

**Short term high quality studies to support activities under the Eastern Partnership  
HiQSTEP PROJECT**

**WOMEN ENTREPRENEURSHIP  
IN THE EASTERN PARTNERSHIP COUNTRIES  
STUDY REPORT**

This report has been prepared by the KANTOR Management Consultants Consortium. The findings, conclusions and interpretations expressed in this document are those of the Consortium alone and should in no way be taken to reflect the policies or opinions of the European Commission.



## Preface

This final study report on Women Entrepreneurship in the Eastern Partnership Countries is part of the project **Short term high quality studies to support activities under the Eastern Partnership – HiQSTEP EuropeAid/132574/C/SER/Multi**, implemented by an international consortium under the leadership of Kantor Management Consultants. The present study has been carried out to support the activities of Platform II - Economic Integration and Convergence with EU policies – of the Eastern Partnership.

Women Entrepreneurship is a cross-cutting issue through a number of priority areas identified by the Eastern Partnership Platform II Work Programme 2014-2017 – such as SME policies and SBA assessment. The DG NEAR and the European Training Foundation are the driving forces in cooperation with Eastern Partnership Countries on this theme.

The present study has been implemented by an international team under the leadership of **Ms Bam Björling**, Study Team Leader, and composed of **Dr Sten Lindeberg**, Senior International Experts and the following national experts: **Ms Tereza Khechoyan** (Armenia), **Mr Emin Aliyev** (Azerbaijan), **Mr Iuri Zagoumenov** (Belarus), **Ms Irina Badurashvili** (Georgia), **Ms Georgeta Mincu and Mr Vasile Cantarji** (Moldova) and **Ms Nataliia Martynenko** (Ukraine).

The overall supervision, methodological guidance, quality check and management have been carried out by **Przemysław Musiałkowski**, Team Leader of the HiQSTEP Project.

Sincere thanks go to the national stakeholders in all six countries who provided information in interviews and responses to questionnaires and to the ETF staff for their methodological support.

October 2015

## CONTENT

EXECUTIVE SUMMARY .....	7
Objective and results of the study .....	7
Findings .....	7
1. Introduction .....	11
2 METHODOLOGICAL APPROACH .....	13
3 FINDINGS OF THE STUDY .....	16
3.1 WOMEN ENTREPRENEURSHIP INDICATORS – DATA AND STATISTICS.....	16
3.2 A GENDER PERSPECTIVE IN THE STUDY ON WOMEN’S ENTREPRENEURSHIP.....	19
3.3. OBSTACLES FOR WOMEN’S ENTREPRENEURSHIP .....	22
3.4. ENABLING FACTORS AND STRATEGIES FOR FOSTERING WOMEN’S ENTREPRENEURSHIP .....	32
SUMMARY .....	44
4 Policies and action steps for fostering women’s entrepreneurship.....	46
1.2 4.1 Current situation and need for policy reforms for SMEs.....	46
4.2 Policy areas and action steps - recommendations .....	50
4.3 Policy areas and action steps - main recommendations .....	59
5 ANNEXES.....	66
ANNEX 1. GENDER RELATED TERMS AND DEFINITIONS.....	66
ANNEX 2. DATA AND STATISTICS FOR WOMEN’S SMES IN THE EASTERN PARTNERSHIP COUNTRIES .....	69
ANNEX 3. SOURCES FOR DATA AND STATISTICS ON SMES AND WOMEN ENTREPRENEURS.....	75
ANNEX 4. OBSTACLES FOR WOMEN ENTREPRENEURS IN THE EASTERN PARTNERSHIP COUNTRIES .....	77

## Abbreviations and Acronyms

---

ADB	African Development Bank
AFAM	Association of Women Entrepreneurs from Moldova
AGIC	Asian-European private equity firm for investments
ANFES	The National Fund for Entrepreneurship Support, Azerbaijan
AYWA	Armenian Young Women's Association
BERD	Women Support Program in Moldova
BEEPS	Business Economic Environment Performance Surveys
BDS	Business Development services
EaP	Eastern Partnership
ECA	Europe and Central Asia region
EBRD	European Bank for Reconstruction and Development
EL	Entrepreneurial Learning
ETF	European Training Foundation
EU	European Union
EUD	Delegation of the European Union
GNP	Gross National Product
GRPB	Gender Responsible Planning and Budgeting
HiQSTEP	High Quality Studies for the Eastern Partnership
IFC	International Finance Cooperation
IFI	International Finance Institutions
ILO	International Labour <i>Organisation</i>
MoE	Ministry of Economy
MoL	Ministry of Labour
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Service, Ministry of Labour and Social Protection, Azerbaijan
PFI	Participating Financial Institutions
RUEA	Employers of Armenia
SBA	Small Business Act
SMEs	Small and Medium Enterprises
SME DNC	Small and Medium Entrepreneurship Development National Centre Fund
UN	United Nations
UWF	Ukrainian Women Fund
WE	Women Entrepreneur
WES	Women's Entrepreneurship
WIB	Women in Business
STL	Study Team Leader
TL	Team Leader

TA                      Technical Assistance

**Country Codes**

AM	Armenia
AZ	Azerbaijan
BY	Belarus
GE	Georgia
MD	Moldova
UA	Ukraine

## EXECUTIVE SUMMARY

### Objective and results of the study

The study aimed at identifying, collecting and analysing data in individual Eastern Partnership Countries. The availability, quality and comparability of data have been assessed and key data gaps identified. The study was also supposed to produce complementing qualitative data by conducting interviews with key stakeholders and women entrepreneurs in all six Eastern Partnership Countries.

The findings have been developed by using a gender perspective when looking for sex disaggregated statistics, in conducting stakeholder interviews and when analysing relevant country surveys on conditions for women entrepreneurs. Based on these findings, the study report provides recommendations on possible ways to effectively support women's entrepreneurship and facilitate effective implementation of evidence based policy making approach by the governments and stakeholders in the Eastern Partnership region.

### Findings

#### *Statistics and data on women entrepreneurs*

The availability of SME statistical indicators is varying among the Eastern Partnership Countries. Sex disaggregated structural indicators like number of enterprises, SME size classes and economic sectors are even less available. The statistical quality of available sex disaggregated indicators is fairly good but does not meet the EU indicator quality standards in most cases and there is room for considerable development. Due to different definitions of indicators and in many cases limited surveys (number of surveyed enterprises or entrepreneurs as well as size representations) comparison between countries is often not possible.

*Individual SME owner* indicators (age, income and work load and educational level) are non-existent with just a few exceptions. The lack of a common definition of women entrepreneurs is one important reason for the quality and comparability problems.

The statistical base for analysis of the obstacles and enabling factors for women's entrepreneurship is therefore seriously hampered.

#### *Obstacles for women entrepreneurs*

Women's entrepreneurs experience severe obstacles in relation to most of the determinants examined in the study. Many of them are naturally also perceived as obstacles by male entrepreneurs. However, international research as well as interviews carried out in this study reveals that many of such obstacles seem to be more severe for women entrepreneurs than for men entrepreneurs due to gender discriminating attitudes and behaviours on many important stakeholders.

Social, cultural and gender related obstacles as such are also impeding factors for women entrepreneurs in the Eastern Partnership Countries.

Access to external financing is perceived as the most serious obstacle for the women entrepreneurs in these countries. It is closely followed by social, cultural and gender related obstacles (traditions, roles, discrimination and attitudes which negatively affect women entrepreneurs). Such obstacles are strongly emphasised in the interviews. Lack of sufficient business skills and of qualified business trainings are also considered important obstacles by all respondents. On fourth place come tax problems (high tax rates and/or burdening administration). The absence of qualified and affordable business development/support services is mentioned in all countries as important. Regulation and legislation (including frequent changes of them) are also mentioned in all countries as problematic.

Various markets related problems were mentioned in different countries, for instance unfair competition from the informal sector, monopoly domination and low demand for products and services. Interviewed women entrepreneurs also complained about non-supportive governments. Political instability is a negative factor in some countries and high levels of corruption are considered quite problematic for women entrepreneurs in at least two countries.

### **Enabling factors**

The interviews clearly indicate that gender discriminating patterns are common in the Eastern Partnership Countries. If gender related driving forces for women's entrance into entrepreneurship and operation of enterprises are not considered, many measures for enhancing enabling factors for fostering women's entrepreneurship in the Eastern Partnership Countries may be insufficient.

The identified enabling measures for fostering women's entrepreneurship comprise a wide spectrum. Several of them are suitable for cooperation between Eastern Partnership Countries and in interaction with the EU.

Desk research and interviews, supported by other international research, reveals that the *gender climate* for women entrepreneurs is preventing them from reaching their full entrepreneurial potentials. Thus, enabling measures will be effective and free of gender discriminating attitudes and processes, only if they are preceded by gender analyses. Programs and other interventions should be accompanied by gender awareness rising measures. Institutional service providers and other actors dealing with women entrepreneurs should undergo gender and business training.

As identified in the study, improved *entrance* into women's entrepreneurship is vital, and should start already in school with vocational education and training programs. For adult women, motivating information material through a variety of channels should be disseminated by concerned stakeholders, like service centres, networks and associations for women entrepreneurs. The interviews also revealed the need for more attention to be devoted to qualified support to established women entrepreneurs, thus enabling innovation, increased profitability and growth.

According to the interviews and desk study the most urgent need in nearly all Eastern Partnership Countries is improved access to external affordable financing, preferably combined with capacity building (training, advising and mentoring). International evaluations find that expected positive effects of external financing for female micro entrepreneurs most often are not happening, mainly due to gender related factors. Financing programmes in the Eastern Partnership Countries should take gender based restrictions and discrimination into account by offering gender training to the concerned financial institutions.

Access to tailor-made, more affordable and high quality training courses is important for women entrepreneurs. Training which should be considered are strategic management, financial literacy, market related knowledge, legislation and knowledge about the tax system etc.

International evaluations question the positive results (increased business growth or profitability) and the efficiency of business trainings for female micro entrepreneurs. The trainings should be based on



highly efficient and empowering woman friendly learning methods. Trainings must, considering location and length, be adapted to female participants' family constraints and circumstances.

Other business services which need improvements are entrance into business networks, monitoring and advising. They can be provided by service providers, particularly by business centres and associations which also need capacity development (quality, funding and service upgrading). Role modelling should be applied in many enabling areas. Gender and business related advocacy should be important for all stakeholders.

### *Policies and action steps for fostering women's entrepreneurship*

All six Eastern Partnership Countries have started to implement national policies for SMEs development. The countries are however still in the early stages of a challenging process to implement or further strengthen policies, action plans, financing structures and incentives conducive for SME's. Collected regional data that have a gender perspective are not yet fully integrated in the Eastern Partnership region's policies for SMEs.

Generally, the main focus of government SME support programmes in the Eastern Partnership region has been on financial assistance and provision of information, consultation, education and training. Most SME programmes are generic in their outline and do not take into account the differences in challenges that men and women face in terms of financial, social and cultural aspects. Only in a few instances have women entrepreneurs been prioritised as a key target group.

In all Eastern Partnership Countries, programmes are running to support women's entrepreneurship in different ways but they are mostly limited to a specific sector and reach a limited number of female entrepreneurs. They also often are managed and financed by international donors on a project basis. They have positive outcomes for individual women, for making the issue visible to a broader public, as well as for lesson learned experience to build on. However, there is limited or no institutional support framework for women's entrepreneurship in place.

The variation among the countries in terms of strategies used for implementation of SME policies is considerable. However, it is evident that all countries are in the process of developing new, or revising existing implementation strategies and/or action plans. This provides a good opportunity to include a gender perspective in plans and activities to reach an effective strategy that increases the possibilities to foster both men and women to start and run SMEs.

### *Main Recommendations*

The main recommendation based on study findings from the entire Eastern Partnership region are:

#### **Development of sex disaggregated SME statistics**

- The use of sex disaggregated data for SMEs should be improved and based on gender considerations
  - Eastern Partnership common definitions in quality statistics should be elaborated, ideally in line with those of the EU.
- A cooperative Eastern Partnership mechanism for collection, publishing, monitoring and evaluation of disaggregated statistics and indicators should be established with EU support.

#### **Improving the gender and business climate**

- National ownership of explicit policy plans for a gender sensitive approach to SME development should be promoted and put in place followed by plans of action as well as appropriate allocation of financial resources.

- Gender-awareness training and mainstreaming is imperative for governmental institutions responsible for different aspects of policies for SMEs and women's entrepreneurship.
- On-going dialogue and cooperation between responsible ministries and with relevant agencies and civil society organisations is decisive for successful women's entrepreneurship, policy reforms and implementations and should be further enhanced. Advocacy should be promoted.
- Gender sensitive reforms of the regulatory and legal frameworks and in particular, the tax system for SMEs, are necessary and can be carried through in fairly short time spans.
- A prerequisite for fostering women entrepreneurs is to support to women's empowerment and enhance gender awareness throughout society by improving existing policies, plans of actions and implementations in ministries and other governmental institutions.

#### **Recruitment of women entrepreneurs**

- Entrepreneurial learning should start in early stages in school systems and be included in VET with focus on girls and young women for fostering empowerment and future entrepreneurial career.

#### **Qualified services for existing women entrepreneurs**

- More focus and relatively more resources should be allocated to support existing, growth oriented women entrepreneurs.
- Gender sensitised, tailor-made, high quality and affordable business trainings should be available locally, based on women friendly arrangements and efficient teaching and learning methods.
- Financial interventions should be designed with consideration to gender aspects. A combined approach to efficient financing of women enterprises is recommended which includes advising, mentoring and/or training. Financial intermediates need gender training to eliminate risks of discriminating attitudes.

#### **Research**

- Research on SME interventions and women's entrepreneurship within the Eastern Partnership region should be initiated and coordinated by a common mechanism in collaboration with the EU research initiatives. Systematic evaluations of interventions are needed as well as a deeper understanding of women's motivations and preferences considering start-up and operation of their enterprises.

## 1. INTRODUCTION

### Background

In relation to the launch of the Small Business Act assessment (SBA) in the Eastern Partnership region, the issue of women entrepreneurship plays an important role. However, a more comprehensive analysis is needed to be able to adequately assess the conditions which women entrepreneurs are confronted with in the region.

The purpose of this study is to put it into the Small Business Act Framework. The SBA policy assessment has been launched in the Eastern Partnership region in 2010 and the first report (Eastern Partnership SME Policy Index) was published in 2012, and the second is dated 2016.<sup>1</sup> Women's entrepreneurship is in the centre of the EU reform agenda e.g. pronounced in the Small Business Act for Europe, and the EU 2020 Entrepreneurship Action Plan.

Women's Entrepreneurship is a separate sub-dimension of SBA policy assessments in the Eastern Partnership region (and two other SBA regions' – pre-accession and SEMED). For this purpose, in 2010, a special set of women's entrepreneurship indicators was introduced into the SBA assessment framework.

An important prerequisite for work in support of women's entrepreneurship development in accordance with the adopted plans, is the existence of reliable data on the incidence of WE, terms and conditions for the similarities and differences between women and men in employment. Given the limited availability of sex disaggregated data in general and particularly in the Eastern Partnership region, the European Commission has clearly stated the need for improvement of access to sex disaggregated data as well as the need for gender studies in the area of business development.

All EU institutions have made important policy decisions to support it, and there's quite a big supply of good research done so far in the EU. The European Commission also highlights the need to foster women when it comes to start and drive small-scale businesses.<sup>2</sup> Many international financial stakeholders emphasise the importance of efforts to facilitate female entrepreneurs to start and run businesses in order to strengthen a country's economic development. "Female entrepreneurship is a key driver for countries prosperity; by creating the conditions for women entrepreneurship to flourish, countries are investing in their national well-being and competitiveness."<sup>3</sup>

### Objective and expected use of the report

The objective of this study on Women Entrepreneurship is to contribute to better knowledge on the state of women entrepreneurship policy developments in the countries of the Eastern Partner region: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The report is expected to be used for:

- a) supporting the national policy partnerships in designing and implementing policy reforms aiming at women entrepreneurs
- b) contributing to the evidence based evaluation of policy effectiveness and monitoring their implementation

---

<sup>1</sup> SME Policy Index. Eastern Partnership Countries 2012 and 2016, OECD, EU, ETF and EBRD.

<sup>2</sup> Entrepreneurship Action Plan 2020, European Commission 2013

<sup>3</sup> Global Gender Gap report 2015, The World Economic Forum.

- c) improving the quality of and access to data by policy makers and stakeholders to improve the countries' performance in the next SBA policy assessment
- d) promoting peer learning and collaboration in the Eastern Partnership at the regional level on women's entrepreneurship.

## **A gender perspective**

(See also Methodological Approach)

Both EU and UN distinguish between gender equality, which is the absence of discrimination on the basis of a person's sex in opportunities, the allocation of resources and benefits, or access to services and gender equity, which refers to the fairness and justice in the distribution of benefits and responsibilities between women and men. Recognizes that women and men have different needs and power, and that these differences should be identified and addressed in a manner that rectifies the imbalance between the sexes. (See Annex 1).

This study of women entrepreneurs in the Eastern Partnership region adopted a gender perspective in accordance with the EU's new framework.<sup>4</sup> (See Box in Methodological Approach)

## **Report structure**

The present study report provides an overview of statistical data (qualitative and quantitative) as well as obstacles and enabling factors important for fostering women's entrepreneurship. Based on the findings from the desk review and the interviews, the study report provides recommendations for the Eastern Partner Countries, EU institutions, international development agencies and experts on possible ways to effectively support women's entrepreneurship and facilitate effective implementation of evidence based policies by governments and stakeholders in the Eastern Partnership region.

---

<sup>4</sup> EU: 'Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020'.

## 2 METHODOLOGICAL APPROACH

The methodological approach of the study is developed in line with the analytical framework of the Small Business Act (SBA) policy assessment in the Eastern Partnership region, and was inspired by the results and recommendations of the “SME Policy Index: Eastern Partner region 2012: Progress in the Implementation of the Small Business Act for Europe”.

The Study Team applied four main approaches and research methods: a gender perspective; desk research, semi-structured expert interviews; analyses and synthesis resulting in formulation of findings and policy recommendations.

### A gender perspective

This study on women entrepreneur in the Eastern Partnership region adopted a gender perspective in accordance with the EU's new framework.<sup>5</sup> The EU highlights that gender equality is 'smart economics' and women's participation in economy is essential for sustainable development and economic growth.

This study discusses the different outcomes between a gender blind perspective compared with an engendered perspective in SME development and in particular in fostering women entrepreneurs.

The literature review under this study reinforces the importance of focusing on women and business development as efficient strategies for women's economic empowerment as well as for overall macroeconomic gains.<sup>6</sup> It also provides a clear indication of the importance of a gender aware society as a precondition for women's possibilities to expand their part in SMEs and contribution to the GNP. International experiences showcases are crucial to use to make this gains visible.

*In this study gender refers to the social differences and relations between women and men which are learned, vary widely among societies and cultures, and change over time. The term “gender” is used to analyse the roles, responsibilities, constraints, opportunities and needs of women and men in all areas and in any given context. Gender is relational and refers not simply to women or men but to the relationship between them.*<sup>7</sup>

*Gender awareness is essential for understanding the gendered business climate that women entrepreneurs operate within. To become gender-aware is a learning process with several steps.*<sup>8</sup>

*Gender equality is an important key to a country's economic, social and democratic development as it generates higher growth outcomes and lower poverty. The World Economic Forum compared equality between men and women across the world and found that in countries where the gender gap is the smallest, there is greater productivity and economic competitiveness.<sup>9</sup> International experience indicates that one effective method to increase interest for gender equality in SME development is to make the economic advantages visible.*

*During the last couple of decades more than hundred countries world-wide have implemented Gender Responsible Planning and Budgeting (GRPB) as a strategy to increase equality and strengthen economic development on individual and national level. Many of these countries show a significant*

<sup>5</sup> EU: 'Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020'.

<sup>6</sup> E g IMF 2013: Women, Work and the economy: Macroeconomic gains from Gender Equity and Deszo,C and Ross.D 2011: Does Female representation in Top Management improve firm performance?

<sup>7</sup> United Nations International Research and Training Institute for the Advancement of Women (INSTRAW), 2004

<sup>8</sup> A common model to describe gender differences as well as a common model for working with gender awareness training is presented in the attachment.

<sup>9</sup> The World Economic Forum, Global Gender Gap report 2015

*rise in economic development and the GRPB method is considered a successful strategy towards poverty reduction, economic growth and increased GDP. When GRPB and engendered SME development are developed and implemented in policy documents and in concrete strategies and activities, a country's economic development will significantly improve.<sup>10</sup> European Commission applies a definition of gender-responsive budgeting from UN: “(It) includes all planning, programming and budgeting that contribute to the advancement of gender equality and the fulfilment of women's rights.”<sup>11</sup>*

The gender perspective was applied in all phases: data collection, analysis of results and formulation of recommendations.<sup>12</sup> Applying a gender perspective and using gender analysis produces new data, reveals new aspects and new understanding of already known data.

In the desk research, considerable efforts were made to find reports and surveys which also had applied a gender perspective in their research methodology. For instance, even in surveys of obstacles for women entrepreneurs, questions on gender discrimination against the interviewed women entrepreneurs are seldom asked and thus make the issue invisible. In the directives for the interviews of stakeholders (see below), gender perspectives were carefully introduced in the questions, which resulted in many answers giving example of gender discrimination as an important obstacle for women entrepreneurs in the Eastern Partnership Countries. The varying gender awareness among respondents also posed some challenges at interviews (see below).

The concept of gender perspective on SME's was not familiar to all interviewed stakeholders. Therefore, it was necessary for the team members to explain what gender perspective meant in relation to SME's. The level of understanding among the stakeholders varied substantially. Some of them had deep knowledge and long experience of working with gender perspective and with supporting women's entrepreneurship and women's issue in general and actually applied a gender perspective- Other stakeholders considered gender important but did not apply it themselves. Some respondents were of the opinion that gender was not a relevant factor.

The study to some extent mirrors the different levels of interest for and knowledge about the situation. In some interviews it is clear that the interview itself, through the questions asked, raised the interviewee's awareness of gender as perspective in business and SME development.

## **Desk research**

The desk review aimed at identification and analysis of the state of women entrepreneurship and main challenges in Eastern Partnership Countries with the use of qualitative and quantitative secondary data (that is data collected in other studies or published by statistical institutions). It also contains current trends in the development and implementation of relevant policies and measures, existing legal and institutional framework and support systems. The results and analyses are presented together with the results from the semi-structured interviews in the chapter on findings.

The desk reviews have been conducted by the Study Team's national experts in each of the Eastern Partnership Countries and delivered: a) summaries of the main findings from literature studies on women entrepreneurs, b) review of policy frameworks shaping the conditions for women entrepreneurs and c) available comparable statistical quantitative data on women entrepreneurs.

---

<sup>10</sup> European Commission: Briefing June 2015 Gender responsive budgeting; Innovative Approaches to Budgeting. See also International development banks e.g World Bank, UN, EU).

<sup>11</sup> United Nations Entity for Gender Equality and the Empowerment of Women

<sup>12</sup> To apply a gender perspective means to systematically ask; what does this mean to men? to women? And to analyse data from the point of view of men's and women's situations in society. The gender perspective looks at the impact of gender on people's opportunities, social roles and interactions. See also a separate [Annex on Gender](#)

### ***Semi-structured interviews***

Based on the outcome from the desk review, around 20 stakeholders<sup>13</sup> in each country were identified and interviewed. The sampling of respondents included inter alia officials from relevant ministries, relevant experts and women entrepreneurs.

The main areas of focus for the interviews were: available data, assessments of the need for sex disaggregated and gender specific data, existing statistic's quality and usefulness, enabling factors and obstacles, policies and policy implementation.

The semi-structured interviews provide a comprehensive picture of the situation and challenges that women entrepreneurs face in their respective countries. The interviews allowed for better interpretation of the results of desk research and provided additional information about the actual situation in each country as well as in the region.

The interviews also suggest strategies for fostering women entrepreneurship in terms of policy intervention and capacity building.

### ***Analyses and synthesis***

The Study Team has further analysed and synthesised the results of the desk research and interviews against a background of international research and benchmarking resulting in a number of findings in different policy areas (see chapter on Findings and Policies and action steps).

This allowed not only to capture the present state of play in the region but also to formulate recommendations.

---

<sup>13</sup> Stakeholders interviewed: a) Government representatives (from Ministry of Economy and Ministry for Labour) with a relevant position), b) At least 5 women entrepreneurs from different sectors and ages. c) Representatives of chambers of commerce/ business association, labour organisations. d) Academic scholars on women entrepreneurship and SMEs. e) women's organisations including gender experts.

## 3 FINDINGS OF THE STUDY

### 3.1 WOMEN ENTREPRENEURSHIP INDICATORS – DATA AND STATISTICS

#### *Selection, structure and evaluation criteria of indicators*

A major task of this study has been to present the availability, quality and comparability of indicators that characterise women's entrepreneurship in the Eastern Partnership region. Identification of data gaps is essential for developing relevant statistics as a base for analyses and policies for fostering women's entrepreneurship in the Eastern Partnership Countries.

See Annex 2 for detailed data.

#### *Access to women entrepreneurship data*

The result from the desk studies indicated gaps in the availability of relevant data among Eastern Partnership Countries. *Availability* means here a degree to which data are published in open sources like statistical institutions or surveys or if data can be extracted from statistical institutions on request

The sources of data and statistics in the Eastern Partnership Countries are listed in Annex 3. The indicators assessed in this chapter are available from open sources<sup>14</sup>. Benchmarking of relevant statistical indicators concerning SME and in particular women owned enterprises were mainly done by comparing with the EU publication "Statistical Data on Women Entrepreneurs in Europe" from the European Commission.<sup>15</sup>

It can be assumed, according to experiences, that for some indicators where data gaps identified, statistical raw data exist within statistical institutions and international organisations that make regular entrepreneurial surveys. In such cases it should be relatively simple to produce and publish statistics on these indicators if requested by high level officials. Where raw data are not available, completion of existing regular surveys with sex disaggregated issues should be possible using the existing administrative and statistical mechanisms. Where this is not possible, dedicated surveys for key indicators important for the development of women's entrepreneurship should be performed.

The study found that existing statistical institutions, authorities and research institutes could deliver only limited sex-disaggregated data or data with a particular focus on women entrepreneurs.

#### *Evaluation criteria*

Naturally, an indicator should describe an important feature of women's entrepreneurship according to international literature reviews as well as earlier studies from the Eastern Partnership Countries. The indicator data should in particular differ between male and female entrepreneurs. The evaluation of indicator data is based on the following principles:

The *availability* of data/statistics for an indicator is a key area of interest in this report. Availability of an indicator means that data/statistics have been identified and presented in national statistics publications or presented by other sources (surveys). Contacts with national institutions for statistics indicate that in some cases, SME and/or sex disaggregated statistics could be produced from existing databases if official requests are put forward. It is also very important to remember that a large

---

<sup>14</sup> See Annex 2 on statistics.

<sup>15</sup> Statistical Data on Women Entrepreneurs in Europe. European Commission. 2012.



number of micro enterprises are not officially registered in the Eastern Partnership and ECA countries. Over 95 % of new enterprises are not registered.<sup>16</sup>

The *quality* characterisation is relative and assessed in relation to clearness of definition and range of enterprises considered and surveyed.

The *comparability* for an indicator in one country is relative those in other countries and benchmarked against EU data.

Availability, quality and comparability are assessed for the selected indicators are given in Annex 2.

It can be concluded that there are large gaps, uncertainties, as well as quality and comparability problems when working with statistics on women enterprises in the Eastern Partnership region.

**It is recommended to align Eastern Partnership indicators for women entrepreneurs with the EU indicators for comparative analyses and benchmarking.**<sup>17</sup>

### **Definitions of women enterprises (women controlled enterprise)**

Definitions of women enterprises vary from country to country in the EaP area. While EU countries most often use the same definition, some Eastern Partnership Countries follow this definition but others apply their own country specific definitions. For example, the Armenia Country Gender Assessment concludes that “in addition to the challenge of quantifying businesses owned or managed by women, defining a “woman’s business” in the Armenian context is not straightforward”<sup>18</sup> It should further be observed that a great number of micro enterprises are working in the informal sector.<sup>19 20</sup>

**It is recommended that a common definition of a woman entrepreneur and a woman owned (controlled) enterprise should be applied and aligned with EU definitions.**

### **Summary**

#### **Sex disaggregated indicators**

The availability of sex disaggregated indicator data and statistics is varying from high to low among the *structural indicators*. Two, three or four countries have good statistics depending on indicator. The statistical *quality* is fairly good but due to different definitions, *comparability* is not sufficient.

For the *individual owner* level indicators (age, income and work load and educational level) the situation is worse and statistics are mostly non-existent with a few exceptions. This means that the statistical base for analyses of the individual entrepreneur’s driving forces, obstacles and enabling factors are seriously hampered.

#### **Aggregated indicators**

---

<sup>16</sup> See various Country Profile reports for the EaP countries from the World Bank/IFC.

<sup>17</sup> SME Policy Index. Eastern Partner Countries 2016, OECD, EU, ETF and EBRD. 2016.

<sup>18</sup> Armenia Gender Country Assessment, ADB. 2015.

