

## **ADDENDUM I**

### **Description of the Programme**

#### **EBRD Western Balkans Women in Business Programme**

##### **1. Executive Summary**

Supporting the development of women entrepreneurship has been identified as an engine for job creation and economic growth. In the countries of the Western Balkans, this source of business however, remains largely unused and female participation in the labour force remains limited. Women-led enterprises face different context specific challenges in the six EU candidate countries in the region and there is a clear case for a Woman in Business programme to help these enterprises succeed and grow.

The Women in Business programme designed by the EBRD builds on the notion that women-led enterprises need both finance and know-how to turn their ventures into durable businesses. In order to provide appropriate access to finance, the programme brings together financing for local financial intermediaries (to be provided by EBRD) with technical assistance to help the banks develop financial products that meet the specific needs of women entrepreneurs and a risk sharing mechanism to stimulate lending to this group on a sustainable basis. The access to know-how component of the programme provides women with the knowledge and confidence to expand their businesses, which in turn enhances their need for funding, by offering comprehensive support, building on advisory services projects with mentoring and longer-term coaching. The programme catalyses EBRD's extensive experience in financing small and medium-sized enterprises (SMEs) and providing advice for small businesses.

The Western Balkans Women in Business programme will be implemented in the countries of the Western Balkans over 4 years, kicking off in Serbia and Bosnia and Herzegovina first and then rolled out in Albania, FYR Macedonia, Kosovo and Montenegro.

The total value of the programme is estimated at EUR 37.6 million of which the EBRD will contribute up to EUR 30.0 million for on-lending to Participating Financial Institutions (the "PFIs") and EUR 3.0 million is intended for portfolio based risk sharing to be funded by the EBRD Shareholder Special Fund subject to Board approval of the financing facility and signing of individual loan agreements with PFIs.

The Ministry of Foreign Affairs of Italy (the "Ministry") is making available EUR 400,000 as a contribution to fund technical assistance and other activities of the Western Balkans Women in Business programme in Albania. A number of other donors are also participating in the funding of the Western Balkans Women in Business programme.

Activities to be financed by the Ministry together with other donors are set out in the breakdown of the budget set out in section 8.

##### **2. Background**

Over the last few decades SMEs have come to the forefront of the development agenda as recognition of their contribution to fostering growth and generating employment has

increased. There are studies showing that women entrepreneurs make significant contributions to their economies. For example, according to the 2011 IFC/McKinsey study “Global SME Finance Mapping”, SMEs with full or partial female ownership represent 31-38% (8-10 million) of formal SMEs in emerging markets, which suggests that they represent a significant share of employment generation and economic growth potential. At the same time, there is mounting evidence that shows that economically empowered women are major catalysts for development, as women re-invest a much larger share of their income in their children’s health and education than men do. Reducing gender inequality in economic resources and improving the economic status of women results in better bargaining power for women in the home, which in turn not only benefits women but also results in greater investments in the health and education of children, thus promoting the human capital of the next generation and therefore improving the potential for economic growth.

According to the International Labour Office (the “ILO”) Women Entrepreneurship Development project, insights and lessons learned from the project include:<sup>1</sup>

- Entrepreneurship can be an effective means to create employment and empower women.
- Promoting women’s entrepreneurship and gender equality helps to empower women in the family and wider community.
- Training in skills may not be enough, as many women lack confidence and belief in their entrepreneurial abilities. One answer is to bundle services for women entrepreneurs through strategic partnerships and networking.
- Developing a supportive environment for women’s entrepreneurship is important to women’s success. This includes helping women to deal with their multiple roles and involving men, families and communities (as appropriate) in women’s entrepreneurship.
- Supporting women entrepreneurs’ associations can improve advocacy and services for women entrepreneurs.

The report also states that: *“The great majority (of women entrepreneurs) are very small or micro enterprises with little potential for growth. Otherwise, women entrepreneurs are under-represented in enterprises of all sizes, and the bigger the firm the less likely it is to be headed by a woman. [...] Societal attitudes and social beliefs inhibit some women from even considering starting a business, while systemic barriers mean that many women entrepreneurs stay confined to very small businesses often operating in the informal economy. This not only limits their ability to earn an income for themselves and their families but restricts their full potential to contribute to socio-economic development and job creation. The World Bank’s World Development Report 2011 suggests that productivity could increase by as much as 25% in some countries if discriminatory barriers against women were removed. [...] Removing these barriers, such as discriminatory property and inheritance laws, cultural practices, lack of access to formal financial institutions, and time constraints due to family and household responsibilities, will create greater opportunities for sustainable enterprises run by women. This in turn will contribute to women’s economic empowerment and gender equality as well as helping to generate sustainable growth and jobs.”*<sup>2</sup>

---

<sup>1</sup> International Labour Organisation 2012, p. 3

<sup>2</sup> International Labour Organisation 2012, p. 1

In all six countries of the **Western Balkans** – Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo, Montenegro and Serbia – the number of women-managed and women-owned enterprises is limited and they are smaller and on average less-sophisticated than their male counterparts. Women entrepreneurship and employment tend to be concentrated around traditionally female occupations in services sector, which generally have low capital requirements, and they rarely grow beyond the micro segment. The step up to small and even medium sized enterprises is a challenging endeavour due to a number of factors, including the lack of know-how and management experience, limited access to information and markets, as well as specific behavioural attitudes such as a generally low appetite for risk and limited assertiveness. In turn, as they do not grow they have low financing needs. At the same time, access to finance through formal institutions is often highly limited for women entrepreneurs as traditional inheritance systems, limited access to land and property rights make it difficult to provide collateral. Since all of these factors are thus clearly interlinked, facilitating enterprise growth for women-managed and women-owned enterprises requires a comprehensive, integrated approach.

Existing women-led SMEs in the region face challenges at the enterprise level, including inadequate management skills in key areas such as strategic planning, investment planning and operational management, as well as lack of exposure to modern marketing techniques and telecommunications, technology-driven innovations and the quality assurance and standards required to improve productivity. These challenges, if not addressed, create additional barriers for accessing the finance that is needed for growth and profitability.

Constraints exist on the banking side in terms of product specificity and lending practices, which the programme addresses through extending credit lines through local partner financial institutions in addition to technical assistance to these institutions and a risk-sharing mechanism. However, tackling this issue in isolation will not resolve the problem of women entrepreneurs' access to finance. Experience in supporting women entrepreneurs shows that additional barriers to accessing finance arise from both the nature of the businesses typically run by women (typically smaller and concentrated in the service and trade sectors) and from the behaviours and attitudes they present as entrepreneurs – most notably a lack of confidence when communicating with financial institutions.

Supporting women entrepreneurship in the Western Balkans is an avenue to address both general levels of unemployment and the more specific concern of women's unemployment, as well as to support economic growth in the country. In this context, women's entrepreneurship and economic empowerment can rightly be considered as an economic priority as opposed to a pure gender issue.

Since its inception in 1993, the **Small Business Support (SBS) team** of the EBRD has provided business advice to more than 14,000 SMEs across 35 countries, helping them to adapt to the demands of a market economy and achieving a tangible impact on the performance of the enterprises assisted. Statistics show that within a year of completion of the advisory project, on average approximately 75% of beneficiary enterprises have increased their turnover as they expanded their business, 50% have grown their workforce and 20% have received external financing. Small Business Support's work helping SMEs access quality advisory services has contributed to the net creation of more than 18,000 jobs. Promoting the inclusion of women in business is central to realising the economic potential of any country. Therefore, for women entrepreneurs,

EBRD has implemented specific programmes in the South Caucasus, Ukraine, Moldova, Bosnia & Herzegovina, Croatia, Serbia and most recently in Egypt and Turkey that offer comprehensive support, building on individual advisory projects with mentoring and entrepreneurial skills training to turn their ventures into durable businesses. A total of 1,500 women-owned and managed enterprises have received advisory assistance to improve their competitiveness and help them grow.

On the financing side, in 2013 EBRD continued to facilitate credit flow to SMEs by concluding 81 SME credit lines and bonds for over EUR 810 million to partner institutions such as banks, leasing companies and specialized microfinance institutions across 26 countries in the EBRD region in 2013, standing at approximately EUR 3.3 billion. In the Western Balkans, EBRD signed 21 SME loans for EUR 96 million in 2013.

