GENDER BASELINE ASSESSMENT REPORT

GEFF TÜRKİYE

31 October 2023

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Table 1-1 Facility Information

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1 Executive Summary

Green Economy Financing Facilities (GEFFs) are credit lines extended by the EBRD to Participating Financial Institutions (PFIs) for on-lending to their clients (the “Sub-borrowers”) for investments in eligible projects (the “Sub-projects”) that support a green economy. An implementation team (the “Facility Consultant”) FC provides guidance to PFIs on designing the best financial products. The Bank’s latest Green Economy Transition Approach 2021-2025 sets the EBRD on course to become a majority green bank by 2025. As part of its new GET Approach, the EBRD supports the development of green financial systems, which have the potential to significantly accelerate the transition to a green low carbon and resilient economy.

Main and the specific objectives of EBRD GEFF Türkiye program are respectively:

- to transfer strategic know-how and raise awareness about modern energy performance and environmental standards to contribute to the creation of a demand-driven, self-sustaining market for investments in high performance technologies and services supporting a green economy that promotes equal access to finance for both men and women sub-borrowers.
- to support the implementation of the GEFF Türkiye, resulting in a portfolio of eligible Sub-projects and assist Turkish enterprises to reduce carbon emissions, which will assist Türkiye to meet the approved GHG reduction targets under country NDC and the Climate Action Plan.
- to reduce gender gaps and promote women’s access to climate finance, contributing to the creation of sustainable markets for a green economy, in line with its first ever Strategy for the Promotion of Gender Equality (SPGE) and increasing the investments in energy efficiency, renewable energy, resource efficiency (including water and material/waste minimisation), creating resilience to the effects of climate change, reducing pollution and land degradation and protecting natural assets such as rivers, lakes, forests etc.

Cooperation will be sought with a select number of PFIs and their clients on the mainstreaming of gender considerations into PFIs’ lending strategies and practices. The EBRD aims to reduce gender gaps and promote women’s access to climate finance, contributing to the creation of sustainable markets for a green economy, in line with its first ever Strategy for the Promotion of Gender Equality (SPGE) (2016-2020). Investments towards a green economy typically involve a combination of elements from the following areas of activity: energy efficiency, renewable energy, resource efficiency (including water and material/waste minimization), creating resilience to the effects of climate change, reducing pollution and protecting natural assets such as rivers, lakes, forests etc.[1]

Under GEFF Türkiye was prepared the Gender Baseline Assessment Report, which is structured to provide a detailed analysis on the following subjects:

- gender dynamics for investment in green technologies for companies;
- awareness levels of women/men-led companies on climate change, ways for adaptation, mitigation, and climate resilience; and
- gender dimensions of companies to access in finance for investing in green technologies.

FC adapted a comprehensive methodology of analysis (presented briefly here and in much more details under the Annex B – Methodology of the research) based on the review of relevant literature related to gender and climate financing aspects, using the processed results of the survey as a quantitative and qualitative supporting figure. Analysis presented under this report will support to:

[1] The website www.ebrdgeff.com contains further details about the programme and examples of financed projects.

- develop operational recommendations for PFIs to enhance businesses' access for investing in green technologies and encourage them to facilitate more women-led enterprises to access finance;
- improve effectiveness of the Facility, namely by increasing uptake of green financial products, through a better understanding of women and men's role in business energy management and financing;
- understand and analyse the gender-based decision-making processes for investing in green projects in several sectors, access to finance and level of awareness on climate change; and
- enable the FC to develop knowledge sharing, capacity buildings activities for PFIs and other relevant stakeholders related to gender aspects.

