

Commissioner Hübner

***"Gender equality in cohesion policy 2007 – 2013:
a critical element for success!"***

Speech at the Nordic Conference on Women's
Entrepreneurship and Regional Development with a focus on
Women's Resource Centres

Stockholm, October 19th 2007

Minister Olofsson, Minister Cronberg, Ladies and Gentlemen,

Normally I start my speeches by thanking the organisers for having invited me. And of course I also do this today and thank you because I am pleased to talk about three subjects which are dear to me: Entrepreneurship, gender equality and Cohesion Policy.

Yet, in a certain way, I thank you only half-heartedly. In a certain way it is strange that we still need to have such a conference on gender equality. In my view, debating this topic is only a symptom of the underlying ailment of our societies. And it is in that sense that I actually regret that we all have to be here today, only to discuss what should be obvious. I sincerely hope that gender conferences will become obsolete at some point, although this might well be decades from now.

And this brings me directly to my key point: Women represent half of the world's talent. We cannot afford to miss their creative potential. EU needs this potential today in view of the globalised world and its challenges.

The real issue, in my view, goes far beyond its mere quantitative aspect. Just to avoid any misunderstanding, I do not want to downplay this dimension, since we are still far from a satisfactory gender balance. The quantitative evidence is still sobering and data show that progress in Europe on the majority of indicators is rather incremental. I will elaborate this in a moment.

Yet, what I consider even more important is the qualitative aspect of gender equality. And gender equality comprises both women and men. Here I am thinking above all in terms of their creative and entrepreneurial potential.

This is all the more important given the challenges we face. Increased competition due to the acceleration in globalisation and technological change, demography, migration, climate change, energy – these are some of the bigger issues Europe needs to cope with in the year to come.

Although many Europeans perceive these phenomena as threats, they also represent real opportunities. In order to take advantage of them, however, we need to fully exploit our development potential. And the creative and entrepreneurial potential of women is certainly the biggest single and clearly underutilized resource.

If we in Europe succeed in channelling this potential into the market economy we will make a huge leap forward both with regard to the attitudes prevalent in European societies and the Union's agenda for more growth and jobs and competitiveness. I am intentionally using the term "market" economy here, because throughout the world women have contributed to the non-market economy for millennia.

Let me first elaborate the qualitative aspect, before moving on to more gender related elements and finally to Cohesion Policy.

Creativity is a key driver for innovation. Creativity is much more than just the sum of men's or women's ideas. It is rather their exchange, their interaction, their complementarities that generate a different set of ideas at an entirely different level. Speaking in dialectic terms, it is the synthesis of ideas which unleashes their creative potential.

What our economies need is a process of "creative destruction" as Harvard economist Philippe Aghion puts it. He argues that the market entry of new firms (and also the market exit of firms) boosts innovation and hence productivity. This constant process of change is vital, it rejuvenates the economy and brings fresh blood into it. So we need both, creativity and new firms.

In a nutshell, Europe and its ambitious agenda for growth and jobs and competitiveness need businesses. And not only do we need more businesses but better businesses.

Cohesion Policy can assist in this. Indeed, the Swedish programmes have put this as a priority, particularly geared towards female entrepreneurship.

But what are the factors of business success? What determines the success and growth of newly born enterprises, what are people's motivations for starting up their own firm, what are the barriers and risks encountered in the first years? Let me highlight a few findings from a Commission survey carried out in 2006 and share a few thoughts:

- Experience helps, i.e. having worked in the branch or run an enterprise, but is not essential. So this is good news for all first-time-

undertakers, and newness should not represent an impediment for women.

- The younger the entrepreneur, the faster the enterprise grows in size. Let's take action early on, so that neither men nor women have to choose between family or career later on in their lives.
- The main perceived start-up difficulties are 'contacts with customers' and 'administrative problems'. In both areas, policies in general and, more specifically, regional policy can help.
- The degree to which entrepreneurs consider their enterprises innovative increases with their educational level. This suggests a possible positive correlation, provided that self-perception is not deceptive: in policy terms, higher educational attainment should generate more innovative firms.

Do enterprises fair better in the hands of men or women?

- The most important motivation for starting up an enterprise is 'the desire to be one's own boss', 'the prospect of making more money' and 'the desire for new challenges'. This is true for both genders. Making more money, however, is in many countries - eleven out of fifteen - less important for women than for men.
- Women have a clear penchant for the services sectors. Whereas 'construction' is clearly a male domain (96.1%), women start up their own business in 'hotels and restaurants'. Also "proximity" services such as social assistance, health, diet, other services to persons and retail feature prominently in female preferences.

Let me now sketch a quantitative image on gender equality.

Equal opportunities exist on paper but what about reality? The EU has produced as much as 13 directives on gender equality, the principle is anchored in the EU-Treaty and in the Constitutions and legislative acts of Member States. But the data speak a different language.

