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Final Report

**Guidelines for Integrating Gender Issues into Bank Group
Industrial Projects**

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**GUIDELINES FOR INTEGRATING
GENDER ISSUES
INTO BANK GROUP
INDUSTRIAL PROJECTS**

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GUIDELINES FOR INTEGRATING GENDER ISSUES INTO BANK GROUP INDUSTRIAL PROJECTS

1 INTRODUCTION

1.1 Gender Is an Economic Variable

The principles that lie behind enhancing the role of women in the development process are:

- The principle of economic efficiency
- The principle of equity

Men and women are partners in the development process. Although they play different roles, each makes significant contributions. Governments can help maximize women's and men's individual inputs and productivity through policies and public programs and services.

When emphasis is put on distinguishing between men and women in data collection and in enhancing the benefits directed towards women in project design, it is not to isolate or marginalize men. It is intended to underline the major differences in the roles men and women play in society and to better understand their needs and constraints with respect to access and control over resources. These elements play a capital role in the success or failure of a project.

Gender must be considered as an economic variable. Evidence from all sectors shows that when gender issues have been considered in project design and implementation, women and men have better control over their income and other resources. In fact it has been demonstrated that when women acquire more time and resources they invest them in activities that are more productive than men. This results in:

- Improved production quality
- Increase in production
- More effective use of credit
- Better credit repayment
- Better family education
- Better family nutrition
- Better family health
- Decline in child and infant mortality
- Decline in fertility

1.2 Key Terminology

The inclusion of gender considerations in project development introduces a number of new concepts and terms that must be defined before we enter our subject. These are:

Gender Roles

The concept of *gender roles* refers to socially acquired behaviors that are often culturally specific. It must be distinguished from the concept of sex which is biologically given. Gender roles can and do change.

Gender Considerations

By *gender considerations* we mean taking the different roles and responsibilities of women and men into account in project design. This is necessary because men and women engage in different types of economic and social activities, have different sources of income and different access to and control of resources.

Gender Analysis

Gender analysis is a two step process. The first is the identification and description of gender roles and responsibilities in a project area. The second step is to assess the constraints and opportunities that result from differences in gender roles. *Gender analysis* provides the information necessary to reduce or remove constraints and build upon opportunities.

1.3 Objectives of the Guidelines

The goal of these guidelines is to assist African Development Bank (ADB) project officers to apply gender considerations in project planning and design by conducting a thorough gender analysis of all project elements. As the planning process evolves, gender analysis should reveal many positive and negative effects of the proposed project on women and men. The study of expected direct and indirect project impacts on women's and men's economic and social roles and responsibilities will help project officers in suggesting modifications to project elements or the inclusion of new elements. Such improvements in project design will increase project viability and reduce the risk of failure.

The guidelines will also assist project officers in identifying key data to be collected during the project cycle. These data will later be used to evaluate the success of the project.

1.4 Development Process of the Guidelines

The guidelines are the result of a collaborative effort which brought together professionals from ADB Country Program Departments, Operations Departments, and the Central Project Department. The elaboration of the guidelines was conducted in two phases:

- Analysis of Bank procedures and portfolio combined with staff interviews.
- Presentation and testing of guidelines with Bank professionals during training sessions.

1.5 Organization and Use of the Guidelines

The guidelines have been organized following the ADB project cycle, as outlined in the Operations Manual. They are designed so that project officers will be able to begin exploring gender issues early enough in the project cycle to be able to have an impact on the project design. They review phase by phase the type of analysis and data collection that will be needed at each step of the project design and implementation.

While these phases are conducted sequentially, many iterations take place in the process of project design, providing opportunities to examine data and analyze proposed interventions. During the process of negotiating a project with member country decision-makers, project officers also have the unique opportunity to raise critical gender issues and thus, contribute to positive changes in member countries, economic and social sector policies.

1.6 Relevance of Gender Issues to the Industrial Sector

1.6.1 Industrial Projects

The relevance of gender issues to industrial projects is not immediately apparent to most of the Bank's professional staff. To the extent that industrial projects have an impact on people, they have an impact on women. The impact on women is likely to be different from that on men because women and men tend to engage in different types of economic activities, have different sources of income, and different access to and control of resources.

The Bank Group finances large-scale enterprises and mining projects through its industrial project loans. These enterprises can be either parastatals or mixed (private and state) ownership. As women tend to be active as business owners in the micro- and small-scale informal sector, their participation as business owners in these industrial projects is virtually nil. However, industrial projects can have an important impact on women in other ways. Women may be active in both backward and forward linkages to the enterprise. For example, women may provide important raw materials for transformation by the industry, be primary small-scale enterprise users of the raw material produced by the industry, and be active in the marketing of the industry's end product. Women are also often active within large-scale industries as employees. Finally, these industries may have an important impact on women as end consumers of the product, through the creation of peripheral service enterprises, and through potential displacement of existing small-scale enterprises in the subsector. The guidelines for integrating gender issues into Bank Group industrial projects focus on these types of issues.

1.6.2 Lines of Credit to Development Finance Companies

The Bank Group provides lines of credit to Development Finance Companies (DFCs) in order to finance small- and medium-scale enterprises (SMEs) that it cannot reach by direct intervention due to the small size of the loans. In order to encourage lending to smaller enterprises, the Bank often accords a free limit to the DFC. Projects financed under the free limit do not need to be submitted to the Bank for approval. Although there is no lower limit on the size of loans that a DFC can make with Bank Group funds, and the Bank policy is to favor smaller loans, the loans made by the DFCs still tend to be fairly large (ranging from 50,000 to 8 million UA).

