



**The European Union's project for ENP South Countries  
EUROPEAID/133918/C/SER/MULTI**

**Enhancement of the Business Environment in the  
Southern Mediterranean**

**Survey on Women's entrepreneurship & SME  
development in (Egypt)**

**Prepared by: Heba Nassar**

**Cairo, January 2017**



This project is financed  
By the European Union



A project implemented by  
GIZ IS and Eurecna

### **Disclaimer**

This report has been prepared with financial assistance from the European Commission. The opinions expressed herein are those of the authors and may not represent the position of the Commission.

## TABLE OF CONTENT

### ACRONYMS

1.	INTRODUCTION .....	5
2.	POLICIES TO SUPPORT WOMEN'S ENTREPRENEURSHIP DEVELOPMENT. ....	5
3.	CURRENT INITIATIVES SUPPORTING POLICIES .....	6
4.	RESULTS OF THE INTERVIEWS.....	10
5.	GOOD PRACTICES .....	12
6.	RECOMMENDATIONS .....	14
	BIBLIOGRAPHY .....	17

## Acronyms

ABA	Alexandria Business Association
AUC	American University in Cairo
Amid East	American Mideast Educational & Training Services
AWEP	Arab Women's Entrepreneurship Project (AWEP).
BDC	Banque du Caire
BDSSP	Business Development Services Support Project (BDSSP)
BDS	Business Development Services
BWA	Business women associations
CAPMAS	Central Agency for Public Mobilization and Statistics
CBE	The Central Bank of Egypt
CIDA	Canadian International Development Agency
CGE	Establishment of the Credit Guarantee Corporation
EBI	Egyptian Banking Institute
EMFN	Egyptian Microfinance Network
ETF	European Training Fund
EDP	Enterprise Development Program
FEI	Female Entrepreneurship Index
GAFI	The General Authority for Investments and Free Zones
GEDI	Global Entrepreneurship and Development Institute
GEM	Global Entrepreneurship Monitor
IDRC	International Development Research Centre
IMC	Industrial Modernization Centre
KFW	German Development Bank
LFS	Labour Force Survey
MIC	Ministry of International Cooperation
MFI	Micro Finance Institutions
MSS	Ministry of Social Solidarity
MOF	The Ministry of Finance
NBD	National Bank for Development
NCW	The National Council for Women
NGOs	Non-Governmental Organization
PFS	Productive Families Scheme
SEDO	The Small Enterprise Development Organization
SME	Small and medium enterprise
SMMEs	Small and medium and micro enterprise
SMEPOL	Small, Medium and Micro Enterprises Policy Development
UNDP	United Nations Development Program
UNICEF	United Nations
UNFPA	United Nations for Family Planning
USAID	United States Agency for International Development
WBDC	The Women Business Development Centre
WEDGE	Women's Entrepreneurship Development and Gender Equality

## 1. INTRODUCTION

The Egyptian economy has been witnessing an accelerated change towards a market-oriented economy where the private sector plays the leading role in achieving growth and job creation. This was accompanied by a declining role of the government as a major employer in the economy and has been supported to varying degrees by a series of reforms meant to improve macroeconomic stability, promote more predictable and business-friendly legal and regulatory environments. In this framework, targeted measures have been increasingly implemented in order to accelerate entrepreneurial activity rates in general and among women in particular.

The pro-entrepreneurship and gender sensitive policies were based on the fact that entrepreneurship enhances competition and has external benefits on economy-wide efficiency, innovation, and poverty alleviation<sup>1</sup>. Gender entrepreneurship was seen as one of the main vehicles contributing to job creation, income generation, poverty alleviation as well as enhancing productivity and innovation in the Egyptian economy<sup>2</sup>.

In the framework of the “Enhancement of the Business Environment in the Southern Mediterranean” project (called the EBESM project), an activity on Women Entrepreneurship in a MSME context was implemented. This activity aims at contributing to enhance policies to support women’s entrepreneurship development in the Southern Mediterranean region (MED)<sup>3</sup>, in line with best European approaches, in particular, the Small Business Act for Europe (SBA).

Hence, the objective of this report is to further understand the business environment female entrepreneurs live through in Egypt, as one of the case countries studied, and to understand the difficulties and challenges they face.

The report is based on a survey (person-to-person interviews) of women entrepreneurs to examine in detail the factors affecting their success, failures and development. Specifically, the report will concentrate on non-university-graduate women entrepreneurs. The report also focuses on the role of governmental and non-governmental agencies that provide financial and non-financial support to these women. Lastly, the study aims to enhance the overall business environment for female entrepreneurs through collecting their views on how to make their business better, and ends with a set of policy recommendations.

## 2. POLICIES TO SUPPORT WOMEN’S ENTREPRENEURSHIP DEVELOPMENT

Egypt’s gender gaps in business’ areas are amongst the highest in countries assessed by the “Global Entrepreneurship Monitor” (GEM) program. Egypt has been ranked 66<sup>th</sup> (out of 77 countries) at the Female Entrepreneurship Index (FEI)<sup>4</sup>, a barometer of how gender

---

<sup>1</sup> Nassar H., Economic Empowerment for Women as a means for Poverty Alleviation, Partners in Development, 2016.

<sup>2</sup> Carmen Niethamer, Oderbrecht, Women, Entrepreneurship and the Opportunity to promote development and business, The 2013 Brookings Blum Roundtable Policy Briefs, Enterprising Solutions: The Role of the Private Sector in Eradicating Global Poverty.

