Women in Business 2014

ACCELERATING ENTREPRENEURSHIP IN THE MIDDLE EAST AND NORTH AFRICA REGION

OECD

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IN THE MIDDLE EAST AND NORTH AFRICA REGION

OECD
BETTER POLICIES FOR BETTER LIVES

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Foreword

Women are a driving force for development, economic growth and wellbeing. Yet, despite their dynamism, women still have unequal access to schools, jobs and leadership positions. In May 2013, OECD Ministers endorsed a *Recommendation on Gender Equality in Education, Employment and Entrepreneurship* with the aim of improving societal equity and promoting sustainable growth by enabling societies to better leverage all of their existing talents.

The OECD has been at the forefront of efforts to bring analytical evidence to bear on the gender gap, showing how societies can be better off if women have greater access to social and economic opportunities. Building on this evidence, the MENA-OECD Investment Programme identified women's entrepreneurship as one of the main drivers of economic growth, competitiveness and job creation in the MENA region. Within the Programme, the OECD-MENA Women's Business Forum (WBF) has been working for the past five years to positively impact gender equality in entrepreneurship and help guide reforms in the region to provide women with greater economic opportunities.

Women's entrepreneurship remains a major untapped resource in a region where new sources of growth and jobs are urgently needed. Despite a growing pool of highly educated women who want to work, the rate of MENA women's labour force participation is the lowest in the world at 24%, compared to more than 60% on average in OECD countries. This undermines entrepreneurship, because work experience is a key determinant of enterprise success and sustainability. With only 12% of women running their own businesses, compared to 31% of men, the MENA region has the largest gender gap in entrepreneurship in the world, as well as a high attrition rate for women-led firms. Enabling women to participate fully in the economy, both as employees and entrepreneurs, would bring high economic and social returns for MENA societies.

The *Women in Business 2014* publication assesses progress made since the 2012 edition and provides policy guidance for further reform in key areas. It builds on the first edition's assessment of the overall policy framework and measures to promote women's entrepreneurship in 18 MENA economies, and focuses its analysis on three essential areas for women's entrepreneurship development: i) data collection and research; ii) business development services and information; and iii) access to credit and financial services. The recommendations aim to mobilise stakeholders from across society – governments, the private sector, business associations and civil society – in a collective effort for continued improvement in the business climate for women entrepreneurs in the MENA region.

The *Women in Business* 2014 report is another milestone in OECD efforts to support women's economic empowerment in the MENA region. Our partners in the region can count on the OECD's continued support in helping unleash women's full potential to generate sustainable growth and prosperity for all.

Angel Gurría
OECD Secretary-General

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This publication is the result of the collective efforts of members of the OECD-MENA Women's Business Forum (WBF), an inter-regional network of government, private sector and civil society representatives, created in 2007 to implement the *Ministerial Declaration on Fostering Women's Entrepreneurship in the* MENA *Region*. The WBF seeks to promote efforts to accelerate women's enterprise development in the Middle East and North Africa (MENA) region. The WBF is part of the MENA-OECD Investment Programme, an initiative launched in 2005 to reinforce dialogue between MENA governments and OECD member countries to promote investment and private sector development for growth and job creation.

Nicola Ehlermann-Cache, Acting Head of the MENA Division in the OECD Global Relations Secretariat (MENA/GRS), conceived, developed and managed the projects under which the various chapters of this publication were developed. Elsa Pilichowski and Sabri Draia, reviewed the publication in depth. Valuable comments and contributions were provided by Anthony O'Sullivan, Vanessa Vallee, Fares Al-Hussami, Chou Nuon and Sophie Teyssier, MENA/GRS Secretariat.

- The first chapter, Gender inequality and entrepreneurship: a statistical portrait of the MENA region, was principally prepared by Susan Joekes, Director of SPJ Consulting, Senior Consultant to the OECD and Member of the WBF, with the editorial support of Parmjeet Bouffay and Lutz Sager, MENA/GRS Secretariat.

- The second chapter, Analysis of business development service provision and incubation for women entrepreneurs in the MENA region, was primarily prepared by Lois Stevenson, SME and entrepreneurship Expert, Senior Consultant to the OECD and Member of the WBF, with the editorial support of Rayann Koudaih, MENA/GRS Secretariat.

- The third chapter, Expanding the financing options of women-led businesses in the MENA region, contains two sections. The first section, "Better targeting banks' financing practices on women-led businesses in the MENA region: results of a survey led by the OECD in collaboration with the Union of Arab Banks", explores the supply-side aspect of bank financing. It was drafted by Audra Shallal, Managing Director, Boss Consulting and Member of the WBF, and Parmjeet Bouffay, MENA/GRS Secretariat. The second section, "Helping women entrepreneurs define their financial needs and sources of funding: a practical guide", looks into the demand side of business financing. It was prepared by Estelle Brack, Senior Economist at Groupe BPCE and Member of the WBF, and has benefited from the inputs of the OECD Secretariat and the Union of Arab Banks (UAB).

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ABBREVIATIONS AND ACRONYMS

ADEF	Abu Dhabi Entrepreneurship Forum
AECID	Spanish Agency for International Development Cooperation
AED	United Arab Emirates Dirham
AfDB	African Development Bank
AFEM	Association des femmes chefs d'entreprise du Maroc
AME	Association des Algériennes Managers et chefs d'entreprise
ANAPEC	Agence Nationale de promotion d'emploi et des compétences
ANPME	Agence nationale pour la promotion de la petite et moyenne entreprise (Morocco)
APEC	Asia Pacific Economic Cooperation
ATM	Automated Teller Machine
BAS	Business Advice Services (EBRD)
BDC	Business Development Center
BDS	Business Development Support
BFPME	Banque de financement des PME (Tunisia)
BHD	Bahraini Dinar
BIC	Business and Innovation Center
BLC	Banque Libanaise pour le Commerce
BMB	Bharatiya Mahila Bank (India)
BMCE	Banque Marocaine du Commerce Extérieur (Morocco)
BPC	Business Plan Competition
BPW-A	Business and Professional Women – Amman
BTS	Banque Tunisienne de Solidarité
BWF-P	Business Women Forum-Palestine
CAD	Canadian Dollar
CBJ	Capital Bank of Jordan
CCG	Caisse Centrale de Garantie (Morocco)
CEO	Chief Executive Officer
CGEM	Confédération Générale des Entreprises du Maroc
CIDA	Canadian International Development Agency

CJD	Centre des Jeunes Dirigeants
CNRST	Centre National pour la Recherche Scientifique et Technique (Morocco)
CRI	Centre Régional d'Investissement (Morocco)
CSR	Corporate Social Responsibility
DANIDA	Danish International Development Agency
DBWC	Dubai Business Women's Council
EBN	European Business and Innovation Centre Network
EBRD	European Bank for Reconstruction and Development
EBWA	Egyptian Business Women Association
EEDP	Egypt Enterprise Development Project
EGP	Egyptian Pound
EIB	European Investment Bank
ENIM	École Nationale de l'Industrie Minérale
ESFD	Economic and Social Fund for Development, Lebanon
ESPOD	Espace Point de Départ: Association pour la promotion de l'entreprise féminine
FCE	Fondation Création d'Entreprises
FJE	Fondation du Jeune Entrepreneur
FLFPR	Female Labour Force Participation Rate
FONAPRAM	National Fund for the Promotion of Handicrafts and Small Trades (Tunisia)
GBA	Global Banking Alliance
GBP	British Pound
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany)
HBWBC	Hatshepsut Women Business Centre (Egypt)
HSBC	Hong Kong & Shanghai Banking Corporation
HWBI	Hatshepsut Women Business Incubator
ICT	Information and communications technology
IDB	Islamic Development Bank
IFC	International Finance Corporation
IFI	International financial institution
ILO	International Labour Organization

INDH	National Human Development Initiative (Morocco)
***info*Dev**	Information for Development
IPO	Initial Public Offering
IT	Information Technology
IWWG	International Working Group on Women-Focused Business Incubation
JEDCO	Jordan Enterprise Development Corporation
JFBPW	Jordan Forum for Business and Professional Women
JIB	Jordan Islamic Bank
JIC	Jordan Innovation Centre
JNFW	Jordan National Forum for Women
JOD	Jordanian Dinar
JOHUD	Jordanian Hashemite Fund for Human Development
KAB	Know About Business (ILO)
KHCB	Khaleeji Commercial Bank
MAD	Moroccan Dirham
MEMCC	Middle East Microcredit Company
MCA	Microcredit Association
MENA	Middle East and North Africa
MEPI	Middle East Partnership Initiative
MSME	Micro-, Small and Medium-sized Enterprise
NBAD	National Bank of Abu Dhabi
NBIA	National Business Incubator Association
NCW	National Council for Women (Egypt)
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OPIC	Overseas Private Investment Corporation (USA)
PA	Palestinian Authority
PICTI	Palestine Information and Communications Technology Incubator
QRCE	Queen Rania Center for Entrepreneurship (Jordan)
RCBC	Rizal Commercial and Banking Co (Philippines)
REDEC	Regional Enterprises Development Centre (Egypt)
RMIE	Réseau Maroc Incubation et Essaimage
SBS	Small Business Service
SCB	Saudi Credit Bank

SCF	Supply Chain Finance
SFD	Social Fund for Development
SIFE	Students in Free Enterprise
SME	Small and Medium-sized Enterprise
SMEPS	Small and Microenterprise Promotion Service (Yemen)
SOE	State-owned Enterprise
TF	Task Force (OECD-MENA Women's Business Forum)
TIEC	Technology Innovation and Entrepreneurship Centre
TVTC	Technical and Vocational Training Corporation
UAB	Union of Arab Banks
UAE	United Arab Emirates
UK	United Kingdom of Great Britain and Northern Ireland
UMB	Union Marocaine des Banques (Morocco)
UN	United Nations
USAID	United States International Development Agency
USD	United States Dollar
WBDC	Women Business Development Centre (Palestinian Authority)
WBES	World Bank Enterprise Survey
WBF	Women's Business Forum (OECD-MENA)
WBGS	West Bank and Gaza Strip
WBI	Women Business Incubator
WBOT	Women Business Owners Training
WCR	Working Capital Requirement
WEI	Women's Empowerment Initiative

Executive Summary

MENA economies have the lowest proportion of women in employment in the world and a similarly low level of women entrepreneurs. Harnessing the potential of women could foster the development of the private sector and stimulate productivity, innovation and economic growth. Research estimates that closing the gender gap in the labour market could increase gross domestic product (GDP) by more than 25% per capita in MENA economies.

Profound changes across the MENA region since 2011 represent a historic opportunity to implement a multidimensional policy reform agenda, targeting in particular youth and women's unemployment, weak institutions, limited competition and low levels of private sector development. Improving access to business support and finance for micro-, small- and medium-sized enterprises (MSMEs), which account for up to 90% of businesses and create more than half the jobs in the region, could help improve enterprise activity and growth. Implementing specific measures to support women's economic empowerment could help unlock entrepreneurship in the MENA region. This publication provides an overview of the issues surrounding women's entrepreneurship, and recommendations on how they can be addressed. It is based on available statistics from 18 countries in the MENA region, as well as recent OECD surveys of banks and BDS providers in the region.

Better schooling of girls has not translated into increased employment

In general, the MENA region lacks national and international statistics, especially on women's employment and entrepreneurship. However, data on schooling – which is relatively more complete –suggests that women's relative progress in education has not translated into increased employment and entrepreneurship.

Many MENA economies have achieved impressive social gains in recent years. While women have lower educational levels than men in the total population, when it comes to the younger generation the MENA region ranks relatively well in international comparisons. Gender inequality in education has been largely eliminated in many countries, and women now often predominate in tertiary education. But progress varies considerably across the region, with lower scores for lower-income countries such as Egypt, Morocco and Yemen.

Although the gender gap in labour force participation has slightly decreased since the early 2000s, MENA still has the lowest levels of women in the workforce in the world, with only 24% of women working or seeking paid work, compared with more than 60% on average in OECD countries. Moreover, the gender gap in employment in the MENA region is almost twice as high as in other low- and middle-income countries and almost three times that of OECD countries.

In addition, women's unemployment rates remain very high, at about 18% compared with a world average of 6%. Younger women face unemployment rates of 40-50% in many MENA countries, even when they have tertiary education.

The women's employment picture is complex. Generally, working women – especially in lower-income economies – tend to be more represented in vulnerable positions such as unpaid family work and self-employment. The public sector is a significant employer of women throughout the region, although the job stability it provides comes at the cost of lower wages. The gender gap is somewhat smaller for positions requiring higher levels of education.

Entrepreneurship can offer women an alternative way of earning an income, and indeed, one in eight women (12%) are active as entrepreneurs. However, this is much lower than the rate for men, nearly one in three, and is low compared to other regions in the world. Also, the attrition rate of new entrepreneurial ventures owned or managed by women appears to be significantly higher than among their male-owned equivalents. This could stem from the fact that women entrepreneurs often come from lower-income households than their male counterparts and have less prior employment experience. Finally, women-owned businesses account for only 7% of larger and incorporated businesses (compared to 37% worldwide), and just 1% of those have a female top manager (compared to 18% worldwide).

Women entrepreneurs have inadequate access to business development services

The frameworks and tools needed to support business creation and development remain inadequate in the MENA region in general, but even more so for women. Women entrepreneurs confront specific obstacles and constraints that stem from both the demand side (use of finance and business development services [BDS]) and the supply side (bank lending practices and the range of BDS and incubators available).

BDS are critical for creating and developing companies. BDS providers help new entrepreneurs and existing business owners obtain key economic, regulatory and market information to make informed decisions when establishing or running a business.

Evidence from other regions shows that BDS targeted at women have been effective in increasing access to support for starting and growing their businesses, and that specific approaches to adjust BDS to the needs of women entrepreneurs can be even more effective. However, services for women entrepreneurs in the MENA region are very limited, not only because the overall business support infrastructure is underdeveloped, but also because the services that are available are often not tailored to, or well-known by, women entrepreneurs.

BDS organisations point to the small size of the pool of women entrepreneurs in the region and their lack of awareness of the availability and importance of such services when discussing the challenges to providing services to women entrepreneurs. Specific elements include the fact that women tend to limit themselves to "traditionally female" areas of the economy where barriers to entry may be low, but there is limited opportunity for competitive advantage; as well as limited prior experience in starting and running a business and a lower level of education, especially in rural areas. In addition, women need flexible training schedules for family reasons. A number of BDS organisations also stress lack of funding as an issue preventing them from developing women-focused programmes.

Slightly less than half of the BDS organisations surveyed make special efforts to tailor, promote and market their services to women entrepreneurs. Those which provide such specific services also tend to offer gender-sensitivity training to their staff, advisors and trainers.

Closing the gender gap in access to credit and finance

In 2010, the Women's Business Forum (WBF) identified access to finance for women entrepreneurs as the second pillar of reform to increase women's entrepreneurship in the MENA region. Men and women alike face difficulties in accessing external and formal sources of funding in a regional context where banks are particularly risk averse. However, women face specific difficulties because they often lack collateral and have no experience of bank lending. Practices in other countries also show that bank lending targeted at women can be successful in supporting them in creating and developing businesses.

Banks surveyed for this report are potentially motivated to invest in women-led businesses and consider such businesses important for entrepreneurship development and job creation. All report offering finance to women-owned businesses, yet only three had annual targets to increase financing to women entrepreneurs and none reported offering tailored programmes, personalised services or customised products aimed at women-led businesses. Finally, most banks do not seem to view women-led businesses as a market with specific needs although some report their intention to develop targeted services and products for women business owners in the near future. In reality, women-led businesses represent less than 10% of banks' loan portfolios. This may stem from the fact that banks, when making financing decisions, regard credit history (90%), collateral (80%) and business experience (80%) as the most important factors. This may exclude projects by women entrepreneurs given their limited use of formal bank accounts, their reduced access to collateral and their reduced amount of formal work experience.

There is also an obvious need to enhance the demand side of bank credit by improving women's skills to become "bank ready" -- to better meet banks' expectations and to be able to present their projects in a convincing manner. The expansion of banks into non-credit services such as business coaching, accounting and financial planning advice, business intelligence, business tools and value chain networking – in addition to training programmes offered by women's associations and governments – could potentially make real inroads in helping to enhance women's bank readiness.

Key recommendations

Greater participation by women in the labour force, particularly as entrepreneurs, could help develop the private sector and stimulate innovation and growth in the MENA region. One recent study suggests that closing the gender gap in the labour market could increase GDP by more than 25% per head in MENA economies[1].

This report offers recommendations for action by various stakeholders with a view to boosting women's employment and entrepreneurship in the region by improving statistics collection and analysis regarding women entrepreneurs, improving business development services (BDS) for women, improving access to credit and financial series and making women more aware of the possibilities available to them.

These recommendations were developed by the OECD-MENA Women's Business Forum. They take account not only of the studies and surveys included in this publication, but also the principles agreed upon by MENA Ministers in the *Declaration on Fostering Women's Entrepreneurship in the MENA Region* at the 2007 MENA-OECD Ministerial Meeting as well as the Ministers' 2009 "Action Plan on Fostering Women's Entrepreneurship and Employment in the MENA Region". They cover all 18 economies of the MENA region: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, the Palestinian Authority, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates and Yemen.

Data collection

National statistical agencies

- Develop more comprehensive datasets on women's education and economic activity in the MENA region, and develop a data collection strategy to gather greater information in this area.
- Harmonise definitions of key concepts, such as micro-, small- and medium-sized enterprises as well as women-led businesses.
- Ensure that gender is taken into consideration in the design of Establishment Census and/or SME sample surveys carried out by national statistical offices and that gender-disaggregated data is systematically reported.
- Develop systems for providing gender-disaggregated data on the beneficiaries of SME support programmes offered by national SME agencies.

International stakeholders, including the WBF

- Carry out in-depth case studies of women-owned enterprise growth with a view to identifying key obstacles to their growth as well as key success factors.
- Conduct further research and analysis of the economic consequences of laws which may impact women's ability to engage in entrepreneurial, business, and international trade activity.

- Create a clearing house for gathering studies related to women's entrepreneurship in the MENA region. The clearing house could monitor research developments and ensure broad dissemination of research findings, good practices and models that could be replicated in the region.

Business development services and information

BDS organisations

- Create more awareness of the availability and value of BDS services among women entrepreneurs by:
  - making presentations at universities and meetings of women entrepreneurs' associations
  - building partnerships with micro-credit organisations (which tend to have a larger share of women in their client bases, but do not provide any BDS services)
  - using social media to promote BDS services
  - conducting awareness workshops (featuring successful women entrepreneurs who can share their enterprise development strategies).
- Make the provision of BDS services more accessible to women by tailoring training and BDS services to fit the needs of women entrepreneurs and adopting more flexible approaches to BDS interventions by:
  - developing responsive custom-tailored training plans
  - modularising training so it can be delivered to women entrepreneurs over shorter durations and at a lower cost
  - integrating gender-sensitivity considerations in training materials
  - developing training to improve women's business management know-how in running a business, developing products and services and integrating technology in business operations
  - leveraging technology and social media to provide support to women who wish to more effectively manage work schedules and family commitments by starting a home-based business
  - providing trainers with training and experience in the promotion and support of small businesses and women entrepreneurs, including gender-sensitivity training
  - reaching out to women in rural areas.
- Provide networking opportunities to women for their improved access to information and increased exchanges of experiences by:
  - creating platforms for women entrepreneurs to network, exchange ideas and foster commercial business relationships
  - using those platforms as a vehicle for pooling means and resources.
- Assist with linkages to financing in BDS information and assistance by:

- providing information on the various types and sources of financing as part of BDS
- assisting women in identifying the appropriate sources of financing to transform their ideas into actual businesses
- supporting women in their loan requests (e.g. connecting them to financing opportunities, helping them prepare their financing proposal, accompanying them to the bank).
- developing a system for reporting on the percentage of women in the client base of different BDS organisations as a baseline for improving performance.

Business incubators

- Adopt a more proactive approach to promoting incubator services to women by making presentations to women's groups and associations and in local communities.
- Strengthen linkages with BDS organisations that serve the needs of women's enterprises with a view to identifying a pipeline of incubator-ready and high-growth potential women's projects that are able to meet the incubators' entry criteria.
- Encourage publicly-funded incubators to participate in infoDev training on gender issues for incubator managers and more broadly in the infoDev Women's Entrepreneurship Programme to incorporate a gender-sensitive approach to incubation and business support, including reporting on gender-disaggregated data on clients.

Women-specific business incubators (WBIs)

- Explore the funding needs of existing WBIs to enable their expansion, and establish new WBIs in other parts of the region (with the support of governments and donors).
- Include a pre-incubation component in incubator services, based on the good practice of the AFEM incubators in Morocco to develop a pipeline of incubator-ready projects.
- Promote the sharing of existing regional good practices in the provision of incubator services to women entrepreneurs by:
  - convening a regional workshop to discuss experiences in the development and operation of incubators for women
  - using examples such as those of Egypt and Morocco
  - inviting other international experts with the goal of stimulating greater interest in the expansion of the WBI concept more broadly across the MENA region.
- Form a network of MENA-based WBIs and foster linkages with the infoDev programme with the objective of sharing global good practices and perhaps seeking grant funding for regional WBI programmes.

Governments, international organisations, donors

- Promote the sharing of existing regional good practices in the provision of BDS and incubator services to women entrepreneurs.
- Improve the sustainability and funding of BDS programmes, including possibly by creating a MENA "Women Entrepreneurs' Fund" that would invest in the development of women's enterprises and projects.
- Create more exposure opportunities for women entrepreneurs by:
  - fostering opportunities for women entrepreneurs to network with and learn from regionally and internationally successful women entrepreneurs
  - creating and/or reinforcing women entrepreneurs' forums that include women from all parts of the economy, including women with microenterprises, to co-ordinate, link and bring together women entrepreneurs so that they can share their experiences, build business coalitions and advocate for laws and regulations in support of entrepreneurship in general and of women's access to the necessary support services and resources, in particular.
- Implement public policies and actions in support of an environment conducive to women's entrepreneurship by:
  - developing clear public policies in support of women's entrepreneurship
  - implementing a national dialogue and workshops on the issue of female entrepreneurship involving public, private and civil society sectors
  - implementing laws and regulations to more effectively integrate women entrepreneurs in the market system and provide incentives for women to undertake entrepreneurial activity
  - ensuring a stronger representation of women in decision-making positions and policy dialogue
  - providing entrepreneurship education in schools and universities
  - implementing a system for collecting data and statistics on women in MSMEs and for monitoring public policies in support of female entrepreneurship
  - creating dedicated funds to support the development of women's entrepreneurship and their enterprises.

Access to credit and financial services

Banks and specialised agencies

- Improve information flows directed towards women-led businesses and talented entrepreneurs to raise awareness of the range of bank financing options and the conditions under which they may be secured. The emphasis should be placed on the key criteria for obtaining a successful loan.
- Establish innovative "bank-ready" loan packages tailored to the specificities of women-led businesses that would include credit and non-credit options (advisory services with the objective of promoting awareness of bank lending requirements).

- Explore and develop creative collateral regimes, such as collateral registries and credit guarantee schemes.
- Adopt strategies, such as "gamification", which can contribute to developing a longer term relationship between banks and women entrepreneurs, by rewarding diligent banking on the part of clients and creating incentives for longer-term partnerships.
- Participate in "bank ready" pitching events, competitions and training programmes where bankers can partake in interactive "role playing" sessions with SMEs.

Union of Arab Banks (UAB), MENA governments

- Sponsor the development, capacity building and training for "bank readiness", in co-operation with UAB members and partner financial institutions.
- Strengthen women entrepreneurs' access to financing by:
  - developing special financing products/instruments for women entrepreneurs
  - strengthening all existing financial services to enable enhanced access by women (e.g. loan guarantees, venture capital, financial training, and mentoring and coaching geared to facilitating improved access to financing).
- Enhance data collection to enable banks to design and implement strategies to attract and target women entrepreneurs in the SME sector.
- Promote international good practices in extending access to financial products and services to meet the financing needs of women entrepreneurs and the growth strategy of banks.
- Explore the viability of guarantee schemes with banks and women's business associations as a means of facilitating women entrepreneurs' access to finance.
- Develop gender-sensitivity training programmes to be delivered to banks and financial literacy training to women entrepreneurs.
- Raise awareness of the importance of risk calculations in bank decision making processes and the understanding that business plans should include detailed financial statements with projections over the short to medium term with key benchmarks.

OECD-MENA Women's Business Forum

- Elaborate a Financial Toolkit addressed to women entrepreneurs and women's business associations, adapted to their needs and classified by size of enterprise, geographical location and/or phase of enterprise development.
- Compile similar guides existing in the MENA region on a common platform to facilitate information sharing and identify best practices addressing different segments of women entrepreneurs.

Next steps for the WBF

Based on the information collected for this publication, and on those recommendations from *Women in Business 2012* not yet implemented, the OECD-MENA WBF has identified further priorities for its future work, including:

- The development of a financial toolkit to help women become “bank-ready”
- Analytical work on women's leadership in the corporate sector and, possibly
- Analytical work on the potential of information and communication technologies (ICTs) on women's employment and entrepreneurship.

This work will be carried out with WBF members, in particular with the support of its national task forces, which will assist in collecting information and helping raise awareness. The OECD will continue to support the WBF in its efforts to reinforce the dialogue between representatives of governments, the private sector and other stakeholders in the MENA region and member countries.

Notes

1 Empowering the Third Billion: Women and the World of Work in 2012, Booz, Allen Hamilton

Reader's guide

This specific section on methodology aims at summarising the processes by which data and information have been gathered for the different chapters.

Background on the MENA-OECD partnership to support women's economic empowerment

The MENA-OECD Investment Programme has been working with 18 economies[1] in the region since 2005 to help boost growth and job creation by improving their business environments. Since 2007, the MENA-OECD Investment Programme has been leading two innovative initiatives to mainstream women's empowerment into the wider political debate and unlock women's economic opportunity in the region. The OECD-MENA Women's Business Forum (WBF) was launched in 2009 to promote women's entrepreneurship as a driver for women's economic empowerment and growth in the region. The WBF has grown to become a network of over 500 representatives from MENA and OECD governments, business and civil society committed to improving policies impacting on women's entrepreneurship. In complement to the WBF, a project on *Supporting women as economic actors during the transition period* was launched in 2013 to identify and raise awareness of the legal, social, and cultural factors undermining women's economic integration in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia.

Overall methodology

This publication builds on the recommendations of the 2012 report of the OECD-MENA Women's Business Forum, *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, as well as on the conclusions of ongoing discussions with WBF members and partners.

This publication was initially submitted for discussion in the form of four distinct studies at an OECD-MENA WBF meeting held in Rabat, Morocco, on 2 December 2013. Section 1 of Chapter 3 of the publication, "Better targeting by banks' financing practices of women-led businesses" is based on an earlier paper, "Exploring bank financing for women entrepreneurs in the MENA region: a preliminary analysis of survey data on the financing practices of MENA banks", that was further reviewed at an expert meeting co-organised by the WBF and the Union of Arab Banks (UAB) in Beirut, Lebanon, on 13 November 2013.

Data methodology

Following the recommendations included in the former WBF report (2012c), *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, the work leading to this publication has included an extensive review of existing data as well as the collection of new data across the region.

Despite these efforts, data on women's entrepreneurship in the MENA region remain limited and more efforts will have to be made in the future to harmonise datasets and collect new data. In addition, it is important to keep in mind the diversity of MENA economies, including their macroeconomic structures, legal regimes, regulatory architectures, socio-cultural practices and the contrasts regarding the depth of the countries' financial and technological integration.

Chapter 1: Gender inequality and entrepreneurship: A statistical portrait of the MENA region

Chapter 1 presents a descriptive overview of women's economic activity in the MENA region based on available statistical sources.

International and multilateral organisations differ in their precise geographical definition of the MENA region. As a consequence, data from different organisational sources are usually not exactly comparable for this region. In addition, national statistical offices collect limited, if any, gender disaggregated data, further complicating comparative analysis. Despite current efforts made in household surveys and other surveys, there is also a risk of under-reporting of informal labour inputs, which tend to be significant among MENA women. Furthermore, labour force definitions used in the sources have historically not taken into account care work carried out predominantly by women, and which contributes to the production economy. Finally, most of the data used in this report were gathered before the onset of the global financial and economic crisis in 2008 and the subsequent political and socio-economic changes that have taken place in the MENA region. The impact on gender inequalities in the economic sphere will not be measurable with confidence for years to come, especially if the collection and release of data are set back by political upheaval and budgetary pressures.

Statistical data at the national and regional level regarding women's economic activity do not provide a clear picture of all the important aspects of women's employment and entrepreneurship in the MENA region. Nonetheless, the limited data made available provide a solid background for an analysis of general trends.

Table 1. List of international statistical surveys of entrepreneurship and enterprise, MENA region

	World Bank Enterprise Survey (WBES)	Global Entrepreneurship Monitor (GEM)
Algeria	2007	2009
Egypt	2008	2008, 2010
Iraq	2011	
Jordan	2006	2009*
Lebanon	2009	2009
Libya	-	None
Morocco	2007	2009
Saudi Arabia	**	-
Syria	2009	2009
Tunisia	-	2009
United Arab Emirates	-	2006, 2009, 2011
West Bank and Gaza	2006	2009
Yemen	2010	2009

Source: Enterprise Surveys (www.enterprisesurveys.org), The World Bank and Global Entrepreneurship Monitor (GEM) (www.gemconsortium.org). *The GEM-MENA Regional Report 2009 states that Jordan has had two GEM surveys (2009 participation in the GEM-MENA regional data collection, plus one other) but the other year could not be identified. **Data from Saudi Arabia are included in the WBES study by Chamlou (2008) but survey results are not available on the World Bank Enterprise Survey webpage.

Chapter 2: Business development service provision and incubation for women entrepreneurs in the MENA region

Study components

Chapter 2 relies on three sources of research: (1) a preliminary desk-top review, which included a mapping of the key BDS organisations and incubators in each of the 17 MENA economies[2] (compiled from extensive online searches and complemented by OECD-MENA WBF databases) and a scan of the relevant literature, (2) the design and distribution of three questionnaires to 135 organisations and individuals, and (3) fact-finding missions to three countries of the MENA region – Egypt, Morocco and the United Arab Emirates (UAE).

A business development support (BDS) services survey aimed to take stock of the types of existing BDS services in the region, including those targeting women entrepreneurs, in order to better understand the current landscape of BDS providers and the level of participation of women clients and beneficiaries. This survey covered a range of issues, including questions regarding:

- major objectives of the organisation;
- type of BDS services offered;
- targeted clients;
- percentage of women among their clients;
- measures used to evaluate the success or impact of their activities;
- qualifications and gender balance of staff;
- policies towards charging fees for services;

- whether they offered any specific programmes or services for women entrepreneurs, objectives for doing so, and types of services offering the most significant challenges faced by banks to being more effective in meeting the needs of women entrepreneurs.

This survey also explored issues related to whether BDS services are adequate for micro and small enterprises in the economy, the challenges for reaching more women entrepreneurs with these services, the recent developments regarding the provision of BDS services to women entrepreneurs, and the actions needed to improve the business environment for women's entrepreneurship/enterprise development and women's access to BDS services.

As business incubators can play a major role in providing BDS to incubating start-up enterprises in MENA economies, a brief survey was sent to mainstream[3] business incubators, primarily to determine the representation of women entrepreneurs among their clients. It also asked about any special efforts to attract women entrepreneurs to the incubators and the major challenges to increasing the representation of women-owned start-ups.

The third survey was destined for business incubators that are operated specifically for women entrepreneurs. Although there are only a few of those in MENA economies, seeking information on their operations, objectives, activities, client enterprises and impacts was considered an important part of the study. The survey collected information on:

- motivating factors for launching a business incubator for women;
- key objectives of the projects;
- number of spaces and women's enterprises being incubated;
- criteria for selecting incubates;
- range of services provided;
- efforts to attract women to the incubator;
- operational features (such as staffing, funding, incubation process);
- linkages with other networks of women business incubators;
- significant challenges in operating a business incubator for women.

The surveys were designed in English and French and e-mailed to 135 organisations and individuals across the previously mentioned 17 MENA economies in May/June 2013. The recipients were divided into three categories: (1) government and quasi-government institutions involved in enterprise development, such as ministries of trade and industry, national agencies for micro-, small and medium-sized enterprise (MSME) development, and chambers of commerce; (2) non-governmental organisations (NGOs), such as business associations, private sector actors, and universities; (3) national Task Force (TF) members of the OECD-MENA WBF who served as local contact points to help reach out to other organisations or complete the surveys as appropriate.

The OECD received 46 completed questionnaires from 42 organisations[4] in the following nine MENA economies: Algeria, Egypt, Jordan, Morocco, the Palestinian Authority, Qatar, Tunisia, the United Arab Emirates and Yemen. Twenty-five were from BDS organisations and 21 from incubators; 6 of the BDS organisations and 3 of the incubators were specifically focused on women entrepreneurs. They represented a cross-section of government providers (21 surveys); NGOs (18 surveys); private sector entities (3 surveys); and universities (4 surveys). Table 1 includes a summary of the respondents by type of survey and economy.

In some cases, the survey was sent to an organisation that had a network, like the Centre National pour la Recherche Scientifique et Technique (CNRST), which coordinates the Réseau Maroc Incubation et Essaimage (RMIE) of 13 business incubators in Morocco and the Social Fund for Development (SFD) in Egypt, both of which distributed the survey to their network of incubators.

Table 2. Number of survey responses by type and by country

Economy	BDS surveys	General incubator surveys	Women's business incubators surveys	*Total (row)*
Algeria	1	1	-	*2*
Egypt	6	7	1	*14*
Jordan	7	1	1	*9*
Morocco	5	4	1	*10*
Palestinian Authority	1	1	-	*2*
Qatar	1	-	-	*1*
Tunisia	1	1	-	*2*
UAE	2	3	-	*5*
Yemen	1	-	-	*1*
Total (column)	*25**	*18*	*3*	*46*

Note: *Of these, six were from organisations specifically providing BDS services to women entrepreneurs.

In order to complement the survey, three fact-finding missions took place in Egypt (June 2013), Morocco (July 2013) and the United Arab Emirates (September 2013). Organisations interviewed during these missions included government ministries and agencies, NGOs, business associations, women entrepreneurs' associations, private sector organisations and donor projects.

Limitations of the study

The survey received responses from nine MENA economies.

In addition, in countries for which the response rate was the highest (Egypt, Morocco and Jordan), some key BDS providers did not respond to the survey.

In spite of these limitations, data from the received surveys enable the identification and analysis of some cross-regional trends, as well as good practices. Given that the literature review did not reveal any previous studies of the delivery of BDS and incubation services to women entrepreneurs in the MENA region, these data are particularly important to fill in an important knowledge gap.

Chapter 3: Expanding the financing options of women-led businesses in the MENA region

Chapter 3 is divided into two parts. The first part analyses the bank financing practices of women-led businesses, while the second part is a practical guide for women entrepreneurs. The second part does not contain data that require a methodological description.

The data analysed in the first part come from survey responses of 19 MENA banks in 4 economies (Bahrain, Jordan, Morocco and Tunisia)[5]. A study questionnaire was circulated to MENA banks by the OECD and the UAB over the period from June to October 2013. The survey data were complemented by a number of interviews undertaken with banking professionals, as well as desk research. Percentages used in the paper are calculated on the basis of the number of banks which completed the questionnaires and then rounded to the nearest whole number.

Objectives

The objective of this study and the underlying questionnaire was to learn more about the financing practices of banks in the MENA region.

The methodological decision to adopt a questionnaire approach to collecting data in this study arises from the general lack of data, especially gender-disaggregated and SME-related data, available from national statistical offices and other sources across the MENA region.

Questionnaire design

The questionnaire was divided into three sections: (1) The practices of financial institutions, (2) The practices of beneficiary enterprises, and (3) Evaluation of the practices. The first section represents the largest part of the questionnaire, while the last two segments total eight out of the 31 questions. The questionnaire includes both closed and open-ended questions.

As there is no commonly accepted definition of SMEs across the MENA region, the questionnaire does not provide one, and banks used their own classifications. Like other regions (OECD, 2011), MENA economies diverge in their criteria for defining SMEs, which include a potentially broad range of enterprises. Even though microenterprises perform a vital economic role across the MENA area, they have been excluded from the scope of this study. In the MENA region, like elsewhere, official definitions of SMEs often include capital needs, number of employees, revenue levels and fixed assets of the company; however, these elements may also vary according to the sector and the growth dynamics of the enterprise[6]. The most common factor, nevertheless, appears to be the number-of-employees criterion (Brack, 2013).

For the purposes of this study, a business is "women-led" when women make up more than 50% of the partners or the directors responsible for the day-to-day control of the business, or where the sole proprietor/shareholder is a woman. The definition thus includes businesses which are women-owned, women co-owned and women-managed.

Population and Sample

The target population for this study was banks operating in the MENA region offering finance to SMEs. While other sources of formal financing for women entrepreneurs, such as venture capital funds, angel investing and microfinance institutions are used increasingly, banks still remain the principal source of formal financing for the majority of aspiring women entrepreneurs.[7]

Data Collection

Interviews with bankers were conducted during the month of October 2013. The purpose of these interviews, in addition to desk research, was to obtain complementary information on the experiences of MENA banks and bankers in working with women-led businesses given the very low response rate of banks to the questionnaire.

Limitations of the Study

The survey received very few responses, with a response rate of 11% and a high concentration of the responses from Jordan (70%). This low response rate makes the results difficult to generalise and calls for further studies. Nonetheless, some interesting partial conclusions are worth sharing in the absence of other studies.

Notes

1 Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Palestinian Authority, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates and Yemen.

2 Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Palestinian Authority, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates and Yemen.

3 *Mainstream* here means incubators that are open to any start-ups that meet the criteria for entry, regardless of whether the entrepreneurs are male or female.

4 Two of the organisations delivered BDS services as well as operated business incubators, so completed two questionnaires.

