



Women's
Entrepreneurship
in Serbia

10
years later

SUPPORT
PROGRAMMES
FOR WOMEN
ENTREPRENEURS
IN SERBIA

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SeConS
development Initiative group

ABBREVIATIONS

ME	Ministry of Economy
RSD	Serbian dinar
SBRA	Serbian Business Registers Agency
SME	Small and medium-sized enterprises
SMEE	Small and medium-sized enterprises and entrepreneurs
UN WOMEN	The United Nations Entity for Gender Equality and the Empowerment of Women

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1 INTRODUCTION

The main goal of this report is to assess the extent in which women entrepreneurs have access to two state support programmes for entrepreneurship and how important are these programmes for female entrepreneurship.

THE FIRST PROGRAMME

Development of entrepreneurship through financial support for beginners in business (hereinafter Start-up programme) has been implemented for a number of years, but our analysis focuses on programmes approved between 2016 and 2021.

THE SECOND PROGRAMME

The **Programme for promotion of entrepreneurship through financial support for women entrepreneurs and young people** (hereinafter Programme for women entrepreneurs and young people or Programme for women entrepreneurs and young people), is being implemented from 2021 and is also the subject of our analysis.

The new programme is very similar to the Start-up programme, with the difference that the share of grants in Programme for women entrepreneurs and young people is 5% higher and that the companies qualified for the funds may be established for up to 5 years before applying for a programme instead of up to 2 years. The report refers to the total population of small and medium-sized enterprises and entrepreneurs (SMEEs) that participated in one of the two programmes over the specified period.

The analysis presented in this report is based on multiple data sources and uses a combination of quantitative and qualitative methods.

The basis of the report is a quantitative analysis of administrative data on applicants and approved applications for participation in the programme.

The data on the number of programme beneficiaries and rejected applicants, as well as on the average amount of approved funds, were provided by the Ministry of Economy. The data were classified by the gender of the founder or owner, the year of receiving the funds (year of establishment of enterprise for Programme for women and young people), type of business entity (entrepreneur or company), region and size of the company and were subsequently processed. Another source of information is the analysis of questions about the use of the mentioned support programmes, done on a representative sample of 560 women entrepreneurs (part of a wider survey carried out by SeConS), which included a booster sample of women entrepreneurs participating in the programme. The survey included a total of 53 female beneficiaries of Start-up programme (7 from the basic sample and 46 from the booster sample) and 33 beneficiaries of Programme for women and young people (9 from the basic sample and 24 from the booster sample). Finally, the third source of information was in-depth interviews with women entrepreneurs who used the state aid programmes over the previous period.

The report was commissioned by the Ministry of Economy (ME), with the support of the UN Women office, in an effort to assess the impact of selected entrepreneurship support measures on women and men (gender impact).

The report consists of five chapters. After the introduction, the second chapter presents a detailed analysis of the gender impact of the Start-up programme, while the same analysis of the Programme for women and young people is presented in the third chapter. The fourth chapter analyses the recognizability of the programme in the general population of women entrepreneurs and the attitudes towards the programmes of those who did not participate in such programmes. The fifth chapter presents the conclusions with a summary of all the findings and recommendations for improving the entrepreneurship support programme in Serbia from the perspective of gender equality.

2 ENTREPRENEURSHIP DEVELOPMENT PROGRAMME THROUGH FINANCIAL SUPPORT FOR BEGINNERS IN BUSINESS (START-UP PROGRAMME)

Programme description

The primary goal of the Entrepreneurship development programme through financial support for beginners in business (hereinafter, Start-up programme) is to increase the number of business entities and employment in the Republic of Serbia, through support for the beginners to start a business. The funds are intended for entrepreneurs, as well as small and medium-sized enterprises (SMEs), which were established up to two years before the submission of the application.¹

In its description, the programme does not represent a support programme exclusively for women nor provides special benefits to women's businesses. The restriction regarding the applicant is that she or he may be *the founder of at most one business entity that was deleted from the register before the published invitation*. An additional condition is that the company has *not previously received funds from this programme*.

The minimum amount of total funds for which an entrepreneur or SME may apply is 400,000, while the maximum amount is RSD 6,000,000.² Grants make up 30% of the investment value, i.e., 40% if the company has its seat and performs its activity in an underdeveloped area (fourth development group).³ The loan repayment term is 5 years, with a grace period of one year, and 1% per year with a bank guarantee or 2%⁴ with other guarantees.⁵

In addition, the total assistance received from the state in the previous two years (state or de minimis assistance) together with grants must not exceed RSD 23,000,000.

The funds are primarily intended for the purchase of machines, equipment and delivery vehicles or other means of transport used in the production process. In addition, the funds may be intended for the ongoing maintenance of the business and/or production process (up to the amount of RSD 350,000) and operating costs that may participate up to 20% in the structure of the total investment. Exempted from the investment are the primary agricultural production (including tobacco and tobacco products), trade activity (except if it includes a certain degree of processing), games of chance, production and trade in weapons, oil and oil derivatives, steel, coal, construction (except production of building materials and products), transport and traffic, financial, marketing (including market and public opinion research) and consulting services.

The beneficiary must return the loan and approved grants if, within three years, he/she: deletes the company from the register or initiates a liquidation or bankruptcy proceedings, disposes of or leases out the subject of investment maintenance, terminates the employment of the business entity's founder or changes the founder, is not economically active and fails to submit the financial reports. If any of the above-mentioned events occur after the third year, the beneficiary does not have to return the grant, but the programme will be declared fully due.

1 Until 2019, this condition was that the companies were founded during the previous year.

2 Until 2017, the maximum loan amount for entrepreneurs was RSD 3,000,000.

3 A grant share of 40% for these areas was introduced in 2019.

4 Until 2018, the interest rates were 1.5% with a bank guarantee and 3% with other guarantees.


5 Mortgage on real estate, contractual guarantee, pledge on equipment, promissory note or alike; for a full list, see <https://fondzarazvoj.gov.rs/download/TDVSUC8Uredba-Start-Up-2021.pdf>

The public invitation is open until the funds from the facility are used up. In other words, after submitting and checking the application, if the programme meets the conditions of the competition, it will be financed, if there are still funds allocated by the Government for this programme.

In the period from 2016 to 2021, for these purposes the Republic of Serbia allocated 1.1 billion dinars for grants for Start-up programme,⁶ while the rest of the funds, around 2.2 billion dinars, were financed from the Development Fund's loans.

2.1 Analysed data

The main part of the analysis is based on administrative data on successful and unsuccessful programme applications received from the Ministry of Economy and the Development Fund. **Table 1** shows the total number of applications according to the final status of the application.

 **Table 1:** Status of successful applications, by year of application

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.*

	2016	2017	2018	2019	2020	2021	Total
Applications with concluded or approved contract	257	296	338	156	240	144	1,431
Request without concluded or approved contract	18	18	40	5	13	6	100
Total	275	314	378	161	253	150	1,531

* This group includes requests that are marked as defunct companies in the database of the Ministry of Economy (before the requests were implemented), companies that have given up requests, as well as the "out of force" category, which includes other approved requests that have not been implemented.

Further analysis will be based solely on concluded or approved contracts, i.e. 1,431 such cases in total, while the companies that have been shut down, withdrew from the contracts or suspended would be excluded from the analysis. The data was received together with all the necessary information for the analysis. In total, the data for 1,430 successful applications were analysed, because the gender of the entrepreneur was not determined for one application.

Data on rejected applications were also obtained from the Ministry of Economy. The data necessary for the analysis included the year of application, the activity,⁷ and the amount of the requested funds. A subsequent Internet search based on the name of the company and registration number determined the gender of the entrepreneur or the founder (representative), type, region, and the current status of the company (active/inactive). A preliminary analysis of the data according to the registration number found that 33 companies have submitted applications twice and were rejected during the same year. These observations were excluded from the analysis to avoid double counting.

6 Source: The Regulation on establishing the Entrepreneurship development programme through financial support for beginners in business (for all years).

7 Two variables for activity were obtained: activity sectors (first level of NACE classification) and detailed activity (third level of NACE classification). It was noticed that the activity sector variable was incorrectly coded, because the activities that normally belong to the Healthcare and Social Protection sector and the Art, Entertainment and Recreation sector were classified as Education.

2.2 Share of women in submitted and successful programme applications

In the period between 2016 and 2021, a total of 2,163 companies applied for Start-up programme, of which 1,430 requests were successfully implemented.

Overall, women make up 36.5% of the total number of applicants, as well as 37.4% of the total number of approved Start-up programme (Table 2).