The Western Balkans Women in Business programme will therefore provide women-led enterprises in the six countries of the Western Balkans with two main instruments that have been thoroughly market tested in EBRD's countries of operation for over twenty years: SME credit lines and advice to small businesses.

### **3. Country context and demand assessment**

The countries of the Western Balkans have made significant economic and social progress over recent years, including in the area of gender equality. According to a recent assessment of the Small Business Act for Europe led by the OECD, all six countries have moved closer to EU SME policy practices and standards.<sup>3</sup> Moreover, Albania, Serbia, Montenegro and FYR Macedonia now have elaborated national strategies that seek to address the issue of gender equality, and most of these include specific recognition of the importance of strengthening women entrepreneurship. However, considerable challenges and barriers remain for women entrepreneurs that have kept de facto gender equality lagging significantly behind. Specifically, the OECD's assessment of the Western Balkans shows that "training support for women entrepreneurs and access to finance is underdeveloped across the region".<sup>4</sup> On this basis, the OECD recommends that each of the six economies needs to improve policy support for women's entrepreneurship to ensure women can contribute to the wider competitiveness drive.<sup>5</sup>

In the Western Balkans, women entrepreneurship and employment tend to be concentrated around traditionally female occupations in services or the public sector, which generally have low capital requirements. Another feature of women-run and women-owned businesses is that they are smaller and often confined to the service or informal sector. As demonstrated in a recent study on financial inclusion by the International Finance Corporation, part of the problem is that women still have lower measures of human capital compared to their male counterparts, specifically with regards to financial literacy and management skills.<sup>6</sup> At the same time, access to finance through formal institutions is a key challenge for women in the region. Local banks frequently require significant collateral, while property ownership for women in the Western Balkans is still rare, particularly in rural areas. In addition to the traditional inheritance system, which makes it difficult for women to provide collateral, the types

---

<sup>3</sup> OECD et al. 2012, p. 19

<sup>4</sup> OECD et al. 2012, p. 26

<sup>5</sup> OECD et al. 2012, p. 20

<sup>6</sup> International Finance Corporation 2011, p. 28

of businesses women are more likely to run, offer lower returns to creditors.<sup>7</sup> Women in the Western Balkans also often lack information about the availability and financial products themselves are rarely tailored to the needs of women entrepreneurs.

While low levels of know-how and insufficient access to finance are common themes in all six countries, women-managed and women-owned enterprises face different context specific challenges. Sections 3.1-3.6 address each country separately assessing the demand for the Women in Business Programme. In addition to the references in this section, a full bibliography of external studies on regional and country specific gender issues is included at the end of the proposal.

### **3.1. Albania**

While Albania's business environment has steadily improved over the past few years, it still suffers from weak law enforcement and high perceived levels of corruption.<sup>8</sup> When it comes to the implementation of the Small Business Act for Europe, the OECD finds that Albania's score is particularly low in the area of entrepreneurial learning and women's entrepreneurship. Specifically, the OECD suggests that "women entrepreneurship could be helped by addressing the training and access to finance concerns as a package whereby access to finance would be conditional on start-up, early phase and enterprise growth training and follow-up mentoring services."<sup>9</sup>

The OECD's assessment is reinforced when considering other women entrepreneurship indicators in the Albanian economy: labour force participation by women is significantly lower than by men. According to the World Bank, the proportion of women in the labour force aged 15 years and above was 50% as compared to 71% for men in 2010.<sup>10</sup> Only half of Albanian women are thus actively participating in the labour force. Compared to other countries in the region, this ratio is relatively close to the European average, which is approximately 60%.<sup>11</sup> However, the majority of jobs held by women are in the lowest paid sectors and over two thirds of them are part-time.<sup>12</sup> This in turn helps to explain why women earn on average 12% less than men in Albania.<sup>13</sup>

Another gender issue is the high level of vertical segregation in Albania's labour market. According to the EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS) female firm ownership is low, with only 18% of firms having women among the owners. This is less than half of the average female firm ownership rate in Eastern Europe and Central Asia, which is estimated at 37%. Such obstacles have meant that the majority of women-owned businesses in Albania continue to be concentrated in small, low growth sectors, often unable to fully mature.

Regarding access to formal financial services there are significant gender differences in Albania. According to the World Bank's Global Financial Inclusion database, surveying approximately 1,000 people using randomly selected, nationally representative samples, only 23% of female adults owned an account at a formal financial institution in 2011. When it comes to the ability to support economic advancement for women, Albania ranks 54<sup>th</sup> out of 128 countries according to the 2012 Women's Economic Opportunity

<sup>7</sup> International Finance Corporation 2011

<sup>8</sup> OECD et al. 2012, p. 160

<sup>9</sup> OECD et al. 2012, p. 168

<sup>10</sup> World Bank 2010

<sup>11</sup> OECD 2006

<sup>12</sup> UNECE 2009

<sup>13</sup> UNECE 2007

Index of the Economist Intelligence Unit.<sup>14</sup>

### **3.2. Bosnia and Herzegovina**

Despite positive legislation and political advances in the aftermath of the Bosnian War, women continue to be economically disadvantaged, and contribute significantly less to the economy than men.<sup>15</sup> Indeed, the country ranked 125th out of 183 economies in the World Bank's Doing Business 2012 report, reflecting its deep-rooted problems, ranging from basic necessities such as getting electricity to dealing with corruption.<sup>16</sup> Women have strikingly low labour force participation rates: according to a national Labour Force Survey 33% of Bosnian women aged 15 years or older participated in the labour force, compared to a European average of 60%. While the male labour force participation rate is also lower than in the rest of Europe, it is nearly twice that of women.<sup>17</sup> Occupational segregation shows similar patterns with women mostly clustered in low prestige and low paid jobs. Over 60% of working women are employed in the service sector, 23% work in agriculture and 17% work in industry. Conversely, only 40% of working men are engaged in the service sector and 38% work in industry.<sup>18</sup> In 2012, 25% of employed men were registered as self-employed compared to 19% of women. According to a 2012 Eurofund study, women earned 20 percentage points less than men on average.<sup>19</sup> As a result the gender pay gap is among the highest in the region.

On a more positive note, 38% of surveyed firms in BEEPS 2009 had female participation in the ownership, which is slightly above the average rate of 36% in Eastern Europe and Central Asia. However, when it comes to women in top management positions, only 14% of firms had a female top manager, lower than the 19% average for Eastern Europe and Central Asia. Compared to the same region, the proportion of permanent full time workers that are women is also lower with 32% in 2009 compared to 38%.<sup>20</sup> At the same time, however, Bosnian women are expressing a growing interest in starting a business: the number of women expressing an interest in starting their own business has more than tripled from 18% in 1998 to 60% in 2002.<sup>21</sup> Faced with poor employment opportunities, Bosnian women increasingly view entrepreneurship as a viable source of income, which is a particularly strong motivation for female-headed households poverty may be a particular motivating factor.<sup>22</sup>

In terms of access to finance, Bosnian women make up a slightly larger percentage of bank borrowers and are also more likely to borrow from credit unions. However, the average size of a loan that a woman takes out is smaller than a man's, at approx. EUR 1,380 versus EUR 1,736.<sup>23</sup> Moreover, women are more likely to take out loans for immediate consumption such as daily family needs rather than investment. This suggests that women are less likely to invest in their businesses than their male counterparts. This tendency is exacerbated by heavy household and childcare responsibilities as well as a lack of strong networks to encourage Bosnian women from entrepreneurship.<sup>24</sup>