5 Banks which completed the questionnaire are: ABC Bank, Al Barid Bank, Al Etihad Bank, Arab Bank, Attawfiq Micro-Finance (Fondation Banque Populaire Pour le Micro-Crédit), Banque Audi, Banque Tunisienne de Solidarité, Cairo Amman Bank, Capital Bank of Jordan, Citibank Maghreb, Gulf International Bank, Investbank, Jordan Ahli Bank, Jordan Commercial Bank, Jordan Islamic Bank, Khaleeji Commercial Bank, Société Générale, Standard Chartered Bank, and The Housing Bank for Trade and Finance.

6 The European Commission specifies SMEs as having between 1 and 249 employees, annual turnover of up to EUR 50 million and a balance sheet of no more than EUR 43 million, while the United States Small Business Administration classifies SMEs according to industry-specific standards. Source: OECD (2012).

7 The following definition of informal financial institutions can be considered: "By informal financial institutions, we refer to the entire gamut of non-market institutions such as credit cooperatives, moneylenders, etc. that do not rely on formal contractual obligations enforced through a codified legal system": Ayyagari (2008), p. 2. It can be also added that any recourse to family and friends as a source of financing also falls within this category

Chapter 1

Gender inequality and entrepreneurship: A statistical portrait of the MENA region

This chapter presents a descriptive overview of women's economic activity in the MENA region based on available statistical sources.

It analyses in what respects women's engagement in the economy in MENA lags behind the rest of the world, in spite of significant advances in women's education. The chapter also reviews how, considering the limited employment opportunities, entrepreneurship may be an attractive opportunity for women and to what extent it differs from entrepreneurship among men.

Overall, as indicated in Women in Business: Policies to support women's entrepreneurship development in the MENA region *(OECD, 2012), greater efforts are needed at the national and regional levels to collect and compile gender-disaggregated data related to women's economic activity to support evidence-based policy making and better harness the potential of women in MENA economies.*

Introduction

The countries of the Middle East and North Africa (MENA) are very heterogeneous, even within sub-regions. Their labour, skills, capital and natural resource endowments, which are the main factors shaping countries' economic structures and capacities, vary tremendously. This makes generalisations about employment and entrepreneurship in MENA economies difficult, even more so when restricted to issues affected by gender.

In the MENA region, the difference between labour supply (labour force participation, including entrepreneurial activity) and labour demand (female employment) is striking. There is a large discrepancy between women's qualifications and interest in participating in the economy on the production side and the extent to which the economy actually makes use of women's labour.

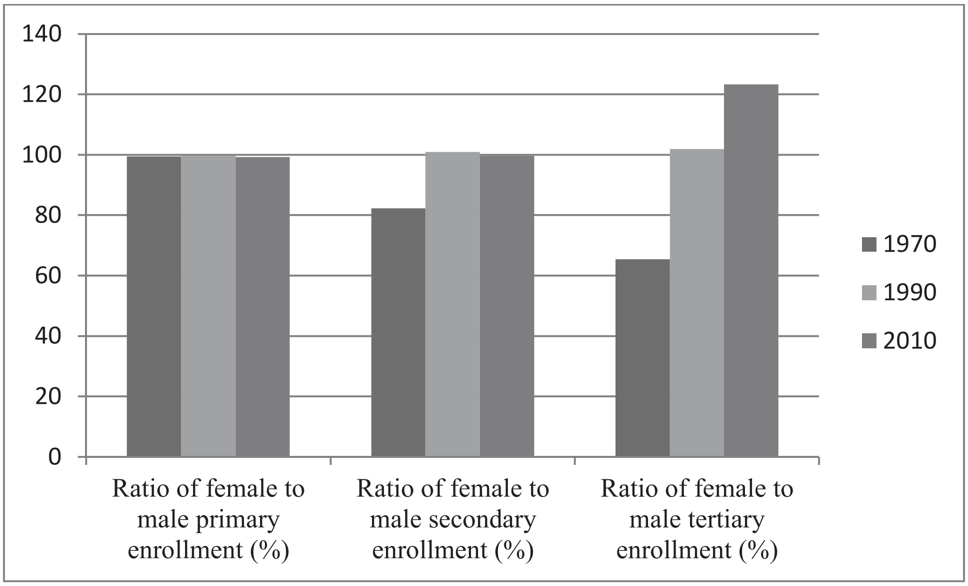
The previous work undertaken by the OECD-MENA Women's Business Forum, which was in part summarised in the OECD publication *Women in Business – policies to support women's entrepreneurship development in the MENA region* (2012), recommended taking stock of existing data on employment and gender. This chapter is a follow up to that work and aims to review trends in educational outcomes for women across the MENA region, describes the ways in which women become involved in the labour market, examines the extent to which, and the ways in which, women's labour and skills are used as a factor of production in economic activity, and concludes on gender differences in entrepreneurship.

The Reader's Guide outlines the sources used for the data in this chapter and more information on some of the sources is available in Annex. It is important to underline that international statistical data regarding women's position and gender inequality in employment and entrepreneurship in the MENA region cover a limited range of issues, and there are significant weaknesses and gaps in the sources. Only a few indicators are recorded comprehensively at the regional (MENA) or sub-regional (for North Africa, the Middle East and sometimes the Gulf separately) levels. In other cases, data are only available for smaller subsets of MENA economies, whose size and composition vary from one to another. There is also the risk of the under-reporting of informal labour inputs, which tend to be high among women. Finally, a significant part of the data used in this report were gathered before the onset of the global financial and economic crisis in 2008 and the subsequent political and socio-economic changes that have taken place in the MENA region. Because of the time lag in reporting new data and political turbulences, new data are not yet available. The impact on gender inequalities in the economic sphere is still not fully known.

1.1. MENA women's entry into the labour market

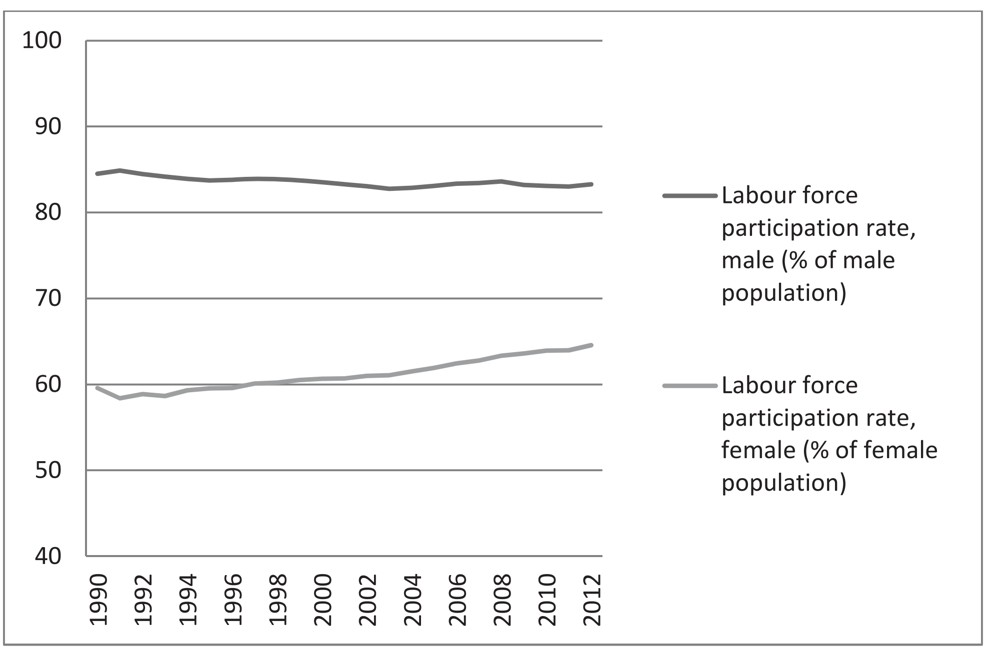
Educational provision has been greatly improved in most MENA economies over the past 20 to 30 years. Gender inequality has been eliminated at some levels of education and in some countries there are now more women than men attending university. Even though women's participation rate has been rising, far fewer women join the labour force than in other regions – fewer than one in three women – compared to 60% in OECD countries (see Figures 1.1, 1.2 and 1.3).

Figure 1.1. Gender gap in education, OECD member countries, 1970-2010



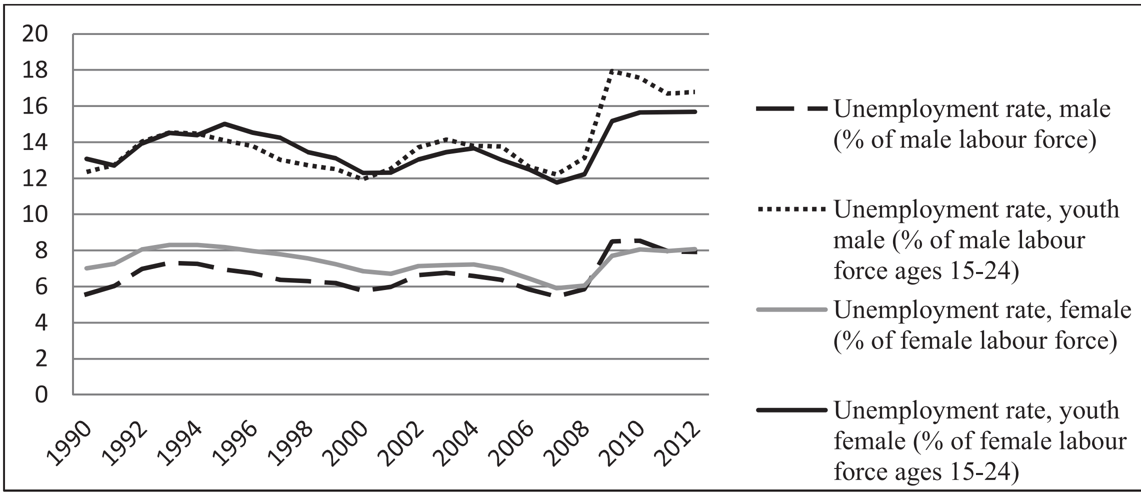
Source: Gender Statistics, World Bank

Figure 1.2. OECD labour force participation by gender



Source: OECD database, 2014

Figure 1.3. OECD unemployment by gender and age

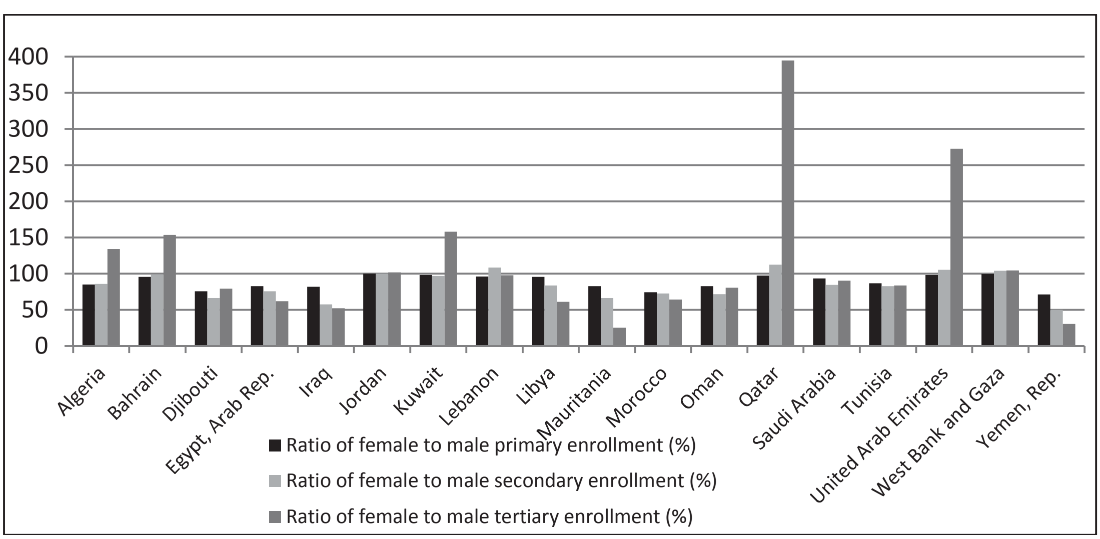


Source: OECD database, 2014

Improvements in women's education

A large number of MENA economies have achieved significant social gains in recent years. Life expectancy, literacy levels and educational attainment have all improved to an extent almost unmatched in the rest of the world. In terms of education, the MENA region comes out well in international comparisons[1]. In 1970, only 20-25 per cent of young adult women (15-24 years) in Morocco and Algeria, and only around 10 per cent in Oman, were literate (Roudi-Fahimi and Moghadam, 2003, based on UNESCO data). The following decades saw marked rises in overall female literacy levels throughout the region. Female literacy among 15-24 year olds is now close to 100 per cent in the Gulf Countries, as well as in Jordan, Syria and Tunisia, and between 70-75 per cent in Egypt, Morocco and Yemen (World Bank, World Development Indicators).

Figure 1.4. Female-to-male enrolment ratios: MENA economies, 1976-2011



Source: World Bank WDI. The data give the average values of the ratios for each available year of the period.

Gender inequality in education has been largely eliminated and overall educational provision has become nearly identical for girls and boys in the region. Female-to-male ratios in primary and secondary education are higher than 75% in a majority of countries, with notably lower rates in Djibouti, Iraq, Mauritania, Morocco and Yemen (see Figure 1.4).

Among those who receive tertiary education, women predominate in many countries. The numbers are quite striking in Algeria, Bahrain, Kuwait, Qatar and the United Arab Emirates (UAE) (see Figure 1.1). At the tertiary level, Qatar has the highest gender ratio of enrolments in the world, and the United Arab Emirates, Kuwait and Bahrain have among the 11 highest ratios, according to data compiled by the World Economic Forum (Hausmann et al, 2012). As a consequence, in several countries in the region, the number of women of working age with university level education now outstrips the number of men. There is some differentiation in the subjects studied by men and women but it is not a clear-cut pattern. While male students predominate in engineering, they are not the majority in the wider field of sciences (World Bank 2013a).

This positive assessment regarding gender equality in tertiary education should not hide the fact that the overall (men and women) enrolment rates in tertiary education are very uneven across the region and remain modest in many countries. According to the World Bank (2013a), less than 10% of women of the relevant age group in Morocco, Yemen, Djibouti and Iraq, and less than 20% in Egypt, were enrolled in tertiary level education in 2011, compared to more than 50% of both men and women in Lebanon and Libya. In some Gulf Cooperation Council (GCC) countries, notably Qatar, Kuwait and Oman, very small numbers of both men and women attend university. Compared to its level of income, Tunisia has the highest relative level of university enrolments in the region.

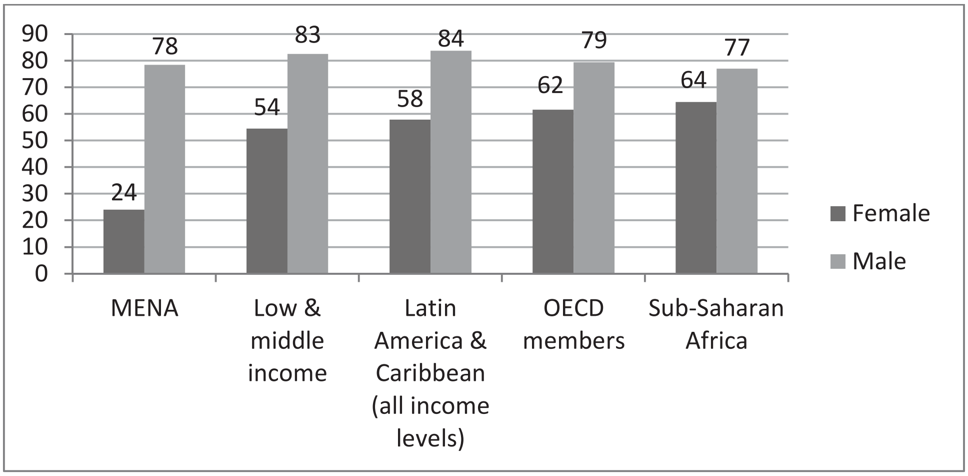
Gender inequality has also not been eliminated at the tertiary level in some large countries, such as Egypt, Yemen, Oman and Iraq. Completion rates by gender at the tertiary level are also more unequal by gender, to the disadvantage of women, in the same countries (World Bank 2013a).

Female labour force participation rates

Participation in the labour force encompasses persons undertaking any form of economic activity, including self-employment, unpaid work on a family farm or business, salaried employment in the informal and formal sectors[2] and unemployed people seeking work. This is a very wide definition that includes any type of engagement – or aspiration to engage – in the production economy. The only form of work which is excluded is subsistence and care work.

There is a worldwide gender gap in labour force participation, but it is particularly pronounced in the MENA region (Figure 1.5). Far fewer women than men enter the labour force in the MENA region.

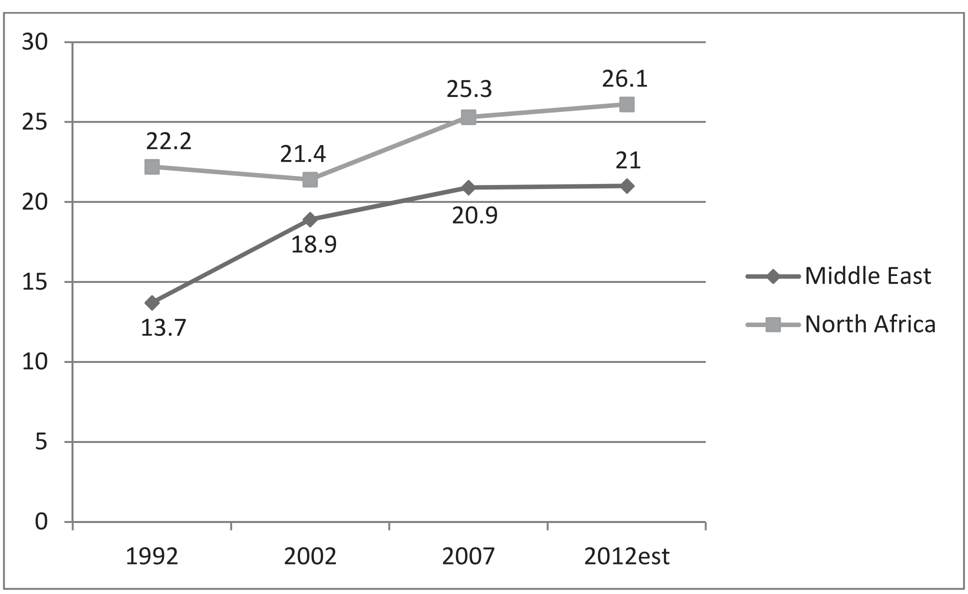
Figure 1.5. Male and female labour force participation rates, 2011, selected regions of the world



Source: World Bank Gender dataset based on ILO Key Indicators of the Labour Market.

Female labour force participation has generally been rising throughout the world over the past 20 to 30 years (see Box 1.1. for OECD countries). MENA economies have also experienced this trend. Figure 1.6 shows that the participation rate has generally been growing throughout the region. These data do not include participation by young adult women as their labour force engagement has been falling with a higher number of women staying in education. The figures are estimates for the region as a whole (split geographically into two parts, following the ILO categorisation of regions[3]).

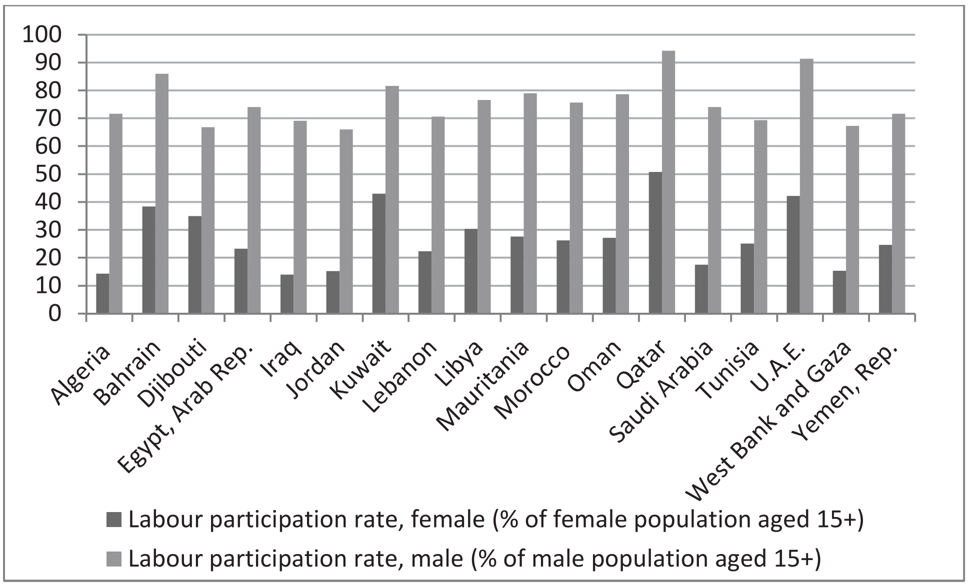
Figure 1.6. Estimated trends in female adult labour force participation rates, Middle East and North Africa, 1992-2012



Source: ILO Global Employment Trends for Women, 2012 Table 5. The age cut-off for adulthood is not defined but seems to be 15 years.

Figure 1.7 gives information on current labour force participation rates in individual MENA economies. Figure 1.7 suggests that higher female participation rates tend to occur in higher income countries, although there are major exceptions. For example, Saudi Arabia has a much lower female participation rate, while Djibouti and Egypt display somewhat higher levels than expected on this basis. The rate for Yemen is likely to be much higher than recorded here.[4] If fully consistent and comparative data were used and more countries were added, a 'U' shaped relationship between female participation and national income might emerge in MENA, which would conform to the general pattern globally. Male participation rates vary as well, but not as much as women's. The Gulf countries have below average rates in terms of labour force participation compared to what could be expected from their national income.

Figure 1.7. Male and female labour force participation in MENA, by gender, 2007-11



Source: World Bank WDI.

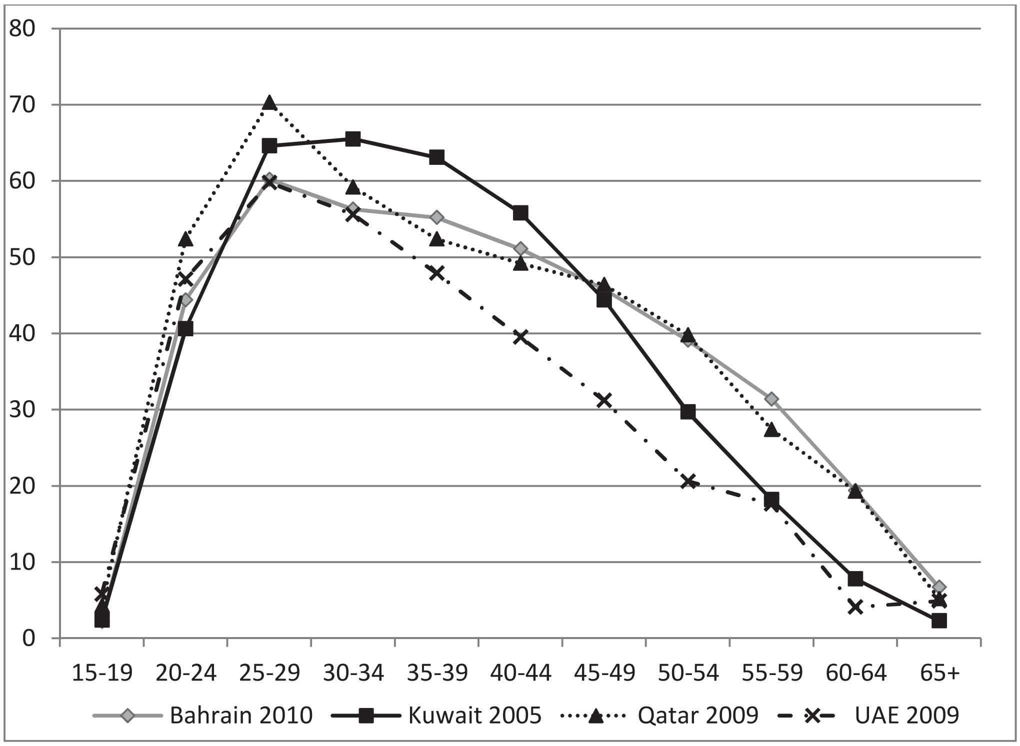
Note (a) official estimates for national non-immigrant population. Based on household surveys: Yemen 2005-06; Saudi Arabia 2009; Morocco 2009-10; Iraq 2007; Palestinian Territories 2006; Jordan 2010; Tunisia n.s.; Egypt 2006; Qatar 2010; Djibouti 2010; Kuwait 2009; and UAE 2009. Labour force surveys and ILO estimation methods produce different values. Labour force surveys may be more sensitive to issues of unpaid work and informality that especially affect estimates of women's participation.

Age- and education-related women's labour force participation rates

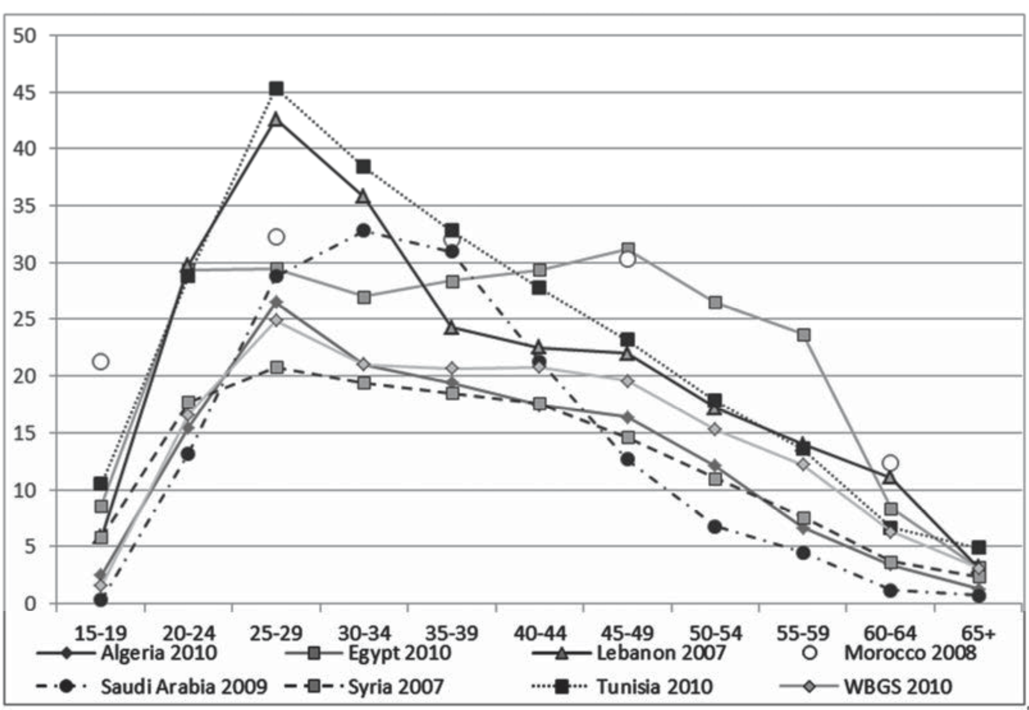
The age-related pattern of economic activity among men in the MENA region is similar to the rest of the world, but the female pattern is unique. In most parts of the world the number of women engaged in the labour force is at approximately the same level for women in all age groups between 20 and 50 years old (Houriet-Segard and Pasteels, 2011). By contrast, in the MENA region younger women, between the ages of 25 and 35 years, are the most likely to participate in the labour market. Figures 1.8a and 1.8b show the situation in the Gulf countries and in another eight MENA economies separately. In most cases, women's participation peaks sharply in the 25-29 year age group, although in Saudi Arabia and Kuwait it comes a little later (at 30-35 years) and in Egypt significantly later (45-49 years). Egypt is the only country in the region to have a pattern of age-related female labour force participation similar to the rest of the world. All the other MENA economies are outliers in this respect.

Figure 1.8. Female labour force participation rate by age, MENA economies, 2007-10, %

Panel A



Panel B



Source: calculated from ILOSTAT

Another interesting feature of the integration of women into the labour market in the MENA region is the effect of education on women's labour force status. Education seems to have a strong positive effect on women's labour force participation. Increases in women's labour force participation from the 1990s appear to be driven by improvements in education (World Bank, 2008). Indeed, the increase in the labour force participation rate of women is concentrated among young women. In Egypt, Iraq, Jordan, Morocco and Tunisia, women with tertiary education are at least twice as likely to participate in the labour market as women with a secondary education (World Bank, 2013b).

Data on the gender composition of the labour force by education available for two countries, Lebanon and Morocco, show that, among the most educated members of the labour force, the proportion of women is higher within younger age groups. In Lebanon and Morocco, the share of women in the most highly educated subgroup of the labour force is respectively 8 and 27 percentage points higher among persons aged 20 to 29 than among the labour force as a whole.

However, a different picture emerges in Jordan, where the participation rate is declining among educated women.[5] Educated women in Jordan are employed primarily in the education and health fields, two areas in which public sector employment is dominant. With the curtailment of public sector hiring in Jordan since the mid-1980s, and despite a rise in the share of women in the public sector workforce, opportunities for educated women are becoming more scarce (Assaad et al., 2012).

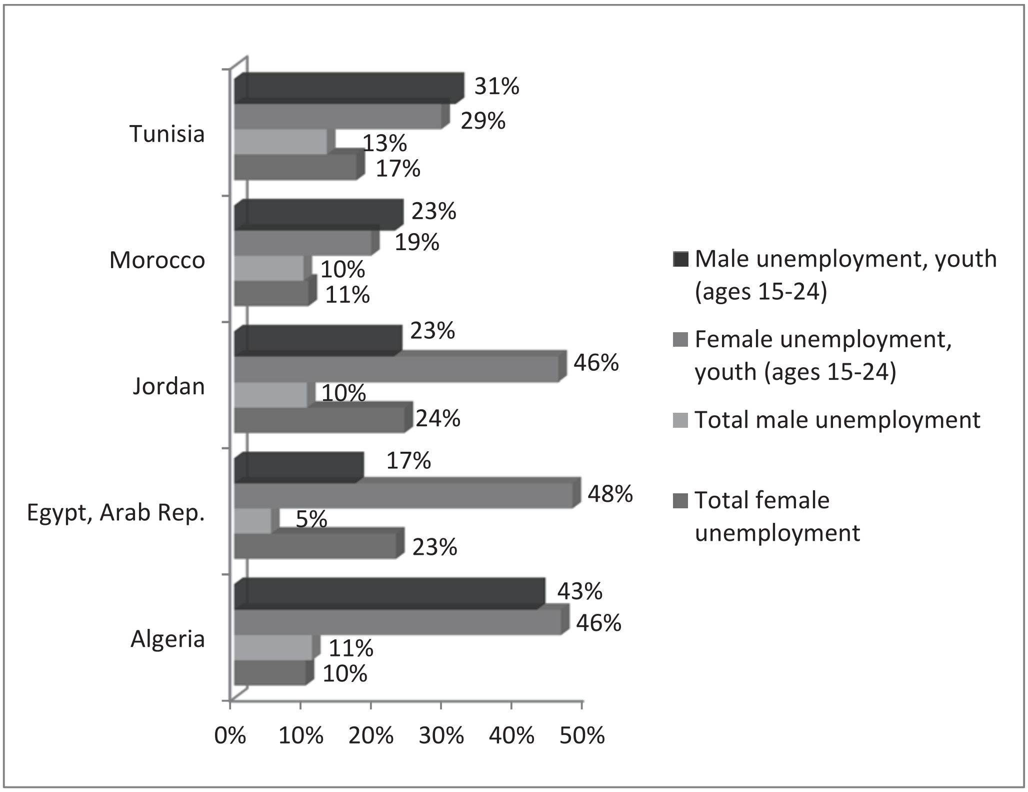
Women's unemployment

Unemployment reflects the gap between employment preferences and employment possibilities. Both women and men in the MENA region, but especially women, face very high unemployment levels by international standards – despite women's low labour force participation rates. In 2010, according to estimates of the International Labour Organisation (ILO), the rate of female unemployment in North Africa was 18.9% and 18.1% in the Middle East, compared to a world average female unemployment rate of 6.4%, and rates in the range of 5.0% to 9.1% in East Asia, Sub-Saharan Africa, and Latin America and the Caribbean (ILO, 2012).

In East Asia, developed countries and non-European Union (EU) European countries, women have slightly lower rates of unemployment than men (1 to 1.5 percentage point gaps). In MENA economies, by contrast, women's unemployment rates exceed that of men by 9.5 to 10.5 percentage points, 3 to 10 times greater than the gap in other locations (ILO, 2012).

In addition, youth unemployment rates in the MENA region have been exceptionally high since at least the 1990s (Kabbani and Kothari, 2005). Young women tend to be the most seriously affected. In some countries, even with relatively small numbers of women seeking work, almost half of all young women cannot find employment.

Figure 1.9. Male and female unemployment rates, total working age population and youth (15-24 years), selected MENA economies, latest year (mostly 2009)



Source: World Bank Gender dataset based on ILO LABORSTA.

In Tunisia, Morocco, Jordan, Egypt and Algeria, youth unemployment rates are at least twice the total unemployment rate (see Figure 1.9.). In Algeria, Egypt and Jordan, young women face unemployment rates approaching 50%. In Egypt and Jordan, unemployment among young women is much higher than among young men.

Youth unemployment rates are also high among nationals in Bahrain and Saudi Arabia (Kabbani and Kothari, 2005).

1.2. Women's employment in MENA economies

Considering the low rates of women's participation in the labour force and high unemployment, only 17% of women compared to 68% of men are employed. This is by far the lowest rate of female employment in the world. Depending on the country, women account for between 13% and 25% of all employees.

MENA women's employment rate in perspective

In contrast to the great improvements in education in the MENA region, women of all education levels continue to have limited employment opportunities. This is particularly striking for younger and more educated women.

Average female employment rates in the MENA region are low, at 19.7% in North Africa and 15.3% in the Middle East, despite relatively high rates in the Gulf Countries

(ILO, July 2012). This can be compared to a world average of 47.8%, to the next lowest rate of employment of 30.4% in South Asia, and to the highest female employment rate in the world in East Asia (64%), which is 3 to 4 times the MENA rate (Table 1). Men's employment rate is 52.8 percentage points higher than women's in the Middle East, and 48.5 percentage points higher in North Africa.

There was a continuous increase in the share of female employees in the workforce in the MENA region from 1970 to 2005 in all countries for which data is available (see Table 1). Since 2005, however, the proportion of women as employees in the workforce has stalled or even fallen[6].

Table 1.1. Female share of total employees, percentage, selected MENA economies

	1970	1980	1990	Mid 1990s	2000	2005	2010
Algeria	5	8	10			16.7* (2004)	15.1* (2010)
Egypt	9	9	16	17.7 (1995)	21.4* (1999)	19.0 (2006)	19.6* (2010)
Iraq	-	8	11			20.3* (2006)	
Jordan	-	9	10	11 (1993)			
Kuwait	8	14	21		32.3*	25.2*	
Morocco	-	18	25	22 (1992)	25.9*, **	27.0*	21.1
Syria	10	9	15	17 (1991)	17.0* (2001)	13.4*	12.9*
Tunisia	6	15	17	23 (1994)	24.6*		25.0*

Sources: 1970-1990s from Moghadam 2003 Table 2.3, based on data from UN WISTAT and ILO Yearbook of Labour Statistics. 2000-09: from ILO LABORSTA. Missing values signify that no data are given in these sources.

*All employed persons ** Population 7 years and over

Nevertheless, over the ten-year period ending in 2012, the overall female employment ratio increased from 16.6% to 19.7% in North Africa and from 13.7% to 15.3% in the Middle East. The increase was proportionally greater in North Africa (ILO, July 2012). Since the employment rate of men has not increased so much, this has led to a slight decrease in the gender gap in employment rates, more so in North Africa than in the Middle East.

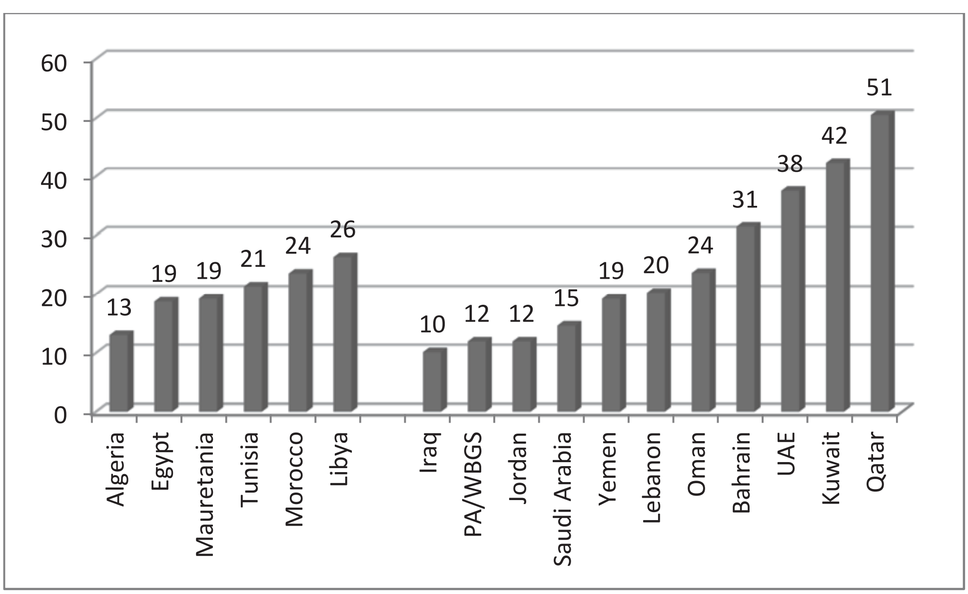
Table 1.2. Male and female employment-to-population ratios, 15+ years, 2002 and 2012, percentage

	Employment-to-population ratio, male		Employment-to-population ratio, female		Gender gap (percentage points)	
	2002	2012	2002	2012	2002	2012
World	73.3	72.7	48.6	47.8	24.8	24.8
Developed (including EU)	64.5	61.6	47.7	48.4	16.7	13.2
Central, S-E Europe & CIS	61.3	64.7	44.4	46.0	16.9	18.7
East Asia	77.4	75.4	66.4	64.0	10.9	11.4
South-East Asia & Pacific	78.0	78.3	54.7	56.0	23.3	22.3
South Asia	79.8	78.5	34.2	30.4	45.7	48.1
Latin America & Caribbean	74.3	74.8	43.9	48.8	30.3	26.0
Middle East	66.3	68.2	13.7	15.3	52.6	52.8
North Africa	66.2	68.3	16.6	19.7	49.5	48.5
Sub-Saharan Africa	70.4	70.8	57.4	59.2	12.9	11.6

Note: 2012 are preliminary estimates. The gender gap equals the difference between male and female ratios. ILO regional estimates. Source: ILO, 2012.

