

## Concept Note

# Women's Entrepreneurship & MSME Development in the Southern Mediterranean Region

## 1. Introduction

The project "Enhancement of the Business Environment in the Southern Mediterranean" (EBESM) aims at improving the business enabling environment for Micro, Small and Medium Enterprises (MSME) in the South Mediterranean Region (MED).

During its third year of operation in 2016, EBESM will launch the Women Entrepreneurship activity in a MSME context. This activity aims at enhancing policies to support women's entrepreneurship development in the MED Region (or at enhancing the policy framework for women entrepreneurship development), and at giving a stronger role to women in the social and economic development of the region. This is expected to increase the number of women starting businesses, thus contributing to reducing unemployment and poverty.

As in the European Union (EU), Micro, Small and Medium-size Enterprises (MSME) in this region are the backbone of the economies and the biggest employers. Hence, supporting MSME development is expected to contribute to job creation and inclusive growth.

Unemployment, in particular among the youth and women, is one of the most pressing problems of the MED region; therefore, attention shall be paid to evidence regarding the economic potential of women's integration into the economic life.

According to a study carried out by McKinsey Global Institute in September 2015<sup>1</sup>, the equal participation of women and men in the economy has the potential to add up to 2.7 trillion USD, or 47 per cent, to annual GDP, in the Middle East and North Africa (MENA) by 2025. Taking into account that women's labour force participation in MENA is, at a rate of 24 per cent, the lowest in the world, a number of different approaches are necessary to bridge the gap and realise the potential.

During the past ten years, when thinking about MSME development and women's economic integration, many donors have focused on entrepreneurship programs for women (only 12 per cent of women in MENA run their own business compared to 31 per cent of men, OECD 2014<sup>2</sup>). Several programs and studies run by the EU, the Organisation for Economic Co-operation and Development (OECD), the World Bank (WB), the United Nations (UN), the International Labour Organisation (ILO) and bilateral donors focused mainly on capacity development and the provision of specific services for women entrepreneurs.

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<sup>1</sup> See: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

<sup>2</sup> See: <http://www.oecd.org/publications/women-in-business-2014-9789264213944-en.htm>

While initiatives to support women entrepreneurs are many, policy measures in most MED countries are still weak, and cultural obstacles to women setting up their business remain a challenge. More efforts are therefore required to improve the policy framework with respect to women entrepreneurship development, by building on the work that has been carried out by international donors or institutions, in particular the EU, OECD, WB, UN, etc. as well as on good practice examples.

## **2. Objectives and Approach**

The overall objectives of this activity are to contribute to reducing unemployment and poverty in the MED region by enhancing policies to support women's entrepreneurship development. This is expected to substantially increase the number of women starting businesses in the MED region.

In particular, this mission aims at identifying main obstacles and challenges faced by women entrepreneurs to initiate or develop their business, and also to identify success stories that could be used as models for good practices. It will collect, through surveys in each country, empirical evidence on the impact of existing policies on women setting up businesses to help improve existing policies.

This, in turn, will help local authorities represented by the SBA Coordinators and the members of the Working Group on "Women Entrepreneurships" to enhance the policy framework for women entrepreneurship. It will help as well grassroots women and/or entrepreneurs associations become vocal in advocating specific public policies for supporting women's entrepreneurship in the MED region.

## **3. Implementation**

To reach objectives, this activity will be deployed as follows:

### **3.1 Policy-oriented regional study**

A regional study in the eight MED countries namely, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, and Tunisia, will be carried out in several phases as follows:

#### **A- Survey at country-level**

A survey will be launched in each MED country to collect empirical evidence on the impact of existing policies on women entrepreneurship. The survey (person-to-person interviews) will identify women entrepreneurs from different socio-economic backgrounds and examine in detail factors affecting their successes, failures and development. Specifically, it will identify women from low, middle and high-income categories from various sectors. Given that recent studies have focused on high-income or university-graduate women entrepreneurs, it would be appropriate to have the sample in each country concentrate on low and middle-income, or non-university-graduate women entrepreneurs. We need to learn more about this potentially large group of women entrepreneurs in the region.

