

## POLICY AREA

### Investments, research and innovation, SMEs and Single Market Consultation period - 10 Jan. 2018-08 Mar. 2018

#### A gender-balanced budget to support gender-balanced entrepreneurship

*Comments on European Commission Proposal for the next generation of financial programmes for the post-2020 multiannual Financial Framework*

#### The Women Entrepreneurship Platform (WEP)

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## Introduction

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The purpose of this document is to submit additional information and comments to the European Commission on the subject of the Commission's new proposal for the next generation of financial programmes for the post-2020 Multiannual Financial Framework. WEP appreciates the chance to comment on this important document, and sees it as a key instrument, which is the essential foundation needed to move forward on supporting gender-balanced entrepreneurship.

In 2014, the EU Commission published a significant study regarding the status of women's entrepreneurship in the European Union. According to the Commission, it was learned that women constitute 52% of the total European population but only 29% of entrepreneurs (11.6 million), 34.4% of the EU self-employed, and 30% of start-up entrepreneurs in Europe. Since 2008 there has been little change.

**SMEs are a major source of jobs across all economic sectors and geographical areas and are key drivers of innovation.** Women-owned SMEs contribute significantly to the economies in which they operate. **However, it is a loss to our communities and to Europe when only ± 30% of entrepreneurs and not the full, gender-balanced potential of all of our citizens is being used.**

According to the Commission, when establishing and running a business, women face challenges including:

- 1. Access to finance**
- 2. Access to information**
- 3. Training**
- 4. Access to networks for business purposes**
- 5. Reconciling business and family concerns.**

If we examine again the results nearly 4 years later, there has been little change. This is because there is no coherent strategy and plan to develop more gender-balanced businesses, and inadequate measurement tools to gauge results. **The 2018 budget is an ideal opportunity for the Commission to put more energy and focus on these specific challenges to allocate adequate funds and resources to support strategic gender balanced entrepreneurship in Europe.**  
**A gender-balanced budget to support gender-balanced entrepreneurship**

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Why focus on gender-balanced entrepreneurship? The Commission itself has stated the importance of supporting women's entrepreneurship in their report of 2014:

*“Women continue to be held back from launching their own companies by a range of barriers, including education, stereotypes, lack of confidence and difficulties with access to finance and access to networks. Female creativity and entrepreneurial potential are an under-exploited source of economic growth and new jobs that should be further developed. Encouraging the creation of more women-led businesses will not only bring fresh and creative business ideas, but will also empower the role of women in the society and create new sources of prosperity and jobs.”*

**If the EU Commission were a commercial business, and the significant economic benefits of a specific new market equivalent to billions of euro in benefits had already been identified, the company would immediately take specific actions, including developing a strategy and plan with detailed targets and adequate funds, to support this important market!**

Such is the analogy with European women's entrepreneurship, a sector that has huge potential but has received to date only temporary ad-hoc treatment. Funding for women's entrepreneurship at the Commission is also disappointing, with as far as we know, only limited personnel focused on this huge potential resource! WEP strongly believes that a strategy and plan needs to be developed and implemented to develop the full, vibrant potential of this sector, and support gender-balanced entrepreneurship in the EU. To date, the Commission has implemented some interesting actions, however there is no adequate funding, no strategic focus and there are no measurable targets. Without a strategic focus, no measurements can be calculated which indicate the success rate of different projects. Furthermore, without a strategic alignment of activities, we are simply putting Band-Aids on problems instead of developing a comprehensive programme to understanding the root cause and to solving them.

**Just as the Republic of Croatia has led the way to develop a strategy and plan in support of women's entrepreneurship, WEP believes that the European Commission should focus and fund this dynamic sector in support of gender-balanced entrepreneurship. Croatia's plan has been in place for the past 8 years, since they joined the EU and has successfully led the way in support of new businesses. The EU can use the example of Croatia to develop a strategy and plan for the EU! Adequate funding should also be allocated for these activities.** (Please refer to: [http://www.seecel.hr/UserDocsImages/Documents/Strategy\\_WE\\_Development\\_Croatia\\_2014-2020.pdf](http://www.seecel.hr/UserDocsImages/Documents/Strategy_WE_Development_Croatia_2014-2020.pdf))

According to a recent report from the OECD on gender budgeting:

“Although gender budgeting practices vary across countries where it has been introduced, there are three broad categories of gender budgeting systems:

- i) Gender-informed resource allocation whereby individual policy decisions and/or funding allocations take into account the impact of the decision on gender equality;
- ii) Gender-assessed budgets where the impact of the budget as a whole is subject to some degree of gender analysis; and
- iii) **Needs-based gender budgeting where the budget decisions are underpinned by a prior assessment of gender needs. This allows a detailed understanding of the extent to which gender inequalities exist and highlights the policy domains where gender inequalities are greatest..”**