As shown in Figure 1.10, in North African countries, female employment rates vary between 18% and 26% (except in Algeria, which is lower at 13%), while the divergence is much greater among other countries in the Middle East, ranging from 10-11 per cent (Iraq and Palestine) to exceptionally high levels of 30-50 per cent in some of the GCC countries.[7] The demographic situation in the GCC countries is unusual. There is a very high number of immigrants in the population, who are mostly employed (including women immigrants).

Figure 1.10. Female employment rates, 18 countries in MENA, 2010, %

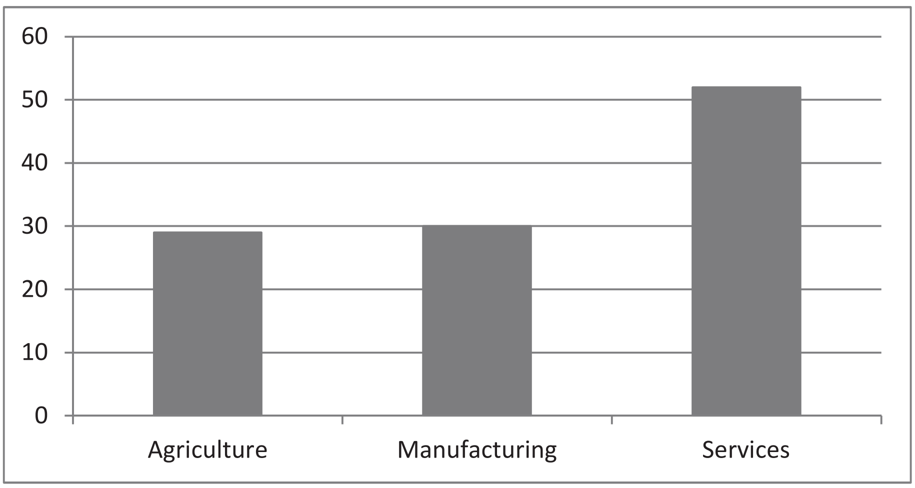


Source: World Bank gender data based on ILO data; in most cases, for women aged 15 years and above.

Women's workforce in different economic sectors

A sectoral breakdown of women in employment is available for only two economies: Egypt and Morocco. Figures 1.13 and 1.14 show the shares of women in the sectors of agriculture, industry and services in Egypt and Morocco for 2000 to 2008. The workforce comprises persons employed in each sector who work or are contracted to work for pay, profit or family gain, including, but not limited to, employees. In both Egypt and Morocco, women's labour is used as a production factor in agriculture much more than in other sectors. The employment share of women in agriculture has been rising over time.

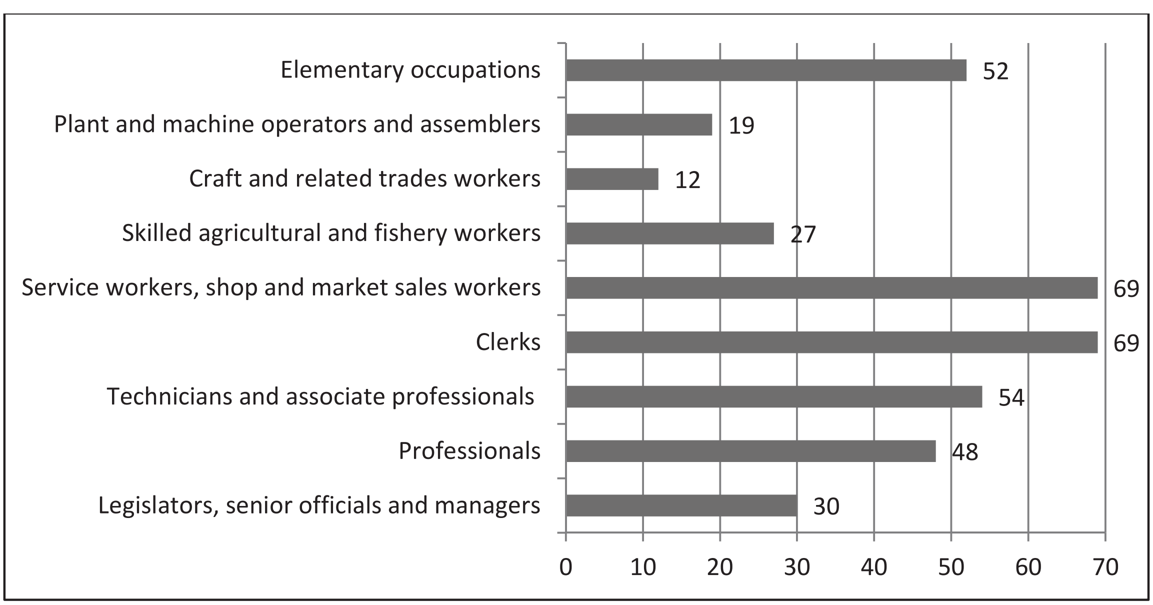
Figure 1.11. Share of women in employment by main sector 1998-2000 in OECD countries, %



Source: OECD Employment Outlook 2002, Table 2.10.

Note: data is not available for women's share of employment in the industry sector.

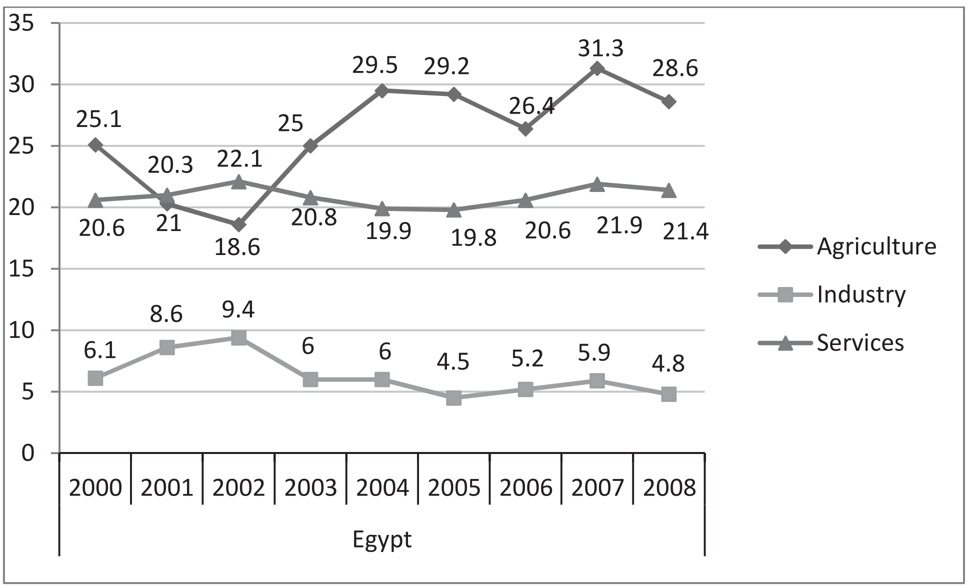
Figure 1.12. Share of women in employment by main occupational category 1998-2000, %



Source: OECD Employment Outlook 2002, Table 2.10.

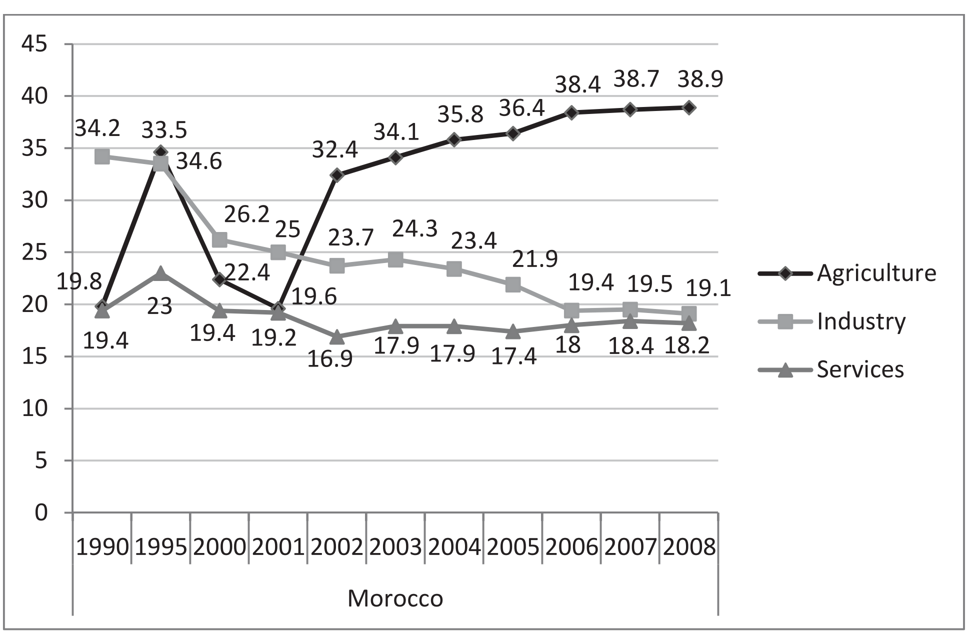
The share of women by sector is the highest in the service sector (Figure 1.11). In this sector, women account for more than half the total workforce, compared to 30% in manufacturing and slightly less in agriculture. To some extent this reflects the higher qualifications of women, especially in the fields related to the services sector: women accounted for 27% of graduates in the fields of engineering, manufacturing and construction, but over 70% of graduates in the fields of education, health and welfare (OECD, 2012). Figure 1.12 shows the distribution of women in employment by occupation. The skills and income levels of occupations tend to be higher on the left part of the scale and tend to decrease as one moves towards the right-hand side of the scale). The graph shows that women make up 48% of professional and 54% of technical occupations; they tend to be the majority in mid-ranging service occupations (about 70%), and a small minority in agricultural, craft and machine-operating positions.

Figure 1.13. Share of women in employment by main sector, Egypt, 2000-08, %



Source: ILO data (Key Indicators of the Labour Market, Table 4a)

Figure 1.14. Share of women in employment by main sector, Morocco, 2000-08, %



Source: ILO data (Key Indicators of the Labour Market, Table 4a).

Agriculture

In recent years, agriculture has made a small, and in almost all cases, declining contribution to national output in most MENA economies (see Table 3). Therefore, increases in the employment share for women in this sector had a limited impact on the rate of female employment in the economy as a whole. The reasons for the increase in the employment share of women in the agricultural sector in Egypt and Morocco (Figures 1.13 and 1.14) are not yet clear, although there are some indications that more women were drawn into wage work in agriculture as global value chains sourced more inputs from North African producers (Dolan and Sorby 2003).

However, the agricultural sector remains a significant employer of women in many parts of the MENA region. In addition, in this sector, many women work informally, or do not get paid for their work. Their working conditions are difficult, and many do not own the land on which they are working.

Table 1.3. Sector contributions to GDP, selected MENA economies, percentage, 1990-2010

	Agriculture			**Industry (*manufacturing)***			**Services**		
	1990	**2000**	**2010**	**1990**	**2000**	**2010**	**1990**	**2000**	**2010**
Algeria	11	9	7	48	59 (*7)*	62 *(6)*	40	33	31
Egypt	19	17	14	29	33 (*19)*	38 (*15)*	52	50	48
Jordan	7	2	3	23	26 (*16)*	31 *(19)*	64	72	48
Morocco	18	15	15	35	29 (*12)*	30*(13)*	48	56	55
Tunisia	14	11	9	35	30 (*18)*	31*(18)*	49	58	61

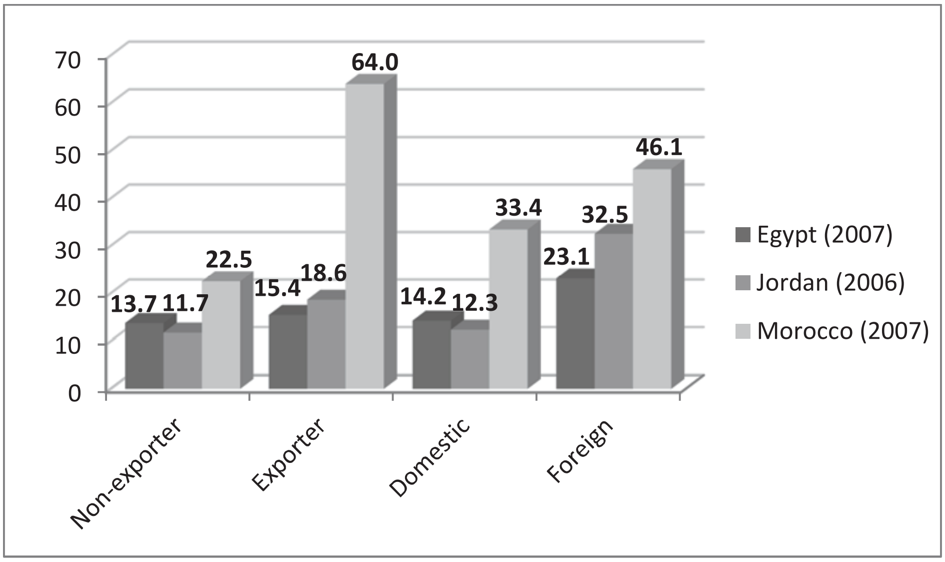
Source: World Bank Indicators. Manufacturing data is for 2000 and 2011.

Industry

By contrast, the output share of industry (including oil production) has generally been rising in MENA economies, including Egypt and Morocco, while women’s employment share has decreased in this sector. The importance of manufacturing varies greatly across MENA economies. Manufacturing contributed only 6% to Algeria's output in 2011, compared to 18% in Tunisia (see Table 1.3). In a small number of middle-income, non-oil rich MENA economies, as in other similar countries in other parts of the world, assembly industries expanded greatly in the 1980s and 1990s (World Bank 2013b) but then stalled or decreased.

Assembly industries tend to employ very high proportions of women. The decrease in the share of women in the industrial sector in Egypt and Morocco (Figures 1.13 and 1.14) is related to the evolution of the sector, in particular to the rise and subsequent stagnation of light, labour-intensive, assembly manufacturing.

Figure 1.15. Proportion of permanent full-time workers that are female (%) by firm type (market orientation and ownership), Egypt, Jordan and Morocco, various years



Source: World Bank Enterprise Surveys at http://www.enterprisesurveys.org/. Definitions and coverage: firms: having 5 or more employees; exporter: firms where direct exports are 10% or more of sales; foreign: firms with 10% or more foreign ownership.

Figure 1.15 further explains the evolution of women's employment manufacturing in Egypt, Jordan and Morocco. Manufacturing firms with higher export shares and foreign involvement in ownership tend to employ higher shares of women workers. Morocco is an interesting case in the region with an unusually diversified manufacturing sector. In Morocco, women are employed in substantial (though in some cases now falling) numbers, across an unusually wide range of manufacturing industries. In 2009, women accounted for 44% of employees in the manufacturing sector, compared to, for example, 11% in Egypt (UNIDO, 2012). The share of women in the workforce in manufacturing in Morocco was above 40% in five industries with more than 80% of women employees in the garment industry in 2009 (UNIDO Yearbook of Industrial Statistics, various years). The weak performance of the garment industry, largely in terms of exports, has led to a decline in the share of women in manufacturing and hence in the industry sector as a whole (Belarbi et al., 2013).

Services

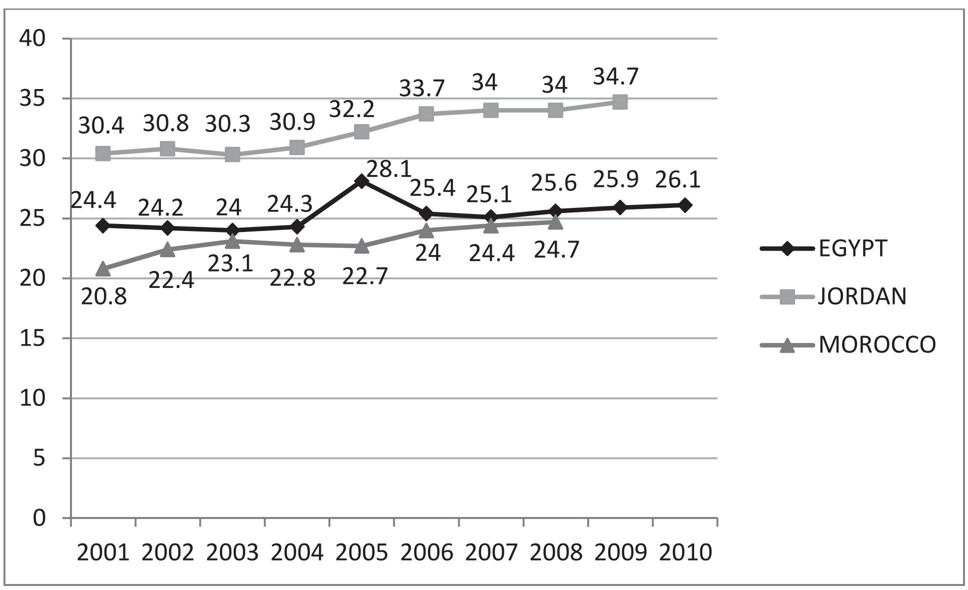
In other middle income regions of the world, women's share of the workforce has risen significantly in the private services sector, and especially in data processing industries and other information technology (IT) industries, as well as in business services industries. Both employ relatively large numbers of women in the workforce, and at higher skill levels than in other industries. In MENA economies, neither type of activity has developed as much as in other regions of the world (OECD/IDRC, 2013). Private services continue to be dominated by consumer-oriented activities such as trade and commerce, where few women are found in the workforce. Consequently, in Egypt and Morocco, the total share of female employment in the services sector has scarcely changed (Figures 1.13 and 1.14).

Employment in the public sector

The public sector in the MENA region is large in international terms, but its size varies tremendously across MENA economies. Total public sector employment ranges from 10% of employment in Morocco to more than 70% among the national (non-immigrant) populations in the GCC countries (World Bank 2008).

The ratio of women in total public sector employment is relatively high and has been increasing in the countries for which data is available (see Figure 1.16). In Morocco and Egypt, the share is significantly higher than the female share of the workforce outside the agricultural sector (Figures 1.13 and 1.14) (Data is not available for Jordan.) While the share of women in the core public sector and education and health is high, it is significantly lower in state-owned enterprises (SOEs): 12% of the SOE workforce was female in Egypt, 15% in Jordan and 17% in Morocco in 2008.

Figure 1.16. Share of women in the total public sector workforce: Egypt, Jordan & Morocco, 2001-10, %

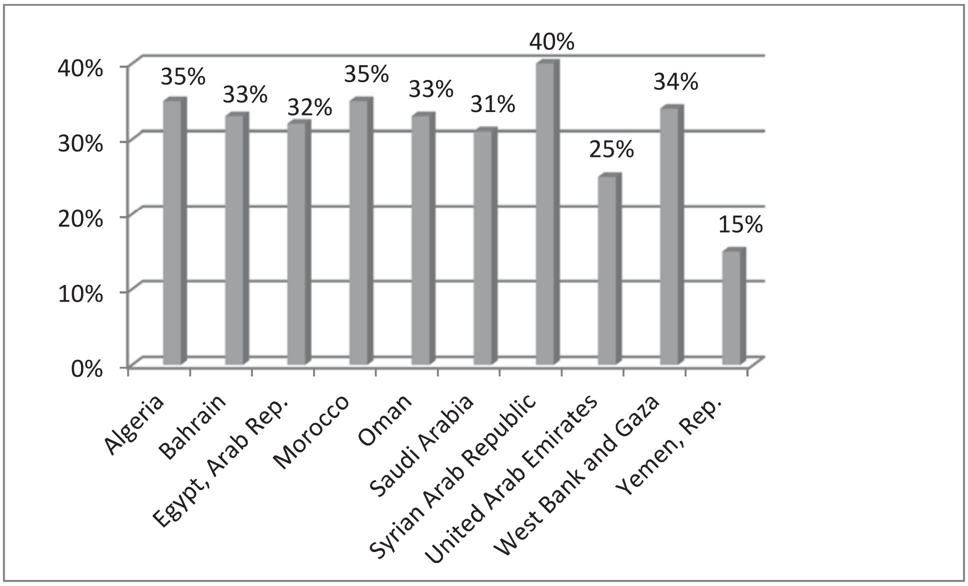


Source: ILO, LABORSTA.

Women's employment by category of employment

Another feature of women’s employment in the MENA region is that the gender gap in the jobs requiring advanced qualifications is lower than for other occupations (see Figure 1.14). This reflects the increases in women’s educational attainment. These data are confirmed by other sources such as the global ranking of countries by share of women in high-skilled occupations prepared for the World Economic Forum. Outside the agricultural sectors, women’s share of employment is often highest in the most skilled, specialised posts (managers and professionals), in the middle of the range in "white collar" jobs and services, and at the lowest level in elementary and "blue collar" manual, craft and machine operative posts[8] (Assaad et al, 2012).

Figure 1.17. Proportion of women among all workers in professional and technical occupations, (%), MENA economies



Source: World Bank Gender dataset.

Note: "professional and technical occupations" are high in the occupational classification and generally highest paid. They refer to jobs which involve wide-ranging, complex tasks and duties that are carried out by workers with high-level, formal educational qualifications.

Women's employment conditions

Data on the employment status of women workers are limited. There is no information, for example, on the share of part-time employment or the duration (permanent, temporary or seasonal) of paid employment contracts for women compared to men. However, there is some information on wage payments by gender and on the terms of women's employment compared to men.[9]

Various sources show that women in MENA economies are paid less than men, as in other countries around the world. The extent of the gender gap in pay is extremely difficult to estimate. Wage data is sparse and the calculated gender gap often not really usable (Hausmann et al., 2012).

Table 1.4. Ratio of female to male wages in manufacturing, various years, 2007-10

Bahrain	Egypt	Jordan	Oman	Palestine
0.77	0.76	0.61	1.42	0.53

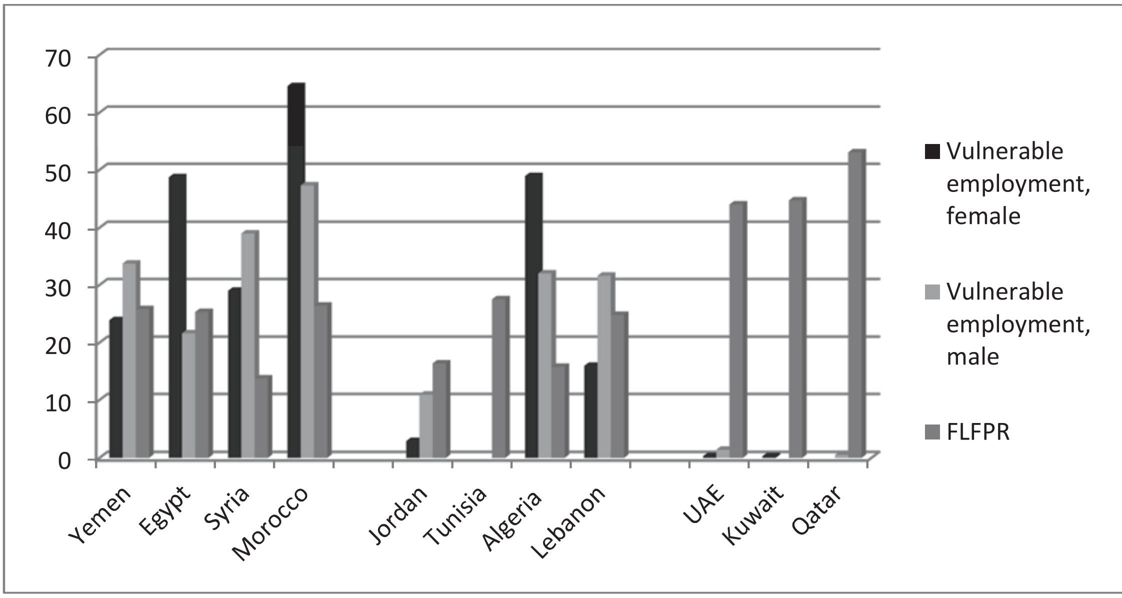
Source: World Bank gender database.

For a proper estimate of wage differentials, the economic sectors and levels of education must be taken into account. Table 1.4 shows information on wage differentials within one sector – manufacturing. With the exception of Oman,[10] on average women are paid significantly less than men, ranging from about one-half to three-quarters of male wages. Data are not generally available that could generate like-for-like wage data, which would require the crude data in Table 1.4 to be adjusted for occupational and educational differences. The data do allow this to be done for Egypt. Female wages in the private sector in Egypt are about half as high as those of males once these differences are taken into account (Assaad, 2005).

There are two other aspects of women's employment conditions to consider. Figure 1.15 provides information on the type of employment available to workers, with reference to the share of "vulnerable" workers. Using the ILO definition, vulnerable workers comprise of unpaid family workers and own-account workers. Compared to OECD countries, where, in 2009, 14.5% of women working in OECD countries were identified as working in vulnerable employment compared to 16% of men, the rates of vulnerability for women tend to be higher in a number of MENA economies. Figure 1.15 reveals a complex association between national income levels per capita, female labour force participation rates and the share of employed women in vulnerable positions. In the oil-rich Gulf States, where incomes are in the range USD$ 40 000 to USD$ 70 000 per capita, participation levels are exceptionally high and employment openings for women (and men) are virtually all in regular paid employment. In the middle income countries (Lebanon, Algeria, Tunisia and Jordan, with incomes in the range of approximately USD$ 4 000 to USD$ 8 000 per capita), female labour force participation is low (with the exception of Algeria) and the incidence of vulnerable employment for women is low as well.

The final group comprises several of the lowest income countries in the MENA region (Morocco, Syria, Egypt and Yemen, with incomes in the range of USD$ 1 000 to USD$ 3 000). These countries have much higher rates of female labour force participation but also much higher levels of vulnerability. Male employees also suffer significant levels of vulnerability, but to a lesser extent than women.

Figure 1.18. Share of vulnerable workers in female and male employment and female labour force participation rate (FLFPR), latest available year (around 2009), %



Source: World Bank gender database, based on ILO data. Countries are ranked by national income, using World Bank Indicators (GNI per capita, Atlas method, 2009). The data in this figure are for nationals only (not the total resident population, which includes immigrants).

Another aspect of vulnerability in employment is informality. Although information is sparse, the scale of informal activity appears to vary widely across the MENA region. A review of the issue finds that in Iraq 75% of the labour force is currently in informal employment, while the informal sector accounts for 20% of the gross domestic product (GDP) in Syria, 22% in Jordan, 27% in Yemen and 37% in Morocco (Stevenson, 2010). In other parts of the world, informality is strongly associated with female employment (Assaad et al, 2012). However, this is not the case in the MENA economies. Women are less, rather than more, likely to be informally employed in MENA economies. Data for Egypt and the West Bank and Gaza Strip in Table 1.5 show that, outside agriculture, a lower proportion of women than men are in informal employment.

Table 1.5. Persons in informal employment in non-agricultural activities, percentage of total

Egypt 2009		West Bank and Gaza Strip (WBGS) (2010)	
Male	Female	Male	Female
56.3	23.1	59.9	42.0

Source: ILO KILM 8. No data for other MENA economies.

The degree of informality in employment is believed to have increased sharply in the MENA economies in the 1990s (Assaad, n.d.; Yousef, 2004).

In Egypt, explicit deregulation of the labour market beginning in the 1990s was accompanied by significant informalisation of employment relations. As formal employment opportunities dwindled in the civil service and the large state-owned enterprises, they appeared to be increasingly replaced by informal jobs in the private sector, which offer little job security or social insurance protection (Assaad n.d.; Yousef 2004).

1.3. Women's entrepreneurship in MENA economies

In MENA economies, around 12% of adult women are entrepreneurs, compared to 31% of men, which is the largest gender gap across the different regions of the world. Entrepreneurship is nonetheless comparatively attractive to women in the MENA region, perhaps because of the difficulties of being hired in other types of occupations. The gender gap is smaller in entrepreneurship than in employment. Men are between two and a half and three and a half times more likely than women to enter the labour force, but only twice as likely as women to be involved in business. (see Table 1.6).

Table 1.6. Gender gaps in employment and entrepreneurship compared, MENA sub-regions, 2009

	MENA	Western	Central	East
Employment gap: ratio of male: female labour participation rates	2.9:1	2.5:1	3.5:1	2.7:1
Entrepreneurship gap: ratio of male: female entrepreneurial activity rates	2.1:1	2.1:1	2.2:1	2.0:1

Source: OECD/IDRC, 2013 with modifications; based on ILO and GEM data.

Note: The "western" sub-region comprises the Maghreb countries; "central" comprises Middle Eastern countries with the addition of Egypt; and "east" comprises countries bordering the Gulf. This 3-way grouping is an ad hoc aggregation of GEM data. It was carried out by Reynolds (forthcoming) because the GEM dataset contains too few observations of women entrepreneurs to permit an extended gender analysis to be undertaken at the level of individual countries.

Box 1.1. Entrepreneurship in OECD member countries

There is a significant gender gap in entrepreneurial activity in OECD member countries. On average, 5.9% of adult women are active in the nascent and new-venture stages of businesses compared to 10.8% of men. [11] About 35% of firms show female participation in ownership, but only 18% of firms have a female top manager. [12] Despite progress in education, labour market participation and employment, women are still scarce in the upper echelons of business in OECD countries. While on average 6% of all employed men were employers themselves in OECD countries in 2010, this was true for only 2% of all employed women. [13]

Women's entrepreneurship activity

Comparative evidence on entrepreneurship in the MENA region comes from two main international statistical sources. The first source, the Global Entrepreneurship Monitor (GEM), focuses on individuals' entrepreneurial activities, aspirations and attitudes, with little attention paid to the character of their enterprises and no restriction on the size or legal status of entrepreneurial ventures. While men are more likely than women to undertake an entrepreneurial venture in all regions of the world (GEM, 2012), the gender gap is exceptionally wide in the MENA region. The second statistical source, the World Bank Enterprise Survey, focuses on the economic performance, and the constraints to growth and profitability, of registered enterprises with five or more employees.[14] According to this source, in international terms MENA has an exceptionally small proportion of women-owned or women-managed formal enterprises.

The GEM records different types of entrepreneurship. On average, in 10 MENA economies 8.5% of adult women are active in nascent and new ventures (entrepreneurs who are actively involved in planning a venture, or already operate a new one that has paid wages for less than 3 months as well as owner-managers of new ventures who have been paying wages for 3 to 42 months) compared to 18.4% of adult men. Although the gender gap is wide, it is much less important than the overall gender gap in employment, and further shows the attractiveness of entrepreneurship to women.

The share of the adult population working as owner-managers of "established" ventures (operating for more than 42 months) is significantly lower and the gender gap is wider: 3.56% among women compared to 12.93% among men. Overall, 12% of women are active in entrepreneurial activity, less than half the rate among men (31%). For every 10 men involved in early-stage entrepreneurial activity, 7 own or manage an established business; whereas for every 10 women in early-stage entrepreneurial activity, only slightly more than 4 women are engaged in an established business.

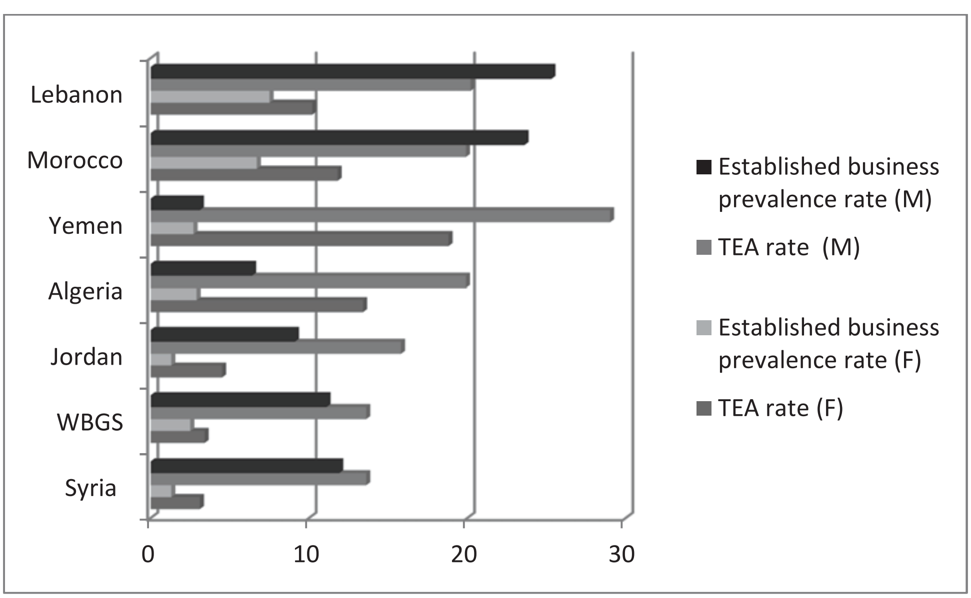
Table 1.7. Entrepreneurial activity rates by gender, MENA region, share of adult population, percentage

Activity rate	Early stage (nascent & new ventures) (TEA)	Established business stage (>3.5 years)	Total
Female	8.5	3.65	12.15
Male	18.4	12.93	31.13

Source: Reynolds (forthcoming), based on GEM data for 10 countries: Algeria, Egypt, Jordan, Lebanon, Morocco, Saudi Arabia, Syria, Tunisia, UAE and West Bank and Gaza Strip (all 2009 except Egypt 2008).

There are marked country differences in entrepreneurial activity rates by gender across countries in the MENA region (Figure 1.16). On one side, there are countries where for both men and women, the number of newly active entrepreneurs is greater than the numbers running established businesses: this is the case in Jordan, Syria and Palestine, and even to a greater extent in Yemen and Algeria.

Figure 1.19. Early-stage entrepreneurial activity (TEA) rates and prevalence rates of ownership/management of established enterprise by gender, selected countries, %



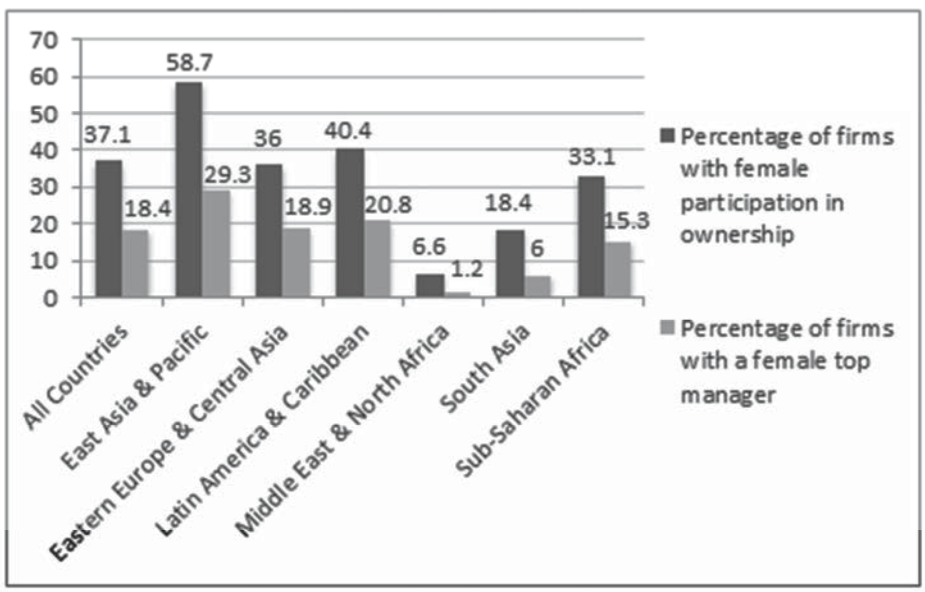
Source: GEM national reports and GEM-MENA regional report 2010. WBGS is the West Bank and Gaza Strip.

In Morocco and Lebanon the situation is a bit different. More men participate in established rather than in new entrepreneurial activities. In parallel, compared to other MENA economies, both of these countries have unusually high rates of women active in established businesses. The results are closely related to the fact that Morocco and Lebanon are two MENA economies which, outside the GCC countries, have a strong entrepreneurial culture and dynamic private sector economy (Stevenson, 2010).

Women in the more formal business sector

Additional data complement the portrait of women entrepreneurs. The shares of women-owned and managed businesses among registered enterprises of all sizes (with 5 or more employees) are extremely low in the MENA region compared to other regions in the world, for the countries for which data are available (see Figure 1.5 and Table 1.8).

Figure 1.20. Share of women-owned and women-managed registered businesses, selected regions, firms with 5+ employees, latest available year, %



Source: World Bank Enterprise Surveys.

Table 1.8. Share of women-owned and women-managed registered businesses in MENA, selected countries, firms with 5+ employees, latest available year, percentage

	Female participation in ownership	Firms with a top female manager
Algeria 2007	15	
Egypt 2008	34	
Iraq 2011	6.8	2.4
Jordan 2006	13.1	
Lebanon 2009	33.5	29.1
Mauritania 2006	12.3	
Morocco 2007	13.1	22.8
Syria 2006	14.4	
WBGS 2006	18	
Yemen 2010	6.4	0.2
MENA average	6.6	1.2

Source: World Bank Enterprise Surveys http://www.enterprisesurveys.org/Data/ExploreTopics/gender.

