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Closing gender gaps through economic and social policies

Gender-sensitive economic and social policies to support the empowerment of women and girls in the ECE region

Note by the secretariat

Summary

Resolution 2013/18 of the Economic and Social Council encouraged the United Nations Regional Commissions to undertake a regional review of the implementation of the Beijing Declaration and Platform for Action and the outcomes of the Twenty-Third special session of the General Assembly to assess progress made toward gender equality and the empowerment of women. A key aspect of this review is the assessment of women's empowerment through participation in economic activities and in decision-making and policymaking.

This note focuses on economic and social policies implemented by the member States of the United Nations Economic Commission for Europe (ECE) to that end. It highlights the consequences of failing to consider gender impacts in policymaking, particularly in light of the recent economic crisis. It also presents best practices from member States that alleviate inequalities between men and women in five broad areas: labour force participation, pay and pensions, participation in decision-making, entrepreneurship and fiscal policies.

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I. Introduction

1. ECE countries achieved significant progress toward gender equality and women's empowerment in the last two decades. Accomplishments included improved legal status, the integration of gender perspectives into national development strategies, combating violence against women, improved participation of girls in education and increased employment. Yet, structural inequalities persist, preventing full empowerment. Discriminatory norms restrict women's access to capital, land and certain jobs, leading to inefficient resource use and a lack of inclusive growth. Challenges endure in areas such as the gap between legislation and implementation, decent work for women, labour market segregation, the gender pay gap, underrepresentation of women in decision-making, persistent stereotypes and lack of sex-disaggregated statistics.

2. Women and men exhibit different patterns of saving and investments. Economic policies are often formulated without accounting for this, and may therefore perpetuate or even increase gender inequalities. For the ECE region, which experienced a severe economic decline in 2009, followed by a moderate recovery and weak growth prospects, the question of which economic and social policies can be implemented to reduce gender disparities is crucial. This background paper looks at policies from the region that promote equality and the empowerment of women in the workplace and in policymaking and decision-making.

II. Empowering women through improved participation in the labour force

3. Within ECE, many more women than men are economically inactive. The labour force participation gap, i.e. the difference between the proportions of the male and female populations that are economically active, is lowest in the Nordic and Baltic countries: around 6 per cent (Figure 1). However, it reaches 31 per cent in Malta and 43 per cent in Turkey, and exceeds 10 per cent in many countries. Within the labour force, women are overrepresented in part-time, informal and vulnerable employment and lower-paying sectors, and underrepresented among entrepreneurs and managers. They face more career interruptions and work fewer hours due to housework and family responsibilities. In certain countries, over 20 per cent of employed women work in low-skilled agricultural jobs, where they outnumber men (Figure 2). Because of these factors, women have relatively less job security, fewer benefits, less-fulfilling careers, and in the end, less economic independence.

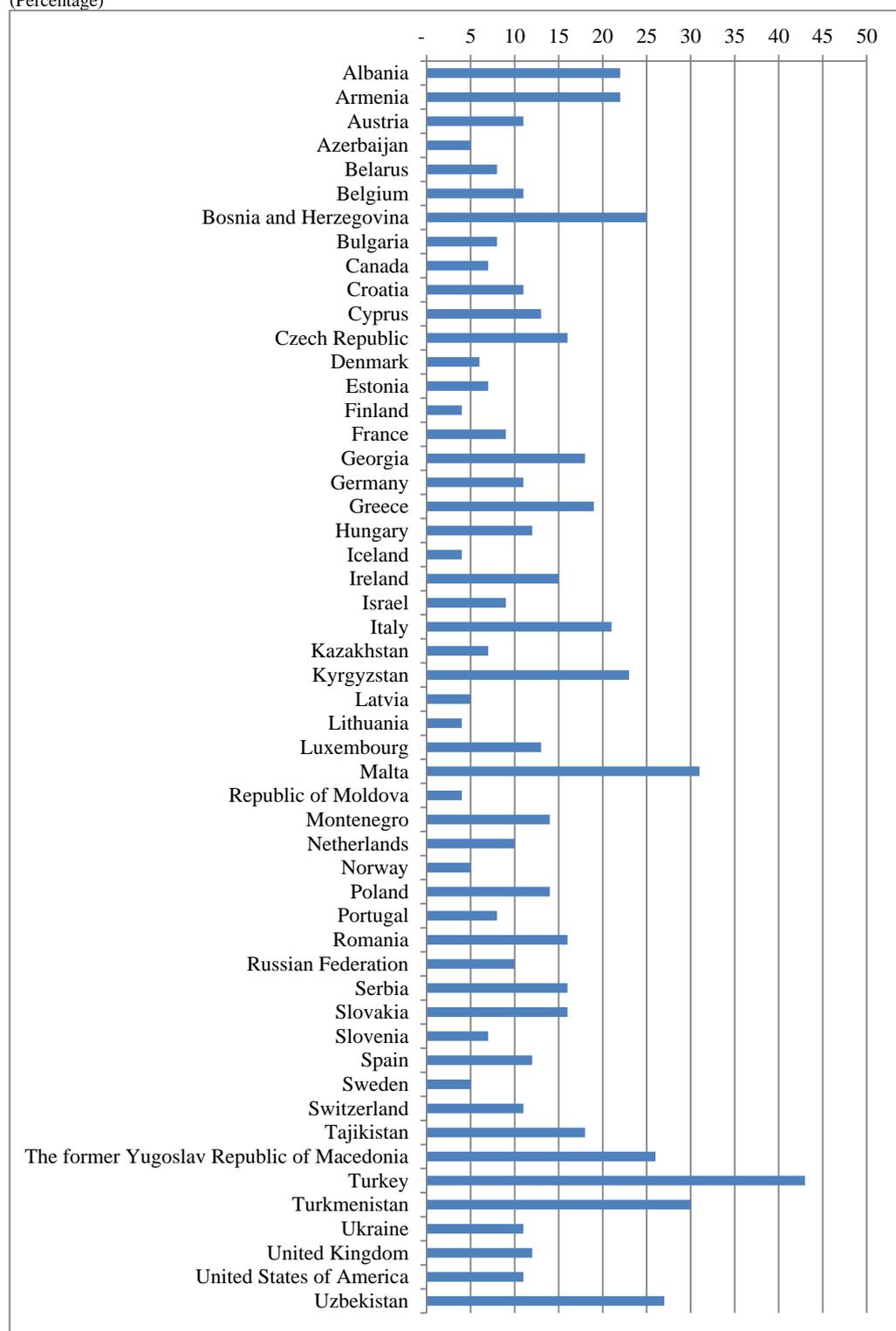
4. While labour force participation gaps may fluctuate over time due to business cycles and structural adjustments of economies, gender differences remain pervasive across the region. These arise primarily from traditional stereotypes. In many countries, women are still consigned to homemaking, with men being the sole breadwinners. According to ECE statistics, over 90 per cent of economically-inactive women cite homemaking as the reason for inactivity. For men, this figure is below one tenth. Time-use surveys show that men have fewer household responsibilities even in dual-earner families.

5. The same stereotypes cause employed women to face inequalities. Since women are thought to belong in the home, they are considered less fit for leadership or for technological or scientific occupations, becoming socialized into lower-paying fields and subordinate positions instead. Thereby, women accumulate less experience and capital, which limits access to credit and hinders entrepreneurship development. Moreover, domestic responsibilities leave women little time to develop new skills that could lead to better jobs and higher income.

6. Improved female labour force participation would accelerate gross domestic product (GDP) growth, thereby benefiting families, communities and the whole nation. In the United Kingdom of Great Britain and Northern Ireland, it is estimated that gender equality in labour force participation would increase GDP per capita growth by 0.5 percentage points annually.¹ In order to increase the welfare of half of the world's population and boost GDP and tax revenues, governments must make it a priority to galvanize women into the labour force. As the problem is multi-dimensional, the solution must be multi-faceted: the burden of care and housework, employment quality, occupational segregation, the entrepreneurial market and the gender pay gap should all be addressed.

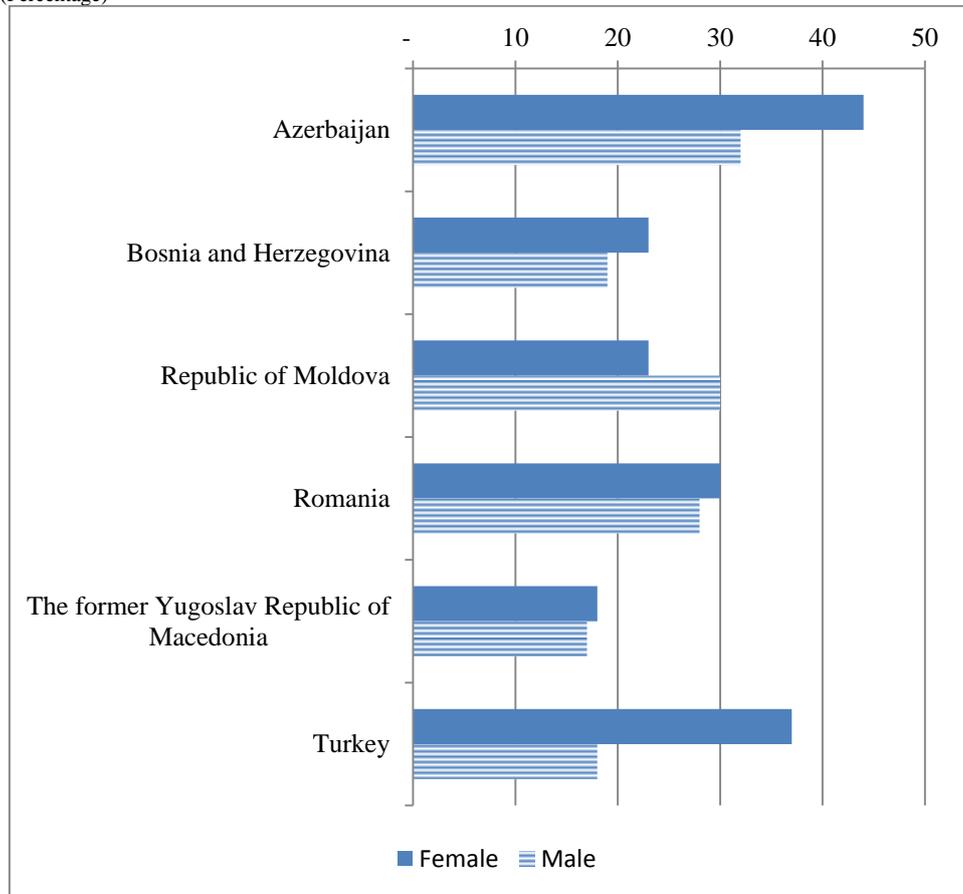
¹ Women's Business Council, *Maximizing women's contribution to future economic growth* (London, 2013). Available from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/204751/DCMS_WBC_Full_Report_v1.0.pdf.

