

# MENA-OECD INITIATIVE

## MENA—OECD Conference on Gender Equality in Government and Business

*Women's Access to Government  
Services and Business Services*

**Sahar Nasr  
World Bank**

**Paris, France**

**May 4<sup>th</sup>, 2010**



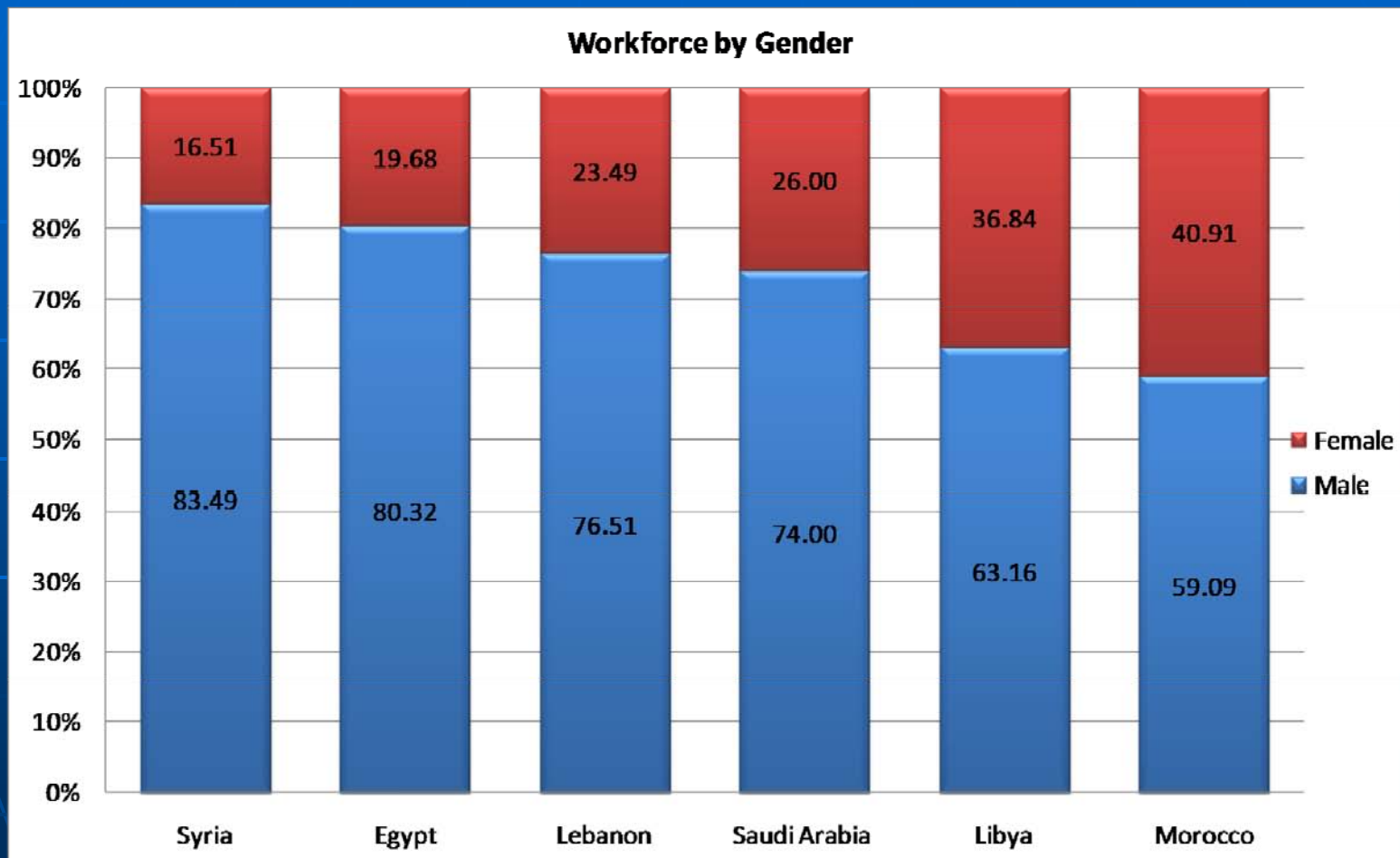
World Bank

# Equal Opportunity for Women in the Economic Sphere

## *Why Gender Equality Matters . . .*

- Attaining gender equality is important for development effectiveness—not for political correctness
- Tapping on “unused” human capital that has been greatly invested in, through education and health programs targeting girls and women
- Removing gender-bias barriers in the business climate, maintaining a level playing field is essential for reducing market distortions and increasing countries’ competitiveness
- Promoting women entrepreneurs will often lead to recruiting more women as they tend to comply more with family-friendly labor regulations
- Increasing women’s incomes tends to correlate with greater expenditure on family welfare and children
- Ensuring equal opportunities and access to markets—finance, land and infrastructure, as well as government and business services is crucial