The definition of women's ownership used in the World Bank Enterprise Surveys (WBES) is very broad; the data therefore signify the upper boundaries rather than an exact measure. "Female participation in ownership" refers to the presence of at least one woman among the owners of the business. For comparison, the US Women's Business Ownership Act defines a "women-owned business" as at least 51% by a woman or women, who also control(s) and operate(s) it; "control" here means to make policy decisions and "operate" means involved in day-to-day management (Simavi et al., 2010). If this tighter definition had been used, the recorded levels of female-registered firm ownership in the MENA region would undoubtedly be lower, perhaps very much lower. In fact the definition of "women's ownership" is being changed in the survey instrument[15] and future WBES data on MENA will, in the short term, almost certainly show a reduced level of female involvement in business.

Personal characteristics of entrepreneurs[16]

Broadly, male and female entrepreneurs in the MENA region are very similar in terms of age distribution, levels of ambition or apprehension about entrepreneurship, interest in international markets, and motivations and expectations for the growth of their enterprises. There are, however, significant differences in three dimensions.

First, women entrepreneurs come from lower income households than male entrepreneurs. Women can therefore count on fewer household resources to start a venture.

Second, women owners and managers of ventures at all stages have less education than men, but they have more education than the average woman. However, women entrepreneurs' educational profile is closer to that of the total female population than that of women in the labour force, who tend to be somewhat more educated.

Third, women entrepreneurs have much less employment experience than men (OECD/IDRC, 2013). There is a particularly high incidence of women without prior work experience involved in early stage entrepreneurial activity in Algeria, Morocco and Tunisia.[17] This is important because employment experience is a key form of preparation for – and driver of – entrepreneurial activity. International studies point to a strong interrelation between employment and entrepreneurship. Low female employment rates in MENA may be closely interrelated with low employment rates that undermine women's desire and capacity to become entrepreneurs (Reynolds, forthcoming and OECD/IDRC, 2013).

Main features of women's enterprises

There are also differences in the types of ventures established and run by women and men entrepreneurs in the MENA region. First, women's businesses are much more concentrated in personal, consumer-oriented activities such as health and beauty (rather than business services such as accountancy), and in lower-technology production activities, without, for example any information and communications technology (ICT) or science-based component (OECD/IDRC, 2013). Also, on average, women's businesses have been in operation for less time than men's. This is consistent with the proportion of women being over 30% among nascent firms, but less than 20% among mature firm owners. Women's involvement is greater in younger firms across all regions of the world, but the bias against women's participation in established ventures is much greater in MENA than in other regions (Reynolds, forthcoming).

In other respects, however, there are fewer differences between women's and men's business ventures. The prevalence of high potential firms (as measured by the entrepreneur's expectations of future employment generation and other variables) is similar among male and female entrepreneurs (Reynolds, forthcoming). In terms of business size, the differences are also limited. Table 9 shows that almost all entrepreneurs in Algeria and Egypt have employees and there is little difference between female and male entrepreneurs in this respect. In countries outside the MENA region, only a very small number have a similar profile. By contrast, the number of single person ventures is much higher in Palestine and Tunisia, with a somewhat higher prevalence among women's ventures than men's (except in the case of new ventures in Palestine). The pattern in those two countries is close to the average in Sub-Saharan Africa and Latin America and the Caribbean.

Table 1.9. Percentage of female and male new and established business owners with no employees, MENA economies and selected regions, 2012

	Percentage of new business owners with no employees		Percentage of established business owners with no employees	
	Female	Male	Female	Male
Algeria	5	7	12	6
Egypt	2	7	0	4
Palestine	28	34	51	40
Tunisia	42	12	30	19
Sub-Saharan Africa	40	32	44	30
Latin America and Caribbean	52	38	50	38

Source: Kelley et al, 2013; GEM, 2013.

Note 1: Coverage for 10 countries in Sub-Saharan Africa, 13 countries in Latin America and Caribbean. Note 2: New ventures are between 3 and 42 months old, and established businesses are more than 42 months old.

Global research by the World Bank suggests that, across the world, the more unfavourable the climate for starting and expanding a business of any kind, the lower the proportion of women-owned businesses (Chamlou, 2008; World Bank/International Finance Corporation, 2013). In other words, businesswomen's prospects are more negatively affected than businessmen's by a poor business climate.[18] The MENA region ranks low on both the business climate overall and the small numbers of women-owned businesses (even using a broad definition) and it therefore fits into this global pattern. However, the obstacles that women in the MENA region face in starting a business seem to be more significant than elsewhere. To a far greater extent than in other regions or countries, women in many countries in MENA are treated as minors in some statutory provisions and have little legal recourse against coercion (World Bank 2013a). However, the picture is varied across countries. Even where legal reforms to reduce gender inequality have been introduced, the implementation of those reforms and the changes in attitudes will take time.

Trends in women's entrepreneurship

There is no statistical information on trends in women's entrepreneurship in the recent past, with the exception of some limited comparative evidence for Egypt.

The data on Egypt consists of the results of two GEM surveys carried out in 2008 and 2010 (see annex). This is insufficient for the analysis of long-term trends, but nevertheless a few striking findings emerge. The main development was the significant change in the motivations of entrepreneurs, among both men and women. Motivations are characterised dichotomously in the GEM dataset as stemming from "necessity" (lack of alternative opportunities for earning income) or "opportunity" (belief in the existence of profitable opportunities in the market). The proportion of entrepreneurially active men and women in Egypt who were motivated by necessity rose dramatically over the two years. Whereas one out of five entrepreneurs was driven by necessity in 2008, the proportion had risen to three out of four in 2010.[19] This is the highest recorded level among the GEM 2010 countries, irrespective of their level of economic development (GEM Egypt National Report, 2010).

Another finding is that the percentage of women-owned and managed enterprises also increased dramatically between 2008 and 2010, from less than 20% to almost 35% of early-stage entrepreneurs (GEM Egypt National Report, 2010). More data need to be collected to determine the underlying factors for such an increase. There may be time-series data for individual countries from national surveys, not included in the international statistical sources, which could provide evidence on the most recent changes in due course.

Conclusion

This chapter is an attempt to paint a statistical portrait of women in the MENA region in terms of entrepreneurship, employment and education rates. The incomplete nature of the data must be emphasized, as it prevents solid generalisations on the MENA region from being made. In education, the gender gap appears to have been mostly eliminated in some countries. The literacy rate among 15-24 year old women is almost 100% in the Gulf Countries, Jordan, Syria and Tunisia, and 70-75% in Egypt, Morocco and Yemen. There are more women than men with a tertiary-level education in some countries, but the rate is very uneven across the region, with only 10% of women in the 15-24 year-old age group enrolled in tertiary-level education in Morocco, Djibouti, Yemen and Iraq, compared to more than 50% in Lebanon and Libya. On the basis of the data available, this improvement in the gender gap in education, albeit mixed, is not reflected in women’s employment or entrepreneurship rates. Despite small increases in recent years, women’s employment rates remain the lowest in the world with 17% of women in employment, compared to 68% of men. Depending on the country, women account for between only 13% and 25% on all employees. The gender gap in entrepreneurial activity is also high, as 12% of women are entrepreneurs, compared to 31% of men. The low employment rate may lead women who are unable to find work to look to entrepreneurship as a way of making a living. This is reflected in the rate of women participating in new business ventures: the gender gap here is less pronounced than the overall gender gap in employment. More research should be carried out in order to properly inform policy-makers on the economic empowerment of women in the region.

Notes

1. The quality of education in MENA is a contentious issue, not explored here. See World Bank 2008.

2. This is the definition laid out in the International Labour Organization's Key Indicators of the Labour Market (KILM) at http://www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm. The concept of the economy implicit in this definition is that used in the UN System of National Accounts.

3. International and multilateral organisations differ in their geographical definition of the MENA region.

4. The survey questionnaire used in Yemen does not count unpaid workers as part of the labour force (ESCWA 2011).

5. Assaad et al (2012) deduce this from data on individuals' employment and labour force participation history. Increases in the numbers of highly educated women have outweighed declining participation rates to produce a rise in female participation overall. The same analysis may be possible for Egypt and Morocco, but has not yet been done. Data are lacking for other countries.

6. Employees (equivalent to "salaried workers") account for only part of the workforce or total number of people in employment. The remainder are in self-employment and unpaid work.

7. Employment data for GCC countries are drawn from ILO's Key Indicators of the Labour Market (KILM) which are also used in the World Bank Indicators and gender dataset. The employment ratios in Table 1 are ILO estimates based on a methodology designed to produce internationally comparative results. The data sources for GCC countries are not specified in the KILM but the results should relate to the total population (nationals and immigrants combined).

8. The situation is different in health services (with more women in mid-range positions) and information, finance and insurance (more women in blue collar positions).

9. As before, Egypt and Jordan are unusually well served by labour force data in this respect, but the findings are not reported in detail here. Several in-depth labour force surveys have been conducted in these two countries, with the main analysis contained in Assaad 2009 and Assaad et al. 2012.

10. This may reflect differences in the distribution of men and women within the sector, with a higher proportion of women in more skilled, higher paid occupations, leading to a higher average wage for women than for men.

11. Unweighted average for 31 OECD member countries. Source: Global Entrepreneurship Monitor.

12. Unweighted average for 12 OECD member countries. Source: World Bank Enterprise Surveys.

13. Unweighted average. Source: OECD Secretariat estimates based on Labour Force Surveys.

14 Information on the GEM and World Bank Enterprise surveys is available in annex

15 Personal communication from World Bank staff.

16 All data in this section are drawn from Reynolds, forthcoming, whose analysis is based on GEM data.

17 This is despite the fact that the female participation rate is higher than the regional average in Morocco and that unemployment (particularly youth unemployment) levels are significantly lower in countries in that sub-region for which data exists (Algeria and Morocco) (see Figure 12 above).

18 The basis of this relationship is a matter of current debate regarding, for example, differences in statutory provisions or customary discrimination against women which undermines the application of nominally egalitarian provisions.

19 The data are not disaggregated by gender.

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ANNEX 1.1A: Coverage and methodology

Term	Coverage and methodology
Global Entrepreneurship Monitor (GEM)	
Approach	Global survey approach. Global report and national reports produced each year; some extra modules in individual countries; some countries take a much larger population sample to permit internal comparisons; some additional special multi-country thematic surveys; some regional reports, of which the GEM-MENA Report 2009 was the first.
Entrepreneurial activity rate	Percentage of the adult population (18-64 years) which is currently entrepreneurially active.
Business stage	Categorisation of business ventures by age: • nascent – less than 12 months old, in which no wage or salary has been paid to the owner for more than 3 months • new – aged 4-42 months • established – more than 42 months in operation.
Questionnaire coverage	Personal characteristics of all respondents; aspirations, motivations and attitudes to business of those who are entrepreneurially active; start-up resources; reasons for business discontinuations; social attitudes towards entrepreneurship; field of business. Most national surveys separately collect information from selected experts on small business policies and the local business context.
Gender	Sample of +/- 2000 individuals is statistically representative of the total adult population by gender, age and location.
Women-owned businesses	Ventures planned or operated by a female respondent to the survey.
Data limitations for gender analysis	Because of low levels of women's entrepreneurial activity, GEM surveys in the MENA region yield too few observations to allow analysis at the national level (on average, 40 observations of women-established business owners, 80 observations of nascent and new women business owners per country, sometimes much fewer). The smallest geographical unit for which any detailed analysis can be done with confidence using aggregated data is the sub-region (West, Central and East in the categorisation used by Reynolds forthcoming).
World Bank Enterprise Survey	
Approach	Global survey approach since 2005. Extra modules/observations in some cases (e.g. lowering size criteria of firms in the sample – not done in any MENA country survey). Some data collected only for manufacturing enterprises. Central scrutiny, cleaning and processing of the data within the World Bank.
Enterprise population sample	Registered (formal) enterprises with 5+ employees as listed in the national register; all non-agriculture sectors; size stratified sample of 500 to 1 000 firms per country.
Questionnaire coverage	Data gathered on employment, sector, innovation, production technology, sources of finance, constraints to expansion, etc.
Women-owned enterprises	Enterprises with at least one woman among the owners. Women's share of asset ownership in the firm is not measured.
Women-managed enterprises	Enterprises where a top manager is a woman.
Data limitations for gender analysis	Gender-related categorisations of firms are problematic in two ways. The definition of women-owned enterprises is very broad. While firms fitting this description could be screened to include only those that also have a top manager who is a woman; data with this feature is available only for Iraq among MENA countries. Accordingly, the significance of the gender results of the WBES analyses for all other MENA countries is uncertain.

Chapter 2

Business development service provision and incubation for women entrepreneurs in the MENA region

This chapter assesses business development support (BDS) services targeting women entrepreneurs across 17 MENA economies. It takes stock of business development support and incubation services currently offered by government and non-governmental organisations to women entrepreneurs in the MENA region. It identifies good practices and gaps in service provision in the region and develops policy recommendations to guide governments and other stakeholders in developing these services further.

Introduction

The goal of business development support (BDS) programmes[1] is to help new and existing micro-, small and medium-sized enterprises (MSMEs) become more stable and grow so that they can improve the livelihood of families, generate jobs and contribute to economic growth (McVay, 1999).

BDS services are largely underdeveloped in the MENA region and entrepreneurs make little use of professional services to seek advice and counselling (Stevenson, 2010). Global Entrepreneurship Monitor (GEM) surveys in MENA economies have found that fewer than 5% of early-stage entrepreneurs use professional services, such as those of accountants, lawyers and BDS providers – much less so than in other regions of the world.

One of the lessons learnt from existing BDS is that their services need to be tailored to fit the needs of particular sectors and types of enterprises (Committee of Donor Agencies for Small Enterprise Development, 2001). Women entrepreneurs can be considered one of the market segments for which BDS needs to be tailored. MENA entrepreneurs primarily use their personal networks of family and friends for advice, and early-stage women entrepreneurs are even more likely to use personal resources, such as spouses and family members, and less likely to use professional resources (IDRC, 2010).

A number of institutions, most commonly associations of women entrepreneurs or women's groups, have created business development and support centres in MENA economies to address the gap in the provision of BDS to women entrepreneurs, but few studies have identified their challenges, key success factors and potential for replication (OECD, 2012a).

This study of the provision of BDS services and business incubation to women entrepreneurs in MENA economies follows previous work carried out by the OECD-MENA Women's Business Forum (WBF) to identify priorities for improving the business environment for women entrepreneurs in the MENA region. The 2012 OECD report *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region* was the first comparative assessment of policy measures to promote women's entrepreneurship and covered 18 MENA economies (OECD, 2012a). The study underlined that while BDS services are known to be relatively weak in MENA economies, the extent to which women entrepreneurs are being served by those services seems even more limited despite the increasing number of women starting up businesses. Considering that experience from non-MENA countries suggests that women's enterprise centres are successful at helping women entrepreneurs especially in the early stages of business ventures, the study concluded that there was a need to collect data on and carry out an assessment of BDS services in the MENA region, and to outline the current good practices in the MENA region.

As a follow-up to these early recommendations, this study provides an overview of BDS services to women in the MENA region. It aims to:

- examine the current status of BDS provision for women entrepreneurs in the MENA economies by taking stock of the types of existing BDS services, including those specifically targeting women entrepreneurs;
- examine the current status of women's participation in business incubators in the MENA economies and the role of women's business incubators.

Business incubators are a subset of BDS. They offer incubation space for new enterprises in their facilities, as well as ideally, a package of business support services, such as coaching, advice, networking with other entrepreneurs and linkages with possible investors. Business incubators are a form of BDS that has become increasingly popular over the last few decades based on their demonstrated ability to positively influence entrepreneurial success (Lewis et al., 2011). Evidence suggests that incubated firms tend to have higher survival rates than the national average and may grow faster than non-incubated firms (Wilber and Dixon, 2003) due to the hands-on support they receive, and the clustering and networking provided by their advisors (Al-Mubaraki and Busler, 2012).

During the March 2010 meeting of the OECD-MENA WBF, participants noted that the development of business incubators may be a suitable way of improving enterprise support to women-led businesses in the MENA region. Although there are no gender-disaggregated data on the proportion of women-led projects among those being incubated in MENA business incubators, the number is believed to be very low; this would be in line with findings from incubator studies in other parts of the world (Marlow and McAdam, 2012). Moreover, without targeted mechanisms, the proportion of women-led business incubator projects will remain low (OECD, 2011). The development of women's business incubators can compensate for the under-representation of women in mainstream business incubators. In fact, the MENA region has seen the emergence of women-focused incubators in recent years, but little is known about these incubators and how they can be expanded.

In order to better understand the provision of BDS and incubator services in the MENA region, it was necessary to carry out a research survey of BDS providers. The methodology of the survey is outlined in the Reader's Guide of this book. This chapter provides a summarised analysis of the survey of BDS organisations in the MENA region carried out by the OECD in 2013.

2.1. Challenges of the overall business environment

2.1.1. Challenges facing women entrepreneurs

In response to the BDS survey, organisations identified a number of challenges facing the development of women's entrepreneurship in MENA economies that go beyond the provision of BDS services, but which have an impact on their capacity to increase the percentage of women clients.

By far, the most common challenge cited by BDS organisations relates to cultural and social barriers (43% of challenges mentioned), followed by access to financing (19%) and a lack of business skills and know-how (12%). However, the lack of supportive structures for women's entrepreneurship, complicated business registration and licensing procedures, and access to markets were also mentioned as constraints.

Cultural and social barriers

There are a number of cultural barriers to women's economic participation which, along with domestic constraints that limit women's career options, result in low labour force participation rates of women. In addition, entrepreneurship tends to be seen as a domain for males and there are few women entrepreneurs to serve as inspiring role models for other women or to challenge traditional stereotypes. Because of the weak culture of female entrepreneurship, women tend to lack self-confidence in their abilities to start and manage a business and are afraid of taking the risk. Even when they are in business, they tend not to be taken seriously by clients, suppliers and partners. They also often lack family support, especially in the beginning, and have to struggle with conflicting family and business responsibilities. In addition, due to diverse cultural and economic restrictions, women lack mobility, particularly in rural areas; this prevents them from starting a business outside their home and from reaching out to markets beyond their immediate local area.

Accessing financing

Women entrepreneurs face difficulties in obtaining financing, especially from banks. One of the reasons, although not the only one, is women's lack of property which could be used as collateral to secure loans. In Yemen, the BDS organisations stated that women entrepreneurs do not have sufficient access to service facilities in microfinance institutions. BDS organisations see access to financing as a serious issue because, after providing women with BDS services, a woman entrepreneur's plans can be thwarted because she is unable to secure financing for her project.

Lack of skills

Women tend to lack skills in marketing, accounting and financial management, as well as knowledge and experience of legal requirements, business planning and budgeting; all these affect the development, sustainability and growth of their businesses. Similarly, their expertise is often limited and specific to one area, which is largely a function of gendered education and occupational choices.

Lack of supportive structures for women who want to start and develop an enterprise

The programmes and services targeting women's economic empowerment are usually focused on addressing women's basic needs. Programmes in areas related to entrepreneurship and access to financing, as well as training on technical issues, business management and technology, are less common. BDS organisations from Egypt and Morocco also mentioned the lack of networking opportunities for women entrepreneurs and their low level of representation in business associations and policy discussions.

Dealing with complicated regulatory processes at the start-up stage

Complicated business registration processes often push women's enterprises into the informal sector. Women in rural areas generally lack awareness of licensing processes, which are often complicated, and in a number of MENA economies home-based businesses cannot be registered or obtain a licence. For example, in the United Arab Emirates (UAE), many municipalities require proof of a leased business location before granting a business licence. This prevents women from starting a home-based enterprise (while there is evidence that this would be the choice of many traditional Emirati women). In Jordan, home-based businesses are only legal in the Greater Amman Municipality; again this has an adverse impact on Jordanian women, many of whom would also prefer to operate from their home base. There are also a number of restrictions regarding the domiciliation of enterprises in Morocco in terms of business registration and licensing that make it difficult to have a legal, home-based business.

2.1.2. Improving the environment for women's entrepreneurship

BDS organisations stress three major priorities that need to be addressed to improve the environment for women's entrepreneurship: public policy and actions, access to financing and increased opportunities for exposure to market opportunities.

Public policies and actions in support of women's entrepreneurship

BDS organisations clearly stated the need to create a policy environment that is more conducive to women's economic participation in general and women's entrepreneurship specifically (over 68% of comments). They recommended the following actions:

- Develop clear public policies and more support structures to lever the creation of women's enterprises and incubate female enterprises;
- Create more awareness of the role and importance of female entrepreneurship in generating more value-added and competitiveness in the economy, and promote the spirit of entrepreneurship among women more actively;
- Implement laws and regulations to better integrate women entrepreneurs into the market system (i.e. exemption from social charges and taxes to encourage more women to undertake entrepreneurial activity, easing of business registration procedures, increasing the flexibility of labour);
- Provide entrepreneurship education in schools and universities;
- Implement a system for collecting data and statistics on women in MSMEs and establish a national monitoring framework for public policies in support of female entrepreneurship;
- Create dedicated funds to support the development of women's entrepreneurship.

Strengthen women entrepreneurs' access to financing

BDS organisations (particularly in Egypt, Morocco and Yemen) stated that women need to have better access to financing. They suggested:

- Development of special financing products/instruments for women;
- Establishment of women's facilities in microfinance institutions;
- Strengthening all existing devices to enable more access by women (e.g. loan guarantees, venture capital, financial training, mentoring and coaching geared to facilitating improved access to financing).

Create more exposure opportunities for women entrepreneurs (7% of comments)

- Foster opportunities for women entrepreneurs to network with, and learn from, regionally and internationally successful women entrepreneurs (e.g. the role-model effect);
- Create and/or reinforce women entrepreneur's forums that are inclusive of women from all parts of the economy – including women with microenterprises – to co-ordinate, link and bring together women entrepreneurs to share their experience, build business coalitions and advocate for laws and regulations in support of entrepreneurship in general and women's access to the necessary resources and services in particular.

2.2. BDS organisations: characteristics, challenges and opportunities

2.2.1. Mainstream BDS organisations

Primary clients for entrepreneurship

Almost all the mainstream[2] BDS organisations that responded target potential entrepreneurs who are in the process of developing a business idea, entrepreneurs in the start-up stage and entrepreneurs who are in the early stages of development of an operational business. More than half provide BDS services to entrepreneurs with established businesses who want to expand their operations.

More than half also target entrepreneurs with a particular profile. These may include the unemployed, entrepreneurs in the poorest governorates or in rural areas, young university graduates, rural youth, home-based enterprises, very small (micro) enterprises or university students. The remaining BDS organisations target MSMEs generally, but with no particular demographic profile.

About half of the organisations report that they make special efforts to target more women clients.

Staffing of mainstream BDS organisations

Mainstream BDS organisations report an average of 52 total staff, but this covers a wide range – from 6 to 260.[3] The average number of staff directly involved with clients in an advisory, training or consulting capacity is 15, and the numbers vary from 3 to 50. The female composition of advisory, training and consulting staff averages less than half this number.

Most common BDS services

The most common services provided by BDS organisations are advice and counselling for pre-start-ups and start-ups, entrepreneurship training, advice and counselling for existing enterprises, help with developing business plans and training in business management skills (Table 2.1.). The least common service is training on information and communications technology (ICT) for business development.

It is obvious that most of these organisations offer a large number of BDS services, the average being 11; however, this ranges from 4 services to 15 services, as a few of the organisations are quite specialised in their role in supporting MSMEs.

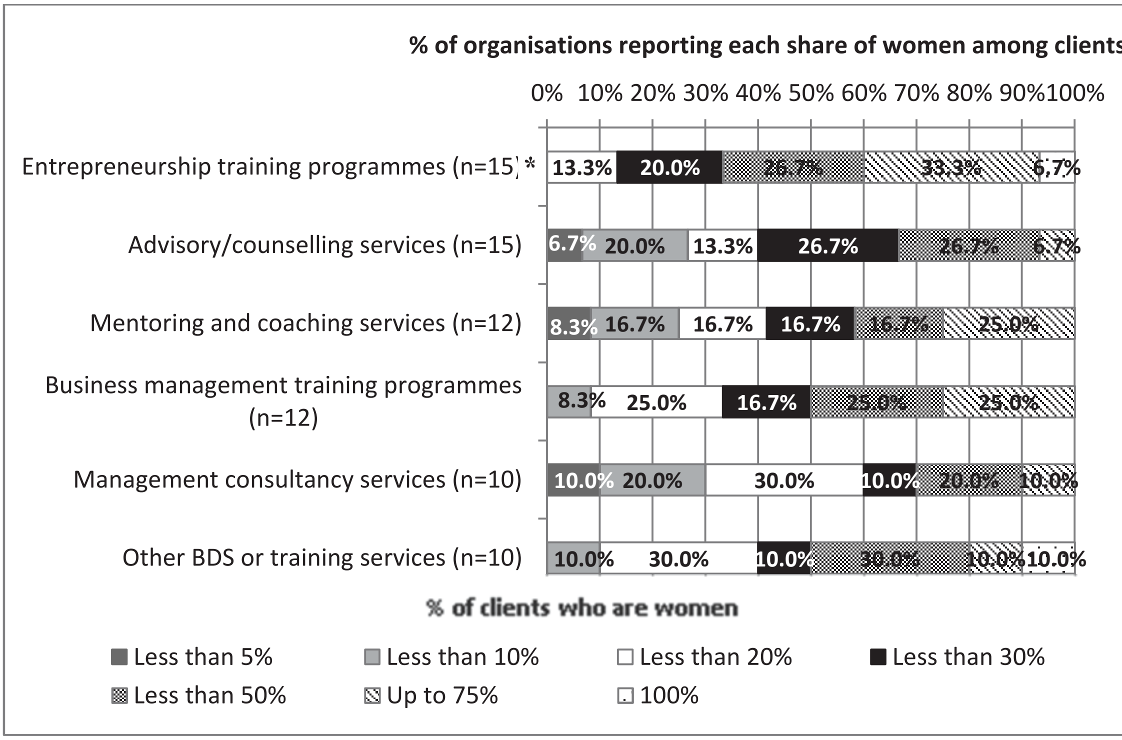
Table 2.1. Prevalence of BDS services provided

Types of business development support services provided		Number of respondents
1.	Advice and counselling for pre-start-ups and start-ups	18
2.	Entrepreneurship training (on how to start a business)	17
3.	Advice and counselling for existing enterprises	16
4.	Help with developing business plans	16
5.	Training in business management skills	14
6.	Referrals to other available sources of business support/ programmes	14
7.	Help with feasibility studies on business ideas and new projects	13
8.	Help with marketing planning	13
9.	Information on markets, business opportunities and other business-related matters	13
10.	Facilitating access to financing through linkages and/or referrals	13
11.	Mentoring and coaching services	12
12.	Helping clients with preparation of financial proposals to obtain financing	12
13.	Training in financial literacy	12
14.	Management consultancy services for existing enterprises	9
15.	Other (e.g. entrepreneurship clubs for sharing good practices, intellectual property/commercialisation of services, product development/design, value chain studies, lean production capacity)	8
16.	Training in the use of ICT for business development	7

Percentage of women among BDS clients

Of particular interest in the study is the percentage of women among the clients served by mainstream BDS organisations. The reported data indicate that women tend to make up a large proportion of entrepreneurship training programmes. A third of the 15 BDS organisations offering entrepreneurship training report that up to 75% of their beneficiaries are women, but another third estimate that women make up less than 30% or fewer of these trainees (Figure 2.1.). On the other hand, a majority of the organisations offering management consultancy services estimate that fewer than 20% of their clients are women. Similarly, in about 40% of BDS organisations, women represent less than 20% of clients receiving advisory/counseling services. Generally, women seem to represent a smaller share of more individually-oriented BDS (such as consulting) and more sophisticated BDS (such as business management training) than of group-based entrepreneurship training programmes.

Figure 2.1. Percentage of women clients among BDS participants by type of BDS service



Note: n = the number of organisations reporting data. * This in an entrepreneurship training programme supported by the ANPME in Morocco that specifically targets women entrepreneurs. The ANPME does not normally provide entrepreneurship training as part of its programme offerings to small and medium size enterprises (SMEs).

The percentage of female clients and their distribution across types of BDS services should be interpreted with some caution, not only because of the small size of the sample (see Reader's Guide), but also because of the small number of women entrepreneurs in general in the MENA region. For example, in Jordan women represent fewer than 5% of the self-employed, in Morocco, between 10%-12% of business owners, and in Egypt about 20%. Consequently, one cannot expect women to constitute a significantly larger share of BDS clients. However, an interesting example comes out of the survey in Jordan: 75% of the clients/beneficiaries of the Jordan River Foundation, the Noor Al Hussein Foundation and the Jordanian Hashemite Fund for Human Development (JOHUD) are women. These organisations have a primary mandate to reduce poverty in rural areas and to seek to improve the employability and technical and entrepreneurial skills of the low-income population. Since Jordanian women are much less likely to be in the employed labour force than men and have fewer employment opportunities, they provide a larger pool of potential clients. Much of the BDS of these organisations is focused on helping women develop modest income-generating activities, primarily at the microenterprise level.

Fee for services

The majority of BDS organisations do not charge their MSME clients for their services. Charging a fee is not the normal practice in government agencies, such as the Egyptian Social Fund for Development, Dubai SME, the Khalifa Fund for Enterprise Development, etc. It is also not the practice of NGOs with a development mandate and donor-supported funding. In fact, one of the purposes of any donor funding is to be able to provide BDS services to start-ups and micro- and small enterprises that would otherwise not be able to afford them.

Five of the organisations surveyed charge fees for certain activities. This is sometimes a minimal or symbolic fee, which they feel creates a higher level of commitment on the part of the beneficiaries. This is especially the case with entrepreneurship and business management training courses.

Efforts to attract more women entrepreneurs as clients/beneficiaries

Just under half of the 19 mainstream BDS organisations indicate that they make special efforts to promote and market their services to women, either by targeting women for some of their BDS services, or by developing specifically tailored BDS products/services or approaches for women entrepreneurs. Only six organisations do all three, and seven do none of these things. The latter group stated that they operate on a "gender neutral" basis. Some of these latter organisations serve a very specific target group of either more established businesses with high-growth potential (Endeavor Egypt) or technology enterprises (e.g. Technology Innovation and Entrepreneurship Center [TIEC] and iPark), where there is a much smaller pool of potential women clients from which to draw.

Often the organisations that make special efforts to promote their services to women do so by collaborating in their marketing efforts with other national programmes targeting women or with associations of women entrepreneurs. For example, the Caisse Centrale de Garantie (CCG) in Morocco developed a protocol with the Association of Women Entrepreneurs of Morocco (AFEM) to create a partnership in the organisation of regional caravans to create awareness and provide information to women entrepreneurs about ILYAKI, their new loan guarantee product designed for women. The Small and Microenterprise Promotion Service (SMEPS) in Yemen networks with microfinance institutions to promote its services among their women clients and organises open seminars and workshops to which women are invited. The Jordan River Foundation develops partnerships with other national programmes targeting women to promote its assistance and services. It also offers special entrepreneurship awareness sessions for women using a business game developed by the International Labour Organization (ILO) and similar exercises.

For several of the organisations, marketing and promotion are no different for men than they are for women, but they sometimes use channels through which women are more likely to be reached and/or they make use of visual or oral communication tools that are inclusive of both women and men. For example, the Fondation du Jeune Entrepreneur in Morocco conducts targeted awareness sessions to stimulate interest in entrepreneurship among young women and includes women's start-ups in its presentation of success story profiles and promotional materials. The Agence nationale pour la promotion de la petite et moyenne entreprise (ANPME) in Morocco customises its communication tools to include women by representing visuals of women in its brochures and using female voices in its radio promotions.

The nine organisations that specifically target women for some of their BDS services either customise their existing service offerings to better respond to the needs of women clients or offer new BDS products and services. The following examples demonstrate how BDS organisations can be more inclusive of women in their promotional and marketing efforts and more gender-sensitive in their provision of BDS services to women entrepreneurs.

- The Association des Algériennes managers et chefs d'entreprise (AME) offers special coaching workshops for women entrepreneurs to help women be more innovative in their project activities.
- SMEPS (Yemen) has implemented special programmes for women entrepreneurs in order to improve their self-confidence as entrepreneurs and their capacity for managing their businesses. It offers Women Business Owners Training (WBOT), a programme developed by SMEPS and the ILO that includes three phases: training, coaching and follow-up workshops. Another initiative is the Sector Rehabilitation Businesswomen Project which has many activities to support women entrepreneurs, such as seminars on taxation procedures and laws targeting women entrepreneurs in the agriculture, healthcare, services and education sectors. It also offers free vocational and entrepreneurship training to women (in recognition of the difficulty they have in covering partial fees), provides transportation to and from training, and schedules meetings, open seminars, and workshops according to women's needs and time constraints.
- The Noor Al Hussein Foundation (Jordan) reaches out to women entrepreneurs with the objective of strengthening their micro- and small enterprises, enabling their greater financial independence and improved household income, improving their self-confidence, inspiring more respect and recognition from others and giving them a greater say in their family life. The foundation provides women entrepreneurs with the full range of BDS services, including assistance with feasibility studies and business plans, product development and design, start-up and advanced managerial training, and business counselling and mentorship. A special project is the Village Business Incubator (a virtual model) which promotes the role of rural women in economic development by encouraging them to establish micro- and small enterprises that reach beyond traditional home and gender-based models. Located in Irbid, this project targets women in 21 villages in Northern Jordan and focuses on non-primary activities in different sectors, such as food processing, handicrafts, small manufacturing services and environmentally friendly and eco-tourism products oriented to the fair trade channels. The programme adopts an integrated approach to enterprise development providing a flexible package of BDS services that can be accessed at the centre or at the woman's home or place of business, including specialised technical training, assistance with marketing and linkages to financial institutions to facilitate loans.[4]
- The CCG (Morocco) has launched a special loan guarantee programme for women starting a business that is delivered with advice and counselling. This so-called ILAYKI product offers a higher level of guarantee than the standard product. It was developed in early 2013 in response to data indicating that only 3% of the standard guaranteed start-up loans were allocated for women's enterprises.
- The Egyptian Social Fund for Development (SFD) has launched a new and innovative project funded by the European Bank for Reconstruction and Development (EBRD) as a component of the MSME Support Programme approved by the MENA Transition Fund in 2013. The project aims to strengthen

the capacity of the SFD to focus on women's entrepreneurship development in three key regions of the country where there is a high number of women among SFD clients (Greater Cairo, Delta and Upper Egypt). The first two years of the pilot project (2013-15) will support women entrepreneurs in helping them access non-financial business development services (following the EBRD Business Advisory Services [BAS] model5) in order to improve their performance. The targeted beneficiaries are women entrepreneurs who already have an established business that has been in operation for at least two years, have a discernible competitive advantage and credible track record over recent years, are financially and commercially viable and have the management and financial resources to follow through on any business advice and take effective action. They have a genuine need for business advice and a capacity to absorb the assistance given, yet have little or no previous experience of using external consultants, lack resources to finance a complete project and are ready and able to pay at least 10% of the total net project cost. In the pilot phase, the project aims to assist approximately 60 women entrepreneurs with targeted advisory services and mentoring and to train approximately 150 women entrepreneurs in advanced entrepreneurial and management skills (including on how to access financing). It will also train local business advisers in delivering BAS to women entrepreneurs and train SFD personnel "on the job" to facilitate the provision of business advisory services to women entrepreneurs. This component will contribute to building the capacity of business advisors to serve the women entrepreneurs market.

- The ANPME (Morocco) offers special programmes for women entrepreneurs through the "EntreElles in Regions" project, which helps develop the performance and competitiveness of women's enterprises by meeting their post-creation training and business support needs through an eight-month programme of training workshops and individual coaching. Once women entrepreneurs have completed the preliminary EntreElles programme they are more likely to be eligible for ANPME's mainstream support programmes and thus able to further improve the performance of their enterprises. ANPME has been able to increase the share of women among its SME clients from 2% in 2008 to closer to 12% in 2013. This illustrates the impact of preparatory efforts to scale up the management skills and enterprise performance of women-owned enterprises to enable them to meet the criteria for other government-supported programmes. (See Box 2.1.)

- El Mobadara (Egypt) promotes tailored BDS services to women (e.g. vocational training, entrepreneurship training and exhibitions) through the Regional Enterprises Development Centers (REDECs) in six governorates. It also adjusts its training materials to accommodate the lower educational levels of women in rural areas, organises transportation to and from training locations and charges lower training fees to women because of their lower ability to pay the full costs. (See Box 2.2.)

Box 2.1. ANPME, Morocco (The "EntreElles in Regions" Project)

In 2008, ANPME observed that only 2% of its SME programme clients were women entrepreneurs. Their key BDS programme is the Moussanada Programme which aims to improve the competitiveness of SMEs by offering them a consulting service to help solve their technical and operational challenges and enhance their growth potential. ANPME covers 60% to 80% of the cost of the consultancy work to a maximum of MAD 1 million and can support up to 700 SMEs a year. To be eligible for subsidy support, the SME must have a turnover of no more than MAD 175 million and be up to date with its tax and social security payments. This programme has achieved significant results in enabling assisted SMEs to improve their overall performance. However, women entrepreneurs were not applying for the programme, and often female applicants (in the competitive process) did not meet the criteria for acceptance. In response, one of ANPME's initial efforts was to implement "Moussanada for Women", which involved hiring consultants to proactively identify women entrepreneurs with the potential to be Moussanada clients and then helping them to qualify for the Moussanada and other ANPME programmes.

Subsequently, the ANPME, with the German agency for international development, GIZ, developed and implemented the "EntreElles in Regions" project. This initiative targets women entrepreneurs in the early post-creation phase of their businesses, aims to strengthen women entrepreneurs' managerial capacity and ability to direct the daily operations of their businesses, and is delivered in partnership with Morocco's regional investment centres (CRIs). The GIZ funding was very important because the core ANPME programmes only apply to existing SMEs with at least one or two years of operation, thus the incremental outside funding allowed ANPME to work with women in the start-up phase.

