

ANALYSIS OF WOMAN ENTREPREUNERSHIP AS OF THE MAIN WAY FOR OVERCOMING THE GENDER INEQUALITY IN KYRGYZSTAN

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The process of construction of the social economic system in Kyrgyzstan, based on principles of modern market economy, is accompanied by deep crisis, acquiring systemic nature.

There are big changes in social structure of the society, there is a sharp social stratification and the most part of the population has occurred in poverty.

Occurred during the independence years, public, institutional and social-economic changes have had negative impact on the health and quality of human capital in Kyrgyzstan, including women.

On this general background of adverse economic decline and impoverishment of the majority of the population, there are most affected women's problems of our society, and there is increasing gender socio-economic inequality.

Over 19 years of independence, Kyrgyzstan can not surpass the level of socio-economic development due to key economic indicators, achieved within the Soviet system period by the beginning of 1990.

Data on salary, pension, poverty rate in KR

	2005	2006	2007	2008	2009
Average salary, USD/month	63,7	81,4	106,4	147,1	143,6
Average pension, USD/month	18,8	22,5	29,1	38,9	49,2
Minimal consumer budget, USD/month/per capita	51,6	65,2	80,1	104,8	83,7
Poverty rate in KR, %	45,5	43,1	39,9	35,1	32,1
Urban poverty rate, %	28,3	29,8	26,7	23,2	22,6
Poverty rate in rural locations, %	55,5	50,8	47,7	41,7	37,0

The main problems of the business environment in Kyrgyzstan include:

low quality of tax administration; uncertainty and unpredictability of changes in economic policy of the government;

high level of corruption, the difficulty of access to financing of investment projects, macroeconomic instability, non-satisfactory customs and foreign trade regulation, the impact of crime on business, a weak judicial system and economic conflicts resolution.

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One of the most important socio-economic challenges facing our society lies in the harmonization of gender relations.

The main aspects of gender relations is the status of women, in the labor and capital market. Sustainable economic development depends on the equal access of men and women to all the factors of production.

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The major questions consist of economic activity of women, development of women's entrepreneurship and self-employment of women, status of women labor, women employment, unemployment and poverty.

One of the major ways of overcoming gender inequality is women's entrepreneurship development, which will allow eliminating the gender gap.

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1. Overview of business environment in KR

The majority of entrepreneurs interviewed provided an ambiguous assessment of the business environment in the Kyrgyz Republic.

The country is pursuing a policy aimed at creating a favourable economic environment. However excessive political interference in business, both directly and illegally, hampers the business environment.

Table reflects the progress achieved by the country in the World Bank "Doing Business" rating.

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Table Assessment of business regulation in the Kyrgyz Republic

Ease of ...	Doing Business Rating 2009, country rating	Doing Business Rating 2008, country rating	Rating Change
Doing Business	68	99	+31
Company Registration	31	50	+19
Dealing with Construction Permits	58	170	+112
Registering Property	52	54	+2
Access to Credit	28	25	-3
Protecting Investors	11	33	+22
Paying Taxes	155	152	-3
Trading Across Borders	181	180	-1
Enforcing Contracts	52	51	-1

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1. Overview of business environment in KR

In addition to problems such as macroeconomic instability, high levels of corruption, and ongoing structural problems of the economy, there are a number of more specific challenges that require effective measures aimed at attracting foreign investment.

Overall, the main challenges for investment and growth may be listed in order of importance as follows:

- low quality of tax administration;
- lack of clarity and predictability of the governments economic policy;

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1. Overview of business environment in KR

- high levels of corruption;
- difficulties in accessing investment project financing;
- macroeconomic instability;
- unsatisfactory customs and foreign trade regulation;
- impact of crime on business;
- low contract enforcement and poor qualifications among civil servants;
- weak judicial and economic disputes' resolution systems.

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2. Key motivations of women entrepreneurship

Due to the uneven employment of men and women, there is a significant wage gap.

In 2007, the average salary of women constituted 67.3% of men's.

This problem of gender inequality in pay has been aggravated by persistent arrears of wages in the public sector - where by virtue of their concentration in education and health, women work in higher numbers.

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2. Key motivations of women entrepreneurship

Secondly, there is steady growth of unemployment in the country, affecting women much more than men.

At the time of writing, there are 50% more unemployed women than unemployed men.

However, the numbers of women in receipt of unemployment allowance in 2005 constituted only 7.2% of the total, suggesting that women are not availing of unemployment benefit.