As noted above, within the industrial sector women tend to be active in micro- and small-scale enterprises, often operating in the informal sector. Women are active both as business owners and employees within these enterprises. Women's businesses are often home-based, and tend to capitalize on women's traditional activities (transformation of agricultural products, textiles and garment manufacturing, etc.). Although often not included as an activity eligible for financing in the industrial sector, women are also very active in commercial activities. Women's access to credit is constrained by the small size of their businesses and the subsequent small credit needs; the informality of their businesses and the inability to provide registration and tax documents required by banks; the lack of appropriate collateral for bank loans; the sectors in which they are active (for example, the difficulty in receiving DFC loans for commercial activities); the lack of familiarity with and understanding of formal bank procedures; and lengthy and cumbersome bank procedures that are inappropriate to their small working capital financing needs. All these constraints apply to the type of lending done by DFCs financed under Bank Group lines of credit. It may be possible in some instances to influence DFCs to change their lending policies and criteria so that they are more in line with the typical credit needs of small-scale and, therefore, women, business owners. It is also useful to examine the possibility of encouraging DFCs to use NGOs specialized in small-scale lending to women-owned businesses as intermediaries in reaching women. The guidelines for integrating gender issues into lines of credit focus on these types of issues.

1.6.3 Bank Group Lending to Industry and Development Banks

Analysis

The 1992 Indicative Lending Program has been used as the basis for analysis of Bank Group lending to industry and development banks. Trends have been verified through discussions with the professional staff of the Industry and Development Bank divisions. The breakdown of the 1992 Indicative Lending Program is as follows:

<u>Type of Project</u>	<u>No. of Projects</u>	<u>Percent</u>	<u>Amount*</u>	<u>Percent</u>
Lines of Credit	7	27	253.0**	37
Technical Asst.	6	23	7.8	1
Industrial Projects	10	38	356.0	53
Sectoral Invest.	<u>3</u>	<u>12</u>	<u>60.0</u>	<u>9</u>
TOTAL	26	100	676.8	100

***In millions of UA.**

****The total for lines of credit includes a \$200 million project for export promotion. Although this project is listed as a project loan, it has been included for purposes of analysis as a line of credit, due to the APEX nature of the financing.**

Type of Projects Chosen for Application of Gender Guidelines

Sectoral investment projects and technical assistance financing represent only 9 percent and 1 percent, respectively, of total projected Bank Group lending in the Industry and Development Bank divisions for 1992. The Bank Group has limited financing of policy-based lending (including sectoral adjustment) to 20 percent of total financing. In addition, from discussions with the professional staff, it seems that the ability of the Bank to intervene in sectoral projects is limited by the fact that the Bank is rarely the lead financing institution in this type of project. Although the Bank participates in such programs through co-financing arrangements, the Bank staff has little input into the design of such projects. Technical assistance financing is not for projects, but for studies and institutional support. Due to the relatively low percentage of financing accounted for in sectoral and technical assistance financing, and to the nature of the financing, these types of loans have not been included in the guidelines for integrating gender issues into Bank Group Industrial and Development Bank projects.

Lines of credit and Industrial Projects together represent 65 percent of the total number of Industry and Development Bank division interventions projected for 1992, and 90 percent of the total projected financing amount. Discussions with Bank professional staff have confirmed that these are the most common types of projects on which they work. Industrial projects and lines of credit to DFCs have therefore been chosen as the focus of these guidelines for integrating gender issues into industry and development bank projects. The choice of these two types of Bank Group interventions is in keeping with the Industrial Sector Policy Guidelines, which demonstrate a trend toward financing private sector enterprises and SMEs, and the rehabilitation of large-scale resource-based productive enterprises.

GUIDELINES FOR INTEGRATING GENDER ISSUES INTO BANK GROUP INDUSTRIAL PROJECTS

2.1 Project Identification

2.1.1 Project Brief

The Bank receives potential industrial projects at various stages of preparation, from brief project proposals to completed feasibility studies. Bank financing of industrial projects can be for the creation of new enterprises, the expansion of existing enterprises, or the rehabilitation of existing enterprises. Regardless of the stage of preparation and the type of project, the project officer reviews and analyzes the available documentation in order to prepare a Project Brief. It is important at this stage to include an examination of potential gender issues raised by the project. It is suggested that gender issues be highlighted in the following sections of the Project Brief:

Project Background

The project officer should look for gender-disaggregated country data available within the Bank relative to the industrial sector in general and the subsector being financed in particular. The Women in Development (WID) unit of the Bank is compiling WID monographs of Regional Member Countries and making its data base operational, and the necessary data may be found here. If the necessary data is not available within the Bank, it should be noted that this information will be sought during Project Preparation at the national level.

In describing the sectoral context of the project, the following gender issues should be addressed:

- What are the percentages and numbers of women classified as economically active in the industrial sector in general, and in the subsector to be financed in particular?
- Are men and women active in the industrial sector in different ways? Are women active as employees or as business owners? In which subsectors are they active as each?
- What types of associated small-enterprise activities might be impacted by the project? Are men and women active in different ways in these activities?
- Are women active in the production and provision of raw materials needed for the project?
- Are women active in the transformation and/or commercialization of the products to be financed?
- Are women active in ancillary services to the project, such as food service and day care?

Project Benefits

If it is apparent from the available data that the project will impact women and men differently, this should be noted here. If it seems the project will have a potentially positive impact on women, this should be highlighted. Benefits might include:

- Significant employment generation for women.
- Participation of women in the supply of raw materials.
- Participation of women as small enterprise users of a raw material produced by the project.
- Participation of women in marketing the product.
- Participation of women in ancillary service enterprises.

Risks

Any gender-related risks that can be identified at this stage should be noted here. Gender is an economic variable, and it has been demonstrated that when women acquire more resources, they invest them in activities that are more productive than men. Projects that do not provide women with increased access to and control of resources may therefore carry higher risk of failure. Also included in this section are potential negative impacts, disaggregated by gender. Risks and potential negative impacts might include:

- The project will not generate significant employment for women, or a significant number of women are expected to lose their jobs (e.g., in an enterprise rehabilitation project).
- Women are not active in the small enterprises peripheral to the project.
- The project will displace traditional micro- and small-scale enterprises in which women are active.

2.1.2 Feasibility Studies

Before proceeding to Project Preparation, the Bank requires that a feasibility study be carried out. Often, the Bank receives a completed feasibility study at the Identification phase. When a study is unavailable, the project officer will request that a feasibility study be carried out prior to undertaking a preparation mission. When the project officer has the opportunity to provide input to the terms of reference for a feasibility study, s/he should be sure to include the type of gender issues outlined above in the Project Brief section of these guidelines.