The EntreElles in Regions project has two major components: a five-module training course and individual coaching. The training includes modules on marketing and sales, management and organisation, personnel development, negotiation skills, accounting, taxation and IT, and covers the fundamentals of productivity and quality. It was launched in four regions, starting with the selection of the first set of candidates in May 2011. The criteria for selection had two dimensions. The first set considered the level of education of the woman entrepreneur, the number of years of experience she had before starting the business, and the extent to which this previous experience was in a field related to the business. The second set concerned the business itself: the number of permanent employees, the type of business premises, the amount of capital invested, the sector of activity, the age of the business and its potential. Consultants carried out an initial diagnostic of each woman's business to identify its strengths and weaknesses and any difficulties, as well as areas where coaching would be beneficial. The diagnostic also provided the baseline for the eventual evaluation of the impact of the EntreElles interventions.

In co-operation with the one-stop shops at the regional CRIs, ANPME identifies women entrepreneurs who had benefited from CRI services; these were selected and given eight months' worth of EntreElles post-creation training and coaching using the resources of AFEM, the Association pour la promotion de l'entreprise féminine (ESPOD) and one other small association of women entrepreneurs. By the end of 2013, three cycles of the programme had been delivered to a total of 160 women entrepreneurs.

For women in the beginning phases of a business idea, ANPME also partners with AFEM and ESPOD to run training programmes. However, after the women entrepreneurs were trained, they often reported difficulty in accessing financing. One of the barriers was their lack of know-how in developing bankable proposals and presenting these to banks. ANPME responded by providing training to enable them to do this, including helping women entrepreneurs develop a network of groups of women and coaching them on how to approach banks. In partnership with GIZ and AFEM, they also produced small films of women's success stories to provide role-models to others and produced a Toolkit for Women's Entrepreneurship ("*Entrepreneuriat féminin au Maroc: Boîte à outils de la femme entrepreneur"*, GTZ and ANPME).

The EntreElles in Regions project, along with ANPME's other developmental and promotional efforts have succeeded in bringing more women entrepreneurs into ANPME's mainstream SME assistance programmes. By 2012, women accounted for 9.4% of Moussanada clients; 7% of clients in the Infitah programme targeting the acceleration of digital technology use among SMEs with revenues of less than MAD 3 million; 8.8% of Imtiaz clients (supporting businesses with high growth potential that do not need consultancy assistance but require equity to enable further growth); and 4.6% of Inmaa clients, an extensive programme to assist SMEs in their transformation into "lean" production systems and more efficient work organisations.

In line with its commitment to increasing the percentage of women clients, ANPME has implemented actions to integrate the gender approach in both the organisation and in its programme and service offerings. All ANPME executives are aware of and take into account the specificities of gender, whether in terms of targeting or in deployment of programmes. Whenever a programme is not adequately reaching women-owned businesses (Moussanada, Infitah, Imtiaz), corrective actions are taken to improve the target performance. Moreover, as part of the EntreElles in Regions programme, training was provided to trainers in order to refine their ability to support the needs of women entrepreneurs according to their personal and professional specificities.

Box 2.2. El Mobadara, Egypt

El Mobadara started with a grant of EGP 600 000 from the Canadian International Development Agency (CIDA) in 1996 to subsidise the provision of BDS services in Upper Egypt, and by 2013 had EGP 50 million of capitalisation. It was operating with 24 branch offices throughout Egypt delivering microcredit and providing BDS services through BDS units that were set up in its partner network of six Regional Enterprise Development Centers (REDECs) in Upper Egypt.

In 2008, El Mobadara became the executive agency for implementation of the CAD$ 4.75 million CIDA-funded Egypt Enterprise Development Project (EEDP), a five-year project with the goal to generate improved employment opportunities (and reduce poverty) through support to MSMEs with an emphasis on Egypt's marginalised groups, in particular women and youth.

The main purpose of the project is to provide demand-driven non-financial services to MSMEs in six governorates (Qena, Sohag, Banisuef, Fayoum, Gharbia and Behira) in an effective and sustainable manner by building the capacity of six REDECs to provide gender-responsive BDS services to existing MSMEs and start-ups. In addition to the CIDA funding, the Social Fund for Development (SFD) allocated a credit line to El Mobadara of CAD$ 24 million to support microcredit lending in the six governorates where EEDP activities are being carried out. The intended result of the EEDP is to increase the availability of affordable, acceptable and gender-responsive non-financial services to MSMEs with a target of offering BDS packages to approximately 6 000 start-ups and existing MSMEs, as well as enhanced access to affordable financial services targeting male- and female-owned MSMEs to support the creation of at least 15 000 jobs.

Integrating gender equality in BDS for MSME clients is a strong cross-cutting aim of the EEDP. The objective is to encourage female entrepreneurs to develop and improve their MSMEs and to move from the informal to the formal sector. This is achieved by providing access to BDS services that respond to the needs of women entrepreneurs, raising REDECs' awareness on gender equality, and delivering training to provide their staff with a better understanding of gender equality and improve their ability to integrate a gender approach into all REDEC activities, including applying gender-sensitive value chain analysis. In fact, annual and monthly targets are set for the inclusion of women in BDS services, and client satisfaction monitoring is done semi-annually. In addition, there is a commitment to provide soft loans to women entrepreneurs.

In Mobadara's experience, special BDS efforts are needed to respond to the needs of women entrepreneurs in Egypt. Due to mobility restrictions (especially in rural areas), women have less access to mainstream services, so the services need to be offered in close proximity to the woman's enterprise.

They have more demands on their time than male clients because of their family responsibilities, which means that entrepreneurship (and other) training has to be delivered in shorter modules. Women in rural areas often have less education and experience, so need simpler training materials. Women need more flexibility with cost-recovery fees because they have less ability to pay for training. El Mobadara is responding to these circumstances by working with the REDECs to make training and advisory services available closer to the woman entrepreneur's residence and often providing group transportation to bring women to the training locations. Training materials have been simplified and the scheduling of training takes into account women's time constraints. In addition, the fees charged to women clients are lower (never more than EGP 100) because of their lesser ability to pay normal fees. By responding to these circumstances of women, El Mobadara has adopted a more gender-sensitive approach to the delivery of BDS services. It also offers vocational training for women in the handicrafts sector, and provides technical skills upgrading to female workers in some sectors. Of these trainees, it is expected that 10% to 15% will start their own business. It is also developing training modules for women in Gharbia, based on the ILO's Know About Business (KAB) course.

El Mobadara and the partner REDEC network have achieved very favourable results in terms of women's representation among their BDS clients. Over 55% of those receiving entrepreneurship training have been women; over one-third of those receive other training and technical assistance, market access and BDS, and over one-quarter of those have been assisted in accessing financing. One of the biggest challenges faced by El Mobadara in providing BDS services to women is their low level of education and the effort required to upgrade their enterprises so that they are able to function in supply chains, particularly in the food-processing sector. They see great opportunities for supporting women entrepreneurs through supply chain integration, but more skills are needed in conducting gender-sensitive value chain analysis.

It is also interesting to note that six of the seven BDS organisations reporting that they provide gender-sensitivity training[6] to their counsellors, trainers and staff, are among those who are tailoring BDS products or services to respond to the needs of women clients/beneficiaries. Gender-sensitivity training may be an important factor in improving the response of BDS organisations to the needs of women entrepreneurs. Seven of the remaining BDS organisations have never thought about providing gender-sensitivity training to staff and five do not feel it is necessary.

2.2.2. BDS organisations specifically serving women entrepreneurs

A number of BDS organisations, created solely for the purpose of meeting the needs of women entrepreneurs, were identified in the mapping of MENA economies performed by the OECD-MENA WBF in 2010 and 2011 (OECD, 2012a). Although the BDS survey was sent to most of these organisations, only six organisations from four economies responded.

Rationale for providing special programmes for women entrepreneurs

The six organisations share similar objectives. They aim to strengthen women's economic empowerment and increase their economic participation by providing them with a woman-friendly platform to access support services, training, information, skills enhancement, and networks that will assist them in establishing and/or growing their own businesses and building their management capacities. These organisations are also generally committed to promoting entrepreneurship as an option for young women, including those studying at universities.

The Egyptian Business Women Association (EBWA) has been in operation since 1995, serving as a membership organisation for women entrepreneurs in Egypt. Until it opened the Hatshepsut Women Business Development Center (HWBDC) in 2010, it acted as a mutual resource organisation for its members, organised many national and regional entrepreneurship conferences to promote women's entrepreneurship, and conducted outreach activities to mentor young women. The centre was created in 2010 with funding over two years of EUR 500 000 from the Spanish Agency for International Development Cooperation (AECID). Its goal was to provide dedicated services to reach out to the large number of potential women entrepreneurs in the country, as well as meeting the development needs of existing women entrepreneurs who are not being adequately served by existing BDS organisations.

The goal of the HWBDC is to help reduce the large gender gap in the unemployment rate for women by offering new and non-traditional ways to enhance women's participation in the labour market while still being able to meet their family and childcare responsibilities; this includes encouraging them to start their own businesses and develop the necessary capacity and skills.

The Business Women Forum-Palestine (BWF-P) established the Business Development Center (BDC) for Women in the Palestinian Authority to address the following issues:

- the need for more training and technical assistance for women;
- the need for more information about business registration and the importance of this step in the development and success of their businesses;
- the need for encouragement and support for new entrepreneurs and graduates to open new business operations and for current business owners to expand their existing businesses;
- the need for networking, mentoring and access to financing opportunities;
- the absence of accurate and reliable contact information related to businesswomen.

The *Women Development Center Project* of the Jordan National Forum for Women (JNFW) is an off-shoot of the JNFW's overall mandate to empower Jordanian women, one aspect of which is economic empowerment. The major objective in offering BDS services to women is to assist them in generating more income so that they are better able to become economically independent, which will eventually contribute to community welfare.

The major goal of the Jordan Forum for Business and Professional Women (JFBPW) is to provide a "supportive" platform that will stimulate the entrepreneurial spirit among women and provide ongoing opportunities to advance their interests and improve the performance of their businesses.

The *Roudha Center for Entrepreneurship and Innovation* was created by a group of Qatari businesswomen in 2010 to address the gap in services for women entrepreneurs, none of which exist in Qatar. Many women in Qatar are highly educated but are not in the workforce for cultural reasons. The Roudha Center aims to promote a female entrepreneurial and leadership culture in Qatar by identifying, organising and promoting women entrepreneurs and innovators. Through a network of partnerships, it seeks to provide programming and resources, interactive workshops, incubation, mentorship and legal services to address women's needs and support their entrepreneurial activities.

Primary clients by stage of development

These organisations all target women in the various phases of entrepreneurship/business development, including both potential entrepreneurs in the process of developing a business idea and established enterprises in the expansion phase. The majority have a specific focus on women with a certain demographic profile, such as young university graduates, low-income women, unemployed women, home-based enterprises or women in the informal sector.

Staff dimensions

The women-only BDS organisations are considerably smaller than the mainstream BDS providers with an average number of paid staff of around nine (ranging from 5 to 12), with half of these being involved with clients in an advisory, training or consultancy capacity (ranging from 2 to 11). To leverage their staff capacity, they make use of volunteers for mentoring and coaching and contract out certain functions, such as training, to external trainers. The majority of staff are female.

Scope of BDS services provided for women entrepreneurs

These organisations provide the full range of BDS services to their women clients, similar to the mainstream BDS organisations (e.g. advice and counselling, entrepreneurship training, help with feasibility studies and business plans), but with a greater tendency to offer training in financial literacy and the use of ICT for business development.

Number of women clients accessing BDS services

The number of women clients served on an annual basis varies by organisation and type of BDS service (Table 2.2). The provision of entrepreneurship training generally has more reach than other services because this can be provided to groups of women by external trainers, if necessary. Overall, it seems that these organisations are relatively efficient in attracting women clients and beneficiaries.

Table 2.2. Number of women participating in various BDS programmes and services annually

	WBDC	HWBDC	JFBPW*	JNFW	BWF-P	Roudha Center
Entrepreneurship training programmes	525	650	100	50-70	100	50+
Business management training programmes	340	50	No data	80-100	85	50
Advisory and counselling services	300	No data	No data	70	25	20
Mentoring and coaching services	100	20	N/A	50	135	15
Management consultancy services	300	N/A	N/A	30-50	120	15
Other BDS and training services	No data	N/A	N/A	70	255**	30***

Notes: * The JFBPW has not been able to provide a range of BDS services due to a lack of staff and funding resources** Networking and matching *** Leadership and personal development.

Marketing and promotion of services

These BDS specifically targeting women use a wide range of approaches to attract women clients, including television and radio promotion, use of social media (to reach out to young women), awareness sessions at universities and in regional communities, publication of success stories profiling women entrepreneurs and role-models, partnerships with other business support and financial institutions, participation in women's empowerment and entrepreneurship conferences, and organisation of trade fairs and exhibitions for women entrepreneurs. The Women Business Development Center (WBDC) in Egypt also uses its Cleo-store website (e-commerce support portal) to display products of Egyptian business women (*www.cleostore.com*) and its Afkar Gedida business information website (*www.afkargadida.org*[7]) to help existing and potential women entrepreneurs who wish to improve or start their own business.

The BWF-P has developed an innovative approach to stimulating interest among potential and existing women entrepreneurs through the use of business plan competitions (see Box 3).

Box 2.3. The BWF-P Business Development Centre for Women

The BWF-P is a national, non-profit, membership-based association established in 2006 to help strengthen the role of businesswomen and entrepreneurs as leaders in the Palestinian economy through advocacy, networking, and the provision of business services to build their capacities and skills and contribute to reducing the barriers women face.[8]

The Business Development Centre (BDC) for Women was established in May 2009 with initial funding support of GBP 117 983 from the Cherie Blair Foundation for Women (Enterprise Development Programme). The BDC aims to enable businesswomen and female entrepreneurs to develop their businesses and build their competitive advantage, whether the business is officially registered or not. Its specific objectives are to encourage women's entrepreneurship, increase the number of MSMEs owned by women, enable women to better access local and international market opportunities, and facilitate the transition of informal enterprises to formal status.

The BDS services provided include:

- preparing feasibility studies for projects in different sectors both for start-ups and women interested in expanding their existing businesses
- evaluating available local and international marketing opportunities and assisting in upgrading marketing services to members (to access services of the BDC, women must become members)
- offering legal consultation services during business registration and post-registration phases
- providing information and assistance in identifying financing sources
- providing tailored and professional training and skills upgrading, as well as technical support in administrative, financial and marketing fields
- offering coaching, consultancy and mentoring
- pre-incubating high growth (high-tech) projects.

To promote the availability of its BDS services, the BWF-P uses social media channels, partners and networks with several national and regional forums, such as the Palestinian

Investment Fund and the MENA Business Network, distributes promotional materials through all BWF-P events and activities and communicates success stories.

In providing BDS to women in the West Bank and Gaza, the BWF-P sees many challenges. First of all, women make up only a small percentage of all entrepreneurs in the economy and are not encouraged to start their own businesses. Further, there are few successful women entrepreneurs who can act as inspirational role models. Although many women do have ideas and the capability to become entrepreneurs, they tend to lack innovative ideas because of the gender segregation in occupations. They also lack the skills, knowledge and information to start or run a business and so need lots of developmental support. Women who are in business tend to work with home-based, unregistered businesses which limits their opportunities for market expansion and growth.

Many of the BDC's clients are young, university educated women. The BWF-P has been able to extend its reach to this market segment through initiatives such as the "Young Women Entrepreneurs Leading Role" project. This project was geared to empowering young women entrepreneurs to be financially independent by building their capacity to develop business plans and launch their own small and medium-sized enterprises. Within the framework of the project, the BWF launched the "The Business Plan Competition (BPC) Programme" to benefit 80 aspiring women entrepreneurs aged 20 to 40. Participants were selected from among women in the West Bank who either were: recent graduates from a business school and were interested in entrepreneurship; had already identified a business project and needed to learn how to implement it; were in the process of launching or starting a business and needed assistance; or had recently started a business, but in the informal sector. The BPC programme team contracted a management consultancy firm to conduct four training sessions on "How to Develop a Business Plan" that were delivered in full-day workshops in Bethlehem, Hebron, Ramallah, Jenin, Tulkarem and Jericho. The initial series of workshops was followed with advanced training for a select group of women, who subsequently submitted proposals to the business plan competition. A committee selected the best 13 business plans, which were further supported through promotional and media support and business management consultation provided by the BWF-P and its partners. This has helped the BWF attract young educated women to the BDC.

The BWF also hosts the Online Business Plan Competition for Palestinian women entrepreneurs in the South Area of the West Bank (supported by the Middle East Partnership Initiative). This competition encourages women entrepreneurs to start and develop their own businesses through training, coaching and access to networks. Women submitting business proposals receive training and online coaching on how to develop their business plan and those with successful business plans (winners of the competition) are provided with further professional consultancy, coaching and seed money (US$ 5 000) to help initiate and develop the business. They also win a business trip where they have the opportunity to present their business idea to local and international investors. Winners of the Palestinian competition can go on to compete in the BiD-Network global competition open to women entrepreneurs in emerging markets.[9]

An important component of the business plan competitions is the coaching provided to participants to help them improve their business plans and empower them to progress their businesses to the next level. The BWF's Business Plan Competition modules was selected by the European Training Foundation as one of the best practices in encouraging entrepreneurship and building the capacities of women entrepreneurs.

Sources of funding to develop and offer BDS to women entrepreneurs

A factor that affects the number of BDS clients is the level of financial resources available to the organisation, since the operation of their centres is generally highly dependent on external financing. Five of the organisations receive donor funding to develop their BDS services for women entrepreneurs, two receive private sector contributions (one supplementing donor support and one supporting all of its activities) and one of them (the WBDC) charges a small fee to clients to help recover some of the costs, particularly from training.

Both the HWBDC and the Women Development Center of the JNFW have received funding from AECID, the BWF-P from the Cherie Blair Foundation for Women to establish its BDC for Women and the United States International Development Agency (USAID) which initially supported the WBDC with a grant. Before 2011, the WBDC also received a budget allocation from the Egyptian National Council for Women (NCW), but since then, the NCW has no funding from the government and the WBDC has had to dramatically reduce its operations, [10] adjust its training offers (e.g. shorter modules) and impose a small fee on its training participants to help recover some of the costs. The Roudha Centre in Doha initially received some support from Silatech, but operates solely with private sector support.

2.2.3. Challenges in providing BDS services to women entrepreneurs

About half of the 25 organisations that provide BDS were of the view that BDS were adequately available to entrepreneurs and micro- and small enterprises in their economy. The other half underlined the following difficulties:

- There are too few organisations to meet the demand for BDS services, especially in rural areas, and they sometimes inadequately address the specific needs of the beneficiaries;
- Training and resource materials are often in English which limits provision to the better educated entrepreneurial population;
- BDS offerings are insufficiently targeted and not available to new start-ups, youth and women;
- The lack of qualified BDS advisors undermines the capacity to deliver BDS.

Others stated that there were many initiatives, but much room for improvement, such as the need for more targeted services, improved quality of service provision, more innovative approaches and easier access to BDS services, especially for start-ups. Further development is necessary to better co-ordinate BDS services by identifying the needs of MSMEs at different stages of the business cycle and by structuring BDS services appropriately.

At the operational level, BDS organisations indicated a number of challenges that were specific to women entrepreneurs. The most important challenges seem to be on the demand side. First of all, there is a much smaller pool of women entrepreneurs in the MENA economies. BDS organisations in the Palestinian Authority, Egypt, Morocco and the United Arab Emirates, in particular, note that women are not sufficiently encouraged to start businesses and so need to be convinced that entrepreneurship is a viable option for them. For cultural reasons, women tend to be risk averse, have a low level of confidence in being able to start and run a business, and have conflicts around determining how to balance family responsibilities with entrepreneurial activity. This suggests that more needs to be done to promote the integration of women into the labour force and to create a higher level of awareness of the possibilities of entrepreneurship as a viable option for women.

Often, women are also unaware of the availability of BDS services or need to be convinced of the importance of training and BDS. Therefore, to attract more women as clients, BDS organisations should make extra efforts to give their services higher visibility among women as well as educating them about the value of their services. However, mainstream BDS providers often do not have enough information on the specific needs of women entrepreneurs or how to effectively respond to those needs to provide such information.

In terms of delivering BDS to women entrepreneurs, organisations noted the need to adjust their approach. For example, women often lack innovative ideas for businesses because their past experience has been limited to traditionally female areas of the economy. Thus, they tend to start similar businesses (e.g. jewellery-making, handicrafts, personal services, food-related services) where barriers to entry may be low, but with limited opportunity for competitive advantage. This, combined with their more limited skills and know-how in running a business, involves the need to focus on helping them identify business ideas with greater potential and upgrade their business knowledge and skills.

Finally, a number of the BDS organisations, in particular in Egypt, Jordan, Qatar, Tunisia and Yemen, stressed the challenges in accessing funding themselves to develop BDS programmes for women and to support an expansion of their BDS services to more women clients.

Efforts made in the past five years to improve the provision of BDS to women entrepreneurs

Sixteen of the 25 BDS organisations were aware of efforts over the past five years to improve the provision of BDS services to women entrepreneurs within their countries (the others were not aware of any). In half of the sixteen cases, the efforts were internal to the organisation, while the other half emphasised broader developments external to their own activities.

BDS organisations report that they have carried out the following actions:

- mapping and analysis of the needs of women entrepreneurs;
- organising special workshops on a regular basis to deal with the specific problems faced by women;
- taking corrective actions in their programmes to increase the participation of women;
- increasing efforts to improve the provision of management training to women entrepreneurs;
- hiring of specialist teams to provide services to women entrepreneurs;
- offering special rates for women entrepreneurs to encourage their participation in training and BDS programmes;
- signing protocol agreements with women entrepreneurs' associations and partnering with other organisations on events for women entrepreneurs;
- using social media to extend their reach to young women.

With respect to the broader efforts to improve provision of BDS to women entrepreneurs, Egyptian organisations note an increasing level of support from donors, international organisations and NGOs, and the launch of new BDS initiatives (e.g. the HWBDC in Cairo). Jordanian organisations report on several programmes focusing on entrepreneurship training for women, the establishment of a number of international associations (with Jordanian chapters) with the aim of increasing the role of women in creating job opportunities and enhancing their income, the establishment of women's business incubators, and more events and workshops focused on women entrepreneurs. Moroccan organisations see an increased interest of associations in targeting programmes for women entrepreneurs. In addition, the recent launch of the Moroccan National Strategy for Promotion of Very Small Enterprises is expected to benefit women entrepreneurs, especially in the informal sector. In the United Arab Emirates, there are evolving efforts to encourage women's entrepreneurship and provide the needed BDS services to support women in starting or growing a business, primarily in response to increased female entrepreneurial activity and a greater level of understanding of women's unique needs and requirements.

Further actions needed to meet the BDS needs of women entrepreneurs more effectively

When asked about the kind of support BDS organisations would need to enhance their services to women, they prioritise additional funding and knowledge transfer and skills development.

Improving the sustainability and funding of programmes

Sustainable funding of BDS programmes for women entrepreneurs is essential in order to secure service provision on a more continuous basis, and to offer more programmes supporting women entrepreneurs in more regions (including in rural areas). Currently, funding for the development of women-focused BDS services is either provided by the government (generally through its own government agencies) or donors. The JNFW in Jordan suggested that the government could adopt a national policy to ensure the sustainability of BDS services. The Egyptian members of the WBF Task Force suggested that a MENA "Women Entrepreneurs' Fund" could be established.

Knowledge transfer and skills development

More technical support is needed to build the capacity of staff in various areas, such as in entrepreneurship and business development, and in performing gender-sensitive value chain analysis. Counsellors and trainers need to build capacity to be able to provide BDS for a larger group of women entrepreneurs and businesswomen, develop short entrepreneurship courses tailored to the needs of women who are not well educated, and expand opportunities for the mutual sharing of good practices, including the exchange of international experience with similar organisations.

More effective approaches for reaching women entrepreneurs

BDS organisations would benefit from the availability of databases of women trying to start a business (which would be useful for targeting the promotion of BDS and to identify future potential clients). They could also form stronger partnerships with associations and networks supporting women entrepreneurs to improve their outreach to women entrepreneurs. Finally, BDS organisations would benefit from a greater effort to institutionalise BDS in countries, with additional effort to promote BDS in the wider market of entrepreneurs who do not have a tradition of seeking external professional advice and assistance.

Further actions to improve women's take-up of BDS

With respect to the actions needed to improve women's access to BDS services (the demand side), the comments of BDS organisations revolved around four thematic areas:

Creating more awareness among women entrepreneurs

BDS organisations in Egypt, Jordan, Morocco and Yemen indicated that women entrepreneurs need more information and awareness regarding support services and their value. One option is to conduct awareness workshops featuring successful women entrepreneurs who can share their enterprise development strategies. In a similar vein, BDS organisations emphasise the need to make better use of social media to promote and support BDS.

Tailoring training and BDS services to fit the needs of women entrepreneurs

BDS organisations report that there is a need for more concerted efforts to gain a better understanding of the women's market by examining and collecting data on women's self-employment and home-based entrepreneurship, as well as on their specific needs. Several recommended the development and use of tailored training plans to groups of women with specific training needs, modularised training so that it can be delivered to women entrepreneurs in shorter durations and at a lower cost, and integration of gender sensitivity into training materials. Apart from entrepreneurship training, BDS must focus on capacity building to improve women's business management and know-how in running a business, developing their products and services, and integrating technology into their business operations (e.g. e-business). Another BDS service that needs to be expanded is support to help women transfer their businesses from the informal sector to the formal sector. BDS providers could also find ways of reaching out to women entrepreneurs in rural areas and small cities, where the provision of BDS services is often very limited. They could also leverage technology and social media as vehicles for providing support to women who wish to manage work schedules and family commitments more successfully by starting a home-based business. In addition, BDS staff directly involved in delivering training, advisory, counselling or other BDS services should be given opportunities to gain experience and knowledge and learn about best practices in the promotion and support of small businesses and women entrepreneurs in particular.

Fostering networks to improve women's access to information and exchanges of experience

Multiplying networking opportunities for women entrepreneurs will help them exchange experiences and information and foster commercial business relationships, as well as enabling the pooling of resources. Creating platforms for women to network and exchange ideas which can stimulate innovation and provide women with a sense of support and confidence can also enable them to be better prepared and succeed.

Assisting with linkages between women entrepreneurs and sources of financing

BDS providers could be doing more to provide women entrepreneurs with information on the various types and sources of financing, assist them in identifying the appropriate funding sources to help transform their ideas into actual businesses, and support them in their loan requests (e.g. connecting them to financing opportunities, helping them prepare their financing proposal, accompanying them to the bank).

2.3. Business incubators: characteristics, challenges and opportunities

The demand for incubation services in MENA economies is growing. To some extent, this is being driven by the plethora of regional and national business plan competitions and the implementation of initiatives, such as Startup Weekend.[11] As part of the emerging eco-system for entrepreneurship, a burgeoning number of motivated new entrepreneurs is seeking incubation support to take their business concepts to the next level. Another recent development in the MENA economies, as in other parts of the world, is the emergence of business accelerators. This model of business incubation focuses on intensive incubation of start-ups over three-to-six-month periods to accelerate the launch of their enterprises into the marketplace.[12] Among survey respondents, this describes the Delta Shield for Investment, Silicon Oasis Founders, IN5, and Wiki Start Up incubators; however, there many other examples popping up across the region, including Oasis 500 in Jordan and Flat6Labs in Cairo and Jeddah. None of the regional accelerators focus specifically on women's start-ups, but some of the teams may have female members.

2.3.1. Mainstream business incubators

The precise number of business incubators in the MENA region is unknown but preliminary research carried out by the OECD-MENA WBF Secretariat indicates there may be over 200 mainstream (i.e. serving clients regardless of gender) business incubators in the region (OECD, 2011).

Eighteen mainstream business incubators from seven MENA economies responded to the WBF survey (see Reader's Guide). Half of these incubators were government entities, three were privately-owned incubators, and the remainder were operated by NGOs or universities. One of the ways in which private incubators differ from government-operated incubators is that they often take equity positions in the start-up enterprises. For example, Delta Shield for Investment takes 10% of the shares of the company in exchange for start-up capital and also provides assistance to the start-up in developing its business model. The structure and profile of university-based incubators varies from economy to economy, but one of the drawbacks in functionality is that they are often managed by professors on a part-time basis and not operational in the summer periods; this is the case with university incubators in Morocco.

The majority of mainstream incubators focused on technology-based and innovative start-ups. A third of them are open to general start-ups, irrespective of sector. The number of spaces available for start-up enterprises/teams in each incubator ranges from 10 to 48. The throughput of enterprises through the incubators on an annual basis depends on the number of incubating spaces and the policy on tenure of incubator tenants. For example, the SFD incubators in Egypt and the Dubai SME incubators allow the start-ups to remain in the incubator for up to 36 months, whereas, the IN5 Incubator in Dubai seeks to spin out 15 new enterprises per quarter (from entrepreneurial teams of three members); this would produce 45 new start-ups per year.

Participation of women entrepreneurs in mainstream business incubators

Women-led enterprises constitute up to half of the businesses incubated, with two-thirds of the incubators reporting that the participation of women-led ventures does not exceed one in five of the enterprises; almost 40% say that the proportion does not exceed one in ten. From the estimates provided for the share of women-led enterprises, it appears that about 60 women's enterprises are being incubated in the 12 incubators reporting on their total number of spaces.

Special efforts to attract women entrepreneurs to the incubators

Half of the incubators indicate that they make special efforts to attract women entrepreneurs to their incubators, but for the most part, these are rather passive, and imply using publicity to reach out to women or organising workshops to promote the role of women in entrepreneurial projects. Only two of the incubators indicated that they actively seek incubator project proposals from women entrepreneurs.

A more aggressive approach is used by the Palestine ICT Incubator (PICTI) (see Box 2.4.) which makes special efforts to support and motivate women entrepreneurs to apply to the incubator programme. In addition, in 2012, PICTI launched a special business incubation programme for women, which started in Gaza and is now also covering the West Bank. The Badir ICT incubator in Riyadh has also established an annex incubator for women entrepreneurs.

Box 2.4. The Palestine ICT incubator – Women's Entrepreneurship Initiative

PICTI is the first incubator for technological firms in Palestine. It was established in 2004 as an initiative of the Palestinian Information and Technology Association to support Palestinian entrepreneurs in developing innovative business ideas and establishing start-ups. It also aims to support entrepreneurial spirit among Palestinian youth and create more jobs for fresh graduates. PICTI has supported the incubation of more than 100 start-ups and contributed to the creation of more than 600 jobs in the West Bank and Gaza.

The incubator programme includes a pre-incubation unit designed to provide technical assistance to entrepreneurs who have an innovative product but need further development before they can successfully be considered for entry into the incubator. By providing these entrepreneurs with customised professional consulting services, they can develop "incubator-ready" proposals for consideration by the PICTI technical and evaluation review panels. The pre-incubation period can take from one to three months. PICTI organises and co-ordinates a network of business service professionals with the necessary practical experience, training and technical skill sets to meet the needs of incubator clients. With support from the International Youth Foundation/USAID, PICTI launched the Palestine Network of Mentors with more than 50 mentors who are available to mentor incubating enterprises.

In 2012, PICTI revised its business model in partnership with the European Business and Innovation Centre Network (EBN) and was announced as the Palestine Business and Innovation Center (BIC) with full membership in EBN and more focus on innovation and acceleration in all sectors. At the same time, it launched a special awareness, training and capacity-building campaign, through partnerships with universities in the West Bank and Gaza, to support and motivate women entrepreneurs to apply to the incubator to develop their project ideas.

Although the incubator only has 10 spaces for incubating enterprises, half of them are typically owned by women entrepreneurs. Recently, PICTI dedicated a special incubation programme for women, starting in Gaza and replicated in the West Bank. The project, supported by Oxfam-Great Britain and DANIDA, seeks to incubate another five start-ups by women in Gaza over the next few months.

Sources: BDS survey and website: http://www.picti.ps

Challenges for increasing the percentage of women-owned start-ups in the incubators

The challenges outlined by the incubator organisations in order to increase the percentage of women-owned start-ups in their facilities revolve around two major themes: culture and tradition, and the lack of readiness for incubation.

Culture, tradition and freedom of mobility were the most frequently mentioned, mostly related to women's time constraints or mobility/transportation restrictions that affect their ability to attend the required workshops and commit to the full incubation process. However, incubators also stated that women often lack confidence and may abandon their start-up projects when they get married.

Lack of readiness for incubation was mentioned by incubator organisations in Egypt, Jordan and Morocco. They indicated that women need more preparation before being ready for incubation. For example, they need training and development in the areas of management, marketing, accounting, industrial safety training, and perhaps technical training. University-based incubators mentioned that the majority of female graduates are not oriented to, or sufficiently informed about, the possibilities of creating an enterprise, preferring instead to work in a stable salaried job or in government.

Another limitation for technology incubators is that the technology area is very male-dominated, which means that most technology professionals, from whom they draw their potential participants for incubation, are also men.

As solutions, two of the incubating organisations suggested that efforts would be needed to highlight successful women entrepreneurs as role models and encourage young women to pursue entrepreneurial activity. Others stated that they would have to increase awareness of the incubator among women. One of the incubating organisations in Dubai suggested that they could develop a campaign targeting women's start-ups, for example, by reserving one of the start-up cycles for women entrepreneurs, that could be focused on 3-D solutions in the fashion industry in which many Emirati women are active.

In general, the mainstream incubators and accelerators have not adopted a gender approach, despite a few indications of efforts to make women aware of the incubator facilities. This may open a door for more concerted efforts to encourage a higher level of awareness among MENA incubators of the potential and opportunities in targeting women's projects. InfoDev has recently launched a component to integrate gender-sensitive practices into more of its programmes (infoDev, 2013). It plans to carry out an extensive survey of its network members, map the needs of women members, and identify opportunities for interventions that will lead to gains in the growth of women-led businesses. It will encourage gender-disaggregated reporting for members in its incubator network (some of which are in the MENA region) to provide baseline data for monitoring and evaluation purposes, and develop best practice guidelines for incubator network members to incorporate into their programmes to facilitate the growth of women-led businesses. It will also provide gender equity training for incubator managers, strategic partners, and organisations that work in areas related to women's support, and give them access to mentorship and internship programmes that will support women to pursue opportunities in technology and business. Ensuring that MENA incubators participate in the infoDev women's entrepreneurship programme could produce very positive medium-term results.

2.3.2. Women's business incubators

Although there are few studies on women's business incubators, infoDev estimates that there are more than 6 000[13] business incubators in the world, with fewer than 1% focused on women entrepreneurs (i.e. women's business incubators) (Saffar, n.d.).[14] However, there is evidence that women's business incubators are becoming more prevalent. This is particularly noticeable in the United States and Canada, where a number of initiatives, either started by women's associations or by women entrepreneurs, coach and mentor other women in an incubation environment where women can co-locate and support each other. Principals behind the recent launch of the SheEO Incubator for young women entrepreneurs (18-35 years of age) in Toronto, Canada, make the case that women need a safe environment where they can be vulnerable and share openly what they are struggling with, whether it is a lack of confidence, difficulty with dreaming "big" and taking risks, lack of know-how or issues related to dealing with the life-business balance.

An infoDev study on women's business incubators in various regions of the world, carried out by the infoDev International Working Group on Women-Focused Business Incubation (IWWG) in 2008-10, concluded that because women have more difficulty in starting businesses than men, gender-based incubation should be explored, especially in Africa and the MENA region. The study also stressed that special business incubation for women is needed because women have different demands, priorities and motivations when starting and operating their businesses, noting that they need specific networks (or need to be introduced to existing networks), prefer to be mentored by women, and require flexibility in the provision of services because of their triple work burden (domestic, family care, and business) (IWWG, 2010). [15]

In the mapping of women's business incubators, the OECD-MENA WBF was only able to identify 9 organisations with a total of 16 incubators in 6 of the 17 MENA countries included in the study: Bahrain, Egypt, Jordan, Morocco, Oman and Saudi Arabia (see Table 2.3.).

Table 2.3. Women's business incubators in the MENA region

AFEM Women's Business Incubators in Casablanca, Rabat, El Jadida and Tangier (Morocco)	AFEM started its first incubator for women in Casablanca in 2006. Based on its success, a second incubator was launched in Rabat in 2009. Since then, two smaller incubators have been opened.
Bank Muscat Business Incubator Programme with a total of four locations in Muscat, Barka and Mirbat (Oman)	Started in 2010 in collaboration with the Omani Women's Association and other women's groups.
BADIR ICT Women's Incubator in the BADIR ICT Incubator, Riyadh (Saudi Arabia)	The first female project was accepted in 2012.
Business and Professional Women-Amman (BPW-A) Business Incubator (Jordan)	Started in 2010.
Business Incubator in Taibah-Women's Society for Social Development in Madinah (Saudi Arabia)	Supported by the Alwaleed bin Talal Foundation. Started in 2013.
Centre for Development of Bahraini Women's Entrepreneurship at the Bahrain Business Incubator Centre (Bahrain)[16]	Launched in 2011, with support from the Bahrain Development Bank.
EBWA Hatshepsut Women Business Incubator (Egypt)	Launched in Cairo in November 2011.
Jordan Forum for Business and Professional Women (JFBPW) Women's Business Incubators in Amman and Jerash (Jordan)	Established the first incubator in Amman in 1997, the first such incubator in the whole MENA region. Created a second incubator project in Jarash in 2008 or 2009.
Prince Sultan Fund for Women's Development Business Incubator, Eastern Province (Saudi Arabia)	The mission of the Fund for Women's Development (established in 2007) is to empower Saudi women to contribute to overall national development. The Development Center itself provides entrepreneurship and leadership training, business support, funding and networks for Saudi women entrepreneurs. The incubator, the first business incubator for women in Saudi Arabia, is an extension of the existing base of support from the organisation.[17]

In addition to these incubators, the Abu Dhabi-based Khalifa Fund for Enterprise Development initiated the Kitchen Incubator Project in partnership with the United Arab Emirates University to help foster an entrepreneurial culture among women in the food sector.[18] The four-month pre-incubation phase of training, business workshops and business plan development started with 12 applicants in October 2012. The incubation phase was delayed for several months for administrative reasons, but the incubator was expected to kick off again in the fall of 2013.

