors mentioned above. Moreover expanded trade may result in an influx of cheap imports that women's enterprises cannot compete with. Although some women have been able to tap into the new opportunities coming from trade and the growing services sectors, many are still held back by inadequate market information for the usual reasons of lack of capital and business networks.

Out of the 50% female population in Pakistan, only 3% of women are engaged in economic activities, according to Federal Bureau of Statistics estimates. The growth potential of women's enterprise can be significantly improved through mainstreamed and gender targeted assistance in business financing institutions, as well as through legislation and policies that address discrimination (Annexes 5a to 5m). As part of an international commitment to women's human rights and gender justice, the GoP has made a commitment to gender equality of opportunity. Women should be treated as an integral part of any development policy alongside men and not as a special needs case.

In Pakistan, there are few coherent and focused Women Entrepreneurship development programs except for the SMEDA Women's Business Incubation Center Initiatives and isolated efforts of Women's Chambers of Commerce and Industries. The Center for Private International Enterprise (CIPE) which is a nonprofit affiliate of the US Chambers of Commerce, has recently been working in the area of women entrepreneurship development. According to Program Manager CIPE (see Annexes 5 X to x), only two women's business associations have been formally licensed to operate despite the Women Protection Law enacted in December 2006.

CIPE in collaboration with the Lahore Chamber of Commerce & Industry and the Uks Radio Project, developed a series of radio programs [www.cipe.org](http://www.cipe.org). The focus of these programs was on discussing entrepreneurial issues and lessons learned in the different cities of Pakistan. What was noteworthy in the feedback shared by the Radio producers was their confirmation of the findings that this study gathered from the literature review and the focus group discussion with entrepreneurs arranged by SMEDA. Their findings underlined the fact that women entrepreneurs are isolated; there are no valid associations, fora or platforms which the majority of women enterprises are aware of despite the presence of various Chambers of Commerce and their well covered events by the print and electronic media. The website and the youtube videos provide a glimpse of the almost complete absence of any valid women's entrepreneurship program.

In Islamabad a USAID funded project was initiated last year to set up an Entrepreneur Development Institute (EDI) for women in Lahore. This is supposed to be a joint effort of the Ministry of Women Development, TDAP and the Evacuee Trust. From March 25 to April 9th 2010, more than 100 women entrepreneurs from Punjab,

Sindh, Balochistan, NWFP and FATA participated in training programs held in Islamabad, Lahore, Karachi and Peshawar. Due to the high demand, with over 500 applications received, USAID will conduct another round of trainings in May and June 2011. USAID Associate Mission Director Jim Barnhart said during the ceremony "these programs are only the first of many U.S. government initiatives that will be launched in consultation with Pakistani organizations to support women in the marketplace and improve the economic health of the nation."

The United Nations Industrial Development Organization (UNIDO) initiated a pilot project in 2009. This pilot project works in three sectors: marble mosaic, textiles and gems and jewelry. However, this project, like the USAID initiatives, is flawed its project design in that they tend to become elitist and benefit those who are already in the funding circles and know how to walk the walk and talk the talk. The humbler and simpler BDS actors are often bypassed. Besides these initiatives, nothing has been done per se for: 1) mainstreaming gender in the SME Policy and thereby in SME development which is the main focus of this research; 2) women entrepreneurship development which is a key tool for poverty alleviation and contributes to MDG 3.

Although the SME Policy takes note of the access issue in gender, it omits to note that men and women have different access to the resources required for successful enterprises. Moreover, the gender specific constraints women face at the household, community and the government institutions level often hinder their ability to make their enterprises grow. Women still face limited access to business advisory services and support networks such as business associations. Often they are unable to afford the membership costs or the cost of the services provided. In other cases their enterprises are not eligible for registration since they fall in the informal economy. There is no WED program designed to address these issues as of the writing of this study.

Of the many gender constraints that prevents the growth of enterprises is this inability to appreciate the heterogeneity of women SMEs: this leads to gender blindness in policy development and policy implementation. This also happened during the SME Policy development process. Women must be included across stakeholder categories, but this does not happen. Moreover, women-led enterprises have different needs according to the stage of growth and development of their enterprises. For example, many women entrepreneurs experience specific difficulties in the first stage of starting a business. The failure rate of women's entrepreneurial activities is invariably high where their access to productive resources has been limited due to direct or indirect discrimination.

Discrimination based on gender affects both women and men adversely. However, in the current situation, where all indicators point to women being overwhelmingly more disadvantaged than men, it is justified to prioritize strategies which advantage women. Addressing gender inequality to redress discrimination against both women and men requires actions by both women and men to challenge existing attitudes, privilege and practice.

One of the most important findings has been that developing gender responsive policy requires more than ensuring women are included in the text of policy documents or that desegregated data is used, though these are important elements. It requires a rigorous analysis of existing structural inequalities such as women's reproductive roles and time burdens, their limited access to productive resources and employment opportunities and other forms of direct and indirect discrimination. A key issue that touches every policy area is the inter-relationship between women's paid and unpaid work. Policies that do not recognize this relationship result in an intensification of women's work as they struggle to combine care responsibilities with the need to earn an income.

# 1. Conclusion and Policy Recommendation

The rather extensive literature review (Annex 4) and the use of various gender mainstreaming tools, as well as the study of several gendered policy documents relating to the SME sector, inform the policy recommendations below.

The review cycle of a policy is typically three years, with certainly no more than five years between policy reviews. Procedures can be reviewed more frequently. Usually the triggers for a policy and/or procedure review include one or more of the following:

1. Changes to the external environment.
2. Changes in the concerned/related government legislation.
3. Review of the strategic directions of the policy implementing Agency.
4. New initiatives within or across the Policy areas.
5. Need for consistency across areas of service delivery.

The SME Policy review was due primarily because it was observed that the policy did not match the current government drive to meet gender equality outcomes as identified in the Millennium Development Goals and ratified by the Government of Pakistan in the various Conventions for social and economic development. Gender Equality, although listed as MDG 3, is well established as central to the achievement of the seven other MDGs. There is now a shared understanding within the development community that development policies and actions that fail to take gender inequality into account and fail to address the disparities between males and females will have limited effectiveness and serious cost implications.

The gender gaps in the SME Policy were identified at four stages of the policy cycle:

- (1) problem identification or problem statement stage;
- (2) policy formulation stage, which involves analysis and stakeholder consultations;
- (3) implementation stage which includes a government agency, its structure and systems and budgeting;
- (4) evaluation stage, where the impacts of the policy are assessed.

The unintended side effects of the SME Policy were considered. These need to be determined by the SME Policy M and E Committee and also need to be duly addressed. Evaluation may lead to no change, or minor modification, or major revamping, or, rarely, to termination. The feedback provided by evaluation is re-introduced into the agenda setting stage, thus closing the loop of the cycle.

## 2. General Observations and Suggestions

As a result of the SME Policy review it has been learned that a policy framework embedded within the ILO Decent Work agenda and a capabilities approach establishes equality measures as pivotal in creating new opportunities and growth, rather than being a by-product of growth. Within such a framework, policymakers no longer need to struggle with perceived tradeoffs between equity and efficiency since there are strong synergetic links between the two.

An important restriction on policy making for SMEs is rooted in the thinking that includes a male breadwinner bias and a lack of analysis of the role of women's unpaid work as a limitation on their economic participation. Greater participation is linked to institutional change once the proportion of women in institutions reaches

30 per cent and above the presence of women triggers institutional transformation.

Research also supports social dialogue as a key means to progress on gender equality in SME concerns, including addressing areas such as sexual harassment, maternity leave, equal pay, equal opportunities for recruitment and promotion, family friendly policies, entitlement for contracts, and part-time and temporary workers.

A good framework for gender equality should include (a) equal employment opportunity policies, (b) affirmative action, (c) equal pay for work equal value, and (d) policies to encourage equal shares in childcare unpaid work. Rigorous efforts are required to ensure that women in all occupations are recognized as workers and have rights under labour laws (Annex 5h). It is also important to note that the attention paid to gender mainstreaming may be sensitive to political changes, which can result in a lack of consistency in the application of any policy, thereby undermining its impact.

### 3. Recommendations Specific to Government Institutions

1. It is important that gender equality is mainstreamed through all major policy making Ministries and not limited to a single Ministry or agency.
2. It is also important to note that adopting a mainstreaming approach does not remove the need for gender specific interventions or the need to address direct and indirect discrimination through targeted policies and programmes.
3. Both mainstreaming and gender specific strategies may be required and the two can support each other. This is particularly true in contexts where serious discrimination is rampant and where there are strong socio-cultural barriers to women s economic participation in public life. An either/or approach is usually inadequate for one of two main reasons: (1) women-specific interventions which are not integrated into the mainstream of policy and programmes may marginalize women, and (2) a purely mainstreaming approach may be unable to address the specific gaps that women face in access to information, services, and productive resources – this is particularly the case for vulnerable and discriminated groups of women.
4. Policies are most effective when they combine measures to improve equality in employment, education and training, access to productive resources and the promotion of greater bargaining power within the household.
5. Therefore, making non-market work such as household work visible, and giving it economic value so that it can be integrated into national accounts is an important step in more gender sensitive policy making.

### 4. Recommendations Specific to Macro Policy Environment for SMEs

For the SME Policy to be gender sensitive and effective, the macro policy environment needs to be much more conducive to the needs of the SMEs especially women s enterprises. To that end taxation (fiscal) and income transfers are important redistributive mechanisms for women, in the context that women carry the burden of the care economy.

1. The tax regime needs to be revisited to establish a more progressive tax system that benefits poorer

women rather than the flat taxation regime in practice. Exempting basic goods and services from value added taxes also benefits both poor male and female micro entrepreneurs.

2. Tax rebates may be used to cover social costs of women entering the labour market such as childcare to incentivize labour force participation. Tax incentives and amnesties can be a way to register informal enterprises, including those owned by women. High taxes may act as a disincentive for informal economy operators to register their holdings.
3. Fiscal and financial sector development plans should address social development objectives and incorporate gender concerns in the allocation and mobilization of domestic financial resources for economic and social development.
4. Gender responsive budget audits should be used to determine which groups benefit from fiscal policies and whether or not there are gender biases especially against the poor and disadvantaged.
5. Gender budgeting tools should be used to analyze the different impacts on men and women of national and local financial allocations, to formulate more gender sensitive and transparent budget allocations. They should also be used during the revision of the SME Policy.
6. National budgets should take into account development goals including gender equality and not just monetary and financial goals. Gender analysis is required prior to planning national budgets and other policies to analyze the differential impacts on women and men. The national budget needs to prioritize areas which can benefit women economically and socially for example infrastructural development such as roads, sanitation, health, clean water, education and child care can have a major impact in reducing women's domestic burdens. Budget and related policies need to be mindful that women often bear the brunt of national debt servicing such as cuts in subsidies, public goods and services which directly (and negatively) impact on women's domestic burdens. Due public consultation is required to determine budget allocations.
7. Privatization leads to intensifying women's unpaid work, particularly in relation to healthcare and transport. Cuts in public expenditures in infra-structure clean water, sanitation, roads, transport impact more heavily on women.
8. Women need to be facilitated into organized sectors to have voice and representation.
9. Ensuring women's access to productive resources such as land and credit can enhance productivity and economic growth. This is particularly the case in the agricultural sector. Policies in all these sectors should analyze gender segregation and the impact that women's household responsibilities have on their employment opportunities.
10. GoP can also address age discrimination for younger and older women through public awareness campaigns as well as programmes and legislation. Policies to promote youth employment should be based on equal opportunities and eliminating labour market discrimination for young women (who have the highest rates of unemployment overall).
11. GoP needs to extend regulatory frameworks and labour laws to address the lack of labour protection especially for women who are often concentrated in sectors that are not afforded protection under the labour laws.
12. Occupational segregation needs to be addressed through broad ranging measures such as working towards pay equity and reforming education and training structures to encourage a gender balance as well as providing incentives for girls schooling and increasing public awareness raising to encourage women into non-traditional work.

13. Active labour market policies should target women in SME sectors in the same way that has been done for male dominated sectors.
14. There is a need for an explicit gender equality agenda in training from the level of employment and training policies, to institutional strengthening, to curricula, training materials, training delivery, training of trainers, training venues and facilities.
15. Various labour market adjustment policies can be used to improve women s employment prospects. These include:(a) wage subsidies for employers willing to recruit women and give them on-the-job training; (b) earnings supplements to enable women to re-enter the labour market;(c) opening up apprenticeship opportunities including in non-traditional sectors, self employment assistance and training (credit, training, tax incentives); (d) loans and grants for skills training;(e) public-private partnerships for job creation and placement; (f) ensuring employment guarantee schemes are gender balanced; (g) ensuring that women are targeted in employment intensive infrastructural schemes; (h) providing healthcare and social protection incentives for job creation schemes; and (i) improving women s access to labour market information systems and changing demands.
16. Special efforts need to be made in supplying up-to-date labour market information and business related information such as opportunities for specialized training, continuing education and job placements as well as information about rights and required skills and training. Affirmative action strategies can be used to bridge gaps in access to skills training.

## 5. Recommendations Specific to Institutions Providing Services to SMEs

1. Public Employment Services (PES) can play a key role not only in matching supply and demand in the labour market, but also in eliminating discriminatory practices, ensuring social justice, fairness and diversity in the labour market. Training of the relevant staff, ensuring greater quality service to women clients, and developing gender sensitive impact indicators are key to this process. Both public and private employment services need strengthening to be able to provide specific job search assistance for women and employment counseling. Their outreach also needs to be expanded given that many women are concentrated in rural areas.
2. Training institutions need to make special efforts to reach women trainees including through hiring female trainers and ensuring that male trainers undergo gender training.
3. Vocational training institutions can break down labour market segmentation and gender segregation through:
  1. Promotion of non-traditional skills development,
  2. Setting targets for women s participation in all courses,
  3. Evaluating demand for labour in the context of increased trade,
  4. Promotion of high end skills development and other supply side measures.
4. Vocational training institutions can also make greater links with the private sector to evaluate changing demand for skills. They can also encourage employers to hire young women as apprentices and trainees as is being done by the AKCSP.
5. Vocational training and skill development institutions need to address issues of childcare and to re-schedule training at times suitable for women to ensure their participation.