2.2 Project Preparation

2.2.1 Preparation Mission

It is essential to ensure that gender considerations are included in the terms of reference (TOR) for each member of the preparation mission. The incorporation of gender considerations should naturally flow from the gender-related factors identified in the Project Brief. As much of the necessary gender-specific information will often not be available at the time the project is entered into the Bank pipeline, members of the mission will need to work with the executing agency and other institutions in the country to:

- Complete the gender-specific background and project information required.
- Identify ways in which the project may impact differently on women and men. Gender considerations could be incorporated into terms of reference as follows:

Objectives of the Mission

The objectives of the mission will usually be to collect information necessary for project appraisal, and to identify areas in which additional studies are needed. These general objectives should clearly state that any gender-specific issues raised in the project brief will be addressed by the mission.

Project design issues should be discussed during the mission, and the project goal, project objectives, project outputs, and project activities clearly defined. In developing the hierarchy of project objectives, gender analysis should be carried out, by asking the following questions:

- What is the role of women and men in each project component; how many women and men will be involved and in what capacity?
- How will women and men access the resources or benefits of the various project components?
- What control do women and men have over resources and benefits of project components?

Specific Tasks of the Mission

(1) Information To Be Obtained

a. BACKGROUND INFORMATION

If satisfactory gender-disaggregated country data is not available within the Bank, project officers can communicate the type of information they are looking for to the executing agency and other institutions in the country, and request that they prepare the information prior to the mission's arrival. During the mission, the team will need to complete and verify gender-disaggregated data related to the industrial sector in general, and the specific subsector to be financed in particular. In

Annex 1 of these Guidelines, a list of in-country sources of data and rapid low-cost data collection methods is provided to assist project officers in this task.

The following types of gender-disaggregated data should be collected during the mission and analyzed in relation to project design:

- The percentages and numbers of women classified as economically active in the industrial sector in general, and in the subsector to be financed in particular.
- The employment trends in the subsector to be financed, disaggregated by gender.
- Unemployment figures, disaggregated by gender.
- Information on labor laws that may restrict women's participation in the project.
- Gender-disaggregated availability of labor, by skill level, in the region in which the project is located.
- Gender-disaggregated information on ownership of and employment in small businesses likely to be peripheral to the enterprise to be financed (provision of raw materials, transformation of the end product, commercialization of end product, ancillary services such as food service and day care).

b. INFORMATION ON EXECUTING AGENCY

It is important to collect gender-disaggregated information on employment that the project is expected to generate:

- For existing enterprises, what is the distribution of staff (numbers and percentages) by gender at the various organizational levels? Are women represented in management as well as at lower levels?
- What are the new labor requirements of the project in terms of skill and technical levels? How does this compare to the general skill and technical levels of women employees in the project area?
- How many new jobs are expected to be created — disaggregated by gender and by skill or technical level?
- In rehabilitation projects, what is the gender disaggregation of expected employee layoffs?
- What skill or vocational training for employees is anticipated in the project? Will training be made equally accessible to both men and women?

c. RAW MATERIALS

Gender considerations may be important in the raw material supply:

- Are women active in the production of local raw materials to be used by the project? For example, in a cotton yarn project, women may be active in cotton production and therefore benefit from the project's purchases.
- Does the project expect to produce its own raw materials rather than procure them from existing suppliers? If so, will this affect women differently from men? For example, if an industry set up to produce tomato paste decides to plant its own tomatoes rather than procure them from existing producers, and most tomatoes are produced locally by women, women may be missing an opportunity to secure an important market for their produce.

d. MARKETING

As in raw material supply, gender considerations may be important in the targeted market for the product and in the marketing and distribution system linked to the project:

- If the project is manufacturing a product which is used as an input to other local industries, are women active in these industries? For example, if the project is producing polyester filament, and women are active as small business owners in textile production, the project might impact on women by providing them with a steady, good quality, reasonably priced input.
- If the project is manufacturing either an input to other local industries or a finished product for the local market, are women active in the commercialization of the product? For example, if women are active in the sale of construction materials, a cement project may generate increased business for them.

e. ANCILLARY AND SUPPORT SERVICES

Although the potential impact on the local economy generated by project implementation through the development of ancillary and support services is generally not considered in project appraisals, the potential for gender issues is such that it should be consistently included in project preparation.

- Is it likely that the project will generate ancillary enterprises within its operational area? What is the likely gender disaggregation of these enterprises? For example, if the project is expected to employ significant numbers of people, it is likely that "sidewalk restaurants" will spring up to provide lunches and snacks to the workers. In this instance, it is highly likely that these informal enterprises will be run by women or, if the project envisages providing day care services to employees, it is again likely that these services could be subcontracted to women-owned businesses.

(2) Issues To Be Discussed

An important function of preparation missions is to explore project design issues with the executing agency and other responsible institutions within the Regional Member Country (RMC). The project officer plays an important role as an ADB "ambassador," and should take the opportunity to familiarize RMC colleagues with the ADB Policy on Women in Development. Discussions about project design should incorporate gender considerations, and the project officer should explore the possibility of including gender-related loan conditions. This entails comparing background information on the project to the various elements of the proposed project.

a. EMPLOYMENT

In addition to the gender disaggregated employment data listed above, there are issues related to the quality of employment for women:

- Will women and men be paid equal wages for equal work?
- Will women have the opportunity to move from lower to higher-paying jobs based on training opportunities?
- What benefits are provided that are particularly important to women, such as day care facilities?
- Do job security requirements affect women and men differently? For example, are women assured of keeping their job after a maternity leave?

b. PERIPHERAL ENTERPRISES

- In the areas identified earlier (raw material supply, markets, and ancillary services), are there ways that project design can be modified to ensure equal participation and positive impacts on women?

c. RISKS

One of the most important types of gender-related risks may be the displacement of existing small-scale enterprises.

- Is it probable that the project will displace existing small-scale women-owned businesses? For example, a large-scale modern beer factory may displace many small traditional brewers that are predominantly women.
- If displacement of women's traditional activities is identified as a risk, are there any trade-offs between this negative impact and potential project benefits for women? For example, could the benefits of increased women's employment in the formal sector outweigh the loss of women's traditional means of income?