Profile of women's business incubators

Only three organisations with a total of seven women's business incubators responded to the OECD survey – AFEM (Morocco), the JFBPW (Jordan) and the EWBA (Egypt). A brief summary of their characteristics and features are highlighted below.

Rationale for creating the women's business incubators (WBIs)

The incubators were developed to provide a supportive environment where women could work on refining their business ideas and plan the development of their businesses, with access to training, mentoring and coaching as well as to a network of other women entrepreneurs. The WBIs were designed to provide a safe and welcoming space for women to receive the emotional support they need as well as improving their entrepreneurial and management capabilities.

Scale of the incubators

The incubators vary in size. The Casablanca incubator can host 26 start-ups, the Cairo incubator has work stations for 20 start-ups, and the incubators in Rabat, Tangier, Amman and Jarash are smaller, with only 4 to 8 spaces each. The incubators employ only a small number of staff, but make extensive use of association members and volunteers to provide mentoring and coaching to the incubating enterprises; they also contract with external consultants and trainers for specific services.

Profile of women clients

The incubators are open to women entrepreneurs across all sectors. The majority in the AFEM incubators tend to have business services enterprises. In the HWBI, women are working on a variety of enterprises, including business and personal services and handicraft/jewellery production. In the JFBPW incubators, women are involved in services, food production, arts and crafts, graphic design, and health and beauty products. The JFBPW targets young women graduates, AFEM does not seek a particular profile, and the EBWA targets women from lower and middle-income groups, women who already have microenterprises, and women who may be operating in the informal sector but with project ideas showing some aspects of innovativeness and commercial promise. All three entities make efforts to promote their incubator services among young educated women (e.g. conduct awareness sessions at universities).

Number of women entrepreneurs being served

At the end of March 2013, 58 women were incubating in the seven incubators. Since its first intake of enterprises in 2011, the HWBI has graduated 24 enterprises and is in its second cycle. Since 2006, the AFEM incubators have graduated more than 70 enterprises. Since 1997, the JFBPW incubator projects have graduated 85 enterprises. This throughput takes into consideration the fact that women are allowed to stay in the incubators for from 12 to 18 months in Egypt and Morocco (and a bit longer if the enterprise is still not ready to launch into its own space) and up to 24 months in Jordan.

Description of the incubation processes

AFEM and the HWBI report the most sophisticated approaches. They have both established external evaluation committees to screen the project applications and determine the proposals that have the highest potential for success in terms of feasibility, viability, sustainability and innovation. Applications to the JFBPW incubators are screened solely by the Forum's Board. AFEM and the HWBI also help prepare women for entry into the incubators. AFEM formally includes a pre-incubation phase as part of its process. Women entrepreneurs with promising businesses who need to acquire more skills and develop their business plans before applying to the incubator are accepted into the pre-incubation phase where they receive focused advice and counselling. In the case of the HWBI, women entrepreneurs can participate in the training and advisory services offered through the HWBDC to improve their entrepreneurial skills and business know-how and later apply for business incubation when they have a business plan. As part of incubation, women entrepreneurs at HWBI, AFEM and JFBPW are provided with a work space, computer, internet access, etc. and receive training in areas of business management, counselling by incubator advisors, and mentoring by other women entrepreneurs and professionals located in the community. The HBWI and AFEM incubators also provide follow-up support to the enterprises once they graduate from the incubator.

Approaches used for attracting women clients to the incubator

AFEM, the EBWA and the JFBPW use a variety of channels to promote their incubators, including media promotion (television, radio and social media), awareness sessions at universities and in communities, presentations at entrepreneurship conferences and linkages with other institutions related to entrepreneurship.

Funding of the incubator programmes

The WBIs were dependent on donor funding for their initial establishment and, to a great extent, continue to be dependent for their ongoing operation. Nominal fees are charged to incubating enterprises for the use of incubator facilities, but this is not nearly sufficient to recoup the costs of delivering the incubation services. Consequently, raising funds is an ongoing challenge.

Linkages with other WBIs nationally and internationally

The EBWA has linkages with incubators for women in Paris, Morocco and Jordan, and would find it useful to share experiences on the operation of women business incubators with other countries. AFEM is a member of the Fédération des Pionnières which is a network of 20 incubators in Europe that shares the same business model, procedures, logo and name "Pionnières".[19] AFEM reports that it would benefit from sharing with other networks in the MENA region, Europe, Asia and North America. The JFBPW incubators are members of the Jordan Innovation Centers (JIC) network co-ordinated by the Jordan Enterprise Development Corporation (JEDCO), but have no linkages with WBI networks in the region or in other countries. Such linkages would be of value for sharing information, particularly in developing standard operating procedures.

The greatest challenges in operating a WBI

These organisations share three of the same challenges: i) identifying more innovative projects (women tend to concentrate on traditionally female sectors of activity); ii) working around the schedules of women entrepreneurs in organising training and other incubation components; and iii) identifying sources of funding to sustain the incubator activities.

Box 2.5. AFEM business incubators for women entrepreneurs, Morocco

The Association des femmes chefs d'entreprise (AFEM) is a major women entrepreneurs' association in Morocco with about 600 members (employing more than 50 000 workers) and eight branches. It offers mentoring, training and professional development to members, advocates for policies and programmes in favour of women's entrepreneurship, and operates four incubators for women entrepreneurs located in Casablanca (26 spaces), Rabat (7 spaces), El Jadida (4 spaces) and Tangier; it also has plans to open more incubators in other parts of Morocco. The incubator project arose as an extension of AFEM's existing activity in providing BDS services to its members. AFEM has a one-stop shop with online access to information on financing. It offers two related programmes: (1) a consultancy to accompany SMEs to access financing; and (2) a Women in Business (WIB) programme which creates focus groups of 15 people from different sectors to support women entrepreneurs with technical assistance in accessing financing. Among its BDS services, AFEM offers capacity training to women entrepreneurs, networking, e-learning and English classes (important for doing business internationally). It is also a partner in the launch of the EBRD Business Advisory Service (BAS) in Morocco. GIZ has been supporting AFEM's work in building the capacity of other organisations that serve women entrepreneurs.

AFEM is ISO certified (version 2008) for its incubation processes and is itself an example of good practice in the incubation of women-owned start-ups. It has produced two documents outlining best incubator practice guidance in the management of a business incubator for women: "Guide de modélisation de l'incubateur" and "Les meilleures pratiques de l'incubateur en tant que levier de création d'entreprise", based on its experience in launching and operating women's business incubators. These resources will be very valuable for other organisations motivated to create their own women business incubators in the MENA region.

Objectives of the incubator project

The motivating goal for opening the first incubator in Casablanca in 2006 was to contribute to creating a favourable environment for business creation in Morocco incorporating the gender approach. Based on the success of the Casablanca incubator, AFEM opened the second incubator in Rabat in 2009 and subsequent incubators in El Jadida and Tangier.

Service offerings

The incubators provide the full range of incubation services including:

- office space; internet and phone access; and printing, copying and other administrative services;
- entrepreneurship training workshops and seminars;
- business advice by incubator counsellors, and mentoring by experience entrepreneurs or other professional bodies from the business community;
- help with accessing start-up financing;
- follow-up coaching once the women entrepreneurs have left the incubator with an operational enterprises and access to the range of support services available to AFEM members.

Selection criteria and approach

The incubators are open to any kind of business idea; however, AFEM seeks women who have an economically feasible, sustainable, innovative and bankable business idea, and are motivated and committed to the success of their project. Applicants are subjected to a very systematic screening and evaluation system based on a number of criteria and rated points The selection process is assisted by a committee comprised of representatives from AFEM, the ANPME, the Fondation Création d'Entreprises of the Banque Populaire, and the regional investment centres. Acceptance of applicants for the incubator spaces focuses on the business plans with the best chances of success (considering the business idea and the profile of the woman entrepreneur, etc.) based on the rating points assigned to the screening criteria.

Incubation phases

AFEM provides incubation support for women from pre-start-up, to start-up, through to post-creation. In fact, providing help and support in all phases of the incubation/project development process is considered one of the key success factors in its incubation of women's enterprises. In the pre-incubation phase only counselling and advice are provided. When the business plan is ready, it is taken to the incubator selection committee. If the project is admitted to the incubator, then phase 2 begins. The pre-incubation phase allows AFEM to identify a pipeline of future applicants for the incubator, which it is doing continuously.

Once admitted to the incubator, the women entrepreneurs receive mentoring and coaching, as well as two to three cycles of training a year, covering topics such as time management, sales management and financial management, or even more specialised courses such as marketing through the use of social media. The progress of each enterprise is monitored carefully to help the women work through human resources problems, financing problems, marketing problems, etc. They may stay in the incubator up to 18 months or for as long as 24 months, depending on their progress.

After leaving the incubator, the enterprises are supported with post-incubation follow-up whereby the women entrepreneurs can access all of AFEMs support services as members of the association.

As of July 2013, there were 50 projects in pre-incubation (20 of those were ready to be presented to the incubator selection committee) and 35 in the incubators (a total of 85). Another 70 have graduated from the incubators and are in the post-incubation stage.

Incubator marketing and promotion

AFEM promotes its services through media promotion (radio, Facebook), participation in salons, awareness caravans in cities around Morocco where women are invited to present their business plans for consideration and in universities. It also nurtures partnerships with other organisations in the entrepreneurship eco-system in Morocco, such as the regional investment centres, chambers of commerce, the Agence Nationale de Promotion d'Emploi et des Compétences (ANAPEC), NGOs, and the Réseau Maroc Incubation et Essaimage (RMIE). It is in the process of preparing a partnership with Students in Free Enterprise (SIFE) chapters in Moroccan universities to strengthen its links within the university network; this will also help to generate more innovative projects from young educated women.

Funding

The AFEM incubators are funded through different sources. The Middle East Partnership Initiative (MEPI) funded the Casablanca incubator; UN Women supported the Rabat incubator and the National Human Development Initiative (INDH), a government initiative, provided the space to create the incubator in El Jadida. Funding has also been provided by AECID, MEPI, the Dutch Embassy (for the incubator in El Jadida), and the OCP Group. Each incubator project is funded for two to three years, so AFEM operates the incubators on a project basis. When one grant ends, the search for another project funder begins. AFEM also charges an annual fee of MAD 1 500 to the women entrepreneurs for use of the incubator and its services, but this is not nearly enough to cover the annual operational costs for the AFEM incubators which are about MAD 1 million.

Future plans

Several development activities are underway. AFEM is adding more incubator space in Casablanca in co-operation with the Centre des jeunes dirigeants (CJD). It is also negotiating its entry into the RMIE (incubator) network of the Centre National pour la Recherche Scientifique et Technique (CNRST); if admitted, the most innovative projects in the AFEM incubators will be eligible for MAD 230 000 of funding support from the CNRST. At the meeting of the Deauville Partnership in Morocco on 19 June 2013, a proposal was presented for three years of funding totalling about MAD 13.8 million for the sustainable maintenance of three of AFEM's existing incubators and the creation of three new ones. (The status of this proposal is undetermined.)

Sources: Information from an interview with AFEM officials during a study visit to Morocco Cairo in July 2013, responses to the incubator survey and the AFEM website (http://afem.ma).

Box 2.6. Hatshepsut Women Business Incubator, Egypt

The Hatshepsut Women Business Incubator (HWBI) is the first and only business incubator for women in Egypt. It is an initiative of the Egyptian Business Women Association (EBWA) and is funded by AECID and DANIDA.

The incubator has space for 20 start-ups and since it started accepting applicants in 2011 has graduated 24 businesses. In June 2013, the incubator spaces were fully occupied by incubating enterprises; enterprises can stay in the incubator for from 12 to 18 months.

Objectives of the incubator project

The main objectives of this incubator project are to build an entrepreneurial culture and increase female employment and socio-economic integration by supporting the establishment of viable businesses created by women that will be capable of successfully developing after the end of their stay in the business incubator. Its vision is to become a national reference for promoting a new generation of businesswomen capable of generating wealth and employment.

Service offerings

The incubator provides the full range of incubation services including:

- office space; internet and phone access; and printing, copying and other administrative services
- entrepreneurship training workshops and seminars
- business advice by incubator counsellors
- mentoring by experienced entrepreneurs or other professional bodies from the business community (often drawn from EBWA members)
- help with business registration formalities and accessing start-up financing (e.g. guidance in developing financing proposals and referrals to the Social Fund for Development for micro or small loans)
- technical assistance with product development, design, packaging and branding
- marketing of their products through national, regional and international exhibitions and trade fairs.

The HWBI is housed inside the Hatshepsut Women Business Development Center (HWBDC) which provides a social and psychological support service that can guide the professional reorientation of women whose business plans are not selected for entry into the business incubator; they can either prepare them better for reapplication or for "getting them on the right track" to move forward with their business ideas.

Selection criteria and processes for entry into the incubator

As selection criteria for admission into the incubator, the EWBA looks for women (between the ages of 20 and 40) who are highly motivated, have an existing or innovative business idea, and have low- to middle-income status. Women wishing to enter the incubator must complete an application form, which is presented to an evaluation committee consisting of members of the EWBA Board, partner organisations (such as the SFD), financial institutions and independent entrepreneurs. Once the evaluation committee has made its initial selection, based on a review of the applications, it conducts interviews with the women entrepreneurs before making their final decision.

Incubator marketing and promotion activity

To create awareness of the incubator and attract women as clients, the EBWA disseminates information widely through an outreach strategy that involves several channels and partnerships: media coverage, including radio and television programmes; awareness sessions in universities; social media to reach young educated Egyptian women; promotion through conferences, forums and seminars; and partnerships with other institutions.

Staffing

The incubator employs six paid staff (some of whom share their time with the HWBDC) and engages both EBWA board members and young volunteers to provide support to the women entrepreneurs.

Future plans

The EWBA has a five-year plan that includes opening more business incubators for women in other Cairo locations as well as in other Egyptian governorates. For women entrepreneurs, proximity to their home base is very important; therefore, to provide effective incubation services, the facility must be within reasonable reach.

Sources: Information from an interview with the EBWA during a study visit to Cairo in June 2013, responses to the incubator survey and the incubator website (*http://www.hwbdc.net*).

Conclusion

Findings from the GEM consistently show that adult women across countries have less confidence than men in their ability to start and run a business and a greater fear of failure that prevents them from starting a business (Kelley et al., 2011, 2013). This leads to less motivation on the part of women to start a business in the future, as well as lower levels of actual entrepreneurial activity. The gender gap on all these indictors is greater in the MENA region than in any other region of the world (Kelley et al., 2011; Kelley et al., 2013). In addition, women in MENA economies appear to be more driven than men by the "necessity" of starting a business as opposed to an "opportunity". This is likely to be related to the fewer employment opportunities for MENA women in the region.

Hundreds of thousands of MENA women are already involved in entrepreneurial activity and could benefit from BDS, training and other support services to help them start and develop their businesses. This would contribute to women's economic empowerment and produce significant economic benefits to MENA economies.

In MENA countries, BDS and incubation services in general are underdeveloped. Most initiatives have been launched within the past five to 10 years as governments have focused more on the importance of MSME and entrepreneurship development for job creation, social stability and economic growth. Mainstream BDS organisations and incubators are generally aware of the constraints faced by women, but less than half of them make special efforts to promote their services to women and adapt their programmes and services to accommodate their specific needs. However, they demonstrate some examples of good practice in their attempts to attract women clients, which can serve as models for other service providers.

Depending on the mandate and objectives of BDS organisations and incubators, the percentage of women among their clients varies, but collectively a rather small number of women are participating as beneficiaries on an annual basis. The percentage of female clients tends to be much higher in entrepreneurship training programmes than in more advanced forms of BDS services, such as management consultancy.

In the case of the mainstream business incubators, the selection of applicants is based on the merits of the business proposal and the perceived likelihood of success in the marketplace. The technology and innovative incubators state that there are few women in the technology sectors and thus they are much less likely to be incubator candidates. Similarly, a number of the mainstream incubators state that women are less likely to have the requisite knowledge and skills to develop feasible business proposals and are not "ready" for incubation. On the other hand, the incubators operated by AFEM, the EBWA and the JFBPW are incubating as many women's enterprises as 12 of the 18 mainstream business incubators combined. This suggests that when women's enterprises are specifically targeted for incubation and the entrepreneurs are provided with pre-incubation preparation, women's business incubators can be instrumental in producing a pipeline of viable, job-creating enterprises with potential for growth.

To fill the gap in service provision to women, associations of women entrepreneurs, in particular, are playing a major role. Donors and international organisations have been vital in promoting the provision of BDS and incubation services to women entrepreneurs in the developing MENA economies. Donor-supported MSME projects often set targets for the inclusion of women among beneficiaries, such as the CIDA-funded EEDP project through El Mobadara. In addition, special BDS projects targeting women are largely donor-funded, such as the Business Development Center in the BWF-Palestine (Cherie Blair Foundation for Women), and the EntreElles in Regions Project in Morocco (GIZ). Without donor support from USAID, AECID and UN Women, women's business incubators in Egypt, Jordan and Morocco would likely not exist. In the developed MENA economies, the provision of BDS and incubation services rests more on the shoulders of governments, foundations, chambers of commerce (e.g. through their businesswomen committees) and private sector business associations (such as the Roudha Center for Entrepreneurship and Innovation in Qatar); however, there are few initiatives.

Both BDS organisations and incubators see cultural and social norms as the most important barrier to the development of women's entrepreneurship, suggesting that at the macro level, major societal and institutional changes are needed. Policies to foster gender equity as well as women's economic empowerment and entrepreneurship are thus essential for creating a favourable context for women to pursue entrepreneurial activity.

The publication, *Women in Business: Policies to support women's entrepreneurship development* (OECD, 2012a), introduced the debate around whether women's access to BDS services is best facilitated through gender-mainstreaming of existing BDS mechanisms or "side-streaming" support for women entrepreneurs with parallel structures dedicated specifically to serving women (Pettersson and Hedin, 2010). Over the long-term, the ideal situation would be gender mainstreaming of existing mechanisms and this option should be aggressively pursued. However, the immediate response could be a focus on parallel support structures dedicated to women, complemented by accelerated actions to gender-sensitise the existing mainstream organisations and encourage them to be more proactive in reaching out to and serving the women's market.

Notes

1 For the purpose of this publication, BDS includes:

- advisory, counselling, mentoring, coaching; and consultancy services;
- assistance with preparation of feasibility and market studies, business plans and financial proposals to access loans;
- dissemination of business-related information and signposting of information on other MSME programmes and support services;
- entrepreneurship training for start-up entrepreneurs;
- business management training for existing MSME owner-managers, including financial literacy and ICT capacity building; seminars and workshops on business topics (e.g. financial management, developing export markets, improving product quality/packaging, etc.);
- upgrading and modernisation assistance; consultancy on production and design; linking MSMEs to technology suppliers and supply chains;
- market development, including facilitating participation in trade fairs and exhibitions.

2 For the purpose of this publication, mainstream BDS organisations include all BDS organisations that target men and women-led businesses equally.

3 *El Mobadara* in Egypt was excluded from the average calculation because they reported 560 staff members, the majority of whom are involved in the microfinance arm of the organisation. Including them would have inappropriately skewed the average figure size.

4 BDS services include enterprise training; managerial and technical training; business planning; one-to-one counselling in a broad range of issues (e.g. business registration, product development and design, market analysis, branding, packaging and labelling of products and services); and participation in exhibitions and fairs to display and sell women's products.

5 The EBRD BAS model covers a wide range of advisory services in the areas of: marketing, strategy, organisation, operations, ICT, engineering solutions, quality management, resource efficiency and environmental management. Support from local BAS teams includes: diagnostics to match enterprise needs with consultancy offerings and support in defining consultant assignments; a subsidy of up to 90% (maximum of EUR 10 000) to cover the costs of advisory services; follow-up for one year after project completion to assess the impact of the project and steps taken to continue growth of the enterprise, including through access to finance.

6 The objective of gender-sensitivity training is to better ensure that women and men receive equitable benefits from the services provided.

7 The Afkar Gedida site provides information about business ideas (services, commercial and manufacturing), samples of feasibility studies, investment opportunities and the legal steps required to establish a private business. It also helps entrepreneurs by acquainting them with export procedures and conditions, and provides information about NGOs, associations and financial institutions that support MSMEs.

8 www.bwf.ps/index.php/en/about-us/who-are-we.html

9 http:/www.bidnetwork.org/women/; http://www.bidnetwork.org/en/competition/bwf-southern-west-bank-challenge/

10 In 2011, offices of the WBDC, which were located in Tahrir Square, were burnt and all its databases destroyed. It has since temporarily relocated to offices in Giza and is gradually recreating its databases and support systems to meet the needs of women entrepreneurs in all regions of Egypt where the NCW has a presence. In the meantime, the number of staff has decreased from 20 to 11.

11 Startup Weekends, a global initiative sponsored by the Kauffman Foundation, Google and Microsoft, are 54-hour crash courses in business creation where entrepreneurs and aspiring entrepreneurs can find out if their start-up ideas are viable. On Friday, attendees make pitches on their best ideas and inspire others to join their team. Over Saturday and Sunday teams focus on customer development, validating their ideas, practicing Lean Start-up methodologies and building a minimal viable product. On Sunday evening teams demonstrate their prototypes and receive valuable feedback from a panel of experts. Startup Weekends are operational in more than 100 countries. See: http://www.startupweekend.org/

12 The intensive incubation involves a work space, mentorship, coaching, networking, and often seed capital, in exchange for an equity stake and the promise of rapid growth and valuation. The goal of accelerators is to support three or four start-up cycles a year. Accelerators also prefer to work with start-up teams of at least three people. Not only does this bring more human capital and talent to the start-up, but team-led start-ups tend to have higher success and growth rates.

13 More recent 2012 estimates from the National Business Incubator Association put the figure at 7000 business incubators worldwide (http://www.nbia.org).

14 At the time of the study in 2008-09, the greatest prevalence of women's business incubators was in South Korea, 14 of the estimated 270 or so South Korean incubators.

15 The IWWG has 27 members from more than 20 countries and is supported under the umbrella of the infoDev project "Gateway to Economic Development through the Empowerment of Women". The main objectives of the project were to: generate knowledge outputs that help build the capacity of existing business incubators targeting women entrepreneurs; promote the sharing of knowledge about women's incubation; summarise the challenges for women's incubation specific to countries or regions, outline activities needed for further improving the support structures for the incubation of women entrepreneurs; and establish a foundation for strengthening co-operation and network building between women incubators globally. InfoDev (Information for Development) is a special programme of the World Bank and other international development agencies.

16 In 2010, Bahraini officials announced plans for the construction of up to 39 business incubators specifically designed to help women entrepreneurs; OECD research has not found information on the status of the project.

17 www.psfw.org/en/business-incubators.html

18 The incubator is a licensed, commercially equipped facility that enables women to start food-related businesses that they otherwise would not be able to start from their home base. Operating any kind of food production business from a domestic kitchen is not allowed in the UAE, so this deters many potential women entrepreneurs from pursuing their business ideas in this area of activity. The costs of establishing a commercial kitchen and obtaining a licence to operate would be prohibitive for most women.

19 The Fédération des Pionnières was established in 2005 in Paris by a group of committed women's advocates who lobbied public authorities and regional development entities on the merits of launching a business incubator which would support and house projects led by female business leaders in the innovative services sector. Successful in their efforts, the federation now develops and leads a network of women's business incubators under the "Pionnières" brand, supporting companies which offer innovative personal and corporate services. See: http://www.federationpionnieres.org/.

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Annex 2.1A: List of surveyed organisations

	Organisation by economy	BDS survey	General business incubator survey	Women business incubator survey
Algeria				
G	Agence nationale de développement de la petite et moyenne entreprise (ANDPME)	X	X	X
G	Conseil économique et social (CNES)	X	X	X
G	Ministère de l'industrie, de la petite et moyenne entreprise et de la promotion de l'investissement	X	X	X
NGO	Association des femmes algériennes chefs d'entreprise : Savoir et Vouloir Entreprendre (SEVE)	X	-	X
NGO	Association des femmes cadres algériennes (AFCAR)	X	-	X
NGO	Confédération générale des entreprises algériennes (CGEA)	X	X	X
TF	Association algérienne des femmes managers et entrepreneurs (AME)	X	X	X
TF	Association des femmes cadres algériennes pour la revalorisation et l'élargissement de l'encadrement féminin	X	X	X
TF	University law professor	X	X	X
Bahrain				
G	Bahrain Economic Development Board	X	X	X
Djibouti				
G	Agence nationale pour la promotion des investissements (ANPI)	X	X	X
Egypt				
G	General Authority for Investment and Free Zones	X	X	X
G	Ministry of Investment	X	X	X
G	National Council for Women	X	X	X
G	Social Fund for Development	X	X	X
G	Women Business Development Centre (WBDC)	X	-	X
NGO	Alliance for Arab Women	X	-	X

	Organisation by economy	BDS survey	General business incubator survey	Women business incubator survey
NGO	Alexandria Business Women Association	X	-	X
NGO	Business Women Association for Development	X	-	X
NGO	Business Women of Egypt 21 (BWE21)	X	-	X
NGO	Egyptian Business Women Association	X	-	X
NGO	El Modabara	X	-	-
NGO	Endeavor Egypt	X	-	-
NGO	Flat6labs	-	X	-
PS	Delta Shield for Investment	X	-	X
TF	Egypt Junior Business Association	X	X	X
TF	Lecturer in Business Administration, British University in Egypt	X	X	X
TF	Special Foods Industry International	X	X	X
Iraq				
TF	Ministry of State for Women's Affairs	X	X	X
Jordan				
G	IRADA (under the Ministry of Planning and Co-operation)	X	-	-
G	Jordan Chamber of Commerce	X	X	X
G	Jordan Enterprise Development Corporation (JEDCO)	X	X	X
G	Jordan Investment Board	X	X	X
NGO	Business and Professional Women Association –Amman	X	X	X
NGO	Business Development Center	X	-	-
NGO	Euro-Jordanian Advanced Business Institute	X	-	-
NGO	General Federation of Jordanian Women	X	X	X
NGO	Jordan Forum for Business and Professional Women	X	X	X
NGO	Jordanian Hashemite Fund for Human Development (JOHUD)	X	-	-
NGO	Jordan National Commission for Women	X	X	X
NGO	Jordan River Foundation	X	-	-
NGO	Jordanian Women's Union	X	X	X
NGO	Noor Al Hussein Foundation	X	-	-
NGO	Oasis 500		X	
NGO	Queen Rania Center for Entrepreneurship	X	-	-
TF	Al Jidara	X	X	X
TF	INJAZ	X	X	X

	Organisation by economy	BDS survey	General business incubator survey	Women business incubator survey
TF	Schema Consulting	X	X	X
TF	Young Entrepreneurs Association	X	X	X
TF	Zaru Law	X	X	X
Kuwait				
TF	Kuwait Transparency Society	X	X	X
TF	Supreme Council for Planning and Development	X	X	X
Lebanon				
G	Business Incubator Association in Tripoli (Under the Ministry of Economy)	X	X	-
G	Ministry of Industry and Trade	X	X	X
G	South Business Innovation Centre (Under the Ministry of Economy)	X	-	-
NGO	Beirut Institute	X	-	X
NGO	Berytech	-	X	-
NGO	Business Incubation Association in Tripoli	X	X	X
NGO	Lebanese Council for Women	X	-	X
NGO	Lebanese League for Women in Business	X	-	X
NGO	National Commission for Lebanese Women	X	X	X
NGO	National Committee for the Follow-up of Women's issues	X	-	X
NGO	The Arab International Women's Forum	X	-	X
TF	International Labour Organisation Regional Office for Arab States	X	X	X
TF	Lebanese International University – School of Business Administration	X	X	X
TF	United Nations Industrial Development Organisation (UNIDO) - EDIP	X	X	X
Libya				
G	Libya Enterprise – National SME development agency	X	X	X
Morocco				
G	Agence de développement social	X	X	X
G	Agence nationale pour la promotion de l'emploi et des compétences (ANAPEC)	X	X	X
G	Agence nationale pour la promotion de la petite et	X	X	X

	Organisation by economy	BDS survey	General business incubator survey	Women business incubator survey
	moyenne entreprise (ANPME)			
G	Ministère des affaires générales et de la gouvernance	X	X	X
NGO	Association des Femmes Chefs d'Entreprises	X	-	X
NGO	Conseil National pour la Recherche Scientifique et Technique (CNRST) – Réseau Maroc Incubation et Essaimage	-	X	-
NGO	Espace point de départ pour la promotion de l'entreprise féminine (ESPOD)	X	-	X
NGO	Fondation de création d'entreprise (FCE) Banque Populaire	X	-	-
NGO	Fondation du Jeune Entrepreneur	X	-	-
NGO	Jossour forum des femmes marocaines	X	-	X
NGO	Women in Technology	X	-	X
TF	Association marocaine pour la promotion de la femme rurale	X	X	X
TF	Confédération générales des entreprises marocaines (CGEM)	X	X	X
TF	GFI Maroc	X	X	X
TF	Juriste	X	X	X
TF	Top Class Expresso	X	X	X
TF	Women in the city	X	X	X
Oman				
NGO	Intilaqaah	X	-	-
NGO	National Training Institute	X	-	-
NGO	Omani Women Association at Al-Mudhibi	X	-	X
NGO	Omani Women's association	X	-	X
NGO	Sharakah	X	-	-
NGO	Tawasul	X	-	-
Palestinian Authority				
G	Ministry of National Economy	X	X	X
G	Palestinian Investment Promotion Agency	X	X	X
NGO	Business Women Forum - Palestine	X		X
NGO	Palestinian Business Women's Association (ASALA)	X	-	X
NGO	Palestine Information and Communication Technology Incubator (PICTI)	-	X	-
TF	Alpha International for Research Polling and Informatics	X	X	X
TF	Gender Equality and Women's Empowerment	X	X	X

	Organisation by economy	BDS survey	General business incubator survey	Women business incubator survey
	Programme in OPT – ILO Jerusalem Office			
Qatar				
G	Enterprise Qatar – Ministry of Business and Trade	X	X	X
NGO	Qatari Business Women's Association	X	-	X
NGO	Roudha Center for Entrepreneurship and Innovation	X	-	X
NGO	Women Entrepreneur Association	X	-	X
Tunisia				
G	Agence de promotion de l'industrie et de l'innovation (APII)	X	X	X
G	Agence nationale pour l'emploi et le travail indépendant (ANETI)	X	X	X
G	Chambre de commerce et d'industrie de Tunis	X	X	X
G	Ministère de l'industrie et du commerce	X	X	X
NGO	Center of Arab Women for Training and Research (CAWTAR)	X	-	X
NGO	Chambre nationale des femmes chefs d'entreprise	X	-	X
NGO	Femmes chefs d'entreprise mondiales	X	-	X
NGO	Institut arabe des chefs d'entreprise	X	X	X
NGO	Women's Enterprise for Sustainability	X	-	X
NGO	Union tunisienne de l'industrie, du commerce et de l'artisanat (UTICA)	X	-	X
PS	Wiki Start-up	-	X	-
TF	Club des exportateurs de Tunisie	X	X	X
TF	Consultants and professors	X	X	X
TF	LED CO	X	X	X
TF	MENA Business Women's Network	X	X	X
TF	World Association of Women Entrepreneurs	X	X	X
UAE				
G	Abu Dhabi Business Women Council	X	X	X
G	Dubai Business Women Council –Under the Dubai Chamber of commerce and Industry	X	X	X
G	Dubai Chamber of Commerce and Industry	X	X	X
G	Dubai SME	X	X	-
G	Dubai Women Establishment	X	X	X
G	Emirates Competitiveness Council	X	X	X
G	Sharjah Business Women Council	X	X	X

	Organisation by economy	BDS survey	General business incubator survey	Women business incubator survey
NGO	Al-Sayedah Khadijah Bint Khwailid Business Women Center	X	-	X
NGO	International Women's Business Group	X	-	X
NGO	Khalifa Fund for Enterprise Development	X	-	-
NGO	Ruwad Establishment	X	X	X
G	Silicon Oasis Founders	-	X	-
NGO	Studio 9	-	-	X
Yemen				
G	Small and Microenterprise Promotion Service (SMEPS)	X	X	X
G	Social Fund for Development	X	X	X
G	Women's National Committee	X	X	X
NGO	Youth Economic Development Centre	X	-	-
TF	Yemen Federation Chambers of Commerce and Industry	X	X	X

Note: G = government; NGO = non-governmental organisation; PS = private sector; TF = Task Force Member

Chapter 3

Expanding the financing options of women-led businesses in the MENA region

This chapter addresses issues related to the supply and demand sides of financing for women-led businesses in the MENA region. The first section presents a supply-side analysis of banks' financing practices, based on the results of a survey of banks carried out by the OECD in collaboration with the Union of Arab Banks. The section reviews whether banks consider women's businesses as a market for their own development, the amounts and types of loans they provide to those businesses and the ways and means to enhance the proportion of bank lending to women's businesses. The second section consists of a practical guide to improving the demand side of lending to women-led businesses, by providing concrete advice to women on how to approach banks for financing their businesses, within the context of the larger financing needs of their businesses.

Introduction

Entrepreneurial activity and performance rates in the Middle East and North Africa (MENA) region are well below those of comparably developed regions. The OECD-IDRC study *New Entrepreneurs and High-Growth Enterprises in the Middle East and North Africa* (2013) concludes that, in addition to the general unfavourable business climate, both women's economic participation and entrepreneurs' access to finance are amongst the most important factors affecting entrepreneurship negatively in the region.

With small and medium-sized enterprises (SMEs) accounting for up to 90% of businesses in the region and creating more than half of the jobs (Saleem, 2013; Kerr, 2013); ensuring their access to finance and support should be a priority to sustain economic growth. This is all the more important as the creation, survival and growth of SMEs have been negatively affected by socio-political changes that have taken place in a number of MENA economies since 2011, coupled with the global financial crisis. While banks in the MENA region are generally considered to be more averse to risk and more conservative than in other parts of the world, they tend to be both financially stable and modernising, and could certainly play a greater role in lending to SMEs.

At the same time, women-led businesses represent a growing market; they have significant potential to positively affect economic growth in the region, and are substantially under-banked.[1]

The OECD publication *Women in Business: Policies to support women's entrepreneurship development in the MENA region* (2012c), identified access to credit and bank finance as one of the themes around which the OECD-MENA Women's Business Forum (WBF) should develop its work. Indeed, bank financing is the main source of external financing for SMEs. Bank financing is all the more important for women as women entrepreneurs tend to come from poorer segments of society than men[2] and, for cultural reasons, may also be less likely to be funded through family loans and grants or through debt and equity investments.

Previous studies[3] show that bank lending to women-led businesses is hampered by information asymmetries that exist between banks and women entrepreneurs. Business women face specific difficulties that are related to their lack of collateral security to meet the lending requirements of banks, and their relative inexperience in approaching lenders with bankable projects.

Significant economic gains could thus be achieved with banks targeting their products and services to women entrepreneurs more effectively. The first section of this chapter summarises the conclusions of a survey carried out by the OECD in collaboration with the Union of Arab Banks on the existing financing practices of banks to women entrepreneurs in the MENA region.

In parallel, in order to improve the demand side of lending to women-led businesses, there is a need to improve women's capacity to approach banks within the wider framework of business financing. The second part of this chapter is dedicated to providing concrete advice to businesswomen on how to approach banks as part of their broader financing strategies.

3.1. Better targeting of banks' financing practices on women-led businesses in the MENA region: results of a survey led by the OECD in collaboration with the Union of Arab Banks

In 2013, the WBF partnered with the Union of Arab Banks (UAB) to survey banks in the region about their financing practices, decision-making processes and existing enterprise support services to women entrepreneurs. Responses highlight the bottlenecks and gaps and help identify targeted solutions to increase financial offerings by banks to women-owned businesses. The methodology of the survey is developed in the Reader's Guide of this book. This chapter summarises the conclusions drawn from responses of 19 MENA banks operating in 4 MENA economies[4] to a questionnaire that had been addressed to 172 banks operating in 18 MENA economies. Most of the banks surveyed are regular commercial banks, although a very few are microcredit institutions, with slightly different business goals.

The response rate of the survey was low and presents some country biases, which prevents generalisations about banks in the MENA region. However, this survey was the first survey of its kind, and its results provide preliminary insights that will require further investigation. The survey results were also complemented by interviews with bankers.

3.1.1. Women's businesses as potential new lending opportunities for banks in the MENA region

Women-owned businesses[5] represent a fertile market segment for banks, which could reap significant returns for both banks and MENA economies. At a time when bank customers, including SMEs, are starting to look beyond banks to alternative sources of finance (Ernst and Young, 2013), women-led businesses are one of the potential future markets for banks' lending development.

In this context, some banks value investment in women-led businesses as part of a wider expansion strategy in their quest for new markets, to develop niche expertise and diversify risks (Ernst and Young, 2013). In their responses to the survey, all banks stated that they have previously financed or are currently financing businesses owned by women. For example, at the time, Khaleeji Commercial Bank of Bahrain reported investment in 11 projects involving women-led businesses, and considers these interests as part of its broader strategy to penetrate new market segments and expand its presence in the region. The bank sees many opportunities for growing its business, not only in its domestic market, but also in the wider MENA region (Khaleeji, 2011). The Banque Tunisienne de Solidarité (BTS) also reports a focus on highly-educated youth. One of the aims of Al Barid Bank in Morocco is to extend banking services to rural and excluded segments of the population. The BTS functions as an alternative to the classic banking system, co-operating closely with non-government organisations and offering interest rates at less than 50% of the market rate with progressive reimbursement schemes. Jordan Ahli Bank notes in its Annual Report 2012, that the bank aims to give "women business owners the support, information and knowledge they need to excel in their SME ventures".