<sup>19</sup> Measuring the Size of the Informal Sector, WB

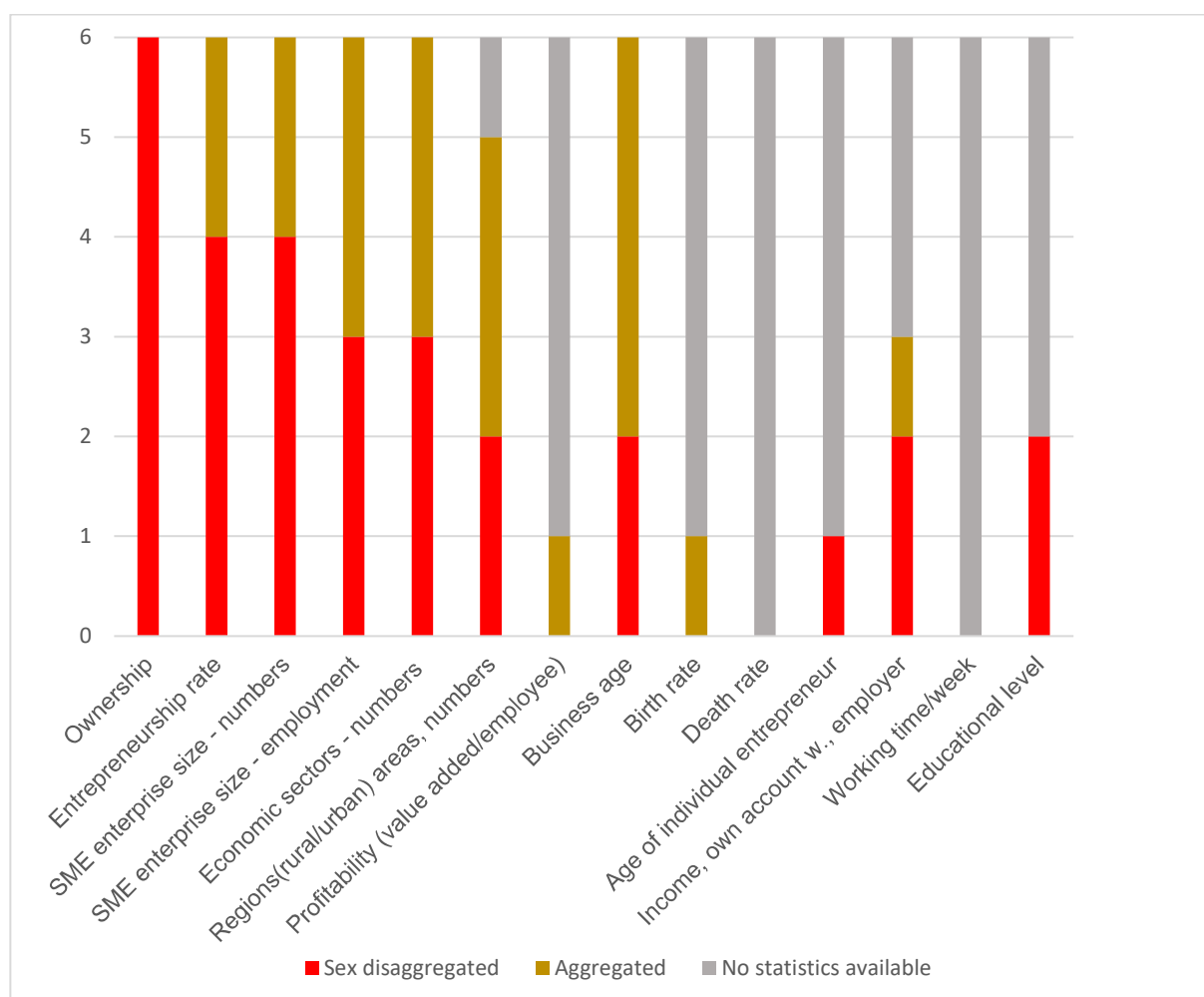
<sup>20</sup> Women and Men in the Informal Economy: A Statistical Picture. ILO. 2013

Looking on the aggregated indicators, the situation is much better for *the structural indicators*, only the profitability indicator is missing. The qualities vary but are around medium while comparability varies between medium and low due to definitions uncertainties. For the individual level indicators there are large data gaps

The *quality* of the sex disaggregated indicators does in many cases not reach up to EU indicator quality standards and there is room for considerable development. Most of these Eastern Partnership indicators have low *comparability* characteristics, due to different definitions and in some cases quite limited surveys (number and size of surveyed enterprises).

### Rating of indicator statistics in the Eastern Partnership Countries

Number of countries (0-6) with available sex disintegrated and aggregated indicator statistics



Graph 1

### Conclusions and possible action steps on statistical availability

- ✓ Existing statistical institutions, authorities and research institutes could deliver only limited sex-disaggregated data or data with a particular focus on women entrepreneurs.
- ✓ According to the analysis of this study it can be assumed that for some indicators with data gaps, statistical raw data exist within statistical institutions and international organisations that make regular entrepreneurial surveys.
- ✓ Where raw data are not available, completion of existing regular surveys with sex disaggregated issues should be possible without too high extra costs, using the existing

administrative and statistical machinery. Where this is not possible, dedicated ad hoc surveys on indicators important for development of women's entrepreneurship should be performed

- ✓ It is necessary to expand surveys and statistics to micro enterprises not registered in the formal sector.
- ✓ Both existing and forthcoming sex disaggregated statistics should be based on joint definitions of ownership for women SMEs etc. in order to facilitate comparative analyses. Quality standards should be developed jointly for these indicators.
- ✓ It is essential that existing, mostly not disaggregated statistics are completed with sex disaggregated qualitative statistics relevant for women enterprises. This is particularly important for indicators on individual owner level. Work on further sex disaggregated indicators on individual levels should be developed in order to enhance understanding and improving women entrepreneurs' situation.
- ✓ It is imperative that a common definition of a woman entrepreneur and a woman owned (controlled) enterprise should be applied and aligned with EU definitions.
- ✓ It is recommended to align Eastern Partnership indicators for women entrepreneurs with the EU indicators for comparative analyses and benchmarking
- ✓ Improvement and work for the mentioned developments of sex disaggregated indicators should as much as possible be done in cooperation between the Eastern Partnership Countries and also in cooperation with the EU.
- ✓ Statistical institutions and other organisations that work with surveys relevant for women's entrepreneurship should be gender awareness trained.

### **3.2 A GENDER PERSPECTIVE IN THE STUDY ON WOMEN'S ENTREPRENEURSHIP**

Interaction among economic, institutional, and transitional influences affects women entrepreneurs. Though formal institutions - through rules and regulations - allow for the possibility of female business development, informal institutions, such as gender norms and values (social and cultural factors), restrict women's activities and their access to resources.

Gender related beliefs, attitudes and related societal structural factors are prevalent to various extents in all countries and deeply embedded in societies, and directly or indirectly affect women entrepreneurs in many ways, creating or enforcing obstacles to women entrepreneurship.

The literature review for this study exposes a serious problem with sex and gender stereotypes, e. g. about a women's ideal role as wife and mother, which strongly limits women's possibilities in professional life. According to a recent study almost 90 percent of women agreed that "men should be sole bread-winner" and "a mother can establish a warm and secure relation with her children as a mother who does not work".<sup>21</sup> The literature review gives a clear indication of the need to have a gender perspective concerning financing of business opportunities. In most countries women and men have formally equal access to bank loans, but in reality banks for different reasons, among them discriminatory attitudes and practises, reject loan applications from women entrepreneurs to a higher degree than loan applications from male entrepreneurs.

The assumption that women are not as suitable as men to start and run a business negatively affects women's self-conception, based on the stereotypes and norms, limits their willingness and desire to

---

<sup>21</sup> UNDP survey 2013

start a business. As a result men starting businesses due to necessity are far less than women. The self-conception is formed from a young age and already in early school age; girls are taught to plan for career choices that are perceived as “female”, such as teaching, nursing and social work.

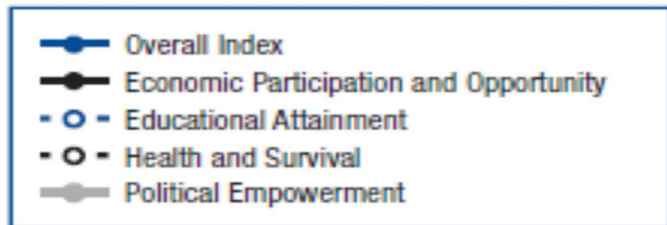
### Gender equality and gaps in the Eastern Partnership Countries

A contextual background overview of the gender equality situation and existing gaps in the Eastern Partnership Countries is sketched in diagrammatic form below. The overall gender gap score (1,0 = no gap) is between 0,6 and 0,8 where Armenia and Azerbaijan have the lowest scores and Moldova and Belarus the highest. The figures in some of the Eastern Partnership Countries are quite low. For comparison: the total gender gap index for Iceland, who is the top-scorer is 0,86. A more detailed description on how the gendered environment affects girls and young women’s entrepreneurial careers and how they affect mature women’s entrance into entrepreneurship is given in section 3.4.

The share of firms with female participation in ownership varies considerably, from 4 % in Azerbaijan to 48 % in Moldova. Women’s political participation is very low in all countries while economic participation is relatively high and rising which present challenges for political initiatives aiming to develop women’s entrepreneurship.<sup>22</sup>

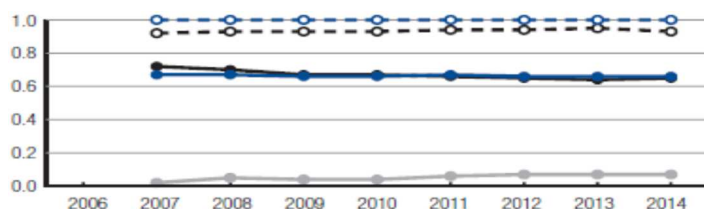
One can see that economic participation and opportunity varies between countries and in time and there are some improvements of economic and opportunities for most countries.

### Gender equality indexes and gaps for Eastern Partnership Countries<sup>23</sup>



Graph 2

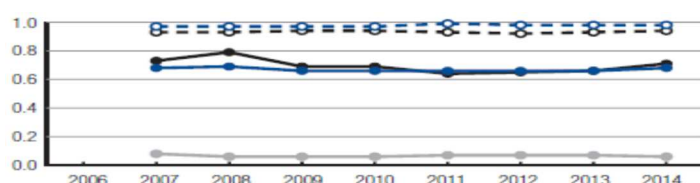
**Armenia:** Firms with female participation in ownership: 25 %



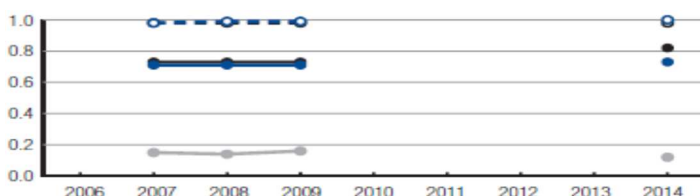
**Azerbaijan:** Firms with female participation in ownership: 4 %

<sup>22</sup> See also: Women in Politics and Decision Making in the EaP Countries, HiQSTEP Project, EU, 2016

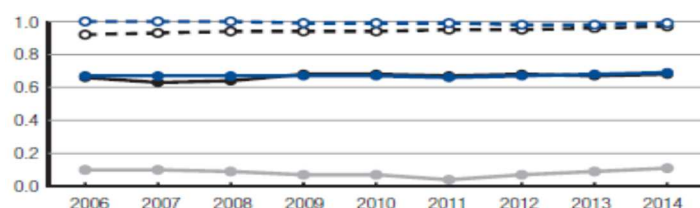
<sup>23</sup> The Global Gender Gap Report, World Economic Forum. 2014.



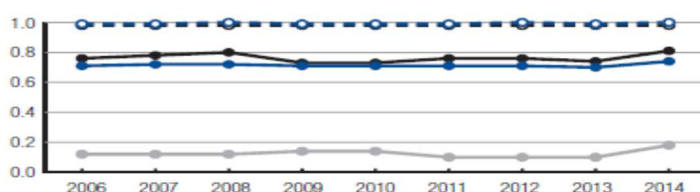
**Belarus:** Firms with female participation in ownership: 44 %



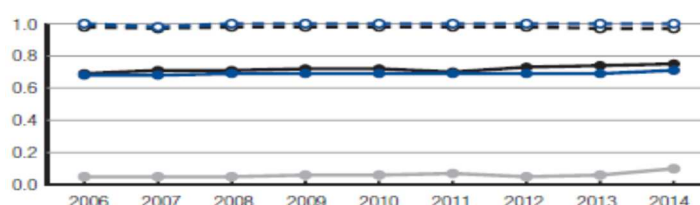
**Georgia:** Firms with female participation in ownership: 34 %



**Moldova:** Firms with female participation in ownership: 48 %



**Ukraine:** Firms with female participation in ownership: 31 %



The Soviet period had a significant influence on women's public situation with a relatively strong position in the labour market and within the education system but in the private sphere women were assumed to have the full responsibility of taking care of family and household. After the collapse of the Soviet Union the role of and possibilities for women in politics and economy have been seriously reduced.<sup>24</sup> The study finds that women, more than men, continue to be affected by the ongoing transition to a market economy through poor economic development, high levels of unemployment, poverty, access to loan and support for SMEs.

The gender stereotypes in the Eastern Partnership Countries permeate the full cycle of women entrepreneurship, starting from the decision to start a business, to the registration and formalisation, to the aspiration and growth as well as the policy framework and financial opportunities. One example is that in several Eastern Partnership Countries, business women become target of rumours and even

<sup>24</sup> E.g. World Bank 2011

sexual harassment from male employees of government institutions in charge of accepting reports and documentations.<sup>25</sup>

The reported gender awareness-related obstacles, see section 3.3, combined with the gender index rankings presented in Graph 2 above, provide arguments for promoting gender equality and reducing gender gaps in each Eastern Partnership Country as enabling factors for fostering women's empowerment and entrepreneurship.

### ***Gender awareness among interviewed SME stakeholders***

There is a variation in gender awareness among *interviewed stakeholders* in all EaP Countries. The study has found three categories of different understandings of gender equality in business development among responsible stakeholders (relevant ministries, civil servants, business organisations, experts and NGOs)

- a) Stakeholders that consider women and men to have equal constitutional rights and opportunities to start and run businesses and assume this to be reflected in practice. According to interviews with male stakeholders in one of the countries, women entrepreneurs had the same obstacles as the male. The female interviewed stakeholders saw on the contrary several more serious obstacles for women entrepreneurs. Also not gender aware interviewed women entrepreneurs gave frequent examples of socio-cultural factors that raise barriers for women entrepreneurs, e. g: "women are expected to take care of children, family and household, women do not to have business ideas" etc.
- b) Stakeholders that have begun to consider gender perspective important for SME fostering and to some extent recognise the patriarchal structure, values and behaviours as obstacles for women to start and run business.
- c) Stakeholders that are gender-aware and actively work to support women's empowerment in general and apply a gender perspective in SME support and development (this category mainly comes from women's organisations and gender experts).

## **3.3. OBSTACLES FOR WOMEN'S ENTREPRENEURSHIP**

Several limiting determinants for women's entrepreneurship are perceived as important obstacles to women's entrepreneurship. Many of them are naturally also perceived as such by male entrepreneurs. However, international literature research as well as interviews carried out in this study reveal that many of the obstacles seem to be more severe for women than men entrepreneurs.

A comprehensive and detailed analysis of obstacles to women's entrepreneurship based on the interviews and desk research concerning the Eastern Partnership against a background of international research is included in Annex 4.

Ways to reduce these obstacles are treated later on in this chapter as enabling factors.

Mapping and analysing different barriers and obstacles to women entrepreneurs and women controlled enterprises in the Eastern Partnership Countries are important as a base for interventions and policy reform for improving the conditions for women entrepreneurs. Desk research identified the existing country-based surveys which reveal obstacles perceived by women entrepreneurs in each Eastern Partnership country. These findings have been complemented by information collected through interviews with relevant national stakeholders and women entrepreneurs. Findings about

---

<sup>25</sup> UNDP 2007 and OECD 2015 and CEDAW 2006

important obstacles for the Eastern Partnership women entrepreneurs are presented below against an international background of research on similar obstacles.

The international literature research identifies very few studies of sex disaggregated obstacles for the EU countries as a group as well as from other regions while educated guesses from experts are more common. The situation is somewhat better for aggregated information (both women and men entrepreneurs) about obstacles for SMEs. One such study based on a comprehensive survey, ranks important obstacles for SMEs in the 28 EU countries.<sup>26</sup> Of the five obstacles given in the questionnaire survey, *finding customers* is considered the most severe obstacle followed by in decreasing order: *access to external financing*, *problems with regulations*, *difficulties finding qualified staff and managers* and finally *hard competition*. Several other potentially important obstacles were however not treated.

Corresponding challenges are expressed in “The way forward for the SME Flagship Initiative” which identified a thematic group of challenges for SMEs.<sup>27</sup>

- Poor access to finance
- Inadequate legal & regulatory framework
- Limited knowledge base/business skills
- Limited access to markets (local & international)

For the Eastern Partnership Countries one report concerning SME obstacles was identified.<sup>28</sup> It is based on a limited sample of 200 export oriented entrepreneurs from SMEs with different sizes from the Eastern Partnership Countries. A diagram for the top obstacles has been produced by the Study Team based on rankings extracted from the survey. Although the result cannot be considered quite statistically valid, the diagram gives an overview of important perceived obstacles.<sup>29</sup> On average, *lack of macro-economic stability* and *economic and regulatory policy uncertainties* were considered most serious closely followed by *corruption*, *non-transparent/arbitrary legal system* and *cost of financing*. An interesting observation is the quite large spread across the countries. This indicates that general SME related conclusions and recommendations concerning all Eastern Partnership Countries have to be applied with care.

The World Bank/IFC as well as EBRD regularly produce Business Economic Environment Performance Surveys (BEEPS) for the ECA countries including the Eastern Partnership Countries.<sup>30</sup> The surveys are based on a limited sample of (sex) disaggregated SMEs (except enterprises in the agricultural sector). Respondents were asked to rank the same type of nine fixed obstacles in each country. A compilation of the BEEPS results from the Eastern Partnership region gives the following result. The obstacles most frequently ranked among the top 4 were too high *tax rates* and *access to external finance* mentioned in all countries. *Political instability* was also among the top 4 obstacles in five countries. Problems with *practices* in the informal sector (unfair competition) was mentioned in four countries and *corruption* in 3 countries (very important in two of them) and lack of skilled work force also in three countries. These results are in good agreement with those from the EUROCHAMBRES survey mentioned above. It can be assumed that the reported obstacles from these studies also are important for the sub group of women-owned SMEs. This assumption is in good accordance with this Study’s results on obstacles for women enterprises (see below).

---

<sup>26</sup> Annual Report on European SMEs 2013/2014. European Commission

<sup>27</sup> EU support to SMEs in the Eastern Partnership countries 2014-2020. The way forward for the SME Flagship Initiative. EU.

<sup>28</sup> Doing business with the EU: an assessment of Eastern Partnership SMEs, East Invest, EUROCHAMBRES. 2012

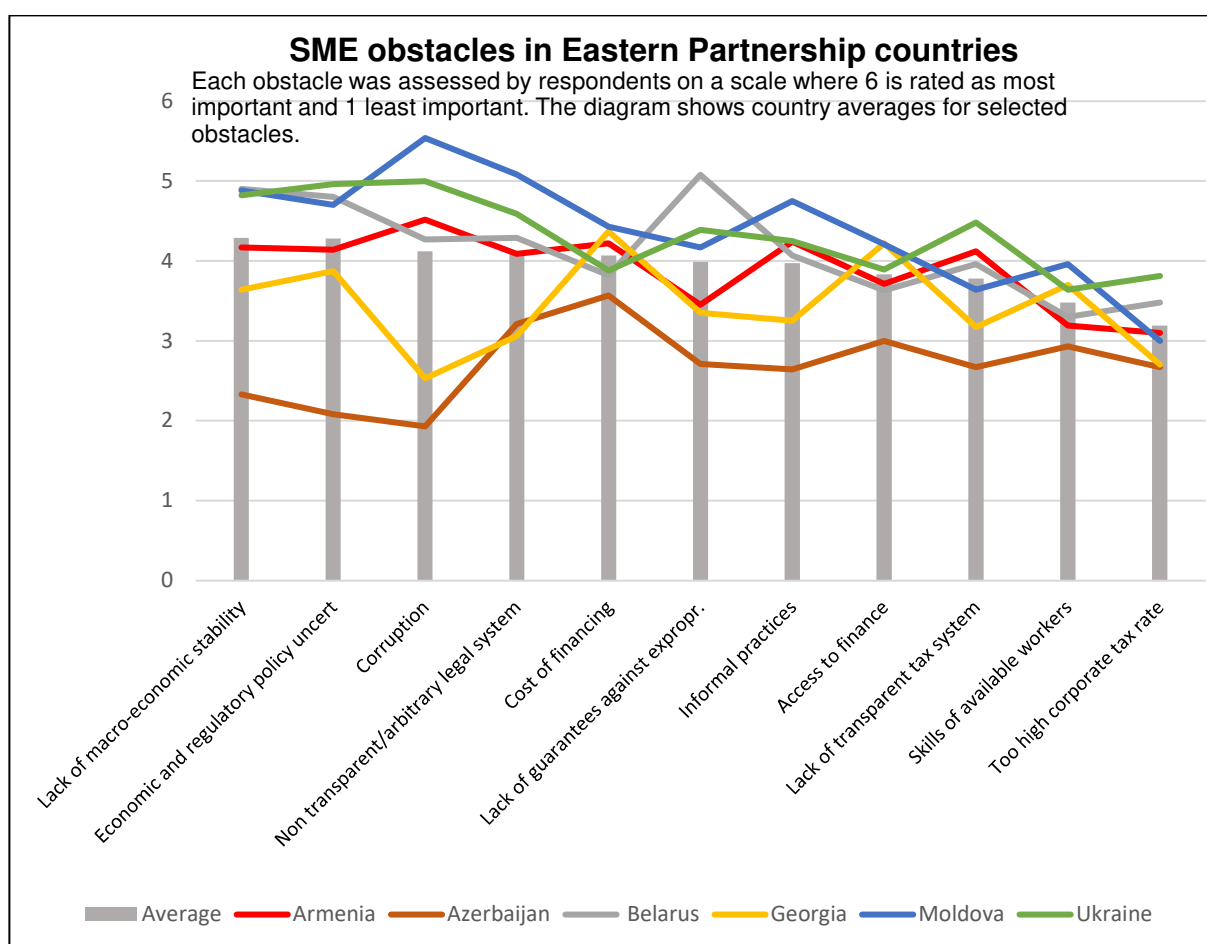
<sup>29</sup> Annual Report on European SMEs 2013/2014. European Commission

<sup>30</sup> Country Profiles for Armenia, Azerbaijan, Belarus, Georgia, Moldavia and Ukraine, World Bank/IFS. 2011-2013.



The surveys and other relevant country-based material obtained from the desk research on obstacles for women entrepreneurship in the Eastern Partnership Countries give roughly the same results as the country interviews for each Eastern Partnership country. They are also in accordance with the BEEPS studies mentioned above in as far as looking on common defined obstacles. It should be pointed out that many interviewed women entrepreneurs considered that many of the obstacles were considered more severe for women than for men entrepreneurs. This is in accordance with international research where it is noted that for women entrepreneurs financing, lacking skills and lacking business networks, tax problems, corruption, disregards for rules etc. constitute more serious problems for the female entrepreneurs.<sup>31 32 33</sup>

Obstacles in the Eastern Partnership Countries as a group are presented below in order of importance. The selection of obstacles is based on the obstacles most frequently mentioned as important in surveys and interviews. The country based survey references used are listed in the Annex 4. Obstacles mentioned only in a few interviews and surveys are listed further down (political instability, corruption, etc.). Most of the important obstacles are perceived as more serious for women than men entrepreneurs.



Graph 3

<sup>31</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

<sup>32</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012.

<sup>33</sup> INFORM, Policy Briefing 14, ETF. 2014.



Access to external financing is the most serious obstacle (ranked very high in three countries and mentioned in the others as important). It is closely followed by social, cultural and gender related obstacles (traditions, roles, discrimination, attitudes which negatively affect women entrepreneurs). Such obstacles are strongly emphasised in the interviews. They come on first and second place respectively in two countries and are also mentioned in interviews from the other Eastern Partnership Countries. Lack of sufficient business skills and of qualified business trainings are considered important obstacles by all respondents. On fourth place come tax problems. The absence of qualified and affordable business development/support services is mentioned in all countries as important. Regulations and legislations are also mentioned in all countries as problematic (including frequent changes of them).

Various market related problems were mentioned in different countries, for instance unfair competition from the informal sector, monopoly domination and low demand for products and services. Interviewed women entrepreneurs also complained about the non-supportive government. Political instability is a negative factor in some countries and high level of corruption is considered serious for women entrepreneurs in at least two countries.

*In Armenia*, market problems, access to finance and tax related problems seem to be the most important. For *Azerbaijan* it is access to external finance and low business competence. For *Georgia* it is social, cultural and gender related factors. *Moldova* has corruption and social and gender stereotype factors on the first places. In *Ukraine* the main obstacles are tax related. For *Belarus* no ranking is directly given in the interviews, but considering other Belarus studies, it is proposed that market problems and negative aspects of the role of the government are most important obstacles for SMEs and more serious for women entrepreneurs than men entrepreneurs.

### • **Access to external financing**

Both difficulties to get loans and credits, higher collateral requirements and high interest rates (up to 30% in some Eastern Partnership Countries) are mentioned as important constraints for SMEs external financing. According to the EU Annual Report on European SMEs (not sex disaggregated), access to finance is the second most important obstacle for all classes of SMEs.<sup>34</sup> Several international financial institutions (IFIs) operate in the Eastern Partnership Countries and play an important role not only for direct financing of large infrastructure projects but also as sources for financial intermediates like national commercial banks and in a few cases also by executing small scale projects for financing female enterprises. Commercial banks are particularly important here because they have large outreach potential through their branches.

It is often maintained that women entrepreneurs face more problems with external financing than men entrepreneurs, which is also mentioned by respondents interviewed under this study. After eliminating sector and size effects there are still sex differences concerning access to loans and credits which cannot be explained by other factors than those demonstrated by our survey of the Eastern Partnership Countries (see above) and many international studies.<sup>35 36 37</sup> Remaining factors are culture and tradition, which often are based on gender roles and stereotypes.

For the *Eastern Partnership Countries*, EBRD as an international financing institution is particularly important. The investment initiatives in women entrepreneurs have until now been small and scattered in relation to the actual needs. EBRD seems now more aware of the wider restrictions for women entrepreneurs and launches a more comprehensive intervention programme "Women in

---

<sup>34</sup> Annual Report on European SMEs 2013/2014. EU. 2014.

<sup>35</sup> Women's entrepreneurship in the EU, Library Briefing, European Parliament. 2013

<sup>36</sup> Strengthening Access to Finance for Women-Owned SMEs in Developing Countries. IFC. 2011

<sup>37</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012

Business” (WIB) for the Eastern Partnership and other neighbouring countries (see the chapter on financing enabling factors).

As evidenced by the desk research of this study, lack of external financing (loans, credit lines) is on average perceived as the most important obstacle for female entrepreneurs in the Eastern Partnership region. Loans and credits are turned down because of lack of collateral, too risky (low profit business sectors), low skills and business experience, gender stereotypes and discrimination. High interest rates and short pay-back times deter potential women borrowers as well as negative gender discriminatory loan and credit application assessments and attitudes among loan officers.

- **Social, cultural and gender related obstacles**

Despite the growing number of women-led business and a significant increase of initiatives, policies and resources designed to promote and develop women's entrepreneurship, women still own and manage fewer businesses than men, earn less money with their businesses that grow slower and are more likely to fail.<sup>38</sup> The non-occurrence of expected positive effects for female entrepreneurs from interventions calls for deeper analyses.<sup>39</sup> Growing evidence reveals that the general gender biased climate and gender discrimination in societies are *behind other obstacles* like access to financing, business networks and attitudes among service providers.<sup>40 41 42 43 44</sup> Few surveys however cover such gender related constraints. One reason is that these obstacles traditionally have not been listed among obstacle alternatives in questionnaires. This study is in fact one of few which looks upon these constraints.

Social, cultural and gender related obstacles are, according to the interviews and desk studies mentioned, on average rated as the second most important second among obstacle for the Eastern Partnership Countries. Traditions and cultural factors are frequently mentioned as obstacles and gender attitudes and discriminatory practises often lay behind these.

As reported by the national researchers of this study based on their interviews:

Armenia: “The growing up of children and house work mostly depends on women, which in reality does not give women enough chance and time to get interested in doing business”.

Azerbaijan: “Certain stereotypes, such as the traditional role of being responsible for the household, as well as the low level of confidence and self-esteem, prevalent in the society in general, discourage women from entering into business.”

Belarus: “A poor attitude toward women entrepreneurs by the society, the government, their husbands (family); internal doubts, fears, complexes of the women themselves. Women entrepreneurs in Belarus are ignored and treated as something not realistic for Belarus.

Georgia: “Almost all interviewed women (both entrepreneurs and other stakeholders) agree that there are some obstacles in Georgia to start and develop business for women, all interviewed men disagree with it. Patriarchate and hierarchy style of life in Georgia are main obstacles for women's

<sup>38</sup> Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Saskia Vossenbergh, Maastricht School of Management. 2013.

<sup>39</sup> Opportunities for Men and Women: Emerging Europe and Central Asia”. World Bank. 2012.

<sup>40</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief1, Key Findings at a Glance. 2014.

<sup>41</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012

<sup>42</sup> Women's entrepreneurship in the EU, Library Briefing, European Parliament. 2013.

<sup>43</sup> Female Entrepreneurship – An Appropriate Response to Gender Discrimination, Jacques Ascher, Journal of Entrepreneurship, Management and Innovation (JEMI), Volume 8, Issue 4, pp. 97-114, 2012

<sup>44</sup> Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Saskia Vossenbergh, Maastricht School of Management. 2011.

improvement. Women entrepreneurs noted examples of gender discrimination policy in Georgian banks.”

Moldova: “The majority of business partners are men that can perceive businesswomen not quite seriously. Banks are more preventive in giving women credits. The most common reason not to start a business is work-life equilibrium”.

Ukraine: “Most interviewed entrepreneurs commented that their family was a major source of motivation, support and encouragement and noted that the society around them did not provide this”.

Gender discriminatory attitudes are explicitly mentioned in interviews from all Eastern Partnership Countries as the above examples show. This is quite an important finding which provides serious challenges for fostering women’s entrepreneurship in these countries. These kinds of obstacles are prevalent in all Eastern Partnership economic sectors and regions where women entrepreneurs are active and acting on individual, family and organisational and societal levels. They appear in the business cycle from early age (schools) affecting young women’s propensities to become entrepreneurial, mature women’s business start-up decisions as well as existing women entrepreneur’s prioritisations and business conditions. Many examples of such restrictions are expressed in the interviews like burden of house work and absence of affordable child care, poor attitudes towards women entrepreneurs by the government, in the surrounding environment and discriminatory treatment in contact with service providers (for instance financing institutions mentioned above) including state taxation and regulatory institutions. Women entrepreneurs’ low levels of self-esteem and confidence are also frequently pointed out in the interviews. Their self-efficacy is often considered to be low. The balance of work and family obligations is a real challenge for women entrepreneurs as well.

### • ***Business skills and access to business training for women entrepreneurs***

Women entrepreneurs often lack the necessary level of business skills in order to grow and become more profitable according to international research.<sup>45</sup> Strategic management, financial literacy, market related and legislation knowledge are areas where improved knowledge and skills should be improved.

One international survey (not sex disaggregated) finds that not even half of the respondents perceive the existing offer of entrepreneurship education as satisfactory (43 %). Only 11 % state that the offer is sufficient, with only small differences between gender and age groups.<sup>46</sup> A need for ‘women-oriented’ trainings is expressed in other studies.<sup>47</sup>

Few surveys measure how frequent women (and men) entrepreneurs take part in trainings. One of those few studies found that only 23 % of respondents participated in at least one entrepreneurship education activity.<sup>48</sup> The availability of training for women entrepreneurs is seldom investigated. Due to family obligations and women’s limited decision power, women entrepreneurs are often more restricted to shorter training periods in vicinity of their homes than men.<sup>49</sup> In studies of entrepreneurial learning and training, efficient methods are seldom discussed in spite of a wide range of pedagogical

<sup>45</sup> Women-Owned SMEs: A Business Opportunity for Financial Institutions. IFC. 2014.