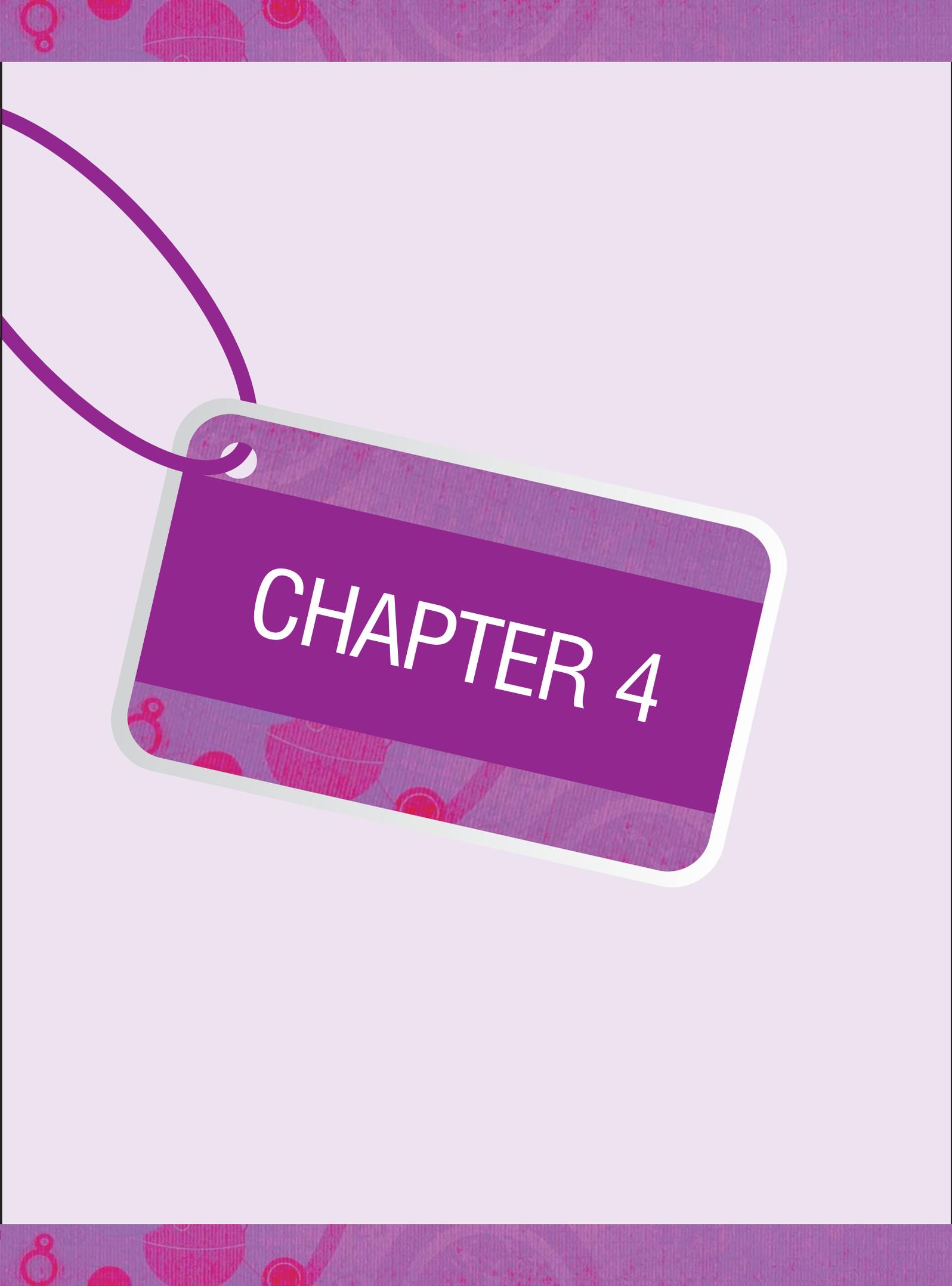
- 6 Vocational training and skill development institutions can review their curriculum to eliminate gender biases and stereotypes.
7. They can develop suitable indicators to measure achievements in gender equality in vocational training and measure gaps between men and women.
8. Public awareness campaigns can encourage non-traditional skills development and address gender stereotypes.
9. Women s access to non-traditional occupations should be facilitated with adequate support but with caution in the context of severe cultural and religious constraints. Gaining community support beforehand is key to the success of such strategies.
10. Post-training support should be given, linking women with employment services, Business Development Service (BDS) providers and financial institutions.
11. The Government needs to promote ICT use for girls and women, as incentives schemes have proven to be successful in encouraging girls into these areas. Career guidance and curriculum development can encourage women into ICT occupations.
12. Vocational training institutions can also set targets as can public services and training centers. Given women s time constraints, ICT can be an important means for enhancing market access or learning about new crop techniques etc. ICT can place greater control in the hands of women in areas such as skills development, new learning technologies, access to markets and other information. It can also add value to women s existing knowledge in the traditional spheres. It can be a means of ending women s economic isolation.
13. Innovations show that women s inventions tend to have direct application to improving family and community well-being and efficiency. ICT makes time and distance irrelevant, thus opening up opportunities for women. Open source software can help ensure that information becomes a global public good available for all.

## 6. Recommendations from Women’s Entrepreneurs in FGDs

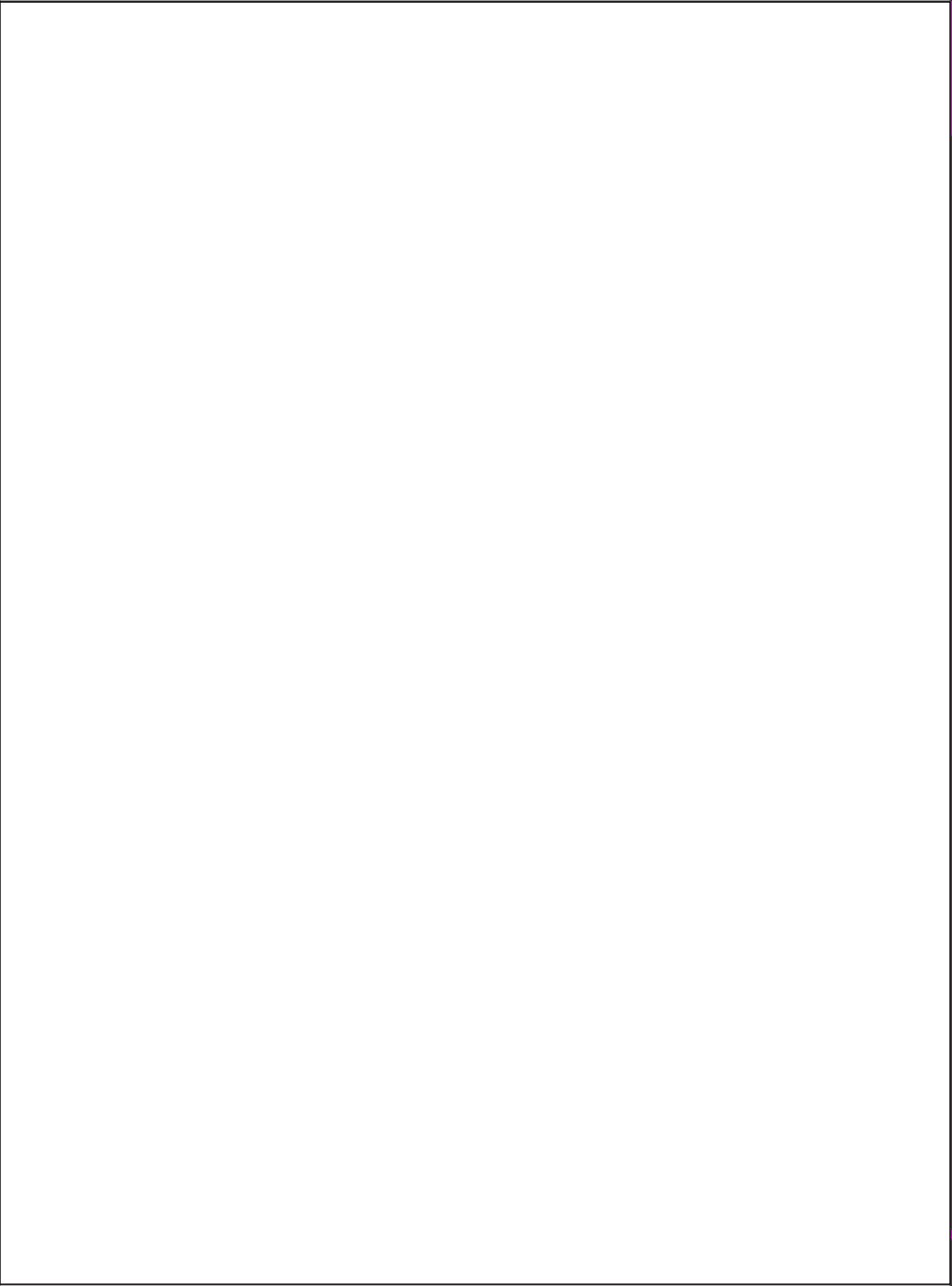
**The SME Policy should include a separate section on “WE Promotion Policy” with special focus on rural women, highlighting the following:**

1. Simplify criteria for inclusion of women in CCI.
2. Successful SME WE should be allowed / authorized (by WBIC) to open a small business desk in their area for ease of women s access to information.
3. District/ UC level discussions should be held to involve women entrepreneurs/workers from each level to include direct voices
4. Good initiatives by the government like the business support funds need to be advertised/promoted widely for female entrepreneurs to benefit in a timely manner. Locations for accessing these funds should be in a friendly/safe area.
5. Loan size should be small e.g. starting from Rs 400,000 (SME bank), grace period cut down, and procedures to obtain loan simplified. Criteria for such easy loans should be developed for new/struggling WEs demonstrating potential for growth.

6. Asset based assistance instead of loans should be introduced for illiterate women.
7. Close coordination between TDAP, SMEDA, CCI, and WBIC is necessary to avoid overlapping of events organized.
8. District/UC level trainings should be organized for inclusion of women not having access to Lahore, Peshawar, Karachi or other big city based trainings. Trainers should travel to all districts.
9. Training packages should be developed by WBIC in Urdu.
10. Large factories and established SMEs should pay for deserving and interested students to learn skills in different sectors just like Gems and Jewelry initiative for HRD in Pakistan.
11. Baseline information should be collected including women entrepreneurs active but not registered to measure progress against targets set in the SME policy.
12. For promotion of women entrepreneurs, established SMEs should be surveyed for baseline information on the number of women working, and providing on-site training.
13. Female Business Officer should be employed at the District level RBCs run by SMEDA to provide related information to WE.
14. There should be certification of SMEs run by women and men as an incentive to encourage introducing labor friendly and gender inclusive policies and practices (equal pay, job performance evaluation, clean, comfortable and safe environment).
15. Slogans should be used by SMEDA to promote/encourage SMEs similar to the ones like go global , go international adopted by other countries.
16. The FGD to discuss SME Policy should also be conducted in Baluchistan.
17. Small Business Centers should be established in other districts/UCs for ease of access to information for women especially from rural areas.
18. Language in training should be Urdu.
19. Women workers and small entrepreneurs from rural areas should be organized to increase their bargaining power and negotiation skills for better wages/price.
20. Women should assert themselves to face challenges in terms of norms/values, because it is difficult to change culture. Training is needed for women to enhance their negotiating skills to convince husbands/fathers to allow their choice of business to become a part of WBDC package.



**CHAPTER 4**



## SME SPECIFIC CONCLUSIONS AND RECOMMENDATIONS

**Consequently, to improve the SME environment for women and men, the government urgently needs to:**

- 1) remove gender gaps in education to enable women to seize opportunities in employment,
- 2) improve access to productive assets,
- 3) draft policies to improve female bargaining power in the household (e.g. educational access, reproductive health, access to productive resources, etc.);
- 4) set gender targets for employment intensive public works schemes. Employment intensive infrastructural schemes can help with job creation as well as putting in place the infrastructural support (sanitation, roads, irrigation systems) which can ease women's unpaid care burdens and time poverty. Labour saving technologies in the home, childcare and other supports are also essential to enable women to earn better incomes.

**All the above are recommendations apply to the external policy environment; recommendations for institutions facilitating the SMEs include the following:**

1. Accompany provision of finance with training, market access, skills development, mentoring support, the formation of women's business networks and market information centers. Women focused financial institutions such as the First Women's Bank should maintain their women focus and come up with more innovative and secure products for women entrepreneurs. The SME Bank needs gender mainstreaming capacity building plans and their entire systems need to be revisited with a gender perspective. Islamic financing products need to be made available for both men and women entrepreneurs equally.
2. Conduct gender audits of all government departments involved in SME development and build their capacities in gender analysis and preparing gender responsive budgets.
3. Conduct training needs assessments (TNAs) of CCI and SME Associations such as UNISAME to assess their level of gender awareness, then develop capacity building plans and interventions that would empower them to fully benefit from gender equitable development.
4. Economic Opportunity Cells serving both as employment exchanges and as business support centers should be set up at the Tehsil level for men's and women's SMEs.
5. The submission made for revisiting the SME Definition in the SME policy 2007 should be reactivated. Other recommendations made to the Planning Commission by the Regional Standing Committee on Women entrepreneurs led by Mrs Shamim Akhtar should be seriously considered and integrated in the SME Policy and related plans. (See annex 5r.)
6. Initiate changes in property rights among other things to end gender discrimination
7. Encourage corporate codes of conduct as a medium of promoting gender equality issues.
8. NGOs should act as advocacy and monitoring bodies and not as service providers especially not as providers of business trainings for SMEs. The business/corporate sector service providers should do that.
9. Provide legal recognition and protection of informal sector micro enterprises and removal of restrictive policies and harassment towards these. Establish institutions to represent home based workers and

women informal sector workers in economic policy-making. Examples include SEWA, SEWU, HomeNet, Streetnet, among others.

10. Promote strong labour market institutions such as employment protection, trade unions and collective bargaining, and wage policies to address the discrimination that women face in the labour market. Use Collective Bargaining (CB) as a key mechanism for ensuring gender equality at work.
11. Encourage greater representation of women in trade unions and employers groups including in leadership and negotiation teams, meetings and training. Train more women in collective bargaining.
12. Promote cooperatives as a strategy for women to combine productive assets, market information, technology, equipment and to ensure economies of scale. It is one way to increase their bargaining power and voice.
13. Modify tax policies to address the concerns of men's and women's SMEs. Use subsidies in a phased manner.
14. Raise awareness among employers' organizations to overcome discrimination in hiring of women. Tripartite talks and social dialogue are pivotal in addressing the short term costs of hiring women.
15. Establish family friendly policies (e.g. flexible working hours and parental leave, and childcare arrangements for women's continued involvement in work) to help create a balance between work and family, leading to greater productivity and less absenteeism.
16. Ensure anti sexual harassment policies are enforced and gender imbalances addressed in senior positions through targeted approaches, and opportunities for career development.
17. Use tools such as Time Use Surveys for capturing gender aware information to complement labour force surveys to design more equitable policies.
18. Conduct a baseline survey focusing on gender disaggregated SMEs in the manufacturing and service industry province wise (along the lines of the UNICEF Multiple Indicator Cluster Survey(s) (MICS) to be able to measure gender equal growth in the SME sector as well as have country based figures available for women's contribution in economic terms.
19. Mainstream gender equality concepts in all literacy, non formal education and formal education curricula.
20. Technology Upgrading opportunities should be introduced to women and men entrepreneurs in creative and proactive ways.
21. Continue SME training in competitiveness and enhanced efficiency. Also train SMEs in how to leverage the benefits of globalization and minimize the adverse effects of global trends and policies.
22. The indigenous knowledge of women micro entrepreneurs should be documented and their advantages made to work in their favor.
23. Article 13 of CEDAW must be duly incorporated in the SME Policy and its implementation mechanisms. This reads:

States Parties shall take all appropriate measures to eliminate discrimination against women in other areas of economic and social life in order to ensure, on a basis of equality of men and women, the same rights, in particular:

- (a) The right to family benefits;
- (b) The right to bank loans, mortgages and other forms of financial credit;
- (c) The right to participate in recreational activities, sports and all aspects of cultural life.