Women in the MED region may decide to embark on a course of entrepreneurship by necessity or by choice. The first situation, which may be the more prevalent one, is when an “entrepreneurship” job is the only option available against a condition of unemployment or even destitution. The second situation is different, with women deciding to take risks for business achievement but other options may be open to them. The survey will focus more on the first group, where women are more likely to belong to small or medium-income categories and/or not to have university or specialised degrees.

The size of the sample will be determined at a later stage, based on preliminary investigations in each country. Focus groups/workshops at sub-regional levels could be subsequently organised to share experience and help improve policies at the country level. Based on these discussions, recommendations will be formulated for the MED region on ways to enhance the situation with regard to the promotion of women entrepreneurship.

This survey should build on information gathered from available studies, in particular the 2014 OECD report “Women in Business 2014” and the 2016 UNIDO preliminary report “Promoting Women empowerment for inclusive and sustainable development in the Middle East and North Africa region”, carried out in the framework of the UfM “Women Empowerment” Initiative, and will be conducted by the EBESM project with the support of two centralised senior experts and eight (8) junior resident experts (one in each MED country).

Senior experts: one gender specialist and one economist. Their main tasks will be to conceptualise, design and elaborate questionnaires, analyse results and issue policy recommendations with a clear work plan for implementation as well as to draft the final report.

Resident Experts: their main tasks will be to (i) compile a bibliography of all studies, initiatives, projects, pertaining to this activity; (ii) Identify main stakeholders as well as grassroots and effective women and/or entrepreneurs associations in their country; (iii) compile a list of women entrepreneurs to be interviewed, with the support of the SBA Coordinators, women and/or entrepreneurs associations and main stakeholders; (iv) administer the questionnaire provided by the Project; (v) draft a preliminary country national report on key findings and policy recommendations, as per a template provided by the Project and under the guidance of the Project manager and the senior experts.

The survey is expected to be launched by the end of August 2016 and finalised during October 2016.

## **B- Identification of EU good practices in the area of Women Entrepreneurship**

Good practices that have supported women entrepreneurship in some EU countries will be identified for benchmarking purposes, and could be used as good examples for policy making in the MED region.

At the time of drafting this concept note, it is envisaged to select Germany, Belgium and Spain as EU countries for comparison purposes. However, other countries could be added

at a later stage on the basis of availability of data and information. This identification process will be carried out by the Project with a support of a senior expert in gender studies, and will be carried out during the period of the survey.

### **C- Final report**

A final report with a detailed analysis will be produced by the Project, supported by data collected from the eight-country surveys and the examples of EU good practices selected. The aim of the Report is to issue evidence-based policy recommendations for local authorities. In addition, this Report will be very useful to women associations as a negotiation and policy tool to ensure that their views are objectively voiced and to advocate for specific policy implementation.

The report is expected to be finalised in May 2017.

### **D- Indicators to measure/assess policy implementation**

Lastly, based on the results of the report and its key findings, ETF (the European Training Foundation) will develop indicators in the context of the SMEs policy index based on the Small Business Act for Europe (SBA) framework to assess and measure the implementation of women entrepreneurship policies.

## **3.2 Regional seminar**

Based on the results of the Report, a regional seminar will be organised to discuss policy options and instruments in order to enhance the policy framework for women entrepreneurship development. The regional seminar will take place in early 2017, date to be confirmed at a later stage, and will be conducted by the Project Manager and the senior experts.

## **3.3 Sub-regional seminars**

Finally, policy recommendations will be further fine-tuned at a national level through sub-regional workshops during which country-specific actionable recommendations will be formulated. The Report will be distributed and discussed at the country level, with in-country seminars to be organised after the regional seminar, tentatively starting in September 2017.

Following the completion of the Report and the seminars, technical assistance could be provided by EBESM in order to structure a Public-Private Dialogue (PPD) mechanism to enhance policies favourable to women entrepreneurs.

This activity will be carried out in coordination with the existing platforms and mechanisms such as the UfM, OECD, UN Women, the Arab League, etc.