- In rehabilitation projects, how many women and men are expected to lose their jobs? Are women affected disproportionately?

(3) People and Institutions to Meet

The TOR should specify that members of the mission will make an effort to discuss the various issues mentioned above with the following, in addition to the people responsible within the executing agency and other government institutions directly responsible for loan negotiations:

- National women's organizations (Ministry of Women in Development, Women's Bureaus within other ministries, etc.) and women's NGOs. These organizations can provide both gender disaggregated data on women's activities in the industrial sector and valuable input into project design issues.
- Other donor agencies, such as UNICEF, USAID, and the World Bank, which may be able to provide valuable gender-disaggregated data on women in the industrial sector.

The Impact of Project Design

Industrial projects will likely impact women differently from men, because women and men tend to engage in different types of economic activities, have different sources of income, and different access to and control of resources. Gender considerations need to be systematically incorporated into project design, and discussed with institutions responsible for the project at the country level. Project impact and design issues may be both direct and indirect:

Direct Project Impact

The large-scale industries financed by the ADB usually have a significant impact on employment. How is the impact different for women and men, in both quantity of jobs and quality of jobs? Project officers first need to collect gender-disaggregated information about direct employment, both existing and expected. They then need to explore project design options that will ensure gender equity in both the number and quality of jobs created.

Indirect Project Impact

Large-scale industries will also probably impact on many small-scale enterprises peripheral to the project, in the areas of raw material supply, marketing, and ancillary or support services. In what small-scale enterprise areas are women or men more active? How are women's and men's activities in these small-scale industries likely to be impacted by the project? Project officers first need to know the nature of women's and men's activities in these businesses. Then, it is necessary to describe the way the project will impact differently on women and men as a result of their different activities. Project officers should also explore project design issues that could be incorporated to ensure that women who are active in peripheral enterprises have access to potential project benefits, and to avoid unnecessary displacement of women's traditional activities when possible.

BOX 1

2.2.2 Preparation Report

As a result of the preparation mission, the project officer should have acquired sufficient gender-disaggregated background and project information either to be able to effectively address gender issues in the project preparation report, or to be able to request further information and studies from the executing agency. The project officer should be conscious of incorporating gender considerations into the appropriate sections of the preparation report, reflecting project design issues which have been raised with the executing agency.

Background

Make sure that general country economic information, information on the industrial sector, and information on the subsector to be financed is disaggregated by gender, to the extent possible. Be sure to include all available data on the degree of women's economic activity in the industrial sector, women's participation as employees and business owners in the subsector to be financed, and women's participation as employees and business owners in the peripheral industries likely to be affected by the project.

Executing Agency

Discuss the gender disaggregation of employees, by skill and technical level within the enterprise. In addition to citing numbers and percentages of women employees within the enterprise, comment on the gender equality of pay, gender-related access to training opportunities, employee benefits of particular importance to women, and gender-related job security issues. Mention any changes in existing employment policies and practices that the executing agency has agreed to modify.

Raw Materials and Manufacturing Process

Discuss how women and men are active in the supply of raw materials to the project. Cite any potential project benefits or negative impact that may accrue to women particularly.

Marketing

Discuss how women and men are active as small business owners in the transformation and commercialization of the end product. State how the project may impact women differently from men.

Ancillary Services

In this suggested section, comment on women's and men's participation in existing ancillary and support services, and the possibility of new small business activities being created by the project. Discuss the possibility of women's active participation in the project in this way.

Justification

Impact on Women in Development

Traditionally, this section discusses the impact of the project on women. In most reports, the statement appearing in this section seems to be an afterthought, and often asserts that the project will not have any negative impact on women or claims positive impacts that are not fully substantiated.

If gender-disaggregated analysis has not been incorporated into project design, and the preparation report has not systematically discussed how the project will impact women and men differently, there is no reason to include this section in the report. This section should be used to summarize all gender-disaggregated information and project design issues which have been incorporated throughout the preparation report in the sections listed above.

Risks

Summarize the negative impacts on women that have been identified, particularly in relation to the displacement of traditional women's activities, and discuss any potential tradeoffs in project benefits.

2.3 Project Appraisal

2.3.1 Appraisal Mission

The TOR for the appraisal mission should cover any gender issues which were not satisfactorily resolved during the preparation phase. Please refer to Section 2.2.1 of these guidelines (TOR for preparation missions).

2.3.2 Appraisal Report

Gender issues should be incorporated into the appraisal report in the same manner in which they are incorporated into the preparation report, on the basis of additional data derived and issues resolved during the appraisal mission. Please refer to Section 2.2.2 of these guidelines (preparation report).

Gender Specific Appraisal Reports

It is extremely important that the appraisal report reflects the gender issues that have carefully been taken into consideration in final project design, and that the report describes the different impact the project is likely to have on women and men. Women are often mentioned only marginally in appraisal reports, in the section "Impact on Women in Development." In most reports, the statement appearing in this section seems to be an afterthought, and often asserts that the project will not have any negative impact on women or claims positive impacts that are not fully substantiated.

The section "Impact on Women in Development" should only be included in the report if gender-disaggregated analysis has been incorporated into project design, and if the entire appraisal report has systematically discussed how the project will impact on women and men differently. This section should be used only to summarize all gender-disaggregated information and project design issues which have been incorporated throughout the appraisal report. Comments should be made on direct project impact, through employment, and indirect project impact, through peripheral small enterprise activities.

BOX 2

2.4. Project Implementation and Supervision

2.4.1 Supervision and Monitoring

Once an industrial project has been approved and is operational, the project officer will carry out continuous monitoring and supervision of the project. In many instances, the executing agency is required to submit quarterly progress reports during the implementation phase of the project. When this is the case, the project officer should require that gender-specific information be provided relating to: quantity and quality of direct employment for women; extent to which women are active in the supply of raw materials; extent to which women are active in the transformation and/or commercialization of the end product; and, extent to which women are active in the provision of ancillary services. The project should also examine these issues during the periodic supervision missions that are conducted throughout the life of the project.