Compared to a previous study that examined the gender analysis of the programme in 2009 and 2010,⁸ the percentage of women among the total and successful applicants for Start-up programme has remained approximately the same. The study showed that in those years, women accounted for 37.4% of the total number of applications and 38.6% of approved programme, while the number of applications in those years was significantly higher (over 3,000 applications per year).

↓ **Table 2:** Share of women in the submitted and successful applications, by year of application

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

The share of women in the total number of applicants and approved Start-up programme is higher than the share of women in the total number of entrepreneurs – 31.2%; i.e., the total number of newly founded companies in the period 2016–2021 – 33.5%.⁹ This piece of information shows that Start-up programme are more important for the start-up of women's businesses than men's.

In line with this is the information that about half of the programme beneficiaries in the survey (52.8%) said that the Start-up programme motivated them to start their own business. In addition, more than three-quarters of female respondents (77.6%) said that the funds from the Start-up programme were quite or very important for their business, and in the interview, the female respondents said that the **Start-up programme was a "springboard" for the development of their business.**

On the other hand, the analysis of SBRA data on women entrepreneurs who received Start-up programme¹⁰ shows that 32 companies or **about 9% of the analysed active companies were transferred from women's to men's ownership.**

Year of the application	Submitted applications		Approved request	
	Total number of applicants	Share of women	Total number of approved requests	Share of women
2016	444	36.7%	257	38.1%
2017	412	36.4%	296	39.5%
2018	440	37.5%	338	39.1%
2019	232	41.4%	156	37.8%
2020	422	37.0%	240	39.6%
2021	213	27.7%	143	23.8%
Total	2,163	36.5%	1,430	37.4%

⁸ Avlijaš, S., Vladisavljević M. & Popović-Pantić S. (2012). Rodna analiza odabranih državnih mera za podršku preduzetništvu u Srbiji. Beograd: UN Women.

⁹ SeConS. (2023). Preduzetništvo žena u Srbiji – deset godina kasnije. Beograd: UN Women.

¹⁰ The analysis was done as part of the preparation of the sample for the survey. As the survey was conducted exclusively on a sample of women, there is no similar information regarding men.

This data indicates that the share of women's companies is slightly lower compared to what the analysed data shows, although there is no information about the share of men's companies that have been transferred to women's ownership. However, this information does not indicate manipulations when obtaining funds from Start-up programme, because there is no priority in allocating funds to women within this programme.

On the other hand, these data show that **in a certain number of companies, the ownership structure changes and men openly become either the owners or main decision makers in the company.** This is also confirmed by the data from the interviews with women entrepreneurs, which show that there is a perception that support for women entrepreneurship is more significant and that it is therefore more profitable to start a business in women's entrepreneurship. It is said that, even in situations where the ownership structure does not change, the role of men (most often partners) is extremely large, from choosing an activity, informing about existing support programmes, to managing the work segments.

Success rate of applications

Overall, women are slightly more successful than men in applying for programme: 67.8% of women versus 65.1% of men received funding after

applying for it (Table 3). Success is significantly higher compared to the Start-up programme for 2009/2010, when the success rate was around 55% on average, but the average number of companies that applied was also significantly higher (over 3,000 per year).¹¹ The same as now, women were slightly more successful than men (56.6% vs. 53.9%).

Taking into account the clearly defined rules of the competition and the fact that the funds are paid to all who meet the conditions, it is interesting that about one third of the companies fail to get programme.

The survey data show that **two-thirds of the female respondents who applied but did not receive funds said that they did not receive an explanation as to why they did not receive funds.** However, it should be borne in mind that this conclusion is more anecdotal than representative because it is based on the answers of 12 respondents. Among those who received an explanation, it is most common that they did not meet some of the conditions (the company is more than two years old, there are not enough funds for guarantees), there were problems with the submitted documents (e.g., the prices of the equipment were unreasonable and too high in the plan), or they were late in submitting the application, so other companies were chosen before them.

↓ **Table 3:** Success rate of women and men when submitting applications, by year of application

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

Year of the application	Total number of applicants		Success rate	
	Men	Women	Men	Women
2016	281	163	56.6%	60.1%
2017	262	150	68.3%	78.0%
2018	275	165	74.9%	80.0%
2019	136	96	71.3%	61.5%
2020	266	156	54.5%	60.9%
2021	154	59	70.8%	57.6%
Total	1,374	789	65.1%	67.8%

¹¹ Avlijaš, S., Vladisavljević M. & Popović-Pantić S. (2012). Rodna analiza odabranih državnih mera za podršku preduzetništvu u Srbiji. Beograd: UN Women.

It is interesting that the database of rejected requests includes information about the reason for rejection for each application. This indicates that this reason is either not noticed or is not adequately understood.

The share of women in the number of approved requests until 2020 was stable – slightly less than 40% (Table 2). Although there are significant differences in success rate by age, there are no clear trends or patterns in these differences. Between 2016 and 2020, the success rates also varied, with only 2019 having higher success rates for men (Table 3).

The share of women in obtaining funds changed significantly in 2021 due to the opening of an additional programme for women entrepreneurs and young people with more favourable conditions.¹²

As these programmes had a larger share of grants, it is likely that women first applied for this programme, and when the funds for this programme were exhausted (24 August 2021), they continued to apply for funds within the Start-up programme. Due to these trends, the share of women in Start-up programme in 2021 significantly decreased, so women make up only 27.7% of all applications and 23.8% of approved requests (Table 2).

↓ **Table 4:** Success rate of women and men when submitting an application, by legal status

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

	Submitted applications*		Successful applications*		Success rate	
	Total	Share of women	Total	Share of women	Men	Women
Entrepreneurs	1,265	38.4%	859	37.6%	68.8%	66.5%
Companies	898	33.7%	571	37.1%	60.3%	70.0%
Total	2,163	36.5%	1,430	37.4%	65.1%	67.8%

12 A more detailed analysis of these programmes is given in the third chapter, which refers to these programmes.

Also, the success rate for women applying for this programme is lower in 2021 compared to the average, because 57.6% of women who applied received Start-up programme, although this is not significantly lower than the success rates from 2019 and 2020. On the other hand, the success rate for men in 2021 was above average as 70.8% of men managed to get funds.

Analysis by year indicates that the crisis caused by the COVID-19 virus did not cause major changes in the frequency of applications or the success rate of women or men when it comes to Start-up programme.

2.3 Characteristics of Start-up programme beneficiaries

Type, region and size of the company and the allocation of Start-up programme

The share of women in approved Start-up programme is approximately equal for entrepreneurs and companies (Table 4). On the other hand, it is interesting that companies participate with about 40% in the total number of applications, which is slightly more than their participation in the total number of SMEs in Serbia, which is 28.5%.¹³ This is to be expected, considering that Start-up programme funds are intended for the purchase of machines, equipment and delivery vehicles and by nature are probably more suited to the needs of larger companies.

13 SeConS. (2023). *Preduzetništvo žena u Srbiji – deset godina kasnije*. Beograd: UN Women.

For women, the success rate when applying for programme is slightly higher for companies than for entrepreneurs, while the opposite is true for men. In male businesses, the success rate is 8.5 percentage points lower in male businesses than in male entrepreneurs, while on the other hand, the success rate is about 4 percentage points higher in women's businesses than in women entrepreneurs.

On the other hand, **we did not find significant differences in the size of male and female companies that receive Start-up programme.**

On average, these are very small companies with around 1.5 employees in women's companies and 1.3 employees in men's companies. The companies are of similar average size in unsuccessful applications. As expected, business entities have a slightly larger number of employees, which is not true for male companies that received programme. **The relatively small average size of both men's and women's**

↓ **Table 5:** *Approved requests, their structure and success rate when applying, by gender and activity*

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

businesses applying for Start-up programme can be explained by the relatively low funds maximum.

Women have the largest share in the submitted and successful applications in the Belgrade region, where women make up around 44% of applications. **The share of women is the lowest in the region of Vojvodina** – around 33% of applications. It is interesting that women's companies make up around 30% of companies in all regions,¹⁴ so the differences in the share of regions in the submitted applications and approved requests cannot be attributed to differences in the share of women's companies by region. On the other hand, there are no differences in success rate when applying for Start-up programme by region.

Representation of Start-up programme by sector

Around three-fifths of all funds within Start-up programme received by both women's and men's companies are in the manufacturing industry sector (Table 5). This share is slightly higher among men (61.2%) than among women (around 55.7%).