<sup>3</sup> This region is composed of the following countries: Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

<sup>4</sup> Global Entrepreneurship Monitor, (GEM) 2014/2015

entrepreneurial friendly a country is. Female entrepreneurs head 11.2% of enterprises in Egypt<sup>5</sup>.

The Egyptian government has initiated a series of reforms to create the suitable environment encouraging entrepreneurship. This took the form of legislative reform to create a more conducive framework to the private sector and entrepreneurship through simpler 'Business start-up procedures' to cut costs for opening a business in Egypt<sup>6</sup>, in addition to reduction of licensing costs and simplifying property registration, greater access to finance and greater opportunities to invest<sup>7</sup>. The Law No. 141/ 2004 for the Development of Small and Micro Enterprises entails various provisions regarding the facilitation of procedures for licensing of enterprises by means of adopting the One-Stop-Shop approach.

The National Microfinance Strategy<sup>8</sup> in 2006 aims at developing a microfinance industry, which provides sustainable financial services to entrepreneurs. Meanwhile current initiatives by the Central Bank in Egypt (CBE) in 2016 are imposing regulations on commercial banks to allocate 20% of their portfolio for entrepreneurs and SMEs with interest rates below 5%.

Egyptian female and male entrepreneurs are enjoying this favourable environment as the Egyptian Constitution foresees gender equality and non-discrimination. Men and women have equal rights to property ownership. Labour laws guarantee many rights for female workers, such as maternity leave, nursing breaks and childcare. However according to 2015 Egyptian Labour Force Survey statistics, women entrepreneurs make up less than 17%<sup>9</sup>. This means that men outnumber women by a ratio of more than 5 to 1. The international average proportion is closer to 2 to 1, suggesting that there is potential in Egypt for a higher number of women entrepreneurs. Moreover, the evaluation from a gender sensitive for the above mentioned policies shows that although these policies are contributing to the overall environment for enhancing entrepreneurship, still small women entrepreneurs need more gender sensitised interventions taking into consideration their particular circumstances, such as insufficient support services, lack of choice, deficiency in social support, networking and role conflicting.

### **3. CURRENT INITIATIVES SUPPORTING POLICIES<sup>10</sup>**

Various governmental and non-governmental and international organisations in Egypt have several initiatives supporting women entrepreneurship whether addressing women entrepreneurs in particular or as a subcategory or initiatives indirectly affecting women entrepreneurs.

#### **3.1 Selected Initiatives that directly and specifically address women entrepreneurs**

---

<sup>5</sup> Terjesen, Siri & Lloyd, Ainsley (2015). The 2015 Female Entrepreneurship Index. Analyzing the conditions that foster high-potential female entrepreneurship in 77 countries. Global Entrepreneurship and Development Institute (GEDI). 2015. <http://thegedi.org/research/womens-entrepreneurship-index/>  
<https://www.enterprisesurveys.org/data/exploreeconomies/2013/egypt>

<sup>6</sup> Ministry of Economy, A Draft National Policy on Small and Medium Enterprises Development in Egypt, 1998.

<sup>7</sup> Mainstreaming the Regulatory Procedures for SMEs: The One Shop Model for SME, Cairo, Ministry of Economy, 2002.

<sup>8</sup> (Planet Finance, 2008)

<sup>9</sup> CAPMAS Labour Market Survey, 2015.

<sup>10</sup> Nasser. Impact of Liberalization Policies on Women in Gender and Trade, Mediterranean Development Forum, Cawthar, Beirut, 2007.

- a) The **Ministry of Social Solidarity** acts through several programs to help poor families and women in particular to participate in productive activities. Its main programmes include, the **Productive Families Scheme (PFS)**, a social project designed to develop the economic resources of families. PFS provides access to production advances to be used in small environmental industries and handicrafts, raw materials are manufactured into products to supply home and foreign markets. Women are the majority beneficiaries of this program.
- In addition, the Ministry of Social Solidarity has always been concerned with assisting poor women in rural and urban areas through women projects in co-operation with international organisations, such as UNICEF, UNFPA and others. The main goals of these projects are to improve the economic and cultural conditions of rural women, to improve their skills and turn them into more productive workers.
- b) The **National Council for Women (NCW)** has the mandate to advance the status of Egyptian women by enhancing their social, economic and political status. The **Women Business Development Centre (WBDC)**, operating under the auspices of the NCW, offers technical, financial, and legal counselling to women at various stages of business development and growth, including administrative, research and marketing support to women seeking to start a business. It is a "One-Stop-Shop" providing women clientele with tools and skills to establish, run and sustain small and medium businesses (SME's), or enter the Egyptian labour force well prepared via training, in addition to assisting working women sharpen their skills for improved performance. For this purpose, WBDC has created a model project, the E-business support centre: Cleostore "www.Cleostore.com", a web portal that helps women entrepreneurs market their products in both national and international markets. WBDC has built also the website www.afkargadida.org to help existing and potential women entrepreneurs to improve- or start- their own business.
- c) **Microsoft** has also partnered with **UNDP**, and the WBDC at the NCW in the Social Innovation Hub, to address the gender gap in Egypt through fostering innovation and entrepreneurship among young women.
- d) **ILO's** project of **Women's Entrepreneurship Development and Gender Equality (WEDGE)** aims at facilitating the provision of practical assistance to help women entrepreneurs<sup>11</sup>.
- e) The **Foundation for International Training** of the **Canadian International Development Agency (CIDA)** had a **Women's Initiative Fund** to assist low income rural women to establish new business ventures through the provision of credit, training and technical assistance.
- f) Founded in 2008, the **10,000 Women Entrepreneurship and Leadership Program at the American University of Cairo (AUC)** is a global initiative supported by the **Goldman Sachs Foundation** that provides women entrepreneurs around the world with practical business education, business advising, and networking.
- g) Another interesting program dedicated to women and administered by **Amid East** is the **Arab Women's Entrepreneurship Project (AWEP)**. This initiative helps women overcome barriers to participation in the business world via access to training, mentoring, and other forms of support<sup>12</sup>.
- h) **Business Women Associations**<sup>13</sup>: There are at least 22 business BWAs in the country offering networking, training and other support to women entrepreneurs. The objectives of women are to adapt a suitable economic business environment, provide technical and legal consultation as well as information for identifying markets.

