

# Gender Entrepreneurship Markets (GEM)

## International Finance Corporation

### GEM Country Brief — MOROCCO 2005

This Gender Entrepreneurship Markets (GEM) Country Brief series 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**

Women in Morocco constitute about 50% of the overall population, and make up more than a quarter of the labor force. Labor force participation of women increased in both urban and rural areas, and is strong in the agricultural sector including fishing and forestry. Women with higher qualifications are employed in the ICT and service sectors. However, the female unemployment rate<sup>1</sup> has increased over the last five years to 27.6%. The rate of female economic activity dropped since 1998 from 24% to 18.8% in 2001.<sup>2</sup> This phenomenon can be attributed mainly to the decline of the textile and garment manufacturing, where women are prevalent. At one point in the 1990s, 74% of working women were employed in this sector. Generally, women are still predominantly active in the informal sector, especially in rural areas.

#### **Women-owned Businesses**

The creation of enterprises run by women is a phenomenon which dates back to the 1980s and 1990s in Morocco. In several studies, experts estimated the number of female Moroccan entrepreneurs who own or run a company in various sectors to add up to 5,000 and to represent about 0.5% of total female employment in formal economic activity and about 10% of all enterprises. These figures do not take into account the micro enterprise sector where women's entrepreneurship activities are also increasing and are supported by national and international development programs.

A recent study<sup>3</sup> conducted by the Moroccan women entrepreneurs' association, Association des Femmes Chefs Entreprises du Maroc (AFEM), identified 2,283 companies that are run or managed by women. Of these, 579 companies were surveyed and documented. The study found that 59% of these registered firms are located in the greater Casablanca region, 14% in Rabat, a further 6% in each Fez /Meknes, Marrakech, Tanger /Tetouan, 5% in Agadir / Laayoune and in Oujda.

Women's entrepreneurship in Morocco is not limited to the traditional female business sectors of handicrafts and agriculture. Typical SMEs run by women in the formal business sectors are found in the services sector (37%), trade

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<sup>1</sup> It should be noted that there has been debate on the unemployment rate. According to the World Bank Morocco Gender Update (2002), the female rate of unemployment increased from 21.8% in 1997 to 26% at the end of 2001.

<sup>2</sup> World Bank, Morocco Gender Update 2002.

<sup>3</sup> Afem, etude sur l'entreprenariat féminin au Maroc, 2004.

(31%) and industry (21%). A group of professional women architects have also recently created their own business association.

### **Opportunities and Obstacles to Women's Enterprises and Business Expansion**

Companies created by women are mostly small firms with a turnover below US\$ 2.4 million and a company capital below US\$ 600,000. Most of these companies are less than 10 years old, and about one third of them are less than 5 years old. Sixty-eight percent (68%) of women who created their company or have a majority share, manage the type of company described above. Of these, 60% receive a monthly salary which is below US\$ 2,400. More than 66% of the women enterprises employ less than 20 employees, with 50% of them being female. Most (68%) enterprises managed by women have less than 5 management staff members.

**a) Access to Finance.** Of the women-owned enterprises 50% are self financed; only one third of financing is from external sources. Most women use funds from partnerships of family members who are willing to put in some equity. In the traditional family business culture of Morocco foreign capital is an exception. Banks have high collateral requirements even when credit guarantee schemes are available. In general, entrepreneurs are not informed about the different financing schemes offered via banks by donor programs or other forms of institutional financing. Some small businesses need different financial instruments to operate and grow. For instance some enterprises need financing for working capital; others need bank guarantees for tenders, even simply require bank certificates to participate in tender prequalification. These are difficult for women entrepreneurs to access. Banks tend to work with larger companies and / or family groups and are not prepared to assess the risks of SME banking and new clients. Banks' financial services are even less accessible outside the main economic region of Casablanca, due to centralized decision-making structures. Businesswomen also complain about the lack of knowledge in financial management, analysis and planning. Generally, start-ups and young enterprises lack business management and entrepreneurial preparation for running and growing their businesses.

**b) Access to Markets.** Only 21% of women-owned enterprises export their products and services. The balance (44%) has national and local (31%) customer bases.

