GENDER STRATEGY ON INVESTMENT CLIMATE FOR REMIT

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Overview: Why a gender strategy for REMIT?

FCDO is committed to mainstreaming gender equality in the REMIT programme. The focus of this gender strategy paper is Pakistan's investment climate. The Government of Pakistan is committed to gender mainstreaming as a signatory of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) since 1996. More recently, it announced a National Gender Policy Framework which lays out its responsibility for enhancing women's economic participation and strengthening their participation and decision making within governance systems[1]. At the same time, evidence suggests that despite civil service reform, which include quotas for women and other policy supports, the majority of women remain in junior and stereotypical positions within public sector institutions[2]. A strategy aimed at fostering gender equality in the country's investment climate will have to take into account lack of gender sensitivity within public institutions and ways to address it.

Country Context: State of Gender Equality and Social Norms

Women in Pakistan perform much more poorly than their regional counterparts on a number of social and economic indicators; women's labour force participation rate is estimated at 21 percent, while that of Bangladesh is 35 percent, Sri Lanka 31 percent and India 19 percent[3]. The gender wage gap in Pakistan is also wide, with women earning only 18 percent of what men earn. In addition, they face considerable time poverty, spending 10 times the hours that men do in unpaid care work (refer to section 3 of the main report). Patriarchal social norms explain much of this disparity, including women's restricted access to public space, their double workday given their care responsibilities, and the lack of familial and community support when it comes to their economic participation. Women in Pakistan not only face severe gender asset gaps they also have limited networks, which results in information asymmetries where women lack basic information on business, finance, and law.

Pakistan Regulatory Modernisation Initiative (PRMI) is the Government of Pakistan's regulatory reform strategy for improving the country's investment climate in order to make it easier for local and foreign investors to establish and operate their businesses. However, this and other initiatives and reforms are usually gender neutral. Given Pakistan's patriarchal sociocultural norms, gender neutrality is bound to lead to biased outcomes.

Framework for REMIT Gender Investment Strategy

The figure below lays out the theory of change for the proposed strategy.

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[1] DAWN. Mar-9, 2022. Pakistan launches National Gender Policy Framework on International Women's Day. https://www.dawn.com/news/1678933/pakistan-launches-national-gender-policy-framework-on-international-womens-day

[2] UNDP Pakistan. 2017. Gender Equality in Public Administration – Pakistan Case Study. UNDP and UN Women. Islamabad.

[3] The World Bank Gender Data Portal https://www.worldbank.org/en/data/datatopics/gender/country/Pakistan

Problems	Barriers	Solutions	Outputs	Outcomes
•Low percentage of women owned businesses •Majority of women's businesses in informal sector •Women's businesses smaller than men's, low on capital •Low female labour force participation rate	•Patrirachal social norms •Restricted mobility •Time poverty •Limited networks •Information asymmetry •Gender asset gaps •Education and skill gaps	•Gender-responsive analysis, planning and M&E of •Regulatory reform •Public-Private Dialogues (PPDs) •Special Economic Zones (SEZs) •Credit markets	•Regulatory reform is gender sensitive •Public-Private Dialogues (PPDs) are gender inclusive •Special Economic Zones (SEZs) address women's unique challenges •More equitable access to credit	•Enabling investment climate for women •More broad based economic growth •Increase in female labour force participation

Gender Strategy Investment Interventions

Based on a preliminary contextual analysis (refer to section 4 of the main report), and the theory of change outlined above, four key areas of intervention are identified below (refer to section 6 of the main report):

Intervention	Year 1 Implementation Activities
Gender Aware Regulatory Reform Investment barriers such as lengthy and complex business registration and licensing processes make it much harder for women to establish and operate their businesses, given their unique challenges, as described above. Applying a gender lens at this stage is critical and this should be the focus of REMIT's first year implementation activity under this intervention. Sensitivity trainings of PRMI staff is also required to enhance gender inclusivity.	1. Conduct gender-sensitivity trainings of provincial and federal regulators involved in PRMI. 2. Conduct baseline analysis of business regulations and processes from the perspective of women (see section 4 of the main report).
Gender Inclusive Dialogue, Communication and Advocacy Gender inclusive dialogue is critical for identifying gaps in existing policy and practice. Reforms are most likely to benefit women if their voice is heard at the planning, implementation, and M&E stages in order to identify critical areas of intervention, design contextualized solutions and ensure that reform serves both women and men.	1. Develop mechanism for choosing PPD members based on the specific mandate to represent the diverse interests of Pakistan's businesswomen. 2. Sector-level meeting of gender inclusive PPDs to be held in partnership with relevant stakeholders. • Relevant stakeholders would include women business platforms such as WE-NET, as well as bodies relevant to gender-focused investment climate