The eligible investments of GEFF cover a variety of technology and eligible sub-borrowers include SMEs and corporates. Due to current structure of the Facility and the PFIs, residential sector has been left out of scope. Therefore, the participants of the survey and Focus Group Discussions included women-led and men-led enterprises for private sector green investments. FC designed the sample of survey by carrying out 800 interviews (and 742 interviewed) based on the discussion and agreement with EBRD by including 30% men-led and 70% women-led companies approximately for these sectors: i) textile, ii) production and manufacturing, iii) food and beverage, iv) service (restaurants, cafes, hotels, educational institutions including day-care businesses, etc.), and v) agriculture. More details on potential GEFF solutions for these sectors, the efficiency potential of them, overview of Turkish Banking System & Gender-responsive climate finance are in chapter 2.

Encouraging trends regarding women's access to finance in Türkiye were observed, showing that women are making economic strides. Since the 1990s, the nation has achieved substantial progress in women's rights, yet obstacles persist. The achievement of transformational outcomes in gender equality in Türkiye is still constrained, and societal norms continue to subordinate women. Moreover, women's participation in decision-making processes is disappointingly limited. Gender disparities also significantly impact women's participation in the workforce. Most women are primarily engaged in domestic work and caring for their families, further limiting their economic and social opportunities. Despite these challenges, the positive trend in women's access to finance is an encouraging sign of economic advancement for women in Türkiye. More details on women in Türkiye along within the OECD Context, gender equality issues and related legal framework for gender equality, women entrepreneurship in Türkiye are in chapter 3.

The main goal of the survey carried out was to establish the whole database of interviewed women-led and men-led companies and carry out data processing and prepare a list of indicators based on the requirement of FC. It has been carried out by a survey company for the sample group detailed in the following table. Survey started in second part of March 2023, and it was finalised by the middle of April 2023. Although initially FC has planned to start in February 2023, due to the earthquake disaster in Türkiye, it was postponed for a month. A total of 742 interviewers responded to the survey. 31% of them were run by men, while 69% were run by women.

Table 1-1 Survey Respondents According to Gender, Sector and Size of the Company

	Women-led				Men-led			
Sector	**1-10 Employee**	**11-100 Employee**	**101+ Employee**	**Total**	**1-10 Employee**	**11-100 Employee**	**101+ Employee**	**Total**
Agriculture	34	59	6	**99**	14	27	5	**46**
Textile	12	88	17	**117**	5	24	8	**37**

Manufacturing & Production	11	52	32	**95**	12	27	17	**56**
Food &Beverage Production	13	58	20	**91**	9	31	8	**48**
Service	49	54	6	**109**	20	22	2	**44**
Total	119	311	81	**511**	60	131	40	**231**

For the study, 27 women led, and 28 men led companies participated in the FGDs under 4 sectors. Due to its close ties to the agriculture sector, participants from the food and beverage industry were invited to participate the agriculture FGDs.

Table 1-2 Breakdown of FGD Participants According to Sector of the Company

Sectors	Women Led	Men Led
Agriculture and Food & Beverage	**9**	**6**
Textile	**7**	**6**
Production & Manufacturing	**6**	**8**
Service	**5**	**8**
Total	**27**	**28**
Total Participants	**55**	

To analyse this effectively, it would be beneficial to breakdown the information according to key characteristics highlighted in the study.

- **Education and Professional Backgrounds:** It was noted that women participants were generally better educated and had professional backgrounds before they ventured into starting or inheriting their businesses. This could indicate that women may place a higher value on formal education and professional experience before pursuing entrepreneurship.

- **Approach to Business:** They were all aware of the adverse effects of climate change and most of them already took actions to mitigate these risks. They developed an integrated approach for their business and life to behave environment friendly and responsibly. Being a responsible consumer in their individual lives and producing responsibly were the expressions that we observed from most of the participants from all sectors.

- **Advisory Services and Training:** The statement indicated that women participants benefited more from advisory services and training offered by NGOs, business groups, public, and financial institutions. This might suggest that women entrepreneurs are more likely to seek external advice and support, perhaps to supplement their knowledge in the new business areas.

