

EX POST EVALUATION OF JOB CREATION PROGRAMMES

Programme for small and medium sized enterprises owned or led by women

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Abstract

In the period 2002-2004 the CEB co-financed together with a partner IFI, a series of programmes focusing on women entrepreneurship in three North-eastern European countries for a total CEB loan amount of 5 m€. These were channelled through 5 intermediary banks to about 350 SMEs for a total investment cost of nearly 20 m€. The average CEB contribution was 26% against 50% planned mainly because of its comparatively low contribution to one of the programmes. The programmes aimed at job creation and preservation in firms owned or managed by women, or which had a project improving women's situation on the labour market. The programmes were to focus partly on rural areas. Preparation was partially supported by a Trust Fund.

The CEB seized the opportunity to join this programme which had an objective well in line with CEB's social mandate. The programmes performed well and were highly efficient. All objectives were achieved, except possibly for the job creation objective, not well quantified at programme onset; many SMEs created fewer jobs than they expected. The programmes benefited a great variety of companies owned or led by women, the majority being micro-enterprises providing local services (beauty salons, shops, restaurants, etc.) and using the loan often for real estate or refurbishment of premises. The loans could finance working capital (an exception for the CEB) and this clearly responded to a need. The required focus on rural areas was well respected. Jobs created concerned women in over two-thirds of the cases. None of the sub-loans defaulted to date, which is an outstanding achievement.

The beneficiary countries have however a narrow "gender gap" in both entrepreneurship and labour market, and may not have been the most relevant CEB member states for a women entrepreneurship programme. Moreover financial markets rapidly evolved over time: interest rates came down and liquidity was abundant, further eroding the additionality of the CEB loans to participating banks and final beneficiaries. Also, shortage of skilled labour rather than shortage of jobs increasingly becomes a problem in this region of Europe. Yet overall, the programme was positive: banking and SME support systems were quite developed, increasing the chances of success for this programme; the socio-economic impact on individual final beneficiaries was significant, the loan led the participating banks to pay more attention to women entrepreneurs. The focus on small credits to small, successful women-led firms provided the CEB with a highly specific niche.

Cooperation with the partner IFI was valuable, in particular for programme initiation. The two organisations had complementary objectives (more social vs more commercial). The value added of the programme lies in the successful transfer of CEB's social objectives to intermediary banks, on commercial banking terms.

Lessons and recommendations

- *Women entrepreneurship.* The evaluation results suggest that women entrepreneurship programmes can be highly effective, but to increase CEB value added, regions must be well targeted: preferably those with a broad gender gap, where it is not easy for women to obtain finance for their businesses.
- *Eligibility criteria.* The eligibility criteria allowed family businesses to be financed alongside "pure" women entrepreneurs. For future similar loans it is advised that programme context with regard to the share of family businesses on total SME population be assessed in order to decide on their eligibility.
- *Job creation.* The evaluation results point to the need for an in-depth reflection on the underlying objectives of CEB's job creation programmes – should these focus on capital intensive or labour intensive firms, or maybe even apply other criteria? Moreover, in target group countries, shortage of skilled labour becomes more important than shortage of jobs and this should be taken into consideration. The CEB's "competitive edge" in this sector could be strengthened by emphasising its social mandate as compared to other donors' objectives. In parallel, indicators and benchmarks should be developed to understand what the optimal "investment cost per job" under a CEB SME loan would be.
- *Trust Fund.* Although it was useful for the preparation of and publicity around the programme, the Trust Fund was not directly used for programme implementation. In order to obtain the highest effectiveness out of a Trust Fund, its expected outcomes should be well specified from the outset and clearly shared by the different stakeholders involved.
- *Cooperation with IFIs.* While cooperation with the partner IFI was highly valuable, programme implementation relied on one person only in each institution, contacts being often informal (telephone, e-mail). Even though this makes programme implementation flexible and swift, programme continuity and institutional relationships may become vulnerable. To ensure continuity and sustainability of programmes and institutional relationships, it is advised that the country managers receive more systematic backstopping.