



**GSPS** | GENDER IN SOCIETY  
PERCEPTION STUDY

# WOMEN'S ECONOMIC EMPOWERMENT

Kyrgyz Republic



OCTOBER 2018

©2018 UN Women. All rights reserved.

Produced by UN Women Kyrgyzstan Country Office  
Author: Nurgul Ukueva  
Layout: Azamat Tursunkulov

The views expressed in this publication are those of the author(s) and do not necessarily represent the views of the United Nations, any of its affiliated organisations, namely UN Women, UNFPA and IOM, and the Government of the Kyrgyz Republic.

View the report at: <http://www.unwomen.org/en/digital-library/publications>

RESEARCH REPORT:  
**WOMEN'S ECONOMIC  
EMPOWERMENT**

Kyrgyz Republic



Bishkek, October 2018



# GENDER IN SOCIETY PERCEPTIONS

## STUDY (GSPS) OF THE KYRGYZ REPUBLIC

This pillar research report is part of the Gender in Society Perceptions Study (GSPS) funded by the United Nations Peacebuilding Fund, a joint undertaking of UN Women, UNFPA and IOM in the Kyrgyz Republic and in partnership with the National Statistical Committee of the Kyrgyz Republic. The GSPS is also supported by stakeholders from leading local universities, research institutions, non-governmental organisations and government ministries, including the Office of the President; National Academy of Sciences; National Defence Council; Ministry of Labour, Migration and Youth; Department for Security, Law Enforcement and Defence, and the Ministry of Internal Affairs.

The overall objective of the GSPS is to establish household, community and public level data and information on key risk factors for gender inequality and threats for violence affecting women and girls in the Kyrgyz Republic (what is known, believed and practised). Specific objectives of the GSPS are to understand:

- Pressing interpersonal and structural issues leading to gender discrimination, violence and exploitation;
- Community-level trends and shifting societal perceptions of gender stereotypes and relations;
- The relationship between gender inequality, insecurity and potential conflict triggers.

To reach these goals, quantitative and qualitative research was carried out on five topics of key interest to understand gender practices and perceptions in Kyrgyzstan today: women's political participation, women's economic empowerment, violence against women and girls in the form of bride kidnapping and child marriages, women's religious beliefs and practices, and women's involvement in labour migration. The GSPS National Survey Results,

collected by UNFPA and the National Statistical Committee of the Kyrgyz Republic, were published in Fall 2016. The GSPS pillar reports, each address one of the five topics of interest, and incorporate the findings of the qualitative and quantitative research. The pillar reports and survey are published in English, Russian and Kyrgyz. A general introduction, published separately, provides the full context analysis and methodology for the collection of GSPS publications.

The GSPS was launched to redress the lack of comprehensive studies that focused squarely on sources of gender inequality – and particularly on the attitudes and perceptions that can feed gender inequality – in the Kyrgyz Republic, and to identify the factors relevant for promoting a gender-inclusive peace. The GSPS attempted to identify opportunities and strategies for equal participation of women and girls in community level processes, provide focussed recommendations to state and non-state authorities, and provide evidence for more gender-responsive policies in the Kyrgyz Republic. The results of the GSPS are being widely distributed within the UN system, to the Government of the Kyrgyz Republic, and among scholars and members of civil society and non-governmental organisations.

# RESEARCH TEAM

Author of this report: Nurgul Ukueva

Analyst team of this report: Elnura Kazakbaeva and Guljan Niazalieva

## WITH SUPPORT OF GSPS RESEARCH TEAM

**Principal Investigator:** Meghan McCormack

**Study materials developed by:** Chinara Esengul, Galina Gorborukova, Larisa Ilibezova, Altyn Kapalova, Alisher Khamidov, Aijarkyn Kojobekova, Asel Murzakulova, Mehrigiul Ablezova, Nina Bagdasarova

### Qualitative research team:

**Pillar reports written by:** Mirgul Karimova, Elena Kim, Asel Murzakulova, Nurgul Ukueva, Nurgul Esenamanova, Aikokul Maksutova

**Analytic support provided by:** Diana Asanalieva, Gulmairam Attokurova, Bektemir Bagyshkulov, Aikol Bolotbekova, Aiymbubu Dzhaparkulova, Baktygul Kapalova, Madina Kasymova, Elnura Kazakbaeva, Gulzhan Niazalieva, Zharkyn Omurbekova, Rimma Sultanova, Zarina Urmanbetova, Aida Tynychbekova

**Data collected by:** Nargiza Abdyrakhman kyzy, Diana Asanalieva, Gulmairam Attokurova, Bektemir Bagyshkulov, Aikol Bolotbekova, Jamal Frontbek kyzy, Aiymbubu Dzhaparkulova, Baktygul Kapalova, Elnura Kazakbaeva, Gulzhan Niazalieva, Zharkyn Omurbekova, Rimma Sultanova, Rustam Ulukov, Zarina Urmanbetova, Aida Tynychbekova

**Transcription services provided by:** “M-Vector” research and consulting company

**Research photography:** Elyor Nematov

### Quantitative research team:

**Survey managed and consulted by:** Elvira Isenkulova, Larisa Ilibezova, Gulhumar Abdullayeva

**Analytical report written by:** Gulmira Sulaimanova, Lyudmila Torgasheva, Nina Bagdasarova, Larisa Praslova, Zulfiya Kochorbaeva, Eugenia Karpovich

**Consultation on statistical domains by:** Tamara Taipova and Chynara Turdubaeva

**Data processing by:** Larisa Praslova

**Field work regional coordination by:** Ulan Iskatov, Zhandaraly Sadyraliev, Kydyrgych Akmatov, Myrzahmat Ergeshov, Azizbek Rysbaev, Svetlana Satkanalieva, Almaz Shakulov, Koshoy Isaliev, Torobek Amatov

**Data collection by:** Nurbek Kannazarov, Ideyat Bektasheva, Tilek Baktybekov, Tolgonai Tazhibaeva, Tolgon Mamatkulov, Bolot Ibrahimov, Mirbek Eshenkulov, Asylbek Kozhonov, Barahathon Baybubaeva, Maharam Rahmanzhanova, Rahmat Akmatov, Rahima Baybubaeva, Parida Gaparova, Shahzada Saitova, Gulzat Nurmatova, Batirzhon Turakulov, Nurlan Shakulov, Saltanat Muratbekova, Aigul Toktosunova, Gulsana Omorova, Nazira Japarova, Cholpon Shatenova, Zhazgul Imanova, Aisuluu Momylbaeva, Gulnara Sadimova, Kuban Toktorbaev, Altyngul Sabirbaeva, Uulzhan Imanalieva, Zulayka Kasymova, Nurzan Nazaraliev, Ainura Tursunova, Medetbek Kabylbekov, Cholponay Adanova, Turdygul Tokhtarova, Murzarahim kyzy Ayzirek, Muyassarhan Hamdamova, Aida Joldosheva, Zhumagul Bekmurtova, Muratbek kyzy Samara, Mamatilla uulu Edilbek, Zhazgul Moldokabylova, Gulmira Orozbayeva, Ainura Naamatova, Zhumagul Shabdanova, Karlygach Kanymetova, Nestan-Darezhan Kachaganova, Nurperizathanbugul Almazbekova, Aigul Abdykerimova, Nurzat Egemberdieva, Marhabahan Karimova, Aygerim Kamchybekova, Ayeles Shakirova, Turdukan Artykova, Nazgul Shakirova, Aygerim Abdykayymova, Saparmurat Muktaraliev, Anarkul Saynidinova, Aisuluu Kaparova, Tolgonai Maatova, Sabira Temirova, Nazira Djumagulova, Azim Maatov, Aykanysh Keneshova, Ainura Kachkynbaeva, Bayamanov Toktorbek, Bakasheva Taalaikul, Sultankulova Nur, Temirbekova Asel, Kaptagaeva Meerim, Kadyrova Fatyina, Sydykova Baktygul

**Coding and data entry by:** Larissa Kobtsova, Aigerim Moldokanova, Cholpon Buvamatova, Salamat Nurgozhoeva, Aigul Dordoeva, Zarina Kaparova, Meerim Kuzdobaeva, Chingiz Abdykaimov, Nurjan Taalaybekova, Baktygul Abdykerimova, Zamira Berzhibaeva, Meerim Erkinbek kyzy, Clara Kaldybaeva

# ACKNOWLEDGEMENTS

The implementation of Gender in Society Perception Study (GSPS) was a collective effort, and we owe sincere thanks to the many people who led, participated and contributed in countless ways. We thank everyone who was involved in the design, data collection, data processing and data analysis phases of the study, and we wish to highlight the following contributions:

## UN Peacebuilding Fund:

The UN Peacebuilding Fund is to be thanked for its generous funding providing for the opportunity to conduct this research project, which was also financially supported by UN Women.

## Government of the Kyrgyz Republic:

We would like to thank the many state agencies of the Kyrgyz Republic who supported the project in various ways. We would like to highlight the assistance provided by Ministry of Labour and Social Development for their facilitation and participation in key project events. We also acknowledge and appreciate the strong commitment by staff of the National Statistical Committee of the Kyrgyz Republic which was the quantitative component's implementing partner.

## Joint Steering Committee:

The Joint Steering Committee (JSC), co-chaired by the Office of the President and the UN Resident Coordinator with membership from state and civil society organisations and UN agencies, provided oversight over implementation of GSPS. We are grateful to JSC members for monitoring progress to ensure achievement of key results.

## Joint Steering Committee Secretariat:

We also thank the JSC Secretariat for regular facilitation between stakeholders and for monitoring progress towards achieving project results and for raising public awareness about joint Government-UN peacebuilding efforts in Kyrgyzstan, including GSPS.

## Research Respondents:

The GSPS would not have been possible without the participation of more than 7,000 citizens of Kyrgyzstan who devoted their time, energy, and insights to the study as respondents. It is thanks to them for us to be able to present the findings in this and other GSPS-related reports.

## Recipient UN Organization Partners:

The GSPS also benefitted from the support and managerial guidance of all three of its implementing partners, UN Women as lead agency and coordinator of the qualitative component, UNFPA which coordinated the quantitative component, and IOM which provided technical support to the overall study. We also thank all UN staff who supported the work, and the three agencies' staff, who offered written contributions, comments, ideas, and generous feedback.

## Stakeholders Advisory Group:

The Stakeholder's Advisory Group (SAG) represented a wide range of state stakeholders, research institutions, experts and civil society actors. The SAG served as a platform for multiple state and non-state stakeholders to inform, advise and consult on the research methodology and instruments, and ultimately approving them. We are deeply grateful to those who gave their time to this endeavour and showed their ownership of our joint effort.

## Research Team:

Finally, special thanks go to the entire research team, of both the quantitative and qualitative components. Without their oftentimes unflagging dedication, the production of this report would not otherwise have been possible. We acknowledge with gratitude the substantial contributions of the quantitative research team for the produced quantitative analytical report, which was integrated into this report. We also thank the qualitative research team for their commentary, additions, and for their own insightful and detailed reports that were the basis of this write-up.

# TABLE OF CONTENTS

---

<b>ABBREVIATIONS</b>	<b>8</b>
<b>KEY FINDINGS AND RECOMMENDATIONS</b>	<b>9</b>
<b>INTRODUCTION</b>	<b>11</b>
<b>1. Literature review and context</b>	<b>14</b>
2.1. Women's Economic Opportunities and Economic Role	17
<b>2. Research methodology</b>	<b>23</b>
2.1. Description of qualitative data	25
<b>3. Analysis and results</b>	<b>27</b>
3.1. Research findings: Gender roles in the family and women's economic activity	28
3.2. Research findings: family budgets	31
3.3. Research findings: female entrepreneurship	32
3.3. Research findings: women's access to credits	37
<b>4. Conclusion and recommendations</b>	<b>41</b>
4. Conclusion	42
<b>LITERATURE REFERENCES</b>	<b>44</b>

# ABBREVIATIONS

---

<i>ADB</i>	Asian Development Bank
<i>BEEPS</i>	Business Environment and Enterprise Performance Survey
<i>ECA</i>	Europe and Central Asia
<i>EBRD</i>	European Bank of Reconstruction and Development
<i>FAO</i>	Food and Agriculture Organization (United Nations)
<i>FGD</i>	Focus Group Discussions
<i>FINCA</i>	Foundation for International Community Assistance
<i>GDP</i>	Gross Domestic Product
<i>GSPS</i>	Gender in Society Perception Study
<i>KAP</i>	Knowledge, Attitudes, Practices
<i>KIHS</i>	Kyrgyz Integrated Household Survey
<i>NAP</i>	National Action Plans
<i>NGO</i>	Non-Governmental Organization
<i>NSC</i>	National Statistics Committee of the Kyrgyz Republic
<i>INDP</i>	United Nations Development Programme
<i>UBFPA</i>	United Nations Population Fund (United Nations Fund for Population)
<i>UN Women</i>	United Nations Entity for Gender Equality and the Women's Empowerment
<i>WB</i>	World Bank
<i>WDI</i>	World Development Indicators
<i>WTO</i>	World Trade Organization

# KEY FINDINGS AND RECOMMENDATIONS

This report of the Gender in Society Perceptions Study (GSPS) focuses on women's economic empowerment, focusing on women's access to the labor market and entrepreneurship. Analysis and findings are divided into three sections: women's economic activity and control over family budgets, female entrepreneurship and access to credit.

The report finds while, the importance of women's economic role in Kyrgyzstan and their increasing participation in the labor market is accepted by the majority of respondents, the perceptions that "women's primary role is at home taking care of children", or "there are specific jobs for women, such as "teaching" and "healthcare work" " still remain and seem to be one of the important underlying reasons why women participate less in the labor force, choose less paid professions, or only few of them start their own business. In the GSPS quantitative research, 80% of female and 83% of male respondents agreed that, "in a family, it is the woman's responsibility to watch the home and children and the man's responsibility to earn income".

The issue is not about women working or not working at all outside of home but rather it is about women remembering that their primary role is at home while still earning income and working outside. Indeed, many women work, and both men and women accept the fact and support the idea of women bringing additional income to the family. For example, in the GSPS quantitative study 63% of women and 60% of men admit that "women should work and earn income together with their husbands to provide for their families".

The belief that "the women's primary roles is at home" on the one hand, and the financial need to go out and work for their family's sake on the other hand, make women choose professions, which allow them combining work with childbirth, childcare and housework, and contribute to the perception that there are "appropriate" professions for women, such as jobs in education and healthcare.

Perceptions of differences of gender roles in the family and society go beyond men's and women's' time allocation to work. Such views as "men should make decisions while women should support them", "men's status should be higher, women should have secondary role", "women should obey men's rules", were directly expressed by our male respondents or admitted as general perceptions in

our society by our female respondents. It also seems very important for a family to present a husband as "a breadwinner", "a head of the family, and a decision maker" to the rest of the society, no matter what the real situation in the family is. Moreover, according to men's opinion the secondary role of women in the society is traditional in Kyrgyzstan, and changes in it might cause tension and conflicts within the family.

While urban and rural differences with rural men and women having more traditional views were expected, what is surprising and concerning are generational differences in views and perceptions. The younger men are the ones, who more often demonstrated reluctance to allow their wives to work, and in general seem to be more conservative. Also, when it comes to managing family budgets, while older men would pass the control over everyday family expenditures to wives, younger men tend to be more actively involved in managing budgets.