	Approved requests		Structure of approved requests		Success (successful /applied)	
	Total	Share of women	Men	Women	Men	Women
Processing industry	846	35.2%	61.2%	55.7%	64.9%	67.6%
Building construction	38	13.2%	3.7%	0.9%	58.9%	38.5%
Trade	93	22.6%	8.0%	3.9%	74.2%	60.0%
Accommodation and catering services	74	44.6%	4.6%	6.2%	56.2%	61.1%
Information and communication	30	20.0%	2.7%	1.1%	60.0%	46.2%
Professional, scientific and technical activities	59	33.9%	4.4%	3.7%	70.9%	71.4%
Healthcare and social protection	89	49.4%	5.0%	8.2%	91.8%	86.3%
Arts, entertainment and recreation	46	41.3%	3.0%	3.6%	64.3%	65.5%
Other service activities	99	68.7%	3.5%	12.7%	72.1%	73.1%
Other sectors	56	37.5%	3.9%	3.9%	47.3%	65.6%
Total	1,430	37.4%	100.0%	100.0%	65.1%	67.8%

¹⁴ Ibid.

This fact is dictated by both the high share of this sector in the total number of companies 14.2% for women and 15.9% for men, as well as by the programme purpose (purchase of machinery, equipment and delivery vehicles, maintenance of business and/or production process) and restrictions (exemption of primary agricultural production, trade activity (except if it includes a certain degree of processing), construction (except production of construction products), etc.).

Among other sectors, **when it comes to women entrepreneurs, the sectors of Healthcare and social protection and Art, entertainment, recreation have a significantly higher share, accounting for 8.2% and 3.6% of approved requests (Table 5)**, although the share of these sectors is only 2.9% and 1.8% in the total population of women's businesses.

In addition, **the sector of other service activities** (sector S according to the NACE classification) **has a significant place in the total number of funds granted to women's businesses with 12.7% of approved requests**, which includes the activities such as laundry and dry cleaning, hairdressing, beauty salons, body care and maintenance (Table 5). This percentage roughly corresponds to the share of this sector in the population of women's businesses – 11.7%, while the share of men's companies in the population is significantly lower – 3.8%. Therefore, **women make up the majority – 68.7% of approved requests in this sector**. In addition, we see an above-average share of women in approved requests in the healthcare and social protection sector, accommodation and food services, as well as in the Art, entertainment and recreation sector. Women have the smallest share in approved requests in the construction, information and communications, and trade sectors.

The trade sector, which accounts for about a quarter of the total number of women's companies (and about a fifth of men's companies), due to the nature of Start-up programme that excludes trade (unless it includes a certain degree of processing) accounts for only 3.9% of all funds within Start-up programme granted to women's companies (and 8% of men's).

For both genders, the success rate is highest in the Healthcare and social protection sector, where 92% of female and 86% of male applications were successful. In addition, both sexes have an above average success rate in the sector of other services and professional, scientific and technical activities (72.1% for men and 65.5% for women).

In the trade sector, men are more successful than women – 74% of successful male applications and 60% of female applications. **The lowest success rate is in the construction and information and communication sectors, especially among women, as less than a half of their applications get approved.** Lower success rate is also observed in the information and communication sectors, as well as in the accommodation and catering services sector.

The analysis by sector shows that the overall higher success rate of women in fulfilling the requirements is partly a consequence of the fact that women work more often in sectors in which success is otherwise higher (such as healthcare and the sector of other services).

In addition, when the analysis is done for each sector individually, **women show higher success rate than men in almost all sectors, except in the construction, information technology and communication, and trade sectors. In these three sectors, women's success rate is 15 percentage points or more lower than men's.**

The higher success rate of women may be due to the fact that they are more careful in collecting the necessary documents and preparing their applications, as indicated by some previous research.¹⁵

¹⁵ Masmi, 2002, Survey on Conditions for Crediting Small and Medium Enterprises with Special Accent on Crediting Women's Business in Serbia, Belgrade, p. 23.

Amount of approved funds

According to the Ministry of Economy, the total amount of funds allocated for Start-up programme in the last six years is around RSD 3.56 billion, and 37.2% went to funds for women's businesses. **The lower amount of total funds going to women's businesses is determined by their lower share in the total number of requests, and the differences in the average amount of funds within programme granted to women's and men's businesses are not expressed (Table 6).** The average approved funds amount is about RSD 2.5 million.

While there are no major differences in the average funds by year, as expected, the amount of funds is slightly higher for companies than for entrepreneurs.

It is interesting that, on average, **women entrepreneurs receive around 8% lower funds within Start-up programme compared to men, while female-owned companies receive around 6.5% higher funds compared to male-owned companies (Table 6).** Therefore, around 35.7% of the total funds for entrepreneurs go to women entrepreneurs, and 38.6% to female-owned companies.

↓ **Table 6:** Total amount of approved funds and average amount, by legal status

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

	Total amount of approved funds*		Successful applications		Average amount of approved funds	
	Total in RSD million	Share of funds received by women	Total	Share of women	Total in RSD million	Difference in funds amount between men and women
Entrepreneurs	1,696.1	35.7%	859	37.6%	2.0	-7.9%
Companies	1,865.6	38.6%	571	37.1%	3.3	6.5%
Total	3,561.7	37.2%	1,430	37.4%	2.5	-0.8%

* The total funds allocated for the programme are calculated as the product of the number of successful applications for a given category and the average amount of the approved funds within Start-up programme.

Regionally, Vojvodina deviates from the described trends by type of company, because the funds received by women entrepreneurs are higher than those of male entrepreneurs, while women's businesses receive fewer funds than men's. While there are no major regional differences in the amount of funds received by male and female entrepreneurs, companies from Šumadija and Western Serbia received the highest amounts of funds.

Women, on average, seek larger funds in the trade and other service sectors (sector S), especially in the case of companies, while male entrepreneurs receive above-average funds in the healthcare and art, entertainment and recreation sectors.

In general, the amount of allocated funds is evaluated positively by the beneficiaries of the programme. As mentioned above, the minimum amount of total funds for which an entrepreneur or SME may apply is 400,000, while the maximum is RSD 6,000,000. Survey data show that only 15% of Start-up programme beneficiaries (n=52) consider that the amount of funds was insufficient for their needs, while only 4.1% of those who did not apply for Start-up programme state that the maximum amount of programme is too small for their needs. Additionally, only 2.6% of women entrepreneurs state that the reason for not applying for programme is that the minimum fund's amount is too high and that a lower amount of loans are necessary.

2.4 Viability of companies that have applied for Start-up programme

Out of a total of 1,430 companies that applied for Start-up programme in the previous 6 years, 201 or 14.1% were not active¹⁶ in 2022 (Table 7). Overall, there are no differences in the viability of male and female beneficiaries of Start-up programme. Out of the total number of companies that received funds from Start-up programme since 2016, 14.2% (76 in total) of women's and 14.0% (125 in total) of men's companies are no longer active in 2022.

Observed by age, the closure of men's and women's businesses within three years from receiving a Start-up programme is very rare (Table 7). All women's businesses that received funding in 2020 and 2021 are still active, while only two men's companies have closed. Of the companies that applied for a programme in 2019, 4.1% of men's and 5.1% of women's businesses are closed (4 men's and 3 women's businesses).

↓ **Table 7:** Inactive beneficiaries of Start-up programme, by gender and year of application

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

Year of the application	Total number of beneficiaries		The share of inactive companies in the total number of beneficiaries	
	Men	Women	Men	Women
2016	159	98	23.9%	22.4%
2017	179	117	21.8%	25.6%
2018	206	132	20.4%	15.9%
2019	97	59	4.1%	5.1%
2020	145	95	0.7%	0.0%
2021	109	34	0.9%	0.0%
Total	895	535	14.0%	14.2%

The short-term viability of companies that received a Start-up programme is significantly higher than it was in 2009 and 2010, when about 10% of beneficiary companies did not survive the first two years of operation. At that time, the lack of professional support after obtaining a programme was identified as one of the main reasons for the high rate of inactivity. Additionally, 2009 and 2010 were the years in which the consequences of the economic crisis of 2008 were still present, and for many, obtaining a Start-up programme served as a means to start a business out of necessity, because other options for employment were not present. In contrast, the period 2016–2020, with the exception of the crisis caused by the COVID-19 pandemic, was significantly more stable.

Nevertheless, **problems such as the lack of additional support when starting a business are still present** – one third of the interviewed participants in the programme cite this as a problem, while the participants in the interviews clarify that the state support is still limited to the allocation of Start-up programme.

¹⁶ The definition of inactive companies includes companies that have been deleted from the SBRA's records, that are in bankruptcy, liquidation or forced liquidation.