If it becomes apparent that the project is having difficulty in effectively incorporating gender considerations into project implementation, the project officer needs to maintain a dialogue with the executing agency on ways to overcome the problems and to ensure a positive project impact on women.

2.4.2 Project Completion Report

At the end of the project cycle, the project officer visits the project to prepare a Project Completion Report. This report compares actual to projected performance, and should include a specific comparison of actual to projected impact on women in the areas of:

- Quantity and quality of direct employment for women.
- Participation of women in the supply of raw materials.

- Participation of women as end users of the product and in the transformation and/or commercialization of the product.
- Participation of women in the provision of ancillary and support services to the project.

GUIDELINES FOR INTEGRATING GENDER ISSUES INTO BANK GROUP LINES OF CREDIT/INDUSTRY

3.1 Project Identification

3.1 1 Application from Development Finance Companies

Development Finance Companies (DFCs) submit applications for lines of credit to the Bank Group in various ways. Generally, the first time a project officer intervenes in the project cycle for a line of credit to a DFC is to send a telex to the DFC, requesting specific documentation and information needed to complete the application. In order to effectively incorporate gender considerations into the project design, the project officer should request gender-specific information from the DFC in certain areas. Following is the documentation DFCs are expected to provide in an application. Gender-specific information has been inserted, and underlined, in the appropriate areas.

- i. An official application specifying the amount of the line of credit sought and the desired sector or sectors of intervention, both approved by the member State.
- ii. Charter and internal by-laws.
- iii. Intervention policies and procedures — be sure to include loan amounts, the type of security that is required, and whether loans can be made to informal groups of small enterprises as well as to individual enterprises. State whether women can obtain loans without the consent of their husbands.
- iv. Functional organization chart — provide the number of staff at each level of the organization by gender.
- v. Description of the office(s) in charge of promoting, evaluating and monitoring the SMEs, including the names and qualifications of the relevant staff members — be sure that gender is apparent in staff CVs.
- vi. Annual reports for the last five fiscal years (except in the case of recently established DFC).
- vii. Detailed financial statements for the last five fiscal years including the annual audit report issued by an external auditor.
- viii. Annual statistics on past operations and portfolio according to appropriate criteria — please use the following format:

FY _____

FY _____

FY _____

Disbursements

Number:

Women

Men

Total

Amount:

Women

Men

Total

Average Loan Size:

Women

Men

Overall

Sectors:

1) number

amount

2) number

amount

3) number

amount

etc.

Portfolio

Number of loans:

Women

Men

Total

Amount outstanding:

Women

Men

Total

Arrears:

Women

Men

Total

- ix. Projections for at least the next five years of the activities, financial outturn of operations, and resources and uses of funds.
- x. The financing arrangements planned for the SMEs — be sure to include the definition of SMEs (in terms of assets, sales or number of employees), the eligible loan amounts, the type of security that is required and whether loans can be made to informal groups of small enterprises as well as individual enterprises.
- xi. A list of subprojects to be financed, indicating the level of preparation, characteristics, investment cost, loan requested, and economic interest for each — be sure to indicate the gender of the promoter(s).
- xii. The assistance provided by other foreign institutions.
- xiii. The national agencies supporting industrial SMEs and their relationship to the DFC — specify whether there are any local institutions (either NGOs or State agencies) focusing on women-owned SMEs, and whether the DFC works with them to identify projects, intermediate loans, and provide other services to women entrepreneurs.
- xiv. The national policy on promoting and developing the SMEs — specify whether gender issues are addressed in the national SME policy.

3.1.2 Project Brief

In preparing the project brief, the project officer needs to obtain available gender-disaggregated project background information, as well as to include gender considerations in the analysis of the information provided by the DFC. It is suggested that gender issues be highlighted in the following sections of the project brief:

Project Background

The project officer should look for gender-disaggregated country data available within the bank relative to the industrial sector in general and the subsectors targeted under the line of credit in particular. The Women in Development (WID) unit of the Bank is compiling WID monographs of Regional Member Countries and making its data base operational, and the necessary data may be found here. If the necessary data is not available within the Bank, it should be noted that this information will be sought during project preparation/appraisal at the national level.

In describing the sectoral context of the line of credit, the following gender issues should be addressed:

- What are the percentages and numbers of women and men classified as economically active in the SME sector?

- How do women's and men's activities differ? Are women active as employees or as business owners? Are women more active in certain subsectors?
- Do women's activities tend to be concentrated in the formal sector or the informal sector? (Often, women participate more as employees in the formal sector, and as business owners in informal microenterprise activities.)
- How do the activities to be financed under the line of credit relate to women's participation in the SME sector?
- If certain subsectors are targeted for financing under the line of credit, indicate to what degree women are active in these subsectors, both as employees and as business owners.
- What constraints have been identified to women's participation as business owners in the SME sector? These may often include:
 - complicated and inappropriate registration and tax laws.
 - lack of access to technical and market information.
 - lack of access to credit due to a lack of understanding of loan application procedures, the small size of loans needed, and the lack of the type of collateral demanded by financial institutions.
 - low level of education and lack of training in business management.
 - laws or sociocultural norms that prohibit women from owning land and other property.
 - sociocultural norms that prohibit visible participation outside of the home.

Project Benefits

If women are clearly expected to benefit from the loans provided under the line of credit, or from related services such as training, this should be noted in this section.

- Are women business owners expected to obtain loans and other services from the DFC under the line of credit?
- Is it anticipated that the subprojects financed will generate more employment for women?

Issues

Institutional

Gender considerations should be analyzed and presented in the following areas:

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Intervention Policies and Procedures for SMEs

- How do the size of loans made by the DFC relate to the size of businesses in which women are active as business owners? Will women's access be difficult because of the size of their business and their credit needs?
- How do the subsectors financed by the DFC relate to those in which women are active? Will women's access be difficult because the DFC does not finance the sectors in which they are active?
- Is the DFC's loan application process appropriate for small, and therefore women's, businesses?
- What kind of loan security is required by the DFC? Are women able to provide the security required? Is it more difficult for women to meet the requirements than men?
- Is a woman able to obtain a loan independent of her husband?
- Can and does the DFC make loans to informal groups of small enterprises as well as to individual enterprises?
- Does the DFC provide any credit-related services (project preparation, training, or technical assistance) to SMEs in addition to loans? Do women have the same access to these services as men?
- What form of media or communication channels does the DFC use to communicate the availability of loans? Are these channels accessed by women?