---

<sup>14</sup> Economist Intelligence Unit 2012

<sup>15</sup> International Finance Corporation 2008, p. 6

<sup>16</sup> OECD et al. 2012, p. 172

<sup>17</sup> Agency of Statistics of Bosnia and Herzegovina 2012

<sup>18</sup> EBRD-World Bank 2009

<sup>19</sup> Eurofund 2012

<sup>20</sup> EBRD-World Bank 2009

<sup>21</sup> Baksic-Muftic, Jasna et al. 2003

<sup>22</sup> International Finance Corporation 2008, p. 13

<sup>23</sup> International Finance Corporation 2008, p. 6

<sup>24</sup> International Finance Corporation 2008, p. 7

With regards to businesses, BEEPS data shows that there was almost no difference between female owned and male owned firms in terms of loan applications in 2009. However, women owned firms were 6 percentage points more likely to see their loan application rejected than firms owned by men. The gap is even bigger when looking at firms with female top managers: 24% of applications by women managed firms were rejected compared to 14% of application submitted by men managed firms.<sup>25</sup> To address gender inequalities in the area of entrepreneurship, the OECD urges that “training, access to finance and more strategic networking should be given more consideration [in Bosnia and Herzegovina].”<sup>26</sup>

### 3.3. FYR Macedonia

The female employment rate in Macedonia is significantly lower than the male employment rate: with 45% of women aged between 15 and 64 years of age in the labour force, there is a staggering 24 percentage point difference compared to men.<sup>27</sup> Women’s employment rates are also lower than that of men in the country, 35% for women and 52% for men. Compared to men, women are more often in wage employment than in self-employment, which is largely due to the historical female employment in the public sector, particularly in areas such as public administration, health and education.<sup>28</sup> Moreover, women are found to more frequently work as unpaid family members (15% of all employed women, compared to 6% of men), most often in agriculture.<sup>29</sup> There are no significant gender differences in unemployment rates, but they are very high for both women and men at around 32%.<sup>30</sup>

According to the World Bank’s Global Financial Inclusion database over 76% of male and 72% of female adults owned an account at a formal financial institution.<sup>31</sup> The level of female account holders is therefore relatively high and the difference between men and women relatively small. It is interesting to note, however, that less women than men used these accounts for business purposes as most Macedonian women are traditionally in charge of family and household responsibilities.<sup>32</sup> It is thus not surprising that the share of women in top management roles is limited. According to BEEPS, 19% of the 366 surveyed firms had a female top manager.<sup>33</sup> Like Albania and Montenegro, this rate is approximately half of the average female firm ownership rate in Eastern Europe and Central Asia.

Among the most cited reasons for business closures are unprofitable business and problems with financing.<sup>34</sup> A problem affecting both men and women is that most informal investors are close relatives to the entrepreneurs whereas most common sources of formal financing are banking credits. The latter can be difficult to obtain, particularly for women. Indeed, women who own SMEs and apply for a loan are 4 percentage points more likely to see their loan application rejected than firms owned by men.<sup>35</sup>

In addition to financial barriers, there are informational asymmetries that can disadvantage women from becoming entrepreneurs. This is reflected by a survey on

---

<sup>25</sup> EBRD-World Bank 2009

<sup>26</sup> OECD et al. 2012, p. 178

<sup>27</sup> Statistical Office of the Republic of Macedonia 2012

<sup>28</sup> Vladislavljević et al. 2013, p. 100

<sup>29</sup> Ibid.

<sup>30</sup> UNECE 2007

<sup>31</sup> World Bank 2011

<sup>32</sup> Ibid.

<sup>33</sup> EBRD-World Bank 2009

<sup>34</sup> Global Entrepreneurship Monitor 2010

<sup>35</sup> EBRD-World Bank 2009

perceptions regarding women entrepreneurship carried out by the Regional Cooperation Council with 266 women in Skopje, Bitola, Tetovo, Ohrid, Kocani, Resen, Gevgelija and Veles. Over half of the respondents view lack of self-confidence and lack of information the main obstacles for becoming a woman entrepreneur in Macedonia.<sup>36</sup> Out of all policy areas assessed in the OECD's analysis of the implementation of the Small Business Act for Europe, FYR Macedonia scores lowest in the area of entrepreneurial learning and women's entrepreneurship.<sup>37</sup> The OECD also finds that enterprise training and intelligence on small business skills requires a more systemic approach and policy on women's entrepreneurship remains to be developed.<sup>38</sup>

### **3.4. Kosovo**

Gender inequality in Kosovo is among the highest in the region. This is evidenced along a number of indicators: according to the UNDP only 29% of women participated in the labour market as compared to 67% for men.<sup>39</sup> This is not only substantially lower than the European average of 60%, but also lags far behind the average in neighbouring countries of 44%. At the same time, unemployment rates are very high, with nearly two thirds of women in Kosovo being officially unemployed. For men, the unemployment rate is also exceptionally high at 41%, but still significantly lower than for women. A particular concern in Kosovo is the unemployment rate among the young, affecting both genders, given that the country has the youngest population in Europe.

Kosovo's legislation provides women and men with equal rights with respect to inheritance and property ownership. However, an estimated 92% of the collateral assets needed to start businesses are registered to men in Kosovo.<sup>40</sup> Such financial market imperfections are particularly constricting for small entrepreneurs who lack collateral, credit histories, and connections. Since most women entrepreneurs fit this description, only 3% of commercial bank loans go to women. These figures are not surprising given that lack of asset ownership often prevents women from using property and other assets as collateral. These barriers affect women's ability to run more viable businesses that financial institutions see as having an attractive risk profile.

According to the World Bank's Global Financial Inclusion database approximately one in three women held and account at a formal financial institution, compared to two in three men.<sup>41</sup> Overall, 21% of female owned firms apply for a loan. Out of these, 33% are rejected. In comparison, 24% of the 85% of the firms within the same survey sample that applied for a loan and had no women owners were rejected.<sup>42</sup> Together with Bosnia and Herzegovina, Kosovo has the lowest score in the area of women's entrepreneurship and entrepreneurial learning according to the OECD's assessment of the implementation of the Small Business Act for Europe.<sup>43</sup>

### **3.5. Montenegro**

Similar to the other countries in the region, labour force participation rates are

---

<sup>36</sup> Regional Cooperation Council 2013

<sup>37</sup> OECD et al. 2012, p. 214

<sup>38</sup> OECD et al. 2012, p. 210-211

<sup>39</sup> UNDP 2012

<sup>40</sup> Ibid.

<sup>41</sup> World Bank 2011

<sup>42</sup> Ibid.

<sup>43</sup> OECD et al. 2012, p.204



significantly lower for women than men in Montenegro. According to the 2012 publication “Women and Men in Montenegro” 42% of females aged 15 or above participated in the labour force as compared to 56% of men.<sup>44</sup> As far as employment rates are concerned, 34% of women and 45% of men were employed in 2011. In 2012, 19% of males and 20% of females were unemployed. Moreover, women on average earned 13% less than men in 2011, indicating a substantial gender pay gap.<sup>45</sup> In 2011 over 52% of male and 49% of female adults held an account at a formal financial institution in Montenegro.<sup>46</sup>

The gender inequality in Montenegro’s labour market is also reflected in the small share of women owned SMEs: out of all active business entities recorded in Montenegro in 2011, 10% of SMEs were owned by women compared to 90% of firms owned by men.<sup>47</sup> The women-owned SMEs that exist are mostly clustered in household activities, education, human health and social work, a trend that is in line with the educational patterns in the country. It is also of note that while men-owned enterprises dominated across all sizes of SMEs, the largest percentage of women ownership was in small size enterprises.

According to BEEPS 2009, 20% of 116 firms surveyed in Montenegro applied for a loan and had a woman amongst the owners. Out of these, 17% were rejected. In comparison, nearly four times as many SMEs without women among the owners applied for a loan. Out of these, only 11% were turned down. This means that it is not only more likely for male entrepreneurs to be approved for a loan when applying for one, but it is also a lot more likely that men apply for loans in the first place.<sup>48</sup> These inequalities are even more pronounced when comparing firms with and without female top managers within the same survey sample. It is therefore not surprising that similar to the other countries in the region, Montenegro achieves a low score in the area of women’s entrepreneurship and entrepreneurial learning based on the OECD’s assessment.<sup>49</sup>

### **3.6. Serbia**

Data available for 2012 show important gender gaps in the labour market in Serbia with significantly larger rates of inactivity and lower employment rates for women. According to the national Statistics Office, as much as 62% of women compared to 43% of men were neither employed nor looking for a job in 2012.<sup>50</sup> Approximately one in three women (29%) were employed in Serbia in the same year, nearly 14 percentage points less than men whose employment rate stood at 42%.<sup>51</sup> Similar to other Western Balkan countries, women tend to cluster in traditionally female occupations outnumbering men in the service sector and public employment. Male employment by contrast concentrates in mining, manufacturing, construction and transport.

