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ACCESS TO FINANCING AND ICT FOR WOMEN ENTREPRENEURS IN THE UNECE REGION

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SERIES: ENTREPRENEURSHIP and SMEs

**ACCESS TO FINANCING AND ICT
FOR WOMEN ENTREPRENEURS
IN THE UNECE REGION**

Challenges and good practices



Geneva and New York, 2004

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FOREWORD

Rapid growth of women's self-employment and entrepreneurship confirms that this is an important avenue to improve women's employability. This avenue is widely recognized at the global level. It is part of the recommendations of the Beijing Platform for Action, the Monterrey Consensus and the Millennium Development Goals in the context of addressing gender equality, poverty alleviation and sustainability of economic growth and development. Fostering women's self-employment and entrepreneurship was also acknowledged as a policy priority by the regional Beijing +5 meeting (2000, Geneva).

There are good practices from the UNECE member countries in North America, western Europe as well as Eastern Europe and CIS, although progress has been uneven among and within countries. It certainly reflects a great diversity of the environment for SME development in the UNECE region. Good practices supporting women's entrepreneurship, initiated by Governments, civil society and other stakeholders, may facilitate the process of convergence in women entrepreneurship development based on successful cases.

This report looks at women's access to financing and ICT within progress and perspectives from

selected countries and sub-regions. Access to financing is a major challenge to starting a business, especially for women. Gender specific barriers include the traditional views on women's role, but also in many countries the lack of a collateral. In countries of Eastern Europe and the CIS, women's opportunities for entrepreneurship were strongly affected by a clear gender bias in the privatisation process, in other countries, problems with the implementation of equal rights to land and property still exist. Mainstreaming gender into financial measures supporting SMEs, but also targeted programmes, such as special credit lines and micro-credit schemes for women entrepreneurs, as well as raising women's awareness of their rights, are some of the policy options.

Addressing the "gender divide" in access to ICT is another challenge. Without equal access to ICT women entrepreneurs risk becoming marginalized in the new technology driven economy. There is thus a call to better use the existing experiences of countries to address these two challenges. To this end, the report on *Women's Entrepreneurship: Access to financing and ICT* provides a number of good practices to be considered by Governments and other stakeholders.



Brigita Schmögnerová
Executive Secretary
United Nations Economic Commission for Europe

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The Report was prepared within the work programme of the Team of Specialists on Women's Entrepreneurship of the Working Party on Industry and Enterprise Development (WP.8), under the Committee for Trade, Industry and Enterprise Development, supported by the Industrial Restructuring, Energy, and Enterprise Development Division (IREEDD), George Kowalski, Director.

It includes papers presented at the Second UNECE Forum of Women Entrepreneurs (*Geneva, 17-18 March 2003*), the UNECE/CEI Round Table: Women's Entrepreneurship in a Wider Europe at the CEI Economic Summit (*Warsaw, November 2003*) and the Regional Symposium on Mainstreaming Gender into Economic Policies, organized by UNECE and OSAGI/DAW (*Geneva, 17-18 January 2004*) as well as the results of research presented at the Women's Entrepreneurship track, co-chaired by UNECE, at the World Congress of the International Council for Small Business (*Belfast, 15-18 June 2003*). The assessment of needs draws on recommendations of the training course for women entrepreneurs organized in cooperation with UNECE by CEI, Istituto nazionale per il Commercio Estero (ICE), and the Austrian Chamber of Commerce (*Trieste, Vienna, 2002-2003*).

The report draws on the experience of the EBRD, Nordic Bank and the Council of Europe Bank as well as the work of international organizations: ILO: InFocus Programme on Boosting Employment through SMEs Development (SEED); UNDP/Bratislava Regional Gender Advisory Programme; UNIFEM Regional Programme for CIS countries (project in Kyrgyzstan) and OECD-LEED Programme.

The report benefited from inputs from the worldwide association of women entrepreneurs "FCEM" (*Les Femmes Chefs d'Entreprises Mondiales*); the *National Women's Business Council (US)*; the *European Network to promote women's entrepreneurship (WES)*, especially its members from Finland and Sweden ("*NUTEK*"); *EUROCHAMBERS Network of Women Entrepreneurs* as well as the *Golda Meir Mount*

Carmel International Training Center (Israel); *Women's World Banking (Spain)* and the global project to accelerate women's entrepreneurship "*Tsunami*" (based in Atlanta, Georgia, US).

Valuable inputs were provided by national associations from Azerbaijan (*Business Women Association*); Cyprus (*Young Business and Professional Women*); Georgia (*Women in Business*); Kazakhstan (*Association of Business Women*); Slovenia (*Giz Podjednost: Spirit of Enterpris*) and Switzerland (*Club des Femmes Entrepreneurs*).

Useful comments were received from associations from the Czech Republic (*Moravian Association of Women Entrepreneurs*); Malta (*Association of Women in Business*); Poland (*International Forum for Women*); Russian Federation (*Confederation of Business Women and Association of Women Entrepreneurs*); Serbia and Montenegro (*Association of Business Women and Women's Business Association "She.Era"*); Slovakia (*Center for Women Entrepreneurs*); Tadjikistan (*National Association of Business Women*); Turkmenistan (*Craft Center "Ens"*); Ukraine (*All-Ukrainian Association of Women Entrepreneurs* and *Donetsk Regional League*) and Uzbekistan (*Business and Professional Women – BPW* and *Business Women's Association: "Tadbircor ayol"*).

The publication was prepared by Ewa Ruminska-Zimny, Senior Social Affairs Officer, Coordinator of UNECE activities on women's entrepreneurship with the assistance of Gretchen Elias, consultant and contributions on data from the UNECE Statistical Division Team led by Angela Me. Substantive comments on the first draft were received from Larissa Kapitsa, former Director of the Technical Cooperation Unit, who launched the activities on women's entrepreneurship. Useful information was provided by the Regional Adviser on Entrepreneurship and SMEs, Antal Szabo. The report was prepared for print by Alison Mangin and Jean-Claude Petitjean, with the assistance of Amanda van Oostendorp.

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ACRONYMS AND ABBREVIATIONS

CEB	Council of Europe Development Bank
CEI	Central European Initiative
CIPE	Centre for International Private Enterprise
CIS	Commonwealth of Independent States
DAW	Division for the Advancement of Women
EBRD	European Bank for Reconstruction and Development
EDI	Electronic data interchange
EU	European Union
GDP	Gross domestic product
GNP	Gross national product
IADB	Inter-American Development Bank
ICA	International Cooperative Alliance
ICS-UNIDO	International Centre for Science and High Technology
ICT	Information and Communication Technologies
IFC	International Finance Corporation
ILO	International Labour Organization
ISP	Internet Service Provider
IT	Information Technology
ITU	International Telecommunication Union
JSC	Joint stock company
MFI	Microfinance institution
NATO	North Atlantic Treaty Organization
NGO	Non-governmental organization
NIB	Nordic Investment Bank
NWBC	National Women's Business Council
OECD	Organisation for Economic Cooperation and Development
OSAGI	Office of the Special Adviser on Gender Issues and Advancement of Women
SME	Small and medium-sized enterprise
TACIS	Technical Assistance for the Commonwealth of Independent States (of the EU)
UN/DESA	United Nations Department for Economic and Social Affairs
UNCTAD	United Nations Conference for Trade and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
WAP	Wireless Application Protocol
WSIS	World Summit on the Information Society
WWB	Women's World Banking
WWF	Women's World Finance
YBI	Youth Business International

**OPENING STATEMENT BY MRS. BRIGITA SCHMÖGNEROVÁ,
UNECE EXECUTIVE SECRETARY, AT THE
SECOND FORUM OF WOMEN ENTREPRENEURS
Palais des Nations, Geneva, 17-18 March 2003**

I would like to welcome participants to the Second UNECE Forum of Women Entrepreneurs. This is a particular pleasure for me, as I did not have the opportunity to meet with you at the First Forum in 2001.

Just to recall: The First Forum initiated the UNECE activities supporting Women Entrepreneurs. The Forum was held in October 2001 and gathered together about 300 participants from 30 countries. Many of them are present now. It has already had a positive impact on building networks at national, sub-regional and regional levels. One such example is the establishment, as a result of the Forum, of the All-Ukrainian Association of Women Entrepreneurs.

The idea of the Forum is to (i) promote a regional dialogue on Women's Entrepreneurship, (ii) exchange experiences; (iii) forge partnerships among governments and other stakeholders; (iv) facilitate the process of policy convergence based on best practices. But it also builds personal contacts and networks among women's business associations and individual entrepreneurs.

Building partnerships among stakeholders at national level is a key element in efficiently promoting Women's Entrepreneurship. So far, women's business associations and NGOs have been the main actors promoting Women's Entrepreneurship. Best practices already exist in a number of countries. We will have presentations of partnerships with governments from the United States of America and Finland as well as municipality initiatives from Provincia di Milano.

The UNECE Forum could also contribute to bridging the gap between Women Entrepreneurs within a Wider Europe, facilitating contacts between women entrepreneurs from accession and non-accession countries, especially in Central Asia and the Caucasus. We will listen to presentations of successful companies which use E.business.

The Second Forum of Women Entrepreneurs focuses on (i) best practices in improving women's access to financing and (ii) E-business. These two themes were decided upon as the most important at the First Forum of Women Entrepreneurs in 2001.

As a part of the Second Forum other activities will be organized: the opening of the Exhibition and Informal Networking Sessions and tomorrow a lunchtime meeting of the Presidents of Women Business Associations.

The Forum will also acknowledge best Women Entrepreneurs. Tomorrow the UNECE Award of Excellent Women Entrepreneurs will be given. These Awards are intended to promote role models for other women in the region and show women's contribution to economic growth and development of SMEs. The Awards will be given in six categories.

Entrepreneurship is a key element of growth and development prospects for all countries, and it is most relevant to transition countries. Countries which create good conditions for SME development have higher growth rates and better development prospects. Despite individual successful women, and MANY such women are in this room today, women's entrepreneurial potential remains largely untapped.

A recent UNECE publication on Women's Entrepreneurship pointed out that in eastern Europe and CIS countries for which we have data, men start their own business usually twice as often as women. This is the case of the Czech Republic where self-employed women have only 9% in total employment as compared to 18% for men.

Longer-term trends indicate that during the 1990s the gap between men and women's entrepreneurial activities widened in transition economies. This trend contrasts with trends in developed countries, especially the United States but also the United Kingdom, France and others where women-run companies are the driving force of the SME sector.

The situation of Women Entrepreneurs differs from country to country and depends on progress in the process of building a market economy. Accession countries in most cases (if I exclude the agricultural sector) do better than other economies in transition. The very low level of entrepreneurial activities in most countries in central Asia and in the Caucasus is an indicator of slow progress in building market economies.

Women face not only general barriers for SMEs (weak institutional support to SMEs, lack of access to credit) but also gender specific barriers – such as lack of collateral due to uneven sharing of privatisation gains, lack of networks and traditional views on women's roles. They have greater difficulty in obtaining credit, finding business partners, getting information on business opportunities.

The gender gap in Women's Entrepreneurship is bad economic policy for a country. But it should also be seen in the context of United Nations principles of gender equality. UNECE concerns for Women Entrepreneurs reflect core United Nations values reflected in the Millennium Declaration and other United Nations documents, especially the Beijing Platform for Action and the agreed conclusions from the Regional Preparatory Meeting on the 2000 Review of the implementation of the Beijing Platform, which was organized by UNECE in January 2000.

A major conclusion in the area of economy relates to increasing employment opportunities through fostering women's access to self-employment and entrepreneurship. This conclusion, adopted by all UNECE member States, is the basis for the UNECE programme on Women's Entrepreneurship, part of which is the Forum of Women Entrepreneurs.

The UNECE programme aims at collecting data and analyzing the situation of Women Entrepreneurs, raising awareness of issues and problems, and formulating policy recommendations to assist governments in implementing their commitments expressed in the Beijing declaration in the area of economy.

The key elements of the programme are: The Regional Forum of Women Entrepreneurs, the

virtual Gallery of Excellent Women Entrepreneurs, the on-line network of Women Business Associations, and the Team of Specialists on Women's Entrepreneurship.

The first UNECE publication on trends and key problems faced by women entrepreneurs has just been issued and is based on the materials of the First Forum of Women Entrepreneurs and meetings of the Team of Specialists.

UNECE develops the programmes in cooperation with UNDP, UNIFEM, ILO, other United Nations organizations and international organizations, such as ITU, OECD, as well as sub-regional organizations especially the Central European Initiative (CEI). I would like to welcome the representatives of all these organizations. We also develop cooperation with associations of small businesses –such as WASME, which is represented at our Forum today and the International Council of Small Business (ICSM), where UNECE is a co-chair of the Women's Entrepreneurship track at the Annual ICSM Conference (Belfast, June 2003).

The cooperation with CEI is especially close – UNECE co-organizes each year a Round Table session on Women's Entrepreneurship at the CEI Economic Summits, such as in Skopje (2001) and at the forthcoming Summit in Warsaw (November 2003).

In conclusion I would like to wish you success in your deliberations and express the wish that the Second Forum of Women Entrepreneurs will be a contribution to further strengthening and widening the economic and social development of our societies.

Thank you.

OVERVIEW

MAKING SELF-EMPLOYMENT AN IMPORTANT OPPORTUNITY FOR WOMEN

by Ewa Ruminska-Zimny, UNECE

Self-employment and entrepreneurship are increasingly important for women as a way to ensure income from work in the context of declining job security and flexibilization of work contracts across the UNECE region.

Women experience more difficulties than men in getting decent jobs as employees in most countries, especially in Eastern Europe and the CIS. This is due to discriminatory practices, especially in the private sector, and gender barriers embodied in social norms and existing labour market institutions. Many women are turning to self-employment and small businesses as a means of economic survival.

A general lack of consistent data and research on self-employment, and in particular gender-disaggregated data, means that we know little about women's entrepreneurship. The concept of "self-employment" is a broad term that incorporates a wide range of activities, from engaging in small-scale micro-entrepreneurship, often in the informal economy, to family businesses, to managing large companies in high-tech sectors and in manufacturing, each with its own set of challenges and constraints. A substantial number of women entrepreneurs are also own account workers, especially in agriculture.

Within this diverse group of women entrepreneurs, obtaining information about those most in need of support, such as low income, rural, or home-based entrepreneurs, is particularly problematic. This is compounded by the fact that these groups of women are typically politically marginalized and have little access to platforms to advocate their own needs.

Although women face common challenges related to starting and building up their businesses, their experiences vary. Their needs are shaped by the business, policy, and cultural environment.

Two challenges for women entrepreneurs in the UNECE region, regardless of their individual situations, are the need for better access to financing and to ICT. Good practices of initiatives of Governments, civil society as well as business and international communities already exist in many countries. Adapting a successful policy from one context to another expands policy options but requires the evaluation of factors which contributed to the original success.

Progress and perspectives across the region

Trends from selected countries point at the rapid growth of women entrepreneurs. Progress has, however, been uneven by country and sub-region. Likewise, policy responses to the call to promote women's entrepreneurship have been mixed.

The **United States** and **Canada** are examples of countries with well-developed policy and institutional structures supporting women's entrepreneurship. In both countries, a range of government actions and public/private partnership initiatives over the past several decades has corresponded with an explosion in the number of women starting businesses. Still, evidence suggests that women continue to face gender-based barriers in access to financing, information, and networks. (*Weeks; St-Onge*)

Women business owners in **Southeast Europe** face markedly different conditions. Due to the combined effects of economic transition and a decade of war and conflict, efforts in these countries to develop new local and national institutions to support small enterprises in a free market system are still in the early stages. Grassroots women's organizations (NGOs) and women's business associations (WBAs) have taken the lead across much of the region by providing women entrepreneurs with services and resources and advocating their

Box 1**Common experiences, common needs:
women's entrepreneurship worldwide**

When asked about their biggest concerns in running their businesses, women all over the world identify five major issues. The Centre for Women's Business Research in the United States conducted research in over a half a dozen countries and found that women share concerns about the following five challenges:

- ❖ **Access to information:** Women want better access to education, training, and counselling.
- ❖ **Access to capital:** Access to capital is a very important issue for many women business owners, who often lack formal education in financial matters and who may face gender-based barriers to accessing financing.
- ❖ **Access to markets:** Women want better access to existing ways of sharing information about programmes and services that are available to all businesses, such as government procurement and corporate purchasing opportunities, as well as opportunities for international trade.
- ❖ **Access to networks:** Women want full access to business networks such as industry-specific and general business associations.
- ❖ **Validation:** Women want to be treated seriously as business owners.

If these five areas are addressed by those involved in business development issues (be they government agencies, NGOs, large corporations, or business associations), then women's business ownership will not only continue to grow, but will thrive even more strongly. Unleashed and unfettered, women's entrepreneurship can provide the fuel for economic growth and opportunity for communities around the world.

Source: "Common Experiences, Common Needs: Lessons for Women's Entrepreneurial Development," a publication of the Centre for Women's Business Research, based in Washington, DC, USA.

interests at the policy level. Critical barriers include inequalities in property rights and the influence of traditional gender roles. (*Elias; Gospic*)

The **CIS countries** exhibit similar trends and problems. Industrial-sector production has shrunk considerably in these countries, and with it employment and economic growth. The sharp decline of industrial production of two large enterprises in Azerbaijan illustrates the downturn typical of many industrial complexes in CIS countries. The Business Poligon project shows how this could be turned into opportunity (*Safarova*). Still, tremendous diversity exists across CIS countries as shown by a recent survey of women entrepreneurs in the Republic of Moldova, Ukraine and Kazakhstan. (*Welter et al*). In all countries, however, a strong gender bias of the privatisation process had affected women's opportunities. In Georgia, only two out of 164 enterprises privatised in petroleum materials sector went to women. And women head only three out of 100 large enterprises. (*Jashi*). Issues such as property rights and traditional cultural norms are highlighted as key barriers for

women in Kyrgyzstan (*Profile 4: Baimambetova*) as well as all many other CIS countries.

These examples reflect common concerns about the challenges women face in running their businesses. They typically cite access to finance, access to information, access to markets, and access to networks as their chief concerns. (*Box 1*). These concerns are also shared by male owners of small and micro-enterprises. But women have a *gender-specific* dimension determined by social and cultural norms and, more significantly, the structural inequalities created by these norms as reflected by the unequal division of reproductive labour, discriminatory practices, and psychological barriers due to the socialization of these roles.¹ Such inequalities intensify the effects of common challenges for SMEs and create additional, gender-specific barriers.

¹ For a discussion of barriers faced by women entrepreneurs, see Kantor, 2000; ILO, 1998; OECD 2001. For a discussion of barriers faced by SMEs in general, see Levitsky, 1996.

At the same time, a comparison of women's entrepreneurship across these three groups of countries highlights the diverse ways in which women may experience common challenges. While women in the United States and the United Kingdom have difficulties accessing finance because they are not taken seriously in the male-dominated banking world, many problems of women entrepreneurs in Southeast Europe and CIS countries may be more closely related to the weakness of financial institutions and in many countries, traditional views about property rights.

Diversity exists among women's experiences within countries as well, with factors such as a woman's educational and socio-economic background, geographical location, and the sector of activities. In particular the experiences of rural and urban women entrepreneurs can differ dramatically. Effective policies have to take into consideration individual experiences as well as the broader economic and cultural environment in a particular country.

Box 2

Financing women entrepreneurs: a global challenge

The issue of women's access to finance, and some policy and programmatic responses in OECD countries

The challenges that women face in accessing finance.

- ❖ Women often have smaller amounts of personal capital available for start up
- ❖ Women have a greater need for external funding, yet have difficulty obtaining such funding
- ❖ Women lack knowledge about the available options, and the costs of getting this information (measured in money, time, energy) may be high due to family responsibilities
- ❖ Women may face explicit or implicit (structural) gender discrimination
- ❖ Banks may have inaccurate perceptions of women's borrowing and entrepreneurial behaviour
- ❖ Banks often rely on personal profiles and track records in reviewing loan applications
- ❖ Women may be asked to pay a higher interest rate or provide higher guarantees

A range of strategies can be used to address these challenges, such as:

- ❖ Special credit funds
- ❖ Mentoring or advisory services
- ❖ Development of ties with public authorities, business community, and networks
- ❖ Flexible time schedules
- ❖ Evaluation of loan applications based on business potential rather than past track record
- ❖ Strategies to change women entrepreneurs' self perceptions
- ❖ Strategies to promote a positive image of women entrepreneurs

Various actors can play a role in facilitating women's access to finance, such as:

- ❖ International financial institutions (IADB, WWB)
- ❖ Public funds providing loans at preferential rates (Kera Ltd. Loans, Finland)
- ❖ Guarantee funds (Fonds de Garantie pour la Création, la reprise, ou le développement d'entreprises à l'Initiative des Femmes, France)
- ❖ Microcredit institutions (Network credit, Norway; Business loans for women, Sweden;)
- ❖ Private banks (West Pack Bank, Australia; Bank of Ireland)
- ❖ Venture capital funds (Women Growth Equity Fund, USA)
- ❖ NGOs (Springboard)
- ❖ Business angels (WomenAngels.net, Seraph Capital Forum)
- ❖ Cooperatives (Coopératives de credit de Saskatoon, Canada)
- ❖ Conditional seed grants (Trickle Up)

Source: Dina Ionescu, former Administrator, LEED Programme, OECD. Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm.

Innovative schemes and partnerships in financing

Access to finance is a critical barrier for women entrepreneurs, especially small and micro-entrepreneurs. The Monterrey Consensus highlights the role played by such enterprises in strategies aimed to foster economic growth, reduce unemployment, facilitate social cohesion, and fight poverty.

Needs for financing depend on a variety of factors, such as the economic conditions in the area where she lives, personal and professional background and entrepreneurial goals. Thus a woman running a micro-enterprise in rural Kazakhstan and a woman business owner in an urban area of Zagreb face very different financing challenges (*Zakić; and Profile 3: Solovyova*). The diversity of women's credit needs requires flexibility when choosing strategies to address these needs.

Commercial banks are usually wary of small businesses because of the perception that SMEs are high risk borrowers. Women, who typically lack collateral, are regarded as particularly risky in most countries in the UNECE region. Weak financial systems supporting SMEs make targeting financial services to women entrepreneurs even more difficult.

Major stakeholders

Governments, financial institutions, and civil society have roles to play in improving women's access to finance.

Government-led initiatives have become more frequent in recent years, but they are still not very common. Canada and the United States offer some good practices. Through the Small Business Administration, the Office of Women's Business Ownership, and other federal-level institutions, the US Government provides women entrepreneurs with information and assistance in accessing both public and private sources of finance. It also provides funding to Women's Business Centres around the nation, many of which include micro-loans or seed money among their services. There are also good practices from Finland, Israel (*Profile 5: Mazal*) as well as Poland and Slovenia, where government support is developed in partnership with

women's business association and other partners (*Box 3*). Innovative ways to improve women's access to financing are also being developed by municipalities and local governments. In addition to information services and loans, another common approach is the development of publicly financed guarantee funds to help business owners who lack collateral to access private sector loans.

Civil society-led initiatives offer diversified schemes to improve women's access to financing. Some have established alternative sources of finance, cooperative banks, micro-finance schemes and solidarity lending programmes. Others offer programmes designed to provide women with the tools and resources they need to gain access to the formal financial sector, such as training and counselling services, or partnership arrangements with banks. Still others have implemented advocacy projects to raise awareness about the structural factors that contribute to women's difficulties in accessing finance, such as gender inequality in property ownership and in the distribution of assets.

Regional development banks, such as EBRD, are latecomers to the field of financing small enterprise, having historically focused their lending programmes on large-scale infrastructure projects. However, these institutions are also refocusing their efforts to place greater emphasis on programmes that target small enterprise and entrepreneurship. Some regional banks have developed special programmes for women entrepreneurs.

Good practice strategies

Good practices are based on improving access to existing sources of financing; developing targeted financial tools for women entrepreneurs and addressing the structural and cultural barriers.

Improving access to existing sources of finance. Examples include the proposed loan guarantee funds for SMEs in Poland (*Raciniowska*), WWB (Women's World Banking) Spain's programmes for helping women who lack collateral access bank loans (*Berggen*), and the EBRD's lending packages targeting SMEs (*Doyle*). Other approaches focus on providing women entrepreneurs with information, counselling, and guidance to ensure that they are aware of existing resources and to help them navigate the loan application process. Some

Box 3**Slovenia's Programme for Women's Professional Promotion**

Slovenia's National Employment Action Programme includes a "Programme for Women's Professional Promotion" that focuses on providing women with new employment possibilities, and in particular on opportunities for self-employment and entrepreneurship.

The main components of the programme are the META information centre based in Ljubljana, and individual Women's Enterprise Promoters located in different regions around the country. The project is financially supported by the Government and is implemented by the Slovenian Small Business Development Centre in partnership with the women's business association *GIZ Podjetnost*. The META information centre provides information, advice, and other self-employment related resources on-site, via a toll-free Business Counselling Switchboard, and on its website. Web-based services also include networking opportunities with other self-employed women in Slovenia, Stability Pact countries, and other European countries. As of 2003, 28 Women's Enterprise Promoters had been designated in different municipalities around the country. They provide a range of services tailored to the needs of women in their communities, targeting in particular unemployed women, single mothers, and women with less education. Their responsibilities include facilitating networking opportunities, assisting women with accessing information about business start-up, and providing motivational workshops and workshops in areas such as handicraft production, farm tourism, and computer skills. In 2002, over 2600 women participated in these workshops.

Source: Marta Turk, President GIZ Podjednost and chair, Commission for Economy and Business, Slovenia, presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm, and www.podjetnost.org, www.pcmg.si.

programmes also work directly with the staff of financial institutions to educate them about women's financing needs and help them to tailor their services and financial tools to the needs of women entrepreneurs.

Developing targeted financial tools for women entrepreneurs. Examples include the pilot project of the Nordic Investment Bank (NIB) and the Council of Europe Bank (COB) for the Baltic States (*Hellen and Seppälä*) as well as the loan package provided by the Finnish government-funded lending agency Finnvera in (*Profile 1: Laine-Kangas*). The Women's Cooperative Bank, a non profit lending institution in Cyprus, prioritizes women in its mission, but does not exclusively target women in its services (*Box 4*). These different projects also demonstrate the range of possibilities for the involvement of public, private, and non-profit lending institutions, as well as for handling the issue of targeting.

Addressing the structural and cultural disparities to overcome difficulties in accessing finance. Examples include the efforts of NGOs in Serbia and

Kyrgyzstan to raise awareness about women's property rights and land ownership rights, in order to change patterns of ownership. Similarly, the *Pink Card* project of the Province of Milan educates women about the importance of establishing a credit history and managing their personal finances (*Grecchi*). Whether on a structural level, by lobbying for reforms of the legal system and for changes in traditional practices, or on an individual level, by raising women's awareness about asset ownership and financial management, this type of approach works to change the unequal patterns of ownership that put women at a disadvantage when seeking financing.

Access to ICT: Opportunities and challenges

Information and communication technologies (ICT) have enormous potential as a tool to enhance women's economic, political, and social empowerment. Women entrepreneurs in particular can benefit from these to improve their access to information and networks and to increase the competitiveness and market outreach of their businesses.

Box 4**The Women's Cooperative Bank in Cyprus**

A non-profit financial institution that promotes women's entrepreneurship through loan services and other activities

In October 2000, 350 women in Cyprus came together to tackle the problem of women entrepreneurs' limited access to financial resources in this country. Their solution: the formation of the Women's Cooperative Bank, a non-profit lending institution governed by a volunteer board of directors including banking experts, business owners, and academics. The Bank was officially founded in January 2001 in Larnaca, under the jurisdiction of the Ministry of Commerce, Industry, and Tourism, with the goal of providing more flexible financing terms to business owners.

Although it serves women and men alike, the bank has a particular interest in enhancing women's entrepreneurial activity. Towards this end, the bank has initiated research on women-owned businesses in Cyprus and their financing needs, and is working with the Cypriot government to design programmes tailored to these needs. For example, the bank is exploring the possibility of creating a business incubator for women's start up companies. It also plans to offer seminars and workshops that support women-owned businesses and promote their economic advancement.

Source: Artemis Toumazi, President, Women's Cooperative Bank, Cyprus. Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm.

At the same time, a "gender divide" is already apparent within the "digital divide". Pre-existing inequalities and unequal power relations "contribute to differential access, participation, and treatment for men and women" in the area of ICT.² A "gender neutral" approach to ICT decision-making will only intensify these existing differences in women's and men's access to ICT. Mainstreaming gender aspects into ICT policy debates and decision-making processes is necessary to ensure adequate access to and utilization of ICT by women entrepreneurs.

As in access to financing and for similar reasons, women's access to ICT varies considerably among and within countries in the UNECE region. Women in EU countries, particularly in Scandinavia, are the most likely to have adequate access to ICT, although they still lag behind men in many aspects of ICT use. In most transition countries, although aggregate ICT use rates are increasing rapidly in many countries, particularly Estonia, a considerable gender gap in ICT access persists. The CIS countries have the lowest levels of ICT use and availability in the UNECE region. Across the region, younger women and women in urban areas

have greater access than older women and those in rural areas.³ The gender gap in ICT in many countries may not be easy to close, despite good levels of women's education. Disproportionately affected by job cuts and unemployment, women are less likely to be able to afford the costs of accessing and investing in new technologies. And a resurgence of traditional attitudes about gender roles has increased women's workload within the family, leaving them with less time to devote to learning new skills, and has perpetuated a perception of technology as a "male" domain.

Major stakeholders

There are a variety of stakeholders in the ICT area, with a strong role of the private sector. Many countries in the region, particularly in Eastern Europe and the CIS, are just beginning a policy debate on social implications of the burgeoning information society. So far this discussion has largely been dominated by the "technical approach" with its emphasis on physical infrastructure. The regional discussion on building an Information Society within the WSIS process provides a good framework to incorporate gender issues from the

² ITU website <http://www.itu.int/ITU-D/gender/GenderWSIS/>

³ United Nations Interagency Network on Women and Gender Equality, 2002

outset. In this regard, the inclusion of specific wording about gender equality in the *Bucharest Declaration* adopted at the *Pan-European Preparatory Ministerial Conference for WSIS* (2002) could serve as a good practice (Box 20).

Although issues of gender and ICT are still new for most civil society initiatives in the UNECE region, many NGOs are active in this area. International organizations, such as UNDP and UNIFEM, have already included these issues in their work programmes.

Potential strategies

Improving access to ICT for women requires a multi-dimensional approach that addresses both the immediate barriers preventing women's access to ICT, as well as the underlying structural forces creating these barriers.

Improving immediate access to ICT technology. This could be done by addressing the immediate barriers that prevent women from investing in ICT technology and training. There are many examples,

such as the work of the Serbian NGO *Jednake Mogucnosti* which, together with its governmental and private sector partners, brings computer equipment to women teachers in rural areas. Some programmes directly target women entrepreneurs through the provision of grants to defray the costs of investing in business-related technologies, or the development of special ICT training programmes.

Longer-term strategies addressing the cultural and social barriers. This requires raising awareness, building self-confidence and changing stereotypes related to "male" and "female" education profile and jobs. By promoting the ICT field as not only a "male domain" and encouraging women to take leadership roles in technology-intensive businesses, such strategies will enable women to take advantage of the entrepreneurial opportunities presented by ICT and to play an active role in this sector. Examples include the UNECE Entrepreneur of the Year Award, which highlights the achievements of successful women in the ICT sector (Boxes 5 and 18).

Box 5

Recognizing women's achievements: the UNECE Excellent Woman Entrepreneur of the Year Award

The UNECE award was established to provide role models and recognize the contribution of women entrepreneurs to the economic development and social progress of their countries. For the 2002 competition, 41 nominees from 20 countries were submitted as candidates for awards in six categories. The winners of UNECE Excellent Women Entrepreneur 2002 were:

<i>Best Start Up:</i>	Israilova Ratkan , Chairperson of "Kairat Bol" credit union in Kyrgyzstan
<i>Most Innovative:</i>	Feryal Menemenli , Owner and Chair of the Board of the Board of Doğa Bitkisel Ürünler Sanayi ve Ticaret A.Ş., Istanbul Turkey
<i>Best ICT Entrepreneur:</i>	Sanja Penić , Manager of Digera d.o.o. Croatia
<i>Best Craft Entrepreneur:</i> (two awards)	Agamirzoeva Fatima Ayibkhan , President and owner of Aygun, Azerbaijan Salimova Makhfuza Hamidovna , Managing Director and Owner of Sadbard company, Uzbekistan
<i>Best Entrepreneur Facing a Disability:</i>	Leona Szy , Owner and Managing Director of Kiskapu, Ltd., Hungary
<i>Best Environmental Entrepreneur (3Rs):</i>	Leonina Doromian , Manager and Owner of SC Cânepa Româneasca, Romania

Source: <http://www.unece.org/indust/sme/candidates.htm>

Learning from good practice

Good practices developed in response to concerns in particular countries may or may not be useful elsewhere. The following are some context-based factors that should be considered when adapting successful practices from one location to another:

Policy goals and objectives. The focus of a particular policy is shaped in part by the broader policy environment in which it operates. In the European Union, where unemployment is a chief policy concern, women's self-employment is typically situated within broader strategies to combat unemployment, which differs from other approaches (*Box 4*).

The availability of resources. Choices about policy design are linked to resources (human capital, physical, institutional, financial infrastructure). Many initiatives based in developed market economies have as their goal improving women's integration into an *already well functioning* financial system. But in Southeast Europe, where the financial institutional framework is still weak and underdeveloped, strategies that focus on developing *alternative sources* of financing might be more relevant.

The funding environment. Policies designed for an environment where governments rely on the local tax base for their funding may differ in scope and design from those where governments rely heavily on international donor funding. Adapting a policy to a new environment with different funding constraints will require corresponding adjustments in policy design. Several EU countries promote women's self-employment through active labour market policies implemented by public employment services. But in CIS countries, lack of funding is an important constraint affecting the capacity of these institutions to provide such services.

The roles of stakeholders. Stakeholders in the public, private, and non profit sectors can and do take diverse roles. The diversity seen in countries in the UNECE region suggests that there is no single answer as to who should implement or fund initiatives to promote women's entrepreneurship. Rather, this depends on the underlying reasons for intervening, on the capacities of different economic and political institutions, and on public perceptions

and role of these institutions. Recent initiatives to promote women's entrepreneurship in Canada emerged out of the private financial sector, in part because of key support from several women bankers. And in Southeast Europe, women's NGOs have developed extensive tools, as well as research, lobbying, and advocacy capabilities, to address women's economic needs.

The impetus for the policy and its implementation process: The conditions under which a policy is created and implemented are important. The nation-wide push for legislation and research promoting women's entrepreneurship in the US in the 1970s grew out of the momentum of the women's movement and the civil rights movement. Similarly, the emergence of Local Enterprise Agencies (LEAs) in the United Kingdom was a "bottom-up", grassroots phenomenon that started in the private sector as a response to locally defined needs and problems.⁴ Reproducing the success in other countries via "top-down" approaches, without acknowledging the key role of the grassroots impetus, may not work.

Key challenges and policy recommendations

There are three key policy challenges:

- ❖ How to effectively identify and reach self-employed women.
- ❖ How to integrate a gender perspective into relevant policy areas.
- ❖ How to coordinate the efforts of different stakeholders.

Policy recommendations

- Developing regularly collected data, information and research on self-employed women, which could serve as base to design policies.
- Incorporating the needs of the most vulnerable groups of self-employed women into support measures (rural women, home-based entrepreneurs and self-employed women in informal sector). Measures could include: targeted policies; assistance in mainstreaming their concerns into larger support networks and resources, such as regional coalitions of informal workers, also inclusion of organizations representing self-employed women in the informal sector into policy discussions.

⁴ Gibb and Haas, 1996

Box 6**Different approaches and rationale for supporting women's entrepreneurship**

Approaches and rationale for supporting women's self-employment and entrepreneurship differ. The *growth approach* emphasizes women as an untapped source of growth for the economy as a whole. The '*job creation*' rationale, links the support to women's entrepreneurship to broader strategies to combat unemployment. The *poverty alleviation* rationale emphasizes self-employment as an economic survival tool for poor women and their families. Efforts to promote women's entrepreneurship stem also from a commitment to *women's empowerment*.

These rationales reflect different policy priorities and can lead to different approaches in policy implementation. When each stakeholder focuses narrowly on one approach, without coordinating its efforts with those of others, gaps can emerge, resulting in policies that are not effective. Active labour market policies in the EU encourage self-employment largely based on the '*job creation*' rationale, but these programmes are often under utilized by women. US and Canadian approaches based on the '*economic growth*' rationale risk to focus on formal sector entrepreneurs with larger enterprises as opposed to low income micro-entrepreneurs. In contrast, many NGO-based programmes to support women's self employment target poor and vulnerable women and are typically based on '*poverty alleviation*' or '*empowerment*' approach, such as in countries of Southeast Europe and CIS countries. But without strong linkages to the government decision-makers who set the economic policy agenda, such programmes risk to further isolate poor and marginalized women, instead of helping them to integrate into larger economic system.

Source: UNECE paper for *UNECE/OSAGI Regional Symposium on mainstreaming gender into economic policies* (2004); *OECD Small and Medium Enterprise Outlook: Proceedings of Second OECD Conference on Women Entrepreneurs*; Kantor, 2000.

- Developing an approach based on the multiple rationales and balancing needs of different groups of self-employed women. Such an approach would combine: (i) targeted programmes that improve women's immediate access to resources (such as credit lines, micro finance, access to training and services); (ii) programmes designed to promote self-employed women in the wider society and to increase their visibility in the business and policy communities (such as achievement awards, procurement policies, public awareness campaigns); (iii) gender mainstreaming to address underlying structural barriers and their manifestation in the labour market, tax, and family and social policies.
- Mainstreaming a gender sensitive approach to SME policy through identifying gender specific barriers and broadening the scope of policies to reflect the characteristics, constraints and needs of women-owned enterprises.
- Ensuring that SME policy addresses gender-based constraints faced by women, and in particular those related to the unequal division of household and family labour. One example would be to provide child care and health care benefits in programmes that provide assistance to self-employment.
- Integrating the efforts of different stakeholders through:
 - Building formal linkages and lines of communication between government institutions responsible for SME policy and national gender machineries;
 - Facilitating opportunities for direct communication and on-going dialogue between government actors and civil society stakeholders such as women's NGOs and women's business associations (WBA)
 - Developing and strengthening linkages among stakeholders who work directly with self-employed women at the local level by encouraging partnerships and dialogue among chambers of commerce, local branches of public employment services, women's NGOs, and WBAs.

Box 7**Statistics on women's entrepreneurship: problems in data collection**

Designing effective programmes and policies to promote women's entrepreneurship requires information about women entrepreneurs: who they are, what kinds of businesses they run, and how they are faring compared to men. Such information is not always easy to come by. And the data that is available often suffers from several problems, most importantly a *lack of standard definitions* and a *lack of consistency among available data sources*.

Lack of a common framework for defining *entrepreneurs* and *entrepreneurship*. An entrepreneur may be defined as the owner or manager of an enterprise, its executive director, or a member of its managing board. Self-employed people are also commonly considered to be entrepreneurs, but not all data sources include self-employment in their definition of entrepreneurship. And self-employment itself can be defined in multiple ways according to the different goals of various sources. For example, not all countries in the UNECE region use the standard guidelines of the International Labour Organization (ILO) for defining self-employment. And for countries where a large part of the labour force is engaged in agriculture, definitions that include agricultural self-employment will overestimate entrepreneurial activity.

No single source of data on entrepreneurs, and wide variation in the available data sources. The most common sources are household surveys (usually labour force surveys), enterprise surveys, and official registers of enterprises. But each of these data sources uses different categories when collecting information, and each also focuses on a different aspect of entrepreneurship. The resulting data is therefore not always comparable.

- ❖ *Household-based data sources* are a good source of information on self-employment, entrepreneurs' personal characteristics, and very small or unregistered entrepreneurial activity. They are also most likely to have gender-disaggregated information on entrepreneurs. But they may not yield good data about the enterprise itself.
- ❖ *Enterprise surveys and registers* are less likely to collect information about the sex of the owner or manager. They may only include information on certain types of firms. For example, very small firms or firms in certain sectors may be excluded. And in countries with a large informal economy, official registers are unlikely to provide an accurate picture of total entrepreneurial activity.

These problems create difficulties in comparing statistics on entrepreneurship across countries, and even among different data sources within countries. While these difficulties exist in all countries across the UNECE region, they are particularly pronounced in transition countries for several reasons. Governments of these countries often lack funding for regular household surveys, meaning that data is collected less frequently and on a smaller scale. Reliable non-government sources of data are less available. And the size of the informal economy in many of these countries makes data collection through official enterprise registers unreliable.

These data collection issues have several implications. First, when using or comparing statistics on entrepreneurship it is important to take into account *the source of the data* and *what definition for entrepreneurship was used*. Second, regional and national efforts to promote women's entrepreneurship must include work to establish a standard framework for defining entrepreneurship and a common set of indicators to measure entrepreneurship.

Source: Giovannelli, Gunnsteinsdottir, and Me, 2003.

PART ONE**PROGRESS AND PERSPECTIVES FROM SELECTED COUNTRIES****SUPPORT FOR WOMEN'S ENTREPRENEURSHIP
IN THE UNITED STATES: LESSONS LEARNED**

*The initiative must come from women entrepreneurs themselves,
but support from governmental and non-governmental
enterprise development institutions is essential*

*by Julie Weeks
Executive Director, US National Women's Business Council*

Support for women business owners and their enterprises in the United States, while frequently considered a role model for other nations, is a relatively recent phenomenon. Only over the past decade have several disparate elements of activity coalesced into what some may call a movement, but what is, in reality, a loose confederation of public and private sector efforts that have resulted in:

1. increased awareness of the contributions and challenges of women business owners and their enterprises;
2. significantly greater public and private sector support for women's enterprise development;
3. a proliferation of non-governmental organizations supporting women's enterprises, and
4. growth in the number, diversity, and impact of women's business associations.

Planting the seeds

Women have started, owned, and inherited businesses in the United States since the founding of the country, yet official recognition and support for women's enterprise development has been in existence only for the past 25 years. The groundswell that seems to have begun in the mid to

late 1970s may have been sparked by a number of concurrent events: the women's movement for equal rights in the late 1960s and early 1970s; the Equal Credit Opportunity Act of 1974, which forbade credit discrimination on the basis of gender; the formation of the National Association of Women Business Owners in 1975, and the expansion of government business census programs to include an analysis of gender, which occurred first in the 1977 census.

The first Federal government program to assist women's business enterprises came as the direct result of lobbying from women business owners. Due to their efforts not only in lobbying the Federal government but in urging the appointment of women in key agency positions, an interagency government task force was created, and a research study was conducted to review the status of women-owned firms in the US. The resulting report, "The Bottom Line: Unequal Enterprise in America," documented some of the barriers that women faced in starting and growing their businesses. In response to the report, President Jimmy Carter issued an executive order in 1979 establishing an Office of Women's Business Ownership within the US Small Business Administration.

Shortly thereafter, a pilot loan program was established, the office began working with Federal procurement officials to get more women-owned businesses involved in selling goods and services to the government, and began reaching out to the women's business community through speeches, conferences, and news releases.

Moving forward

Although the establishment of a Federal office for women's business enterprise was an important first step, women business owners felt that more action was needed. As a result of their continued efforts, the United States Congress passed the Women's Business Ownership Act of 1988 (also known as House Resolution 5050) which gave the Office of Women's Business Ownership programmatic responsibilities – most notably the “Women's Demonstration Project,” which has burgeoned into support for over 80 women's business centres around the country as of 2002.

This landmark legislation also established the National Women's Business Council, a public policy advisory body comprising women business owners and women's business association representatives. Its mission is to promote initiatives, policies, and programs designed to support women's business enterprises at all stages of development, and to serve as an independent source of advice and counsel to the President, Congress, and the US Small Business Administration on economic issues of importance to women business owners. The council thus serves a needed role as the public policy voice for women business owners in the Federal government.

At this same time, a private sector organization was formed which has also played a critical role in women's enterprise development in the US. Established in 1989, the National Foundation for Women Business Owners – now known as the Centre for Women's Business Research – has amassed an unparalleled body of research-based knowledge about women business owners and their enterprises. Through its efforts, the Centre has raised public awareness of important trends in women's business ownership, highlighted the challenges being faced, and provided facts and figures for use in public education and advocacy efforts.

What we know now

The current state of women's business ownership in the United States is very strong. The number of women-owned businesses continues to grow at twice the rate of all US firms, and these firms are increasing in economic clout. Between 1997 and 2002, the number of women-owned firms grew by 14%, the number of firms with employees grew by 37%, the number of those employed in women-owned firms increased by 30% and firm revenues rose by 40%. There are now 6.2 million majority-owned, privately held women-owned firms in the US, accounting for 28% of all businesses, employing 9.2 million workers, and generating nearly US\$ 1.2 in revenues. If jointly-owned and publicly traded firms are included in the population, the numbers are even more impressive: 9.1 million women-owned firms, accounting for 38% all businesses, employing 27.5 million workers, and generating US\$ 3.6 trillion in revenues.

Women-owned businesses are also becoming increasingly diverse. As strong as the growth of women-owned firms is overall, the number and growth of firms owned by women of color is even stronger – twice the rate of all women-owned firms and four times the rate of all U.S. firms. Further, women are expanding into non-traditional industries, such as construction, manufacturing, agribusiness, and transportation.