Organization and Management

- What is the distribution of staff (numbers and percentages) by gender at the various organizational levels?
- Are women represented in management as well as at lower levels?
- Are women represented in positions that require close contact with clients, such as credit officers and tellers? (The gender of these employees can be an important consideration in reaching women-owned businesses. Due to sociocultural norms, women may be more comfortable dealing with other women.)
- Is there a special office for the promotion of SMEs? Are women represented on staff, particularly as promotion officers? (Again, gender can be important for the reasons cited above.)

- Does the DFC provide regular training opportunities to staff? Do women and men have equal access to the training?

Portfolio Analysis

- What is the proportion of loans made to women-owned businesses vs. men-owned businesses in each industrial sector, both in number and amount of loans?
- Is there a difference in the average loan amount for women-owned businesses vs. men-owned businesses?
- Are there noticeable differences in the repayment performance of women-owned businesses and men-owned businesses?

Cooperation with Other Institutions

- Are there State Agencies or NGOs in the country specialized in assistance to SMEs in general, or women-owned SMEs in particular?
- Does the DFC cooperate with these institutions to identify projects, to finance or guarantee loans, and to provide related services (project preparation, training) to women entrepreneurs?

Risks

Many of the gender-specific issues identified throughout the Project Brief may well remain unresolved at this stage, and thus pose potential risks to the success of the line of credit. Gender is an economic variable, and it has been demonstrated that when women acquire more resources, they invest them in activities that are more productive than men. Projects that do not provide women with increased access to and control of resources may therefore carry higher risk of failure. Potential risks might include:

- The line of credit targets certain subsectors in which women are not active, either as employees or as business owners.
- The financing needs of women-owned businesses in the subsectors are too small to be eligible for loans made by the DFC.
- The loan application process is too complicated and lengthy to be appropriate to small (therefore women's) financing needs.
- The DFC's loan security requirements tend to discriminate against women (requiring traditional collateral such as land and buildings which women may not possess, and requiring a husband's co-signature).

3.2 Project Preparation/Appraisal

3.2.1 Appraisal Mission

It is essential to ensure that gender considerations are included in the terms of reference (TOR) for each member of the appraisal mission. The incorporation of gender considerations into the TOR will naturally flow from the gender-related issues identified in the project brief. Members of the mission will need to work with the DFC and other institutions in the country to:

- Complete the gender-specific background and institutional information required.
- Explore whether the project design needs to be modified to ensure that women have access to the resources provided through the Bank line of credit.

Gender considerations could be incorporated into terms of reference as follows:

Objectives of the Mission

The objectives of the mission will usually be to update existing information, to obtain clarification on outstanding issues, and to seek solutions to identified issues. These general objectives should clearly state that any gender-specific issues raised in the Project Brief will be addressed by the mission.

Project design issues should be discussed during the mission, and the project goal, project objectives, project outputs, and project activities clearly defined. In developing the hierarchy of project objectives, gender analysis should be carried out. The principal question to be asked in designing a line of credit will be: "How will women's and men's access to the resources provided under the line of credit differ?"

Specific Tasks of the Mission

(1) Information To Be Obtained

a. BACKGROUND INFORMATION

If satisfactory gender-disaggregated country data is not available within the Bank, project officers can ask the DFC and other institutions in the country to prepare certain information prior to the mission's arrival. During the mission, the team will need to complete and verify gender-disaggregated data related to private sector activities in the SME sector. In Annex 1 of these Guidelines, a list of in-country sources of data and rapid low-cost data collection methods is provided to assist project officers in this task.

The following type of information should be collected during the mission, and analyzed in relation to project design:

- Numbers and percentages of women and men classified as economically active in the SME sector.
- Information on how women's and men's participation in the SME sector differs, as employees and business owners, in subsectors of activity, and size of businesses.
- Particular constraints faced by women in participation in the SME sector, and in the targeted subsectors when appropriate.
- Particular opportunities for participation by women-owned businesses in the SME sector, and in the targeted subsectors when appropriate.

b. INSTITUTIONAL INFORMATION

If gender-disaggregated information has been provided by the DFC, it should be verified during the mission. If the DFC has not been able to provide the requested information, members of the mission should work with DFC staff to get the maximum information possible in the following areas:

- Distribution of staff by gender at the various organizational levels.
- Portfolio information and analysis by gender. (NOTE: Gender-disaggregation of the portfolio is most appropriate when the DFC is financing individually owned business. When corporations are financed, it will not always be possible to determine the gender of the shareholders.)

(2) Issues To Be Resolved

An important task of appraisal missions for lines of credit is to explore project design issues with the DFC and other responsible institutions at the country level. The project officer plays an important role as an ADB "ambassador," and should take the opportunity to familiarize RMC colleagues with the ADB Policy on Women in Development. Discussions about the design of the line of credit should incorporate gender considerations, and the project officer should explore the possibility of including gender-related loan conditions.

a. INTERVENTION POLICIES FOR SMEs

All small-scale operators face similar constraints in obtaining financing from the formal banking system. Women's constraints, however, are often accentuated by legal, social and cultural factors. Women's particular constraints to credit may include:

- The small size of their businesses and the subsequent small credit needs.
- The informality of their businesses and the inability to provide registration and tax documents required by banks.

- The lack of appropriate collateral for bank loans.
- The sectors in which they are active.
- The lack of familiarity with and understanding of formal bank procedures.
- Lengthy and cumbersome bank procedures which are not appropriate to their small working capital financing needs.
- Limited access to existing channels of communications and information on credit availability.