Figure 1
Labour force participation gap, persons aged 15 – 64, 2012
 (Percentage)



Source: World Bank Gender Statistics Database.

Figure 2
Share of agricultural workers in total employment, 2012
 (Percentage)



Source: World Bank Gender Statistics Database.

A. Policies to decrease the burden of care responsibilities on women

7. The employment gap between women and men increases significantly with the birth of each child, indicating that care responsibilities impact women disproportionately (Table 1). In the Russian Federation, for example, the gender employment gap in a household with no children is 3 per cent, but widens to 10 per cent after the first child and to 18 per cent after the second. Similar patterns are observed in all countries across the region. The gap for mothers of two children is over 30 per cent in the Czech Republic, Greece, Hungary and Italy. Mothers' employment gap usually exceeds the gap in labour force participation between the genders. These statistics highlight the importance of decreasing the care burden on women to enable equal participation in the labour market.

Table 1
Share in employment of population aged 25 - 49 by sex and number of children younger than 17, 2012
 (Percentage)

| Country | No children | | | 1 child | | | 2 children | | | Labour force participation gap of population aged 15-64 (percentage points) |
|---------------------|-------------|-----|-----|---------|-----|-----|------------|-----|-----|---|
| | Women | Men | Gap | Women | Men | Gap | Women | Men | Gap | |
| Bulgaria | 74 | 71 | -3 | 73 | 83 | 10 | 66 | 81 | 15 | 8 |
| Canada | 53 | 60 | 6 | 77 | 89 | 12 | 75 | 92 | 17 | 7 |
| Croatia | 67 | 68 | 1 | 70 | 83 | 13 | 66 | 80 | 14 | 11 |
| Czech Republic | 90 | 92 | 2 | 68 | 96 | 28 | 61 | 96 | 35 | 16 |
| Estonia | 85 | 77 | -8 | 73 | 91 | 17 | 66 | 93 | 28 | 7 |
| Germany | 85 | 86 | 1 | 76 | 93 | 17 | 70 | 94 | 24 | 11 |
| Greece | 58 | 68 | 10 | 56 | 83 | 27 | 53 | 85 | 32 | 19 |
| Hungary | 80 | 79 | -1 | 65 | 86 | 21 | 57 | 88 | 30 | 12 |
| Israel | 78 | 78 | 0 | 78 | 85 | 7 | 78 | 89 | 11 | 9 |
| Italy | 64 | 75 | 12 | 60 | 89 | 30 | 54 | 89 | 36 | 21 |
| Latvia | 79 | 74 | -5 | 77 | 83 | 6 | 68 | 87 | 20 | 5 |
| Republic of Moldova | 57 | 47 | -10 | 52 | 55 | 3 | 49 | 55 | 6 | 4 |
| Netherlands | 81 | 87 | 6 | 81 | 89 | 8 | 77 | 88 | 11 | 10 |
| Poland | 77 | 77 | 0 | 73 | 91 | 18 | 68 | 93 | 25 | 14 |
| Romania | 70 | 79 | 10 | 74 | 88 | 15 | 69 | 86 | 18 | 16 |
| Russian Federation | 90 | 93 | 3 | 84 | 94 | 10 | 75 | 93 | 18 | 10 |
| Sweden | 80 | 82 | 2 | 82 | 92 | 10 | 86 | 95 | 9 | 5 |
| Switzerland | 87 | 91 | 3 | 78 | 95 | 17 | 75 | 96 | 22 | 11 |
| United Kingdom | 82 | 83 | 1 | 76 | 92 | 16 | 70 | 93 | 23 | 12 |

Source: ECE Statistical Database, World Bank Gender Statistics Database.

8. The following policies can address this problem, provided they are accompanied by awareness-raising initiatives to break the discriminatory view of women as sole caregivers.

(a) Paternity leave involves fathers in childcare from the outset, decreasing women's burden and helping to eradicate the above-mentioned stereotype. Leaves taken when a child is ill should also be available to either parent. At least some of the paternity leave must be fully paid to incentivize fathers to partake and avoid lowering young families' incomes. Fifteen days of fully-paid paternity leave, extendable by 75 unpaid days, was introduced in Slovenia in 2001. An accompanying media campaign, called "Daddy, get active!", encouraged fathers to spend more time with their children. The paid portion is used by most fathers and the unpaid by around 20 per cent. Fully-paid paternity leaves of two weeks or more also exist in Estonia, Lithuania and Norway, among others. These countries have some of the smallest labour force participation gaps in the region (Figure 1). In Norway and Sweden, some of the total parental leave is transferable between parents. This fosters co-responsibility and gives women flexibility in timing their return to work. In Sweden, families receive cash bonuses if fathers use part of the transferable leave.

(b) Carefully-formulated maternity benefits: Leaves must be fully paid and job-protected, as decreasing only the mother's salary and job security after childbirth constitutes discrimination on the basis of sex. However, lengthy maternity leaves can cause skill obsolescence and hinder reintegration into the workforce, thereby reinforcing the stereotype of women as caregivers. In Hungary, where mothers were granted two years of paid leave to combat decreasing fertility rates, 10 per cent of working-age women are economically inactive due to being on childcare leave.² Maternity benefits must also include time off for breastfeeding and pre- and post-natal doctor's appointments, leave extensions in case of multiple births, and transferability of the leave to the father in case the mother is hospitalized or dies at birth.

(c) Affordable, good-quality childcare facilities are perhaps the most effective way to increase female employment. Prohibitive childcare costs force women to work less, or not at all. Governments can address this by funding preschools. Italy funds innovative care solutions such as micro- and home-based nurseries. In Malta, childcare centers were made free in 2014. However, this decision was not sufficiently gender-mainstreamed as the free programme is open only to employed or student parents. Economically-inactive women cannot avail themselves of this service in order to free up time to work. Consideration must be given to the needs of poor women and single-parent families when determining eligibility criteria. In Turkey, for example, 5 per cent of childcare spots are reserved for children of low-income families and of women in shelters or prisons. Governments can also grant tax incentives to families employing paid childminders or to companies with a daycare on their premises. Increasing the use of childcare has a doubly positive effect on women's employment as it creates jobs for professional childminders, who are overwhelmingly women.

(d) Adequate water, infrastructure, electricity and transportation in rural areas and developing economies are paramount as they decrease the time spent on cleaning, cooking and bringing children to school. In Kyrgyzstan, for example, water remains a challenge despite programmes run by the government and donor agencies, as only 54 per cent of rural households had access to drinking water on their premises in 2012.³ This affects women disproportionately as they are the ones who fetch water and care for children falling ill from the lack of clean water. Good telecommunication infrastructure can also ease employment as it would facilitate the use of flexible working arrangements such as telecommuting.

B. Policies to improve the quality of women's employment

9. Across the region, women face discrimination in recruitment due to their higher likelihood of family-related absences and are considered unfit for certain occupations. This traps women in part-time, vulnerable or informal employment, leading to less job security and pay and limited access to social benefits such as pensions. Government revenues are also undermined due to widespread tax evasion in the informal sector. Improving part-time work and women's access to full-time formal employment are therefore in everyone's interest. Related policy examples from the region follow.

(a) Subsidies for social security contributions are granted in Greece to companies hiring mothers with two children.

² Maria Karamessini, Jill Rubery, *Women and Austerity: The Economic Crisis and the Future for Gender Equality* (Abingdon, Routledge, 2014).

³ National Statistical Committee of the Kyrgyz Republic, *Kyrgyz Republic Demographic and Health Survey 2012* (Bishkek, 2013). Available from <http://dhsprogram.com/pubs/pdf/FR283/FR283.pdf>.

(b) Quotas in part-time work in the public sector exist in Greece for mothers of minors. Such measures are especially beneficial as the public sector offers better employment conditions.

(c) Education, training and mentorship programmes can encourage girls to follow courses of study leading to higher quality professions, and allow women to develop skills and move beyond low-paid jobs.

(d) Flexible working arrangements (FWAs), including telecommuting and staggered or shortened working hours, allow better work-family reconciliation and facilitate parents' integration into the workforce. The Italian Government funds pilot projects in companies experimenting with FWAs.