Never before were women so well educated. More than 80% of all women aged 20-24 finished at least an upper secondary education compared to some 75% of men. EU enlargement pushed up the education indicators for the EU as a whole. The picture, however, changes when we move up the academic ladder. With each step the presence of women decreases and of all Grade A professors only 15% are women.

Today women have more opportunities than in the past, there is no doubt about that. Yet, considerable obstacles remain:

On the gender pay gap virtually nothing has moved in recent years. On average in 2005 (EU 25), women still earned 15% less than men. The differences between Member States remains large, with Cyprus, Estonia, Slovakia, Germany and the UK having a pay gap 20-25%, while Belgium, Malta, Slovenia and Italy are more egalitarian in this respect. [PL 10%, SW 16%]

Likewise, when it comes to entrepreneurship, women are still largely underrepresented. Depending on the Member States, women run only around a third of the businesses. Stereotyping seems to be among the start-up difficulties, starting already at home as women lack 'backing from family'. They also lack contacts and networks and face insufficient childcare.

Women are good at finances. Female entrepreneurs are often perceived as too cautious, but in fact they take calculated risks. Men are more optimistic about the profitability of their enterprise. But women seem to be more realistic. As a result, women rarely default when it comes to reimbursing their loans.

Nevertheless, access to finance is more difficult for women, at least indirectly. This is not due to manifest discrimination, such as higher interest rates, but determined by the banks' quest for collateral. Simply put, you need to have money in order to borrow money. Yet, only 1% of the world's assets are owned by women.

Despite higher qualifications, despite higher education women success less in translating this advantage into higher positions. While women are medium well represented in management, they remain totally underrepresented in decision making positions.

Getting more women into decision making positions, however, is the key to everything. Women can promote their case, rally, market their agenda, but the real power lies in decision making. Today's decisions shape tomorrow's reality. And that is why women ought to take part.

Yet, the share of women in the management board of the 50 largest publicly quoted companies is only 11% in the EU 27 (2006). Our host, Sweden, fares clearly better with 24%. In the United States, there are only 5 women chief executives in the Fortune 500 corporations.

In politics, the overall picture is somewhat better and the differences between Member States are large. Flagship examples are Sweden, where almost half (48%) of the members of parliament are women compared to a mere quarter (24%) on average in the EU 25, and Austria,

where more than half of the ministers are female compared to 20% in the EU 27.

Some refer to this as the glass ceiling. I would argue, as others have before, that there is no such thing as a glass ceiling, it is just a thick layer of men.

So what can be done to remedy the situation?

Diversity in teams, diversity in decision making bodies changes the group's dynamics entirely. But critical mass is essential to bring about change. One single woman on a management board will soon have to adapt her behaviour to be accepted by the male majority. As a starter, having a few women on a decision making board, could already make a difference.

That diversity is important has been recognised by many organisations. What started as “work-life-balance” has widened to “diversity management” as a more recent trend, having replaced more restrictive earlier policies such as “positive actions” or “equal opportunities policies”.

Yet, all these strategies will help little, if we do not succeed in removing the biggest obstacle for women: reconciling family and working life.

Female participation rates and hours worked are closely correlated with the number and age of their children. In 2005, the employment rate for women aged 20-49 was only 61% when they had children under 12, compared to 76% when they had not. For men, ironically, the picture is the reverse: The employment rate for men with children was higher (91.5%) than for those without (85.6%). Moreover, sociological evidence shows that male cooperation in domestic tasks actually decreases with the number of children.

Clearly, these many remaining obstacles call for a policy response. This is why we still need policies geared towards gender both at the national and the European level. The concept of gender mainstreaming implies that virtually all policies ought to be concerned.

In other words, EU Cohesion Policy can contribute as a piece of a bigger puzzle. But I dare say that our policy has a potentially strong multiplier effect, because we work at the regional level, at the local level, in remote villages and towns, in regions economically lagging behind. Sometimes, attitudes tend to be more traditional in such regions than in the typically more modern agglomerations. If we manage to influence such attitudes, we might impact the much bigger problem of female migration.

The exodus of women is seriously damaging the sustainability of regional development. Take Eastern Germany for example or the northern part of Sweden. Once well educated and younger women start to leave, they trigger a vicious circle leading to a further drop in regional fertility, further regional ageing, and a further drop in the attractiveness for citizens and businesses. Halting the regional exodus is a key challenge for our policy.

Fortunately there are actors like yourselves but let me illustrate our policy's multiplier effect with a few examples:

- A successful project is “GenderAlp!”, an international network on gender issues in the alpine space (Austria, Germany, Italy, France, Slovenia). The Alpine countries share a number of difficulties such as complex spatial planning, a relatively low rate of female employment or male-dominated decision-making structures at the regional and local level. The exchange of good practices concerning 32 regional projects should help to overcome these obstacles.