	reform such as SMEDA, SBP, Commissions on Status of Women. 3. Design PPD gender-sensitive communication and advocacy strategy for public and private stakeholders. 4. Conduct baseline behaviour change survey. • This pre-survey will be followed by a post-survey in the last year of the programme.
Enhancing Gender Equality Through SEZs SEZs present opportunities for broadening Pakistan's economic and export base. SEZs offer fiscal incentives attractive to investors but have not seen significant investment by women-led businesses. SEZs offer REMIT several entry points for enhancing gender equality.	1. Conduct baseline analysis of the local ecosystem to assess how SEZs can be used to enhance gender equality in investment and the labour force. 2. Conduct an impact assessment of ongoing or previous women entrepreneurship capacity training programmes such as WomenX. The needs assessment should include PPDs with businesswomen, women chambers and business forums.
Enhancing Women's Access to Finance Access to finance is a critical determinant of the success of women's ventures. According to the Global Entrepreneurship Monitor (GEM), while government policies for the entrepreneurial framework have improved in Pakistan from 2012 to 2019, entrepreneurial finance has shrunk over the same period, which has disproportionately affected women (refer to section 6.4 of the main report). Women businesses are short on capital, suffer from information asymmetries and discriminatory financial regulations. The aim of intervention should be to remove roadblocks for women in financial markets through gender-responsive analysis, planning and M&E.	1. Conduct gender impact assessment of ongoing access to finance initiatives with a view to identifying roadblocks and design improvements. 2. Conduct a gender impact assessment of existing financial literacy programmes.

Gender Strategy on Investment Climate for REMIT

FCDO is committed to mainstreaming gender equality in the REMIT programme. The focus of this gender strategy paper is Pakistan's investment climate. The Government of Pakistan is committed to gender mainstreaming as a signatory of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) since 1996. More recently, it announced a National Gender Policy Framework which lays out its responsibility for enhancing women's economic participation and strengthening their participation and decision making within governance systems[4]. At the same time, evidence suggests that despite civil service reform, which include quotas for women and other policy supports, the majority of women remain in junior and stereotypical positions within public sector institutions[5]. A strategy aimed at fostering gender equality in the country's investment climate will have to take into account inadequate gender sensitivity within public institutions and ways to address it.

This strategy paper lays out a theory of change that outlines the rationale for the strategy by establishing a country context that delineates the problems and barriers to women's investment and participation in the economy. The theory of change identifies specific challenges, solutions, outputs and outcomes based on gender-responsive analysis, planning and monitoring and evaluation (M&E). Four key areas of intervention are identified, including regulatory reform, public private dialogue, special economic zones, and access to credit.

1. FCDO and Gender Equality

The FCDO Programme Operating Framework requires all its projects to consider and provide evidence of the impact of their interventions on gender equality (Rule 10). This is essential to FCDO's commitment to the Sustainable Development Goals (SDGs), its pledge to *Leave No One Behind*, and the International Development (Gender Equality) Act 2014. The International Development (Gender Equality) Act 2014 emphasizes the desirability of development assistance that is likely to contribute to reducing poverty in a way that reduces gender inequality.

In addition, the Public Sector Equality Duty under the Equality Act 2010 requires FCDO programmes to tackle discrimination and advance equality of opportunity. This requires consideration of how to deliver legislation and programmes that reduce gender inequality and take account of gender differences[6].

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[4] DAWN. Mar-9, 2022. Pakistan launches National Gender Policy Framework on International Women's Day. https://www.dawn.com/news/1678933/pakistan-launches-national-gender-policy-framework-on-international-womens-day

[5] UNDP Pakistan. 2017. Gender Equality in Public Administration – Pakistan Case Study. UNDP and UN Women. Islamabad.

