

Gender Assessment

FP009: Energy Savings Insurance for private energy efficiency investments by Small and Medium-Sized Enterprises

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Annex 13 Gender Context

Energy Savings Insurance (ESI) for private energy efficiency investments by Small and Medium-Sized Enterprises (SMEs)

This annex provides a general background on gender issues and status in El Salvador. It is important to note, that the proposed Project targets formal small and medium businesses and as such will only have gender co-benefits related to the productivity impacts of these projects (such as those related to employment). As the beneficiary development bank (BANDESAL) has a policy to promote credit to women led projects (currently its portfolio of lending has about 40 – 42 % of women SME led projects), the project is expected in the long term to also continue this trend. Given the lack of statistics on SMEs in general and on SME women implications in particular, this annex touches on a broad spectrum of the status of women in El Salvadorian Society that are beyond the Project Scope.

Demographics and Education

El Salvador has a total population of 6,249.262 inhabitants of which 52.8% are women and 47.2% men. Almost half of the population is under 24 (49.4%), 52.7% of the population of women of childbearing age, and 62.6% of its population is urban.¹

Female population in El Salvador have lower levels of education than women from other countries in the LAC region and than Salvadorian men. The specific rates of illiteracy are 14.7% for women and 9.9% for men. In rural areas, these rates are higher, 22.3% of women and 17.3% of men are illiterate.²

In 2012, the ratio of female to male primary school enrolment was 96% and 100% for secondary education.³ However, only 47.5 percent of men 25 and older had a secondary education and only 40.5 percent of women 25 and older obtained the same level. The low percentage of the population with a secondary education reflects a history of limited educational resources where women left school more often to help with domestic work or working in the fields. In 1976, only about 5 percent of rural school-aged children reached grade 9.⁴

Legal Rights

Women and men have the same legal rights to vote and stand for election in El Salvador but women continue to be underrepresented politically. In 2014, women

¹ Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

² Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

³ World Bank Development Indicators Database

⁴ Mongabay, 1988. El Salvador Index

held only 27 percent of national parliamentary seats even though they make up almost 53 percent of the electorate.⁵

Despite, legislation adopted, high levels of domestic violence continue to be reported. A 2008 national survey found that 44% of women who had been married or lived with a partner had suffered psychological violence, 24% had experienced physical violence and 12% were victims of sexual violence.⁶ In 2013, 5,513 cases of domestic violence were recorded.⁷

Access to finance for individuals

Women and men have the same rights to own land under the Constitution and Civil Code in El Salvador. However, inequalities remain in relation to access to land. In the same way women have difficulties accessing financial services. Women have equal rights in obtaining access to bank loans, but they face prejudice from lenders, who continue to believe that women are unsuited to dealing with economic and financial matters.⁸ Ten percent of women have accounts at financial institutions, compared to 17.6% of men, while only 2.8% of women have had a loan from a formal financial institution in the past year, compared with 5% of men.⁹

According to the most recent report to CEDAW, the government launched several programs to tackle this de facto discrimination and improve women's access to loans, particularly in rural areas. In recent years, women's access to microfinance institutions has also increased and, in 2012, women made up 62.14% of microfinance borrowers.¹⁰

Labor Market

Women continue to face disadvantages in the labor market. The gender gap in labor force participation is unfavorable to women in 32.6 percentage points. This gap is higher than in Latin America where the gap is of 26.3%.¹¹ Generally, women earn less than men and remain a minority in management positions. Women entrepreneurs have smaller companies and face restrictions on access to inputs such as credit, which could increase their productivity.

Articles 123 and 124 of the Labor Code mandate equal pay regardless of "gender, age, race, color, nationality, political opinion or religious belief." However, Women, regardless of their educational level, receives on average

⁵ World Economic Forum, Gender Gap Index, 2014.