Quds Bank, based in the Palestinian Authority, did not complete the questionnaire but it is one of the very few surveyed MENA banks which include the financing of women entrepreneurs among its annual targets. The bank's 2011 Annual Report states, that "the bank will launch a package of tailor-made personal loans … benefiting currently untargeted sectors such as women, education, SME loans and others".[6] BLC Bank, Lebanon, is another bank which is targeting women entrepreneurs and has not completed the OECD questionnaire. With the support of the International Finance Corporation (IF), BLC Bank has launched the Women's Empowerment Initiative (WEI) which aims to provide assistance to women entrepreneurs in any phase of the business cycle with procedural information, advice on business development, financial counselling, and networking opportunities through its Women's Unit and Facebook page (Quds Bank, 2011).

3.1.2. Bank loans to women-led businesses in the MENA region

In spite of this stated interest, the volume of loans granted to women-led SMEs by the banks surveyed in the MENA region still represents only a small fraction of the investment activity of banks. When questioned about their lending practices, all the banks reported having provided loans to women-led businesses. However, among these banks, women-led businesses generally account for less than 10% of the total loan portfolio. Banks which are specifically focused on the development of SMEs, such as the BTS and Attawfiq Micro- Finance Bank of Morocco, where women-led businesses represent 31% to 60% of their total portfolio, Bank al Etihad, in Jordan – a member of the Global Banking Alliance for Women[7] –are exceptions.

The financial products most often offered to women entrepreneurs by respondents include loans distributed across the three main time frames (short-term, medium-term and long-term), deposit and cash management products, payment and transfer facilities, lines of credit and trade finance. The core of these products relates to conventional SME lending, reaffirming the findings of earlier studies (Rocha et al., 2011). None of the banks that completed the questionnaire report offering Sharia-compliant products (which tend to be more common in the GCC market), insurance products or technical advice to women entrepreneurs.

The majority of the loans granted to women by the banks surveyed are for businesses operating in the retail and services sectors, where firms are generally smaller and growth rates more measured than in other sectors, such as manufacturing and information and communication technology (ICT) (OECD/IDRC, 2013). When banks were asked to describe projects that they had recently financed, their responses mentioned residential and commercial projects, education, healthcare, cosmetics, beauty, fitness and green projects. In particular, the Jordan Islamic Bank mentions a school, a pharmacy, a laser treatment centre, a special education centre and a residential student service. Bank Al Etihad, Jordan, reports having financed an events management company, a supermarket, and an arts shop, while Investbank, Jordan, has financed a jewellery store, a social magazine and a beauty centre. In Tunisia, the BTS reported providing finance for women-led SMEs in the areas of crafts, small-scale agriculture and services.

The businesses which obtain financing from the banks surveyed are overwhelmingly urban and relatively young. As women are becoming more decision-making in their consumption of goods (Ernst and Young, 2012), women-led SMEs are well-placed to provide for the needs of this emerging consumer group. Some banks mention loans for more high-tech projects; the Jordan Ahli Bank financed architecture, civil engineering, technology and web design projects.

The size of the loans granted to women-owned businesses by the banks surveyed varies significantly. Bank Al Etihad in Jordan reports having granted 17 loans to women-led businesses with an average size of JOD 338 000 (EUR 346 000),[8] while the Jordan

Islamic Bank reports a total of approximately JOD 1.6 million (EUR 1.6 million) loans to women-led businesses, with an average loan size of JOD 90 000 (EUR 92 000). The Housing Bank for Trade and Finance in Jordan states that it provided 79 loans with an average size of JOD 80 000 (EUR 82 000) to women-led businesses in Jordan, Syria, Palestine, Bahrain and Algeria. In Jordan, the Capital Bank of Jordan (CBJ) reports having issued loans for 5 projects, each valued at approximately JOD 200 000 (EUR 205 000). In addition, the CBJ granted 25 loans, each averaging approximately JOD 60 000 (EUR 62 000) to co-owned (man/woman) businesses. In Tunisia, the BTS has provided, since its creation, 43 070 small loans of about EUR 3 500 each. In Bahrain, Khaleeji Commercial Bank granted loans valued around BHD 800 000 (EUR 1.5 million) to 11 SME projects. Some banks report offering loans to women-led businesses through microfinance institutions.

3.1.3. Targeting women entrepreneurs with bank loans and strategies

a. Women and the criteria for the attribution of loans

The banks surveyed state that their policies and procedures related to lending are gender-neutral and non-discriminatory. Yet gender-neutral policies and procedures can often have an "unintended differential impact on men and women" (World Bank and OECD/INFE, 2013). The premium that banks place on collateral and credit history, as well as, business experience and strategy, in their bank lending decisions tends to disadvantage women entrepreneurs given their relatively low level of economic integration compared to men. In addition, overly stringent risk management regimes may further discourage banks from taking risks in this new market.

Almost all the banks surveyed indicate the existence of a credit history (90%) and collateral (80%) as the most important criteria for loan eligibility. The Islamic Bank of Jordan added that a risk report from the Central Bank is also a key element, while the Arab Bank cited the importance of sector and market studies. When asked about other important factors, 80% of banks rated the existence of a business strategy (e.g. business plan) as important, prior business experience (80%) and the applicant's qualifications (75%). Among other elements considered important by respondent banks are "salary slips and other proof of ability to repay" and other "financial statements".

In this context, MENA women face specific difficulties. With a low participation rate in the formal labour market (see Chapter 1), limited professional networks and mentorships, low self-confidence and a low number of bank accounts held by women, as well as legal barriers, such as limited inheritance rights for women, women have more difficulties in meeting the requirements regarding their work experience and the availability of collateral. When combined with limited financial literacy, their credit profile is significantly weaker than men's.

Improved business education which focuses on preparing women to meet banks' expectations in terms of financial and business strategy may contribute to bridging the gap between entrepreneurs and financial institutions. Such measures, however, will not address the low levels of formal bank account penetration among women in the MENA region (Demirguc-Kunt and Klapper, 2012), which calls for a co-ordinated approach by domestic authorities, financial institutions and other relevant stakeholders (Ehlermann-Cache, 2011).

Women are relatively inexperienced when it comes to developing a solid business case and then persuasively pitching their project to investors with realistic forecasts for the growth and evolution of their company. The banks surveyed insist on the necessity for SMEs to develop business plans demonstrating their strategy in the short to medium-term, as well as to track financial records, such as balance sheets and audits. However a judiciously prepared business plan requires expert tools and professional advice which may be inaccessible to many women entrepreneurs. According to Tania Moussalem, Head of the Strategic Development and Financial Management group, BLC Bank, Lebanon, this problem "can be definitely alleviated through proper education and training because, though graduating from universities, they [women] still lack some managerial and financial skills".[9]

In order to alleviate women's lack of experience and business knowledge, banks or other organisations, such as chambers of commerce, are well placed to propose training solutions as a non-credit service to inexperienced entrepreneurs. This is especially relevant as previous studies show that women entrepreneurs have a strong preference for banks as "partners" rather than dealing with them in a merely transactional relationship (Vital Voices, 2012).

More widely, it is generally recognised that MENA banks tend to be particularly risk averse. They tend to have more rigorous due diligence requirements for SMEs than banks in other regions. Risk-adjusted pricing models, credit guarantees and the establishment of credit bureaus could facilitate the management and mitigation of the perceived and real risks of banks.[10] Likewise, by cultivating innovative approaches to collateral requirements and measurement, as well as expanding into non-credit services, such as enterprise development support,[11] banks can proactively foster access of women business-owners to bank finance and cultivate a new market position (World Bank and OECD/INFE, 2013). Such diversification can help banks to improve customer profitability, build internal expertise, strengthen client loyalty and generate new business, as SMEs often have needs beyond the provision of financial services.

b. Targeting women entrepreneurs more effectively

There is little evidence that banks use targeted strategies to reach women entrepreneurs, in spite of the majority of banks identifying women-owned businesses as potentially profitable and being quite focused on SMEs. Further, the surveyed banks do not report offering tailored programs, personalised services or customised products aimed at women-led businesses. Only three of the surveyed banks (Attawfiq, Jordan Islamic Bank and Khaleeji Commercial Bank) reported the existence of targets in their annual credit strategies to increase financing to women-led businesses. This confirms the results of the Vital Voices survey conducted among MENA women business owners, where 50% of these related that their financial institutions had no programmes specifically targeted at women (Vital Voices, 2012).

At the same time, many banks acknowledge that services, products and programmes focused on financing women-led businesses remain premature. Jordan Ahli Bank states that they are interested in learning more on the "needs and pains" of women entrepreneurs in accessing finance and running a business, as a prelude to launching a financing and advisory service dedicated to women entrepreneurs in Jordan.

Box 3.1. Setting up the right dynamics in the United Arab Emirates

In the United Arab Emirates (UAE), SMEs comprise around 80% of the overall economy, and supporting the SME sector has become a national priority. Nevertheless, small businesses account for less than 2% of banks' lending portfolios, compared to an average of 12% to 15% in some more developed countries. Government, women's business organisations and banks are working together to create an environment that will nurture the development of women-led businesses. The National Bank of Abu Dhabi plays a leading role in this effort.

In the United Arab Emirates, women entrepreneurs are voicing the same concerns as other SMEs in the country. For many of them, establishing an SME is not just a problem of finding loan, it is also about culture, more specifically a "risk culture". Managing an SME involves taking risks and making mistakes. In the first years in particular, SMEs are likely to experience ups and downs and banks need to know more about the life-cycle of a start up. Legal issues are also at stake, as the UAE laws for setting up a company as a free zone require a cash deposit of USD 81 674.

Current practices of UAE banks

There is a growing awareness among the banks of the region that SMEs are becoming an important contributor to economic growth. However, existing policies are insufficient. According to an official from Mashreq Bank, every bank has its own individual criteria for assessing risk before a loan is granted. Banks want to see the track record of financial and other business performance as part of the applicant's credit assessment. Additionally, banks generally support established businesses, and are reluctant to support venture capital or angel funding. They like to diversify their portfolios and SMEs offer a large and diversified base of customers. This helps in the overall risk management of the lending portfolio.

HSBC launched its dedicated SME business banking department in the Emirates around eight years ago. In 2010, it signed a memorandum of understanding with the UAE Ministry of Economy, committing USD 100 million towards SMEs and extended it to a further USD 100 million this year. Another UAE bank, Mashreq Bank, offers a free business account with no minimum balance, business credit and debit cards, access to its internet banking service for businesses and a dedicated relationship manager. Banks in the UAE have similar concerns to the banks that participated in the questionnaire for this publication: insolvency and good corporate governance of SMEs. Some are calling for the creation of credit bureau ratings and reforms of current insolvency laws, as well as access to other forms of finance such as business angels, private venture and private equity.

Encouraging SMEs

Government initiatives to encourage small businesses include the SME 100, a ranking of the 100 top-performing small businesses based on a number of financial and non-financial evaluation criteria and Abu Dhabi's Khalifa Fund for Enterprise Development. This initiative is designed to foster Emirati entrepreneurship through training, development and consultation. The Khalifa Fund for Enterprise Development was initiated in June 2007 as an independent agency of the Government of Abu Dhabi, and has now gathered AED 2 billion in capital to fulfil the various requirements of entrepreneurs. The fund has established a comprehensive programme to expand entrepreneurs' business projects, to cultivate an appropriate business-enabling environment and to enhance the capabilities of potential entrepreneurs.

The Khalifa Fund for Enterprise Development has revealed that an overwhelming volume of applications and enquiries have been received from a broad range of institutions, governmental agencies, SMEs, influential decision-makers and numerous others seeking to participate in the Abu Dhabi Entrepreneurship Forum (ADEF) 2013. According to the latest figures, over 1 000 applications have so far been received, but this number is constantly rising. The ADEF was held on the 8-9 October 2013, and was dedicated to understanding and reducing small business failure, as well as to the benefits of a healthy SME eco-system.

The role of women's business associations

The Dubai Business Women's Council (DBWC) is among the most active business associations in the United Arab Emirates. In 2013 it held a meeting with senior management officials from the National Bank of Abu Dhabi (NBAD) that explored various ways to support female entrepreneurs in the Emirates through banking services provided to SMEs by NBAD. The DBWC organises the high-profile monthly event "Majlis Business" to provide information about the latest knowledge, skills and best practices for women entrepreneurs and leaders.

The leading role of the NBAD

The NBAD supports women's entrepreneurship through trend-setting, co-ordination and the development of specific programmes destined to help women-led businesses. It also participates in consulting activities in co-operation with the DBWC. The NBAD is the oldest and second largest (by assets) bank in the United Arab Emirates. Founded in 1968, today the NBAD operates in 13 countries across four continents and is publicly traded on the Abu Dhabi stock exchange. The NBAD has two formal women's programmes, both launched in 2012. These programmes were developed in close co-operation with women's business associations such as the DBWC. "Velvet", exclusively for women, combines personalised global private banking with commercial banking services. Velvet aims to empower women with financial knowledge and investment tools and offers both onshore and offshore banking services including savings accounts, wealth management, and inheritance planning in line with cultural sensitivities. Last but not least, Velvet private advisers are all female.

The "Fursati" programme (which means "my opportunity" in Arabic) is run in collaboration with the Dubai Businesswomen's Council. Fursati offers its women customers topic-specific seminars to meet the needs of women in business. The objective is to support the development of entrepreneurship and develop investment skills while also giving women valuable opportunities to network. The first programme, launched on 18 November 2012, was "The Venture Tool Box," a foundation exercise/course for business owners and managers who want to gain further understanding of some of the fundamental principles associated with owning and operating a start-up or established business.

The absence of legal and procedural barriers is a necessary first step to enhancing women's access to finance. However, such a perspective risks discounting the "gendered interpretation and implementation of gender-neutral economic laws" (Chamlou, 2008) and policies. Banks also appear to demonstrate little awareness of "culturally driven constraints faced by women entrepreneurs, such as their mobility and higher demands on their time, [which] may further limit their ability to access finance" (IFC, 2011). Instead, some of the banks questioned the need to develop specific financial products targeting women entrepreneurs.

Reaching out to women will also require redesigning bank-client relationships. The majority of banks (80%) in this survey report using their own full service branches to reach women. Full service bank offices are staffed with experienced professionals who can provide the full range of bank services to their clients. Bank staff meet clients in person (at local level branches) which helps develop banker-client relationships, thereby resulting in greater relationship lending. Relationship lending is particularly important for SME finance, and even more so for women-led businesses, to reduce information asymmetries between borrower and lender.

At the same time, reflecting the surge in internet access and use in the MENA region (Dubai School of Government, 2013), 65% of banks report using the internet, social media and phone banking as marketing and distribution channels to connect with women business owners. Such methods potentially open up new opportunities for banks and women entrepreneurs to engage with one another. These technologies have the capacity to further reduce impediments to financing by helping to raise awareness of bank products, their processes and services. This is especially useful since some women entrepreneurs report that the process of applying for a loan appears "too complicated" (Vital Voices, 2013). In addition, the information sharing and networking possibilities generated by such technologies could further pave the way for innovation in the field of SME finance for women-owned businesses.

In the future, there are opportunities for banks, policy makers and women's associations working together to develop targeted approaches to reduce the financing gap for women entrepreneurs. The United Arab Emirates is an interesting example (see Box 3.1) of the focus of the national reform agenda for bank financing on SMEs as well as women.

The development of tailored products and services by banks can broaden the financial inclusion of women-owned businesses. Banks can take actions to enhance their transparency, improve information sharing and their outreach efforts to deepen their penetration of this new market segment. At the same time, there is a need for women entrepreneurs to master specific skills to become bank-ready and meet banks' expectations as well as master the ability to pitch their projects in a persuasive manner.

3.2. Helping women entrepreneurs define their financial needs and sources of funding: a practical guide

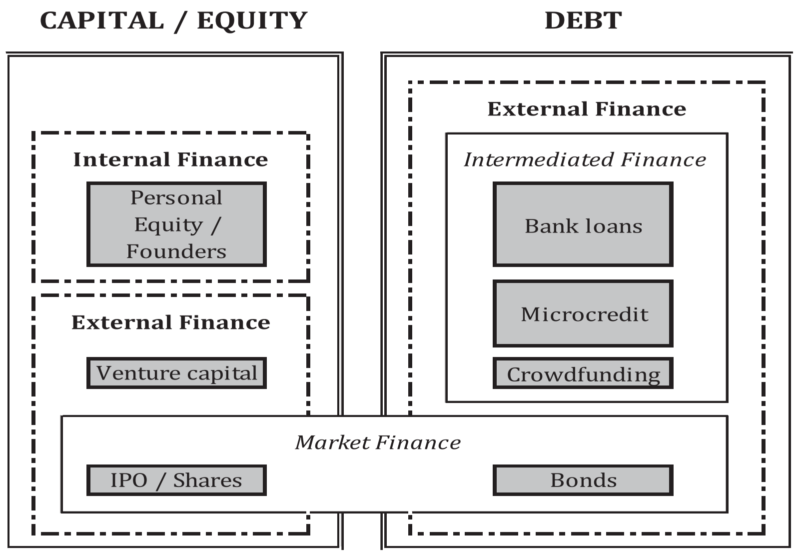
In order to define their financial needs and identify sources of funding, women entrepreneurs need to be guided through the options of bank financing as part of the larger range of financing options available to them. In addition, they need to be given concrete advice on how to approach banks and financial institutions in general.

The purpose of this guide is to build the capacity of women entrepreneurs to finance their businesses externally, and especially by banks. This guide reviews the existing financing options, accompanied by examples of practices in the MENA region and practical tips for women entrepreneurs.

Whether the company is a very small business, an SME, or a large company, a variety of financing options exist. There are basically two modes of financing that operate in tandem throughout the life of a company:

- financing by strengthening equity and issuing calls for investors (contribution of personal funds, private equity, capital increase); and
- debt financing (indebtedness to a bank or to a specialised institution – for example one specialised in leasing).[12]

Figure 3.1. A variety of financing options are open to women entrepreneurs



These financing products are available to companies in various forms according to their size. Small businesses will move towards using family capital and credit (from a bank or microfinance institution) when they have guarantees. In theory, companies can also call for capital funding. There are diverse forms of capital funding, depending on the type of project and the company's stage of development (creation, innovation, search for new markets, etc.). Larger companies may also use public offerings on capital markets (stocks, bonds). While this method of financing is currently underdeveloped in the MENA region, it is receiving growing attention from public authorities. The entrepreneur also has to choose whether to welcome other partners into the management of the business (by opening its equity portfolio to investors), or whether to retain independent control over the decision-making process (and opt for bank credit).

3.2.1. The contribution of personal funds

a. What is equity?

Equity is the capital that constitutes the company itself, which the enterprise has at its disposal in the medium and long term. It comprises a large majority of the share capital (initial capital and capital increases), reserves (undistributed profits) and the net operating result for the year, as well as investment subsidies. Equity refers to the savings of the entrepreneur and other total personal assets. These may be savings accumulated over time or profits from a former business.

Equity is essential because it represents a stable funding resource for the company and gives it financial strength. It represents a safety cushion for the company's creditors, as well as a skilled resource for the company itself. Each new partner can add key strategic contributions.

Throughout its development, an enterprise builds its equity. Its profits increase its equity whereas its losses decrease it. If losses become too large, the equity of the enterprise can turn negative. Such a situation is dangerous for the business because its stable jobs are no longer backed by stable resources. Creditors are no longer assured of repayment in case of default since the debt amount is larger than the value of the company's assets (buildings, equipment, etc.). Selling the assets at their balance sheet value will not be enough to repay the debt.

An enterprise with low equity compared to its debt will be less financially sound. The higher the equity, the more the company is sure to withstand temporary difficulties. This, in turn, can help to ensure its sustainability.

Equity financing is an important source of funding for an enterprise. However, this is rare because many activities require high start-up funding for logistical equipment, personnel, or real estate, for example.

The personal financial contribution in the creation of a business or a takeover project represents the totality of the capital invested by the entrepreneur (and, if any, by his/her associates) as opposed to borrowed capital. If the entrepreneur (or his/her associates) provides a large part of the necessary funds, the business will be stronger as it will be less indebted in case of difficulties. Nevertheless, it is important not to invest the totality of one's savings so as to preserve a security margin in case of unforeseen events in the life of the business.

There is no agreed upon standard regarding personal investment in the creation of a business or takeover project. However, a personal contribution is generally expected. The financial commitment is evidence of personal commitment to the professional project. In general, for a solid project the recommended contribution is generally at least 30% of the total budget. However, an entrepreneur who wants to create a business and whose personal contribution is less than 30% should not be discouraged. He/she must try to present the project as is, or to compensate for this shortfall in personal funds with an additional warranty.

Unsecured loans can be granted to an individual. They then add to the personal contribution of the financing plan for the project. Finally, in some financing plans, including specific loans or the intervention of a mutual guarantee organisation, a minimum personal contribution may be imposed.

Tips for women entrepreneurs

To find capital, think about investing your personal funds: the higher the amount of your contribution, the more your partners will take you seriously. In addition, this contribution will help to fund the start-up costs or certain investments not covered by bank loans.

The most common means of financing never covers the entire investment. You will need to be ready to commit a minimum of your personal equity to convince capital providers.

b. Equity financing has many advantages

The higher the equity the more creditworthy the enterprise is deemed to be. This constitutes a safe means of financing that reassures investors and business partners. It is a guarantee of confidence in the project. Furthermore, this solution increases the chances that the entrepreneur will obtain a bank loan. The proportion of the personal financial contribution is part of the overall balance of the financing plan for a new business or takeover project. Hence it must be understood in terms of the many other criteria that differ depending on the type of project. That is why it is difficult to establish a clear rule on the matter. However, the personal financial contribution should reflect the financial commitment of the project initiator and respect the balance that will secure funding partners and promote the project's success.

Tips for women entrepreneurs

Call on your loved ones:[13] Your family and friends may be able to help you get started. A loved one who has knowledge of management and who will be able to identify the risks and benefits of the new company is especially valuable. Choose someone you trust and who trusts you.

Determine whether to request a loan or equity finance. In the first case, you will have to repay the money lent; in the second situation, loved ones may participate in decision-making and receive a share of the profits but you will not have anything to pay back.

You can also apply for unsecured loans, which are medium-term loans granted by non-bank financial institutions at a reduced or zero rate. Their goal is to help finance the long-term needs of a business creation, such as the initial investment, or the working capital requirement (WCR). Check with the national agency for business creation if necessary.

3.2.2. Microcredit

Microcredit primarily targets women, based on the fact that they constitute the majority of the poor, and because their recovery rates are higher. Women also tend to devote a larger share of their income to household consumption compared to their male counterparts. Microfinance uses credit, savings and other financial products (such as micro-insurance) to help families take advantage of income-generating activities and better manage risk.

Professional microcredit

Professional microcredit aims to help entrepreneurs start or expand their businesses. Professional microcredit is a small loan over a maximum period of five years, granted by a non-bank financial institution, and intended to finance the creation of a business or business development project.

The repayable loan can be used to acquire the initial materials required to start a business, obtain a first contract, and thus engage in entrepreneurship, or else it can be used to hire an employee to develop the business. This loan can also complement other bank loans or financial aid to create or acquire a business.

The interest rate for microcredit is often slightly higher than the rate of a conventional bank loan. This rate includes a contribution to the solidarity fund used to finance other microcredit schemes for future applicants.

Tips for women entrepreneurs

Conduct a thorough comparison of microcredit interest rates. They can be high if you need a large sum of money, and thus strain your operating profit margins.

Selected regional practices

In **Saudi Arabia**, the Saudi Credit Bank (SCB)[14] provides assistance to small businesses through zero-interest loans. Saudi citizens with limited resources or in a difficult financial situation are eligible. Loans are granted in exchange for a mortgage collateral or security.

Some community organisations in **Bahrain** provide microcredit, such as, the Bahraini Development Women Association and the Awal Women's Society.

According to the Grameen Foundation, the Egyptian Al Tadamun Microfinance Foundation has financed over 60 000 women microentrepreneurs in the region of Cairo. Its loans are mostly granted for projects in agriculture, domestic services and artisanal activities.

In **Jordan**, programmes that lend primarily to women are: the Micro Fund for Women[15] (96% of borrowers are women), FINCA Jordan[16] (98% women, low income entrepreneurs), Tamweelcom[17] (95% women), Alwatani[18] (85% of borrowers are SMEs run by women), Ahli Microfinancing Company[19] (all sectors except agriculture), Development and Employment Fund[20] (small projects and micro-activities), and Middle East Microcredit Company-MEMCC[21] (for rural SMEs).

In **Lebanon**, the public initiative Economic and Social Fund for Development (ESFD) aims to support businesses that are too small to secure a loan. It provides microloans of up to EUR 20 000 for investment or working capital. It relies on partner banks, such as the Lebanese Bank of Commerce, Société Générale de Banque au Liban, Crédit Libanais, as well as the European Investment Bank (EIB).

The Palestinian Network for Small Enterprises and Microfinance brings together credit unions whose outstanding loans rose from USD 20 million at the end of 2000 to USD 42 million in September 2006 (World Bank, 2010). Some programmes specifically grant loans to women; for example, the Palestinian Business Women's Association[22] (100% of its borrowers are women), FATEN[23] (99% women) and Palestinian Agricultural Relief Committees-PARC[24] (100% women).

The BTS is the first Tunisian bank specialising in financing small projects through direct financing or through microcredit associations (MCAs). It gives its loans without requiring collateral or personal guarantees at an annual interest rate of 5%, which is the lowest in the market. Beneficiaries are mostly skilled young people with a higher educational or vocational training degree who do not have the financial means or guarantees but display a firm commitment and a passion for entrepreneurship and self-support for the success of their project.

3.2.3. The bank loan

a. What is a bank loan?

The principle of the bank loan is simple: the bank lends the amount needed to launch or develop the company in exchange for payments spread over time in addition to a fixed or variable remuneration in the form of interest. This is the most well-known and commonly used system of debt financing. This type of financing can be used both by individuals for their projects (real estate, consumption) and by entrepreneurs, associations and large companies.

The bank loan has the advantage of providing external resources while avoiding the intervention of third parties in the management of the business, unlike funding from investors.

Bank debt is not intended to fund risky transactions that could jeopardise the resources of the bank (deposits of savers). Bank loans are used to finance assets that can generate sufficient returns without too much uncertainty regarding the repayment of credit instalments. Most often it is used to finance fixed assets (machinery, furniture), real estate and construction work, but it can also finance intangible assets (patents, internet business-oriented website) that increase revenue relatively safely.

The bank must guard itself against information asymmetries, that is, the ability of companies to use the borrowed funds for a private or non-professional project. To avoid this situation, the bank will ask for guarantees (a sufficiently-funded deposit account, personal property, guarantee, mortgage on business property) and a substantial personal cash investment. It will also require invoices or quotes to justify the company's investment. In the MENA region, it is customary for the guarantee requested to exceed the amount borrowed (120% to150% of the amount).

Box 3.2. Testimony of a banker

Regarding the financing of projects, I wish to remind you first of all that a bank will never take a greater risk than the risk taken by a shareholder. The main purpose of a bank is to be reimbursed, regardless of the nature and form of its support. Therefore it will always seek to optimise the risk level of its intervention.

It is not so much the real guarantees that you will put at the disposal of the bank that will reassure it and encourage it to lend you money, but rather the credibility and/or reliability of your projects.

In order to conduct your search for bank financing, you must therefore be well acquainted with your banker's expectations and his/her way of analysing risk. For instance, here are a few elements taken into consideration by a credit risk analyst: the detailed CVs of the company's shareholders, the business associates' assets, the level of control over the project and the business plan (reliability, credibility of the data based on conservative assumptions).

Tarek El Bitar – Banque Palatine – BPCE Group

Tips for women entrepreneurs

Note that the amount of the bank loan granted will depend on the quality of the project and on the guarantees you can offer. It will also depend on your personal financial contribution. You can apply for a bank loan after starting your business. The banker will often ask you to be able to prove three to five years of past business activity.

If you have significant equity, you will need to weigh the pros and cons: it is sometimes more profitable to finance by debt when interest rates are low.

For a general credit, banks often require the personal guarantee of the project initiator, who is then required to accept a mortgage on his/her home or to use his/her personal property as collateral. In this case, it is better to opt for the matrimonial regime of separation of property to protect one's family.

b. Short-term advances

Credit facility and authorised overdraft

The credit facility and the authorised overdraft is a form of short-term credit for use over short periods.

This credit must be authorised by the bank prior to use; that is, the bank specifies in advance and in writing the conditions of use, in terms of duration, amount and interest rate. The duration of use is set with the banker.

The authorised amount is stated on the credit facility or overdraft contract. It is determined based on the operating needs of the business. The financial terms are specified in the contract, which is signed between the entrepreneur and the bank. The bank may establish an overdraft contract including these terms or include the overdraft in a more general service agreement.

The credit facility and the overdraft offer great flexibility in managing cash. This type of credit can help to deal with temporary business shortfalls that the entrepreneur may face. It can be used to deal with any unforeseen events, such as a customer's delayed payment, which leaves the entrepreneur unable to cover the salaries of the company's employees. Such payment extensions are granted to customers for commercial reasons.

The entrepreneur will have to pay the bank interest based on the total amount used and the duration of use. The interest (also called premiums) is taken directly from the company's bank account.

Tips for women entrepreneurs

Cash flow forecasts serve to evaluate the cash flow of the company over time. They are part of the financial documents to be provided with the business plan and are generally forecast over a monthly period. But if you conduct weekly cash flow forecasts, you may be able to avoid embarrassing surprises. This document can help you predict cash shortfalls and anticipate the situation by seeing your bank to solve the problem.

Discount

The discount is a form of professional short-term credit. The entrepreneur can use it if she has sold goods to a customer, and granted him/her a payment extension.

To materialise this claim and facilitate the settlement at maturity, the entrepreneur issues a bill of exchange payable on the due date. The fact that the customer returns this bill signed for acceptance signifies his/her endorsement of the settlement deadline.

If the entrepreneur needs finance immediately, she can ask her bank to advance her the same amount on her account (after review of the application by the bank and the signing of a discount line agreement).

The discount has many advantages although this list is not exhaustive:

- The immediate advance of the amount due by the customer, that is, a more positive cash flow than with any another traditional way of short-term financing (cash facility, authorised overdraft)

- The selection of the trade receivables for which the entrepreneur wishes to obtain a discount line from her bank, depending on the state of her cash flow
- Receivables from customers are not recognised in the balance sheet of the company, as they have been the subject of a transfer to the bank

In exchange for this funding, the bank charges different types of fees such as:

- Fees for the delivery of the discount remittance (summary sheet which summarises the commercial papers that are discounted)
- A fee per commercial paper discounted in the same discount remittance
- Interest rates calculated in advance on the amount of the commercial paper issued at discount. These interest rates are also calculated on the duration of the advance of funds that is made (the time of delivery and the maturity of the effective date)

All these fixed and/or percentage-based fees are, in principle, included in detail in the discount line agreement between the bank and the entrepreneur.

c. Investment financing

Business investment loans

A business loan is used to finance a professional investment, whether it is tangible property (equipment, vehicle, computer, etc.), or an intangible need (financing the working capital of the company, financing the purchase of a licence, a patent, etc.). A business loan is generally repayable in monthly or quarterly instalments. Each payment consists of a portion of the principal, interest and possible death and disability insurance. The loan periods vary depending on the type of item to be financed.

The details of the loan are included within the special conditions of the loan agreement with the bank. The general conditions of loan discounts supplement this information.

Some banks offer either deferred payment (the ability to postpone payment until the end of the loan without any interim loan payment), or payment flexibility (to vary the amount of its maturities up or down). Use of these options indicates that the entrepreneur anticipates a period of cash shortfall.

There are many benefits to business investment loans, such as:

- the capacity to obtain 100% financing in order to avoid using one's own cash, although in some cases a personal financial contribution may be requested;
- the possibility to choose the repayment period, while remaining close to the life of the financed object;
- the possibility of early repayment;
- the ability to receive a tax reduction by declaring the loan interest in the "financial expenses" line of the income statement;
- flexibility in the sense that the bank can often take specific situations into account.

Loan periods vary depending on the type of items to be financed, that is, depending on the lifetime of the item, its obsolescence, its value by the end of the loan, and/or in terms of its tax depreciation. Indeed, it is better to base the repayment period on the duration of the tax amortisation of the object financed.

Interest is calculated at the rate provided in the deed on the amount and duration of the loan. It is listed in an amortisation table attached to the deed. This interest can be calculated with a fixed rate from the beginning to the end of the loan; in this case all the payments will be of the same amount. Interest can also be calculated with a variable or indexed rate which may vary depending on the performance of an index, either internal to the bank (e.g. the base rate of the bank) or external to it (e.g. using an interbank reference rate).

In loans with variable or indexed rates, the rise or fall of the benchmark results in an increase or decrease in the rate of the loan as provided in the loan agreement. However, some loans with variable or indexed rates may be capped upward and limited downward, which protects the entrepreneur against any fluctuations in the interest rate benchmark. Bank interest may in some cases be regulated, meaning that the government sets the conditions for granting loans and the interest rate.

Application fees are included in the loan agreement. The amount is generally proportional to the amount of the loan with a minimum charge. Life and/or disability insurance is often optional, but recommended when available and is also included in the additional costs of the loan. The cost of making guarantees is the responsibility of the borrower. This cost varies with the type of security (pledge of the business, personal security, etc.) and the nature of the underwriter required to intervene (e.g. a notary). If the agreement is subject to stamp duty, the tax is borne by the borrower.

Tips for women entrepreneurs

If you choose to use a bank loan to invest in the necessary equipment for the life and development of your business, you will need to submit a complete loan application to the bank, which will include at least:

- the estimate or pro forma invoice for the equipment;
- your latest balance sheet and income statement;
- your financial plan.

The bank will review these documents and may ask for additional information to assess the financial strength and profitability of your business, as well as its capacity to repay the loan. Generally, the bank will grant you an agreement that includes the provision of a warranty on the financed item(s) or on your business.

Real estate or equipment lease

In the case of a lease, it is the bank or its specialised subsidiary that buys necessary real estate property or equipment on behalf of the entrepreneur and rents it out to her for the duration of the agreement, which is normally between 8 and 15 years for real estate and between 2 and 5 years for movable property (e.g. a utility vehicle). Before making a decision, the bank sends an expert to assess the quality and value of the property for which the lease is requested. Monthly or quarterly instalments are called rents, and are payable in advance (referred to as “term accruing”). One hundred percent funding is possible without payment of an increased first month’s rent. The first month’s rent can also be increased and thus correspond to a cash payment made in a transaction involving a classic business real estate loan.

At the beginning of the lease, the entrepreneur may also pay a guarantee deposit, which often corresponds to the cash value of the asset at the end of the lease. Depositing a guarantee or an increased first month's rent reduces the monthly rental payments.

Throughout the duration of the lease agreement, the entrepreneur is the tenant of the financed property. At the end of the lease, or under the agreement according to the type of agreement signed, she usually has the option to purchase the property at a price determined at the beginning of the contract. The price to purchase the agreement or the outstanding capital takes account of the rent already paid: it is the residual value.

Tips for women entrepreneurs

Make sure to contact the relevant leasing agencies: these are mainly major commercial banks, specialised leasing companies or regional development corporations.

Before deciding on the issue of funding, the leasing company examines the financial situation of the company.

Business mortgage

A business mortgage is often a long-term loan (8 to 15 years) paid back according to a schedule set from the start. Mortgage payments are composed of a part of the capital borrowed, the interest due on the borrowed capital, plus, if applicable, disability and life insurance. The bank almost always requires using the property financed by the loan as collateral (e.g. mortgage).

Interest is calculated at the rate provided in the deed on the amount and duration of the loan. It is listed in an amortisation table attached to the deed. This interest can be calculated with a fixed rate from the beginning to the end of the loan; in this case all the payments will be of the same size. Interest can also be calculated with a variable or indexed rate. However, some loans with variable or indexed rates may be capped upward and limited downward, which protects the entrepreneur against any fluctuations in the interest rate benchmark. Bank interest may in some cases be regulated, meaning that the government sets the conditions for granting the loan and the interest rate.

Selected regional practices

In Bahrain, the Tamkeen Fund[25] supports SMEs in difficulty, with loans of up to BHD 10 000. The Bahrain Islamic Bank[26] has also set up specific banking services for SMEs. The Bahrain Development Bank[27] has specialised in SMEs since 1992, and provides them with various conventional and Islamic bank loans; the bank also offers a financial education programme to its customers.

The Khalifa Fund[28] for SME development in the **United Arab Emirates** offers various loan products according to the entrepreneur's profile and situation:

- khutwa (microfinance), which specifically targets women (divorced, widowed, or retired);
- bedaya (start-up loan);
- zeyada (growth loan), for SMEs at an early stage of development;

- tasnea, for industrial projects that require heavy investments.

Moreover, Mashreqbank[29] and Standard Chartered[30] have developed products for small businesses, including trade finance products.

In **Egypt**, a number of banks (the National Bank for Development, Banque du Caire, Banque Misr, the Principal Bank for Development and Agricultural Credit, the Commercial International Bank, and HSBC) focus on the SME market, within which women are very active. NGOs, as well as the SFD, are also very active in this segment.

In **Lebanon**, with the support of the IFC, the BLC Bank launched the Women's Empowerment Initiative (WEI), which offers services for women entrepreneurs, especially in terms of facilitating access to finance. Through this initiative,[31] the number of loans to women grew by 55% and the number of bank deposit accounts held by women by 17% (December 2012).

"Initiatives like these are key to changing attitudes about the role of women in society. At the same time, we are also demonstrating that there is a considerable commercial advantage in providing women with concrete means to access financing for their businesses." (Maurice Sehnaoui, CEO, BLC Bank).

Some banks in **Jordan** have developed products specifically for women entrepreneurs. One example is the Jordan Housing Bank for Trade and Finance [32] and its *Sayyidaty Account* service. After opening a deposit account with at least JOD 1 000, the entrepreneur becomes eligible for a loan (Bearing Point, 2007).

The **Palestine** Development Fund provides financial support to the small business sector in the Palestinian territories. Branches of the Arab Bank, Cairo Amman Bank, Bank of Palestine, Al Quds Bank, and Egypt Arab Land Bank in Gaza have shown their support for SMEs.