Despite this impressive growth, we still know that women in business continue to face challenges. Primary among them are: access to capital, access to markets, access to training and technical assistance, access to networks, and the need for legitimacy – to be taken seriously as business owners, employers, and contributors to economic growth. Research has shown these to be key challenges for women business owners around the world.

To address these challenges, the United States is blessed with a wide range of public and private sector groups that are working to increase economic opportunities for women. There are a growing number of women's business associations organized by geography, industry, and level of achievement. Corporations have substantially increased their efforts to market to and purchase from women-owned businesses. Foundations focused on entrepreneurship support are becoming more visible and active. And there are many State and local

government initiatives in the area of women's business development in addition to the federal efforts summarized here.

Lessons learned

What lessons can be learned from the US experience? I would suggest that there are three important universal truths to share:

- ❖ Ideally, the impetus for action and implementation should come from the women business owner community. Neither public sector agencies nor non-governmental supporting organizations have the drive, the enthusiasm, or the sustained commitment necessary to persist through changes in political leadership.
- ❖ Sustainable support for women's business development, however, can only be achieved if
- there is active involvement not only from women business owners and their organizations but from government AND from non-governmental organizations supporting enterprise development. These key groups form a "three-legged stool" of support for women's business development; the absence of any one of them will significantly lessen the ability to achieve sustained change.
- ❖ Having accurate, reliable, and timely research-based information is a critical component in making the case for policy action and for monitoring progress (or lack thereof). Gender disaggregated government business information is extremely important, as is survey research information on the characteristics of women (and men) business owners. Research is a vitally important tool for both program development and public policy action.

Box 8

National Women's Business Council (NWBC)

NWBC is a bipartisan Federal advisory council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the U.S. Small Business Administration on economic matters of importance to women business owners. The Council's mission is to promote bold initiatives, policies and programmes to support women's business enterprises at all stages of development in the public and private sector marketplace; from start-up to success to significance. The Council is committed to conducting research on issues of importance to women business owners; communicating these findings widely; connecting the women's business community to public policy makers; and instigating change to expand and improve opportunities for women business owners.

Source: www.nwbc.gov

FOSTERING THE START-UP AND GROWTH OF WOMEN-OWNED ENTERPRISES: GOOD PRACTICES FROM ATLANTIC CANADA

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Introduction

The profile of women entrepreneurs in Canada has grown considerably over the past ten years. Over 10 federal government departments and some provincial governments have developed programs and services specifically tailored to meet their needs. This has been complemented by a number of private sector-driven initiatives, often created or sponsored by one of the major Canadian banks. For example, the Royal Bank was a major funder of Women Business Owners of Canada (WBOC), an organization whose mandate is to provide linkages among provincial and local associations of women business owners across the country. The University of Toronto has spearheaded an annual Woman Entrepreneur of the Year awards program. Western Diversification, one of the federal government's regional development agencies, has funded a Women's Enterprise Program that provides counseling and lending services for women through a network of Women's Enterprise Centers. ScotiaBank and the Bank of Montreal have partially funded centers for women in business at Simon Fraser University in Vancouver and Mount Saint Vincent University in Halifax.

Collectively, these initiatives have as their goals to raise the profile of women entrepreneurs, to improve the reach of counseling, advisory and loan services to encourage more women to start new enterprises, to improve the entrepreneurial skills and competencies of women and to build networks for the sharing and exchange of information and knowledge among new and existing women-owned firms. To illustrate the continuous importance of the issue in the Canadian context, the Prime Minister announced a Task Force on women entrepreneurs in November 2002. Findings will be present in mid-2003. This article presents the comprehensive

approach taken in the Atlantic Region of Canada to achieve these objectives and to accelerate the growth and development of women-owned firms.

Women's entrepreneurship in Canada

Governments around the world have different practices with respect to specific policy objectives for developing women's entrepreneurship in their countries (APEC, 1999; Stevenson and Lundstrom, 2001). Countries like the US and Canada are somewhat advanced in their targeted policy and program initiatives, while countries like the United Kingdom and Ireland have few established support programs. The percentage of women entrepreneurs varies considerably by country, ranging from 37% in the United States to 26.5% in the United Kingdom to 16% in Ireland.⁵

From 1976 to 2001, the number of self-employed women in Canada grew by 300%, increasing their share of total self-employment from 17 to 35%.⁶ From 1991 to 1996, the number of self-employed women grew by 33%, while the number of self-employed men increased by only 15%.⁷ This higher growth rate among women was largely attributed to an increase in the labor force participation rate of women during that period, a period during which time the labor force participation rate of men remained relatively stable.

Federal government attention to the issue of women's participation in entrepreneurial activity began in the late 1980s with the launch of the National Policy on Entrepreneurship. By 1990, the

⁵ Labour Force Statistics, 1978-1998, OECD, Paris, 1999

⁶ Labour Force Historical Review, Catalogue N^o.71F0004, Statistics Canada, Ottawa, 2002.

⁷ Statistics Canada, Labor Force Survey, 2002

Business Development Bank of Canada had initiated a series of conferences for women entrepreneurs in various parts of the country, the Entrepreneurship and Small Business Office (Department of Industry, Science and Technology) was funding women-focused activity under the National Entrepreneurship Awareness Program, and several Canadian banks started examining ways to reach the women's segment of the small business market. In the mid and late 1980s, a few regional studies of women entrepreneurs began to emerge (e.g., Stevenson, 1983) and the Status of Women Canada had contracted a major national study to identify barriers and challenges faced by women in starting and growing their own firms.

The results of these various research studies produced consistent findings. To accelerate the development of women-owned firms, several gaps needed to be addressed:

- Improved access to financing,
- Improved access to information on training courses and assistance programs,
- Improved access to training and/or counselling programs that would encourage the preparation of sound marketing strategies, business plans, financial forecasts and cash flow budgets,
- Improved opportunities for networking and mentoring among women business owners.

In addition, efforts were needed to raise the profile of women entrepreneurs, to promote entrepreneurship as a role for women, to make examples of successful women entrepreneurs more visible within the public domain, and to sensitize lenders, suppliers, financiers and business support professionals about the needs of this segment of the SME population.

It was clear that for Canada as a whole, women were underrepresented in the business-ownership population. The three major challenges were:

- The "motivation challenge" – encouraging more women to consider entrepreneurship as an option;
- The "start-up challenge" – improving women's access to the resources and support needed to help them start new businesses;
- The "growth challenge" – assisting women to gain the support and resources necessary to pursue a growth path for their businesses.

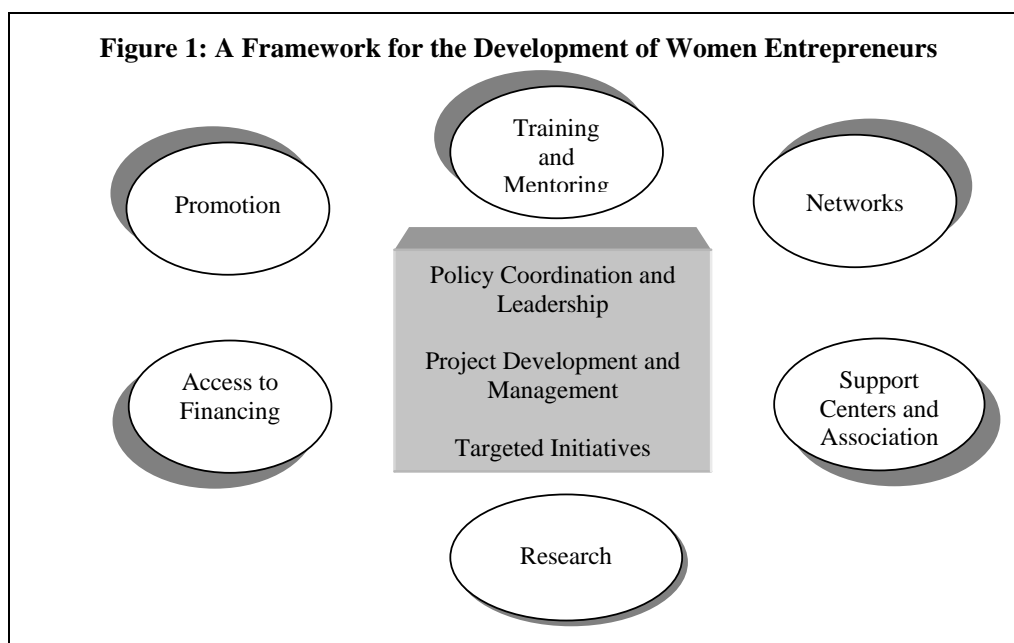
To accelerate the rate at which women were starting new businesses, creating employment, and participating fully in economic development activity, it was determined that special "target group" attention was warranted.

The most coordinated policy focus on the development of women entrepreneurs took place in Atlantic Canada⁸ under the leadership of the regional development agency, the Atlantic Canada Opportunities Agency (ACOA). ACOA established an Entrepreneurship Development Directorate in 1990 with the objective of "renewing the entrepreneurial spirit of the region in partnership with Atlantic Canadians." Women were identified as one of the target groups for tailored activity. The major tools employed fit within the framework of (1) promotion, (2) financing, (3) training and mentoring, (4) networking, (5) coordinated policy action (Fig. 1). The policy framework was implemented by ACOA in partnership with the Business Development Bank of Canada, the Entrepreneurship and Small Business Office of Industry Canada, the Association of Atlantic Women Business Owners (and similar networking organizations), provincial governments, banking institutions, universities and economic development organizations.

The case of Atlantic Canada

By the end of 1999, there were almost 50,000 self-employed women in Atlantic Canada. This represented about 34% of the total self-employed in the region, up from 30% in 1989. More than half of the total increase in self-employment during the decade was due to women's entrepreneurial activity; however, women remain underrepresented as entrepreneurs. Employed men are almost twice as likely to be self-employed as employed women. Only 4.8% of working women in Atlantic Canada are self-employed, versus 9.3% of working men. Women are less likely to own employer-firms; only 23% of self-employed women have employees versus 45% of self-employed men. Self-employed women are less likely to work full-year and full-time in their businesses and report lower earnings

⁸ Atlantic Canada refers to Canada's four most eastern provinces bordering on the Atlantic Canada – Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island. The Region has a population of approximately 2.5 million



from this activity. Men and women reporting self-employment earnings from full-year, full-time activity reveal average earnings of \$40,043 and \$25,552 respectively.⁹ It also appears that men and women finance their businesses differently. Women are more likely to use personal savings (66% versus 45%) and to obtain loans from friends and relatives (20% versus 12%), while men are more likely to secure bank financing (65% versus 38%) and loans from government (22% versus 15%).¹⁰ Women business owners are less confident than men about their ability to marshal the capital and resources needed for the various stages of business entry and growth (Orser, 1998). They also tend to have less management experience than men prior to starting their own businesses and thus have a steeper learning curve. In addition, Omnibus polls in the region reveal that men are twice as likely as women to express the intent to start a business sometime in

the future.¹¹ This suggests that women are less likely to see themselves in the entrepreneurial role.

Having said that, Atlantic Canada's women business owners employ approximately 175,000 and generate more than \$2 billion dollars in sales revenues.¹² More than 30% of them conduct business nationally and internationally and over 50% have been in business for more than 10 years. Increasing the number of women entrepreneurs would, over time, contribute to improved economic growth and performance for the region. Because women are underrepresented as business owners and appear to face a number of barriers to both business entry and growth, specific government policy action continues to be warranted. The next section describes actions taken in Atlantic Canada in each of the framework areas outlined in Figure 1.

⁹ Entrepreneurship Development: The Case of Women.' Final Report on the Meeting on Entrepreneurship Development for Women in Atlantic Canada, Atlantic Canada Opportunities Agency, Moncton, New Brunswick, 18 May 2000, based on data from Industry Canada

¹⁰ The Economic Impact of Women Business Owners in Atlantic Canada.' Women's World Finance, Cape Breton, July 1997.

¹¹ Entrepreneurship Development: The Case of Women, 2000

¹² The Economic Impact of Women Business Owners in Atlantic Canada, 1997.

Policy coordination

Coordinated policy was seen as a central feature of effective programming to improve the situation for women entrepreneurs in the region. ACOA's Entrepreneurship Development Directorate assumed the policy coordination role, in cooperation with the Business Development Bank and other associative bodies.

In 1991, the first policy forum on women entrepreneurs was organized and co-hosted by ACOA, the Business Development Bank and the Entrepreneurship and Small Business Office of Industry Canada. A second Policymaker's Forum on Women Entrepreneurs followed in 1992. Representatives of several of Canada's major banks were invited to the second forum in an effort to engage them in a constructive dialogue on strategies to improve women's access to financing. These roundtable forums provided an opportunity for governments, women entrepreneurs and their representative associations, business support providers, and bankers to focus on the key issues affecting the development of women-owned firms and of women as entrepreneurs. Both forums preceded a regional Convention of Women Entrepreneurs (see below), and forum outputs and conclusions were shared with convention delegates. These events served to bridge the communication gap between women entrepreneurs, policymakers, and business support providers, but unfortunately were not continued on an annual basis.

Lessons learned: This experience showed that a body must assume leadership for the women's entrepreneurship agenda and its policy advocacy. That body should build horizontal partnerships and promote policy dialogue and the exchange of experience. Critical components of a successful approach are research inputs, support for the development of associations representing women entrepreneurs as a group and women-focused enterprise centers, and projects aimed specifically at meeting the needs of women business owners as a target group. The management of this "system" falls within the domain of the leadership body. Unless they are a priority on the government's agenda, the needs of women entrepreneurs tend to fall between the cracks.

Promotion

The objective of promotion activity is to raise the profile of entrepreneurship as a viable option for women and to increase the visibility of women's entrepreneurial activity. This is achieved primarily through public promotion of women entrepreneur role models. Vehicles used have included television documentaries, video profiles, print profiles, and conferences on and about women entrepreneurs. On a regional level, all of these vehicles were employed.

Awards – Two regional awards programs were implemented. The first was a Hall of Fame for Women Entrepreneurs that recognized "pioneer" women who had owned their own businesses for over 30 years. This award was implemented by the Association of Atlantic Women Owners, supported by ACOA and the Business Development Bank of Canada, and delivered in conjunction with an annual regional conference on women entrepreneurs. Winners (one in each of the four Atlantic Provinces) ranged in age from 70 to 96 and epitomized women who, against all odds, managed to create a livelihood for their families or to pursue a dream at a time when women faced extreme social and economic barriers to economic activity of this kind. They served as inspiring role models to younger women and helped build the legacy of a history of female entrepreneurial activity, which helped to legitimize this role as a natural one for women.

The second award was a category for "woman entrepreneur of the year" as part of the Atlantic Entrepreneurship Awards. Winners of these awards were featured in print profiles and spoke at conference events. Nominees for the Ernst & Young Entrepreneur Of The Year program and the national Canadian Woman Entrepreneur Awards program were drawn from the pool of regional winners and finalists. A number of smaller award programs at the provincial level also promoted and recognized the entrepreneurial achievements of women on a more local level.

Broadcast media – Television is a powerful medium through which to promote an entrepreneurial culture. Several regional examples exist:

- ✧ In 1987, the National Film Board produced and released a half-hour documentary, “Enterprising Women”, which featured stories about five women entrepreneurs from Nova Scotia. Based on research done in the early 1980s (Stevenson, 1983), the film was a product of Nova Scotia’s Deputy Minister of Economic Development’s interest in doing something constructive to increase the number of women entrepreneurs in the province.
- ✧ Women were among the target groups profiled on “Leading Edge”, a weekly Global Television Network regional series. This series, initiated by ACOA in cooperation with Global, ran for eight seasons (1991-1999). The program profiled over 200 regional small business owners, including many women. The profiles included women who had grown multi-million dollar export businesses, crafted collectible dolls from a home base, manufactured gouda cheese or frozen pizza, or operated quaint bed & breakfasts.

Print publications – ACOA was among the first government agencies in Canada to compile and publish profiles of women business owners. The first such publication, *Profiles of Success: Women Entrepreneurs of Atlantic Canada*, was distributed in 1991 and included profiles of the first winners of the Atlantic Hall of Fame for Women Entrepreneurs and the speakers of a major Convention for Women Entrepreneurs in October 1991. Interestingly enough, these publications also served as a more readily available list of “bottom-line oriented” women who could be invited to sit on the Boards of government and private sector agencies and organizations. They called attention to a largely invisible group of competent and successful women entrepreneurs. Since that time, other organizations, associations, government agencies, and media have produced similar publications, including a list of the top women-owned firms in Canada. Such publications dispel myths about the growth potential of women-owned firms and motivate other women to follow in their path.

Conferences and conventions – Recognizing the need to bring women entrepreneurs together, the Business Development Bank of Canada started a series of conferences across the country in the mid 1980s. Several events were held at various locations in Atlantic Canada, and drew delegates from the

local areas. These conferences started the process of creating venues for women to share knowledge and experiences. In 1986, the Association of Atlantic Women Business Owners (AAWBO) held the first of two regional conferences, bringing together women from various corners of Atlantic Canada to share and learn from each other’s experiences and exchange information. These initial events laid the groundwork for larger events in the early 1990s.

In 1991, a group of champions committed to supporting women entrepreneurs gathered to discuss the need to continue to bring women together. A public and private sector pan-Atlantic steering committee was formed to plan and deliver the event: *Opportunities for Women Entrepreneurs: Building the Atlantic Economy*. The concept of a one-day conference grew to a two and a half day bilingual (French/English) convention with a program catering to both aspiring and existing women business owners. During the convention, over 300 delegates listened, shared, questioned, and observed. Many found the answers and information they were looking for. Women entrepreneurs went back to their businesses with renewed energy and enthusiasm, and a new determination to remain entrepreneurs and winners. Aspiring entrepreneurs left more convinced to follow the examples and start their businesses. To provide delegates with future developmental and networking opportunities, proceedings were prepared and distributed to every convention delegate. The publication summarized workshops and presentations and also contained a list of delegates with contact coordinates.

The Convention was used as a forum to stage the Inauguration of the Atlantic Hall of Fame for Women Entrepreneurs. The celebration honored five women from the four Atlantic Provinces who pioneered in their own businesses with beginnings prior to 1960. Their spirit, their determination, and their will was presented to contemporary women for role models. The event was organized by AAWBO.

In 1992, the second convention, organized by the previous year’s convention steering committee, was held. In its planning, the convention steering committee determined that it was time to move beyond the “how to start your own business” type program to the issue of “growth”. Panels and workshops emphasized the tools, resources, and know-how required to enhance the growth of

existing businesses. Workshop leaders were entrepreneurs who collectively employed over 560 employees, with sales revenues of over \$45 million. They focused on growth strategies and shared what they learned about meeting the challenges of growth. Women came to this convention prepared. They were armed with specific notions of the questions they wanted answered, the connections they wanted to make, the deals they wanted to do. The convention was a testimony to the fact that women were growing substantial enterprises in the Atlantic Canadian economy.

The convention proceedings included workshop summaries, key insights, and findings from the event, as well as documentation on the pre-convention Policymaker's Forum, the scoping document presented at the forum, the second induction to the Atlantic Hall of Fame for Women Entrepreneurs, key findings from research conducted by the Business Development Bank of Canada, and a section from ACOA's 1992 *State of Small Business and Entrepreneurship in Atlantic Canada* report.

Lessons learned: Atlantic Conventions were well supported by Federal and Provincial Governments. This enabled the steering committee to offer a premium program. In addition, women business owners from remote areas received financial support to defray travel, accommodation, and registration costs. Women business owners highly value learning and networking opportunities; however, in many cases do not access these advantages unless subsidy funding is provided. Women must see the "big picture" in their professional development as entrepreneurs. They must look at this as a continuing learning journey and make personal and financial plans to continue of the journey. Equally important, policymakers must continue financial support to events and activities focused on the development of women business owner's ability to contribute to their local economies.

Training and development needs

In 1989, recognizing the surge in the number of women-owned businesses across Canada, the Business Development Bank of Canada (BDC)¹³

commenced an advisory committee program across all regions of the country. At that time, BDC took a lead role nationally in this market and dedicated substantial resources in meeting their corporate objectives. Meeting with a variety of women over the course of a year, the bank was in a position to develop a profile of women entrepreneurs, and to look at their barriers to start-up and growth. The following key findings contributed to the design and implementation of program offerings throughout Atlantic Canada, during the years to follow:

The results of a needs assessment pointed to six priority areas of action:

- Business education programs (marketing and promotion; financial management, computer skills, and strategic planning were noted as critical training and skills development areas);
- Access to business information and documentation;
- Identification and pursuit of business opportunities;
- Knowledge about financing, credit and financial instruments;
- Need to adapt their negotiating skills;
- Role models, mentors and business networks.

Much work was done to assist women in learning the necessary knowledge and skills required to start and grow a business. Women insisted their training needs were different because they often had different education and background experiences than their male counterparts. In response, many women-focused entrepreneurial training program and projects were carried out. Some key initiatives that have been successful are:

- *Step Up*® - a training, mentoring, and network development program for women determined to grow their businesses. This flagship program offered by BDC was their first to combine the elements of training and networking and to also include the recommendations made by members of the bank's advisory committee of women entrepreneurs. *Step Up*® focuses on a review of the entrepreneur's current business activity, growth options, market identification, marketing, leadership development, human resource management (when applicable), and financial management. Over a period of 10 to 12 months, the women business owners (protégés) attend 30 hours of workshops, and are matched

¹³ The BDC is a federal crown corporation operating at that time under the name of The Federal Business Development Bank (FBDB).

with a mentor who is an established business owner and willing to share her experience. Participants and mentors together also attend a series of business roundtables with the objective of developing networks. Additionally, mentors facilitate the introduction of business networks and coach protégés on effective networking practices.

- *Step In®*: A training, mentoring, and network development program for women aspiring to start a small business. Evolving from the success and impact stated by participants in the Step Up® program, the bank introduced Step In® in 1992. Step In® focuses on identifying business opportunities, planning the launch of a business, monitoring progress during start-up and early development stages, while developing confidence and business savvy;
- *Community Business Initiatives (CBI)*: In partnership with ACOA and associations of women business owners, the BDC offered this program throughout Atlantic Canada. Unlike the Step In and Step Up initiatives, which focus on a planning process for start-up, early development, and growth, the CBI focuses on elevating the skills of existing businesswomen. The curriculum of each program is based on the identified developmental needs of the women. Approximately 30 participating companies attend ten 4-hour workshops over the course of 12 months, and work one-on-one with the program advisor for an additional 40 hours in the course of the program. The strength of the program is in the advisor's ability to assist the business owner with the application of newly acquired skills.
- *From Ideas to Business Opportunities*: Recognizing the need to help Atlantic Canadians choose higher growth potential business ideas, ACOA and BDC joined together to develop this program. Six workshops lead women through the process of generating and validating business ideas. The program helps women develop a system for identifying higher potential business opportunities that fit with their skills and resources. Such an initiative helps women to develop clearer business ideas which in turn influences the degree of planning effort they

undertake, their commitment to the idea, and their efficacy in starting the business.

A total of 39 programs (Step Up®, Step In®, and CBI's) were offered in the Atlantic Region from 1992 to 1996.

Various other organizations also provided seminars on topics such as marketing, business planning, accounting, tax planning, legal requirements, general management, human resource management, dealing with stress, time management, operating a home based business, and dealing with banks.

Key success factors were attributed to:

- The group program methodology contains 20 to 40 participating companies in each initiative, which facilitates the development of networks of local women business owners. Peer learning also proved to be an effective tool.
- Multiple partners are involved in program sponsorship and funding.
- A program advisor facilitates knowledge transfer by helping each protégé apply new skills to their unique business situation.
- Mentors, by sharing their personal experiences, also provide a learning forum and help develop the protégé's level of confidence.
- The programme advisory committee is composed of stakeholders (public and private sector funding partners, representation from associations of women business owners (networks), local economic development organizations, and high profile women business owners), and brings a local economy perspective, while insuring the program objectives were met. These committees are also a great resource in identifying protégés, mentors, workshop facilitators, and roundtable leaders.

Lessons learned:

- *Impact Evaluation*: Early program evaluations showed a very positive impact for program participants. Impacts included growth in revenue and profits, increases in employment, implementation of growth plans, and in a few cases business closure due to identification of low potential for growth. Strategic alliances amongst program participants were also

reported. However, the need for long-term tracking is now evident and the original program budgets did not address this need.

- *Sharing of Methodologies:* In the late 1990s, the BDC, a major player in the management skills development of entrepreneurs, retreated from the training market. Training alone is not always sufficient to bring women to the level of management knowledge and confidence they require. Sharing of knowledge and experience, by way of train-the-trainer sessions, will allow for continuity of “best practices”.
- *Research:* On-going research is needed to monitor the evolving training and knowledge needs of women entrepreneurs.
- *Sustained Commitment:* A sustained commitment to program financial support is extremely important. With advances in information technology and increased Internet usage by women entrepreneurs, an opportunity may exist to reduce some of the costs of training materials and to provide online advisory and mentoring services. Such options should now be explored.

Financing

Access to financing and capital markets is a major obstacle to the growth of women-owned firms. Study after study indicated that women finance their companies through investing their own and relative's savings or re-investing profits, and that this is a significant factor in slowing their firm's ability to grow. Women borrowers in the Wynant and Hatch (1990) report were seen to exhibit high degrees of business risk – their businesses were smaller, their owners newer to their businesses, younger, and with fewer years of related managerial and non-managerial experience. All of these things are associated with higher risk in the eyes of a bank lending officer or government account manager. From the other point of view, women continually raised the issue that they were not taken seriously by bank lending officers, were more likely to be asked for a co-signer or guarantor for their loans (particularly from their husbands, if they were married), and were asked for higher collateral security than male counterparts.

During the 1990s, the public and private sector spent considerable efforts to assist women business

owners with access to financing. Banks and other lending institutions provided sensitivity training to internal staff, and policy makers have made considerable headway in providing funding opportunities for women entrepreneurs. Publications, such as *Financing a Small Business*, *A Guide for Women Entrepreneurs*, also proved useful to women by helping them identify financing alternatives at the start-up stage. Not surprising, women's financing challenges decrease once their firm is past the start-up stage.

Other than the presence of Women's World Finance (WWF), no Atlantic Canada financing programs are specifically tailored to and offered to women business owners in this region. Women's World Finance, a local affiliation with Women's World Banking in New York, provides loan guarantees to low-income women who would have difficulty borrowing money to start a business. Loans are very small and WWF provides training and counseling to support applicants in the development of their ideas and business plans. However, it should be noted that Western Diversification, the regional development agency in Western Canada, has a loan fund for women-owned firms that has been highly successful. It would appear that targeted loan programs expand outreach within the women's market and contribute to an increase in the number of women-owned firms.

Lessons learned: We still have much to learn in order to help women overcome barriers to financing. Continuing research on the financing trends of women entrepreneurs can provide us with a better understanding and subsequent support. From the research findings, we will be in a better position to promote women as high potential clients to financial institutions, and better help women prepare to finance their businesses.

Working with women business owners, we need to further examine the following:

- Is a lack of negotiating skills still a concern?
- What are the banking relationship expectations of women business owners?
- Do women have a limited understanding of the worth of the business to the financial institutions?
- Do women understand the mechanisms of borrowing for purposes other than asset financing (working capital, receivables

financing, export financing, etc.) and the importance of injecting capital into their businesses?

- Do they consider alternate sources of raising capital, such as bringing in partners?

Working with financial institutions, we need a better understanding in a number of areas.

- Do financial institutions promote the features of their loan programs (flexibility, interest rate options, etc.) specifically to women business owners?
- Are banks willing to provide a higher level of communication to their female clients at the start-up and growth stages?
- How are loans to women business owners being priced at authorization? Is the pricing for women business owners higher than for men? If so, is this because of a systemic perception that risk is higher if a woman owns the business?
- Are women entering banking relationships with a higher debt to equity ratio?
- Can sensitivity training for account managers help reach new growth sectors associated with women's emerging entrepreneurial activities?

Overall, are we introducing women to business opportunities in higher growth potential sectors that are more interesting to financial institutions? Can we move women away from the softer volatile sectors?

Networking

Networks are becoming increasingly important to the success of an entrepreneurial venture. The density and quality of an entrepreneur's network can have a substantial impact on the acquisition of information, knowledge, technology, markets, capital, and new opportunities. Atlantic Canada women entrepreneurs persist in their view that women do not have sufficient access to mainstream business networks and that they need their own networking and mentoring associations. In the mid-1980s, there were only a handful of women-business owner associations.

The Association of Atlantic Women Business Owners (AAWBO) was formed in 1985 to provide a forum for the exchange of business information and personal and professional experience and to support women in their role as entrepreneurs. With revenues

from membership fees and funding from ACOA and other partners, AAWBO was able to establish several chapters in Atlantic towns and cities, publish a newsletter, sponsor training and mentoring activities, host annual conferences, and organize monthly meetings and seminars for members. Financial and other organizational problems led to the demise of AAWBO in 1999, although some of its chapters continue to function on a local level. This association played a central role in elevating awareness about the importance of women entrepreneurs in the economy. Government bodies encouraged its growth and development because it provided a voice for the collective concerns of this segment of the SME population, a voice that otherwise would not have been heard.

Lessons learned: Several lessons were learned from the AAWBO experience.

First, it is very difficult for such an organization to become self-sufficient based on membership revenues. Much of its critical work involved advocacy and promotion activity. Local chapters need considerable development support, and efforts must be made to co-ordinate inter-chapter networking as well.

Second, a professional staff is necessary to carry out the association's program of work under the Board of Directors.

Third, the Board of Directors may benefit from Board governance and leadership training. In AAWBO's case, many of its members were owners who were either self-employed with no employees or with very few employees, and thus had limited strategic and financial management experience. Inviting a certain number of support professionals to sit as Board members can offer several advantages, ranging from the infusion of organizational experience to potential partnerships and alliances.

Fourth, women entrepreneurs fall within at least three categories: (1) in the very early stages of starting a business, (2) owner of a small business with no or few employees, or (3) owner of a business which is more mature and/or growing rapidly. Women business owners in different phases of start-up and growth have different interests and needs and thus merit tailored packages of services.

Fifth, women's networking needs change as their businesses evolve; a weakly resourced membership-based association may face challenges in offering an appropriately diverse range of services. Women in the start-up stage are interested in meeting other women facing the same kinds of challenges and in learning a multitude of strategies for coping. Meetings may take the form of information seminars with guest speakers, or "show and tell" forums. Women in the growth mode are more interested in exchanging information with other men and women who have crossed the growth threshold. They may prefer smaller group "roundtable sessions" where they can deal with the complexities of their businesses in a confidential, trust-based environment. They are also more likely to develop linkages with generic business associations and networks as well as those oriented towards women entrepreneurs.

Support structures

One of the policy questions is the extent to which the specific needs of target groups, such as women, should be addressed by tailored support services versus trying to improve their access to generic business support structures and programs. The experience of Atlantic Canada suggests that the existence of dedicated centres, associations, and initiatives raises the visibility of women entrepreneurs, improving "reach" into the women's SME market and building dynamism and density.

From a policy perspective, the existence of associations for women entrepreneurs has several advantages. They are a forum from which government can solicit views, learn about market gaps and special challenges or needs, and use to disseminate information about government programs and services. They offer women the opportunity to learn from their peers, to support each other professionally and personally, and to do business with each other.

However, the Canadian experience has been that associations of women business owners can have difficulty achieving financial self-sufficiency. Government and private sector support is often needed to help build the support structure of membership associations and women-focused enterprise centers and a program of activity. In the case of Atlantic Canada, various provincial and

regional governments provided funding support for the program activity of AAWBO (e.g., chapter building, newsletter, research, directory, etc.), the Office for Promotion of Women in Business in New Brunswick¹⁴, the Women's Enterprise Bureau in Newfoundland (now the Newfoundland Organization for Women Entrepreneurs or NLOWE), the Center for Women in Business at Mount Saint Vincent University, and Women's World Finance. Funding has been provided to support counseling activities, training initiatives, mentoring projects, research, micro-loan funds, conferences and events, awards programs, promotional material, and in some cases, office, staff and overhead costs. Through these support mechanisms, thousands of Atlantic women are reached on an annual basis – women thinking about starting a business and in the early stages of doing so.

Conclusions

From the Atlantic experience, several conclusions can be drawn about the critical elements of a strategy to develop women entrepreneurs within a region. These are outlined and discussed below.

1. **Champions:** The presence of "champions" for the cause of women entrepreneurs is important. This refers to both people and organizations. Atlantic Canada has in recent years experienced some degree of setback in the continuation of a coordinated approach to the development of women business owners. For various reasons, champions have moved on to other positions and a core group of dedicated advocates no longer exists. Policymakers and service providers must allocate human resources to remain active in this support role, and to provide continuity.

2. **Advisory groups:** An Advisory Group or Steering Committee on Women Entrepreneurs that advises policymakers and service providers on how to best understand and meet the needs of women-owned firms is very useful. This played a valuable role in developing the Business Development

¹⁴ The Office for Promotion of Women in Business was developed and managed by the Status of Women, New Brunswick for a specified period of time to raise the profile of women entrepreneurs in the province, to sensitize bankers about the financing needs of women, and to advocate for the interests of women's entrepreneurship generally

Bank's program for women entrepreneurs, in the Royal Bank's support for women entrepreneurs, and in ACOA's initial work on how to embrace women more fully in the economic development process. However, neither Atlantic Canada, nor Canada as a whole, has implemented an ongoing program of advisory groups. A consolidated approach must be adopted. Stakeholders participating in advisory groups must include women entrepreneurs and their representative associations.

3. Integrated framework: A strategic, integrated, targeted approach to developing women's entrepreneurship is one of the all-encompassing key success factors: a policy framework which addresses promotion, training and mentoring (for business entry and growth), financing, networking, and institutional and structural supports. A central government commitment to the advancement of women as entrepreneurs is a first step.

4. Financial support: Successful implementation of a support program for the development of women entrepreneurs requires funding. ACOA's funding support was a key success factor in the region's ability to create momentum and build capacity in support of women entrepreneurs. Often project funds were leveraged by private sector and other contributions.

5. Research and evaluation: Research has played an important role in calling attention to the role of women as entrepreneurs in Canada and in its various regions. Statistical comparisons of the male and female self-employed using Labour Force Survey data, large-sample quantitative studies of women-owned firms, and smaller more qualitative investigations of the experiences of women entrepreneurs are all necessary. Certainly in both Canada and the US, such studies have helped considerably in educating politicians and policymakers about the current and potential economic contribution of women-owned firms. Also important is project and program evaluation

research. What is the impact of government-funded enterprise centers for women? What is the impact of entrepreneurial training and mentoring programs for women? How effective are promotion efforts in stimulating more women to consider business ownership as an option? This is an area in which we must become more adept.

In terms of the future:

- Associations of women business owners must have several areas of support: counseling in the make up of high-performance boards, board governance training, and a commitment for long-term funding.
- Alternate training delivery methods must be investigated. Innovative training delivery is needed (eg internet and on line services) to reduce costs and reach women in rural areas. Continuity in training: a comprehensive training plan ensuring that women are given training opportunities throughout their business development, must be developed and implemented
- Profiles and award recognition programs must be established. Knowledge-based industries, exporting, and non-traditional ventures should be profiled.
- Continuing work with financial institutions is necessary. We must continue to investigate how to prepare women for financing, and how financial institutions can better understand and capitalize on this market.
- A Web presence is required to promote the sharing of best practices. A virtual network of stakeholders "who's who", is needed for the exchange of best practices along with various information pieces on how to start-up, develop, and grow a business, e.g., home page for women entrepreneurs.

WOMEN'S ENTREPRENEURSHIP IN SOUTH-EAST EUROPE

*Regional trends include a weak economic and institutional environment
and the influence of traditional gender roles*

*by Gretchen Elias
Consultant*

This article discusses specific features of the Southeast European environment, as they relate to the experiences of women entrepreneurs in the Yugoslav successor States, in order to identify key themes that are relevant to the question of promoting women's entrepreneurship in the region. The article addresses conditions in the countries of Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia, and Serbia and Montenegro. It maintains a regional focus, describing general trends while highlighting key differences among countries.

Research for this article included e-interviews with seventeen women entrepreneurs in the region. Interviews were conducted via e-mail and were translated into Bosnian, Croatian, and Serbian. Respondents in these countries had the option of responding in English or in the local language. All correspondence with respondents in The former Yugoslav Republic of Macedonia and Kosovo was conducted in English. Response rates were highest in Croatia and Bosnia and Herzegovina, with limited responses from Kosovo, The former Yugoslav Republic of Macedonia, and Serbia, and none from Montenegro. In addition 21 practitioners who support women entrepreneurs in the region were interviewed (including staff of NGOs and micro-finance institutions, representatives of women's business organizations, and staff of international organizations).

The region before 1990

Unique features of Yugoslav socialism included limited private enterprise and a decentralized approach to political and economic decision-making

Between 1945 and 1990, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of

Macedonia, Montenegro, and Serbia¹⁵ shared a common political and economic structure. The socialism of the Former Socialist Republic of Yugoslavia (FSRY) had several features that distinguished it from other socialist countries in Eastern and Central Europe. First, a certain amount of private enterprise was permitted in the Yugoslav economy. Limited to small businesses such as cafes or restaurants, private enterprises were highly taxed and highly regulated, but did exist.¹⁶ Additionally, the FSRY's decentralized political and economic structure differed from the Soviet Union's centralized State planning approach. Partly as a strategy to preserve internal unity, many aspects of political decision-making were devolved to the republic and municipality levels.¹⁷ Economic decision-making was also highly decentralized. According to the principle of "self-management", social ownership of the means of production was located at the enterprise level and involved active worker participation in each enterprise's decision-making and income distribution.¹⁸

This emphasis on devolving decision-making to local political and economic structures suggests that the perceived roles and relative strength of local institutions in the Yugoslav successor States may differ from those in other post-socialist countries.¹⁷ A related phenomenon is the wide variation in levels of economic development across the FSRY, with Bosnia, Kosovo, and The former Yugoslav Republic of Macedonia less developed than parts of Croatia, Slovenia, and the Vojvodina region. Such discrepancies are demonstrated by the lack of

¹⁵ Along with Slovenia, which is not included in this article

¹⁶ European Stability Initiative, 2002

¹⁷ Estrin, 1983

¹⁸ Burić, 1985

infrastructure in many rural areas, as well as by regional variation in official employment rates.¹⁹

Despite official equality, traditional gender roles remained strong

The Yugoslav constitution and legal system guaranteed equality of the sexes.²⁰ However, as in other socialist countries, gender inequality persisted despite the formal declaration of equality. In the economic sphere, this inequality took the form of wage differentials, occupational segregation, discriminatory promotion practices, and limited women's representation at higher levels of management and decision-making.²¹ Some evidence suggests that traditional attitudes about gender continued to play a stronger role here than in other socialist countries. For example, despite post-war period increases in women's labour force participation, women's economic activity rates in Yugoslavia more closely resembled those of Southern Europe than those of other socialist countries in Eastern and Central Europe.²² Women's participation in the formal economy also varied among the republics, reflecting in part the broader economic context and in part the relative influence of traditional attitudes about gender roles in different regions.

Yugoslav successor States since 1990

In addition to their shared history, the countries in this region share some common challenges. All have been affected by the wars and conflicts of the past decade, and by the resulting internal and external migration. All face the challenge of engineering economic transition despite persistent uncertainty in the region's economic and political environment. Some analyses emphasize the unique nature of the transition faced by countries in this region due to the complete or partial collapse of the FSRY's political, economic, and legal institutions. Thus, while countries in Central and Eastern Europe had to transform their existing economic and political institutions, the Yugoslav successor States must

now create new institutions in a new economic and political environment.²³

Employment statistics for the FSRY, by republic	
<u>Official unemployment rates, 1989</u>	
Bosnia	20.3%
Croatia	8.0%
The former Yugoslav	
Republic of Macedonia	21.9%
Montenegro	21.6%
Serbia	17.6%
Serbia "proper"	15.6%
Vojvodina	13.6%
Kosovo	36.3%
Slovenia	3.2%
<i>Source: Woodward 1995</i>	
<u>Women as percentage of all employed, 1979</u>	
Bosnia	30.8%
Croatia	38.8%
The former Yugoslav	
Republic of Macedonia	29.9%
Montenegro	31.0%
Serbia	32.6%
Serbia "proper"	33.0%
Vojvodina	35.2%
Kosovo	20.0%
Slovenia	43.9%
<i>Source: Tomšič. 1980</i>	

Macroeconomic environment. While entrepreneurs across the region face unfavourable business conditions, the particulars of the economic environment vary considerably by country. Overall, the region is characterized by low GDP per capita (less than US\$ 2,000) and by low levels of industrialization (10 to 30% of GDP). The agriculture and low-skill service sectors represent a large proportion of national GDPs, and exports from the region are mainly raw materials, agricultural products, and other low value-added items.²³ Beyond these general trends, the countries' current economic situations reflect their different positions in the economy of the FSRY, and differential impacts of the events of the past decade. Croatia was the source of much of the FSRY's export production. Bosnia's pre-1992 economy was

¹⁹ European Stability Initiative, 2002

²⁰ Burić, 1985

²¹ Tomšič, 1980; Buric, 1985

²² Burić, 1985; Woodward, 1995

²³ EWI Task Force on South Eastern Europe, 2000

dominated by heavy industry, much of which was destroyed during the war, and some assessments of the reconstruction efforts since 1996 maintain that the country has become an “aid dependent” economy.²⁶ Prior to the dissolution of the FSRY, the economy of The former Yugoslav Republic of Macedonia relied heavily on transfers from the central government and on internal trade with the other republics.²⁴ Both have been disrupted due to the events of the last decade, and the country has relied increasingly on OPT (Outward Processing Trade) contracts with EU countries in the textile and garment industries.²⁵ Since international sanctions were imposed, the Serbian and Montenegrin economies have shrunk considerably, and political constraints have delayed the privatization process in both countries.²⁶

Political institutions. Political institutions across the region are viewed as weak and corrupt. A survey of women entrepreneurs in Croatia found that over half believed that the majority of State officials are corrupt.²⁷ Concern about corruption resulted in the recent withdrawal of international funding for a State-level umbrella organization to support SMEs in The former Yugoslav Republic of Macedonia.²⁸ This general lack of trust in the State and its institutions has implications for choices about the locations of programmes to promote women’s entrepreneurship. Furthermore, the current political situation in the region poses particular challenges for the business and investment climates of these countries.²⁹ Bosnia is divided into two “entities”, the Republika Srpska and the Federation of Bosnia and Herzegovina, which have considerable autonomy in political decision-making. The central government is weak, and little administrative or policy-making coordination exists between entities.³⁰ Many

unresolved issues about the relationship between Serbia and Montenegro, and the status of Kosovo add to political uncertainty.

Unemployment and poverty. The region is characterized by high official unemployment rates. Official unemployment is highest in Kosovo, and in The former Yugoslav Republic of Macedonia, the majority of the unemployed have been out of work for over 4 years.³¹ In Croatia, recent opinion polls identified unemployment as the most important problem facing the country.³⁰ In general, unemployment rates are higher among women than among men, with the largest gender gaps in Bosnia and Kosovo.³² Recent estimates of poverty rates for the region, using country-specific poverty lines, range between 20% and 35%.³³ In general, female-headed households are among the groups most vulnerable to poverty.³⁴ These statistics suggest that improving women’s opportunities for self-employment and entrepreneurship has relevance for economic growth and poverty alleviation strategies in the region.

The informal economy: Informal economic activities represent a sizable portion of GDP across the region. Such activities are often portrayed as “unfair competition” for registered firms. However, these activities range widely from illegal activities, to legitimate businesses operating informally due to regulative and tax constraints, to income-generating activities and self-employment among the very poor and the chronically unemployed. In general, women are disproportionately represented in the latter category, creating the potential for tension between the interests of formal sector women business owners and those of poor women microentrepreneurs. In addition, while owners and employees of small businesses are entitled to health insurance, pension contributions, and

²⁴ World Bank, 1999.

²⁵ Musiolek, 2002; USAID, 2001

²⁶ Federal Republic of Yugoslavia, 2002

²⁷ Institut za međunarodne odnose, 2002

²⁸ Bartlett, et. al., 2002. Note: The withdrawal of funding occurred during the previous administration. The new Government, in power since 2002, closed down the existing organization and has announced plans to replace it with a more transparent entity

²⁹ EWI Task Force on South Eastern Europe, 2000

³⁰ STAR Network, 2002

³¹ World Bank, 2002; International Helsinki Federation For Human Rights, 2000; UNDP, 2002a; Bosnia and Herzegovina Ministry of Foreign Trade and Economic Relations, 2001; Federal Republic of Yugoslavia, 2002

³² World Bank, 2002; Bosnia and Herzegovina Ministry of Foreign Trade and Economic Relations, 2001.

³³ World Bank, 1999; Federal Republic of Yugoslavia, 2002

³⁴ Zuckerman and Graham, 2002.

unemployment insurance, entrepreneurs in the informal sector rarely have access to these benefits.