# 1. THE WAY FORWARD

Capacity building as an approach to addressing gender gaps in the SME Policy cannot be overstated. From the individual to the institutional to the systems level, currently, all of these levels at the provincial and federal level are quite gender blind in many ways. They require consistent and intensive gender sensitization and GEMS toolkit trainings customized to the different target groups. These measures are required both for better policy formulation and its effective implementation.

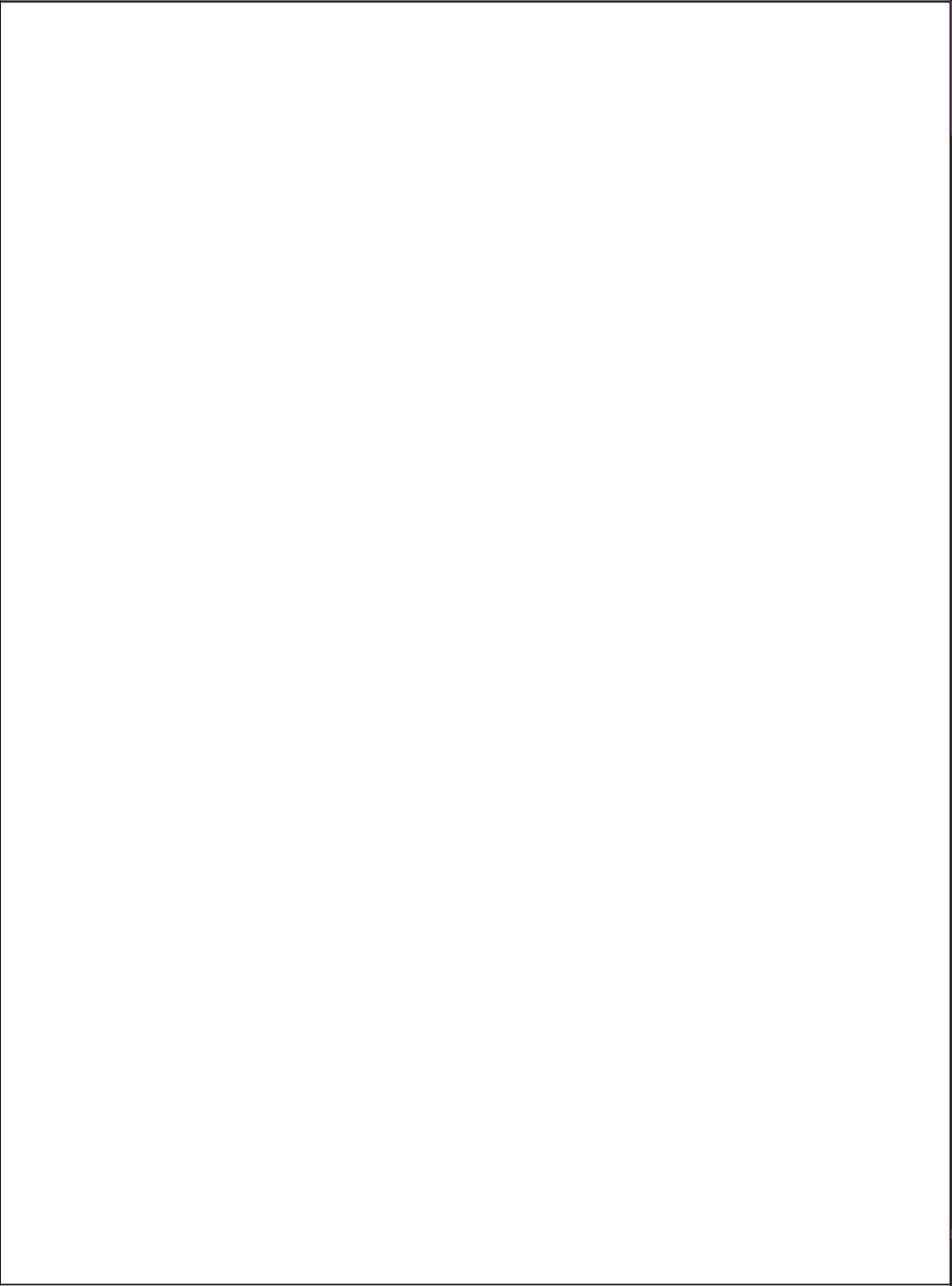
Subsequent to this Study the ILO project needs to initiate Policy Dialogue with the key stakeholders identified in Annex 3. However, instead of starting from scratch, the SFT on behalf of ILO can work with SMEDA and the FPCCI Women Entrepreneurs Development Committee which validated the findings and shared the result of their consultations and recommendations. Instead of repeating exhaustive workshops, a teleconference can be arranged in Islamabad bringing in all stakeholders for Policy Dialogue finalization. However, prior to that a series of consensus building sessions may be held with the Government and the private sector on the key points of agreement vis a vis the SME Policy, its implementation and monitoring/follow up.

Subsequent to the dialogue series on SME Policy, a follow up project/program embedding gender equality in SME structural reforms and ensuring that donor funds and strategies are harmonized and dovetailed with National Plans and Gender Equality Agenda of GoP is required.





**ANNEXURE**



## LIST OF ANNEXURE:

**Annex 1** - Key Gender Concepts and Definitions (From the ILO GEMS Promotion Toolkit)

**Annex 2** List of Stakeholders of SME Policy (provided by EAD office)

**Annex 3** - Stakeholders for Initiating SME Policy Dialogue

**Annex 4** - References and Resources

**Annex 5** - Folder -Documentation of the Meetings and Exercises Validating the Research Findings.

**Annex 5 a** - FGD Women Business Development Center (WBDC), Peshawar

**Annex 5 b** - Meeting with Mr. Javed Khattak, Chief, SMEDA, Peshawar

**Annex 5 c** - Meeting with Ms. Qaisra Sheikh, Vice President, Central & North Punjab Women Chambers of Commerce & Industry (WCCI), Lahore

**Annex 5 d** - FGD Women Business Incubation Center (WBIC), Lahore

**Annex 5 e** - FGD SMEDA, Karachi

**Annex 5 f** - Minutes of Meeting with DG Manpower, MoL

**Annex 5 g** - Note to the File, Summary of Meetings:

1. Meeting 1 with Mrs Shamim Akhtar, Chairperson of WED, Regional Committee, FPCCI
2. Meeting 2 with MFI Asasah, Lahore
3. Meeting 3 with Alfalah Bank, Head Office, Gulberg III, Lahore

**Annex 5 h** - Minutes of Meeting DG Sec, Pakistan Workers Federation

**Annex 5 i** - Minutes of Meeting with Provincial Minister for Social Welfare KPK

**Annex 5 j** - Minutes of Meeting with President Employees Federation of Pakistan

**Annex 5 k** - Minutes of Meeting, Chief of Party, Aurat Foundation

**Annex 5 l** - Minutes of Meeting with National Commission on the Status of Women

**Annex 5 m** - Record of email responses to Research Findings

**Annex 5 n** - An M& E Question to SMEDA and the Only Response

**Annex 5 o** - Page 1 of Reply from SMEDA Policy & Planning Division

**Annex 5 o** - Page 2 of Reply from SMEDA Policy & Planning Division

**Annex 5 p** Attendance Sheet of FGD Peshawar

**Annex 5 q** - Minutes of Meeting with Business Head Operations of SME Bank

**Annex 5 r** - Input Shared by FPCCI WED Regional Committee, Chairperson

**Annex 6** - The SME Policy Commented On and Shared with Stakeholders

**Annex 7** - FGD Questions

**Annex 8** - Bilateral Meeting Schedule for Validation of Findings

**Annex 9** - Gender Framework

**Annex 10** - EU Tools Used

**Annex 11** - Brief Findings Shared with Stakeholders

**Annex 12** - Gender Gaps Highlighted Shared with Stakeholders

# Concept Note. Research Study: Assessment of Pakistan's SME Policy from Gender perspective

## Background

SMEs contribute to economic development in various ways by creating employment for the rural and urban labor force, providing desirable sustainability and innovation in the economy as a whole. In addition to that, a large number of people rely on the small and medium enterprises directly or indirectly .

Different Agencies define SMEs (Small and medium enterprises) based on their own criteria, usually benchmarking against annual sales turnover, the number of full-time employees or shareholders funds. As per SME Policy 2007 of Pakistan, SME is defined as an enterprise that has up to 250 employees, or a paid up capital of 25 Million Pak. Rupees, or an annual sale of up to 250 Million Pak. Rupees . The Federal Government, in line with the economic development of Pakistan may, from time to time modify the eligibility criteria as it sees fit.

## SMEs and Economic Growth

Most of the current larger enterprises have their origin in small and medium enterprises. SMEs are different from large scale enterprises in three main aspects; uncertainty, innovation and evolution. The SME sector itself can be classified into micro enterprises, small enterprises and medium enterprises. SMEs are the starting point of development in the economies towards industrialization. However, SMEs have their significant effect on the income distribution, tax revenue, and employment, efficient utilization of resources and stability of family income.

According to the United Nations Industrial Development Organization (UNIDO), for developing countries, integration into the global economy through economic liberalization, deregulation, and democratization is seen as the paramount way to triumph over poverty and inequality. Important to this process is the development of an animated private sector, in which small and medium enterprises can play a central role. SMEs have a propensity to employ more labor-intensive production processes than large enterprises. Consequently, they contribute significantly to the provision of productive employment opportunities, the generation of income and, eventually, the reduction of poverty.

According to the statistics, in industrialized countries SMEs are major contributors to private sector employment. Empirical studies have shown that SMEs contribute over 55% of GDP and over 65% of total employment in high income countries. SMEs and informal enterprises account for over 60% of GDP and over 70% of total employment in low income countries, while they contribute about 70% of GDP and 95% of total employment in middle income countries.

## SMEs in Pakistan

Experts and economists are unanimous about the role and importance of small and medium enterprises in the development of Pakistan economy. The statistical data and empirical studies about SMEs highlight the bulk share of SMEs in the economy.

According to the Small and Medium Enterprises Development Authority (SMEDA): "SMEs constitute nearly 90% of all the enterprises in Pakistan; employ 80% of the non-agricultural labor force; and their share in the

annual GDP is 40%.

There are a number of factors responsible for the importance of SMEs in Pakistan. First, SMEs bolster an entrepreneurial spirit and promote suppleness in the economy. Second, SMEs emanate from the fastest growing export sub-sectors, such as cotton weaving and surgical instruments. Third, they can support poverty alleviation endeavors through employment generation. Above all, SMEs are more efficient in resource allocation as compared to that of large scale industry from a social point of view. They provide and facilitate more people as compared to large scale industry.

It is reasonable to say that Pakistan's economy is an economy of SMEs. However, efforts have been restricted to focusing on the large enterprises, and neglecting small and medium enterprises which are the backbone of the economy. For instance, institutions established to facilitate business activities, like the Board of Investment (BOI), Export Promotion Bureau (EPB), Central Board of Revenue (CBR) have focused their efforts on large scale industry.

The current SME policy of Pakistan, approved in 2007, does not take into explicit account the heterogeneity of the sector and, thus, consists of broad recommendations for the entire SME sector. This is the fundamental flaw in the current SME policy in Pakistan. The empirical evidence suggests the need to adopt a group-specific approach, which keeps the special needs of micro, small and medium firms in view for ensuring higher growth of firms of different sizes.

## **SME Policy 2007 and Women Entrepreneurs**

Women entrepreneurs do not operate in isolation. They work under the same macro, regulatory and institutional framework as their male counterparts in a free market mechanism in Pakistan. The business environment for women in Pakistan reflects the complex interplay of many factors, which fall into two basic categories. The first is made up of social, cultural, traditional and religious elements. The second group of factors derives from the first group, taking the form of constitutional structures, policy documents, regulatory arrangements and institutional mechanisms which are interpreted to discriminate against the economic activity of women. The SME Policy of Pakistan also fits into that category of policies which does not take into account the special needs of women entrepreneurs thus further reinforcing the low status and weak bargaining position of women.

According to the Economic Census of Pakistan, 2005, there are 70,658 women owned businesses operating across Pakistan. This represents 3% of total enterprises in Pakistan. It is estimated that most of the women owned businesses fall within the category of SMEs. The level of women participating in enterprise development currently is around 16% which is very low. A survey of the urban and rural SMEs reveals that a large number of women-owned SMEs are concentrated in highly volatile, household-based, low return urban activities where growth prospects are bleak. Second, their activities are concentrated in selected sub-sectors such as dress making, knitting and retail trading. Third, they operate as almost invisible entrepreneurs. Fourth, many of the SMEs are new starts because of the low capital and skill entry barriers. It is also interesting to note that the closure rate of women SMEs is higher than that of male enterprises. As far their growth constraints are concerned, these include lack of access to formal finance, marketing support and networks, technology, skills development, lack of awareness about international certification and regulation and difficult regulatory procedures by the government. It is ironic that the SME policy of the country does not cater to the problems faced by the women entrepreneurs and lacks any strategies/guidelines to address these issues.

Furthermore, the milieu for SME is constantly changing, especially in the scenario of globalization and openness of economies. Therefore, the course of action for SMEs, especially the women led SMEs, should be set for the longer term, keeping in mind the predictable behavior of all stockholders.

## **Review of the SME Policy 2007 from Gender Perspective**

A gender sensitive SME policy is essential for having the economy work for women as well as to reap the benefits of women's intellectual, entrepreneurial and physical labor. It is therefore proposed that a detailed study be carried out which can highlight gender gaps in the current policy and make recommendations on how to make it gender responsive. The findings of the study will be shared with the relevant stakeholders including SMEDA, the Ministries of Industry, Labor and MoWD, the Employers Federation, Workers Associations and NGOs.

### **Objectives of the study:**

1. To review SME Policy of Pakistan from Gender perspective particularly focusing on ILO Gender Equality Tools for Entrepreneurship development

### **Proposed Methodology**

1. Desk review: Assessment of the SME Policy in comparison with the ILO's Women Entrepreneurship Development & Gender Equality (WEDGE), Gender & Enterprise Together (GET) and Gender Equality & Mainstreaming Strategy (GEMS) Modules and identification of gender gaps in the Policy
2. Identify key stakeholders to initiate discussion/dialogue on policy improvement
3. Validate desk review through Focus Group Discussions
4. Develop policy recommendations for improving gender aspects in SME Policy.

### **Expected Outputs**

1. SME Policy of Pakistan reviewed in consonance with ILO's WEDGE, GET & GEMS modules
2. Gender gaps in the SME policy identified
3. Recommendations framed and stakeholders identified for initiating policy dialogue.

