



Representatives of select MENA Businesswomen Associations and Research Centers at regional MENA GEM workshop hosted by the Center of Arab Women for Training and Research (CAWTAR), Tunis. (April 2006)

Gender Entrepreneurship Markets (GEM)

International Finance Corporation

Regional MENA GEM Brief 2006

This Regional Gender Entrepreneurship Markets (GEM) Brief complements a GEM Country Brief series that is intended to provide an overview of the status of women's entrepreneurship in countries of the Middle East and North Africa (MENA) region. The focus of IFC's PEP-MENA GEM Program is to expand women's participation in the private sector by providing support to growth-oriented small and medium enterprises and by expanding women's employment opportunities.

Labor Force Participation

Gender unemployment gaps in the MENA region are the highest in the world with the female unemployment rate being 6 percentage points higher than the male rate (2003).¹ This indicates that women in MENA are clearly at a disadvantage when attempting to access formal labor force markets. Despite remarkable gains in human development indicators - health and education – that put MENA ahead of other developing regions, women's empowerment indicators (as measured by female labor force and political participation) lag behind. At 32%, women's labor force participation in MENA is the lowest in the world. This is most likely due to the dearth of job opportunities in the public sector and the limited size of the private sector – which tends to absorb primarily men, who are still considered the main breadwinners in many MENA countries. Furthermore, women who manage to be employed by the private sector tend to occupy lower level jobs and earn less for the same work than their male colleagues – a situation that is common throughout the world.

Women-owned Businesses in MENA

Women's entrepreneurship appears to be increasing throughout the region, with the number of women entrepreneurs varying from 3% in some countries to 18% in others.² One difficulty in determining the exact number is linked to the fact that the definitions of small and medium enterprises vary from country to country – sometimes different definitions are even applied within one country. Moreover, many businesses in MENA are either not registered, or are registered as women-owned businesses without the women actually running the business – in order to retain the man's privileges of government employment, for example.

The majority of female entrepreneurs in the region are owners of informal micro and home-based businesses, mainly in the service sector. While many of these entrepreneurs have benefited from poverty alleviation programs, they did not sufficiently benefit from formal support structures. Studies indicate that the majority of women entrepreneurs gathered valuable experiences through previous employment in the private sector – sometimes managerial positions

¹ ILO. "Global Employment Trends for Women" 2004.

² World Bank. "MENA Women Entrepreneurship Institutional Study" Draft Report, June 2005.

provided them with the skills needed to set up their own businesses.³ While most female-owned businesses tend to focus on the services sector, they cover all sectors. For example, in Yemen as many as 77% of women-owned businesses are operating in the service sector. In Egypt, 59% of members of businesswomen associations are in the service sector. And in Morocco, the largest segment of women-owned businesses is also in the service industry (37%), while 31% of its female businesses are trade-related, and 21% are in the industrial sector. In Saudi Arabia, women's 2002 aggregate investments were made mainly in industrial and service projects.⁴ Most female-owned businesses tend to be smaller than male-owned businesses.

Opportunities and Obstacles to Women's Enterprises and Business Expansion

Women in MENA have the education and adequate resources to start their own businesses, but they are at a disadvantage when it comes to accessing networks and credit. Moreover, MENA businesswomen lack the supporting infrastructure. While women often face the same business constraints as men, they also experience more difficulties in overcoming obstacles related to access to finance, administrative and regulatory barriers, lack of skilled labor, and socio-cultural barriers.

a) Access to Finance. While access to finance remains a business constraint for both men and women, anecdotal evidence seems to suggest that women are facing higher hurdles. To begin with, most initiatives targeting women in MENA offer micro-credits with an aim of promoting poverty alleviation. This approach by itself has promoted a view that women are not capable of being borrowers of larger loans - which is reflected by the fact that women themselves are not confident to apply for larger amounts of financing and that bank officers put women's loan application under higher scrutiny. This is despite the fact that women have proven to be excellent re-payers of loans – certainly given the global micro-credit experience where women are known to be most reliable in repaying loans. Moreover, there are many instances where women have personal savings accounts that are not being used as collateral⁵. However, commercial banks are increasingly realizing that targeting women customers makes a lot of business sense. But for the time being, few financial institutions in MENA are targeting women specifically - although some MENA banks (especially in the Gulf countries) have special women sections that are physically separated from service desks for men. What appears to be lacking, however, is that bank officers are not adequately trained to understand and accommodate women's financial needs, especially in the SME sector⁶.

b) Access to Markets.