*(Source: GENDER BUDGETING IN OECD COUNTRIES OECD JOURNAL ON BUDGETING – VOLUME 2016/3 © OECD 2017).*

**A number of EU and OECD countries have implemented some form of gender-based budgeting. WEP strongly suggests that the EU Commission focus on Needs-based gender budgeting when allocating its 2020 budget. WEP will be pleased to support the Commission in this process.**

## General remarks

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Women represent a large pool of under-exploited entrepreneurial potential in Europe. On average, women represent fewer than 30 per cent of entrepreneurs in Europe, and this number has remained static over the last decade. Governments face many challenges in designing and delivering inclusive and gender-sensitive public policies and measuring the impact of such policies.

While the world has achieved progress towards gender equality and women’s empowerment under the Millennium Development Goals (including equal access to primary education between girls and boys), women and girls continue to suffer discrimination in every part of the world, including in Europe.

Gender equality is not only a fundamental human right, but also a necessary foundation for a peaceful, prosperous and sustainable world.

Providing women and girls with equal access to education, health care, decent work, and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large.

Women’s and girls’ empowerment is essential to expand economic growth and promote social development. The full participation of women in labor forces would add percentage points to most national growth rates — double digits in many cases.

Despite evidence of some recent improvements, the persistence of gender inequalities across many facets of public life suggests that these disparities have become embedded, to a greater or lesser extent, in how public resources are allocated and used. **Widespread evidence indicates that gender equality is**

**associated with faster economic development, higher income per capita, more efficient and effective businesses, more sustainable management of natural resources, social cohesion, peace-building and, overall, more stable and sustainable societies.**

In September 2011, the European Parliament adopted a resolution on women's entrepreneurship in SMEs, **European Parliament resolution of 13 September 2011 on women entrepreneurship in small and medium-sized enterprises (2010/2275(INI))** 9 where a female entrepreneur is defined as a 'woman who has created a business in which she has a majority shareholding and who takes an active interest in the decision-making, risk-taking and day-to-day management'. The resolution also recognizes that, even if 'female entrepreneurship and female SMEs provide a key source for increasing the degree of female employment' and 'an increase in the number of women entrepreneurs resulting in a positive impact and an immediate contribution to the economy overall', female entrepreneurs still face many barriers and obstacles (access to informational support, financial and technological tools, etc.) and the potential of female entrepreneurship is 'far from being harnessed in the European Union. According to DELL's recent report on the capability of cities around the world to attract women entrepreneurs, with operational and educational environments, at the top of the rank, there are ONLY two European cities; among these Stockholm, Sweden, ranks 3<sup>rd</sup> for technology. This says something about the huge gap the EU is facing compared to world cities, when it comes to creating an environment supportive of women entrepreneurs.

## **Supporting gender-balanced entrepreneurship**

Women-owned SMEs contribute significantly to the economies in which they operate. We need to have stronger measures, policies and actions in the EU and in Member states and candidate countries supporting women entrepreneurship not only within the framework of SBA (Small Business Act) and Entrepreneurship Action plan 2020 but beyond by gender mainstreaming in all policy areas. **The Small Business Act needs to be re-evaluated and updated to ensure that it adequately reflects the changes that have taken place in our society.**

The Sustainable Development Goals (SDGs) launched by the UN in 2015 can only be achieved if countries manage to build up strong SMEs. SMEs are already a major source of jobs across all economic sectors and geographical areas and are key drivers of innovation. Digitalization of women entrepreneurship, innovation training and social skills development including communication skills to better access to and better use of technology and STEAM science, technology, engineering, arts and mathematics skills for girls and women should be top of all national, regional and international agendas.

Tools for gender mainstreaming, such as gender indicators, gender impact assessment (GIA) and gender budgeting (GB), are very rarely used in policy design and implementation, whether at EU level or by national institutions. Gender mainstreaming provisions also need to be adopted in policy fields that are not

considered to be immediately related to gender equality, such as ICT, transport, business and investment support etc.

**There is a lack of comprehensive gender indicators and gender-disaggregated data, and these are alarming problems. We need to gather gender indicators and collect gender-disaggregated data in order to make a consistent picture of the gender equality impact of EU policies possible, as well as correct financial and budgetary accountability in relation to it.**

We need a clear gender equality strategy with specific objectives, concrete targets and allocations for the next MFF.

We need to increase the EU-level funding of EUR 6.17 billion allocated in the current MFF for achieving the objectives of gender-strategic engagement and see this as a first step, and request an increase in this amount in the next MFF.