[6] FCO Programme Operating Framework https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/997874/Programme-Operating-Framework-June21.pdf

2. Why a Gender Strategy for REMIT?

Making Pakistan's investment climate gender inclusive is a core element of REMIT's goal of creating a more enabling business environment. The UK government is globally recognized as a leader on gender equality. FCDO's Vision for 2030[7] contends that:

> *Gender equality and empowered girls and women are fundamental to building prosperous, resilient economies, and peaceful, stable societies. The gains are essential to delivering lasting outcomes across all the Sustainable Development Goals (Global Goals). Gender equality is in everyone's interests.*

Gender equality is indeed in everyone's interests. Malaysia's economic transformation through export-led industrialization was achieved in part by a significant increase in women's labour force participation. By 1995, women constituted 43.4 percent of the manufacturing workforce[8]. Nevertheless, while women's empowerment and economic development are closely interrelated, seeking gender equality is a critical policy goal in and of itself[9].

In response to FCDO's call to action on gender equality, this strategy will provide guidance on how REMIT can support Pakistan in making its investment climate inclusive through gender-aware analysis, planning, and M&E.

3. Country Context: State of Gender Equality and Social Norms

Gender inequality in Pakistan's economy remains a significant cause for concern. Women's labour force participation rate is estimated at 21 percent, while that of Bangladesh is 35 percent, Sri Lanka 31 percent and India 19 percent[10]. Pakistan's inclusive growth targets require women's workforce participation to rise to 45 percent[11]. The gender wage gap in Pakistan is also wide, with women earning only 18 percent of what men earn. In addition, they face considerable time poverty, spending 10 times the hours that men do in unpaid care work[12].

According to the World Bank's Enterprise Surveys, only 12 percent of firms in Pakistan have female participation, as opposed to a world average of 33 percent and regional average of 18.4 percent. This figure drops to just 8 percent for the percentage of Pakistani firms that have female majority ownership. When women do establish their own businesses, they are primarily in the informal sector, are frequently homebased and chronically short of capital[13]. The Global

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[7] DFID Strategic Vision for Gender Equality https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/708116/Strategic-vision-gender-equality1.pdf

[8] Ahmad, A. 1998. Country Briefing Paper – Women in Malaysia. https://www.adb.org/sites/default/files/institutional-document/32552/women-malaysia.pdf

[9] Duflo, E. 2012. Women Empowerment and Economic Development. *Journal of Economic Literature 50(4): 1051-1079.*

[10] The World Bank Gender Data Portal https://www.worldbank.org/en/data/datatopics/gender/country/Pakistan

[11] World Bank. 2019. *Pakistan @ 100: Shaping the Future*. World Bank. Washington, DC.

[12] UNDP Pakistan: https://www.pk.undp.org/content/pakistan/en/home/library/development_policy/dap-special-edition-womenomics-march2021.html

[13] Invest2Innovate. Pakistan Startup Ecosystem Report 2019. World Bank Group. https://we-fi.org/wp-content/uploads/2021/05/i2i-Pakistan-Startup-Ecosystem-Report-2019-1.pdf

Entrepreneurship Monitor's Women Report documents that 89 percent of women-owned businesses report no employees, as compared to only 26 percent of men-led businesses, indicating that women's businesses are significantly smaller than men's.

Patriarchal social norms explain much of this disparity, including women's restricted access to public space, their double workday given their care responsibilities, and the lack of familial and community support when it comes to their economic participation[14]. These norms lead to low levels of literacy, education, and skills for women[15]. They also mean that women have limited networks, which results in information asymmetries where women lack basic information on business, finance, and law. Women in Pakistan also face severe gender asset gaps. A survey of rural land finds that only 4 percent of women own agricultural land and among these 11 percent have decision-making power over their land[16]. This compares to 16 percent of rural landownership among women in India[17] and 13 percent in Bangladesh[18], which are also very low rates but higher than those in Pakistan.

4. Gender Reform Space Assessment under REMIT

Pakistan Regulatory Modernisation Initiative (PRMI) is the Government of Pakistan's regulatory reform strategy for improving the country's investment climate in order to make it easier for local and foreign investors to establish and operate their businesses. It builds on the previous Ease of Doing Business programme. The PRMI aims to take a structured approach to modernise and simplify business regulations in order to improve investment, productivity, and growth in the country.