<sup>46</sup> GLOBAL ENTREPRENEURSHIP REPORT 2014, Advancing Entrepreneurship Education, Amway. 2014.

<sup>47</sup> A Feminist inquiry into entrepreneurship training, J. Byrne, A. Fayolle, in The Theory and Practice of Entrepreneurship: Frontiers in European Entrepreneurship Research, ed. Smallbone, David et al. Edward Elgar Publishing Ltd. 2010.

<sup>48</sup> GLOBAL ENTREPRENEURSHIP REPORT 2014, Advancing Entrepreneurship Education, Amway. 2014.

<sup>49</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief1, Key Findings at a Glance. 2014.

methods available. For instance, Dunn et al found that across countries, women and men on average have different learning styles.<sup>50</sup>

The interviews carried out in all Eastern Partnership Countries and the country surveys emphasise lack of the necessary business skills as an important obstacle to growth and profitability. As in the international research mentioned above, *strategic management, financial literacy, market related knowledge, legislation and knowledge about the tax system* are areas where more knowledge is required. Some Eastern Partnership interviews as well as analyses above on financial institutions point at the importance of *gender awareness training* for regulatory and tax authorities and not the least financial institutions. Interviewed stakeholders in some countries think that existing VET institutions (training content and equipment) are not adapted to market demands and not present in many geographical areas. Existing business trainings in the Eastern Partnership Countries are frequently criticised for not being relevant to the needs of participating potential or existing entrepreneurs. The quality and cost of trainings are also criticised. Awareness of training possibilities is low, so is the participation in trainings (see for instance a survey from Azerbaijan).<sup>51</sup>

### • Tax related problems

Tax problems of different kinds are frequently reported as important problem in many international studies on developing countries. Type of and seriousness of such problems may vary from country to country. SMEs can have problems with high tax rates and/or administrative burdens related to taxes. Frequent changes in taxes and short notice times are problematic. In the ECA countries, high tax rates is the most important problem on average for SMEs.

In the Eastern Partnership Countries tax problems come on the third place according to the BEEP surveys.

Taxation is considered a serious problem in Ukraine, but not a major problem in Azerbaijan and Belarus. It is the administrative burden and frequent changes in the tax system that are most troublesome, while high tax rates are only mentioned by a few entrepreneurs. This finding stands in contrast to the results from the BEEPS and some surveys that find excessive tax rates very important. Moldova and Ukraine interviews indicate that tax problems are perceived as more serious for women entrepreneurs more than male. One reason for this could be discriminatory attitudes from representatives for the taxation authorities towards women entrepreneurs.

### • Lack of business support and development services

Most support services in developed countries, address SMEs in general without differentiating between women and men owned enterprises.. In developing countries, access to business development services (BDS) is not available on a large scale.<sup>52</sup> There is also evidence that the manner in which external support services are provided does not necessarily match the needs of microenterprises.

Studies show that existing services are underutilised by microenterprises in Europe. The World Bank considers that performance for women enterprises could be improved by the expansion of access to BDS.

<sup>50</sup> Dunn, R. and Griggs, S.A. (2003), Synthesis of the Dunn and Dunn Learning Style Model: Who, What, When, Where, and So What?, Center for the Study of Learning and Teaching Styles, St John's University, New York, NY.

<sup>51</sup> Information and communication technologies for women entrepreneurs in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan. ADB. 2014.

<sup>52</sup> MICROFINANCE AND BUSINESS DEVELOPMENT IN EUROPE. What can we learn from the South? European Microfinance network. 2011.

Women entrepreneurs in Europe and Central Asia are also disadvantaged because formal and informal networks and BDS are largely dominated by men.<sup>53</sup>

Evaluation of a two year programme for support to business emphasises the importance of gender awareness among business support providers.<sup>54</sup> Based on such findings, it is argued that special programmes for women entrepreneurs are still needed but also that they should assist participants in understanding the gendered business climate they live in which requires coaches and lecturers who are aware of the gendered business system.

Lack of support services other than financing and training are mentioned as barriers to business development in interviews from almost all Eastern Partnership Countries. Existing business centres and associations are frequent in some countries but are often not functioning or providing services with low quality due to lack of financial support. Business networks for women are sought after by women entrepreneurs but rare. There is also a lack of business incubators, advisors, coaches and role models and of dissemination of information and good practises.

Experienced business owners and coaches among the Eastern Partnership respondents in the national studies conclude that women entrepreneurs' needs of business services are different than men's.

### • **Market problems**

A variety of perceived obstacles is reported in this area like weak demands from customers, harmful practises in the informal sector (mostly competition from the informal market actors), uncertainties in the economic and regulatory policies, and lack of guarantees against expropriation.

Finding customers is the single most pressing problem facing SMEs across the EU28 in 2013.<sup>55</sup> In the BEEP surveys of the ECA countries, harmful practices in the informal sector is the third most important problem.

According to the BEEP surveys of the ECA countries, harmful practices in the informal sector more or less seriously affect SMEs in four of the six Eastern Partnership Countries.<sup>56</sup>

The interviewed stakeholders (and several country based surveys) list limited size of markets, low demand and access to markets as well as unfair competition from the informal sector as serious restraints to development of women's enterprises. Uncertainties in the economic and regulatory policies and lack of guarantees against expropriation are a reality in some of the Eastern Partnership Countries as well. The fact that women's enterprises generally are smaller and operate in local markets where they are more exposed to criminal activities and threats and have less resources for protection measures suggest that women entrepreneurs are more negatively affected than men.

### • **Regulatory and legal obstacles**

These obstacles consist of administrative burdens (including contacts with officials) and time consuming activities concerning technical regulations and standards, tax administration, labour

<sup>53</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012.

• <sup>54</sup> Gendered small -business assistance -Lessons from a Swedish project. Malin Tillmar, Journal of European Industrial Training, (31), 2, 84

<sup>55</sup> Annual Report on European SMEs 2013/2014. European Commission.

<sup>56</sup> See the Doing Business reports for the Eastern Partnership countries.

regulations, licensing, registrations, custom dealings, contract law and customs rules. In the EU28 survey, regulations came as the third largest problem among SMEs.<sup>57</sup> There is some evidence that this group of obstacles affects women entrepreneurs somewhat more than men.

For the Eastern Partnership region, many obstacles mentioned from the international research are also put forward in the interviews. Ongoing and too frequent changes in legislation and regulations are often made without consideration of the interest of entrepreneurs. Excessive bureaucracy is troublesome for entrepreneurs. Abuses and negative attitudes in surveillance and controlling public bodies seem to specially affect women entrepreneurs according to interview responses.

- **Corruption**

High level of corruption threatens economic development and political stability as well as the credibility of governments. Corruption also creates an unfavourable business environment by undermining operational efficiency of firms and raising the costs and risks associated with doing business. It can take the form of abuses, extortion, bribery and favouritism. Informal payments or giving gifts to secure government contracts are common practices when doing business. In the ECA countries and the EU, corruption is not considered one of the most important constraints. Does corruption affect female entrepreneurs more than male? According to interviews from this study the answer is yes (see below).

Corruption remains a most serious problem for businesses in Moldova and Ukraine according to the interviews and country surveys. The BEEPS and the Business Anti-Corruption Portal also list corruption as one of the two most serious obstacles in the same countries.<sup>58</sup> Interviews and surveys from Georgia as well as the BEEPS and Business Anti-Corruption Portal) don't put corruption in Georgia as a serious obstacle in comparison with other obstacles. According to interviewed women entrepreneurs, corruption is affecting them more negatively than their male colleagues, for instance they are forced to provide higher bribes or informal payments than their male colleagues. World Bank reports on two of the Eastern Partnership Countries also note that women entrepreneurs perceive corruption as a larger problem than men as well as one Moldovan report.<sup>59 60 61</sup>

- **Non-supportive government**

Non-supportive attitude and actions may not be ranked as the most important problem as such, but can be an indicator not only on SME entrepreneurship in general and of gender awareness but also on political and of economic priorities which have more far reaching consequences for other positive and negative determinants like taxes, regulations, legal framework and for fostering measures. In quite many countries worldwide, entrepreneurs complain about these shortcomings from governments and public institutions. Not much research-based evidence has been found in this area but according to GEM 2014, Europe on average scores lower on social values towards entrepreneurship compared to other regions.<sup>62</sup>

<sup>57</sup> Annual Report on European SMEs 2013/2014. EU. 2014.

<sup>58</sup> <http://www.business-anti-corruption.com/country-profiles/europe-central-asia>

<sup>59</sup> Ch 3. Women in Entrepreneurship in Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012

<sup>60</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

<sup>61</sup> ASSESSING THE ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA Confederația Naț. a Patronatului din Rep. Moldova. 2013.

<sup>62</sup> Global Entrepreneurship Monitor. 2014 Global Report.

Many interviewed women entrepreneurs in the Eastern Partnership Countries complained about negative or indifferent attitudes from government institutions towards SMEs and women entrepreneurship in particular, reflecting a gender discriminating behaviour. The combination of insufficient attention by the government to the development of business and, at the same time, tight control by the government is problematic. No direct evidence revealed that women entrepreneurs were more affected than men. It is however reasonable that this is the case since interviewed decision makers in the Eastern Partnership studies noted that in society as a whole, including country governments and public institutions, a “real” entrepreneur is a male. This suggests that policies, programs, laws and regulations are not taking into account women entrepreneurs’ gender based conditions when formulating policies, laws and regulations.

### • **Political instability**

All Eastern Partnership Countries except Belarus have had or have military conflicts based on antagonisms between population groups and regions. They have strained nations’ economical resources, hampered imports/exports and resulted in many internally displaced persons. Simultaneously, political instability has occurred in many of these countries which, according to the BEEP studies negatively affected SMEs. It has also resulted in large number of internally displaced persons creating environments where entrepreneurship possibilities can be seriously hampered. This study found no conclusive answer to the question whether political instability and military conflicts affect female enterprises more than male.

## **SUMMARY**

Women’s entrepreneurs experience severe obstacles in relation to most of the determinants examined in the study. Many of them are naturally also perceived by male entrepreneurs. Aggregated SME results are therefore also relevant for women entrepreneurs. However, international literature research as well as interviews carried out in this study reveal that many of such obstacles seem to be more severe for women entrepreneurs than for men entrepreneurs.

### **General obstacles to SMEs in the Eastern Partner region**

Two surveys on obstacles for SMEs in the Eastern Partnership Countries found the following important obstacles (on average): Lack of macroeconomic and political stability and market related problems were among the most difficult obstacles. Lack of affordable external financing came high in problem ratings for almost all countries. Tax problems came not far after. In some countries, corruption was considered a very serious problem. Regulatory and legal systems and procedures were also criticised. Problems finding skilled workforce was also mentioned for many countries. The ratings of importance differ however considerably as the diagram in the sub chapter 3.1 demonstrates.

### **Specific obstacles to women entrepreneurs’ in the Eastern Partner region**

In comparison, the Eastern Partnership obstacles patterns for women entrepreneurs demonstrated by this study are similar to the ones reported for aggregated SME surveys. Several pertinent Eastern Partnership country surveys identified and ranked obstacles for women entrepreneurs. Most of the important other obstacles are considered worse for women entrepreneurs according to these country surveys and the *interviewed persons*.

Access to external financing is the most serious obstacle (ranked very high by three countries and mentioned in the others as important). It is closely followed by *social, cultural and gender related obstacles* (traditions, roles, discrimination, attitudes which negatively affect women entrepreneurs). These obstacles came high on in two countries. The latter obstacles were also seen as important in the other countries.

*Lack of sufficient business skills and of qualified business trainings* is on average the third most important barrier for women entrepreneurs. On fourth place come *tax problems*. The *absence of qualified and affordable business development/support services* is mentioned for all countries as important. *Regulations and legislations* are also mentioned in all countries as problematic (including frequent changes of them).

*High level of corruption* is considered very serious in two countries. Various *markets related problems* were mentioned in all countries, for instance unfair competition from the informal sector, monopoly domination and low demand for products and services. *Interviewed women entrepreneurs also complained about the non-supportive government*. *Political instability* is a negative factor in some countries. There is however considerable spread in the rankings between countries.

### 3.4. ENABLING FACTORS AND STRATEGIES FOR FOSTERING WOMEN'S ENTREPRENEURSHIP

The growing interest in fostering women entrepreneurship has often a clear economic objective. Women entrepreneurs have been designated as the new engines for growth and the rising stars of the economies in developing countries to bring prosperity and welfare.<sup>63 64 65 66</sup> On the other hand, there is also a tendency to see women entrepreneurs as not “real entrepreneurs”, which was noted by the interviewed in the framework of this study. What is missed out is that women (would-be) entrepreneurs more than male seem to have multiple objectives where work-life balance, family-related objectives are equally important and where starting a business is but one of several economic empowerment possibilities (employment should be mentioned as another possibility).

Year after year, the gender gap in entrepreneurship recruitment rates for women and men remains constant in Europe and elsewhere. Even in a country which is among the most advanced in gender awareness such as Sweden, with a longstanding focus and prioritisation of female entrepreneurship and start-ups, the prevalence of entrepreneurial start up activities is as low as 5.8% among men and 2.5% among women.<sup>67</sup> In reality, women may be able to contribute to business development with a whole different but equally valuable set of qualities that can affect productivity and competitiveness in quite innovative ways. Such approaches to women entrepreneurship may contribute to the understanding of reasons why the gender gaps in entrepreneurship persists in spite of several ambitious support programmes.

- **Improving the gender climate for women entrepreneurs**

The interviews clearly indicate that gender discriminating patterns are common in the Eastern Partnership Countries. If gender related driving forces for women's entrance into entrepreneurship and operation of enterprises are not considered, many measures for enhancing enabling factors for fostering women's entrepreneurship in the Eastern Partnership Countries may be insufficient.

---

<sup>63</sup> Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Saskia Vossenbergh. Maastricht School of Management. 2013

<sup>64</sup> Wanted: More women entrepreneurs to create growth and jobs. Enterprise & Industry Magazine. , 17/10/2012

<sup>65</sup> The obstacle to Women's Entrepreneurship in Europe and How to Deal with Them, Viviane Beaufort, The European Business review, March 2014.

<sup>66</sup> TRAINING FOR WOMEN ENTREPRENEURS: AN IMPERATIVE FOR GROWTH AND JOBS, Inform, issue 14, 2013, ETF.

<sup>67</sup> Women's and men's entrepreneurial activity (in Swedish). Kvinnors och mäns företagande. Företagens villkor och verklighet. Fakta & statistik. Tillväxtverket. 2012.



Efficient methods for fostering women entrepreneurs require a deeper understanding of the multifaceted objectives for women's entrepreneurship. Gender awareness training and mainstreaming is needed in order to create a more conducive environment. In practical measures and in policies for fostering women's entrepreneurship, such aspects should take a prominent place. There is also a need to explore more women-friendly interventions (financing, training, development of business services etc.).

- **Improving entrance into women's entrepreneurship**

Put together, life goals, prioritisation and barriers form the choices women do when considering starting a business. It means that enabling recruitment of female entrepreneurs should comprise of a multitude of interventions and policies, starting from childhood and school period all the way to women's situation as employed in certain sectors and as care providers. In this report we cannot go into details about all the areas mentioned but focus on those which are most suitable for efficient and manageable interventions and policies.

### ***Entrepreneurship motivation and training for girls and young women***

There is scant information about young female entrepreneurs' barriers and needs compared to the needs of adult female entrepreneurs in European countries. Girls and young women suffer from a double discrimination of being young and female. Studies from Sweden indicate the following obstacles and needs for female young entrepreneurs as compared to more established female entrepreneurs:<sup>68</sup>

- Lack of networks and mentors as well as new forms of financial solutions;
- Lack of explicit empowerment and gender perspectives with business supporting actors. To have female advisors or financial officers engaged by actors is not enough;
- Young women have lesser ability to "sell in" themselves as persons and their business ideas.

Entrepreneurial learning should be given an early start to develop entrepreneurship skills in boys and girls according to their own needs and interests. It should be accessible to all and embedded in a culture of lifelong learning. It should become a key competence in curricula.

Practical entrepreneurship training through "Young Achievers", "Young Drive" and similar international programmes are in close contact with the business communities and have succeeded in recruiting as many girls as boys entrepreneurs in several countries.<sup>69 70</sup> Evaluations show that roughly as many girls as boys take part in such programmes. Of those a larger part than those not participating starts their own businesses when they get older. Girls and young women's participation in this type of training programmes seem to be an effective way for increasing women's start-up rates.

This study identified a few training programmes in EaP Countries which have been applied to youth entrepreneurship and others have focused on grown up women start-ups, but very few targeted efforts have been performed for recruiting and training potential girl/young women entrepreneurs. In 2013 UWF in Ukraine expanded its annual "First Step to Success" programme to Moldova.<sup>71</sup> The programme continues to identify and empower girls and young women to become future leaders of Ukraine. Mentoring and role modelling are ingredients in the programme.

---

<sup>68</sup> Women's and men's entrepreneurial activity (in Swedish). Kvinnors och mäns företagande. Företagens villkor och verklighet. Fakta & statistik 2012.

<sup>69</sup> Women <http://www.jaeurope.org> and The Impact of Entrepreneurship Education in High School on Long-Term Entrepreneurial Performance, Elert.N, Andersson F, Wennberg K; Journal of Economic Behaviour & Organisation, 111. 2015

<sup>70</sup> Young Drive is a practical entrepreneurship programme developed "by young entrepreneurs, for young entrepreneurs". The programme is unique in its practical approach and focuses on empowerment and financial independence through business.. [www.youngdrive.org](http://www.youngdrive.org). and Evaluation Sida 2015.

<sup>71</sup> UKRAINIAN WOMEN'S FUND. ANNUAL REPORT 2013

Potential and existing women entrepreneurs, mostly young, along with experienced women entrepreneurs were interviewed in *Belarus*. The former group was, compared to the existing entrepreneurs, more positive about the availability of support services. They thought also that several obstacles were less serious than the experienced entrepreneurs. The would-be entrepreneurs were however in high need of information about seminars and other training opportunities on entrepreneurship.

Programmes for entrepreneurship training in schools and VET should be applied with a special focus on girls and young women. This should include the promotion of gender sensitive material on youth entrepreneurship to be mainstreamed in VET programmes and disseminated through information channels which are used by young women. The responsibility on governmental level should rest on ministries and agencies responsible for education, labour market and SME development and the necessary cooperation between them. The business community and youth organisations and in particular, business women's associations should be engaged and provided adequate resources.

- ***Improving entrance into women's entrepreneurship for adult women***

There are a multitude of programmes and also networks between corresponding organisations in the EU which promote women's business start-ups.<sup>72 73</sup> Some business women themselves and influential stakeholders around them have adopted gender biased views on female entrepreneurship. It means that several areas must be considered when planning interventions and remembering the multifaceted objectives that women entrepreneurs often have concerning their business activities.

Scant information concerning recruitment of women entrepreneurs have been put forward in the interviews and in the desk research. One exception is the strategy plan for women's support from Armenia SME DNC which has adopted the following systemic approach: <sup>74</sup>

- Alignment and coordination between the existing government organisations, donors and business organisations about common direction and fields of support;
- Provision of more differentiated data (about women and men in economic development) through the support from the supporting organisations;
- Definition of female SMEs;
- Expansion of business services for male and female businesses and promotion a more inclusive approach;
- Awareness creation and documentation of success stories from successful existing female entrepreneurs and start-ups;
- Using dedicate techniques to identify specific support requirements of female entrepreneurs and employees;
- Integration of female entrepreneurs into informal and formal business networks.

It is evident from interviews in the Eastern Partnership Countries that women, particularly in rural areas have, very little information about possibilities and barriers to become entrepreneurs. The study reinforces the importance and regional relevance of targeted information material as well as the promotion of positive role models.

A few programmes contain not only traditional positive economic arguments about entrepreneurship but also emphasise women's specific advantages like personal development through self-achievement. Information material often presents positive role models and concrete examples of female entrepreneurs.

---

<sup>72</sup> <http://startupeuropeclub.eu/eu-networks>

<sup>73</sup> Women's entrepreneurship in the EU, Library Briefing, 30/04/2013. European Parliament.

<sup>74</sup> WOMEN ENTREPRENEURSHIP STRATEGY IN ARMENIA, ADB. 2013

The presentation and distribution of such information is quite important. Information channels could be women's associations and clubs, vocational training centres, schools, internet and through media channels. In the only report the Study Team found on information channels for business related matters in an Eastern Partnership country, business information through TV dominates together with information from family and friends, while business centres and associations and newspaper played minor roles.<sup>75</sup> If encouraged, other actors, like employment agencies, financing institutes and training organisations, could play an important role in disseminating gender aware information on business start-up for women.

- **Start-up facilities**

Start-up activities (business incubators, start-up programmes) are traditionally seen as main instruments for promoting women entrepreneurship, while business women often have started their businesses without the help of such organized activities. They are prevalent on a regular or ad hoc basis in most EU countries and seem to function reasonably well when looking on outputs. Evaluations of long-term outcomes seems however rare.

The present study on the situation in the Eastern Partnership Countries produces a picture of relatively few and often not well functioning start-up facilities and business centres for both men and women entrepreneurs. Special programmes for *women* start-ups are even less frequent. The existing women start-up support activities most often consist of international donor financed projects. Internet is an important source of customers, contacts and information for women entrepreneurs and the study has identified a great demand for web-based services for aspiring women entrepreneurs. Other actors around the potential women entrepreneurs like women's clubs and associations, different government authorities, business and local employment communities are also identified as key actors in promoting start-up activities for women.

Programs for financing and establishing sustainable, high quality business support centres are particularly important for enabling women start-ups. Given the demand for information and promotion measures and materials on women's entrepreneurship these should be disseminated by a range of relevant actors and information channels. They should contain arguments and objectives attractive for women's start-ups. This requires proper allocation of resources and cooperation between government and relevant civil society organisations.

- ***Support to established women entrepreneurs***

Internationally, start-up initiatives attract more interest and money than support to existing women entrepreneurs. Experienced female entrepreneurs have proved that they can manage their businesses on a sustainable basis. Considering this, interventions targeting existing women owned enterprises, growth oriented in particular, is a cost efficient way of both expanding the economy at large and provide more employment opportunities for women. Experience also tells us that experienced businesswomen have more specific and sector needs. Except traditional financing and training services, counselling and mentoring interventions are particularly important. Business centres including incubators could be efficient channels for information, training as well as establishing business networks and other support activities according to international experiences.<sup>76 77</sup>

The gender biased business environment is an important factor but difficult to improve in the short term. In certain situations such as far away from home and/or long term business training, child care

---

<sup>75</sup> Information and communication technologies for women entrepreneurs in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan. ADB. 2014.

<sup>76</sup> Gender Equality in Education, Employment and Entrepreneurship: Final Report to the MCM 2012.OECD. 2012.

<sup>77</sup> Enhancing Women's Economic Empowerment through Entrepreneurship and Business Leadership in OECD Countries. 2014.

facilities have in a few cases been arranged. In the long term, better permanent child care facilities should be considered.

Interviewed stakeholders from all Eastern Partnership Countries think that a range of services like affordable financing and accessible training are important for business development as well as access to qualified business networks, centres and associations. Many interviewees also pointed out the need of more positive contacts with surveying and controlling authorities. Information about existing business services should be disseminated to potential and existing women entrepreneurs, particularly in rural areas. The study also identifies a demand for long term measures to decrease the burden of combining business with the care of children and the elderly.

### • **Access to external financing**

As a remedy for the more pronounced difficulties for women entrepreneurs than men to get financing from banks, special packages of loans, guarantees, advice and strategic training are now emerging from international donors and financing institutions. Financial interventions should as a consequence ideally be combined with gender mainstreaming interventions for the actual financing institutions. Special grants, loans and credit guaranties, micro loans and “women’s loans” with favourable loan conditions have also been tried in many EU countries. Alternative ways of financing have been suggested.<sup>78</sup>

### **Effectiveness and quality of financial interventions**

In two recent international meta-studies, the effectiveness of different financial development interventions has been investigated.<sup>79 80</sup> They both found that financial interventions alone to female micro entrepreneurs have particularly limited positive effects on performance. However, more positive effects for larger women-led enterprises could be noted. Reasons for this discrepancy were in many cases gender related. This indicates that such interventions should be carefully designed with full consideration to gender aspects both concerning the type of financing conditions and how to reach and assess the women entrepreneur borrowers and their life situations.

### **New financing instruments**

A recent OECD report considers new approaches to SME financing, some of which may be particularly suitable for women entrepreneurs.<sup>81</sup> Such alternatives, which not depend on financing from friends and families and avoid traditional collateral requirements, collateral restrictions can be provided through instance asset based financing and by crowd funding including peer-to peer lending and credit and saving unions and groups. The crowd-lending is typically based on the revenue-sharing principle, that is, where creditors are not paid interests at the end of the defined lending period, but rather an amount which includes an agreed share of the earnings, in case of good performance of the debtor. This and other peer-to-peer lending options can be attractive for small businesses that lack collateral or credit history to access traditional bank lending, as the loans offered are typically unsecured.

### **Improved outreach**

Improved outreach activities through local marketing and loan handling activities by decentralised financing organisations are essential for many female business women who have fewer possibilities to spend time on time consuming travels to distant financing institutions. ProCredit Bank has

<sup>78</sup> New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments. OECD 2015

<sup>79</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief1, Key Findings at a Glance. 2014.

<sup>80</sup> Promoting Women’s Economic Empowerment. What Works? Mayra Buvinic, Rebecca Furst-Nichols, World Bank. 2014

<sup>81</sup> New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments. OECD 2015.

successfully applied this in many Eastern European countries.<sup>82</sup> The EBRD WIB programme (see below) is interesting in this respect since it helps partner financial institutions to reach out to more potential borrowers among women entrepreneurs through improved marketing and product development. Hopefully this partnership model where a large international (or national) financing institution uses its financial strength in combination with traditional decentralised financial organisations like local bank branches can be an efficient way of financing for women entrepreneurs.

### Gender considerations

International research proves that it is essential that financing organisations like international and national banks in all their financing activities apply gender perspectives in lending procedures in order to avoid the prevalent gender unawareness and discrimination which is widespread among staff members in financial institutions.<sup>83 84</sup> The mentioned meta evaluations find that pre-existing gender differentials and inequalities influence the outcome of financial interventions. Efficient financial interventions between the initiating international and national financing institutions and the financial intermediates can thus be fruitful if all involved staff is gender aware and trained.

The interviews reveal that the access to external financing situation is less favourable in the Eastern Partnership Countries than in the EU countries.. One example is the very high bank interest rate (30% in most of the countries). Another is the very high requirements on collateral.

In *Armenia* small and micro lending programmes are available through banks and microfinance banks and other credit institutions. The SME DNC Fund provides credit guarantees to SMEs and a revolving fund provides financial support to start-up entrepreneurs through partner banks. Micro financing is important and there are also several credit unions with good outreach. No special financing opportunities for women have been found.

In *Azerbaijan*, public financing schemes are somewhat more favourable compared to other Eastern Partnership Countries. Azerbaijan National Fund for Entrepreneurship Support offers subsidised credit facilities through local banks. Micro financing institutions are also important. No special women entrepreneurs financing interventions are known.

In *Belarus*, financing for SMEs through international organisations is particularly difficult as well as through public financing schemes. Micro financing is however provided through banks and a donor financed programme. Financing schemes for women entrepreneurs are lacking.

In *Georgia*, several microfinance institutions operate throughout the economy but cannot meet the demands.

The public Credit Guarantee Fund operates in *Moldova* with a focus on rural areas. Relatively many microfinance institutions are active but only cover a limited part of SMEs' needs. It can be hoped that the new SMEs Sector Development Strategy 2012-2020 with its Platform for Women entrepreneurship development will provide additional financing opportunities for women owned SMEs.

Many sources of external financing are available in *Ukraine*, like bank lending, government support schemes and leasing. Nevertheless, SMEs and in particular start-up firms face important obstacles to financing from all sources. Credit guarantee facilities are in place under the government control. The Ukrainian Fund for Entrepreneurship Support has a programme of public financial support on preferential terms for assist small business. No dedicated financing possibilities exist for women entrepreneurs.

---

<sup>82</sup> Gender as a Business Case, Sten Lindeberg. EBRD. 2006.

<sup>83</sup> How Do IFI Gender Policies Stack Up?. Gender Action . 2013

<sup>84</sup> Gender as a Business Case, Sten Lindeberg. EBRD. 2006.

As a start, existing Eastern Partnership national programmes like guarantee schemes, micro financing, credit unions should be evaluated, enlarged, upgraded and gender sensitised. Financing should be combined with gender aware business and financial literacy training or advising.

In response to some of these drawbacks, EBRD launches a new, more comprehensive intervention programme "Women in Business" (WIB) for Eastern Partnership and other neighbouring countries.<sup>85</sup> It will support women-led SMEs in accessing finance for their sustainable growth, develop sustainable credit mechanisms targeted to women-led SMEs through technical assistance to financial intermediaries and support women-led SMEs in accessing know-how, non-financial business development services and networking opportunities. Participating financial institutions ("PFIs") will be commercial banks and non-bank financial institutions including leasing companies and non-bank microfinance institutions. The programme will provide dedicated credit lines for women entrepreneurs through PFIs and offer them tailored advice and training to increase their know-how and networking opportunities. The programme is supposed to start in Eastern Partnership Countries during the coming three years.

Interventions which combine financial measures like for instance the EBRD new WIB programme should be initiated on a broader scale.

New or alternative forms of financing as alternative to traditional collateral based bank lending like asset based lending, leasing and crowd based funding should be tried and evaluated. New forms of outreach activities should also be tried, particularly for women in rural areas.

Financing intervention effectiveness for SMEs and in particular women entrepreneurs should be further researched and evaluated as a base for increased effectiveness. Ongoing financing initiatives and corresponding institutional support should be coordinated between Eastern Partnership Countries in cooperation with international financing institutions.

## • Skills and competences of women entrepreneurs

Entrepreneurial training is often considered an efficient way of fostering women entrepreneurship in the EU and other countries. ETF in its Position Paper provides a general, international background to entrepreneurial training for women entrepreneurs. It points out the lack of access to life-long learning and training opportunities for development of women entrepreneurship key competences and business skills as a challenge.<sup>86</sup> The concept of life-long learning entails both traditional education and training, VET, informal learning on the job, distant and e-learning, peer-to-peer learning in networks and enhanced understanding of business related issues through coaching and mentorship.