(e) Granting part-time workers the same hourly wages, job security and benefits as full-time workers has helped Netherlands achieve a low labour force participation gap. Part-time employment as a fraction of Dutch female employment is exceptionally high: over 70 per cent according to ECE statistics. Due to legislation improving part-time workers' rights, most Dutch female part-timers report high satisfaction.⁴

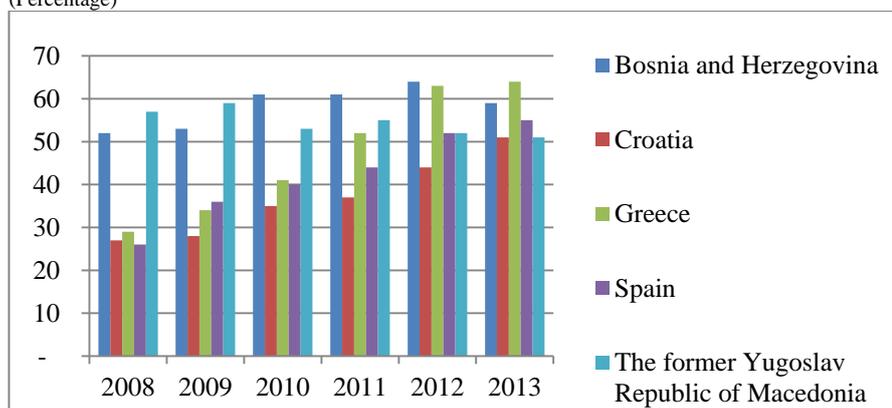
C. Policies to promote youth employment

10. The economic crisis has had considerable impact on youth unemployment. Unemployment of girls aged 15–24 has increased by over 20 percentage points since 2008 in several ECE countries and now exceeds 50 per cent (Figure 3). Youth unemployment is not necessarily alarming if young people are receiving training or education with a view to increasing their competitiveness and economic activity in the future. However, approximately a fifth of Croatian, Greek and Spanish youth is “not in employment, education or training” (NEET) according to Eurostat. Although the NEET gender gap is small, this is nevertheless a critical area for equality: Lack of income, experience and education in youth can exacerbate the inequalities women face later.

Figure 3

Unemployment rate of women aged 15–24

(Percentage)



Source: ECE Statistical Database.

(a) Youth Guarantee Schemes: In Finland, people under 25 and recent graduates under 30 who register with Public Employment Services receive a personalized assessment and placement within apprenticeships, jobs or further schooling within three months. 83.5

⁴ Alison L. Booth, Jan C. van Ours, “Part-Time Jobs: What Women Want?”, Discussion Paper No. 4686 (Bonn, Institute for the Study of Labor, 2010). Available from <http://ftp.iza.org/dp4686.pdf>.

per cent of applicants were successfully helped in 2011.⁵ Such policies will be more effective when accompanied by campaigns to publicize their existence, incentives to hire youth and financial assistance for students.

(b) Subsidizing young people's employment: The Croatian Employment Service splits the wage cost of youth with employers.

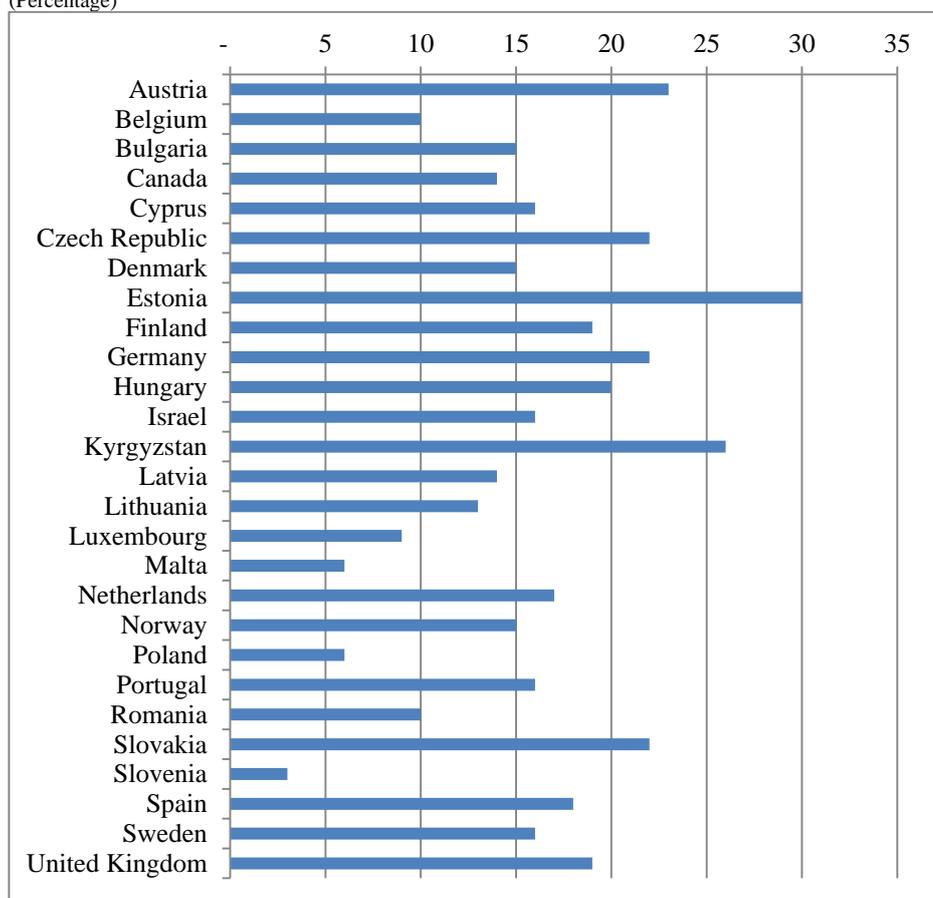
III. Empowering women by equalizing pay and pensions

11. Throughout the region, women are paid less than men. The hourly gender pay gap (GPG) is above 15 per cent in most countries (Figure 4). This lower base of pensionable life-time earnings of women as compared to men translates to an even wider income gap in retirement. The GPG in pensions in the European Union countries, for instance, is estimated to be at a staggering 39 per cent.⁶

⁵ Massimiliano, Mascherini, *Youth Guarantee: Experiences from Finland and Sweden* (Dublin, European Foundation for the Improvement of Living and Working Conditions, 2012). Available from <http://www.eurofound.europa.eu/publications/htmlfiles/ef1242.htm>.

⁶ AGE Platform Europe, European Women's Lobby, *Improving the situation of older women in the EU in the context of an ageing society and rapidly changing socio-economic environment*, 2014. Available from http://www.age-platform.eu/images/stories/Publications/papers/EWL_AGE_gender_paper_2014_FINAL.pdf.

Figure 4
Gender gap in hourly wages, 2012
 (Percentage)



Source: ECE Statistical Database.

12. The GPG is one of the reasons behind the feminization of poverty (six out of ten poor people worldwide are women according to United Nations Development Programme) It forces women to rely on social transfers, which can be cut during economic crises. The decreased financial independence can force women to remain in abusive relationships. The GPG can even have intergenerational effects: children of single-parent households are at a greater risk of poverty since the majority of these households are headed by women.

A. Causes of the gender pay gap

13. The key causes of the gender pay gap are as follows:

(a) Underrepresentation of women at higher-paid managerial levels: See Section III.

(b) Lower wages in female-dominated sectors: Traditionally, women have been predominant in “soft” sciences such as social studies and form the majority, both in schools and professionally, in fields such as education, health, social work, etc. Female researchers are the minority in engineering and technology and dominate humanities across a range of ECE countries (Table 2).

Table 2
Share of female researchers in total researchers, 2011
 (Percentage)

| <i>Country</i> | <i>Engineering and technology</i> | <i>Humanities</i> |
|---------------------|-----------------------------------|-------------------|
| Armenia | 35 | 52 |
| Azerbaijan | 45 | 55 |
| Belarus | 33 | 60 |
| Czech Republic | 13 | 40 |
| Estonia | 26 | 64 |
| Kazakhstan | 42 | 55 |
| Kyrgyzstan | 30 | 52 |
| Republic of Moldova | 32 | 52 |
| Montenegro | 37 | 52 |
| Serbia | 34 | 56 |
| Slovakia | 27 | 49 |
| Ukraine | 38 | 66 |
| Uzbekistan | 30 | 52 |

Source: UNESCO Women in Sciences database.

(i) Wages in female-dominated sectors tend to be lower. In 2013, American workers in the male-dominated computer and mathematical occupations earned \$1,365 per week whereas workers in the female-dominated education, training and library occupations only earned \$937 - a gap of 31 per cent between two sectors that require similar amounts of schooling (Table 3). This is on top of the pay difference of 19 per cent within each sector. The skills of women outside of the sciences, technology, engineering and mathematics (STEM) fields are undervalued compared to those of men, who predominate in STEM. Governments need to both provide incentives to women to go into STEM fields and increase wages in female-dominated sectors in order to decrease this occupational segregation and minimize its effect on pay differentials.