UNECE data show a low gender pay gap of 4% in 2007, significantly below the EU average of 16%.<sup>52</sup> However, behind this figure hides a large regional variation: Belgrade, as a predominantly urban area, has particularly high levels of wage employment for both genders, and especially women, but in the Southern part of the

---

<sup>44</sup> Statistical Office of Montenegro 2012

<sup>45</sup> Ibid.

<sup>46</sup> World Bank 2011

<sup>47</sup> Statistical Office of Montenegro 2011

<sup>48</sup> EBRD-World Bank 2009

<sup>49</sup> OECD et al. 2012, p. 226

<sup>50</sup> Statistical Office of the Republic of Serbia 2012

<sup>51</sup> Ibid.

<sup>52</sup> UNECE 2007

country the gender pay gap is more pronounced. In Vojvodina 80% of female employment is wage employment, while this percentage for men is 50%.<sup>53</sup>

Moreover, rates of women are lower than those of men with respect to entrepreneurship: 16% of women are estimated to be in self-employment compared to 31% of men.<sup>54</sup> According to BEEPS data 39% of 388 surveyed firms had female participation in their ownership. According to the same survey, women-owned firms were 7 percentage points more likely to see their loans applications rejected than firms owned by men (22% for firms with a female owner compared to 15 per for male owned firms).<sup>55</sup> One explanation for this observation is that men are more likely to own property in Serbia, which they can pledge as collateral thus increasing their chances of accessing capital. Relatively weak property rights in the country disadvantage women in credit markets, making it harder for them to access finance. Such inequalities are a reality despite Serbia's comprehensive gender equality strategy. That is also why the OECD argues for an increased focus on training and access to finance for women entrepreneurs, preferably by addressing them jointly and tailored to early phase and expanding businesses.<sup>56</sup>

#### **4. Activities to be undertaken**

##### **4.1. Overall objective**

The overall objective of the programme is to promote women entrepreneurship by assisting women-led businesses to access finance, advice and know-how.

The programme will support women-led enterprises in the six countries of the Western Balkans in a strategic and comprehensive manner, working on the basis of the understanding that entrepreneurs need both finance and know-how to develop and grow their businesses by:

- Supporting women-led enterprises in accessing finance for their sustainable growth and job creation.
- Developing sustainable credit mechanisms targeted to women-led enterprises through technical assistance to PFIs.
- Assisting women-led enterprises to access advice and know-how.

##### **4.2. Target group**

The final beneficiaries of the programme will be potential and existing women-led enterprises defined as:

- Enterprises where overall operational management responsibility is held by a woman<sup>57</sup>; or
- Enterprises where a woman holds overall operational management responsibility for the company, and also owns all or part of the equity.
- Women with the desire to become entrepreneurs.

---

<sup>53</sup> Vladisavljević et al. 2013, p. 67

<sup>54</sup> Ibid.

<sup>55</sup> EBRD-World Bank 2009

<sup>56</sup> OECD et al. 2012, p. 235

<sup>57</sup> Overall operational management responsibility shall entail holding the highest executive role within the company, generally identified in the Chief Executive Officer, Director, General Manager, Managing Director or equivalent depending on countries' customary business related roles denomination.

Within this context, women-led enterprises shall be considered as enterprises engaged in economic activity, with fewer than 250 employees and either with an annual turnover of less than EUR 50 million or with a balance sheet value not exceeding EUR 43 million.

A start-up is deemed to be included in the definition above as long as it a company with less than two years in existence; founded and led by a woman entrepreneur who holds overall operational management responsibility and may also own all or part of the equity.

The EBRD's selection criteria for PFIs include, but are not limited to, the credit profile of a PFI, its commitment to the product type that is offered, readiness and capacity to engage with the EBRD, ability to mobilise internal resources and to allocate dedicated staff to this programme, integrity, regional presence and transparency. PFIs will include commercial banks and micro-finance institutions registered and operating in the target countries.

### **4.3. Access to finance**

#### **4.3.1. Credit lines for women-led enterprises**

Under the programme, the main financing activity will be the credit lines for women-led enterprises through PFIs and are expected to reach a volume of up to EUR 30 million.<sup>58</sup>

#### **4.3.2. Portfolio based risk cover**

To complement the credit lines, the programme foresees another financing activity: a first loss risk cover mechanism of up to 10% of the portfolio, financed through the credit lines, will enable the PFIs to increase lending to and better serve the needs of the target group in terms of delivering more favourable market conditions to the target group and improving the opportunities for access to finance for women-led enterprises (i.e. longer tenors and regular collateral requirements). Loss risk cover mechanisms are designed to motivate PFIs to lend to targeted client segments whose risk level is currently untested, building on previous EBRD experience in SME lending in the Western Balkans. The mechanism provides an enhanced on-lending structure to PFIs, as an irrevocable collateral guarantee from a triple A rated institution, and it enables them to account for a lower capital allocation and lower provisioning on eligible EBRD's financed portfolio. EBRD financing agreements with PFIs include Policy Statements which constitute an integral part of the EBRD financing agreements to ensure the PFIs' commitment and use of proceeds in line with the objectives of the transaction.

Under the first loss risk cover, PFIs will be able to obtain a full recovery of confirmed losses which may arise on the portfolio of sub-loans funded from the credit lines, net of proceeds arising from the exercise of any security. The first loss cover will be available for losses confirmed in the period of three years from the date of the signing of the PFI loan with the sub-borrower. Recoveries will cover only the principal amount of sub-loans written off (i.e. not including interest, fees and costs of recovery). The funds allocated for the purpose of first-loss cover for approved projects will be held in an interest bearing bank account by the EBRD.

This recovery will be capped at 10% of the amount of the credit lines which has been drawn down and will be paid on submission of reporting from the PFIs on a semi-

---

<sup>58</sup> The lending volume is based on estimation and actual numbers are contingent on the signing of individual loan agreements.

annual basis. At the end of the three year period any unutilised funds, together with interest earned on the bank account balance, will be available to be reallocated to other activities under the programme. Funding from the EBRD Shareholder Special Fund is sought for this component.

#### **4.3.3. Technical assistance to Participating Financial Institutions**

A technical assistance programme will build the capacity of the PFIs to address the needs of women-owned and managed businesses through internal strengthening of the relevant institutions, and the development of financial and non-financial products tailored to women. The consultants hired and managed by the EBRD will work closely alongside PFI staff dedicated to the programme. This will ensure the sustainability of the programme. Technical assistance will include activities aimed at internal capacity building, new product development and outreach to female clients:

##### Internal capacity building

- Development of appropriate organisational structures and procedures to assist PFIs to efficiently start or expand lending to women-owned and managed businesses. This includes provision of support to PFIs to develop specific Terms of Reference to build the capacity of their own staff, establish Women in Business desks/officers in banks, etc.
- Development of a training programme and tools for PFIs to help them provide gender responsive financial services to women entrepreneurs, addressing their specific needs (new and existing clients), including considerations on how to best motivate loan officers who meet/serve women entrepreneurs and ensure that more efficient decision-making procedures to improve lending are implemented. This will include developing criteria for participation in the training.
- As necessary, recommendations made to the credit committees of PFIs on the terms and conditions of sub-loans (within the guidelines of a policy statement committed to as part of the loan agreement between EBRD and individual PFIs); oversight credit analysis of borrowers; oversight of administration and monitoring of sub-loans; assistance with problem loan analysis, administration of collection efforts, and administration of write-offs;
- Development of a monitoring system for PFIs to supervise their lending operations and monitor the implementation and application of the techniques transferred as part the technical assistance programme;
- Creation and/or development of appropriate electronic data processing systems and application processing systems (APS), adapting them to the respective conditions. Electronic data processing should support documentation and monitoring of all procedures of operation as well as the application of the lending-scheme. All systems will need to cater to the specific requirements of the operation, including sub-borrower level information on the performance of the loan beneficiary enterprises (turnover and employment, disaggregated by gender) at the time of the loan application and at the time of repayment.
- At the end of the implementation period, all the lending departments established in the new branches are expected to be able to operate without further guidance and advice from the Consultant. This will include ensuring that lending to women-owned and managed businesses is incorporated into each PFI's daily operations, that the PFIs' senior management is made aware of their impact and profitability, and advising PFIs on how to best provision and fund lending to women-owned and managed businesses.