The PRMI's emphasis on reducing and simplifying procedural hurdles, increasing transparency, and emphasizing the efficiency and effectiveness of business regulations will create an enabling business environment, such as through the Pakistan Single Window (PSW) initiative. Women-led businesses will benefit most from this because anything that enhances the ease of doing business disproportionately helps women given their time poverty, mobility restrictions, asymmetric access to information and other limitations mentioned above.

Nevertheless, the PRMI is premised on gender neutrality. Given that Pakistan's sociocultural norms are strongly patriarchal, gender neutrality is bound to lead to biased outcomes. This happens not only because neutrality invisibilizes gender biases in procedures and regulations, but also because problems unique to women in the business environment remain unidentified.

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[14] World Bank. 2019. *Pakistan @ 100: Shaping the Future*.

[15] International Labour Organization (ILO). Skills and employability in Pakistan. https://www.ilo.org/islamabad/areasofwork/skills-and-employability/lang--en/index.htm

[16] Ahmad, N. and Khan, H. 2016. Measuring women's disempowerment in agriculture in Pakistan. IFPRI Discussion Paper 01512.

[17] Agarwal, B., Anthwal, R. and Malvika, M. 2020. Which women own land in India? Between divergent data sets, measures and laws. GDI Working Paper 2020-043. Manchester: The University of Manchester.

[18] Solotaroff, J.L., Kotikula, A., Lonnberg, T., Snigdha, A, Pande, R. and Jahan, F. 2019. Ownership and Control Over Productive Assets. In *Voices to Choices: Bangladesh's Journey in Women's Economic Empowerment*, 63-93. World Bank. Washington DC.

For instance, a survey in Bangladesh found government clerks charging "speed payments" to process claims more likely to target women, as they were assumed to have a male provider. Pregnant and ill women were more likely to be subject to such "informal payments" because they were seen to be in a weak position[19]. An inclusive approach to reform will require genuine efforts to ensure that women's voice is heard and included at every stage to overcome gender blindness. It will also require developing gender sensitivity within the PRMI and other public sector institutions, as well as improving the gender ratio at all staff levels.

The COVID-19 pandemic has shown how women are more acutely affected because of their reduced capacity to withstand such shocks. In sharing the results of its ongoing survey on the economic impact of the pandemic, the World Bank acknowledges that the pandemic has not been gender blind. It's survey of firms in low and middle-income countries, including Pakistan, found that during the first year of the pandemic, women-led businesses showed a sharper decline in revenues as compared to those led by men. They faced more financial risk as well, reporting having less cash available to cover their costs. Women also lost more jobs than men, one reason being that sectors that employed a higher share of women, such as hospitality, were hit hard by COVID-19. Finally, women's care burden increased substantially during the pandemic[20]. This questions the neutrality of the regulatory climate, which will disproportionately favour men because of the overall environment of male preference when it is not sensitive to the unique needs of women.

The PRMI, with its emphasis on public-private dialogue (PPD), engagement with business expert groups, on the one hand, and capacity building and dissemination, on the other, offers several entry points for REMIT to build gender sensitivity in the investment climate. One important intervention would be to conduct a baseline analysis of business regulations and processes from the perspective of women. This will require the collection of gender disaggregated data, including information such as the following:

- In which sectors do women typically invest and work in?
- Where are women's businesses most likely to be located?
- What is women's representation and position in business associations such as chambers of commerce, private sector management and boards?
- How do cultural norms affect the process of registration for women and men? Is the space conducive for women? How many times does the individual have to go back to desk? Can it be automated? Does a woman require male permission for registration?
- What unique hurdles do women face?
- How many women staff members, and at what levels and positions, are there?

The chart[21] below shows hypothetical process tracing in a baseline analysis that can establish how regulations impact women and men differently.