Preferred learning content and methods can differ for female and male learners. The potential of women may not always be the same as that of men and so entrepreneurial learning may have to target different qualities in men and women.<sup>87</sup>

## Effectiveness and quality of training

Recently published meta evaluations of training effectiveness for female and male micro entrepreneurs participants show disturbing negative results for female training participants.<sup>88 89</sup> In

<sup>85</sup> EBRD.com.

<sup>86</sup> Training and support to women's entrepreneurship. ETF Position Paper. Olena Bekh, ETF. 2014.

<sup>87</sup> TRAINING FOR WOMEN ENTREPRENEURS: AN IMPERATIVE FOR GROWTH AND JOBS, Inform, issue 14, 2013, ETF.

<sup>88</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief, Key Findings at a Glance. 2014.

contrast to the male participants, the women micro entrepreneurs' businesses do not show positive effects considering profitability and growth after training. There are (gender related) explanations for the expected, but not realised positive results of training according to the studies. Some explanatory factors are women's more binding external constraints, including greater household duties and limited say in household decisions. The evaluations propose that training combined with follow-up visits or technical assistance can improve business positive effects.

One international study found that on average only 23 % of respondents had participated in at least one entrepreneurship education activity - which shows that there is a great potential for enhancing women entrepreneurs' business skills, provided that the trainings are suitable for them.<sup>90</sup>

A conclusion is that there are strong arguments for promoting gender aware designed training intervention form. Women business owners need help to identify the gender system and acquire strategies for how to handle it. Such knowledge should be included in the training content. Succeeding in such a venture however requires highly knowledgeable coaches and seminar leaders which need adequate training in gender issues.<sup>91</sup>

Distant learning and learning in study groups have in some countries been used to overcome such barriers. Providing on-site childcare during trainings could help to ease women's time burden and help to improve their participation in training activities.<sup>92</sup>

In studies on entrepreneurial learning and training, efficient methods (specifically for low skilled participants) are seldom discussed in spite of a wide range of pedagogical methods available. For instance, Dunn et al found that across countries, women and men on average have different learning styles.<sup>93</sup> Modern, accelerated learning methods are being increasingly used, like business games, practical exercises and contribution of the surrounding business community. "Young Achievers" and "Young Drive" are examples of such concepts, suitable for young training participants.

The suggestions for effectiveness improvement should also be applicable to the Eastern Partnership Countries. Due to family obligations and women's limited decision power, women entrepreneurs are more often than men restricted to shorter training periods in vicinity of their homes.

In none of the Eastern Partnership Countries have training programmes for women entrepreneurs been addressed in a comprehensive way, but *Armenia* is building a training and support framework for newly established and growing enterprises. Armenian SME DNC has recently developed a comprehensive SME strategy.<sup>94</sup> It entails a chapter on Women Entrepreneurship.<sup>95</sup> Entrepreneurial skills are taught in most schools and cooperation with the Junior Achievement programme is realised. A national VET Council guides VET sector reform including VET quality assurance issues.<sup>96</sup>

The Baku Business Training Centre in *Azerbaijan* provides financial, training and consulting, and export support. Although there is no coherent strategy for promoting women's entrepreneurship, there are examples of training activities provided by government, international organisations and other organisations.

---

<sup>89</sup> Promoting Women's Economic Empowerment. What Works? Mayra Buvinic, Rebecca Furst-Nichols, World Bank.

<sup>90</sup> GLOBAL ENTREPRENEURSHIP REPORT 2014, Advancing Entrepreneurship Education, Amway. 2014.

<sup>91</sup> Gendered small-business assistance: lessons from a Swedish project, Malin Tillmar, Journal of European Industrial Training, (31), 2007.

<sup>92</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief1, Key Findings at a Glance. 2014.

<sup>93</sup> Dunn, R. and Griggs, S.A. (2003), Synthesis of the Dunn and Dunn Learning Style Model: Who, What, When, Where, and So What?, Center for the Study of Learning and Teaching Styles, St John's University, New York, NY.

<sup>94</sup> WOMEN ENTREPRENEURSHIP STRATEGY IN ARMENIA, ADB. 2013.

<sup>95</sup> Ibid.

<sup>96</sup> The SME Policy Index – Eastern Partnership Report 2012 by OECD et al is used as a main reference here.

In *Belarus*, support to SMEs and entrepreneurship including training has become a national priority and a large number of training providers exist. No special training programmes for women entrepreneurs exist but there are various ad hoc initiatives.

The government's Socio-economic Development Strategy of *Georgia* (Georgia 2020) targets inclusive economic growth and among other measures is developing human capital.<sup>97</sup> A wide range of initiatives on EL is provided by different national and international business development centres. A policy framework incorporating gender-sensitive policy improvement and an action plan has been launched which includes specific measures supporting business training.

ILO National Coordinator in *Ukraine* provides a good example on women entrepreneurship training, "Start and Improve your business WE training", that was carried out 2010-2012.

Among important areas for training are, according to the Eastern Partnership interviews: strategic management, financial literacy, market related knowledge, legislation and knowledge about the tax system.

**In summary, the following enabling measures for capacity building are recommended:**

- Life-long learning for potential or active women entrepreneurs should comprise VET, and early entrepreneurial training in schools should target girls and young women. Programs such as "Young Achievers" and "Young Drive" should be considered.
- Gender sensitised trainings should be the norm for SME entrepreneurs and tailored made trainings for women entrepreneurs should also be applied. All trainings should consider practical restrictions for female participants and take measures for eliminating them. Preferred learning content can differ for female and male learners which should be considered. Efficient training methods that comprise the use of pedagogical methods suitable for women participants should be developed and applied.
- Systematic outreach and promotion activities directed towards women entrepreneurs should be applied in order to increase the participation in trainings. Effectiveness and quality of trainings should be addressed. Licensing and quality insurance of training providers could enhance training effectiveness and quality.

## **Other business development services**

Business services can embrace or facilitate financial, training, advising, and access to business networks. They can be very useful for women entrepreneurs and in different business life phases. Services can be provided by gender aware business development or support centres, incubators, business associations and other organisations for SMEs or for women entrepreneurs. Financial and training services are treated in the sections above. Mentoring and coaching, role modelling, advocacy and other information activities are analysed here.

### **Business centres, associations, networks, mentoring, coaching, role modelling and advocacy**

Many EU countries have established business centres for women entrepreneurs. They can be flexible, distributed resources for business development for women entrepreneurs and are particularly useful in the start-up phase. They can assist in building business networks and disseminate important business information. *Business incubators* are particularly valuable for start-ups as well. Existing business associations and other organisations should be evaluated and capacity building provided concerning service quality and fund-seeking.

<sup>97</sup> Country Partnership Strategy. Georgia. ADB. 2014.



Women need to be encouraged to create networks and make connections<sup>98</sup>, which can be excellent arenas for exchange of good practice and peer-to-peer learning. Role modelling through business ambassadors have been successful in many EU countries.

*Mentoring* and *coaching* are highly valued by many women entrepreneurs due to their positive and practical effects on business start-up survival and the way they can build confidence among women entrepreneurs.<sup>99</sup> They could however be even more useful for experience women entrepreneurs both through their business networks and by encouraging long-term strategic perspectives.

Education, training and story-telling are dominated by male role models and in media exposure *Female role models* need to be introduced. Story-telling, as applied by the network of EU Women's Entrepreneurship Ambassadors is a good example of a new form of informal learning. Early exposure of learners to entrepreneurial success stories featuring both men and women is critical. Thus, women entrepreneurs should be encouraged to engage with local communities and schools.<sup>100</sup>

According to many Eastern Partnership stakeholders, *advocacy* is of vital importance for raising awareness and developing more positive attitudes on all levels and in many arenas in society. Media are valuable channels in this process as well as information campaigns. Women's business associations as well as other business organisations should encourage it.

Business services, including business networks are much needed in the region, but are in general either absent locally or underdeveloped (low quality and underfinanced). However some well-functioning centres with a wide range of services and a good geographical coverage do exist and could inspire development on a larger scale.

The main actor in *Armenia* is the SME DNC Fund with a wide range of services and a good geographical coverage. As stated earlier, this fund will support women in special programs. Another very active supporting organisation is the employer organisation RUEA.<sup>101</sup> The Enterprise Incubator Foundation is one of the largest business development incubation agencies in the region.

In *Azerbaijan*, business services are provided by government agencies and through donor programmes, although it is not clear to what extent they are utilised.

*Belarus* had in 2011 around 60 SME support centres and 4 business incubators. Services are often provided free of charge. The private market for business services is underdeveloped. Experienced women entrepreneurs consider that although *business networks* and women's organisations exist in Belarus they are not effective.

More than 30 private business support centres and a number of SME support programmes are currently active in *Georgia*. The government is also on its way to establish more business development centres.

There are around 175 business service providers active in *Moldova*. Government, chambers of commerce, women's business associations, the private sector and donors supported services are provided but demand is low due to lack of trust and guaranteed quality and relevance of services offered. A few business incubators exist.

Despite a number of governmental initiatives to provide business services, the range of services for SMEs in *Ukraine* is limited. In 2011 there were) 438 business centres and 69 business incubators as

---

<sup>98</sup> Global Entrepreneurship Monitor 2012 Women's Report. 2013.

<sup>99</sup> See reference above.

<sup>100</sup> TRAINING FOR WOMEN ENTREPRENEURS: AN IMPERATIVE FOR GROWTH AND JOBS, Inform, issue 14, 2013, ETF.

<sup>101</sup> Strategic services targeted at women entrepreneurs based on policy recommendations, RUEA. 2013.

well as private service providers but these are oriented towards large enterprises. Only few entrepreneurial networks and support groups are active<sup>102</sup>.

Concerning common enabling factors for business services the following measures should be realised:

- Capacity building including gender training for business centres, incubators and business associations is important. Initiatives for developing quality assurance systems and enhanced funding possibilities should go hand-in hand.
- Business associations are also often considered as not efficient. Capacity building is often necessary and they should be encouraged to seek funding for expanding and qualifying their services.
- Mentoring, coaching and advising should be integrated part of all business development and support services. Advocacy is much afterthought in all Eastern Partnership Countries and could be intensified with more resources to women's organisations and to business centres. Female role models and ambassadors should be introduced in a larger scale.
- Coordination between different service providers should be promoted in all countries.

## • Regulations and legal systems

Regulative and legal obstacles comprise administrative burdens (including contacts with officials) and time consuming activities concerning technical regulations and standards, tax administration, labour regulations, licensing, registrations, custom dealings, contract law and customs rules. It can be inferred from the EU28 survey, where regulations came as the third largest problem among SMEs, that measures for decreasing or eliminating regulative restrictions and administrative burdens could be quite enabling for SMEs.

The Eastern Partnership interviews emphasise that reforms certainly are necessary. All the same, simplification is advancing at varying speeds on many EU countries. Reforms should in many cases benefit women entrepreneurs more than male since, according to the interviews, women entrepreneurs are more negatively affected by regulations and laws and in contacts with controlling and surveying authorities.

According to the Doing Business assessments by EBRD and World Bank, some Eastern Partnership Countries have made significant process in reforms concerning regulations and laws.

Over the last decade, *Armenia's* authorities have made considerable efforts to upgrade the commercial, tax and financial legislation in order to improve the business environment. Measures to reduce unnecessary regulation and burdensome tax inspections on companies are under way.

*Georgia* has made considerable improvements in labour market regulations, getting taxes paid, enforcing contracts and in starting a business.

In *Moldova*, reforms have been carried through on for instance in simplifying the start-up process, increased transparency and reduced the number of inspections and filing requirements imposed on businesses and introduced the possibility to file taxes on line.

Reforms are necessary and could be carried through in a relatively short time span as demonstrated by some of the countries. Awareness raising and training in basic business economics and gender for surveillance and controlling authorities is recommended.

.

---

<sup>102</sup> Barriers to Successful Entrepreneurship for Women in Ukraine, John S. Johnson, Edward Garten, Svitlana Buko, Liberty University. 2013.

- **Government's role and enabling measures**

Many respondents in the study complain about a *non-supportive* or even counter acting attitude from governmental institutions towards women entrepreneurs. Partly this is due to gender discrimination and can be countered by gender awareness raising and gender mainstreaming in those institutions. *Advocacy* could also help, particularly if such attitudes are a sign of indifference or ignorance of the importance of the SME and women enterprise sectors. More positive attitudes are being recorded in some countries as can be seen by regulatory and legal reforms and policies for fostering SMEs and in some cases also women entrepreneurs.

- **State of research on women's entrepreneurship**

SME support interventions and policies are assumed to be effective for both women and men owned business enterprises, producing desired long-term, sustainable outcomes. Researches confirming such assumptions are rare. Meta studies of effectiveness of financial and training intervention for micro entrepreneurs show differences in outcomes for female and male micro entrepreneurs. Research on more accessible and efficient financing interventions including new forms of financing, suitable for women entrepreneurs should be researched. Due to traditions and limited gender awareness, research on women entrepreneurship is lagging further behind. A deeper understanding is desirable of differences between female and male entrepreneurs, concerning for instance motives for start-up and business growth and prioritisations in business operations.

The research areas mentioned above are also important in the Eastern Partnership region. Initiatives on women's entrepreneurship research within the Eastern Partnership region should be coordinated and/or surveyed by a common mechanism in collaboration with the EU connected research initiatives.

- **Public investments related to women's entrepreneurship**

This enabling factor comprises quite many different sub indicators for instance: innovation and R&D support; internationalisation (export promotion and so on); public procurement, innovation and R&D support. Also enabling factor areas discussed in this report like access to financing, business training programmes and other business development services need public investments.

Public investment into women entrepreneurship can improve the situation for women entrepreneurs in the long run, for instance entrepreneurial education for young women and initiatives to promote gender equality and reduce cultural and social barriers and prejudices against women entrepreneurs. Some of these measures may not require special funding, like prioritisation of entrepreneurial learning programmes in VET and at university levels or will be part of other changes in the social and cultural system, for instance in the care sectors.

Systematically assembled public investments described in terms of monetary allocations are hard to find internationally. Direct investments in special support areas or women entrepreneurs are quantified in some countries, but are most often not comparable. If such monetary indicators exist, for instance investments in R&D and export promotion, they are in general not sex disaggregated. It would be a comprehensive task to extract public expenditures from different public bodies in all these areas in order to put together comparable data.

In The SME Policy Index Eastern Partner Countries reports, SME policy dimensions including elements of public investment are structured and corresponding indicators broken down into ambition levels which are defined and rated.<sup>103</sup> For some policy areas and rating levels, public funding is part

---

<sup>103</sup> SME policy Index Eastern Partner Countries. 2012 and 2016.

of descriptions. Disaggregated or women entrepreneur related descriptions are not contained in these indicator descriptions. Work on disaggregated or women relevant indicators within the SBA Assessment Framework is however in progress.<sup>104</sup>

Further examples of public investment initiatives in the Eastern Partnership Countries are given in section 4.1.

- **Other factors**

#### **Market related factors**

Too low demand for products and services is reported in the EU surveys and is also a problem in Eastern Partnership Countries. In the latter region, the demand is often to a large part affected by negative regional and international economic developments. Enabling market related actions in the short run are thus difficult to develop but are partly dependent on political and economic decisions. Public procurement and stimulation of national economies are some possibilities which could help women entrepreneurs.

Unfair competition from the informal sector seems to hit women entrepreneurs more than men. Business reforms targeted towards this sector can reduce such problems. State monopoly is perceived negatively in some Eastern Partnership Countries. Measures to improve the situation must be taken on high political levels.

#### **Anticorruption measures**

*Corruption* is a serious constraint for many women entrepreneurs in some of the countries. *Georgia* is a good example of how corruption can be curbed in relatively short time, *Moldova* is another example of recent reforms in this field. Increased advocacy and awareness about the negative effects of corruption on business life and the economy at large could provide arguments for stepping up anti-corruption measures.

#### **Political stability**

Political instability and military conflicts have characterised nearly all Eastern Partnership Countries in the last 20 years and have had (and have) devastating effects on national economies in some countries with accompanying national financial constraints and large numbers of internally displaced persons. Measures to counter such effects are however outside the analysis of this study but need to be considered in national SME strategies.

### **SUMMARY**

Enabling measures for fostering women's entrepreneurship have been identified, comprising a wide spectrum of problem areas. Several of them are suitable for cooperation between Eastern Partnership Countries and in interaction with the EU.

Desk research and interviews, supported by international research, reveals that the unfavourable gender climate for women entrepreneurs is preventing them from reaching their full entrepreneurial potentials. Enabling measures will be effective and free of gender discriminating attitudes and processes, provided that they are preceded by gender analyses. Programmes and other interventions should be accompanied by gender awareness raising measures. Institutional service providers and other actors dealing with women entrepreneurs should undergo gender and business training.

---

<sup>104</sup> SBA Policy Assessment Framework: Results from 2012 & Issue for 2014 on Women's Entrepreneurship, Olena Bekh. ETF. 2014

Improved *entrance* into women's entrepreneurship is vital, and should start early already in school with *girls and young women*. Practical and innovative training courses should be available. In general, VET in schools should be upgraded and comprise entrepreneurial learning. For adult women, motivating information material through a variety of channels should be disseminated by relevant stakeholders. Easy access to start-up should be developed.

More attention should be devoted to qualified support to established women entrepreneurs for enabling innovation, increased profitability and growth.

Urgent need in nearly all Eastern Partnership Countries is an improved access to external affordable financing, often enforced with capacity building (training, advising and mentoring). Development of new flexible financing alternatives, particularly suitable for women micro entrepreneurs should be tried and evaluated.

The other most demanded area in all Eastern Partnership Countries is *capacity building*, in particular business training for women entrepreneurs. Access to tailor made, more affordable and high quality training courses is important for women entrepreneurs. They should be based on highly efficient and empowering woman friendly methods. Trainings must, considering location and length, be adapted to female participants' family constraints and for instance provide child caring facilities if needed.

Other business services which need improvements are entrance into *business networks, monitoring and advising*. They can be provided by service providers, particularly by business centres and associations which need capacity development (quality, funding and service upgrading). Role modelling should be applied in many enabling areas. *Gender and business related advocacy* should be important for all stakeholders.

All responsible providers for the SME development policy and implementation level need to have experience and knowledge of the gender perspective in society and in particular on business development. Regulations and legal systems, particularly tax systems, need comprehensive simplifying reforms, easing entrepreneurs' administrative burdens. Surveillance and controlling institutions need to be gender trained and women friendly. Gender awareness is necessary particularly for financial institutions and reviewers of business ideas. A more supportive government role can be achieved by gender awareness raising and mainstreaming as well as entrepreneurship awareness training in governmental institutions will give positive results. Advocacy towards political and higher administrative levels are also efficient.

## 4 POLICIES AND ACTION STEPS FOR FOSTERING WOMEN'S ENTREPRENEURSHIP

This chapter presents recommendations on possible actions and policy frameworks for fostering women's entrepreneurship based on data inputs, analyses of obstacles, important enabling factors for development of SMEs in general and women owned enterprises in particular.

The existing background statistics, the importance of selected obstacles and of enabling factors as well as institutional frameworks concerning SMEs in the Eastern Partnership Countries have been thoroughly assessed in "The SME Policy Index Eastern Partner Countries (2012 and 2016)". As part of those reports' Dimension 1, important elements of policy framework for promoting women's entrepreneurship are assessed. Given the range of policy areas which directly affect women's entrepreneurship potential (social, economic, employment, fiscal, education), this report encourages the Eastern Partnership Countries to ensure dialogue, understanding and coherence between the policy areas. This requires a dedicated policy partnership, including a strong advocacy framework backed up with an implementation plan which includes monitoring of the respective policy areas; financial support for delivery of the plan is also important.

Lack of relevant sex disaggregated data on SMEs, as well as a need for deeper understanding of obstacles and enabling factor for women entrepreneurs, motivate the further analyses and assessments performed in this study, as a base for policy framework development along the following lines:

- a) Existing SME policy framework assessments and recommendations need to be updated to include the latest developments in the Eastern Partnership Countries.
- b) Even more important is to put the gender dimensions in all the SME dimension assessments.
- c) Policy frameworks should be developed as a particular constituent of women's entrepreneurship. This approach enhances the possibility that policies for fostering women's entrepreneurship will be introduced, implemented and followed-up in the Eastern Partnership Countries.

### 1.2 4.1 Current situation and need for policy reforms for SMEs

All Eastern Partnership Countries are in different transition and development situations. Politicians have addressed SME's as a strategy to further strengthen state finances and GDP in all six countries. Therefore, initiatives related to improve the conditions of businesses as well as simplifying the process to start new businesses have been plentiful, often supported by international organisations active in the region. Possibilities and difficulties for women owned enterprises are much the same as for men owned enterprises. Therefore SME policies are highly relevant for development of women entrepreneurship and summarised below, followed by a section on specific women entrepreneurship policy development.

#### **General policy developments related to SMEs**

Even though some policy frameworks to foster SME's are put in place and steps towards implementation have been taken, the Eastern Partnership Countries are still in the early stages of a challenging process to strengthen policies, action plans, financing structures and incentives conducive for SME's. Collected regional data that have a gender perspective is not yet integrated in the Eastern Partnership regions policies for SMEs.

All six Eastern Partnership Countries have started to implement national policies for SMEs. *Armenia, Azerbaijan, Georgia and Moldova* in particular, have taken several clear steps to achieve strong political commitment to foster SMEs, including the establishment of institutions spearheading policy implementation.

In 2011 the SME DNC in *Armenia* developed a comprehensive SME strategy which has started to become implemented during the last 2 years.

In *Georgia*, the Government supports enterprises through the State Aid Programme of Small and Medium-Sized Enterprises. A policy framework incorporating gender-sensitive policy improvement has been approved and backed by an action plan. In 2014 a new Entrepreneurship Development Agency was established which gives a clear indication of government commitment to foster SME.

In *Moldova* a SMEs Sector Development Strategy 2012-2020 and an action plan for implementation 2015-2017 have been produced recently.

In *Belarus* and *Ukraine*, SME's have recently been introduced into governmental policies. In *Azerbaijan* and *Belarus* the responsibility for SME policy implementation is spread out to several agencies, institutions and stakeholders, creating broad but somewhat unclear ownership.

### **Specific policy developments related to women's entrepreneurship**

#### **Gender equality, equal rights and opportunities**

Integrating gender equality commitments and actions in national development strategies contributes to an enabling policy environment that can ensure more equitable development opportunities and outcomes for both women and men. Today most of the Eastern Partnership Countries have national strategies for equality and women's empowerment. Some ingredients in such strategies are exemplified below.

In *Armenia*, the Concept Paper on Gender Equality and the Gender Policy Strategic Action Plan, 2011–2015 provide the basis for national gender policy, which addresses such topics as roles in decision making, economy, education, health, media, and gender-based violence (GBV). In 2013, Armenia also adopted the Law on Equal Rights and Equal opportunities for Men and Women.<sup>105</sup>

Existing sources of gender statistics in *Belarus* provide sporadic information and are not regularly updated. However, in 2013 the results of the Multiple Indicator Cluster Survey were presented and this increased the availability of gender disaggregated indicators.<sup>106</sup>

In *Moldova* the new law on equality which entered into force on 1 January 2013, can positively contribute to achieving equal remuneration for same type and/or volume of work.<sup>107</sup> Weak conceptual and technical capacities on gender prevent many governments and civil society organisations from implementing effective gender responsive planning and budgeting approaches and undermine efforts to foster political commitment for increased financing for gender equality

In *Ukraine*, a programme strengthened the capacity of the staff of the Ministry of Finance, Ministry of Economy, Ministry of Social Policy and five regions on gender analysis and gender responsive budgeting to ensure adequate resource allocations for gender specific priorities.<sup>108</sup>

The challenge for all countries is the deep gap between governmental regulations and the gender perception in the environment that places men in a dominant position in social, economic and political

---

<sup>105</sup> Armenia –Country Gender Assessment. ADB. 2015.

<sup>106</sup> Belarus: Country Gender Profile. World Bank. 2014.

<sup>107</sup> <http://www.undp.md/mdg/MDG3/gender.shtml>

<sup>108</sup> Increasing Accountability in Financing for Gender Equality, European Commission, International Training Centre, UN Women. 2015.

life. Several of the countries make efforts to increase equality and women's empowerment but there are still major discriminatory societal values and norms that impede women's equal participation in the business sector. Even if most Eastern Partnership Countries have a legal framework for equality it still has little impact in official system and in women's and men's everyday life.

Definitions and numbers of women's enterprises vary considerably both within countries and between them (see section 3.1). However you define women's enterprises, women entrepreneurs are underrepresented in all Eastern Partnership Countries compared to men entrepreneurs.

Most programmes targeting SMEs are generic in their outline and do not take into account the differences in challenges that men and women face in terms of financial, social and cultural aspects. The main focus of government support programmes for SME in the Eastern Partnership region has generally been on financial assistance and provision of information, consultation, education and training. Only in a few instances have women entrepreneurs been prioritised as a key target group.

In all Eastern Partnership Countries, programmes are however running for supporting women's entrepreneurship. These programmes are mostly regional or limited to a specific sector. They are also often managed and financed by international donors. They have positive outcomes for individual women entrepreneurs, for making the issue visible to a broader public, as well as for lesson learned experience to build on. However, there is limited or no institutional support framework for women's entrepreneurship in place.

There is also a great variation among the countries in terms of strategies used for implementation of SME policies. However, it is evident that all countries are in the process of developing new, or revising existing implementation strategies and/or action plans. This provides a good opportunity to include a gender perspective in plans and activities to reach an effective strategy that increases the possibilities to foster both men and women to start and run SMEs.

This study shows that there is a great potential to strengthen the co-operation and experience exchange regarding SME's in general and women entrepreneurs in particular between the six countries. The Study Team finds that, even if there are differences in the present situation in the countries, there are similar ambitions to increase the role for SME's play in the economic development process and to increase their contribution to GDP. Utilizing regional experiences from good practices on fostering women's entrepreneurship will be important even though the examples are relatively few and far apart. These examples and shared lessons serve as an important complement to other international benchmarks.

There is also a similar need of regional cooperation concerning systematic dialogue and experience exchange between different stakeholders involved in initiatives concerning policies, plan of actions and concrete fostering initiatives for women entrepreneurship. The international findings show that an on-going dialogue in all phases of policy reform and implementation is a key success factor. Then it is important to include civil society organisations, banks, relevant governmental bodies, statistical and training institutes, international stakeholders, researchers and other experts etc.

As all Eastern Partnership Countries are still in the beginning of the process of establishing an effective structure for management, allocating additional resources related to financing, staffing, training, data collection, and methods for monitoring and evaluation there is an ample opportunity to utilise the joint regional experience through sharing good practices.

All Eastern Partnership Countries need to further strengthen policies, action plans, financing structures and incentives in order to create an enabling environment for women entrepreneurs. Here are some examples of ongoing initiatives relevant for fostering women's entrepreneurship.



In *Armenia*, the share of firms with women taking part in the ownership of enterprises is around 24%.<sup>109</sup> The overall SME strategy entails a chapter on Women Entrepreneurship (WES).<sup>110</sup> It states that women's entrepreneurship should become a cross-cutting aspect of the overall SME promotion approach. The Gender Policy Implementation Strategy reinforces the role of women's entrepreneurship development and the government has adopted a strategic plan and policy for the development of women Entrepreneurship. The main actor for entrepreneurship development, the SME DNC, has started to develop a more comprehensive Women Entrepreneurship Strategy.<sup>111</sup>

*Azerbaijan*, with only 5 % share of women taking part in the ownership of enterprises, has no dedicated support for female owned SMEs. However, the country is catching up through a series of measures to promote women's entrepreneurship implemented in recent years. As example: engendering various parts of the national legislation (employment and education) and cooperation with international organisations has been undertaken. The National Fund for Entrepreneurship Support, ANFES, supports SMEs and during the last decade women related programmes and projects have multiplied.

In 2009, *Belarus* ranked third among EAC countries with the share of firms with women taking part in ownership around (44 %). There are, however, no special provisions for state support of women's entrepreneurship. All the interviewed stakeholders, including representatives of the government confirm that women entrepreneurship is not yet represented in SME policy frameworks. Initiatives aimed to support women entrepreneurship have generally been ad hoc and supported by international partners.

In *Georgia*, the share of firms with female participation in ownership is 36 %. A policy framework incorporating gender-sensitive policy improvement has been approved and is supported by an action plan. There is no specific mention of support to women's enterprises in the support areas mentioned by the new Entrepreneurship Development Agency.

In *Moldova*, SMEs have a comparatively high share of enterprises where women are participating in ownership (48 %). Promoting and encouraging women is part of the comprehensive SMEs Sector Development Strategy and its action plan for implementation 2015 - 2017.<sup>112</sup> The main directions and challenges in promoting women entrepreneurship are:

1. To promote state structures in the development of legislation and economic policy documents aimed at creating equal conditions for the women entrepreneurship development and elaborating formal policy framework specifically focused upon women entrepreneurs in Moldova.
2. To encourage economic independence of women as a condition of further development of women entrepreneurship through financial and credit support for business women, creating a system of guarantee funds and access of women to all kind of resources.
3. To promote training of women on business skills, new technologies, work with Internet and enhance qualifications of women entrepreneurs through the development of the training and consulting services with the help of state and non-governmental organisations.
4. To develop entrepreneurship networks and a network of women business associations and their partnership with other state and private institutions.
5. To develop a systematic statistical data collection mechanism on women's entrepreneurship.

---

<sup>109</sup> The share of enterprises with female participation in ownership for the 6 Eastern Partnership Countries are given in section 3.3.

<sup>110</sup> Government of the Republic of Armenia, 20 May 2011 session.

<sup>111</sup> WOMEN ENTREPRENEURSHIP STRATEGY IN ARMENIA. SME DNC. 2013.

<sup>112</sup> Advancing women's entrepreneurship training policy and practice – challenges and developments, Ministry of Economy, Moldova. 2014.

*In Ukraine* the share of firms with women participating as owners is approximately 32 %. The State programme “Ensuring Equal Rights and Opportunities for Men and Women for the period until 2016”, adopted in 2013 includes provisions for improving women’s access to markets, providing business services and economic empowerment of women. Although promotion of women’s entrepreneurship has been expressed in policies and within ministries, lack of cooperation and sufficient funding has prevented concrete support programs.

## 4.2 Policy areas and action steps - recommendations

A solid statistical evidence based set of disaggregated data, improved recruitment of female entrepreneurs, access to external financing, business skills and training and other business development services as well as institutional development are found to be the most important and functional policy areas according to the analyses in the preceding chapters. The focus on specific elements of gender connected policies should not be considered as “add-ons” but rather integrated into corresponding SME framework policies (gender mainstreaming SME policies). Social factors and family conditions for women entrepreneurs and attitudes and actions among stakeholder, including work-life aspects, family structures, business contacts and networks, regulatory and tax authorities greatly affect women entrepreneurs. Thus policy support outside the traditional SME policy areas is important and should always be taken into account when revising SME policy frameworks.