... nevertheless, throughout MENA female ownership is far less than male ownership

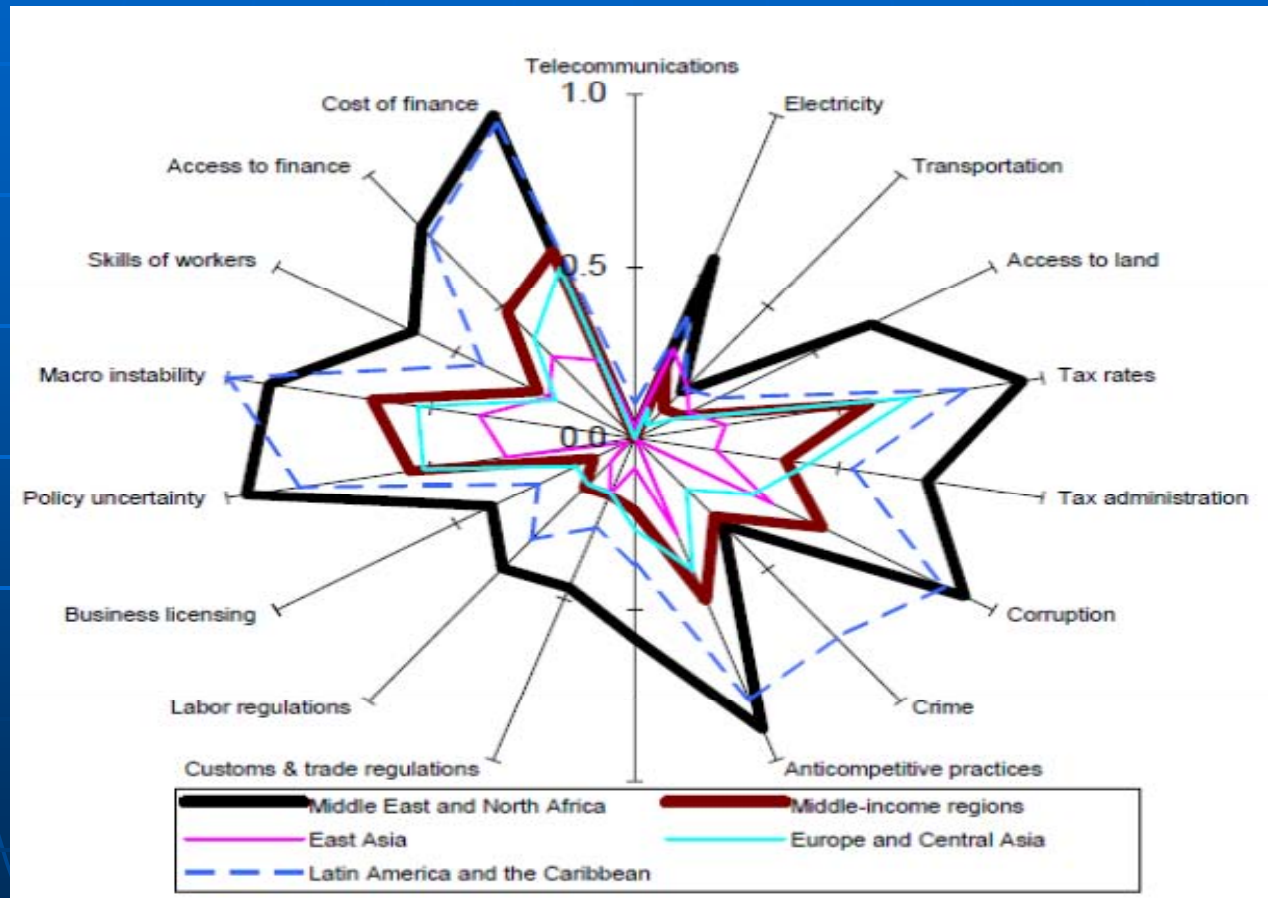


Source: World Bank



World Bank

# Women's entrepreneurship is not reaching its potential in MENA compared to other regions . . . .



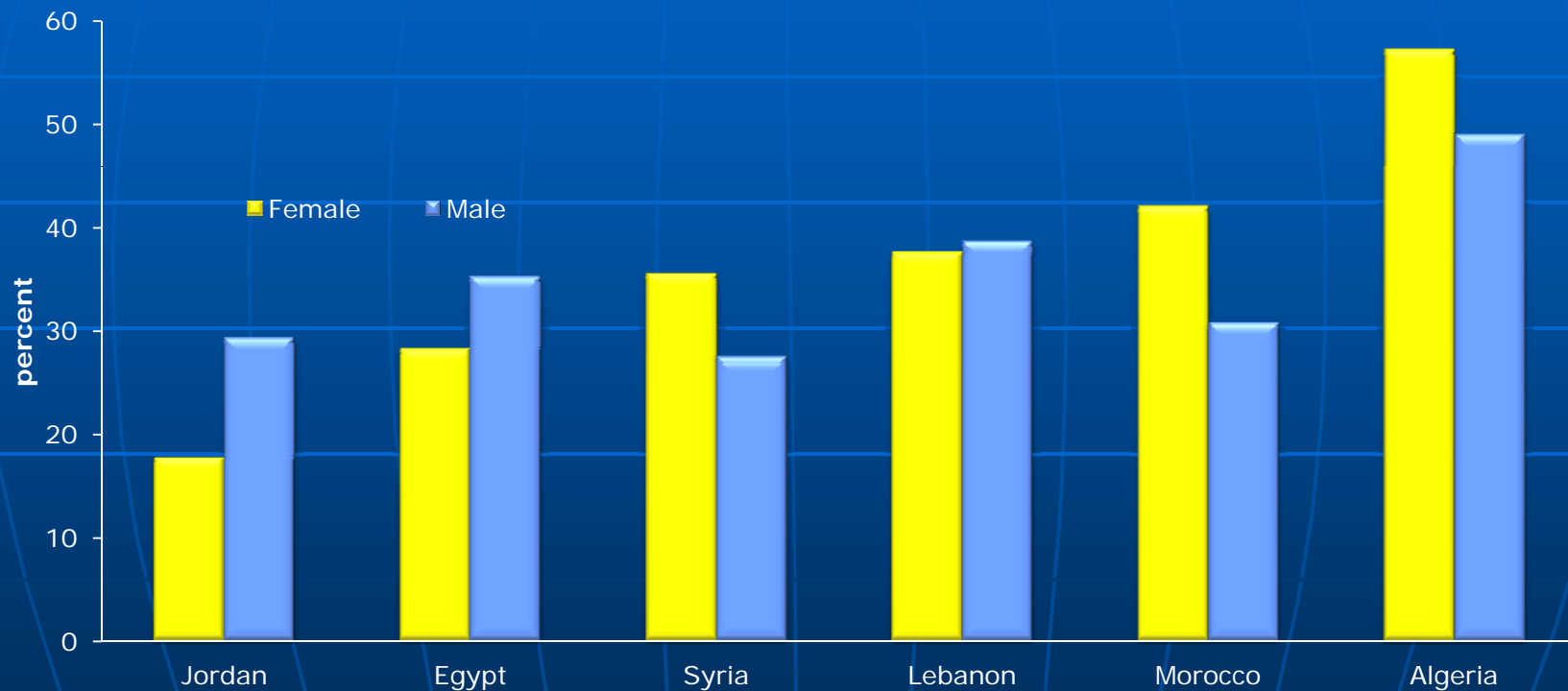
Source: World Bank Database (2010).



World Bank

# One of the major impediments is Access to Finance in some MENA countries . . . . .

Access to Finance as a "major" or "very severe" Constraint



Source: World Bank Database (2010).