# Key Gender Concepts and Definitions

## From the ILO GEMS Promotion Toolkit

This Annex provides a summary of key concepts and definitions and strategies from the ILO GEMS Promotion Toolkit. It also includes terms useful in understanding and implementing gender equality goals

### 1.1 Basic concepts and definitions

- Gender refers to the social differences and relations between girls and boys, women and men that are learned and vary widely within and between cultures and change over time.
- Sex refers to the biological differences between men and women that are universal and do not change.
- Gender values and norms in society refer to ideas that people have on what men and women of all generations should be like. For example; in many societies women should be obedient and cute and are allowed to cry. Men, on the other hand, are expected to be brave and should not cry.
- Gender stereotypes are the ideas that people have on what boys and men, girls and women are capable of doing. For example, women are better housekeepers and men are better leaders.
- Gender roles refer to the activities that both sexes actually do. In many societies the roles of men and women are segregated by sex: for example, boys help their fathers working outside the house on the land and girls help their mothers taking care of the household work. In other societies the roles of men and women are increasingly interchangeable, for example, men also start to contribute to household work and women are also main breadwinners in the family.
- Gender equality refers to the equal rights, responsibilities and opportunities of men and women of all ages. It includes the same human and workers rights and equal value and fair distribution of responsibilities and opportunities, as well as workload, decision making and income.
- Gender equality promotion Promoting equality between the sexes is not only the right but also the smart thing to do. Gender equality promotion leads to a higher quality of life for all.
- Gender discrimination is any distinction, exclusion or preference based on sex or gender values, norms or stereotypes, which has the effect of nullifying or impairing equality of opportunity and treatment.
- Human rights are the basic and absolute rights that each person has because he or she is a human being.
- National legal rights are the rights recognized and protected by law in each country.
- **Fundamental rights at work are:**
  - the elimination of all forms of forced and compulsory labour
  - the abolition of child labour
  - the elimination of discrimination in respect of employment and occupation
  - freedom of association and the recognition of the right to collective bargaining.
- **Fundamental rights of women workers concern:**
  - equality of opportunity and treatment between men and women in employment
  - equal pay for work of equal value

- better balance between male and female workers with family responsibilities
  - maternity protection.
- Gender gap In the context of economic inequality, a gender gap generally refers to:
- the systemic differences in the social and economic roles and wages of men and women, or boys and girls. There is a debate to what extent this is the result of gender differences, lifestyle choices, or because of discrimination. When economists speak of the gender gap these days, they usually are referring to systematic differences in the outcomes that men and women achieve in the labor market. These differences are seen in the percentages of men and women in the labor force, the types of occupations they choose, and their relative incomes or hourly wages.

## 1.2 GEMS conceptual tools

- Key principles to be applied in all programmes and projects:
  - Achieving gender equality is not a women s concern but the responsibility of all in society
  - Promoting gender equality will benefit all in society
  - Gender equality needs to be addressed in all development programmes and at all stages of the programming cycle
  - In case of pronounced imbalances, gender-specific measures are needed to address inequalities and advance the status of women in society
  - Both practical and strategic gender needs need to be addressed. Practical needs relate to inadequacies in living and working conditions of the target groups. Strategic needs relate to the inequalities between men and women.
- Gender mainstreaming is an institutional strategy aimed at giving equal opportunities and rights to men and women as beneficiaries, participants and decision-makers by addressing gender inequalities systematically in legislation,policies, programmes and budgets at all stages of the programming cycle.
- A five-pronged approach is needed to bring gender issues into the mainstream in all policies, programmes and activities:
  - carrying out a gender analysis
  - carrying out gender-specific strategies or interventions
  - starting a process of institutional change in procedures and in institutional processes
  - giving women a voice
  - carrying out gender budgeting and auditing.
- Gender analysis includes:
  - collecting data which are broken down by sex
  - identifying the division of labour, and access to and control over resources and benefits
  - understanding girls boys , women s and men s needs, constraints and opportunities
  - identifying constraints and opportunities in the larger environment
  - reviewing the capacities of organizations to promote gender equality.
- Gender-specific interventions, measures or activities are needed whenever girls or women are in a

particularly disadvantageous position. Pay specific attention to:

- sectors, industries and occupations where many girls and women are found
  - sectors where girls and women are virtually absent
  - issues which especially concern girl and women workers.
- **Gender-specific action can include one or a combination of the following:**
    - Positive or affirmative action
    - Women-specific activities
    - Men-specific activities.
  - **Tools for mainstreaming gender within organizations include:**
    - adopting explicit policy, programming, budget and accountability procedures for the promotion of equality
    - training staff and making them accountable
    - setting of targets for staff recruitment and promotion.
  - **Giving girls and women a voice:**
    - increasing the participation of girls and women in programmes
    - increasing the representation of women in decision-making
    - the male/female ratio of representation should range between 40 and 60 per cent.
    - the ground rule: a representation rate of around 30 per cent of each sex as a minimum, otherwise it becomes difficult for those in the minority to effectively have a voice.
  - Carrying out gender budgeting and auditing.

## Gender Differences:

those differences between women and men that are freely chosen. However, most 'differences' between men and women, even where they may involve an element of choice (e.g. what to wear) are nevertheless embedded in structures of gender inequality which generally ascribe lower value to women's choices and perpetuate unequal access to power and resources.

## Gender Equality of Opportunity:

the provision of an enabling environment whereby gender is no longer a basis for privileging access to resources, power or services. This is likely to require different types of considerations for women from different backgrounds depending on other dimensions of disadvantage, and at different levels.

## Women's Empowerment:

the process through which women, who are currently most discriminated against, enable themselves or are enabled to take advantage of equality of opportunity. This includes affirmative action for women, and support for men to change those aspects of their behaviour, roles and privileges that currently discriminate against women. It is likely to include different types of support for women from different backgrounds depending on

other dimensions of disadvantage, and at different levels.

## Gender Equity of Outcomes:

the situation where gender equality of opportunity and women's empowerment have combined to mean that gender inequality and discrimination are no longer a cause of gender difference. Any gender differences can be confidently attributed to free and realisable individual differences in choice rather than gender inequality or discrimination.

## Gender Mainstreaming in Policy:

Making the concerns and experiences of women (as the currently most disadvantaged by gender inequality) integral to the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres. Its goals are gender equality of opportunity and equity of outcomes through empowerment of women as well as men.

## 1.3 GEMS main strategies

Main strategies to bring gender issues into the mainstream of all programmes, projects or other means of action, such as technical advisory services, meetings, research publications, or advocacy materials:

### What to do

- Incorporate an explicit gender dimension in all ILO-supported policies, programmes and other means of action.
- Take gender equality concerns into account at the earliest stages of the programming cycle and at the highest levels of policy, programme and budget formulation.
- Address both practical and strategic gender needs.
- Ensure the equal representation and active participation of women and men at all levels and especially in decision-making positions and mechanisms throughout the programming cycle.
- Carry out a gender analysis and disaggregate all crucial data by sex before starting any interventions.
- Target sectors where many women are found working.
- Target the poorest and most disadvantaged households
- Redress inequalities in access of girls and women to quality education and training.
- Stimulate the provision of alternative livelihood strategies to families prone to or already resorting to labour exploitation through their economic and social empowerment
- Pay attention to the sharing of paid and unpaid work, for example, family responsibilities as well as decision-making processes within workplaces, families and communities.

### How to do it

- Avoid linguistic and visual biases and gender stereotyping
- If imbalances between men's and women's position exist, plan, budget and utilize specific gender expertise throughout the programming cycle.
- Analyse the different impacts of programmes on girls, women, boys and men at the monitoring and evaluation stages and develop appropriate follow-up action.

- Promote the use of proper contracts and ensure the observance of fundamental labour standards in personnel, equipment and subcontracting policies and procedures.

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15.	Governor of the State Bank of Pakistan	Central Directorate I.I. Chundrigar Road, Karachi	Phone: 111-727-111	Mr. Shahid Hafiz Kardar
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39.	President of Quetta Chambers of Commerce and Industry		92 81 2821943, 92 81 2835717 Fax: 92 81 2821948 qcci1@hotmail.com info@qcci.com.pk	Mr. Ghulam Farooq
40.	President of Union of Small and Medium Enterprises (UNISAME)		<a href="http://www.unisame.org/blog/contact/">http://www.unisame.org/blog/contact/</a>	Zulfikar Thaver
	SMEDA Rwp			
	SMEDA KPK			
	SMEDA Lhr			
	SMEDA Khi			
	SMEDA Quetta			
	AHAN			
	Tariq Mashwani			
	ECI			
	FWBL			
	SME Bank			
	MCB			
	Women Entrepreneurs in all provinces			

## Stakeholders for Initiating Policy Dialogue

### Members of the National Committee on SMEs

1. SMEDA at the National level
2. Minister for Industries, Production and Special Initiatives,
3. Minister of State for Finance
4. Minister of State for Economic Affairs
5. Deputy Chairman Planning Commission
6. Provincial Ministers for Industries
7. Governor of the State Bank of Pakistan
8. Chairman Central Board of Revenue
9. Chairman Securities & Exchange Commission of Pakistan
10. Federal Secretary for Industries, Production & Special Initiatives
11. Federal Secretary Commerce
12. Federal Secretary for Labor, Manpower and Overseas Pakistanis
13. Federal Secretary for Statistics
14. Federal Secretary for Education
15. Federal Secretary for Science and Technology
16. Federal Secretary for Women Development
17. President of FPCCI

18. Presidents of all the regional and women Chambers of Commerce & Industry
19. Presidents of small and medium enterprise Business Membership Organizations (BMOs).

## **Provincial Committees on Small and Medium Enterprises (PCSMs)**

20. The Chief Executive of each Provincial Committees for Small and Medium Enterprises
21. Representatives from the Women Business Incubation Centres
22. Any other women entrepreneur representative individual or body especially from rural areas

## **Other Stakeholders**

23. UNISAME
24. Pakistan Employers Federation
25. Pakistan Workers Federation
26. Pakistan Business Council
27. National Commission on the Status of Women
28. PMN
29. LUMS
30. NUST
31. IM Sciences University
32. Shirkat Gah
33. Aurat Foundation
34. State Bank of Pakistan
35. First Women Bank
36. SME Bank
37. Meezan Bank
38. Alfalah bank
39. Institute of Bankers of Pakistan
40. Donor agencies active in gender equality can sit in as observers.

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Small and Medium Enterprise Development Authority, 1st Floor Waheed Trade Complex, 36 XX Khayaban-e-Iqbal DHA. Lahore-54792, Pakistan. Tel: 92-42-111-111-456 Fax: 92-42-5896619, Email: pps@smeda.org.pk

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ILO, Geneva

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Job Creation and Enterprise Development Department

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## **SOME USEFUL WEBSITES**

[www.cipe.org](http://www.cipe.org)

women entrepreneurship development in Pakistan (found through Google search)

[wedpakistan.org](http://wedpakistan.org)

Papers from DFID sponsored research on global value chains and poverty:  
<http://www.gapresearch.org/production/globprodpov.html>

Papers on gender in African horticulture from Natural Resources Institute, London  
<http://www.nri.org/NRET/gender.htm>

Women in Informal Employment: Globalizing and Organizing  
Publications from and about the informal sector, development initiatives and initiatives by WIEGO partner organizations <http://www.wiego.org/publications/>

Participation Resource Centre of Institute of Development Studies, Sussex  
<http://www.pnet.ids.ac.uk/prc/index.htm> has comprehensive and constantly updated resources on different aspects of participation and participatory methods.

The Overseas Development Institute <http://www.odi.org.uk>

## Comments on the SME Policy 2007

Background Information for Facilitator and for preparing FGD presentation with participants.

Recent statistics estimate approximately 3.2 million business enterprises in Pakistan, employing up to 99 persons constitute over 90% of all private enterprises in the industrial sector and employ nearly 78% of the non-agriculture labour force.

They contribute over 30% to the GDP and account 25% of exports of manufactured goods besides sharing 35% in manufacturing value added.

### **Check everyone knows this background below and note how many don't know:**

The Government of Pakistan thus constituted an SME Task Force, by Notification No.1(68)/2003-Inv-III of 29 January 2004 of the Ministry of Industries and Production. SME Task Force included both public & private sector members. Four Working Committees were set up to carry out technical analyses, deliberate findings and address the following core issues:

- i. Business Environment - Creating a favorable business environment for SMEs in Pakistan's economy and eliminating unnecessary obstacles, reducing cost of doing business
- ii. Access to Finance - Increasing SMEs access to formal finance including equity financing while addressing the questions of lacking documentation and banks' technical capabilities and improving SMEs' capacity to become bankable.
- iii. Access to Resources & Services - Improving the delivery mechanisms for assistance and access to resources for SMEs in Pakistan, inter alia business development services, qualified human resources, marketing and technology, so as to improve their competitiveness, productivity and capacity for employment generation.
- iv. SME Definition, Feedback, Monitoring & Evaluation Mechanism Establishing appropriate and harmonized definitions for Pakistan of what are to be categorized micro, small, medium, and large enterprises.

Furthermore, the establishment of a sound mechanism by which development of the SME sector and effectiveness of assistance provided to SMEs can be monitored. The Working Committees after due deliberation, finalized their recommendations. In order to achieve consensus, wide scale National, Provincial & Regional consultations were held. The participation of stakeholders has been, therefore, the cornerstone of the policy development process.

The SME Policy formulation was a participatory process through which private sector bodies, chambers of commerce.

The Federal Cabinet of Pakistan was pleased to approve the SME Policy on January 17, 2007. The approval of SME Policy ushers in a new era of focused SME development initiatives necessary for this sector to realize its true potential and contribute towards economic development.

Solicit participants views on this info with regard to gender balanced inclusion in the above mentioned process and what do they think of it?

## Please share the highlighted:

The broader objectives to be achieved by SME Policy as contained in this document are;

1. across the board recognition of SMEs as a sector requiring separate policy & regulatory space,
2. define SMEs that qualify for support,
3. propose counterbalancing measures to eliminate disadvantage of size, remove unnecessary regulatory burden,
4. institute SME support mechanism in both public & private sectors,
5. improve support delivery mechanisms
6. establish policy evaluation and review systems.

Specifically the Policy envisions increasing the share of manufacturing small enterprises from 5.5% to 7%, while decreasing the threshold and density of regulations thereby reducing the cost of doing business.

It also sets the target of increasing the share of SMEs in value added production to 40%, and women ownership to increase to 6%.

(Is there baseline information available to measure these targets above?)

A number of measures are proposed to achieve these objectives including setting up SME support funds and creating a mutually cooperative & facilitative, hassle free business environment. (Question for gender inclusiveness focus of these measures as perceived by the participants. Then we will ask the officials of SMEDA)

The Policy also contains outline of a monitoring mechanism at the Federal & Provincial levels to oversee and assess impact of SME development initiatives being implemented under the Policy. (Same question as above)

1. Issues to be addressed for SME development fall within the purview of a large number of Ministries and Departments at the Federal, Provincial and Local government levels. (Do these depts. have gender policies? What is their level of awareness of the significance of gender equality to economic growth/economic policies? How do they see their own role vis a vis gender balanced SME development? How do the participants view their role in the same?)
2. SMEDA has no institutional jurisdiction or linkage with such institutions; and (similar questions as above)
3. SMEDA has limited budget and manpower, posing restrictions on its capacity to launch capital intensive initiatives and extend its outreach (Do they have GRB? And related gender policies?)