- **Strengthen evidence-based policy support (data and statistics)**

The study clearly indicates that the lack of disaggregated data concerning SME’s is a major obstacle for policy development. When benchmarking the indicators with international studies it is obvious that gender awareness and quality and comparable sex disaggregated data have an explicit impact on policy decisions and plans of actions for fostering SMEs and in particular women’s entrepreneurship.

While all countries in the Eastern Partnership region have deficiencies when it comes to access to SME and women entrepreneurs” data, there are great possibilities for breakthrough for implementing a gender perspective and sex disaggregated data analysis within the existing statistic institutions. This is due to the fact that most countries are at a quite early stage in developing systematic methods for SME research and data collection.

There is also a need of data on the result and effectiveness of SME and/or women entrepreneurship state programs/initiatives. This in turn requires a mechanism for monitoring and evaluation. Such a mechanism could also collect and systemise special survey initiatives focused on the special needs for entrepreneurs.

### **Good practice:**

Azerbaijan Gender Information Centre AGIC has recently carried through a study on women entrepreneurship development in Azerbaijan. Based on the findings, AGIC formulated recommendations to foster women entrepreneurship in Azerbaijan. AGIC is also building a data base on women entrepreneurs, which will provide further knowledge about main trends and specific situation for women entrepreneurs.. This initiative is an interesting example of outcomes made possible when women’s organisations do work with business development.

### **Action steps:**

- ✓ Structural and individual owner level indicators based on joint definitions, quality data and sex disaggregated statistics for SMEs and women enterprises are essential for analyses of women's entrepreneurship
- ✓ A cooperative Eastern Partnership regional mechanism for collection, publishing, monitoring and evaluation of disaggregated statistics and indicators should be established with support from the EU.

### • ***Introduce the gender perspectives in the business environment***

The study identifies serious gender differences in all phases of initiating and running SMEs. Problems and opportunities for women entrepreneurs have to be understood and analysed in a societal context and the study describes socio-cultural factors such as values, attitudes and behaviour that discriminate girls and women in society that have impact on men's and women's possibilities to take part in business development. Advocacy is essential for positive changes of conditions for women's entrepreneurship in addition to other key actions required.

Since women entrepreneurship policy seldom has a dedicated institutional ownership, cooperation and on-going dialogue on government level and with relevant agencies is decisive for successful women's entrepreneurship policy reforms and their implementation.

A growing number of civil society organisations, financing institutions, statistical and training institutes, research institutes and other organisations are interested in women's entrepreneurship issues. They could become agents of change, if motivated and provided resources and take part in coordinated efforts for fostering women's entrepreneurship.

#### ***Possible action steps:***

- ✓ Gender training/gender-awareness and application of gender mainstreaming is imperative for governmental institutions in contact with women entrepreneurs and relevant training programmes should be established.
- ✓ On-going dialogue on government level and with relevant agencies is decisive for successful women's entrepreneurship policy reforms and implementations.
- ✓ Cooperation and on-going dialogue should also include civil society organisations, financing institutions, statistical and training institutes, research institutes.
- ✓ Gender analysis and relevant measures should be incorporated in all SME policy documents and implementation programmes and regulations.
- ✓ National and organisational strategies and actions for advocacy on behalf of women's entrepreneurship should be energetically promoted and adequately financed

### • ***Increase public investments related to women's entrepreneurship***

This enabling factor comprises quite many different sub indicator areas (see section 3.4, for instance: support for innovation and R&D support; internationalisation (export promotion and so on); public procurement, innovation and R&D support. Also enabling factor areas discussed in this report like access to financing, business training programmes and other business development services need public investments. Public investments in access to financing, business training programmes and other business development services are discussed under the respective headings below.

Based on the findings of this study, the following step is recommended.

#### ***Possible action step:***

- ✓ There is an urgent need to speed up the national investments in women's empowerment and gender awareness, improve existing policies and plan of actions and secure the implementation in ministries and other governmental institutions.

- ***Adopt specific measures strengthening women's entrepreneurship***

***Improving women's entrance into entrepreneurship***

The background and enabling factors are discussed in the chapter on enabling factors comprising girls and young women as well as promotion of adult women into entrepreneurship and support to experienced women entrepreneurs. The resulting measures and policy support recommendations are summarized below.

**Good practice**

"Women's Entrepreneurship Week" took place in Yerevan from 8 to 11 June 2015, organized by the Armenian Young Women's Association (AYWA) under the umbrella of the World Association of Women Entrepreneurs (FCEM). The week was co-financed by the European Union in Armenia. The conference aimed at presenting the successful experiences of women entrepreneurs from different countries, and sharing ideas and best practices to establish a good basis for further cooperation between local and international businesswomen<sup>113</sup>.

***Possible action steps to support preparedness of girls and young women for entrepreneurship:***

- ✓ Programs for entrepreneurship training in schools and VET should also have a special focus on girls and young women.
- ✓ Promotion of engendered material on youth entrepreneurship and special material directed towards young women should be mainstreamed and disseminated through information channels which are used by young women.

***Possible action steps for promoting adult women's entrance into entrepreneurship:***

- ✓ Programs for financing and establishing a range of sustainable, high qualitative business support centres are particularly important for enabling women start-ups and should be available.
- ✓ Information and promotion measures and materials on women's entrepreneurship should be disseminated by a range of relevant actors and through a range of information channels (see above).
- ✓ Cooperation within government and with the different actors concerning coordinating long term programmes and their financing is essential and presupposes gender mainstreaming activities within several of these actors.
- ✓ Efficient advocacy is crucial for increasing birth rate for female enterprises.

***Support to experienced women entrepreneurs***

Globally, and as far as we can see, also in the Eastern Partnership Countries, start-up initiatives for women attract more interest and funding than the support to existing women entrepreneurs. Experienced female entrepreneurs have managed to operate their businesses on a sustainable basis. In some cases their firms are growing and create employment for other women. Considering this, interventions targeting existing women owned enterprises, in particular growth oriented, is a cost

---

<sup>113</sup> (<http://eunewsletter.am/women-entrepreneurship-week-in-yerevan/>)

efficient way of both expanding the economy at large and providing more employment opportunities for women.

The gender biased business environment for existing women entrepreneurs is important but difficult to improve in the short term. In certain situations such as far away from home and/or long term business training, child care facilities should be arranged. In the long term, better permanent child care facilities should be considered.

### Good practice

Successful training programmes have been provided by BERD Women Support Program in Moldova oriented towards finance and business advice to women. The lessons learned are publicised and applied by other NGOs, professional organisations and government as well as implemented in other successful initiatives of AFAM (Association of Women Entrepreneurs from Moldova).

### ***Possible action steps for supporting experienced women entrepreneurs:***

- ✓ Long term measures and sector based policy improvements should be considered for promoting conditions for women entrepreneurs in order to improve the work-life balance and decreasing their burden of child, health and elderly.
- ✓ Thorough gender analyses must forego design of policies, action plans and interventions for developing enabling factors for women's entrepreneurship, whether it concerns financing, training and other business services.
- ✓ More focus and relatively more resources should be put to support existing women entrepreneurs and their needs. Growth-oriented women entrepreneurs should get special attention and sector needs have to be carefully considered as a base for interventions.
- ✓ Short term measures which make development of women enterprises more accessible (trainings, networking, access to remote markets etc.) could contain measures for temporary alleviations from child, health and elderly care.
- ✓ The effectiveness and long-term outcomes of different programmes for promoting start-ups and support should be researched.

### • ***Women's entrepreneurship support should envisage the youth dimension***

Experiences show that it is important to introduce entrepreneurial learning early in the school system. It benefits students from all socio-economic backgrounds because it builds on their curiosity and creativity and nurtures unconventional talents and non-cognitive skills and boosts their self-confidence. Students who have experienced entrepreneurial training will be more prone to start and operate their own businesses as grown-ups. International research points to the importance of linking VET institutions curricula and youth employment measures to enterprise needs. Enterprise needs are dynamic and changing much faster than existing VET system reacts in adjusting their curricula, training facilities and equipment, teaching methods and techniques. Well designed and implemented national strategy for youth employment involving all social partners with place for youth entrepreneurship is also crucial.

### Good practice

In Azerbaijan, the ILO funded project: "Get formal, be successful: Supporting the transition to formality of youth-led enterprises in Azerbaijan was successfully carried through".<sup>114</sup> The situation of young workers and entrepreneurs in the informal economy is particularly difficult. The subsidy programme

<sup>114</sup> [http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS\\_373481/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_373481/lang--en/index.htm).

for young entrepreneurs was implemented in cooperation with the PES of Azerbaijan under the Ministry of Labour and Social Protection of Population.

***Possible action steps for promoting early entrepreneurial learning and youth entrepreneurship***

- ✓ Entrepreneurial learning should be included in early stages in school systems including VET and thus reflected in relevant policy frameworks.
- ✓ Continuing cooperation with the surrounding business community should be promoted by government funded initiatives.
- ✓ Tailored information material on youth entrepreneurship should be disseminated by suitable and relevant actors and through information channels used by youth.
- ✓ The VET curricula and resources should be upgraded and in line with the demand from the business community in providing demanded entrepreneurial skills and practicable knowledge.
- ✓ VET institutions should connect with social partners, the business community and management and governing bodies in VET strategy development.

• ***Access to affordable and efficient financing***

Stakeholders in the Eastern Partnership Countries consider access to affordable external financing as one of the most important enabling factors for women entrepreneurship. Financial interventions should be carefully designed with consideration to gender aspects both concerning type of financing conditions and how to reach and assess the women entrepreneur borrowers.

Fiscal policies can address gender differences in both demand and supply for financing. Public policy can address this issue by improving the conditions of access to bank credit for SMEs and women entrepreneurs in particular. Loan guaranties and low loan rates can be constructed and financed by international financial institutions and by Eastern Partnership governments. Dedicated “women loans” exist in several countries. Furthermore, public policies to support the establishment of institutions to provide venture financing for start-up businesses and capital investments in expansion could potentially benefit women entrepreneurs in particular.

Public policies can also support targeted training for women to increase the financial literacy and increase their knowledge and skills in how to secure bank services and loans.

In response to some of these drawbacks, EBRD launches a new, more comprehensive intervention program “Women in Business” (WIB) for Eastern Partnership Countries (see box below). A recent OECD report considers new approaches to SME financing, some of which may be particularly suitable for women entrepreneurs. Such alternatives, which do not depend on financing from friends and families and avoid traditional collateral requirements, can be provided for instance through asset based lending and by crowd funding including peer-to peer lending and credit and saving unions and groups. This and other peer-to-peer lending options can be attractive for small businesses that lack collateral or credit history.

Improved outreach activities through local marketing and loan handling activities by decentralised financing organisations are essential for reaching female business. A partnership model where a large international (or national) financing institution uses its financial strength in combination with traditional decentralised financial organisations like local bank branches can be an efficient way of financing for women entrepreneurs.

Financing interventions which are combined with relevant training of the entrepreneurs and/or advising and mentoring seem to have more positive impacts than financing alone.

### Good practise

EBRD launches a new, more comprehensive intervention programme "Women in Business" (WIB) for Eastern Partnership and other neighbouring countries.<sup>115</sup> It will support women-led SMEs in accessing finance for their sustainable growth, develop sustainable credit mechanisms targeted to women-led SMEs through technical assistance to financial intermediaries and support women-led SMEs in accessing know-how, non-financial business development services and networking opportunities. Participating financial institutions ("PFIs") will be commercial banks and non-bank financial institutions including leasing companies and non-bank microfinance institutions. The programme will through PFIs provide dedicated credit lines for women entrepreneurs and offer them tailored advice and training to increase their know-how and networking opportunities. The programme has just started in Turkey and for the Eastern Partnership Countries such a programme is supposed to get started during the coming three years.

#### ***Possible action steps for increased access to external financing:***

- ✓ Financial interventions should be carefully designed with consideration to gender aspects both concerning type of financing conditions and how to reach and assess the women entrepreneur borrowers and their life situations.
- ✓ A combined approach for efficient financing of women enterprises is recommended where advising, mentoring and/or training are included.
- ✓ International and national financing institutions can partner with traditional decentralised financial organisations like local bank branches and micro finance organisations in performing more efficient outreach and marketing. A gender aware staff is imperative for maximising financing effectiveness and for avoiding gender inequalities.
- ✓ New or alternative forms of financing, as alternatives to traditional collateral based bank lending like asset, leasing and crowd funding, could be particularly useful for women entrepreneurs which often have weaker collateral and credit histories.

#### ***• Entrepreneurial learning, business skills and access to quality and evidence based training***

What women business owners have in common is that they encounter disadvantages originating from gender-bias in society. There are also indications that women prefer somewhat different training methods than men. Separate training for women entrepreneurs should be available. In both separate trainings for women and in common trainings adequately gender trained trainers and coaches are recommended for improved outcomes.

All Eastern partnership countries provide business trainings for women but in a piecemeal and ad hoc fashion. A more systematic approach is clearly needed.

### Good practice

In Georgia, a state programme addressed computer skills. The lack of acquaintance with computer in Georgian regions was identified by stakeholders is a problem for tourist industry. Communication with owners of guest houses and small private hotels through internet is impossible due to limited knowledge in the use of computers. This hampers their communication and management of bookings. In Tbilisi there was a special programme for teaching for computer skills and basic English for everybody, organized by Tbilisi city hall, free of charge. The positive outcome has been communicated by both government and NGOs and several of the interviewed stakeholders mention

---

<sup>115</sup> EBRD.com.



this type of initiatives as an important strategy to foster women entrepreneurship. Similar training programmes should be implemented in rural regions.

Preferred learning content can differ for female and male learners which should be considered. Among important areas for trainings for Eastern Partnership women entrepreneurs are: strategic management, financial literacy, market related knowledge, legislation and knowledge about the tax system.

### **Training availability and methods**

Due to family obligations and women's limited decision power, women entrepreneurs are more than men often restricted to shorter training periods in vicinity of their homes. Providing on-site childcare during trainings could improve their participation in training activities. Distant learning and learning in studying groups can decrease some of these gender related barriers.

A wide range of efficient and empowering pedagogical, methods and techniques have been developed and used, like business games, practical and realistic exercises and contribution from the surrounding business community. They should be used with gender aspects in mind.

### **Effectiveness and quality of training interventions**

Business training interventions have in some cases positive effects on women's start-ups but no positive impact on women owned micro entrepreneurs. Some explanatory factors are women's more binding external constraints, including greater household duties and limited say in household decisions. Carefully designed trainings (see above) and training combined with mentoring and follow-up visits can have positive effects.

### **Good practice**

Ukrainian Women Fund (UWF) partnered with the U.S. Embassy to strengthen and encourage women in business through trainings and collaborations. Every year UWF with the support of the US Embassy conducts a Forum for women in business. Topics of Forums are chosen based on the needs of women entrepreneurs (questioning women during the Forum). During the event women also can receive consultative support.

### ***Possible action steps for entrepreneurial learning, business skills and access to quality and evidence based training***

- ✓ Entrepreneurial learning for potential or existing women entrepreneurs should start early and also be included in VET curricula.
- ✓ Separate trainings for women entrepreneurs are recommended in many situations, considering that they often have somewhat different motives for starting and operating their businesses than male entrepreneurs.
- ✓ A range of dedicated forms of business training programmes for women entrepreneurs should be applied systematically in each country, considering restrictions, preventing them from attending conventional business trainings.
- ✓ Combining business training, mentoring and advising for women entrepreneurs increases effectiveness of interventions and should be further researched and applied.
- ✓ A strategic policy framework for business training for women entrepreneurs should be elaborated. Except consideration of training content and pedagogy, it should also consider quality and effectiveness aspects.



- ✓ A regional institute or a body for women's business training measures and policies could be valuable in coordinating training policies, evaluating and monitoring national training programs, initiating research and application of new training forms, contents and methods.

- ***Improved access to business support and development services***

Accessible, qualified business support services are needed according to the interviews in this study. A wide range of decentralised supporting measures should be available for women entrepreneurs. Business centres and other business service providers are necessary to satisfy the needs for support. They and business incubators typically work with women's start-ups and trainings but can and should ideally also perform other supporting activities like initiating local business and internet based networks, support mentoring and advising and disseminate business information. In offering these services they build confidence among women entrepreneurs.

Business associations and other organisations promoting women's entrepreneurship can also offer support services. Existing business centres and associations need capacity building, quality upgrading and widening of the range of services provided and institutional development including management training and fundraising. Role models and female business ambassadors are efficient motivators and should be used in a systematic way.

Advocacy can be essential for raising awareness and developing more positive attitudes in society towards women's entrepreneurship and for positive changes in political decision makers' mind-sets. Media can be efficient channels in this process as well as women's business associations and other business organisations and experts.

***Possible action steps for improved access to business support and development services***

- ✓ A wide range of qualified support services, suitable for women entrepreneurs, should be introduced, financed and dispersed in all Eastern Partnership Countries.
- ✓ Business incubators are important for women's enterprises (start-ups and growth) and should be set up in selected areas.
- ✓ Advising, mentoring and coaching should be made available and promoted and role models and ambassadors should be used.
- ✓ Advocacy is essential for raising awareness and developing more positive attitudes, toward women's entrepreneurship.

- ***Regulatory and legal frameworks improvement***

Regulative and legal obstacles cause troublesome administrative burdens, particularly tax problems for women entrepreneurs. Even seemingly gender neutral legal provisions and policies can indirectly discriminate against women. Discriminatory attitudes from surveillance and controlling institutions have a direct influence on women entrepreneurs. Gender mainstreaming of key policy areas and in responsible governmental institutions is a necessity in order to address gender inequalities.

Gender sensitive SME reforms are necessary and could be carried through in a relatively short time span. Possibilities for improving the regulative and legal situation should be good, providing that the relevant authorities are aware of both the situation for SMEs in general and for women entrepreneurs in particular. Awareness raising and training in basic business economics and gender is highly recommended as a requisite to administrative reforms.

**Good practice**

Georgia has an ongoing review of its business-related legislation and regulations. Georgia has the most efficient and simple company registration process in the Eastern Partnership region. Companies and individual entrepreneurs spend incredibly enough just one day to pay the registration fee, obtain company identification number, open a corporate bank account and obtain a registration certificate and tax registration.<sup>116</sup> This fast and efficient process is important to SMEs and not the least time-constrained female applicants.

***Possible action steps for regulatory and legal frameworks improvement:***

- ✓ Gender sensitive reforms of regulatory and legal frameworks for SMEs are certainly necessary and can be carried through in fairly short time spans, providing that relevant authorities are aware of both the situation for SMEs in general and for women entrepreneurs in particular.
- ✓ Awareness raising and training in basic business economics and gender with accompanying resource allocations is highly recommended as a requisite to administrative reforms.

• ***Good practices in women's entrepreneurship***

Sharing of good practices and lessons learned in the Eastern Partnership region is considered a key enabling factor that should be supported in policy frameworks (see examples in the boxes above). In order to fully utilise the experience and knowledge gathered from the various, and often small-scale projects, a surveying and assembling mechanism for good practices in the region is recommended. Good practices can effectively be shared during stakeholder meetings as well. The study also identifies the key role media have in communicating good practices.

***Possible action steps:***

- ✓ A common cooperative mechanism for collection, publishing and dissemination of good practices in the region is recommended.

• ***Research on women's entrepreneurship.***

Research on different interventions for SMEs and on differences between female and male enterprise owners driving forces and other areas lacking deeper understandings is essential.

***Possible action steps:***

- ✓ Research on SME interventions and women's entrepreneurship within the Eastern Partnership region should be initiated and coordinated and/or surveyed by a common mechanism in collaboration with EU connected research initiatives.

• ***Other policy areas***

There are other serious obstacles which, if reduced, could benefit women entrepreneurs, for instance market related problems (limited demand, competition from the informal sector and state monopoly), corruption, political and macroeconomic instabilities as well as non-supportive attitudes among governmental institutions). These are in varying degrees present in the Eastern Partnership Countries. The roots of such obstacles are often deep-going and complex and difficult to reduce.

---

<sup>116</sup> SME Policy Index, Eastern Partner Countries 2012, OECD, European Commission, ETF and EBRD.

Stakeholders should however be aware of the negative consequences of these obstacles for the SMEs and especially for the women entrepreneurs.

**Possible action steps:**

- ✓ Awareness raising initiatives and information dissemination of the negative impacts on women's entrepreneurship these obstacle should be highlighted for decision makers.

## **4.3 Policy areas and action steps - main recommendations**

The main policy areas and action steps with conclusions and recommendations from the analyses for the entire Eastern Partnership region.

### **Development of sex disaggregated SME statistics**

- ✓ Improve the use of sex disaggregated data for SMEs based on gender considerations and Eastern Partnership common definitions in quality statistics.
- ✓ Establishment of a cooperative Eastern Partnership mechanism for collection, publishing, monitoring and evaluation of disaggregated statistics and indicators with support from EU.

### **Improving the gender and business climate**

- ✓ It is urgent to put in place national ownership of explicit policy plans for a gender sensitive approach to SME development, followed by a plan of action as well as financial resources.
- ✓ Gender-awareness training and mainstreaming is imperative for governmental institutions responsible for different aspects of policies for SMEs and women's entrepreneurship.
- ✓ On-going dialogue and cooperation between responsible ministries and with relevant agencies and civil society organisations is decisive for successful women's entrepreneurship, policy reforms and implementations. Advocacy should be promoted.
- ✓ Gender sensitive reforms of the regulatory and legal frameworks and, in particular, the tax system for SMEs, are necessary and can be carried through in fairly short time spans.
- ✓ It is a prerequisite for fostering women entrepreneurs to improve the investment in women's empowerment and in gender awareness throughout society, improve existing policies and plan of actions and secure the implementation in ministries and other governmental institutions.

### **Recruitment of women entrepreneurs**

- ✓ Entrepreneurial learning should start in early stages in school systems and be included in VET with focus on girls and young women for fostering empowerment and future entrepreneurial career.

### **Qualified services for existing women entrepreneurs**

- ✓ More focus and relatively more resources should be allocated to support existing, growth oriented women entrepreneurs.
- ✓ Gender sensitised, tailor-made, high quality and affordable business trainings should be available locally, based on women friendly arrangements and efficient pedagogics.
- ✓ Financial interventions should be designed with consideration to gender aspects. A combined approach for efficient financing of women enterprises is recommended where advising, mentoring and/or training are included. Financial intermediates need gender training for eliminating discriminating risks.

### **Research**

- ✓ Research on SME interventions and women's entrepreneurship within the Eastern Partnership region should be initiated and coordinated by a common mechanism in collaboration with the EU connected research initiatives. Systematic evaluations of interventions are needed as well

as a deeper understanding of women's motivations and preferences considering start-up and operation of their enterprises.

## CONCLUDING REMARKS AND THE WAY FORWARD

The analyses of the findings of this study leads to the following conclusions and ways forward concerning fostering women's entrepreneurship in the Eastern Partnership Countries.

The Eastern Partnership Countries show promising but varying progresses in policies and actions for fostering women's entrepreneurship. The study finds two roads for improving the fostering of women's entrepreneurship:

- The piecemeal interventions and programmes directed towards women entrepreneurs should be developed into nationwide comprehensive and systematic gender aware policy frameworks and action plans.
- The other way is to apply a systematic gender perspective in all areas and policies for support to SMEs, based on sex disaggregated statistics. This requires gender awareness raising and mainstreaming in policy forming institutions and in implementation of policies and programs.

Another ingredient in implementation of efficient policy frameworks and strategies is allocation of sufficient and adequate funding for the implementation of policies (gender budgeting). Advocacy work is much needed in order to realise a higher level of gender awareness among key national stakeholders and make decision makers aware of, prioritise and implement policies for fostering measures for women's entrepreneurship in a comprehensive and systematic way.

The study shows that all Eastern Partnership Countries face similar lack of sex disaggregated SME data and share the same type of obstacles and common key enabling factors for women entrepreneurs. Therefore a concerted policy framework approach in the region, including also exchanges of good practises, should be fruitful. EU related institutions can play an important role by promoting initiatives in this direction and by allocating knowledge and other resources to such cooperative efforts

## REFERENCES

- ADB. GENDER. ANALYSIS SUMMARY Country Partnership Strategy: Georgia. 2014.
- ADB. Country Gender Assessment. 2015
- ADB. Information and communication technologies for women entrepreneurs in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan. Information and communication technologies for women entrepreneurs in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan. 2014
- ADB. Women Entrepreneurship Strategy in Armenia. 2013
- ADB. Country Partnership Strategy. Georgia. 2014
- ADB. Assessment of needs for business services among women entrepreneurs of Armenia. 2014
- Ahadov, Isa, The Negative impact of the State Capture and Business Capture on Economic Development. The Case of Azerbaijan, , Central University, Department of Public Policy, Hungary. 2009
- Akulava, Maryia, Becoming Entrepreneur in Belarus: Factors of Advancing Choice, BEROC. FREE. 2012.
- Amway. Global Entrepreneurship Report, Advancing Entrepreneurship Education. 2014
- Andersson F, Wennberg K; The Impact of Entrepreneurship Education in High School on Long-Term Entrepreneurial Performance, in Journal of Economic Behaviour & Organisation, 111. 2015
- Annual Report on European SMEs 2013/2014. European Commission.
- Ascher J; Female Entrepreneurship – An Appropriate Response to Gender Discrimination, in Journal of Entrepreneurship, Management and Innovation (JEMI), Volume 8, Issue 4, pp. 97-114, 2012
- Beaufort V; The obstacle to Women's Entrepreneurship in Europe and How to Deal with Them, in The European Business review, March 2014.
- Byrne J, Fayolle A; Feminist inquiry into entrepreneurship training, , in The Theory and Practice of Entrepreneurship: Frontiers in European Entrepreneurship Research, ed. Smallbone, David et al. Edward Elgar Publishing Ltd. 2010
- CEDAW 2006, The Convention on the Elimination of All Forms of Discrimination of Women, Country Reports, UN.
- Colesnicova, Tatiana GENDER PECULIARITIES OF ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA. Aurelia TURCAN University of the European Studies of Moldova, , National Institute for Economic Research of Moldova. SEA - Practical Application of Science Volume I, Issue 2 (2), 2013
- Confederația Națională Patronatului din Rep. Moldova. ASSESSING THE ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA. 2013.
- Dunn, R. and Griggs, S.A, Synthesis of the Dunn and Dunn Learning Style Model: Who, What, When, Where, and So What?, Center for the Study of Learning and Teaching Styles, St John's University, New York, NY. 2003
- EBRD, Azerbaijan Country Profile 2013.
- EBRD, STRATEGY FOR MOLDOVA, 2014.
- Elert.N. <http://www.jaeurope.org>
- Enterprise & Industry Magazine. , 17/10/2012. Wanted: More women entrepreneurs to create growth and jobs.
- EC, ETF, EBRD, OECD, SME Policy Index. Eastern Partnership Countries 2012 and 2016.

ETF 2013 TRAINING FOR WOMEN ENTREPRENEURS: AN IMPERATIVE FOR GROWTH AND JOBS, Inform, issue 14,

ETF Position Paper. 2014 Olena Bekh, Training and support to women's entrepreneurship. ETF Position Paper

ETF, INFORM, Policy Briefing 14. 2014.

EU. 2014. Annual Report on European SMEs 2013/2014.

EU /EU-Net Works, [networks](http://startupeuropeclub.eu/eu-networks) <http://startupeuropeclub.eu/eu-networks>

EU. 2014 Annual Report on European SMEs 2013/2014

EU: 'Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020'.

EU: Support to SMEs in the Eastern Partnership Countries 2014-2020. The way forward for the SME Flagship Initiative.

EU Newsletter <http://eunewsletter.am/women-entrepreneurship-week-in-yerevan/>

European Commission 2013, Entrepreneurship 2020 Action Plan and O. Bekh, ETF Women's Entrepreneurship Development Policy Brief 2012

European Commission 2013, Entrepreneurship 2020.

European Commission: Briefing June 2015 Gender responsive budgeting; Innovative Approaches to Budgeting. See also International development banks e.g World Bank, UN, EU.

European Commission Annual Report on European SMEs 2013/2014.

European Commission. 2012 Statistical Data on Women Entrepreneurs in Europe. Commission

EUROCHAMBRES. 2012 Doing business with the EU: an assessment of Eastern Partnership SMEs, East Invest.

European Commission Annual Report on European SMEs 2013/2014. Commission

European Parliament. 2013 Women's entrepreneurship in the EU, Library Briefing,

European Parliament. Women's entrepreneurship in the EU, Library Briefing, 30/04/2013

European Microfinance network. 2011. MICROFINANCE AND BUSINESS DEVELOPMENT IN EUROPE. What can we learn from the South?

European Commission, ETF, EBRD and OECD. SME Policy Index, Eastern Partner Countries 2012,

European Commission. Annual Report on European SMEs 2013/2014. European Commission

European Microfinance network. 2011, What can we learn from the South?

Fakta & statistik 2012 (Fact and Statistic) Women's and men's entrepreneurial activity (in Swedish). Kvinnors och mäns företagande. Företagens villkor och verklighet. Fakta & statistik 2012.

Gender Action, How Do IFI Gender Policies Stack Up? 2013.

Global Report, Global Entrepreneurship Monitor. 2014.

Global Report, Global Entrepreneurship Monitor 2012 Women's Report. 2013.

Hertz, Noreena, WOMEN AND BANKS ARE FEMALE CUSTOMERS FACING DISCRIMINATION?, Institute for Public Policy Research. 2011.

Johnson et al, Barriers to Successful Entrepreneurship for Women in Ukraine, Johnson et al. Liberty University

IFC. Investment Climate in Ukraine

IFC. Armenia Country Profile, Azerbaijan Country Profile, Belarus Country Profile, Georgia Country Profile, Moldova Country Profile, Ukraine Country Profile 2013

IFC, BEEPS surveys from Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

IFC. 2011 Strengthening Access to Finance for Women-Owned SMEs in Developing Countries.

IFC. 2014 Women-Owned SMEs: A Business Opportunity for Financial Institutions.

ILO-WED Issue Brief, Key Findings at a Glance. 2014. Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs:

ILO, [http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS\\_373481/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_373481/lang--en/index.htm).

ILO-WED Issue Brief, Effectiveness of Entrepreneurship Development Interventions for Women Entrepreneurs: Key Findings at a Glance. 2014.

IMF 2013: Women, Work and the economy: Macroeconomic gains from Gender Equity and Deszo, C and Ross, D 2011: Does Female representation in Top Management improve firm performance?

Infonews. Magazine WordPress July 13th, 2015

Johnson J S , Garten E, Buko S,; Barriers to Successful Entrepreneurship for Women in Ukraine, Liberty University. 2013.