World Bank

The financial sector in MENA countries in general is *not playing an effective role in financial intermediations . . . . .*

### Supply Side—Financial Sector

**Dominance of State-owned Banks—  
Poor Governance**

- Large role of state-owned banks
- Weak external and internal governance

**Lack of Skills and IT**

- Lack of skills and incentives
- Poor credit risk, ALM, MIS, IT

**Inadequate Legal and Regulatory  
Environment**

- Weak regulatory environment
- Environment not fully supportive of market-based intermediation

**High Transaction Costs**

- Information weak and lack of credit information
- Weak judicial infrastructure: long back-logs, lengthy foreclosure process

### Demand Side—Enterprises

**Weaknesses in general  
environment**

- Macro-economy: high interest rates, moderate growth
- Business environment: transiting in rules and practices

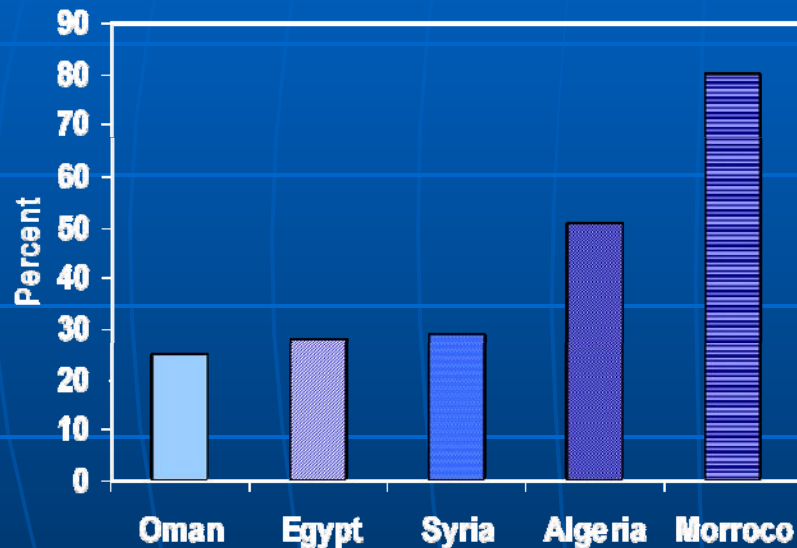
**Entrepreneurs lack modern  
corporate finance knowledge**

- Lack of financial management skills
- Limited knowledge of banking products, especially sophisticated financial instruments

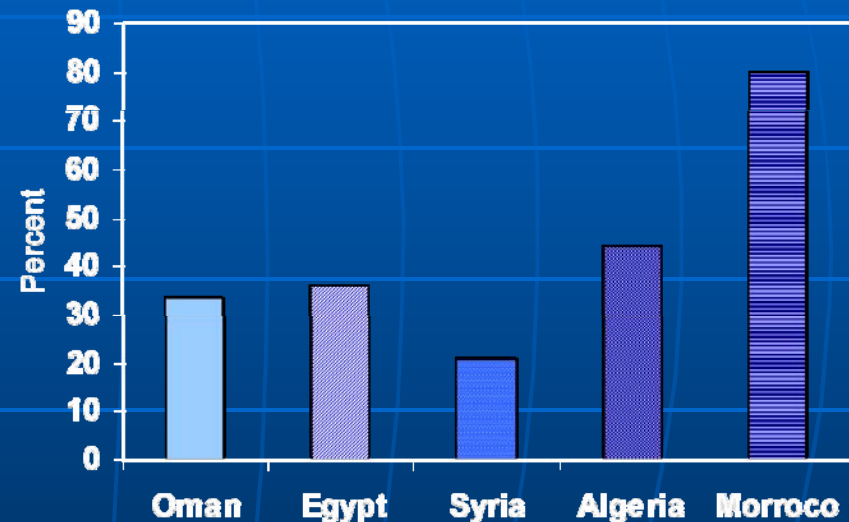
**Institutional infrastructure**

- Lack of qualified accountants, auditors and lawyers
- Weak capacity and skills for securities issuance

... a large percentage of firms in MENA identify “Access to Finance” and “Cost of Finance” as a major constrain, especially for SMEs