Women entrepreneurship does need recognition in all policies and it should be encouraged by sustainable and longer term funding mechanisms to encourage and bring incentives for women entrepreneurs in the EU. We have to invent new forms of education for new forms of jobs to meet the needs of a new economy. Institutions must be more ambitious in providing access to lifelong learning and educational opportunities for up-skilling women entrepreneurs and re-skilling women jobseekers, as part of a long-term social and economic strategy for Europe.

## **EU funding for gender equality in the area of research & innovation via Horizon 2020**

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WEP welcomes EU programmes like Horizon 2020, including specific actions related to gender equality, but very few programmes actually lay down clear targets and dedicated resources or provide for systematic implementation and monitoring.

We need gender mainstreaming to be further strengthened within this programme, and for the development of gender equality targets in strategies, programmes and projects at all stages of the research cycle.

We need the maintenance of an independent line of funding for gender-specific structural change projects (such as Gender Equality in Research and Innovation (GERI) for 2014-2016), as well as of other gender equality topics in research and innovation.

## **Europe Strategy 2020, Small Business Act, Entrepreneurship Action Plan 2020**

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Europe Strategy 2020 promotes a “smart, sustainable and inclusive” growth through initiatives, based upon 75 % of the population aged 20-64 should be employed; 3% of the EU's GDP should be invested in R&D; the "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right); the share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree; 20 million less people should be at risk of poverty.

In the Strategy, gender equality mainly refers to gender equality in the labour market with a specific reference to “work-life balance” in “An agenda for new skills and jobs”. On the other hand in the other initiatives there is not specific reference to gender equality.

**The Strategy defines women, older workers and immigrants in terms of ‘otherness’, within the context of the EU labour market that is defined through a discourse, assuming the breadwinner is male. This structure creates victimisation around women, elderly and immigrants. Furthermore, in the Strategy, no specific reference is made to female entrepreneurship, but only to entrepreneurship as a driving resource for promoting smart growth. Instead of victimizing women, the elderly and immigrants, inclusive and dynamic programmes need to be developed to assist these groups in reaching their full potential.**

The Small Business Act - approved in 2008 by the EC - reflects the political will of recognizing the central role of small and medium enterprises in the EU economy, according to the principle 'Think Small First'. This principle is re-affirmed in the Entrepreneurship 2020 action plan, adopted in January 2013 by the EC. In the Small business act when it comes to gender equality and family business: Women - as in the Europe Strategy 2020 - are defined as a targeted group together with young people and immigrants, who need to be sustained by ad hoc policy in order to develop their entrepreneurial potential. Also in the Entrepreneurship 2020 action plan women - together with seniors, migrants, unemployed, young people and disable - are defined as underrepresented demographic groups within the entrepreneurial population, for whom the EU has to open up specific paths.

We welcome the role the EU is playing as a ‘positive’ tool for promoting female entrepreneurship, on a ‘soft level’. On the other hand when it comes to decisions concerning the financial planning of the EU, the topic of female entrepreneurship is side stepped. The problem is that the attention paid to female entrepreneurship is often not accompanied by sufficient resources. We need stronger intervention by the EU for supporting women entrepreneurs. In order to succeed it has to challenge also contextual obstacles, such as horizontal and vertical segregation, gender relations and stereotypes in private and public.

## Helping to solve Europe’s current problems

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**Supporting gender-balanced entrepreneurship has the potential to help solve some of the existing problems Europe is currently facing, including:**

- **Migration, minorities** and EU integration → Entrepreneurship offers job creation, inclusion; Entrepreneurship offers international women locating to other EU countries the opportunity to start a business there, even though there may be language and cultural barriers;
- **BREXIT** → Entrepreneurship helps people to stay in their home country (instead of going to the UK), or return home as need be, and create their own work;
- **Innovation** → Entrepreneurship gives more women the opportunity and support to develop their business ideas, an untapped resource which offers new points of view, new products and services, and contributes to the development of new technologies;
- **Community development, including contributions to peace and security in developing regions** → Western Balkans is a good example, with Croatia leading the way.