Creation of the SME Bank also marks the Government's commitment towards SME development agenda. The Bank, however, is in its early days of a major restructuring exercise and focuses on a single issue faced by SMEs, i.e., access to finance, and that too on a very limited scale. (What is this bank's gender policy? And affirmative action for women entrepreneurs if any? The Policy is quiet on this.)

## Section II SME Policy: Objectives, Scope and Principles

### Objective

The objective of SME Policy is to provide a short and a medium to long- term policy framework with an implementation mechanism for achieving higher economic growth based on SME led private sector development. (the objective is gender blind as was the background brief which I have deleted here but is in the PDF SME Policy I had shared with you earlier.)

Scope (Note the policy is implicitly gender neutral)

The SME Policy suggests concurrent and specific policy measures in all possible areas of SME development:

- Business environment
- Access to finance
- Human resource development
- Support for technology up-gradation and marketing

A single SME definition is recommended to be applicable to all institutions countrywide to allow uniformity in designing support systems and incentives and also to monitor progress.

**The SME Policy also contains an implementation and adjustment mechanism that identifies the following: (its gender blind here)**

- Implementation and monitoring mechanism
- Capacity building requirements of the public institutions
- Resource allocation and potential sources of funding
- Linkages with other initiatives and public sector reform processes (Social Sector Reforms)
- Self contained framework for ongoing feedback and adjustment
- Role of various public and private sector players at Federal, Provincial and Local levels

### Principles

**The Policy finds it appropriate to highlight the key principles on which it is being based. They are:**

- The recommendations proposed in the SME Policy may be implemented /supported through an SME Act 2006
- The SME Policy covers measures for promotion of Entrepreneurship Culture and support for growth of existing enterprises
- The SME Policy realizes the different approaches required for supporting Small Enterprises as opposed to Medium Enterprises. Thus, wherever required, separate policy measures are proposed for small and for medium enterprise growth
- Women and other marginalized groups are proposed to receive special focus within the SME Policy (women entrepreneurs are including as marginalized groups seen as passive recipients of social welfare rather active economic agents whose economic work especially contribution to the care and agro based industries is often either invisible unpaid or both)

- Rural based and agro processing enterprises are proposed to receive special attention while devising specific support mechanisms (women s role here is invisible )
- SME development offers most viable option for private sector led growth that reduces poverty and creates a large number of jobs all across Pakistan
- SME development must be at the center stage of all economic growth policies of Pakistan
- SME development in Pakistan will require decisive and concurrent measures in a number of policy areas such as business regulations, fiscal, trade rules, labour, incentives and support (Human Resource Development, Technology, Marketing, etc.) leading to an SME Space in these domains
- SMEs face inherent disadvantages (because of their size), (gender issues not even recognized!) vis-à-vis large firms, which need to be offset by government support mechanisms and incentives
- Effective (gender equal) implementation of the Policy framework will require ownership, commitment and monitoring at highest level of the Government
- SME development requires provision of level playing field for smaller firms vis-à-vis large enterprises (again reference to size alone gender is implicit here)
- Private sector will be encouraged to play a key role in implementation of the SME Policy including mobilization of capital and operational responsibility for implementing policy measures suggested in this document
- Financial support to enterprises will be, wherever possible, at a collective level, and will essentially require resource commitment on behalf of the beneficiaries (gender?)

## Section III SME Policy Recommendations (all this section is quite gender blind)

### SME Development Vision

SME led economic growth resulting in poverty reduction, creation of jobs and unleashing the entrepreneurial potential of the people of Pakistan (gender blind vision)

### SME Policy Statement

To create globally competitive SMEs by creating a hassle free business environment, ensuring provision of modern infrastructure & institutional support structures for access to resources & services. The Government shall take measures for promotion of women entrepreneurship, (not mainstreamed both mainstreaming and affirmative action need to go hand in hand to redress the women entrepreneur situation and to make the SME sector truly productive and efficient) cluster development and also focus on neglected/untapped sectors of the economy. Strengthening Industry-Academia linkages shall also be a key feature of the Policy

To achieve the objectives set-out in the SME Policy Statement, the following recommendations are put forward in various areas affecting SMEs in Pakistan.

### Problem Statement

(all the problem statements following including this one are gender blind throughout the document)

Pakistan does not have a single definition of Small and Medium Enterprises. Various Government agencies, e.g., State Bank of Pakistan (SBP), Federal Bureau of Statistics (FBS), Provincial Labour Depts., etc. use their own definition. Absence of a single SME definition makes it difficult to identify target firms, align development programs, collect data and monitor progress.

## Policy Recommendation

(all the subsequent policy recommendations including this one are gender blind throughout the document)

GoP may adopt a single SME Definition that is accepted by all public and private agencies. However, various organizations may be allowed a two-year time frame to align their current SME definition in line with the SME Definition proposed in this Policy.

### SME definition is as follows:

Enterprise Category	Employment Size (a)	Paid Up Capital (b)	Annual Sales (c)
Small & Medium Enterprise (SME)	Up to 250	Upto Rs. 25 Million	Up to Rs. 250 Million

The Federal Government, in line with the economic development of Pakistan may, from time to time modify the eligibility criteria as it sees fit. All providers of services receiving funding from the Government may define more narrow scopes for specific targeting purposes. Detailed resource allocation, principal implementing agencies & time- frame for establishing a single SME Definition in Pakistan is annexed.

## Expected Impact

(this impact and all the subsequent expected impacts are also gender blind throughout the document)

Single SME Definition is expected to create focus in Government policies (targeted towards SME development) and uniformity in compilation and reporting of SME related data.

## Problem Statement

The fiscal, labour and enterprise regulations of the Federal and Provincial Governments in Pakistan do not provide for a focus on SMEs that is in line with their specific needs. Generally the fiscal regulations divide enterprises by income levels and labour related regulations realize only two forms of enterprises, small and large, thus, not providing laws and implementation mechanisms that are sensitive to SME needs.

Largely, the support and grievance redressal regime of the Government does not differentiate between enterprises on the basis of their size (nor gender) thus making it difficult for (and women owned) SMEs to access public support programs and attention of public authorities when competing for it with the large firms. This dilutes the ability of SMEs to effectively compete with large firms.

## Policy Recommendations

(note the explicit gender neutrality of the language and policy recommendation formulation)

- The Task Force recommends promulgation of an SME Act that (in addition to addressing other issues

related to SMEs) provides for identification of fiscal, registration, labour and inspection laws that may be simplified for Small and/or Medium Enterprises.

- A business entity may be certified as an SME by a simple process to be exercised by SMEDA in partnership with other government agencies, chambers of commerce and industries, trade associations and other private sector representative organizations. The process of SME Certification is proposed to be voluntary for those firms who choose to do so, to benefit from the support mechanism and simplified regulatory regime proposed through this Policy.
- The Federal Government may encourage periodic review of all fiscal laws in force with a view to facilitate and improve growth of the small & medium enterprises
- Periodic review of Labour Legislation with a view of facilitating small enterprise growth may be undertaken whereby applicability of certain laws may be relaxed for SEs for a certain period of time. However, provision of education/assistance to SMEs to achieve proper safety at work and compliance with international conventions shall be essential.
- SME Desks may be established at the Federal, Provincial, Banking and Tax Ombudsman Offices for handling and addressing SME grievances. The Complaint Cell established at State Bank of Pakistan may also facilitate redressal of SME complaints.
- A minimum quota is proposed to be established for SMEs for allocation of land in the Industrial Estates and Export Processing Zones (EPZs). SMEs may be charged a concessional rate of land (at no profit no loss basis) as compared to the cost offered to large-scale enterprises.
- All public sector procurement may encourage participation of SMEs with certain products/contracts exclusively to be competed amongst the SMEs.
- GoP may consider to support establishment of an SME Promotion Council (including its local chapters) and SME specific Trade Associations for organizing SMEs and providing them with a platform to lobby for favourable government policies.
- Government to ensure adequate provision of physical infrastructure (roads, utilities etc.) in existing SME clusters. (enterprises along the value chain need to be considered especially as a substantive number that provide services to the respective industries are women entrepreneurs both small and micro level)
- Capacity building and strengthening of existing CCIs and TAs, may be undertaken, making them more effective for supporting their members including SMEs, with special focus on WTO & its impact on local industry. Moreover, Government functionaries in tax, registration, labour, etc. departments are proposed to undergo specialized training for handling SME related issues.
- Genuine SME representatives are proposed to be inducted in all federal monitoring and dispute resolution schemes with private sector participation.
- Regulatory regime for specialized sectors in provinces (such as mining) may be developed as per their specific requirements keeping in view their regional dynamics.
- GoP may follow an effective strategy to reach out and communicate with SMEs using appropriate electronic and print media. Regulatory compliance procedures will be widely communicated to SMEs. Communication will increasingly use Urdu & local languages where useful.
- Improving and enforcing Intellectual Property Rights for SMEs. A vast pool of information, analyses and studies are available that may form the basis for implementing the recommendations on Business Environment. Details of additional resources required are annexed.

## Expected Impact

Implementation of the recommendations for creating conducive Business Environment for SMEs will result in reducing the number and simplifying the compliance process of SME regulations. This is expected to trigger fast paced creation and growth of enterprises resulting in economic development and job creation.

## Problem Statement

According to the Investment Climate Assessment 2003, banks provide for only 7-8% of the total funding requirement of SMEs. Also, as per a study by LUMS on Barriers to SME Growth in Pakistan: An Analysis of Constraints, access to finance, was identified by SMEs, as the single most important impediment to growth. This problem increases in magnitude with reduction in size and experience of the firm.

With the promulgation of the Prudential Regulations for SME Financing by SBP, the basic regulatory framework for promoting SMEs access to formal financing has been provided. However, increased SME access to financing will require interventions in all three areas of SME financing, i.e., demand side (SMEs), supply side (Banks) and intermediaries and regulators (SBP, SMEDA, etc).

## Policy Recommendations

- Incorporation of SME financing in the Annual Credit Plan of the SBP and monitoring to cater for underserved segment of the SMEs.
- Review of Prudential Regulations, periodically, in line with the SME credit demand and supply data.
- Establishment of Credit Guarantee and Credit Insurance agencies, operating inline with sound international practices, to provide incentives and risk cover for banks, so as to provide them the relevant comfort in financing SMEs.
- Support to FIs in designing and launching industry based program-lending schemes.
- Capacity building of the CIB to report positive and negative data & sharing of SME financing data by the SBP.
- Improvement in the regulatory procedures and fiscal incentives for Venture Capital companies.
- Introduction of Bankruptcy Laws with dedicated and effective judicial process.
- Expansion in the role of Banking Ombudsman to include redressal process for SME complaints.
- Awareness and promotion of options for formal financing and good accounting practices amongst SMEs.
- Promotion of Islamic mode of financing for SMEs.

The resource allocation for implementing the recommendations on improving SMEs access to finance are annexed. These estimates, however, may be modified once detailed studies are conducted on demand and viable size of the credit guarantee, credit insurance and venture capital fund in Pakistan.

## Expected Impact

It is expected that improvement in the regulatory framework, provision of specialized credit lines and risk sharing schemes for FIs will result in creating an environment where banks will aggressively pursue the opportunities offered by the SME financing market in Pakistan. Improvement in the regulatory and fiscal environment and provision of matching contribution will result in establishment of new venture capital

companies. Both these measures will improve accessibility of startups and existing SMEs to formal sources of financing, removing a major barrier to their growth and development. Human Resource Development Technology Up-gradation and Marketing

## Problem Statement

The poor national performance on the Human Development Index of the UN has its consequences for SMEs in Pakistan. These include inadequate and generic education and insufficient, poorly focused and under-serving training infrastructure. SMEs mostly draw their human resource (including the owners) from either the higher education institutions or the technical training infrastructure, both of which are not attuned to the SME needs nor are they equipped to address them. This situation limits the capacity and capability of SMEs to innovate, add value, upgrade technology and devise new marketing strategies. Adding to these woes are the limited options available to SMEs to invest in HRD, technology and exploration of new markets. As a result, the SME sector in Pakistan is usually engaged in low value added manufacturing using inefficient labour, outdated technology and operating in limited and traditional markets. The SME sector neither possesses the financial strength nor the collective wisdom to climb its way out of this low equilibrium enterprise activity. Public sector institutions alone can not adequately provide HRD, technology and marketing support. However, currently, there exists an insufficient capacity of the private sector Business Development Service Providers (BDSPs) to address SME needs and limited demand for such services by SMEs (because of lack of awareness or capacity to pay). Thus concrete and substantial Govt. commitment is needed to establish Islands of Excellence in HRD, technology up-gradation and marketing, with strong and active participation from SME associations and private sector business service providers. Once established, these Best Practice Models will be emulated by the SMEs. Also, strong incentives need to be provided to both SMEs; for investment in

HRD, technology and marketing innovation and to BDSPs to design and provide innovative business development services to SMEs.

## POLICY RECOMMENDATIONS

### Human Resource Development

- Need Assessment Survey to identify major SME needs in HRD, technology upgradation and marketing.
- Establishment of Institutes of Small and Medium Enterprise & Entrepreneurship Development (INSMED) in select business schools.
- Capacity building and up-gradation (curriculum redesign, provision of equipment, teachers training, SME liaison, etc.) of selected sector specific technical training institutes serving in major SME clusters and establishment of such institutes where none exist.
- Encouraging use of the technical training infrastructure by the private sector BDSPs serving SME sector and incentives for investment in setting up SME training facilities
- Induction of genuine SME representatives in private sector boards of the technical training institutes.

### Technology Up-gradation

- Introduction of SME specific research projects supporting R&D and University-Industry liaison programs by Ministry of Science & Technology (MoST), Higher Education Commission (HEC),

Pakistan Software Export Board (PSEB), Ministry of Information Technology (MoIT) and others.

- Establishment of Technology Innovation Centers (TICs) offering common facility, technology up-gradation, R&D and design related services to SMEs.
- Launching of pilot technology up-gradation projects for major SME clusters on cost sharing basis.
- Incentives for Investment in new Emerging Sectors and Skills upgrade.

**NOTE:** A new gender gap emerges with the introduction of ICTs in SMEs which has to do with differential access, knowledge and capacity between women and men. Many studies provide evidence that women are disadvantaged compared to men in terms of access to knowledge and training in technology. This disadvantage is compounded by the old gender gaps in access to finance, and resources, safety and security, roles in decision-making, discrimination, mobility, violence against women, religion and other socio-cultural factors that affect women both across the board and in their specific local contexts. Much of these gender related gaps and barriers have not made it in the overall initiatives or discussions of how SMEs can successfully adopt ICT.