##### Product development

- Development of new products specific and tailored to the target group. Consideration will be given to co-operation with the local / regional association and agencies.

#### Outreach to female clients

- Assistance to PFIs to strengthen outreach and awareness of women-led enterprises for finance (particularly in the economically less developed regions of target countries).
- Development and organisation of a series of seminars (the ‘Women in Business’ series) on topics of interest to the target group in order to build awareness of entrepreneurship as an employment prospect and an opportunity for women, and to attract potential sub-borrowers. The seminars will highlight the importance of finance and know-how for enterprise growth and will provide an opportunity to present financial and non-financial products available for women under the programme. Women participating to the seminars will also be provided with diagnostic assistance to help identify their need for finance and advice to assist them in establishing or developing their businesses. Key stakeholders including local businesswomen associations and development agencies will be engaged in the seminars and PFIs will be encouraged to understand how engaging in ‘smart marketing’ efforts and outreach activities can have a positive impact on their lending business.

The technical assistance provision to PFIs is projected to reach up to 3% of the total financing facility size, or on average EUR 30,000-50,000 per PFI.

#### **4.4. Access to advice and know-how**

Women-led enterprises in the countries of the Western Balkans are limited in their growth by a lack of access to the know-how to develop their businesses. EBRD technical assistance activities in this area will include advisory services projects, entrepreneurial skills training courses, business coaching and mentoring, ‘Women in Business’ awareness building and networking opportunities.

##### **4.4.1. Advisory services projects**

Advisory projects will be tailored to women-led enterprises in need of targeted advisory services. These will utilise local consultants and international advisers as required. Advisory projects encompass support through project development, monitoring during implementation, and evaluation one year after completion (the project cycle is summarized on the chart below). A wide range of advisory services will be offered including in the areas of strategy, marketing, organisation and management, operations, information & communication technology, engineering solutions, quality management, energy efficiency, environmental management, accounting and financial reporting. Advisory projects are provided on a partial-grants basis and will require the beneficiaries share a portion of each project’s costs. The cost sharing will be agreed with a grant agreement to be signed between the EBRD and the beneficiary SME. To encourage potential and existing women-led enterprises to also access finance under the programme, a higher grant will be offered (under the instruments already foreseen) to those with an outstanding loan from a PFI or able to secure a loan from a PFI within one year of project completion.

##### **4.4.2. Entrepreneurial skills development training series**

Entrepreneurial skills development for potential and established women entrepreneurs will be provided in areas such as sales and marketing, financial management, use of information communication technology (ICT) to enhance operational efficiency, and

human resource management (HR). The training workshops will also serve to create formal and informal networks of women in business in each country.

On average 4 courses are planned to be offered per country over 4 years. The specific topics will be established on a needs basis but could include:

- Start and manage your own business
- Use of social media in marketing
- Financial literacy and education
- Use of Information and Communications Technology (ICT) to enhance operational efficiency
- Corporate governance issues for family businesses
- Leadership and personal impact

#### **4.4.3. Mentoring**

One of the challenges faced by women entrepreneurs is the lack of continuous post-training or post-advisory support that could help them apply the skills and knowledge received. In order to address this challenge, the EBRD partners with the Cherie Blair Foundation (CBF) for Women and other mentoring initiatives, who have developed a solution that combines mentoring with technology to offer cross-border support to women entrepreneurs in developing and transition economies.

Under the programme, mentoring will be available to assist women-led enterprises to build their confidence and capacity to grow their businesses over the medium to long term. Matching women entrepreneurs with successful women in business leaders in the region and abroad will enable women to share experiences and develop their management, leadership and personal impact capabilities. The mentoring programme will be run in partnership with existing international and local mentoring initiatives including the Cherie Blair Foundation for Women with whom EBRD has already built synergies in this area.

It is planned to assist 45 women entrepreneurs in total through a mentorship programme throughout the region at an average cost of EUR 1,200 per mentee.

#### **4.4.4. Business coaching**

Business coaching support will be provided to women-led enterprises supported through advisory projects. This will be provided through specially trained local business advisers who will coach women entrepreneurs on a monthly basis over the course of a year. Coaches will support women entrepreneurs to implement their business plans and also tackle specific business related problems. The assistance will be provided on a cost-sharing basis where the enterprise contribution is not expected to exceed 20% of total costs. The cost sharing will be agreed with a grant agreement to be signed between EBRD and the beneficiary SME. To encourage potential and existing women-led enterprises to also access finance under the programme, a higher grant will be offered to those with an outstanding loan from a PFI or able to secure a loan from a PFI within one year of project completion.

It is planned to assist 49 women entrepreneurs in total through business coaching throughout the region at an average cost of EUR 6,400 per project.

#### 4.4.5. ‘Women in Business’ awareness building

Basic diagnostic services will be provided to women helping them identify their needs for finance and know-how in order to establish or develop their businesses. These services will be delivered alongside the PFIs’ ‘smart marketing’ efforts and outreach activities. Seminars (the ‘Women in Business’ series) will be developed and organised on topics of interest to the target group in order to build awareness on entrepreneurship as an employment prospect and opportunity for women, and the importance of finance and know-how for enterprise growth.

This component of the programme is estimated to cost 0.5% of the financing made available by the EBRD, up to EUR 150,000 in total for the region.

#### 4.4.6. Networking opportunities

Networking opportunities will be promoted by establishing partnerships with local stakeholders. Regular events and networking opportunities for women entrepreneurs and women in business will be supported to promote the sustainability of the programme. The programme will endeavour to build relationships with relevant institutions and stakeholders in each country to ensure cooperation and avoid duplication of efforts. The following partners have been preliminarily identified:

<b>Country</b>	<b>Potential partners</b>
Albania	Gender Alliance for Development Center (GADC) Professional Businesswomen and Handcrafters Association “Partners Albania” Center for Change and Conflict Management UN Women Albania
Bosnia and Herzegovina	Business Women’s Association “One” Deloitte SheXO club Chamber of Commerce of the FBiH Chamber of Commerce of the RS
FYR Macedonia	Association of business women in Macedonia Agency for promotion of the entrepreneurship in Macedonia (APPRM) European Network of Mentors for Women Entrepreneurs in Macedonia, Business Start-up centre Bitola Business confederation of Macedonia Foundation of management and industrial research (MIR) Macedonian mentoring network
Kosovo	Business Women’s Association “One” Deloitte SheXO club Women in Business NGO She-Era NGO Women Innovation Center GIZ Women Initiative Women for Women Women Chamber of Commerce STIKK (Information Technology Association) Kosovo Women’ Network

Montenegro	Women in business association, part of Montenegrin employers federation Chamber of Economy of Montenegro Association of Business Women UNDP Gender programme Montenegro business alliance Network of Mentors for Women Entrepreneurs in Montenegro Directorate for development of small and medium enterprises
Serbia	Association of Business Women National Agency for Regional Development, Mentors of Women Entrepreneurs Business Women section, Serbian Chamber of Commerce UN Women in Serbia
Regional	Regional Cooperation Council

#### 4.5. Programme and donor visibility

Visibility and dissemination activities will showcase best practices and the successful stories of women entrepreneurs. Activities will create heightened public awareness of the role of women in entrepreneurial activity and the contribution they make to the economy and to society in general, and promotion of entrepreneurship as a viable and feasible employment opportunity for women. Activities to be undertaken include but are not limited to:

- Local launch visibility event and press conference in each target country
- Visibility event (conference/forum) on women entrepreneurship
- Joint awareness building/networking events with PFIs
- Local closing visibility event and press conference in each target country
- Media coverage throughout the programme
- Production of a brochure and factsheets to promote the programme
- Dedicated web pages on ebrd.com

### 5. Expected results and impact

#### 5.1. Access to finance

Access to finance support for women-led enterprises will include credit lines through PFIs, first loss risk cover and technical assistance to PFIs. Expected output indicators are:

- Up to EUR 30 million of lending to PFIs for on-lending to women-led enterprises.
- Approximately 10<sup>59</sup> PFIs with credit lines.
- Up to 10 PFIs benefiting from first loss risk cover of 10% of the portfolio, financed through the credit lines.
- Up to 10 PFIs offering dedicated products<sup>60</sup> for women-led enterprises:
  - PFIs offering longer loan maturities from the base line of SME loans.
  - PFIs offering lower collateral requirements by at least risk covered portion.