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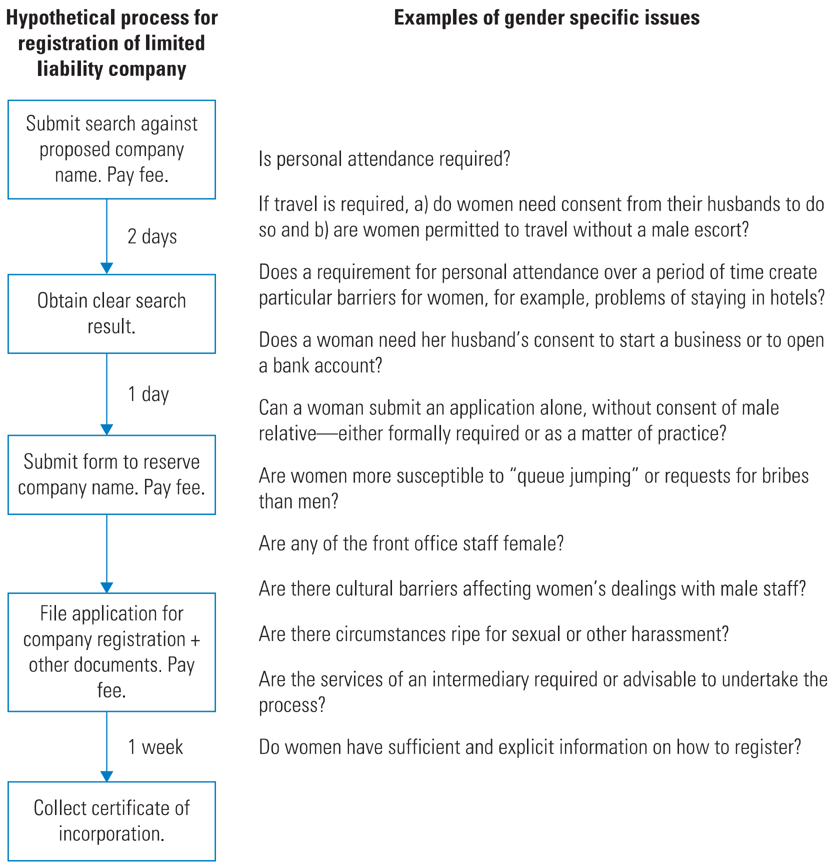
[19] UNIFEM (United Nations Development Fund for Women). 2008. "Who Answers to Women? Gender & Accountability." UNIFEM, New York.

[20] Ivacone, L. et al. (July 2021). COVID-19 and women-led businesses: More innovation but greater financial risk. World Bank. https://blogs.worldbank.org/psd/covid-19-and-women-led-businesses-more-innovation-greater-financial-risk

[21] Simavi, S., Manuel, C. and Blackden, M. 2010. Gender Dimensions of Investment Climate Reform: A Guide for Policymakers and Practitioners. Washington DC: The World Bank.

Figure 1: Hypothetical Gender Analysis of Business Registration Process



It's critical to include women's active participation in the process of reform as well as to seek wider change through a gender-focused dissemination and advocacy process. One key vehicle for this is gender-inclusive PPDs across levels and sectors.

Special Economic Zones (SEZs), which the Government of Pakistan accords high priority to, present another intervention window. The SEZ Act 2012 calls for the setting up of SEZs either by the federal and provincial governments themselves, through public-private partnerships or exclusively by the private sector. This creates targeted opportunities to increase women's economic participation and investment with significant multiplier effects. While SEZs are attractive to investors because of the fiscal incentives they offer, SEZs do not typically see a lot of investment activity by women. A key reason for this is that women lack capital and SEZs require significant capital investment, particularly in land. In addition, many SEZs are located in remote areas because of which women's economic participation as investors and workers is generally low, given their mobility restrictions. While global best practices on making SEZs more gender-inclusive provide several solutions to getting around these challenges[22], there is a need to conduct baseline analyses keeping in mind the local context. For instance, dedicated co-working spaces for women's businesses can be offered within each SEZ to remove their

[22] World Bank and the International Finance Corporation (IFC). 2011. *Fostering Women's Economic Empowerment – Through Special Economic Zones*. Washington DC.

barriers to investment and entry. This would use the growing culture of co-working spaces in the country, where such spaces grew to more than 80 by 2019 alone[23].

Finally, an important area of intervention with regard to the investment climate is access to finance. The State Bank of Pakistan's (SBP) emphasis in the past decade on enhancing women's financial inclusion and its newly launched Banking on Equality initiative, offers REMIT opportunities to further reduce implicit and explicit biases in the credit market. This would be done by assessing how effective ongoing interventions have been in improving access to finance for businesswomen and enhancing financial literacy as well as what improvements can be designed keeping in view existing windows.