## Marketing

- Encourage establishment of SME sector specific export marketing companies by providing matching grants in conducting international marketing research, developing marketing strategies, developing marketing material, packaging, branding, participating and conducting trade fairs and undertaking promotional and marketing activities.
- Matching grants for developing world-class trade and product directories for major SME clusters (e.g., Members directory by Pakistan Association of Automotive Parts & Accessories Manufacturers)
- Establishment of SME quota in trade delegations supported by EPB
- Compilation and dissemination of data on local markets using manufacturers, distributors and retailers data
- Provision of support to SME associations in exploiting local market opportunities by holding domestic product exhibitions
- Establishment of Annual SME Awards (on the lines of Annual FPPCI Export Trophy Awards) for recognizing outstanding performance in domestic and international markets, technology innovation, HRD practices, etc. Resource allocation, timeframe and implementing agencies for policy recommendation on supporting HRD, technology up gradation and marketing are annexed.

## Expected Impact

It is expected that effective implementation of Policy recommendations in supporting HRD, technology up-gradation and marketing will create a human resource pool and necessary infrastructure for adding value to SME businesses by technology upgradation and innovative marketing. It will also increase role of private sector BDSPs in serving the SME sector in undertaking business development activities.

# Entrepreneurship Development

## Problem Statement

Pakistan is a society of employees. The education and social system does not encourage entrepreneurship as a preferred career option amongst the youth. Entrepreneurship is usually undertaken by those belonging to the existing business families. As a result the economy witnesses a small number of new enterprises being created and that too in traditional areas of business overcrowding the supply/product base and their markets.

On the other hand, there are no limitations in the entrepreneurial capabilities in the populace. If, this entrepreneurial potential can be unleashed, by providing level playing field, information, awareness and support in establishing enterprises, Pakistan can witness fast paced growth in establishment of new enterprises creating new employment opportunities, improving distribution of wealth and exploiting the opportunities offered by international markets in the liberalized WTO regime.

The past Government programs to encourage entrepreneurship such as Self Employment Scheme, Youth Investment Promotion Society and Yellow Cab Scheme were limited and not too comprehensively designed and thus achieved little in promoting entrepreneurship amongst the educated Pakistani youth. There is a need for Govt. to actively promote entrepreneurship through changes in education curricula, by creating awareness amongst youth and by providing effective support to those who wish to establish new enterprises. (note the gender blindness of the analysis and the language especially this particular statement!)

## Policy Recommendations

- Revision in primary and higher education curricula for promoting entrepreneurship amongst the educated youth
- Inclusion of Entrepreneurship courses in (all professional degree awarding) higher education, technical and vocational training institutions in Pakistan
- Entrepreneurship Competitions at university level to culminate in Annual Entrepreneurship Competition at National level for selecting best business plans/models and providing grant for project implementation
- Establishment of technology and business incubators in selected universities in Pakistan
- Identification of investment opportunities offered by backward and forward linkages of successful services/products

## Expected Impact

Implementation of the recommendations on supporting entrepreneurship amongst the Pakistani youth will result in larger segments of the educated population taking interest in establishing their own businesses and some will eventually implement their ideas. As a result, a fast increase may be witnessed in enterprise creation thus adding jobs to the economy and improving income distributions.

## Section IV SME Policy – Implementation and Resource Allocation

(this section is also gender blind)

### SME Policy – Ownership and Implementation

A large number of Government Ministries and organizations (in addition to the private sector) will have to play their role in removing impediments and providing support for SME growth. Therefore, it is imperative that the SME Policy is approved by the Prime Minister and endorsed by all Provincial Governments. Such support coupled with clear definition of responsibilities of various Government institutions will provide the required policy vehicle for promoting SME led economic growth in Pakistan.

### SME Policy – Investment and Expected Impact

The SME Policy also presents the estimates of public and private sector investments for implementation of the policy recommendations and envisages benefits in terms of enterprise growth, job creation and poverty reduction.

### Summary of Estimated Resource Allocation

The proposed resource allocation for implementing the SME Policy is summarized as below. However, the estimates may be revised once detailed implementation plans are developed and the studies (proposed in this document) have been conducted:

Sr. No.	Thematic Area	Estimated Resource Allocation (Rs. Million)
1.	SME Definition, Feedback, Monitoring & Evaluation Mechanism	27.6
2.	Business Environment	355
3.	Access to Finance & Services	7736
4.	Supporting Human Resource Development, Technology Up gradation Marketing & Entrepreneurship Development	5010
	<b>Total</b>	<b>13,128.6</b>

## Section V - Monitoring, Evaluation, and Continuous Improvement of Policy

### Monitoring and Evaluation

(gender indicators are insufficient and at the meso not macro level)

In order to increase the quality and quantity of information available on the development of enterprises in Pakistan identical standards have to be used for classifying enterprises. The size classification suggested in this Policy document becomes a minimum standard for all organizations in Pakistan which are monitoring (gender equitable) enterprise development and/ or administering support to enterprises. All organizations need to be able to aggregate and disaggregate their data according to these size (? Gender) standards.

The application of the measures under the Policy which draw, directly or indirectly, on public funds, Federal, Provincial, and Local, will be continuously monitored and evaluated so as to permit continuous improvement. All organizations, at National, Provincial, and Local levels, which are involved in the administration of support measures to enterprises, both facilitators and providers, will monitor the performance by collecting at least the following information:

- b.1 Number of micro, small, and medium enterprises served
- b.2 Gender of owners
- b.3 Major sectors of enterprise activity (ISIC)
- b.4 Levels of satisfaction recorded
- b.5 Feedback received
- b.6 Total cost of service (direct and indirect) in PKR per beneficiary enterprise
- b.7 Total benefit of service in terms of employment, growth and income (during service and after service) per beneficiary enterprise

The organization of the monitoring and evaluation system, including the aggregation and analysis of the information will be undertaken by SMEDA. SMEDA will provide consolidated reports on enterprise development as well as on the implementation of enterprise support under this Policy on a semi-annual basis to the National Committee on Small and Medium Enterprises (NCSME). SMEDA will also prepare an Annual Report on SME Development to be presented to the Parliament by the Minister for Industries, Production and Special Initiatives.

## **Continuous Improvement of Policy**

(gender is implicit not explicit here)

Monitoring and evaluation results will be used by all stakeholders to continuously improve the existing policy and the specific measures taken. Moreover SME Surveys shall be undertaken periodically to assess the impact of interventions made and target support mechanisms where required.

## **Coordination National Committee on Small and Medium Enterprises (NCSMEs)**

The Minister for Industries, Production & Special Initiatives shall chair the semiannual meetings of the National Committee on Small and Medium Enterprises (NCSMEs). This Committee will review the implementation of Small and Medium Enterprise Policy, and decide which shape specific measures for enterprise development will take and how existing measures need to be adjusted in line with developments and in the interest of continuous improvement. The Committee will also serve as a mechanism to improve coordination between different stakeholders and resolve differences which may exist between them. SMEDA will function as the Secretariat to the Committee.

Members of NCSMEs (what is the gender sensitization level of all the key figures in these organizations of both the national and provincial level committees?)

Members of the National Committee on Small and Medium Enterprises are; Minister for Industries, Production and Special Initiatives, Minister of State for Finance, Minister of State for Economic Affairs,

Deputy Chairman Planning Commission, Provincial Ministers for Industries, Governor of the State Bank of Pakistan, Chairman Central Board of Revenue, Chairman Securities & Exchange Commission of Pakistan, Federal Secretary for Industries, Production & Special Initiatives, Federal Secretary Commerce, Federal Secretary for Labor, Manpower and Overseas Pakistanis, Federal Secretary for Statistics, Federal Secretary for Education, Federal Secretary for Science and Technology, Federal Secretary for Women Development, President of FPCCI, Presidents of Karachi, Lahore, Sarhad & Quetta Chambers of Commerce & Industry and Presidents of small and medium enterprise Business Membership Organizations (BMOs).

The Government in consultation with FPCCI will appoint five representatives of Chambers of Commerce and Industry representing predominantly SME sector. Three representatives of small and medium enterprise business membership organizations shall also be members of the said Committee. The Committee may co-opt further Members as it sees fit to address specific issues and ensure representation of small and medium enterprise interests. Similarly, the Government may add or remove members of the Committee as it deems fit.

## Provincial Committees on Small and Medium Enterprises (PCSMs)

The Chief Executive of each Province will chair the meetings of the Provincial Committees for Small and Medium Enterprises (PCSMs) periodically. These Committees will support the National Committee on Small and Medium Enterprises (NCSMEs) by assembling expertise from all fields as necessary in order to prepare, develop, and improve Small and Medium Enterprise Policy, including but not limited to specific support measures and improvements in the enabling environment. It will prepare recommendations for approval by NCSMEs as necessary. SMEDA Provincial Offices will function as the Secretariat to each of the Provincial Committees.

## Members of PCSMEs

Members of the Provincial Committees of Small & Medium Enterprises shall be decided by the Chief Executive of each Province

### SME Policy implementation Plan is also gender blind

SME Policy Implementation Plan														
Proposed Institutions/Tasks	Principal implementing Agencies	Estimated Resource Requirement (PKR Million)	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	July - Sep	Oct - Dec	Jan - Mar	Apr - Jun	July - Sep	Oct - Dec
			2007			2008			2009					
SME Policy – Approval from Cabinet	Federal Cabinet / MoIP&SI													
<b>1. SME Feedback, Monitoring &amp; Evaluation</b>		<b>27.60</b>												
1.1 SME Database Development	SMEDA													
1.2 SME Baseline Survey	SMEDA													
<b>2. Business Environment</b>		<b>355.00</b>												
2.1 Approval & Promulgation of SME Act 2007	SMEDA/MoIP&SI/Mo Law, Justice & Human Rights/Parliament													
2.2 Establishment of SME Promotion Council	SMEDA/MoIP&SI / TAs / CCI's													
2.3 Establishment of SME Certification Process	SMEDA/CCI's/TAs													
<b>3. Access to Finance &amp; Related Services</b>		<b>7,736.00</b>												
3.1 Establishment of Credit Guarantee Funds	SBP/SMEDA/ MoF / MoIP&SI													
3.2 Establishment of Credit Insurance	SBP/SMEDA/ MoF / MoIP&SI													
<b>4. Access to Resources &amp; Services</b>		<b>5,010.00</b>												
4.1 Establish Institutes of Small & Medium Enterprise & Entrepreneurship Development (INSMED)	SMEDA/HEC/ MoIP&SI/ NAVTEC/ TUSDEC/ MoST/Universities													
4.2 SME Subcontracting Exchange	SMEDA/MoIP&SI													
4.3 Business Support Fund	MoF/ MoIP&SI													
4.4 Competitiveness Support Fund	MoF/MoIP&SI													
<b>Estimated Total</b>		<b>13,128.60</b>												
The time line developed is subject to the approval of Government of Pakistan & availability of adequate resources for implementation.														

# The SME POLICY with a GENDER PERSPECTIVE FGD

## Validation process and questions

One of the ILO Women's Entrepreneurship Development and Gender Equality (WEDGE) Guides along with other research and SME Policy review informs the FGD questions below.

Note: It is necessary at all stages of policy formulation that language should be explicitly rather than implicitly gender neutral. For example:

1. Use of she/he or he/she at the beginning, then using 'they' when both sexes are referred to. 'He' should only be used when men only are referred to. To do otherwise is not only discriminatory but also inaccurate.
2. Terms like 'head of household' should be avoided as they make assumptions about intra-household processes which may be inaccurate, and should rather be investigated rather than prejudged.
3. Ensuring that language is gender inclusive from the start and implicit understandings of terms like 'entrepreneur', 'farmer' are explained.

When economists speak of the gender gap, they usually are referring to systematic differences in the outcomes that men and women achieve in the labor market. These differences are seen in the percentages of men and women in the labor force, the types of occupations they choose, and their relative incomes or hourly wages. (You can invite the group and/or officials to comment on this)

**Use the European Commission dimensions below for the assessment of gender inequality on the SME Policy:**

1. Participation this refers to the gender composition of the target group or population of the policy;
2. Resources this specifies the access to and distribution of resources such as time, money, and power,
3. Norms and values this indicates the value attached to men and women or to masculine and feminine characteristics
4. Rights this refers to direct or indirect sex discrimination, human rights and access to justice in the legal, political or socio-economic environment.

(You can word your questions to include this or select from those below. Note I have given you a maximum range of questions, ideally the questions should not be more than 5 to 7 and keep it focused on our objective. Thanks)

### **QUESTIONS to select from:**

#### **Key questions:**

1. What are the explicit and implicit gender issues in some SME sectors or programmes where women entrepreneurs are engaged?
2. What resources are allocated for women entrepreneurs through the SME Policy?
3. Does the existing policy and resource allocation perpetuate or change the gender inequalities between men and women?

## Assessing Women's Participation and Resources

1. Are women's voices present? Which women's voices? Are women from different stakeholder categories and different parts of the value chain present?
2. Are women's voices speaking? Which women's voices?
3. Are women's voices heard? Which women's voices?
4. Social dialogue: Are women and men equally involved in decision and policymaking processes at different levels of the industry? If there are inequalities, why is this? What can be done to address the inequalities?
5. Are women excluded from certain industries and where are they actually involved in invisible activities as family workers, in supply chains or as consumers?
6. What are the implications for participation in decision-making processes?
7. Employment creation: Do women and men get equal access to employment created? Are women or men excluded from the most profitable parts of the SME businesses and in the related value chains?
8. Rights at Work: Do women and men get equal shares of the added value in the SMEs ?
9. Social protection: Are there gender-specific dimensions of health and safety at work? Is there access to social protection, welfare, pensions and other benefits?

### **What are the implications of gender difference and inequality for suggested value chain upgrading strategies:**

- a. Process upgrading (increasing efficiency of internal processes) how far does gender discrimination and issues in the workplace undermine managerial efficiency and worker motivation?
  - b. Product upgrading (introducing new products or improving old products) do women have the necessary skills for quality production? What are their access to resources for investment? Ideas about product diversification to address female markets?
  - c. Functional upgrading (changing the mix of activities) within the firm and/or chain upgrading (moving to a new chain): how far and in what ways might greater attention to women's skills and women's consumption patterns indicate potentially profitable areas of change?
10. What are the invisible activities, power relations and gender inequalities in the policy framework

## Assessing the policy impact

1. Do men and women have equitable access to active labour market policies, including training?
2. Are measures available to the inactive as well as the unemployed?
3. Are there measures addressing the needs of specific groups, like lone parents (by providing childcare services), the disabled (by providing social services and technical aid), or women returners after long-term caring (by offering training facilities)?
4. Do active labour market policies promote the entry of women into high quality, non-traditional jobs?
5. Do men and women benefit in equal terms from initiatives to start-up businesses or any other services provided by public employment services?

6. Is the equal pay legislation effective at lowering the gender pay gap?
7. Is there (additional) legislation that obliges social partners to bargain over equal pay?
8. Are companies required to survey and analyse pay practices on a regular basis?
9. Are job evaluation measures used on a regular basis?
10. Do women returning to work or setting up SMEs have access to training?
11. Do policies promote (horizontal and vertical) desegregation of occupations and workplaces?
12. Are wage policies aimed at reducing wage inequality and improving the remuneration of low-paid and/or female dominated jobs?