Table 3
Median weekly earnings of American full-time wage and salary workers, 2013

| <i>Occupation</i> | <i>Total</i> | | <i>Men</i> | | <i>Women</i> | |
|--|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|----------------------------------|
| | <i>Median weekly earnings (USD)</i> | <i>Number of workers (000)</i> | <i>Median weekly earnings (USD)</i> | <i>Number of workers (000)</i> | <i>Median weekly earnings (USD)</i> | <i>Gender pay gap (per cent)</i> |
| Total, full-time wage and salary workers | 776 | 57,994 | 860 | 46,268 | 706 | 18 |
| Chief executives | 2,069 | 764 | 2,266 | 286 | 1,811 | 20 |
| Marketing and sales managers | 1,389 | 476 | 1,658 | 353 | 1,124 | 32 |
| Human resources workers | 981 | 131 | 1,139 | 366 | 958 | 16 |
| Computer and mathematical occupations | 1,365 | 2,693 | 1,452 | 928 | 1,174 | 19 |
| Community and social service occupations | 847 | 755 | 930 | 1,158 | 808 | 13 |
| Education, training, and library occupations | 937 | 1,808 | 1,091 | 4,782 | 888 | 19 |
| Registered nurses | 1,099 | 254 | 1,236 | 2,023 | 1,086 | 12 |
| Janitors and building cleaners | 487 | 1,116 | 517 | 421 | 418 | 19 |
| Maids and housekeeping cleaners | 413 | 128 | 467 | 605 | 406 | 13 |
| Retail salespersons | 598 | 1,092 | 719 | 737 | 485 | 33 |
| Production occupations | 623 | 5,382 | 697 | 1,925 | 498 | 29 |
| Transportation and material moving occupations | 619 | 5,707 | 645 | 916 | 497 | 23 |

Source: US Bureau of Labor Statistics.

(ii) This discrimination in pay for equivalent work extends also to low-skilled jobs. In 2013, American maids and housecleaners (who are overwhelmingly female) had weekly earnings of \$413 whereas the mostly-male janitors and building cleaners earned \$487 - a gap of 15 per cent between two occupations where the work is essentially the same. Similar disparities exist in all sectors and countries. The GPG's prevalence in both weekly and hourly wages (Figure 4) indicates that the GPG is not solely due to women working fewer hours per week.

(c) Fewer hours worked due to family responsibilities: Women form the overwhelming majority of those caring for children, elderly and disabled family members and spend more time each day on household work. As a result, they cannot work as many hours as men and they earn less. This partly explains why women prefer working in sectors with comparatively family-friendly hours such as the public sector and education. The GPG is both caused by and causes this phenomenon: because women earn less, their jobs are seen as more "expendable" in the face of care responsibilities. Moreover, parental leave, the majority of which is taken by women, is not always remunerated at 100 per cent of wages, leading to income loss in the years in which it is taken.

(d) Difficulties reintegrating the labour force after family-related leaves: Although discrimination against pregnant women and new mothers is illegal in most countries, many women cannot regain their old jobs after returning from maternity leave. Some are given fewer responsibilities, others face conditions that do not allow proper work-

family reconciliation. Some are dismissed outright. Lengthy maternity leaves, often taken due to inadequate or unaffordable childcare facilities, can cause skill obsolescence and hinder returning to an old position.

(e) Inadequate/unaffordable childcare forces women to work fewer hours or renders them economically inactive, leading to income loss.

(f) Lack of gender mainstreaming in pension legislation: In many countries, the age at which women can retire with full pension benefits is lower than that of men, sometimes by as much as 5 years. Therefore, not only are women's pensions based on lower wages, but also on a smaller number of years worked. In addition to the retirement age, pension legislation should consider the gender impact of women's longer life expectancy; making periods of family leave or caring for disabled/elderly relatives pensionable; basing pensions on average life earnings rather than on the last few years of pre-retirement salaries; requiring lengthy contributory periods for full pension benefits (see Subsection B under Section V for further discussion of pensions).

(g) Lack of gender-disaggregated pension statistics: Quite a few ECE countries do not provide pension data disaggregated by sex and further by age, occupational group and education level. Proving the existence of the pension GPG and the necessity of relevant policies is therefore difficult, as are assessing the impact of any existing policies and monitoring progress.

14. The complex nature of the gender pay inequality makes it impossible to solve without addressing discrimination by mainstreaming gender into education, the labour market, budgeting, etc. However, the policies and initiatives presented below have narrowed the GPG.

B. Policies to promote wage transparency and equal pay

15. Several countries in the ECE region have measures in place to promote wage transparency and equal pay as a way to close the GPG:

(a) Equal Pay Day (the day of the year until which women must work so that their previous and current year's wages add up to men's earnings from the previous year) is celebrated in many countries to spread knowledge of pay inequality.

(b) Wage transparency can be achieved by banning wage non-disclosure clauses in employment contracts, as in Iceland's Act No. 10/2008 on Equal Status and Equal Rights of Men and Women, and requiring job advertisements to list the minimum wage associated with the occupation, as in Austria.

(c) Online pay transparency tools, such as "Logib-D" in Germany and "Logib" in Switzerland, allow companies to pinpoint inequalities.

(d) Awarding public procurement contracts solely to companies without pay inequity is a policy implemented in Switzerland. Logib is used to select qualifying companies.

(e) Equal salary certifications are awarded in Switzerland to companies with equal pay. The certifications make employers more attractive to prospective employees and to socially-conscious investors.

(f) Pay equity surveys and/or action plans are mandatory in Austria and Belgium, among others. Companies above a certain size must formally report on wage differences. This incentivizes companies to address the problem as a large GPG can make them unattractive to investors.

(g) Financial sanctions for pay inequity are observed in France, where companies with 50 or more employees must pay a penalty of 1 per cent of their payroll if they lack action plans to address the GPG.

C. Policies to increase wages in female-dominated sectors

16. Increasing wages in female-dominated sectors is another way of closing the GPG.

(a) Wage-setting can be an effective tool to combat the GPG. Increasing awareness of the latter in trade unions can lead to better pay and work conditions for women in collective bargaining agreements. Unions in female-dominated sectors can use the inter-sectoral GPG as a bargaining chip in wage negotiations. Collective bargaining in the Finnish public sector is estimated to have reduced the GPG by 1 per cent from 2007 to 2010.⁷ Governments can also set an example by increasing public employees' wages in female-dominated fields. For example, in Lithuania, public wages in the areas of culture, art, pedagogy and social work rise at a higher rate than in other sectors.

(b) Equal pay allowances were integrated into the public sector collective agreement of 2007–2010 in Finland. Workers in female-dominated or lower-paid sectors (generally also dominated by women) received 0.2 per cent of the government's payroll as an allowance.

D. Policies to promote women's enrolment into sciences, technology, engineering and mathematics

17. Member States have implemented the following measures to encourage women and girls to study and pursue a career in STEM:

(a) Targeted vouchers and scholarships, for example the Shulamit Aloni scholarship for the Advancement of Women in Science and Engineering, recently announced by Israel's Ministry of Science, Technology and Space.

(b) Quotas for the number of women scientists exist in Greece, where a third of scientists recruited to national agencies and committees of research and technology must be of different genders.

(c) Providing subsidized student housing to women studying STEM.

(d) Promoting STEM to young girls in primary and secondary education, e.g. by training teachers not to spread discriminatory stereotypes.

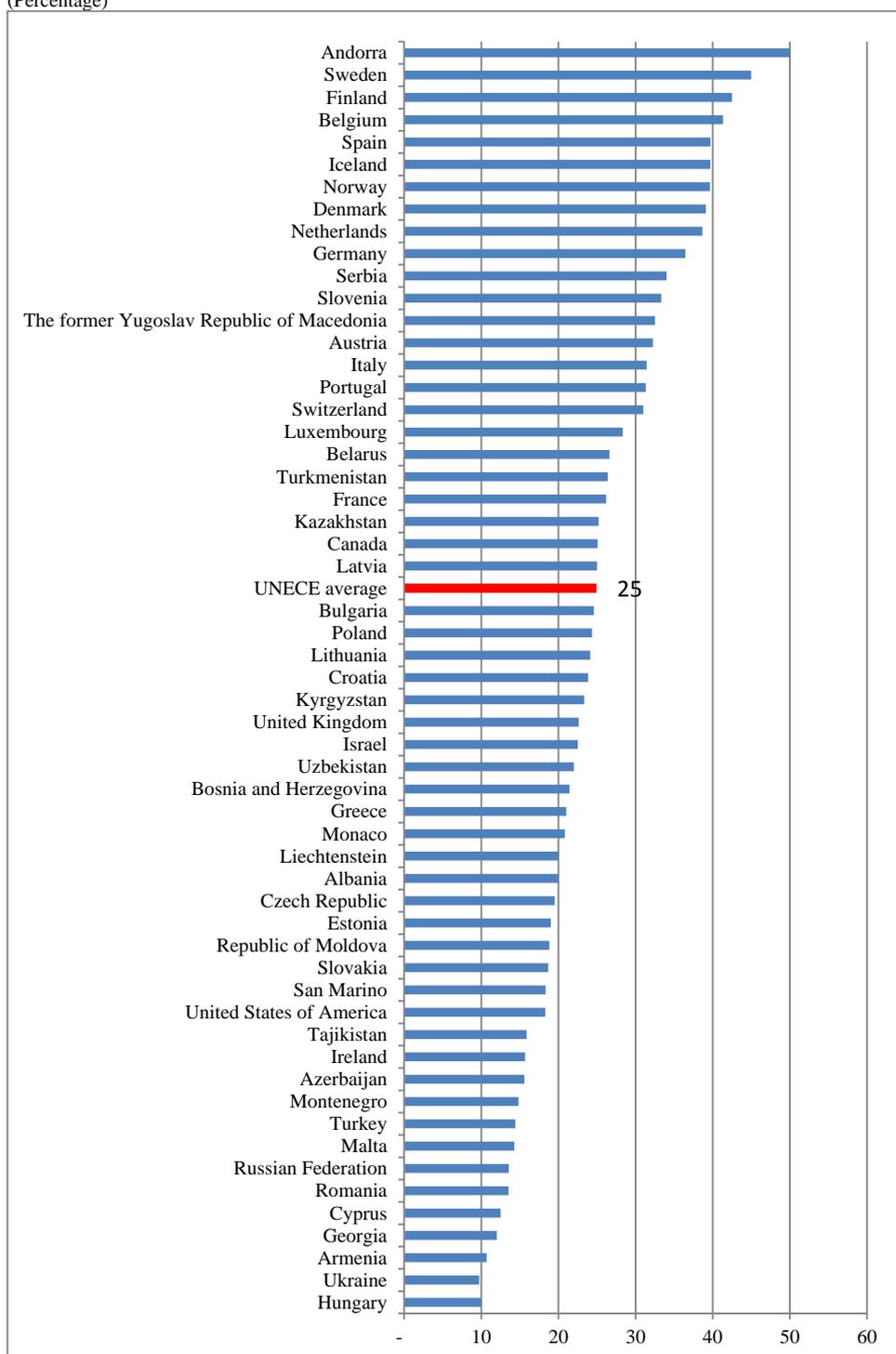
IV. Empowering women through improved participation in decision-making and policymaking

18. Throughout the ECE region, the proportion of men to women in decision-making positions, be it in politics, in managerial posts or on the boards of corporations, shows a particularly egregious inequality. Although women make up half of most political constituencies and over half of university graduates in many ECE countries, their voices are

⁷ Juhani, Saloniemi, *Equal Pay Program Overall Assessment 2007–2010* (Ministry of Social Affairs and Health, Publications, 2011). Available from http://www.stm.fi/c/document_library/get_file?folderId=2872962&name=DLFE-14657.pdf.