Overall, our findings indicate that family budgets are managed jointly by spouses. Families are the decision-making units in Kyrgyzstan. In fact, the question "***Did taking out debt make you more or less financially dependent on your family***" was not understood by any of the respondents. Nearly all respondents asked to repeat or explain its meaning. Women could not fit into their minds how they can be independent financially from their own families, what would that mean.

Overall, both men and women express positive views of female entrepreneurship and entrepreneurs. One of the key determinants of successful female entrepreneurship is the support of their husbands. However most of the reported support from husbands' side was business related and outside of home. Only couple of respondents talked about receiving help with household chores from their husbands, probably, because such help is unusual, and if there is such help it is inappropriate to openly talk about it due to generally accepted norms that

“those activities are women’s responsibility, not men’s”. Not an active help, but just a simple acceptance and understanding from their husband’s side was highly appreciated by our respondents and appears to be an important pre-condition for starting a business.

Traditional norms and stereotypes about women’s role and position in a family also hinder female entrepreneurship. These barriers are less restrictive for family businesses, when success of wife’s business is also associated with the success of her husband. They are also less of an issue if women’s business is small, at the self-employment level, which gives women an ability to bring additional income home and combine household duties with market work. However, the more successful the woman’s business is the higher its contradiction with the traditional norms and stereotypes in the society, which leads to struggles of both man and woman in a family.

None of our respondents indicated any gender-based discrimination in receiving loans. The only gender differences mentioned were that women get smaller amounts and women groups are usually the ones who receive joint liability microcredit. Direct use of credit, financial planning, family support, some back-up assets are highlighted to be important factors for credit success. Although successful credit experience brings many benefits, credit-taking seems to be a highly risky venture that could sometimes lead to catastrophic consequences for the families. All our respondents, even the most successful ones, reported high stress, and negative health-related consequences associated with credit-taking.

The GSPS findings suggest there are different areas in which active policies are required to promote women’s economic empowerment. Particularly, policy actions in a) changing societal norms and stereotypes, b) reducing women’s unequal burden of care and housework, c) promoting female entrepreneurship, d) promoting access to credits and at the same time reducing stress from taking out loans and helping to make better informed financial decisions are of high importance<sup>1</sup>. Prioritizing among those areas and developing specific policy actions taking into consideration the country’s resource constraints is a complex task.

---

<sup>1</sup> There are other equally important areas such as promoting employment and increasing women’s labor force participation, promoting gender equality in wages, reducing horizontal and vertical job segregations by gender. Those areas were outside of the scope of this study but are equally important areas of policy interventions.

**Recommendations** to promote women’s economic empowerment and entrepreneurship:

- It is important to start gender-sensitive education early in school. For example, it seems important to teach boys to appreciate the value of mothers’ work at home so that they would be more willing to share responsibilities of housework as grown-ups.
- It would be useful to disseminate success stories of women-entrepreneurs through media, and also skillfully highlight stories of supportive husbands helping out in business and at home.
- To facilitate business start-ups by poor women and reduce their financial dependency it seems to be crucial to continue providing and further develop programs that offer reasonably low-interest loans combined with courses on entrepreneurship, business planning and other practical business-related courses for poor women. Based on the stories and opinions of our respondents those programs seem to be highly successful, whereas group-lending caused challenges.
- To help women make better informed financial decisions, to reduce risks and consequences of bad loans, it is essential to raise financial literacy through introducing finance courses in high school and providing financial training as an option for people considering taking credits and starting their own business.
- Creating local independent Financial Service Centers that provide information on different lending options, general financial services available from different banks, as well as do some general financial advising and issue brochures, leaflets on risks associated with credit-taking seems to be very useful. Such centers would help women to quickly find information on lending options from different financial institutions, compare interest rates and conditions for different loans and generally make better informed financial decisions.

# INTRODUCTION

This report is a detailed study and analysis of women's position in economic life in Kyrgyzstan. Economic inequality can be both an enabling condition for and symptom of discrimination against women. Empowering women to make their own informed economic choices – unburdened by gender stereotypes and disproportionate household obligations – gives them the freedom to pursue financial independence and acquire the economic resources to participate more fully in political and social life. Women's economic empowerment is a matter of basic human rights, equity and social justice, and is valuable in and of itself. Moreover, there is a body of evidence suggesting that women's economic empowerment leads to higher investment into families and children, their nutrition, health and education, thus contributing to human capital development and economic growth. Achieving women's economic empowerment is a prerequisite for sustainable development; it accelerates economic growth and has beneficial consequences on many other society-wide outcomes (Duflo, 2012).

Interpretations of the achievements in gender equality goals should be done taking into consideration historical, economic and policy context. From the historical and economic perspective the Soviet period produced many changes that helped break societal barriers to gender equality in Central Asia, the results of which are evident in the data (Anderson & Ukueva, 2015). After the dissolution of the Soviet Union the Kyrgyz Republic underwent significant social and economic transformations. It suffered from an economic collapse and a difficult transition period resulting in massive increases in poverty, significant job losses and structural changes in the labor market, massive out-migration, and the substantial deterioration of social welfare provision and services such as healthcare and childcare (Bauer, Green, & Kuehnast, 1997; Kuehnast, 1999; Muldoon & Casabonne, 2017). The economy of Kyrgyzstan has experienced several constitutional changes, has been affected by two revolutions in 2005 and 2010, with the second revolution being violent and followed by ethnic conflict.

Today, Kyrgyzstan is classified as a lower-middle-income country with GDP per capita of 1077 US dollars in 2016 (WDI indicators), and its growth rate ranging from negative 1.7 percent to positive 7.5 percent (WDI indicators). The Kyrgyz Economy continues to be fragile today, heavily reliant on migration and remittances, and a single gold mining production. Although, the structure of Kyrgyz economy has changed significantly over the last 20 years, and the service sector has grown rapidly and has become a dominant sector, replacing agriculture (Ajwad et al., 2014), employment continuous to be concentrated in few sectors. Kyrgyz economy is dominated by informal sector and is characterized by growth with no job creation (Sattar, Keller, &

Baibagysh uulu, 2015). The key feature of Kyrgyz economy is high out-migration of labor and dependence on remittances. Remittances sent to Kyrgyzstan constitute more than 30 percent of Kyrgyz GDP and substantially exceed the annual amounts of international aid and foreign direct investments. Remittances have played an important role in reducing poverty and alleviating north-south and urban-rural welfare disparities among Kyrgyz households.

On the policy side, after the break-up of the Soviet Union Kyrgyz government has continued to adopt gender-liberal laws and has been in the forefront of gender legislation in Central Asia. It has ratified more than 30 international treaties and protocols on human rights enshrining gender equality. The legislation of the Kyrgyz Republic, regulating gender equality is rather well developed and is formulated in accordance with the main international treaties and provisions (Giovarelli, 2004; Undeland, 2008). Kyrgyz government has also adopted several programs and action plans for achieving gender equality, including the first National Program for the Advancement of Women "Ayalzat", National Action Plans (NAP) on Gender Equality and the most recent "National Strategy on Gender Equality 2020" (The Government of the Kyrgyz Republic, 2015). However, studies indicate (Giovarelli, 2004; Undeland, 2008) that formal Kyrgyz legislation and policies do not coincide with customary laws and traditions, and legal gender equality on papers does not necessarily mean women's equal rights and opportunities in reality.

Given this broader background, Kyrgyz women have taken advantage of and have equal indicators with men and in some cases outperform men in certain areas. For example, women on average live eight years longer than men in Kyrgyzstan. In 2015, women's life

expectancy rate was 74.8 years, whereas life expectancy of men was only 66.7 years (WDI). Gender imbalances are almost completely absent up to ninth grade, moreover girls significantly outnumber boys among children completing secondary education, and women acquire more education than men in post-secondary education in Kyrgyzstan (Ibraeva, Moldosheva, & Niyazova, 2012; World Bank, 2012).

However, better education and human capital accumulation for women did not translate into comparable improvements in work and pay. Women in Kyrgyzstan face disadvantages in access to economic opportunities, reflected in a significant gender gap in labor force participation rate and wages.

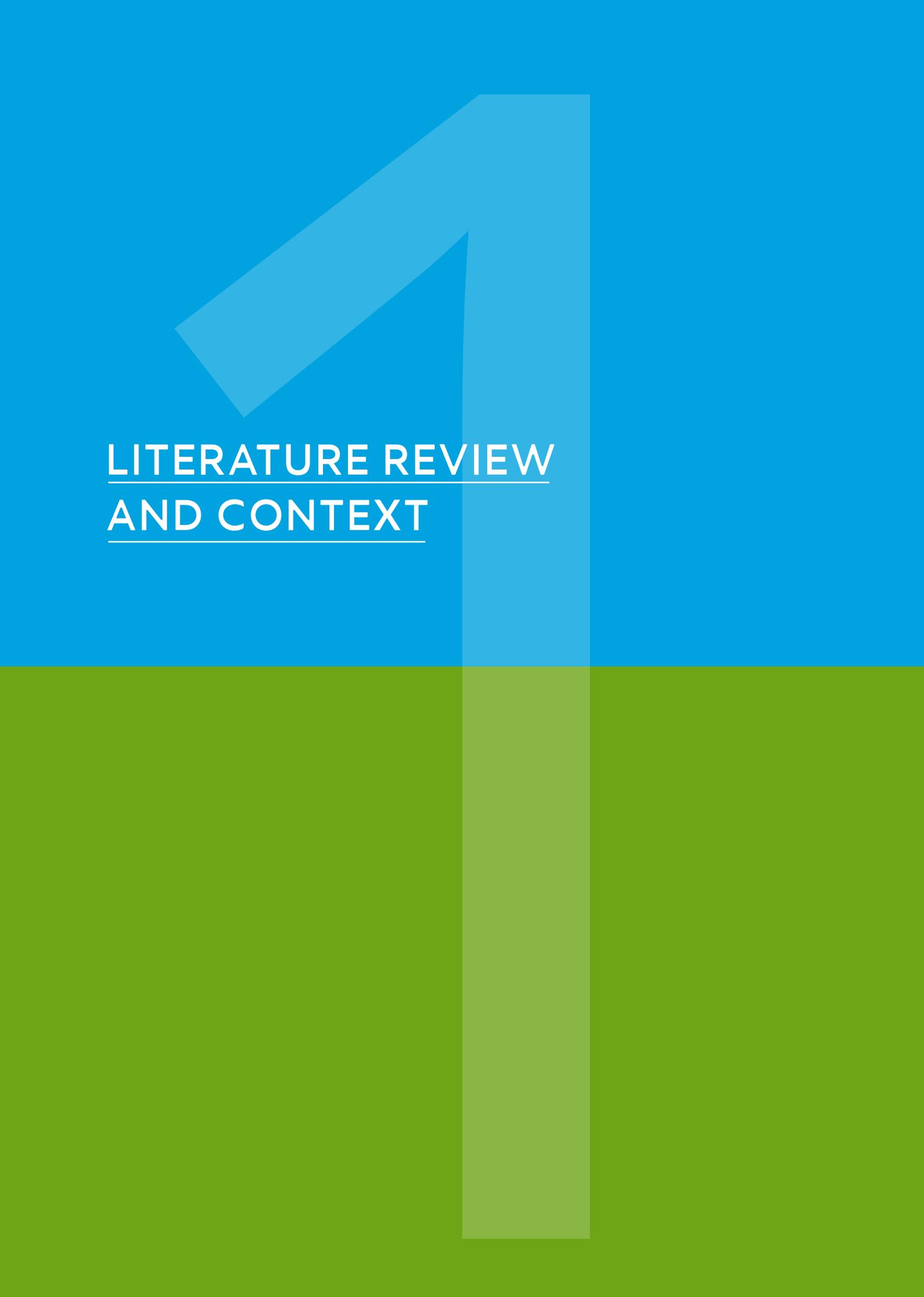
The chances for women to participate in the labor market in Kyrgyzstan are more than 27 percentage points lower than those for men. The gender gap in labor force participation rate and employment has recently increased and is higher than averages for Europe and Central Asia (ECA) region and low-income countries (World Bank, 2012). Although equal wages for equal work is guaranteed by law, there is a significant and persistent gender wage gap in Kyrgyzstan. Women in Kyrgyzstan on average earn 30 percent less than men (Anderson, Esenaliev, & Lawler, 2016; World Bank, 2012). This gender wage gap has been persistent and ranged from 27 percent to 36 percent since 1996. More than 50 percent of this wage gap cannot be explained by observable characteristics and potentially could be due to pure gender discrimination. (ADB, 2005; World Bank, 2012). The gender wage gap is observed in all regions in the country, across all education levels and in almost all sectors and occupations (World Bank, 2012). Women seem to face significant obstacles as they move up the career ladder, and only few women tend to get promoted to top management positions. In addition to vertical segregation, women also tend choose relatively low paid fields of specializations and sectors of employment such as education and healthcare.

In light of these developments the question arises on what are the underlying reasons for such persistent gender gaps in work and pay, what broad societal norms and beliefs could be causing these gaps. Although studies exist on women's labor market participation and the gender wage almost no analyses provide nationwide qualitative and quantitative evidence on the background context, the underlying beliefs and understanding that produces inequality. One of the purposes of this study is to fill in this gap in the literature and explore attitudes and perceptions of men and women in the society towards women's

economic role and activities. This study focuses on families and explores how women's roles in their families translate into women's economic choices and activities in public life. In particular, it examines women's control over the family budget, their power to influence income generation and spending decisions in their families.

As Kyrgyzstan's economy grew but did not create employment (Sattar et al., 2015) entrepreneurship and self-employment appears to be a very important way of securing employment and income. Development of female entrepreneurship will not only **increase women's earnings and lead to their independence and self-development but can also lead to gains for the entire economy** from the productive potential that women-entrepreneurs bring to the labor market. However, women's share in self-employment and entrepreneurship in Kyrgyzstan is significantly lower than men's (30 percent and 15 percent out of total employment respectively). Female entrepreneurship is concentrated in two sectors: agriculture and trade.

In light of these observations, the goal of this study is to analyze barriers and challenges – especially those that are gender based – to female entrepreneurship and credit-taking, and how they are addressed by successful female entrepreneurs as well as to look at the impact that female entrepreneurship and credit-taking has on women's empowerment and independence. Deeper knowledge of these topics can support policy choices to create a skilled female labor force, tailored to the needs of the local economy and empowered to climb out of rural and urban poverty. This report is organized as follows. The first chapter places the study in the broader context of the Kyrgyz economy. It describes the economic developments in Kyrgyzstan after the dissolution of the Soviet Union and over the recent past. It gives a brief outline of the current state of the economy with the focus on its major characteristics, structural changes and trends of output and employment broken down by major sectors of the economy. It also discusses economic challenges and opportunities for women and their role in Kyrgyzstan's economy. The research objectives and methodology and the data are outlined in the second chapter. The next three chapters discuss the research findings by three broad topics: women's economic roles and family budgets, female entrepreneurship, and women's access to credits. The conclusion provides a summarized overview of the main findings and provides some policy recommendations.