Role of the international community. International involvement in the region during the 1990s created demand for translators, interpreters, and other positions in traditionally “female” fields, particularly in Kosovo and Bosnia. Salaries offered by these organizations are typically higher than the local market rate. The 2002 Human Development Report for Kosovo estimated that average salaries at international organizations were roughly three times the average salary in Kosovo’s private sector and nearly seven times the average public sector salary.³⁵ As these organizations scale back their work in the future, the resulting job cuts are likely to have disproportionate effects on women. Similarly, the slow retreat of international organizations will affect the availability of funding streams for NGOs and other local regional initiatives to promote small enterprise. Thus, the economic opportunities available to women, as well as the financial sustainability of programmes intended to support women entrepreneurs, are influenced by the activities of the international community.³⁶

International involvement also affects policy decisions. For example, pressure from external funders to achieve fiscal balance can result in decreased government spending on health and social welfare, which can disproportionately affect women.³⁷ International pressure can also result in programmes or policies that are implemented without local support and are therefore ineffective. One expert interviewed for this article described the Department of Promotion of Gender Equality in The former Yugoslav Republic of Macedonia as not “active or successful” for this reason.

Women entrepreneurs’ experiences also vary within countries

Economic and societal conditions vary not only across, but also *within* countries in Southeast Europe. Rural and urban areas differ according to their level of economic development, standard of living, women’s employment and educational

outcomes, and attitudes about gender roles. In Bosnia and Herzegovina, the Republika Srpska has higher poverty rates and less foreign investment than elsewhere in the region.³⁸ Montenegro’s rural inland areas are poorer than the coast, which has a more developed tourism industry.³⁹ Regional demographic variations are also significant. For example, employment trends differ across ethnic groups in The former Yugoslav Republic of Macedonia.⁴⁰ And living standards are often lower among internally displaced or returned refugees.³⁶ Thus, women entrepreneurs in different areas do not necessarily operate in identical economic and institutional environments, and might therefore vary in their business strategies, their particular needs, and their access to resources.

Status of women

War, conflict, and the privatization process have affected women’s status

Although women in former Yugoslavia enjoyed formal equality, traditional attitudes about gender roles persisted. Furthermore, the events of the 1990s had an impact on gender relations in complex ways. The wars and conflict caused an upheaval of traditional gender roles, while the privatization process disproportionately hurt women.³⁶ Although many countries in the region have recently implemented formal mechanisms to promote gender equality, traditional attitudes about gender roles remain strong.

Current primary school enrolment rates are roughly equal for boys and girls, and in some parts of the region, postsecondary enrolment rates are higher among women.⁴¹ However, within subsets of the population, disparities in education levels are evident. One survey in Bosnia found that 60% of all respondents aged 31 to 50, but only 31% of female respondents in that age group, had completed secondary school.³⁸ And according to the International Helsinki Federation for Human Rights,

³⁵ UNDP, 2002b

³⁶ STAR Network, 2002

³⁷ Bartlett, et. al., 2002

³⁸ Bosnia and Herzegovina Ministry of Foreign Trade and Economic Relations, 2001

³⁹ Federal Republic of Yugoslavia, 2002.

⁴⁰ Jankulovska, 2002

⁴¹ International Helsinki Federation For Human Rights, 2000

only 30% of girls in rural areas in Kosovo currently attend secondary school. In Bosnia, concerns have been raised about sex segregation in secondary and higher education and about the prevalence of gender stereotypes in pedagogical curricula.⁴²

Despite roughly equal gender ratios in the total population, women make up less than 50% of the labour force across the region.⁴³ Discriminatory hiring practices have been documented in several countries. In part, this unequal access to the labour market reflects structural factors, such as the extensive mandatory maternity benefits in Montenegro that effectively discourage employers from hiring women.⁴⁴ Yet evidence also points to the persistence of gender discrimination based on traditional or negative perceptions of women. In The former Yugoslav Republic of Macedonia, women earn 15% less than men in the public sector, and 40% less in the private sector, although statistics suggest that women in general have higher education levels than men.⁴⁵ One recent survey of businessmen in Kosovo yielded observations such as “Why hire women when there are so many men that can work?” and “For men it is more important to work than for women”.⁴⁶ In Bosnia, the centrality of traditional gender roles is reflected in comments by participants in the World Bank’s Consultations With The Poor project that “that’s the way it’s always been, and how it should be.”⁴⁷ A 1999 study of attitudes about gender in Croatia found that nearly half of Croatian men and over a third of Croatian women agreed with the statement that “a woman’s place is primarily in the home”.⁴²

Women’s property ownership remains a chief concern

Despite formal equality in property ownership laws, traditional patterns of male property ownership and inheritance persist. According to a recent UNIFEM report, in rural parts of Kosovo, about 10% of property is registered in women’s names.⁴² In Montenegro, 3% of property is registered in women’s names.⁴⁴ In rural parts of Serbia, women may still go to court to relinquish their formal property rights to their male relatives.⁴² A related trend is the persistence of traditional attitudes about women’s financial abilities. For example, women’s NGOs in Kosovo report that microfinance institutions and banks are reluctant to lend to women because they doubt that women-owned businesses can succeed.⁴⁸ An estimated 6% of borrowers from Kosovo’s Microenterprise Bank are women.⁴⁹ According to anecdotal evidence, it is not uncommon for women in Montenegro to be denied a bank loan unless accompanied by their husbands.⁴²

Recent years have brought some changes that weaken the influence of these traditional attitudes about gender. National machineries for gender equality have been established in Bosnia, Croatia, and The former Yugoslav Republic of Macedonia. Similarly, several countries have established affirmative action provisions requiring that a certain percentage of political candidates be members of the “underrepresented sex”.⁴⁸ Changing attitudes about gender roles have their roots in recent conflicts as well. The war in Bosnia forced many women into the role of sole provider for their families. In Kosovo, despite declining absolute economic activity rates, women’s relative activity rates, in comparison to men, are estimated to have increased.⁴² And migration has altered historical differences between rural and urban areas: a recent survey of women in a rural region of Bosnia found that roughly half had post-secondary educational backgrounds and employment goals other than housewife and mother.⁵⁰ But across the region, gender inequality can still be observed in areas such as education, employment, and property ownership.

⁴² International Helsinki Federation For Human Rights, 2000

⁴³ World Bank, *GENDERSTATS*, <http://www.genderstats.worldbank.org>

⁴⁴ Zuckerman and Graham, 2002

⁴⁵ World Bank, 1999; Acevska, 2002

⁴⁶ Excerpt from UNIFEM Report, *Gender Equality: Legal And Institutional Framework On Women’s Rights And Equal Opportunities*, viewed on Kosovo Women’s Network website <http://www.womensnetwork.org/english/index.html> 25 January 2003

⁴⁷ Djipa, Muzur, and Lytle, 2000

⁴⁸ STAR Network, 2002

⁴⁹ From documentation provided by Mirlinda Kusari, SHE-ERA, Kosovo

⁵⁰ BHWE, 2002

At the same time, women have been disproportionately affected by lay-offs in the public sector and in socially-owned enterprises during the transition, and have been largely excluded from the privatization process.⁵¹ Some of these inequities can be explained by historical trends or by structural factors, yet traditional perceptions of gender roles persist, and continue to affect women's economic opportunities.

Small enterprise and entrepreneurship infrastructure

The institutional support structure for SMEs in the region remains weak

The extent, and effectiveness, of the SME support infrastructure in Southeast Europe varies from country to country. It consists largely of local initiatives by municipalities and NGOs, as well as programmes funded by international actors such as Southeast Europe Enterprise Development (SEED), the Centre for Private International Enterprise (CIPE), World Bank, EBRD, and United States Agency for International Development (USAID). Croatia's network of local-level initiatives, including 31 regional and local enterprise development centres and 10 business incubators, is perhaps the most extensive in the region. The Croatian Government has also developed national level support structures, including governmental financing opportunities, a Small Business Consultant Network, and the recent "Law On Stimulating Small Business", which created a national-level Agency For Small Enterprise.⁵² National governmental SME support structures exist in The former Yugoslav Republic of Macedonia and Montenegro as well, and within the Ministry for Economy and Privatization in Serbia. Small enterprise and entrepreneurship programmes in Bosnia and Serbia are offered primarily by local NGOs or internationally-funded projects. In general, the SME support infrastructure is poorly developed, relies on international funding, and lacks coordination.

Chamber of Commerce membership remains mandatory in many Southeast European countries, a

legacy from the Yugoslav system.⁵³ The perceived effectiveness of these organizations varies. Entrepreneurs in The former Yugoslav Republic of Macedonia sharply criticize that country's Chamber of Commerce as ineffective and unresponsive to the needs of its members. A survey of Bosnian business owners found that over half were dissatisfied with the services of the Chamber of Commerce, and only 2% were highly satisfied.⁵⁴ The Croatian Chamber of Commerce has established a Business Education Department with classes, workshops, and seminars on various business-related topics.

Major obstacles include the overall economic climate and the lack of financing opportunities or government support

With the exception of Croatia, government-sponsored financing opportunities are rare in the region, with most financial services offered through private banks, microfinance institutions, or funds established by international donors. The microfinance sector in Bosnia is particularly large, with an estimated 16 MFIs (12 local and four international) and one commercial Microenterprise Bank funded by the IFC and the EBRD.⁵⁵ The microfinance sector in The former Yugoslav Republic of Macedonia is smaller, but similarly structured. Microfinance institutions are just beginning to establish themselves in Serbia.⁵⁵

Small business owners cite poor economic conditions and unfavourable governmental policies among their most pressing problems. According to an EBRD survey of SMEs in the region, the biggest barriers facing small business owners include the general economic climate and the lack of demand, the lack of favourable sources of credit, high interest rates, excessive bureaucracy and regulation, and the high tax burden.⁵⁶ A survey of SMEs in The former Yugoslav Republic of Macedonia found similar results.⁵³ Another study of SMEs in Bosnia and The former Yugoslav Republic of Macedonia found that small business owners have little contact with the existing SME support service infrastructure. Instead, business owners seem to rely primarily on friends

⁵¹ STAR Network, 2002

⁵² Miošić-Lisjak and Curlin, 2002

⁵³ Bartlett, et. al., 2002

⁵⁴ Bliss and Polutnik, 2001.

⁵⁵ Zuckerman and Graham, 2002

⁵⁶ Acevska, 2002

and family when they need information, resources, or other support.⁵⁷

Women's entrepreneurship

Women are concerned about the weak economy and the lack of financing opportunities and government support

These aspects of the broader environment suggest that the primary challenges faced by women entrepreneurs in Southeast Europe are the lack of a well-functioning economic system and the political institutions necessary for its support, and the related fact that the economic climate is not supportive of small enterprise in general. Indeed, some of the most common concerns voiced by women entrepreneurs across the region are shared by all SMEs. In surveys, and in interviews conducted for this article, women cited the weak economy, lack of favourable sources of credit, lack of consumer buying power, and high unemployment rates, as well as their governments' stifling tax and regulatory policies, as the largest obstacles facing them as entrepreneurs. The majority emphasized broader economic trends and unfavourable government policies towards SMEs as their primary concerns.

Women also face obstacles related to traditional gender roles

Women also mentioned gender-specific challenges. One theme related to the double burden of work and family responsibilities, and to traditional attitudes about gender roles. They also stressed women's lack of property ownership, the lack of respect for women business owners, and the fact that government institutions generally do not acknowledge women entrepreneurs as a constituency. In general, government initiatives to promote economic development and SMEs do not explicitly target women entrepreneurs.⁵⁸ One exception is the recent enterprise promotion law passed in Croatia. Municipal and regional enterprise development centres in Croatia have also begun to target women directly. And as of 1999, nearly half of those being certified as Teachers/Trainers of

Entrepreneurship in Croatia were women.⁵⁹ However, the majority of existing support services for women entrepreneurs are NGOs. Independent women's business associations and professional organizations also exist in each country. Many of these NGOs and business associations have collaborated in regional initiatives and information exchanges facilitated by the STAR Network, a programme of the US-based NGO World Learning.⁵⁸

Women's options for financing are also limited. The Croatian Bank for Reconstruction and Development offers a credit programme targeted to women.⁶⁰ In Bosnia, Croatia, and The former Yugoslav Republic of Macedonia, microfinance institutions target their services to women. However, in Kosovo, microfinance institutions have resisted lending to women.⁵⁸ And only 36% of Opportunity International (OI)'s Montenegrin branch (in operation since 1999) are women, well below the international average. OI's current initiative to establish a branch in Serbia does not include explicit plans to target women.⁶¹

Despite common concerns, women's individual experiences may vary

The particular challenges faced by women entrepreneurs also reflect the wider economic and institutional environment in which they operate. The preceding sections highlighted key factors that affect women entrepreneurs' experiences, such as macroeconomic trends, the capacity of political structures, and differences between rural and urban areas in economic development and attitudes about gender roles. For example, while women across the region express concerns about access to credit, their *particular* concerns may vary. In some areas, such as Kosovo and Montenegro, evidence suggests that gender-based discrimination plays a direct role in limiting women's access to finance. But in the Zagreb area, an ad hoc survey by the STAR network of banks found little evidence of gender discrimination in banks' lending patterns. At one bank, for example, women represented 26.3% of applications, but 30.7% of total loans. Here,

⁵⁷ Bartlett, et. al., 2002

⁵⁸ Star Network, 2002

⁵⁹ Institute for International Relations, 2000

⁶⁰ Miošić-Lisjak and Curlin, 2002

⁶¹ Zuckerman and Graham, 2002

women's lack of access to credit seems related to the factors that discourage women from applying for loans, such as lack of collateral, lack of information about bank lending, and banks' lack of appropriate lending packages for small businesses. While women in Bosnia have access to microfinance services, they are concerned about the lack of long term financing options and larger loan sizes. Thus, the common concerns shared by women entrepreneurs across the region manifest themselves differently according to the particular context.

Women entrepreneurs' needs also relate to their demographic characteristics, the size and status of their business, and the conditions of the sector they operate in. Differences between the women's business association members and microfinance institution clients interviewed for this article, while not representative, demonstrate this phenomenon. Most of the WBA members live in urban areas and have university level educations and professional or academic employment experience. Their businesses are located in rented office spaces, and many have websites and wage employees. When asked why they decided to pursue entrepreneurship, most cited reasons related to personal goals or self actualization: the desire to work independently, to express their creativity, to realize their potential, etc. In contrast, the MFIs interviewed for this article serve clients in both rural and urban areas. Staff reported that their clients in urban areas typically have secondary school educational backgrounds, whereas many clients in rural areas have only attended primary school. Some were factory

workers before the conflicts began; many are pursuing entrepreneurship after having lost their jobs. The clients of one MFI reported that economic survival was the primary factor influencing their decision to pursue entrepreneurship. Their businesses are typically located in their homes or in stalls at the local market, and many of these are family businesses.⁶²

Despite these differences, both groups emphasized the desire to improve and enhance their businesses. Some mentioned growth and expansion explicitly, while others stressed goals related to improving quality of services or connections with suppliers. Yet women entrepreneurs vary in their knowledge of, and access to, business development services designed to help them achieve these goals. The general lack of such services constrains all women, but is likely to be a greater constraint for poor microentrepreneurs and for women in rural areas.

Conclusions

Three issues are central to understanding the needs of women entrepreneurs in the Former Yugoslav Republics: the challenges of running a business in a weak economic and institutional environment, the influence of traditional gender roles and norms, and the implications of differences among women entrepreneurs themselves. To be successful, strategies for promoting women's entrepreneurship in the region must effectively address these three issues.

⁶² One local expert observed that, with the exception of Bosnia, family businesses are more common than independent women entrepreneurs, especially in rural areas

WOMEN'S ENTREPRENEURSHIP IN REPUBLIKA SRPSKA

Women business owners in Banja Luka municipality face barriers related to economic transition and to traditional gender roles

*by Nataša Gospić, Telekom Srpske
and Mirjana Stojanovic, Director, Gender Centar, Republika Srpske*

Economic conditions in the Republika Srpska

The Bosnian economy has been scarred by transition and war

The initial conditions for the transition process in Bosnia and Herzegovina in the early 1990s included underdeveloped market institutions, an imbalanced industrial structure, predominance of the agricultural sector, weak competitiveness and inefficiency, and an underdeveloped financial sector. Furthermore, the subsequent war created millions of refugees and displaced persons, devastated institutions and infrastructure and prevented normal economic activities. An estimated 250,000 people were killed, over 200,000 wounded (including about 50,000 children), and about 13,000 were permanently disabled. About 1.2 million people became refugees, and about 850,000 were internally displaced.

The late 1990s saw renewed economic growth

After the signing of the Dayton Peace Agreement, the international community began to provide financial assistance, which helped to achieve significant results in reconstruction and development during the first five years of post war development. Bosnia and Herzegovina noted quick economic growth. GDP per capita rose from US\$ 456 at the end of 1995 to US\$ 1,093 at the end of 2000. Investments in reconstruction of infrastructure created the prerequisites for functioning markets, utilization of resources and accelerated economic growth. But despite these positive developments, poverty in Bosnia and Herzegovina is still widespread.

The Republika Srpska remains one of the poorest areas in Southeast Europe

The Republika Srpska, one of two constituent entities that make up the country of Bosnia and Herzegovina, is one of the poorest parts of Southeast Europe. Its 1999 GDP per capita (US\$ 831) was the lowest in the region at that time. And although GDP is growing in Republika Srpska, its relative proportion of total Bosnian GDP grows smaller each year. This trend has been influenced to a great extent by the post war allocation of international assistance to Bosnia and Herzegovina, in which the Republika Srpska has been much less represented.

According to a December 2000 UNDP report, about 12.5% of households in Bosnia and Herzegovina have incomes above the poverty threshold of 1,000 DEM, while in Republika Srpska that number is only 4.3%. Unemployment is the most important factor determining poverty in Bosnia and Herzegovina. According to the latest data, the unemployment rate is about 38% for both entities.

Women are among those hardest hit

The unemployed are more vulnerable to poverty than those with jobs. This has important consequences for women, since the unemployment rate for women is significantly greater than for men. The unemployment rate in female-headed households is 77% higher than in households headed by men.⁶³ The incidence of poverty is greater among women in rural areas than in urban areas. Refugees, displaced persons, and households where at least one member is severely disabled are also among the most vulnerable to poverty.

⁶³ Bosnia and Herzegovina Ministry of Foreign Trade and Economic Relations, 2001

The post war and transition conditions have affected women more than men in Bosnia and Herzegovina and the Republika Srpska, as shown by the following trends:

- Rise in number of unemployed women;
- Rise of gender- and age-based discrimination in employment;
- Exclusion of women from socially prestigious economic activities, particularly in the financial and banking sectors; Absence of a gender perspective in data collected for economic and statistical analyses, etc.

Women and small business

Small business is an important source of economic development

This analysis examines the participation of women in small business. The experiences of transition countries indicate that small business is the driving force behind economic development and employment. Small enterprises are better able to adjust to market conditions. Their lesser engagement of business assets enables them to achieve better financial results and constant employment growth. For these reasons, the importance of ensuring that women and men have equal opportunities in this segment of the economy is increasingly stressed. At one time, entrepreneurship had an important role in the economic development of the Republika Srpska. Despite the difficulties that followed it for a long period, reflected in a lack of incentives and an unfavourable business, development, and social environment, entrepreneurship as a traditional economic sector has survived.

Retail trade and service sector businesses are prevalent in Banja Luka municipality

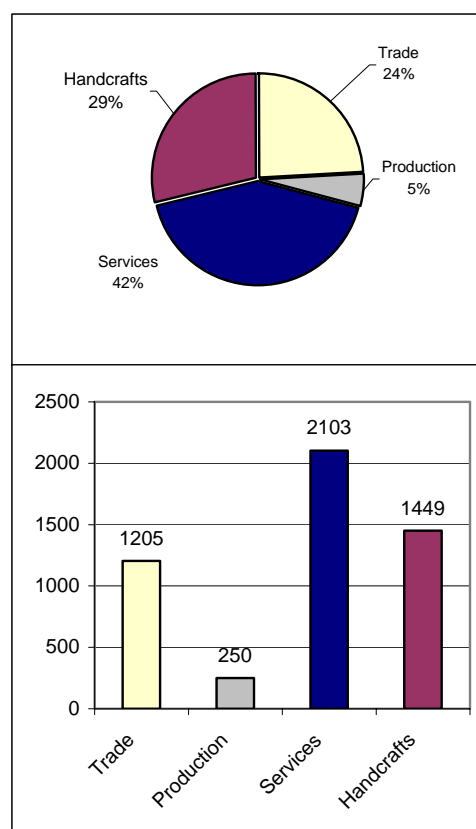
This analysis is based on data collected on entrepreneurs and entrepreneurs' shops in the territory of Banja Luka municipality. The total number of entrepreneurs and entrepreneurs' shops in Banja Luka municipality is 5007.

In the service sector, the majority of enterprises provide handicrafts and transport services (transport, hairdressers, auto mechanics, etc.). The next largest percentage of enterprises provide catering, tourism and intellectual services (legal, bookkeeping, etc.).

Identifying which activities are registered as home industries can be problematic. Among these enterprises, the vast majority of home industries involve retail activities and operate in the grey economy. Almost all of the trade is retail. Agricultural production makes up the majority of production-oriented enterprises, followed by enterprises producing foodstuffs, textile etc.

When we consider that the vast majority of activities registered as home industries are retail enterprises in the grey economy, the image changes significantly. Trade and home industry activities together make about 50%, which indicates that activities in the field of trade are the prevailing entrepreneurial activities here.

Figure 1: Total number of entrepreneurs and entrepreneurs shops in the municipality of Banja Luka:

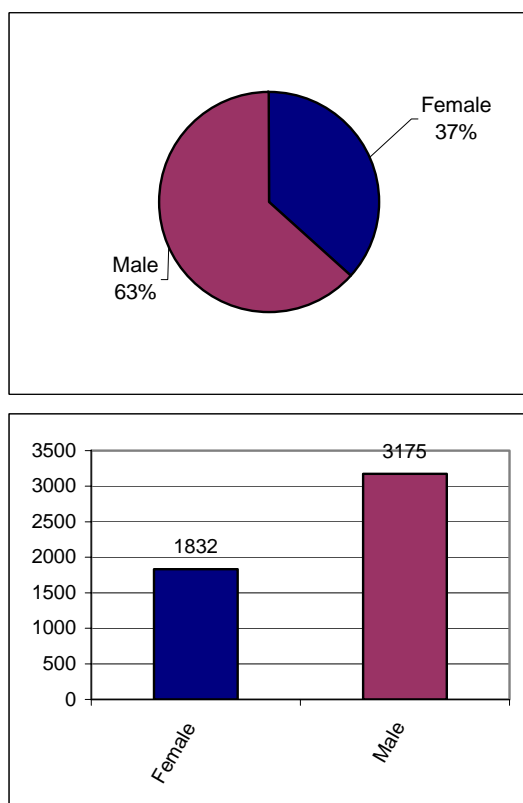


Source: Survey of entrepreneurs in Banja Luka municipality

Women are a minority among shop owners

Looking at women's participation in these business activities reveals a different picture. First, women make up only 37% of all shop owners. The total number of women is 1832 compared to 3175 men entrepreneurs. Shop owners by gender is shown in Figure 2.

Figure 2. Owners of the small shops in percentages and numbers



Source: Survey of entrepreneurs in Banja Luka municipality

This information suggests that women are in a disadvantaged position compared to men in the field of entrepreneurship. The ratio becomes even more skewed if we consider that a percentage of entrepreneurs' shops are only nominally registered as owned by women, who in fact may have no involvement in the business. This happens when men register businesses in their wives' names to over for deals and avoid being discovered as the actual owners.

Women are concentrated in trade and handicrafts sectors

Figure 3 shows that women and men are almost equally represented in the trade and home industries. But women are much less represented in production and services, which typically require greater capital investments than retail trade (especially retail trade in the grey economy). These sectors are also characterized by greater knowledge and information requirements. These trends suggest that women possess more limited financial means and have less access to needed knowledge and information than do men.

The participation of women and men entrepreneurs in different sectors of the economy is shown in Figure 4. Nearly 70% of all women entrepreneurs own businesses in the trade and home industry sectors, whereas only 43% of men entrepreneurs are in these sectors. This discrepancy may be explained by the fact that these sectors require less investment than the production and service sectors, which would support the claim that women have more limited access to financial means and to needed knowledge and information than men do. A much larger percentage of men entrepreneurs are in the production and service sectors, which require greater capital investment, as well as greater knowledge and better information.

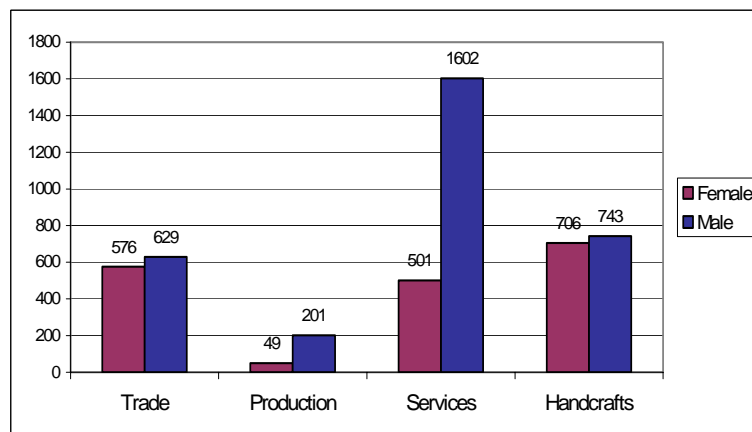
The distribution of women's entrepreneurial activities across sectors is shown in Figure 5.

Barriers faced by women entrepreneurs

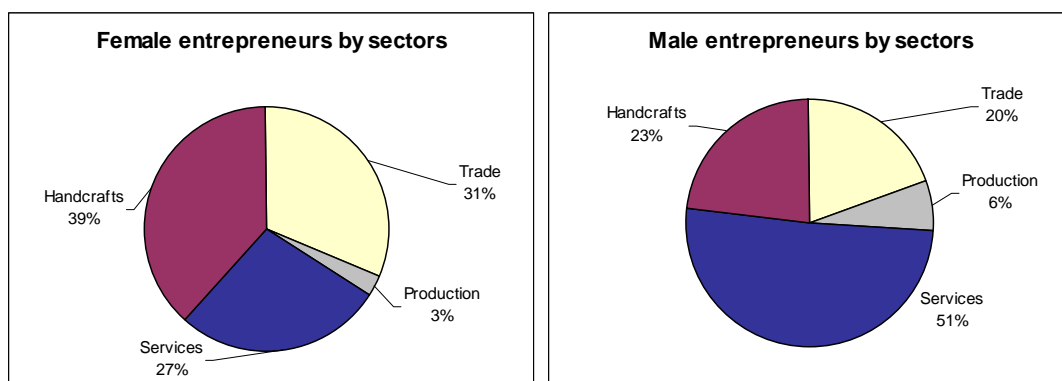
Women business owners are affected by the consequences of economic transition

The development of entrepreneurship in the Republika Srpska faces numerous barriers that are common to countries in transition, including:

- ❖ *Weak business environment:* Inconsistent, complicated and poorly enforced legal regulation, political instability, lack of transparency, lack of organized dialogue between authorities and citizens, etc. The result is a business environment with no emphasis on development or fair treatment of businesses.

Figure 3. Number of women and men entrepreneurs in each sector

Source: Survey of entrepreneurs in Banja Luca municipality

Figure 4: Women and men entrepreneurs by sector

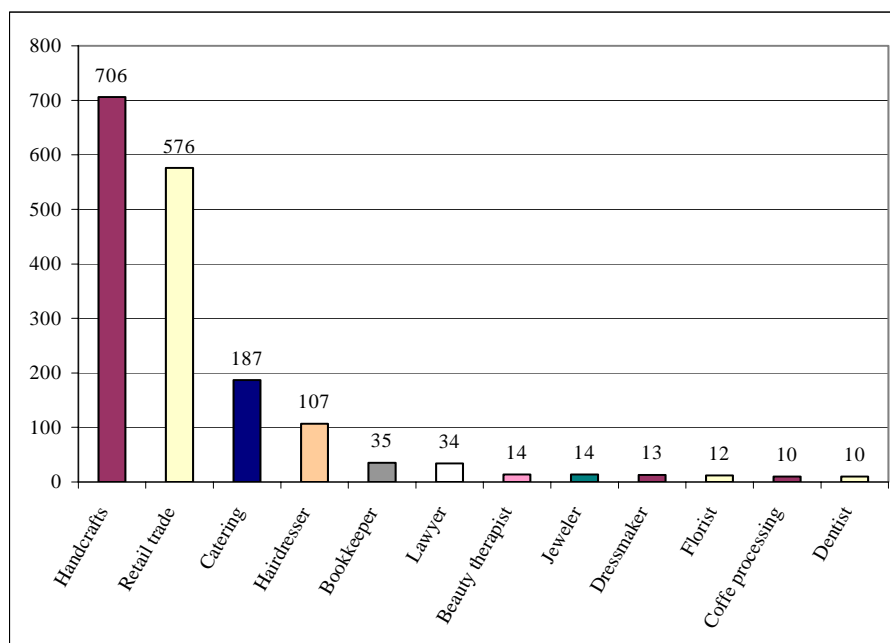
Source: Survey of entrepreneurs in Banja Luca municipality

- ❖ *Lack of development institutions/organizations:* Macro-level institutions to provide a comprehensive approach to development, and to create conducive conditions for that development, are absent. Also missing are mezzo-level institutions to support development service providers and facilitate networking, and a well-developed network of business development services providers at the micro-level.
- ❖ *Poor access to capital and high interest rates:* The most favourable financial resources are from donors, but these funds are relatively small.

Financing from local sources is rather unfavourable due to the weakness of the Republika Srpska banking sector. Interest rates range from 1-3% per month for micro and short-term credits, and from 6-16% per year for long-term credits.

Women face more challenges because of traditional gender roles

We may wonder why women encounter more barriers in business than men. Women's traditional role in society, and the commitments and responsibilities that this role imposes on women, is

Figure 5. Distribution of women's entrepreneurial activity across sectors

Source: Survey of entrepreneurs in Banja Luka municipality

one important factor. So, according to tradition, the jobs often considered most appropriate for women are those jobs most similar to their tasks in the household. Also, women have a more demanding role in the family than men, which reduces their possibilities in the field of entrepreneurship. The following are the most important issues that create limitations for women entrepreneurs:

❖ **Poor access to financing:** As a rule, women entrepreneurs in the Republika Srpska have poorer access to credits, in part due to the following reasons:

- Women rarely have access to mortgages because property in Bosnia and Herzegovina/ Republika Srpska is usually registered in the name of a male household member;
- Women who do own property rarely mortgage it, because women are more likely to avoid risk, especially in insecure conditions such as those experienced in the Republika Srpska;
- Credit officers have negative perceptions of women entrepreneurs. Even when a woman entrepreneur's application is approved, she is usually granted a smaller amount than a man

would be, regardless whether it meets her needs or not.

❖ **Limited possibilities for additional training and education:** Women have more difficulty acquiring relevant knowledge and skills, among other things, because:

- Women traditionally have a more demanding position in the family than do men, which limits the time, energy and concentration available to them for attending regular or special training programmes;
- Current training programmes do not take into account women's specific needs; Very few training programmes exist that are tailored to women's needs.

❖ **Less access to market information:** Compared to men, it is more difficult for women to access information on markets, bidders, export opportunities, etc., because their double role (housewife and entrepreneur) limits their ability to attend events and network. Other difficulties with accessing information include:

- The limited capacities of membership-based organizations such as chambers of commerce and Business Development Services providers;
- Lack of awareness among women about opportunities for obtaining information and about the benefits involved;
- Lack of ICT knowledge among women, which is a crucial obstacle.

One final limitation involves the effect of the traditional environment on women's own self-esteem and decision-making. Due to discouraging circumstances, women are often reluctant to risk starting a business, or if they are already operating one, they are reluctant to expand it. It often happens that when women are constrained by a traditional environment, they fail to develop enough ambition, vision or assertiveness, which are all crucial for entrepreneurship.

Women's entrepreneurship: a source of opportunity

The experiences of other transition countries suggest that one of the best ways to fight poverty is to increase employment through fostering small business. Promoting equal possibilities for both men and women in that segment of economy is essential for the overall economic development of the Republika Srpska.

Supporting women's entrepreneurship is particularly important since women are more affected by the new circumstances. The data from Banja Luka

municipality support this fact. Women are in a worse position than men in the field of entrepreneurship because they face gender-specific limitations as well as those affecting both genders. These gender-specific limitations are largely due to women's more demanding position in the family, which limits the time, energy and concentration they have available to pursue entrepreneurship. Therefore women have smaller incomes and lower productivity, since the time they can devote to business is limited by the time they must devote to the family. This unfavourable position often results in a lack of self-confidence, which is of great importance in entrepreneurship. This lack can prevent women from starting their own businesses. Even when they do, they may not want to take the risk of expanding their companies.

With training and education and easier access to capital, women would be encouraged to enter into business more decisively and to bear the risks of business decisions on investments, production, and technology.

Key requirements for that are favourable financing sources, knowledge in the field of business, and other practical knowledge in economy and technical professions. Despite all the difficulties we have encountered in Bosnia and Herzegovina, many women have successfully managed their households for years. Why would they not successfully manage their own small business as well.

WOMEN'S ENTREPRENEURSHIP IN UKRAINE, REPUBLIC OF MOLDOVA AND UZBEKISTAN: RESULTS OF A COMPARATIVE STUDY

While women share common concerns about growing their businesses and accessing finance, their experiences also reflect country-specific aspects of the business and cultural environment; in all countries special programmes targeted to women may be justified; there is also an urgent need for microfinance initiatives combined with reforms in the banking system

by

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Introduction

This article presents the findings of a research project on women's entrepreneurship in Ukraine, Republic of Moldova and Uzbekistan (supported by Intas, project number 00-0843). The project's goal is to investigate women's entrepreneurship in Ukraine, Republic of Moldova and Uzbekistan in an attempt to assess its contribution to economic and social development in these countries. The specific objectives are:

1. to describe the nature and extent of women's entrepreneurship in relation to the role it plays in the economy and society of Ukraine, Republic of Moldova and Uzbekistan
2. to identify barriers impeding and factors enabling women's entrepreneurship in Ukraine, Republic of Moldova and Uzbekistan
3. to gain greater understanding of the role of women entrepreneurs during the transformation to a market-based economy in order to assess the current and potential role of women entrepreneurs in economic and social development in transition economies
4. to research and evaluate selected policy and support measures for (women) entrepreneurs in Ukraine, Republic of Moldova and Uzbekistan looking at their appropriateness, effectiveness and impact from the standpoint of women entrepreneurs, in the context of international experience with this type of initiative.

In this context, the project combines research into the nature and extent of women's entrepreneurship in selected transition economies with a discussion of the specific role of women entrepreneurs in the process of social and economic transformation. The project also evaluates selected instruments used in Ukraine, Republic of Moldova and Uzbekistan to support (women's) entrepreneurship in order to identify good practices for promoting women entrepreneurs in transition economies.

Nature and extent of women's entrepreneurship

Enterprise characteristics

The *sector* distribution of *women-owned businesses* in our survey reflects a picture well known from Western countries. Most women-owned businesses are in the services and trade sectors, followed by manufacturing, which accounts for nearly one-quarter of all surveyed women enterprises. Differences across countries reflect the stage of transition as well as country-specific environments. Ukraine has the highest share of women entrepreneurs in services (50%, 37% all countries), whilst Moldovan women mainly operate in trade (38%, total 30%). In Uzbekistan a comparatively larger share of women entrepreneurs are in agriculture (14%, total 5.6%). Manufacturing comprises a wide range of activities such as manufacture of toys, food processing and clothing.

In Uzbekistan in particular, traditional crafts (e.g., gold embroidery, carpet weaving, silk weaving) play an important role. Trade includes both retail and wholesale activities, whilst services range from simple to more complex, higher value added activities, such as medical and legal services, language schools, and transport.

With respect to *size*, most surveyed enterprises (60%) employed between one and nine employees. One third had between 10 and 49 employees. Only around 9% of the women entrepreneurs were self-employed with no other employees. With regard to enterprise *age*, only a minority of enterprises had been set up in the 12 months prior to the survey (i.e., in 2001). In Ukraine and the Republic of Moldova, two-thirds of the women-owned businesses had operated for more than 2.5 years, whilst in Uzbekistan a larger percentage of women-owned businesses had existed for between 1 and 2.5 years.

Most enterprises are *privately owned* start-up companies. Privatization played the largest role among Uzbek women: 36% started their business this way, compared to 5% in Ukraine and 4% in the Republic of Moldova. With regard to the *working place*, and contrary to common assumptions, most women entrepreneurs in all three countries work either in their own or rented premises. Home-based business accounts for only 14% of the total enterprises surveyed. In the case of Uzbekistan, this share is higher (28%), which is partly due to the dominance of traditional craft businesses and partly due to cultural differences.

Characteristics of the entrepreneurs

Women entrepreneurs in all surveyed countries were mainly between 30 and 49 years old and married. In all three surveyed countries, there were few women entrepreneurs below 30 years of age, despite high levels of youth unemployment.

In Uzbekistan, this appears to reflect traditional role models that assign a housebound role to young girls. In comparison to men (20%), only 6% of the Uzbek women are below 30 years old. Interestingly, the share of divorced entrepreneurs is higher for women (14%) than for men (5%), particularly in Ukraine (17% women, 5% men). Three-quarters of the interviewed women had between one and three children. Ukrainian women entrepreneurs more frequently had only one child (47%), whilst

Moldovan women more often had two children. More than one-third of the Uzbek women had four or five children, reflecting traditional values in Uzbekistan.

The majority of women (63%) had university level *education*, followed by nearly 30% with secondary vocational education. Uzbekistan had the largest percentage of women with secondary vocational education (37%), while more Ukrainian women (73%, 50% in Uzbekistan, 62% in the Republic of Moldova) had a university degree. Before starting their businesses, most women were employed in the State sector, although a considerable share (17%) had also worked in private business, mainly Ukrainian and Moldovan women (23% and 19% respectively). Half the women had management experience from their previous employment.

Motives. Most women entrepreneurs stated that they started their businesses in order to be independent (19%, 14% men), followed by income reasons. Men put "increasing their income" first, followed by the availability of resources (15% men, 9% women). Push motives (lack of income, unemployment, etc.) played a particular role for Moldovan entrepreneurs, regardless of their gender, reflecting the poor economic situation in this country. Enabling factors such as availability of resources or a response to market opportunities were more frequently named by men (25%, 15% women).

With regard to entrepreneurs' *self-assessment of their business aptitude*, interesting differences emerge both across countries and across gender. In all three countries, fewer women entrepreneurs than men entrepreneurs assessed their business aptitude⁶⁴ as "very high" (46% women, 64% men), but women more frequently assessed their aptitude as high (41% women, 31% men). Moldovan entrepreneurs in particular, both women and men, score lower:

⁶⁴ This scale was developed by Jerschina et al. (1996). Respondents are asked to evaluate five statements, related to risk orientation, planning orientation, preference to determine one's own future, achievement motivation, problem-solving orientation, on a five-point Likert scale. Cf. Jerschina, et al. (1996), Political Stabilization and Foreign Investment Risk in Russia and 11 Countries of Eastern and Central Europe. A comparative analysis of political and economic attitudes on the basis of cross-national surveys. Paper presented to the WAPOR Annual Conference, May 2002.

20% women and 13% men see themselves as having a moderate business aptitude, compared to an overall average of 12% women and 5% men. In comparison to all women entrepreneurs, Uzbek women appear more confident, probably due to their exposed position as women entrepreneurs in a traditionally oriented society. They score highest on most components of business aptitude such as risk orientation (33%, 21% in Ukraine and 15% in the Republic of Moldova), planning orientation (56%, 29% Ukraine, 49% Republic of Moldova), achievement motivation (39%, 33% Ukraine, 31% Republic of Moldova) and problem-solving orientation (61%, 38% Ukraine, 24% Republic of Moldova). The latter in particular appears to reflect an environment where Uzbek women regularly have to cope with and solve difficult problems, which would partly explain their high risk orientation. Ukrainian women score the highest only with regard to their preference to determine their own future (70%, 61% Uzbekistan, 59% Republic of Moldova).

Business development

When asked for their business *objectives* during the last 12 months⁶⁵, more than half of the surveyed women entrepreneurs and nearly two-thirds of the surveyed men indicated enterprise growth as their most important objective. Specifically, they wanted to increase their sales turnover or profit.

Uzbek entrepreneurs in particular (70% women, 65% men) were interested in building up their enterprise. This result is surprising, and it contrasts with the results in Ukraine and the Republic of Moldova, as well as with most Western research. However, the second most important goal is survival (22% women, 15% men), followed by income objectives, both of which reflect the persistence of an adverse macroeconomic environment. Twelve per cent of women entrepreneurs (9% men) aimed to provide a living for their families, whilst 6% of both women and men wanted to improve their (family) incomes. The latter goals are also reflected in the *motives* entrepreneurs named for starting their own

ventures. Women entrepreneurs (15.5%, 13% men) named as their second most important motive the need to provide an income, while men, interestingly, emphasized the desire to increase their income (20%, 13% women).

During the year prior to the interviews⁶⁶ most women-owned businesses generated sufficient *income* to cover their business expenditures. Interestingly, this differs across both gender and countries. Moldovan women, and men entrepreneurs in general, appear to have been more successful; 56% of the Moldovan women (25% Ukraine, 30% Uzbekistan) and 58% of the men (36% women) in all survey countries stated that their income exceeded expenditures. Since starting their businesses, the majority of entrepreneurs had been able to increase their (family) income.

Nearly all women entrepreneurs were seeking to *improve the performance* of their firm at the time of the interviews. When asked for the most important step planned for the next year, product and/or service quality was ranked first, followed by plans to increase attention to marketing and the need for technological modernizations. Product innovations were mentioned less frequently: 42% of the women had not *changed or modified* their products/services so far, whilst during the year prior to the interview, nearly one-quarter introduced at least one new product (service) and another fifth both introduced and modified their products. Interestingly, a larger share of Moldovan women (28%, 16% Ukraine and Uzbekistan) showed this kind of innovative behaviour, which partly accounts for their business success; 40% of those Moldovan women entrepreneurs whose income exceeded expenditures had both modified and introduced new products, compared to 30% of Ukrainian and 18% of Uzbek women entrepreneurs.

Markets and customers

Most surveyed businesses serve local *markets*. More than 70% of the Ukrainian and Uzbek women sell all of their production or services locally. However, a larger share of Moldovan women serve the

⁶⁵ Entrepreneurs could name three objectives in order of priority. Here, we use the data for the most important objective. In order to obtain comparable data, we filtered out entrepreneurs who set up their business within the last 12 months prior to the date of the interview, as Ukrainian new entrepreneurs did not answer this question

⁶⁶ In order to obtain comparable data, we filtered out entrepreneurs who set up their business within the last 12 months prior to the date of the interview, as Ukrainian new entrepreneurs did not answer this question.

national market, due to the small size of the Republic of Moldova. In all countries, only a negligible minority of entrepreneurs export their products. A considerable share of women entrepreneurs had been able to increase sales in their local and national markets, albeit with huge differences across countries. While two-thirds of the Uzbek women mentioned an increase in sales in the period 2001-2002, only 37% in Ukraine and 25% in the Republic of Moldova had seen an increase in sales. In the Republic of Moldova, more than half the women noticed no changes. Generally, men were more successful in increasing sales, since more than half of them did so. Regardless of gender, entrepreneurs named low solvency of clients, high competition, and taxes as the most important problems for increasing sales in the home market.

With regard to *customers*, women entrepreneurs mainly sell to final customers, followed by private firms and retail outlets. The latter play a more important role for Ukrainian and Uzbek women, whilst Moldovan entrepreneurs prefer market stalls, reflecting the nature of their business activities. In comparison to men, women in all three countries are less likely to sell to State companies.

Employment contribution

Women entrepreneurs contributed a total of 6,554 *employment* opportunities, primarily for *women*, who account for two thirds of all employees. This is considerably higher than in the control group of men-owned businesses, where women make up 47% of the workforce. Around 90% of the businesses also employed on average one working *family member* (both paid and unpaid), regardless of gender. Uzbek women entrepreneurs are more likely to employ working family members, on average 1.8 (1.5 for men). The average enterprise size (the mean for women-owned firms with employees) is 10 employees, ranging from 11 in Ukraine to 9 in the Republic of Moldova.

Barriers and enabling factors for women's entrepreneurship

The business: financing, employees, and business problems

Financing appears to be a constraint both for starting and developing a women-owned business, although the picture emerging from the empirical

evidence is ambiguous. Most women entrepreneurs started their businesses by using their own capital. Given that capital is cited as one of their major business problems (see below), this appears to indicate problems in accessing external finance.

Survey evidence apparently confirms this, showing that besides their own capital, informal sources, such as family or friends, were the most popular sources of external finance. Only a small minority received bank loans. However, most women entrepreneurs (and men alike) had not approached external sources such as banks, customers or suppliers during the start-up stage. The same applies for investment finance. As in Western countries, few business owners approach banks because of a belief that banks are not interested in providing start-up finance.

Of those who did ask for external finance, Moldovan and Uzbek women experienced refusals, reflecting the overall business climate; 28% of the women entrepreneurs in the Republic of Moldova and 20% in Uzbekistan were refused finance at start-up. Nevertheless, most of these women entrepreneurs were able to solve this to some or a considerable extent. Interestingly, one-third of the sample, regardless of gender, had applied for bank credits at some point during business development.