<sup>11</sup>[http://www.ilo.org/asia/whatwedo/projects/WCMS\\_099683/lang--en/index.ht](http://www.ilo.org/asia/whatwedo/projects/WCMS_099683/lang--en/index.ht)

<sup>12</sup>Business Sweden Dubai, August, 2015, The Swedish Trade and Invest Council

<sup>13</sup> International Labour Organization & Development Cooperation Ireland (2009). Women's entrepreneurship development capacity building guide 2009. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_116179.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_116179.pdf)

- i) **Mahrousa Centre for Economic Consultancy** launched a Vocational Training for Women in Qena Governorate to empower women in running small scale projects and simplifying economic concepts. The Centre had a **Women's Initiative Project** for funding small scale projects of women in Qena governorate.

### 3.2 Selected Initiatives that include women entrepreneurs as a sub-category

- a) The **Social Fund for Development Fund (SFD)**, a major government body to support SMEs, has developed a strategy designed to enable and support the capacity of women entrepreneurs to benefit from loans and facilities offered by the Small Enterprise Development Organisation (SEDO) and also places special emphasis on female-headed households and women's employment. SFD does not implement the contracted projects directly but rather through "sponsoring" agencies: local community agencies, banks and financial institutions<sup>14</sup>.
- b) The **German Technical Cooperation** in partnership with the **Ministry of Trade and Industry** established the **Small and Medium Enterprise Promotion Program** to provide technical assistance for entrepreneurs with special focus on women<sup>15</sup>.
- a) The **World Bank grant for SMEs** aims to sustainably improve inclusive access to finance for SMEs on a commercial basis through a line of credit and apex institutions. The World Bank also has another MSME project called the **Middle East and North Africa Micro, Small and Medium Enterprise Facility**. The Initiative's main aim is to facilitate access to finance entrepreneurship and innovation among youth and females.
- The **Business Development Support Services Project** was established through **Canadian Aid** to foster employment opportunities through SME Development with an emphasis on Egypt's marginalised groups, particularly women and youth.
- c) The **Small Business Support program** of the **European Union** already begun more than 100 projects to help Egyptian business in particular women entrepreneurs.

### 3.3 Selected Initiatives that indirectly but significantly affect women entrepreneurs, including some important SME initiatives

- a) **Egypt Technology Transfer and Innovation Centre** aims at enhancing entrepreneurs in small and medium enterprises. The country also helps entrepreneurs' operations through start up and growth services provided by the Industrial Modernization Centre (IMC)<sup>16</sup>.
- b) Banking Sector: The **Central Bank of Egypt** has been working on encouraging banks to lend to SMEs by allowing them lower reserve requirements if they expand their lending<sup>17</sup> to these enterprises. Under half of Egypt's banks have activity in SME banking. These include the National Bank of Egypt, Banque Misr, Bank of Alexandria, Suez Canal Bank, United Bank, HSBC, the Commercial International Bank, and Banque du Caire (the microfinance pioneer).
- c) In supporting entrepreneurship in Egypt, the Government of Canada and the Government of Egypt established a project named "**Small, Medium and Micro Enterprises Policy Development**" (SMEPOL) at the **Ministry of Finance** for advising on SMEs policy issues.

---

<sup>14</sup> Nassar H. & Heba El Laithy, 2008.

<sup>15</sup> Nassar, H. 2004

<sup>16</sup> OECD ,Conference of Ministers responsible for Small and Medium-sized Enterprises (SMEs) Promoting Entrepreneurship And Innovative SMEs In A Global Economy: Towards A More Responsible And Inclusive Globalization, Istanbul, Turkey 3-5 June 2004

<sup>17</sup> Hala El Said, Mahmoud Al Said, Chahir Zaki, "Small and Medium Enterprises Landscape in Egypt: New Facts for a New Dataset," 2012