## **From the Committee on Sustainable Enterprises International Labour Conference, 2007**

How much weight do the participants give to the following factors for SME development on a scale of 1 to 10 and what are the gaps that they perceive. May be presented in table form.

### **Conditions for a conducive environment for sustainable enterprises**

1. Peace and political stability
2. Good governance
3. Social dialogue
4. Respect for universal human rights
5. Entrepreneurial culture
6. Sound and stable macroeconomic policy
7. Trade and sustainable economic integration
8. Enabling legal and regulatory environment
9. Rule of law and secure property rights
10. Fair competition
11. Access to financial services
12. Physical infrastructure
13. Information and communications technology
14. Education, training and lifelong learning
15. Social justice and social inclusion
16. Adequate social protection
17. Responsible stewardship of the environment

### **Role of government in the promotion of sustainable enterprises**

1. Facilitating and participating in social dialogue

2. Labour law enforcement through efficient labour administration, including labour inspection
3. Encouragement of voluntary concept of corporate social responsibility
4. Promotion of socially and environmentally responsible public procurement, lending and investment
5. Promoting sectors and value chains
6. Flexibility and protection to manage change
7. Targeted programmes
8. Research and innovation
9. Access to information and business and financial services
10. Policy coordination and coherence
11. International policies
12. Production and consumption patterns
13. Supporting skills development

#### **Enterprise-level principles for sustainable enterprises**

1. Social dialogue and good industrial relations
2. Human resource development
3. Conditions of work
4. Productivity, wages and shared benefits
5. Corporate social responsibility
6. Corporate governance

#### **Role of the social partners in the promotion of sustainable enterprises**

1. Advocacy
2. Representation
3. Services
4. Implementation of policies and standards

In addition to an internal infrastructure, policies may also be supported by external committees or gender equality institutes, what is the case in Pakistan?

## ILO Study - SME Policy Review with Gender Perspective Post - FGDs, Meeting Schedule for Validation of Findings

S#	Meeting place	Meeting with	E-Validations From
1	State Life Building 1st floor Blue Area Isb.	<b>Ms. Nighat Sidique</b> - Director General Gender Equity - Ministry of Women Development	Badar, SME Specialist, UNIDO
2	Labor and Manpower office Near Zero point Isb	<b>Mr. Muhammad Azam</b> - Director General- Ministry of Labour and Manpower	Alice, Country Director, UNWOMEN
3	Garden Town, Lahore	<b>CEO</b> - Asasah MFP	Shandana Saad, Public Policy Specialist, CAR
4	125/E-1, Gulberg III Lahore Pakistan	<b>CEO</b> - Alfalah Bank	Nauman Wazir, former Team Leader of SME Policy Task Force
5	6th Floor, LDA Plaza, Egerton Road, Lahore	<b>Ms. Shamim Akhtar</b> - FPCCI, Chairperson Regional Committee , Women Enterprise Development	Hameedullah Khan, Asst Manager SME Policy & Planning Division
6	Pakistan Steel Mill Office Embassy Road G-5 Islamabad	<b>Haji Muhammad Javed</b> - President EMPLOYERS' FEDERATION OF PAKISTAN	Ahsanullah Khan,Chairman WEBCOP
7	SME Bank Near Geo office Blue Area Isb	<b>Mr. Nasir Durrani Head Operations and Business Development</b>	Fatimah Afzal, Private Sector Development Specialist, Dfid
8	Minister Block opposite to MPA Hostel,civil secretariat Peshawar	<b>Ms. Sitara Ayaz</b> - Minister for Social welfare - KPK	Provincial Chief of SMEDA KPK, Javed Khattak was also present
9	KPK civil secretariat	<b>Mr. Saleem Muhammad - Deputy Secretary, MOI</b>	Ghazanfar Bilour, Industrialist
10	SFT Associates House No.340, St No.36 F- 11/3 Isb	<b>Mr. Zahoor Awan</b> - Deputy General Secretary & Chairman Steering Committee, Pakistan Worker's Federation	Telecon with Hammad Siddiqui program manager CIPE
11	Aurat Foundation Office No. 12, st No. 12,F-7/2 Islamabad	<b>Ms. Simi Kamal</b> , Chief of Party - Aurat Foundation	Telecon with Mr. Saleemullah SBP Director
12	House No.39, St No. 56, Sec F- 6/4 Isb	<b>Ms. Sofia Noreen</b> National Project Manager, National Commission on the Status of Women	

# Four Steps of Gender Mainstreaming

## STEP 1: GETTING ORGANISED

Implementation and organization, and building awareness and ownership may be regarded as important preconditions of successful gender mainstreaming. Implementation and organization of gender mainstreaming refers to the process of providing a structural and cultural basis for equal opportunities (Stevens and Van Lamoen 2001:52). This includes formulation of objectives and targets, making a plan, drawing up a budget and defining responsibilities and accountability of the different actors involved. With regard to the budget, sufficient resources for implementation need to be made available. Moreover, the use of special (external) expertise might be considered. In addition, gender mainstreaming implies that all stakeholders involved in policy making should take equal opportunities of men and women into account. In order to create a certain degree of gender awareness and expertise, training is essential. In addition,

stakeholders should consider gender mainstreaming as part of their tasks and responsibilities. It is therefore important to build ownership but different strategies may be adopted. In some cases all the team may be expected to take ownership but where awareness levels are low

it may be necessary initially to have a nominated person with specific knowledge and awareness within the policymaking team or unit.

## STEP 2: LEARNING ABOUT GENDER DIFFERENCES

The next step in the process of gender mainstreaming is the collection of relevant data on the position of women and men. A description of the actual situation is essential in order to assess actual gender (in)equality and to prioritize areas for attention. In addition, monitoring of the situation over time provides information on the trends in gender (in) equality. The European Commission (1998) has identified four dimensions to the assessment of gender inequality:

participation, resources, norms and values, and rights (see also Rubery and Fagan 2000). It is important to consider the initial situation from a dynamic and not solely a static perspective.

Participation refers to the gender composition of the target group/population of the policy and implies the need to gather basic information such as the share of men and women in unemployment, among the disabled or among those with flexible contracts. Where policy measures specify particular groups of vulnerable people, the possible differential impact on men and women should also be taken into account. For example, unemployment may be measured in several ways. Depending on the method, gender differences might vary from rather low to quite high.

Resources refers to the gender differences that may occur regarding the access to/distribution of resources such as time, space, information and money, political and economic power, qualifications, transport, use of public services etc. In particular the unequal division of care responsibilities has a major impact on the distribution of resources. For example, with respect to active labour market policies, the fact that women bear the main responsibility for raising children should be taken into account. Availability of childcare is, therefore, very important to enable, in particular, women to be participants in the programmes. Women are also more likely to be concentrated in the area of low income activities.

Norms and values influence gender roles and the gender division of labour, and the attitudes and behavior of women and men. They also account in part for the inequalities in the value attached to men and women or to masculine and feminine characteristics. It is essential to identify the role of policy measures in reinforcing social norms and values that maintain gender inequality. Tax and benefit policies are, for example, often based on the principle of a male breadwinner household model. The move towards more individualized models may, regardless of the impact on participation rates, have an important symbolic value. Along the same line, policy focusing on a more equal sharing of paid and unpaid work with men explicitly in a role of career might also contribute to a more equal set of norms and values.

Rights pertain to direct or indirect sex discrimination, human rights, and access to justice in the legal, political or socio-economic environment. In this respect it should also be taken into account that even where women have formal rights on the same basis as men, lack of facilities may restrict women's ability to exercise their rights to take up these opportunities. Similarly formal rights for men to participate in reconciliation measures will not necessarily be sufficient to promote gender equality in care work.

### **STEP 3: ASSESSING THE POLICY IMPACT**

The third step requires an assessment of the potential gender impact of the policy with reference to participation, resources, norms and values and rights. An important issue regarding participation is that both quantitative as well as qualitative aspects should be taken into account. For example, programmes to create jobs may in particular concern women. This may be assessed as positive from a gender equality point of view. When, however, the job quality is problematic (e.g. in terms of working hours and pay), such programmes might reinforce gender inequality. With respect to access to resources, it is critical to take into account not only the impact on household resources but also the impact on individual resources. On the level of social norms and values, reconciliation policies should address men's involvement in domestic labour. If only women make use of reconciliation policies the traditional unequal division of unpaid work between men and women will be reinforced, thereby potentially reinforcing social norms in this respect. With regard to rights it is relevant to include the right to care as well as to undertake employment. When assessing the impact of policy, it may be important to differentiate between particular groups of men and women such as ethnic minority groups, parents versus the childless, age groups, educational groups, regional groups, etc. While measures to increase the participation rate might, for example, be effective for women from the dominant group, women from ethnic minority groups may require specific measures. In addition, a sound policy assessment should include indirect effects. Changes to gender relations outside as well as inside work may be one of the indirect effects to be looked for. A strong focus on part-time work could, for example, have the long term effect of reinforcing gender divisions of labour both in and outside work as women become more concentrated in sectors offering flexible employment. This example also illustrates the importance of distinguishing between short-term and long-term effects.

### **STEP 4: REDESIGNING POLICY**

Where the policy is assessed to have a negative impact on gender equality or to be broadly gender neutral, it is essential to identify ways in which the policy could be redesigned to promote gender equality. The need for redesign is particularly strong where initial gender differences are high and have major impacts on women's life chances. Redesign does not necessarily imply fundamental changes. For example, regarding active labour market policies, a rather simple but effective measure is to extend eligibility to all inactive. Providing facilities to support working parents also seems not too complicated. Other areas may be more complex.

For example, reducing vertical and horizontal segregation calls for more extensive policies. Redesign may also require a multi-pronged approach involving more than one policy area or department. For example, the

public employment service may need to cooperate actively with the department responsible for the provision of childcare if women seeking employment are to have access to childcare to facilitate job search. Gender mainstreaming calls for a more joined-up approach to policy design, where employment policy is not developed in isolation from welfare provision and childcare services on the one hand or tax and benefit policies on the other hand.

## Key Findings from the Literature review

Shared with participants in FGD exercises

### Some Definitions

**Gender equality**, or equality between women and men, refers to the equal rights, responsibilities, opportunities, treatment and valuation of women and men:

1. at work in jobs and in enterprises
2. in the relation between work and life.

Looking at the policy cycle with a gender perspective is to make sure that women and men have equal chances to succeed in life and in business. All persons need to be treated with dignity and allowed to develop to their full potential, leading to a higher quality of life for all. It does not mean that women and men need to become exactly the same. Women and men can be and are different, but are entitled to equal rights, responsibilities, opportunities and should be treated and valued in a fair way. This applies also when doing business. This means that there is no discrimination on grounds of a person's sex in the allocation of resources or benefits, or in the access to services.

#### **Gender equality includes:**

1. the same human and workers rights
2. equal value and fair distribution of:
3. responsibilities and opportunities
4. workload, decision making and income.

Gender equality may be measured in terms of whether there is equality of opportunity, or equality of results. The UN Convention on the Elimination of All Forms of Discrimination Against Women can be understood as a statement on what the principle of gender equality of opportunity should mean in practice for all aspects of life, and all sectors of the economy.

Structural gender inequality exists where a system of gender discrimination is practiced by public or social institutions. Structural gender inequality is more entrenched if it is maintained by administrative rules and laws, rather than by only custom and traditions.

**Gender gap** - In the context of economic inequality, gender gap generally refers to the systemic differences in the social and economic roles and wages of men and women, or boys and girls. There is a debate to what extent this is the result of gender differences, lifestyle choices, or because of discrimination. When economists speak of the gender gap these days, they usually are referring to systematic differences in the outcomes that men and women achieve in the labor market. These differences are seen in the percentages of

men and women in the labor force, the types of occupations they choose, and their relative incomes or hourly wages.

**Gender Equality of Opportunity:** the provision of an enabling environment whereby gender is no longer a basis for privileging access to resources, power or services. This is likely to require different types of considerations for women from different backgrounds depending on other dimensions of disadvantage, and at different levels.

**Gender Equity of Outcomes:** the situation where gender equality of opportunity and women's empowerment have combined to mean that gender inequality and discrimination are no longer a cause of gender difference. Any gender differences can be confidently attributed to free and realisable individual differences in choice rather than gender inequality or discrimination.

**Gender Mainstreaming in Policy:** Making the concerns and experiences of women (as the currently most disadvantaged by gender inequality) integral to the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres. Its goals are gender equality of opportunity and equity of outcomes through empowerment of women as well as men.

The ILO Decent Work agenda and a capabilities approach propose gender equality measures are effective in creating new opportunities and growth. Developing gender responsive policy requires more than ensuring women are included in the text of policy documents or that disaggregated data is used, though these are important elements. It requires a rigorous analysis of existing structural inequalities such as women's reproductive roles and time burdens, limited access to productive resources and employment opportunities and other forms of direct and indirect discrimination. A key issue that touches every policy area is the inter-relationship between women's paid and unpaid work. Policies that do not recognize this relationship result in an intensification of women's work as they struggle to combine care responsibilities with the need to earn an income.

### **Core Concerns of SMEs:**

- Governance and political conditions
- Infrastructure
- Regulations and the cost of doing business
- Entrepreneurship
- Access to finance

### **Key Gender Issues identified in research:**

1. Discrimination and limited access to productive resources: land, credit, skills, technology, networks, information, reduce the productivity and output of women owned enterprises.
2. Women in enterprises often set up supply-driven operations rather than demand driven (often linked to occupational segregation). The failure rate of these enterprises is high due to market saturation, gender segmentation (women are concentrated in female oriented enterprises such as food vending, hairdressing etc) and lack of access to technology and skills training.
3. High registration costs, transaction costs, high taxes and complicated procedures act as disincentives for women in MSEs to join the formal economy.

4. Women are often unable to access essential services such as Business Development because of lack of access to information, at times lack of legal literacy, limited time due to family responsibilities etc.
5. Women are often concentrated in the informal economy and in the segments that are least protected, most invisible and most vulnerable.

**6. Key areas where state focus for women development in SMEs is required includes:**

- in allocating resources,
- providing infrastructure,
- education,
- training,
- promoting particular sectors,
- labour standards,
- regulating capital flows to avoid capital volatility and i
- in active labour market policies.
- Gender disaggregated data is still not adequately available for the different economic sectors especially for policy development.
- Occupational segregation is an issue that requires public awareness raising to encourage women into non-traditional work etc.
- Efforts need to be made to increase dialogue and representation of women in macroeconomic policy making..
- Women carry the burden of the care economy, taxation (fiscal) and income transfers are important redistributive mechanisms that can be used for the benefit of women. Tax incentives and amnesties are another way to register informal enterprises, including those owned by women.
- Fiscal and financial sector development plans do not address gender concerns in the allocation and mobilization of domestic financial resources for economic and social development.
- Gender responsive budget audits are missing from fiscal policies. Broad based consultations in the formulation of financial policies will lead to greater transparency, democracy and voice for women.
- Policies do not address gender based constraints such as childcare and domestic responsibilities; women are unable to take advantage of new opportunities from expanded trade.
- The State does not recognize the changing employment relationships resulting from new production structures. Labour law needs to be able to adapt to new definitions of workers so that the most vulnerable including women are covered by labour codes.
- Policies in all these sectors should analyze gender segregation and the impact that women s household responsibilities have on their employment opportunities. Interventions in the agricultural sector need to take into account women s food provisioning role.