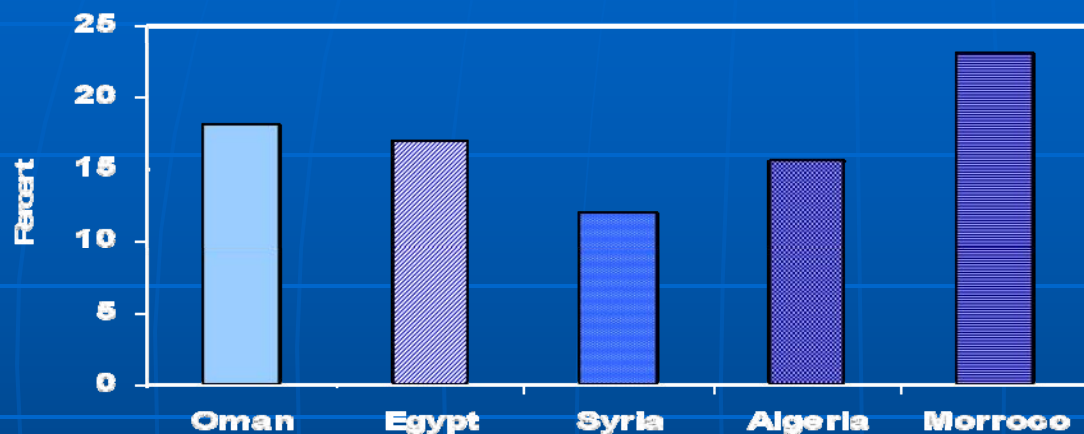
*Percentage of Firms for which “access to finance” is a major to severe constraint*



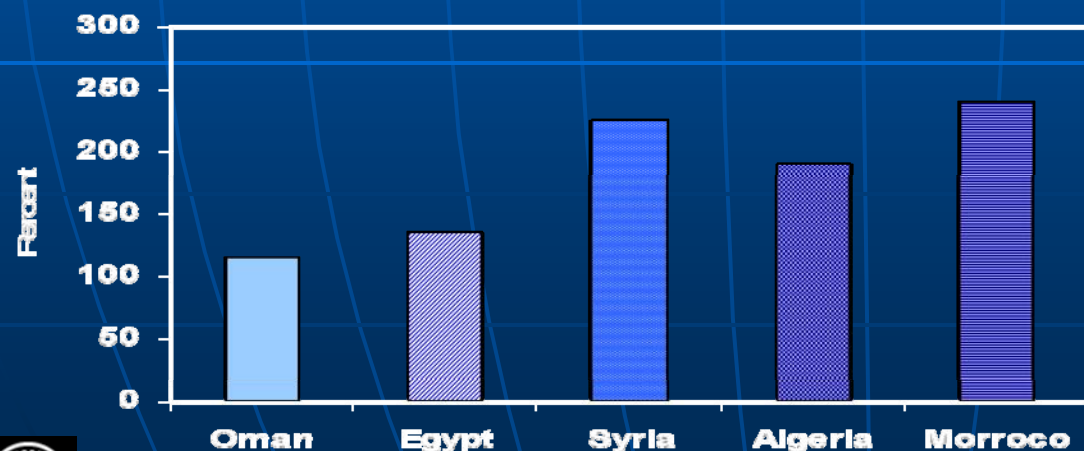
*Percentage of Firms for which “cost of finance” is a major to severe constraint*



... Sources of Finance for Entrepreneurs show that on average only *18% of new investments* in MENA are financed through the financial sector as opposed to 60%-70% in most OECD countries