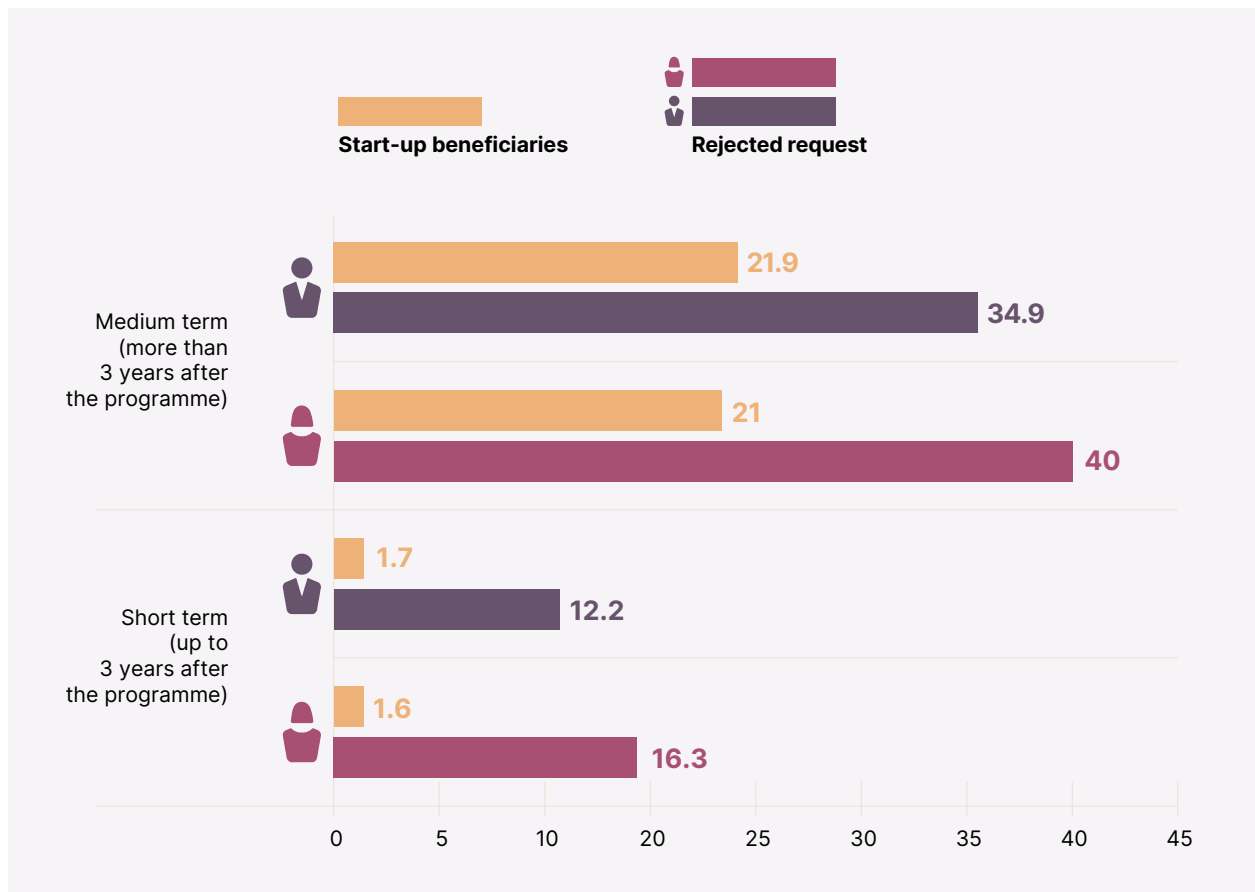
"I think that there should be an advisor who will guide you through the first, say, 5 years... in those first stages..., so that you can turn to him, to solve some of the problems you are facing, to help you refer to a funding source you don't know about..."

Entrepreneur from Valjevo, production and sale of food products
Beneficiary of the Start-up programme

However, the closure of both women's and men's businesses is significantly more frequent if three or more years have passed since the application was submitted (Table 7). This is conditioned by the fact that if the closure occurs after the third year,

the grant does not have to be repaid (although the loan must be repaid in full in that year). Therefore, we also see a sharp increase in the closure of companies that applied for programme in 2018 or earlier. The percentage of male companies that closed down in all three years is over 20%, while the percentage of female companies is slightly lower in 2018 – 15%, but later it also exceeds 20%.

For the largest number of programme beneficiaries, loan repayment was not identified as a significant obstacle in business, because the survey data show that only one woman entrepreneur out of 30 for whom the loan was due for collection failed to repay it in full, and only 4 out of 52 female participants have a problem with loan repayment (about 7%).



↑ **Chart 1:** The rate of inactivity of businesses whose applications were rejected and of beneficiaries of Start-up programme, by gender and year of application (%)

Source: Analysis based on the data provided by the Ministry of Economy and the Development Fund.

Getting a Start-up programme and survival of the business

Start-up programme are of particular importance for the survival of women's businesses, both in the medium term and in the short term (Chart 1). We define the difference between the medium and short term on the basis of whether or not the companies have to return the grants in the event of company closure, so we divide them into those who applied for a Start-up programme in the previous three years (short term) and those who applied for a Start-up programme 4 or more years ago (medium term).

When we look at the medium term, i.e. the companies that applied for programme between 2016 and 2018, the difference in the share of inactive women's companies that did not receive funds and the share of inactive programme beneficiaries amounts to 19 percentage points (40% of women's companies that did not receive funds is inactive, compared to 21% of female programme beneficiaries), while in men's companies this difference is only 13 percentage points (34.9% of male companies that did not receive

funds went out of business, compared to 21.9% of programme beneficiaries). In other words, **receiving a funds increases the probability of survival of women's businesses after four or more years from receiving the funds by 19, and of men's businesses by 13 percentage points (Chart 1).**

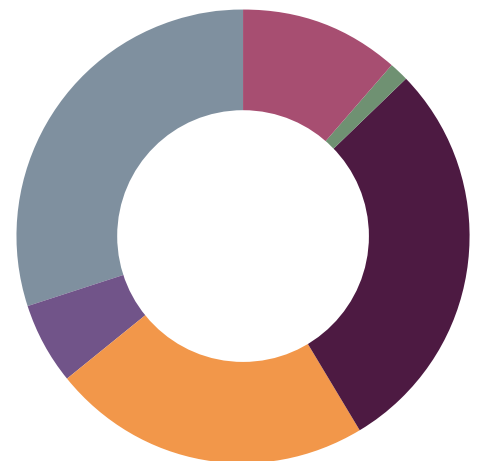
Similarly, in the short term, for companies that applied after 2018, the difference in inactivity between companies that did not receive a funds and programme beneficiaries is significantly higher for women – 14.7 percentage points (16.3% vs. 1.6%), while for men the difference is 10.5 percentage points (21.9% vs. 14.5%). In other words, **obtaining funds increases the probability of short-term survival of women's companies by 14.7 and men's companies by 10.5 percentage points (Chart 1).**

On the other hand, the results of the survey also indicate the importance of Start-up programme for the survival of companies, as **30% of programme beneficiaries believe that the Start-up programme helped them overcome the economic crisis caused by the COVID-19 pandemic.**

↓ **Table 8:** Reasons for dissatisfaction among the female start-up programme beneficiaries (n = 52)

Source:

Insufficient funds	15.1%
The funds were paid with a delay	1.9%
Administrative problems	37.7%
Lack of support after obtaining funds	30.2%
The one-year loan repayment period was too short	7.5%
Satisfied with every aspect	39.6%



2.5 Experiences of women entrepreneurs who used Start-up programme

The general attitude towards participation in the project is very positive. Survey data show that only two female respondents (out of 52) said that they were not satisfied with the participation in the programme, while almost 40% of them said that they were satisfied with all aspects of the programme.

However, some programme beneficiaries are not satisfied with certain aspects of the programme. So, for example, **37% of female respondents state that they had administrative problems when applying.** A closer look at the data suggests that the problems are **complicated, expensive and unnecessary application procedures** and proposals were made for simplification concerning the use of already existing data that otherwise must be submitted by law. Also, **one third of female respondents cite the lack of support after obtaining a funds** as a problem. As already mentioned, around **15% of the beneficiaries cite the insufficient amount of funds as a problem**, especially in combination with the necessary guarantee for funds.

"...I think that the state's support is very small, for example, the Start-up programme we took, that loan, for example, was one million dinars... and in that variant, you guarantee with your property, you guarantee with your equipment..., so I think that is, well, you can't buy anything with a million dinars in any serious business."