# Gender Gaps in the SME Policy Review

## Introduction

In order to design and review public policies that promote development with equity, it is essential to apply a gender perspective, especially as an analytical tool complementing the global goal of social and gender equality. This is required to fully recognize both women's and men's contributions to development, along with their corresponding benefits and needs.

**Most definitions conform to the UN Economic and Social Council formally defined concept:**

*“Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality”.*

Gender inequality is a persistent feature of the public and policy-making spheres around the world. In Pakistan, gender equality remains a priority agenda for the government and civil society. Despite focused interventions and donor agency support, gender issues continue to (adversely) impact Pakistan's economic productivity and its social wellbeing.

Gender inequalities have their roots in everyday family life; gender disparities at the household and community level of responsibilities generally restrict women's prospects and hold back their full participation in other activities. Socio-cultural prejudices and stereotyping are still the main constraints to women's participation in the spheres of political and economic power.

In the economic sector, enterprises play a key role in creating productive and decent work that contributes towards the social aspirations of women and men as well. Whether small, medium or large, enterprises including cooperatives they are a major source of growth and employment in all countries and Pakistan is no exception. Enterprises and the entrepreneurs who run them thus play a vital role in creating jobs and reducing poverty. However, the SME sector in Pakistan is a long ways away from applying the gender equality objectives in enterprises. The ILO Decent Work Agenda and its goals are universally applicable in projects and programs; however, there is no universal solution to the design, implementation and review of policies to promote gender balanced sustainable businesses especially in SMEs. This has to be addressed on a case to case basis.

It has been established that sustainable socio-economic development requires confidence in public policies and regulatory frameworks to deliver on the promise of stable, equitable and prosperous societies. This requires social and economic inclusiveness, i.e. gender equality as well as equity in the distribution and access to resources. The Pakistan SME Policy needs to explicitly indicate the inclusiveness of its purpose and support to both male and female SMEs in their requirement for equal access to entrepreneurship opportunities, financial services and labor markets will serve the national economy and contribute to social development.

The current SME policy of Pakistan, approved in 2007, consists of generalized recommendations for the

entire SME sector. It does not explicitly consider the heterogeneity of the sector and, therefore makes it difficult for the implementing agencies to devise plans and activities that facilitate high productivity in micro, small and medium businesses. Women entrepreneurs work under the same macro, regulatory and institutional framework as their male counterparts. The business environment for women in Pakistan reflects the complex interplay of many factors, which can be categorized into two basic groups: 1) the Socio-cultural group that is made up of social, cultural, traditional and religious elements; 2) the Structural group which is informed by the first group and translates as constitutional structures, policy documents, regulatory arrangements and institutional mechanisms which are interpreted to discriminate against the economic activity of women .

A survey of the urban and rural SMEs in Pakistan revealed that large numbers of women-owned SMEs are household-based and concentrated in highly unstable, low return urban activities where growth prospects are bleak. Secondly, their activities are concentrated in stereotypical sub-sectors such as dress making, knitting, retail trading. It is also interesting to note that the closure rate of women SMEs is higher than male enterprises. Briefly, women SMEs growth constraints include lack of access to: 1) formal finance; 2) marketing support and networks; 3) technology; 4) skills development, 5) international certification awareness; 6) regulation, and difficult regulatory procedures by the government.

A gender sensitive SME policy is essential for having the economy work for women as well as benefit from women s intellectual, entrepreneurial and physical labor enhancing the share of women in small and medium enterprises of Pakistan. Consequently, the ILO proposed that a detailed study be carried out to highlight gender gaps in the current policy and make recommendations on how to make it gender responsive.

**Along with other ILO gender assessment tools the research used the four parameters identified by the European Commission to assess gender inequality, namely:**

1. Participation this refers to the gender composition of the target group or population of the policy;
2. Resources this specifies the access to and distribution of resources such as time, money, and power,
3. Norms and values this indicates the value attached to men and women or to masculine and feminine characteristics
4. Rights this refers to direct or indirect sex discrimination, human rights and access to justice in the legal, political or socio-economic environment.

**5. Key Findings**

The ILO s work with the Government of Pakistan shows that there is strong commitment to promoting gender equality Yet there are many challenges, misconceptions and obstacles that preclude policy makers from designing effective, gender-sensitive strategies. Some of the issues which policy makers confront in their efforts to promote gender equality (but are not mentioned in the SME Policy) are:

6. Policy makers often see women as needy , i.e. in need of social assistance rather than as agents of change for social and economic development.
7. They often lack capacity to conduct gender analysis often resulting in gender blind policies that do not impact women and men in the same way.
8. They often separate the economic and social aspects of development thereby giving emphasis to trickle down assumptions in which policy is targeted to the perceived stronger economic sectors with benefits eventually reaching the more vulnerable segments of society including marginalized women.
9. They often take this view or paradigm of social and economic separation therefore equality is perceived

as a luxury of high income economies. Moreover, promoting equal employment opportunity interventions is often perceived as being costly and is often postponed until the economy has reached a certain size and income level.

10. Policy makers primarily assess just the short term costs; they need to be mindful of the longer term, harder to measure, but real benefits of equality such as more efficient labour allocation, full use of human capital and capital formation for the next generation.

A related issue is that the frameworks within which policies are designed can constrain effective gender responsive strategies. For example, orthodox economic models assume the behavior of the individual to be rational, self-interested and market oriented. These models do not recognize differences based on sex, gender stereotyping, class, race etc or the unequal power relations that exist within the home, the labor market and wider economy. Policies based on such models can have considerably negative consequences for the poorest and most marginalized sectors of society particularly women. Moreover, poverty alleviation strategies tend to measure poverty by income level linked to households. This is unhelpful in disaggregating gender dynamics within the household or assessing how women contribute towards economic growth.

Although gender equality of opportunity is mentioned in the SME policy, it does not suffice for gender equity. Gender equality of opportunity usually requires significant changes in institutional culture and processes - including language, assumptions, relationships and incentives. Pakistan has legislation and even religious laws against different forms of gender discrimination - for example: property rights legislation under Shariah, which remains unimplemented without supportive measures to enable women to take advantage of these laws. There is still a need for an initial period of affirmative action in order to support sufficient numbers of women or men to challenge existing inequalities and stereotypes and to establish new norms and practices that give equality of opportunity.

#### **First assessing the SME policy document one observes the following:**

The SME policy did not fully consider the context for example:

1. There is little investment in education in general and especially in girls' education and other capacity building initiatives leading to limited employment and income opportunities in adulthood.
2. The low skills base and lack of literacy that impacts negatively on the staff available to male and female SMEs.
3. Women's double burden of paid work and reproductive work in the household and unpaid work in the household and in society was not flagged as an issue in the SME Policy.
4. Especially the fact that women's unpaid needs to be counted in systems of national accounts. Unpaid work in the household underpins much of labour market inequality.
5. The SME Policy did not highlight that public expenditure cuts in health, education, transport and infrastructure, lack of childcare and social services affect women more severely than men since it increases women's household responsibilities and burdens.
6. The SME policy does not discuss women's work as a vital economic resource and women household work is still invisible and under-valued.
7. The unpaid agricultural work and housework of women in rural areas was not discussed and its importance to SME developed was not factored into the policy document.
8. A number of international policy instruments such as the Convention to Eliminate All Forms of

Discrimination Against Women (CEDAW) and the Beijing Platform of Action have called not only for the recognition of women's unpaid work but also demanded that it be given values in economic accounting, particularly in the Systems of National Accounts. A key tool for capturing such information is Time-Use Surveys that can complement labour force surveys and have been used by a number of countries to design more equitable policies. This was not done for the SME Policy development stage.

9. The SME Policy does not highlight the institutional separation of economic and social policy, and an associated hierarchy among Ministries within Government based on the inherent views and perceptions about what gender means and the role of gender equality in economic and social development.
10. The SME Policy in its context setting does not discuss that the Ministry of Labour is often under-resourced, or that the Ministry of Women's (Gender) Affairs or Social Welfare is even more marginalized and have little influence over national policy agendas. Yet these institutions are often primarily responsible for gender equality interventions.
11. The SME Policy does not mention that the more powerful Ministries such as Finance, Planning or Trade have responsibility for the design of macro-economic policy and rarely have gender equality concerns mainstreamed. It does not share that for various capacity reasons the Ministries often result in producing gender blind policies which unfortunately are not gender neutral in their impact. Indeed the effects of economic policies produced have been profoundly negative on women's businesses, their lives and on poverty alleviation in general. Gender mainstreaming in active labour market policy measures is basically formulated as the training and retraining of women after childcare leave and awareness raising of civil servants about gender equality. However, in most ministries even this awareness is not present among the officials.

## Recommendation:

At this point one vital recommendation is that capacity building exercises in gender analysis and gender mainstreaming are arranged for key ministries especially of those such as Finance, Planning and Trade.

**Finding 9:** The SME Policy does not highlight the vital nature of the State's role in SME development process, i.e. in allocating resources, providing infrastructure, education, training, promoting particular sectors, labour standards, regulating capital flows to avoid capital volatility and in active labour market policies. For instance, the current tight monetary and fiscal policies are leading towards slow growth and high unemployment. The government's minimalist strategies often harm women more than men.

**Recommendation 9:** A refocus away from excessive emphasis on inflation targeting and towards other gender equitable goals including employment generation and targeted investment to strategic sectors to stimulate productivity will benefit women.

**Finding 10:** In a recent study conducted by ILO using one of the WEDGE tools - women themselves identified the following gender constraints which prevent them from realizing their full potential:

- 1) The lack of property rights was spontaneously mentioned as a key constraint by groups in workshops (don't remember where). This affects not only access to finance but also other dimensions of the enterprise such as decision-making power.
- 2) The burden of women's unpaid work in the household is a key constraint in their marketing and enterprise activities.
- 3) Conflict in the household because men would not accept women's economic role.

- 4) Upstream and downstream sexual harassment was said to be as a serious problem for women of all ages.
- 5) Getting, managing and retaining skilled labour was a serious problem.

**Some gender issues specific to women entrepreneurs and highlighted by the interviews and FGDs continue to be as follows :**

12. Discrimination, and
13. Limited access to productive resources, i.e land, credit, skills, technology, networks, information
14. High registration costs,
15. High transaction costs,
16. High taxes, and
17. Complicated procedures for women entrepreneurs in joining the formal economy.

**Recommendation 10:** These issues although mentioned in the SME policy document need to be addressed explicitly and the mechanisms suggested need to be monitored and rectified if they are not serving the purpose. Also ensure that BDS and related services are not only physically accessible but financially and practically available to the women and men entrepreneurs equally.

**Finding 11:** In addition, women enterprises often set up supply-driven operations rather than demand driven (often linked to occupational segregation).

**Recommendation 11:** There is a need to ensure that women are able to identify real income opportunities, beyond their traditional skills base in often market saturated sectors.

**Finding 12:** ILO research findings show that women entrepreneurs are mostly in the micro enterprise sector and are practically invisible in the large and medium enterprise categories. Women are able to participate in private sector growth through increased access to productive resources such as credit, land, technology, business networks and market information.

**Recommendation 12:** Work on the gender-based legal, economic or socio-cultural barriers and inequalities and SME related policies that prevent women enterprises from growing.

One should not assume that all women want to be entrepreneurs, but it is safe to say that women want to be given the same freedom as men to choose to be entrepreneurs or otherwise employed.

**Finding 13:** Women are not a homogeneous category any more than men are. Other dimensions of economic and social inequality interact in different ways with gender inequality to produce different needs and priorities.

**Recommendation 13:** It is not therefore sufficient to just include token women as one 'stakeholder group', which is what often happens in consultations/workshops on different SME topics. This also happened during the SME Policy development process, women must be included across stakeholder categories.

Discrimination based on gender affects both women and men adversely. However, in the current situation all the indicators point to women being overwhelmingly more disadvantaged than men, it is justified to prioritize strategies which advantage women. Addressing gender inequality to redress discrimination against both

women and men requires actions by both women and men to challenge their existing attitudes, privilege and practice.

Moreover, one of the most important findings has been that developing gender responsive policy requires more than ensuring women are included in the text of policy documents or that disaggregated data is used, though these are important elements. It requires a rigorous analysis of existing structural inequalities such as women's reproductive roles and time burdens, limited access to productive resources and employment opportunities and other forms of direct and indirect discrimination. A key issue that touches every policy area is the inter-relationship between women's paid and unpaid work. Policies that do not recognize this relationship result in an intensification of women's work as they struggle to combine care responsibilities with the need to earn an income.

## Gender Gaps in the SME Policy - Review with ILO Gender Equality Tools

The SME Policy neglects the gender mainstreaming/gender equality perspective. Documents and institutions in support of gender equality are not integrated into SME supporting institutions such as the various Chambers or Associations and SMEDA itself. (see annex 2a)

There are no gender mainstreaming processes or gender target settings in the SME sector generally and in the SME policy more specifically. The most important gender mainstreaming intervention is the setting up of the Women business incubation centers which serve a purpose but it is not sufficient to help address the issues in the sector nor does it serve to capitalize on the vast women entrepreneurial potential in the country. Furthermore, it does not cater to the rural women entrepreneurs. The current subsidized programs do not have the requisite outreach to even fifty percent of the women enterprises (WE). Moreover, WE, along the value chains are often micro enterprises belonging to socially vulnerable groups and mothers with small children, these groups require higher subsidies, explicit inclusion strategies within the SME Policy and Plans.

SME interventions in Pakistan have learned that a policy focus is required alongside a programme or project approach because gender inequalities that burden women require changes in the behavior and position of men as well as of women. Change is also required in the underlying gender inequalities in power and resources that structure the ways in which women and men behave towards each other. Therefore, gender equality objectives are better met through mainstreaming change in gender relations in strategies targeting men, for example: the inclusion of gender awareness in capacity building SME training for men as well as women.

There is limited evidence of gender mainstreaming in the SME policy support and implementation. Several measures may have a gender impact. There are, however, no gender impact assessments available. In addition, though there is a strong emphasis on participation, but there is very little attention to the distribution of the resources and/or its benefits in terms of time, money and power.

The SME Policy sets the target of increasing the share of SMEs in value added production to 40%, and women ownership to increase to 6%. Otherwise these targets are all employment targets are not accompanied by concrete measures other than the objective for women to be 60% of the beneficiaries in all action measures. With regard to mobilization of the inactive, several measures are taken, such as social security contributions reductions for contracting women on indefinite contracts, various training programmes, action plans in

enterprises and a specific programme for employment of victims of gender violence.

Women should benefit from the SME policy on a more or less equal footing as men but this is not apparent. Some of the key issues lies within the structural reform for a more efficient and transparent labour market. One idea is that possibly employment services and municipalities join together in creating and running new job centers

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