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2. Key motivations of women entrepreneurship

Thirdly, emigration, estimated to be up to 500-850 thousand people out of 2.3 million economically active people in 2007 (the vast majority of whom are men) means that the responsibility for households is transferred to women and they are forced to enter informal labour markets in search of jobs and income.

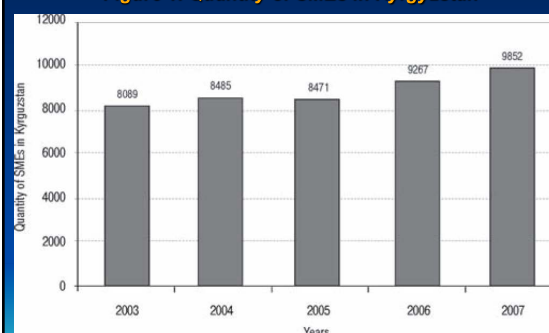
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3. Dynamics of the development of the private sector and SMEs in Kyrgyzstan

Analysis of statistical data since between 2002 and 2007 shows an increase in the number of registered SMEs, individual entrepreneurs, and farming enterprises (see Figure 1), with the quickest pace of growth among individual entrepreneurs (44%).

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Figure 1. Quantity of SMEs in Kyrgyzstan



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Quantity of enterprises of SMB in Kyrgyzstan

	2004	2005	2006	2007	2008
Small enterprises	7 298	7 729	7 689	8 424	9 802
Medium enterprises	791	756	782	843	850
Individual entrepreneurs	134 386	149 280	163 119	179 613	193 425
Farms	255 882	259 701	300 162	313 061	323 555
Total	398 357	417 466	471 752	501 941	526 832

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Contribution of SMB due to GDP (%)

	2004	2005	2006	2007	2008
Small enterprises	5,0	6,7	6,6	5,8	5,7
Medium enterprises	3,4	4,3	3,9	4,7	4,3
Individual entrepreneurs	15,5	14,6	16,6	17,8	17,8
Farms	19,5	17,7	16,9	16,9	17,6
Density of SMB due to GDP (%)	43,4	43,3	44,0	45,2	45,4

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4. Gender aspects of employment in small and medium businesses

In 2006, the number of women at the executive positions in Kyrgyzstan stood at 14,237 persons (20.3%), while the number of men was 55,802 (79.7%).

Thus, there are almost 4 men for every woman at the level of executive positions.

However, there are some positive changes afoot: the number of new business entities headed by women increased from 24.1% in 2002 up to 28.5% in 2006;

the number of women employed in small enterprises in 2005 increased by 8.2% when compared with 2002;

and the share of women among the total number of employees of small enterprises increased from 29.7% in 2002 to 33.6% in 2005.

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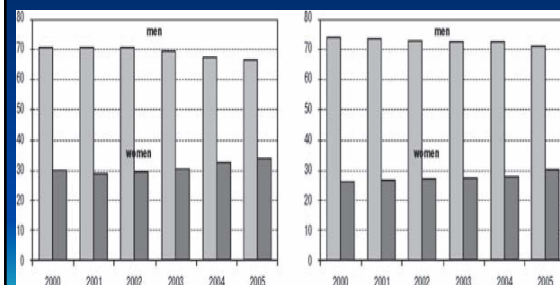
4. Gender aspects of employment in small and medium businesses

In 2005, the largest numbers of women employees in small enterprises was registered in Bishkek - 39.1% and in the Chuisk region - 34.8 %, which testifies to more advanced approach to gender and employment issues of the northern regions of the country.

Gender disparities in employment in SMEs are reflected in Figures 2.

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Figure 2. Structure of employment at small enterprises and Structure of employment at medium enterprises



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Number of employed in SMB (ths. people)

	2004	2005	2006	2007	2008
Small enterprises	41,6	41,7	39,4	44,8	47,8
Medium enterprises	47,1	45,3	44,8	43,1	43,0
Individual entrepreneurs	134,4	149,3	163,1	179,6	193,4
Total	223,1	236,3	247,3	267,5	284,2
Density of SMB due to total employment (%)	12,2	12,6	12,8	12,8	13,2

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5. Sectoral distribution of SMEs

A survey of women entrepreneurs showed the following distribution of women businesses among the different sectors of the economy:

56% fall within the trade sector;
22% within the production sector;
19% in the service sector and 3% in other sectors.

The survey therefore confirmed the existence of so-called "female" entrepreneurship, which traditionally is located (and not only in Kyrgyzstan) in trade and mediation, catering, consumer goods production, public services, education and culture.