- d) **International Finance Corporation (IFC)-Business Edge** is a suite of specialized training products and services that can be combined flexibly to create management training programs for entrepreneurs.
- e) The **European Training Foundation (ETF)**<sup>18</sup> is actively engaged in enhancing capacities of providers of business support services to young potential and new entrepreneurs in MEDA partner countries. **El Mobadra** is the national partner for the ETF in Egypt that targets capacity building of NGOs engaged in supporting entrepreneurs in small, medium and micro enterprise development programs or related activities.
- f) **USAID- Small and Micro-Enterprise Lending Programs** in Egypt relies on two approaches in microfinance in Egypt: The Foundation Model and Bank Model. The Foundation model was designed to establish private non-profit, community-based organisations (for example: Alexandria Business Association to act as financial intermediaries for micro and small enterprises. The bank model is implemented through National Bank for Development (NBD) and also through Banque du Caire. In addition USAID introduced a **Poverty Lending Model** for the delivery of credit to the “poorest of the poor entrepreneurs”.
- g) **Microsoft: Small and Medium Enterprise Businesses Development Program** aims at empowering entrepreneurs in particular women entrepreneurs through the use of ICT to enhance their productivity, increase market share, and open new opportunities<sup>19</sup>.
- h) The **Aga Khan Foundation** provides access to financial and non-financial products and services in rural and urban areas in Darb al Ahmar District.
- i) **Bedaya Centre for Entrepreneurship and SME Development** promote the early stage growth of business through: 1) business clinics that provide business development services; 2) private equity investment funds smart capital; and 3) a Start-up Academy.

These initiatives show the following:

- Many existing services are **gender-neutral**, while women have their special conditions as breadwinners and mom-entrepreneurs with conflicting roles.
- In spite of all these initiatives, it was found that there is a **shortage of business development services (BDS)** and for the most part, **women are not aware** of services available to them.
- Although subsidised interest rates can be very helpful to women entrepreneurs during the early stages we found that the programs<sup>20</sup> with **interest rates below market levels may create unsustainable dependencies** if funds quickly deplete and women entrepreneurs are sheltered from market forces.
- Despite the Central Bank’s encouragement to support entrepreneurs, **incentives for banks to build women’s portfolios are still weak** due to high cost, high risk and lack of innovation of women small business<sup>21</sup>.
- **Lack of coordination among governmental and semi-governmental entities** on different levels. For example, entrepreneurship support program stakeholders include the Ministry of Economy and Foreign Trade, Finance, Social Solidarity, Local Administration, the banking sector, SFD and a host of NGOs. There is no consensus among these entities as to who should be the target in a complimentary manner.

<sup>18</sup>European Training Foundation, Overview of Management Development Support for SME Growth in The Mediterranean Region: The Egyptian, Jordanian and Lebanese cases (Torino : European Training Foundation) ,2000

<sup>19</sup><http://www.un.org/youthenvoy/2016/01/1st-social-innovation-hub-in-egypt-focused-on-women-entrepreneurs-opens-its-doors/>

<sup>20</sup>Several M/SME lending programs sponsored by national and international entities offer loans below market interest rates – though initially attractive to M/SME’s,

<sup>21</sup> Micro, small and medium enterprises in Egypt Entrepreneurship Business Procedures and Value Chain Analysis Creative Associates International, August 2014

- **Factors of sustainability** are difficult to observe in most initiatives as they depend on foreign financing, which can end and terminate the initiative as well<sup>22</sup>.
- Though Egypt has plenty of programs and initiatives supporting women economic empowerment, **no clear policy has been drawn with priorities and programs at national and regional level.**

#### 4. RESULTS OF THE INTERVIEWS

This section is based on information that was collected through face to face interviews. Twenty-two interviews were conducted over three weeks, from x to x 2016. This sample is not representing the case of all women entrepreneurs in Egypt as three conditions were prerequisites for the selection of women entrepreneurs:

- Females who have not received any university education;
- have a business;
- which they are controlling in terms of management.

##### 4.1 Interview Results<sup>23</sup>:

###### A- Personal characteristics:

Women entrepreneurs in our sample are concentrated in the age bracket 25-55 years with some exceptions, mostly entering the business after they have got married. 95% of the sample are married and have children. Almost all come from low-income families, where most mothers are housewives and most fathers are self-employed. Most entrepreneurs interviewed have **intermediate education with low mobility levels.**

- **Reasons for entrepreneurship:** Based on the interviews, most women chose their economic activity, because it was **suitable for their family conditions**, while others chose it because they **have experience or enjoy support of their families**. The survey reveals that 80% of the respondents started their business themselves, compared to 20%, who took on family business.
- **Women entrepreneurship:** What was really surprising is being a woman was not at all deterrent to being an entrepreneur. It seems that female entrepreneurs face less gender-related obstacles as a young female entrepreneur who received funds from the Federation of Egyptian Industries mentioned: "I'm under the impression that there are no major gender gaps between young female and male entrepreneurs". The majority of interviewed women are also the sole managers of their enterprises but all of them are the major decision maker<sup>24</sup>. Partnership, where it exists is usually a formality between immediate family relatives. Also a significant percentage of the women entrepreneurs interviewed were bound inside the four walls of the household and confined in certain fields of work. They have agreed that some societal expectations have forced them to start a business, which can be dealt with from the comfort of their own house. The most striking characteristics of this kind of entrepreneurship is that women do not give themselves an income, as their profits are their living means to spend on their families.

<sup>22</sup> Ministry of Economy, 1998

<sup>23</sup> The interviews took place within NGOs' premises or at women's business in Cairo as well as in Sharqia governorate; in addition to public exhibitions, where entrepreneurs displayed their products. Interviewed women were selected from those who received funding or training from NGOs or women business association or the Ministry of Manpower.

<sup>24</sup> Most studies on women entrepreneurs show that they reject the idea of having a partner in their business only between immediate family relatives (El Meehy, T. 2003)

## **B- Characteristics of the business:**

Almost half of the interviewed females dealt in garment making and jewellery, which is considered to be one of the most successful and sustainable businesses. The second most common business for interviewed women is children and women clothing, while the third common business type is silver accessories, handicrafts, and handmade embroidery.