5. Framework for REMIT Gender Investment Strategy

The figure below lays out a theory of change, based on the above discussion, for the proposed strategy. It identifies **problems** of limited business ownership among women, the small size and informal nature of their enterprises, chronic shortage of capital, and low rate of female labour force participation. As mentioned earlier, research attributes these **barriers** to local patriarchal norms, mobility restrictions, time poverty, limited networks, information asymmetry, gender asset gaps, and education and skill gaps. The theory of change suggests gender-responsive analysis, planning and M&E of regulatory reform, PPDs, SEZs and credit markets as proposed **solutions**. The related **output**s to these solutions include gender sensitive regulatory reform, gender inclusive PPDs, SEZs that address women's unique challenges, and more equitable access to credit. The expected **outcomes** include a more enabling business environment for women, more broad-based economic growth as the proportion of women owned businesses increase in number, size and formality, and a sustained increase in women's labour force participation rate.

[23] Invest2Innovate. Pakistan Startup Ecosystem Report 2019. World Bank Group. https://we-fi.org/wp-content/uploads/2021/05/i2i-Pakistan-Startup-Ecosystem-Report-2019-1.pdf

Figure 2: Theory of Change for Gender Investment Strategy

Problems	Barriers	Solutions	Outputs	Outcomes
• Low percentage of women owned businesses • Majority of women's businesses in informal sector • Women's businesses smaller than men's, low on capital • Low female labour force participation rate	• Patrirachal social norms • Restricted mobility • Time poverty • Limited networks • Information asymmetry • Gender asset gaps • Education and skill gaps	• Gender-responsive analysis, planning and M&E of • Regulatory reform • PPDs • SEZs • Credit markets	• Regulatory reform is gender sensitive • PPDs are gender inclusive • SEZs address women's unique challenges • More equitable access to credit	• Enabling investment climate for women • More broad based economic growth • Increase in female labour force participation

6. Gender Strategy Investment Interventions

Based on a preliminary contextual analysis and the theory of change outlined above, the four key areas of intervention are detailed below. In each case, the next phase for REMIT will require a gender-focused baseline analysis to get to the most critical problems, opportunities, and solutions.

6.1. Gender Aware Regulatory Reform

In Pakistan, investment barriers such as lengthy and complex business registration and licensing processes make it much harder for women to establish and operate their businesses, given their unique challenges, as described above. The PRMI reform will take place in three stages, that is, planning, execution phase 1 and execution phase 2. During the first stage, cataloguing will be done of regulations to be retained, reviewed or eliminated based on predetermined criteria. Applying a gender lens at this stage is critical and this should be the focus of REMIT’s first year implementation activity under this intervention. Sensitivity trainings of PRMI staff is also required to enhance gender inclusivity.

In the first phase of execution, the Pakistan Business Portal will be created, as part of the regulatory guillotine framework. During this stage refined regulatory instruments and processes will be digitalized. In the second phase of execution Regulatory Impact Assessments (RIAs) will ensure quality of the reform process. This is also when the National Regulatory Delivery Office (NRDO) will be created to institutionalize PRMI reforms. An effective gender-focused baseline analysis in the planning stage will pave the way for gender-aware execution and M&E of the PRMI.

Year 1 Implementation Activity

1. Conduct gender-sensitivity training of provincial and federal regulators involved in PRMI.
2. Conduct baseline analysis of business regulations and processes from the perspective of women (for example see section 4 above).

6.2. Gender Inclusive Dialogue, Communication and Advocacy

Gender inclusive dialogue is critical for identifying gaps in existing policy and practice. Inception interviews with women business leaders across cities highlighted that platforms where businesswomen are prominently represented are few and far between, while mainstream associations are primarily led by men and represent businesses headed by men. Reforms are most likely to benefit women if their voice is heard at the planning, implementation, and M&E stages in order to identify critical areas of intervention, design contextualized solutions, and ensure that reform serves both women and men.

Similarly, a communication strategy with a strong gender focus will address the information asymmetry issues women face. Finally, advocacy that targets gender-specific challenges can address the behavioural change needed to confront the repressive and discriminatory social norms that limit women's economic participation in Pakistan.