- Another project in Hungary aims at the professional integration of women from an underprivileged background. In five Hungarian towns, training in computing, management and accounting is provided for 120 women entrepreneurs including many novices. This project, called "e-NIVÓ – real and virtual cooperative of female entrepreneurs", helped women to overcome the handicaps and prejudices they were facing.
- Similarly, the 'NISAE-MUJER' project promotes the economic cooperation across the Mediterranean Sea in sectors with a high proportion of women entrepreneurs, namely textiles, craft and commerce, hotel and restaurants.
- Childcare for active women is the objective of an Estonian project. In Estonia, the proportion of women in full-time employment is high. But while 80% of women want to combine work and family life, fewer than half of the children aged from one to four find a place in a nursery school. 30 aspiring nurses launched a pilot project creating daytime childcare facilities throughout the country. This system is now well established, has been recognised by the Estonian Social Security and, in addition to the project initiators, more than 200 professional child carers now help parents of young children to return to the labour market.

This Estonian example shows how easily the significant shortage of childcare facilities could be tackled – at a bargain price of less than € 217,000 (EU contribution: 154 356). Today, the sad reality in Europe is that families have fewer children than they actually would like to have! So we need better policies to reverse this trend.

Several surveys corroborate that businesses benefit greatly from well implemented gender policies at the firm level. An older survey (1999) carried out among 14 000 Swedish companies showed that firms which actively promoted gender equality were more productive. Moreover, the improved working conditions contributed to better health and hence fewer sick leaves. Another survey shows that a balanced proportion of men and women at the workplace creates a better social environment, better internal and external communication, and a better corporate image. And finally, a better allocation of tasks between men and women leads to greater efficiency.

So what can you expect from Cohesion Policy in 2007-13?

Fortunately, as Commissioner for Regional Policy I am not a lonely wolf in underlining the importance of gender mainstreaming but I have a lot of support from Member States. Therefore, we were able to anchor the gender objectives in the EU regulations and guidelines for Cohesion Policy.

First, Cohesion Policy approaches gender in a dual way: (1) through specific actions to promote equality or to combat discrimination and (2) by taking careful account of how projects and the management of the funds may affect women and men.

This dual approach is laid down in the General Regulation covering the ERDF, ESF and Cohesion Fund (Art. 16) and the equality principle referred to in a multitude of Articles. Moreover, we encourage Member States and regions to pursue the objective of equality between men and women at all stages of the preparation and implementation of programmes and projects.

The Community Strategic Guidelines also suggest specific actions, such tailored support to female entrepreneurs, including access to finance, and actions to reduce occupational segregation, gender pay gaps, gender stereotyping and actions to promote family-friendly environments.

Gender mainstreaming, if taken seriously and done properly, can help to drive productivity, growth, and economic development in a balanced manner. Sweden is a good example: In order to improve the gender assessments of Cohesion Policy projects, some of the Swedish Management Authorities have virtually abolished the possibility to classify projects as "gender neutral". This forces the project owners to consider gender impact more carefully.

Second, EU Cohesion Policy puts an important principle into action: Partnership, one of the virtues of the policy. Cohesion policy empowers local people and helps growth strategies by targeting local resources. Cohesion policy reinforces the co-operation between the public and private sector. And last but not least this partnership principle empowers women, even if, at the local level, the challenges remain important.

Third, Cohesion Policy has always focused on long term change and on overcoming structural barriers to development. Moreover, the renewed regional policy has shifted towards investments inducing endogenous growth and fostering innovation. If more women become active in the market economy, this would simultaneously support all these objectives.

But what about the results of gender mainstreaming so far? A new report on "Gender Mainstreaming in the use of Structural Funds" came out just a month ago, with interesting and encouraging findings. Commissioned by the European Parliament, the report studied 122

Operational Programmes in 9 countries in the period 2000-06. The analysis suggests that

- "The European commitment regarding the introduction of the gender mainstreaming principle has, at a general level, worked."
- "Specific objectives related to women have also worked."
- "Better results are achieved upstream in the policy process rather than downstream at the implementing stages". This finding highlight that the problems of gender mainstreaming are overcome in the conception rather than in the implementation phase.

To **conclude**, there are a few ways how Europe can increase its growth potential: We need more firms, we need more diverse firms, we need better business ideas and we need to channel non-market activity into the market economy. Several policies aim at encouraging entrepreneurship, at improving labour participation and the skills match, at eliminating inequality. Cohesion Policy is one of them, an important one, since we work bottom-up at the regional level. I have highlighted a few examples and in the new period there is more to come.

Women still represent a largely untapped potential, not only in quantitative terms. A waste that cannot be afforded. It is their creativity and ideas that are so much needed in Europe today. Let me underline the importance of a good cooperation between women and men. I can only recommend what has been the European Union's formula for 50 years of successful integration and lasting results: Together.

Indeed, the cooperation between those who have already achieved something and those starting is essential and let us use the lessons

learned. What the WINNET is doing and the activities around the Baltic Sea ie working together on the ground are also essential.

Let's be optimistic and hope that these type of conferences indeed becomes a thing of the past.

Thank you for your attention.