The majority of the sample is performing their business at home on an informal basis. This means that the majority is not covered by social or health insurance. Most businesses surveyed are characterized by low start-up capital and low profits as well. Inadequate physical space for performing the business has been another characteristic of the sample.

- **Labour.** Two of the interviewed women, who had a successful garment-related business, were able to hire more than a dozen permanent employees. The rest of the survey more likely employed only one to three workers. However, women who have a relatively larger business in the survey seem to face difficulties with employing skilled labour; most of their workers are unskilled and in some cases seasonal, which can be a constraint against growth.
- **Business Prospects:** Almost 70 percent of the respondents declared being optimistic about the development of their business. A majority of respondents stated that they intend to expand their business in the coming months. Most of them are satisfied with how they run their businesses. They've also stated how revolutionary information and technology have made a significant change in the status of women entrepreneurs in society. However, the difficult economic conditions were found to be serious obstacles against the growth of their business.

## **C- Recommendations from the interviewed women:**

A set of recommendations have been derived after conducting the interviews, where all women have unanimously demanded that the government should control the ongoing surge in prices that's taking place across the country. The price increase has affected all their costs from electric to water bills, as well as the cost of their raw materials and their means of transportation. This increase was a result of the liberalization of the Egyptian pound on the 3<sup>rd</sup> of November, which has led to a decrease in the value of the Egyptian pound and a high inflation rate.

Moreover, they've recommended that NGOs would offer them individual loans instead of the collective loans that most of them are enrolled in. Also their number two recommendation for NGOs and for local authorities was to hold more public exhibitions to support women entrepreneurs with marketing challenges.

### **4.2. Final Attributes of Women Entrepreneurs from the survey:**

- ✓ It is important to mention that though at the national level women's participation in small and medium enterprises is low, the main observation from the survey is that entrepreneurship provides women a satisfaction and a deep sense of accomplishment to create their own individuality in society.
- ✓ Women entrepreneurs in the sample are prepared to learn from others, explore for help from experts that add value to their business. Women in the survey appreciate collaboration, they are keen to have connections and they communicate among themselves to learn from others' experiences.
- ✓ Most women entrepreneurs interviewed were good at balancing different facets of life, such as shuffling their work and household demands. Their multitasking ability

blended with support from spouse and relatives empowers them to bring together the business priorities with domestic obligations proficiently and expeditiously<sup>25</sup>.

## 5. GOOD PRACTICES

Four main factors can be depicted from the survey as factors leading to success: 1- Family support, 2-Opportunities of training, 3- networking and 4-access to markets.

**Family support:** has been a very important factor for most women in the survey. The support of the family can be through encouragement, moral support, help in housework or material support like running their business in a shop owned by the family. A woman was selling her products in the family shop, where her husband was supporting her at home and in the shop as well. Actually the support of all family members is a determinant factor in the realization of women business aspirations. A relatively successful experience was the leather business of two interviewed entrepreneurs which had a flourishing business through the manufacturing of genuine leather products; ranging from handbags, shoes, jackets...etc. Both entrepreneurs inherited the craft from their families and relatives, while working in tanneries at a very young age. Another woman entrepreneur from Menoufia, ran a carpet manufacturing industry supported by her husband. She and her husband received multiple loans from the Social Fund for Development (SFD) to develop their business. The support of her family enabled her to continue the business even during times of inflation.

- **Opportunities of training** was a factor for success for several women, who have got training through the Salheya Initiative for Women Economic Empowerment and through the Social Fund programs<sup>26</sup>. Several women after training in the above mentioned Initiative decided to enlarge their small business by processing and selling new food and dairy products or embroidery items instead of buying readymade production inputs, which could reduce their costs by 50%. Moreover, during the training course, they created new friendships with other trainees and formed social networks with representatives of NGOs, which was important for the development of their business.
- **Networking** with other entrepreneurs was important for many women in the survey, who through joining networks of females of medium business learned about new fashionable techniques of sewing and acquired various skills that helped them improve the quality of their products, as well as produce new styles of clothes for children and women. This linkage between micro, small and medium business enabled them access to new markets in various governorates. Their success is reflected through their widespread retail sales throughout the country.

---

<sup>25</sup> See Women Entrepreneurship :Best Practices, Regional Center for Gender Equality , Zagheb, 2014

<sup>26</sup> Salheya Initiative for Women Economic Empowerment

- **Access to markets:** Furthermore, interviewed women seem to have all agreed on marketing as a major reason for their growth and sustainability. Organized exhibitions are very important to enable entrepreneurs to display and sell their products and increase their profits. Adding on, all interviewees stated their desire to participate in more exhibitions; in order to help them out with broadening their base of clientele.<sup>27</sup>

## 5.2. Failure stories of several women entrepreneurs.

In general; 1) inadequate institutional and regulatory environment, 2) lack of finance, 3) lack of BDC, 4) lack of access to information and technology 5) lack of business, subcontracting and franchising, 6) balancing business and family life, 7) increase in the prices