This is particularly true for Uzbek entrepreneurs, less so for those in Ukraine and the Republic of Moldova, where between 70% (Ukraine) and 75% (Republic of Moldova) had never asked for a bank credit. More than half the Uzbek women and men successfully negotiated their credit, indicating no particular gender differences in bank access in this regard. The most important reasons for not turning to banks did not differ much among countries. Women entrepreneurs either stated no need for credits, claimed unfavourable credit conditions or stated that despite their need, they were not confident of success. Overall, most businesses rely on a combination of internal financing and informal external sources, with no significant difference between men and women entrepreneurs.

Employees are mainly considered an asset for business success, as shown by the large share of women entrepreneurs who do not judge the motivation of their employees as a major problem. However, they assess the low level of skills as a

major constraint for business development. This is particular apparent in Ukraine and the Republic of Moldova, where more than 40% of the women entrepreneurs raised this concern. Only 17% of the women mentioned high labour turnover as a problem, which indicates a positive working climate in their business, as well as a lack of alternative employment possibilities.

Regardless of gender, entrepreneurs mentioned the same *obstacles to doing business*, most of them reflecting the still deficient institutional environment. When starting their business, the most important barrier was capital, followed by premises, whilst regulations and laws ranked third.

The majority of Ukrainian and Uzbek women entrepreneurs were able to sort out *initial business problems* at least to some extent, and a large share of Moldovan women entrepreneurs to a considerable extent, indicating that although the external environment may present many challenges, the owners of (surviving) businesses are able to develop successful coping strategies.

Nevertheless, men entrepreneurs in all survey countries were more successful in solving initial business problems: 48% reported doing so to a considerable extent at business start, compared to 33% of women. Asked for their main *barriers during the year prior to the interview* (2001), capital remained the main problem for women entrepreneurs. Uzbek women in particular stated this as their foremost difficulty (36%). Taxes gained in importance, particularly for Ukrainian entrepreneurs (29%, 16% total), whilst high competition ranked third among entrepreneurs' current problems, reflecting the changing sector environments, and growing competition in low entry threshold activities.

For Moldovan women, market constraints ranked first, indicating the worsening overall macroeconomic situation in the country. This situation is also reflected in their ability to successfully sort out these problems. Contrary to their success at business start, currently only 17% of Moldovan women were able to solve all problems to a considerable extent, reflecting the fact that low levels of aggregate demand are outside their control.

One means of solving business problems is through *cooperation*. Although less than half of all

entrepreneurs cooperated, a considerable share of women in Ukraine (45%) and Republic of Moldova (49%) did so. Partners were mainly other enterprises or entrepreneurs within the same sector. Information and joint production were the most commonly reported motives for cooperation by Ukrainian women, followed by exchange of ideas and the aim to improve profits. Moldovan entrepreneurs were likewise interested in obtaining information through cooperation, whilst profit increase came second. In Uzbekistan, women named first of all the exchange of ideas, secondly more information and again, thirdly, an increase of profits.

A large share of women stated that they currently did not need any external *support* (41%), although case studies demonstrate that they draw on family, friends, and business partners in order to solve their problems. An expressed need for support is positively related to business size and negatively to performance, with less successful women entrepreneurs more often stating support needs.

When asked about the main areas in which they have support needs, Ukrainian women first referred to general business management expertise, followed by a lack of information and professional qualifications. Moldovan and Uzbek women entrepreneurs were mainly interested in marketing and market development, which goes hand in hand with their main current business problems. Thus, the support needs of Ukrainian women entrepreneurs reflect a focus on improving general business skills, whilst in the Republic of Moldova and Uzbekistan, women entrepreneurs are primarily concerned with their market position.

The entrepreneur: experiences and the micro environment

Case studies show that the *choice of activity* in production and services often is related to *previous experiences*. Similarly, survey data found that 62% of women (23% of men) stated that their business had profited to a considerable (some) extent from their previous working experience. Case studies also demonstrated women's *learning experiences* as part of running a business, in that they grew more confident.

One example is a woman-owned enterprise in Uzbekistan. Started in 1994, the enterprise sells imported pharmacy goods wholesale, but also has

smaller sidelines in selling perfumes, cosmetics and jewellery. The woman owner described herself as initially being very reluctant to pursue entrepreneurship, but now the business has grown to become a fulltime activity for both the woman entrepreneur and her husband, who was previously working in the Ministry of Internal Affairs. Initially, the husband had encouraged his wife to act as director of their company, because he could not own a business due to his position as a government official. However, since starting the business, her interest, enthusiasm and confidence in running the business had grown considerably, turning “necessity” into “opportunity”, in her personal viewpoint.

The micro environment, i.e., both the household workload and the attitude of families and/or spouses, appears to be an enabling factor for women entrepreneurship, based on our survey data. Nevertheless, survey data clearly show the double *workload* of women entrepreneurs. Only 6% of the women are not involved in household duties, compared to nearly one-quarter of the men. Interestingly, and contrary to common expectations, fewer Uzbek male entrepreneurs state that they are not involved in household work (15%). Moreover, most women entrepreneurs do not complain about unfair distribution of household work, with only 17% (especially Ukrainian women entrepreneurs, 21%) doing so. This data reflects the attitude of women entrepreneurs, who might be used to dealing with this problem, but does not necessarily imply that the workload itself is fair.

Most women stated that their families and spouses were *supportive of their entrepreneurial activities*. In order of priority, *family* members contribute in the form of labour, emotional support, advice, and capital (for men the priority order is emotional support, work and advice), although this differs across countries. Emotional support comes first for Ukrainian and Moldovan entrepreneurs, whilst in Uzbekistan the main family contribution is work, followed by capital. The latter ranks fourth for women entrepreneurs in the other two countries.

Spouses mainly contribute work, capital and advice, the latter more frequently in Ukraine. Disapproval, where it occurs, appears to be more common with respect to certain business activities such as trade or for micro enterprises. However, case studies show a

differentiated picture. In Ukraine, case study evidence demonstrates that women with young children would not be able to combine running a business and raising children without external help from the family. In Uzbekistan the specific local environment (particularly *mahallas*, or local neighbourhood communities regulating the social and business life within a particular neighbourhood) play a role in enabling (or constraining) women entrepreneurs.

Gender: a help or a barrier?

In this context, the empirical evidence shows that gender has a primarily neutral influence. However differences exist across countries and problem areas, indicating that in an adverse environment, gender might pose an additional barrier that reinforces other, non-gender-specific business problems for women entrepreneurs.

Within the business, a significant minority of women entrepreneurs stated that gender is an advantage in *human resource management*; 30% of the surveyed women felt that their gender was a positive influence in this regard. For example, Moldovan women stated that their sex helped them to establish a motivating atmosphere, whilst Ukrainian women considered themselves better at solving conflicts and handling employees' diversity. On the other hand, women entrepreneurs in all three countries also noted negative aspects such as being too soft with their employees.

Most women denied that gender was a *source of business problems*. However, one-third did attribute difficulties during business start to gender, another fourth attributed current problems to gender. This apparently reflects the growing experience of women in dealing with all kinds of business problems. Ukrainian and Uzbek women were less likely to connect gender with *refusals for external finance*, whilst Moldovan women entrepreneurs saw their gender as a major reason for being refused start-up or investment finance. Moreover, a considerable minority of women in all three countries (23%) considered gender to be to some extent an *obstacle in increasing sales*.

Does gender assist women in *dealing with the business environment*? Women entrepreneurs across all countries generally agree that gender does not impede their business relations. Looking at whether

it helps them, we notice differences across countries, reflecting the local embeddedness of women's entrepreneurship. Moldovan women generally stated that sex has a neutral influence on relationships with authorities, banks, and other entrepreneurs. They conceded a positive influence only for their customer relations. This differs for Ukraine and Uzbekistan. The majority of Ukrainian women entrepreneurs see their gender as a positive influence in dealing with customers, authorities, other entrepreneurs and suppliers. Whilst they see gender primarily as a neutral influence in dealing with banks, a large share of Uzbek women (43%) noticed that their gender helped in this context. Compared with women in Ukraine, Uzbek women found that their gender also assisted them in dealing with customers, authorities and other entrepreneurs.

Case studies can serve as examples. Asked, whether she thought that authorities, banks etc. treated female and male business in the same way, one entrepreneur from Uzbekistan stressed that gender helped her, especially in the beginning when she had less business experience (in contrast, her husband claimed that gender did not matter). She thought it was easier for women to communicate with agencies and banks, since men were more friendly and polite with her. She gave the example of the first visit from the regional tax agency in 1995: The female inspector visiting her found a small mistake in her declaration and asked for a \$2,000 penalty (which, in the eyes of the entrepreneur, was hugely exaggerated, given the amount of the tax not paid) and a bribe. The entrepreneur went to the office of the agency herself and asked for another tax inspector, without telling them about the demand made. When they asked her for reasons, she told them "I am a weak woman, just starting a business, I need your help." Now she has very good contacts with the regional tax agency, where she is well known.

Interestingly, case studies also show another picture, demonstrating that, depending on the type of customer, gender can even play a role in relations with customers. One woman entrepreneur in Uzbekistan found that women were not trusted or taken seriously by male buyers/clients, especially among buyers from State companies. She quoted the example of a business deal with the army, where the client stated that they preferred to deal with a man.

Are women entrepreneurs *more or less successful*? We asked both women and men this question with regard to various business spheres such as finance, sales growth, business information, market development, exporting, innovation, networking, production and personnel management. Their answers show that women's and men's perceptions differ. Generally, men were more likely to state that gender had a negative effect on the success of women-owned businesses. This applied across all spheres, and particularly to production, exporting and innovation. Women mainly saw a neutral effect. In fields such as sales, networking or personnel management, they considered themselves to be more successful. Comparing women entrepreneurs across countries, more Uzbek women judged themselves as more successful with respect to finance and, surprisingly, also innovation (42%). In contrast, around one-third of the Ukrainian and Moldovan women attributed a negative effect to their gender in this field. Moldovan women thought themselves more successful in terms of networking and human resource management.

Business environment and government policies

The majority of women respondents in Ukraine and the Republic of Moldova assessed the *overall business environment and policies* of central governments both towards business and towards women entrepreneurs as unfavourable. Local government policies and business environments are mainly considered neutral. In contrast, the majority of Uzbek women entrepreneurs considered the overall business environment and policies, both on the central and local levels, favourable.

On the other hand, when asked to state the main reasons for informal or "grey economy" activities in enterprises such as theirs, women entrepreneurs in all countries mentioned the existing legal framework (mainly to its instability) and tax regulations. They also mentioned bribery and corruption as a constraint to doing legal business. Case study evidence show that bribes are an accepted part of doing business. One woman entrepreneur from Uzbekistan reported paying bribes (in the form of presents, e.g., flowers and candy for a woman or brandy for a man) in order to speed up the registration and licensing process. Since she was an Uzbek woman, the male officials did not openly suggest how much she should pay. However, she

chose to offer presents to “oil the wheels” of the process. This woman thought that male officials were more open with male entrepreneurs about the bribe amount.

Considering the size of many women’s businesses and the types of activities they undertake, *government policies* might also indirectly influence the extent of women’s entrepreneurship without women entrepreneurs relating this to their perception of the environment. First of all, constant changes in legislation might be one factor, since compliance costs are higher in smaller business, and most women entrepreneurs own microenterprises.

Moreover, country-specific regulations impede women’s entrepreneurship. One example is the new non-State pension law in Ukraine. If adopted, this law will remove the benefits of the simplified taxation methods, thus having a major negative effect on women entrepreneurship. The simplified tax system, which permits payment of a lump sum instead of having to fill in declarations, is used primarily by retail traders, most of whom are women. Additionally, considering the scale and sector of businesswomen’s activities (micro and small enterprises, mostly in services and trade), one might argue that insufficient attention to the needs of micro and small businesses is significantly limiting the growth of the small business sector with regard to new woman-owned businesses.

Most women entrepreneurs are not aware of government activities that specifically support women, although in Uzbekistan 15% were aware of such activities. Asked whether they thought women needed special attention from national and local governments, 93% of the Uzbek women agreed, compared to 70% and 78% in Ukraine and Republic of Moldova, respectively.

When asked *what would foster women’s enterprise development* in their countries, both Moldovan and Uzbek women entrepreneurs mentioned specific support programmes as their first priority, whilst Ukrainian women stressed the improvement of legal regulations. Improving legal regulations was named as the second priority in all three countries, followed by the need for officials to have a more positive attitude towards women entrepreneurs. Moldovan and Uzbek entrepreneurs in particular also stressed

the need for society as a whole to have a more positive attitude towards women business owners.

Policies for fostering women’s entrepreneurship

Ukraine⁶⁷

In Ukraine, the first steps to promote private entrepreneurial initiative involved the formation of a legal framework (e.g., the adoption of the Law on Entrepreneurship in February 1991). However, at that time no other components of a State policy to support private entrepreneurship were in place.

Specifically lacking were overall macroeconomic stability, a national currency, taxation to allow business growth, a favourable social environment, a positive attitude on the part of regional and local authorities level, and a business support infrastructure as well as other direct support measures. Moreover, the pace of government policy development was rather slow. Only in 1998 and 2000 did the Government adopt further laws. These laws appeared to have a positive effect on small business development⁶⁸. This growing recognition was partly a result of the influence of international economic advisors who promoted SME development⁶⁹.

Although the President of Ukraine acknowledged the important contribution of private enterprises in the economy and social life on a number of occasions, the Ukrainian Parliament showed little commitment to improve legislation. This was aggravated by scarce budget resources as well as by unwilling and incompetent local authorities.

In 1997, the State Committee for Issues of Entrepreneurship was re-established, a Ministry-like institution with about 100 staff members and a long list of responsibilities. Its function was to elaborate and implement policies to eliminate barriers to

⁶⁷ This section draws on Isakova, Krasovska, Lugovy, and Kavunenko, 2003.

⁶⁸ This positive effect is mentioned in several of the case studies carried out within this project.

⁶⁹ TACIS programme of the European Union, German Government Programmes, and the US Agency for International Development were and are the most active Western donors in technical assistance and advice.

registering and licensing entrepreneurial activities, to significantly simplify reporting procedures, and to diminish the tax burden and the number of local authorities inspections. To fulfil this function, it drafted new legislation and launched a vast deregulation programme in the framework of the President's of Ukraine administrative reform. Further restructuring of the Committee (now the State Committee of Ukraine on the Issues of Regulatory Policies and Entrepreneurship) took place during 2000 in order to strengthen its deregulation function and regional outreach. Thus, the importance of small business for economic and social regeneration in transition countries has recently become a generally accepted idea.

There exist only a few *initiatives to foster women entrepreneurship, and most of these are regional or local*. Policy makers in Ukraine do not consider women's entrepreneurship to be a part of the SME sector that requires special laws and benefits. Regional programmes remain limited in their outreach, both geographically and financially. Moreover, there is a lack of trained personnel to implement these instruments.

Not all local (and national) officials in charge of private sector development share the idea that women entrepreneurs need special attention from the State. Rather, attitudes depend on the region and individual personality. The officials responsible for State policies for family and youth, however, are more focused on the female population, including the opportunities presented by employment and self-employment. Employment centres all over Ukraine have funding for re-training unemployed women and for providing business training and start-up capital. Although the State budget may not be able to cover completely the needs of unemployed women, these employment centres still have a positive effect on the number of new female enterprises and entrepreneurs.

However, the *empirical evidence* from both survey and case interviews suggest that the newest Programme and the *measures* of its implementation have *little effect on women's entrepreneurship*. Entrepreneurs as a rule do not know of the existence of the Programme, or if they do, they are not beneficiaries of the measures. Ukrainian entrepreneurs mainly rely on their own capabilities and on support from friends or families in solving

business problems. They are very sceptical about State authorities' intentions to support small business. Everyday contacts with local officials still frequently demonstrate indifference, if not hostility, with regard to individual situations in small business. On the other hand, the majority of women respondents do not feel a need for special treatment. In their view, the improvement of the overall business environment, or at least no changes for the worse, is all they need for their business activities.

Republic of Moldova⁷⁰

After gaining independence, the Moldovan Government quickly adopted laws to regulate private entrepreneurship development, such as the law "On Entrepreneurship and Enterprises". Since then, the Government continues to acknowledge the significant role of private business within the transformation process at least on paper, mentioning it in all government programmes and speeches.

Support to foster private enterprises is regulated by the law "On Support and Defence of Small Business", which was adopted in 1994 and altered several times over the past years. It defined small enterprises, provided a wide range of measures for small and micro enterprise development, and set the role of the Foundation of Entrepreneurship Support and Small Business Development. The most recent changes addressed, among other things, the Foundation, which was initially responsible for coordinating and implementing government policies for SMEs as well as handing out credits to small firms. Now, the Foundation's responsibilities are limited to the latter task. Although banks exist, most commercial banks are not oriented towards small clients, notwithstanding that some of them use special crediting lines financed by European donors.

Other laws formulated measures such as registration for SMEs by mail or simplified registration and taxation rules for individual entrepreneurs in order to encourage them to become legal. In the short period that the law has existed (about four years), the types of activity valid for patenting and the rates of patent payment have already been revised repeatedly. Issues such as the period of validity of a patent or legality of some State bodies' demands (e.g. some documents as authorization, goods

⁷⁰ This section draws on Aculai, 2003.

provenance certificate etc. from patent-holder) are still being debated. Moreover, the enterprise registration procedure was changed recently in order to establish a one-stop agency, although this was not implemented. As before, entrepreneurs must still visit several State bodies to register. Moreover, they are no longer allowed to use intermediaries, which in the past helped speed up the registration process for enterprises regardless of size.

With regard to *entrepreneurship support*, only a few of the support measures stipulated by the laws ever took effect. Several business laws were never implemented properly. Despite official declarations, there has been no support for the Foundation, which is the only State structure for SME support. Additionally, the authorities (government and local administrations) do not provide specific *support for women's entrepreneurship*. The only apparent exception is the following measure, mentioned in the Plan of arrangements within the realization of State Programme of Small Business Support for the years 2002-2005: "the expansion of possibilities of training and consulting of small enterprises' managers; their adapting to needs of State, youth, women, unemployed" (enclosure, section 4.1.2). However, as with most other instruments, its vague wording renders both implementation and evaluation difficult.

The *business support infrastructure* in the Republic of Moldova has several components. Private providers, which gained importance during the late 1990s, offer a wide range of services such as consultancy, business training, and information. These firms/individuals are mainly oriented towards small clients. Government representatives and clerks from local administrations also act as individual business advisors, both officially and unofficially assisting entrepreneurs (in the latter case often asking for money or gifts). Programmes and projects by Western donors have played an important role since the mid-1990s. Some render a wide range of services; others are more specialized. Because their services cost more, they are often oriented towards larger enterprises. Thirdly, business associations and NGOs have appeared during the last 3-4 years. These were often set up in order to obtain donor grants, which limits their operations. As a rule, they specialize in certain services, although some of them are also making efforts to lobby in their members' interest.

These business support agencies have no explicit gender orientation. Naturally, women prevail among the clients of women's associations. Women's associations, especially business associations, appeared in the republic in the second half of the 1990s. Currently, there are attempts to consolidate and network them in order to improve their lobbying for women entrepreneurs.

*Uzbekistan*⁷¹

There exist numerous *laws and regulations* for private entrepreneurship in Uzbekistan. Since 2000, all private firms have been issued books of registration and records of check-ups by official bodies in order to limit checks to 1-2 times a year. For additional checks, the controlling bodies must produce special permissions. This measure has significantly reduced the number of unscheduled check-ups by different controlling bodies, as well as the possibility for their misuse. In 2002 the government introduced several decrees in order to reduce illegal imports and to support domestic production. These seriously affected all private entrepreneurs, regardless of gender: not only those involved in shuttle trade across the borders in Central Asia, but also those who relied on imported goods and spare parts. It should also be mentioned that laws adopted in the Republic change constantly due to the frequent issuance of contradictory regulatory acts and by-laws. This hampers the development of entrepreneurship.

Of the three surveyed countries, Uzbekistan appears to have the most elaborate business support infrastructure. Over the years of reform in Uzbekistan, institutional and legal conditions as well as *institutional structures* were established to support the development of small and medium-sized businesses. Among these are the Chamber of Commodity Producers and Entrepreneurs, Business Fund, "Madad" insurance company, a network of consulting, engineering and leasing companies, and business incubators. The Chamber was established to ensure the design of an integrated market infrastructure, to support small and medium-sized business and individual entrepreneurship, to expedite the formation of proprietors, and to protect their rights and interests. It aims to assist and support entrepreneurs of all sizes. The Business

⁷¹ This section draws on Schakirova, N, 2003.

Fund of the Republic of Uzbekistan was established by Presidential Decree to finance investment projects through extending credits, including concessional ones, to small businesses and providing technical assistance such as consulting and information services.

The infrastructure supporting small and medium business also includes a network of insurance agencies, such as “Madad”, “Uzbekinvest”, “UzinvestAIG”, and “Uzagrosugurta”, established by government resolutions. The purpose of these insurance agencies is to secure credits, protect against business risks, insure borrower’s liability for non-repayment of credits, and provide insurance protection for foreign investments to develop private and small business. The insurance agencies also offer credit guarantees for SMEs.

Moreover, Uzbekistan has a large number of *non-governmental and not-for-profit organizations* (NGOs). According to official data from the Ministry of Justice, 2310 organizations were officially registered in the Republic as of 1 May 2000. However, estimates by the Institute of Macroeconomics and Social Research of Uzbekistan find twice as many such organizations. NGOs act both as employers and as service providers. Each currently active organization has its target group, and all its efforts focus on solving the group’s problems and issues.

One such example is the *Business Women Association of Uzbekistan (Tadbirkor Ayol)*, which participated in this particular research project. It has been active for over 10 years. The Association is the first NGO that focused on creating a conducive environment for women in the transition process. During its life span, the Association has managed to rally over 4000 businesswomen throughout the country. With the help of various programmes and projects, around 1200 women have been trained in 12 handicraft professions, over 200 received business education, 300 have been trained in venture creation, and another 1000 in marketing and management. In addition, 130 young women from rural areas have received basic computer knowledge, and more than 30 people have been trained in export management.

“Olima”, the *Association of Women Scientists*, also offers trainings, such as “Fundraising”, “Women

and Business”, “and Women’s Self-concept”, in which women are trained how to present themselves in the labour market and sell their knowledge and experience. 120 women attended a training programme on “Adaptation to a Market Economy”, which was held in the United Kingdom. The trainees of these seminars have begun to participate more actively in economic reforms of the State. They are participating in the organization of scientific and production associations and creating new jobs.

In 1999, the NGO *Centre “Nash Dom”* [Our Home] was established to assist in improving economic and social protection for mothers and children. The organization conducts free training and seminars that develop the professional skills of socially vulnerable women. Such training as “Legal Foundation of Business” and “How to Start Your Business” is offered on a regular basis. Lawyers, business consultants, and specialists in microlending are regularly available for free advice. In Tashkent and Tashkent province, over 200 women from socially vulnerable segments of the population have participated in seminars and trainings conducted by “Nash Dom”.

Outlook and policy recommendations

Current and potential role of women entrepreneurs during transformation

Women entrepreneurs in all three surveyed countries are contributing both economically and socially to the transformation process.

With regard to their *economic role*, empirical data show that some of them have contributed by setting up *new enterprises*. Moreover, they provide *employment and income possibilities* both for themselves and for others, thereby contributing to greater social inclusion. They also manufacture goods that substitute for imports, thus contributing to the regeneration of the national economy. And by providing *positive role models and a more positive image of (women’s) private entrepreneurship*, they also contribute to *social change* and alleviate some of the negative effects of transformation.

With regard to their social roles, women entrepreneurs’ main contribution is the creation of job opportunities. Typically, women entrepreneurs are more likely to employ women. By thus

providing jobs for other women as well as for themselves, they help reduce the effect of discrimination against women in the labour market. In addition, reducing unemployment among women helps combat human trafficking, which is one of the most urgent issues in Ukraine as well as in the Republic of Moldova. Finally, women entrepreneurs serve as role models for the younger generations, demonstrating new employment (self-employment) opportunities.

While women entrepreneurs contribute to facilitating transition at both the microeconomic and macroeconomic levels, their social role is even more important in a society where cultural norms and values strongly influence the nature of women's entrepreneurship. Especially in the *Republic of Moldova and Uzbekistan*, the nature and extent of women's entrepreneurship appears to be restricted by their current societal role.

In Uzbekistan, one of the major transition problems concerns the "Uzbekization" of society, which refers to the revival of patriarchal values and religious norms. Particularly in rural areas, traditional values did not change much during the Soviet period. However, after transition began, they have gained importance across all layers of society and in core and periphery regions alike. In the Republic of Moldova, traditional attitudes in society influence women's entrepreneurship. Moldovan women appear to be less career-oriented than men, placing more emphasis on family relationships. This trend is partly due to the Soviet heritage, where men had higher incomes, and partly due to patriarchal traditions. The transition process intensified this trend by increasing women's workload and responsibilities within the home. Nowadays, most women entrepreneurs in the Republic of Moldova would not set up a business without the approval of their family.

In all surveyed countries, transition contributed to the emergence of women entrepreneurs, despite the contradictory attitudes of post-Soviet societies towards working women (for a discussion of this issue cf. Welter et al. 2003). In this context, women's entrepreneurship has already played, and continues to play, an important role in modernising societies and in changing public attitudes towards women, which in turn will allow governments to make better use of the economic potential of women

entrepreneurs. Thus, helping more women to start businesses and supporting the growth of existing firms can contribute to a more *competitive economy and economic growth* and can also *reduce social exclusion*. However, stereotyping women entrepreneurs in transition countries, e.g. by characterising all women entrepreneurs as "necessity driven", should be avoided. While most may be driven by a need to increase family income at start-up, this fact does not necessarily determine their subsequent development path, which may involve more "opportunity recognition" as external circumstances change and individuals grow in confidence, ambitions and competences.

Policy recommendations

- ❖ Women owned businesses share many barriers with men regarding issues such as tax laws and access to finance. *Improving the overall environment* for business will help women as well as men. This includes measures to reduce corruption and the violation of rules at the local level, which are among the most urgent issues of the business environment influencing women entrepreneurs.

It also includes capacity-building and the sensitization of national- and local-level administrations to the needs and concerns of women business owners. State representatives need a better understanding of women entrepreneurship, while women's business organizations need to work in partnership with other business associations to lobby for improvement of the general business environment.

- ❖ The overall conclusion from the study suggests that the differences between male and female may be less striking in many ways than those identified in some studies in western countries. But one distinctive characteristic is the concentration of women in certain low entry threshold activities, such as trade, suggesting that policies aimed at or influencing these sectors can have a disproportionate impact on women.
- ❖ Moreover, the study reveals a need for an integrated, or "*joined-up*" policy approach. A good example is the relationship between access to childcare and young women's ability to engage in entrepreneurship. The case studies

show that women entrepreneurs can only combine business and family responsibilities if their relatives (mothers) help with raising the children. Here, measures such as raising funds for child care institutions, or benefits to private childcare institutions to reduce prices for their services, will have a positive effect on women's business development, particularly in Ukraine and the Republic of Moldova. This aspect is particularly important in view of women entrepreneurs' contributions to household incomes in situations where there are often few alternative opportunities.

- ❖ Judging from the survey results, women entrepreneurs do not typically use bank loans for start-up or investments, which significantly restricts both the number of new women entrepreneurs as well as their subsequent business development. The insufficient supply of bank loans suitable for small business conditions is argued to be one of the greatest barriers for women entrepreneurs. Thus, there is an *urgent need for microfinance initiatives*, combined with *reform and capacity building in all banking systems*, being sure to include sectors and activities in which women entrepreneurs are particularly active.
- ❖ Governments as well as international donors need to pay more attention to developing a *sustainable business support infrastructure* that seeks to meet the needs of women as well as men entrepreneurs and that is gender sensitive in service delivery. This means including women as role models in promotional literature and recruiting women business advisers. Most business support instruments operating in the surveyed countries, including those focused on women (e.g. the Ukrainian Woman for Woman

Centres), were initiated by Western donors and receive donor funding and technical assistance. The sustainability of these business support instruments should be addressed by the government and local authorities and is especially important for women's business support activities, which are generally the least developed. The medium term goal must be to develop an effective business support infrastructure that can address the external "support needs" of women entrepreneurs at different stages of their development. This would include business information, advice, training, and help in accessing finance that is sensitive to the needs of women as well as male entrepreneurs.

- ❖ *Special programmes targeted to women entrepreneurs* may be justified in view of the low level of business ownership in the three countries, although evidence from the policy analysis demonstrates that such programmes are limited in scale and funds. On the other hand, local initiatives might create a new impetus for developing different kinds of business services providers, including business centres, private associations of women entrepreneurs, and business incubators.
- ❖ *Women's business associations/organizations* have an important potential role that involves lobbying on behalf of women to protect their rights and interests, as well as assisting them directly. These organizations could function as self-help for women entrepreneurs and networking groups. In addition, they might work as partners with mainstream agencies, drawing attention to the specific needs of women entrepreneurs and gender-sensitivity issues.

Box 9**Women's entrepreneurship in transition economies: the examples of Ukraine, Republic of Moldova and Uzbekistan**

Topic: Women entrepreneurs in transition countries were the focus of an international research project led by Friederike Welter from the Rhine-Westphalia Institute for Economic Research in Germany, which was carried out between July 2001 and August 2003. Partners came from research institutes and universities in the United Kingdom (Prof. David Smallbone, CEEDR, Middlesex University Business School), Ukraine (STEPS, National Academy of Sciences, Dr. Nina Isakova), Republic of Moldova (National Institute of Economy and Information of the Ministry of Economy, Dr. Elena Aculai) and Uzbekistan, where the Business Women's Association "Tadbirkor Ayol" (Natalja Schakirova) got involved.

Funding: Provided by Intas under its open call from 2000 (INTAS OPEN 00-843). Intas supports collaborative projects between European and NIS countries in different fields, and it is worth checking their webpage for current calls (www.intas.be).

Research methodology: The **methodology** employed in the project involves a literature review, an analysis of secondary data, a standardized survey of women entrepreneurs and a male control group in different sectors, and semi-structured case study interviews with women and men entrepreneurs in the Republic of Moldova, Ukraine and Uzbekistan as well as a policy assessment, which was carried out as a desktop study, supplemented with key informant interviews. The *survey* was carried out in spring 2002, through face-to-face interviews and based on a standardized questionnaire, which was developed by the research team in English and translated back into the national languages. In Ukraine, a total of 297 women and 81 male entrepreneurs were surveyed; in Uzbekistan and the Republic of Moldova the figures were 200/60 and 218/63 respectively. The survey covered enterprises in four sectors, namely, manufacturing (including construction), trade, services, and agriculture, and four different regions in Ukraine and Uzbekistan, and three regions in the Republic of Moldova, in order to capture core-periphery differences. *Case studies* were conducted in Spring 2003, based on a topic guideline. In all countries, up to 30 women entrepreneurs and 5-6 men were interviewed by the members of the project teams.

Replication of our study in different environments is highly welcomed. If you are interested in our questionnaires and guidelines, contact [Friederike Welter](mailto:Friederike.Welter@rwi-essen.de). The questionnaire is available in English and Russian.

More information on the project: Friederike Welter, Rhine-Westphalia Institute for Economic Research, Essen. e-mail welter@rwi-essen.de

DEVELOPMENT OF WOMEN'S ENTREPRENEURSHIP: THE CASE OF GEORGIA

Women in Georgia, although disproportionately hurt by the transition process, are actively pursuing entrepreneurship as a means of economic survival

by Charita Jashi

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Women in the Georgian economy

Georgia's gender indicators are on a par with other transition countries

In Georgia, the economic and financial cataclysms and rising poverty of the last decade have meant that social-economic problems are of crucial importance. It is now necessary to use a gender perspective to improve social-economic conditions and to motivate the population to seek ways to overcome the obstacles presented by the transition process by defining its own problems and analysing possible solutions.

Georgia's gender indicators are similar to those of other transition countries, in part because of many common trends among these countries that are the result of globalization. We cannot name a single CIS State with better gender development indicators than Georgia's. But this does not give us the right to feel relaxed and self-satisfied. Women do not yet have equal influence in political and economic processes for several well-known reasons:

- Women's economic status lags behind that of men,
- Women and men face unequal opportunities when applying for jobs and promotion,
- Confidence in women is much lower than in men.

Gender inequality is most evident in the privatization process

Gender differences are minimal and unimportant in many statistical indicators of economic activity in Georgia. Similarly, employment indicators do not

show significant gender differences. The main basis for difference, as everywhere, is men's hierarchical status in society. Men dominate in higher posts and therefore determine financial priorities. This fact is reflected in their control and possession of nearly all State resources. After economic restructuring and privatization, a new, predominantly male, class of entrepreneurs emerged in Georgia. The privatization process in Georgia was launched in 1992 and was preceded by the adoption of a relevant legislative framework and the transformation of industrial enterprises into joint stock companies (JSCs). Controlling blocks of shares of more than 1000 JSCs have already been transferred to private owners. The privatization of trade and service entities has been completed. Overall, more than 15,000 enterprises were privatized between 1993 and 2001. These accomplishments greatly affected the formation of the market economy-oriented business environment. However, merely transferring enterprises to private ownership, without including the mechanisms needed for them to function effectively, has not produced the desired outcome.

Women's participation in the privatization process is very limited. Women did not take part at all in the privatization of large enterprises. This is explained by the fact that women had no opportunities to become owners of large enterprises. They might have feared management difficulties or lacked enough resources to buy them. In some cases, formal ownership was transferred to women, but in fact the real owners were the women's husbands and male family members. The following chart shows women's involvement in the privatization of small enterprise:

Table 1. Women's participation in privatization in Georgia

Sector	List of objects approved for privatization	Total number privatized	Number privatized to women
Industry	319	223	12
Energy	31	28	0
Agriculture	548	341	57
Baking enterprises	139	95	1
Construction	165	252	0
Trade	4 056	3 897	1 254
Public service enterprises	4 106	3 891	987
Petroleum materials	164	164	2
Health	669	523	85
Social sphere	85	396	41
TOTAL	10 282	9 810	2 439

Source: Information from Ministry of Property Arrangement, Tbilisi, 1999.

These data show that women entrepreneurs received ownership of only 25% of privatized businesses, which is the result of unfavourable conditions for women in the private sector. Women have to use their potential and combat the specific stereotype that a woman is not considered reliable in economic activities.

Women's status on the labour market has changed as a result of transition

The market economy and privatization have introduced many changes in the economic development process and have affected the labour and social rights of the population. Some negative consequences include economic insecurity and the elimination of jobs, and women have been especially vulnerable to these trends. Further consequences for women include restrictions on their time due to the double burden of family and wage work, and a lack of relevant training, consulting, and education to improve their professional skills.

Thus, women have become less competitive on the labour market. Economic reforms have caused new trends with the following effects on women's labour market participation:

- Gender segregation of the labour market;
- Fewer possibilities for professional education;
- Low level of social infrastructure;
- Less access to health protection;
- Neglect of job security and economic rights

- Increase in women's labour migration
- Existing level of corruption in government structure
- Violence against women in the family and the work place
- Large income gap between women and men

In the last ten years, the gap between men and women in entrepreneurial activities has widened in most transition countries. An analysis of different sectors of the Georgian economy shows that in almost every sphere, women usually occupy the lower positions in a company or organization, and this tendency is increasing with time. Very few women have positions in the structures that manage economic policy. Women hold less significant positions both in the government and private sectors. Women head only three out of 100 large enterprises in the banking, trade and transport sectors. Gender segregation of the labour market is also an important concern. Construction, transport, and storage are considered to be men's jobs, and the education, health, and service spheres to be women's jobs. It is very important to change these stereotypes in order to remove gender barriers between sectors.

"Gender neutral" government policies have hurt women despite their high levels of economic activity

The decline of family incomes in Georgia has resulted in a decline in social services and family related transfers. This decline took place through

several channels, including the decline of the share of family-related public expenditure in GDP.

State macroeconomic policy and the State budget adopt a gender-neutral perspective. The State has lost its image as nurturing father. Its macroeconomic policy can no longer provide the population with the usual social guarantees. One natural consequence of the decrease in government funding for social, health care, and education needs is the higher burden placed on unprotected segments of the population, especially women and children. A review of budget figures for Georgia shows that despite a slight upward trend overall, the education, health care, and social protection sectors are not sufficiently subsidized. It must be stressed that these are the fields that define women's welfare and quality of life.

Statistical research shows that Georgian women in fact exhibit the same or higher levels of economic activity as do men. Women's interest in political and economic issues has increased greatly and the old-fashioned saying that women prefer home and family has lost its meaning. But the growing number of self-employed women does not reflect government activities to promote women's entrepreneurship, but rather women's own determination to pursue self-fulfilment and a reasonable income.

Women's entrepreneurship in Georgia

Economic survival is an important factor motivating women entrepreneurs

We can distinguish two trends in women's entrepreneurship development in the country. Many women are motivated by the need to provide for their families' basic economic survival. They are involved in activities such as cross border trade/suitcase trade, subcontracting work at home, or street trade. Self-employment is an important avenue to improving women's employability and access to paid jobs. For example, only 42% of officially employed women in Georgia are hired employees. Roughly 17% of all employed women are self-employed or own-account workers, and 40% are unpaid family workers. Less than 1% of all officially employed women are employers.⁷²

In addition, the labour market in Georgia is segregated by gender. Table 2 shows women's and men's economic involvement in some sectors of the economy in 1999-2000.

Table 2: Women's and men's economic activity, as a percentage of total economic activity, by sector

Sector	Percent women	Percent men
Industry	18.6	81.4
Communication	22.9	77.1
Construction	6.0	94.0
Hotel and restaurants	45.0	55.0
Education	81.4	18.6
Health care	81.8	19.2
Agriculture	50.6	49.4

Source: "The Main Direction of Economic Development of Georgia," Tbilisi, 2001.

As we can see from this data, women are the majority only in the education and health care sectors, which are typically less profitable. Other business sectors that are more likely to hire women are the mass media and entertainment sectors. The mass media is well known as a "women's sector": two-thirds of reporters are women, and there has been a sharp increase in the number of women holding leading or administrative positions. Another example is show business, where young women are working as artists, designers, and advertising agents. Georgia is an agricultural country, and women are engaged in most labour-intensive and low-effective sectors of agriculture.

Non-economic factors play an increasingly important role as well

Although material motives have a certain priority, other types of motives should be emphasized as well. These include the opportunity to apply one's personal creativity, to achieve personal success as measured by high incomes, to be independent, to realize one's abilities, and to achieve self-assertion. In this respect, the ongoing transformation of the role of women as economic agents reflects this process of adjustment, in which contemporary women are securing their independent place in the new economic system.

⁷² UNDP, 2001

Obstacles such as extortion and corruption contribute to the grey economy

Due to unhealthy competition and women's inexperience with illegal dealings with different State or private clerks, businesswomen do not always gain the trust of business partners. In the recent past, women were weak in the struggle with racketeers and unfair business practices, such as extortion.

Female business is also impeded by corruption. Despite initiatives to reduce corruption in the governmental bodies, deep-rooted corruption interferes more with the female business nowadays. This is why women's entrepreneurship is often found in an unregistered form in small business.

According to the results of a poll of unregistered self-employed women in Tbilisi, 35% of the polled women do not find it necessary to register their occupation since they "successfully regulate" relationships with the controlling institutions; 34% of the representatives of the latter required a certain sum (a bribe) instead.

The extensive shadow economy is the reason for the prolonged budget crisis, which has had a very negative influence on women's status. Furthermore, institutions such as policy, customs, controlling tax policy are absolutely masculine, making it more difficult for women to collude with administrative and tax bodies.

Women's approach to entrepreneurship can differ from men's

It should be highlighted that women are more cautious than men when starting their own businesses. Professional ethic standards in business are also more important for women since moral

principles dominate more in their businesses. Thus, female success in enterprise may require the adoption of alternative "humanistic" methods of management, rather than the imitation of male styles of business management.

Women's entrepreneurship in Georgia requires active State support and gender-sensitive State policies

Entrepreneurship does not come automatically with liberalization and privatization. An entrepreneurial economy must be promoted through appropriate policies and adequate institutions in many areas, such as education and training and starting capital. In the case of promoting women's entrepreneurship, gender factors in the State economic policy at the transitional stage must be considered. These include gender aspects of fiscal policy, salary policy, labour market regulations, and social policy.

To implement this policy, a State programme for the development of female entrepreneurship is necessary. The first stage of such a programme must involve research on businesswomen and their status on the labour market, to be used as the basis for subsequent activities. The leitmotiv of the programme should be support for women engaged in business, including small business, and the creation of favourable conditions, such as soft credits and tax benefits, for starting such businesses. The programme must address issues such as training women in the economics of market conditions, in principles of business organization and management, and in legal issues.

The implementation of such policies by the State will support the processes of democratic development, economic development, and poverty reduction. Women's public associations must also contribute to the development of women's businesses. Assistance must be provided to increase the share of women in governmental bodies, thus facilitating the development and implementation of the State gender policy.

BUSINESS POLYGON: LOCATING NEW SMALL BUSINESSES IN DECLINING INDUSTRIAL CENTRES

*A project initiated by women entrepreneurs brings new life, and economic opportunities,
to two industrial complexes in Baku, Azerbaijan*

*by Sayaly Safarova
President of MEMAR SS, Azerbaijan*

Women entrepreneurs in Azerbaijan

The full potential of women entrepreneurs in Azerbaijan, as well as in other transition countries of the South Caucasus, has not yet been tapped, despite these women's high levels of education and professional experience. Particularly now, as the process of integrating Azerbaijan into the world economy is underway, women's entrepreneurship has much to offer. This entrepreneurship can take many different forms, such as women's participation in small enterprises that, according to oriental traditions, permit women to work at home without leaving their families. This will help to solve economic and social problems as well as gender-related problems. It is essential to provide conditions that permit women to create private industrial enterprises or small companies in the service sector where they can use their management experience.

Business Polygon

The project uses the existing industrial infrastructure to promote entrepreneurship

In order to address the problems that were discussed at the First UNECE Regional Forum of Women Entrepreneurs (Geneva, 2001), the Business Women's Association of Azerbaijan has initiated several projects. (Box 10) One of these, the "Business Polygon" project, uses the existing industrial infrastructure that has fallen idle during the transition process to create a positive environment for small enterprise. The project co-locates entrepreneurial ventures at temporarily non-operating industrial enterprises in the Narimanovskiy region of Baku and provides these businesses with a range of support services. The combination of available infrastructure, resources,

and support services creates favourable conditions for women to start and build up their businesses. Women have also been actively involved in planning and implementing the project.

Despite rapid privatization, many formerly State-owned large enterprises are now idle

The development of Azerbaijan's private sector began at the end of the 1980s. The most critical laws for private entrepreneurs were issued in 1994 and addressed enterprises, joint-stock companies, guarantees, and bankruptcy. In 1997, the "Programme of State Assistance to Small and Medium Entrepreneurship for 1997-2000" was approved by decree of the President. As a result of these measures, the private sector made up 71% of GDP in 2001. The private sector also accounts for 70% of employment in Azerbaijan.

Table 1: Private sector contribution by sector, 2001

Sector	Share of output contributed by private sector
Industry	43.3 %
Agriculture	99.0 %
Construction	76.1 %
Internal trade	98.4 %
Fee-based services	62.5 %
Passenger services	83.9 %
Foreign trade turnover	59.0 %
Exports	52.6 %
Imports	69.0 %

Source: National statistics

Still, the country has seen a drastic reduction in industrial production since the mid-1990s, due to the transition process and especially the loss of markets in the former Soviet republics. The following table shows the decline in production at two large enterprises: Bakmil kitchen electronic goods and

Bakconditioner conditioners. Before the break up of the Soviet Union, these enterprises were important sources of employment and economic activity in the region. Now, they are functioning at less than 1% of their capacity.

Table 2: Performance Indicators for BAKMIL and BAKCONDITIONER Factories, 1993-2002

YEAR	BAKMIL			BAKCONDITIONER	
	Total Output Value (millions of manats)	Mixers (pieces)	Electric Motors (pieces)	Total Output Value (millions of manats)	Household Conditioners (pieces)
1993	2 650.0	207 206	173 737	14 472.5	178 722
1994	n/a	n/a	n/a	12 532.4	118 880
1995	n/a	n/a	n/a	43 291.5	67 241
1996	2 533.6	3 698	39 628	66 023.5	78 775
1997	2 223.0	6 649	47 862	31 898.0	36 398
1998	260.7	272	7 917	8 179.0	9 563
1999	854.0	119	26 687	2 160.7	2 301
2000	1 043.6	-	36 000	2 942.1	2 918
2001	417.0	367	934	2 082.3	1 780
2002	96.6	145	66	1 138.0	917

Source: National statistics

Business Polygon will create a supportive environment for new enterprises

These two industrial complexes, Bakmil and Bakconditioner, represent an ideal location for an enterprise development project. They are situated side by side in the Narimanovskiy region of Baku. Railroads, the metro station, and the Bina airport are close by. In general, the necessary communications, buildings, and equipment have been kept in good condition.

The project Business Polygon makes use of these existing resources that are currently standing idle. By restarting production at these plants in accordance with new market conditions and needs, the project will be able to create hundreds of private sector enterprises and thousands of new jobs. It is intended to serve as an effective model of cooperation among industrial enterprises, economic development NGOs, and the private sector for the production of import substitution and export oriented goods.