Entrepreneur from Valjevo, production and sale of food products
Beneficiary of the Start-up programme

In addition, 7.5% of female respondents state that the one-year grace period is too short. Among the other reasons for dissatisfaction, one respondent mentioned the delay of fund disbursement, which obviously does not represent a rule, but an exception.

Several respondents in the survey also said that one of the **problems when getting a Start-up programme is the situation with the maternity leave** and the fact that it is not taken into account for repayment. In those situations, women entrepreneurs had to hire new employees, which, in their opinion, calls into question the profitability of participating in the programme.

Obtaining a Start-up programme is perceived extremely positively, because it improves business operations, leads to an increase in employment and a more stable business and personal financial situation.

More than half of the female respondents (60%) said that their personal financial situation is better or much better than it was before participating in the programme. On the other hand, 30% of them said that they see additional positive effects in the future in terms of increased production, number of employees and business stability. For 32.1% of the beneficiaries, participation in the programme enabled the expansion of the company's activities, and the employment of a larger number of workers for 28.3% of them.

The female respondents in the interviews suggest the need to combine the funds received within the framework of Start-up programme with other sources of financing. They said that they lack this kind of information from those who implement the Start-up programme. There is also the question of a **relatively low share of grants**, when there are alternative loans with a significantly higher share of grants (EU PRO programme) or where the funds are completely non-refundable (local support programmes).

3

PROGRAMME FOR PROMOTION OF ENTREPRENEURSHIP THROUGH FINANCIAL SUPPORT FOR WOMEN ENTREPRENEURS AND YOUNG PEOPLE IN 2021

20

Programme description

The primary goal of the **programme for promotion of entrepreneurship through financial support for women entrepreneurs and young people** (hereinafter referred to as *Programme for women entrepreneurs and young people*) is to support entrepreneurship and employment of women and young people in the Republic of Serbia by helping the beginners to start a business.

The programme is intended for companies whose founder and legal representative is a woman or a person under 30 years of age. In a business entity that has several owners, the majority share must be owned by one or more women; i.e. one or more persons under the age of 30 (minimum 51%) and one of the legal representatives must be a woman or a person under the age of 30.

The programme has been implemented since 2021, and is **largely similar to the Start-up programme, but the conditions are somewhat more favourable than those of the Start-up programme**. Namely, **grants make up 35% of the investment value**, i.e. 45% if the company has its seat and performs its activity in an underdeveloped area (in case of the Start-up programme, grants are 30% or 40% of the investment value). In addition, the **programme is not intended exclusively for beginners, but for companies that were established up to five years before the application was submitted** (for Start-up programme, the maximum is two years).

The minimum – RSD 400,000 and the maximum – RSD 6,000,000 amount of total funds for which an

entrepreneur or SME may apply are the same as for Start-up programme, as well as the **loan repayment term which is 5 years, with a grace period of one year, and 1% per year with a bank guarantee or 2% with other guarantees**¹⁷. The total assistance received from the state in the previous two years, together with grants, must not exceed RSD 23 million. An additional restriction regarding the applicant is that she or he may be the founder of at most one business entity that was deleted from the register before the published invitation.

As with Start-up programme, the funds in this programme are **primarily intended for the purchase of equipment and delivery vehicles or other means of transport used in the production process**. In addition, the funds may be intended for the ongoing maintenance of the business and/or production process (up to the amount of RSD 350,000 for investment) and operating costs that may participate with up to 20% in the structure of the total investment. Exempted from the investment are the primary agricultural production (including tobacco and tobacco products), trade activity (except if it includes a certain degree of processing), games of chance, production and trade in weapons, oil and oil derivatives, steel, coal, construction (except production of building materials and products), transport and traffic, financial, marketing (including market and public opinion research) and consulting services.


The public invitation is open until the funds from the facility are used up. In other words, after submitting and checking the request, if the programme meets the conditions of the competition, it will be financed, if there are still funds allocated by the Government for this programme. The beneficiary

¹⁷ Mortgage on real estate, contractual guarantee, pledge on equipment, promissory note or alike; for a full list, see <https://fondzarazvoj.gov.rs/download/TDVSUC8Uredba-Start-Up-2021.pdf>

must return the loan and approved grants if, within three years, the company ceases to operate or initiates a liquidation or bankruptcy proceedings, terminates the employment of the business entity's founder or changes the founder, is not economically active and fails to submit the financial reports and disposes of or leases out the subject of investment maintenance. If any of the above-mentioned events occur after the third year, the beneficiary does not have to return the grant, but the loan will be declared fully due.

Around RSD 100 million of grants have been allocated for the programme, while the rest is financed from the Development fund's loans.¹⁸ In 2021, RSD 150 million have been set aside for the Start-up programme, which means that for this programme, a total of 2/5 of the funds were intended for programmes of the type implemented in 2021.

As these two programmes had more favourable conditions (a larger share of grants), it is likely that women businesses first applied for this programme, and when the funds for these programmes were exhausted (24 August 2021), they continued to apply for Start-up programme. Taking this into account, all three programmes in 2021 should be analysed together, as we will do at the end of this chapter.

 **Table 9:** Status of successful applications, by programme type

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.¹⁹

	Woman entrepreneurs	Young people
Applications with concluded or approved contract	54	34
Closed	4	6
Withdrew	1	2
Total	59	42

¹⁸ Source: Regulation on establishing Programmes for women entrepreneurs and young people, available at: <https://fondzarazvoj.gov.rs/download/7Z7JVP7Uredba-zene-i-Mladi-FINALNA.pdf>

¹⁹ This group includes requests that are marked in the database of the Ministry of Economy as defunct companies (before the implementation of the request) and companies that have given up on the request.

3.1 Analysed data

The main part of the analysis is based on administrative data on successful and unsuccessful applications received from the Ministry of Economy and the Development Fund. Data on approved funds were first analysed from the perspective of whether the contract with the companies was concluded in the end. **Table 9** shows the total number of applications according to the final status of the application. Further analysis will be based solely on concluded or approved contracts, while the companies that have been shut down, withdrew from the contracts or suspended would be excluded from the analysis. The data was received together with all the necessary information for the analysis. In total, the data about 54 applications for the programme for women entrepreneurs and 34 applications for the Programme for young people were analysed.

As part of the further analysis, we separately analyse the sub-programmes for women entrepreneurs and young people. Although it is a single program, the available data allows the analysis to be separated for the two subprogrammes. The separate analysis is motivated by the fact that there are two groups of respondents applying for the programs.

In the program for women entrepreneurs, men cannot participate, so there is no direct calculation of indicators of women's participation. In other words, here women, regardless of age, do not "compete" with men for resources, so the application of gender indicators in the analysis is limited. On the other hand, in the program for youth, both sexes participate, which enables the calculation of the participation of women in this group, as well as the comparison of indicators for men and women. A joint analysis of the two subprograms within this program would not be justified from both a gender and an age perspective and would show distorted results (e.g. significantly higher participation of women). At the end of this chapter, we provide a joint overview of all funds allocated to women in 2021 and look at the interaction between the programs.

3.2 Programme for female entrepreneurs

In 2021, the total number of applications for Programme for women entrepreneurs was 94, of which 54 applications were approved. Thus, the success rate within this programme is 57.4%, which is lower than the average success rate of women applying for Start-up programme, which is 67%, but at the level of success rate in applying for Start-up programme in 2021, which amounted to 57.6%.

↓ **Table 10:** Submitted and successful applications and funds for Programme for women entrepreneurs

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

	Requests			Funds	
	Submitted	Approved	Success rate	Total approved funds (in RSD millions)*	Average amount of funds (in RSD millions)
Female entrepreneurs	75	45	60.0%	108.3	2.4
Companies	19	9	47.4%	37.7	4.2
Total	94	54	57.4%	146.0	2.7

* The total funds allocated for the programme are calculated as the product of the number of successful applications for a given category and the average amount of the approved funds.

Women entrepreneurs dominate the structure of applications and approved requests for this facility with around 80%, which is more than the total percentage of women entrepreneurs in female SMEs which is around 65% and more than their share in Start-up programme – around 60%.

At the same time, women entrepreneurs have a somewhat higher success rate than female company owners, although the sample of applications from women owners is quite small (only 19).

According to the analysed data of the Ministry of Economy, **the total amount of funds allocated for Programme for women is around RSD 146 million dinars, with an average funds amount of RSD 2.7 million, which is at the level of the average funds approved for Start-up programme.** As with Start-up programme, the average loans granted to companies are on average higher than those granted to entrepreneurs.