- **Inadequate Institutional, Legal and Regulatory Environment:** In our interviews several women could not register their business, as her knowledge of legislations was limited. This explains why reports indicate that doing business in Egypt is still challenging<sup>28</sup>, though significant efforts exist to streamline business-related procedures. Also while regulatory and legal constraints are common for all private businesses in Egypt, they are particularly detrimental to women start-ups. This is because they are less equipped to deal with problems arising from regulations since they have weaker capacities than larger firms to deal with the complex regulatory and bureaucratic networks<sup>29</sup>. This was quite a major observation in the survey as well.
- **Lack of finance:** Most of the interviewed women face difficulty in getting loans, because they are start-ups, operate in non-standard markets, lack credit history, have inadequate collateral and need long-term capital. All entrepreneurs interviewed have never got a bank credit. The majority mentioned that their initial capital and their working capital requirements come from private savings, family and retained earnings once the business is operational. NGO or Social Fund loans are second additional option for financing women business. In addition, they lack the capacity to utilize resources effectively as their yield may just cover costs of the projects, family needs and living expenses, but 90 percent of them do not allocate a certain income for themselves. This will lead to an unsustainable business, in case of financial problems. High interest rates and limited market demand are also deterring small borrowers in our survey.
- Moreover, very few women have the **tangible property in hand** and most all women interviewed expressed their wish to be able to receive more funds or credits, as even properties of their business are owned by their families or their husbands. Lack of financial means prevents use of modern technology. NGO branches are relatively more active than banks. No single woman from the survey received a bank loan. Our explanation for that is that commercial banks conduct their business through a number of branches that are usually located in the major cities only and do not have the sufficient trained staff or systems required to track the different sized loans in vulnerable areas.<sup>30</sup>
- **Lack of BDS:** Nearly all women entrepreneurs lack awareness of non-financial services that can assist them in expanding their business.<sup>31</sup> From our point of view information regarding cheap channels for obtaining inputs and access to wholesale

<sup>27</sup> Ministry of Economy, 1998

<sup>28</sup> Women empowerment through business member organizations through business member organizations Egypt's Landscape 3 best business regulation.

<sup>29</sup> Women empowerment through business member organizations: Egypt's Landscape 5

<sup>30</sup> UNDP, 2003.

<sup>31</sup> El Mahdi, Alia and Ali Rashed (2007) "The Changing Economic Environment and The Development of The Micro and Small Enterprises In Egypt 2006", ERF Working Paper 0706.

trade is an important factor that should be offered in business development services(BDS)for small and medium entrepreneurs as most women in our survey suffered from the increase in the prices of inputs.

- **Lack of Access to Information and Technology:** The inability to upgrade the utilized technology, as well as tap on the resources of information on market trends, consumer preferences, product specifications ...etc. reduces the competitiveness of those entrepreneurs. Only eighths of the interviewed women used IT in marketing. Also given their weak resource base and their relatively inadequate education, most surveyed women lack the interest and ability to tackle sources of relevant information on new products, consumer trends, and technological development.<sup>32</sup>Women entrepreneurs in this sample encounter significant marketing constraints due to lack of information to current marketing channels, networks, public contracts and wider markets.<sup>33</sup>
- **Lack of linkages, subcontracting and franchise system** with larger and more sophisticated local and international partners is a main reason for failure of several entrepreneurs, who could not grow because of they could not compete at the national level when entering exhibitions.<sup>34</sup> This may lead to **stiff competition and lack of competitiveness** as most women entrepreneurs agree that they are not aware of the specification and modifications needed in the product to be marketed nationally or internationally. Thus they have to face stiff competition for marketing their products vis-à-vis products of the formal business. Subcontracting and franchising is an effective solution in this case.
- **Balancing Business and family life:** Though most women had enjoyed family support but balancing business and family life was regarded as a main obstacle for achieving mobility needed for expansion of the business. Mothers who start businesses have to simultaneously run their families and their companies. "Mompreneurs" have dual responsibilities to their businesses and to their families, and finding ways to devote time to both was their key challenge.
- **Finally increase of the prices of inputs**<sup>35</sup> has been reported as the greatest hurdle to women entrepreneurs of all sizes in the country. The interviews took place in November and beginning of December after the repercussions of the liberalization of the exchange rate on the 3<sup>rd</sup> of November 2011.Increase in the prices of inputs was significant as small entrepreneurs may not be able to increase the prices of their products accordingly due to the nature of their market. This sector is vulnerable and any external shock such as inflation can lead to a closure of their business. In this case social risk management schemes and mitigation policies are required to eliminate failure stories<sup>36</sup>

## 5. RECOMMENDATIONS

Despite a challenging context, evidence from the survey indicates that women entrepreneurship is on the rise and has become an attractive employment option<sup>37</sup>

---

<sup>32</sup>This part depends on Ministry of Economy (2002) "Streamlining the Regulatory Procedures for SMEs : The One Stop Shop Model" Cairo , Ministry of Economy

<sup>33</sup>Nassar,H.2002

<sup>34</sup>Franchising is a contractual relationship between a franchisee (usually taking the form of a small entrepreneur ) and a franchiser (usually a business ), in which the former agrees to produce or market a product or service in accordance, with the franchiser using the business system developed by the company

<sup>35</sup> Ministry of Economy, 1998

<sup>36</sup> Heba Nassar, "Social Risk Management in Egypt, in: Rising to the Challenge: Regional Crisis and Economic Management in Egypt", eds. H.Nassar and H.El Said, Center for Economic and Financial Research and Studies, Faculty of Economics and Political Science, Cairo University

<sup>37</sup>Women Empowerment through business member organizations: Egypt's Landscape

The second main observation of the interviews shows that there are two major challenges with respect to women entrepreneurship: The first is the creation of a cultural, social, and economic environment that is more favourable to the emergence of women as entrepreneurs and the second is to ensure that women entrepreneurs have adequate access to the resources needed for sustainability and growth, that is information on domestic and foreign markets and financing sources and business development services.