Lindeberg S; Gender as a Business Case, EBRD. 2006.

Lindeberg S; Gender and Business Case 2012

Mitchell, Claire, Why female entrepreneur need different support to men, Claire Businesszone. 15th may 2015

OECD New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments 2015

OECD. Gender Equality in Education, Employment and Entrepreneurship: Final Report to the MCM 2012.

OECD Enhancing Women's Economic Empowerment through Entrepreneurship and Business Leadership in OECD Countries. 2014.

RUEA. 2013. (Armenia) Strategic services targeted at women entrepreneurs based on policy recommendations.

Sida: Evaluation Young Drive. 2015 (Young Drive is a practical entrepreneurship programme developed "by young entrepreneurs, for young entrepreneurs". The programme is unique in its practical approach and focuses on empowerment and financial independence through business. [www.youngdrive.org](http://www.youngdrive.org)).

SME DNC Armenia, SME Sphere 2010-2012 Report.. 2014

Tillmar M Gendered small -business assistance -Lessons from a Swedish project, in Journal of European Industrial Training, (31), 2, 84

Transparency International THE STATE OF CORRUPTION: ARMENIA, AZERBAIJAN, GEORGIA, MOLDOVA AND UKRAINE. 2015

UKRAINIAN WOMEN'S FUND. ANNUAL REPORT 2013

UNCTAD. 2014, A SURVEY ON WOMEN'S ENTREPRENEURSHIP AND INNOVATION..

UNDP survey 2013

UNDP survey 2007

United Nations Entity for Gender Equality and the Empowerment of Women



United Nations International Research and Training Institute for the Advancement of Women (INSTRAW), 2004

Women's Independent Democratic Movement, Sociological study on women entrepreneurs conducted prior to the IV forum of Female Businesswomen of Belarus in Minsk in 2014

World Bank/IFS. 2011-2013. Country Profiles for Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

World Bank 2011

World Bank, 2013. Fostering Entrepreneurship in Georgia.

COUNTRY PARTNERSHIP STRATEGY FOR GEORGIA. World Bank. 2014

World Bank. 2014. Moldova: Gender Disparities in Endowments and Access to Economic Opportunities.

World Bank. 2012. Ch 3, Opportunities for Men and Women: Emerging Europe and Central Asia.

World Bank; 2014. Promoting Women's Economic Empowerment. What Works? Mayra Buvinic, Rebecca Furst-Nichols, World Bank.

World Bank, Enterprise Survey, Belarus, Ukraine 2012.

World Economic Forum. 2014, The Global Gender Gap Report 2014

World Economic Forum, Global Gender Gap Report 2011.

Vossenbergh Saskia; Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Maastricht School of Management. 2013.

Xenia ANDRIUTA, Jekaterina, FEMALE ENTREPRENEURSHIP PATTERNS: A THEORETICAL COMPARATIVE STUDY, KARTAŠOVA. VERSLO SISTEMOS ir EKONOMIKA BUSINESS SYSTEMS and ECONOMICS, Vol. 3 (2), 20

[www.business-anti-corruption.com/country-profiles/europe-central-asia/azerbaijan/snapshot.aspx](http://www.business-anti-corruption.com/country-profiles/europe-central-asia/azerbaijan/snapshot.aspx)

[www.business-anti-corruption.com/country-profiles/europe-central-asia/belarus/snapshot.aspx](http://www.business-anti-corruption.com/country-profiles/europe-central-asia/belarus/snapshot.aspx)

[/www.business-anti-corruption.com/country-profiles/europe-central-asia/georgia/snapshot.aspx](http://www.business-anti-corruption.com/country-profiles/europe-central-asia/georgia/snapshot.aspx)

[www.business-anti-corruption.com/country-profiles/europe-central-asia/moldova/snapshot.aspx](http://www.business-anti-corruption.com/country-profiles/europe-central-asia/moldova/snapshot.aspx)

[www.gender-az.org/index\\_en.shtml?id\\_main=13&id\\_sub=41](http://www.gender-az.org/index_en.shtml?id_main=13&id_sub=41). Women's entrepreneurs, Azerbaijan Gender Information Center. 2015

## 5 ANNEXES

### ANNEX 1. GENDER RELATED TERMS AND DEFINITIONS

#### **Gender perspective**

A gender perspective or “gender lens” can be defined as a focus that brings a framework of analysis in order to assess how women and men affect and are affected differently by policies, programs, projects and activities. It enables recognition that relationships between women and men can vary depending on the context. A gender perspective takes into account gender roles, social and economic relationships and needs, access to resources, and other constraints and opportunities imposed by society or culture, age, religion, and/or ethnicity on both women and men.

#### **Gender**

Gender refers to the social differences and relations between women and men which are learned, vary widely among societies and cultures, and change over time. The term “gender” is used to analyse the roles, responsibilities, constraints, opportunities and needs of women (and men) in all areas and in any given context. Gender is relational and refers not simply to women or men but to the relationship between them.

#### **Sex**

Sex refers to the biological characteristics that define humans as female or male. These sets of biological characteristics are not mutually exclusive, there are individuals who possess both, but these characteristics generally differentiate humans as females and males.

#### **Gender equity and equality**

The terms *equity* and *equality* are sometimes used interchangeably, which can lead to confusion because while these concepts are related, there are also important distinctions. Both EU and UN distinguish between *gender equality* which refer to the absence of discrimination on the basis of a person's sex in opportunities, the allocation of resources and benefits, or access to services and *gender equity* which refers to the fairness and justice in the distribution of benefits and responsibilities between women and men. It recognizes that women and men have different needs and power, and that these differences should be identified and addressed in a manner that rectifies the imbalance between the sexes.

#### **Gender Equality**

Gender equality describes the concept that all human beings, both women and men, are free to develop their personal abilities and make choices without the limitations set by stereotypes, rigid gender roles, or prejudices. Gender equality means that the different behaviours, aspirations and needs of women and men are considered, valued and favoured equally. It does not mean that women and men have to become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born female or male.

**Gender equity:** means that women and men are treated fairly according to their respective needs. This may include equal treatment or treatment that is different but considered equivalent in terms of rights, benefits, obligations and opportunities. In the development context, a gender equity goal often requires built-in measures to compensate for the historical and social disadvantages of women.

#### **Gender discrimination**

Gender discrimination means discrimination (treating a person differently) based on that person's gender or sex, which more often affects girls and women. Because of gender discrimination, girls and women do not have the same opportunities as boys and men for education, meaningful careers, political influence, and economic advancement.

### **Gender analysis**

Gender analysis is a systematic examination of the different impacts of development, policies, programmes and legislation on women and men that entails, first and foremost, collecting sex-disaggregated data and gender-sensitive information about the population concerned. Gender analysis can also include the examination of the multiple ways in which women and men, as social actors, engage in strategies to transform existing roles, relationships, and processes in their own interest and in the interest of others.

### **Gender Mainstreaming**

Gender Mainstreaming refers to a process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres, such that inequality between men and women is not perpetuated. The ultimate goal is to achieve gender equality

### **Gender awareness**

Gender awareness is an understanding that there are socially determined differences between women and men based on learned behaviour, which affect their ability to access and control resources.

### **Gender blindness**

Gender blindness is the failure to recognise that gender is an essential determinant of social outcomes impacting on projects and policies. A gender blind approach assumes gender is not an influencing factor in projects, programmes or policy.

### **Gender neutrality**

Gender neutrality does not consider gender as relevant for the outcome of policies, projects and actions. It does not reinforce existing inequalities, like current gender division of labour and resources, opportunities and constraints.

### **Gender specific**

Gender specific policies, programmes and actions etc. target specifically either boys/men or girls/women.

**Sex disaggregated data:** can be defined as data that is collected and presented separately on women and men. It is quantitative statistical information on the differences and inequalities between women and men. There is widespread confusion over, and misuse of, the terms “gender-disaggregated data” and “sex-disaggregated data”. Data should necessarily be sex-disaggregated but not gender-disaggregated since females and males are counted according to their biological difference and not according to their social behaviours. The term gender-disaggregated data is frequently used, but it should be understood as sex-disaggregated data.

### **Women's Empowerment**

Women's economic empowerment means that women can take control over their lives: set their own agendas, gain skills (or have their own skills and knowledge recognized), increase self-confidence, solve problems, and develop self-reliance. It is both a process and an outcome.

### **Women's economic empowerment**

This means women's capacity to bring about economic change for themselves (see also definition above). Women's economic empowerment is considered to have a direct positive impact on the GNP in a country.

### **Sources**

The definitions are mainly captured from international development organisations within the UN family.

## ANNEX 2. DATA AND STATISTICS FOR WOMEN'S SMES IN THE EASTERN PARTNERSHIP COUNTRIES

Indicators can have a *descriptive* character and refer to *structural* dimensions, for instance numbers or shares of women micro entrepreneurs. The other set of indicators in this chapter describes women's enterprises from an *individual owner* point of view. The indicators of this type provide basic information about entrepreneurs like owner age, net income and education level. These are treated below.

The Findings chapter, present obstacles and enabling factors, often called *determinants*, for instance access to external financing. They provide essential information about the conditions women entrepreneurs face and are important for analyses and policies for fostering women's enterprises.

The structural indicators describe important aspects of women owned enterprises on national, sectoral and regional levels. They can provide answers to questions on the wealth creation, investment and labour input of different economic activities produced by women entrepreneurs. The data can be used to analyse structural shifts, for example between industry and services, country specialisations in particular activities, sectoral productivity and profitability, as well as a range of other topics.

The individual owner level give basic information about entrepreneurs like owner age, net income and education level. The selection of indicators are discussed in the Methodology chapter.

### Statistical sources

The indicators analysed in this chapter are available from open sources<sup>117</sup>. Availability of relevant statistical indicators concerning SME and in particular women owned enterprises were mainly taken from the EU publication "Statistical Data on Women Entrepreneurs in Europe." from the European Commission.<sup>118</sup> It should be considered to align Eastern Partnership indicators with the EU indicators for comparative analyses and benchmarking.

### Evaluation criteria

Naturally, the indicator should describe an important feature of women's entrepreneurship according to international literature reviews as well as earlier studies from the Eastern Partnership Countries. The indicator data should in particular differ between male and female entrepreneurs.

The evaluation of indicator data is based on the following principles.

### Availability, quality and comparability for indicators

#### Availability

The *availability* of data/statistics for an indicator is a key area of interest in this report. Availability of an indicator means that data/statistics have been identified and presented in national statistics publications or presented by other sources (surveys). Contacts with national institutions for statistics indicate that in some cases, SME and/or sex disaggregated statistics could be produced from existing databases if official requests are put forward. It is possible that this report has overlooked a few sources or ad hoc surveys for indicator data/statistics. It is also very important to remember that a large number of micro enterprises are not officially registered in the Eastern Partnership and ECA countries. Over 95 % of new enterprises are not registered.<sup>119</sup> In the tables, W/M symbolise that sex disaggregated statistics are available, W+M aggregated statistics are available and N that no statistics available.

#### Quality

---

<sup>117</sup> see Annex 3x on sources

<sup>118</sup> Statistical Data on Women Entrepreneurs in Europe. European Commission. 2012.

<sup>119</sup> See various Country Profile reports for the EaP countries from the World Bank/IFC.

The *quality* parameter in the tables is characterised as: High, Medium or Low. The characterisations are relative (mostly to EU data/statistics) and assessed in relation to clearness of definition, range of enterprises considered and surveyed.

### Comparability

The *comparability* parameter has the same assessment characters (H, Medium or Low). The definition and quality of the indicator is important as a base for comparative indicator based analyses within Eastern Partnership Countries and for benchmarking with EU data. Availability, quality and comparability for corresponding EU indicators are also inserted in the tables.

### Definitions of women enterprises (women controlled enterprise)

Definitions of women enterprises vary from country to country. EU countries most often use the same definition. The SBA assessment framework finds that some Eastern Partnership Countries follow this definition while others have other country specific definitions. It should further be observed that many micro enterprises are informal and presumably unregistered. In Armenia, the informal enterprises, nearly half (46 %) are women enterprises, while the share in formal enterprises is 35 %..

For example, the Armenia Country Gender Assessment concludes that “in addition to the challenge of quantifying businesses owned or managed by women, defining a “woman’s business” in the Armenian context is not straightforward”<sup>120</sup> It should further be observed that a great number of micro enterprises are working in the informal sector.<sup>121 122</sup>

**It is recommended that a common definition of a woman entrepreneur and a woman owned (controlled) enterprise should be applied and aligned with EU definitions.**

It can be concluded from these examples that there are large uncertainties, quality and comparability problems when working with statistics on women enterprises in the Eastern Partnership region.

### Table explanations:

In the following, tables are presented for each indicator which summarizes country by country the availability, quality and comparability for available. N: No data/statistics are available. Quality is assessed by the Study Team, considering the quality of underlying data and statistics and categorized as High, Medium and Low. Comparison has been made with corresponding EU statistics and the best statistics from the Eastern Partnership country sources.

### Structural/business level indicators

#### Enterprise –ownership (own account/self-employed)

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	<b>W/M</b>	<b>W/M</b>	<b>W/M</b>	<b>W/M</b>	<b>W/M</b>	<b>W/M</b>
Quality	High	Medium	Medium	Medium	Medium	Medium	Medium
Comparability	High	Medium	Medium	Medium	Medium	Medium	Medium

Statistics on ownership is essential for most other sex disaggregated indicators. The categories own account worker and self-employed owner are available as sex disaggregated statistics for all Eastern Partnership Countries. The quality of statistics is good but definitions account worker and “self-employed” differ between countries meaning that comparability is not high. The Armenia Country Gender Assessment has compiled a large number of estimates of women entrepreneurs share of all enterprises in Armenia, see table at the end of this Annex. Both definitions of a woman enterprise and the shares of women owned/controlled enterprises estimates vary considerably.

<sup>120</sup> Armenia Gender Country Assessment, ADB. 2015.

<sup>121</sup> Measuring the Size of the Informal Sector, WB

<sup>122</sup> Women and Men in the Informal Economy: A Statistical Picture. ILO. 2013

**Entrepreneurship rate**

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	<b>W/M</b>	<b>W/M</b>	N	N	<b>W/M</b>	<b>W/M</b>
Quality	High	Medium	Medium			Medium	Medium
Comparability (EU)	High	Low	Low			Medium	Medium

Quality for this indicator can be improved and differences in definitions make comparative analyses troublesome.

The entrepreneurship rate is a good indicator to compare the entrepreneurial level of women and men in and between countries. The entrepreneurship rate expresses the percentage of entrepreneurs in the total active labour force. It is important to policy makers.

**Enterprise size (SMEs) – number of enterprises**

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	W+M	<b>W/M</b>	W+M	<b>W/M</b>	<b>W/M</b>	W+M	<b>W/M</b>
Quality	High	Medium	Medium	Medium	Medium	Medium	Medium
Comparability	High	Low	Medium	Medium	Medium	Medium	Medium

**Enterprise size (SMEs) – numbers and employment**

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	<b>W/M</b>	W+M	W+M	<b>W/M</b>	<b>W/M</b>	W+M
Quality	High	High	Medium	High	Medium	Medium	Medium
Comparability	High	Medium	Low	Low	Medium	Low	Low

Among Eastern Partnership Countries, the definitions of SMEs in terms of the number of employees are identical to those of EU in three Eastern Partnership Countries while the other three have quite different definitions. This indicator, both in terms of numbers and in employment demonstrates the distribution of women and men entrepreneurs by sector groups and shows substantial differences between female and male SMEs, it is important for women entrepreneurship policy making.

**Economic sectors - numbers of enterprises**

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Uq</i>
Availability	<b>W/M</b>	W+M	<b>W/M</b>	W+M	<b>W/M</b>	W+M	<b>W/M</b>
Quality	High	High	Medium	High	High	High	High
Comparability	High	High	Low	Medium	Medium	Medium	High

Although several Eastern Partnership Countries have high quality statistics in this area, comparability is not sufficient for analyses including several countries. This indicator is also fundamental in analysis of SMEs and their importance for the economy and employment in general and for gender related analyses as well. Broken down into economic sectors information about how men's and women's choices of entrepreneurial sectors mirror the employment sectors they were working is fundamental for analyses and policies for obtaining a better sector gender balance.

**Regions or rural/urban – number of enterprises**

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	W+M	<b>W/M</b>	W+M	W+M	<b>W/M</b>	N
Quality	Medium	Medium	Medium	Medium	Medium	Medium	
Comparability	Low	Low	Low	Low	Low	Low	

It is impossible to reach comparability between countries when looking on regions due to definitions on regions which are country specific. It should however be possible to find more common definitions concerning the urban/rural dimension.

These indicators give important information about regional economies and SME differences between regions. The urban/rural dimension gives valuable information on different SME patterns and differences between the rural population and its entrepreneurs and the urban ones. If sex disaggregated, these indicators also show the often large differences in women's and men's enterprises numbers and conditions.

### Profitability (value added/employee)

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	N	N	N	N	W+M	N
Quality	High					Medium	
Comparability	High					Low	

The statistics for this indicator is practically absent in the Eastern Partnership Countries. Profitability is one of the fundamental enterprise indicators. International experience tells us that it varies considerably between economic sectors, enterprise size and between female and male owned enterprises.

### Business age

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	<b>WM</b>	W+M	W+M	<b>W/M</b>	W+M	W+M
Quality	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Comparability	Medium	Low	Medium	Medium	Medium	Medium	Medium

The numbers and shares of enterprises in different business age segments give interesting information about the development of enterprises and their products and services over time. Sex disaggregated statistics illuminate the differences between female and male entrepreneurs as a base for further analyses on women entrepreneurship.

### Birth rates

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	W+M	N	N		W+M	N	N
Quality	Medium				Medium		
Comparability	High				Medium		

### Death rates

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	W+M	N	N	N	N	N	N
Quality	Medium						
Comparability	High						

Statistics are practically absent for these indicators. They describe the numbers of enterprises which start and decease and are signs of both entrepreneurial start-up interest and economic conditions for existing SMEs. For analyses about women's versus men's entrepreneurial interest they are quite important.

### Owner level indicators

#### Age distribution (age of individual entrepreneur)



	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	W/M	N	N	N	N	<b>W/M</b>	N
Quality	Medium					Medium	
Comparability	Medium					Low	

### Income, own account/employer

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	W/M	W+M	N	N	N	<b>W/M</b>	<b>W/M</b>
Quality	High					Medium	Medium
Comparability	Medium					Low	Low

### Working time – hours worked/week

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	W/M	N	N	N	N	N	N
Quality	High						
Comparability	High						

### Educational level

	<i>EU</i>	<i>Ar</i>	<i>Az</i>	<i>By</i>	<i>Ge</i>	<i>Md</i>	<i>Ua</i>
Availability	<b>W/M</b>	N	N	N	<b>W/M</b>	<b>W/M</b>	N
Quality	High				Medium	Medium	
Comparability	High				Low	Low	

The above indicators describe individual characteristics owner age, income, work load and educational level. There are further indicators that could be useful in this respect like driving forces and development priorities for their enterprises.

Findings	Source and Year
Of all active enterprises, women represent about 20.7% of business owners (16,200 of 78,000 enterprises).	Republican Union of Employers of Armenia (2014)
Women represent about 30% of individual entrepreneurs and owners of micro-sized enterprises combined (about 15,000 of 50,000 enterprises)	
Women's micro and small and medium-sized enterprises (SMEs) represent about 11% of active micro and SMEs.	ADB. 2012. <i>Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan, Loan, and Technical Assistance Grant to Armenia for the Women's Entrepreneurship Support Sector Development Program</i> . Manila. p. 2. Data from the Small and Medium Entrepreneurship Development Center.
Of all survey respondents who are employed in individual businesses (i.e., the business owners), 23% are women. Note all individual businesses in the survey were in the informal sector.	National Statistical Service of the Republic of Armenia and ADB. 2011. <i>The Informal Sector and Informal Employment in Armenia</i> . Manila. p. 32. The survey data are from 2009.
Of registered enterprises, 97% of the founders and managers are male and 3% are female.	National Strategy of Small and Medium Entrepreneurship Development, Women's Entrepreneurship Promotion, p. 4.
Women constitute 20%–25% of business owners, 36.2% of the self-employed, and 10.3% of employers.	Government of Armenia. 2010. <i>Gender Policy Concept Paper of the Republic of Armenia</i> . Yerevan. p. 11.
Women own about 700 enterprises as compared with 5,700 owned by men (women own 11% of enterprises).	Small and Medium Entrepreneurship Development Center, Republican Union of Employers of Armenia, and International Labour Organization. 2009. <i>Women's Entrepreneurship Development Assessment in Armenia</i> . Yerevan. pp. 10, 31.
Women represent 26% of individual entrepreneurs.	
About 31.8% of firms have "female participation in ownership."	World Bank and International Finance Corporation. 2011. <i>Enterprise Surveys Country Note Series: Armenia</i> . Washington, DC. p. 3. This cited 2009 data.
Of all persons who responded to a household survey that they were employed as "entrepreneurs," 22.2% were women.	Ministry of Labor and Social Issues, National Institute of Labor and Social Research, and National Statistical Service. 2009. <i>Analysis of Results of the Sample Survey on Fertility Preferences of Armenian Population</i> . Yerevan. p. 23.
Less than 15% of entrepreneurs are women.	S. Sabarwal and K. Terrell. 2008. <i>Does Gender Matter for Firm Performance? Evidence from Eastern Europe and Central Asia</i> . Washington, DC: World Bank. p. 10.

## **ANNEX 3. SOURCES FOR DATA AND STATISTICS ON SMES AND WOMEN ENTREPRENEURS**

### **EU countries** (for bench-marking)

Statistical Data on Women Entrepreneurs in Europe. European Commission. 2012.

Eurostat

EU country data extracted from “Women Entrepreneurs in the OECD. KEY EVIDENCE AND POLICY CHALLENGES”. 2013.

EU country data extracted from the OECD report Entrepreneurship at a Glance. 2011.

### **Armenia**

Women Entrepreneurship Strategy in Armenia, ADB. 2013.

Armenia. Country Gender Assessment, ADB. 2015.

SMEs in Armenia, National Strategy of Small and Medium Development, SME DNC. 2014.

Report and Recommendation of the President of Asian Development Bank to the board of the directors for policy-based loan and technical assistant grant for Women's Entrepreneurship Support Sector Development Program in Armenia. 2014.

SME Sphere 2010-2012 Report. SME DNC. 2014.

Assessment of needs for business services among women entrepreneurs of Armenia ADB. 2014.

### **Azerbaijan**

Statkom.

Information and communication technologies for women entrepreneurs in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan. ADB. 2014.

SME Policy Index. Eastern Partnership Countries 2012. OECD, EC, ETF, EBRD.

Azerbaijan Country Profile 2013. IFC. 2013.

### **Belarus**

Belstat.

World Bank Enterprise Surveys, Belarus. 2013.

Belarus Country Profile 2013. IFC.

SME Policy Index. Eastern Partnership Countries 2012. OECD, EC, ETF, EBRD

.[www.economy.gov.by/ru/small\\_business](http://www.economy.gov.by/ru/small_business)

### **Georgia**

Geostat.

Women and Men in Geo. Geostat. 2013

Fostering Entrepreneurship in Georgia, World Bank. 2013.

Georgia Country Profile 2013. IFC.

Statistics provided by The Study Teams expert in Georgia

### **Moldova**

National Bureau of Statistics Moldova

STRATEGY FOR MOLDOVA, EBRD. 2014.

Moldova Country Profile 2013. IFC.

CONDITIONS FOR ENTERPRISES' CREATION AND DEVELOPMENT:

GENDER ANALYSIS, Note by the National Bureau for Statistics, Republic of Moldova, Working paper 11. 2010.

GENDER PECULIARITIES OF ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA, Aurelia Turcan, Tatian Colesnicova, SEA - Practical Application of Science Volume I, Issue 2 (2), 2013.

**Ukraine**

State Statistical Service of Ukraine

Enterprise Survey Ukraine 2012. World Bank

Ukraine Country Profile 2013. IFC.

Investment Climate in Ukraine, IFC, 2011.

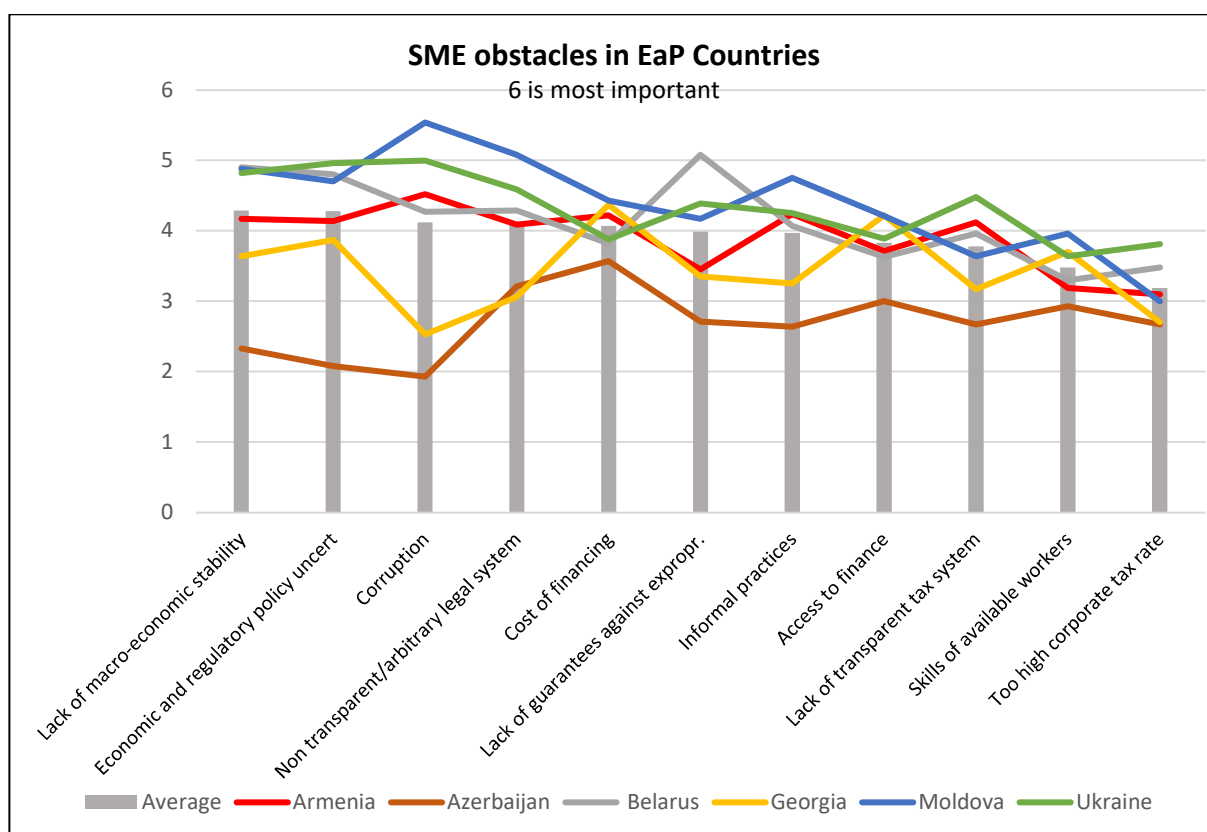
Analytical research on women's participation in the labour force in Ukraine UNFPA, ILO, 2012.

## ANNEX 4. OBSTACLES FOR WOMEN ENTREPRENEURS IN THE EASTERN PARTNERSHIP COUNTRIES

### Introduction

The sources and references for this annex are given in the footnotes. Where no reference is given, information comes from interviews. Mapping and analyzing different constraints and obstacles to women entrepreneurs and women controlled enterprises in the Eastern Partnership Countries are important as a base for interventions and policy reform for improving the conditions for women entrepreneurs. The numbers of interviewed women entrepreneurs per country in our study was only intended to be around 5 which is a very small sample (and around 15 other stakeholders per country). Therefore these samples were complemented with data on perceived obstacles presented by different comprehensive country surveys of opinions by women entrepreneurs. We found one or more such studies for each Eastern Partnership country.

The perceived obstacles as identified in interviews and other country studies are presented below (in 3.2). Whenever possible, these obstacles have been ranked. As comparison, selected obstacles for SMEs in the Eastern Partnership Countries from the Business Environment and Performance Studies (BEEPS) from the World Bank/IFC have been added to the separate country sections. The only other study containing obstacles found in all Eastern Partnership Countries, is a EUROCHAMBRES survey with 200 Eastern Partnership SME participants, mostly from the agrifood and tourism sectors.<sup>123</sup> The data from the BEEPS and this latter study are not gender disaggregated and the classification of obstacles differ. We have extracted the most comparable obstacles from the latter study which are comparable with our obstacle classification, see diagram below.



<sup>123</sup> Doing business with the EU: an assessment of Eastern Partnership SMEs, East Invest, EUROCHAMBRES. 2012.

Although the participating SMEs cannot be considered representative for all SMEs in the Eastern Partnership Countries, the diagram gives an overview of important perceived obstacles. The data collected and collated from other studies is most likely representative of the perception of SMEs in the region. An interesting observation from the diagram is the quite large spread between the countries, particularly concerning the three most important obstacles for doing business, lack of macro-economic stability, economic and regulatory policy uncertainties and corruption. This indicates that general SME related conclusions and recommendations concerning all Eastern Partnership Countries have to be applied with care. A discussion about the most important obstacles and the differences between the studies and our study is carried through in the summarizing section (3.3).

## Obstacles for women entrepreneurs per country

### Armenia

Following the ToR requirements, the local expert's report an assessment of obstacles is given in the table below. Identified obstacles from other studies are also presented.<sup>124</sup> The identified obstacles identified in the various studies are ranked based on perceived importance by women entrepreneurs. High taxes and social payments are the most important obstacles followed by sales and access to finance problems as well as frequent changes of legislation. Another study from RUEA concerning strategic services targeted at women entrepreneurs lists barriers and obstacles faced by women entrepreneurs: Insufficient skills and education, which limits the potential growth of SMEs (see table)<sup>125</sup>

#### Most important obstacles in Armenia

Our survey (W)	ADB report, Armenia (W)	RUEA survey (W)	BEEPS Armenia (W+M) <sup>126</sup>	BEEPS ECA (W+M) (see ref 4)	SMEs EU28 (W+M) <sup>127</sup>
(1) Market size	(1) High taxes	No order of importance	(1) Tax rates.	(1) Tax rates	(1) Finding customers
(2) Access to external financing (high interest rates)	(2) Sales problems	Insufficient skills and experience	(2) Access to external financing	(2) Political instability	(2) Access to external financing
(3) Lack of education and entrepreneur knowledge	(3) Access to external financing	Access to external financing Lack of market info	(3) Tax admin.	(3) Access to external financing	(3) Regulation
No order of importance Corruption, Support services Tax adm.	(4) Frequent changes in legisl.	Lack of market info Low quality of services	((4) Political instability	(4) Practices in informal sector	(4) Avail. of skilled staff/mana..
Work-life balance, lack of interest	(5) Tax admin.	Not conducive legal environm.	(5) Corruption	(5) Avail of skilled staff	(5) Competition

### Conclusions on important obstacles for women enterprises in Armenia

When taking into account the data from the national reports as well as the ADB and RUEA reports about women enterprises in Armenia *market and sales* problems are identified as the most important

<sup>124</sup> Assessment of needs for business services among women entrepreneurs of Armenia 2014. ADB.