Over one-third of the applications and approved requests are women's companies founded in 2021, while about two-thirds of the applications and approved requests are women's companies founded in the last two years. In other words, although there was a possibility for older companies (up to 5 years old) to apply for this credit facility, only about one-third of the registered companies were founded in 2019 or later. The most represented region is Šumadija and Western Serbia, with approximately 38% of approved requests, while the fewest requests are from the region of Vojvodina - only 10. Differences in the success rate of applications by region are not pronounced.

As with Start-up programme, the largest number of approved requests is in the manufacturing industry sector - 44%, which is conditioned by the structure of the economy, but also by the purpose of funds and restrictions regarding the industries that may apply for loans. This share is lower than with Start-up programme (where there are 57% of women's companies), and sectors such as healthcare, other service activities and professional, scientific and innovative activities have a slightly higher share. However, it should be taken into account that the number of companies that received funds under this credit facility is relatively small - 54, and that further implementation of these programmes will show clearer trends in their use.

3.3 Programme for young people

A total of 56 companies applied for Programme for young people in 2021, of which 34 applications were approved. Overall, young women make up 34% of the total number of applicants, as well as 35.3% of the total number of approved requests. In absolute terms, 19 women's companies applied for the programme, of which 12 requests were approved. The share of women in this programme is similar to the total share in Start-up programme, but significantly higher than the share of women in Start-up programme in 2021, which amounted to only 23.8%.

Both male and female entrepreneurs apply for Programme for young people significantly more often than companies, and they account for around 80% of applications and finalized requests.

This percentage is slightly higher compared to the total number of entrepreneurs in SMEs (around 70%) and higher than the percentage of Start-up programme granted to entrepreneurs (around 60%). **So, as with Programme for women entrepreneurs and Programme for young people, entrepreneurs apply more often than the general population of SMEs and beneficiaries of Start-up programme.**

Although it was possible for older companies (up to 5 years old) to apply for this credit facility, **almost three quarters of applications and approved requests are submitted by young companies that were founded in the last two years.** However, it should be borne in mind that these are companies of young entrepreneurs (up to 30 years of age), so it is unlikely that they founded their companies much earlier. As with other programmes, the largest number of applications and approved requests is from the Belgrade region. On the other hand, **not a single female business from the region of Southern and Eastern Serbia applied for the Programme for young people.** As with other programmes, the processing industry sector dominates the programme structure with about 55% of submitted and approved applications, while the accommodation and catering services sector has a significant share in the programme structure with about 14% (10 applications and 6 approved requests).

↓ **Table 11:** Success rate of women and men when applying for Programme for young people, by type of business

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

	Submitted applications		Approved applications		Success rate	
	Total	Share of women	Total	Share of women	Men	Women
Entrepreneurs	45	31.1%	28	35.7%	58.1%	71.4%
Companies	11	45.5%	6	33.3%*	66.7%*	40.0%*
Total	56	33.9%	34	35.3%	59.5%	63.2%

* Estimated based on a sample size of less than 10 and therefore of little analytical value.

Similar to Start-up programme, **women are slightly more successful than men in applying for this programme: 63.2% of women versus 59.5% of men received funds after applying for them.** The success rate is at a slightly lower level than with Start-up programme, but when we compare only the sample of women entrepreneurs for 2021, where the success rate was 57.6%, the success rate of women in the Programme for young people is higher. The small sample of observations does not allow further comparison of success rate by characteristics such as company type, region and activity.

According to the analysed data of the Ministry of Economy, **the total amount of funds allocated for Programme for young people amounts to around RSD 98.7 million, where 34.4% went to programme for women's businesses. In contrast to Start-up programme, women's businesses seek on average around 4% lower funds than men's businesses.** The average size of requested funds of 2.9 million is in the range of requested loans for Start-up programme and Programme for women (the average amount for both groups is 2.8). These results may be influenced by extreme values, given that the sample of both male and female businesses is relatively small.

3.4 Programme for women entrepreneurs in 2021 - analysis of two programmes

As mentioned above, the three programmes to help women entrepreneurs, Start-up programme, Programme for women entrepreneurs and Programme for young people, are significantly interconnected in 2021, and therefore, a comparison of women's share in these three programmes should be made at the end.

Overall, in 2021, **172 women's businesses applied for funds:** the largest number applied for Programme for women entrepreneurs - 94, then for Start-up programme - 59, and for Programme for young people 19. **A total of 100 requests were approved:** the largest number of Programme for women entrepreneurs - 54, for Start-up programme 34, while 12 women received Programme for young people. **The average amount of funds was RSD 2.8 million, while the total allocated funds for women entrepreneurs in 2021 amounted to RSD 277.6 million.** The approved requests are approximately the same amount regardless of the programme.

Table 12: Total amount of funds and average amount of funds, by type of company

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

	Total amount of approved funds*		Successful applications		Average amount of funds	
	Total in RSD million	Share of funds received by women	Total	Share of women	Total in RSD million	Difference in loan amount between men and women
Entrepreneurs	68.6	33.6%	28	35.7%	2.5	-9.0%
Companies	30.1	36.3%	6	33.3%*	5.0	13.8%*
Total	98.7	34.4%	34	35.3%	2.9	-3.9%

* The total funds allocated for the programme are calculated as the product of the number of successful applications for a given category and the average amount of the approved Start-up programme.

* Estimated based on a sample size of less than 10 and therefore of low reliability.

According to the programmes, **the success rate of women in applying for programmes in 2021 was slightly higher with Programme for young people (63.2%) than with Programme for women (57.4%) and Start-up programme (57.6%).** On the other hand, it is interesting that in the structure of Start-up programme in 2021, women participate with only 23.8%, while in other years their share was around 38%.

As the first two programmes had more favourable conditions (lower interest rate and higher share of grants), it is likely that women first applied for this programme, and when the funds for this programme were exhausted (24 August 2021), they continued to apply for funds within the Start-up programme.

Experiences of women entrepreneurs who used the support programmes for women and young people

A total of 33 beneficiaries of the support programme for women entrepreneurs and young people participated in the survey. Of these, 32 beneficiaries said that the funds from these programmes were quite or very important for their business, while 12 beneficiaries said that the programmes encouraged them to start a business. It is interesting

⬇️ **Table 13:** Comparative summary of participation in three programmes for women's business in 2021

Source: Analysis of data provided by the Ministry of Economy and the Development Fund.

that with these programmes that have a more favourable participation, **only one third of women entrepreneurs said that it encouraged them to start a business, while this percentage with Start-up programme is about one half of the beneficiaries.**

The reasons are probably also hidden in the "better quality" of the entrepreneurs who applied for these programmes, who already had a specific plan to start their business, because as mentioned earlier, in 2021, a specific selection of women entrepreneurs was made where they were divided into two groups. Due to the fact that the programme lasts for only one year, in most cases (71%) the repayment of the loan has not yet started, and among those who started repaying the loan, only 3 female respondents said that they have problems with repayment.

The general attitude towards participation in the project is very positive. Survey data show that 34.2% of them said that they are satisfied with all aspects of the programme. Dissatisfaction most often comes from the low amount of funds (17.4%), while 11.4% of respondents said that there were administrative problems and that the disbursement of funds was delayed. Finally, for 14% of respondents, the one-year grace period is too short. Around 1/3 of female respondents believe that it will have positive effects in the future in terms of increasing production, the number of employees and business stability, while another 1/3 states that the programme helped them cope with the COVID-19 crisis. For 45% of respondents, their personal financial situation is better or much better than before participating in the programme. For 25.7% of the beneficiaries, the participation in the programme made it possible to expand the company's activities, while 4 entrepreneurs said that they can hire more workers now.

	Applied	Approved	Success rate	Average funds amount in RSD millions	Total funds in RSD million
Start-up programme	59	34	57.6%	2.8	97.6
Programme for women entrepreneurs	94	54	57.4%	2.7	146.0
Programme for young people	19	12	63.2%	2.8	34.0
Total	172	100	58.1%	2.8	277.6

4 ATTITUDES TOWARDS SUPPORT PROGRAMMES IN THE GENERAL POPULATION OF WOMEN ENTREPRENEURS

A little more than half of the female respondents (53%) in the general population of women entrepreneurs (without a special sample booster that included programme beneficiaries) **had heard of Start-up programme**. Of that number, only 7.3% of them applied for programme. Similarly, **exactly half of the female respondents has heard about Programme for women and young people**, and only 6.6% of them applied for them.