*Percentage of Firms that have access to banks' credit*

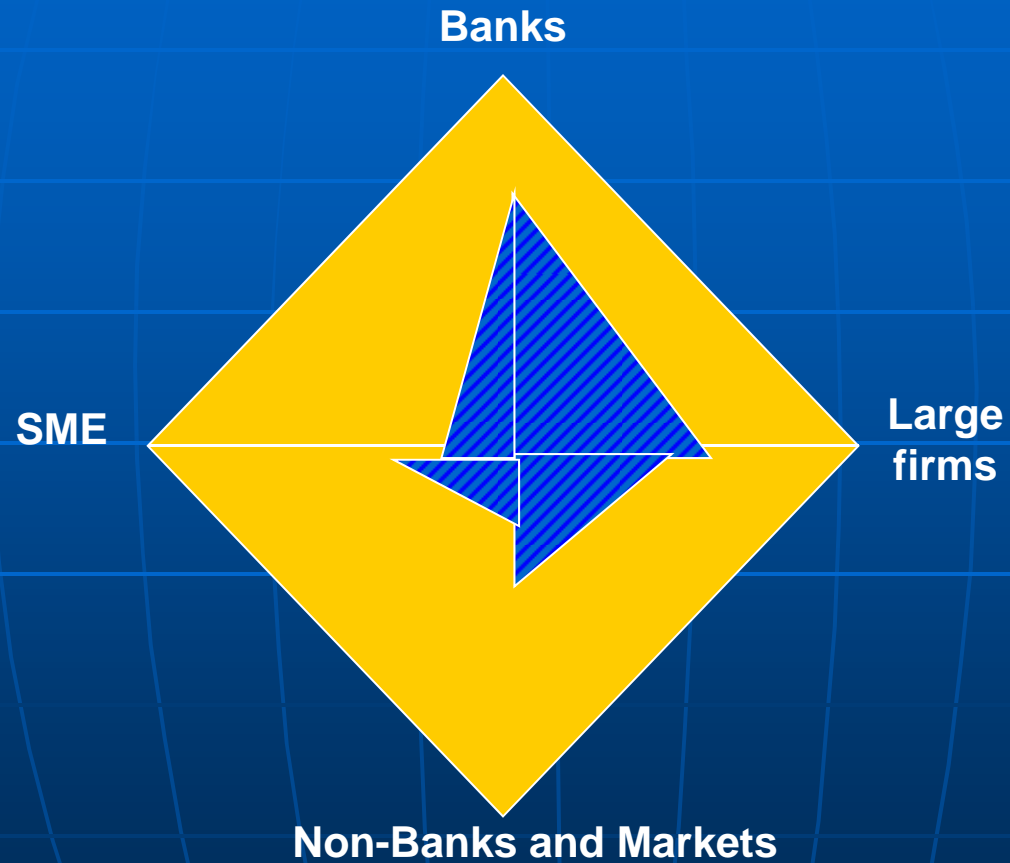


*Collateral Value as a Percentage of loan Value*





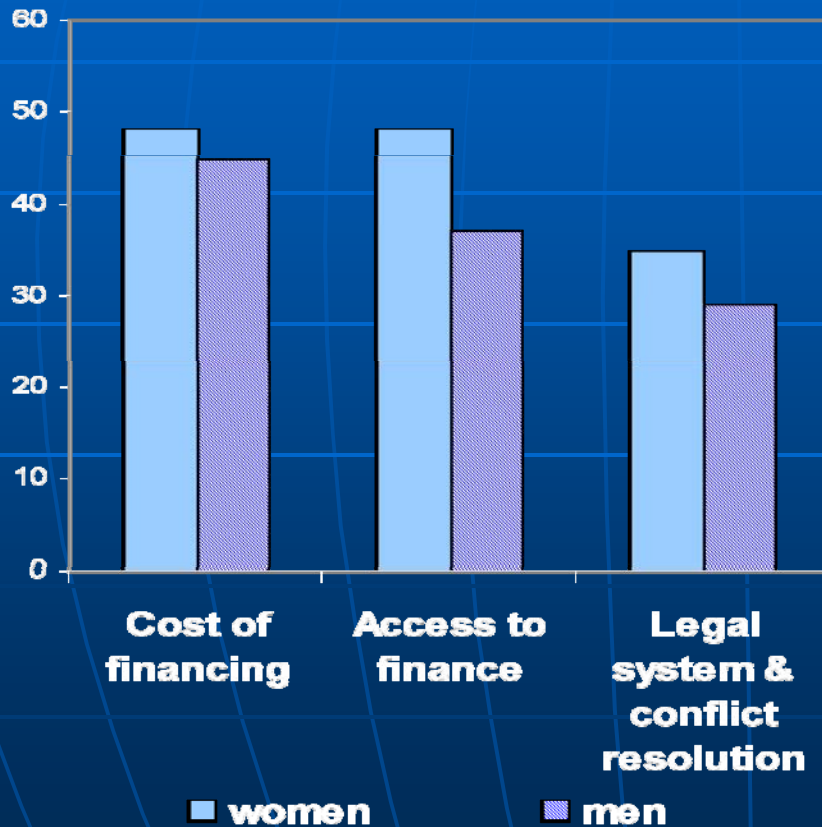
# The Current versus Desirable Situation: A Balanced and Inclusive Financial Sector