Project aims are:

- To use the industrial potential of existing large enterprises for developing the private sector
- To create favourable conditions for investing private capital in industry
- To create new jobs and reduce poverty
- To use the potential of engineering staff and qualified workers
- To create opportunities for introducing young people to entrepreneurship, such as student internships at Business Polygon enterprises and its administrative structures
- To create a mechanism for technical and financial assistance for competitive export production
- To create a mechanism of financial credit and investment assistance to entrepreneurs
- To assist in stimulating cooperative links between internal producers in the Business Polygon industrial city
- To ensure a system of protection of entrepreneurs' rights.

Advantages include co-location of enterprises and extensive support services

The industrial city Business Polygon is a non profit organization representing a corporate entity created for the effective development of small and medium-sized enterprises engaged in the production of goods and services. Its main activities include:

- Leasing and renting production shops, machines, and equipment at favourable rates,
- Providing legal, financial, engineering, marketing, economic, and other consulting services to enterprises
- Providing expert assessment and competitive selection of investment proposals, programmes, and projects with commercial potential
- Assisting entrepreneurs in the start-up phase of their ventures
- Attracting enterprises to the Business Polygon industrial city
- Providing conference halls, offices, shops, storage, and training premises for a negotiable fee
- Facilitating enterprises' interaction with financial and research institutes
- Training staff and managers to improve their professional skills
- Assisting entrepreneurs with licensing and intellectual property issues.

At Business Polygon, new entrepreneurs will receive support and guidance, and will have access to the experience of established business owners. The advantages of this proximity and availability of support services will help start-ups to overcome the usual difficulties of the initial period. So far, the response from the private sector has been overwhelmingly positive. When asked on a questionnaire whether they would like to locate their business in Business Polygon, 98% of respondents (n=214) said yes.

The project will be financed primarily by income from rental payments. Additional funding will also be needed from the State and from regional and local entrepreneurship support programmes, especially in the initial phases of the project. The long-term goal of Business Polygon is to cover all running costs with rental payments.

The project will also target women as business owners and workers

Women entrepreneurs will have priority when applying to locate their business at Business Polygon. In addition, over 1000 jobs in manufacturing enterprises will be designated for women.

The project will create jobs and improve the investment climate in the region

This project includes advantages for all parties involved: entrepreneurs, investors, and the State. Entrepreneurs will be able to organize their own enterprise with some small start-up capital. A favourable investment climate with high-level guarantees will be created for potential investors. The State and large enterprises will be able to use idle industrial complexes without large capital investments, by instead splitting production complexes into smaller units and creating more flexible structures tailored to the real needs of Azerbaijan's market. In addition, the project holds the possibility of creating over a thousand new jobs. On the whole, Business Polygon will improve the international image of Azerbaijan and demonstrate that real mechanisms supporting entrepreneurship are being created here through partnerships among NGOs, the government, and the private sector.

Box 10**Business Women's Association of Azerbaijan**

The Business Women's Association of Azerbaijan is actively involved in the Business Polygon project and several other projects promoting women's business ownership and economic development in the country. These include:

- ❖ A "Fund for the Support of Women Entrepreneurs in South Caucasus Countries" has been established by eight members of the Association for Small and Medium-Sized Businesses in Azerbaijan. It will provide funding for training programmes, business counselling and legal advice services, women's participation in regional and international projects, marketing and social research, and the assimilation of new information and production technologies.
- ❖ The establishment of a National Agency for Development of Entrepreneurship in Mountain Regions of Azerbaijan is planned. This agency will facilitate effective cooperation among State structures, municipalities, NGOs, and the private sector in order to promote women's economic activities in these regions and to create favourable conditions for tourism and service sector industries where women often predominate.
- ❖ The project hopes to tap the potential of women's entrepreneurship to revive the economic growth of the region, to raise living standards and social protection for women, and to support traditional crafts such as carpet-making, silk-spinning, etc. The project also plans to establish a Women's Centre where women could improve their skills in micro-business and small enterprises. The Centre will provide marketing, consulting, and advertising services as well as business-related publications and written resources and a transportation service for delivery of goods.

Source: Information from the Business Women's Association of Azerbaijan

PART TWO**INNOVATIVE SCHEMES AND PARTNERSHIPS IN FINANCING****THE EBRD AND WOMEN'S ENTREPRENEURSHIP IN THE UNECE REGION**

The EBRD's programs for SMEs help women entrepreneurs gain access to finance

by Noreen Doyle,

First Vice-President of the European Bank for Reconstruction and Development

Women and credit

For women in the ex-Soviet bloc, the overall investment climate may be a bigger hurdle than gender

It is said that women make the best credit risks. Yet women can face major hurdles in accessing credit. That is often true in the most – and least – developed countries. But in between we have the ex-Soviet bloc, which is the EBRD's region of concern. Historically, men in our region tended to focus on production, and women have been the accountants and bankers. So, while in some countries a banker might expect a husband to co-sign for his wife's loan, I can tell you of one instance in the Russian Federation in which a banker demanded that the wife co-sign for her husband. Such is the acknowledgement in our region of women's financial dependability and business prowess.

Which is not to say that getting credit in our region is easy. It can be difficult regardless of your gender. Bank lending in relation to Gross Domestic Product in the EU accession countries is just over one-quarter of the level in the Euro zone. These countries in transition from command economies to market economies are still unused to capitalist ways. They still have to understand and build the legal and financial infrastructure necessary for thriving economies. It is important to recognize that capitalism alone is not enough to transform the

region. Access to finance, while of crucial importance, is insufficient to support the start-up and growth of new enterprises. Money must be accompanied by parallel efforts to improve the investment climate and remove impediments to business start-up and growth. And finance must be creative to get around some of the hurdles in doing business in these countries

The EBRD

A for-profit financial institution with goals that extend beyond the bottom line

The EBRD was created in 1991 by the major economic powers of the world to invest in the ex-Soviet Union and its satellites. We are a taxpayer-based institution. We are no charity. We are expected to make a profit each year, and we do. But our goals – and services – go beyond the balance sheet. The bottom line is never the bottom line at the EBRD. Our unusual mandate of delivering more than just financial profits from our investments means potential deals are examined through the light of a number of different prisms. Besides being based on sound banking principles – to ensure a profit – our deals must:

- Promote transition from a planned economy to a market economy,
- Be environmentally acceptable, and
- Enhance private sources of finance, rather than compete with them.

Since 1991 the EBRD has invested roughly €22 billion in the people of the region. As important as the cash, however, is the Bank's provision of the know-how, training, political dialogue and, where necessary, pressure to encourage the transition to market economies. This means:

- Building up institutions and local capacity
- Transforming the banking and legal systems
- Freeing the business sector from unreasonable restraint
- Clarifying jurisdiction, and
- Breaking down inefficiency, monopolies and corruption.

Women, access to finance, and EBRD lending programmes

By targeting SMEs, the EBRD avoids some of the problems sometimes associated with lending only to women

The EBRD has over 7000 clients a month who are women. And we do not even have a programme targeted at women. What we have is a major programme in micro-, small- and medium-enterprise lending. SMEs are the bedrock of entrepreneurship and the hope of struggling nations. It is in the dynamic SME sector that the EBRD is increasingly placing its emphasis.

There are a number of programmes around the world that do target women borrowers, but these tend to be small. And given their limited resources, they have to ration their credit. We do not. Our subscribed capital is €20 billion. Another reason we do not have a programme specifically aimed at women is that, despite high loan repayment rates by women, targeting them might not be the wisest financial decision for the local banks through which we work. There is research to indicate that in some credit programmes for women, they were merely acting as intermediaries between male family members and financiers, thus increasing dependency on men and/or conflicts with them to fulfil repayment targets. But at the EBRD, we want the local banks that deliver our SME funds to the market to make the best investment decisions possible, regardless of client gender.

That is not to say we are passive in the face of prejudice. In two instances we refused to proceed with certain banks until they adopted positive

lending attitudes and practices not only toward women clients but also toward women loan officers.

EBRD lending programmes successfully reach women, micro- and small businesses, and entrepreneurs in poorer areas

The transition from command to market economies has meant job losses and cuts in State support in the ex-Soviet bloc. So encouraging entrepreneurship is more important than ever. Women in the region may be ambitious and entrepreneurial by nature; they are increasingly so for survival.

We funnel our money to SMEs through banks in our countries of operation. Through training funded by donors, we help open bankers' eyes to the potential in the market trader, the neighbourhood baker, the medium-sized clothing manufacturer. There are the food businesses, the livestock businesses, the shoe and toy businesses. A year ago the Bank was financing just over 9000 micro- and small enterprises each month. Just 12 months later those numbers have grown to 15,000 loans. By January 2000, in our 27 countries of operation, our SME programme had lent \$ 477 million. Two years later that amount had quadrupled to \$ 2.2 billion. The average loan amount has decreased. This demonstrates the programme's strong micro-finance focus and greater outreach to more remote, poorer areas.

Portfolio quality is excellent, with arrears standing at just 1%. In the Russian Federation alone, since 1994 we have lent over \$ 1 billion through our small and micro-lending programme. There we've worked with 120,000 clients in 116 towns and cities; 41% of those clients are women. Of course these businesses employ many more people so the impact is substantial.

The EBRD also works directly with banks to help them develop their own SME lending programmes

The EU/EBRD Small- and Micro-Finance Facility is an example that speaks to the long-term sustainability of our lending approach. In this programme, we work with 24 banks in the 10 countries awaiting accession to the EU. To date €241 million have been disbursed in about 10,000 sub-loans. The average loan size is approximately €25,000.

Private sector banks' involvement with SMEs is generally minimal. SMEs are seen as riskier than larger clients and it is expensive to set up and administer these relatively small loans. The EU/EBRD Facility offers banks the opportunity to develop their lending procedures for SMEs, with some choosing to target micro-enterprises. The Facility pays an incentive to convince banks to engage in SME lending. We call this incentive a performance fee. In practice it is a discount on the interest rate charged to banks for the amounts used to make new and good quality loans. The fee covers the start-up costs of building the bank's SME lending businesses, and phases out rapidly three years from signing the EBRD loan. Additional donor funding is provided for banks in the programme, for 18 to 24 months, to:

- assist in streamlining credit procedures and documentation for SMEs
- train loan officers and credit analysts to better appraise and structure SME loans
- improve sales skills, marketing and monitoring practices
- introduce performance-based compensation and other motivational schemes, and
- work with bank management to develop long-term strategies for serving the small business sector.

Knowing the EU backing is of limited duration, bank management and consultants work from the start to establish SME finance on a sustainable basis. This requires early attention to training of trainers and management capacity to carry on expansion of SME finance without the support of externally-funded consultants. Training is tailored to the needs of the particular bank and its personnel, with cash flow analysis a priority for many. Where loan officers have strong analytical skills, training has focused on sales and marketing to SMEs. The improvement of customer service skills is very important to SMEs, as they tend to be less price sensitive than they are concerned with quality of banking services. The EBRD places strong emphasis on buy-in by local banks, as their management must drive the programme's expansion through the bank branch network.

In terms of sustainability, the results of this programme have been outstanding. In 2002, donor funding for these training and support services came to an end at five of those 24 banks in the accession

countries. *And there has been no material difference in the volume and quality of SME loans since then.* As mentioned, arrears in this programme have been maintained at less than 1%.

The EBRD's work in other areas also benefits SMEs

We do not just lend money to SMEs. Nearly one-half of the Bank's guarantees under our Trade Facilitation Programme have been for small transactions that benefit SMEs. We also talk to governments about impediments to cross-border trade which have an impact on small-scale traders and on consumers.

We also promote leasing, which can offer SMEs numerous benefits. In more advanced countries, entrepreneurs can deduct from taxes the finance costs related to the lease, and the lessor may be able to accelerate depreciation of the equipment. And SMEs lacking the credit history, assets and strong cash flow to qualify for loans to buy heavy equipment can still access it via leasing.

We also encourage our bigger clients to build up their local suppliers and distributor networks. For example, in Ukraine our investment in the Dnipropetrovsk Oil Extraction Plan led to significant increases in the local production of sunflower seeds. The largest impact on the seed producers resulted from the plant's cash payments to the farmers, which substituted for previous barter and tolling transactions. These farmer SMEs were motivated by cash to grow sunflower seeds on a larger scale.

Conclusion

As an experienced international banker, I still enjoy the rush of signing the big, multi-million-dollar deals. But then I see the impact of a €1,500 loan to someone like Rahima Marmitova. She has a cotton printing business behind her home in Uzbekistan. I am inspired by her gritty determination and creativity in making a future for her family. I am intrigued as to how she knew that fabric dyeing was a way to achieve her goals. I am delighted to see her staff has grown from 10 to 15, thanks to our SME programme. And I am gratified when I see that her cousins, aunts and uncles have followed her example and have started similar businesses of their own.

FINANCING WOMEN ENTREPRENEURS IN THE BALTIC STATES

Initial results from pilot programmes for women entrepreneurs of the CEB and the NIB

*By Siv Hellen,
Senior Vice President, Nordic Investment Bank (NIB)
and Marja Seppala,
Country Manager, Council of Europe Development Bank (CEB)*

Over the past four years, the Council of Europe Development Bank and the Nordic Investment Bank have initiated several loan facilities for women entrepreneurs in Lithuania, Estonia, and Latvia. Feedback from borrowers shows that these targeted programmes have been quite successful. The programmes also produced useful information about women's credit needs and banks' attitudes towards women borrowers. This information will be valuable for designing future financing tools for women.

About the banks

Founded in 1956 in Paris, the Council of Europe Development Bank (CEB) is the oldest international financial institution in Europe. Its annual disbursements and project approvals amount to approximately €1.5-1.7 billion. The bank's mission is to respond to emergency situations and to fund projects that will improve living conditions and social cohesion in less advantaged regions of Europe. In accordance with this mission, it finances sustainable projects in its 35 Member States in the following "fields of action":

- Assistance to refugees, migrants and displaced persons
- Aid to regions hit by natural or ecological disasters
- Job creation, health, education, social housing, environmental protection, rural modernization, and protection and rehabilitation of historic heritage, etc.

Established in 1975 by the five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), the Nordic Investment Bank (NIB) is a multilateral financial institution whose main purpose is to promote the growth of the Nordic economies by financing projects over the long-term in both the

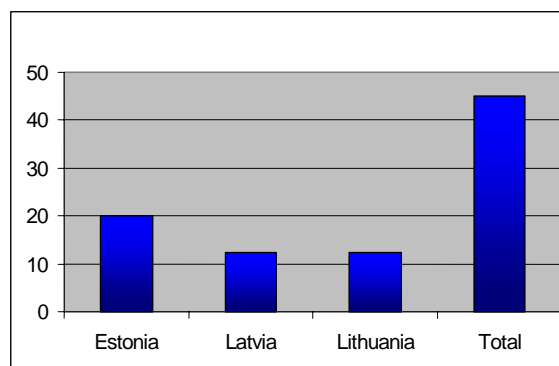
private and public sectors. In addition to its member countries, the NIB also finances projects in emerging markets outside the Nordic region. The NIB has extended finance in over 40 countries, and the Baltic Sea and Barents Sea regions are currently priority areas for the bank's operations. Yearly project approvals amount to approximately €1.6 billion.

About the loan programmes

Over four years, the banks have launched two loan facilities for women entrepreneurs

In late 1999, the NIB launched its first loan facility for women entrepreneurs in the Baltic States. This facility, totalling €1 million, was equally disbursed across the three countries through one financial intermediary in each country. One year later, the loan facility had been fully used to finance 44 projects for women entrepreneurs (see Figure 1).

Figure 1: Number of projects financed by First Loan Programme



Source: Council of Europe Development Bank

In late 2002, the NIB and the CEB together provided a second loan facility to the Baltic States. Estonia received €2 million through one locally-based intermediary bank, and this loan facility has been operational since February 2003. In Lithuania, €4 million have been granted through two locally-based intermediary banks. These loan facilities are supported by the Ministry of Foreign Affairs of Finland and have been operational since February 2003. Latvia is undergoing negotiations for a €4 million loan facility with two intermediary banks.

As of today, about 60% of the loan facilities have been utilized in Estonia and Lithuania, and 73 projects have been funded. The average loan amount by end-borrower is approximately €1,000 (provided 50/50 by the NIB and the CEB). Most loans were in the services sector (38%), followed by production and manufacturing (28 %) and retail (24%) (see Figures 2-3).

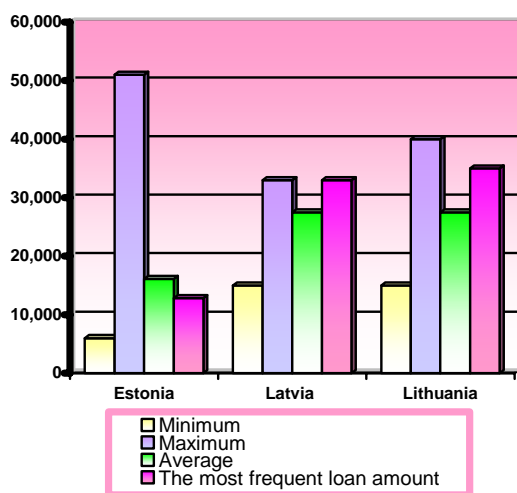
The main purpose of the banks' loan programmes is to support and increase women's involvement in business and decision-making by facilitating their access to credit. Eligible borrowers include Estonian, Latvian and Lithuanian SMEs and resident individuals in the private sector. A particular emphasis is the financing of enterprises that will create jobs, or that are located in rural areas and in regions with high unemployment. The second

loan programme has already enabled the maintenance of almost 1,200 jobs, and the creation of over 230 new ones.

The main purpose of the banks' loan programmes is to support and increase women's involvement in business and decision-making by facilitating their access to credit. Eligible borrowers include Estonian, Latvian and Lithuanian SMEs and resident individuals in the private sector. A particular emphasis is the financing of enterprises that will create jobs, or that are located in rural areas and in regions with high unemployment. The second loan programme has already enabled the maintenance of almost 1,200 jobs, and the creation of over 230 new ones.

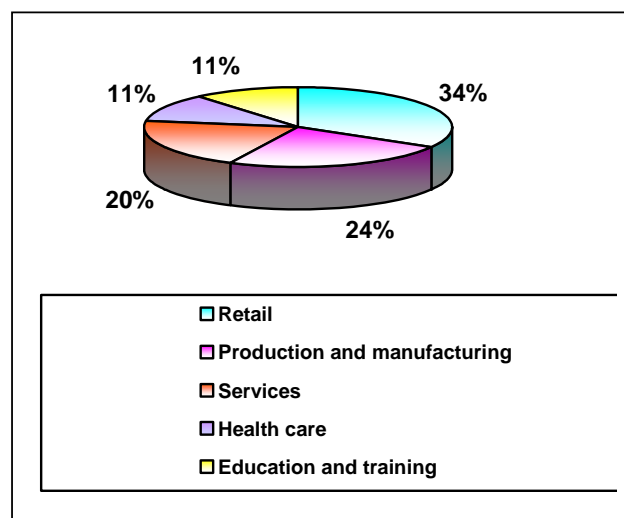
Loan requests are considered on a commercial and economic basis. Factors in the decision include the strategy of the potential borrower, the competitiveness of the project idea, and environmental concerns. The lending terms and conditions of the loans are based on commercial terms. For instance, the loan has to be repaid within 5-7 years, the interest rate is based on market terms and is set by the financial intermediaries, and loans must be adequately secured. However, it is important to note that the interest rate must remain favourable to the final recipients.

Figure 2: Loan amounts by country



Source: Council of Europe Bank

Figure 3: Loan activity, breakdown by sector



Source: Council of Europe Bank

Women and credit in the Baltic States

A survey gathered information about women's credit needs

Simultaneously with the implementation of the first loan programme, the NIB commissioned surveys on women's entrepreneurship to be carried out in all three Baltic countries. Results of the surveys included the following conclusions about women and credit:

- Women still tend to set up their companies with their own capital
- Women feel that they have the same opportunities as men for accessing credit, but in practice they are still facing more obstacles than men
- Women need more encouragement and support
- Women need more information on credit possibilities
- Women are more careful and take fewer risks than men
- Women feel that credits for SMEs are generally too expensive.

Women reacted positively to the loan programmes; bankers were concerned about profitability

The surveys also asked for feedback from borrowers and lenders about the loan programmes offered through the NIB's loan programme. On the whole, women's reactions were favourable, although they requested improvements in service delivery and outreach. Many women regarded as positive the fact that the loans targeted women, and stated that they believed this action would help develop women's entrepreneurship. While some women were disappointed by the conditions and requirements attached to borrowing, others were pleasantly surprised by the swift procedures and helpful reception of the banks. Half of the women thought that they would require further financing for their businesses in the future in order to continue or expand their operations. Furthermore, findings showed that women in rural areas with start-up projects were difficult to reach. Overall, government support was considered to be important by female entrepreneurs. The following points reflect the experience of female entrepreneurs who participated in the loan programme:

- Women entrepreneurs like to be target clients for loans.
- In general, they do not need better terms and conditions.
- Loan recipients need good advice in the preparation of business plans.
- They need information about credit possibilities.
- Women believe that collateral support is needed in rural areas in particular and for start-up projects.
- Women entrepreneurs think that expedient loan processing is essential.

In general, banks' reactions to the loan programmes were more critical. The following are the main conclusions derived from the banks' experience of providing credit for start-up projects:

- Lending institutions found it difficult to combine profitability with granting small credits.
- Banks felt that they should not give advice to borrowers on how to prepare business plans.
- Banks felt that business plans prepared by outside consultants were often of poor quality.
- Banks are concerned that loan applicants have difficulties providing sufficient collateral.

Second loan programme: pilot project in Lithuania

Technical assistance is an important element of this ongoing project

Encouraged by the positive experiences from the NIB's first loan programme, the NIB and the CEB decided in 2002 to continue to lend to women entrepreneurs in the Baltic States. A pilot project was set up in Lithuania for the development of women's entrepreneurship. With support from the Ministry for Foreign Affairs of Finland, the NIB and the CEB were able to provide technical assistance for the preparation, setting up and management of loan facilities targeted to women entrepreneurs.

The main problems identified in Lithuania were:

- A lack of information about financing possibilities for Lithuanian enterprises.
- A lack of financing products suitable for SMEs, and in particular of short and medium-term micro loans. Banks are reluctant to grant small loans because of poor profitability.

- Considerable regional differences in the servicing of SMEs; urban areas are far better served.
- A need for women entrepreneurs to have more encouragement and support; Lithuanian women are well-educated, enthusiastic and eager to learn, but have low self-esteem and need support, training, and financing.

As a result, it was concluded inter alia that SMEs' access to micro credits must be improved. In particular, banks need to be given financial incentives to lend to SMEs, application procedures need to become smoother, and guarantee possibilities for SME lending need to be improved.

The technical assistance component of the programme was very important as it ensured a thorough project preparation, including tasks such as identifying capable local partners and suitable credit institutions to on-lend the CEB and the NIB loans; providing training and consultancy to potential end-borrowers on matters such as preparing the loan application (cash flow estimates; repayment plans; collateral; financial planning); and providing financial incentives to the on-lending banks (performance fees; guarantee support; etc.).

Key issues relevant to the design and implementation of such programmes

Since the second loan programme is still ongoing, it is too early to draw any final conclusions on the success of the project, the remaining problem areas and the need for further special programmes.

Based upon the experience so far, the following issues can be identified as needing further study and as important considerations for future programmes in other countries as well. For each issue, there are some examples of questions that could be discussed among legislators, banks, business associations and other market participants.

- Advice, assistance, and service (with business plan, credit application, etc.)

- What are the best channels for distributing information on credit possibilities and application procedures?
- Who is best suited to assist in preparing good business plans and presenting bankable projects to the lenders?
- Geographical special needs: eg. accessing rural areas, competition in bigger towns
 - How should the programmes be designed to reach rural areas?
 - Is government support necessary, and in what form?
 - Is it possible to create more competition in urban areas for financing of small projects?
- Credits to SMEs: targeting credits to the sectors where women are active
 - Are the sources of financing suitable for the sectors where women are active?
 - Increased leasing opportunities, trade financing?
- Personal factors: gender, age, experience, education, family responsibilities
 - Are demographic factors decisive for designing the right credit products in the future?
- Selection of financial intermediaries
 - What kind of financial intermediaries are best suited to finance special programmes: commercial banks, leasing companies, credit unions, special credit institutions?
- Incentive programmes for financial intermediaries and potential borrowers
 - Is it good market practise to establish incentive programmes for lenders or borrowers?
- Support from the government and municipalities: direct and indirect support, financial support and other support forms
 - Could support be viewed as distortion in the market or discriminatory action?
 - Should there be interest subsidies or only guarantee schemes?

Profile 1
Loans for women entrepreneurs in Finland

Finnvera, a government owned company offers a special financing package tailored to women-owned small businesses

Finnvera, a government-owned company that provides financing services to Finnish enterprises, offers a *Loans for Women Entrepreneurs* programme targeted specifically to small businesses that are managed by women and have women as majority shareholders. Loans are granted for investments in machinery and equipment, as working capital, for other start-up or expansion projects, or for business development. The maximum loan amount is €35,000. The loan can also be supplemented with a start-up grant from the Ministry of Labour.

A loan intended specifically for women-owned and women-run companies

To fulfil the programme's mission of financing women entrepreneurs, the business must fall into one of the following categories:

- Sole proprietorship by a private self-employed woman entrepreneur
- General partnership where at least half the partners are women and half the initial investment was put up by women
- Limited partnership where at least half the responsible parties are women and over half of the responsible parties' initial investment was put up by women
- Joint stock company with over 50% of shares and related votes held by women
- In addition, the business must be managed full-time by one of the women owners.

Eligibility criteria

The business must operate continuously and employ

no more than five people. It must be determined a profitable enterprise according to specified criteria, and the loan applicant's personal finances must also be in good shape. The loan applicant must be able to put up her own share of the necessary funding. The programme does not fund businesses in the agricultural sector.

Application process

The loan applicant must submit a written plan for her enterprise's future operations. The targets, strategies, and development plans of the business are then assessed, as well as its market situation, especially in relation to the local competition. Also evaluated are the overall amount of financing of the business and the sufficiency of the financial contribution to be made by the loan applicant. If this business analysis determines that the enterprise has the potential for profitable operations, Finnvera proceeds with the application process.

Terms and conditions

The loan amount ranges from €3,500 to €35,000. The loan period is five years, and the first year is amortization free. The interest rate, based on the six-month euribor, incorporates a government interest subsidy. As security, a self-employed entrepreneur and the owners of a partnership are expected to be personally responsible for the loan. Shareholders in a joint stock company are expected to put up an absolute general guarantee. A 1.5% handling fee is charged on the loan.

Source: Tuulikki Laine-Kangas, Finnish Ministry of Trade and Industry. Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm and www.finnvera.fi

ACCESS TO FINANCING IN POLAND: GOVERNMENT POLICIES AT CENTRAL AND LOCAL LEVELS

A review of current and planned Polish initiatives to promote entrepreneurship a network of local and regional guarantee funds for SMEs

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SMEs and women entrepreneurs in Poland

Poland currently has 3,164 companies active in the SME sector. SMEs employ 70% of all workers, contribute to 50% of the GDP, and generate 46% of exports and 61% of imports. These examples reveal the extent of the changes that have occurred over the last ten years. Still, these indicators fall short of economic needs and expectations.

Women-owned enterprises are an important source of new jobs but remain concentrated in traditionally female sectors

In 2001, women accounted for almost 38% of all employers and self-employed. Most self-employed women worked in the sector of agriculture, forestry and hunting and in trade and repairs. However, even in these sectors men prevailed. In other sectors the prevalence of men was overwhelming, with their share sometimes exceeding 95%. The only sector with more self-employed women than men was health care.

Surveys of newly established businesses conducted in 1998 found that women were better represented among entrepreneurs with businesses generating new jobs than those providing no employment. Women accounted for almost 32% of self-employed individuals and 44.5% of owners of job-generating enterprises. The survey results distinguish areas of business activity dominated by women from areas where men prevail. Typically "female" business activities include: trade in foodstuffs (74% of business-owners are women); trade in garments (82%), flower shops (79%), pharmacies (100%), miscellaneous trade (67%), cosmetic services and hairdressing (100%). However, women entrepreneurs are increasingly active in highly

dynamic and difficult branches of the economy, such as tourism, real estate trade and advertising. This contradicts the stereotype that women are reluctant to undertake risks or face the challenges of so-called "serious business." Unfortunately, the total number of women entrepreneurs in Poland is still alarmingly low.

Government policies to promote SMEs

Polish strategies include simplifying regulatory procedures and reducing bureaucratic red tape

The growing importance of the SME sector in the Polish economy, and the role that SMEs play in the free market as an important source of economic growth and employment, resulted in government action to support the development of this group of firms. These actions are targeted to entrepreneurs of both genders. Three years ago the Polish Government adopted the second national policy towards the sector (*Government Policy Guidelines for SMEs until 2002*). A new edition of the policy through 2006 was prepared recently.

In order to bring the Polish economy back on the track of rapid development, major changes in the legislative system are needed to remove or alleviate the regulatory obstacles that hinder the development of existing entrepreneurship and the creation of new companies and jobs.

One of the elements of the new economic strategy *Enterprise-Development-Work* was the *Entrepreneurship First* package, which was drawn up based on proposals for legislative reform submitted by the different Ministries and by organizations of entrepreneurs. The reform proposals are organized into the following six groups:

- Simplification of the tax system,
- Reduction of labour costs and making employment relations more flexible,
- Simplification of the social security system,
- Simplification of the regulations applying to procedures,
- New legal regulations,
- Review of procedures, instructions and other internal regulations, in order to remove the potential barriers in the contacts between administrative offices and entrepreneurs.

The reforms included in this package were designed to simplify regulations and remove bureaucratic obstacles and should significantly improve the situation of entrepreneurs. They should also stimulate the economy and increase employment. These reforms should benefit all entrepreneurs, regardless of their gender.

The Polish approach also includes local and regional networks of lending and guarantee funds

After this important first step in reducing the regulatory burden on entrepreneurs, the next legislative initiatives addressed the issue of support for investment outlays made in this sector. Also emphasized are actions to increase women entrepreneurs' access to external sources of financing, such as credits and loans, leasing, venture capital funds and the capital market. Developing the credit guarantee system is also very important, since it is among the most effective instruments of financial support for SMEs.

The most important initiative adopted in the arena of improving small enterprises' access to financial services was the preparation of a government programme of the development of lending and guarantee funds for SMEs in the years 2002-2006. Over the next four years, this programme will construct a network of about 100 local and 16 regional credit guarantee funds for small and medium-sized enterprises and about 100 local and 16 regional credit funds for small companies. These institutions will operate on a non-profit basis. The credit guarantee funds will facilitate access to bank credits for entrepreneurs with credit capacity but who lack required protections. Lending funds will give development capital to small companies that typically fall outside the sphere of interest of

commercial banks. These networks will be based on initiatives organized in the local and regional environments, primarily by local authorities and entrepreneurs' organizations. Local and regional partners will contribute capital for these initiatives, and the Government will also provide financial support via national resources and EU funds.

The first stage of the system of financial sources will be realized in the years 2003-2004. It should consist of a *Stabilization Fund* with approximately €17.5 million, "remainders" of the State Treasury (minority packages of shares and shareholdings), the sale of which will supply the programme with about €50 million, and a budgetary subsidy of about €25 million. After Poland's accession to the European Union, the system will be supplied with roughly €187.5 million in financing from structural funds.

The guarantee funds will be provided by the National Economy Bank (NEB), and the lending funds will be overseen by the Polish Agency for Enterprise Development. These institutions will provide professional support and advice concerning the funds' establishment, will draw up standards for running lending and guarantee activity, and will supervise the funds' observance of these standards.

Also planned is the designation of about €25 million for subsidies to increase the capital of guarantee and lending institutions at the local and regional levels.

Local and regional credit guarantee funds will also be able to apply for support from the National Credit Guarantees Fund according to the procedures of the National Economy Bank. In total, the NEB plans to provide about €1.25 million for capital to local and regional guarantee institutions.

Institutional support for SMEs

Efforts to increase institutional support for SMEs in all levels of government and all sectors

Support for SME development is also provided at the regional and local levels, independently of the activities undertaken by the Government and financed from the State budget. SMEs occupy a significant place in the development strategies of individual provinces, counties and municipalities. Institutional structures supporting SMEs are currently being developed at three levels:

- National level: The Polish Agency for Enterprise Development (PARP) is responsible for the coordination and operational management of funds from State budget allocations as well as those from foreign assistance, and for implementing the State policy on SMEs;
- Regional level: Regional Financing Institutions (RFIs) are regional (voivodship) institutions that act as “windows” for PARP in the implementation of national programmes; at the same time RFIs should manage the implementation of instruments programmed at the regional level;
- Local level: Specialized information, advisory, training and financial organizations include NGOs (acting on a non-profit basis and accredited by the National SME Services Network) and commercial entities accredited by PARP to implement particular instruments.

Looking ahead to EU membership and beyond

In view of Poland's upcoming access to the common European market, further development of

the institutional structures that support the SME sector in its efforts to improve competitiveness is necessary. After accession to the EU, Polish regions will receive intensive assistance via EU structural funds. The *National Development Plan* for the years 2004-2006 (NDP) includes plans for making use of these funds. The NDP will be realized via sector operating programmes and activities of the *Cohesion Fund*.

The actions undertaken by the Government and local authorities will enable SMEs to achieve better competitiveness both in the domestic and foreign market. In the near future these actions will also facilitate Polish SMEs' functioning in the European market. Further development of the SME sector and entrepreneurship is, and will be, an important factor in enhancing economic and social cohesion in Poland in the coming years. As SMEs play an increasingly important role in the economy – in employment and other key economic indicators – policy and institutional frameworks for supporting them still require additional input and development.

Profile 2

Women and banking in the Province of Milan

An innovative public-private partnership in Italy addresses women's involvement in managing their finances and building a credit history

The Government of the Province of Milan has as one of its priorities the promotion of women's active participation in the labour market. To this end, the provincial government has implemented a comprehensive package of programmes designed to facilitate women's equal access to economic resources and to improve women's status on the labour market. The range of programmes includes an employment and job search centre, (*Spazio Rosa*, or *Pink Space*), targeted to women and providing employment counselling, information, and job referrals, as well as government-sponsored grants to women entrepreneurs seeking to start or build their businesses.

One of these initiatives, the *Pink Card* project, was implemented in response to results from a 2001 survey suggesting that women in the Province of Milan were not taking an active role in managing their personal finances. For example, only half of the women surveyed had their own bank account, and only 23% had a credit card in their own name. The survey also found that married women tended not to be directly involved in managing their own assets or making household financial decisions. To address these issues, the province's Department for Women's Policies developed the *Pink Card* project. The project has two primary goals:

- To encourage women to take a more active role in managing their expenses, finances, and savings,
- To enable women to better balance work and family responsibilities.

The project was implemented in 2001 in partnership with the Banca Popolare di Milano, which put up the majority of the financing for the operation and the corresponding advertising campaign.

The cards and their services

The project consists of two cards: one that offers subsidized access to numerous products and services from local businesses, and one that is connected to a

bank account at the Banca Popolare di Milano and functions as a real credit card.

The **Pink Service Card** is provided free of charge. It gives women access to subsidized services for the family, for work, for health, and for leisure. Examples include:

- Health: specialist check ups with private health providers, with particular focus on preventive care and home nursing assistance
- Home and family: baby sitting, home help, assistance with the elderly, home emergency services, online purchasing services
- Work and training: job training and preparatory courses, information technology and foreign language courses, job orientation services, support services for starting and developing business activities
- Culture and leisure: discounts at book stores, for tickets to theatre, cultural, and recreational events, and at swimming pools and beauty and fitness centres

The Pink Service Card has been distributed to over 25,000 women in the province of Milan, with more requests coming in each day.

The **Pink Credit Card** includes a range of standard banking services:

- It functions as an international cash card and a BPM CartaSi instalments card.
- Cardholders have access to long distance banking services.
- Cardholders also have access to insurance and health policies and to financing at preferential rates (including loans for business start-ups).
- Every time a woman uses her card, she accumulates credit which can be applied towards an insurance policy or supplementary pension plan.

Thus, the card enables women to build a credit history as well as to provide for their future financial security. Women can add the Pink Card

credit card to their services card for a monthly fee of €2.58.

Links with ICT access

The provincial government is also developing ways to use the Pink Card as a tool to facilitate women's use of new technologies. To this end, a portal is being developed that will be accessible from the Province of Milan website (www.provincia.milano.it/donne) and that will provide information, communication, and use of services connected to the Pink Card. The portal will also provide access to subsidized services such as e-learning, e-commerce, matching, and online banking.

Benefits for the business community

Businesses benefit from participation in the Pink Card project as well. Their services and products are advertised with cardholders and other participating businesses via a link on the Province website, a regular column in the institutional magazine "La Provincia In Casa" and a newsletter sent to all

cardholders every six months. The popularity of the Pink Cards has led increasing numbers of small businesses to join the ranks of those offering free or discounted services to cardholders. More than 300 area businesses currently participate in the programme. Many of these small businesses are women-owned.

An innovative model

The project is also unique in that it is a partnership between local government and a private bank, which is a new form uncommon in Italy. To select a partner, the provincial government called for offers from private banks, and the Banca Popolare di Milano was chosen. This alliance was essential for the success of the project. The Pink Card not only provides real opportunities for women, it has also been embraced by the business community and by many government councils in the province.

The project's success demonstrates the potential for other such partnership arrangements in the future.

Source: Ada Grecchi, Alderwoman for Human Resources and Gender Opportunities, Province of Milan, Italy Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm.

FINANCING WOMEN'S ENTREPRENEURSHIP IN SERBIA

A review of several initiatives by women's NGOs and business associations to address the needs of women entrepreneurs for financing and the role of cooperative model in providing women's self-employment in rural areas

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Private enterprise development in Serbia

Entrepreneurship can help address the problems of economic transition

Serbia, one of the former Yugoslav republics, began the transition process in the late 1980s. At that time, it was much closer to the free market system than other countries in Eastern Europe. Due to the breakdown of the country, wars in the region, isolation, and United Nations sanctions, as well as NATO intervention, the transition process slowed and the economy itself has collapsed. Many are jobless, and many of those who do have a formal job must also work on the black market in order to survive.

Over the last two years, the process of privatizing the social sector has intensified. Many people have lost their jobs, and currently an estimated one third of the working population lacks regular employment. Entrepreneurship is seen as the mechanism to escape this situation. The reason for this belief is that the experiences of the countries with developed free market economy, as well as the experiences of transition countries, confirm that the highest number of new jobs can be found in micro, small and medium-sized enterprises. Thus, following the example of other transition countries, Serbia has accepted the necessity of supporting private entrepreneurship. This support is found in several important programmes of government institutions and nongovernmental organizations.

The Serbian Government has created institutional structures to support entrepreneurship

Two sectors within the Ministry for Economy and Privatization support SMEs: the Sector for Private

Entrepreneurship and the Sector for Small and Medium-sized Enterprises. The Government has also created the Agency for the Development of Small and Medium-sized Enterprises and the Fund for the Development of the Republic of Serbia. The social programme of the Serbian Government also includes a form of entrepreneurship support in its self-employment programmes for people who lose their jobs for economic or technological reasons during the privatization process.

However, entrepreneurship in Serbia is still burdened by a series of problems that impede its development, in particular among groups such as women and young people. These problems include:

- Lack of an effective strategy or plans for entrepreneurship development;
- Absence of legal regulations that define the issues of entrepreneurship and SMEs and that apply the standards of the EU and the positive experiences of other transition countries;
- No mention of women's and young people's entrepreneurship in the existing regulations;
- Poor access to information;
- Absence of well-designed educational programmes in business management.

In response to transition's negative effects on women, several women's NGOs in Serbia have developed projects to promote women's entrepreneurship

NGOs have been the primary force in addressing women's entrepreneurship as a dimension of the transition process. Their work is based on the following facts:

- Women make up the majority of the unemployed, according to the Bureau for Labour Market statistics;

- Reducing the public sector will increase unemployment among women, who represent the majority of public sector workers;
- Women generally have more difficulty finding jobs than men. This is especially true for young women (because of employers' concern about maternity leave), and for older women;
- Women are among the poorest segments of Serbia's population;
- Although women have ideas and eagerness to start private business, they cannot access loans to finance these business ideas, because they do not have their own money or property due to the presence of traditional attitudes and old-fashioned ideas;
- Women with higher education usually lack work experience;
- The equal rights for women that were "guaranteed" by ex-socialism were largely an illusion.

Given these issues, and the fact that women's entrepreneurship represents an opportunity to alleviate the negative consequences of transition and economic reform, a positive climate must be fostered for developing women's entrepreneurship. NGOs and businesswomen's associations in Serbia have initiated several projects related to women's entrepreneurship. Three major projects are described below: *"Economically Equal"*, *"Together to the Solution"* and *"Women's Cooperatives – a Challenge and a Chance"*.

Economically equal

This project addresses gender equality in Serbia's laws and regulations

This project came about in recognition of the need for NGOs to work closely with government institutions to ensure that gender equality concerns are addressed in the current reform of Serbian laws and regulations. It is funded by STAR World Learning Network, Stability Pact Gender Task Force, and OSCE and began in 2000 as a joint effort among four NGOs: Association for Women's Initiative (AWIN) in Belgrade, Group for Promotion of Women's Political Rights in Belgrade, Women in Action in Belgrade, and Vojvodjanka Regional Women's Initiative in Novi Sad.

The project published a collection of texts, titled *"Economically Equal"* that evaluate important laws from a gender perspective, such as the labour law, the law on protection measures at work, the law about financial support for families with children, and the law on cooperatives. The project also included a media campaign with press conferences in Nis, Novi Sad and Belgrade to promote issues related to women's unpaid work, lower salaries, and lack of property ownership. The campaign continued with a number of panel discussions, round tables, and conferences with the support of teams of lawyers and economists from 20 NGOs in nearly all the larger towns and local communities in Serbia.

The project's message is that "gender discrimination is not only politically unacceptable, but also too expensive", and it stresses that this fact is just as important as the Government's message that Serbia must adopt EU standards. In other democratic societies, acknowledging this fact led to the establishment of certain standards addressing the problem of gender inequality. Serbia should strive for such standards as well, and the laws regulating the terms and conditions of economic reform in the transition process should take into consideration women's and men's different starting points in this society. If they neglect women's unequal status, lawmakers might in fact increase gender inequality. The hypothesis that general economic development alone would improve women's status is also an illusion, since even the most economically developed countries still have "typical women's problems".

The project is directed at the wider population and at decision-makers in Serbia and at international NGOs that provide financial and expert support for lobbying for the new legal solution. This approach is also intended to start negotiation processes with governmental institutions from the local to the national level.

"Being Unequal in the free market economy race", a research project conducted by The Voice of Difference, the Centre for Alternatives Studies Research, and G-17, offers examples of women's and men's unequal positions in this society. The project included a survey of 1200 women, employed, with high-school education, aged between 41 and 50, to examine the conditions under

which women in Serbia enter the labour market. Findings included the following:

- Apartments, houses, cars and other property are usually registered in a man's name;
- 60% of women employed in the public sector have men for bosses;
- 77% of women do not have opportunities for additional earning;
- 71% of women use beneficiary leave from work when their children fall ill;
- Men are four times more likely to own their firms than women.

The conclusion is that the State has not yet assumed the role of gender equality protector, nor has it created the necessary institutional instruments for such equality. The existing institutional measures to promote women are few and weak, and are unable to prevent the negative effects of transition on women.

This project confirms that NGOs and women's trade union organizations have taken responsibility for gender equality in the transition process, and that women experts in law, economy and social politics, together with the relevant ministries, have succeeded in introducing the principle of equal opportunities into labour laws and regulations.

Together to the solution

This project promotes women's entrepreneurship by researching women's economic status and access to bank loans in Serbia

The aim of this project was to call decision-makers' attention to the need for a better climate for developing women's entrepreneurship. It included the following activities:

- Analysis of the existing and proposed legal solutions that regulate entrepreneurship;
- Research of bank lending conditions as they relate to women entrepreneurship;
- Review of experiences and best practices in transition economies and countries with developed economies (Slovakia, Czech Republic, United States, Denmark, Sweden, etc.);
- Analysis of the existing programmes that support women's entrepreneurship offered by NGOs in Serbia.

The project involved six women's NGOs and women's business associations in Belgrade and Novi Sad. (Association of Businesswomen in Belgrade, Association of Women "Vision" in Belgrade, STAR Network of World Learning in Belgrade, Vojvodjanska Women's Initiative for Self-employment in Novi Sad, Association of Businesswomen PAZ in Novi Sad, and Association for Women's Initiative AWIN in Belgrade).

Research results were presented at the Round Table in April 2002 in Belgrade and Novi Sad. In addition to women entrepreneurs, the meeting was attended by representatives from banks, federal, republic and autonomous governments, chambers of commerce, domestic and foreign NGOs, as well as by guests from Sweden, Slovenia and Romania. Discussion focused on the following points:

- Women do not have equal starting positions for economic empowerment through self-employment and starting private firms because they own a very small percentage of real estate property
- Women are among the poorer, potentially more at-risk parts of the population during the transition process;
- Women become unemployed more often and wait for a new job longer than men during the transition process, and their educational level is irrelevant to their job prospects.