<sup>125</sup> Strategic services targeted at women entrepreneurs based on policy recommendations, RUEA. 2013.

<sup>126</sup> Armenia Country Profile 2013. IFC.

<sup>127</sup> Annual Report on European SMEs 2013/2014. European Commission.

perceived obstacle for Armenian women enterprises. This is followed access to *external financing*. Lack of *education and entrepreneur knowledge* is also important. Most of the important factors mentioned above are important for both male and female firm owners. *Access to finance* and *entrepreneurial knowledge and skills* are however, according to several studies and available research, somewhat more severe for women entrepreneurs than for male entrepreneurs. *Work-life balance issues* are also considered more important for women enterprises.

## Azerbaijan

The local expert's assessment of obstacles is given below. A study by the Azerbaijan Gender Information Center) on constraints for women enterprises in Azerbaijan is represented in the table:<sup>128</sup> The other study is from ADB as well as survey data on the relative importance of constraints for women entrepreneurs in Azerbaijan.<sup>129</sup>

### Obstacles for women entrepreneurs in Azerbaijan - summary

Our survey (W) (no order of importance)	Azerb. Gender Information Center (W)	ADB (W)	BEEPS Azerbaijan (W+M) <sup>130</sup>	ECA (M+W) (see ref 142)	SMEs. EU28 (W+M) <sup>131</sup>
1 Access to external financing	(ratings without order)  Access to external financing	(1) Access to external financing	1 Practises informal sector	(1) Tax rates.	(1) Finding customers
2 Insufficient professional skills	Insufficient professional skills and limited access to training	(2) Finding customers	2 Access to ext. financing	(2) Access to external financing	(2) Access to external financing
(ratings without order)  Cultural environment (traditional values, worklife-family balance)	Limited advocacy  Lack of business services and networks	(3) Using ITCs	3 Tax rates	(3) Practises informal sector.	(3) Regulation
Limited advocacy, lack of governmental support  Corruption	Specifics of cultural environment, traditional attitudes and societal stereotypes	4 Finding business advisers	4 Business licensing	(4) Corruption	(4) Avail. of skilled staff
Lack of business networks		5 Assessing new markets	5 ) Tax adm	(5) Tax adm	(5) Competition

<sup>128</sup> Women's entrepreneurs. [http://www.gender-az.org/index\\_en.shtml?id\\_main=13&id\\_sub=41](http://www.gender-az.org/index_en.shtml?id_main=13&id_sub=41). Azerbaijan Gender Information Center. 2015.

<sup>129</sup> Information and communication technologies for women entrepreneurs in Azerbaijan, Kazakhstan, Kyrgyz Republic and Uzbekistan. ADB. 2014.

<sup>130</sup> Azerbaijan Country Profile 2013. EBRD.

<sup>131</sup> Annual Report on European SMEs 2013/2014. European Commission.

## Conclusions on important obstacles to women entrepreneurs in Azerbaijan

- *Access to external finance* is a main obstacle for women entrepreneurs.
- *Lack of professional skills* and absence of business advisors as well of management trainings are also perceived as an important obstacle for women entrepreneurs.
- *Gender relative stereotypes and traditions* are perceived as an obstacles for women entrepreneurs in particular.
- *Market problems* are also mentioned by many of the respondents (finding customers, practises in informal and new markets, etc.)

Looking on the potential *gender sensitive* factors, *financing* again is identified as a major obstacle as well as *lack of skills, lack of business networks and business services* (see corresponding diagram above). *Advocacy, cultural and social environment* need to be more conducive to the needs of women entrepreneurs.

## Belarus

The local expert refers to a *sociological* study on women entrepreneurs which identifies important obstacles according to female entrepreneurs and focus groups,<sup>132</sup> see table below:

The expert made quite many interviews and compared the different assessments given by different categories of interviewed. In particular, 11 experienced women entrepreneurs have been interviewed and 6 potential women entrepreneurs. The two groups identify slightly different perceived obstacles where the unexperienced entrepreneurs are generally more positive and see fewer obstacles than the experienced.

## Obstacles for women entrepreneurs in Belarus – summary

Our survey (W)	Sociological study (W)	BEEPS Belarus (W+M) <sup>133</sup>	ECA (W+M) (see ref 11)	EU28 (W+M) <sup>134</sup>
(No rating order) Access to external financing	(No rating order) Access to external financing	(1) Tax rates	(1) Tax rates	(1) Finding customers
<i>State role</i> (monopoly market, targeted programs)	<i>State role</i> (monopoly market, tight control, lack of support)	(2) Inadequately educated workforce	2 Access to external financing	(2) Access to external financing
Affordable and suitable training programs	Imperfect legal framework, frequent changes in regulations	(3) Access to external financing	(3) Practices in informal sector	(3) Regulation
Patriarchal stereotypes and unfavourable attitudes toward women	Unfavourable attitude toward women	(4) Practices in informal sector	(4) Political instability	(4) Avail. of skilled staff

<sup>132</sup> Sociological study on women entrepreneurs conducted prior to the IV forum of Female Businesswomen of Belarus in Minsk in 2014, Women's Independent Democratic Movement

<sup>133</sup> Belarus Country Profile 2013. IFC.

<sup>134</sup> Annual Report on European SMEs 2013/2014. European Commission



entrepreneur	entrepreneurs, work-life-balance, internal doubts among women entrepreneurs			
<i>Lack of support systems like incubators, networks, role models)</i>	Inadequate IT skills(not for young women entrepreneurs)	5 Political instability	(5) Corruption	(5) Competition

### Conclusions on obstacles to women entrepreneurs in Belarus

The collated study results identifies the following important perceive obstacles for women SMEs in Belarus:

- *The role of the state vis-à-vis SMEs including lack of attention and support and monopoly market*
- Frequent changes in *legislation and regulations*, officials with *no competence and bad attitudes*.
- *Limited access to affordable and suitable training programs*.
- Lack of women entrepreneurs support systems (business centers, networks and role models)
- Access to *external financing* is identified as an obstacle in the survey and in interviews.
- *Gender discrimination and lack of support* and negative attitudes towards women entrepreneurs and in contacts with officials seem to be quite frequent

### Georgia

*Disadvantaged women.* Conflicts concerning Abkhazia, South Ossetia and Adjara region resulted in one of the highest rates of internally displaced persons, more than 150.000 internal refugees. Unregulated and largely informal trade was one of the important survival mechanisms for the population facing instability and social hardships. Many out-of-work women, felt forced to obtain small earnings as street vendors. Female entrepreneurship is low. <sup>135</sup> The local expert's assessment are presented in the table below. ADB points in its country gender study at some social and gender related determinants with negative effects on women entrepreneurs like, *burden of domestic work, absence of affordable childcare*, especially in smaller towns and villages, *unequal access to assets and resources, unequal say within household and insufficient attention*.<sup>136</sup> The expert notes from interviews that: . . . while *almost all interviewed respondents-women* agree that there are some obstacles in Georgia to start and develop business for women, *all interviewed men do disagree* with it.

### Women entrepreneurs' obstacles in Georgia

Our survey (W)	WB (W+M)	BEEPS Georgia (W+M) <sup>137</sup>	ECA (W+M) (see ref 15)	EU28 (W+M) <sup>138</sup>
( No order of rating Entrepreneurial skills	1 Gender discrimination (ownership, family-work life childcare	(1) Political instability	1 Tax rates	(1) Finding customers
Access to external financing	( No order of rating) State role (no SME	(2) Access to external financing	2 Access to external	(2) Access to external

<sup>135</sup> COUNTRY PARTNERSHIP STRATEGY FOR GEORGIA. World Bank. 2014.

<sup>136</sup> GENDER. ANALYSIS (SUMMARY Country Partnership Strategy: Georgia, ADB. 2014.

<sup>137</sup> Georgia Country Profile 2013. IFC

<sup>138</sup> Annual Report on European SMEs 2013/2014. European Commission.

Low access to markets	and women entrepreneurs support)		financing	financing
Social and cultural factors (Gender discrimination,)	Access to finance	(3) Tax rates	3 <i>Political instability</i>	(3) Regulation
4 The role of the state (government does not care about women entrepreneurs problems)	Taxes (frequent changes, lack of transparency) changes in regulations	4 Practices in informal sector	4 Practices in informal sector	4 Avail. of skilled staff
Frequent changes in regulations	Limited national and export markets,	5 Inadequately educated workforce	5 Inadequately educated workforce	5 Competition

### Conclusions concerning important obstacles to women entrepreneurs in Georgia

- *Gender discrimination* towards women and women entrepreneurs is perceived as a major obstacle.
- *Access to finance* difficulties and the associated *discriminating* laws and attitudes are also a perceived as serious restriction for women entrepreneurs.
- *Lack of entrepreneurial skills* is a big obstacle. Appropriate, affordable business training is in demand. There is a lack of *business centers* for women entrepreneurs that could provide such trainings as well a *mentoring* and *business networks*.
- Respondents states that the “*government does not care* about women entrepreneurs’ problems and support”.
- *Frequent changes in taxes and regulations* were criticised.
- The big problems with *corruption* has been considerably reduced in contrast to several other Eastern Partnership Countries, due to an active *anticorruption* policy and corresponding measures.

Of these obstacles *access to finance* and *to business networks* affects women entrepreneurs more than men while gender discrimination in itself is a considerable problem for women entrepreneurs.

### Moldova

Local expert’s assessment of most important obstacles for women entrepreneurs are given in the table below. Important obstacles from a research reports are also reflected in the table.<sup>139</sup> A World Bank Country Gender report notes that although female and male entrepreneurs perceive the same key constraints to their businesses, the women perceive *inadequately educated workforce*, *tax rates* and *corruption* as larger problems than men.<sup>140</sup> The Confederation of Employers of the Republic of Moldova finds obstacles presented in the table<sup>141</sup>:

<sup>139</sup> GENDER PECULIARITIES OF ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA. Aurelia TURCAN University of the European Studies of Moldova, Tatiana COLESNICOVA, National Institute for Economic Research of Moldova. SEA - Practical Application of Science Volume I, Issue 2 (2), 2013

<sup>140</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

<sup>141</sup> ASSESSING THE ENVIRONMENT FOR WOMEN’S ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA Confederația Naț. a Patronatului din Rep. Moldova. 2013.

**Women entrepreneurs' obstacles in Moldova**

Local expert's survey (W)	Other reports (W)	BEEPS Moldova (W+M) <sup>142</sup>	ECA (M+W) (see ref 21)	EU28 (W+M) <sup>143</sup>
(no order of importance) Corruption	1 Corruption	1 Corruption	1 Tax rates	(1) Finding customers
Lack of information Sociocultural factors (discriminating attitudes, work- life balance, lack of child care and family support)	(no order of importance) Insufficient business training	2 Political instability	2 Political instability	(2) Access to external financing
Inadequate business education Access to external financing Tax adm and rates	Tax problems Lack of relevant support services Access to external financing	3 Inadequately educated workforce	3 Practices in informal sector	(3) Regulation
Lack of support services	Gender stereotypes	4 Access to external financing	4 Political instability	4 Avail. of skilled staff
Access to local markets	Regulatory and legal problems	5 Tax rates	5 Inadequately educated workforce	5 Competition

**Conclusions concerning important obstacles for women entrepreneurs in Moldova**

- *Corruption* seems to be perceived as the most important obstacle.
- *Gender discrimination attitudes* in governmental institutions, among service providers and society in general are also identified as a key obstacle.
- *Lack of access to finance* is also perceived as a major challenge for women entrepreneurs.
- *Lack of support services*

Of these obstacles, financing, corruption and lack of support services are more severe for female entrepreneurs than male. Firms owned or managed by women are more affected by high levels of corruption than men, for instance women entrepreneurs were twice as likely expected to give gifts to secure government contracts.<sup>144</sup>

**Ukraine**

According to the local expert it is important to be aware of the *difficult military and economic situation* in Ukraine which affects Ukrainian firms when assessing the business climate. The most

<sup>142</sup> Moldova Country Profile 2013. IFC.

<sup>143</sup> Annual Report on European SMEs 2013/2014. European Commission.

<sup>144</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities, World Bank. 2014.

important obstacles are presented in the table below. Three other surveys on obstacles are presented in the table. <sup>145</sup> <sup>146</sup> <sup>147</sup>

### Obstacles for women entrepreneurs in Ukraine

Our survey (W)	From three studies (W)	BEEPS Ukraine (W+M) <sup>148</sup>	ECA (M+W) (see ref 26)	EU28 (W+M) <sup>149</sup>
1 Corruption and shadow market	1 Tax problems	1 Access to external financing	1 Tax rates	1 Finding customers
(no rating of importance) Access to external financing (excessive loan rates)	2 Regulatory and legal issues	2 <i>Corruption</i>	2 Access to external financing	2 Access to external financing
Taxation problems Gender discrimination and work-family balance Regulation problems	3 Access to external financing	3 Tax rates	3 Practises informal sector	3 Regulation
Lack of women business support (centers, incubators and other support organisations)	4 <i>Corruption</i>	4 Political instability	4 Political instability	4 Avail. of skilled staff
	5 Lack of governmental support	5 Practises informal sector	5 Inadequately educated workforce	5 Competition

### Conclusion on obstacles for women entrepreneurs in Ukraine

- *Access to finance* is perceived to be one of the two major barriers to further development of women entrepreneurs.
- *Corruption* is identified as the key impeding factor to women entrepreneurship.
- *Regulation and tax issues* and the lack of governmental support are also negative factors.

Obstacles that affects female entrepreneurs more than men are *access to financing, taxation problems, corruption* and lack of governmental support. *Work-life balance* and *gender attitudes* are also mentioned as important obstacles for women entrepreneurs in Ukraine.

<sup>145</sup> Barriers to Successful Entrepreneurship for Women in Ukraine, John S. Johnson, Edward Garten, Svitlana Buko, Liberty University. 2013

<sup>146</sup> FEMALE ENTREPRENEURSHIP PATTERNS: A THEORETICAL COMPARATIVE STUDY, Xenia ANDRIUTA, Jekaterina KARTAŠOVA. VERSLO SISTEMOS ir EKONOMIKA BUSINESS SYSTEMS and ECONOMICS, Vol. 3 (2), 20

<sup>147</sup> Ch 3. Women in Entrepreneurship in Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012.

<sup>148</sup> Ukraine Country Profile. 2013. IFC.

<sup>149</sup> Annual Report on European SMEs 2013/2014. European Commission.

## Obstacles for women entrepreneurs - summary for Eastern Partnership Countries

In the table below, important obstacles from the Eastern Partnership Countries are summarized and, when possible, ranked based on importance given by respondents. They are based on our studies by local experts in each Eastern Partnership country and other studies concerning women entrepreneurs undertaken in the individual countries. The compilation and ranking in the table are made by the international experts in this study. Most of the listed obstacles affect women entrepreneurs more than men which is also demonstrated in the obstacles sections below. The gendered nature of obstacles are also underlined in one of few international gender disaggregated studies from UNCTAD of obstacles to SMEs. Women entrepreneurs from three developed and three developing countries acknowledged several key external barriers.<sup>150</sup> All interviewed regarded:

- *Access to finance* as the single most important obstacle to carrying out innovative activities and this issue being rated “extremely important” even *more frequently by women* than men.
- The other most important challenges to be: *Small size of firms* and *limited access to supportive resources (training, business networks)*.

They also saw other difficulties for women entrepreneurs:

- *Limited access to markets*
- *Limited access to skilled human resources*
- *Cultural constraints* including difficulties *taking care of family and business at the same time*
- The study also found that innovations-focused women business owners often do *not have mentors or role models*. . .

## Most important obstacles to women entrepreneurs in the Eastern Partnership Countries

For some countries it has been possible to rate obstacles in order of importance. “1” represent the most important perceived obstacles for each country, “2” as the next most important and so on. Other mentioned important obstacles for which ranking was not possible to do, are marked with an “x”. For a more detailed description of the obstacles per country, see the country summaries above.

In an average ranking of obstacles for the Eastern Partnership Countries, the most important obstacles are: access to external *financing*, closely followed by *social, cultural and gender related* obstacles. Then follows *low competence/skills and tax problems* and *market problems* respectively.

*Lack of competence, skills and of capacity-building as well as social cultural and gender related constraints* are important for all Eastern Partnership Countries while *market problems, support services, non supportive state role* and problems with *regulations* are important for 5 of the countries. *Tax problems* are important for 4 countries and *market problems* and *state role* are the most serious obstacles for SMEs and are probably in some parts more serious for women entrepreneurs than men.

The Eastern Partnership results are roughly in agreement with those from the gender disaggregated study from UNCTAD mentioned above. The comparing surveys from EUROCHAMBERS, BEEP studies of ECA countries and EU28 countries were not gender disaggregated and did not include *social, cultural and gender related obstacles or business support services*. Since many obstacles are important for both women and men SMEs, they are included both in each country study and in the regional summary table below. They are also roughly in accordance with our Eastern Partnership results except for *social, cultural and gender related factor* which were not included in the BEEPS and EU28 surveys.

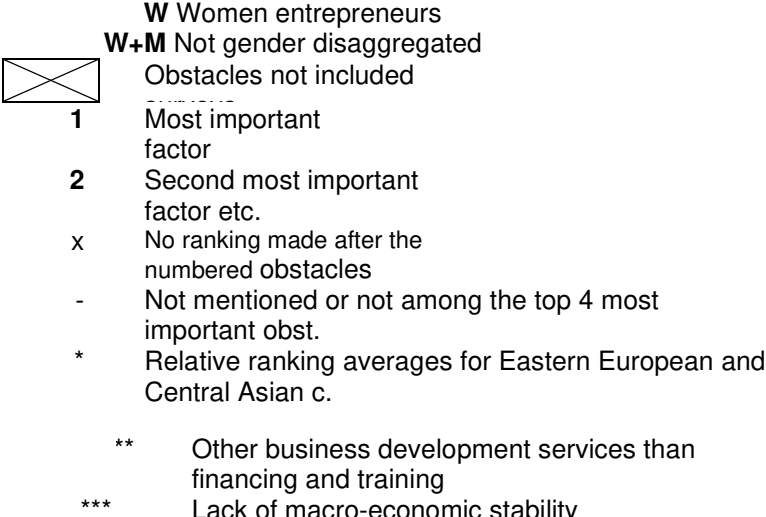
For Armenia, *market problems, access to finance and tax related problems* seems to be the most important. For Azerbaijan it is *access to external finance and low business competence*. For Georgia it is *social, cultural and gender related factors*. For Moldova *corruption and social and gender stereotype factors*. For Ukraine the main obstacles are *tax related*. For Belarus no ranking is directly given in the studies but considering the other studies it seems that *market problems and state role* are the most serious obstacles for SMEs and are probably in some parts more serious for women entrepreneurs than men.

<sup>150</sup> A SURVEY ON WOMEN’S ENTREPRENEURSHIP AND INNOVATION. UNCTAD. 2014.

# Obstacles for women entrepreneurs in the Eastern Partnership Countries – summing up

	Women entrepreneurs our study						W	W+M	W+M	W+M
	AR	AZ	BY	GE	MD	UA	Aver. East. Partnership our study	Aver. Eastern Partnership EUROCHAM study	Aver. BEEPS ECA**	Aver. EU28
Access to Finance	2	1	x	x	x	3	1	4	2	2
Low competence, skills	x	2	x	x	3	x	3	8	5	4
Other BDS**	x	x	x	-	x	x	6			
Market problems	1	x	(1)	x	x	x	5	6	3	1
Soc., cult, gender factors	x	x	x	1	2	x	2			
Tax problems	3	-	-	x	x	1	4	7	1	
Regulations and legisl.	x	-	x	x	x	2	7	5		3
Non supportive state	-	x	(1)	x	x	x	9	2		
Corruption	x	-	-	-	1	4	8	3	6	
Political instability	-	-	-	-	-	-	10	(1)***	4	



**Average Eastern Partnership EUROCHAM**

**BEEPS ECA**

**EU28**

**Access to finance**

**Tax problems**

**Political instability**

**Corruption**

**Regulations**

**Market problems**

**Low comp., skills**

**Other BDS\*\***

**Non supportive state**

Compilation from EUROCHAMBRES study

Business Environment and Enterprise Performance Survey. EBRD.

Annual Report on European SMEs 2013/2014. European Commission. 2014.

External financing, high interest rate, high requirements of collateral.

High tax rates and or burden of related administration

Economic related risks depending on political and military related conflicts

Bribes in procurements, gifts to officials, kick-backs

Troublesome regulations and legislation

Difficulties in finding customers and access to markets, negative practises, informal market

Low owner/manager competence, workforce skills and access to suitable business training.

Business networks, business centers, mentoring and advising, business women associations

Lack of government support to or ignoring (women) SMEs

## Main obstacle areas for women entrepreneurs in the Eastern Partnership region

### Introduction

The way forward for the SME Flagship Initiative has identified below thematic group of challenges for SMEs.<sup>151</sup>

- Poor access to finance
- Inadequate legal & regulatory framework
- Limited knowledge base/business skills
- Limited access to markets (local & international)

Other constraints preventing SMEs to grow at their full potential include political instability, corruption, lack of technology and poor infrastructure. The corresponding, most important obstacles for women entrepreneurs in the Eastern Partnership Countries are the same with the addition of gender related constraints. They are presented in order of importance according to the obstacle summary above.

In general, male and female entrepreneurs perceive the same type of obstacles as important. However, several reports note that for women entrepreneurs, financing, lacking skills and lacking of business networks, tax problems, corruption, disregards for rules etc. constitute more serious problems for the female entrepreneurs.<sup>152 153 154</sup>

It is also essential to analyse the *effectiveness* of interventions aimed at decreasing obstacles carried through. Why dedicate money, time and energy for interventions and in the extension corresponding policies if they don't work? This is further discussed in Ch. 4 on enabling factors.

### Access to external financing

The lack of access to affordable, external financing for business start-ups and growth of both male and female SMEs is frequently mentioned as a major obstacle in research and studies. Forms of favourable financing can be: low cost start-up loans and grants, access to loan guarantees, tax concessions, low interest rates, prolonged credit times etc. Both difficulties to get loans and credits, higher collateral requirements and the high interest rates (up to 30% in Eastern Partnership Countries) are mentioned as important constraints for all kinds of SMEs in the ECA countries

#### *International experiences*

After eliminating sector and size effects there are still sex differences concerning access to loans and credits which cannot be explained by other factors which studies from our survey of the Eastern Partnership Countries (see above) and many international studies demonstrate.<sup>155 156 157</sup> Remaining factors are culture and tradition which often are based on gender roles and stereotypes. A growing body of international research on the other hand states that gender discrimination exists in contrast to what financing institutions maintain to argue.<sup>158 159</sup>

Several international financial institutions (IFIs) operate in the Eastern Partnership Countries and play an important role not only for direct financing of large infrastructure projects but also as sources for financial intermediates like national commercial banks and in a few cases also by executing small

---

<sup>151</sup> EU support to SMEs in the Eastern Partnership countries 2014-2020. The way forward for the SME Flagship Initiative. EU

<sup>152</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

<sup>153</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012.

<sup>154</sup> INFORM, Policy Briefing 14, ETF. 2014.

<sup>155</sup> Women's entrepreneurship in the EU, Library Briefing, European Parliament. 2013

<sup>156</sup> Strengthening Access to Finance for Women-Owned SMEs in Developing Countries. IFC. 2011

<sup>157</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012

<sup>158</sup> WOMEN AND BANKS ARE FEMALE CUSTOMERS FACING DISCRIMINATION? Noreena Hertz, Institute for Public Policy Research. 2011

<sup>159</sup> Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Saskia Vossenbergh, Maastricht School of Management. 2011.

scale projects for financing female enterprises. Commercial banks are particularly important here because they have through their branches large outreach potentials. The IFIs and local banks have, by and large, staffs which are gender blind. An analysis of IFIs gender policies (among them are: World Bank/IFC, Interamerican Development Bank, Asian Development Bank, African Development Bank and European Bank of Reconstruction and Development) shows that there is a long way to go before these institutions will have a more broad impact on women and women's entrepreneurship.<sup>160</sup>

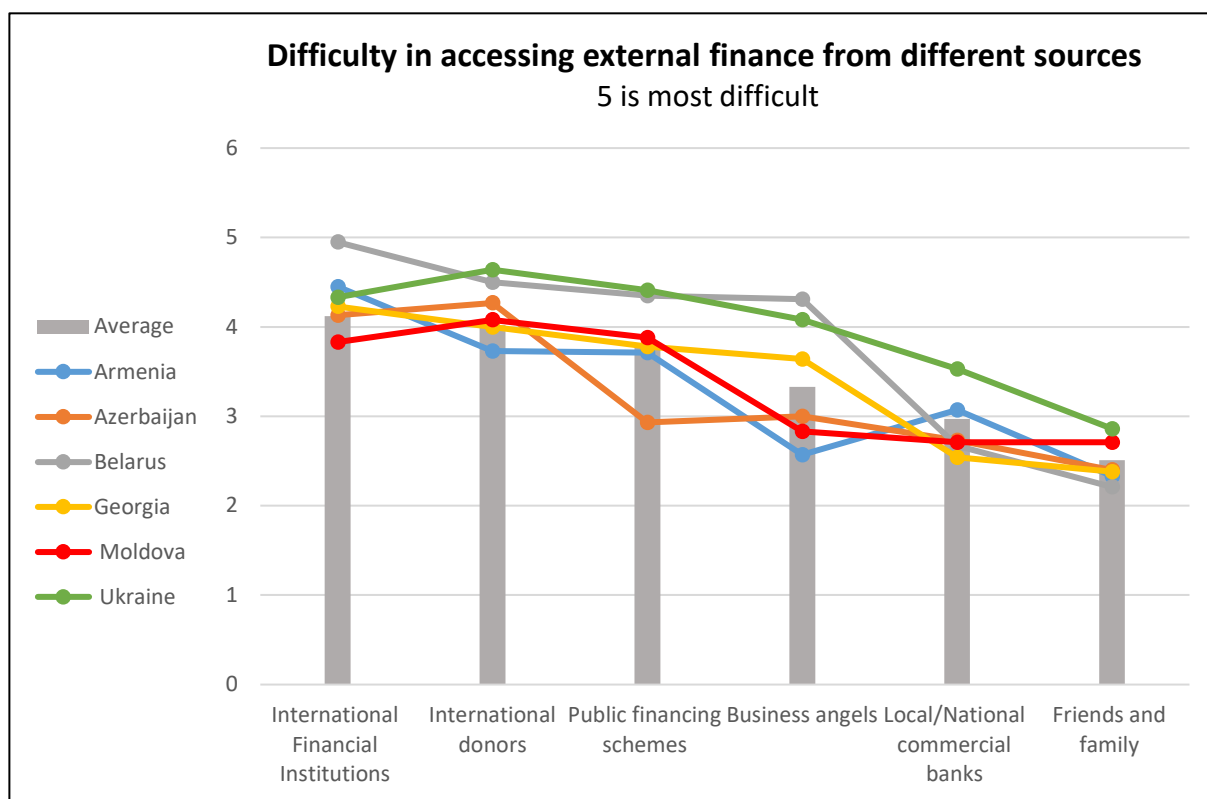
For the *Eastern Partnership Countries*, EBRD is particularly important. Unfortunately the EBRD scores lowest among the IFIs considering gender goals, priorities, funding and monitoring and evaluations. The investment initiatives in women entrepreneurs have until now been small and scattered. The European Union's own bank, European Investment Bank (EIB) has as far as we can see no gender policy and no programmes concerning women entrepreneurs at all.

EBRD seems now more aware of the wider restrictions for women entrepreneurs and launches a more comprehensive intervention programme "Women in Business" (WIB) for the Eastern Partnership and other neighbouring countries.

Financial interventions are of course important but according to meta studies often not effective for female micro entrepreneurs.

#### *Experiences from EU and the Eastern Partnership Countries*

According to the EU Annual Report on European SMEs (not sex disaggregated), access to finance is the second most important obstacle for all classes of SMEs.<sup>161</sup> In the EUROCHAMBRES study the participants were asked to rate the difficulty in accessing different external financing sources for each Eastern Partnership country.<sup>162</sup> The result is given in the diagram below. The difficulties in obtaining external financing from financing institutions (IFIs and local/national) and donors operating in the Eastern Partnership Countries are also evident in the interviews. Lack of affordable access to external financing is on average the most important for the Eastern Partnership Countries (see the summary table on obstacles above.)



<sup>160</sup> How Do IFI Gender Policies Stack Up?. Gender Action . 2013.

<sup>161</sup> Annual Report on European SMEs 2013/2014. EU. 2014.

<sup>162</sup> Doing business with the EU: an assessment of Eastern Partnership SMEs, East Invest, EUROCHAMBRES. 2012.



### Conclusions on access to external financing as an obstacle

- Lack of external financing (loans, credit lines) is on average perceived as the most important obstacle for female entrepreneurs.
- Loans and credits are turned down because of lack of collateral, too risky (low profit business sectors), low skills and business experience and gender stereotypes and discrimination.
- Gender blindness and discrimination is widespread among national and international financing international institutions.
- External financing for women entrepreneurs is uncommon. High interest rates and short pay-back times deter potential borrowers.

### **Social, cultural and gender related obstacles**

#### *Introduction*

“Despite the growing number of women-led business and a significant increase of initiatives, policies and resources designed to promote and develop women’s entrepreneurship . . . women still own and manage fewer businesses than men, they earn less money with their businesses that grow slower, are more likely to fail.”<sup>163</sup> “The non-occurrence of expected positive gender gap effects from interventions as well as the important obstacles which are worse for women entrepreneurs than men calls for deeper analyses.”<sup>164</sup> Here focus is on perceived social, cultural and gender related constraints perceived by women entrepreneurs internationally and in the Eastern Partnership Countries. However it is important to recognize that there is growing evidence that the general gender biased climate and gender discrimination in societies are *behind other obstacles* like access to financing, business networks and attitudes among service providers and legal and regulatory authorities.<sup>165 166 167 168 169</sup>

There are few surveys covering these gender related constraints. One reason is that these obstacles traditionally have not been listed among given obstacle alternatives in questionnaires, see for instance the BEEP and EU28 surveys<sup>170 171</sup>. However, for instance a World Bank report notes that although female and male entrepreneurs perceive the same most important constraints to their businesses, the women perceive *inadequately educated workforce, tax rates and corruption* as larger problems than men.<sup>172</sup>

#### *Eastern Partnership interviews and studies*

Social, cultural and gender related obstacles are, according to our interviews mentioned as important and are on average on third place among obstacles in the Eastern Partnership Countries. For Georgia they come out as the most important obstacle and for Moldova as the second most important obstacle.