The intervention offers significant opportunities for REMIT to engender an inclusive and enabling business environment. This should be done by ensuring women's voice in PPDs – which are an existing component of the PRMI – across each of the Government's priority sectors, including food processing, textiles, information technology, tourism and hospitality. It is also important that a diversity of women business leaders be included in the dialogue, since their needs and challenges vary by area, sector and scale of business. For cities such as Hyderabad where a women chamber doesn't exist, businesswomen should be individually identified by seeking input from business expert groups in the area.

Year 1 Implementation Activities

1. Develop mechanism for choosing PPD members based on the specific mandate to represent the diverse interests of Pakistan's businesswomen.
2. Sector-level meeting of gender inclusive PPDs to be held in partnership with relevant stakeholders.
    - Relevant stakeholders would include women business platforms such as WE-NET, as well as bodies relevant to gender-focused investment climate reform such as SMEDA, SBP, Commissions on Status of Women.
3. Design PPD gender-sensitive communication and advocacy strategy for public and private stakeholders.
4. Conduct baseline behaviour change survey.
    - This pre-survey will be followed by a post-survey in the last year of the programme.

6.3. Enhancing Gender Equality Through SEZs

SEZs present opportunities for broadening Pakistan's economic and export base. SEZs offer fiscal incentives attractive to investors, including concessions and exemptions on income tax and custom duty. The Board of Investment (BOI) is the owner of the SEZ Act, while the Board of Approvals within the BOI provides the necessary approvals for SEZ investors. SEZs offer REMIT several entry points for enhancing gender equality. Research on how SEZs can empower women suggest three main areas to focus on[24]:

1. Access to fair employment and working conditions
2. Equal access to investment opportunities
3. Equitable access to infrastructure

What we don't know is how SEZs can be made more gender-inclusive in the local context. For instance, SEZs in Pakistan are of various types and their proposed or actual locations are both in remote areas as well as heavily populated urban centers, such as Faisalabad. Only some SEZs include labour colonies in their plans, which has implications for the transportation and housing costs of workers. This will particularly impact female labour force participation because of the mobility restrictions women face.

Technology SEZs or Special Technology Zones (STZs) are a new type of SEZs, managed by the Special Technology Zones Authority (STZA). The STZA is a body established under the Cabinet Division of the Government. The Islamabad Technopolis is the first STZ to be established under the STZA. Thus, SEZs offer very different opportunities and challenges for gender-inclusivity, depending on type, location, sector, and the skill requirements for workers and entrepreneurs. An in-depth baseline analysis is suggested that would identify how Pakistan’s SEZs can be made more inclusive for women entrepreneurs and women workers. This would consider the following factors.

SEZs should be spaces that offer fair and non-discriminatory employment to all, including women. This requires the enforcement of labour laws, especially those that impact women the most, including maternity and paid sick leave, non-discrimination on the basis of pregnancy or marital status, and equal pay. Given women’s time poverty, their care responsibilities and mobility restrictions, they also have unique infrastructure needs. Basic infrastructure such as a childcare center with an on-site childcare provider, a healthcare centre with at least one female healthcare provider, gender segregated bathrooms, housing and transportation facilities for women would make SEZs an attractive place for women to work and invest in.

One entry point would be gender sensitivity trainings by the BOI at the time of NOC issuance to SEZ investors. Another enabler is an effective monitoring system, such as a gender-equity certification system which the UNDP has been using for public and private enterprises to enhance gender equality in business.

A key factor preventing women’s investment in SEZs are the considerable costs required to acquire land. As mentioned above, women’s businesses tend to be much smaller than men’s for they lack the capital required to scale up. Dedicated co-working office spaces for women’s businesses offer one way to include them within SEZs at a much-reduced cost.

In order to increase women’s investment in SEZs, there is a need for entrepreneurial skills training and networking opportunities that match sectoral opportunities within particular SEZs. The World Bank’s WomenX programme, delivered by the Institute of Business Administration

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[24] World Bank and the International Finance Corporation (IFC). 2011. *Fostering Women’s Economic Empowerment – Through Special Economic Zones*. Washington DC.