Banks have favourable impressions of women entrepreneurs

The most important aspect of this project focused on conditions for bank loans for entrepreneurship in general, and in particular for women's businesses. Initial goals of the research were to:

- View the existing and potentially better bank loans conditions for SMEs
- Show the total number and percentage of women entrepreneurs or SME owners within the total number of those who asked for or obtained bank loans;
- Examine the attitudes of bank staff about the ability of women entrepreneurs and owners of micro-, small or medium-sized enterprises to repay loans;
- Examine the attitudes of businesswomen about the existing terms of bank loans.

The project was unable, however, to conduct such research because banks lack statistics about clients' sex and age. Thus the status of women entrepreneurs could be only measured based on the "free estimation" of the interviewed bank clerks. This approach found that only about 10% of the approved loans have been for women clients. According to bank staff, businesswomen who apply for bank loans have the following characteristics:

- Women are more precise and accurate in making business deals and contracts;
- Women are more disciplined and generally fulfil better their obligations towards banks, including loan repayment;
- Women do their business successfully;
- Women are responsible and reliable;
- Women have realistic demands in applying for bank credit;
- Women are more cautious than men when applying for credit;
- Women are better organized than men, making it easier to do business with them;
- Bank officials see women as: energetic and reliable people who are trustworthy, self-confident, successful, and capable of running businesses.

The study also asked bank officials what they thought about "credit lines" and commercial programmes for women (which are funded by some foreign banks in Serbia). Their answers varied from those who had never heard of these "lines" to those who responded positively, but only after they were told what these programmes were about. Some bank officials thought that this sort of funding might be unprofitable, i.e. that it is too early for such ideas. One bank's response was that the idea was "nonsense" and that there are no reasons for special credit lines for women.

The results of this project confirm that one important condition for affirming women's entrepreneurship in Serbia is to expand the possibilities for financing women's businesses. The project also demonstrates that the transition process is very complex and that there are no instant solutions. That is the reason why further projects are necessary. To be successful, projects must adopt a "step by step" approach that would make women aware that they "have to take control themselves". This requires a "critical number of women" who know exactly what they want. These women can be

assisted by women's organizations, in partnership with anyone else who is ready to join the movement for women's economic, social and political empowerment.

Women's cooperatives – a challenge and a chance

Cooperative entrepreneurship holds promise as a potential model in Serbia

This project promotes *cooperatives* as a strategy for combating the unemployment created by privatization in transition economies. Cooperatives are especially promising in the case of women, who generally carry the biggest burden of the transition process. Women are usually the first to lose their jobs, and they have more difficulty finding new jobs than men. Their position is also worsened by the fact that the majority of women do not own property, and therefore do not meet banks' conditions for receiving financing for private entrepreneurship. This project, begun in February 2002, was initiated by the NGO "Association for Women's Initiative" (AWIN) and funded by the STAR World Learning Network in Belgrade. It is part of a larger campaign to enhance women's economic empowerment in Serbia.

Cooperatives are seldom considered in current discussions about economic development strategies

The International Cooperative Alliance (ICA) defines a cooperative as an autonomous association of individuals united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise. Members of a cooperative are also typically united in their affirmation of commonly held values and principles. The ICA has also developed a strategy for gender equality in the cooperative movement, which includes a policy statement on the role of women and the establishment of a Gender Equality Committee.

Our region has a long tradition of cooperative movements: the small Kingdom of Serbia was among 12 countries that founded International Cooperative Alliance (ICA) in London in 1895. During the first half of the twentieth century, cooperative development in our country paralleled

that of the rest of Europe. However, this trend was destroyed during the Yugoslavian socialist regime.

The current economic reform programme does not take into account cooperatives and their potential as an important, yet insufficiently used, vehicle for creating new work places. Neither has the wider public been informed that the cooperative sector plays an important role in the economies of all industrially developed countries, as well as in countries in transition, where the foundation of a new type of cooperatives has been recognized as a “*third model of transition*”. Also almost unknown is the fact that cooperatives can be founded in all sectors of economy except in military industry. Today cooperatives are an important reality of socio-economic development worldwide and their activities cover a wide range of human economic, social and cultural needs – so to speak “from the cradle to the grave”.

The cooperative movement in Serbia needs to address gender equality

Although our cooperative movement has been involved in the world cooperative movement through membership in ICA, it has not yet adapted to the new trends of the international cooperative movement or those developed in other countries, both in terms of the participation of cooperatives in the national economy and the perspective of gender equality. In particular, no special attention has been paid yet to the role of women in the movement. The reasons for this include inadequate regulations, women’s traditionally dependent role in society, and prejudices. In the second half of the twentieth century “women’s issues” would have seemed superfluous: equality of the sexes was stated in the Constitutional Law. Reality, however, has been different. For example, official statistics list a woman in the village as a “housewife” (the same for an unemployed woman in a city), although she is in fact always a farm producer (and very often an invisible member of an agricultural cooperative). And in the agricultural cooperatives, a male member of a household is usually noted as the cooperative member, even when he also has another profession, which means that a woman takes care of the farm and performs the functions of a cooperative

member. In this regard, it is important to note that few cooperative directors are women, and that not a single woman is president or member of the managing structure at any level of the cooperatives’ alliance.

Cooperatives are appropriate for women in Serbia for the following reasons:

- The cooperative economic model dynamically adjusts to new conditions and circumstances, which is exactly what women need at present;
- Cooperatives assign an important role to knowledge, skill, and ability, regardless of a person’s access to money or property;
- The equal participation of women in cooperatives represents a step forward towards strengthening democracy and development.

The project has already taken action to promote women’s cooperatives in Serbia

During its first phase, the project established four women’s cooperatives in the Uzice community:

- Agricultural Coop “Pro feminae” (for sheep and goat production);
- Coop for education “Sofia”;
- Coop for service “Golden hands”; and
- Business Coop “Alliance”.

A cooperative for intellectual service has also been founded at AWIN. Other accomplishments include:

- Organization of several conferences, in conjunction with the other women’s NGOs, in order to present and discuss the issues of cooperative entrepreneurship;
- Comment on the Proposal of the new Law on Cooperatives with recommendations for affirmative gender mainstreaming, which also have been promoted in a media campaign, especially in the areas of taxes and treatment of the new women’s cooperatives as micro enterprises (or SMEs) in order to ensure credit line for women coop entrepreneurs;
- Assistance to groups that wish to initiate small cooperatives as micro enterprises;
- Visit by four AWIN members in November 2002 to Sweden’s cooperatives, funded by the NGO “Kvina Till Kvina.”

Profile 3**Financing women's entrepreneurship in rural Kazakhstan***National and regional initiatives provide microcredit to women business owners*

In Kazakhstan much is being done concerning women's economic progress. The National Commission on Family and Women's Affairs, established in 1999 under the President of Kazakhstan, has this as its main goal. On the national level, the Government's commitment to this goal is reflected in the fact that the national budget includes US\$ 150 million for measures supporting women's entrepreneurship development. One area of particular emphasis is the creation of conditions for women's access to resources and credits. For example, according to the National Commission's suggestions, special credits totalling more than US\$ 3 million were given by the Government of Kazakhstan to support women's entrepreneurship development.

The National Commission is interested in the microcredit programme, since the majority of borrowers are women. The main factors motivating women to start businesses are to provide for their families and their future and wellbeing. The policy of our country is the same. Our women are educated, and the majority of them are able to organize their own businesses. The main problem is the absence of start-up financing to start a business. In such cases microcredits provide a good opportunity for women.

Experience shows that even as little as US\$ 400 is sufficient for many start-up businesses. To date, our Republic has issued over 45,000 credits. We do our best to attract the attention of potential investors and we hope that it will increase the number of credits given.

For the past two years, the National Commission, together with the NGO "Microcredit", has also coordinated a programme, "Ak Niet", which provides a range of services to rural women. Last year, over 35,000 women received medical services, 5,000 women received legal services, and 55,000 women received 36 million *tenge* for other needs. Each year about 1,000 women receive business

training. Last year the best students received microcredits.

This year is "The Year Of The Village". Women entrepreneurs of Kazakhstan are looking for the best way to raise women's economic standards in rural areas.

The Union of Women Entrepreneurs of Kazakhstan, together with the National Commission, has announced a national competition for business proposals from women. The best and most interesting ideas will be published nationally. Categories for business proposals include:

- Best business idea in a rural area
- Best project realized in a rural area
- Optimism and power of rural women
- Dairy business in rural area
- Needlework and crafts
- Women as head of business
- Family business organized by women in rural area

This competition also serves as a way to identify the most successful business plans and thus reduce the risk of default on loans. Lack of loan guarantees is a major problem for many women who want to begin business, but the fund of the Union of Women Entrepreneurs of Kazakhstan cannot assume the risk for defaulted loans.

Several additional credit mechanisms are provided through the Fund. One opportunity is a project with the Dairy Producers Association of Kazakhstan. Dairy factories will organize places for receiving milk from private small-scale milk suppliers. Typically, milk processors are not interested in dealing with small suppliers because the quality of the milk does not meet quality standards. This project will help small suppliers access means of distribution. Villagers will receive training in the form of seminars about quality standards in milk processing as well as business-related skills such as developing a business plan, marketing, obtaining credits.

Activities to improve women's access to finance exist on a regional level as well. One Union member formed a Regional Fund that operates in Zhezkazgan. The Zhezkazgan experience will be spread over the Republic and will use the following financing mechanism: A group of experts evaluates a project first to determine whether it will be nominated for discussion at the Fund's board meeting. The Bank is then advised to issue the credit. The Fund acts as the bank's guarantee. This scheme, which has already been used many times, unites the knowledge of the Fund's specialists in production and Bank specialists in credit.

So far, the Fund has developed four projects for a total of 45 million *tenge*:

- Business Incubator: production of bread, meat, and pasta products, 20 jobs
- Sheber-aul: anticipates the creation of 10-15 jobs in restoration, repair work, etc
- "Production and Processing Agricultural Products on a Village Basis": small loans for rural farmers, to be used towards increasing their livestock and milk production
- "Village-Town": an upcoming project which will assist in realizing goods such as milk, meat, grain.

Source: Aigul Solovyova, Association of Businesswomen of Kazakhstan; Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm.

Profile 4**Strengthening women's economic security through land reform**

The Women Entrepreneurs Support Association in Kyrgyzstan raises rural women's awareness of their right to land ownership assisted by UNIFEM

Women do not have equal access to land

Access to land and access to economic resources are closely related in Kyrgyzstan, a mountainous country where 70% of the population lives in rural areas. Land is often the only source of livelihood for households, making access to land critical for women's economic self-sufficiency.

Kyrgyzstan was one of the first CIS countries to establish private property. Although men and women are guaranteed equal land ownership rights by the Kyrgyz legal system, many factors inhibit women's access to land. These include:

- The dominance of common law (adat) over the official legal code concerning land and private property.
- Flawed laws of succession, sale, and purchase, division of land, and marriage contracts
- Limited information about women's economic rights, particularly their rights to property and land

Raising women's awareness about their legal rights regarding land and property

As part of a strategy for supporting women's entrepreneurial initiatives and helping them to access economic resources, the Women Entrepreneurs Support Association (WESA) in Kyrgyzstan launched a project in 2002 about women's land rights. The project focuses on providing legal information and legal advice to women in remote regions of the country. WESA also provides women with support in applying for credit and joining credit unions. Project collaborators include UNIFEM as well as several other national women's NGOs. Local government agencies and the mass media are also involved.

Project consultants and WESA experts travel to rural villages with posters, handbooks, and other written materials about land rights. They also use other forms of media to communicate their message.

For example, the project broadcasts advice on land issues in the Russian and Kyrgyz languages twice a week on the radio programme "Land and People".

Outreach and impact of the project

During 2002 twenty-one information pieces were published by the central and local media and seven television programmes were broadcast. A network of local trainers and consultants has been established. Several documents about land rights have been published and are now available in Russian on the UNIFEM website. So far, over 10,000 women have received legal advice and legal assistance through the project. WESA has also developed a series of gender indicators that will help them develop a fuller picture of women's knowledge of their economic rights. Data collection is already underway in pilot villages. Additional gender-disaggregated data is being collected about the distribution of land during land reform.

Not only land ownership, but also access to finance is a major barrier

But access to land does not solve all of women's economic problems. Women also need financing. Many unemployed women have already started their own businesses in order to maintain their families. They grow fruit and vegetables, they process meat and milk, they open small cafes and restaurants, and they engage in agriculture, wholesale, and retail trades. These women are enterprising and ready to take risks. But their businesses are constantly on the verge of bankruptcy. Women also have innovative ideas for new businesses that fill needed gaps in local markets (bakeries, mini-factories making spaghetti, canned food, dairy products) but they lack start-up capital. Other women want to improve their farms. These women are unable to find adequate financing because of a lack of information, a lack of small loans, unfavourable terms on existing loans, credit programmes' inability to respond to the needs

of rural areas, as well as administrative barriers created by local authorities.

Credit providers need to respond to local financing needs

Nineteen national and international credit organizations currently operate in Kyrgyzstan. Still, research conducted by the TACIS project and the NGO “SBDC consult” shows that the biggest problem faced by Kyrgyz entrepreneurs is the lack

of financial resources. About 80% of entrepreneurs think that the State must take measures to ensure loans with lower, more favourable interest rates. And considering the enormous economic initiative demonstrated by Kyrgyz women, the international financial institutions such as the Asian Development Bank and the EBRD should consider opening special credit lines for women within their loan programmes in the region.

Source: by Gulnara Baimambetova, Executive Director, Women Entrepreneurs Support Association (WESA)/UNIFEM, Kyrgyzstan; Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm and www.unifemcis.org

GIVE WOMEN CREDIT

*The experiences of Women's World Banking and its microcredit services in Spain;
special programme for women who lack collateral*

*by Inger Berggen,
President, Women's World Banking (Spain)*

A gender gap in access to bank loans

Worldwide, women own 1% of total wealth and have access to a fraction of all bank loans

The majority of the women in the world are poor. We women represent more than 50% of the population, but we own only 1% of the total wealth. Many women around the world, in attempt to combat poverty, turn to self-employment. This frequently involves the creation of a business for which bank loans are usually needed.

However, on a global level, women only have access to 3% of bank loans. In 2001, the Euro Chambre conducted a study of all European women who had applied for a bank loan that year, and found that the banks had rejected 85% of their applications. Despite this discrimination, women have nevertheless shown that they *can*, in fact, be relied on to repay their loans. Of all women who have succeeded in getting a bank loan, only 1.6% have failed to make all repayments.

Many factors play a role in banks' reluctance to lend to women

Why do banks show such little interest in women's business proposals, when nearly 40% of new entrepreneurs in Europe are women? In part, their reluctance can be attributed to the fact that many banks believe that the loan solicited is too small, which means less profit for the banks (as it is just as expensive for them to arrange a small loan as a large one). However, there should be less risk associated with these loans, as women only apply for the amount needed to start their business, and should be able to repay the loan shortly after having started to generate sales.

In many cases the bank asks women irrelevant questions about their personal situations (if she is married, has children, what her husband thinks about her business plan, how many hours she is planning to work, etc) – doubting their ability to run a real business. However, it must be noted that these personal inquiries are NOT made to men.

Furthermore, banks ask women to have more collateral than men. This creates another type of problem, as women seldom own houses or have fixed assets, and it has been statistically proven that they receive lower pay. Therefore, the majority of the time, women who want to start a business must have access to a bank loan, and must ask a man to put up the collateral for them. It is very discouraging for these women to do so, when in many cases the woman wants to avoid having to depend on a man in starting her business.

We also strongly believe that another key reason why women are experiencing difficulties in obtaining bank loans has to do with how these banks view enterprises: they expect enterprises to quickly expand, employ, and generate profits. However, a large number of women only start off on a small scale, and do not have immediate expansion plans. Their enterprises are often only one-person businesses. But in order to promote the future growth and profit-potential of women's businesses, banks should not be denying loan applications, but rather encouraging women to create their own businesses. In turn, these women will be setting a precedent and giving confidence to other women who have larger, more innovative business goals, or who dream of expanding their business plan but are afraid of not receiving a large enough loan from banks.

Women's World Banking in Spain

A non-profit financial institution that aims to increase women's access to the global financial system

If women could gain better access to credit, they would have many more opportunities to change or improve their lives and to reach their dreams. The concept for Women's World Banking (WWB) was born out of this desire during the first United Nations World conference held in Mexico City in 1975. At the meeting, 10 women from different backgrounds and different continents found that they had one belief in common: the central importance of economic access, and in particular credit, for women. Together these women formally incorporated the organization as a not-for-profit financial institution in the Netherlands in 1979. Today WWB is the only women-led global network that aims to open the world's financial system to women, operating through a network of 43 affiliates in 35 countries of Asia, Africa, Latin America, Europe and North America.

Spain's rate of women's entrepreneurship is higher than the EU average, but women still have limited access to bank loans

Twenty-two per cent of all women working outside the home in Spain are self-employed or own their own business. This figure is high compared to other countries (the EU average is 9.6%). But in spite of the fact that so many women in Spain start up businesses, they still have access to less than 6% of all bank loans. Women's lack of collateral also presents problems. The Spanish affiliate of WWB, founded in 1989, works to address this gap between women's entrepreneurial goals and their access to finance. Since its creation, WWB/Spain has helped

to launch over 2,500 women-owned enterprises and create over 4,800 jobs for women in Spain. In order to do this, it has developed several different programmes regarding women's access to finance.

Through special agreements with banks, WWB in Spain has helped women access millions of Euros in credit for their small businesses

In 1989, WWB/Spain signed agreements with Spanish banks arranging for special terms for loans to women entrepreneurs. WWB works with the women to develop a business plan. The loans involve a lower-than-market interest rate (4% to 5%) with a one or two year grace period and a longer repayment period. This programme has resulted in €12 million in credit to women in Spain, consisting mostly of small loans with an average of €12,000. The majority of the loans (43%) are for between 3-5 years. The size of the loan is typically small (71% are for €18,000 or less), and nearly all are for sole proprietorships or microenterprises (only 2% of businesses served have more than eight employees). Roughly 90% of all borrowers who have received loans through WWB Spain since 1989 have had no problems making regular payments.

WWB/Spain has established several programmes to help women with no collateral to access finance

According to the agreement WWB/Spain has arranged with banks, the credits described above are only available to women who can present the necessary collateral. Therefore, WWB/Spain has developed several other programmes that target women and other groups who typically lack collateral:

Table 1: Women's World Banking/Spain lending

Loans granted by amount of loan		Loans granted by size of enterprise		Loans granted by sector of enterprise	
>18000	71%	Sole proprietorship	53%	Service	46%
18000-36000	22%	1-4 employees	34%	Commerce	32%
>36000	7%	>8 employees	2%	Industry	7%

Source: Women's World Banking (Spain)

Solidarity Credits is a pilot project designed to demonstrate that women without collaterals can successfully pay back their loans. Created in 1999, the project is financed by the Labour Ministry and uses a “group lending” or “solidarity” approach in place of a collateral requirement. For example, in a group of eight women, each is given a loan of €6,000 and has three years to pay it back with 3% interest.

The **Loan Guarantee Fund for Migrant Women** was created in 2001. It is based on the idea that if Spanish women are having difficulties securing loans, women immigrants must face even greater challenges. Financed by the Foundation of a Savings Bank, the Loan Guarantee Fund is used by WWB to guarantee small bank loans for immigrant women, enabling them to start up their own businesses.

Micro-credits without collateral is a new programme that WWB has been working on since September 2002. This credit line of €18 million is dedicated to those who do not normally have access to credits (due to lack of collateral). Although it is not targeted exclusively to women, the majority of borrowers have been women who are unemployed, immigrants, or over 45 years of age. This programme is financed by the European Investment Fund (60%), the ICO (the official Spanish credit institute) (20%) and Spanish banks (20%). In order to apply for one of these micro-credits, an entrepreneur must first contact an institution that provides assistance in this area in order to prepare a business plan and complete a loan application. WWB/Spain is one of the few institutions that provides such micro-credit consulting, and has currently signed an agreement with four different banks to work together to offer these microcredits. The maximum credit sum is €25,000 to be repaid in a maximum of three years with a 6% annual interest rate.

Many women are interested in this programme, and since October 2002, WWB has received more than

600 telephone calls from women asking for application forms. Of these applicants, 72% have had their business plan approved and only 28% have been denied. This, in turn, has also led to further job creation: 18% of the new businesses have created two new jobs, and another 18% three jobs. Half of these women have been immigrants, who normally start businesses offering products or services from their home countries (such as food-shops, restaurants, hair salons, etc). Among the Spanish women, typical businesses involve day-care, caring for the elderly, video clubs, bars, decoration services, etc. While 37% apply for the highest loan amount, 27% only request €2,000.

Another WWB programme provides women with information and training about how to navigate the financial system

Give Women Credit is another project that WWB/Spain initiated in 1999 to facilitate women's access to credit. It consists of a series of seminars designed to teach women bank negotiation strategies. Enlisting the help of trade union and bank representatives, the seminars highlight difficulties for women and provide them with two booklets describing the technical terms used by banks. So far, 104 women have participated in seven seminars, and 4,000 copies of the booklets have been distributed.

WWB in Spain has been working since 1989 to facilitate women's access to credit. While we are highly satisfied with our credit lines, problems still exist with the banks, because they provide 20% of the guarantee and we have to work very hard with them to get credit approved. However, this is the first time that Spain has ever had an official, public credit line for people without collaterals. So as we continue to stride ahead, we should remember to take pride in what we have accomplished so far. We know and have proven that women are reliable in repaying loans – so please, Give Women Credit.

Profile 5
Financing and training in Israel

An international training centre in Israel provides prospective women entrepreneurs with information and hands-on experience to help them access finance for their businesses

Government-sponsored assistance with access to finance

Israel's **SMEs Authority - ISMEA**, established in 1994, formulates policies for encouraging small businesses, entrepreneurship, and related activities and coordinates the operation of the various agencies working in this realm. Among the ISMEA's many activities is promoting the State Guarantee Fund for Small Businesses among entrepreneurs. This Fund was initiated with the goal of helping the establishment or expansion of small businesses in all sectors of the economy, encouraging economic growth, and creating employment. The Government serves as the guarantor for bank loans, thus enabling banks to extend loans to small businesses that lack sufficient collateral. In place of collateral, the banks require a detailed business plan, on the basis of which the application for credit is judged. The Fund is managed by an ISMEA steering committee, on which the Ministries of Finance and Industry and Trade are also represented. Notably, loan eligibility terms require that the business owner must invest his or her capital at a rate of no less than 25% of the total credit approval.

The Mount Carmel Training Centre

But the availability of finance alone does not ensure entrepreneurial success. Therefore, the question of access to financing should not be dealt with in a vacuum, but rather should be combined with information and training about where to find financing, how to access it, and how to make the most of it. The Golda Meir Mount Carmel International Training Centre (MCTC) experience shows the importance of the linkage between training, financing for micro-credit and poverty eradication. Set against the background of the small business support network in Israel, the Centre's comprehensive programme of SME entrepre-

neurship **training** – aimed particularly at women – includes information about accessing finance, notably in the form of micro credit, as one of many important skills necessary for successfully managing a business.

MCTC trainees (mainly women) are not only made aware of typical sources of finance available for the entrepreneur, but are also shown how to draw up a suitable business plan that will enable them to convince the bank to accept their loan application. Courses also teach techniques for preparing a budget and a cash flow statement. Participants receive training in skills needed to benefit from support finance, such as purchasing, production, marketing, selling and advertising, store management and stock-keeping, general management and administration, accounting, costing and pricing, etc. Role-play is a commonly used technique. Trainees also participate in a "hands on experience" in which they set up and run (with other participants in their group) a small business within the timeframe of the course they are attending. MCTC trainees are also made aware of the network of small business support services in Israel and given information on how to access the resources and services available through this network.

Established in 1961 by MASHAV, the Centre for Cooperation of Israel's Ministry of Foreign Affairs, the MCTC provides entrepreneurship training programmes that are directed particularly at women and based on over 40 years of accumulated experience. In all, 10,500 women from 147 countries have participated in MCTC training programmes in Israel and many thousands more have participated in on-the-spot courses conducted around the world. MCTC participants have included considerable contingents from the CIS and the transition countries of Central and Eastern Europe.

Source: Mazal Renford, Director, Golda Meir Mount Carmel International Training Centre, Haifa, Israel; Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm and Mt. Sinai

Profile 6**The International Business Leaders Forum's
Youth Business International Programme**

*A programme that gives young entrepreneurs a boost by
combining financial and mentoring services*

The significance of entrepreneurship

The concept of enterprise development and entrepreneurship is of increasing importance to governments in virtually every country in the world. There is a greater awareness of the need to create new businesses rather than rely on expanding the traditional large companies. In fact, in many markets, the large companies are the ones that are reducing their staff levels while new businesses continue to provide employment.

A role for the UN and international NGOs

These changes are now recognized as major development challenges within the United Nations system and among international NGOs. The UNECE, ILO, UNDP, and many other agencies are all looking at ways in which to stimulate entrepreneurship and encourage the development of new enterprises. These will not only create employment, but will also ease social pressures and frustrations that are often caused by the lack of access to jobs. Enterprise development also improves the national economy and greatly improves the prospects for regional and international trade. In recognition of these benefits, international NGOs are also developing programmes and projects to support entrepreneurship around the world. One of these programmes is the Youth Business International programme of the International Business Leaders Forum.

The Youth Business International programme

The International Business Leaders Forum is an international educational charity that promotes responsible business practices and economic development around the world. Its Youth Business International programme (YBI) is aimed at unemployed and under-employed young people aged 18 to 30 who have a good business idea but

have no access to funds or advice. Working with a network of local partner organizations, the YBI provides such young people, many of whom are young women, with business advice and with access to seed funding without any need for collateral or security. At the heart of the YBI programme is the business mentor, an experienced local business person who works with the young person as a guide, teacher, and friend for the critical first two or three years. The mentor provides business advice and acts as a sounding board for new ideas. In turn, the local YBI initiative supports the mentors with a network of specialist advice and help, and also reviews applications for financing.

The results have been startling. To date over 60,000 young people have been set up in business. Most impressive of all have been the business survival rates. Around 60% of those started up are still trading in their third year, and a significant proportion of those who ceased trading did so because they had been offered a job. Through the experience of working for themselves, they had become much more employable.

The YBI programme is now active in over 20 countries. Many more, including several from the UNECE region, are evaluating the possibility of introducing such a programme.

Characteristics of a good entrepreneur

The International Business Leaders Forum regularly asks major companies to help define the global manager of the future and the answers always include: flexibility, an open mind, talent for team building, cultural awareness (especially in the global marketplace), patience, and most importantly, the ability to communicate.

Entrepreneurs should be determined and able to motivate people, and they should have a capacity for hard work. They should demonstrate flair and lateral

thinking so that they can make the most of the opportunities created by their imagination and turn ideas into action. They require different attitudes as well as skills, and to succeed they must demonstrate belief and passion, intelligence and clarity of thinking, and great communication skills so that they can share their ideas and enthusiasm with others.

Finally, here are some “Golden Rules” for continuing success as an entrepreneur:

- Think like an entrepreneur

- Research your sector
- Be innovative about financing
- Be prepared to take risks
- Be flexible and capitalize on opportunities
- Never be off duty
- Use all types of networks
- Ask for all the help you can get
- Take a long-term view
- Remember why you started your own business
- Have fun!

Source: Andrew Fiddaman, Associate Director, Prince of Wales International Business Forum, Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm and www.iblf.org.

PART THREE**OPPORTUNITIES AND CHALLENGES OF ICT****WOMEN AND ICT USE IN THE UNECE REGION**

The “gender divide” in access to ICT must be addressed in order to reap the full benefits of a “knowledge-based society”

*by Ewa Ruminska-Zimny, UNECE,
and Gretchen Elias, Consultant*

Over the last decades, new technologies have emerged that have revolutionized the way we live, learn, and communicate. Developments in the ICT sector continue to advance at a dizzying pace, creating more and more possibilities for accessing and exchanging information, for connecting with other people around the globe, and for conducting business. At their most basic, these technologies are an equalizing force: they hold the capacity to provide universal access to a wealth of information, resources, and means of communication that historically have been available only to a small elite. The potential benefits of ICT are diverse and far-reaching. They can expand small businesses’ networking opportunities, revolutionize the content and format of educational materials, and broaden the range of health and other information accessible in rural areas. Women in particular stand to benefit from such opportunities as expanded access to information and educational and business tools that are individualized to fit their own needs.

However, patterns of ICT use around the world suggest a different, more troubling reality. The emergence of a “digital divide” both among and within societies demonstrates that without measures to ensure universal access to ICT, even these fundamentally equalizing tools can perpetuate inequality. ICT use among women entrepreneurs in the UNECE region serves as one striking example

of this divide. Women entrepreneurs in this region live in the most technology-intensive part of the world. The UNECE countries account for the overwhelming majority of Internet users and PCs worldwide (about 75% of the world total in 1998).⁷³ Still, enormous disparities in ICT access exist within the region. These disparities are evident across countries: the EU Member States, the Accession Countries of Eastern Europe, and the CIS countries differ widely in the development of their ICT infrastructure. Disparities are also evident within countries: access to ICT varies with age and with geographic location, among other factors. For women, cultural and social norms present additional barriers to ICT access, raising concerns that ICTs could create new forms of gender inequalities.

Improving women entrepreneurs’ access to ICT in the UNECE region requires an understanding of these broader trends and how they affect women’s ICT use. Such an understanding will enhance efforts to include a gender perspective in policy dialogue about the implications of the emerging information society, and to design specific initiatives to facilitate women’s ability to harness the full potential of these new technologies.

⁷³ ITU, 1999

Box 11**The benefits of ICT: expanding opportunities for women**

Some concrete ways that women stand to benefit from new technologies include:

- ✧ Increased access to jobs and income-generating activities
- ✧ New opportunities for employment
- ✧ Increased access to information
- ✧ Expanded opportunities for communication
- ✧ Reduced time demands on women and girls

These benefits can contribute to women's empowerment by counteracting the barriers associated with isolation, limited mobility, and other cultural and social norms. They can translate into women's enhanced ability to participate in political processes and to advocate for their needs. For women entrepreneurs, the benefits associated with ICT can help them to make their businesses more efficient and competitive, to expand their access to markets, and to facilitate their ability to balance the demands of work and family.

Regional trends in ICT use

Women's access to ICT is determined in part by where they live. Countries in the UNECE region can be divided into three groups according to the extent of ICT use and availability: (1) EU Member States and North America, (2) the Candidate countries, which include Central Europe and the Baltic States as well as Cyprus, Malta, and Turkey, and (3) the CIS countries. At the same time, disparities in access to ICT exist within these groups as well.

ICT use in the EU is increasing

Overall, the level of ICT penetration in the EU is quite high, and growing rapidly. In 2001, Internet users comprised roughly one-third of the EU population, and 35% of the adult population had a desktop computer at home.⁷⁴ Some parts of the EU, notably the Scandinavian countries, are established leaders in mobile telephone and Internet technologies. Not all EU countries have matched their pace in adopting new technologies: Greece, Portugal and Spain, for example, lag well behind the EU average in numbers of PCs and Internet users per 100 inhabitants. But overall, the availability and use of ICT has increased steadily in the EU over the past decade.²⁷

Eastern Europe and the Baltic States show fast growth and persistent disparities

Although they outperform the CIS countries, the Candidate countries of Eastern Europe and the

Baltic States⁷⁵ still lag behind the EU average in ICT use (Table 1). However, in some areas, technology uptake seems to be growing at a faster rate in Eastern Europe than in the EU region. For example, in 1999 the number of PCs increased by 24% in Candidate countries, compared to a 10% increase in the EU. And in 2001, the rate of increase of Internet hosts in Candidate countries was double the rate in the EU.

At the same time, considerable differences in ICT availability exist among Candidate countries themselves (Figure 1). Estonia, for example, has emerged as a leader in ICT technology use. In contrast, less than 5% of the population use the Internet in Lithuania, Romania, and Turkey. Similar diversity can be observed when comparing national spending on ICT as a proportion of GDP. Countries such as the Czech Republic, Hungary and Slovenia currently devote between 3% and 4% of GDP to ICT expenditures, amounting to nearly €200 per capita, whereas Romania spends roughly 1% of GDP, or €4 per capita, on ICT. Mobile phone penetration also varies widely. With 55 subscriptions per 100 inhabitants, Slovenia's mobile phone usage comes close to the EU average. The Czech Republic and Estonia are close behind. Bulgaria, Romania, and Lithuania have the lowest percentage of mobile phone subscriptions per 100 inhabitants.⁷⁶

⁷⁵ Data include the ten EU Accession countries as well as Bulgaria, Romania, and Turkey

⁷⁶ EUROSTAT, 37/2001

⁷⁴ EUROSTAT, 23/2001

Table 1: Comparison of recent ICT indicators for candidate countries and EU

	Candidate countries	European Union Member States
Personal computers/100 inhabitants in 2000	6	25
Internet hosts/100 inhabitants in 2001	1	12
Internet users/100 inhabitants in 2000	6	24

Source: EUROSTAT 23/2001, 37/2001

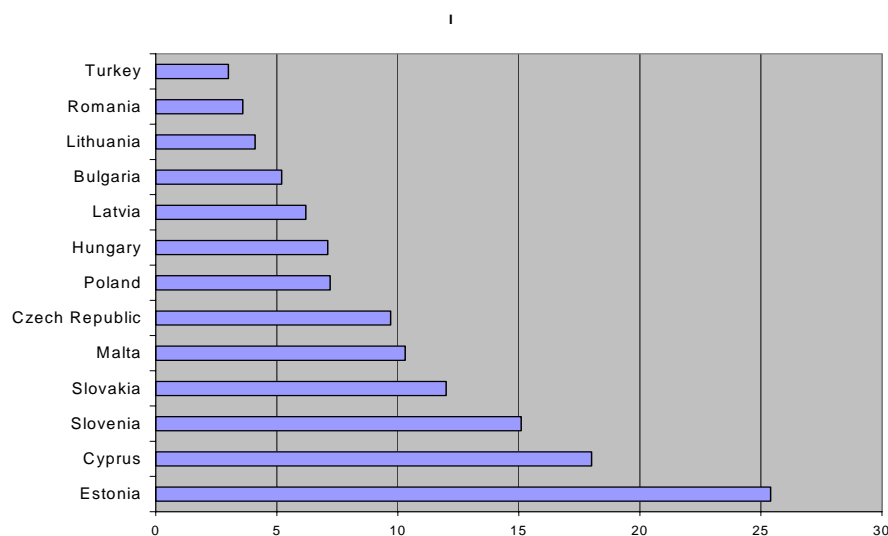
Box 12

Estonia: a regional leader in ICT use

A regional leader in both Internet use and e-commerce spending, Estonia is notable for its proactive State and private initiatives to promote Internet use and its 2000 parliamentary vote declaring Internet access to be a State-protected right. The cornerstone of Estonia's efforts to promote ICT use is the nationwide "Tiger Leap" programme, which began as an initiative to adapt the Estonian education system to the demands of a knowledge-based economy, and quickly grew into a movement to introduce modern ICT into all aspects of Estonian life. The programme's first goal, "a computer for every 20 pupils", was quickly followed by the creation of community telecentres across the country and the establishment of e-government services. As a result, a growing number of Estonians are banking, shopping, and submitting taxes online. In 2000, Internet users comprised 25% of Estonia's population, a figure that exceeded the EU average for that year.

Source: IDC, 2001; UNDP, 2000.

Figure 1: Internet use in accession countries: a wide range
(users per 100 inhabitants, 2000)



Source: EUROSTAT, 37/2001

CIS countries lag behind in ICT use

Statistics on ICT use in these countries are more limited, but available data suggest that Internet and computer use is much less widespread. In 2000, Internet users represented only 1.8% of the Russian population. And in at least eight CIS countries, Internet users make up less than 1% of the population (Armenia, Kazakhstan, Ukraine, Republic of Moldova, Kyrgyzstan, Azerbaijan, Belarus, Uzbekistan).⁷⁷ Wide disparities exist among these countries as well: 90% of workplaces and government offices in the Russian Federation are computerized, as compared to roughly 8% in Azerbaijan.⁷⁸ The Russian Federation also has a growing e-commerce presence, although it faces numerous barriers related to the general business climate, as described later.

Access to ICT

Factors that determine access to ICT include cost, infrastructure availability, age, and geographic location. These factors play a role in the regional trends described above, as well as in disparities in ICT access within countries.

Cost

The cost of different methods of accessing ICT is an important factor in determining use of these technologies. For example, the most common method of accessing the Internet in many EU States is the home-based PC. In transition countries, the costs of investing in personal computer hardware are more prohibitive. Thus, in Eastern Europe and the CIS, people are more likely to access the Internet at work or at public places such as telecentres or Internet cafes.

Infrastructure requirements

Ease of access is also determined by the availability of infrastructure required for a given method of access. E-mail use, for example, has relatively few infrastructure requirements: access to a computer and to a dial-up Internet service provider. However, e-commerce requires more extensive, and expensive, infrastructure, including appropriate

software and a high-speed Internet connection. In parts of the UNECE region where the availability and cost of infrastructure are important constraints on access, this factor not only determines the extent and quality of ICT use, but also affects choices about investments in technology. For example, wireless broadband Internet access and mobile phone technology are increasingly popular strategies for reaching areas with poorly developed infrastructure, such as rural parts of Eastern Europe and the CIS.⁷⁹

Age

Age differences in ICT use in transition countries in the UNECE region are quite stark. For example, Russians between the ages of 18 and 24 are five times more likely to use the Internet than those above 55 years old. And the average age of Internet users in this region is about 30, compared to about 36 in the United States.³²

Geographic location

Significant disparities in ICT access exist between rural and urban regions as well, largely because urban areas tend to have better infrastructure and higher income levels. Thus, in many transition countries, the capital city may have a well-developed ICT infrastructure, while other cities and rural areas have very limited access. For example, in the Russian Federation, 45% of Internet traffic is concentrated in Moscow and St Petersburg. In Slovakia, 60% of Internet traffic occurs in large cities, with 37% in smaller cities, and only 3% in rural areas.³²

ICT use among women

Not enough is known about women's ICT use

Because many of the available data sources provide little or no gender-disaggregated data, not enough is known about patterns of women's access to and use of ICTs. In the UNECE region, data availability varies by country. EU Member States have the most extensive data on women's ICT use. Candidate countries in Eastern Europe and the Baltic States are developing the capacity to gender-disaggregate ICT statistics in order to comply with standardized data collection procedures upon joining the EU. The

⁷⁷ Hafkin and Taggart, 2001

⁷⁸ UNECE 2003; UNECE 2002a

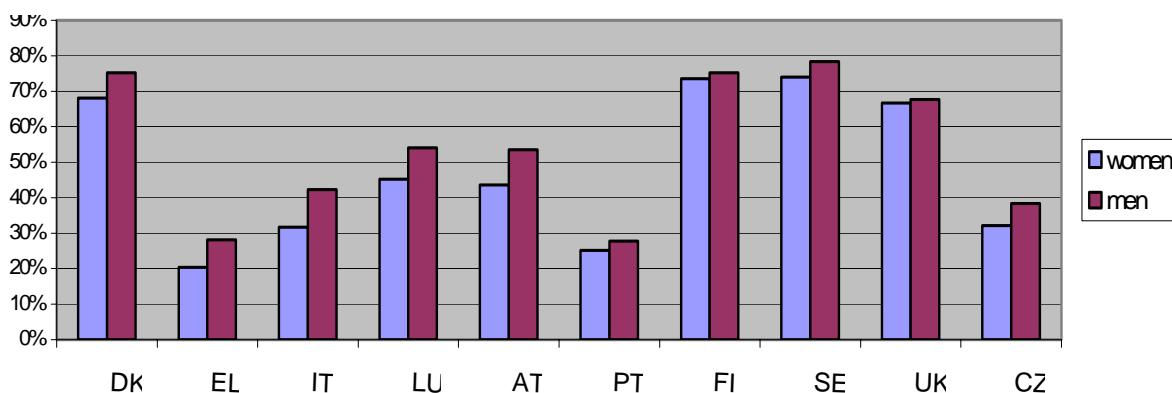
⁷⁹ UNECE, 2002b

majority of CIS countries do not yet collect data on ICT use. Across the region, however, data collection methodologies must be refined and expanded to ensure that gendered patterns of ICT use are adequately captured (*Me and Sicat*).

Even with these gaps, existing data show a “gender divide” in ICT use across much of the region. The most extensive data on gender and ICT use come

from a pilot household survey conducted in EU Member States (*Profile 13*). Preliminary findings from this survey suggest that women in the EU use computers and the Internet with less frequency and regularity than men, and that women and men use the Internet in different ways (see Figures 2 and 3). Similar trends in women’s and men’s ICT use can be observed in Cyprus (*Nearchou-Ellinas*).

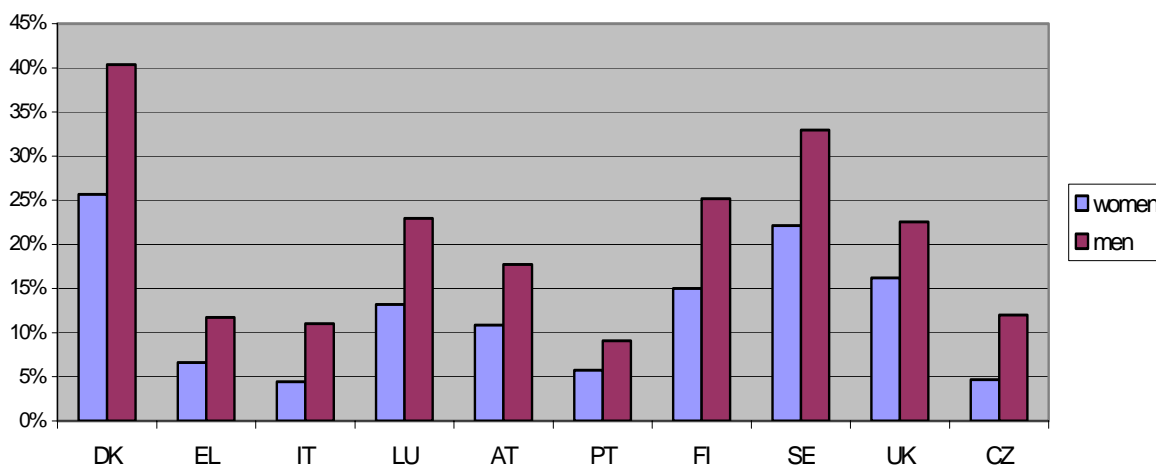
Figure 2: Percentage of women and men who used a computer in the last 3 months



Note: DK – Denmark EL – Greece IT – Italy LU – Luxembourg AT – Austria
 PT – Portugal FI – Finland SE – Sweden UK – United Kingdom CZ – Czech Republic
 DK: in the last month

Source: Eurostat, selected data from 2002 Eurostat Pilot Survey on ICT Usage in Households

Figure 3: Percentage of women and men who used a computer daily at home in the last 3 months

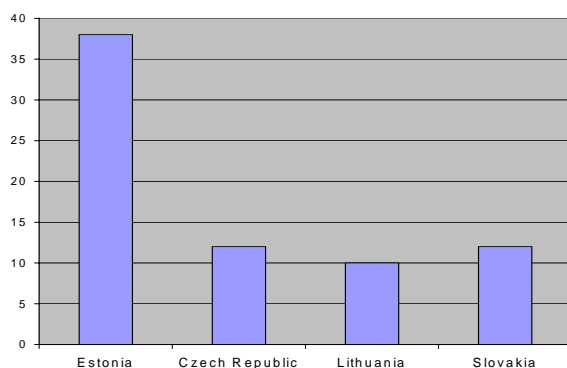


Note: DK: in the last month

Source: Eurostat, selected data from 2002 Eurostat Pilot Survey on ICT Usage in Households

Data on gender and ICT use in Eastern Europe and the CIS are more limited, but the available information suggests an even more pronounced gender gap. For example, women make up 12% of Internet users in Slovakia and the Czech Republic, and 10% of Internet users in Lithuania. In Estonia, one of the leaders in ICT use among transition countries, women nevertheless make up less than half of all Internet users (38%).⁸⁰

Figure 4: Women Internet users in selected countries, as percentage of all Internet users



Source: UNECE and national sources

Across the region, women are not well represented among high-skill ICT users and producers, such as computer programmers and engineers. Instead,

women's ICT use is generally concentrated among end-users and low-skill employment in the ICT sector, such as data entry. And women are more likely to use ICTs exclusively for "traditionally female" activities such as shopping and communicating with friends and family members.

Cultural and social norms are critical barriers

The key factors described above, such as high access costs and geographic location, are also important determinants of women's access to ICT. In addition, educational background and access to training opportunities often play a role in women's ICT use. Underlying all these factors are the additional influences of cultural and social norms, such as women's responsibility for the household and family and the view that technology is a "male" domain. These cultural and social factors are critical because of their intensifying effects on other barriers.

