

# Achieving Higher Economic Growth Rates through EU Female Entrepreneurship Funding

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# PRESS RELEASES

## Achieving Higher Economic Growth Rates through EU Female Entrepreneurship Funding

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**Eurofound<sup>1</sup> has recently launched an interesting and valuable publication entitled „Female entrepreneurship: Public and private funding”<sup>2</sup>, whose main objective is to evaluate the situation in female entrepreneurship financing in the EU and Norway, to highlight the current issues and propose possible solutions. Experts from the Institute of Public Finance also participated in the preparation of the publication.**

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A country's economic growth is dependent on the ability to start up and develop companies that are competitive in both the domestic and international markets and capable of boosting employment. In this connection, it is crucial to promote entrepreneurship, particularly the female one which is far less developed than the male entrepreneurship. Specifically, according to Eurostat (2019)<sup>3</sup> data, there was about 10% of self-employed women and 18% of men in the EU in 2018. Research across the EU shows that many female entrepreneurs have restricted access to capital necessary for starting up and development of businesses, and are facing serious difficulties and distrust in trying to obtain the necessary initial funding. Female start-ups are usually the most affected by the unavailability of favourable sources of funding.

The last (approximately) five years saw the emergence of public, and especially private, investment funds aimed at investing in female businesses that are often set up and managed by women. Investment funds committed to meeting the business and, primarily, financial needs of female entrepreneurs, successfully deal with difficulties women are confronted with in raising the necessary initial funding, and they influence public attitudes. The establishment and operation of such funds is aligned with the UN's **sustainable development goals**.

In the last few years, 11 private funds have been established in seven EU Member States (Belgium, Czech Republic, Netherlands, Poland, Spain, Sweden and UK), with gender as one of their investment policy criteria. These funds were set up out of a need for investment in businesses managed by women and for providing the necessary funding for dealing with social issues, especially as concerns women's position in the labour market. Such policy can stimulate the creation of a new business financing model that is more appropriate for female entrepreneurs. Croatia is also among the EU Member States which provide public funding to women for their entrepreneurial activities, namely through a Female Entrepreneurship Lending Programme, implemented by the Croatian Bank for Reconstruction and Development ever since 2011.

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<sup>1</sup> Eurofound is a Dublin-based EU agency aimed at improving living and working conditions.

<sup>2</sup> Eurofound, 2019. *Female entrepreneurship: Public and private funding*. Luxembourg: Publications Office of the European Union.

<sup>3</sup> Eurostat, 2019: *Self-employed persons*, April 30.

As particularly emphasized in the publication, public policies supporting female entrepreneurship should also acknowledge the fact that rural regions are usually insufficiently provided with public business lending funds. In the cases when private financial institutions cannot provide adequate funding to female entrepreneurs, the ensuing financial gap is often bridged through central government incentives, as well as local and regional government support programmes. In some countries, e.g. France, Ireland, Slovak Republic and UK, there is a strong state influence on setting up public funds for (especially female) entrepreneurship financing.

Inadequate investment in female businesses suggests underutilization of economic resources, which stifles economic growth, reduces employment opportunities and threatens gender equality of opportunity. Decision makers should ensure that business policies and opportunities are equally available to both women and men. Financial institutions should be strongly encouraged to pay more attention to gender issues in their operations and investment decisions. The promotion of the female entrepreneurship model and minimization of gender segregation in education and employment might be crucial in reducing gender inequality which should be a top priority for both the country and the EU. Another factor of the utmost importance is the elimination of gender stereotypes, gender bias and negative perceptions that can obstruct economic and social progress. Decisive action is needed at all levels, from family through school to workplace, to eliminate all these prejudices and negative perceptions of female entrepreneurial skills. And finally, the publication offers a lot of good examples of female entrepreneurship funding in various EU Member States that are easily applicable throughout the EU.