<sup>59</sup> The number of PFIs and lending volume is based on estimation and actual numbers are contingent on the signing of individual loan agreements.

<sup>60</sup> Loan agreements with PFIs will contain policy statements outlining the use of proceeds and incentives.



- Some PFIs offering start up financing.
- Up to 10 PFIs benefiting from tailored technical assistance.
- Increased internal capacity of up to 10 PFIs to identify and respond to the financial needs of women entrepreneurs (through enhanced information systems, gender analysis capabilities of selected officer, and institutional mechanisms focused on female clients).

Key impact indicators are:

- An estimated 2,000<sup>61</sup> sub-loans to be disbursed from PFIs to sub-borrowers.
- By engaging up to 10 PFIs to have a significant demonstration effect on the wider financial sector, including banks, non-bank microfinance institutions and leasing companies in the Western Balkans.
- The expectation is that this will result in the end-borrowers' sustainable growth, which in turn will result in job creation. To this end, the EBRD will also monitor and report on:
  - NPL levels as a proxy for end borrower performance.
  - Percentage of end borrowers achieving increases in turnover between the time of the sub-loan application and the time of repayment.
  - Percentage of end borrowers achieving increases in employment, including women employment, between the time of the sub-loan application and the time of repayment.

The technical assistance programme will be implemented concurrently to support the proposed credit lines through facilitating improvements to the capacities and skills of the PFIs, their ability to design products that meet the financing needs of the target populations, and their marketing and outreach capability.

In particular, a series of seminars (the 'Women in Business' series) will be developed and organised on topics of interest to the target group in order to build awareness of entrepreneurship as an employment prospect and opportunity for women and to attract potential sub-borrowers. The seminars will highlight the importance of finance and know-how for enterprise growth and will provide an opportunity to present financial and non-financial products available for women under the programme. Women participating in the seminars will also be provided with diagnostic assistance (see below) to help identify their needs for finance and know-how in order to best establish or develop their businesses. Key stakeholders will be engaged in the seminars and PFIs will be encouraged to understand how engaging in 'smart marketing' efforts and outreach activities can have a positive impact on their lending business.

The demonstration effect of these activities is expected to extend beyond banking into the corporate sector as women-led enterprises become a more widespread feature of business culture in the Western Balkans, thereby providing role models and encouraging other women to start and develop their business or become a manager.

## **5.2. Access to advice and know-how**

EBRD support for women-led enterprises will include outreach activities benefiting more than 1,100 women. Expected output indicators are:

---

<sup>61</sup> The number of sub-loans is calculated on an average sub-loan size of EUR 15,000. The latter will however largely depend on the PFI composition and the relative share of banks and MFIs. The average sub-loan size for MFIs is up to EUR 10,000, whilst it is closer to EUR 25,000 for banks.

- At least 600 women entrepreneurs benefiting from awareness seminars through basic diagnostic services identifying their finance and advisory needs.
- At least 240 women trained through entrepreneurial skills development courses, covering areas such as starting and managing your own business, sales, marketing and financial management, ICT, leadership and personal impact.
- At least 204 women-led enterprises supported with advisory projects tailored to their business needs, including a grant to cover part of the advisory costs.
- At least 45 women-led enterprises assisted through the mentoring programme.
- At least 49 women-led enterprises assisted with on-going business coaching, including a grant to cover part of the advisory costs.

Increased access to advice and know-how for women-led assisted enterprises will result in their sustainable growth and job creation.

Key impact indicators are:

- At least 50% of women receiving basic diagnostic services successful in obtaining a loan from a PFI and/or small business support assistance.
- At least 70% of advisory projects rated as successful or highly successful one year after completion.
- Maximum of 5% of all advisory projects undertaken cancelled.
- At least 40% of assisted enterprises achieving increases in employment, including women employment, one year after completion of advisory projects. It is estimated that approx. 1,000 new jobs will be created by assisted enterprises<sup>62</sup>.
- At least 20% of assisted enterprises receiving an external investment from a PFI or other financial intermediary by one year after project completion.
- At least 50% of enterprises assisted achieving increases in turnover one year after completion of advisory projects.
- At least 25% of assisted enterprises report engaging a consultant again after completion of the advisory projects.

These activities are expected to generate sustainable spillover effects as beneficiaries learn to value the benefits of external advice and thus continue to seek it independently of assistance. This in turn will generate further income and employment opportunities, including for women, in local consultancy markets.

### **5.3. Sustainability**

Sustainability is embedded in the programme design. Finance will be channelled to PFIs on a commercial basis, together with the risk sharing arrangement intended to influence the PFI behaviour and propensity to lend to women entrepreneurs in the long run – as such, the PFIs will feel comfortable increasing access to finance for women entrepreneurs.

In addition, technical assistance will be provided to increase the banks' capacity to identify and serve women-led businesses and to design financial services for the target SMEs, and will increase the share of women-owned and managed SMEs in their loan portfolio. This will ensure the banks' investment in the development of a new product and continuation of its offer on a commercial basis beyond the project completion. In

---

<sup>62</sup> Based on EBRD SBS experience in implementing similar projects in the region

the case of the advisory projects, sustainability will be promoted at the enterprise level by ensuring client commitment and cost sharing. In addition, the project will work closely with local stakeholders, including but not limited to existing women in business associations and development agencies to ensure the continued promotion of women entrepreneurship.

## **6. Implementation arrangements**

The programme is designed to be implemented in the six countries of the Western Balkans over 4 years.

Below is an indicative timeline for the implementation of the programme:

Signature of PFI loan agreements	First project by 31 <sup>st</sup> December 2014, the rest by 31 <sup>st</sup> December 2016
Disbursement to PFIs	by 31 <sup>st</sup> December 2017
Disbursements from PFIs to sub-borrowers	by 31 <sup>st</sup> December 2017
Completion of Technical Assistance to PFI activities	by 31 <sup>st</sup> December 2017
Completion of advisory support activities	by 31 <sup>st</sup> December 2017
Final Report	by 31 <sup>st</sup> December 2018
Recovery period for first loss risk covers	by 31 <sup>st</sup> December 2020

Although each activity will be implemented distinctly, a common overall approach to management and monitoring will be applied to the programme by the EBRD. In this context, each activity will be ultimately monitored by a team at EBRD headquarters with corresponding responsibility for implementation, with appropriate delegation to, and deployment of, local teams as required in order to achieve the expected results.

The EBRD will enter into a Consultancy Project Agreement with one or more consultants, firms or individuals, for the purpose of implementing the technical assistance support for PFI projects under the programme. Consultancy projects financed by donor funds may cover one or more PFIs for the purpose of consultancy services under the programme.

The advisory support activities will be implemented by local teams of the EBRD SBS based in the target countries.

For activities focused on locally-delivered technical assistance and grants, the monitoring structure will include a combination of locally-deployed consultants acting on behalf of the EBRD, and a locally-based team of professionals with full-time, dedicated responsibilities for project management and stakeholder relations. Consultants on mission and locally-appointed staff will both report directly to the corresponding teams in EBRD headquarters responsible for each activity. For activities focused on the provision of financial products and services, it is anticipated that the project monitoring structure will be concentrated in EBRD headquarters.