(IBA) in Karachi, Government College in Lahore, and other cities in Pakistan, is an example of such a programme that focused on teaching core business skills, providing mentorship and networking opportunities to women entrepreneurs. While the programme did not focus on a particular trade or sector, an impact assessment of the programme can provide key learnings for REMIT. Women chambers and business forums where women are represented should be engaged to identify their specific training, capacity building, and networking needs. These would then be compared to what programmes such as WomenX have offered.

Year 1 Implementation Activities

1. Conduct baseline analysis of the local ecosystem to assess how SEZs can be used to enhance gender equality in investment and the labour force.
2. Conduct an impact assessment of ongoing or previous women entrepreneurship capacity training programmes such as WomenX. The needs assessment should include PPDs with businesswomen, women chambers and business forums.

6.4. Enhancing Women's Access to Finance

Access to finance is a critical determinant of the success of women's ventures[25][26]. According to the Global Entrepreneurship Monitor (GEM), while government policies for the entrepreneurial framework have improved in Pakistan from 2012 to 2019, entrepreneurial finance has shrunk over the same period, which has disproportionately affected women[27]. Interviews with businesswomen across Pakistan highlight that lack of financial access seriously hampers their growth potential.

SBP data shows that only 9 percent of borrowers receiving SME finance are women and only 23 percent of microfinance bank borrowers are women. Access to digital finance is also skewed. In particular, lack of access to mobile phones and mobility restrictions affects rural and poor women the most but having women branchless banking agents has the potential to enhance take up[28].

The SBP has a refinance and credit guarantee scheme for women entrepreneurs where it provides a partial risk guarantee of 60 percent to participating financial institutions (FIs) at an interest rate of 5 percent for a maximum amount of PKR 5 million for up to 5 years. While the impact on those who were able to secure credit under it needs investigation, many women entrepreneurs report being unable to take advantage of this scheme.This is not only because financial regulations and processes are cumbersome, hitting time poor women hard, but also because women lack awareness about procedural requirements. Given the gender asset gaps in the country, Pakistani women are also prevented from access to credit because they lack collateral.

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[25] De Vita, L., Mari, M., & Poggesi, S. 2014. "Women entrepreneurs in and from developing countries: Evidence from the literature." *European Management Journal* 32(3): 451-460.

[26] Zulfiar, G. and Naeem, A. Policy Brief: Financial Access for Women Entrepreneurs. Social Enterprise Development Centre (SEDC), LUMS. https://sedc.lums.edu.pk/sites/default/files/user376/financial_inclusion_policy_brief_-_final_-_website_26th_oct_17.pdf

[27] Gender Entrepreneurship Monitor (GEM) https://www.gemconsortium.org/economy-profiles/pakistan-2

[28] CGAP Blog. Pakistan Gender Intentional Policy Can Make Agent Banking Work Better. Washington DC. https://www.cgap.org/blog/pakistan-gender-intentional-policy-can-make-agent-banking-work-better

In 2021, the SBP launched Banking on Equality to reduce the gender gap in access to finance. As part of this initiative, it seeks to increase gender sensitivity in FIs by increasing the percentage of women employees and mandating gender sensitivity training for banking staff. Other provisions include increasing the number of women-centric products and services and increasing the number of women branchless banking agents. While these are steps in the right direction, they are not mandatory requirements and will require gender-responsive implementation and M&E for maximum impact.

Financial literacy is one of the key components of the National Financial Inclusion Strategy (NFIS) of Pakistan. Financial literacy programs launched in the last decade include the National Literacy Program for Youth by the National Institute of Banking and Finance (NIBAF). The Securities and Exchange Commission of Pakistan (SECP) also launched JamaPunji, a financial literacy and investor education programme, and signed MOUs with five universities to promote financial literacy among young people in the country. It's take up by women and impact on their businesses and income needs to be assessed. Such an assessment would be an important component of REMIT's intervention.

REMIT can play a significant role in enhancing gender equality with multi-stakeholder dialogues to identify design flaws and problems with implementation of existing programmes. The aim should be to remove roadblocks for women in financial markets through gender-responsive analysis, planning and M&E.

Year 1 Implementation Activities

1. Conduct gender impact assessment of ongoing access to finance initiatives with a view to identifying roadblocks and design improvements.
2. Conduct a gender impact assessment of existing financial literacy programmes.