

[Report Prepared for Small Business Impact Fund]

EBRD Women in Business Programme in Romania

Progress Report, March 2019

Reporting period: September-December 2018

Background

In October 2018, the European Bank for Reconstruction and Development (“EBRD”) internally approved the Women in Business Programme in Romania (“the Programme”) that would be supported by EUR 2 million of grant funding from the Small Business Impact Fund. The Programme, with an expected value of up to EUR 23.04 million, is designed to provide a holistic approach to supporting women entrepreneurs and women-led small and medium-sized enterprises in Romania.

The Programme comprises the following components:

1. Access to finance

- i. *EBRD credit lines to partner financial institutions* (“PFIs”) for on-lending to women-led SMEs
- ii. *A First Loss Risk Cover* (“FLRC”) mechanism to encourage PFIs to engage with women entrepreneurs, who are often considered a higher-risk segment
- iii. *Technical assistance to build partner financial institutions’ capacities* to better serve women entrepreneurs and adjust and deliver financial products and services for women-led SMEs accordingly

2. Access to know-how / technical assistance for women-led SMEs

- iv. *Advisory and business coaching projects* to improve competitiveness within women-led SMEs
- v. *Entrepreneurial skills development* for women entrepreneurs to strengthen skills
- vi. *Mentoring* to assist women entrepreneurs to build confidence and capacity to grow their businesses.
- vii. *Business Lens*, a free online self-diagnostics tool to help women entrepreneurs identify the strengths and weaknesses of their businesses.
- viii. *Networking opportunities* through partnerships with local stakeholders.

Key activities during the reporting period

This report provides an update on the progress of activities implemented during the reporting period, 17 October 2018 – 31 December 2018. The Programme is managed by the EBRD Financial Institutions (“FI”) and SME Finance & Development (“SME F&D”) Groups with the support of the Economic Inclusion & Gender team, together “the project team”.

During the reporting period, the project team completed the internal EBRD approvals required for the Programme’s lending framework. The project team has furthermore engaged in a set of preparatory activities that need to be undertaken before the Programme can become operational:

- Launched the procurement process to select the Programme Consultant that will implement the technical assistance activities with the PFIs, which will focus on capacity building, product development and marketing support and overall project management;
- Prepared a marketing package for the various components of the Programme, and shared it with a range of potential PFIs in Romania;
- Was actively engaged in raising awareness among stakeholders of the Programme and its objectives and in working on identifying relevant partners for key activities.

The Romanian government has introduced, from 1 January 2019, a tax on bank assets. This has caused considerable uncertainty in the Romanian market. Given the bank tax implications and the fact that the bank tax is charged on the size of bank assets, the potential PFIs are currently reconsidering their 2019 business plans (balance sheet/bank assets size) and revising downwards their needs for external funding for 2019. This is also affecting their assessment of their needs in WiB credit lines (as one of potential sources of external funding). The project team will continue liaising with potential PFIs but it has become clear that the introduction and implications of this bank tax will highly likely delay the implementation timescale of the Programme.