LITERATURE REVIEW  
AND CONTEXT

# LITERATURE REVIEW AND CONTEXT

Studies of Kyrgyzstan's economy show the difficult path that the country followed from the breakup of the Soviet Union until today. The Republic's GDP was slashed in half, as large segments of the population fell into poverty. While average GDP per capita growth over the last 15 years has been positive at about three percent annually, the economy remains very fragile, heavily dependent on trade, gold mining and processing, the garment industry, agriculture and remittances. Few studies have focused on the position of women in the economy but those that have found that there is a significant gender gap in labor force participation and wages. The root causes of these inequalities, in a country where the state has committed to gender equality, has rarely been analyzed in the literature.

The Kyrgyz Republic is a small, mountainous landlocked country with a population of 6.08 million. With GDP per capita of 1077 US dollars in 2016 (WDI indicators) it is classified as a lower-middle-income country.

The current state of Kyrgyzstan's economy and the role of women in the economy are substantially influenced by the legacy of the Soviet central-planning past, and economic collapse, deep recession and difficult transition period, which it went through after gaining independence following the disintegration of the Soviet Union in 1991. Independence from the Soviet Union was accompanied by more political and economic freedom, privatization of state-owned enterprises and market reforms. The Kyrgyz Republic was one of the most liberal and rapidly reforming countries in the region at that time: it was the first Central Asian country to introduce its own currency, and was the first former Soviet Union successor state to become a member of the World Trade Organization (Pomfret, 2003). Kyrgyzstan's growth strategy was based on opening trade with the west and on the large support from the Western governments and international financial institutions, policy recommendations of which the country had closely followed, at least on paper (Pomfret, 2003). In spite of these rapid reforms and international support, the country could not avoid economic collapse and its significant long-lasting social and economic implications.

Disintegration of the Soviet Union brought the breakdown of the inter-enterprise linkages and collapse of the demand for Kyrgyz industrial and agricultural products. Within 5 years after independence Kyrgyzstan's GDP dropped by half, industrial and agricultural outputs by more than 70 percent, and 26 percent respectively (Sattar et al., 2015). As a consequence people suffered from massive increases in poverty, significant job losses, and the substantial deterioration of social welfare provision and services such as healthcare and childcare (Bauer et al., 1997; Kuehnast, 1999; Muldoon & Casabonne,

2017). The economic collapse had also resulted in the long-lasting structural changes in the labor market. The closing down of inefficient factories, and heavy decline in the production of almost all industrial sectors resulted in sizeable job losses in the industrial sector. Employment in industry declined from about a quarter of total employment in 1990 to about 12 percent in 1996. This resulted in the shift of labor from industrial sector to agriculture. Very importantly, erosion of living standards, job losses and lack of employment opportunities has triggered large scale labor migration abroad, primarily to Russia. In addition, Kyrgyz employment has shifted from formal sectors to predominantly irregular and informal.

In addition to its history, Kyrgyz economy is shaped by its geography of being a landlocked mountainous country. Kyrgyzstan is also not rich in energy resources, does not have oil reserves, the main energy source is hydropower. Its main natural resource of significant economic value is gold, which comprises 87 percent of the total value of minerals in the country (Mogilevskii, Abdrazakova, & Chalbassova, 2015). The largest gold mining company, Kumtor Gold Company, is the largest enterprise, investor and taxpayer in the country overall. Kumtor's production accounts for about ten percent of Kyrgyzstan's GDP, generates about half of the industrial output of the country and one third to one half of the country's exports. Thus, Kumtor plays an important role in the macro economy, making it highly vulnerable to fluctuations in gold demand and gold production. However, it should be noted that although gold production is important, in terms of employment being a capital intensive industry gold mining created few jobs in the country (Mogilevskii et al., 2015).

Important characteristic of the Kyrgyz Republic's economy is large social and economic disparities between urban and rural areas. For example, poverty in rural areas in 2013 was 41 percent, whereas in urban areas it was 28 percent, only eight percent of

the rural population has access to sanitation facilities, versus 70 percent of urban population (Sattar et al., 2015).

Kyrgyzstan's economy continues to be fragile today. In the more recent past, over the last 15 years, it has experienced several constitutional changes, has been affected by two revolutions in 2005 and 2010, with the second revolution being violent and followed by ethnic conflict between Kyrgyz and Uzbek ethnicities in the south of the country. While average GDP per capita growth over the last 15 years has been positive at about three percent annually, due to internal conflicts and social and political unrest economic growth has been highly volatile with growth rate of GDP per capita ranging from negative 1.7 percent to positive 7.5 percent (WDI indicators). The country is highly dependent on the income of labor migrants (Kim, 2018). In fact, the country has managed to recover from deep economic collapse after the disintegration of the Soviet Union primarily with the help of remittances its migrants sent home taking advantage of the growth of its resource rich neighbors (Sattar et al., 2015). Today, Kyrgyzstan is one of the leading migrant-sending countries in the world. Between 650,000 and 700,000 citizens of Kyrgyzstan live and work abroad as migrant workers, mainly in Russia and to a lesser extent in Kyrgyzstan (State Migration Service under the Government of the Kyrgyz Republic, 2017).

Remittances these labor migrants send to Kyrgyzstan constitute more than 30 percent of Kyrgyz GDP and substantially exceed the annual amounts of international aid and foreign direct investments. Remittances have played an important role in reducing poverty and alleviating north-south and urban-rural welfare disparities among households. In addition, the large inflow of remittances and migration-driven growth has led to the following macroeconomic developments in Kyrgyzstan. First, remittances increased consumption and investment, with an increase mainly concentrated in the household sector, in particular, in households' spending on construction of residential houses, and spending on children's education and health. Second, the inflow of remittances has led to appreciation of the local currency, increase in imports and decline in exports, slowdown in manufacturing growth, and a considerable expansion of the service sector, thus changing the structure of the economy (Sattar et al., 2015).

The structure of the Kyrgyz Republic's economy has changed significantly over the last 20 years. The service sector has grown rapidly and has become a

dominant sector, replacing agriculture (Ajwad et al., 2014). As mentioned above, the industrial sector largely collapsed after transition, however, it has started to recover in the last few years with the garment industry and private enterprises expanding. While agriculture became the dominant sector in the 1990s, more recently agriculture has been replaced by the service sector (Ajwad et al., 2014). Since 2000, the share of the service sector in GDP increased from 31 percent in 2000 to 55 percent in 2016, while the share of agriculture in GDP decreased from 37 percent in 2000 to 13 percent in 2016 (WDI).

The detailed GDP breakdown by sectors is given in Table 1. In 2016, trade had the largest share in GDP, accounting for 18.6 percent of GDP. The country has become a regional hub for cross-border trade in goods and bazaar activities (ADB, 2013; World Bank, 2009). Bazaars become the main facility through which consumer goods from the China and Turkey are sold or forwarded to shops and markets in Kazakhstan, the Russian Federation, and Uzbekistan. Huge amounts of trade is intermediated by bazaars. The estimated monthly sales at the Dordoi market, the largest public market in Central Asia and one of Asia's largest, was 330 million dollars in 2008 activities (ADB, 2013; World Bank, 2009). Bazaars<sup>2</sup> create jobs on a very significant scale both directly, but also indirectly through expansion of local production and suppliers as well as service providers.

Manufacturing has the next largest share in GDP after trade, accounting for 14.8 percent of GDP. As mentioned above, the manufacturing sector is dominated by gold processing, Kumtor gold mine, in particular. Among other manufacturing industries one of the rapidly growing sectors is the garment sector. After gold, exports of garments are the second largest exports. The garment industry operates largely in the informal sector and is concentrated around Bishkek, labor intensive and employs mostly women. The industry's success can be explained by quality of produced goods, cheap electricity, and low-cost labor, as well as by the liberal trade regime with the Russian Federation, which accounts for more than 95 percent of demand for garment exports (ADB, 2013).

Finally, agricultural output accounts for 13.2 percent of national GDP. The share of construction sector increased from 5.5 percent in 2010 to 8.5 percent in 2016.

---

2 Bazaars are "large business associations with infrastructure facilitating both domestic and international trade. They can be thought of as equivalent of shopping complexes or malls (that house a large variety of retail shops) in developed countries together with warehousing capacities servicing regional and international clients" (World Bank, 2009)

Table 1:

**Share of sectoral output in GDP** (in percentages)

	2010	2011	2012	2013	2014	2015	2016
Agriculture, forestry and fishing	17.4	16.6	16.7	14.6	14.7	14.1	13.2
Mining	0.6	0.8	0.9	0.7	0.7	0.8	1.0
Manufacturing	16.9	18.3	12.1	15.8	13.7	14.1	14.8
Electricity, gas and steam production, distribution and supply	2.9	3.2	2.6	1.8	1.9	1.7	1.5
Water supply, waste treatment and disposal	0.3	0.3	0.2	0.3	0.3	0.2	0.2
Construction	5.5	4.9	6.5	6.3	7.4	8.4	8.5
Wholesale and retail trade, repair of cars and appliances	15.9	15.1	15.9	16.5	17.8	18.8	18.6
Transportation and storage	4.9	4.6	4.7	3.9	3.7	3.9	3.9
Accommodation and food service activities	1.3	1.5	1.4	1.6	1.8	1.9	1.9
Information and communication	4.2	3.9	4.8	4.4	4.3	4.3	3.9
Financial and insurance	3.9	3.5	3.7	3.8	3.9	3.6	3.3
Real estate activities	2.7	2.2	2.3	2.3	2.5	2.6	2.6
Professional, scientific and technical activities	1.6	1.8	1.7	1.5	1.7	1.6	1.4
Administrative and support service activities	0.4	0.4	0.4	0.4	0.5	0.4	0.4
Public administration and defence; social security	5.6	5.1	5.1	5.0	5.3	5.4	5.6
Education	4.4	5.3	6.0	5.3	4.9	5.3	6.2
Healthcare and social work activities	2.5	2.9	3.4	3.1	2.8	2.8	3.0
Arts, entertainment and recreation	0.7	0.7	0.6	0.6	0.5	0.5	0.6
Other service activities	1.3	1.0	1.1	1.1	1.0	1.2	1.2

Share of these sectors in employment have similar patterns. Currently half of employed people work in the service sector (increased by 16 percentage points since 1996), 29 percent in agriculture (25 percentage point decrease since 1996), and 21 in industry (nine percentage point decrease since 1996) (WDI indicators). Textiles and garments are the most labor-intensive manufacturing subsector with two-thirds of the total manufacturing workforce.

There are gender differences in the employment rates by sector. Female employment is considerably lower in industry, than male employment (Ajwad et al., 2014). Among employed women 58 percent work in services, 32 percent - in agriculture, and 10 percent - in industry, whereas, among employed men 45 percent work in services, 27 percent - in agriculture, 28 percent - in the industry (WDI indicators).

Kyrgyz labor market today is also characterized by the dominance of employment in the less secure informal

sector. For example, according to some estimates employment outside of registered establishments and companies accounted for 70 percent of total employment (Sattar et al., 2015). Another study (World Bank, 2012) estimated based on the 2009 KIHS data that more than a third of population, 42 percent of men and 28 percent of women work without a formal written contract, based solely on the verbal agreement, which makes them vulnerable to employer abuse, such as work for longer hours without pay or remuneration below the initially agreed amount.

Another feature of the economy over the recent past has been growth without job creation (Sattar et al., 2015). Although, the Kyrgyz economy has managed to have positive rates of economic growth, it did not create new jobs. This observation holds across sectors and firm sizes. Small and medium firms have neither created jobs nor grown, while large established firms grew but did not create employment (Sattar et al., 2015).

## 1.2

# WOMEN'S ECONOMIC OPPORTUNITIES AND ECONOMIC ROLE

Interpretations of the achievements in gender related indicators should be done taking into consideration historical and policy context. The Soviet period produced many changes that helped break societal barriers to gender equality in Central Asia, the results of which are evident in the data (Anderson & Ukueva, 2015).

There are areas, in which women in Kyrgyzstan have taken advantage of and have equal indicators with men and in some cases outperform men. Education is among those areas. Gender imbalances are almost completely absent up to ninth grade, moreover girls significantly outnumber boys among children completing secondary education, and women acquire more education than men in post-secondary education in Kyrgyzstan (Ibraeva et al., 2012; World Bank, 2012).

Women on average live eight years longer than men in Kyrgyzstan. In 2015, women's life expectancy rate was 74.8 years, whereas life expectancy of men was only 66.7 years (WDI indicators). Although life expectancy has slightly increased over the 25 years for both genders, similar gap in life expectancy already existed before the break-up of the Soviet Union: life expectancy in 1990 was 72.6 years for women and 64.2 years for men. High stress due to unfavorable economic conditions, unhealthy life-style such as poor diets, alcohol abuse and tobacco consumption contribute to high mortality rates, particularly among men. In addition, due to high concentration of men in manufacturing, construction and transportation, they are three times more likely to get injured and five times more likely to die while performing work responsibilities.

After the break-up of the Soviet Union the government has continued to adopt gender-liberal laws and has been in the forefront of gender legislation in Central Asia. It has ratified more than 30 international treaties and protocols on human rights enshrining gender equality. The legislation of the Kyrgyz Republic, regulating gender equality is rather well developed and is formulated in accordance with the main international treaties and provisions (Giovarelli, 2004; Undeland, 2008). Laws related to gender and economy include the Constitution, Labor Code, the Law of the Kyrgyz Republic on State Guarantees of Equal Rights and Opportunities for Men and Women, Election Code, and Family Code.

Since the Fourth World Conference on Women in Beijing in 1995, the Kyrgyzstan government has also adopted several programs and action plans for achieving gender equality, including the first National Program for the Advancement of Women for the years of 1996-2000 "Ayalzat", National Action Plans (NAP) on Gender Equality for the periods 2002-2006, 2007-2010, and the most recent "National Strategy on Gender Equality 2020" with a National Action Plan 2012-2014 (The Government of the Kyrgyz Republic, 2015).