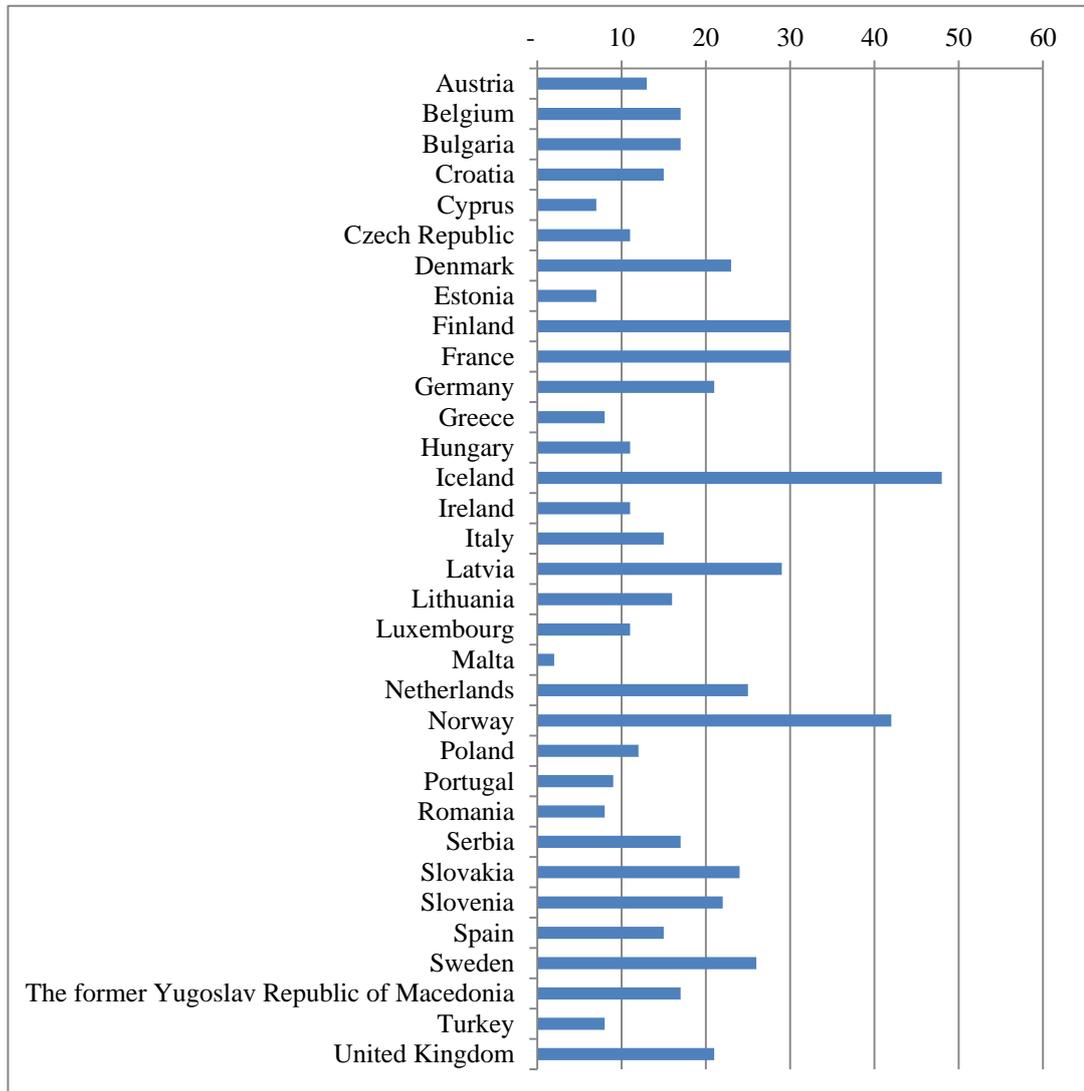
not adequately represented in the bodies whose decisions impact their lives. On average, only a quarter of the members of parliament are women (Figure 5). This ratio exceeds 40 per cent in only four member States. On corporate boards, the situation is even worse: female representation generally remains below 20 per cent (Figure 6). Women comprise over 30 per cent of board members in only Finland, France, Iceland and Norway. Not by coincidence, these are also some of the only countries in the region to have adopted legislation to increase the number of women on boards.

Figure 5
Share of women in parliaments, 2014
 (Percentage)



Source: Inter-Parliamentary Union. For countries with two-tiered parliaments, data shown is for the lower house.

Figure 6
Share of women on corporate boards, 2013
 (Percentage)



Source: European Commission. Data covers the 50 largest companies of the primary blue-chip index of each country.

A. Policies to increase women's participation in decision-making in the workplace

19. In the business sphere, the inability of women to access high-level decision-making positions is pervasive enough that the phenomenon has gained its own name: the glass ceiling. The existence of the glass ceiling can be attributed to numerous causes. Chief among these are entrenched discriminatory stereotypes and companies' perceptions of women as "riskier" employees than men due to increased likelihood of family-related absences. These perceptions are aggravated by the lack of family-friendly parental benefits in most countries. The time demands of housework and care responsibilities (burdens borne mostly by women) are not always compatible with those of high-level jobs. Discriminatory stereotypes affect not just the selection and hiring of candidates for such jobs but also the

mindset of the female workers themselves. Studies have shown that a majority of women believe they lack leadership attributes even if they are otherwise qualified. The current dearth of visible women role models no doubt contributes to this lack of self-esteem. Finally, women encounter issues breaking the glass ceiling because appointment to high-level posts is often influenced by networking. Women are not sufficiently present in social and professional networks in business. Because of all these factors, women's careers consist mostly of low- to middle-level jobs that may not provide professional fulfillment. Women's opinions are not adequately represented in the companies where they work. Women get caught in a vicious cycle where the glass ceiling both causes and reinforces the stereotype of women being unfit for leadership. The lack of diversification on corporate boards can increase risk if different perspectives are not present. Moreover, the inability of female workers to attain high-level jobs leads to their lifetime earnings being significantly lower than those of men.

20. In the region, policy efforts to address the relative lack of women in decision-making posts in business have been concentrated mostly in Western Europe. Some examples are provided below:

(a) Quotas for gender participation on boards were pioneered in 2004 in Norway for the boards of wholly-owned public enterprises. A mandatory minimum of 40 per cent representation of each gender on the boards of public limited companies was instituted in 2006. The sanction for non-compliance is the dissolution of the board. Belgium, France, Iceland, Italy and Spain have also adopted legal gender quotas for corporate boards, although Spain does not specify a sanction for non-compliance.

Table 4

Board representatives in Norway, 2014

| <i>Private limited companies</i> | | | <i>Public limited companies</i> | | |
|----------------------------------|---------------------------|-----------------------------|---------------------------------|---------------------------|-----------------------------|
| <i>Total</i> | <i>Men (per cent)</i> | <i>Women (per cent)</i> | <i>Total</i> | <i>Men (per cent)</i> | <i>Women (per cent)</i> |
| 506,792 | 82.1 | 17.9 | 1,400 | 59.3 | 40.7 |

Source: Statistics Norway.