Leveraging Green Finance by using the gender baseline assessment report

Financial institutions stand at the precipice of a substantial business prospect in green finance. By comprehending and responding to present operational hurdles experienced by businesses, with special emphasis on those led by women, these institutions can facilitate a more streamlined conversion to a green economy. **This transition offers a robust value proposition** – an opportunity to augment their need for knowledge on mitigation and adaptation interventions to strengthen their corporate image, expand their customer base, and align their strategies with the broader societal objectives of sustainability and gender equality.

In this context, the **timing is opportune for financial institutions to leverage green finance**. With growing awareness and concern about climate change, businesses are more inclined than ever to invest in environmentally friendly practices. However, they often lack strategic knowledge about modern energy performance and environmental standards, which are crucial for realizing a green economy.

This presents a unique opportunity for financial institutions to step in. By offering green financial products and services, they can help transfer strategic know-how to these businesses, raising awareness about the benefits of high-performance technologies and environmental standards. This intervention not only supports businesses in navigating their transition to green operations but also contributes to building a demand-driven, self-sustaining market for green investments.

Furthermore, financial institutions have a pivotal role to play in ensuring equal access to green finance for both men and women sub-borrowers. The current landscape shows that women-led businesses, despite being highly motivated to implement green measures, face significant barriers in terms of financial constraints and lack of comprehensive understanding of mitigation strategies. Financial institutions can bridge this gap by tailoring their products and services to the specific needs of women sub-borrowers, thereby fostering gender equality in access to green finance.

By leveraging green finance, financial institutions can position themselves at the forefront of the green transition, creating a significant competitive advantage. They can play a vital role in driving the green economy, facilitating environmental sustainability, and promoting gender equality, all while tapping into new market segments and enhancing their reputation. Now is indeed the time for financial institutions to seize this opportunity, harness the potential of green finance, and make a lasting impact.

Recommendation on expanding green lending options by fostering a Gender-Inclusive Approach:

As part of the broader Strategy for the Promotion of Gender Equality, financial institutions need to address the gender dimensions of access to green finance. Given the different levels of awareness and priorities between men and women-led companies, a gender-inclusive approach will ensure the benefits of green finance are equitably distributed. This approach not only promotes financial inclusivity but also has the potential to narrow gender gaps, thereby contributing to broader societal and economic development.

Gender inclusion is not just a social or equity issue; it is also a critical factor in developing effective and sustainable responses to climate change. Globally, the urgency of incorporating gender perspectives into climate action has gained significant traction, due in part to the unique and often disproportionate impacts of climate change on women and other marginalized genders, and their different roles, rights, and responsibilities in society.

Focus group discussions in particular have shown that women and men exhibit different behavioural patterns when it comes to consumption, resource use, and environmental stewardship. For instance, women have been found to have lower carbon footprints on average than men, reflecting different lifestyle choices and consumption patterns. Women are also often more likely to engage in recycling and other pro-environmental behaviours. By understanding and leveraging these gender-specific behaviours, more effective climate strategies can be tailored.

Women, particularly those in leadership roles, often demonstrate a higher level of environmental consciousness and responsibility. This extends beyond just personal behaviours to include decisions about the sustainability practices of their businesses. Women-led businesses are often more proactive in recognizing and acting upon their responsibilities for climate change mitigation, which could be leveraged to accelerate the transition to a green economy.

Women and men experience the impacts of climate change differently, with women often more vulnerable due to their roles in many societies as primary caregivers and food providers, coupled with their limited access to resources. Recognizing these gender-differentiated impacts is essential for designing effective mitigation, adaptation and resilience strategies.

- **Tailored Financial Products for Women-Led Businesses:**

Given the survey findings, women-led businesses tend to have a better general knowledge about climate change compared to their male counterparts, particularly in the service sector. They also display a distinct willingness to implement carbon footprint reduction measures. However, these businesses face significant barriers, notably financial constraints, and lack of comprehensive understanding of mitigation strategies. Therefore, financial institutions should tailor green financial products to meet the unique needs of women-led businesses, facilitating their crucial role in driving the transition to a green economy. This would imply introducing a green concept in the women entrepreneurs' credit lending initiatives of the PFIs. This could be in the form of a specific financial funding option with a fixed term, grace period, and interest rate for the green initiatives of women-led businesses. Furthermore, women-led businesses value non-financial services such as trainings, information sharing, and networking options which could improve their knowledge and understanding on potential green investment types. PFIs could potentially reach more women-led businesses for funding their green initiatives by combining the financial and non-financial incentives.
Women often possess unique knowledge and skills related to resource management and sustainable practices, acquired through their roles in their households and communities. Including women in climate action thus not only ensures their rights are protected, but also benefits society by harnessing this knowledge for sustainability.