The part of the most recent 2012-2014 National Action Plan on women and economy has three broad goals: 1) reduction of gender segregation of the labor market through diversification of female and male occupations 2) promotion of female self-employment and entrepreneurship and access to financial resources 3) promotion of harmonization of work and family responsibilities. The actions offered under the first goal are about allocating men to otherwise female-dominated occupations. The second goal includes the development and introduction of the new government policy on microcredit, and development and introduction of measures to support female entrepreneurship such as creation of regional business-support centers for female entrepreneurs. The third goal includes measures to provide support for women with under-the-school-age children, as well as vocational training and help with job finding for handicapped women

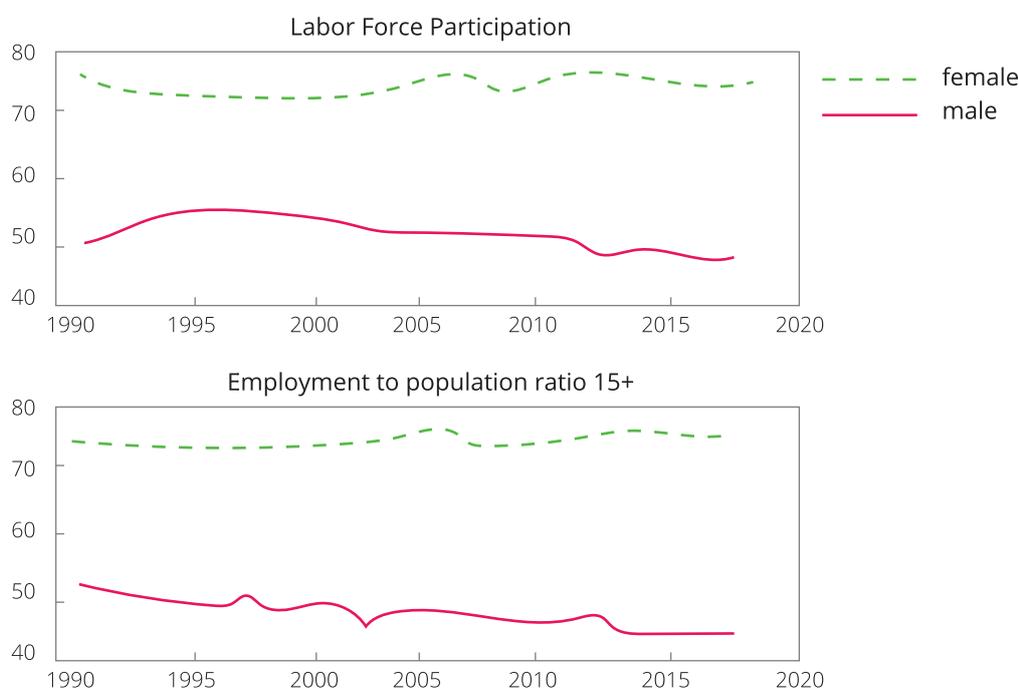
However, studies indicate (Giovarelli, 2004; Undeland, 2008) that formal Kyrgyzstan legislation and policies do not coincide with customary laws and traditions, and legal gender equality on papers does not necessarily mean women's equal rights and opportunities in reality. The proposed policy actions related to labor markets and women's economic opportunities have been criticized as being general declarations and non-concrete statements, rather than specific policy actions (OSCE/ODIHR 2009). Earlier

In fact, better education and human capital accumulation for women did not translate into comparable improvements in work and pay. Women in Kyrgyzstan face disadvantages in access to economic opportunities, reflected in a significant gender gap in labor force participation rate and wages. In 2016 the total labor force of the Kyrgyz Republic was 2,547,4300 people, of which only 40 percent were women. The most recent data (as of 2017) shows that the female labor force participation rate for women was 48 percent and for men 76 percent (WDI), that is the chances for women to participate in the labor market in Kyrgyzstan are more than 27 percentage points lower than those for men. Labor force participation rate for both genders is lower than the average in low

income countries (66 percent for women and 84 percent for men), the labor force participation rate for men is higher and for women is lower than average in ECA region (where these rates are 50 and 69 percent respectively), and the gender gap in labor force participation rate is higher than averages for both of these groups of countries (World Bank, 2012). The labor force participation rate for women has increased in 1990s from 50 to 55 percent and then started to decline since 2006 dropping to 48 percent in 2017 (Figure 1). Female employment to population ratio has also declined since early 2000s and the gender gap in labor force participation and employment rates has increased<sup>3</sup>.

Figure 1.

### Labor Force Participation and employment rates and by gender



Source: WDI, World Bank

Out of total number of 2,363,710 of employed people in 2016, 39.6 percent were women. Employment is concentrated in few sectors in Kyrgyzstan with more than 70 percent of employed working in five sectors. The highest percentage of employed is still in agriculture (27 percent), then in trade (16 percent), followed by construction, education, and manufacturing.

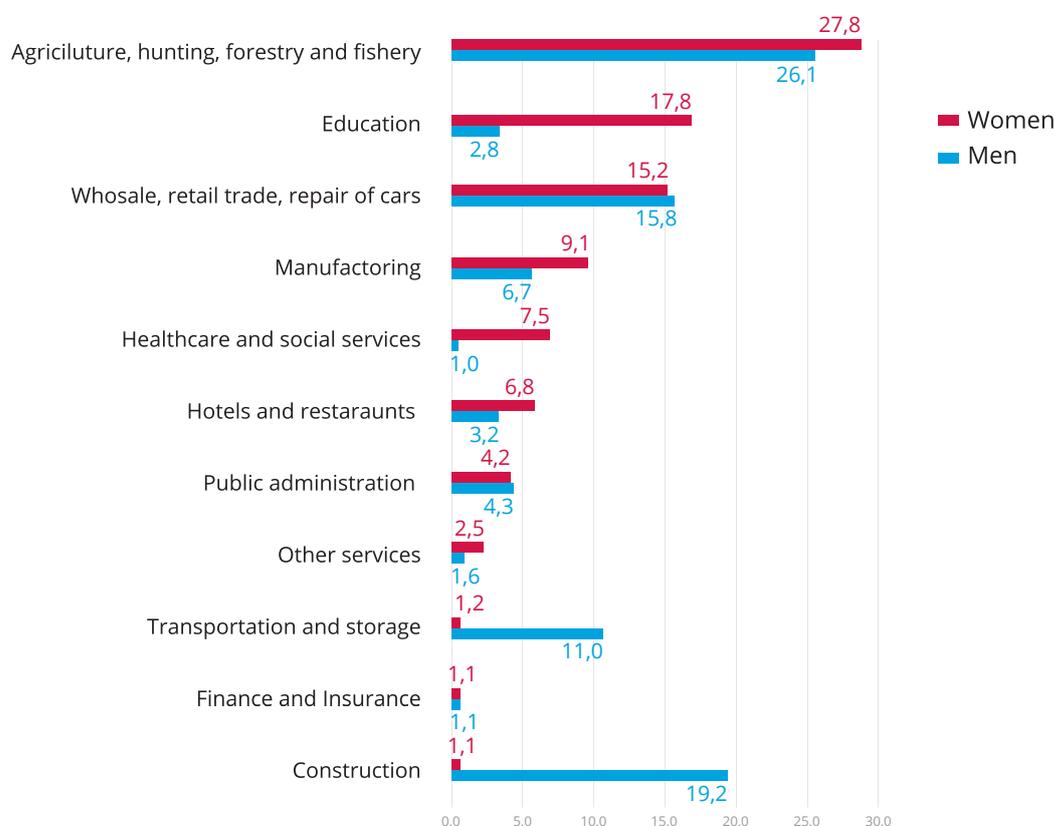
employed women work in agriculture), education (18 percent), trade (15 percent), manufacturing (9 percent) and healthcare (8 percent) employ 77 percent of all employed women, whereas agriculture (26 percent), construction (19 percent), trade (16 percent), transportation (11 percent) and manufacturing (7 percent) employ 79 percent of all employed men.

There are noticeable gender differences in the employment by sectors. Agriculture (28 percent of all

<sup>3</sup> It should be noted that massive out-migration of labor in Kyrgyzstan and its measurement issues make analysis of labor force participation trends difficult.

Figure 1.

Share of different sectors in total employment by gender, 2016 (in percentages)



Source: (NSCKR, 2017)

As table 2 shows, the share of women in employment is highest in healthcare and social service provision (83.6 percent in 2016), followed by education (80.6 percent). It is also high in hotels and restaurant services (58 percent) and real estate operations (77

percent). Women are significantly underrepresented in such sectors as construction, transportation, mining and industry. They made up only 4 percent of total employees in construction, 7 percent in transportation and 15 percent in the mining industry.

Table 2:

Share of women in total employment by sector (in percentages)

	2012	2013	2014	2015	2016
<b>Total in all sectors</b>	40.9	39.8	40.8	40.4	39.6
Agriculture, hunting, forestry and fishery	40.2	41.4	44.5	44.0	41.1
Mining	5.4	21.4	15.2	19.4	15.6
Manufacturing	48.4	50.6	52.3	45.6	47.0
Development and distribution of electric energy and gas	14.3	11.7	13.9	11.6	9.5
Water supply waste management	23.2	27.7	39.8	44.7	37.6
Construction	5.0	4.1	5.2	4.4	3.5

	2012	2013	2014	2015	2016
Wholesale and retail trade, repair of cars and appliances	47.4	42.8	38.3	40.3	38.6
Transportation and storage	8.0	4.7	6.0	5.2	6.7
Hotels and restaurants	70.0	65.8	64.2	59.4	58.4
Information and communication	43.9	24.5	32.3	28.2	29.0
Finance and Insurance	39.0	44.2	38.4	39.3	41.4
Real Estate transactions	51.8	84.0	89.0	93.3	77.5
Professional scientific and technical activities	32.1	37.0	39.5	36.0	42.2
Public administration	37.1	32.5	34.9	35.4	39.0
Education	76.6	78.3	78.7	78.7	80.6
Healthcare and social services	85.9	85.2	83.3	84.1	83.6
Arts, entertainment and recreation	40.7	46.9	49.7	49.1	53.1
Other services	48.7	39.3	45.1	51.1	50.8
Private Household activities	51.7	21.2	24.7	33.7	46.6

Source: (NSCKR, 2017), based on Kyrgyz Integrated Household Survey (KIHS) data

Although equal wages for equal work is guaranteed by law, there is a significant and persistent gender wage gap in Kyrgyzstan. Women on average earn 30 percent less than men (Anderson et al., 2016; World Bank, 2012). This gender wage gap has been persistent and ranged from 27 percent to 36 percent since 1996 (ADB, 2005). It is observed in all regions in the country, across all education levels and in almost all sectors and occupations (WB 2012). WB 2012 estimations show that the observable differences in workers' characteristics (such as age, experience, education, occupation and so on) explain less than half of the gender wage gap, which means that more than 50 percent of the wage gap cannot be explained and could potentially be due to pure gender discrimination.

An important factor, which contributes to the gender-related differences in wages and increases women's disempowerment, is considerable vertical segregation of the labor market. Women seem to face significant obstacles as they move up the career ladder, and only few women tend to get promoted to top management positions. Seventy percent of managers and senior officials both in public and private sectors are men in Kyrgyzstan, while women are overrepresented among professionals, technicians and clerks, comprising over 60 percent of people in these occupations (World Bank, 2012). In addition to vertical segregation, women also tend to choose

relatively low paid fields of specializations and sectors of employment such as education and healthcare.

A particular area of concern is unequal burden of unpaid work, such as childcare and housework placed on women. For example, in 2015 women in Kyrgyzstan spent two times more time taking care of children and 2.9 times more time on household chores than men (NSC data 2015). Such heavy burden of household duties and high requirements and expectations on women's involvement in childcare and household work limits women's capacity to increase their hours in formal paid work, leads to rest deprivation, stress and burnout, which leads to lower productivity at work and low wages. In addition, for working mothers, it leads to struggle and feeling of psychological guilt of not spending enough time with their children, when they work, and not developing professionally, when they are with their children.

Women are also more likely to be unemployed and remain unemployed for longer periods of time (ADB, 2005; ADB, 2010)

In light of these developments the question arises on what are the underlying reasons for such persistent gender gaps in work and pay, what broad societal norms and beliefs could be causing these gaps. As desk review for this study concludes, although studies exist on women's labor market participation, gender

wage gap and the existing literature and data document well these gender gaps, almost none of these works provide nationwide qualitative and quantitative evidence on the background context, the background beliefs and understandings that produces the results. One of the purposes of this study is to fill in this gap in the literature and explore attitudes and perceptions of men and women in the society towards women's economic role and activities.

As mentioned earlier labor out-migration is the key feature of the economy. Women are affected by migration both directly and indirectly as described and analyzed in detail in the GSPS pillar report on Women and Labour Migration (Kim, 2018). Many women are involved in labor migration themselves, contributing to the wellbeing of the family members left behind, paying for their children's education, and supporting elderly parents. Some join their husbands, some migrating alone and become their family's primary breadwinners. Kyrgyz Census data for 2009 shows about 40 percent of Kyrgyz labor migrants are women (Ukueva, 2014), or according to the Russian Federal Migration Service as of April 2016, out of the 574 194 Kyrgyz citizens among official migrants, 38 percent were women (FAO, 2016). In Russia, Kyrgyzstan has the highest proportion of women among migrants from Central Asia. Although migration might be a way to expand economic opportunities for some, many migrants work on irregular, informal and unskilled jobs with little social protection, some of which are unsafe. Migration often leads to changes in family roles (Thieme, 2009). For example, women who remain home while their men migrate, take on the roles usually undertaken by men, such as tending livestock and carrying out physically heavy agricultural work, while continuing to do their traditional housekeeping tasks. Elderly women look after their grandchildren while their mothers are working abroad (Ablezova, Nasritdinov, & Rahimov, 2008; FAO, 2016). Within society women are perceived to be "homemakers by nature" and female labor migration is viewed as a fundamental change of traditional roles (FAO, 2016). The 2009 census data shows that divorce rates are much higher among migrants than non-migrants (Ukueva, 2014). The GSPS migration report also argues that migration contributes to increasing rates of bride kidnapping, early marriage and polygamy as described in the GSPS report on violence against women.

### Female entrepreneurship

Since employment opportunities are highly limited, and the Kyrgyz economy did not manage to create new jobs in the recent past (Sattar et al., 2015),

reliance on oneself and entrepreneurship appears to be one of the very limited options available (with the exception of out-migration). But any analysis of female entrepreneurship is complicated due to the informal sector's strong role in the economy. Gender disaggregated statistics are also incomplete.

Kyrgyzstan's women's participation in entrepreneurship is reasonably high at first glance. Firms with some female ownership (vs. firms owned solely by men) constituted 50 percent of total number of firms in 2013 (WDI data based on Business Environment and Enterprise Performance Survey (BEEPS)). Firms with women in top management comprised 23 percent of all surveyed firms. However, women have the greatest chances of participation in ownership in shareholding companies, and it is not clear if they have a voice in the power structure of the firm (World Bank, 2012). The 2012 study of the World Bank of the firms in the BEEPS survey did not find any significant differences in the exposure of Kyrgyz firms with some female ownership and those owned solely by men to regulatory requirements, which is in contrast to the findings for other ECA region (World Bank, 2012).

On the individual level, this National statistical committee classifies labor as hired labor or employees, and non-hired labor, which includes employers, self-employed, members of cooperatives, and unpaid family workers and workers at private subsidiary farms. Overall 370 thousand women (40 percent of total female employment) and 636 thousand men (45 percent of total male employment) were classified as non-hired labor in 2016 (Table 3). Among non-hired labor while percentage of employers is the same for both genders and small, share of self-employment is two times higher for men than for women (30 percent and 15 percent out of total employment respectively). In other words, 76 percent of all self-employed are men. Also, women are almost three times more likely to work as unpaid family workers than men.

Non-hired female labor is highly concentrated in two sectors: agriculture and trade. Out of total non-hired women 67 percent worked in agriculture and 21 percent worked in trade, among other sectors: 2.7 percent in manufacturing (presumably mostly in garment and textile industry), 2.7 in education and healthcare, 2.6 in hotels and restaurants. Whereas for men, 54 percent worked in agriculture, 16 percent in transportation, 16 percent in trade and 6 percent in construction.