Armenia: “The growing up of children and house work mostly depends on women, which in reality does not give to women enough chance and time to get interested in doing business”. From an ADB

---

<sup>163</sup> Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Saskia Vossenbergh. Maastricht School of Management. 2013.

<sup>164</sup> Opportunities for Men and Women: Emerging Europe and Central Asia”. World Bank. 2012.

<sup>165</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief1, Key Findings at a Glance. 2014.

<sup>166</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012

<sup>167</sup> Women's entrepreneurship in the EU, Library Briefing, European Parliament. 2013.

<sup>168</sup> Female Entrepreneurship – An Appropriate Response to Gender Discrimination, Jacques Ascher, Journal of Entrepreneurship, Management and Innovation (JEMI), Volume 8, Issue 4, pp. 97-114, 2012

<sup>169</sup> Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Saskia Vossenbergh, Maastricht School of Management. 2011.

<sup>170</sup> BEEP surveys from IFS.

<sup>171</sup> Annual Report on European SMEs 2013/2014. EU. 2014.

<sup>172</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

study: . . . women entrepreneurs . . . face attitudinal barriers as well as a mismatch in service provision for their business needs.”<sup>173</sup>

Azerbaijan: “Certain stereotypes, such as the traditional role of being responsible for the household, as well as the low level of confidence and self-esteem, prevalent in society in general, discourage women from entering into business.”

Belarus: “A poor attitude toward women entrepreneurs by the society, the state, their husbands (family); Internal doubts, fears, complexes of the women themselves, how to combine business and family. Women entrepreneurs in Belarus are ignored and treated as something not realistic for Belarus. None of the interviewed men indicated such reasons as “competitors threatened me” and “could not afford protection measures which were mentioned by 15 percent of women.”

Georgia: “. . . almost all interviewed respondents-women (both entrepreneurs and stakeholders) agree that there are some obstacles in Georgia to start and develop business for women, all interviewed men do disagree with it. Patriarchate, and hierarchy style of life in Georgia is a main obstacles for women’s improvement. Women entrepreneurs noted examples of gender discrimination policy in Georgian banks; Furthermore, women are blamed for not enough brains to develop a business: An ADB study points out the problems: “. . . burden of domestic work, absence of affordable childcare, especially in smaller towns and villages, unequal access to assets and resources, unequal say within household and insufficient attention.”

Moldova: “The most considered social and cultural factors that are restricting women involvement in entrepreneurial activities are i) the attitude of services providers; ii) gender discrimination and ii) society attitude. The majority of business partners are men that can perceive businesswomen not quite seriously. Bank are more preventive in giving women credits. The most common reason not to start a business is work-life equilibrium (children care), availability of institutions for children care, change of the attitude towards yourself, self-esteem and confidence”.

Ukraine: “Most interviewed entrepreneurs commented that their family was a major source of motivation, support and encouragement and noted that the society around them did not provide this. Considering gender issues, another study on Ukrainian women entrepreneurs report says: “It is important to note that during interviews and focus group discussions within the research project, none of the women felt that gender stereotypes in Ukraine were an obstacle to their success.” But the self-perception issue is problematic.

#### Conclusions on social, cultural and gender related obstacles

- From the international research and the quoted Eastern Partnership studies it is clear that that women’s self-perception and household burdens together with social and cultural factors and tradition restrict women’s entrepreneurship.
- Gender stereotypes and discrimination in the business environment is one of the most important obstacles to women entrepreneurship in the Eastern Partnership Countries.
- These and other obstacles, for instance access to external finance, networks, regulations and legislation, attitudes in society and institutions are at least partly based on gender stereotypes and discrimination.
- Realistic and efficient interventions must recognise these barriers and the under-laying causes.

#### **Skills and access to business training for women entrepreneurs**

Limited business skills and access to qualified, affordable and suitable training are important constraints for women entrepreneurs in all Eastern Partnership Countries according to our interviews. On the international level similar views are often expressed. “Sales and profit gaps between women and enterprises suggest that these are not reaching their full potential in productivity and growth. “Women enterprises often lack the level of business acumen and skills to grow in a profitable and competitive manner”.<sup>174</sup>

#### *Views on and participation in business training – international experiences*

---

<sup>173</sup> INFORMATION AND COMMUNICATION TECHNOLOGIES FOR WOMEN ENTREPRENEURS. Prospects and Potential in Azerbaijan, Kazakhstan, the Kyrgyz Republic, and Uzbekistan, ADB. 2014.

<sup>174</sup> Women-Owned SMEs: A Business Opportunity for Financial Institutions. IFC. 2014.

One international survey (not sex disaggregated) remarks that *not even half of the respondents perceive the existing offer of entrepreneurship education as satisfactory* (43 %); only 11 % state that the offer is sufficient, with only small differences between gender and age groups.<sup>175</sup> Some support for the critical views on trainings also comes from international studies. “Female entrepreneurs on average have somewhat different motives for starting and operating their businesses than male entrepreneurs, which should be reflected in corresponding business trainings. “There is a need for ‘women-oriented’ training to ‘un-do’ the structural impediments to entrepreneurial activity and also for instance consider lower self-efficacy.”<sup>176</sup> Existing business training in the Eastern Partnership Countries are criticised for not being relevant to the needs of participating potential or existing entrepreneurs. There are few surveys on how frequent women (and men) entrepreneurs take part in trainings. One of few studies found that only 23 % of respondents have participated in at least one entrepreneurship education activity.<sup>177</sup>

Among important areas for training are, according to the Eastern Partnership interviews and also international studies: *strategic management, financial literacy, market related knowledge, legislation and knowledge about the tax system*. Some Eastern Partnership interviews as well as the analyses above on financial institutions point to the importance of *gender awareness training* regulatory and tax authorities and financial institutions.

#### *Training availability and methods*

Effectiveness of training methods and the availability of training for women entrepreneurs are seldom discussed. Due to family obligations and women’s limited decision power, women entrepreneurs are more often restricted to shorter training periods in vicinity of their homes than men. Distant learning and learning in studying groups have in some countries been used to overcome such barriers. Providing on-site childcare during trainings could help to ease women’s time burden and help to improve their participation in training activities.<sup>178</sup>

In studies of entrepreneurial learning and training, efficient methods are seldom discussed in spite of a wide range of pedagogical methods available. For instance, Dunn et al found that across countries, women and men on average have different learning styles.<sup>179</sup>

#### *Eastern Partnership interviews and studies*

Armenia: Concerning “*trainings and education*”, all respondents note that the training demands are high for accounting, legislation and finance”. An ADB survey on the needs for Armenian women entrepreneurs found that 19% had undergone training in: start-up, 12% in taxation, 4% in financial planning, 5% not specified training and only 0,7% management.

Azerbaijan: The local expert state that the most relevant problems that women encounter when starting a business are . . . *lack of relevant skills and knowledge* . . .” An Azerbaijan study on constraint for women entrepreneurs<sup>180</sup> states “ . . . the major obstacles to the successful performance of women entrepreneurs include: “insufficient professional skills . . . limited access to technical and management training.” According to an ADB survey, only 22% of the interviewed women entrepreneurs have taken part in support programmes (counselling, mentoring) and 15% in entrepreneurship training programmes for women entrepreneurs.<sup>181</sup>

Belarus: According to the local expert’s interviews: “Experienced women entrepreneurs have no affordable access to entrepreneurial education.” . . . it appears that the quality of education obtained by the entrepreneurs does not match the skills required in the Belarusian economy.”

<sup>175</sup> GLOBAL ENTREPRENEURSHIP REPORT 2014, Advancing Entrepreneurship Education, Amway. 2014.

<sup>176</sup> A Feminist inquiry into entrepreneurship training, J Byrne, A, Fayolle, in *The Theory and Practice of Entrepreneurship: Frontiers in European Entrepreneurship Research*, ed. Smallbone, David et al. Edward Elgar Publishing Ltd. 2010.

<sup>177</sup> GLOBAL ENTREPRENEURSHIP REPORT 2014, Advancing Entrepreneurship Education, Amway. 2014.

<sup>178</sup> Effectiveness of Entrepreneurship Development Interventions for women entrepreneurs: An ILO-WED Issue Brief1, Key Findings at a Glance. 2014.

<sup>179</sup> Dunn, R. and Griggs, S.A. (2003), *Synthesis of the Dunn and Dunn Learning Style Model: Who, What, When, Where, and So What?*, Center for the Study of Learning and Teaching Styles, St John's University, New York, NY.

<sup>180</sup> 180 Women’s entrepreneurs. [http://www.gender-az.org/index\\_en.shtml?id\\_main=13&id\\_sub=41](http://www.gender-az.org/index_en.shtml?id_main=13&id_sub=41). Azerbaijan Gender Information Center. 2015.

<sup>181</sup> *Becoming Entrepreneur in Belarus: Factors of Advancing Choice*, Maryia Akulava, BEROC. FREE. 2012.

Georgia: Business skills and trainings have not been mentioned as important factors by respondents in Georgia but the BEEP survey consider inadequately trained staff for SMES as an important obstacle.

Moldova: The local expert: “According to stakeholders in Moldova the business training services, as well as the VET are not suitable for market demands and are not present in the adequately and sufficient within the needed territories . . . some stakeholders are not aware about the existing programmes and supports for entrepreneurship training . . . The needs was stressed for access to increased strategic business competence through counselling, mentoring, advisory services and professional trainings.”

Ukraine: According to the local expert education, knowledge and training as well as mentoring and coaching concerning entrepreneurship are considered as the most important factors for the development of women entrepreneurs in Ukraine.

### Conclusions on business training and availability obstacles for women entrepreneurs

- Training in various business areas is considered a key priority for the development and empowerment of women entrepreneurship.
- Limited business skills and access to qualified, affordable and suitable training are important constraints for women entrepreneurs in all Eastern Partnership Countries.
- Participation in business trainings is low.
- Due to family obligations and women’s limited decision power, they are more often restricted to shorter training periods in vicinity to their homes than men.
- Business training contents are criticised for not meeting the needs of the participating women.
- Meta evaluations on effectiveness of trainings find that training interventions alone on average may have positive effects in the start-up-phase but not on performance and growth for women micro enterprises in contrast to positive effects for men.
- Training combined with either grants or combined follow-up visits or technical assistance may have positive effects.
- Social and gender related burdens may prevent women entrepreneurs from fulfilling or taking advantage of knowledge and skills obtained. Increased revenues are, due to social pressure, often expected to be spent on household expenses and relatives instead of being invested in the business development.

### **Tax related problems**

SMEs can have problems with either high tax rates and/or administrative burdens concerning taxes. Frequent changes in taxes and with short notice are problematic. In the ECA countries, high tax rates is the most important problem on average for SMEs and in the Eastern Partnership Countries tax problems come on the third place according to the BEEP surveys. Taxation is a serious problem in Ukraine, but not considered a major problem in Azerbaijan and Belarus. In Moldova and Ukraine interview findings and studies indicates that tax problems affect women entrepreneurs more than male.

#### *Eastern Partnership interviews and studies*

Armenia. According to the local expert: All respondents, especially from the private sectors witness that the profit tax in Armenia is not high and is acceptable, but that the *bureaucracy of taxing structures is a problem*. In contrast, the ADB report and BEEP survey consider high tax rates as the most important obstacle as well as the tax administrative burdens.

Azerbaijan. Taxation is not a big problem according to the findings of the local expert and the other three surveys on women entrepreneurs while the BEEP study put up tax rates as the third most important obstacle.

Belarus. Tax problems are not mentioned as important in the interviews and the sociological studies but considered the most important obstacle in the BEEP survey.

Georgia. In the Georgian interviews tax problems are not mentioned. In the BEEP study tax rate is the third most important obstacle for firms. <sup>182</sup>

Moldova. The local expert: “In Moldova, taxation system is not considered major obstacle to women entrepreneurship development.” But according to another study on women entrepreneurs: “Another

---

<sup>182</sup> Fostering Entrepreneurship in Georgia. WB 2013.

important issue in order to do business is the *lack of an efficient tax system*. Thus, the need for more flexible fiscal policy and a *taxation more favourable for women*.<sup>183</sup> A World Bank report notes that although female and male entrepreneurs perceive the same most important constraints to their businesses, the *women perceive . . . tax rates . . . as a larger problems than men*.<sup>184</sup>

Ukraine The local expert: “Firms now for instance have to pay a special “*war tax*” which adds to the *administrative burden* for firm owners.” In a comparative study, respondents were asked to identify three main barriers they faced in running their businesses, in an order of importance.<sup>185</sup> The *women entrepreneurs identified taxation as the most important barrier*.

#### Conclusions on tax problems for women entrepreneurs

- Tax problems comprise rates, administrative burdens and frequent changes.
- High tax rates is the third most important problem on average for SMEs in the Eastern Partnership Countries according to the BEEP surveys.
- Taxation is considered a serious problem in Ukraine.
- Tax problems affect women entrepreneurs more than male according to surveys and interviews in Moldova and Ukraine.

### **Market problems**

A variety of perceived obstacles are gathered in this area like weak demands from customers, and “practises in the informal sector” (mostly competition from the informal market actors), monopolies and state capture.<sup>186</sup> In emerging and developing countries, women often represent the majority of business owners without paid employees in the informal sector.<sup>187</sup> Finding customers is the single most pressing problem facing SMEs across the EU28 in 2013. In the BEEP surveys of the ECA countries, practices in the informal sector is the third most important problem and also seriously has affected Azerbaijan, Moldova and Ukraine. There is some evidence that women entrepreneurs are more affected than men.

#### *Eastern Partnership interviews and studies*

Armenia: According to local expert: “Limited size of market, sales problems and purchasing capacity of population and gap between capital and regions” is an important obstacle.”

Azerbaijan. The interviewed consider that “*monopoly and corruption* have a strong negative influence on entrepreneurial activities.” *Finding customers* is the second largest constraint for women entrepreneurs according to one survey. The World Bank place practises in the informal sector as the most important obstacle. Another analyse concludes: “The high-level state capture and business capture in Azerbaijan have an adverse effect on the economic development and growth”.<sup>188</sup>

Belarus: Respondents in the local study complained over “*no market access* (state monopoly). A World Bank study found that “nobody among men indicated such reasons as “competitors threatened me” and “could not afford protection measures’ which were mentioned by 15 percent of women”.<sup>189</sup>

Georgia: *Low access to markets* is mentioned in the local study as an obstacle. “*Informality* in the economy remains high, particularly in the construction and services. A large portion of the street

---

<sup>183</sup> GENDER PECULIARITIES OF ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA. Aurelia TURCAN University of the European Studies of Moldova, Tatiana COLESNICOVA, National Institute for Economic Research of Moldova. SEA - Practical Application of Science Volume I, Issue 2 (2), 2013.

<sup>184</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

<sup>185</sup> FEMALE ENTREPRENEURSHIP PATTERNS: A THEORETICAL COMPARATIVE STUDY, Xenia ANDRIUTA, Jekaterina KARTAŠOVA. VERSLO SISTEMOS ir EKONOMIKA BUSINESS SYSTEMS and ECONOMICS, Vol. 3 (2), 20

<sup>186</sup> Defined as “the actions of individuals, groups, or firms both in the public and private sectors to influence the formation of laws, regulations, decrees, and other government policies to their own advantage as a result of the illicit and non-transparent provision of private benefits to public officials.”

<sup>187</sup> Gender Equality in Education, Employment and Entrepreneurship: Final Report to the MCM 2012. OECD. 2012.

<sup>188</sup> The Negative impact of the State Capture and Business Capture on Economic Development. The Case of Azerbaijan, Isa Ahadov, Central University, Department of Public Policy, Hungary. 2009.

<sup>189</sup> Belarus: Country Gender Profile. World Bank. 2014.

female vendors, poor female farmers and internally displaced women probably belong to the large informal sector.

Moldova: The size of the informal sector is substantial, but important market problems have not been reported in interviews and studies.

Ukraine: According to interviewed in one study on barriers to female entrepreneurship in Ukraine: "The large *informal economy* sector may pose unfair competition for formal firms". "Competition at the market is a big challenge"<sup>190</sup> According to the Antimonopoly Committee of Ukraine: "42% are markets which operate in monopoly or oligopoly." . . . the level of monopoly is increasing."<sup>191</sup>

#### Conclusions on market problems for women entrepreneurs

- Market problems comprise among other things of low demand/difficulties finding customers, unfair competition from informal sector, monopoly and oligopoly and state and business capture. There is some evidence that women entrepreneurs are more affected than men.
- Market problems is major obstacle for SMEs according to the EU28 and the ECA BEEP surveys.
- In the Eastern Partnership Countries low demand is considered the most important obstacle in Armenia while negative effects from the informal sector is mentioned in all the Eastern Partnership Countries. In Ukraine and Azerbaijan monopolies and state capture is perceived as a major concern.

#### **Lack of other BDS**

"Other BDS" is a term used to describe different services for women entrepreneurs like business centers and associations, business start-up and growth facilities, business networks for women, mentoring and advising facilities as well as role modelling and other information activities. Access to financing and business training is treated separately (see sections above). Support services are not addressed in the BEEPS and EU28 surveys. The World Bank consider that performance for women enterprises could be improved by . . . the expansion of access to business development services. Do women entrepreneurs need particular programmes for training, coaching and networking?

This question is treated against an evaluation undertaken of a 2 year programme for business women conducted by a state owned financing and consulting company in Sweden. The evaluator established that: "The results of the study presented here give equally strong support to the importance of gender awareness among mainstream business support providers."<sup>192</sup> . . and that participants "over and above meeting the same problems as men, the women in the project give witness to the subtle obstacles which originate in the gender-system. . . There is a need for these business professionals to understand the gender system in order to stop it from draining their time and energy and to allow them to handle it more effectively". "The coaching method was successful since it seemed to help avoid both the pitfall of treating the business owners according to a male norm and the pitfall of treating them as a homogeneous group of women". Among participants a *need for networking and exchanging experiences* was revealed. Based on these findings, it is argued that special programmes for women entrepreneurs are still needed but also that they should assist participants in understanding the gendered business climate they live in which requires coaches and lecturers who are aware of the gendered business system.

Women entrepreneurs in Europe and Central Asia are disadvantaged because formal and informal networks and business development services are largely dominated by men."<sup>193</sup> Experienced

---

<sup>190</sup> Barriers to Successful Entrepreneurship for Women in Ukraine, Johnson et al. Liberty University  
<http://digitalcommons.liberty.edu/busi>. 2013.

<sup>191</sup> Infonews. Magazine WordPress July 13th, 2015

<sup>192</sup> Gendered small -business assistance -Lessons from a Swedish project. Malin Tillmar, Journal of European Industrial Training, (31), 2, 84

<sup>193</sup> Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012.

business owners and coaches among the Eastern Partnership respondents in the national studies conclude that women entrepreneurs' needs of business services are different than men's'.<sup>194</sup>

Studies show that the existing services are underutilised by microenterprises in Europe and in the developing countries access to BDS is not available on a large scale.<sup>195</sup> There is also evidence that the manner in which external support services are provided does not necessarily match the needs of microenterprises.

Almost all support services offered address SMEs in general without differentiating between subgroups. Some international surveys with ratings on women entrepreneurs' needs of BDS exist. Most of them prioritise financial needs. As an example one survey from Armenia identifies demanded services for experienced business women as:<sup>196</sup> information support, finance and tax advising, accounting, marketing, entrepreneurship development. Preferred methods of service delivery were: consulting and advising; training; information support; business linkages establishment, networking/contacts and mentorship. The survey also revealed that 32% of the respondents had used BDS in the past 3 years.

### *Experience in the Eastern Partnership Countries*

Lack of support services other than financing and training are not considered as major obstacles in the Eastern Partnership Countries. It is however mentioned in almost all reports. Existing business centers and associations are frequent in some countries but often not functioning or providing services with low quality due to lack of financial support. Business network for women are rare. There is also a lack of role models and of dissemination of information and good practises.

Armenia. According to one survey there is *lack of or low quality of services* provided (business consultancy, low quality of training programmes . . .

Azerbaijan. Obstacles: Finding *advisors*. There is a *lack of networks* and *business services*.

Belarus: Reasons not to start a business for potential women entrepreneurs: *Lack of . . . . business environment and support systems*. Experienced women entrepreneurs: *lack of support systems, no access to incubators, business networks*. Women's organisations exist in Belarus but they are *not vocal and effective*. Few examples of *role-models*.

Georgia: Establishment of *business centers* for women entrepreneurs could provide . . . trainings as well a *mentoring* and *business networks*.

Moldova. *Lack of support and help systems for the women entrepreneurs*. Only few support services like counseling and mentoring are available. . . .Business support infrastructure is *poorly developed* and the *demand* for such services is low.

Ukraine: There are *few entrepreneurial networks, support groups and governmental initiatives to provide the support* that they need.

### Conclusions on business development services problems for women entrepreneurs

- Most Eastern Partnership Countries don't consider lack of support services as the most important obstacles.
- Women entrepreneurs have different needs of support services than men. Common to them is that they need to better understand the gendered business climate the work within.
- Interviewed women entrepreneurs criticise the lack of, or low quality of business support services.
- Information on business support services is lacking and services seldom used.
- Business centres are underfinanced, not effective and seldom adapted to women entrepreneurs needs.

---

<sup>194</sup> Why female entrepreneur need different support to men, Claire Mitchell, Businesszone. 15<sup>th</sup> may 2015

<sup>195</sup> MICROFINANCE AND BUSINESS DEVELOPMENT IN EUROPE. What can we learn from the South? European Microfinance network. 2011.

<sup>196</sup> Assessment of needs for business services among women entrepreneurs of Armenia 2014. ADB.

- Business networks for women as well as coaching are sparse in all Eastern Partnership Countries

## Corruption

Corruption creates an unfavourable business environment by undermining the operational efficiency of firms and raising the costs and risks associated with doing business. In the ECA countries and EU, corruption is not considered one of the most important constraints. But corruption remains a problem in Armenia and Azerbaijan and is considered quite serious in Moldova and Ukraine, threatening economic development and political stability as well as the credibility of governments.<sup>197</sup> Does corruption affects female entrepreneurs than male? According to experiences (see below) the answer is yes.

Armenia. The country report states: “Corruption problem is a big challenge for entrepreneurship, nevertheless all respondents note the corruption is not visible on every day activity. The corruption is influencing the free market equal conditions and competition climate in Armenia.”

Azerbaijan. Corruption is not mentioned as an important obstacle in the country report. However others see it as a problem: <sup>198</sup> “Extortion, bribery and favoritism distort the country's business environment and reduce opportunities for fair market competition.”

Belarus. Corruption is not mentioned as an important obstacle but according to the Business Anti-Corruption Portal <sup>199</sup> :” Informal payments or giving gifts to secure government contracts are common practices when doing business in the country.”

Georgia. The national report states: “Georgia is widely recognized as having been largely successful in tackling petty corruption and public sector bribery over the last 10 years.”. “Increasing government transparency and efficiency have led to Georgia becoming one of the easiest places in the world to start a business and to deal with licenses and permit”.<sup>200</sup>

Moldova. “Moldova's business environment is one of the most challenging in the region and is weakened by . . . government corruption . . .”<sup>201</sup> According to the interviews in the national study and other studies, corruption seems to be the biggest obstacle to female entrepreneurs. A World Bank report on Moldova notes that women entrepreneurs perceive corruption as a larger problem than men.<sup>202</sup> The employers' organisation says: “Women entrepreneurs continue being faced with a high degree of bureaucracy in public institutions, abuses on behalf of control bodies, incapacity to keep up with the legislative amendments and understand the essence of legal provisions etc.” <sup>203</sup>

Ukraine. Corruption is compared to other Eastern Partnership and ECA countries high and growing according to a BEEPS report. For instance, 100% of Ukrainian firms are expected to give gifts for securing governmental contract, far more than in other ECA countries.<sup>204</sup> Corruption is however not mentioned by the majority of interviewed as a major problem. Another World Bank report comments on women entrepreneurs and corruption: “In Ukraine . . . women (entrepreneurs) must make unofficial payments more often”.<sup>205</sup>

### Conclusions on corruption problems for women entrepreneurs

---

<sup>197</sup> THE STATE OF CORRUPTION: ARMENIA, AZERBAIJAN, GEORGIA, MOLDOVA AND UKRAINE, Transparency International. 2015.

<sup>198</sup> <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/azerbaijan/snapshot.aspx>

<sup>199</sup> <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/belarus/snapshot.aspx>

<sup>200</sup> <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/georgia/snapshot.aspx>

<sup>201</sup> <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/moldova/snapshot.aspx>

<sup>202</sup> Moldova: Gender Disparities in Endowments and Access to Economic Opportunities. World Bank. 2014.

<sup>203</sup> The ASSESSING THE ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA Confederația Naț. a Patronatului din Rep. Moldova. 2013.

<sup>204</sup> Ukraine Country Profile. 2013. IFC.

<sup>205</sup> Ch 3. Women in Entrepreneurship in Opportunities for Men and Women: Emerging Europe and Central Asia. World Bank. 2012.



- Corruption is not considered one of the most important constraints in the EU and most of the ECA countries but is considered serious by entrepreneurs in Armenia and Ukraine and the foremost obstacle in Moldova.
- According to interviewed, female entrepreneurs potentially are more affected by corruption than male.

### Regulative and legal obstacles

Under these obstacles we find administrative burdens (including contacts with officials) and time consuming activities concerning technical regulations and standards, tax administration, labour regulations, licensing, registrations, custom dealings, contract law and customs rules. In the EU28 survey regulations came as the third largest problem among SMEs.<sup>206</sup>

#### *Experience in the Eastern Partnership Countries*

Armenia. A survey from ADB find that frequent legislation changes is problem for women entrepreneurs.<sup>207</sup> Another study mentions a need of legislative . . . improvement for women.<sup>208</sup>

Azerbaijan. No regulation or legislation problem are reported.

Belarus: A sociological survey with female business women finds problems with *imperfect legal framework of entrepreneurial activity*. Laws and decrees are often made without consideration of the interests of entrepreneurs.<sup>209</sup>

Georgia: The local expert: "On-going changes in *legislation and technical standards* make constrains to business development.

Moldova. The local expert: "The regulatory framework aspects for most of the respondents appeared to be a constraint, especially the women would face difficulties approaching surveillance and control bodies and the existent administrative burden.. . . A study concludes:" . . . women entrepreneurs continue being faced with a high degree of bureaucracy in public institutions, abuses on behalf of control bodies, incapacity to keep up with the legislative amendments and understand the essence of legal provisions etc."<sup>210</sup>

Ukraine: A comparative study found that the second most commonly reported obstacle by interviewed women concerned *regulatory and legal* issues.<sup>211</sup>

#### Conclusions on regulative and legal obstacles

- These obstacles are important according to the EU 28 survey but not important among the Eastern Partnership Countries except Ukraine.
- There is some evidence that female entrepreneurs perceive these constraints more seriously than male in the Eastern Partnership Countries.

### Non-supportive state role

According to GEM 2014, Europe on average scores lower on social values towards entrepreneurship compared to other regions.<sup>212</sup> Many interviewed women entrepreneurs in the Eastern Partnership Countries have complained over the negative or indifferent attitudes from state institutions towards SMEs and women entrepreneurship in particular, reflecting a gender discriminating behaviour. The

---

<sup>206</sup> Annual Report on European SMEs 2013/2014. EU. 2014.

<sup>207</sup> Assessment of needs for business services among women entrepreneurs of Armenia.. ADB. 2014.

<sup>208</sup> Strategic services targeted at women entrepreneurs based on policy recommendations, RUEA. 2013.

<sup>209</sup> Sociological study on women entrepreneurs conducted prior to the IV forum of Female Businesswomen of Belarus in Minsk in 2014, Women's Independent Democratic Movement

<sup>210</sup> ASSESSING THE ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA Confederația Naț. a Patronatului din Rep. Moldova. 2013.

<sup>211</sup> FEMALE ENTREPRENEURSHIP PATTERNS: A THEORETICAL COMPARATIVE STUDY, Xenia ANDRIUTA, Jekaterina KARTAŠOVA. VERSLO SISTEMOS ir EKONOMIKA BUSINESS SYSTEMS and ECONOMICS, Vol. 3 (2), 20

<sup>212</sup> Global Entrepreneurship Monitor. 2014 Global Report.

non-supportive attitude and actions may not be ranked as the most important problem as such, but can be an indicator not only on SME entrepreneurship in general and of gender awareness but also on political and of economic priorities which have more far reaching consequences for other positive and negative determinants like taxes, regulations, legal framework and for fostering measures

Azerbaijan. Local expert: Women entrepreneurs consider the current situation as not conducive for business and both formal and informal institution must play their role in parallel and systematically.”

Belarus. Local expert: “Insufficient attention by the state to the development of business and at the same time tight control by the state”; “A poor attitude toward women entrepreneurs by the society, and the state.

Georgia. From interviews: Interviewed women entrepreneurs altogether complain that government *does not care* about their problems and interest.” “It is a fact that all small business representatives . . . always complain that they do not have any support from government”. . . “, in reality it is customary for men to be given preference in property inheritance, ownership and administration. In rural areas, land is usually registered to the husband. In families, sons most often inherit property”

Moldova.

Local expert: Among important factors to be considered is the (unproductive) attitude at the government institutions level.

Ukraine

According to one survey: “Lack of governmental support (instead, the government often interferes); “Governmental regulatory issues/bureaucracy are perceived as barriers”; “Instead of breaking down the barriers they often set more obstacles;”. . . <sup>213</sup>

#### Conclusions concerning the non-supportive state role

- Although not being among the most important obstacles, interviewed women entrepreneurs in all Eastern Partnership Countries are critical towards governments’ non-supportive role.
- Some interviewed think that female entrepreneurs are more affected than male by negative attitudes and behaviours by government officials.

#### **Political instability**

All Eastern Partnership Countries except Belarus have had or have military conflict periods. Those have strained the nations’ economical resources, hampered imports/exports and resulted in many internally displaced persons. Simultaneously, political instability has occurred in many of these countries which, according to the BEEP studies negatively affected SMEs. Have political instability and military conflicts affected female enterprises more than male? It could be so, but study finds no direct evidence of this in and other conducted studies.

---

<sup>213</sup> Barriers to Successful Entrepreneurship for Women in Ukraine, John S. Johnson, Edward Garten, Svitlana Buko, Liberty University. 2013