World Bank

## WORLD BANK PILOT PROJECT IN MENA—EGYPT

### Finance as a Major Constraint Facing Women Entrepreneurs



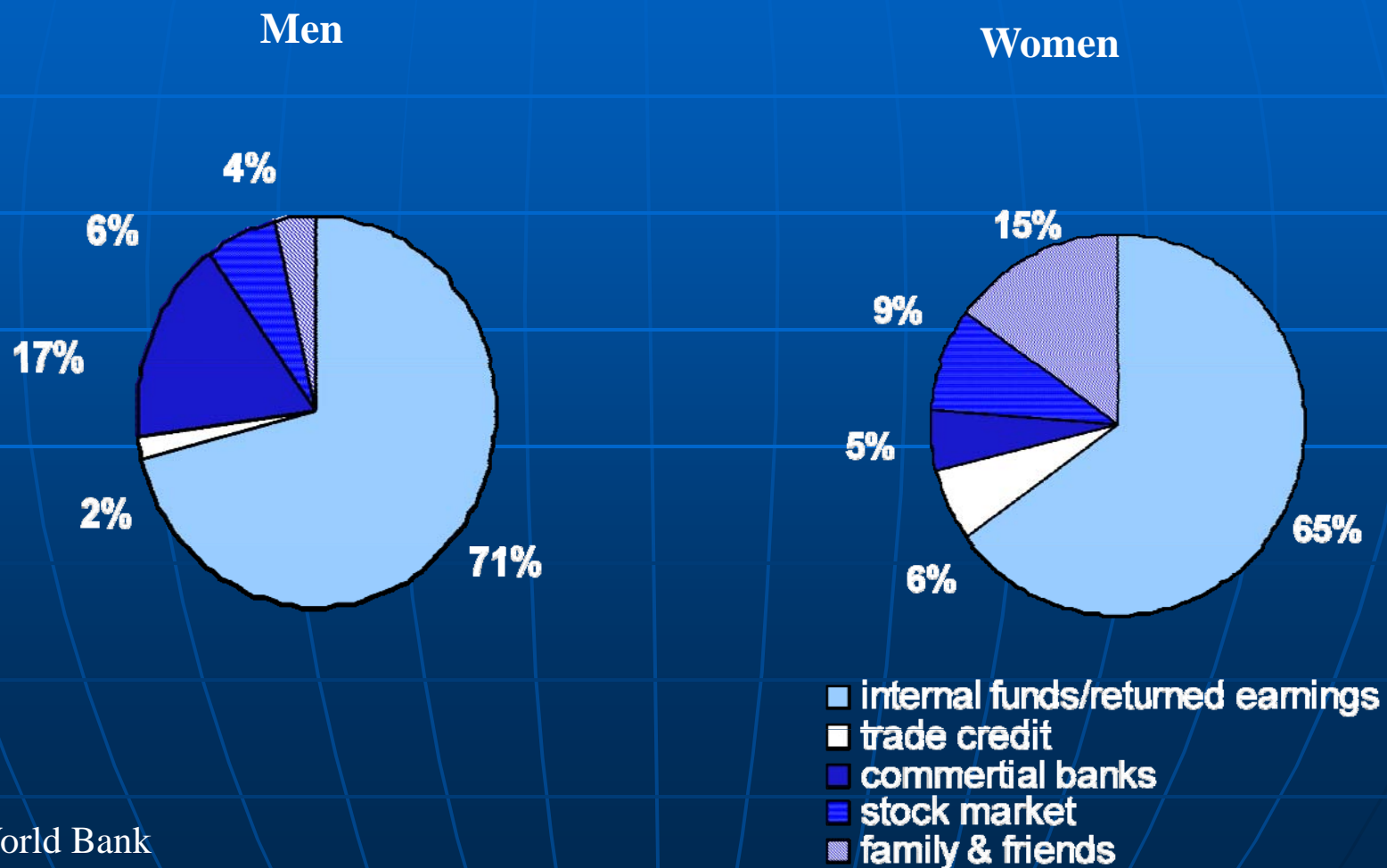
*Finance as a Major Constraint in terms of access, cost of financing, legal and conflict resolutions . . . .*

*. . . . although law gives women equal ownership rights, they often have less productive assets, and lack independence. .*