Table 3:

**Employment by employment type and gender, 2016**

	Thousands of people		Percentages	
	women	men	women	men
<b>Hired labor (employees)</b>	<b>565.8</b>	<b>792.6</b>	<b>60.5</b>	<b>55.5</b>
by enterprises, organizations, and companies	362.7	343.4	38.8	24.0
by individual entrepreneurs	203	449.3	21.7	31.5
<b>Non-hired labor</b>	<b>369.5</b>	<b>635.8</b>	<b>39.5</b>	<b>44.5</b>
Employer	21.1	37.6	2.3	2.6
self-employed	146.4	468.3	15.7	32.8
members of cooperatives	2.2	6.8	0.2	0.5
unpaid family workers and private subsidiary farm	199.9	123.1	21.4	8.6
<b>Total</b>	<b>935.3</b>	<b>1428.4</b>	<b>100</b>	<b>100</b>

Source: (NSCKR, 2017), based on Kyrgyz Integrated Household Survey (KIHS) data

One area that is very high on the list of complaints of established firms, small or large (but particularly small and medium) is the widespread perception of corruption. The Kyrgyz Republic ranks high on a number of corruption indicators, including graft, bribes in paying taxes, and bribes in getting licenses or permits. The Kyrgyz Republic ranks significantly higher than other ECA developing countries, and even higher than the average of low-income countries.

In terms of business financing, it is observed that women borrow smaller amounts and most from microfinance institutions to fund their business. Women account for some 30-40 percent of business lending in commercial banks but 50-80 percent of all lending in microfinance institutions. Women are also more involved in group-lending, close to 70 percent. ADB estimates that only 1-2% of loans over €3,800 are to women (EBRD, 2015).

Thus, we can conclude that women's share in self-employment and entrepreneurship in Kyrgyzstan is significantly lower than men's and female entrepreneurship is highly concentrated in two

sectors: agriculture and trade. Given the fact that Kyrgyz economy grew but did not create employment (Sattar et al., 2015) entrepreneurship and self-employment appears to be a very important way of securing employment and income. Development of female entrepreneurship will not only increase women's earnings and lead to their independence and self-development but can also lead to gains for the entire economy from the productive potential that women-entrepreneurs bring to the labor market. In light of these observations, the goal of this study is to analyze barriers and challenges – especially those that are gender based – to female entrepreneurship and credit-taking and determine how they are addressed by successful female entrepreneurs. The study will also look at the impact that female entrepreneurship and credit-taking has on women's empowerment and independence. Deeper knowledge of these topics can support policy choices to create a skilled female labor force, tailored to the needs of the local economy and empowered to climb out of rural and urban poverty.

The image features a solid blue background in the upper half and a solid green background in the lower half. A large, stylized number '4' is rendered in a light blue color, spanning across both the blue and green sections. The number '4' is composed of a thick, curved top bar and a vertical stem that extends down to a horizontal base. The text 'RESEARCH METHODOLOGY' is centered horizontally in the blue section, positioned above the top curve of the number '4'.

# RESEARCH METHODOLOGY

# RESEARCH METHODOLOGY

The objective of the Economic pillar of GSPS is to fill in the gap in the existing knowledge on the issue on the basis of qualitative field study throughout the country. In particular, its objective is to explore the following:

- Attitudes and perceptions of men and women in the society towards women's economic activity, female entrepreneurship and access to credits;
- Women's control over the family budget – both in terms of income and spending decisions – and any differences between women-income-earners and women-non-income-earners. Gender differences in the control of family budgets;
- The impact that female entrepreneurship and credit-taking has on women's empowerment and independence, as well as its impact on their personal lives;
- Barriers and challenges – especially those that are gender based – to female entrepreneurship and credit-taking, and how they are addressed by successful female entrepreneurs.

GSPS study uses KAP (Knowledge, Attitudes, Practices) methodology and encompasses collection of both quantitative and qualitative data. Qualitative and quantitative data are collected and analyzed separately, then the results are collated and compared. This report is focused on the analysis of qualitative data and incorporates results of the quantitative research produced by GSPS quantitative research, undertaken by the National Statistics Committee of the Kyrgyz Republic (NSC) and commissioned by the UNFPA<sup>4</sup>.

The quantitative study is based on the nationally representative survey of 5960 households (16145 individuals aged 15 years and older, including 8469 women and 7676 men) from seven oblasts and Bishkek and Osh cities. Fully structured questionnaire has been used as a primary data collection tool. The qualitative field research for this report has been conducted by the research team of UN Women in Kyrgyzstan in 2016, using the following research tools:

1) In-depth interviews with female entrepreneurs, with women who have taken out credit or loans for business purposes, and vocational education experts;

2) Cases studies of female entrepreneurs and members of their families;

3) Focus group discussions (FGD) with men and women on women's economic roles and family budgets, and on female entrepreneurship and credit-taking.

There were 18 research sites in this study, including one urban and one rural site in each of the seven oblasts (14 sites) and two neighborhoods in Bishkek and Osh cities (additional four sites).

Seventeen in-depth interviews with female entrepreneurs have been conducted. The objective of the interviews was 1) to explore the impact of being an entrepreneur on women's lives, their financial independence and empowerment, to understand what being a business-women gives, as well as what it takes away; 2) to unveil barriers and challenges, especially gender based, female entrepreneurs face; 3) to understand how entrepreneurs address those challenges and what determines the success of female entrepreneurship. Our approach was to identify successful female entrepreneurs, and provide readers with their stories, attitudes and perceptions, ways of addressing difficulties and challenges, so that they could serve as examples for other women involved or considering of being involved in business.

In addition, sixteen interviews have been conducted with women who have taken out loans for business purposes, to explore female access to credits, barriers and challenges and any gender-based discrimination women face while obtaining loans, as well as the impact that credit-taking has on women's business success, and personal lives. As with the interviews with entrepreneurs our goal was not to reveal whether credit-taking tends to have a positive or negative effect on women's lives. The study has purposefully selected and focused on respondents who had positive experiences with receiving and using credit with an aim of exploring the factors that lead to the success.

The case study method has been used to analyze the family context of female entrepreneurship and to study attitudes and perceptions of family members, their roles and their impact on the success of female-run businesses, as well as the implications of female entrepreneurship for their families. Different women-entrepreneurs and their family members (including husbands, children, in-law relatives) have

<sup>4</sup> Referred further as GSPS quantitative study

been interviewed in ten case studies. Last, but not least, two types of Focus group discussions with general population have been conducted separately for men and women:

1) FGDs on women's economic role and income. Their objective was to explore within each community a) general attitudes toward gender roles in the family and women's economic activity, b) opportunities and challenges to women earning income, and c) women's control over the family budget – both in terms of

income and spending decisions. They have been conducted in each oblast and Bishkek and Osh cities, totaling in 18 FGDs.

2) FGDs on credit taking and female entrepreneurship with an objective of exploring general attitudes toward credit taking, particularly by women, and towards female entrepreneurship, perceptions of gender differences in the terms of credits.

All interviews and FGDs have been audio-recorded and then transcribed and coded.

## 2.1

# DESCRIPTION OF QUALITATIVE DATA

**Women's economic roles and family budgets:** Focus group discussions with general population, both male and female are used to explore attitudes and practices toward women's economic roles and their control over family budget.

Overall, 18 focus group discussions with general population have been conducted. FGD have been conducted at each research site throughout the country, including at least one male and one female focus group in each oblast. Age of male FGD participants ranged from 19 to 68, and from 24 to 60 for female participants. 38 out of 51 male participants were married, and 13 were single. Among female out of 47 participants 33 were married, 2 divorced, 8 widowed, and 4 singles. On average married participants had three and more children, and almost half of them had higher education. 90 out of 98 participants were Kyrgyz, and 8 participants were of Russian, Uzbek, Tatar, Kazakh, and Dungan ethnicities.

FGDs involved people with different backgrounds and average income. Participants were engaged in different activities, including trading, teaching, farming, tourism, construction, municipal service, and entrepreneurship. There were several students and one actor. Also, a significant part, 43 out of 98 participants were retired or unemployed. In southern (Osh, Djalal-Abad, Barken) parts of the country many FGD participants mentioned at least one family member being a labor migrant, while in northern oblasts (Issyk-kul, Naryn, Talas, Chuy) just a few participants experienced migration.

**Female entrepreneurship:** Two types of instruments are used to explore attitudes and practices toward women's empowerment and entrepreneurship: in

depth interviews with women who run their own business and case studies, which include interviews with family members of women entrepreneurs.

Overall, 18 in-depth interviews with women who own business and 10 case studies with them and their families have been conducted. Interviews and case studies have been conducted at each research site throughout the country. Wide variety of respondents has been interviewed. Age of the respondents ranged from 26 to 65. Fifteen out of 18 respondents were married and had three or more children. Six of them had school education and others had vocational or higher education. The respondents pursued entrepreneurial activities to provide for their families through basic types of consumer-focused businesses. Three respondents were engaged in trade sector, four in clothing industry, and others in food processing (making jam), bakery, hairdressing salon, hotel, café, flowers, and laundry.

Majority of respondents took loans to open and run their business. Almost half of them had opened their business after attending professional and leadership trainings or with support from different local and international donor organizations, including ЖИА, JICA, Helvetas, UN Women and others

**Access to credits:** Two types of instruments have been used to explore attitudes and practices toward women's access to credit: in depth interviews with

women who have taken out loans for business purposes and focus group discussions with general population on women's credit taking and entrepreneurship, both male and female focus groups.

Overall, 18 in-depth interviews with women who have taken out loans for business purposes have been conducted. Interviews have been conducted at each research site throughout the country. Wide variety of respondents have been interviewed. Age of the respondents ranged from 32 to 60. Fifteen out of 18 respondents were married and had two or more children. Almost half of them had higher education. The respondents pursued entrepreneurial activities to provide for their families through basic types of consumer-focused businesses. Ten interviewees were engaged in trade sector, others had businesses in medical field, clothing industry, bakery, hairdressing salon.

Loans in Soms prevail, only couple of interviewees and FGD participants indicated receiving loans in US Dollars. Most of the respondents had taken loans

several times, more than three times, and some many times. Loan amounts ranged from to 1000 Soms to 100000 US dollars. Majority of loans were below 3000 US dollars. Interest rates on loans in Soms were around 30 percent or more. All loans were short-term up to three years, majority are one-year only. Loans are taken from different financial institutions, such as FINCA, Amanbank, KICB, Aiyl bank, Mol Bulak, Bai Tushum, Kompanion and others.

Eight focus group discussions with general population have been conducted, one male and one female focus group in Bishkek, Osh, Naryn, Talas and Jalal-Abad. Age of participants ranged from 24 to 65 for males, and from 20 to 78 for females. 17 out of 37 participants had higher education, 7 finished vocational schools, 10 had secondary education, and 2 did not finish school. 95 percent of participants were Kyrgyz, and the rest were of Russian and Uzbek ethnicities. FGD participants were from different sectors, including education, trade, healthcare, farming, and entrepreneurship. Moreover, there was an NGO worker, several students, and many retired people.

A large, stylized number '9' is the central graphic element. The top half of the '9' is light blue and sits on a blue background. The bottom half is a darker green and sits on a green background. The number is composed of thick, rounded strokes.

# ANALYSIS AND RESULTS

## 3.1

# RESEARCH FINDINGS

## GENDER ROLES IN THE FAMILY AND WOMEN'S ECONOMIC ACTIVITY

When it comes to the perceptions of women's economic role in the society, the discussions with general population throughout the country reveal that traditional patriarchal norms and dogmas still prevail in Kyrgyz society. For example, in the GSPS quantitative research, undertaken by the National Statistics Committee of the Kyrgyz Republic (NSC) and commissioned by the UNFPA, 80% of female and 83% of male respondents agreed that, "in a family, it is the woman's responsibility to watch the home and children and the man's responsibility to earn income". Similar views have been expressed and additional insights have been gained from hearing live voices of our FGD participants. It could be concluded from the FGDs that while the perceptions on what men should do were more comprehensive and included breadwinning, community service, governance, the women's economic roles were limited mostly to childrearing, housework, and support of the husband. Many respondents (i.e. FG with men from general population) were convinced that women still have to remain mothers/wives/daughters-in-law to ensure good environment in families. According to their views, there has to be a clear distinguishing line between men and women, men and women have the 'corresponding' functions in the society: women - are expected to work in the house, men - outside to fulfill their social role. Such a differentiated treatment starts from birth according to our respondents, as a woman from Osh Oblast points out: "In our society, from their childhood, girls are pressured to grow as future mothers and wives, work more than anyone else. In most families, even today, boys are more preferred, or husbands are happier to get "It's a boy!" news than "It's a girl!" one."

Exploring further, our FGD discussions suggest that the issue is not about women working or not working at all outside of home but rather it is about women remembering that their primary role is at home while still earning income and working outside. Indeed, many women work, and both men and women accept the fact and support the idea of women bringing additional income to the family. For example, in the GSPS quantitative study 63% of women and 60% of men admit that "women should work and earn income together with their husbands to provide for their families". In the GSPS qualitative survey, some women would say that their husbands asked them to work themselves, because it was hard for them to provide for the family alone,

*For example, the family has no food, no money, they need something to eat. But there is no response from men, they are ashamed to go to the labour exchange, make a little money, do something, bring some profit. They are sitting and waiting for somebody to give them a highly paid job, and they are shy. At all times, historically men were heads of households, and they should provide their families. We grew with this principle; therefore, they are ashamed to come out. They don't want to disgrace themselves.*

In Issyk-Kul, Talas, and Naryn women on average seem to be more active than men, especially after middle age. Married women of 25-35 years old commonly sit at home and bring up kids, but most of them return to labor market when their children start going to school. Retired women tend to babysit their grandchildren in order to allow daughters and daughters-in-law to work. In Issyk-Kul, Talas, and Naryn both men and women would say that there is more work (official, non-farming) available for women than for men. Particularly men older than 45-50 years old face great difficulties with finding work, and at the same time they are physically not able to do most of labor intense work they previously did, they have working wives, and are more supportive of their work.

Female focus group participants would claim that nowadays women are present in most areas more often than men, except policymaking and local governance. Participants commonly would say that women tend to be a lot more patient and stress-resistant than men. A 53-year old woman from Talas Oblast said the following on economic activeness of men and women,

*In my opinion, women in everyday life are more entrepreneurial. They can find the job here and there and do it. It is more difficult for men to find the job if*

*they lose it or become unemployed. They lose themselves and become stressful because of that.*

And yet, while working and making their contributions to family budget, working together with their husbands, and sometimes alone, women still face and accept a societal belief that their primary role must be at home, raising children and doing household work, as it is evident from the expressions of our respondents. For example, a male FGD participant from Osh Oblast would say "But, we all understand that women's role at home is greater and that's how it should be, as she knows more about raising children naturally.." Or, to put it in words of a woman from Osh Oblast "... the number one role of women in our society is motherhood, only then - profession. But, of course, it is good when she works, because then she takes some care of herself as well. Although, no matter how much she makes, his earning is more lasting, enriching." This last statement illustrates another important point that female earnings in a family, no matter how large they are, are belittled, and the importance of her work is minimized. Overall, men that have permanent job would not consider earnings of their working wives as a significant contribution to the family budget. There was a general agreement among men that women should work not to earn money but more for self-realization. Men would say that working women are able to meet people, communicate with them, and are less depressive. Like 46-year old men from Issyk-Kul oblast said,

*The woman should work outside of home, do something in addition to housework. If she stays at home and does not work outside she will feel bored and will be down, I don't think a woman will feel comfortable if she stays at home all day long doing housework. She needs to come out outside of her home. Work and meet with people and communicate with them.*

The belief that "the women's primary roles is at home" on the one hand, and the financial need to go out and work for their family's sake on the other hand, make women choose vocations, which allow them combining work with childbirth, childcare and housework, and contribute to the perception that there are "appropriate" professions for women. For instance, male participants in our study highlighted sectors that are "ideal" for women: education, healthcare, social service, and tourism. These sectors are dominated by females, allow combining work with household duties and do not require physical strength. At the same time, participation in political meetings, work in bazaar, or migrating outside of the country were considered as "not suitable" for a married woman. Female teachers mentioned that their career choice was strongly influenced by their parents and

relatives, because teaching is "ideal" for women: she can find work anywhere in any age and still have enough time for housework and children. Therefore, GSPS study by looking at people's perceptions and attitudes sheds light and provides data-based evidence on underlying forces that make women and girls to choose lower paid professions in Kyrgyzstan (the observation discussed in the introduction).