**c) Access to Networks.** Business development and planning is often jeopardized by either lack or difficulty in finding relevant business information on local, national and for international markets. Relevant legal, fiscal and official regulations and instructions are not clearly communicated to the business communities. Company information including credit information is insufficient for establishing new business relations and strong partnerships. Business opportunities and tender information are difficult to follow regularly. Young women entrepreneurs are rarely represented in business membership organizations and business communication networks where information is shared.

### **Country Policy and the Promotion of Women-owned Businesses**

The development of women-owned enterprises is an integral part of the country's SME promotion strategy. The SME Charter created the National Agency for SMEs (ANPME) in 2003 integrating 16 regional investment centers (CRI) into a new national SME support network. It is left to the women entrepreneurs to articulate and present specific needs, development strategies and programs of female firms as members and partners of this support network.

### **Businesswomen's Associations**

The women entrepreneurs' association AFEM has created a network of 5 regional delegations serving about 250 members. The regional delegations and AFEM operate in partnership with local service providers such as the investment centers (CRI) and the national association of entrepreneurs (CGEM) to facilitate access to information for existing and new women entrepreneurs. The second women business association, ESPOD, targets only the micro enterprise sector and start-ups. Sector specific concerns are addressed by existing sector business associations, where some businesswomen are members.

### **Donor Activities for Assistance to Women Entrepreneurs**

The main donors promoting women-owned enterprises are UNIFEM, GTZ and the EU. UNIDO and the Swedish and Spanish cooperation target the rural and cooperatives' sector. In 2005 GTZ started a limited training program for women entrepreneurs, and in collaboration with AFEM organized a seminar with banks. The EU Business Membership Organization (BMO) support program, PAAP, plans to further support AFEM in its capacity building. AFEM developed a donor proposal to create a women's incubator program for new Growth Oriented Women Enterprises and their business ventures.

Recently, 200 business representatives of whom 20% were women entrepreneurs, participated in the successful EMPRETEC<sup>4</sup> Program, developed by UNCTAD to promote leadership skills and build the capacity of entrepreneurship in the SME sector. They showed great interest to continue and contribute to similar initiatives.

### **IFC PEP MENA GEM Program**

Following the GEM country assessment, it is recommended that the GEM Program in Morocco focus on four aspects:

- **Specific support to women-owned SMEs with the potential to grow:** training, individual coaching, marketing support including building of strategic business partnerships and export development. This activity should be sector and cluster oriented.
- **Broad-based support to facilitators** with a focus on the main women entrepreneurs' association AFEM, and its regional delegations: developing the economic dialogue and communication platform regarding the key issues of business development: finance, human resource, technology and infrastructure, innovation and general improvement of the business enabling environment and further building of the capacity for service delivery to the members.
- **Support to the private financial and non-financial service providers in upgrading** their service provision and networks into the SME sector.
- **Support to improve communication and dialogue between all concerned public and private partners** to encourage and promote women entrepreneurship as an untapped economic growth potential, also for the regional economic development. The role of women in economic activities and the global trade picture in particular have to be considered at this point.

An integrated GEM Program made up of those interventions that are most likely to make an impact on the growth and performance of Growth Oriented Women Enterprises is the recommended plan of action.

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<sup>4</sup> For more information see: <http://www.empretec.net/>

## Sources

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The Morocco GEM Fact Sheet is based on the following sources:

- Morocco Gender Entrepreneurship Study (IFC, September 2005)
- Morocco, Gender Sector Notes for Annual Meetings (World Bank 2005)

## List of Useful Resources

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### IFC GEM Initiative

For more information on the IFC corporate-wide GEM initiative see: <http://www.ifc.org/GEM>

### Gender Enterprise Markets (GEM) Manual

The GEM 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. Please contact the GEM Program at:

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### List of Businesswomen’s Associations

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1. Association des Femmes Chefs d’Entreprise du Maroc (AFEM)
2. Association pour la Promotion de l’Entreprise Féminine (ESPOD)
3. Association des Femmes Architects
4. Association de Femmes Entrepreneurs de Mohammedia
5. Association des Femmes Entrepreneurs du Nord

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