## 6.1 At the Macro Level:

### Formulating a Clear Policy Framework:

It was clear from the report that though there are several initiatives to enhance business environment to women, there is still no clear policy. The first step towards entrepreneurship development is to set a clear policy framework that reflects the needs of this sector with all the challenges and prospects that this sector faces with priorities, programs and with specific roles for the different stakeholders to coordinate all efforts in a roadmap for developing this sector<sup>38</sup> The policy will ensure that existing and new policies are sufficiently resourced, better coordinating women's entrepreneurship policies across ministries, and giving women's associations a stronger voice in the public-private dialogue to integrate a developed access to childcare and other facilities into national programs to help ease the burden of women entrepreneurs that find difficulties in managing a work-life balance.<sup>39</sup>

- Increased Effective Representation of Women small Entrepreneurs: As women small entrepreneurs remain outside the scope of SME development policies and programmes, their businesses remain slim as shown in this survey. This is why their voices have to be heard and they have to be incorporated in<sup>40</sup> the policy formulation mechanism. One such example is to include representatives of small business owners in governing bodies of selected women entrepreneurs initiatives at the local level(SFD and NCW local branches) to understand better their constraints and needs.<sup>41</sup>
- Micro Finance Development as an important means for financing women entrepreneurs projects:<sup>42</sup> Expansion of the government loan guarantee programs including leasing, improvement of micro-credit facilities, and improved access to credits in rural areas for women and higher risk small and micro business is important<sup>43</sup>. Small and specialized banks appear to have stronger institutional commitment to micro-finance. Special funds for remote areas to assist enterprise development in deprived areas and amongst under-represented women groups must be addressed. The most famous programs to enhance effective micro-finance to women are programs aiming to establish pilot funds for start ups' expenses<sup>44</sup> and partial guarantees which can be useful in encouraging banks and private investors to enter into small business lending.<sup>45</sup>

### 6.2. At the meso and micro levels:

- Integrate technological and information services in BDS: IT and new technology has been proven to be an efficient tool for marketing in particular that most

---

<sup>38</sup>Ministry of Economy, 2002

<sup>39</sup> European Training Foundation, 2000

<sup>40</sup> United Nations, Promoting gender equality and women's economic empowerment on the road to sustainable development : good practices from the UNECE Region, 2012

<sup>41</sup>Ministry of Foreign Trade, 2004

<sup>42</sup> Nassar, Heba (2004)

<sup>43</sup> Ibid

<sup>44</sup>UNDP,2003

<sup>45</sup> Ministry of Economy,2004

business surveyed is informal business.<sup>46</sup> Business development services for small entrepreneurs should include information about markets, preferences, trends, business opportunities and emerging opportunities, technical and business management training, access to business networks and online marketing.

- Promotion of Linkages between Small and Large Entrepreneurs: Linkages and networking is an important measure to support small women entrepreneurs in their business as observed in the survey. Benefits that SMEs can derive from linkages include: Knowledge transfer from the buyer to the seller on which products are in demand, new production technologies and techniques, product standards and specifications, raw materials and machines and how/where to obtain them. Access to more dynamic and larger markets. Increased revenues resulting from higher sales. Increased productivity as a result of exposure to technical and managerial improvements hindering exporting.
- Encourage Partnerships between Banks and NGOs<sup>47</sup>: As most women interviewed had an access to NGOs , the encouragement of partnership between banks and NGOs will serve them to combine the bank's financial management skills and links to broader financial markets with the experience of NGOs in entrepreneurs lending. Over time, NGO programs can receive bank loans without external guarantee, using their own loan fund and loan assets as securities. On the other hand, banks can channel significant amounts of loans through NGO, who may bear the transaction and operational costs in return for a fee or a share in generated revenues.