⁶ UN Human Rights Council (2011), p. 8

⁷ Corte Suprema de Justicia

⁸ Gender Equality in El Salvador. Social Institutions and Gender Index (SIGI)

⁹ World Bank, 2013

¹⁰ Microfinance Information Exchange (2013)

¹¹ Cepal Stat

20% less than the wages and income earned by men, the exception occurs in women without any education, which exceed the average male income by 9%.¹²

Another indicator that reflects gender inequality is the lack of own income by women. According to data available for 2010, 31% of women aged 15 years and over in urban areas and 44% of those in rural areas did not have their own income, compared with 14% and 19% for men respectively.¹³

In 2008, women maquila workers made up 80 percent of total employed women in the country, and about 50 percent of them were single mothers¹⁴. In its concluding observations on El Salvador's 2007 report, the CEDAW Committee noted its ongoing concern relating to the systematic denial of women's labour rights in the maquiladora industries, including lack of access to social security (including maternity) benefits, poor working conditions, and exposure to violence and sexual harassment.

In 2012, the economically active population represented 63.2% of the population of working age where women are 41.0% and men are 59.0%.¹⁵ Three quarters (76%) of the economically inactive population were women. Female inactivity is mainly associated with gender roles. According to the Multipurpose Household Survey 2012, the main reasons for their inactivity are the housework (68.2%), then followed by the studies (14.7%).¹⁶ For men, the priority reasons for this inactivity are studies (46.4%), and secondly they are unable to work (21.5%). The time use surveys confirm that women spend twice as much time to unpaid household work than men.¹⁷

The unemployment rate for 2012 was 6.1%. Disaggregated by sex, the unemployment rate is higher in men with a rate of 7.3% while that of women is 4.3%, most likely referring to the survival strategies developed by them.¹⁸ When analyzing urban underemployment rate for 2012, there is a significant difference between men and women. The urban underemployment rate was 30.7%, and this rate of 30.1% for men and 31.5% for women.¹⁹

Entrepreneurship

¹² Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

¹³ Observatory for Gender Equality of Latin America and the Caribbean.

¹⁴ <http://www.fidh.org/IMG/pdf/maq427.pdf>

¹⁵ Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

¹⁶ Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

¹⁷ Ministry of Economic DIGESTYC y UNFPA. Time Use Surveys. El Salvador, 2012.

¹⁸ Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

¹⁹ Multi-Purpose Household Survey El Salvador, DIGESTYC. 2012

El Salvador ranks 17th out of 20 for the overall environment for female entrepreneurs in the Women´s Entrepreneurial Venture Scope 2013.²⁰

This study reports that despite the lack of a legislative framework for MSMEs, El Salvador ranks second for the Entrepreneurial Business Environment for women. Relatively strong property rights, a low total tax rate and better than average business sophistication contribute to the strength of this indicator. However, contract enforcement and supplier-diversity initiatives are weak and require improvement. The availability of social services varies, women have moderate access to healthcare, but there is little support for elderly care and maternity/paternity leave.

In the categories of Capacity and Skills, Social Services and Business Operating Risks, it is among the worst performers in the business environment for women. Access to Finance is average for the region, with El Salvador ranked tenth in this category. 50,8 % of women managers of SMES report access to formal financial institutions through loans as well as savings and checking accounts.

Nationally, only 20.5% of firms whose main manager a woman, pointing as major challenges for a favorable environment for entrepreneurs at risk of physical security, access to formal finance and regulations conducive to the formation and growth Small and Medium Enterprises (MSME), in order of importance. 40.2% of the Salvadorian firms have female participation in ownership.²¹

A general challenge is the lack of gender statistics in business in El Salvador and there is no baseline available for the Project. The Project will support efforts to collect data through its execution and including gender in its monitoring and evaluation processes. The Results Monitoring and Reporting framework and the Results Matrix include gender indicators as well as gender disaggregated indicators with gender targets.

²⁰ An index and study by the Economist Intelligence Unit Commissioned by the FOMIN. 2013

²¹ Enterprise Surveys. World Bank.