In addition, such perceptions make women give up carrier aspirations or feel guilty of not devoting enough time at home even if their income is significant for the family budget. For example, while in the GSPS quantitative study 61% of women and 72% of men agreed with the statement that, "after giving birth, women should leave their work and career aspirations behind", in the qualitative part of the research, several women admitted that they had to change their career objectives under the pressure of family. As an example, one woman told that she dreamed of being a singer and performing on the stage. She attended the musical college until her future husband kidnapped her. Now she occasionally works in local bazaar or sits at home.

Also, it should be pointed out, that while more women are working outside of home, it was rarely mentioned that household chores are being shared more by men. Rather, there were statements by male participants that technological progress and presence of kindergartens allow women work without compromising their housework.

Perceptions of differences of gender roles in the family and society go beyond men's and women's time allocation to work. Such views as "men should make decisions while women should support them", "men's status should be higher, women should have secondary role", "women should obey men's rules", were directly expressed by our male respondents or admitted as general perceptions in our society by our female respondents. As an extreme example of such perceptions, one woman that runs her own business in Osh city even claimed that, "men in our society see us as objects, who just need to be there to go on. They do not treat us as human beings, who can have own dreams and desires..." Or as a male FGD participant from general population would say "In Kyrgyz mentality the woman should respect her husband, obey him. And given that we are Kyrgyz, and we are not Caucasian or Americans we need to respect and preserve our long-standing traditions – that's what I think."

On the same point, men would express absolutely traditional society dogmas, such as 'men is the one

who feeds the family, so, women should obey his rule', otherwise, she would ruin his role in Kyrgyz society and making him laughable in its eyes. Thus, it seems very important for a family to present a husband as "a breadwinner", "a head of the family, and a decision maker" to the rest of the society, no matter what the real situation in the family is. Similar thoughts are expressed in an excerpt below from a woman in Chui Oblast,

*Of course, he will have to be introduced to the society as the leader, head of the family or even a breadwinner, because then she will have less issues at home and outside. Although, we all know and accept the fact of her having become a true breadwinner for many years now.*

Otherwise, if not presented as such, the husband's role would be ruined, people would make ridicule of him, and as a result, as some of our research participants would argue "changes to the traditional secondary role of women in the society might cause tension and conflicts within the family".

GSPS quantitative study shows differences in views depending on the place of residence. As expected, rural citizens have shown to be more conservative than urban citizens in answering all questions. For example, while 68 percent of urban women agreed that "a woman cannot stay late at work because she has household duties at home", the percentage of rural women who agreed with this statement is much higher, 84 percent. Or with the statement "after giving birth, women should leave their work and career aspirations behind" agreed 68 % of rural women, and only 50% of urban women. Also, not surprisingly, opinions on women's economic role vary with the level of education. In answering all questions, the higher the level of education is the less conservative the respondents are. As an example, 80% of female respondents with primary education agreed that "after giving birth, women should leave their work and career aspirations behind", whereas only 48% of female respondents with higher education agreed with the same statement. Both male and female respondents had this decay in the level of conservatism with the level of education; however, these differences in opinions depending on the level of education are more evident for female respondents than male.

GSPS qualitative study reveals somewhat surprising, intergenerational differences in views in rural areas: the younger both men and women were, the more conservative (i.e. she has to stay home, if she can, because the work around the house and care after the family members are already a lot to do every day)

they would seem. The younger men more often did not want their wives to work, and in general seem to be more conservative. Some of them would explain it with religious beliefs, and others would say that they are jealous and want their wives to work in female workplace only. One unmarried 26 year-old man from Chui Oblast was expecting his future wife not to work outside of home because of jealousy, "I have no wife, but I'm jealous, I don't want my wife to work outside, if everything is OK and I'm healthy, I will try and find the job and income myself and will not allow her to work outside."

This young man uses possessive expression towards his future wife, in his language he "will not allow his wife to work". When analysing such statements it is interesting to look at how "masculinity" and "masculine" is perceived in society. What does it mean to be a "true" man from perspectives of different people in the society? Such analysis would help to develop policy recommendations using positive masculinity to engage men in women's empowerment.<sup>5</sup>

Intergenerational differences in attitudes towards working women might be explained by the fact that while older men more often face problems with finding job and cannot provide the family alone, it is easier for younger men to get employed and provide financially for their families without their wives having to work. Such differences in the attitudes could be also indication of changes in the perceptions of the society. For-example, re-emergence of Islamic traditions after the break-up of the Soviet Union and upbringing of young men in accordance with those traditions could be another possible explanation of such changes in the gender attitudes.

In Bishkek, however, young women were not very concerned about house work, husbands, and children. Many of those interviewed were attending additional language and professional courses and were emphasizing career priorities which should lead them to a better living. This might be related to the fact that young women in Bishkek rarely leave with husband's relatives and don't come under pressure from community like "kelin" in rural parts of the country. Like one female FGD participant said, "What if she is more successful? Let her be! We are the heads of our families anyway. And, she knows that and has to obey that. So, it is fine for her to make more money, when

---

<sup>5</sup> While the GSPS study provides some views of our research participants on what men should do and how they should behave, unfortunately, deeper analysis of how "masculinity" is perceived in our society was outside of the scope of this research, which leaves it as an interesting topic for future research.

she can, and bring that to the family.” Younger female participants in Bishkek would work even if their husbands have well paid jobs. They believed that women should work not only to earn income and thought that men should be also engaged in housework.

When it comes to perception of women's economic role in Kyrgyz society by experts from vocational education sector, they highlighted the change that occurred within last decade or so: women became more active pursuing new (in market's demand) professions. They are also not afraid to work in historically men-occupied areas of work like architects (exterior, interior), mechanical engineers, and taxi drivers, etc. Moreover, women entering male-dominated sectors of economy study harder and achieve better outcomes, often getting paid higher salaries.

There was a general trend amongst the women-entrepreneurs and their families to value education above all, as they truly believed that only

educated women, men, and their children can overcome any economic crises (i.e. led by the Customs and other Unions), applying their knowledge and skills in different sectors of economy, such as trade or commerce, IT, agriculture, and small- to medium-enterprise. Moreover, they were ready to invest into own education, acknowledging the positive correlation between higher education and economic/financial success of their family members. Thus, vocational education programs seemed to be valued, however, most of them lacked quality of teaching and practice during the course.

There were gender differences observed regarding education: all female participants in Bishkek and many women in other sites mentioned their interest in additional education, language and professional courses. Not only youth, but also retired women are either attending or willing to get some advanced training. Men, in opposite, did not show much interest in upgrading their skills through formal courses claiming that they retrain during work.

## 3.2

# RESEARCH FINDINGS

---

## FAMILY BUDGETS

---

The results of the GSPS quantitative study show that decisions on spending are household decisions. Close to 70 percent of respondents of the GSPS quantitative study confirmed that they jointly decide on how to spend their earnings. Similar conclusions could be made from the GSPS qualitative component. All married participants of our FGDs (of both male and female groups) agreed that they control their budgets together with their spouses. Offer additional insights on. Male participants that married recently would say that they became more thoughtful about expenses and budget planning. Younger men would often claim that they make the final decisions themselves, or their wives spend money under their control. Older men would pass the control over everyday family budget to wives. At the same time, older female participants would say that they deserved their husbands' trust and earned the right to manage the budget. They would also be responsible for collecting money from their children if they work and leave together with them. Major purchases in general would be discussed within the family, and in some families, children would also participate in such discussions.

Majority of unmarried participants of both genders (even 30-year old men) were living with their parents and giving part of the incomes to them. Unmarried participants from urban sites were more independent in controlling their budgets, most of them would keep at least half of their income and spend it on their own. Unmarried participants from rural sites would bring almost all of their earnings to parents and spend

money under their control. When they needed money, they would ask mostly their mothers, because mothers commonly keep money physically and often serve as intermediaries between kids and fathers.

Unmarried participants tend to spend more on entertainment. In cities, younger participants would often go out, meet their friends, and buy clothes. In

villages, young men would often play football or other sports, be with friends, but without spending much money. Many FGD participants mentioned significant expenses on construction, credits, and celebrations, especially in fall season. In general, people did not have individual or joint bank accounts except those who work in commercial banks. They would express lack of trust in the banking system, and many would say that their incomes are too low.

The idea of women earning more than her spouse does created a lot of discussion within male and female groups. Majority of participants of both genders were not approving this situation, claiming that men would be under the thumb of their wives if they earn less, which would make them feel inferior. One 32-year old man from Issyk-Kul oblast said that, "A man will have inferiority complex if his wife earns more than him. ...she will have more privileges... she will talk more, think more." Moreover, according to some participants, it would negatively affect the relationship with relatives, and they would be ashamed of the community. Young male participants would say that if a wife earns more than her husband does, it dishonors him. Older men would be more ambivalent and say that it is a common situation in these days. There was a general agreement that even if a woman earns more, she should show up a man as a household head and major breadwinner. Women would explain it with Kyrgyz mentality, where men should be heading the household. Some women would say that in families with female breadwinner daughters are eager to study and work in order to have high income.

Men on average would feel more comfortable while spending money on their own needs than women, particularly if they work. Male participants would not understand the question "how do you feel yourself while asking pocket money from your spouse" because men could not think that they can feel uneasy while taking money from the family budget. Women would better spend money on children or grandchildren than on themselves, "No, I do not feel comfortable. I think why I am spending on myself. I buy something for myself and think I should have spent this to buy something for my grandchildren. It hurts after spending on me. It is always good to spend money on grandchildren." They do not feel right spending money on their own needs; therefore, their grownup daughters (if they have them) would get clothes and presents for them. Sometimes women dodge and try to save money from food budget in order to buy something for themselves. A 57-year old woman from Jalal-Abad Oblast explained a number of tricks to save some money from the male-controlled budget,

*When I ask permission of my husband to buy something and ask him for money, he never gives me the required amount of money, men always give little money. Then, keeping it from him, add some money to it and buy what you want. If I buy something without my husband's permission, I am hiding this thing for some time, and then when I put it on and my husband asks me where I took this thing, I would answer, that "this is an old thing, I bought it ten years ago, don't you remember it?"*

### 3.3

## RESEARCH FINDINGS

## FEMALE ENTREPRENEURSHIP

Entrepreneurship is recognized as critical to economic development and sustainability worldwide. Entrepreneurship development is a key element in strategies that allow economies to benefit from the talents, energy and ideas – the productive potential – that women bring to the labor market. There is increasing recognition that women entrepreneurs are the new engines for inclusive and sustainable industrial growth and are the rising stars of economies in developing countries.

Research findings confirm that entrepreneurship is a viable career option for women in Kyrgyzstan; it makes a difference in women's lives and can be highlighted as an important way to foster women's empowerment.

On the societal level, there is a general positive perception of women running their own business across all genders. Women-entrepreneurs said that they feel the respect from their neighbors, relatives,

and friends. During case study interviews their relatives also mentioned that they are proud about the success of their family member. Other community members tend to set these women up as a positive example for others. It is important that most women entrepreneurs involved their children since school years into the business activities and taught them basic entrepreneurial skills. Many women were role models for their daughters and daughters-in-law, inspiring them to study and start their own business.

Among the positive effects of entrepreneurship in women's lives, the most frequently mentioned was an ability to provide better lives for their children, to invest in their children and make a difference in their future by providing them with better education.

Respondents also told that their entrepreneurial activity has provided them with financial stability, material wealth and has given them enough financial resources to be able to build a house (for themselves

as well as for their children), buy a car, go for a vacation, hold wedding ceremonies for their children.

Entrepreneurship has also led to personal growth and development. Women indicated that entrepreneurship and an ability to change their and their family's lives for better increased their confidence and self-respect. Development of self-discipline, understanding of importance of hard-work through running a business have been also highlighted. Among other positive effects mentioned were expansion of social networks and getting to know other entrepreneurs as well as gaining a weight in the society and obtaining a special social status.

Women also mentioned that entrepreneurship gave them a chance to help others, teach and employ other women, as in the case of Gulnara , women-entrepreneur from Karakol. Gulnara teaches and creates jobs for other women to help them work and provide for their families. She is also engaged in charity work and supports elderly in her city.

#### Case Study #1:

### Women entrepreneur: teaching other women craftsmanship

Gulnara is sixty-three years old and lives in Karakol for forty years. She used to work with ethnic souvenirs and handicraft during the Soviet Union period. Then, after its collapse, she lost her job and had to think how to earn money and support her family,

*It was very, very difficult. In fact, we had no money. There was no money even to buy bread. Both his parents were helping, and my parents were helping. But this assistance is what....it was enough for one week, may be for 10 days. And then we need to have something to eat again. And then... well, it was a very difficult time.*

There were other women that were in the same situation and they grouped to do craft items from felt and leather. The region is rich with wool and raw materials, and with the support of a woman that worked with American sponsors Gulnara started making and selling ethnical handicraft to foreigners and tourists.

Gulnara makes national carpets, shyrdak, ala kiyiz, tush kiyiz, and different felt products like slippers, hats, and silk scarves. Recently her team started making children clothes made from natural fabric. Moreover, she teaches women for free the basics of handicraft to give them the

opportunity to work and provide their families. Gulnara also owns a souvenir shop where they sell their products.

Many years ago, Gulnara attended the Frunze Art school, and studied under famous Soviet and Kyrgyz painters, which then helped in her creative business. But she says that the talent and skills of her grandmother influenced her the most in a career choice.

Gulnara's husband supports her business and works with her. He is responsible for logistics and part of finance related issues. Her relatives are also positive about the business they run, «My relatives in fact, know everything, they only encourage an support me: Work, work, work!» Gulnara also thinks that kelin should be in a good relation with her parents-in-law who can assist her in child-rearing and thus running business while children are small.

Gulnara is happy that she is able to help other women by providing them with work and income. She is also engaged in charity and supports financially several old people in her city. She thinks that a woman should be active and work outside of home.



*Gulnara's team is making ethnical handicraft. © UN Women/ Elyor Nematov*

The case of Gulnara also shows the importance of family support for successful entrepreneurship. Overall, research findings reveal that the key to success in female-run businesses is receiving support from husbands as well as other family members: their children, daughters-in-law, siblings, mothers, and, in some cases, from their husbands' family side. A husband, who is willing to help out with his wife's business, willing to support her initiatives seems to make a big impact on the development of her business. However, it should be mentioned, that most of the support from husbands' side was business related and outside of home. Among activities mentioned were physical help, such as driving to work, building or repairing buildings, lifting heavy things, as well as providing financial help and access to information and business networks. Only couple of respondents talked about receiving help with household chores from their husbands, probably, because such help is unusual, and if there is such help it is inappropriate to openly talk about it due to generally accepted norms that "those activities are women's responsibility, not men's". In many cases, simple understanding and acceptance of her being an entrepreneur from her husband's and his family's side was considered as "help" by a woman-entrepreneur. The adjective "tushunuktuu" (which means "understanding") is used repeatedly by our respondents, while describing their husbands. Such understanding appears to be a pre-condition for starting a business.