The relevance of various factors depends in part on the larger context within individual countries. In transition countries, where women's economic status has deteriorated and women's access to financial resources has shrunk in recent years, cost plays a particularly important role. At the same time, women in many transition countries tend to be well educated, with high literacy and tertiary

Box 13

Accounting for differences in women's ICT access across the region: the influence of cultural and social norms

The available evidence suggests that factors such as cost and education alone do not account for the discrepancies between women's and men's ICT access in the UNECE region. The role of cultural and social norms is significant, and may explain why barriers such as high access costs disproportionately hinder women's ICT use. These norms may also explain why women's ICT use does not always correspond with general trends in ICT use. For example, although Internet users make up only 4.3% of the population in Croatia, nearly half (42%) of those Internet users are women. In contrast, the proportion of Internet users in Slovakia is more than double that of Croatia's (13% of the total population), but women make up only 12% of that figure. Similarly, cost alone does not predict women's ICT use. Even among those UNECE countries with relatively low dial-up costs, women's Internet usage varies widely: from roughly 40% in Croatia and Estonia, to only 12% in Poland. These trends underscore the role of cultural and social norms in influencing how other barriers affect women's ICT access.

Source: Hafkin and Taggart, 2001.

⁸⁰ Hafkin and Taggart, 2001

education rates. Historically, women in these countries have also made up a larger proportion of science and technology students than in other parts of the world, suggesting that educational background might be less relevant in determining women's access to ICT in this region. However, women still have not achieved parity with men in science or technology-related areas, and typically receive little encouragement to pursue work or studies in these fields. Such factors contribute to the persistent gender segregation of the labour market across much of the region: women remain overwhelmingly concentrated in traditionally "female" sectors, which at least until recently have been less technologically intensive.

These trends illustrate one example of the critical role played by cultural and social norms in determining women's ICT use. In this case, gender-based stereotypes discourage women from pursuing career opportunities in technological fields. Cultural and social norms also limit women's access to ICT *indirectly* by intensifying the effects of other barriers. For example, because of the wage gap

between women and men, high access costs will have a greater effect on women's ICT usage. Similarly, the unequal division of household labour places greater limits on the amount of time that women can devote to ICT training and other "life-long learning" opportunities. The influence of such norms also contributes to differences in women's ICT use from country to country, and between rural and urban areas within countries, even in situations where access costs and women's educational backgrounds are similar.

Although more data is needed in order to better understand the specific obstacles hindering women's access to ICT across the region, available evidence suggests that the influence of such stereotypes and social norms represent a significant barrier to women's ICT use. Promoting ICT use among women, and among women entrepreneurs in particular, must involve strategies to counteract the effect of these cultural norms on women's likelihood to pursue ICT-related business or educational opportunities.

Box 14

Using ICT to strengthen networks

The Internet offers great potential for improving women's ability to network with each other. The examples below capitalize on the Internet's strength as a communication tool in order to build and maintain networks among women entrepreneurs. Some are specifically geared towards women entrepreneurs in the ICT sector, and others target a broader audience.

- ❖ *The Forum for Women Entrepreneurs* was founded in 1993 as "the premier networking organization for women building and leading high-growth technology and life sciences companies". The forum has chapters across the United States, Canada, and Europe. Internet resources for members include an online directory, email networks, and access to information and networking opportunities on the FWE website. (www.fwe.org)
- ❖ *Women, Insights, Technology* is "a resource for professional women to share ideas, network, mentor, and learn on a local and global level." It provides access to articles and online resources as well as free, moderated discussion groups. In the UNECE region, the United Kingdom, Netherlands, Ireland, France, and Poland all have active discussion groups. (www.worldwit.org)
- ❖ *The UNECE Network of Women's Business Associations* includes 25 organizations from 15 countries. The network serves as an informal discussion channel, connecting women entrepreneurs across the region and enabling them to share their experiences and views, exchange information, and coordinate activities to address policy issues and lobby for their needs both on the national and regional levels. Information about the network and its members is accessible online (www.unece.org/ie/enterp/women/network.htm)

Box 15**Using ICT to improve women entrepreneurs' visibility**

New technologies can also enhance efforts to promote women entrepreneurs and improve their visibility in the business community. The *UNECE On-Line Portrait Gallery of Women Entrepreneurs* is one example of using ICT for this purpose. The Portrait Gallery aims to raise global awareness about women's entrepreneurship by profiling individual women and their messages for women entrepreneurship in the twenty-first century.

The on-line gallery currently includes portraits of women from 32 countries in the UNECE region with businesses in nearly every sector of the economy. In addition to a profile of their businesses, the portraits highlight each entrepreneur's vision of entrepreneurship and her message for the twenty-first century. Included in the gallery are women with ICT-intensive businesses in Azerbaijan, Bulgaria, Croatia, Italy, Switzerland, Turkey, and Ukraine.

Browsing the on-line portrait gallery reveals the wide range of inspiring experiences and innovative ideas generated by women entrepreneurs across the region. One woman describes her view of the importance of technological innovation – "The possibility of growth and new job creation depends on the access to technological innovation. Therefore, additional efforts have to be made to bring down the existing barriers to innovation worldwide."

Source : www.unece.org/operact/gallery/Welcome.html

ICT and women entrepreneurs

Major benefits of ICTs for women entrepreneurs include increased access to information and networks, reduced costs of business transactions, and increased access to regional and global markets. For the majority of women with small or home-based businesses, access to ICTs has the greatest immediate potential in terms of access to information and networks and reducing costs. In the UNECE region, women's current ability to access national, regional, and global markets using ICT may be limited by factors such as infrastructure availability and the sector location of the business. However, international experiences provide examples of innovative ways for businesses in traditional sectors to use ICTs to expand their market outreach.

In addition to improving women's ability to run their businesses, new technologies also represent powerful tools for use in promoting women's entrepreneurship in the business community and the policy arena. One approach is the use of ICTs to raise the visibility of women business owners in the wider business community.

At the same time, the barriers that affect women's access to ICTs also prevent women entrepreneurs from transferring these opportunities into benefits for their businesses. *Cost* is particularly relevant for women entrepreneurs because of the financial resources required to equip a business with computers and other ICTs. Women business owners, due to their limited access to finance, have more difficulty than men in making such investments. Therefore, women's limited access to finance directly affects their ability to access ICTs.

Another dimension of women entrepreneurs' ability to harness the full potential of ICTs relates to the *sector location* of their enterprises. Many women-owned businesses are concentrated in sectors with more limited possibilities for ICT use. Businesses that provide products and services such as groceries and other retail products or hairstyling may not benefit from ICT-based methods of product innovation, and may also be less suited to e-commerce. Nonetheless, even entrepreneurs in "low-tech" sectors can use ICTs as a way to market their goods on the global market, as demonstrated by the examples in the box on global markets. Still, the kinds of businesses typically operated by women

Box 16**Using ICT to expand access to global markets**

The Internet enables businesses to place their products on the global market, regardless of their size or location. The following examples demonstrate the potential for women entrepreneurs, even those with small businesses in rural areas, to access international markets via the Web:

- ❖ The *Central Asian Crafts Support Association (CACSA)* markets the products of craftspeople and artisans living in Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Tajikistan to international buyers via the Internet. Since 1998, this member-based NGO has enabled microentrepreneurs in traditional sectors to access global markets. CACSA also coordinates the export process for its suppliers.
- ❖ The *Virtual Souk* is an Internet-based market that provides several hundreds of artisans in Egypt, Lebanon, Morocco, and Tunisia with direct access to international markets. Shrinking local markets have threatened the livelihoods of these craftspeople in recent years; this project has provided them with new opportunities to sell their products on more lucrative markets. Online sales increased tenfold in one year, reaching markets all over the world. Participating artisans receive 65 to 80% of the proceeds, a much larger margin than through traditional middlemen.
- ❖ The *Pan-Asian Networking e-mall* provides organizations in 18 Asian countries with the Web infrastructure to sell products online, as well as with virtual networking opportunities and technical support. The e-mall also markets products by women microentrepreneurs in Bangladesh who would not otherwise have access to international markets.

Source : <http://www.catgen.com/cacsa/EN/>; www.peoplink.org/vsouk/; www.panasia.org.sg

can limit the range of opportunities available to them to benefit from ICTs. Therefore, promoting women's entrepreneurship in technology intensive sectors must be an important part of any strategy to facilitate women entrepreneurs' access to and use of ICTs. Successful women in ICT fields, such as the entrepreneurs from Turkey, Belgium, and Switzerland profiled in this publication, can serve as examples to aspiring business owners that technology is indeed a "female" domain.

Policy implications

Addressing "gender divide" within the digital divide requires that gender issues be mainstreamed into dialogue about national and regional level policy responses to the emerging information society and its implications. A "gender-sensitive" dialogue about ICT policy is necessary in order to guarantee women's equal rights within this new society. But a gender-sensitive perspective also makes good economic sense. Women entrepreneurs have much to contribute to the strength and vitality of the

private sector across the UNECE region. By ensuring that they have the tools and resources necessary to make their enterprises competitive in the technology-based economy, policy makers can facilitate women entrepreneurs' ability to contribute to economic growth.

Many countries in the UNECE region, especially in Eastern Europe and the CIS, are still in the early phases of establishing a dialogue on ICT policy and defining its parameters. The approach used to initiate this process has important implications for the extent to which gender issues are addressed.

Frequently, countries adopt a *technical approach* that emphasizes strengthening the capacity of a country's physical and technological infrastructure. This approach assumes that widespread use of these technologies will follow naturally from such investments. But because this approach is indifference to current disparities in access to resources within society, it is likely to preserve and even intensify existing inequalities.

Box 17**A Swiss success story***Integral Coaching helps businesses custom-design their own on-line training curricula*

Integral Coaching, a small company started in 2001 by a former trainer in Switzerland, has found its niche by providing an innovative platform in the field of web-based training. Elodie Primo established the company with the goal of offering companies the ability to design and administer their own custom-made training programmes. With offices in France and Switzerland, the company's clients include major European and multinational companies.

Integral Coaching's MindOnSite (MOS) system provides companies with specialized educational software so that they can create Internet-based training programmes for employees, partners, and clients. The software has built-in flexibility enabling companies to tailor the design of the programmes to their own needs

Source: Elodie Primo, CEO, Integral Coaching, Switzerland Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm.

Alternatively, a *knowledge-based society approach* is broader and more holistic and emphasizes the importance of fundamental changes within a society's education and value systems as well as its technology infrastructure. Because this approach prioritizes the skills and opportunities that people need in order to benefit from ICT, it is more effective at addressing inequalities such as the gender divide. Likewise, its emphasis on the human dimension of the information society makes this approach better equipped to address the social and cultural norms that create barriers to women's ICT use.

At the global level, the WSIS process represents an important opportunity to mainstream gender into ICT policy debate. Nevertheless, this process involves a mix of actors, which creates challenges for realizing this opportunity. Governmental regulatory bodies and private sector telecom companies often tend to drive the discussion towards the technical approach, whereas civil society participants bring a more diverse range of perspectives to the table.

These discussions often lack a gender perspective altogether, whether at the regional or at the national level. In this regard, the UNECE region set an important precedent with the adoption of the Bucharest Declaration. This Declaration, drafted at the Pan-European Preparatory Ministerial Conference for the WSIS, included specific language about the need to mainstream gender issues into policy dialogue (Box 20).

In conjunction with this process, national- and local-level initiatives addressing access to ICT use must be gender sensitive as well. These include initiatives that promote ICT use in daily life and that provide universal access to education and training in new technologies. One potential model described in a subsequent article is the trisector collaboration between the Ministry of Traffic and Telecommunications of Serbia and Montenegro, the NGO "Equal Opportunities", and Ericsson Yugoslavia, to address gender equity in that country's ICT sector (Vučković).

For women entrepreneurs, concrete measures are needed to increase the visibility of women entrepreneurs in high-tech fields, and to expand the possibilities for them to network and support each other. Such measures are crucial in order to counteract the lack of encouragement women have historically received to pursue activities in high-tech areas. Specific steps include initiatives that promote ICT-based networking opportunities, that increase access to education and training opportunities, and that promote successful women entrepreneurs in the ICT sector as models (Boxes 14 and 15). By acknowledging women's current contribution to this dynamic field, as well as their potential for future contributions, such measures will ensure that ICT does not remain a "male domain" in the UNECE region, and that women and men alike benefit from the opportunities created by the knowledge-based society.

Box 18**Increasing the visibility of women entrepreneurs in high-tech fields:
The UNECE “Best Information Technology Entrepreneur of the Year Award”**

The “UNECE Excellent Women Entrepreneurs Award”, includes a category for “Best IT Entrepreneur”. The 2002 winner of this award was Sanja Penić, Manager of Diger d.o.o, a microenterprise that provides IT servicing in Croatia. Ms. Penić describes her start in entrepreneurship and her perspective on the digital revolution:

“I was working for an information technology company and I came across some opportunities on the market that were not utilized by other companies. So I grabbed my chances without second thought, and I am still here. The digital revolution is putting the spotlight on individuals and their visions. It gives freedom and breaks hierarchies. There has never been a better time in history for women to be visionaries, to be entrepreneurs.”

Source: <http://www.unece.org/indust/sme/candidates.htm>

Box 19**Supporting and promoting women entrepreneurs in high-tech fields:
Singapore Women In Technology (SWIT)**

Singapore Women in Technology (SWIT) began as an informal group for professional women working in Singapore's information technology (IT) field to support and learn from each other. The group is now an IT interest group of the Singapore Business & Professional Women's Association (SBPWA). Through its educational and networking opportunities, SWIT provides a forum for women professionals from business, government, research, policy and other sectors to come together regularly and discuss relevant IT issues. Events organized by SWIT include panel discussions where women holding significant positions in the IT industry share their perspectives on a wide range of topics of interest to women in the IT industry. Topics include whether IT has levelled the playing field for women, ways that IT could be used to empower businesswomen, and suggestions on how to use technology to best advantage. Such events have been well attended, and have received much support from local businesses and government bodies.

Source: www.sbpwa.org.sg

Profile 7**The United Nations perspective on building a gender sensitive information society**

In the Millennium Declaration, world leaders reaffirmed gender equality as one of the fundamental goals in the twenty-first century. They resolved to promote gender equality and the empowerment of women as effective ways to combat poverty, hunger, and disease, and to stimulate development that is truly sustainable.

Women are increasingly taking advantage of information and communication technologies (ICTs) in all spheres of life, thus confirming that ICT can be a tool to enhance the economic, political, and social empowerment of women and promote gender equality. At the same time, a “gender divide” within the digital divide is apparent, reflected not only in the lower numbers of women users of ICT, compared to men, but also in the persistence of gender-specific structural inequalities that constitute barriers to access. In particular, persistent inequalities between women and men at all levels of decision-making constitute serious constraints to women’s participation in shaping the role of ICT as a tool for development. As ICT are reshaping the worlds of work and commerce, learning and governance, and interactions between different sectors and groups in society, ICT may also perpetuate existing gender-based inequalities in opportunities and resources. They may also create new forms of inequality between women and men.

It is thus essential to focus on the gender dimensions of the digital divide, not only to prevent the adverse impact of the digital revolution on gender equality and to enhance women’s equitable access to the benefits of ICT, but also to ensure that ICT can become a central tool for women’s empowerment and the promotion of gender equality. Policies need to ensure that the gender perspectives of ICT access and use are fully addressed so that ICT actively promote gender equality, and ensure that gender-based disadvantages are not created or perpetuated.

The gender dimensions of ICT policies, e government, and e-learning need to be clarified. The gender perspectives of access, applications, user needs, language, and tools need to be explicitly identified so that adequate responses can be

developed. Any vision of a common, inclusive, and participatory information society must necessarily be built on the expectations, contributions, needs, and priorities of all stakeholders.

The potential of ICTs for the promotion of gender equality and the empowerment of women is recognized. In 1995, the Beijing Declaration and Platform for Action, adopted by the Fourth World Conference on Women, called for the empowerment of women through enhancing their skills, knowledge, access to, and use of information technologies. In June 2000, the twenty-third special session of the United Nations General Assembly highlighted the increased opportunities created by ICT for women. At the same time, it stressed that poverty, lack of access and opportunities, illiteracy, including computer illiteracy, and language barriers prevented some women from benefiting from the full potential of ICT. Steps were proposed to ensure women’s equal access to ICT-related education, training, and entrepreneurship opportunities, and equal access as producers and consumers of ICT through public and private partnerships.

The United Nations Commission on the Status of Women, at its session in March 2003, considered the role of ICT as an instrument for the empowerment of women. The outcome of those deliberations served as an input to the World Summit on the Information Society. In preparation for the work of the Commission, the Division for the Advancement of Women, in cooperation with the International Telecommunications Union (ITU) and the United Nations ICT Task Force Secretariat, also organized an expert group meeting on this topic in November 2002 in the Republic of Korea. An online discussion on the same subject was held in June and July, and the report of that dialogue is available (<http://www.un.org/womenwatch/daw>).

In its preparation for the WSIS, the Pan-European Regional Ministerial Conference has also incorporated a gender dimension into its discussions of national actions and regional strategies, as well as ways to expand the benefits of the information society to all members of society. This event

represented a critical opportunity for ensuring that the gender dimensions of all aspects of the information society are adequately understood, and reflected in policy decisions, regulatory frameworks, and partnership approaches that will support an inclusive information society of the future.

The Round Table on building a gender-sensitive information society that is taking place at the Pan-European Regional Ministerial Conference aims to raise awareness, identify good practices, and

establish a platform for dialogue among stakeholders. As a catalytic event for highlighting the gender dimensions of the information society, the Round Table sends a clear message that the promotion of gender equality and the empowerment of women is a societal responsibility, and as such, has to be an integral and explicit part of all deliberations. Without attention to gender dimensions, ICT will not achieve their potential for serving human development needs.

Source: Carolyn Hannan, Director, Division for the Advancement of Women, United Nations Department of Economic and Social Affairs; Message for a Round Table on Building a Gender Sensitive Informal Society, Pan-European Regional Ministerial Meeting, Bucharest, November 2002.

Profile 8
**Gender equality and the information society:
the role of government**

With the Bucharest Declaration, Governments in the UNECE region have stated their commitment to address the “gender digital divide”

National governments are concerned about the emergence of an ICT “gender divide”

The Government of Romania, as well as other national governments in the UNECE region, recognize that the emergence of a “gender digital divide” with regard to ICT use is a matter of national policy concern. The situation in transition countries needs particular attention due to the deterioration of women’s position in the economy during the 1990s. Disproportionate cuts in employment and the shifting of women’s jobs to the lower end of the labour market, cuts in family benefits and social protection, and the persistence of traditional views of women’s role resulted in lower wage income for women, less time for learning ICT-related skills, and an unfavourable social climate for exploiting ICT-related opportunities.

Women face gender-specific barriers in accessing ITC. These include high access costs and technology choice, limited opportunities to learn new skills (due to lack of information and of encouragement to apply for ICT training), insufficient networks, and perception of ICT as a “male” sector. A related concern involves the significant differences among women in access to ICT. These differences are determined by geographical factors (urban-rural areas), family status (single mothers), and age (difficult access for women over 40-45 years old).

Among the actions taken by the Government of Romania to address this “gender digital divide” is its support of the Round Table on gender issues and ICT policy at the Pan-European Ministerial Conference in Preparation for WSIS. Organized by the Government of Romania and UNECE in cooperation with UNDP, UNIFEM and ITU Group on Gender and ICT, the Round Table aimed to raise awareness of region-specific gender concerns in ICT development, establish a platform for dialogue,

strengthen partnerships among major stakeholders, and recommend concrete follow-up activities. Participants included representatives from national government telecommunications regulatory bodies, from international organizations, and from private industry.

The discussion focused on gender specific aspects of participation in the information society within the broader context of the Millennium Development Goals. It emphasized the need for gender sensitive policies across all ICT areas, including users, producers, and decision makers. For transition countries in the UNECE region, economic arguments for including a gender perspective in ICT policy were stressed because of women’s deteriorating economic position in these countries as well as the potential for benefiting from their higher education levels.

Priority actions identified in the Bucharest discussion

Results of the Round Table included the following recommendations about priority actions for achieving gender equality in ICT policy:

- Include a gender perspective into the debate and the preparation of national ICT strategies and fully involve women in the development of e-governance systems,
- Develop further women’s capacity to use ICT for entrepreneurship and business development,
- Encourage gender mainstreaming in telecommunication institutions, especially in infrastructure development and related projects, in order to ensure affordable access for disadvantaged women, such as those living in rural areas, single mothers and older women,
- Launch an on-going process of preparing national reports to assess the situation of women and men as ICT users, producers and decisions makers.

Governments in the region, as well as other stakeholders in the private sector, civil society, and the international community, must work together to implement these actions.

The Romanian Government's strong support of the Round Table underscores the fact that equal access

to ICT is closely linked to wider goals related to strengthening democracy, transparency, and good governance in the region. Its results represent a commitment on the part of Government leaders and policy makers participating in the Bucharest Conference to incorporate gender equality into the ongoing dialogue and policy debate on the Information Society.

Box 20

**The Bucharest Declaration:
Building a gender sensitive information society in the UNECE region**

The Bucharest Declaration represents a regional commitment to address the "gender divide" in ongoing dialogue about the information society. This declaration, adopted at the Pan-European Preparatory Ministerial Conference for the World Summit on the Information Society (WSIS) held in Bucharest, Romania, in November 2002, proposed a framework of principles and priority themes to inform policy debates about ICT.

Aspects of ICT policy addressed by the Bucharest Declaration include: the need to ensure access to ICT as a source of information and knowledge, the role of ICT in preserving linguistic diversity and cultural identity, the use of ICT in education and training, the establishment of an enabling environment to maximize the benefits of ICT, and the need to address the new security concerns that accompany the information society. In recognition of the need to draw attention to a gender perspective, the Final Declaration of the Bucharest Conference included the following statement:

"Governments and other stakeholders should provide the necessary conditions to ensure women's equal access to information and knowledge as well as ensuring their equal role as producers and decision makers in all aspects related to the shaping of IT policies and frameworks."

Source: Bucharest Declaration, Pan-European Preparatory Ministerial Conference, World Summit on the Information Society

Source: Anda Filip, Ambassador, former Permanent Representative of Romania to the United Nations Office at Geneva; Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm.

ICT AND SMEs: EXPANDING THE POSSIBILITIES FOR ALLIANCES AND COLLABORATIVE INNOVATION

*ICT creates new possibilities for networking and innovation;
women and younger entrepreneurs are well placed to make use of these opportunities*

*by Etta Carignani,
Secretary-General, Femmes Chefs d'Entreprises Mondiales (FCEM)*

Alliances are essential for SME success

The concept of “business alliance” contains three different aspects of the activity of a company: internal reorganization, external relations, and integrated development. Strategic alliances and cooperative behaviour have emerged as new business models for the future and are attracting the interest of public policy makers.

For SMEs, the concept of *alliances* implies a broader meaning of growth-oriented small companies that are interested not only in their own success but also in an integrated and shared development. As we speak of SMEs, we must acknowledge that many self-employed and very small family companies, although they are often extremely energetic and inventive, are primarily focused on the challenge of survival and not on growth. By contrast, successful small businesses are more willing to face challenges in the efficient management of social relations of scarce or costly physical resources and in their ability to resolve business problems effectively. It appears that the organizational complexities associated with growth and innovation, plus the non-economic personal motivations of many SME owner-managers, may pose real external and internal psychological barriers to the development of innovations in small companies or the introduction of innovations from other companies.

Given these challenges, a growing body of evidence suggests that the era of the highly individual entrepreneur as a key economic actor may have declined as more cooperative or social forms of enterprise emerge. Increasingly, a modern entrepreneur's skill at building alliances with other companies and resources in the environment is a major factor in determining success.

ICT presents opportunities for SMEs, particularly in terms of alliance building

The innovative use of new technologies represents an area of growing interest and significance for SMEs. Generally speaking, SMEs use ICT for four distinct activities: administration, operations, electronic communications, and small company information systems. In the European context, a relationship exists between ICT usage and company size: the larger the company, the more likely it is to use ICT, and for more functions. ICT implementation also depends on a business owner's personal attitude and degree of enthusiasm for technology. However, it is already clear that the vast majority of SMEs, whatever their motivations and business expectations, are becoming part of the wider ICT revolution in the business environment. The challenge now is not just to support innovative processes, but also to help SMEs to make effective use of the new technologies.

Successful innovation in small companies has moved from relying on individual technical skills to the social use of broad management knowledge. It seems clear that effective use of ICT will be an essential element in this process, certainly for SMEs that wish to develop their role in the economy.

Possibilities for innovative ICT use include new methods of gathering market information, financing and distribution. Moreover, the Internet is a powerful tool to allow SMEs to participate in useful networks or to pursue commercial and industrial linkages without a strong need for spatial proximity. However, there is evidence that there is a mutually strengthening effect between ICT-mediated and physical contact between companies, between companies and institutions, and between people and companies.

Young women are well-placed to make use of ICT

Generally speaking, women and younger SME owners tend to be more self-confident about taking risks in order to build their businesses in the longer term. They are less concerned about the need to preserve independence and thus exhibit a great propensity for working with other companies. Women are also more flexible and ready to deal with changes. This flexibility may also make them more receptive towards innovation and ICT use. It seems reasonable to conclude that women and younger SME owners are well positioned to work collaboratively and to embrace ICT to help them achieve their goals. This opens up more possibilities for collaborative relationships and networking with like-minded or like motivated SMEs and innovative organizations, which has enormous implications for the sector's growth prospects.

ICT can enhance several types of alliances that are useful to SMEs

Alliances *between SMEs and Technology Centres* and *among SMEs* are two examples that illustrate ICT's potential for enhancing SMEs' ability to build and strengthen their alliances.

Alliances between SMEs and Technology Centres are an as yet relatively untapped resource in Europe. Such alliances between SMEs and other kinds of technology-intensive organizations (such as research centres and academic institutions, as well as Technology Centres) are strategic for sharing knowledge and development. Better linkages between programmes that support and promote SMEs and those that promote and support technology use can catalyze such cooperation and spark entrepreneurial innovation. Moreover, Technology Centres can be incubators both for new companies and for new processes of business networking, contributing not only to the innovations of products but also in innovation of organization and relationships.

Business alliances between SMEs and Technology Centres underscore the close link between innovation and a company's competitiveness and strategy. Innovation also implies a new way to look to the future, implementing the concept of "foresight" that ICS-UNIDO has already promoted in its programmes. Technological innovation thus

also becomes a new method of fulfilling a company's mission, a comparative advantage for the company's ability to attract and satisfy customers, and a strategy for identifying a company's goals.

The importance of alliances between SMEs and Technology Centres lies in the different opportunities for stimulating innovations and development: pushed by technological discoveries, pulled by market or consumer demand as an interactive process of both technological push and market pull, as an integrated management process, and finally as a networked management approach and cooperation making use of the benefits of ICT. Despite the presence of Technology Centres and the existence of extensive SME support infrastructures in many European countries, linkages between the two must be strengthened in order to fully capture the range of opportunities presented by collaboration in the realm of technological innovation.

ICT also has great potential in strengthening alliances among SMEs. Successful SME development efforts have focused on facilitating a more international orientation and making use of alliances. Alliances may take many forms, ranging from very informal information sharing cooperatives to extremely formalized joint ventures. The goals and purposes of the alliance can also be quite varied. More specifically, these exchange relationships exist between SMEs and other SMEs as well as large enterprises and often, but not necessarily, stretch across geographical regions and international borders.

Such alliances are critical in the UNECE region because of the lack of reciprocal knowledge between small businesses in different countries, and in particular between countries in Eastern and Western Europe. While Western people do not know enough about the Eastern situation or needs and opportunities in Eastern countries, experts and entrepreneurs in Eastern Europe do not possess a thorough knowledge of Western experiences. This knowledge and experience gap might imply the existence of a corresponding difference in the entrepreneurial orientation of SME owners. The implications of such a gap could include the retarding of economic growth, particularly in the small business sector.

One approach to address this gap within Europe is an “international SME alliance programme” which would generate and transfer information and intellectual capital among and between Eastern and Western countries. Successful efforts in some countries are just some of the programmes that could be used to develop a “best practices” model for Europe. ICT can contribute to the development and strengthening of such alliances and information-sharing initiatives.

By sharing information on creating the alliance model, it should be possible for SMEs to increase opportunities and reduce the structural risks of entrepreneurial development. As a result, involved countries could experience increased jobs, wealth and economic stability from this cooperation and from the transfer of intellectual capital of the alliance partners. Furthermore, the potential for changes in multi-country alliance efforts could lead to a change in both the perceived role of SMEs and in the SME owners' confidence in the services provided to them.

Policy makers can facilitate ICT use and alliances among SMEs

The growth of ICT and the corresponding increase in access to worldwide communication by companies of all sizes across Europe has already led to enormous changes in Europe's business environment and economic development policy. Many SME policy initiatives in the EU now focus on using ICT to promote and strengthen networking among SMEs and between SMEs and larger organizations. Increasingly, regional development policy is concentrating on enhancing regional value chains by focusing on networks and inter-organizational communications and cooperation, rather than on individual enterprises.

At the policy level, such initiatives have involved promoting technology-based SMEs, technology transfer programmes, science parks, and business innovation centres (BICs) as well as supporting a variety of ICT-based, EU-wide networks. The focus now is on increasing SME utilization of ICT, which should facilitate more and better information sharing and coordination between SMEs and create new opportunities for “physical” and “on line” support environments.

It is generally recognized that governments cannot force development, but should rather play a supportive and facilitative role. Some specific steps to aid in the development of a policy to promote SMEs and alliances are the following:

- **Encourage SME development and cooperation through alliance mechanisms:** This could be a combined, multi-sector approach that recognizes the need for a strong SME sector and shows it with public recognition efforts and financial support.
- **Provide information to reduce uncertainty:** Information is essential to SME development. Government and education sources are often the basic sources of information provided at no or low cost to other service providers, SMEs, and associations. ICT can play a key role here, through websites that provide such information on a regional or international level and that provide links to the websites of other countries or information sources. Essential information concerning credit, production capacity, distribution, and similar topics could be given to companies about potential alliance partners. Another possibility is the creation of an on-line searchable database that would facilitate the normally random search process that SMEs use to find alliance partners.
- **Develop SME assistance centres within associations or universities:** Centres should be developed that will promote SMEs, counsel and facilitate SME interactions with larger companies, and help procure advanced technology. Such centres represent one strategy for rapidly expanding expertise and growth using existing models.
- **Create financing mechanisms.** Most countries have found the need to create loan funds, tax credits, job creation credits, or similar devices, to help SMEs access start up capital.
- **Reduce barriers and regulations.** In order to attract potential partners, SMEs need to have removed such barriers as negative tax policy, restrictions on the flow of funds, required ownership percentages, and similar measures that keep investors out of a country or out of international alliances. Because incentives do not eliminate the barriers that keep significant numbers of people from becoming independent business owners, they are considered less useful

than the reduction of barriers. For example, Ireland gave a tax credit for installing new technology, and Ireland is now one of the major technology countries in Europe.

- **Training for the selection and maintenance of alliance partners.** Just as SMEs need training in the traditional business functions, they also need to learn about how to make their alliance succeed.

Above all, policy makers should focus on developing and disseminating information about

best practices in creating alliances, while at the same time ensuring that strategies remain country-specific. The excellent experiences in some countries (e.g. the Italian cluster concept, Dutch technology centres, US incubators, and India micro loan programmes) are all examples of institutionalized efforts to promote alliances and SME growth. Identifying highly entrepreneurial oriented owners, growth sectors, required supports, and barriers that should be eliminated is a process that requires patience and future visions.

Profile 9

**The Eurochambres Women Network (EWN):
a vehicle for regional communication and networking**

Chambers of Commerce and Industry are an important resource for businesses: they serve as vehicles through which business owners can influence policy, as well as key sources of information and networking opportunities. Now, women entrepreneurs in Europe have their own voice within the Chamber structure – the EUROCHAMBRES Women Network (EWN), formed in 2002 as an informal professional network, and now a formal branch of the organization.

EWN will function as a platform for exchanging information among professional women and for promoting their interests and viewpoints on a regional level. The Network's main objectives are:

- Contributing to European long term economic growth targets
- Fostering equal opportunity and equal rights within the business community
- Addressing the specific needs of working women

Specific actions include:

- Communicating with EU institutions about issues related to women's entrepreneurship in the EU25 and the implications of EU policies for women entrepreneurs
- Exchanging and disseminating good practices for promoting women's entrepreneurship both within member associations and worldwide

- Collecting data and monitoring trends related to women's entrepreneurship throughout Europe
- Linking women professionals and women entrepreneurs throughout Europe and strengthening networking opportunities among women members of Chamber associations
- Developing "life long training" and management training programmes tailored to the needs of women
- Providing information and support services to women entrepreneurs belonging to member associations

EUROCHAMBRES, the European association of national Chambers of Commerce and Industry, consists of 41 national Chambers associations, encompassing a network of 1,600 regional and local Chambers with over 15 million member enterprises throughout Europe. The creation of a women's network within EUROCHAMBRES reflects the fact that supporting women's entrepreneurial activities is vital to the organization's goal of working to improve European competitiveness. It also addresses the need for more regional initiatives and greater coordination of policies and programmes to promote women's entrepreneurship across Europe. EWN activities are coordinated by the Representative Committee in Brussels, and based directly on suggestions and ideas generated by the Chambers.

Source: Brigit Arens, Coordinator EWN and Alessandra Pasetti, Unioncamere, Italy www.eurochambres.be

Profile 10**Making state-of-the art information management accessible:
The CandGo Network***Innovative software helps women entrepreneurs with small companies
access cutting-edge technological tools*

For entrepreneurs, information is an asset that is every bit as valuable as human, financial, and physical capital resources. And in today's technology-intensive world, the effective and efficient management of information has become a critical determinant of business success. But women entrepreneurs, especially those operating small or micro-sized businesses, rarely have access to the hardware, software, and knowledge base necessary to make full use of the wealth of information available to businesses in the "knowledge-based" society.

CandGo, a Belgian company which I founded, intends to change that. The company has developed a Network that is dedicated to the needs of small enterprises and women partner associations. The Network bundles together a range of software and Internet-based resources for information management and other business tools. Simply by subscribing to the network, entrepreneurs gain immediate access to an array of powerful tools for managing information and running their businesses.

The CandGo Network includes the following:

- A powerful search engine that has access to numerous databases worldwide. The search engine's unique "offline search" feature is an innovative tool enabling businesses to save both time and money. An entrepreneur can submit her search request and then log off and attend to other tasks while the search engine runs the search. The server then sends notification when the search is complete. The search engine is also equipped to handle search requests submitted as complete

sentences, making it easy to use without the need for extensive search engine expertise.

- A "Virtual Office" that provides computer software and data storage online via a remote server. The individual entrepreneur is given an access code and password that enable her to access these resources and run her company from any computer. All data is stored in an encrypted and protected form by the host server, thus freeing the entrepreneur from concerns about data storage and back up. The Virtual Office is equipped with a package of business software including 14 communication tools, such as email and fax capabilities and an address book, and five commercial/marketing tools that allow integrated monitoring of customers, suppliers, prospective customers, and orders as well as invoicing and inventory capabilities.
- The Network also facilitates networking and e business among small and micro-entrepreneurs. It provides a portal where companies and associations can identify themselves. It also provides multiple intranet and extranet capabilities where companies can interact with each other and with employees, customers, and clients. All of these services are provided via a secure website.

With this product, CandGo provides owners and managers of small SMEs access to tools for on-line information technology and company management that are equivalent to those used by large multinational corporations.

Source: Micheline Briclet, Founding Member and Concept Manager, CandGo; Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm, and www.seeandgo.com

A GENDER PERSPECTIVE ON ENTREPRENEURSHIP AND THE INTERNET IN CYPRUS

*Cyprus approaches the EU average in some ICT use indicators,
but women entrepreneurs, especially older and less educated businesswomen, lag behind*

by Lina Nearchou-Ellinas

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President, Young Business and Professional Women of Cyprus

The Internet and e-commerce

E-commerce offers great potential, but difficulties still remain

Just a few years ago, there was a climate of euphoria about the prospects created by the Internet and electronic commerce:

“The electronic trading of physical goods and services represents an evolution of present ways of trading, capitalizing on new possibilities offered by technology to improve efficiency in terms of lower costs, effectiveness in terms of widening market potential and better meeting customers’ needs as well as providing a means for enhanced product and service innovation, notably through customer-supplier interaction.”⁸¹

The widespread use of the Internet is considered to be the precondition that will allow e-business to unleash its potential in terms of productivity and competitiveness, new applications and new jobs.⁸² Even today, the role of the Internet and electronic commerce is highly appreciated, and Europe is searching for a leading role in the digital economy. At the same time, however, the difficulties facing e commerce cannot be ignored: “It is growing, but much slower than expected, and seems to be mainly taken up by well-established companies.”⁸³

Some of the advantages of e-commerce are: the convenience of finding and comparing information before purchasing products or services, the convenience of buying from home at any time of

day or night (Capron, 2000), and the flattening of the company hierarchy. But despite these benefits, some inhibiting factors have prevented electronic commerce from developing even more rapidly. Security is a major concern – 17% of all Internet users in the European Union experienced security problems in 2000 such as viruses (8%) and credit card abuse (2%).⁸⁴ Other constraints include trust (e.g. consumers’ confidence in being able to obtain redress in the event of online disputes), costs, and lack of IT expertise or staff.

Women’s ICT use is important for bridging the “digital divide” in Cyprus

Increasingly, the world seems to be “divided” in two categories: the more advanced countries that make the most out of technology, and the less advanced countries that are slower in exploiting the opportunities provided by technology. Cyprus is struggling to belong to the first group and has achieved noteworthy progress in the areas of digital economy and e-commerce over the last few years. However, women seem to be lagging behind. What is more, statistical and other evidence reveals that many opportunities remain untapped.

Internet use in Cyprus

Cyprus is a leader among EU candidate countries in ICT use

Cyprus, Malta, and Slovenia lead the field of EU applicant countries in telecommunications and information technology use.⁸⁵ Almost 100% of the population in these three countries have access to a

⁸¹ Timmers, 1999.

⁸² EITO press release. 28 February 2002

⁸³ eEurope Benchmarking Report, 2002

⁸⁴ eEurope 2002 Impact and Priorities, 2001

⁸⁵ EUROSTAT 17/2002.

landline telephone, compared to an EU average of 86% and a candidate country average of 77%.⁸⁶

Among the EU 15, the average number of personal computers per 100 inhabitants was 30.4 in 2001. Among candidate countries it was only 7.0, primarily due to the low percentages registered in Turkey (4.1), Poland (8.5), and Romania (3.6), which collectively account for 74% of the applicant countries' total population.⁸⁵ Based on data from the same research, Slovenia recorded the highest percentage, a steady 27.5 for the years 2000 and 2001, followed by Cyprus with 22.4 in the year 2000, closing the gap to 25 personal computers per 100 inhabitants in 2001. PC availability is an important factor in determining access to the Internet because it sets an upper ceiling for Internet penetration.

Internet use is on the rise in Cyprus

The number of Internet subscriptions in Cyprus has been increasing steadily. While there were only 10.2 Internet subscriptions per 1000 inhabitants in 1996, this number had risen to 99.5 by 2001.

Table 1: Number of Internet subscriptions per 1000 inhabitants

1996	1997	1998	1999	2000	2001
0.2	24.6	44.4	55.4	89.1	99.5

Source: Statistical Services

Internet penetration at home is showing encouraging levels of growth. According to the 2001 Labour Force Survey, 33% of households possess a personal computer and 20% have access to the Internet. This was a 6% increase from 2000 (14%). The number of Internet users is estimated between 120,000 and 150,000 out of a total population of three-quarters of a million. This is interpreted as a growth of 25% or as 22.1 users per 100 inhabitants. In comparison, the average number of Internet users per 100 inhabitants is about 7.8 in the candidate countries and 31.4 in the EU.⁸⁷

An ad hoc survey covering only urban areas shows that 51% possess a personal computer and 30% have access to the Internet from their homes. An additional 11% have access from elsewhere (for example at work or at Internet cafes).⁸⁸ In the European Union, the percentage of households connected to the Internet was roughly 38% in December 2001.⁸⁹

Between January 1999 and January 2002, the number of connections and users in Cyprus has almost quadrupled. The number of connections rose from 20,000 in January 1999 to 73,000 in January 2002, while the number of users rose from 40,000 to 160,000.

Table 2: Number of Internet connections and users for the years 1999-2002

	1999	2000	2001	2002
Connections	20 000	34 000	57 000	73 000
Users	40 000	55 000	120 000	160 000

Source: Klerides, 2002

Among businesses, microenterprises have the most limited access to ICTs

Personal computer usage and Internet penetration in small and medium-sized businesses in Cyprus is quite high and comparable, to some extent, to that of the European Union average. Among enterprises employing more than 10 people, almost all (98%) make use of PCs and have at least one.⁸⁸ At the same time one in ten business units have one computer for each employee and one in four have an IT department.⁹⁰ Ninety-two per cent of SMEs have access to the Internet and 7% have some kind of local area network.⁸⁸ In comparison, Internet penetration for businesses in the EU is almost 90% of enterprises with more than 10 employees, while more than 60% have a website.⁹¹

Furthermore, imports of computers and other related equipment and software programmes grew by

⁸⁸ e-Minder, 2002

⁸⁹ Eurobarometer, December 2001

⁹⁰ Klerides, T. 2002..

⁹¹ eEurope Benchmarking Report. 2002

⁸⁶ Lee, 2002

⁸⁷ EUROSTAT, 17/2002.; Klerides, 2002.

14.5% on an annual basis between 1995 and 2000. Considering the steep fall in prices, this translates to an annual increase in investment in high technology equipment of over 15% and reflects enterprises' efforts to adapt to the challenges posed by the new digital economy.⁹²

What these numbers seem to ignore, however, is that 94.8% of all enterprises in Cyprus are microenterprises: that is, they employ fewer than 10 employees;⁹³ hence, they do not fall into the category described above. (For the sake of comparison, we should bear in mind that microenterprises make up 92.5% of all enterprises in the EU region.⁹⁴) According to the official Census of Establishments carried out by the Department of Statistics and Research in the year 2000, only 24% of all business units in Cyprus possess a computer and only 14% have access to the Internet.

What is more, the number of Internet hosts has decreased by -76.7% from 2000-01 to 2001-02. The number of Internet hosts per 100 inhabitants fell to 0.3, in comparison to an average of 0.7 among candidate countries and 3.5 among Member States.⁹⁵

Few Cypriot businesses are equipped for e-commerce, and few Internet users purchase goods online

For e-commerce to take place, two or more parties need to be involved in the transaction, the seller (e.g. the company) and the buyer (e.g. the citizen):

The Sellers. In order to implement e-commerce, a company must have at least one computer connected to the Internet and preferably back-office software. According to an ad hoc survey, 51% of SMEs are on average connected to the Internet and almost half of them have a website. Because the e-commerce presence is so low in Cyprus, this survey was unable to measure it accurately.⁹⁶ The same survey indicates that analog is the most common (55%) method of connection to the Internet among Cypriot

businesses, followed by ISDN (30%), and ADLS (8%). However, these are only available near cities and not in rural areas. The only available payment infrastructure for e-shops is the use of manual back-office Point of Sales systems to complete transactions that are received online. Around 18% of businesses offer the option of online ordering.

The Buyers. In the case of citizens, we must take into account access to telephone lines, mobile telephones, and the cost of Internet calls. Telephone lines in Cyprus are high quality with 100 percent digitization (e-minder 2002). Mobile phone subscriptions in Cyprus have increased from 6.9 per 100 inhabitants in 1995 to 46.2 in 2001, which is higher than the average in the applicant countries (31.2) but lower than the EU15 average (72.4).⁹⁵

Regarding citizen use of e-commerce, it is illustrative that a large percentage (67%) of Internet users have visited e-commerce sites. However, it appears that only 12% have actually purchased goods or services from such sites, 10% from international web sites and only 2% from Cypriot sites. We should note here, however, that the number of Cypriot electronic commerce sites is rather small. Among the 12% of Internet users who purchased online, 10% did so because the product was available online, 5% because they thought it was cheaper, 4% because of home delivery, 2% because of the service (that is 24 hours a day, 7 days a week), 2% because of the convenience to shop from home, and 1% for variety.⁹²

A comparison: In the year 2000 31% of Internet users in the EU purchased online. The following year the percentage increased to 36%. However, only about 5% shop online on a regular basis.⁹⁷

The main constraints for electronic commerce are lack of e-commerce legislation (69%), lack of consumer confidence (67%), unsecured transactions (62%), costs (33%) and e-commerce being complicated (33%).⁹⁸

One important vehicle for the promotion of digital economy and e-commerce in Cyprus has been the exploitation of participation in EU community

⁹² Klerides, 2002

⁹³ Human Resource Development Authority (HRDA), 1998

⁹⁴ EUROSTAT, 1998a

⁹⁵ EUROSTAT, 17/2002.

⁹⁶ e-Minder, 2002

⁹⁷ eEurope Benchmarking Report, 2002; eEurope 2002 Impact and Priorities, 2001

⁹⁸ Cyprus Socio-Economic Survey

Box 21**The eEurope Action Plan**

The eEurope initiative was first introduced in 1999 as a strategy to modernise the European economy and establish the European Union as a leader in the knowledge-based economy.

The first eEurope Action Plan, 2000-2002, focused on making the Internet cheaper, faster, and more secure, on investing in people and skills, and on stimulating Internet use. Nearly all of the plan's 64 targets were achieved by late 2002. The second stage, the eEurope 2005 Action Plan, was endorsed by the European Council of Ministers in 2003. It is an ambitious proposal to develop modern online public services (e-government, e-learning services, e-health services) and create a dynamic environment for e-business through widespread availability of broadband access at competitive prices and a secure information infrastructure.