A working group will be established at the beginning of the programme in each country including representatives of the EBRD and relevant stakeholders. In Albania, the working group is envisaged to consist of representatives of the EBRD, the Directorate General for Development Cooperation of the Ministry of Foreign Affairs of Italy and the Ministry of Economic Development, Trade and Entrepreneurship, as well as other

relevant stakeholders and partners, such as PFIs and consultants engaged in the programme.

The working group will meet annually to:

- Exchange information about the programme’s progress and activities implemented up to date;
- Discuss progress and potential challenges faced, reflecting on lessons learned where relevant;
- Exchange information relevant to the programme implementation;
- Ensure close co-operation among the relevant stakeholders;

EBRD will prepare annual progress reports that will contain the below information:

- Executive Summary
- Detailed information on activities
- Results achieved including current situation on indicators
- List of PFIs, companies, women entrepreneurs who correspond to shareholder/management criteria
- Financial and budget breakdown both on the level of PFIs and credit borrowers
- Supporting documents.

## 7. Risks and assumptions

Below table summarises potential risks and mitigations:

<b>Activity</b>	<b>Risks</b>	<b>Potential adverse impact</b>	<b>Risk management strategy</b>
Overall objectives of the programme	<p>A potentially unstable and unpredictable political and economic environment</p> <p>Legal and administrative restrictions that may be imposed on private sector development</p> <p>Adverse external conditions (economic and/or political instability)</p>	Undermine the achievement of the main targets of the programme: improvement in access to finance for target group and increase access to advice and know-how	These factors will be monitored carefully throughout implementation to raise and address pertinent issues and developments.
Credit lines to PFIs	Lack of response / interest from PFIs and the target group (women-led enterprises)	Low level of disbursement to target group	Careful selection of the PFIs and engagement dialogue with the PFIs in advance will enable EBRD to gauge their interest in developing lending to the target group and ensure PFI

			commitment to the programme.
First loss risk cover	<p>Limited lending by PFIs to target group. Even if the PFIs have the added security of the first loss cover mechanism, they may still consider the risks of lending to target group too high</p> <p>Benefits of risk sharing not transferred to sub-borrowers</p>	<p>Risks full utilization of available funds by PFIs and disbursement to sub-borrowers</p> <p>Low level of application for the Facility</p>	The PFI loan agreements will contain necessary conditions for the availability of the risk cover to ensure the benefits are transferred to sub-borrowers.
Technical assistance to PFIs	<p>Lack of response / interest from PFIs</p> <p>Unsatisfactory performance of engaged consultants, lack of commitment to the project</p>	<p>Risks full utilization of available funds by PFIs and disbursement to sub-borrowers</p> <p>Low level of new women dedicated product development by PFIs</p>	Technical Assistance provided to the PFIs will be closely monitored by EBRD
Advisory support activities	<p>Change in management, change in ownership, and/or lack of management response in the beneficiaries or commitment to the project</p> <p>Unsatisfactory performance of engaged consultants, lack of commitment to the project</p>	Difficulty to reach target project numbers	<p>Rigorous selection of beneficiaries and oversight of consultant selection.</p> <p>The cost sharing mechanism ensures client commitment to the project.</p> <p>Grants are not paid until the consultants' final reports have been fully accepted by the client and by the EBRD team.</p> <p>EBRD maintains the right to cancel projects at any</p>

			time if necessary and reallocate funds to new projects
--	--	--	--

## 8. Indicative budget

The total value of the Western Balkans Women in Business programme is estimated at EUR 37.6 million of which the EBRD will contribute up to EUR 30.0 million for on-lending to Participating Financial Institutions (PFI) subject to Board approval of the financing facility and signing of individual loan agreements with PFIs. Up to EUR 3.0 million is intended for portfolio based risk cover, which will be funded by the EBRD Shareholder Special Fund subject to relevant EBRD approvals. EUR 4.6 million is intended for technical assistance activities and will be funded by donors.

The Ministry has made available an amount of EUR 400,000 for technical assistance and other activities in Albania; the remainder is funded from other donors, including Sweden and Luxembourg.

The contribution from the Ministry will be used to support technical assistance and other activities in Albania (excluding EBRD credit lines and risk cover), where the programme costs are estimated at EUR 900,000. The EUR 400,000 contribution from the Ministry corresponds to approximately 44% of programme resources in Albania.

An approximation of the contribution from the Ministry participation to the technical assistance and other activities in Albania could be achieved by taking the respective share of the outputs intended to be delivered for the planned technical assistance to women-led enterprises activities in the proposal. Nevertheless, it is important to note that the mix of different funding sources for this programme means it is not possible to directly attribute every euro of a donor's contribution to a specific output. With this caveat and in purely indicative terms, the impact of the Ministry's contribution corresponds to the following:

<b>Output indicator* (excluding credit lines and risk cover)</b>	<b>Full programme</b>	<b>Albania</b>	<b>The Ministry's share (EUR 400,000)</b>
Number of PFIs to receive technical assistance	10	2	1
Number of women-led enterprises supported with advisory projects	204	36	16
Number of women trained through entrepreneurial skills development courses	240	40	18
Number of women entrepreneurs benefiting from awareness seminars	600	100	44

Number of women-owned and women-managed enterprises assisted through the mentoring programme	45	7-8	3
Number of women-led enterprises assisted with business coaching	49	9	4

\* Quantitative indicators only; further qualitative outputs and outcomes are set out in the proposal.

### Indicative budget for the Western Balkans Women in Business Programme:

Activity	Year 1*	Year 2*	Year 3*	Year 4*	TOTAL
<b>Technical assistance to PFIs</b> to enhance the banks' capacity to tailor products to the target group (1)	72,000	276,000	276,000	276,000	900,000
<b>Advisory services projects</b> tailored to women owned/managed enterprises in need of targeted advisory services (2)	136,320	522,560	522,560	522,560	1,704,000
<b>Entrepreneurial skills development courses</b> addressing key constraints of the target group in their development (3)	38,400	147,200	147,200	147,200	480,000
<b>Mentoring</b> to enable women to share experiences and develop their management, leadership and personal impact (4)	4,320	16,560	16,560	16,560	54,000
<b>Business coaching</b> for clients with the greatest potential for growth (5)	25,088	96,171	96,171	96,171	313,600
<b>'Women in Business' awareness building seminars</b> organized with PFIs (6)	12,000	46,000	46,000	46,000	150,000
<b>Networking opportunities</b> with local Women in Business associations (7)	4,800	18,400	18,400	18,400	60,000
<b>Programme and donor visibility</b> (8)	7,200	27,600	27,600	27,600	90,000
<b>Other operating costs</b> (including HR) (9)	56,000	214,667	214,667	214,667	700,000
<b>External mid-term review</b> (10)	-	-	40,000	-	40,000
<b>EBRD management fee</b> (11)	7,268	27,860	28,677	27,860	91,665
<b>Total donor financing</b>	<b>363,396</b>	<b>1,393,018</b>	<b>1,433,834</b>	<b>1,393,018</b>	<b>4,583,265</b>

\* The budget breakdown by year is indicative and based on the assumption that due to late start in Year 1 (2014) and initially in two countries before being rolled out across the region in subsequent periods.

EBRD will finance credit lines for women-owned and women-managed enterprises through PFIs up to EUR 30 million.

A first loss risk cover mechanism of up to 10% of the portfolio, financed through the credit lines, is expected to be made available to PFIs to enable them to increase lending to and better serve the needs of the target group.

#### Budget notes:

The budget breakdown by year is indicative and is based on the assumption that due to late start in Year 1 (2014) and initially in two countries before being rolled out across the region in subsequent periods, it is expected to conduct a quarter of a full year's operation across various activity lines.

(1) Technical assistance is calculated at 3% of the funding facility size.

(2) In total 204 advisory services projects are planned across all countries over a period



of 4 years, based on an average grant of EUR 6,000 to EUR 10,000 per project, depending on country.