Most women-owned SMEs in MENA serve local and regional markets, and only a very small number are export-oriented. Access to markets is one of the key constraints identified by women business owners. Women interviewed identified product quality, export know-how, highly bureaucratic business registration processes⁷ and export market procedures as impediments to accessing larger, more lucrative markets.

³ Ibid.

⁴ Chamlou, N. and R.K. Yared. "Women entrepreneurs in the Middle East and North Africa: Building on Solid Beginnings." 2003.

⁵ In Saudi Arabia, for example, women are said to control up to 26 billion dollars that are lying idle in Saudi bank accounts. And in Yemen, one commercial bank observed that women's personal saving accounts are – on average - larger than those of men, but are not being used for investments.

⁶ New initiatives include the Moroccan Regional Investment Center for the region of Kenitra which is embarking on establishing a special partnership with women entrepreneurs.

⁷ Regulatory and administrative barriers constitute another prohibitive factor to MSME growth. The business registration process in According to the World Bank Private Sector Development Unit, Cost of Doing Business Report, January 2004, Egypt takes 13 procedures and a minimum of 43 days. MSMEs must adhere, at least, to 18 different laws for registering and licensing their enterprises. For this reason, many MSMEs choose not to register as a business and stay outside of the legal framework.

Providing increased access to international markets is a role not yet played by the numerous businesswomen's associations.

c) Access to Networks. Often, social-cultural barriers seem to be among the important obstacles to women's entrepreneurship as they impact women's mobility, and their access to labor markets. In some instances they can include the requirement of male agents for business registration.⁸ It is not clear whether the marital status of businesswomen furthers or hinders women's entrepreneurship: findings from Morocco, Egypt, Tunisia, and Yemen seem to suggest that marriage has an impact on the success of the women-owned business (possibly facilitating access to family networks and an appropriate work-life balance).⁹

MENA Policies and the Promotion of Women-owned Businesses

Government agencies focused on promoting women in general have taken an increasing interest in supporting women's economic participation. To this end, many MENA countries' development plans emphasize the role of economic diversification and private sector development, and highlight the importance of participation by women and men in private sector development. However, more often than not, there is no articulated policy on women and SME development. For the Iranian Government, the promotion of women's entrepreneurship is a priority (as indicated in their Five Year Development Plan 2005-2009)¹⁰. Egypt's draft national strategy for microfinance includes a special gender focus for the first time¹¹. In Morocco, the development of women-owned enterprises is an integral part of the country's SME promotion strategy.

Businesswomen's Associations and Chambers of Commerce

Having recognized that women are reluctant to register their business with chambers of commerce, there has been a recent trend of either targeting businesswomen specifically or establishing "women departments" within chambers of commerce which in turn has increased women's access to networks and role models. In October 2001, the Bahraini Chamber of Commerce and Industry elected its first woman board member, an active member of the Bahraini Business Women Society. The 18-member Chamber also established a special businesswomen's committee within the Chamber with the objective to further develop the role of women in the country's economy¹². In Saudi Arabia, the Council of Saudi Chambers of Commerce and Industry has recognized women's important role in the economic sphere and women's business needs. To this end, the Chamber now targets businesswomen's issues by providing business services for women and by advocating their case.¹³

⁸ According to a 2005 World Bank Report entitled "*Republic of Yemen: Women in the Local Economy of Aden*" there are major impediments to increasing returns on women-owned informal businesses. The survey found that women lack access to information, markets, social networks and financial capital which is partly due to new norms of gender appropriate behavior which are increasingly restricting Adeni women to the home. Many surveyed women cited problems with marketing because of being restricted to selling to other women and to having limited networks and knowledge to market their goods outside of their own neighborhood. Obtaining the necessary licenses in a male-dominated bureaucracy and public space was often cited as an impediment to entering the formal sector.

⁹ Ibid.

¹⁰ To this end, a women's department is in the process of being established in the Iranian Ministry of Trade. This department would look to develop a strategic framework for women's enterprise development in partnership with stakeholders such chambers of commerce, the Ministry of Trade, and Iranian businesswomen associations. Moreover, Iran's Women Employment Bureau of the Ministry of Labor and Social Affairs has allocated 40% of a competitive "Graduate Support Fund" to women entrepreneurs.