As a result, project officers need to pose the following types of questions:

- Will women and men have equal access to loans under the proposed line of credit? Will women be excluded because of the subsectors targeted, because of the size of the loans or because of the lending policies and criteria? For example, if it has been found that women are more active than men in agro-processing, and this is a sector targeted by the DFC, women could benefit significantly under the line of credit. Or, if women are mostly active as self-employed workers in the sectors being financed, and the DFC only finances large industries, women will not be able to benefit from the line of credit.
- What is the DFC's attitude toward the adoption of new intervention policies and procedures that are more appropriate for women-owned businesses? The project officer should be firm in introducing the Bank Group's Women in Development Policy as it relates to access to credit for women.

b. ORGANIZATION AND MANAGEMENT

- Are women represented at all levels of the organization? If not, is the DFC willing to consider a plan to incorporate women more fully into the organization?
- Do women and men have equal access to training opportunities offered by the DFC? If not, how can women be more effectively included?
- Is the DFC interested in providing gender training to its staff?

c. LENDING PORTFOLIO

- What is the proportion of loans made to women-owned businesses vs. men-owned businesses, both in number and amount of loans?
- Is there a difference in the average loan amount for women-owned businesses vs. men-owned businesses?

- Are there noticeable differences in the repayment performance of women-owned businesses and men-owned businesses?

d. COOPERATION WITH OTHER INSTITUTIONS

- Are there State agencies or NGOs in the country specialized in assistance to SMEs in general, or women-owned SMEs in particular? What kind of assistance do they offer?
- Does the DFC cooperate with these institutions to identify projects, to finance or guarantee loans, and to provide related services (project preparation, training) to women entrepreneurs?
- Is it possible to incorporate a specific role for NGOs specializing in providing assistance to women-owned SMEs into the project design?
- Are there existing NGOs that could help women prepare viable projects to be presented for financing by the DFC under the line of credit?
- Could line of credit funds be lent to NGOs, that could then provide a lending program to women-owned businesses that are too small to be eligible directly from the DFC?
- Are there existing institutions that may be willing to provide additional guarantees to women-owned businesses in order to help them access loans from the DFC?
- Are there existing institutions that could help the DFC monitor and supervise small loans made to women?
- Are there existing institutions that could provide training and technical assistance to small women-owned businesses?
- How can these institutions be incorporated into the design of the line of credit?

(3) People and Institutions to Meet

The TOR should specify that members of the mission will make an effort to discuss the various issues mentioned above with the following people and institution representatives, in addition to the DFC staff. These people and institutions can provide both specific information about women-owned SMEs and valuable input into project design issues:

- Women-owned businesses that have already received financing from or are in the existing pipeline of the DFC.
- NGOs specialized in providing assistance to women-owned businesses.

- State agencies and NGOs providing assistance to SMEs in general.
- National women's organizations (Ministry of Women in Development, Women's Bureau, etc).
- Other donor agencies, such as UNICEF USAID, and the World Bank, which may be able to provide valuable gender-disaggregated data on women in the SME sector.

Women's Access to DFC Credit

Gender analysis in Bank Group lines of credit tends to focus naturally on the issue of access to credit. The ADB provides lines of credit to DFCs in order to reach the small and medium enterprise sector. Loans made by DFCs, and therefore the definition of the size and types of businesses included in the SME sector, still tend to be relatively large however, ranging from 50,000 to 8 million UA. This de facto definition of SMEs eligible for financing under lines of credit to DFCs affects women differently from men.

Women and men are often active in distinctly different types of business activities. Although microenterprises in the informal sector are run by both men and women, women comprise a larger percentage of the microenterprise population and are often more active in this sector than in others. Therefore, DFC lending policies and procedures designed to reach larger businesses may unintentionally discriminate against women.

In designing lines of credit, project officers need to first understand how women's and men's participation differs in the SME sector. Gender-disaggregated data and analysis of business activity is essential to this understanding. Project officers then need to compare this information to the DFC's lending policies and procedures, and determine how women's access to credit is different from men's because of their different respective participation in the SME sector.

This analysis should lead to modifications in project design when necessary, to ensure equal access to credit for women and men. Modifications might include:

- Changes to DFC lending criteria, policies and procedures so that they are more in line with the typical needs of women's businesses.
- The use of NGOs specialized in small-scale lending, as intermediaries in reaching women-owned businesses.

BOX 3

3.2.2 Appraisal Report

By now, the project officer should have acquired sufficient background and information on gender issues related to the line of credit, and discussed possible modifications of project design with the DFC and other interested institutions. The project officer should be conscious of incorporating

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gender considerations, and noting gender-specific project design issues, into the appropriate areas of the appraisal report.

Background

Discuss the differences in women's and men's participation in the SME sector. Be sure to include all available data on women's participation as employees and business owners in this sector, both in the overall industrial and/or SME sector, and in the section on subsectors targeted for financing under the line of credit, when appropriate. Please refer to Step 2 of these Guidelines for a list of the types of gender issues that should be addressed.

Borrower

Intervention Policies and Procedures

State how the DFC's intervention policies and procedures, especially for SMEs, will ensure equal access to loans for both women and men under the proposed line of credit.

Organization and Management

Discuss the proportionate representation of women and men in the existing organizational structure, and any plan to incorporate women more fully. Comment on training opportunities offered by the bank and the comparative access of women and men to the training. Discuss the possibility of providing gender training to DFC staff.

Portfolio Analysis

Provide gender disaggregated portfolio information as requested from the DFC in Section 3.1.1 of these guidelines. Include an analysis of any noticeable gender-specific trends in loan disbursements and repayments.

Project

Description

(1) Eligibility Criteria for Projects

State how the projected size of loans to be financed under the line of credit relates to the average size of women-owned businesses in the targeted subsectors.

If loan security conditions are addressed, comment on whether women entrepreneurs will typically be able to fulfill the conditions.

(2) Format for Appraisal Reports

If the DFC will be required to present certain projects financed under the line of credit to the Bank for approval, specify that the DFC should include gender-specific information about business ownership and employment generation. Please refer to the Guidelines for Integrating Gender Issues into Industrial Projects for the types of information that might be included by the DFC in the appraisal of larger projects.