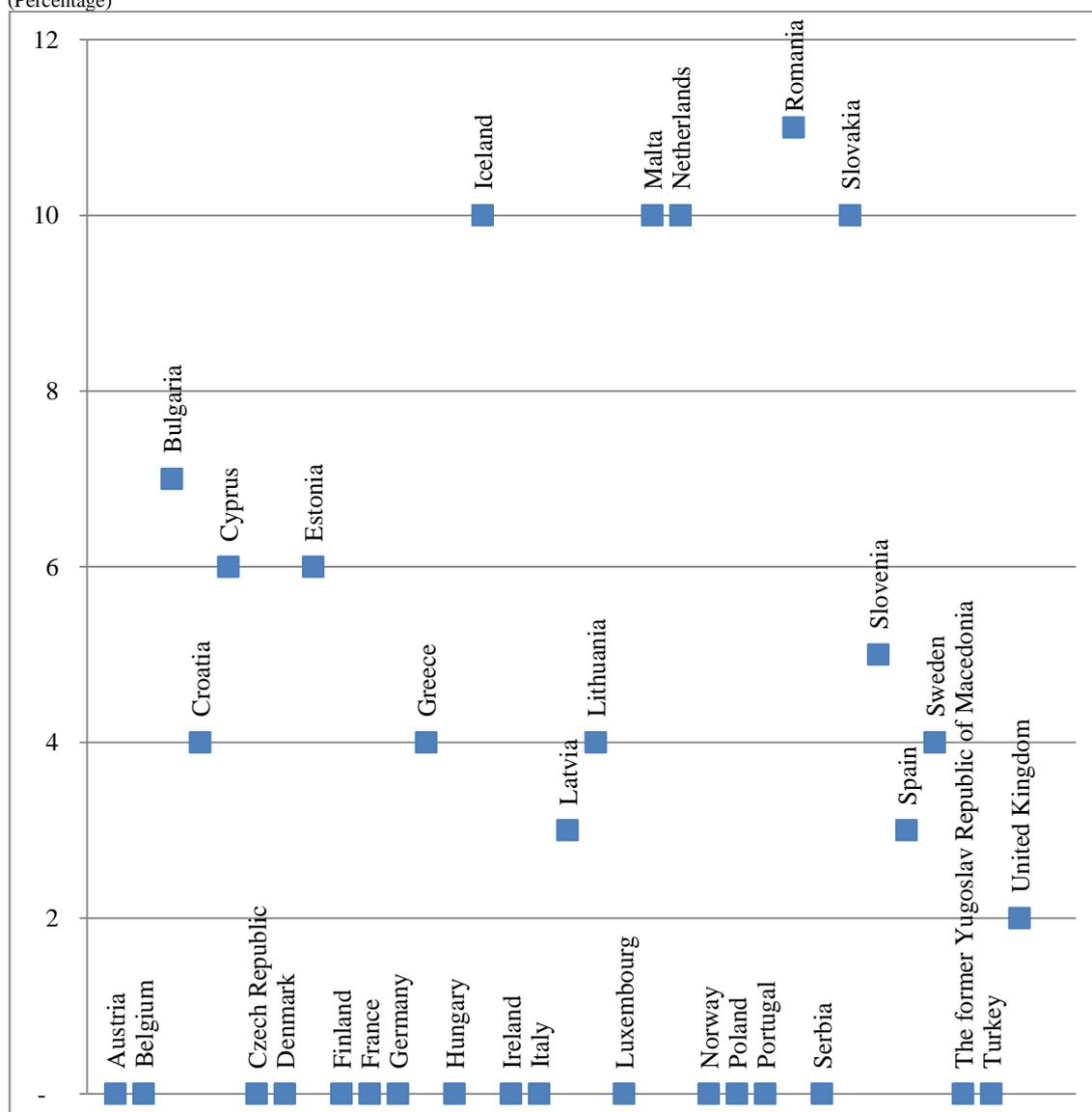
(i) Table 4 shows data on men and women on the boards of Norwegian private and public limited companies at the beginning of 2014. Thanks to an effective implementation of the quota, the percentage of women on the boards of public limited companies was 40.71, much higher than the average ratio across the ECE region. Moreover, not a single Norwegian company had to be dissolved due to non-compliance.

(ii) The United Kingdom has established a system of voluntary, rather than mandatory, quotas. The government formed a steering group in 2010, which publishes an annual report on women on corporate boards. The first edition, published in 2011, recommended that companies in the FTSE 350 index should set targets for the percentage of women on their boards and that the FTSE 100 companies should aim for at least 25 per cent female board representation by 2015. At that time, 12.5 per cent of FTSE 100 board members were women. By March 2014, the percentage had risen to 20.7 per cent. However, as of 2014, the 25 per cent target was adopted by only 39 per cent of the FTSE 100 companies. The Netherlands has adopted a similar voluntary quota of at least 30 per cent board representation by each gender for public companies and requires non-compliance to be explained in annual reports. Although non-compliance should decrease the attractiveness of the companies vis-à-vis investors, female participation on boards remains low in the Netherlands (Figure 6). These experiences show that voluntary efforts to address

gender imbalances may only lead to slow progress, may not bear fruit in the absence of proper legislation and sanctions, and may set targets that fall significantly below parity.

(iii) Quota systems do not solve the whole problem. Most quotas only apply to public companies, or companies exceeding a certain size. In Norway, private limited companies, which account for an overwhelming majority of board representatives (506,792 board members in private companies vs. 1,400 in public companies) are not subject to quota legislation. Only 17.9 per cent of the boards of Norwegian private limited companies were women in January 2014 (Table 4). This indicates a tendency to revert to traditional gender imbalances without strict legislation. Another drawback is that legislation only aims at non-executive posts. The ratio of male to female chief executive officers (CEOs) does not mimic the improvements in the ratio of male to female board members. Even in Norway, a negligible percentage of CEOs are women, and this ratio remains in the lower single digits for most countries (Figure 7). These gaps in the power of quotas to rectify imbalances show that countries single policy measure is not sufficient. Countries need to use a package of policies, including quotas, training and mentoring, maintaining databases of qualified women, awareness-raising initiatives, etc. to eradicate discriminatory stereotypes and to improve the visibility and the leadership skills of women aiming for decision-making posts.

Figure 7
Women CEOs as a share of total CEOs, 2013
 (Percentage)



Source: European Commission. Data covers the 50 largest companies of the primary blue-chip index of each country.

(b) Prioritizing equally-qualified female candidates in hiring and promotions: In the Austrian civil service, employers must give preference to women over equally-qualified male candidates until female representation in the organization reaches 50 per cent. The rule also applies to promotions. Similar diversity measures also exist in the civil service of the Czech Republic and Canada, among others. Incorporating women at high levels of the civil service gives them much-needed visibility and experience and helps break stereotypical views which cause the glass ceiling.

(c) Incorporating a gender perspective into public procurement: Article 33 of the Spanish Law for Effective Equality of Men and Women (Ley Orgánica 3/2007) indicates that public sector contracts may establish special conditions to promote gender equality. By

giving priority to companies with gender-balanced boards in public procurement, governments can kick-start gender mainstreaming at decision-making levels in the private sector.

(d) Targeted networking events and databases of qualified women: The exclusion of women from business networks is an important cause of the glass ceiling. Due to low representation in the ranks of decision-makers, few women participate in traditional networking events or have high-level connections. Yet, networking is one of the most common ways of securing a job. Targeted events designed to bring women in contact with managers and board members can address this issue. Limited networks may also decrease women's awareness of available high-level opportunities. Hiring managers can be trained to recruit candidates from special databases of qualified women. Examples of such databases are Canada's "Diversity 50" run by the Canadian Board Diversity Council and Luxembourg's "expertisa". By publicizing these databases in work places, corporate boards and universities, governments can raise the number and visibility of women aiming for decision-making posts.

(e) Leadership training and mentoring programmes: Due to the low numbers of visible female role models in high-level posts and the socialization of women as subordinates, many women lack the self-esteem to pursue leadership roles. Providing leadership training or mentors to women solves this problem by broadening women's networks and giving them the confidence to apply for decision-making posts. Examples of such policies can be seen in Luxembourg, where the Ministry of Equal Opportunity funds a Cross-Mentoring Programme, and in Austria, where the "Zukunft.Frauen" ("Future.Women") programme prepares women for managerial and board assignments. Companies may also grant educational leave to employees so that women may pursue training. The Russian Federation's Labour Code, for example, grants employees studying in higher learning institutions paid leave of up to four months for exams and thesis defense.

B. Policies to increase women's participation in politics

21. The Universal Declaration of Human Rights states that people have the right to participate in the governing of their country. Yet, across the ECE region, there is a significant dearth of women in leadership positions in local and national governments. Women constitute 25 per cent of the parliaments in the region (Figure 5) despite making up half of the population. The factors causing the lack of women on corporate boards are also behind this phenomenon: entrenched discriminatory attitudes, housework and care responsibilities, lack of self-esteem, visible role models and leadership experience, etc. Below are some measures undertaken by ECE countries to involve more women in politics:

(a) Quotas for the number of women candidates on election lists: Albania is one of many countries in the region to impose a quota: 30 per cent of each party's candidates for election to the National Assembly, and one of the first three names on the list, must be of different genders. Sanctions for non-compliance include a fine of ALL 1,000,000 (approximately €7000) and the replacement of candidates on the list by the Central Election Commission until the quota is fulfilled. After the adoption of the Electoral Code in 2008, the proportion of women in parliament increased to 16.4 per cent in the 2009 elections and to 20 per cent in 2013. A record 6 out of 19 ministers (32 per cent) of the current Cabinet are women. Of course, quotas need to be carefully formulated to be effective. France requires candidates of each gender to alternate throughout the lists so that female candidates are not clustered at the bottom and therefore less likely to be elected. Proper sanctions are also critical. A nominal penalty such as the one in Albania might be less effective than the Portuguese sanction of reduced public subsidy for electoral campaigns.

(b) Awareness-raising initiatives: Prior to the municipal elections of 2009, Azerbaijan's Government organized activities throughout the country to increase women's knowledge about and participation in the political process. In the ensuing election, the share of women in municipalities jumped from 4 to 26 per cent. Such initiatives should also encompass media professionals, as female candidates need equal and fair representation in media to publicize their platforms. According to the European Institute for Gender Equality, European news outlets focus their stories on male politicians 90 per cent of the time.