On the question "what did entrepreneurship took away from you", one of the repeated answers (especially, among younger women) was "time with my children, time with my family". Thus, female entrepreneurs, on the one-hand, gain material wealth and an ability to invest in their children, on the other hand, give away a quality time with their children. It seems that this is a complicated trade-offs that they have to make. They felt that their children are not getting enough of their attention. There was an internal struggle and feeling of guilt of not fulfilling their duties as mothers.

### Obstacles

Many respondents complained about excessive check-ups for licensees and payments from numerous government agencies. Such check-ups, corruption and bribery makes it hard for entrepreneurs to expand their businesses and is an obstacle for business start-ups. Limited financial resources to expand their business was another important obstacle highlighted by numerous respondents.

The general perception in Kyrgyz society that the primary role of women is at home, taking care of children, and fulfilling household duties is an important obstacle for women to initiate self-employment and entrepreneurship. The problem is observed to be especially severe for younger women, as the following statement from an interview with a female entrepreneur from Djalal-Abad city illustrates.

*Well, people say: "a woman must sit at home and take care of children." "When her husband comes, she must give him food, lay the bed for him, look after children, do all household work, visit numerous relatives in their homes and do their work for them, this is how she must live" they say. Since I am already 50 years old I am free from this type of work. Young kelins (wives) until current time live up to these principles. People have a wrong opinion that it is necessary for young women to do this work, that young women must serve. Instead of thinking that "young women might have their own business, that other people should not interfere, on the contrary, it is necessary to help them", people tease and burden women with their opinion. A woman might succeed only if she, without paying attention to the words of the other people, goes out and works. But many women fail during the first steps. They do not continue their business and quit their business.*

As it is highlighted in the message, apart from heavy household duties in their homes, young women also have to serve and help out their husbands' relatives in different occasions, which restricts their time for outside work even more. Interestingly, this woman says that she is over 50 now, and that is why she does not have to fulfill those duties anymore. Therefore, according to her, the only way out of being a source of physical labor for her husband's relatives is getting older. Being self-sufficient, running a successful business did not free-up her from such duties. Even if young women find strength to overcome the pressure of living-up to societal expectations, and find time for entrepreneurship, such expectations, combined with a stereotype that "women should be below their husbands in their status, they should earn less" could lead to unhealthy family relationships and struggle of both men and women, as stated below from the same interview of a female entrepreneur from Djalal-Abad city:

*People say: "Oh, your roles have changed. Here she is - the bread winner, while he stays at home, he does all laundry, cleaning" and different other things. While I am away at work, they are teasing him like this. They tell him "She became so business-oriented". Many people do not understand, very rarely somebody would understand, and very few people would understand. Those who do not understand, treat me badly, they say bad words to my husband and instigate him. After that he gets angry and nervous. Such things also happen. There are many such days...*

*It appears that a husband cannot forgive when his wife earns more than a husband, my husband feels badly, when I earn, and I also feel badly because of it. I see how he suffers. He does not want to take money from me and says, "I do not need money, I soon will get my salary". It*

*also happens that he feels ashamed. He tortures himself. I can see that he really suffers very much.*

As the excerpts above point out gender norms and stereotypes affect both men and women. Men also struggle from not being able to meet societal norms and expectations, including such norms as (a) husbands must have higher socio-economic status than their wives, and should be responsible for financially providing for their families, be the main breadwinner in the family; (b) husbands have to be strong and powerful, and are expected to exert power and authority over their wives; (c) men should not do "women's work", such as cooking, cleaning, taking care of children. With the extension and development of his wife's business (beyond self-employment level), it becomes more and more difficult for a husband to live up to such norms. In fact, with the development of his wife's business, he is less and less likely to be the main breadwinner in the family. Also, a female-entrepreneur has even less time for household chores, so raising children and household work demand more and more of her husband's attention (or require external help). She is also unable due to lack of time and sometimes unwilling to serve her husband's relatives, which is interpreted as her non-compliance, and lack of her husband's control and authority in the family. All of this contradicts with the expectations of men's role in the family. Such psychological burden on men leads to decrease in their self-confidence, loss of sense of self-worth, could result in aggressive behavior and domestic violence.

### **Entrepreneurship and women's financial independence**

One of the research objectives of this study was to explore if entrepreneurship and access to credits leads to women's financial independence, and if so how. Interviews and discussions incorporated questions related to financial independence. However, research findings reveal that women in Kyrgyzstan view themselves as part of their families, inseparable from their families. Married women talked about having joint family budgets and making joint decisions with their husbands. For example, the question "Did taking out debt make you more or less financially dependent on your family" was not understood by any of the respondents. Nearly all respondents asked to repeat or explain its meaning again and again. Women could not fit into their minds how they can be independent financially from their own families, what would that mean. In their minds, everything they generate is for their families. Thus, families appear to be decision making units, units of analysis in Kyrgyzstan. One can explore the shifting of the bargaining power within the

family depending on the relative incomes and status of spouses. However, such exploration requires much

more detailed and structured questions on this particular issue, which was outside of the scope of this study.

#### Case Study #2:

### Woman, entrepreneurship and financial independence

Munara (name has been changed) is a young kelin from the South who recently started her own small business. She is engaged in jam making and so far, works alone. She was thinking about starting a business for a while and was able to fulfill her dream by the aid of one domestic project. They taught Munara the basics of business management and women leadership and gave her a small grant.

Munara lives with her mother-in-law, husband and his siblings. She mentions that her mother-in-law treats her daughter and kelin very differently, supporting the first and criticizing the second. She was very skeptical about Munara's business, "They were looking at me like "what can she do?", this is why I undertake all these efforts in order to achieve results in their eyes." Munara has to finish all the house work first before dealing with her business. Otherwise her mother-in-law would be dissatisfied and against her entrepreneurial activities, "I heard such words as "this work was not done while you were doing that"", Munara says. Munara thinks that with her mother-in-law's support the business would be more successful and less stressful.

Munara's husband works occasionally on seasonal work, and before she started a business they depended on her mother-in-law's money. Being financially independent makes Munara very happy,

*"I am happy now, very happy (she is laughing), because I have my own business, my work, I have money now, I do not depend on anybody, for instance, when I go out somewhere, I do not beg for money from my mother-in-law, I go away myself. Now I do not suffer, I take care of my children, I can buy clothes for them, the mother-in-law does not give money even to them. I really suffered because of this and it pushed me to go to work and earn money and to be independent of her.*

Currently Munara is working on branding her product. She is willing to expand her business and move the production from the house to an alternative place. She believes that her entrepreneurial activities will help her children to study at better schools and choose better careers.

Having said that, it should be underlined, that the issue of women's financial independence is still acute in Kyrgyzstan as the following case study illustrates.

Before starting her small business, Munara was a stay at home mother taking care of her small kids, doing all house-work, being "kelin". She had no income of her own and was entirely dependent on her husband and her mother-in-law. She could not buy cloth for herself, educate her children the way she wanted, buy the food for them she wanted, for every penny, she had to ask her mother-in-law. The attitude in the household was "you are "kelin", you have to take care of your in-laws, your husband, and children, cook, clean, do all the housework, what else can you do?"

Starting a small business with the help of the donor project was a way out for her. Being self-employed gave her the level of financial independence she wanted. It is a big step forward for her, which made her happy. Moreover, being self-employed gave her flexible work-schedule and an ability to accommodate raising children and household duties within her daily schedule. However, as it is clear from the interview, being a "kelin" still comes first for Munara, only after finishing all her other duties she can work on her small business. At this stage she is keeping a kind of a balance between her domestic and market work. It is highly likely that putting more hours into business at the expense of her other duties and expanding her business might lead to even more tensions in her family.

## 3.4

# RESEARCH FINDINGS

## WOMEN'S ACCESS TO CREDITS

Universal access to finance and financial inclusion is a crucial part of achieving inclusive growth. Access to financial services can help households smooth their consumption over time and reduce their vulnerability to different shocks, build assets, participate more effectively in market activities, and overall reduce poverty and improve their lives. Yet, financial inclusion is one of the areas where we observe a gender gap.

According to GSPS quantitative data, 22% of women and 26% of men in Kyrgyzstan have taken out credit from different financial institutions for various purposes. The quantitative component also shows that rural women (as well as rural men) are more active in credit-taking than their urban counterparts, more than 25% of rural women and only 16 percent of urban women have taken out credit<sup>6</sup>. While, the sample of quantitative component represented different types of credit-takers, the focus of this research was on the sub-set of female borrowers who took out credit for business purposes only. Close to 33% of female credit-takers and 39% of male credit-takers overall took out credit for business purposes to either expand a pre-existing business, invest in equipment for a business, or for to use it for agricultural work.

As mentioned briefly in the methodology section, our study purposefully selected and focused on respondents who had positive experiences with receiving and using credit. The goal was not to reveal whether credit-taking tends to have a positive or negative effect on women's lives, but rather: when it does have a positive effect, are there specific, definable factors that lead to that success? Moreover, if such factors exist, are they replicable for other women, are there models of credit-taking that can be replicated in more women's lives to increase the rate of successful credit taking and using in the Kyrgyz Republic<sup>7</sup>.

Given our focus on respondents with positive experiences, we unsurprisingly found that none reported any obstacles for taking out loans or gender-discrimination in the process. They generally reported no gender-based differences in obtaining

loans, nor in the conditions of those loans. Overall, they tended to think that there is easy access to credits in Kyrgyzstan. This was true even of our three interviewees who did not view their business and credit experiences as successful (all others did).

Among few gender differences mentioned, was the fact that women tend to take loans in smaller amounts, and women groups are usually the ones who receive joint liability microcredit.

When asked how credit-taking changed their lives, the majority of interviewees responded that it has affected in a positive way, and they are grateful that such opportunity exists. What was entailed by this term "positive" varied from respondent to respondent, and sheds light on effects of credits on female empowerment. Some of the most frequently reported benefits included the opportunity to expand their businesses, to invest in their children's education, to build homes for themselves and for their children, and to accumulate additional material wealth. The expressions like "thanks God, the loan was useful" were common among respondents. They also talked about self-development as a result of credit experience, having increased sense of responsibility, self-demand and discipline, increased confidence in some cases. For example, during FGD in Talas it was said that,

*Loans also have a positive effect, for instance, when you are planning something, you take a loan for its implementation. When you want to borrow money from somebody, they would not give any. If you get a loan, you do your best to repay, because you respect those workers who disbursed the loan and have more confidence in oneself. I am grateful for the ability to take loans, they help many people. This is why our dreams and plans are being implemented. We do our best to repay in time. On the one hand, it is good, you must say it is good when you voluntarily decide to take a loan yourself, am I not right? We look at it positively.*

<sup>6</sup> The data by oblasts show that population of Talas is most active in credit-taking with more than half of its adult population having credit experience (53% of women and 51% of men).

<sup>7</sup> Certainly, the question of whether credit-taking is generally an effective or ineffective way of raising one's family out of poverty or financing one's small business in Kyrgyzstan is an important one. Unfortunately, this question was beyond the scope of our qualitative research.

Thus, respondents from this component of the GSPS research highlight the major benefits that can come from credit-taking, particularly when it is linked with successful entrepreneurship. Below we report few insights from our study on what makes a credit-taking a successful experience.

### What makes taking out a loan a successful experience?

Although, there are many factors affecting entrepreneurship and credit taking, and many of them are outside of a person's control, our study highlights that financial literacy and direct use of credit, possession of some personal wealth, as well as family support are important determinants of successful credit experience.

Many respondents indicated that the key to successful credit experience is the direct use of the loan in business in accordance with financial and business planning, and not for other consumption purposes, and personal needs such as buying cloth, holding a wedding ceremony, other relatives' related celebrations/events, or toys and other expenses.

Also, respondents indicated that loans are not for poor people, they are for people with some back-up assets, jobs, "Loans are for rich people, they have spare money to repay a loan. Then they repay a loan in parts. And if you have no spare money and cannot even pay for your everyday expenses, and still take a loan, how you will repay it, it is not right".

Financial literacy plays an important role in making a right decision on whether or not to take a loan. No matter whether it was a village or a city environment, financial education played a turning role in success of family business. Successful (in business) respondents would always quote a donor organization (i.e. Mercy Corps, HELVETAS) or a program (i.e. USAID's support of small-scale businesses ran by women-entrepreneurs), which allowed them to achieve financial stability and constant investment into themselves and own business growth. One female-entrepreneur who had taken out credit said,

*It was vital for me to access the trainings of HELVETAS which helped me to realize my dreams and become an entrepreneur. Most businesswomen are financially illiterate, therefore, cannot reach financial independence/stability in their businesses. Banks do not advise anything (even if they know) because that's how they make money -- on uneducated credit-takers.*

To illustrate the opposite, some respondents (who have taken loans many times) did not know what the interest rate was on their loans. Some of them said their husbands took care of the documentation. They also do not seem to do any type of market research and compare interest rates and products of different banks and financial institutions.

Spread of information on what the interest rate is, how to calculate it, explanation of possible risks associated with taking loans, and overall, education and raising awareness of general population on credits seem to be important. Having an independent service center with credit concealing, and with information on different lending options available seems to be very useful.

Research findings reveal that another key to success in credit taking and female-run businesses is having supportive husbands who are willing to help out with business, are willing to support their wife's initiative. Successful respondents indicated receiving physical, moral, financial support from their husbands.

### Problems with taking out loans

Most common concern among respondents (both entrepreneurs and participants of FGDs) was very high interest rates on credits<sup>8</sup>. Respondents from general population, particularly, younger female representatives referred to credit as something risky most of the time, as the interest rates in Kyrgyzstan are not stimulating small- and medium- enterprises, the terms are not flexible, and the amounts required for starting a business normally are greater than local banks can lend without a sufficient deposit which most of loan-takers cannot afford.

Given the high interest rates, high risks associate with credit-taking and the fact that it is difficult to find a business activity with an annual rate of return of 30 percent or more, the question arises on why people take credits in the first place? One of the explanations could be the importance of credits and cash for seasonal agricultural work simply for survival purposes as expressed by some of our FGD participants. The GSPS quantitative study also indicates that 23 percent of men and women agreed that "it is impossible to get by without credits"<sup>9</sup>.

<sup>8</sup> In spite of the fact that some female-entrepreneurs who have taken-out credit several times, when asked directly, did not know what the exact interest rate on their loan was as discussed in the previous section.

<sup>9</sup> The percentage of population, which agreed that "it is impossible to get by without credits" is particularly high for Naryn oblast, 44 percent of women and 48 percent of men.