(3) Project Supervision

Specify that the periodic supervision reports to be provided by the DFC should include gender-specific information about business ownership and employment generation. Please refer to Section 3.1.1 of these guidelines for a suggested disbursement and portfolio reporting format to be used by DFCs.

(4) Cooperation with Other Institutions

When the project has been designed to incorporate a specific role for NGOs in credit delivery or provision of credit-related services to women-owned businesses, describe the respective roles of the DFC and the NGO(s) and how these activities will be financed by the Bank.

Justification

Impact on Women in Development

Traditionally, this section discusses the impact of the project on women. In most reports, the statement appearing in this section seems to be an afterthought, and often asserts that the project will not have a negative impact on women, or claims positive impact that is not fully substantiated.

If gender-disaggregated analysis has not been incorporated into project design, and the appraisal report has not systematically discussed how the line of credit will impact women and men differently, there is no reason to include this section in the report. **This section should only be used to summarize all gender-disaggregated information and project design issues which have been incorporated throughout the appraisal report in the section listed above.**

Other Advantages and Risks

If women are not significant participants in the subsectors targeted under the line of credit, either as business owners or as employees, this should be noted as a risk.

If discussions with the DFC on gender issues — such as incorporating women more fully into its organizational structure, or modifying policies and procedures to ensure equal access to loans by both women and men — have not been successful, this should be noted as a risk.

Conclusions and Recommendations

Any agreements reached with the DFC about gender issues and ensuring equal access by both women and men to loans financed under the line of credit should be clearly stated as separate loan conditions.

3.3 Project Implementation and Supervision

3.3.1 Supervision and Monitoring

Once a line of credit is approved and operational, the project officer will carry out continuous monitoring and supervision of the DFC's performance. This is done both through a review of the periodic reports submitted by the DFC, and through periodic supervision missions. Under lines of credit the Bank may approve a free limit for the DFC, under which individual projects do not need to be submitted to the Bank for approval. To ensure that the DFC is complying with loan conditions relating to gender considerations in lending, the project officer needs to be sure that the DFC is consistently providing the required gender disaggregated data in the format requested. Projects exceeding the free limit typically need to be individually submitted to the Bank for approval prior to disbursement by the DFC. To ensure that gender issues are being adequately addressed by the DFC in financing larger projects, the project officer can share the Bank Guidelines for Integrating Gender Issues into Industrial Projects with the DFC.

If it becomes apparent that the DFC is having difficulty in effectively incorporating gender issues into its operations — for example, has not hired more women credit officers, or is not making a significant number of loans to women, or is not making use of credit intermediaries to reach women entrepreneurs — the project officer needs to maintain a dialogue with the DFC on ways to overcome the problems. The TOR for supervision missions should specify that any outstanding issues related to gender should be resolved during the mission, including modifying the project design as necessary.

3.3.2 Project Completion Report

The Project Completion Report compares actual to projected performance by the DFC, and should include a specific comparison of actual to projected institutional performance in gender-related issues in the areas of:

- Intervention policies and procedures for SMEs.
- Organization and management.
- Portfolio analysis.
- Cooperation with other institutions.

The report should include specific recommendations for future projects on ways to overcome difficulties encountered in effectively integrating gender issues into the line of credit.

ANNEX 1

IN-COUNTRY SOURCES OF DATA

1. Anthropological studies providing data on the relative importance of men- and women-managed plots.
 2. Area surveys conducted as part of project designs or for other purposes (although these surveys are only occasionally disaggregated by gender).
 3. Extension reports and informal judgements by extension agents.
 4. Research reports, including those from farming systems projects, if available.
 5. Local university personnel in departments of agriculture, rural development, sociology, and economics, including student these, as well as other research.
 6. Specialized government units, such as women's bureaus in ministries of agriculture or rural development.
 7. A.I.D. and other donor personnel, including the Women in Development (WID) officer in the USAID mission and long-term personnel on field projects.
 8. Rapid reconnaissance through discussions with village residents, local political leaders (e.g., the prefects in former French colonies), school teachers, and other local informants.
 9. Employment/Unemployment Data.
 10. Census Data.
 11. Credit records for programs - lending patterns.
 12. Education Data - number of females in the formal school system or training programs.
 13. Legal Data - laws, regulations, licensing requirements.
 14. Tax Data.
 15. Association membership data - cooperative, trade, and business organizations.
 16. Public assistance projects - participation in programs.
 17. AID project documents.
 18. Individual business data - employment by gender, for example.
 19. Labor-force characteristics by sector.
 20. Jobs - type of jobs available.
- . 3/1'

RAPID LOW-COST DATA COLLECTION METHODS

- **KEY INFORMANT INTERVIEWS**

These interviews involve in-depth discussions on a specific topic with knowledgeable persons in order to obtain data, opinions, and perspectives on the topic. Key informants need to represent various points of view including both those of men and women, low/upper incomes, occupational groups, and organizations. An interview guide listing the main topics and issues to be covered is sometimes used to guide this discussion, although specific questions are formulated during the interview. Information from key informant interviews is usually supplemented by information from other sources.

- **FOCUS GROUP INTERVIEWS**

In focus group interviews, participants discuss ideas, issues, and information among themselves under the general supervision of a moderator. The underlying premise is that group interaction has synergistic effects on participants, producing better information and insights than do individual interviews. The number of participants is limited to facilitate the discussion.

- **COMMUNITY INTERVIEWS**

Community Interviews take the form of community/village meetings open to all members. Interviews are usually conducted by a team of two or more investigators, who follow an interview guide. Community interviews can also be used to obtain community-level statistical data.

- **DIRECT OBSERVATION**

This method involves intensive and systematic observation of a phenomenon or process in its natural setting. It is not, however, as elaborate a method as participant observation, which is used in ethnographic studies. In the study of social and economic phenomena, direct observation usually requires the interviewing of key informants as well.

- **INFORMAL SURVEYS**

Informal surveys differ from sample surveys in four respects. They...

- 1) focus on only a few variables;
- 2) use a small sample size;
- 3) use non-probability sampling; and
- 4) permit more flexibility to the interviewers in the field.

Informal surveys generate data that can be statistically analyzed.

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