The main reason for not applying is the complexity of administrative procedures (20.9% of respondents mention this reason), which discourages the application for the programme. On the other hand, for many women entrepreneurs, **Start-up programme do not provide support for the activity they are engaged in (20.4%) or for the purpose for which they need it (8.7%)²⁰**. For a certain number of respondents, **the terms are too short, whether it is the repayment period (14.8%) or the one-year grace period (9.7%)²¹**. Finally, there are **suspicious of nepotism** because 11% of respondents believe that approvals for programmes are granted solely through connections, while 9% of them believe that women cannot get such programmes **(Chart 2)**.²²

Around half of the respondents who applied for or were granted funds would again apply for the participation in the programme. Among those who are not interested in participating in the programme again, **the most common reason is that they no longer need the funds (47%)**, while **20% of them said that the administrative procedures are too complicated and time-consuming**.

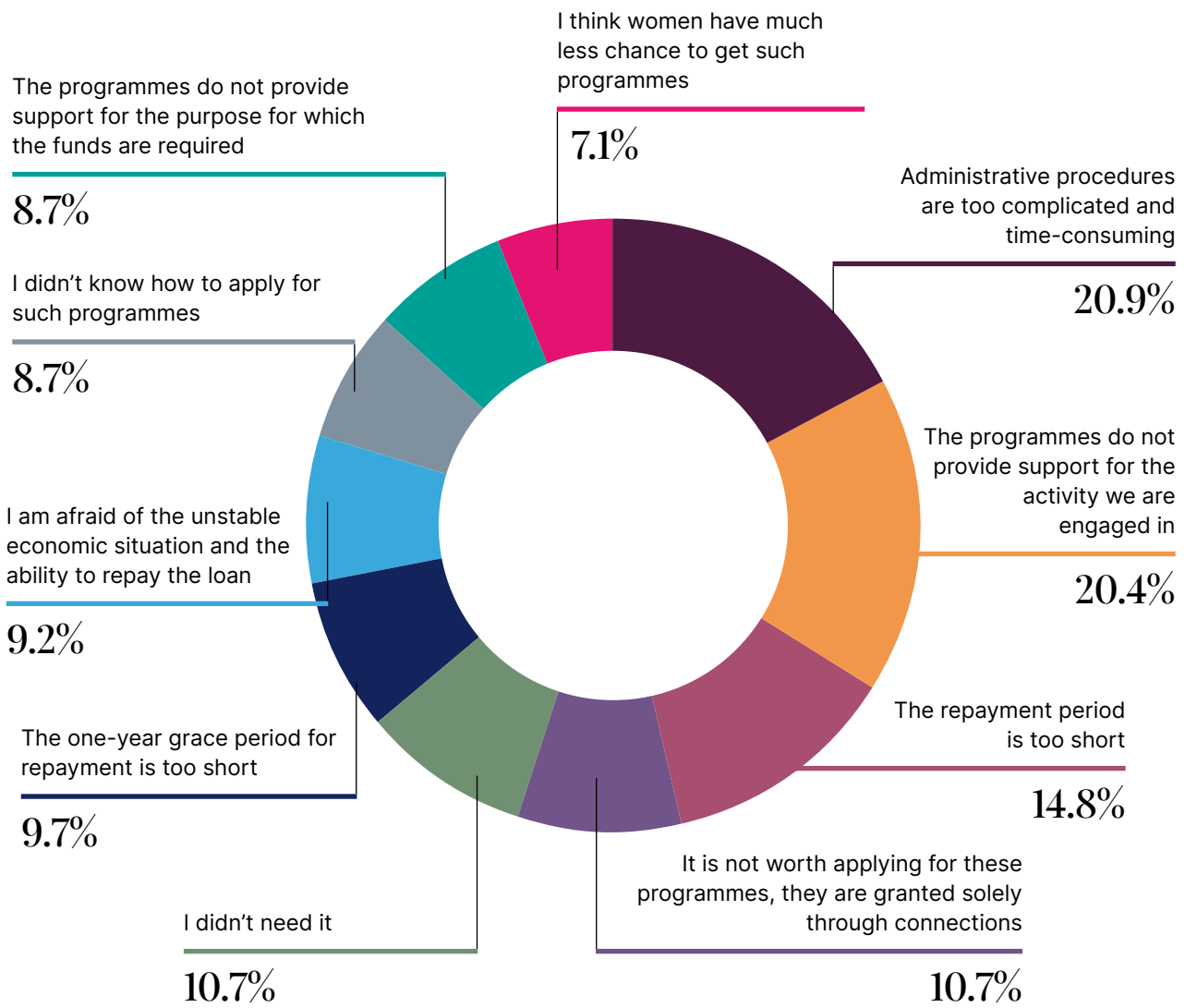
Some respondents said that they no longer meet the conditions for obtaining programmes (16.4%), while around 9% of respondents said that it is too difficult to repay the funds, so they would not take such a risk again.

20 Combined, at least one of the two answers or both are given by 25.9% of female respondents.

21 Combined, at least one of the two answers or both are given by 20.9% of female respondents.

22 Combined, at least one of the two answers or both are given by 16.2% of female respondents.

Chart 2: Reasons for not applying for programmes (n = 196)



5

DISCUSSION OF RESULTS, CONCLUSIONS AND MESSAGES FOR DECISION MAKERS

The importance of Start-up programme for women's businesses

The entrepreneurship development programme through financial support for beginners in business - Start-up programme – is very important for the start-up of women's businesses in Serbia.

This conclusion is indicated by the fact that the **share of women in the total number of programmes (37.4%)** is higher than in the total population of women's businesses (around 31%) and newly founded companies (around 33%). In addition, half of the beneficiaries said that receiving a Start-up programme motivated them to start a business or served as a "springboard" in their business.

In other words, women, more often than men, start their business precisely by getting Start-up programme, which indicates that such programmes undoubtedly play a role in the development of women entrepreneurship.

However, it seems that later, in a certain number of women's businesses, men become either open owners or main decision makers. Businesses are founded as women's businesses because there is a perception that the state supports women's entrepreneurship more strongly than men's. This information does not indicate manipulations when receiving funds, because there is no priority in allocating funds to women, and in addition,

the beneficiaries must return the grants if the employment relationship with the founder is terminated or if the founder of the business entity is changed.

- In order to gain a clearer insight into the gender structure of funds from Start-up programme and to prevent the abuse of advantageous Programme for women, **it is proposed to introduce a gender-sensitive system for monitoring ownership and decision-making in the company even after the expiration of three years from receiving the programme.**

About three-fifths of the requests go to the manufacturing industry sector, due to the high representation of entrepreneurs in this sector in Serbia and the purpose of the programme funds, which primarily refers to the purchase of equipment and vehicles used in the production process. Among women's businesses, the sector of other service activities and healthcare (which account for about 12.7% and 8.2% of approved requests) are also significantly represented. The trade sector, which makes up about a quarter of women's businesses, participates with 6.2% of women's requests, because trade, unless it also includes production, is excluded from the programme. The share of women in submitted and successful applications is approximately equal among entrepreneurs and companies. Companies account for around 40% of programme beneficiaries, which is more than their share in the total number of SMEs in Serbia (28.5%). Women's businesses have the largest share in Start-up programme in Belgrade (44.3%), and the smallest in Vojvodina (33.6%).

In addition to the importance for starting the activities, Start-up programme have a special importance for the survival of women's businesses, both in the short term (up to three years from

receiving the programme) **and in the medium term** (4 or more years after receiving the programme), **because receiving a programme funds increases the probability that women's businesses would survive to a significantly greater extent than in case of men's businesses.** In the medium term, receiving a Start-up programme increases the probability of activity by 19 percentage points (p.p.) in women's businesses and by 13 p.p. in men's businesses. On the other hand, receiving a Start-up programme increases the probability of short-term survival of women's businesses by 14.7 and men's businesses by 10.5 percentage points. In addition, one third of the programme's beneficiaries said that the Start-up programme helped them overcome the economic crisis caused by the COVID-19 pandemic.

The amount of allocated funds is evaluated positively by women entrepreneurs, and the average amount of funds granted to men's and women's businesses is equal. Only 15% of beneficiaries of Start-up programme estimate that the amount of funds in Start-up programme was insufficient.

Success rate and application process for Start-up programme

Overall, women are slightly more successful than men in applying for programmes: 67.6% of women versus 65.1% of men received funding after applying for it. The success rate is slightly higher than in the previous study - conducted for Start-up programme granted in 2009/10.

The analysis by sector shows that the overall higher success rate of women in fulfilling the requirements is partly a consequence of the fact that women work more often in sectors in which success is otherwise higher (such as education and the sector of other services).