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6. Geographical distribution of SMEs

	Number of Small and Medium enterprises	%
Chui region	1006	10,2
Issyk-kul region	359	3,6
Talas region	141	1,4
Naryn region	217	2,2
Osh region	389	3,9
Jalal-abad region	400	4,1
Batken region	148	1,5
Bishkek	6438	66,6
Osh	634	6,4

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6. Geographical distribution of SMEs

Thus, 8,281 SMEs or 84% of their total number of registered SMEs are situated in the north, while 1,571 enterprises or 16% are concentrated in the south.

The significance of these proportions becomes even more obvious if the data is compared with the data on population distribution in the country: by the end of 2007, almost 49% of the population lived in the northern regions of the country and 51% of population in the southern regions - a virtually even split.

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6. Geographical distribution of SMEs

The distribution of small and medium enterprises among urban and rural areas is as follows: 73% of SMEs are situated in Bishkek and Osh, while 27% are located in the other 7 regions.

Therefore, the major part of SMEs is located in northern regions and in urban areas.

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7. Gender policy and programmes promoting gender equality

Kyrgyzstan's accession to the Beijing Platform for Action (BPA), adopted in 1995 has become the starting point for the development of policy on gender equality.

The following programs aimed at ensuring gender equality were developed in Kyrgyzstan: the National Programme "Ayalzat" (1996-2000), the National Action Plan for the Achievement of Gender Equality in KR for 2002 - 2006, the Country Development Strategy for 2009 - 2011 (CDS) and the National Action Plan for the Achievement of Gender Equality in KR for 2007 -2010 (NAP).

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8. Recommendations for improvement of regulatory framework

- To improve tax legislation by enhancing the efficiency and transparency of the tax system by means of information and communication technologies and strengthening the "single window" mechanism;
- To reduce state interference and regulation of small and medium entrepreneurship, and launch dialogue between the state and business community on the basis of active partnership;
- To simplify relations between state bodies and entrepreneurs and to base them on strict compliance with existing legal norms;
- To increase the overall efficiency of the state administration system by ceasing the duplicating functions of state administration and reducing of the number of these bodies;
- To adopt targeted state programmes for women's entrepreneurship that include preferential access to credit and taxation.

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9. Recommendations on institutional infrastructure development

- The development of information supports of women's entrepreneurship, ensuring access to information necessary for doing business. It is advisable to set up information centres, the main functions of which would include the provision (free of charge) of information on the basics of entrepreneurship and the specific features of doing business in Kyrgyzstan.
- The establishment of women business incubators: their establishment and development creates additional possibilities for financing and for attracting investments into women's small and medium enterprise development;
- The establishment and development of innovation centres and technology parks: support and promotion for these structures will help to ensure the gradual transfer toward highly-technological and science-driven enterprises and away from traditional subsistence farming. Moreover, it will facilitate development and the creation of the more intellectual and innovative components of women's entrepreneurship;

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9. Recommendations on institutional infrastructure development

- The introduction of information and communication technologies into women's small and medium entrepreneurship will allow not only the expansion of entrepreneurship activities, and ensure broad access to information, but also create the conditions for lowering costs and strengthening cooperation and collaboration;
- The introduction of a ban on the dissemination of traditional and religious views in state mass media.
- One of the important conditions for strengthening the institutional basis for women's entrepreneurship would be to increase women entrepreneurs' involvement in associations and professional organisations by disseminating information on their activity among women.

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10. Recommendations on the development of finance for women's entrepreneurship

- The development of a state strategy on ensuring women's access to economic resources: property, profit, credit, information technologies and various forms of employment;
- Simplified procedures for obtaining financial resources;
- Various subsidies such as low taxes and interest rates, long-term credit lines, leasing development, and means to rent production facilities.

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11. Organisational recommendations on women entrepreneurship promotion

The following organisational activities are required for successful development of women's entrepreneurship:

- A targeted socioeconomic analysis of women's entrepreneurship in the Republic. This analysis should be aimed at identifying the main barriers and obstacles to the development of entrepreneurship, including among young women, and the elaboration of respective recommendations;
- Creation of a network for monitoring the process of women's entrepreneurship development with the participation and cooperation of the Ministry of Labour and Social Protection, State Committee on Migration and Employment and other interested bodies;
- To improve and develop the system of vocational training and retraining of young women in the context of the demands of a market economy.

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Thanks for attention!

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