- **Sector-Specific Strategies:**

The readiness and perception towards sustainability measures vary across sectors. As seen in the study, women-led businesses within the agriculture, food and beverage production, textile, and services sectors have a broader view of responsibility for climate change mitigation and adaptation. Therefore, financial institutions should develop sector-specific green finance strategies, taking into account these varying perceptions and readiness to act.

Businesses spearheaded by women, specifically those within the agriculture, food and beverage production, textiles, and service sectors, exhibit an expansive understanding of climate change mitigation responsibilities, acknowledging a scope that extends beyond customary business operations. This heightened awareness signals a heightened readiness to take action, implying a significant opportunity for devising strategies that harness this forward-thinking attitude. As a result of technology advancements, there is a trend in business towards products with high added value. For instance, business organized zones, whose summary was added to the Annex E, establish a setting that combines inclusivity and technology infrastructure, enabling businesses to grow in these locations. More women led businesses might be able to diversify their business through such structuring. Additionally, it might open up fresh, appealing markets for financial organizations.

In developing strategies for climate action, it is advantageous to be cognizant of the diverse perceptions of responsibility that vary across business types. Capitalizing on these insights enables the crafting of tailored and effective strategies, leading to more comprehensive and inclusive solutions. Sector-specific strategies, informed by a nuanced understanding of each sector's unique challenges and opportunities, can drive both environmental sustainability and economic success.

In particular, financial institutions can play a pivotal role by providing customized green financial products and services that meet the specific needs of these businesses. For instance, creating preferential loan products for women-led businesses in the mentioned sectors that wish to invest in green technologies or offering advisory services to help them understand and navigate the complexities of carbon credit markets.

Furthermore, these institutions can leverage their influence to foster broader systemic changes, such as advocating for regulatory reforms that incentivize green investments or collaborating with educational institutions to incorporate sustainability and climate change mitigation in their curriculum.

Ultimately, by adopting such a strategic and tailored approach, financial institutions can not only contribute to the fight against climate change but also unlock new avenues for growth and innovation, thereby strengthening their competitive position in the market.

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- **Integrating Capacity Building component to green lending:**

Alongside financial offerings, institutions should provide non-financial services to help improve their clients' knowledge about green initiatives and financing. This could include workshops, webinars, informational resources, and personalized consultancy services. Given the heightened readiness among women-led businesses to adopt sustainability measures, such educational initiatives will increase the effectiveness of green finance products by ensuring businesses have the knowledge to use these resources optimally.

- **Promoting Green Financial Products:**

Financial institutions should create and aggressively market green financial products designed specifically to assist businesses in overcoming operational challenges related to high energy costs and water scarcity. These products should facilitate capital investment in high-performance technologies and services supporting a green economy. By doing so, they would enable businesses to reduce operational costs, meet sustainable development goals, decrease carbon emissions, and adapt to climate change effectively.

For both women and men-led businesses, particularly medium-scale ones, operational issues related to high energy costs and water scarcity have emerged as significant hurdles. In sectors like textile and food and beverage production, these challenges are even more pronounced. As companies strive to maintain their competitiveness, these rising operational costs can impact their growth potential and sustainability.

By offering green financial products, financial institutions can help these businesses invest in energy-efficient technologies or practices, such as renewable energy systems, energy-efficient equipment, or water-saving measures. These investments can substantially reduce energy costs, making businesses more resilient to fluctuations in energy prices and water availability. For women-led businesses that are particularly affected, this could offer a lifeline to maintain their operations and remain competitive.