*..*

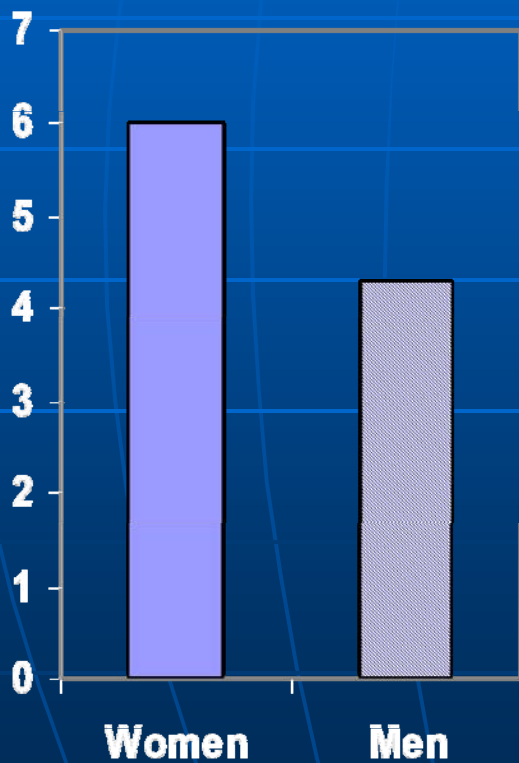


## SOURCE OF FINANCE: Women rely more on the *informal credit market*—family and friends

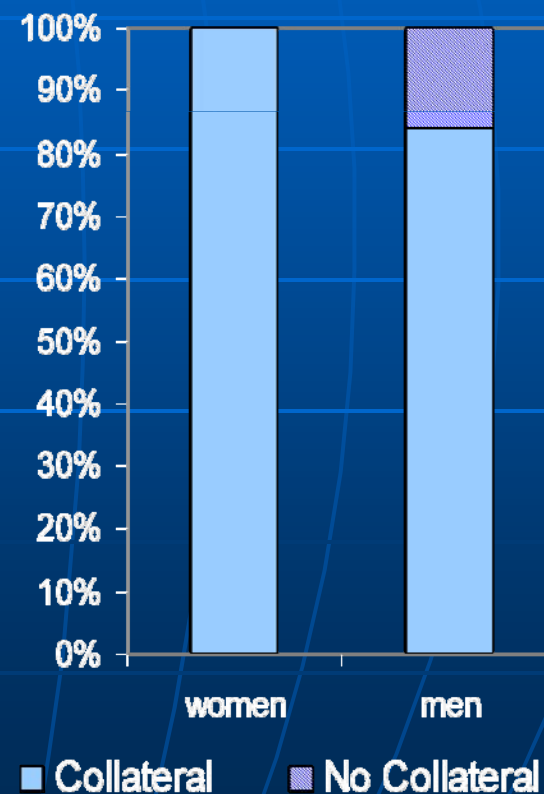


... moreover, *rejection rates* are higher for women. ...  
and banks request more *strict collateral requirements* ...

*Loans Rejection Rates*



*Collateral Requirements*



# Egypt: Enhancing Access to Finance for Micro and Small Enterprises Project

## First World Bank MSE Project in MENA

- A line of credit amounting to US\$300 million for micro and small enterprises
- The operation mainstreams gender through directly targeting disadvantaged women-led businesses and entrepreneurs
- This is done by creating women-only windows of distribution to help minimize the cultural constraints that women entrepreneurs face
- The first project with a comprehensive impact evaluation to show the link between access to finance and poverty reduction, job creation, women empowerment, etc.

**Gender Seal:** Awarding firms with a conducive working environment for women—availability of childcare centers, equal opportunities, health care, security, career development



## Moving Forward, *towards promoting women's access to finance and services in MENA . . . . .*

- Secure an *enabling environment* that facilitates private sector development for both women and men, remove barriers to entry, enhance competition
- *Continue the reform* and restructuring program of the financial sectors in MENA countries, develop further non-bank financial institutions, encouraging the financial sector to play their intermediation role
- Ensure that credit is extended based on the market *without any gender biasness* through capacity building and training bankers
- Address *cultural issues*, and the society's perception of women's roles
- *Improve governance, enhance accountability, and transparency*
- Create a more gender egalitarian environment for economic and social rights, through *inclusiveness in decision making process* (PSD policies)
- Identify best practice, promote it, and support its duplications in other countries