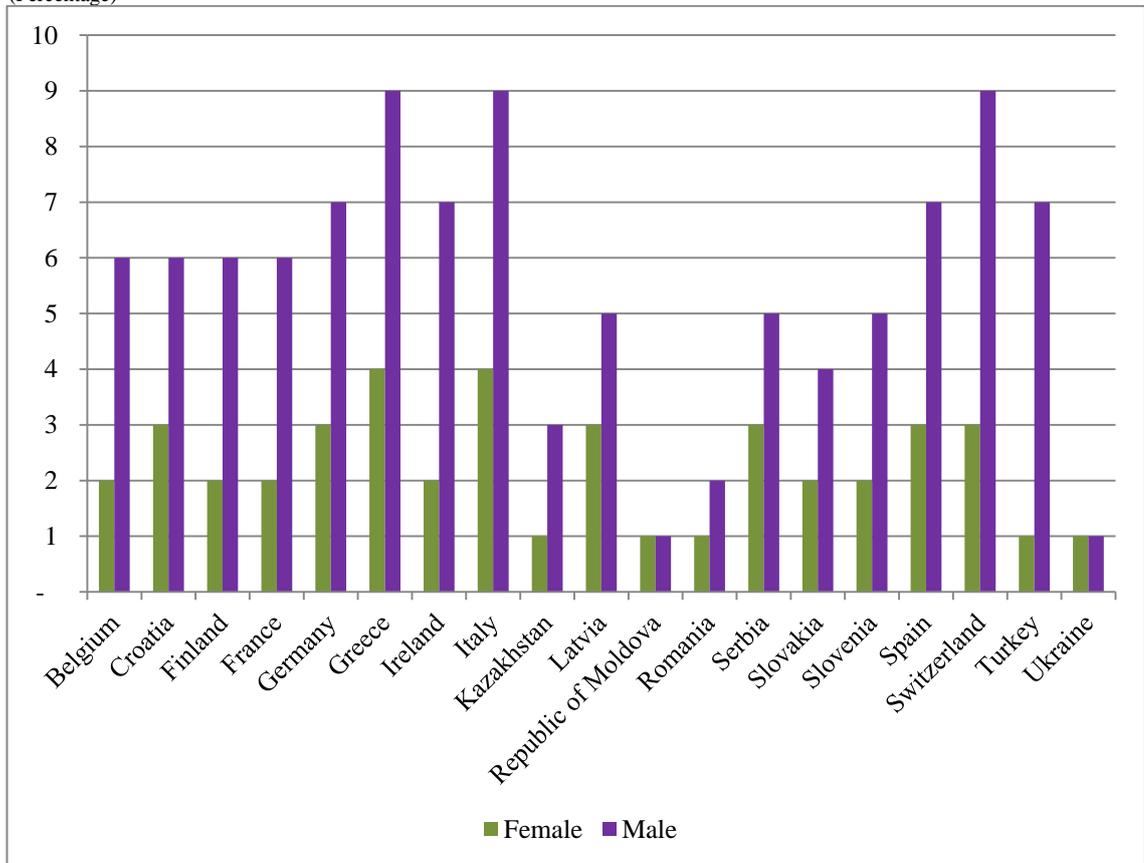
(c) Mobilizing young women to participate in politics: Lack of leadership experience and low self-esteem often make women reluctant to pursue politics. This can be alleviated through initiatives for involving young people in local and national politics via youth organizations, mentorships and training programmes. One such initiative was started in 2000 in Switzerland, pairing up young women from youth organizations with experienced female politicians for a year through a programme called "From Woman to Woman". Such activities give young women the confidence, skills and network necessary to get started in politics. Schools should also be active in the formation of girls as leaders.

V. Empowering women by decreasing the entrepreneurial gap

22. Entrepreneurship provides significant innovation and employment opportunities and is therefore an important engine of economic growth and competitiveness. Yet, women are as underrepresented in this economic area as they are in others. Across the region, fewer women are employers than men (Figure 8). Enterprises owned and run by women employ fewer people, produce and earn less, and are concentrated in sectors with low productivity. The reasons keeping women out of decision-making posts also lie behind their relative absence in entrepreneurship: discriminatory norms, family responsibilities, insufficient self-esteem, managerial experience and role models, etc. The dearth of experience and wealth hinders access to credit: for example, significantly more men than women have credit cards in most countries (Figure 9). Low earnings prevent investment in capital to expand companies and raise productivity.

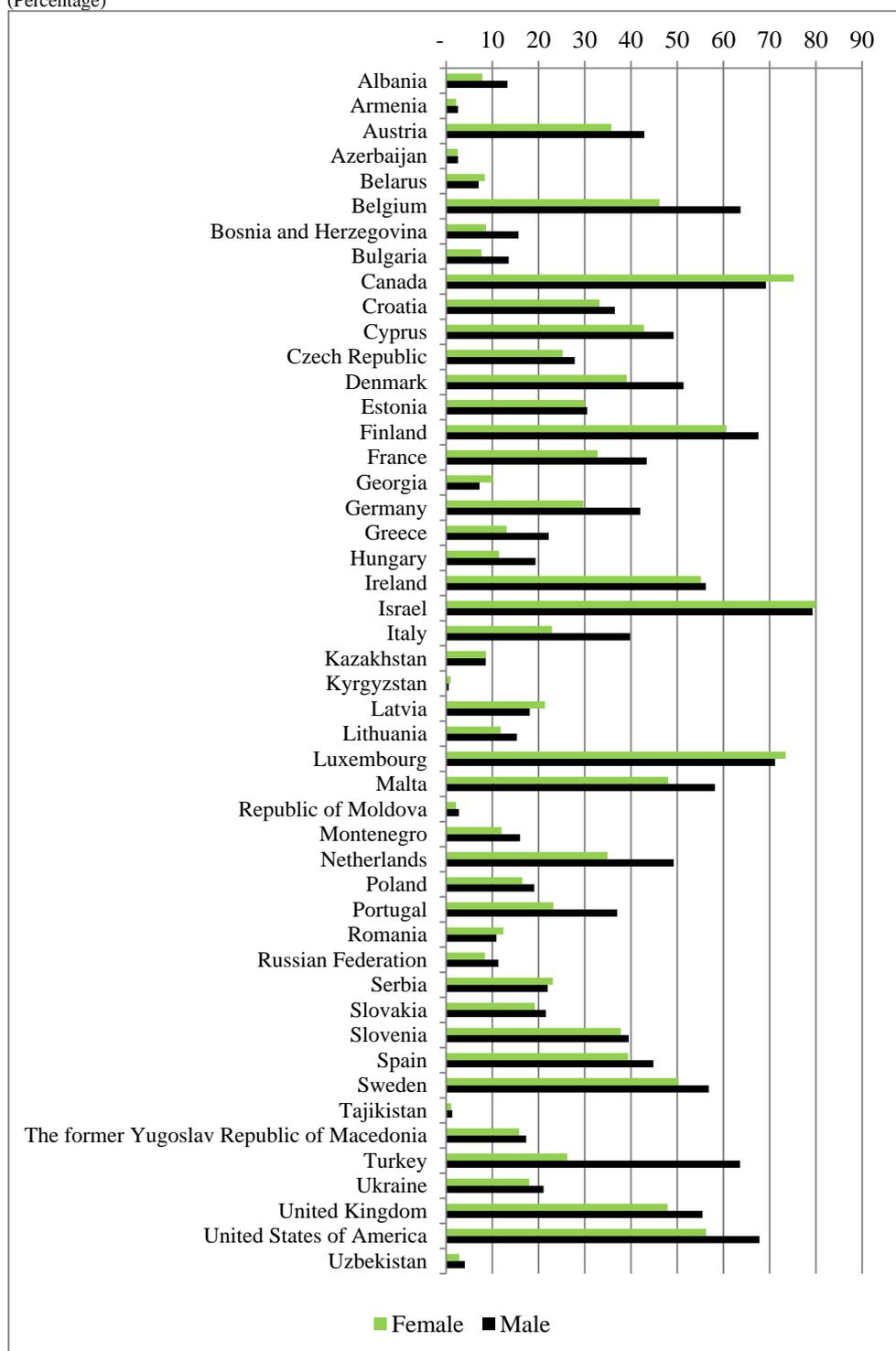
23. Seeking greater innovation and growth, many ECE countries have implemented policies to foster entrepreneurial diversity. However, these usually target small and micro initiatives, and statistical efforts to monitor their effectiveness remain insufficient. Women with larger business ambitions are not addressed. Moreover, national coordination of these policies and initiatives remains weak. These factors highlight the need for an integrated national plan to foster gender inclusion at all stages of the entrepreneurial cycle. Best practices from member States follow.

Figure 8
Share of employers in total employment, 2012
 (Percentage)



Source: World Bank Gender Statistics Database.

Figure 9
Share of population age 15 and above with a credit card, 2011
 (Percentage)



Source: World Bank Gender Statistics Database.

A. Policies to encourage women's entrepreneurship development

24. According to a European Union survey, more women than men are reluctant to start a business, citing insufficient capital and lack of awareness as deterrents.⁸ To help women overcome this reluctance, member States have implemented a variety of policies to encourage and ease enterprise creation. Such policies will of course be more effective if coupled with efforts to improve female labour force participation, such as increased provision of childcare and awareness-raising campaigns to eradicate discriminatory norms.

(a) Easing business creation is paramount, as high taxes and excessive bureaucracy can push prospective entrepreneurs into the informal sector, where job security, work conditions and benefits are precarious. According to the International Monetary Fund, in Central Asia and the Caucasus, regulatory burdens and low institutional quality are the main factors causing the informal economy, which exceeded 30 per cent of GDP in 2008.⁹ Women are disproportionately affected in many countries: International Labour Organization (ILO) Labour Force Surveys find that informal employment as a share of total employment is higher for women in all sectors except construction and transportation.

(b) Subsidies, tax breaks and preferential treatment in public procurement incentivize female-led initiatives. In the United States of America, 5 per cent of federal contracts must be awarded to women-owned small businesses. The Small and Medium Enterprises Development Organization (KOSGEB) of Turkey subsidizes enterprise creation expenses and the initial acquisition of physical capital, with the portion subsidized being 10 per cent greater for women-led businesses.