In addition, **women have a higher success rate than men within every sector** except construction, IT and trade. The higher success rate of women in

previous researches was explained by the greater attentiveness of women in collecting the necessary documents and preparing the applications.

Considering the clearly defined rules of the competition and the fact that funds are paid to all who meet the conditions, it is interesting that about one third of applications for Start-up programme are rejected. Two-thirds of respondents who applied but did not receive funds said that they did not receive an explanation as to why they did not receive funds. For those who know, the reasons include non-fulfilment of certain conditions, administrative problems or that they were late in submitting their application. On the other hand, in the decision on the rejection of the request, there is information about the reason for the rejection. **This indicates that this reason is either not noticeable enough to the applicants or is not adequately understood by them.**

- **It should be ensured that all companies that applied for the Start-up program and did not receive funds have additional opportunities to get explanation for the rejection** in order to reduce discouragement in future attempts to obtain programme and increase confidence in the decision-making process (around 16% of respondents do not apply for programme because they think they are granted through connections or that women cannot get them).

The Start-up programme is perceived positively by the majority of female respondents, because it improves business operations, leads to an increase in employment and a more stable business and personal financial situation. However, Start-up programme (still) has a reputation as programmes with administrative problems when applying, both among beneficiaries and among the general population of women entrepreneurs.

Namely, 37% of the programme's beneficiaries state that they had administrative problems when applying, such as **complicated, expensive and unnecessary application procedures**, referring to the frequent

duplication of processes and reporting that they already have to go through by law. In addition, 20% of those who did not apply for the programme cited the complexity of administrative procedures as a reason discouraging them from applying, and the same reason was cited by 20% of those who, although they applied once, would not apply again for the programme.

- **It is necessary to ensure the simplification of procedures through the use of existing data on women entrepreneurs in the application process** in order to remove the image of the programme as complicated to apply for and reduce the discouragement for applying on such basis.

Business sustainability of Start-up programme beneficiaries

The closing of men's and women's businesses in the short term (up to three years from the receipt of the Start-up programme) is very rare.

All companies that received funds in 2020 and 2021 are still active, while on average around 4.5% of those that received funds in 2019 have closed, with no prominent differences based on gender.

The viability of companies that received a short-term Start-up programme is significantly higher than it was in 2009 and 2010, when around 10% of beneficiary companies did not survive the next year in the first two years of operation.

However, **business closures are significantly more common after three or more years from receiving a programme, with no significant differences in the viability of men's and women's businesses.**

This is conditioned by the fact that if the closure occurs after the third year, the grant does not have to be repaid. After 4 years, the percentage of closed businesses increases to 15.9% for women and 20.4% for men, and after 5 and 6 years from receiving the funds to 22% or more for both sexes. Most of the respondents said that the loans repayment process itself is not a big problem and is probably not the cause of the closure of the company.

During the period 2009-2010, the lack of professional support after obtaining a funds was identified as one of the main reasons for the high rate of inactivity.

Additionally, for many, obtaining a Start-up programme served as a means to start a business out of necessity, because other options for employment were not present. Problems such as the **lack of additional support when starting a business are still present** - approximately one third of the surveyed beneficiaries said that they need a higher level of support after receiving a funds, in the sense that state support is still limited to granting Start-up programme, without further support in business maintenance.

In order to provide greater support to women entrepreneurs, it would be necessary to

- **Personalize the approach to credit management through advisers**
- **Refer women entrepreneurs to additional sources of business financing**
- **Provide non-financial support mechanisms (accounting, marketing, etc.)**

An additional problem for women entrepreneurs is **maternity leave, because it is not taken into account for repayment**. In those situations, women entrepreneurs have to hire new employees, which, in their opinion, calls into question the profitability of participating in the programme.

- In order to ensure the greater sustainability of enterprises established due to economic necessity, **special support should be provided to women entrepreneurs who have no previous work experience or experience in a given activity.**
- Additionally, in a **situation where a woman entrepreneur has to go on maternity leave, a delay in loan repayment should be provided for the duration of the leave.**

Programme for promotion of entrepreneurship through financial support for women entrepreneurs and young people in 2021 and Start-up programme in 2021

The programme for promotion of entrepreneurship through financial support for women entrepreneurs and young people (Programme for women and young people) has been implemented since 2021, and is largely similar to the Start-up programme, but the **conditions are somewhat more favourable than for Start-up programme: grants make up 35% of the investment value, or 45% in underdeveloped areas. In addition, the programme is not intended exclusively for beginners, but for companies that were established up to five years before the application was submitted.**

Bearing in mind the more favourable conditions for Programme for women and young people, it is likely that women businesses first applied for this programme, and when the funds for this programme were exhausted (24 August 2021), they continued to apply for funds within the Start-up programme. Taking this into account, all three programmes implemented in 2021 were analysed together, and certain specific features of the programmes were also highlighted.

The analysis of the success rate of women's businesses in applying indicates that the quality of applications for Programme for young people and women was probably significantly higher than for Start-up programme in 2021.

About one third of women entrepreneurs say that the Programme for women and young people encouraged them to start a business, while this percentage for Start-up programme is around half of the beneficiaries. In other words, women entrepreneurs from this group had a plan to start their business even without support more often than beneficiaries of Start-up programme.

On the other hand, due to the emergence of new programmes, the participation of women in the number of approved Start-up programme, which until 2020 was stable at around 40%, fell in 2021 to only 23.8% of approved requests. **The lower percentage of women in Start-up programme in 2021 could also be a consequence of the understanding that women are no longer able to apply for Start-up programme, given that there is a special loan facility for women entrepreneurs.** In this way, part of the women may have remained discouraged after August 2021 and after receiving the notification that all the funds were exhausted. Additionally, by determining the amount of funds that will be intended for women and young people (which represented about two-fifths of the total budget for 2021), the "upper limit" of the funds intended for these groups is set, and implicitly assumes that Start-up programme are intended for men above the age of 30.

On the other hand, the female **respondents were initially demotivated to participate in Start-up programme by the introduction of the difference in grants in the two programmes.** As the need for a Start-up programme can arise in any part of the year, the question arises as to why the **time priority system had decide on the amount of the non-refundable part of the funds.** From this perspective, and considering the similarity of the three programmes, **the question arises concerning the justification of having a separate Programme for women and young people.**

- In order to avoid confusion about the various programmes that exist, which are essentially very similar, it **seems that it is simpler to simply provide women and young people with more favourable conditions within the single facility for Start-up programme: a higher level of grants and a longer age of the company at the time of applying.** This practice already exists for Start-up programme and Programme for women and young people, as a higher percentage of grants are given to companies located in disadvantaged areas.

In the course of 2021, a total of 100 requests were approved to women's businesses, the largest number of which was within the framework of Programme for women entrepreneurs - 54 and Start-up programme - 34, as well as 12 requests within the Programme for women entrepreneurs. Of the total number of approved Programme for young people, 35.3% were women's businesses, which is in the average range for Start-up programme.

In contrast to Start-up programme where entrepreneurs participate with 60%, which is less than their share in the total number of SMEs in Serbia - around 70%, which is less than theirs, women entrepreneurs make up 80% of approved requests for women and young people.

Average amounts of Programme for women and young people are in the range of average amounts of Start-up programme. Programme for women and young people are characterized by a similar structure by activity and regional representation as Start-up programme.

Regardless of the opportunity for the companies that are up to 5 years old to apply, around **two-thirds of approved applications in the Programme for women and three-quarters of applications approved in the Programme for young people were companies founded in the previous two years.**

- Considering the similarity of the three programmes and the "habit" of older companies that the funds from these programmes are not available, **the fact that older companies can also participate in the programmes should be more clearly distinguished.**

Familiarity of women entrepreneurs with the programme and perception of the programme

Only around half of the surveyed women entrepreneurs in the general population of women entrepreneurs have heard of Start-up programme and Programme for women entrepreneurs and young people.

- Given the low familiarity of women entrepreneurs with these programmes, and the importance they have for those who apply, measures should be implemented to increase the visibility of the programme in the general population of women entrepreneurs.

As already mentioned, **both projects are accompanied by a vision of complicated administrative procedures**, which represent the most common source of dissatisfaction among the entrepreneurs who have used the programme, but also the most common reason why entrepreneurs who have heard about the programme do not apply for the programme

- In addition to work on reducing the complexity of the procedures, it should be **easier for women entrepreneurs to familiarize themselves with the procedures in order to eliminate this obstacle to application.** A large number of women entrepreneurs said that they are satisfied with their participation in the programme and state that all the factors discouraging people from applying should be eliminated.

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