- (3) 4-8 entrepreneurial skills development courses are planned per country over a period of 4 years, based on average cost of EUR 13,000 per course. The specific topics will be established based on country needs.
- (4) 45 mentees are planned to be assisted over a period of 4 years at an average cost of EUR 1,200 per mentee. The mentoring will be run in partnership with existing locally run mentoring schemes or with the Cherie Blair Foundation for Women (CBFW).
- (5) In total 49 businesses coaching projects are planned across all countries over a period of 4 years, based on average project cost of EUR 6,400 per coaching assignment.
- (6) 'Women in Business' awareness building seminars are estimated to cost 0.5% of the funding facility size, made available by the EBRD, up to a total of EUR 150,000 across all countries.
- (7) Sponsoring networking opportunities is estimated to cost EUR 10,000 per country over a period of 4 years for the target group in partnership with local Women in Business associations.
- (8) Programme and donor visibility expenses are estimated at EUR 15,000 per country to ensure adequate visibility of the programme over a period of 4 years.
- (9) Other operating costs primarily cover dedicated human resources, but also encompass related operational costs. The overall amount is allocated to countries in proportion to the volume of advisory services projects in the country, and ranges from EUR 79,000 to EUR 148,000 per country over a period of 4 years.
- (10) Budgetary provision for potential mid-project evaluation estimated at EUR 40,000.
- (11) Management fee is calculated at 2% of total donor contribution/funds to be managed by the EBRD.

## **Bibliography**

- Agency for Statistics of Bosnia-Herzegovina. 2007. "Labor Force Survey 2007: Preliminary Data." Agency for Statistics of Bosnia-Herzegovina, Sarajevo.
- Agency of Gender Equality Planning. 2012. "Kosovo Action Plan for the Economic Empowerment of Women 2011-2013."
- Association of business women in Macedonia. 2012. "Women's access to property rights practices from the region." Skopje.
- Association of European Chambers of Commerce and Industry. 2004. "Women in business and in decision-making." Geneva.
- Baksic-Muftic, Jasna et al. 2003. "Socio-Economic Status of Women in BiH: Analysis of Results of a Star Pilot Survey." World Learning STAR Network. Jez, Sarajevo.
- BalkanInsight. 2013. "Women Given Unprecedented Role in Albania Cabinet." Also available at: <http://www.balkaninsight.com/en/article/six-women-in-albania-s-new-government>
- Centre for Enterprise and Economic Development Research. 2000. "Young Entrepreneurs, Women Entrepreneurs, Ethnic Minority Entrepreneurs and Co-Entrepreneurs in the European Union and Central and Eastern Europe." Middlesex University Business School, United Kingdom.
- Challenges of Women Entrepreneurs in Albania. Mediterranean Journal of Social Sciences. 2013. Also available at: <http://www.mcser.org/journal/index.php/mjss/article/viewFile/1325/1354>
- EBRD-World Bank. 2009. "Business Environment and Enterprise Performance Survey (BEEPS)." Washington, DC.
- Economist Intelligence Unit. 2012. "Economist Intelligence Unit 2012 Women's Economic Opportunity Index: assessing progress." London.
- European Commission. 2012. "Female Entrepreneurship in Europe Access to finance." Brussels.
- General Entrepreneurship Monitor. 2012. "Women's Report." Also available at: <http://www.gemconsortium.org/docs/2296/gem-bosnia-and-herzegovina-womens-report>
- Global Entrepreneurship Monitor. 2010. "2010 Report: Women Entrepreneurs Worldwide." London.
- Global Entrepreneurship Monitor. 2012. "2012 Women's Report." London.
- IFC & World Bank. 2012. "Gender: Enterprise Surveys." Also available at: <http://www.enterprisesurveys.org/data/exploreTopics/Gender>
- IFC & World Bank. 2012. "Women, Business and the Law: Removing barriers to economic inclusion." Washington D.C.
- IFC Job Study: Fact Sheet. International Finance Corporation. 2013
- International Finance Corporation in co-operation with MI-BOSPO. 2008. "Voices of Women Entrepreneurs in Bosnia and Herzegovina." Also available at: <http://www.ifc.org/wps/wcm/connect/9e5be00048855a8d867cd66a6515bb18/Bosnia%2BVoices%2BFinal%2BReport.pdf?MOD=AJPERES&CACHEID=9e5be00048855a8d867cd66a6515bb18>
- International Labour Organisation. 2012. "Women's Entrepreneurship Development -

The ILO approach to Women's Entrepreneurship Development - Sustainable Enterprises." Geneva.

International Labour Organization. 2009. "International labour standard instruments on working conditions." Also available at: [http://www.ilo.org/travail/areasofwork/WCMS\\_145675/lang--en/index.htm](http://www.ilo.org/travail/areasofwork/WCMS_145675/lang--en/index.htm)

International Labour Organization. 2012. "Working Conditions Laws Database." Geneva. Also available at: <http://www.ilo.org/dyn/travail/travmain.home>

Kosovo for Gender Studies Center. 2011. "Women's property inheritance rights in Kosovo." Pristina.

Ministry of Trade and Industry of Republic of Kosovo. 2012. "Access to Finance." Pristina.

Montenegro and Macedonia Regional Research Promotion Programme. 2013. "Gender pay gap in the Western Balkan Countries: Evidence From Serbia." Geneva.

OECD. 2003. "Financing women entrepreneurship: a global challenge" Paris.

OECD. 2012. "Gender. Institutions and Development Database." Paris.

OECD et al. 2012. "SME Policy Index: Western Balkans and Turkey: Progress in the Implementation of the Small Business Act for Europe." OECD Publishing, Paris.

Regional Cooperation Council. 2013. "Report from the survey on perceptions regarding women entrepreneurship."

Statistical Office of Montenegro. 2011. "Owners of business entities in Montenegro in 2011 by gender." Statistical Office of Montenegro, Podgorica.

Statistical Office of Montenegro. 2011. "Women and Men in Montenegro." Statistical Office of Montenegro, Podgorica.

Statistical Office of the Republic of Macedonia. 2012. "Women and Men in the Republic of Macedonia." Skopje.

Statistical Office of the Republic of Serbia. 2011. "Labor Market Statistics 2011." Statistical Office of the Republic of Serbia, Belgrade.

Statistical Office of the Republic of Serbia. 2011. "Women and Men in the Republic of Serbia."

The Economist Intelligence Unit. 2010. "Women's economic opportunity." London. Also available at: [http://graphics.eiu.com/upload/WEO\\_report\\_June\\_2010.pdf](http://graphics.eiu.com/upload/WEO_report_June_2010.pdf)

UN Country Team Bosnia and Herzegovina. 2012. "Joint Programme for the Economic Empowerment of Women in Bosnia and Herzegovina." Geneva.

UN Economic Commission for Europe. 2009. "Gender gap and economic policy." Geneva.

UN Women Programme. 2013. "UN Women in Albania." Also available at: <http://www.unifem.sk/index.cfm?module=project&page=country&CountryISO=AL>

UNDP. 2012. "Gender in Action: 2012 Gender Report." New York.

UNDP. 2012. "Gender Inequality Index." Also available at: <https://data.undp.org/dataset/Table-4-Gender-Inequality-Index/pq34-nwq7>

UNECE. 2007. "Access to Financing and ITC in the UNECE Region." Geneva and New York.

Vladislavljević, M., Ivanović, N., Avlijaš, S., and Vujić, S. 2013. "Gender pay gap in the Western Balkan countries: Evidence from Serbia, Montenegro and Macedonia." Regional Research Promotion Programme in the Western Balkans (RRPP), Belgrade.

World Bank. 2011. "Promoting Gender Equality in Bosnia and Herzegovina, Kosovo, Macedonia and Serbia." Washington D.C.

World Bank. 2011. "Strengthening Access to Finance for Women-Owned SMEs in Developing Countries" Washington, DC.

World Bank. 2012. "Financial Inclusion Data" Washington, DC.

World Bank. 2012. "Gender Equality Data and Statistics." Also available at:  
<http://datatopics.worldbank.org/gender/>

World Bank. 2012. "Opportunities for Men and Women: Emerging Europe and Central Asia." Washington D.C.

World Bank. 2013. "Gender Statistics." Also available at:  
<http://databank.worldbank.org/data/views/variableSelection/selectvariables.aspx?source=gender-statistics>