Broader goals of the eEurope initiative are to bring every citizen, school, and business online and to exploit the potential of the new economy for growth, employment, and inclusion, in order to create a truly 'knowledge-based society' able to fully utilize the benefits of new technologies in all aspects of life.

Source: europa.eu.int/information_society/eeurope/2005/index_en.htm

programmes. A number of activities were financed through Cyprus' participation in the Fifth Framework Programme for Research and Development and EUMEDS.

The Government can play an important role in boosting consumer confidence in e-commerce

These data reveal that more steps need to be taken in order to boost consumer confidence in electronic commerce. Based on the eEurope+ Action Plan (see box) to turn Europe into the most competitive and dynamic knowledge-based economy in the next decade, Minister of Finance Klerides has outlined the following strategy developed by the Government of Cyprus:

- Upgrade the telecommunications infrastructure,
- Accelerate efforts to liberalize the telecommunications sector (Parliament has passed all necessary liberalization legislation, and the liberalization of telecommunications, as well as postal services and air transport, will go ahead as planned on or before 1 January 2003),
- Ensure high-speed access to the Internet at affordable prices (The costs in Cyprus and Malta are lower than both in the EU and candidate countries),⁹⁹
- Create the necessary legal framework (So far, the regulations on long distance contracts (EU

Directive 97/7/EE) and personal data protection (EU Directive 95/46/EC) have been incorporated into the local law, but not the regulations on digital signature, domain registration, and e-commerce,¹⁰⁰

- Expand IT curricula at all educational levels (PC penetration in primary and secondary schools is 15 pupils per one computer),
- Turn e-commerce into a life-long learning approach,
- Build trust and confidence in electronic commerce and protecting the security of networks,
- Encourage SMEs to go digital,
- Attract world-renowned information technology companies to set up businesses in Cyprus,
- Encourage research in the field of information technology.

Gender and ICT use in Cyprus

Women entrepreneurs make less use of computers and the Internet than men

An ad hoc questionnaire¹⁰¹ mailed to members of the Organization of Employers and Industrialists compared, among other things, the purchasing and use of computer hardware and software among women and men business owners. 300

⁹⁹ Lee, 2002

¹⁰⁰ e-Minder, 2002.

¹⁰¹ Nearchou-Ellinas, 2000

questionnaires were sent, and 52 were returned, for a response rate of 16.7%. The survey found that men and women business owners are influenced by similar factors when deciding to purchase computer hardware and software. Both men and women rely heavily on “expert” opinions (men 63% and women 88%) and offers (men 44% and women 25%). They rely less on advice from friends (men 11% and women 13%) or on their own knowledge (men 22% and women 25%).

Men tend to use computers almost as twice as much as women in their businesses (men 74% and women 38%). Men also use them in more ways. Whereas women use computers mainly for word processing and accounting, men also use them for design and modelling, as well as for making calculations and preparing financial reports.

Male entrepreneurs also appear to be making more use of the Internet. While two-thirds of men business owners use the Internet for information purposes, the equivalent percentage for their female counterparts is only 38%. Sixty three per cent of women business owners in the sample use the Internet for communication purposes compared to 60% of men entrepreneurs. These results are in accordance with another survey that found the two main uses of the Internet to be communication purposes such as e-mail (96%) and information gathering (88%) (e-minder 2002). The Internet is used even less frequently for purchases (men: 7% and women: 2%) and sales (men: 4% and women: 2%). Inarguably, the use of the Internet for business transactions is low. The fact that there were more online purchases than online sales is probably due to the higher costs of online selling. Buying only requires a connection and a credit card, whereas selling requires a website with adequate security and possibly logistics organization.¹⁰²

A national survey of women entrepreneurs in Cyprus also found very low Internet usage among women business owners.¹⁰³ According to this survey, 88% of women entrepreneurs do not use the Internet at all, in contrast to the United Kingdom, for example, where 37% of women business owners have their own business web site.¹⁰⁴ More

specifically, 76% of respondents in this survey never use the Internet for information purposes; 80% never use it for communication purposes; 97% never use it for sales or purchases, while 94% never use it for any other purposes.

To better understand these discrepancies between men and women, and the overall low use of the Internet among women entrepreneurs themselves, we need to understand who Cypriot women entrepreneurs are, what companies they own and what sector they are active in, as well as what impediments they might be facing. To do this, we will use data from a national survey on Female Entrepreneurial Activity in Cyprus that involved the total population of 6968 women business owners according to the Department of Statistical Services’ 1995 Census of Establishments. Using systematic sampling according to the district and area, 373 women were selected and interviewed.¹⁰⁵

Women entrepreneurs are a distinct minority among Cypriot business owners

Female business ownership in Cyprus is very low (only 12%) compared to the United States (37%) and the European Union (27%).¹⁰⁶ Two in three women entrepreneurs in Cyprus start their business in their twenties, influenced mainly by the desire for control and decision-making. Four in ten women set up a company without having had any previous employment which would allow them to gain experience and (a part of) the starting capital. Hence, we observe that women are driven towards developing entrepreneurial activity; their inexperience and lack of relevant studies, however, is likely to make their efforts “hit or miss”.

Who are these women who make the daring decision to compete in the enterprising world? Forty-six per cent of women entrepreneurs are between 31 and 44, which is in accordance with other findings in the literature¹⁰⁶; 82% are married, compared to only 55% in other surveys, with a fertility rate (1.9) comparable to the national average (1.83). Half possess only a high school education and 34% – compared to 68% in other surveys – have post-secondary education

¹⁰² eEurope Benchmarking Report, 2002

¹⁰³ Nearchou-Ellinas, 2002.

¹⁰⁴ Carter and Anderson, 2001

¹⁰⁵ St. Onge and Stevenson, this publication; EUROSTAT, 1998b

¹⁰⁶ Brush and Hisrich, 1987

qualifications. But this gap in education level between Cypriot entrepreneurs and their counterparts in other countries is closing, as more young women are choosing to pursue higher education.¹⁰⁷

Women entrepreneurs' ICT use is related to their educational background and age

Women with higher education created more than half (53%) of the enterprises set up within the past two years. They are also most likely to employ personnel and are least likely to run sole proprietorships. But among these better-educated entrepreneurs, few had educational backgrounds in business or technology-related fields. One in two (53%) women business owners with tertiary education qualifications studied medical or paramedical fields (such as pharmacology, optometry, etc.). Only 6% had a degree in business administration or related fields. None of the women in our sample had studied computer science or related studies. This is not surprising as computing seems to be mainly a "male" field of study. Out of 1,325 students registered in computer science courses in tertiary institutions in Cyprus and abroad, 937 (71%) were male and only 388 (29%) were female.¹⁰⁸

Women with a tertiary education background and an educational performance of better than average (83%) are more likely to participate themselves, and to provide time for employees to participate, in seminars and workshops. Moreover, they make the most use of the options provided by the Internet. These trends are also related to the fact that younger women entrepreneurs tend to be better educated and have had more exposure to new technologies, thus developing better computer skills. At the same time, although some younger women entrepreneurs do not have family obligations, and could therefore devote more time to learning, the majority of women in their thirties seem to have young children, and therefore less time for learning. On the other hand, older women entrepreneurs, with adult children for example, are likely to have more time, yet they do not seem to have taken or to be taking steps towards obtaining or improving their computer literacy. As

PCs have become affordable for companies, women entrepreneurs' financial status does not seem to be relevant.

The size and sector of a woman's business also affects opportunities for ICT use

Almost all women-owned businesses (99%) are microenterprises; hence, women are, in fact, "microentrepreneurs". Nearly 70% of women-owned companies are "size class zero", that is one-person business units. This percentage is higher than in other countries; in the United Kingdom, for example, self-employment is limited to only 20%.¹⁰⁹ Nonetheless, it means that one in three women business owners have generated employment. On average, women invest 50 to 60 hours per week in their company. They also exhibit a very introverted market orientation: 96% of women-owned businesses do business only in their local community or town. E-commerce could be used as a means to expand their business activities beyond the geographical boundaries of the company premises.

Furthermore, women's enterprises are concentrated in traditionally "female" sectors: the clothing and shoe industry, the medical and paramedical professions, kiosks and mini markets, the trade of gifts, hairdressers, and florists. E-commerce might not necessarily be applicable to all these activities. The design of a web site, however, could be used as a means to increase awareness of the company name.

Regional differences and age also affect women entrepreneurs' Internet usage

Women business owners in the district of Paphos exhibit the least interest in the use of the Internet: 94% never use it at all. In the capital Nicosia, the percentage never using the Internet is the lowest (82%). As anticipated, women with primary education never use the Internet. The percentage drops to 88% among women with secondary education and to 50% among women with higher education. This is also reflected in the age of the women in our sample; 98% of women aged 45 and over never use the Internet, whereas 74% those aged 18-30 never use it.

¹⁰⁷ For data from other surveys, see Brush and Hisrich, 1983.

¹⁰⁸ Cyprus Department of Statistical Research, 2000

¹⁰⁹ Carter and Anderson, 2001.

Figure 1: Use of the Internet by women business owners

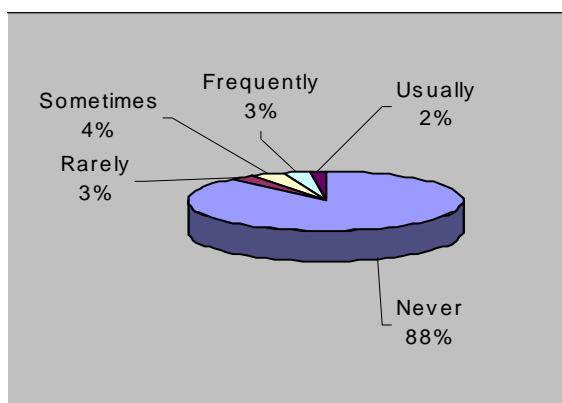
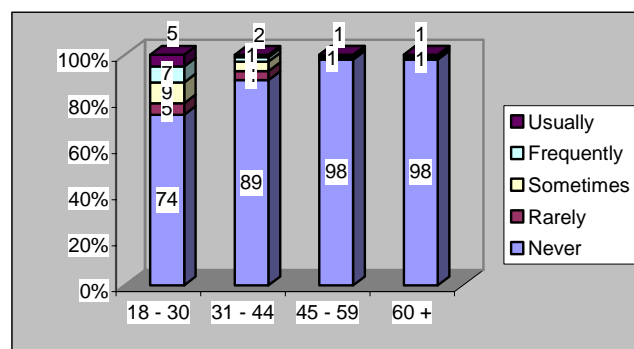


Figure 2: Use of the Internet by women business owners (age variable)



Source: Nearchou-Ellinas, 2002

The few Internet-based sales/purchases were initiated by women with secondary and tertiary education qualifications, aged 18-59, in Limassol and Nicosia. We should, of course, consider that e-commerce, on the whole, is not yet quite widespread in Cyprus.

Conclusions

Despite efforts and progress both in the private and public sector, many opportunities for e-commerce and e-business remain untapped in Cyprus.

Women business owners, in particular, seem to need even more support than their male counterparts for a number of reasons. The entrepreneurial arena appears to be quite intimidating to Cypriot women,

as they own only 12% of the companies in Cyprus. Moreover, the majority of women entrepreneurs are merely self-employed (69%) and concerned with guaranteeing themselves a “decent” income. They appear to be less willing or able to explore options to expand their businesses, which are typically located in traditionally “female” areas.

Not only do women lack academic training in computer science or related fields, they also seem to need to upgrade their (limited) computer knowledge. A surprisingly high percentage (88%) of women business owners never use the Internet, let alone electronic commerce. The trend among younger and better-educated women, however, is to gradually embrace technology.

Profile 11**The long, thin way in the ICT sector**

*A Turkish Internet entrepreneur tells how she survived
through difficult days*

My professional background and my entry into the ICT sector

I was born in Istanbul in 1957 and have been working for 23 years. Seventeen of those years have been in the ICT sector. But that is not where I started out. After receiving my BS in chemical engineering, and then my MSci in nuclear engineering, I worked for four years as a flight attendant. Then I decided to enter the information technology sector. For 16 years I worked in this sector as a salaried employee or executive. Then, in 1997, I began my career as an Internet entrepreneur. My experiences in the ICT sector remind me a bit of the words to a Turkish folk song:

*I am on a long, thin way
Going through the day and night
Don't know how I am
Going day and night*

Like this singer, I have faced difficulties in my journey. At times I did not know how to keep going. But I stayed on the 'long, thin way' and I succeeded.

The launch of my first company

I had always planned to start my own company. So in 1997, in conjunction with one of the holding groups I was working with at the time, we established one of Turkey's first ISP companies, Alnet. I was General Manager and also had 10% share of the company. But that business closed its doors in 1998 due to problems with Turkish Telecom.

The next venture

My next venture, Intervizyon, grew out of an Alnet project. It was a streaming media project; the title comes from combining INTERNet and teleVISION. Neither I nor my partner had any money, but we had knowledge about the Internet. We used the Intervizyon project to enter the *portal-online publishing* business. In 1998 and 1999 we launched

several sites related to women, recipes, sports, news, and advertisement. We made some money from ads...

We team up with an American internet site

As our model for this project, we had been using *internet.com*, a US based global provider of Web-based information, news, and resources for information technology, Internet industry and graphics professionals.¹¹⁰ Then we approached the company with the idea of partnering with them to bring their portal to Turkey. In June 2000, we reached an agreement, and the Turkish site, *www.turk.internet.com*, was on-line as early as August 2000. The site's official launch date was 25 October 2000.

Troubles ahead: how to survive?

Just one month after launching this new site, on 19 November 2000, a banking crisis occurred in Turkey. Our American partners asked us to tell them what the situation was. We said, "No problem." But three months later, Turkey was hit by the biggest economic crisis in the history of its existence as a republic. Two and a half million people were laid off. Our American partners contacted us in early April to tell us that they would stop investing in Turkey. They asked me what should be done with *turk.internet.com*.

Go it alone or close the doors?

My partner was hesitant about whether to go on without our American partners. I insisted that we should keep going. So, we went ahead. Two months later, he informed me that he was leaving the company and asked to have his share of the investment returned to him. My goal at this point was to keep the company afloat until September 2001, when I hoped that things would change. I laid

¹¹⁰ See website: www.internet.com/corporate/about.html

off staff and budgeted according to the money that we had.

Another crisis

Then, September 11th happened. All business stopped. It was as if a sign had come that the long and thin way had come to an end. At this point, I began to think that my partner had been right - that it had been a mistake not to shut down when our American backers pulled out. I began to make plans for closing down the company. There seemed to be no light...

A light at the end of the tunnel: UNECE project

In early October, at a Rotary lunch, I learned that nine women from Turkey had been chosen to be highlighted as role models on the new UNECE online Portrait Gallery of Women Entrepreneurs, and I was among those selected! This was the light at the end of the tunnel that gave me strength and hope again. I decided not to close my doors after all, but instead began to work even harder.

Better times and new projects

In December 2001, a company contacted me about the possibility of collaborating. It was a sign that the bad times were over and business was coming. In 2002, our revenues were 2.5 times our 2001 revenues! And just in the first three months of 2003, our revenues equalled half of our total 2002

revenues. Currently, our budget is twice the 2002 budget, and we are focusing on joint venture type cooperative projects. One of our goals is to provide services that will bring online publishing to the wider public. We are also working with the mobile phone industry and creating software for their use. For example, our website smsMatik.com provides SMS messaging services to GSM users. For this project, we are organizing a partnership approach. Another project, Reklamatik.com, is a website dedicated to the Turkish online advertisement sector.

How we survived during the difficult times

With minimum staff, we focused on strengthening our infrastructure. We created our own software in-house. We made sure to maintain the highest quality of our services. And we kept working on developing new projects and new sources of revenue.

My journey in the ICT sector has been a "long thin way" but also very rewarding. I can offer this advice to women who want to do the same:

- Trust yourself and be prepared to work hard.
- Never give up.
- The fact that you are a woman is no excuse. I worked alone for much of my journey.
- Family is important. Don't make the mistake of ignoring them completely for the sake of your business.

Source: Fusun S. Nebil, CEO, Turk.internet.com: Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm

PROMOTING WOMEN'S ACCESS TO ICT IN SERBIA AND MONTENEGRO

A tri-sector partnership among the Ministry of Traffic and Telecommunications, the NGO "Equal Opportunities," and Ericsson has launched several programmes addressing gender equity in the ICT sector

*by Divna Vučković
Operations Director, Ericsson, Serbia and Montenegro*

Significance of ICT in the region

ICT can be a powerful tool to build a more gender sensitive society, but unequal access to ICT can worsen existing inequality

Information technology can help create a more gender-sensitive society, with the goal of advancement of women leading to equal opportunities for women and men in accessing information and knowledge. Countries that cannot capitalize on ICT momentum risk becoming permanently marginalized. Unequal access to these technologies may further isolate women from economic, cultural and political opportunity. This is especially relevant for women in developing countries and poor communities, such as much of the Southeast European region.

The political and economic situation in the Federal Republic of Yugoslavia over the past decade has been very difficult. The war created an enormous brain drain followed by a lack of resources in every area. The situation remains difficult, in particular for women who have been carrying a heavy burden in their personal and family lives. These facts have consequences for the digital divide and women's access to information. At the same time, the similarities in language and culture between Yugoslavia and the surrounding countries (Bosnia and Herzegovina, The former Yugoslav Republic of Macedonia, Croatia) create the potential for ICT training methods and tools developed for use in one country to be easily replicated across the region.

Tri-sector involvement

The governmental Task Force on Gender Issues addresses gender mainstreaming of the ICT sector in accordance with ITU recommendations and guidelines

The International Telecommunication Union's (ITU) *Task Force on Gender Issues (TFGI)* provided the inspiration for creating an institutional framework for national activities in gender mainstreaming in telecommunications in Yugoslavia. As part of this framework, the Ministry of Traffic and Telecommunications in Yugoslavia provided funding for the establishment of a national TFGI (Expert Group for Gender Equality in Telecommunications). The TFGI plans to fulfil the mandate of the ITU Task Force on Gender Issues to encourage gender awareness in the national telecom sector by taking action in the following three areas:

- Telecommunications policy: guidelines for gender mainstreaming in restructuring processes, operator gender statistics, technical universities statistics,
- Telecommunications as a tool for women entrepreneurs: introduction to ICT, ICT and new businesses, ICT in rural areas, partnerships with private sector,
- Tele-medicine and tele-education: projects with the private sector.

The active involvement of policy-makers and decision-makers helps to raise awareness. The Task Force is widely supported by Prof. Dragoljub Micunovic, President of the Yugoslav Parliament, and the Federal Ministry of Traffic and Telecommunications.

The TFGI has key partnerships with the NGO “Jednake Mogućnosti” and the private sector

Many of the activities planned by the TFGI require additional resources beyond the initial support provided by the Ministry of Traffic and Telecommunications. Therefore, in June of 2002, a group of women ICT experts founded the NGO Jednake Mogućnosti (Equal Opportunities). The NGO's main goal is to facilitate equal access to modern information and communication technologies for both women and men, through the establishment of permanent mechanisms for bridging the digital divide and the gender divide, particularly in rural areas. The NGO is composed of ICT experts from the private sector who are able to lead in the development of ICT knowledge that will create equal opportunities in ICT use for women and men. Its objectives are:

- To create training centres to train trainers for ICT in everyday work and life (e-WEC),
- To start an initiative to promote ICT use in everyday life and work for citizens, especially women, and to provide support documentation for that purpose,
- To facilitate the printing of popular literature that will develop citizen interest in ICT, especially among women, which will improve their chances for employment in areas where up-to-date knowledge of informatics, electronic technology, information processes and data transfer is required,
- To design training curricula for courses, seminars, schools, lectures, workshops, and exhibitions, especially those targeting women,
- To collect, analyse, and disseminate gender-disaggregated statistics about ICT use (database on women ICT experts),
- To organize collaboration among universities, experts associations, organizations, non-governmental associations, and ICT companies, in order to create conditions to advance citizens' knowledge about ICT, and especially to advance women's employment in positions where ICT education is necessary.

Private sector firms have also been very active participants in these initiatives. One company that has taken a leading role regarding gender and ICT is Ericsson. (Box 22)

Current and future projects

This tri-sector collaboration has already resulted in several projects, with more on the way. Two current projects were initiated by the YU TFGI within the framework of its activities:

Info-communications in schools is a project that gets donated computer equipment from the private sector and gives it away to schools in rural areas where the teachers are women. Creating in 2001, this on-going project has as its mission the creation of:

- An Info-educational process in rural areas
- A gathering place for rural women where they will get basic information that will help them improve their lives and their small businesses.

However, while collecting and donating computer equipment is an important prerequisite for introducing new tools in the process of communication and learning, it is only the beginning. In order to be able to use computers, basic computer training is needed. As the target group is *women and children in rural areas* with no knowledge of new technologies, special programmes and teaching methods must be developed. In order to meet these training needs, YU TFGI proposed the establishment of an ICT women's educational centre. This centre has been established and began offering training programmes as of August 2003 (see below). Since the establishment of the centre, donated computers have been dedicated to those schools where teachers have already completed training. ***A website with YU gender information*** is the second project organized by the TFGI. Also involved in this project are networks for women in telecommunications, universities, the Ministry for Telecommunications and operators, as well as the major players in the Telecom sector.

Web site with YU Gender information <http://www.ericsson.co.yu/eeeq> and www.e-jednakost.org.yu

In addition, the NGO has identified three projects as future priorities:

- ❖ ***e-Women's Educational Centre (e-WEC)***. As recommended by the TFGI, this centre organizes ICT training for women trainers and groups of women. Training for the first target group,

Box 22**Ericsson and gender equality**

Ericsson Yugoslavia's partnership with the Yugoslav TFGI and Jednake Mogucnosti is only one aspect of the company's broader commitment to gender equality and promoting equal opportunities for women and men in the workplace. In June 2002, it was awarded the *Ericsson Equal Opportunities European Award*. This annual award is an integral part of Ericsson's activities on gender equality, which also include company-wide strategies and goals addressing the gender balance of Ericsson's employees, especially in management and international positions, their ability to combine work and home life in a satisfactory manner, and encouraging women to pursue education and employment in technical fields. The award is intended to recognize a Europe-based Ericsson branch that demonstrates outstanding performance in developing and improving gender equality and that embodies the company philosophy on promoting equal opportunity.

Ericsson Yugoslavia's record on gender equality at the workplace has been particularly impressive. The branch's success is related in part to the Yugoslav education system and the fact that the number of women with technical degrees in the country is high and continues to grow. But Ericsson Yugoslavia has also placed a strong focus on equal opportunities for its employees, from recruitment and training to management development programmes. The statistics below demonstrate the balanced gender distribution among employees. And Ericsson Yugoslavia continues to promote equality beyond Ericsson in the wider community through projects such as the one outlined here.

Worldwide:

- ✧ 29 % of Ericsson's 65,000 employees are women
- ✧ 1,680 of Ericsson's 12,000 managers are women
- ✧ 284 of Ericsson's employees on international assignment are women

At Ericsson Yugoslavia:

- ✧ 42% of employees are women
- ✧ 46% of line managers are women
- ✧ 92% of 60 expert months on international assignment are women

Source: Ericsson database

teachers from elementary schools in rural areas, started in August 2003 as the result of cooperation between Equal Opportunities and the Ministry for Education and Sport of the Republic of Serbia. The agreement involves plans to train ten groups in 2003, each group consisting of 16 teachers, mainly women. A new plan for 2004 is awaiting approval by the Ministry and includes an increased number of participants and a broadened training portfolio (with some advanced courses proposed). As of the end of October 2003, 130 teachers and two groups (24 people) from the Orphan's Home in Belgrade had completed the training. The second phase of the project will involve the development of a movable centre, in order to provide *training on site* in rural areas.

❖ ***ICT support for primary health care system.***

The goal of this project is to support the work and permanent education of female medical doctors in the primary health care and to inform patients especially women, about primary health care. The project is still in the planning phase.

- ❖ ***"Gender and WSIS" Round Table.*** The Round Table was held on 17 October 2003, supported by the WSIS Gender Caucus and Ministry for Science, Technology and Development of Republic of Serbia. The Round Table emphasized the existence of a gender divide in transition economies, promoted the activities of the WSIS, and evaluated the inclusion of a gender perspective in national ICT policies. Nearly 80 participants from the government,

telecommunications operators, service providers, NGOs and international organizations attended. Recommendations and planned follow-up

- ❖ activities were developed and distributed to all relevant participants involved in building the

Information Society. Conclusions from the Round Table can be viewed on line at www.genderwsis.org/nationalactivities.0.html#112 or www.e-jednakost.org.yu/eokrugli.htm.

Profile 12**The development of electronic commerce
in the Russian Federation**

*E-commerce needs policy support in order to overcome challenges
related to security and product delivery*

E-commerce and its role in the Russian economy

For the majority of users, the Internet represents more than just an important source of information. More and more, its advantages for business activities are making it a popular and necessary tool for entrepreneurs. The Internet allows business people, for example, to reduce their transaction costs, to enhance their customer services, and to market their goods on a wider and better scale. One way to do this is through *e-commerce*, which enables consumers to purchase goods directly from a company's website.

Currently, Russian companies use a variety of methods for e-commerce: from web-shop to virtual market place to a corporate portal. There are about 1000 online Russian shops registered with Magazin.ru, but only half are functioning in practice. Many businesses combine online and offline commercial activities.

Russian internet commerce deals mainly with books, video and audio products, computers, computer-related products and services, groceries, and tickets, suggesting that online commerce has a different structure than off line commerce. This is explained by the fact that Russian e-commerce is still in the early stages of development.

Barriers to the growth of e-commerce

E-commerce has obvious advantages for the consumer, who saves time and gets a better choice and more information. Yet the world has not seen a boom of e-commerce. The major reasons for people's reluctance to buy online are:

- Security concerns about making online credit payments,
- Desire to see the goods before it is purchased,
- Concerns about the return policies,
- Preference for traditional shopping,
- Reluctance to pay shipping expenses.

In the Russian Federation, concerns about *payment* are one of the principal obstacles to the development of e-commerce, due to low levels of trust in the security of online credit card use. Moreover, a general mistrust in the entire Russian banking system means that only a small part of the population possesses credit cards. Almost all payments for Internet purchases are made off line.

In the Russian Federation, several additional factors are also important:

- Delivery problems: Product delivery presents another challenge for the growth of e-commerce. Because of the insufficient development of courier services in the Russian Federation, delivery to the more distant Russian regions can be difficult. In response to this problem, some Internet shops have decided to create their own courier departments. As a result, although delivery is currently one of the principal problems for Russian e-commerce, the situation is likely to improve in the future.
- Lack of selection and limited availability of products
- Concerns about dishonesty among salesmen

Studies in the Russian Federation and abroad have shown that consumers value security and a website's ease of use more than price. Moreover, once a consumer makes one successful online purchase, he or she finds it easier to make more purchases at the same Internet place. Thus, businesses providing e-commerce need to develop trust relations with their consumers. They also need regular marketing and publicity in order to attract consumers' attention to their site and get them to make purchases.

However, a lack of resources prevents new and existing entrepreneurs to use information generated by such market studies to develop a successful e-commerce strategy, to design a dynamic website,

and to expand their presence on the Internet. Also lacking is specialized training for business owners and their staff on such important matters as e-payments, e-banking, managing e-projects, etc. This reduces the efficiency of their work and leads to the failure of many Internet projects.

The slow growth of Internet use in the Russian Federation is not the only barrier to e-commerce. Other obstacles include:

- Low purchasing power of the Russian population, especially in provinces,
- Bad connection channels,
- General problems afflicting the Russian business environment, such as critical shortcomings in the financial and legal systems.

Policy actions to promote e-commerce

Developing electronic methods of interaction (such as federal government internet portals), increasing the computer literacy of the Russian population, and spreading Internet access and technologies are now among the priorities of Russian domestic policies.

This State emphasis on the IT market, along with the autonomy, stabilization and growth of the Russian economy, may lead to an increase of national and foreign investments. The observed growth in sales of personal computers in the Russian Federation is likely to lead to an increase in the number of registered Internet users and, thus, to an expansion of the Internet economy.

The year 2001 was a breakthrough year for the development of the Russian IT sector. In that year, the “Electronic Russia” programme was adopted, which accelerated the State’s work on preparing legislation to facilitate and develop Russian e-commerce (such as a document on electronic digital signatures). Adoption of this programme will enable the spread of Internet technologies by reducing their costs, increasing demand for computer equipment, and facilitating the development of training facilities and better computer skills among the Russian population.

Source: Olga Politova, Director of “Partner IC”, Russian Federation; Presentation at the Second UNECE Forum of Women Entrepreneurs, www.unece.org/ie/enterp/women/program.htm

DATA ON ICT AND GENDER: WHERE ARE THE GAPS?

by Angela Me and Marie Sicat,
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Reliable data on ICT access and usage is crucial for examining the extent and dynamics of its social and economic impacts. The four main sources of data are: (1) telecommunications operators and Internet service providers (ISPs); (2) enterprise surveys; (3) household surveys; and (4) web-based user surveys.

Telecommunications operators and ISPs provide information on type of Internet subscribers (business, household, government), technology used (dial up, cable, WAP, etc.) and length of connection, as well as the estimated number of active web sites in a country. Such data are sometimes the only available data on ICT access and use within a country. This is the case for a number of countries in the region that have limited statistical resources.

Enterprise surveys provide information on enterprise ICT use. In countries with sufficient resources, national statistics offices (NSOs) may conduct a full ICT-specific enterprise survey. The Eurostat Enterprise Survey on ICT Usage, based on a model survey developed by the OECD, collects information on: (1) an enterprise's ICT systems (2) Internet use (3) e-commerce via Internet (4) e-commerce via EDI or other networks (5) confidence-building practices for Internet-commerce (6) barriers to e-commerce. Alternatively, NSOs can add ICT-specific questions to existing enterprise surveys.

Household surveys on ICT usage provide sex-disaggregated data on individuals' ICT use, such as how frequently a person uses a computer, what he/she uses the Internet for, and what types of items he/she buys online. As with the enterprise survey, a country may conduct a full ICT-specific household survey or add a module on ICT to an existing survey. The OECD has also developed a model

survey on household ICT usage on which the Eurostat Household Survey on ICT Usage is based. In addition to gender, surveys of this type can provide data on other social demographic variables such as age, education level, employment situation, type of household, and income.

Web-based surveys of Internet users, carried out by national agencies or market research companies, are another source of data.¹¹¹

Administrative records can also provide gender-specific ICT data such as information on the gender patterns of enrolment in IT studies or employment in the ICT sectors. But the quality of the data provided depends on the coverage and content of these records and registers.

Each of these data sources has strengths and drawbacks. Because data from telecommunications operators and ISPs are aggregate estimates, they provide limited information on individual ICT user patterns and are not sex-disaggregated. The changing nature of the ISP industry can also make such data very inaccurate. Still, they are useful, especially for countries for which no other data is available. Enterprise surveys provide valuable information on ICT use patterns among businesses. But as currently designed, they reveal little about the unique conditions faced by women and men entrepreneurs, the characteristics of women's and men's enterprises, or women's and men's ICT usage preferences. Because they are based on direct responses from interviewees rather than estimations, household surveys are a very good source of sex-disaggregated data on men's and women's patterns of ICT use. Web-based surveys may not be based on standard methodologies; however, for some countries, they may be the only source of sex-disaggregated data.

¹¹¹ Minges, 2003

Data on ICT and gender in the UNECE region: results of a regional assessment

The UNECE conducted an Assessment on the Status of ICT and Gender Statistics through questionnaires to national statistical offices in the UNECE region about the availability of statistics in this area. The Assessment focused on the collection of gender-specific data in the following areas: frequency of access and use of computers and Internet, purposes of Internet use, women's entrepreneurship and employment in the ICT sector, and ICT-related training and education. It also asked NSOs about their current gender and ICT initiatives and projects, partners, methodology, and future work.

The Assessment found glaring gaps in the availability of data on ICT and gender across the UNECE region. At least two-thirds of EU members collect sex-disaggregated ICT statistics via the Eurostat Household Survey on ICT Usage. The situation is mixed in Central and East Europe. One country, the Czech Republic, conducted the Eurostat household survey on ICT usage. A number of the countries collect primarily enterprise ICT data. Lithuania has developed its own questionnaires to collect sex-disaggregated household data on ICT usage. Countries such as Estonia and Hungary

currently collect ICT data by household rather than by individuals, but are transitioning to being able to collect sex-disaggregated ICT data. and candidate countries in the sub-region are planning to take part in the Eurostat survey collection in 2004, which requires full sex-disaggregated ICT collection capacity. Sex-disaggregated ICT statistics are more scarce in the Balkan countries and in the CIS sub-region, where the majority of NSOs had not yet started collecting ICT statistics at all. Three exceptions are Armenia and Kyrgyzstan, which have begun collecting ICT statistics, and Ukraine, which was the only CIS country that reported collecting sex-disaggregated ICT statistics. The Russian Federation has ICT education data available.

The sex-disaggregation of Eurostat ICT Household Survey data is an important step for measuring women's access to and use of ICTs among EU members. However, more work is needed in order to produce a more complete picture. Gender-specific data and indicators must also be initiated, strengthened and/or developed in other areas of ICT statistics, such as employment in the ICT sector, e business, e-commerce, education, training, ICT decision-making, Internet content, and e government.

Table 1: Official collection of sex-disaggregated ICT statistics, 2003¹
UNECE member countries

Country	No ICT statistics ²	ICT statistics (non-sex disaggregated data only) ³	ICT statistics (sex-disaggregated data available) ⁴
European Union			
Austria			x
Denmark			x
Finland			x
France ⁵			x
Germany			x
Greece ⁶		x	
Ireland ⁷		x	
Italy			x
Luxembourg			x
Netherlands ⁸			x
Portugal			x
Spain ⁹		x	
United Kingdom			x

Country	No ICT statistics ²	ICT statistics (non-sex disaggregated data only) ³	ICT statistics (sex-disaggregated data available) ⁴
Acceding and candidate countries			
Bulgaria ¹⁰	x		
Cyprus ¹¹			x
Czech Republic ¹²			x
Estonia ¹³		x	
Hungary ¹⁴		x	
Latvia ¹⁵		x	
Lithuania			x
Poland ¹⁶		x	
Romania ¹⁷		x	
Slovenia ¹⁸	x		
Balkan countries			
Albania	x		
Croatia	x		
The former Yugoslav Republic of Macedonia	x		
Serbia and Montenegro	x		
CIS countries			
Armenia		x	
Belarus	x		
Georgia	x		
Kazakhstan	x		
Kyrgyzstan		x	
Republic of Moldova	x		
Russian Federation ¹⁹	x		
Turkmenistan	x		
Ukraine ²⁰			x
Uzbekistan	x		
Other countries			
Canada			x
Iceland			x
Israel			x
Norway			x
Switzerland			x

Notes

- Table includes only countries from which responses were received to the UNECE Assessment Survey on ICT and Gender Statistics (2003). Responses to the questionnaire were not received from the following countries: Azerbaijan, Belgium, Slovakia, Sweden, Tajikistan, Turkey, United States. The Table transmits information as was reported by the member States in the questionnaire responses to the UNECE through the Gender Statistics Focal Points.
- Countries which reported ICT education data only were put in this category.

3. *As the Assessment Survey was focused primarily on sex-disaggregated statistics, not all countries reported whether they conducted an ICT enterprise survey which collects non-sex-disaggregated data.*
4. *The amount of sex-disaggregated data available among reporting countries varied widely. A number of countries conducted full ICT-specific household surveys of which the data was sex-disaggregated. Other countries obtained sex-disaggregated ICT data from the addition of one or two ICT-specific questions to an existent household survey.*
5. *France collects sex-disaggregated ICT data. It does not participate in the Eurostat Household Survey on ICT Usage.*
6. *Greece is working toward collecting sex-disaggregated ICT data.*
7. *Ireland is to start the Eurostat Household Survey on ICT Usage this year, although sex-disaggregation may not be done.*
8. *The Netherlands collects sex-disaggregated ICT data. Its participation in the Eurostat ICT Household Survey was unclear.*
9. *Spain does not sex-disaggregate its ICT data.*
10. *Bulgaria reported it was launching a new household survey in 2003 in which the collection of some sex-disaggregated ICT data was planned. Sex-disaggregation is anticipated for the 2004 survey.*
11. *Cyprus plans to participate in the 2004 Eurostat ICT Household Survey.*
12. *The Czech Republic has participated in the Eurostat ICT Household Survey since 2002.*
13. *ICT data in Estonia is currently only available by household. Some sex-disaggregated ICT data is available from an earlier household pilot.*
14. *Hungary collects ICT statistics by household, enterprise and public sector.*
15. *Latvia plans to participate in the 2004 Eurostat ICT Household Survey*
16. *ICT data in Poland is currently only available by household. Poland plans to participate in the 2004 Eurostat ICT Household Survey.*
17. *ICT data in Romania is currently only available by household.*
18. *Slovenia does not have official collection of ICT statistics. However, it reports some sex-disaggregated ICT data is available through ICT household surveys conducted through contracted organizations. Slovenia plans to participate in the 2004 Eurostat ICT Household Survey.*
19. *The Russian Federation collects sex-disaggregated ICT data on IT education.*
20. *Ukraine collects sex-disaggregated ICT data through two computer use questions in a national household survey.*

Profile 13**Women's access to and use of ICTs in EU countries**

A recent *Pilot Household Survey on ICT Usage*, conducted by Eurostat with EU countries' national statistical offices (NSOs), provides some of the first data on women and men's use of ICT in EU countries.¹¹² Preliminary findings suggest that women in EU countries¹¹³ use computers and the Internet less often than do men. The data also reveal some areas where women's and men's preferred uses of the Internet appear to differ.

The survey focused on the following areas: access to ICT technologies, characteristics of computer and Internet use (including location, frequency, and purpose), and Internet commerce. It also collected data on gender, age, class, education level, employment situation, type of household, and regional location. NSOs in EU countries are expected to carry out household surveys on ICT usage¹¹⁴ on an annual basis.

The survey found different levels of intensity of use between women and men in the EU. Women appear to be more casual ICT users, especially with regard to private home use. The gap was pronounced in daily computer and Internet use. The data also reveals some interesting trends in how women and men use ICTs and the Internet.

The percentage of people who reported computer use *in the last three months* varies across countries, and was lowest in Greece (24%) and highest in Sweden (76%). On average, 6.1% fewer women than men use a computer at least once every three months. Italy, Austria and Luxembourg had the highest gender differences: respectively 11, 10 and 9% fewer women use a computer every three months than do men.

For *daily* home computer use, the gender divide increases. For example, in the United Kingdom women and men's computer use within the previous three months was almost equal. However, among those who used a computer in the last 3 months, 23% of men, but only 16% of women, used a computer daily. On average, 8.1% fewer women than men use a computer daily at home. The highest differences are reported in Denmark, Sweden, and Finland, where the gender gap is 15%, 11%, and 10%, respectively. In the same countries, the differences in computer use in the last three months are 7%, 4%, and 2%, respectively.

Women's **Internet use** also seems to be less frequent than men's. On average, 6.1% fewer women than men accessed the Internet *daily* at home. This difference fell to 3.1% for *weekly* home usage, and 1.2% *more* women reported using the Internet within the past *month*. The same pattern emerges for women's and men's use of the Internet at the workplace.

The survey also asked people to report the purpose of their Internet use according to four categories: (1) communication purposes such as e-mail (2) information research and on-line services (3) buying goods and services, banking (4) interaction with public authorities. For nearly every category, the percentage of men using the Internet exceeded that of women in all countries. Areas that appear to be particularly male-dominated are: communications, web-television, games and music, reading newspapers, and shopping. In Sweden, for example, the prevalence of women who listen to web radio or watch web-television (8%) is less than half that of men (19%), and 40% of men use the Internet for games and music, as compared with 27% of women. In Denmark, only 19% of women read newspapers online, as compared with 32% of men.

It is important to note that these data are based on pre-identified categories of ICT and Internet uses. It is possible that women use the Internet in other ways that are not being captured by the current format of survey questions. As the survey evolves

¹¹² 2002 Eurostat Household Survey on ICT Usage

¹¹³ Countries included in the survey were Denmark, Germany, Greece, Spain, Italy, Luxembourg, Austria, Portugal, Finland, Sweden, United Kingdom, Czech Republic

¹¹⁴ The availability of official ICT data became a priority with the 2000 endorsement of the E-Europe 2002 Action Plan. (Box 21)

with time, the ability to identify and capture effectively the full range of uses and purposes of ICT access will be key to collecting relevant data and conveying a realistic picture of the situation of ICT users, both women and men, in the region.

Source: Me, Angela and Sicat, Marie "Statistics on Women and Men and ICT: The UNECE Region", (Joint UNECE/UNCTAD/UNESCO/ITU/OECD/Eurostat Statistical Workshop: Monitoring the Information Society, Geneva, December 2003)

**PROGRAMME OF THE SECOND FORUM OF WOMEN ENTREPRENEURS
17-18 March 2003**

- Welcome by Ms. Brigita Schmögnerová, UNECE Executive Secretary
- Theme 1: Key Challenges in Access to Financing

Chair and Keynote Speaker: Ms. Noreen Doyle, First Vice-President, EBRD

Ms. Julia Weeks, Executive Director, US National Women's Business Council (US), Ms. Marta Turk, Chair of the Commission for Economy and Business, National Council of Slovenia.

- Round Table Session I: Improving Access to Financing - Best practices of Government policies at central and local levels

Chair: Mr Andrew Fiddaman, Director, The Prince of Wales International Business Leaders Forum (UK)

Ms. Ada Grecchi, Alderwomen for Human Resources and Gender Opportunities, Provincia di Milano (Italy); Ms. Laine-Kangas, Ministry of Trade and Industry (Finland); Ms. Elzbieta Ranciniewska, Senior Specialist, Ministry of Economy, Labour and Social Affairs (Poland).

- Round Table Session II: Improving Access to Financing - Activities of international financial institutions and international organizations

Chair: Mr. George Kowalski, Director, UNECE

Ms. Siv Hellén, Senior Vice President, Nordic Investment Bank (NIB), Marja Seppälä, Country Manager, Council of Europe Bank (Paris), Ms. Dina Ionescu, Administrator LEED programme, OECD; Gulnara Baimambetova, Executive Director, Women Entrepreneurs Support Association/UNIFEM- Kyrgyzstan.

- Round Table Session III: Improving Access to Financing - Initiatives of private sector and non-profit Organizations

Chair: Ms. Marielou Guerrero, President WASME –Europe

Ms. Inger Berggren, President, Women's World Banking (Spain), Ms. Artemis Toumazi, President, Women's Cooperative Bank and President of Business and Professional Women Association (Cyprus), Lina Nearchou-Ellinas, Senior Lecturer (Cyprus), Ms. Mazal Renford, Director, The Golda Meir Mount Carmel International Training Center (Israel).

- Theme 2: E-Business Opportunities and Challenges

Chair: Ms. Larissa Kapitsa, Director, UNECE

Ms. Etta Carignani, General Secretary FCEM, Ms. Olga Politova, CEO, Partner IC (Russian Federation), Ms. Micheline Bricklet, C and Go (Belgium).

- Round Table Session IV: Experiences of successful companies

Chair: Ms. Ewa Ruminska-Zimny, Senior Social Affairs Officer, UNECE

Ms. Fusun Nebil, CEO, Turk.Internet.com (Turkey), Ms. Divina Vukovic, Operations Director, Ericsson (Serbia and Montenegro), Ms. Elodi Primo, CEO Integral Coaching (Switzerland).

- Round Table Session V: The role of governments and international organizations in improving women's access to new technologies

Chair: Her Excellency Ambassador Anda Filip (Romania)

Ms. Dono Abdurazakova, Gender Adviser, UNDP Regional Support Center for Europe and CIS (Bratislava);
Ms. Patricia Faccin, International Telecommunication Union-ITU, Ms. Natasa Gospic, ITU Telecom
Srbskie, Bosnia and Herzegovina

- Theme 3: A way forward – Conclusions and recommendations

Chair: Mr. George Kowalski, Director, UNECE

Presentations by the Chairs of Round Table sessions

- UNECE Award Ceremony – Presentations of Winners of Excellent Women Entrepreneurs 2002

Chair: Ms. Brigita Schmögnerová, UNECE Executive Secretary

Presentation of finalists and winners by Ms. Gisele Rufèr, Deputy Chair of the Award Committee and
President DELANCE (Switzerland)
Mr. Antal Szabo, Secretary of the Award Committee.

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Forum for Women Entrepreneurs (FWE)

www.few.org

The premier entrepreneurial service organization for women building and leading high-growth technology and life science companies

WorldWIT

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WorldWIT.org is a global, online community for women in technology – over 20,000 members

Women in Technology International

www.witi.org

Provide women in technology inspiration, education, conferences, on-line services, publications and an exceptional worldwide network of resources.

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<http://www.beeppnowledgesystem.org/>: a searchable site with examples of good practice in the use of ICTs to promote work and skills, the digital SME, social inclusion, regional development. Contains 272 detailed case reports.

ITU website, <http://www.itu.int/ITU-D/gender/GenderWSIS/>.