The *Crédit Jeunes Promoteurs* in **Morocco** is a joint state/bank loan that is available from almost all Moroccan banks. It is intended for Moroccan nationals aged 20 to 45 years old at the time of the loan application. These individuals must hold a higher education degree or vocational or training qualifications. It funds 90% of the project amount to a maximum of MAD 1 million (45% provided by the state and 45% by commercial banks), for a period of 12 to 15 years for state loans and a minimum of 7 years for bank loans (with a 5% rate for state loans, 9% for bank loans).

In **Morocco**, Bank al Amal[33] grants equity loans to Moroccan residents overseas (*Marocains Résidents à l'Étranger* – MREs, Moroccans living abroad) or to current and former MREs who have exercised an activity abroad and seek to create or expand businesses in Morocco. Jointly with another bank, the Bank Al Amal finances the creation or development of business in all sectors, with the exception of housing and trade (funding ceiling: 40% of the investment, not to exceed MAD 5 million, for a period of between 2 and 15 years, with a maximum grace period of 4 years, and a rate of 7% to 10% depending on the length of the loan).

In **Tunisia***,* the Banque de financement des PME (BFPME) is dedicated to small and medium-sized enterprises. It is intended to help finance the creation of productive entities (excluding those related to tourism and real estate development) whose total cost is between TND 80 000 and 4 000 000. It also covers extension projects (excluding tourism and real estate development) with a total cost (net capital assets + new investment) of between TND 80 000 and TND 4 000 000. The BFPME finances physical investments (excluding land) and intangible investments for creation and extension projects by issuing medium and long-term loans.

In the **Philippines**, the Rizal Commercial and Banking Co. (RCBC), one of the largest banks in the country, launched a loan programme for SMEs run by women in 2012. The Women's Enterprise Loan was established with the co-operation of the IFC.

In the summer of 2013, public authorities in **India** created *Bharatiya Mahila Bank* (BMB), the first bank dedicated to women in general, and, more specifically, to self-help women's groups.

The Global Banking Alliance (GBA) for Women is a network of financial institutions committed to providing women entrepreneurs with customised financial products. It is supported by the IFC (World Bank Group). Network members share best practices and provide financial services to women entrepreneurs. Its members include:

- Abu Dhabi: The National Bank of Abu Dhabi;
- Saudi Arabia: National Commercial Bank;
- Australia: Westpac;
- Brazil: Itaú Unibanco;
- Canada: Scotiabank;
- China: Bank of Deyang;
- Costa Rica: Banco Nacional de Costa Rica;
- Ecuador: Banco Pichincha C.A.;
- Indonesia: Bank Internasional Indonesia (BII), OCBC NISP;
- Kenya: Diamond Trust Bank Kenya Limited (DTB);
- Lebanon: BLC Bank s.a.l.;
- Malawi: NBS;
- Mozambique: BCI;
- Nigeria: Access Bank, Diamond Bank;
- Uganda: Bank of Africa, Centenary Rural Development Bank, dfcu Limited, PostBank Uganda Limited;
- Pacific: Westpac Pacific Banking;
- Papua New Guinea: National Development Bank;
- Turkey: Garanti Bank;
- Democratic Republic of Congo: RAWBANK S.A.R.L.;
- United Kingdom: The Royal Bank of Scotland Group, Standard Chartered;
- Tanzania: Selfina.

3.2.4. Cash management tools

a. What are the advantages of placing capital?

The entrepreneur may want to save to gradually build up business capital, to prepare for a possible contingency, to receive a return on capital that she does not immediately need or to develop personal capital.

The availability of funds is essential for an entrepreneur who must be able to cope with any contingency. For this type of saving, a formula with regular deposits is preferable because it makes it easier to forecast expenses by spreading them out over time.

As part of setting up a precautionary savings account for cash management, for just dealing with contingencies, or even for coping with an unforeseen expense, the most suitable savings options may vary. According to available cash levels and planned expenditures, the entrepreneur may prefer to seek a more flexible savings solution that makes funds easily available.

b. Payment deadlines

Any payment extension granted (to the customer or by the supplier) can be considered as a method of business-to-business financing. By granting a payment extension to a client, the entrepreneur, in effect, finances the latter's cash needs. The situation is reversed in the case of a delay granted by a supplier, which finances the entrepreneur's cash needs.

Managing these payment extensions which are granted or received by the company can be an important first step in reducing the need for cash. It can therefore limit, at times dramatically, the funding level later requested from the banker.

In practice, it is more difficult to ask the customer to pay more quickly because he/she faces the same cash flow issues with his/her own customers. At the same time, asking one's suppliers for a extension is not easy either. It all depends on the relationship of the entrepreneur with the supplier (the length of the business relation) and on the monthly volume of orders received by the supplier from the company.

Tips for women entrepreneurs

A piece of advice to increase bargaining power with the supplier: optimise the number of suppliers for each item ordered by the company. By reducing the number of suppliers, the contractor increases the volume ordered from each one and is thus in a better position to negotiate an extension of the payment period.

c. Trade discount

In addition to the payment period, another method for managing capital, whether one is a customer or a supplier, is to use a trade discount. A trade discount is a transaction in which a customer pays the supplier's invoice in cash or in a short period of time (defined by the supplier, usually 10 days), instead of waiting for the deadline, in exchange for a small percentage discount (also defined by the supplier).

But beware, the discount given to a customer to encourage rapid settlement must be calculated carefully, because the operation can be very expensive. The cost of the discount must be calculated and it must be compared with other possible loans in the banking market and their respective ease of access.

Tips for women entrepreneurs

To avoid being faced with liquidity problems, after each statement make it a habit to strengthen your own funds by reincorporating some of your results. This will allow you to financially strengthen your business, and will avoid long negotiations with your bank. You will thus be able to build a sufficient reserve, which will be a strong sign for your bank and which, in turn, will accompany you in your development projects.

d. Factoring

Factoring is a way of financing the accounts receivables of a company. Through this method, the company sells the debt it has on its customers to a specialised financial institution. Thus, by selling its debt to the financial institution, the company immediately recovers some cash, and the burden to ensure the collection of debt is placed on the financial institution.

Factoring is a financing technique available for any type of business in any sector, regardless of its size, provided that it works with corporate clients. However, as with any type of financing, prior approval of the financial institution is required.

The factor or factoring firm is a specialised financial institution with which the entrepreneur signs a factoring agreement. This contract sets up the framework within which the entrepreneur may assign her bills to this organisation. Upon signing the contract, the entrepreneur may submit bills as they are issued, under the conditions specified by the agreement. The factor pays the agreed amount and ensures recovery of the debt at maturity.

When a company sells goods or services to another company, the claim appears when an invoice is issued. If this bill is payable on an agreed date, the entrepreneur will have to wait for this term to cash the funds.

Factoring offers several types of benefits:

- First, factoring enables the immediate return of cash upon invoicing without waiting for maturity.
- On the other hand, once the claim has been assigned, the entrepreneur no longer has to worry about paying the bill. It is the financial institution that takes on the task of collection.

Before approving the factoring agreement offered to an entrepreneur, the factor analyses the entrepreneur’s client file to assess the risk. For this to happen, it will be necessary to provide the following information for each client company: contact information, national ID number and the total amount of the outstanding bills to be transferred to the factor. After signing the factoring agreement, the entrepreneur shall deliver to the factor a copy of the invoice, stating the schedule of payments granted to the client.

The factor pays the entrepreneur the amount for each invoice received, after deducting its costs and possible holdback. He is responsible for getting paid directly by the client at maturity and takes care of any arrears.

The factor finances the entrepreneur's accounts receivable and as such gets paid from this funding. This amount takes into account the risk he takes in this operation, and the cost of the collection service. The agreement usually provides a holdback to cover the risk of an unpaid bill; the deposit is generally refunded by the factor in case of termination of the business relationship or non-renewal of the contract at maturity.

Credit insurance is a service provided by factoring companies to their customers who seek to protect themselves against the risk of customer insolvency, but do not need the invoice financing service. In this case, the factor provides its service to prevent risks and safeguard against any payments not made. He can inform the entrepreneur on the creditworthiness of customers. Credit insurance also offers delinquency monitoring, management and recovery services. Credit insurance can also include a guarantee up to 100% of the invoice amount in case of default.

3.2.5. Financing international trade

a. Background information

The requirements and expectations for international trade are very specific. Companies are looking for guidance and advice to help them comply with the formal requirements of writing letters of credit, as well as to help them decide which International Commercial Terms (Incoterms) to use. This is especially true as trade between geographical areas is changing dramatically.

Until recently, in a favourable economic environment, international trade transactions have increased without a corresponding change in payment security; payments were made by simple transfers. This situation needs to be reconsidered today in view of the rising risks in a deteriorating economic climate which has forced companies to seek new security solutions for both import and export. Indeed, commercial risks and political risks endure. Some countries such as Spain and Italy are now in the same risk category as Turkey or Colombia.[34] (On the other hand, companies are looking for solutions to reduce their need for working capital, including through negotiable documentary credits. From the moment the letter of credit is confirmed by a bank, the company can make it "liquid", provided the required documents are compliant.

Medium-sized companies are also looking to streamline costs by standardising their operations and by dematerialising their documentary credits, including through internet tools. In addition to these operations, SMEs are also looking for export support solutions (prospecting for customers and suppliers).

The letter of credit or documentary credit

This is an arrangement between financial institutions for the payment of international trade transactions. The payment is based on documents, and not on the actual goods or services covered. It guarantees the payment of the exporter's transactions. Upon order by the importer, a foreign financial institution agrees in writing to pay the exporter a specified amount within a specified time, against the documents detailed under the letter of credit.

There are several methods of payment. For letters of credit payable on sight, payment is due upon presentation of the specified documents. For letters of credit due on a fixed date, payment is made after a certain period of time following the delivery of the documents.

Tips for women entrepreneurs

Short-term financing is very costly for the company. Plan your finance plan accordingly.

Box 3.3. The documentary credit process

1. Contract: The contract is made between the buyer/importer and the seller/exporter. During negotiations, it is agreed that the payment will be an irrevocable letter of credit.
2. Opening instructions: The buyer requests that his/her bank open a documentary credit, notification of which must be issued without confirmation from the seller's bank. In the opening instructions, the buyer fills out a form specifying the documents required for the importation of the goods.
3. Creditworthiness of the buyer: The buyer's bank verifies the creditworthiness of its client as well as the signatures on the application form. It also ensures that the instructions are clear and complete.
4. Opening: The buyer's bank issues the letter of credit and sends it via the SWIFT network to the seller's bank. The buyer then receives a copy of the consignment.
5. Control: After receiving the letter of credit, the seller's bank verifies the authenticity of documentary credit and if it is subject to the UCP (Uniform Customs and Practice). It then checks if the instructions do not contain errors.
6. Notification. The seller's bank notifies the client that it has received a letter of credit in his/her favour.
7. Control: Upon receipt of the notice, the recipient checks whether the conditions specified in the letter of credit are consistent with what had been established during the negotiations. If the beneficiary does not agree with any term, he/she must ask the buyer to modify the conditions.
8. Shipment of goods: The recipient sends the goods and prepares the documents required by the documentary credit instructions.
9. Delivery of documents. The beneficiary submits the documents to his/her bank.
10. Verification: The seller's bank verifies that all documents comply with what is required in the documentary credit. If errors are found, the client is no longer guaranteed payment.
11. Sending documents: The seller's bank sends the documents to the buyer's bank and requests payment.
12. Verification: The buyer's bank in turn verifies all documents to confirm compliance.
13. Payment: If everything is in order, the buyer's bank makes payment to the seller's bank, less any applicable fees.
14. Debit of the buyer and delivery of documents: The buyer's bank debits the client for the amount of the documentary credit, less any applicable fees and gives him/her all the documents. The buyer can then clear the goods and take possession.
15. Payment: The seller's bank pays the customer less any applicable fees.

Supply chain finance

In addition to the traditional tools of trade finance, a company can now find funding through the structures of supply chain finance (SCF). SCF is intrinsically linked to the financing of the company's working capital. It is part of the asset financing solutions that make it possible to obtain different types of loans depending on the quantity, availability and quality of the borrower's assets.

The SCF solution enables a client company and its provider to conduct their business as part of a tripartite funding scheme: when a client buys products or services from a provider, he/she can use his/her own credit line to ask the bank to pay without waiting for the payment of the bill. The supplier, provided he/she accepts to pay a fee proportional to the receivable, is then sure to be paid in full a few days after the delivery of the goods or services, which considerably improves his/her cash flow. The entrepreneur thus has a longer timeframe to pay the bill to the bank: up to 90 days following delivery (since the negotiated funding is backed by her credit line).

b. Cash credit for export

Pre-financing for foreign currency export

This is a short-term cash credit in local currency, reserved for leading export customers to locally fund the production cycle of an export order (for acquisition of raw materials and supplies, operation fees, storage costs, etc.). It is primarily intended for leading import and export businesses and SMEs. This form of credit is for a maximum of one year, but is renewable.

Advice for women entrepreneurs

To apply, you must submit to your bank proof of a firm order for export and of having obtained prior approval from the bank committee in charge of this credit line. Pre-financing is generally 10% of the annual export revenue and can reach 15% for seasonal activities.

Mobilisation of Foreign Currency Receivables

This is a cash credit in local currency following the mobilisation of a debt in foreign currency granted to the exporter when the exporter has granted its foreign buyers payment terms. The objective is to mobilise foreign assets denominated in foreign currencies with the aim of rebuilding the company's cash flow, pending receipt of the proceeds of the bills. This mobilisation is done through an authorised line. The amount can reach 100% of the debt. The mobilisation of foreign currency receivables can generally be carried out in Euros, United States dollars, British pounds, Swiss francs, and Japanese yen.

Foreign currency refinancing

This is a short-term instrument that is widely used by importers. It allows banks to negotiate with their correspondents who are responsible for the credit lines for financing imports. This instrument allows the importing company to defer the settlement of imports. The duration is specified in the contract (generally 30 days minimum and up to 360 days), and the amount of credit is equal to the amount of the import operation, plus interest. The importing company's bank proceeds with the payment of the provider under the terms of the contract. At the same time, it gives the client a repayment term of up to 360 days. Eligible transactions involve all imports irrespective of their payment methods, billing currency or country of origin of the goods.

Export credit

States provide export credits benefiting from public support through export credit agencies. The goal is to help domestic exporters to compete with other countries in foreign markets. Export credit agencies extend credit to foreign buyers either directly or through private financial institutions for which they provide or guarantee operations. These organisations may be public institutions or private companies acting on behalf of the state.

Specifically, this device provides access to credit rates – guaranteed by the government – that are more advantageous than those offered on the banking market. In addition, from the perspective of the bank, this type of credit is covered in case of default by the borrower.

Selected regional practices

The "import" loan of the Islamic Development Bank: The Islamic Development Bank (IDB) finances the import operations of products that contribute to the mutual economic development of member countries of the Islamic Conference. Your business is eligible if the entrepreneur lives in an IDB member country. The loan period varies from 9 to 18 months. The maximum funding covers up to 100% of the transaction amount (under a Murabaha contract) for export operations valued at less than, or equal to, USD 3 million. Maximum funding covers up to 80% of the transaction amount for export operations worth more than USD 3 million. The transaction currency is the Islamic dinar, the IDB unit of account. The bank grants loans and donations. The loans are interest-free (according to Sharia), but they involve administrative costs of between 1.5% and 2.5% for standard loans.

The Arab Investment and Export Credit Guarantee Corporation[35] (Dhaman) is a multilateral organisation established in 1974 under an international convention registered with the Ministry of Foreign Affairs of **Kuwait**. Dhaman began operations in 1975 from its permanent headquarters in Kuwait. In particular, Dhaman guarantees Arab exporters against commercial risks for their exports to global markets. These can include the buyer's insolvency under domestic law, such as in cases of bankruptcy, pre-bankupcy regime (concordat), or receivership and the buyer's failure to the extent that the insured exporter has fulfilled all his/her obligations under the export agreement) and non-commercial risks (transfer restrictions, wars and civil disturbances, measures taken by the authorities of the importer's country to prevent the insured exporter from being paid by the importer, and failure to pay the buyer when the buyer is a government entity or a public entity guaranteed by the government).

In **Morocco**, the product "Damane Export" supports the cash flow of exporting companies through a reduction of 70% of the risk taken by banks for extending operating loans to exporters. "Mezzanine Export" encourages investment for export, through co-financing between banks and the Central Guarantee Fund. The latter intervenes via an equity loan to co-finance up to 40% of the investment programme at a rate of 2%.The guarantee of export markets increases access to international markets. It consists of guaranteeing the bank financing granted under the guarantees required by Moroccan companies that are bidders for, or holders of, public contracts for construction works, supplies or services abroad.

In **Tunisia**, COTUNACE provides economic operators with many products and services, including a Standard Commercial Credit Insurance (SCCI), Simplified Credit Insurance for SMEs (SCI), an Export Multirisk Insurance Contract (CAMEX), as well as general insurance. In addition, the National Fund for the Promotion of Handicrafts and Small Trades (FONAPRAM) aims to promote craft projects. It encourages small trades through an investment premium equal to 6% of the project cost or through a grant repayable over 11 years with a grace period not exceeding the term of repayment of the bank loan and with an arrears interest rate of 4%.

3.2.6. Call for investors

SMEs looking for financing through bank credit often have difficulties meeting the eligibility criteria (lack of equity, lack of or insufficient collateral). Procuring capital from investors not only eliminates constraints related to the limits of an entrepreneur's personal funds, but also constitutes a form of guarantee for the banker.

According to a 2007 study (Library House – Dow Jones) conducted on 600 European companies with professional investors in their equity portfolio, companies headed by women require an average of 35% less capital to generate 12% more revenue.

a. Venture capital

For the company in need of capital, venture capital consists of opening capital to one or several investors. The term "venture capital" generally relates to investment in unlisted companies.

This form of financing is only available for certain types of projects, generally innovative ones with high growth potential and strong prospects for rapid returns on investments.

The art of venture capital consists of taking majority or minority stakes in the capital of small and medium-sized enterprises that are generally unlisted. This investment helps fund their start-up, growth, transfer, and sometimes, their recovery and survival.

Venture capital principally supports businesses in three areas. It provides the financing and capital necessary for their development; it supports the entrepreneur when strategic decisions have to be made; and it facilitates the improvement of the company's potential for generating value for its customers, shareholders and all officers and employees.

The actors on the market are segmented according to the company's level of maturity:

- If the company is in its pre-start stage, it should approach a seed capital fund.
- If the company is in its development stage, it should approach a venture capital fund.
- If the company is in its development stage, it should apply to a growth capital fund.

- If the business owner or shareholder of the company, wishes to transfer the company (takeover of the company by employees, for example), it should approach a transfer capital fund.
- If the company encounters difficulties, it can appeal to turnaround capital.

b. Different types of venture capital

The creation stage: seed capital

Investors in seed capital, who are mostly individuals, provide capital, along with their networks and experience, to entrepreneurial projects that are still at the research-and-development stage. The objective of this stage, which is financially very risky, is to finalise the development of a technological prototype that makes it possible to meet the technological challenge, and begin to assess the existence of a potential market. The signing of a first client constitutes the transition to the venture capital stage.

Seed capital can also be sought at a later stage when investors are involved at the time of creation of the start-up and/or in the first phase of development.

Business angels usually intervene after the intervention of "love money": the support and interest-free loans that allow the entrepreneur to find the money to start his/her activity before the intervention of venture capital professionals (risk capital, growth capital).

The innovation stage: risk capital

Venture capital investors provide capital, along with their networks and experience, for the creation and early development of innovative companies with high growth potential. The few successful projects should more than offset the capital losses of those who fail.

The development stage: growth capital

Growth capital is for companies that have passed the venture capital stage, and have thus validated the potential of their market and need additional funding to support and accelerate their growth, whether it is organic growth (financing their needs in working capital) or external growth (acquisitions).

Transfer capital/LBO

Transfer capital, also known as leveraged buyout operations (LBO), involves acquiring the entire capital of a profitable company, usually operating in a mature market, through a combination of capital and bank financing (structured debt). This allows the president of a company, in partnership with a venture capital fund, to transfer his/her business, or more generally to prepare his/her succession, by selling his/her business in several stages (double trigger LBO).

Turnaround capital

Investors in turnaround capital usually acquire all the capital (or a majority share) of a company in difficulty, and then inject the financial resources required to implement a recovery plan.

c. Who are the external investors?

External investors are partners or shareholders who inject private capital into your business. This may be cash funds (in cash) or in kind funds (machine, building, patent). In exchange for their capital, external investors receive shares of the company. This means that they may have a say in the daily management of the business since they hold part of it.

Business angels

Business angels are very wealthy patrons of an enterprise. They act as individuals and inject capital into companies that often represent a niche or an innovative profession. They represent an effective way of funding an enterprise and offer the benefit of the expertise of an experienced sponsor.

Venture capital companies

Venture capital companies specialise in equity investment. They generally focus on innovative and creative projects with a relatively high expected rate of return. These investors may be involved in the daily management of the company.

Crowd funding

Crowd funding is a collective investment (a network of individual investors). The principle is simple: the entrepreneur tries to raise funds from ordinary citizens recruited through websites, including social networks. Any citizen can invest in a given project, in exchange for shares in the company.

Tips for women entrepreneurs

Are you considering calling on external investors? Think of the degree of autonomy you want to maintain because you will not be the only one to decide!

Box 3.4. How investment funds intervene

Mechanism 1. The investment fund redeems your shares or those of other shareholders wishing to dispose of their stakes.

In practice, this mechanism does not bring new financial resources to the company. The investment fund directly redeems your shares but does not bring new funds into your company. It only allows you to let shareholders dispose of their stakes if they wish to do so, and, more importantly, to increase the value of the assets that you have built over the years. The investment fund that is solicited then analyses the business plan of the target company (balance sheets from the last three years of operation, forecasts, growth strategy, etc.). Based on the fund's mandated audits (accounting, legal, fiscal) and on its perception of the risk associated with investing in the target company, it offers shareholders a price determined by valuation methods. You can either accept or refuse this price.

Mechanism 2. The investment fund brings new capital into your business. This is called a capital increase.

The investment fund wishes to finance the development of your company by increasing its revenue. It is thus ready to finance new investments (machinery, recruitment, buyout of competitors, etc.) and/or to finance the operating needs (inventories, accounts receivables, etc.) of the company. To do so, it brings in new financial resources to meet the costs of the growth strategy, which you have previously calculated. In this case, the entry of investment funds in the capital of your business is done either by issuing new shares (of your company) or by issuing bonds. The latter is an instrument of private debt issued by the company itself and underwritten by the investment fund. This effectively means that the investment fund lends financial resources to your company, which pledges to pay them back: like any debt, it has a maturity and entitles the lender to payment of interest, collected by the fund. The main advantage of this mechanism is that the private debt originally issued may be redeemed in the company's shares, which avoids the outflow of your business capital.

Initial public offering (IPO)

An initial public offering is the traditional way of listing on a stock exchange. It is the process by which an issuer (company, the state) sells securities to the investing public. These securities may be ordinary shares, preferred shares, bonds, convertible bonds into ordinary shares, etc. This sale is executed on the primary market on which the securities are to be traded and circulated beyond a circle of usually 100 people, or through methods such as canvassing, advertising, etc. For trading purposes, the entrepreneur entrusts one or more trading companies with the shares to be circulated so that they commit to circulating them to their customers, institutional investors, businesses and individuals.

This method involves the preparation of a prospectus to be filed with a securities commission, as well as the filing of an application for listing. The prospectus contains detailed information for potential investors so that they can make informed investment decisions.

Certain conditions must be met for a company to complete an initial public offering:

- The company must have strong growth in sales and profits.
- The company must have an aggressive expansion strategy.
- It must have an effective management team and a sound financial structure.
- The company must compare favourably with other companies in its industry.

- The company must work in an industry sought after by investors, such as those associated with high technology.
- The use of the proceeds of the issue must have interesting prospects for the company (investors are not looking for companies that will use the proceeds of the offering to repay all or some of its long-term debt or a shareholder).
- The size of the business is a very important criterion to achieve a certain level of liquidity and generate enough interest. The value of the company will need to be able to carry the burden of this dilution into the hands of the public.

A public offering has a number of advantages:

- Increasing the value of the company by eliminating the private company discount
- Providing a certain flexibility to the founding shareholders that can help diversify their investment portfolio and facilitate their financial, tax and estate planning
- Improving access to a wide range of financial instruments and markets, including additional common shares, convertible bonds, convertible preferred stocks, and issues of subscription rights for existing shareholders and other persons
- Facilitating mergers and acquisitions by raising funds through the sale of additional shares and the direct issue of shares, which increases flexibility and offers benefits from tax rollovers
- Increasing the compensation opportunities for management and employees (through stock option schemes and other incentive plans)
- Enhancing the company's visibility, thereby allowing it to be more present in the community and to improve its relationship with its customers and suppliers.

Bonds

There are different types of bonds that enable (individual and institutional) investors to lend money to a company. This is also a form of debt, much like credit. Bonds constitute contracts whose terms are determined by the company and the investor: the amount, the interest rate, the conditions of repayment, etc. This type of financing is commonly used by large businesses, which can issue bonds on marketplaces in order to raise large sums of money.

Selected regional practices

In **Morocco**, the aim of the Sindibad fund[36] is to strengthen the equity of companies by investing in innovative or high technology companies in the start-up stage of their development. Eligible for this funding are start-ups with an innovative project in the fields of engineering sciences, life sciences and new ICTs. The fund can invest between 10% and 35% of the company's equity, up to a maximum of MAD 4 million, by buying a stake in the equity and quasi-equity of the company. The duration of the fund's stake in a company is five to seven years.

Also in **Morocco**, the Société de Participation et de Promotion du Partenariat (SPPP-Moussahama) makes equity investments in existing or future Moroccan and foreign companies. It also provides them with advice and technical assistance, and develops studies to serve as the basis for equity investments. This type of financial stake is open to any unlisted company in the start-up or growth stage, with high growth potential, excluding those involved in real estate and trading activities. The amount of the financial stake may not exceed 49% of the capital of the company (and 10% of Moussahama's equity). The sale of the equity position occurs as soon as the company has reached its cruising speed, within five to seven years.

Siparex operates in the Maghreb. It is a minority shareholder and member of the board of Tuninvest Finance Group (Tunisia), CapitalInvest (Morocco) and Beltone MidCap (Egypt). It carries out consulting and management assignments for the managers of these funds. In all, these actors from emerging countries represent EUR 500 million invested in some 80 companies.

The Oasis 500 and I-Park programmes provide financial and technical assistance to start-ups in Jordan**,** as well as the Bab RizJamel, AGFUND, Centennial Fund and Riyadah in Saudi Arabia.

In Bahrain, the Bahrain Development Bank[37] is contributing 20% of the Venture Capital Bank SME fund.

At the **regional** level,[38] Abraaj, a private equity group, has USD 6.6 billion under management and operates in 11 countries in the region. Abraaj makes its investments in SMEs through its platform Riyada Enterprise Development (RED), and through its offices in Cairo, Istanbul, Riyadh, Beirut, Amman, Ramallah and Karachi.

3.2.7. Public aid to development

Various bilateral and international donors have established mechanisms to fund companies at different stages of development.

Selected regional practices

PROPARCO (Groupe agence française de développement) [39]

PROPARCO's financing is open to all private companies and private sector projects with the exception of real estate and short-term projects. Such funding typically ranges from EUR 2 million to EUR 100 million and targets entrepreneurs who either already have significant experience in the industry or have a partner company with an international reputation in the field. PROPARCO also expects the project promoters to bring in a minimum capital of about 30% of the project's cost in the case of an expansion programme, or 40% of the project's cost in the case of a new project, known as a "greenfield".

PROPARCO intervenes in several ways, by:

- Investing in the equity and quasi-equity of the company, in which it takes a minority stake which will be transferred to other shareholders after 4 or 8 years, to third parties, or on the financial market. The minimum expected rate of return is about 15%.
- Granting a medium- or long-term loan. The objective here is to finance medium- and long-term investment programmes (start-up, expansion, restructuring, privatisation, etc.) against collateral (bank guarantee, group guarantee, mortgage, security, etc.). The loan period varies from 3 to 15 years with a possible grace period.

- Providing a guarantee on the repayment of loans in local currency. This operation facilitates the mobilisation of resources in local currency from private borrowers, as part of the financing of their long- and medium-term investment programmes. It also requires collateral (bank guarantee, group guarantee, mortgage, security, etc.).

The PROPARCO office in Casablanca[40] also covers venture capital operations in Algeria, Mauritania and Tunisia.

The Islamic Development Bank

The Islamic Development Bank (IDB)[41] uses several financing instruments to promote development projects in its member countries. In particular, it offers private entrepreneurs the following products:

- The sale of a deposit: the IDB acquires and delivers assets, and then immediately resells them to the beneficiary, adding a premium mutually agreed upon by the bank and the beneficiary. The latter pays the price on a semi-annual basis over a period of up to 20 years.
- The istina'a: the IDB supports the production of equipment, or the construction of a structure, in accordance with the specific characteristics requested by the beneficiary at a specific price. This price is paid over a specified period.
- Murabaha: This instrument is used for the financing of trade (imports and exports). The IDB buys the required raw materials and sells them to the beneficiary. In the case of import financing, the financing period can be up to 30 months; it extends to 120 months for exports.
- Leasing: assets are leased to the beneficiary who becomes the owner after a specified period of up to 20 years.
- Financing lines: the IDB provides financing lines to national development finance institutions or Islamic banks to promote the growth of SMEs, particularly in the industrial sector.
- Equity investment: the IDB makes equity investments in productive industrial or agro-industrial projects that are economically and financially viable. IDB financing is limited to one-third of the project's capital.
- Profit sharing: this type of funding is used for projects with a high rate of return. It is a form of partnership between the IDB and another party to finance a project. Each partner receives a share of the net profit (or loss) in proportion to its investment.

In **Lebanon**, the European Commission and the Lebanese government have jointly created the Economic and Social Fund for Development[42], operated by BLC Bank. It supports the financing of start-ups and promising projects in the country (providing working capital and equity). The amount should not exceed LBP 75 million for a period of 5 years, with a grace period of one year at most, low interest rates and no commission.

In **Saudi Arabia**, the Women's Higher Technical Institute, affiliated with the Technical and Vocational Training Corporation (TVTC), aims to grant loans of up to SAR 200 000 to its graduates to help them launch small businesses.

In **Tunisia**, the task of the Fonds de Promotion et de Décentralisation Industrielle (FOPRODI) is to encourage the creation and development of SMEs. It must also provide incentives for the decentralisation of investment in the industrial sector. For SMEs, FOPRODI acts as follows:

- For the first portion of the investment and up to TND 1 million, the investment made with FOPRODI's resources should not exceed 30% of the minimum capital.
- For the remainder of the investment up to TND 3 million, FOPRODI's investment should not exceed 10% of the minimum additional capital.
- A study and technical assistance premium representing 70% of the total cost of the study and technical assistance, to a maximum amount of TND 20 000.

In **Tanzania**, the Sero Lease and Finance Limited (SELFINA)[43] has provided small-scale lease financing services to help women entrepreneurs since 2002.

Tips for women entrepreneurs

"You will need to be **patient**, and sometimes even **resilient."**

You will meet different banks and financial institutions, various interlocutors at varying intervals. Moreover, you will face the same questions from your interlocutors. Be patient and do not give in to discouragement.

"Do not put all your eggs in one basket".

In your search for funding sources, multiply contacts with banking and financial institutions. Do not canvass only your bank. You can compare the rates offered by different institutions, as well as their terms (duration, repayment, etc.). You can put them in competition with each other to maximise your benefits. This will represent significant savings for your business: an interest rate of 5.5% negotiated with a bank instead of 6% proposed elsewhere can be a significant saving (especially depending on the amount of principal borrowed).

Be transparent

This means that you need to have a unified accounting system, established in the rules of the art and compliant with the chart of accounts. Be in good standing in regard to your administrative commitments (up-to-date declarations of the various taxes due, etc.). This provides the banker with evidence of the company's good faith, proving that it is transparent. The balance sheet gives an accurate vision of the health of the company. Banks also expect visibility from their clients (constant financial communication with your banker), a high level of organisation and efficient monitoring of the company's financial management (financial balance, profitability, creditworthiness).

Behind transparency lies a fundamental concept in the company-bank relationship: **confidence**. As much as the banker needs to build your confidence in him/her, the banker must also have confidence in you, as a business executive and in your capacity as a manager. Only progressive development of this mutual trust over time will eventually facilitate access to funding.

Tips for women entrepreneurs on how to deal with bankers and investors

Tell a story

Recount what led you to the idea of your project, your successes, the obstacles you faced and what you learned from your mistakes. Visualising your personal trajectory makes it possible for investors to better assess your entrepreneurial profile and your resilience in business, and to see your strengths as well as the possibility of their involvement in the project.

Show your project meets a real demand

Give specific examples of problems that your business can solve. Make sure it is clear, with supporting figures. Bankers and investors need to understand whether your project meets a real need to better assess their commitment.

Be understandable and use simple terms

Avoid using complex words so that your presentation is accessible to all. Managing to clearly explain your project in simple language increases your chances of success. Remember that you may have to present your project to investors who have no knowledge of your market or your industry.

Be credible

Make sure you have a solid business model to present so that investors can get a better idea of the benefits of their investments in the short, medium and long term. Talk about growing your market and show your long-term vision for your project. Talk about your serious partners and business associates. Show that you believe in your product and that you have tested it. Talk about your sales, recommendations, clients and concrete results.

Remember that investors will endeavour to access a lot of information about you and about your company, and that they will have questions that can determine their decision if they suspect something dishonest in your presentation.

Conclusion

This survey is intended to provide information on the existing financing practices of banks with regard to women entrepreneurs in the MENA region. The practical guide which follows it gives businesswomen concrete advice on acquiring finance and developing their businesses.

Despite its extremely limited scope, the survey illustrates banks' attitudes towards women entrepreneurs. Although banks consider women entrepreneurs to be a potentially profitable section of the market, there is little awareness of the need for products and services adapted to women's differing needs. The current gender-neutral policies of many financial institutions in reality serve as a barrier to women's access. The premium placed on collateral, credit history, business experience and the business strategy of prospective borrowers forms an obstacle to accessing finance. This presents a supply-side problem in terms of suitable products available to women. To capitalize on the preliminary results of this survey, further research in this area could be undertaken.

The demand-side problem is addressed by the practical guide included in this chapter. Women frequently have a low level of financial literacy and are generally ill-equipped with the skills and knowledge required to successfully approach banks for funding. In addition, there is a perception among some women that the loan application process is over-complicated. They are also often unaware of the business development services (BDS) available to them. This lack of skills and knowledge, in addition to the barriers identified on the supply-side, mean that few women succeed in obtaining the finance and support they need. The guide gives information on existing external finance options available to entrepreneurs, especially from banks. It also gives examples of practices in the MENA region, along with helpful tips for women entrepreneurs.

Supporting women with training and information to allow them to access the financial services they require, while providing financial products tailored to women, would improve women entrepreneurs' access to financial services. In addition, banks' current private non-credit services such as business coaching and financial planning advice could be adapted to women. Such efforts would stimulate growth and further develop the private sector in the MENA region.

Notes

1 Under-banked refers to adults who do not use formal or semi-formal financial services as referred to in The Financial Access Initiative (2009).

2 See Chapter 1, Gender inequality and entrepreneurship: a statistical portrait of the MENA region.

3 See OECD (2012c).

4 Bahrain, Jordan, Morocco and Tunisia.

5 For the purposes of this study, a business is called "women-led" when women make up more than 50% of the partners or of the directors responsible for the day-to-day operations of the business, or when the sole proprietor of the business is a woman.

6 Quds Bank (2011), Annual Report.

7 The Global Banking Alliance for Women is a global network of financial institutions committed to increasing women entrepreneurs' "access to capital, markets, education and training", for more information refer to: http://www.gbaforwomen.org/

8 All currencies were converted on 30 October 2013.

9 Interview carried out as part of the OECD research project in 2013.

10 For more information on the role of credit guarantees, refer to: Storm (2013).

11 Enterprise development support services could include, business coaching, accounting and financial planning advice, business intelligence, business tools and value chain networking.

12 Islamic finance products are treated here within debt financing, despite some of them being capital products (mudharaba, musharaka and sukuks in particular).

13 This is what is called "love money".

14 http://www.mof.gov.sa/en/docs/ests/sub_tsleef.htm

15 "MixMarkets Jordan". MixMarkets. June 22nd, 2010 http://www.mixmarket.org/mfi/mfw

16 "MixMarkets Jordan". MixMarkets. June 22nd, 2010 http://www.mixmarket.org/mfi/finca-jor

17 http://www.tamweelcom.org

18 http://www.nmb.com.jo

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20 http://www.def.gov.jo

21 http://tanmeyah-jo.org/index.php/2013-02-03-14-33-46

22 "ASALA – Microfinance: Palestinian Business Women's Association", http://www.asala-pal.com/

23 "Faten – Palestine for Credit and Development". http://lacarossa.com/

24 "MixMarkets Jordan". MixMarkets. July 19th, 2010 http://www.mixmarket.org/mfi/mfw

25 http://www.lf.bh/en/pss/?p=ESF.

26 http://bisb.com/.

27 http://www.bdb-bh.com/index.php?page=content&id=6.

28 https://www.khalifafund.ae/En/FundingPrograms/Pages/Khutwa (Micro-Finance).aspx.

29 http://www.mashreqbank.com/.

30 http://www.standardchartered.ae/sme/home/en/index.html.

31 http://www.blcbank.com/women/Woman%20Entrepreneur.

32 http://www.hbtf.com/.

33 http://www.bankalamal.ma.

34 See the rating assigned by COFACE. Online at www.cofaceuk.com.

35 http://www.iaigc.net/.

36 http://www.fondssindibad.com

37 http://www.bdb-bh.com/index.php?page=content&id=6

38 Including Turkey, India and Pakistan.

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