## **Summary of Recommendations**

1. *The 'European Commission Proposal for the next generation of financial programmes for the post-2020 multiannual Financial Framework' is an ideal opportunity for the Commission to demonstrate leadership and to put more energy and focus on the specific challenges, and to allocate adequate funds and resources to support strategic gender-balanced entrepreneurship in Europe.*

2. Just as the Republic of Croatia has led the way to develop a strategy and plan in support of women's entrepreneurship, **WEP believes that the European Commission should focus and fund gender-balanced entrepreneurship in the EU.** Croatia's plan has been in place for the past 8 years, since they joined the EU and has successfully led the way in support of new businesses and regional economic development. **The groundwork has thus been laid, and the Commission can use the example of Croatia to develop a strategy and plan for the EU. Adequate funding must also be allocated for these activities.**
3. **Needs-based gender budgeting where the budget decisions are underpinned by a prior assessment of gender needs must be implemented.** This allows a detailed understanding of the extent to which gender inequalities exist and highlights the policy domains where gender inequalities are greatest.
4. The Sustainable Development Goals (SDGs) launched by the UN in 2015 can only be achieved if countries manage to build up strong SMEs. SMEs are already a major source of jobs across all economic sectors and geographical areas and are key drivers of innovation. **Digitalization as it relates to women's entrepreneurship, innovation, training, and (social) skills development, including communication skills to better access and better use technology and STEAM science, engineering, arts and mathematics skills for girls and women, should be at the top of all national, regional and international agendas. The budgetary aspects need to be included in the EU Commission's deliberations.**
5. There is a lack of comprehensive gender indicators and gender-disaggregated data, and this paucity is an alarming problem. **Gender indicators need to be systematically gathered, as well as gender-disaggregated data, in order to make a consistent picture of the gender equality impact of EU policies possible, as well as correct financial and budgetary accountability in relation to them.**
6. **An independent line of funding for gender-specific structural change projects (such as Gender Equality in Research and Innovation (GERI) for 2014-2016), as well as of other gender equality topics in research and innovation, needs to be maintained.**
7. The Small Business Act, re-affirmed in the Entrepreneurship 2020 action plan, reflects the political will of recognizing the central role of small and medium enterprises in the EU economy, according to the principle 'Think Small First'. While this principle is in the Small Business Act, only ad hoc policy is used in order to develop their entrepreneurial potential. However, **the Small Business Act needs to be re-evaluated and updated to ensure that it adequately reflects the changes that have taken place in our society.**



There is a need to **examine how the SBA has been translated to national and local policy measures. In doing so, one might then identify if this has led to specific projects in which female entrepreneurs are involved.** This would help us answer the questions: What elements of the Act specifically are focused on women entrepreneurs? As well as how can the SBA better support women entrepreneurs? What are the best practices and recommendations for moving forward?

Another point would be to examine **to what extent female entrepreneurs have started their business prior to and since the Small Business Act. This can enable us to identify to what extent female entrepreneurs are indeed benefitting from the act.** This will help answer the question: Has it achieved its goals and objectives?

Third, in the ten years since the SBA a number of important developments have taken place. **Notably the economic crisis has dramatically changed the labor market forcing more individuals into self-employment but leaving fewer resources to help support SME's. These two developments might both help and hinder women to engage in business. Another important development has been the spread of online and mobile business.** While it seems that men are more eager to adopt technology, women could also have benefitted from this development since it allows them to set up a business from their homes and to combine work/entrepreneurship with taking care of their families. The SBA was drawn up prior to these developments and may not have accommodated for these.

8. **In the Entrepreneurship 2020 Action Plan, women - together with seniors, migrants, unemployed, young people and disable - are defined as underrepresented demographic groups within the entrepreneurial population, for whom the EU has to open up specific paths. These groups need to be included in an adequately funded strategic plan, developed in collaboration with them, to develop their full, dynamic potential.**
  
9. The EU Commission's budgeting should also take into consideration the following important points:
  - a. **Encourage** large corporations to adopt and implement the Women's Empowerment Principles promulgated by UN Women and the UN Global Compact, especially Principle 5: "Implement enterprise development, supply chain and marketing practices that empower women" in accordance with UN Women's guide to gender-responsive corporate procurement, in order to increase sourcing from women-owned businesses

- b. Education:** Empower women with entrepreneurship and technical (STEM) skills and address cultural norms that may discourage women from acquiring these skill sets.
- c. Enabling business environment:** Ensure stable transparent regulation that supports all entrepreneurs, including easy access to public information on starting a business
- d. Labour market flexibility:** Ensure that labor policy frameworks support flexible working approaches for women entrepreneurs and their business
- e. Affordable child care:** Provide access to quality affordable child care and redistribution of unpaid domestic and care work, including more investment in infrastructure and public services)
- f. Full access on equal terms to productive and financial resources for women;**
- g. Equal pay and pension rights for equal and equivalent work;**
- h. Fostering equitable representation of women in decision-making positions**

### **Conclusion**

Entrepreneurship is vital for resilient growth and vibrant societies. Entrepreneurs enhance employment and productivity while creating high quality innovations. Increasing the huge untapped potential of female entrepreneurship would contribute to and help to ensure a dynamic and prosperous European Union, while helping to solve some of the current issues we are facing.