¹¹ In Egypt, the National Council for Women established a Women's Business Development Center which functions as a "one-stop-shop" by providing businesswomen with the tools and skills to start small businesses, training, mentoring, and business information services. The Government of Egypt (Ministry of Investments) has also been seeking the World Bank's advice in designing a gender component for its ongoing Investment Climate Assessment to ensure that women's business needs are taken into consideration – such as the accessibility to land, to finance, and other resources.

¹² UNDP-AS, SURF. "*Women and Chambers of Commerce: Case Studies from the Gulf.*" April 2003.

¹³ In Syria, women's committees within the Chambers of Industry and Commerce were established in 1999. In Yemen's Sanaa and Aden Chambers of Commerce, the establishment of women departments is more recent.

Donor Activities for Assistance to Women Entrepreneurs

Currently donor support providing technical assistance to women-owned SMEs is still limited, and not many entrepreneurs have been able to access donor funded assistance in the past. Most initiatives targeting women in MENA offer micro-credits with an aim of promoting primarily poverty alleviation.

IFC PEP MENA GEM Program

GEM aims to bring a gender dimension to IFC's investment projects, address gender barriers in the business environment, provide advisory services to financial intermediaries, and deliver training for women entrepreneurs. Along with sub-Saharan Africa, the Middle East and North Africa is one of the program's priority regions.

The IFC's Private Enterprise Partnership for the Middle East and North Africa (PEP-MENA) launched a regional technical assistance and advisory program for women entrepreneurs called Gender Entrepreneurship Markets (PEP-MENA GEM). The Program's goal is to maximize women's contribution to private sector development. The PEP-MENA GEM Program aims to improve women's access in PEP-MENA's four areas of activity: SME and financial market development, business environment improvements, privatization advisory services, and public-private partnerships. The Program targets growth-oriented women-owned SMEs with solutions that facilitate and promote fast track growth.

The regional GEM Program has the following main objectives:

- Demonstrate the potential contribution female entrepreneurship offers to MENA's economic growth.
- Improve female access to private sector jobs, business opportunities, business resources and skills.
- Help increase outreach and impact of Women Business Associations in the public and private sectors.

These general objectives are based on findings from regional studies of issues affecting women SME owners in the Middle East and North Africa and on the PEP-MENA GEM-commissioned country studies

Sources

- Chamlou, Nadereh and Yared, Reem Kettaneh, “Women Entrepreneurs in the Middle East and North Africa: Building on Solid Beginnings”, Paper prepared for the Annual Joint Seminar 2003 of the Arab Fund on “Arab Women and Economic Development”. World Bank, Washington D.C., 2003.
- Egypt Gender Entrepreneurship Market Study (IFC, June 2005)
- “MNA Women Entrepreneurship Institutional Study” Draft Report (World Bank, June 2005).
- Morocco Gender Entrepreneurship Study (IFC, September 2005)
- Niethammer, Carmen. “Women Entrepreneurs in the Middle East and North Africa Region: An Untapped Resource with Growth Potential”, Article submitted to the Institute for Women’s Studies in the Arab World’s for publication in the “Al-Raida” Magazine, Lebanese American University (October 2005).
- Oman Gender Entrepreneurship Market Study (IFC, July 2005)
- Yemen Gender Entrepreneurship Market (GEM) Study (IFC, June 2005)

List of Useful Resources

The International Finance Corporation's Gender Entrepreneurship Markets (IFC GEM) Initiative

Private Enterprise Partnership - Middle East and North Africa (PEP-MENA)

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For more information on the IFC corporate-wide and regional GEM initiative and a global businesswomen association directory see: <http://www.ifc.org/menagem>

Gender Entrepreneurship Markets (GEM) Manual

The IFC GEM qualitative mapping methodology has been codified into a practical manual "The Gender Entrepreneurship Markets Study." The manual, available in print and CD-ROM, provides a systematic framework, tools and guidelines to conduct gender entrepreneurship country assessments. The manual is designed to help program developers design targeted technical assistance to promote gender equality. Copies are available for internal IFC distribution through the GEM Program.

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