(c) Subsidized interest rates and government-guaranteed loans to female entrepreneurs let banks ease credit restrictions. In France, the "Fonds de Garantie à l'Initiative des Femmes" guarantees 70 per cent of the amount of loans to female entrepreneurs. Gender-sensitizing the staff of lending institutions is crucial for the success of such policies.

(d) Training and mentorship programmes lower the knowledge barrier to entrepreneurship. KOSGEB runs free 70-hour entrepreneurship courses for the Turkish public. In a good example of integrated entrepreneurship policies, KOSGEB's previously-mentioned subsidies are only granted to those who have completed the courses.

(e) Awareness-raising initiatives, such as the "Best Woman Entrepreneur" award in Armenia, provide role models.

(f) Establishing microcredit schemes, such as the one run by Kazakhstan's Entrepreneurship Development Fund "Damu", provides loans to those who cannot obtain credit through traditional methods, such as poor women and those starting micro businesses. Damu pays special attention to rural women and aims to increase the share of women in entrepreneurship to 40 per cent. The portion of small and medium business entities headed by women in Kazakhstan increased to 38 per cent in 2012.¹⁰

⁸ European Commission, *Entrepreneurship in the EU and Beyond*, 2012. Available from http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf.

⁹ Yasser., Abdih, Leandro, Medina, "Measuring the Informal Economy in the Caucasus and Central Asia", IMF Working Paper WP/13/137 (Washington D.C., IMF, 2013). Available from <http://www.imf.org/external/pubs/ft/wp/2013/wp13137.pdf>.

¹⁰ Damu Entrepreneurship Development Fund, *Report on the Development of Small and Medium Enterprises in Kazakhstan and its Regions* (Almaty, 2013). Available from [http://www.damu.kz/content/files/Report OnTheStatus OfDevelopmentOfSMEinKazakhstanAndItsRegions2012.pdf](http://www.damu.kz/content/files/Report%20OnTheStatus%20OfDevelopmentOfSMEinKazakhstanAndItsRegions2012.pdf).

B. Policies to promote the growth of women-owned enterprises

25. According to the Organisation for Economic Co-operation and Development (OECD), female-owned businesses have a lower survival rate than male-owned ones and over 80 per cent of female-owned businesses employ less than five people.¹¹ The time demands of family responsibilities, concentration in lower-profitability sectors such as services rather than higher-profitability ones such as technology, and insufficient capital are the main contributors of this phenomenon. Methods to increase the growth and survival rate of women-owned businesses are listed below:

(a) Promoting female enrolment in STEM and offering entrepreneurship courses to STEM students can decrease occupational segregation and push more women to establish businesses in higher-paying fields.

(b) Promoting female enrolment in business faculties and schools allows women to build networks among fellow students and alumni and to receive entrepreneurial training. According to the Association to Advance Collegiate Schools of Business, women received less than 40 per cent of MBAs in 2013. The measures used to promote STEM enrolment can be applied to management studies as well.

(c) Promoting women's participation in investment circles eases women's access to the greater levels of capital needed to invest in productive assets. The Center for Venture Research of the University of New Hampshire found that only 19.4 per cent of American angel investors were women in 2013, and that women entrepreneurs received around 4 per cent of all angel investments. Targeted networking events, awareness-raising initiatives and mentorship programmes can encourage women to join or seek venture capital. As venture capital is concentrated in the information technology and biotech fields, these policies can mitigate occupational segregation as well.

(d) Integrated national plans, such as Kazakhstan's Business Road Map 2020, can better meet the needs of growing enterprises by facilitating orientation towards export markets, legal and marketing advice to existing businesses, etc.

VI. Empowering women through gender-sensitive fiscal policies

26. The years following the last Review of the Beijing Platform for Action were marked by the biggest financial and economic crisis of our times. Unfortunately, the gender perspective has not been taken into account in the austerity measures adopted to combat this crisis. Therefore, existing inequalities have been exacerbated. As women outlive men, head the majority of single-parent households, and are overrepresented in the lowest-paid jobs, they outnumber men among pensioners, recipients of child-related social benefits and minimum wage earners respectively. Women are overrepresented in public employment in many ECE countries. Yet, cuts to the public sector, pensions, child benefits and minimum wages have been the most prevalent austerity measures. In countries such as Ireland and Ukraine, the national gender machineries have been eliminated or reduced, indicating the low rank of gender equality among institutional priorities. Cuts to government spending have also reduced services used primarily by women, such as abuse hotlines. As a result of these factors, women's economic independence has decreased considerably, reversing the equality gains of the last decade and prompting the Irish Human Rights Commission to

¹¹ Mario, Piacentini, "Women Entrepreneurs in the OECD: Key Evidence and Policy Challenges" OECD Social, Employment and Migration Working Paper, No. 147 (Paris, OECD Publishing, 2013). Available from <http://dx.doi.org/10.1787/5k43bvtkmb8v-en>.

declare that the economic crisis should not be “used as an excuse to reduce the promotion and protection of human rights.”¹² The disregard of women’s welfare during austerity highlights the persistence of discriminatory views and reinforces the need for gender-sensitive fiscal planning. Taxes, pensions, austerity measures and budgets should all be gender-mainstreamed to target the roots of gender inequality.

A. Taxes

27. Tax policies could address implicit gender biases as follows:

(a) Individual income taxation is more equitable because joint filing imposes a higher marginal tax rate on the lower-paid partner. As this is the female partner in most cases, this practice is discriminatory. Large tax credits for dependent spouses can incentivize secondary earners, again predominantly women, to lower their labour force participation. In the United States of America, married women filing separately cannot benefit from the Earned Income Tax Credit (EITC) for low-income taxpayers. This reinforces the economic dependence of women on their spouses. Similarly, low-paid women may not receive the EITC if their husband’s earnings push the joint income above the qualifying threshold. Recognizing these inequalities, most member States allow individual taxation, although tax credit eligibility is still based on joint income in many places.

(b) Gender-mainstreaming in tax policy is critical to alleviate gendered effects. Regressive taxes and equivalents, such as taxes on food or the National Insurance Contribution in the United Kingdom, affect women disproportionately because poor women outnumber poor men. Goods used exclusively by one gender must be taxed at lower rates, as is done in the United Kingdom for women’s sanitary products. Georgia, recognizing the greater risk of poverty of single mothers, exempts low-income single mothers from paying income tax.

B. Pensions

28. Although a thorough discussion of pension reform is beyond the scope of this note, the following issues must be kept in mind to mitigate gendered effects:

(a) Lengthy contributory periods to qualify for full pension benefits disadvantage women, as women work fewer years due to breaks to care for children, and retire earlier.

(b) Basing pensions on life-time rather than recent earnings can be disadvantageous to women depending on the relative gender pay gaps.

(c) Making time spent on care leaves pensionable mitigates the impact of discriminatory norms that consign family responsibilities mainly to women.

(d) Cuts to pensions affect women more because women are longer-lived and receive lower pensions to begin with.

¹² Irish Human Rights Commission, *Submission for the Twelfth Session of the Working Group on the Universal Periodic Review: Ireland*, 2011. Available from http://www.ihrc.ie/download/pdf/ihrc_report_to_un_universal_periodic_review_march_2011.pdf.

C. Austerity measures

29. Policymakers must consider the gender impact of austerity measures to avoid exacerbating inequalities:

(a) Stimulatory spending must not only target male-dominated sectors such as construction or infrastructure. This would enable women to benefit from the resulting job creation as well.

(b) Public sector cuts must not only target female-dominated sectors such as education or health.

(c) Cuts to paternity benefits disincentivize the take-up of paternity leave and undermine co-responsibility for childcare.

(d) Tightening eligibility criteria for subsidized childcare, social housing and transfers to single parents harm women disproportionately: According to the United Kingdom's Office of National Statistics, women headed over 86 per cent of single parent families in 2013. Cuts to childcare programmes impact women both as primary beneficiaries of such programmes and as primary providers of care services.

(e) Cutting or freezing public sector wages and increasing civil servants' working hours harm women disproportionately because they are overrepresented in public employment in many ECE countries.

D. Gender-sensitive budgets

30. Budgets should explicitly incorporate a gender impact assessment in planning and analysing revenues and expenditures. For example, a Strategy of Gender Responsible Budgeting was adopted in the former Yugoslav Republic of Macedonia in 2012, following a pilot gender analysis of active employment measures and social benefit users.

VII. Conclusions

31. The recent economic crisis drastically exacerbated gender inequalities, and the subsequent recovery has not reversed employment trends in an inclusive manner. Against this background, policies to increase women's political and economic inclusion gain even more importance, as they could contribute to restoring growth and progressing toward sustainable development.

32. Empowering women and striving towards gender equality have to be in the focus of forward-looking policies. These policies should be developed in line with the key pillars of sustainable growth strategies, based on a vision of an equal society where everyone's human rights are respected. Any long-term action plan should therefore explicitly address all areas that involve women as a participant and/or a final user.

33. On an everyday basis, policies should target the elimination of existing gender gaps and the prevention of new ones. Education must be affordable and accessible to all girls, and aim at decreasing occupational segregation. Economic regulation and labour market policies should promote equal pay and decent work for all. Special programmes to train women and girls and finance their entrepreneurial ideas should be undertaken by both the government and the private sector. Access to credit, to decision-making posts and to all occupations should be facilitated.

34. Finally, the collection of good quality sex-disaggregated data must be ensured so that gender-sensitive initiatives and policies can be reliably monitored and subsequently adjusted, if necessary.