In essence, the GTS is instrumental in aiding banks in their journey towards developing and financing green products. By leveraging this tool, banks can streamline their appraisal process, expedite the financing of eligible green technologies, and actively support the transition to a more sustainable economy. Additionally, the GTS can help banks bridge the information gap between technology developers and buyers, fostering a conducive ecosystem for green investments.

Annex A GLOSSARY

Action Plan	The agreed plan of the activities and operations outlined at paragraph 3.3 (Action Plan) of Policy Statement, as such plan may be amended and updated from time to time by agreement among the Borrower, EBRD and the Facility Consultant.
Assessment of Eligibility	Means the process of eligibility assessment outlined in paragraph 2.4(b) (Assessment of Eligibility) of Policy Statement.
Assessed Sub-project	A Sub-project which is not considered to be a Pre-approved Technologies Sub-project and, accordingly, is required to undergo an Assessment of Eligibility in accordance with 2.4(b) (Assessment of Eligibility) of Policy Statement.
CSD GFS	Climate Strategy and Delivery, Green Financial Systems
EBRD	European Bank for Reconstruction and Development
Eligibility Criteria	Determines the use of proceeds and outlines the characteristics that must be fulfilled in order to be considered for financing under EBRD's Green Economy Financing Facility (GEFF)
Facility	The Green Economy Financing Facility (GEFF) as described in the Facility Information at the beginning of this document.
Facility Complaint Mechanism	Path to raise any concerns or disputes.
Facility Consultant	A team of local and international experts procured by the EBRD to support the successful implementation of the Facility
Facility Portfolio	The list of Sub-projects financed by the PFI out of the Loan proceeds
FI	Financial Institutions
Further Assessment	The value-added services provided on recommendation of the Consultant and/or request of the Sub-borrower to enhance the Sub-project.
Green Technology Selector	List of pre-approved eligible technologies developed by the EBRD and maintained by the Facility Consultant.
NEEAP	National Energy Efficiency Action Plan
Product OL	EBRD counterpart in the Energy Efficiency and Climate Change Team who oversees the technical part of the Facility implementation.
Pre-Approved Sub-project	If a proposed Sub-project consists of equipment or materials from the Green Technology Selector, that Sub-project will receive an Eligibility Confirmation from the Green Technology Selector. Such Sub-projects are defined as a Pre-approved Technologies project can be considered automatically eligible without undergoing an Assessment of Eligibility.
Loan	Funds provided to the PFI under the Loan Agreement
Participating Financial Institution (PFI)	The local financial institutions participating in the Facility program.
PFI Operational Report	Periodic report on the cumulative list of Sub-projects financed by the PFI out of the Loan proceeds
Policy Statement (PS)	Policy Statement
Preliminary Assessment	The systematic process of assessing whether or not a Sub-project proposal is eligible for financing.
Project Leader (PL)	Senior Manager from the PFI who is in charge of the Facility implementation within the PFI
Project Manager (PM)	Project Manager of the Facility who is leading the Facility Consultant team

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Sub-borrower	An individual or legal entity satisfying the eligibility criteria set forth in paragraph 2.1 (Eligible Sub-borrowers) of Policy Statement to which the Borrower proposes to make a Sub-loan [or a Lease].
Sub-loan	Loan approved by the PFI under the Facility to finance a Sub-project satisfying the eligibility criteria set forth in paragraph 2.3 (Eligible Sub-loans or Leases) of Policy Statement
Sub-project	Project eligible for finance under the Facility satisfying the eligibility criteria set forth in paragraph 2.2 (Eligible Sub-projects) of Policy Statement
TC	Technical Cooperation
ToR	Terms of Reference
Verification of Use of Proceeds	Review conducted by the Facility Consultant to confirm and provide sufficient evidence that the PFI loan proceeds have been utilised in line with the eligibility criteria of the Facility and the amount applicable to eligible costs under the Facility.

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