Several respondents brought out issues associated with joint liability microcredit, when small group of borrowers are responsible for repaying each other's loans. The respondents complained that there were cases when their co-borrowers defaulted and run away, and they had to pay back loans of those co-borrowers, which essentially made already high interest rates even higher. Although, economic theory highlights advantages of joint liability loans indicating that co-borrowers act as guarantors they screen and monitor each other and in so doing reduce information asymmetries and agency problems, in reality, many good responsible borrowers seem to suffer from such lending. Statements from interviews in the current research as well as other sources indicate that the majority of joint-liability credit recipients are female. Men tend to take individual credits. Therefore, failures of joint liability credits could have disproportionately more negative effects on female.

Vulnerability to exchange rate shocks is another important factor to be mentioned. With the recent depreciation of the Som, those who took loans in dollars appear to suffer from substantial losses, "I did not think and could not assume that it would be so, that dollar would rise in price and reach this level" (female-entrepreneur who had taken out credit in foreign currency). Overall, there seem to be high risks associated with loans in dollars.

Although, our sample of in-depth interviews consisted of only successful credit-takers, participants of both interviews and FGDs talked about people around with unsuccessful credit experiences when loans led to bankruptcies and poverty. They shared their observations of people losing homes, getting divorced and losing families, being forced to migrate, and even committing suicide. Some examples are illustrated in the following excerpts:

- Excerpt from an in-depth interview, where female-entrepreneur had taken out credit: "If they take out credit to hold "toys" (festivities), then there will be no return, they will be debtors, if there is no business that brings income each month, it will be difficult to pay interest, they lose homes, many families fall apart, some of them due to credit hang themselves and commit suicide, am I right?"
- Excerpt from focus group discussions, female from general population. "Due to the inability to repay a loan the son of my father-in-law's cousin hanged himself. Creditors wanted to take away his house and asked him to leave his house, he had children,

yesterday we visited them as forty days passed after his death. He hanged himself with the words "This is my father's house. How will I leave it?" People, listen, this is what happens because of credits!"

Women also expressed worries about repaying the loans. Even the most successful ones talked about feeling doubts and said that if possible they want to pay out and not to take the loan again. Respondents expressed feeling of worry and fear of taking huge responsibility and not being able to repay, of not generating enough sales to pay the interest every month, of losing their homes. They talked about having constant tension and fear, day and night. Few complained about having health-related consequences both physical and mental such as heartache, increased blood pressure, insomnia, sadness, hopelessness. Couple of respondents also expressed feelings of shame from running into debt and talked about hiding their family's indebtedness from others. A few expressed concerns that credit-taking is in contradiction with their or their family members' religious beliefs since it is considered 'bad' (i.e. haram in Islam)<sup>10</sup>. Self-doubts, self-blames were among other feelings, like "during the loan repayment period, I do not sleep at night" – female-entrepreneur, Uzgen city, who had taken out credit. The same woman also said,

*I went with tears and sorrow, asked them to think... I did it thoughtlessly, and I know my guilt, I feel it. What can I do now? I cannot do anything, it's too late, I am running around like a squirrel in a cage. Turns out, it's very difficult, what should I do now hang myself, shoot myself? What to do? No one helps me. Only one help from Allah, so I run and work day and night.*

These worries and stressful feelings are too common (they are felt by even successful credit-takers) and too severe to ignore. One of the reasons might be that the consequences of credit-failures are extremely severe for people in low-income countries like Kyrgyzstan, since they risk losing everything they have, they risk their homes, and afraid of becoming jobless, homeless, and without any hope to recover.

We also have some insights on credit-taking based on the results from the GSPS migration component. Results from our interview with migrant women indicate that many families face severe difficulties as a direct result of taking credit, with one or both of the main adults of the household pushed into international migration to pay off debts.

<sup>10</sup> For example, in the GSPS quantitative study about 70 percent of respondents of both genders believed that credit-taking and credit-lending to earn interest income is a sin

Thus, credit-taking, it seems, is a high-risk venture: either leading to concrete benefits in women's material and familial positions or pushing them to unforeseen and unwanted crises and isolation. The riskiness of the credit-taking is also evident from the seemingly contradictory expressions of people's perceptions of credit-taking in the GSPS quantitative study. For example, 86% of women and men alike agreed that credit-taking is "dangerous and can lead to the loss of all your possessions," similarly some 63% of respondents of both genders believed that "repaying credit damages family relationships." And yet, about 60% of men and women believe that credit-taking can lead to improvements in a family's

socio-economic status. Financial literacy, financial and business planning, direct use of credit, awareness of the risks associates with credit seem to be important determinants of credit-success. Having said that, we do not want to enforce a view that credit failures are only due to financial illiteracy or the results of individual choices. People might find themselves in an unfavorable financial situation as a result of circumstances that might be well beyond their own control (sickness, loss of family members, weather conditions, macroeconomic fluctuations, exchange rate changes, political instability just to mention few). Understanding this should be part of financial education.

A large, stylized number '4' is the central graphic. The top half of the '4' is light blue and is positioned against a solid blue background. The bottom half of the '4' is light green and is positioned against a solid green background. The number is semi-transparent, allowing the background colors to show through it.

# CONCLUSIONS AND RECOMMENDATIONS

## CONCLUSIONS

The results of the GSPS research suggest that the question of how society in Kyrgyzstan views women's economic role is a complex. On the one hand, women have become increasingly more economically active and, in many communities, more women than men work paid jobs and are acknowledged and accepted by both genders. A majority of respondents agreed that thanks to women's active involvement in the economic sphere, Kyrgyzstan has achieved many results in socio-economic spheres. On the other hand, patriarchal norms still prevail. The perceptions that "women's primary role is at home taking care of children", "women should play secondary role in the society after their husbands, should be below their husbands in their status", or "there are specific jobs for women, such as "teaching" and "healthcare work" " still remain and seem to be one of the important underlying reasons why women participate less in the labor force, choose less paid professions, or only few of them start their own business. The fact that younger respondents, especially in rural areas are more conservative is surprising, especially at first glance, and raises concerns.

These prevailing patriarchal norms and stereotypes as well as heavy unequal burden of housework are important obstacles for female entrepreneurship (especially entrepreneurship of younger women), which is a viable career option for women, with many gains for her and her family. Entrepreneurship leads to personal growth, provides financial stability, material wealth, ability to achieve dreams for their families and help others. In general, female entrepreneurs are well received by the society. While there are many benefits of entrepreneurship, among the most commonly refereed costs of entrepreneurship was spending significantly less time with children. One of the key determinants of successful entrepreneurship seems to be family support, support of husbands of women-entrepreneurs, in particular. Even simple understanding from their husband's side is highly appreciated by female entrepreneurs and appears to be an important pre-condition for starting a business. Perceptions that "women should play secondary role in the society, should earn less money than their husbands", not only hinder business start-ups but also could lead to conflicts in the family and pain and anguish for both a woman-entrepreneur and her husband.

Our findings also indicate that family budgets are managed jointly by spouses. Families are decision making units. In fact, the question on "financial independence from the family" was not understood by any of our respondents. While, acknowledging the common practice these days that women earn more than their husbands, majority of participants of both genders were not approving the situation, claiming that it would negatively affect the "man's image".

Younger women appear to be the most vulnerable group according to our findings. They usually have

small children, and are overloaded with childcare and housework, and some of them as a result do not work and are entirely financially dependent. They are "kelins" not only serving their husbands and parents-in-law, but also helping-out other relatives from their husbands' side. Moreover, our findings also indicate that when it comes to perceptions of women's roles and control of family budgets, younger men (their husbands) are more conservative and controlling with family budgets. It seems that women endure difficulties, "invest" when they are young in order to get payoffs in the future. When they get older, they become mothers-in-law themselves (and that is why having sons is preferred), who deserve being served by their daughters-in-law, because this is what they did when they were young.

Access to cash and credits and ability to receive loans (to start a business, to use for seasonal agricultural work, to increase trade turnover and product varieties) is reported to be important and was appreciated by our respondents. None of our respondents indicated any gender-based discrimination in receiving loans. The only gender differences mentioned were that women get smaller amounts and women groups are usually the ones who receive joint liability microcredit. Direct use of credit, financial planning, family support, some back-up assets are highlighted to be important for credit success. Successful credit experience and entrepreneurship brings many benefits. However, interest rates are reported to be high and credit-taking seems to be a highly risky venture that could sometimes lead to catastrophic consequences for the families. Possibly that is why all respondents, even the most successful ones, reported high stress, and negative health-related consequences associated with credit taking.

The GSPS findings suggest there are different areas in which active policies are required to promote women's economic empowerment. Particularly, policy actions in a) changing societal norms and stereotypes, b) reducing women's unequal burden of care and housework, c) promoting female entrepreneurship, d) promoting access to credits and at the same time reducing stress from taking out loans and helping to make better informed financial decisions are of high importance<sup>11</sup>. Prioritizing among those areas and developing specific policy actions taking into consideration the country's resource constraints is a complex task. Nevertheless, based on the findings of this study we highlight the following policy recommendations:

1) It is important to start gender-sensitive education early in school. For example, it seems important to teach boys to appreciate the value of mothers' work at home so that they would be more willing to share responsibilities of housework as grown-ups.

2) It would be useful to disseminate success stories of women-entrepreneurs through media, and also skillfully highlight stories of supportive husbands helping out in business and at home.

3) To facilitate business start-ups by poor women and reduce their financial dependency it seems to be crucial to continue providing and further develop programs that offer reasonably low-interest loans combined with courses on entrepreneurship, business planning and other practical business-related courses for poor women. Based on the stories and opinions of our respondents those programs seem to be highly successful, whereas group-lending caused challenges.

4) To help women make better informed financial decisions, to reduce risks and consequences of bad loans, it is essential to raise financial literacy through introducing finance courses in high school and providing financial training as an option for people considering taking credits and starting their own business.

5) Creating local independent Financial Service Centers that provide information on different lending options, general financial services available from different banks, as well as do some general financial advising and issue brochures, leaflets on risks associated with credit-taking seems to be very useful. Such centers would help women to quickly find information on lending options from different financial institutions, compare interest rates and conditions for different loans and generally make better informed financial decisions.

---

<sup>11</sup> There are other equally important areas such as promoting employment and increasing women's labor force participation, promoting gender equality in wages, reducing horizontal and vertical job segregations by gender. Those areas were outside of the scope of this study but are equally important areas of policy interventions.

# LITERATURE REFERENCES

- Ablezova, M., Nasritdinov, E., & Rahimov, R. (2008). The Impact of Migration on Elderly People: Grandparent-headed Households in Kyrgyzstan. Bishkek, Help Age International Central Asia and Social Research Center of the American University of Central Asia. <https://doi.org/10.15185/izawol.82>
- Ajwad, M. I., Laat, J. De, Hut, S., Larrison, J., Abduloev, I., Audy, R., ... Torracchi, F. (2014). The Skills Road: Skills for Employability in the Kyrgyz Republic. Washington, D.C.: World bank group.
- Anderson, K. H., Esenaliev, D., & Lawler, E. (2016). Gender Earnings Inequality After the 2010 Revolution: Evidence from the Life in Kyrgyzstan Surveys , 2010-2013.
- Anderson, K. H., & Ukueva, N. (2015). Economic Analysis of Gender Gaps in Work and Wages in Central Asia: Theory , Methods and Evidence from Kyrgyzstan.
- Asian Development Bank (ADB). (2005). The Kyrgyz Republic: Country Gender Assessment.
- Asian Development Bank (ADB). (2013). Private Sector Assessment Update: the Kyrgyz Republic.
- Asian Development Bank (ADB), & United Nations Development Programme (UNDP). (2010). Situational Analysis: Opportunities and barriers for development of women's entrepreneurship in rural areas of the Kyrgyz Republic.
- Bauer, A., Green, D., & Kuehnast, K. R. (1997). Women and gender relations: the Kyrgyz Republic in transition. Asian Development Bank.
- Duflo, E. (2012). Women, Empowerment, and Economic Development. *Journal of Economic Literature*, 50(4), 1051–1079. <https://doi.org/10.1177/0002716297554001009>
- European Bank for Reconstruction and Development (EBRD). (2015). Legal barriers to women's participation in the economy in the Kyrgyz Republic, (October).
- FAO. (2016). National Gender Profile of Agricultural and Rural Livelihoods - Kyrgyz Republic.
- Giovarelli, R. (2004). Are Rural Women Disadvantaged in Asset Ownership and Business Relations in the Kyrgyz Republic?, (August).
- Ibraeva, G., Moldosheva, A., & Niyazova, A. (2012). Gender Equality and Development: Kyrgyz Country Case Study. Washington, D.C.: World bank.
- Kim, E. (2018). GSPS Pillar Research Report: Women and Labour Migration. Bishkek.
- Kuehnast, K. R. (1999). Let the Stone Lie where it Has Fallen: Dilemmas of Gender and Generation in Post-Soviet Kyrgyzstan. UMI.
- Mogilevskii, R., Abdrazakova, N., & Chalbasova, S. (2015). The Impact of Kumtor Gold Mine on the Economic and Social Development of the Kyrgyz Republic.
- Muldoon, R., & Casabonne, U. (2017). Gender Norms in Flux: Bride Kidnapping and Women's Civic Participation in the Kyrgyz Republic. Washington, D.C.: World bank group.
- National Statistical Committee of the Kyrgyz Republic. (2017). Women and Men in the Kyrgyz Republic. Bishkek.
- Pomfret, R. (2003). Central Asia since 1991: the Experience of the New Independent States. Research Programme on: Market Access, Capacity Building and Competitiveness, 212(212), 19–20. Retrieved from <http://www.oecd.org/countries/uzbekistan/5961227.pdf>
- Sattar, S., Keller, J., & Baibagysh uulu, A. (2015). Transitioning To Better Jobs in the Kyrgyz Republic: A Jobs Diagnostic. Washington, D.C.: World bank.
- The Government of the Kyrgyz Republic. (2015). National Review of the Kyrgyz Republic in the framework of the Beijing Declaration and Platform for Action, 1–59.
- Thieme, S. (2009). Living in transition: How Kyrgyz women juggle their different roles in a multi-local setting. *Gender, Technology and Development*, 12(3), 325–345. <https://doi.org/10.1177/097185240901200303>
- Ukueva, N. (2014). International Labor Migration from Kyrgyzstan: Evidence from Population and Housing Census. TSPC Center, AUCA, Bishkek.
- Undeland, A. (2008). Women and pastures in the Kyrgyz Republic on a case of Chong Alai Valley, 1–13.
- World Bank. (2009). Bazaars and Trade Integration in CAREC Countries. Washington, D.C.: World bank.
- World Bank. (2012). Kyrgyz Republic Gender Disparities in Endowments and Access to Economic Opportunities. Washington, D.C.: World bank.



UN WOMEN IS THE UN ORGANIZATION  
DEDICATED TO GENDER EQUALITY AND  
THE EMPOWERMENT OF WOMEN. A  
GLOBAL CHAMPION FOR WOMEN AND  
GIRLS, UN WOMEN WAS ESTABLISHED  
TO ACCELERATE PROGRESS ON  
MEETING THEIR NEEDS WORLDWIDE.

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



UN Women Kyrgyzstan Country Office  
144, Koenkozova, Bishkek, Kyrgyzstan

Tel: +996 312 325 226

Fax: +996 312 325 226 (ext. 105)

e-mail: [kyrgyzstan@unwomen.org](mailto:kyrgyzstan@unwomen.org)

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

[www.kg.one.un.org](http://www.kg.one.un.org)

[www.eca.unwomen.org](http://www.eca.unwomen.org)