---

<sup>47</sup>OECD 2004

## **Bibliography**

1. Business Sweden Dubai, August,2015, The Swedish Trade and Invest Council
2. Doing Business Sub national (World Bank and International Finance Corporation), Doing Business in Egypt Report 2014
3. Egypt Entrepreneurship Study, Business member organizations (BMO) are non-profit, voluntary and member based organizations of entrepreneurs, who come together to pursue common interests and strengthen their capacity to have a voice. Source: International Labour Organization& Development Cooperation Ireland ,2009.
4. Nassar, Heba "The Institutional Framework for Microfinance Development in Egypt", 2004
5. El Mahdi, Alia and Ali Rashed "The Changing Economic Environment and The Development of the Micro and Small Enterprises In Egypt 2006",
6. El Said,Haid Mahmoud Al Said, Chahir Zaki, "Small and Medium Enterprises Landscape in Egypt: New Facts for a New Dataset," 2012
7. ElMeehy. Tamer, Enhancing SMEs Competitiveness in the 21<sup>st</sup> Century: A Proposed General Policy Framework for SME Development in Egypt. Presented to The Ministry of Foreign Trade &Micro, Small & Medium Policy Development Project (SMEPOL),2003
8. ElMegharbel, Nihal (2008) "Enhancing the linkages between Small, Medium & Large Enterprises in the Egyptian Manufacturing", ECES WP no.(140), October 2008
9. Entrepreneurship Policies in Egypt, This article covers the best practices and needs for reform in entrepreneurship policies in Egypt.
10. ERF Working Paper 0706. ERF, Micro and small economic surveys (ERF) (Alia el Mahdi , Kamal Hamdan,2002-2004
11. European Training Foundation, Overview of Management Development Support for SME Growth in The Mediterranean Region : The Egyptian, Jordanian and Lebanese cases (Torino : European Training Foundation) ,2000
12. Global Entrepreneurship Monitor,(GEM) 2014/2015
13. Mainstreaming the Regulatory Procedures for SMEs : The One Shop Model for SME, Cairo ,Ministry of Economy, 2002
14. Ministry of Economy , A Draft National Policy on Small and Medium Enterprises Development in Egypt (Cairo : Ministry of Economy),1998
15. Micro, small and medium enterprises in Egypt, Entrepreneurship Business Procedures and Value Chain Analysis, Creative Associates International, August, 2014
16. Ministry of Economy , A Draft National Policy on Small and Medium Enterprises Development in Egypt (Cairo : Ministry of Economy),1998
17. Ministry of Economy , Streamlining the Regulatory Procedures for SMEs : The One Stop Shop Model (Cairo : Ministry of Economy),2002
18. Ministry of Economy ,A Draft National Policy on SME Development in Egypt,1998
19. Ministry of Foreign Trade, Increasing Competitiveness For SME Exports in Egypt: General Framework and Action Plan,2004
20. Nassar , H. "Summary of Existing Knowledge on Micro and Small Enterprises",2002
21. Nassar H., Economic Empowerment for Women as a means for Poverty Alleviation, Partners in Development, 2016
22. Nassar Heba and Heba El Laithy , "Social Risk Management under Economic Transition: Formal, Informal and Market Based Arrangements",2008
23. Nassar,H. And Manal Metwally, Growth and Sustainability of Micro Borrowers through Integration with small enterprises ,Cairo ,UNICEF and Centre for Economic and Financial Research and Studies 1999.

24. Nassar, H. "Impact of Liberalization Policies on Women" in Gender and Trade, Mediterranean Development Forum, Cawthar, Beirut, 2007
25. OECD, Conference of Ministers responsible for Small and Medium-sized Enterprises (SMEs) Promoting Entrepreneurship And Innovative SMEs In A Global Economy: Towards A More Responsible And Inclusive Globalization, Istanbul, Turkey 3-5 June 2004
26. PlaNet Finance, National Impact Survey of Microfinance in Egypt, 2008
27. Promoting Gender Equality and Women's Economic Empowerment on the Road to Sustainable Development: good practices from the UNECE Region, United Nations, 2012
28. Terjesen, Siri & Lloyd, Ainsley, The 2015 Female Entrepreneurship Index. Analyzing the conditions that foster high-potential female entrepreneurship in 77 countries. Global Entrepreneurship and Development Institute (GEDI). 2015.
29. United Nations, Promoting gender equality and women's economic empowerment on the road to sustainable development : good practices from the UNECE Region, 2012
30. UNDP, Microfinance Sector Development Approach, Government of Arab Republic of Egypt, United Nations Development Program, United Nations Capital Development Fund, United States Agency for International Development, and KfW –Kreditanstalt fuer Wiederaufbau, March/April, 2003.
31. Willem Adema et al, Enhancing Women's, Economic Empowerment through Entrepreneurship and Business Leadership in OECD Countries, OECD 2014
32. Women empowerment through business member organizations: Egypt's Landscape 5
33. Women empowerment through business member organizations through business member organizations: Egypt, s Landscape 3 best business regulation.
34. Women Entrepreneurship :Best Practices, Regional Centre for Gender Equality, Zagreb, 2014
35. Women's entrepreneurship development. Capacity Building Guide. Several M/SME lending programs sponsored by national and international entities offer loans below market interest rates – though initially attractive to M/SME's, 2009
36. World Bank (2013). <http://thegedi.org/research/womens-entrepreneurship-index/> , Egypt. Country Profile 2013. 201

<https://www.enterprisesurveys.org/data/exploreeconomies/2013/egypt>

[http://www.ifc.org/wps/wcm/connect/news\\_ext\\_content/ifc\\_external\\_corporate\\_site/news+and+events/news/unlocking+the+potential+of+women+entrepreneurs+in+egypt](http://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/unlocking+the+potential+of+women+entrepreneurs+in+egypt)

[http://www.ilo.org/addisababa/media-centre/news/WCMS\\_419660/lang--en/index.htm](http://www.ilo.org/addisababa/media-centre/news/WCMS_419660/lang--en/index.htm)

<https://www.bbh.com/en-us/insights/the-business-of-self--best-practices-for-women-entrepreneurs/12332>

<http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/women-entrepreneurs-are-key-to-accelerating-growth>

[http://www.ilo.org/asia/whatwedo/projects/WCMS\\_099683/lang--en/index.htm](http://www.ilo.org/asia/whatwedo/projects/WCMS_099683/lang--en/index.htm)

<http://www.aucegypt.edu/news/stories/auc-partners-goldman-sachs-empower-women-entrepreneurs>

<http://www.un.org/youthenvoy/2016/01/1st-social-innovation-hub-in-egypt-focused-on-women-entrepreneurs-opens-its-doors/>

<http://www1.aucegypt.edu/src/wsite1/PROJECT/ProjectList.asp?SortType=7>