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# Unleashing the Potential of Women Entrepreneurs in Egypt

Position Paper on Women Entrepreneurship Development (WED)







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This paper does not constitute in any way an official position of the ILO.



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## Background and Context

Promoting Women's Entrepreneurship Development (WED) is a strategic and practical way to promote job creation and advance gender equality, and therefore assist in meeting Egypt's and the Federation of Egyptian Industries' (FEI) commitments and ambitions in regard to both. There is also a clear economic and business rationale for promoting WED. First, irrational prejudice based on sex can serve to exclude half of the population from the economy, with inevitable negative impacts. Secondly, promoting women's entrepreneurship can help construct a workforce with different ideas and ways of doing things that will propel innovation and therefore make businesses more profitable; and in an era of globalization where one's market is not simply the locality or even the country where a business is located, diverse workforces are better mirrors of the diverse populations to whom companies are trying to sell goods or services.

In order to take stock and deliver more nuanced targeted interventions, the International Labour Organization (ILO) undertook a detailed and thorough assessment of WED in Egypt.<sup>1</sup> The assessment outlines the strengths and weaknesses of the environment for women entrepreneurs, and makes recommendations for how the government and social partners could better advance WED in Egypt. Based on this assessment, we have carefully considered how we might tangibly support WED in Egypt as a means of expanding our membership base and contribute to small enterprise development, employment creation, gender equality and women's empowerment. This paper outlines some ideas for how we can practically do this moving forward.

In 2014, there were 613,100 women business owners in Egypt, accounting for approximately 9 per cent of the total number. Meanwhile men business owners numbered six million (i.e. almost ten times as many women). In addition, women-owned businesses are more likely to be concentrated in rural areas, often home-based, with less scope to access markets, credit and business networks. Women rarely own or inherit property to serve as a business premises or indeed collateral for a loan; and as elsewhere in the world, women's family and household responsibilities serve to limit their ability to start and grow a business in Egypt.

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<sup>1</sup> *Women's Entrepreneurship Development Egypt, International Labour Organization, Decent Work Team for North Africa and Country Office for Egypt and Eritrea, 2016*

While these broader socio-economic issues are of direct relevance to women's labour force participation and indeed to WED, it is not the purpose of this paper to expound upon them in detail. The WED assessment provides a detailed assessment in this regard. The purpose of this document is to set out our position on WED, i.e. what we can practically do in the immediate to medium term to advance women's entrepreneurship in the country.

ILO, with which the FEI is an active partner organisation, has an established strategy and a proven track record in promoting WED, both in Egypt and beyond. The key operational levels of the strategy of the ILO's WED strategy are:

- Creating an enabling environment for WED;
- Building institutional capacity in WED;
- Developing tools and support services for women entrepreneurs.<sup>2</sup>

In 2017, in partnership with the ILO, we established the *Women in Business Unit (WIB)*. The WIB provides a permanent structure within the organisation to give practical effect to the FEI's commitment to gender equality, and undertake activities to promote women's economic empowerment in the country through capacity building, research and advocacy. To some degree the WIB provides a more robust structure to implement activities to which the FEI were already committed. Since 2012, we have conducted multiple training activities for women entrepreneurs, hosted conferences to create awareness and highlight the role of women in Egyptian industries (as Chief Executive Officers, board members, employees and workers), contributed to research on women's economic empowerment with multiple local and international entities, and sought to become a hub of networking opportunities for Egyptian women entrepreneurs.

In 2017, we launched our *Human Resources and Gender Academy*, which works with Human Resources managers to create more gender-sensitive work environments, and we have taken part in the women's entrepreneurship network (WEN), developed under the USAID Strengthening Entrepreneurship Enterprise Development (SEED) project. The WEN Network includes a steering committee of eight organisations including the FEI, Entreprenelle, Nile University, Business Women of Egypt 21 (BWE21), and The National Council for Women (NCW), Alexandria Businesswomen Association (ABWA), Flat6Labs,

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<sup>2</sup> ILO Strategy on promoting women's entrepreneurship development, GB.301/ESP/4, 301st session, March 2008.

and Etijah. The objectives of the WEN Network are:

1. Creating a networking and referral platform among public–private stakeholders, in addition to the active international and national civil society and actors with shared vision to support women entrepreneurs in Egypt;
2. Improving services of its member organizations and women entrepreneurs;
3. Reaching women and youth outside major cities;
4. Articulating policy needs to the Government of Egypt , through mobilizing prominent businesswomen and leaders in the economic development area in Egypt;
5. Publishing a directory of financial and Business Development Support (BDS) services and a calendar of events for entrepreneurs;
6. Cooperating with youth networks, incubators, universities, and schools for networking and activities.

## Structure of the Paper

This paper is structured around six framework conditions outlined in the above-referenced WED assessment, namely:

1. Gender-sensitive legal and regulatory system that advances women's economic empowerment;
2. Effective leadership and coordination in promoting WED;
3. Access to finance;
4. Access to gender-sensitive BDS services;
5. Access to markets and technology;
6. Representation of women entrepreneurs and women's participation in policy dialogue.

The paper outlines how, under each of these six framework conditions, we can contribute to creating an enabling environment for WED, building institutional capacity in WED; and developing tools and support services for women entrepreneurs. The paper is not intended to expound in detail on the challenges and opportunities for WED in Egypt that can be found in the WED Assessment itself. It is rather an outline of where we stand on the various issues, and in this light, what we propose to do under each of the six framework conditions.

## FEI Positions

### Framework Condition 1: Gender-sensitive Legal and Regulatory System that Advances Women's Economic Empowerment

As pointed out in the WED Assessment, the legal and regulatory environment for WED, and indeed women's labour force participation per se, is rather constrained in Egypt. In spite of efforts made by the government, at 22 per cent, women's level of participation in the labour force is very low by international standards.<sup>3</sup>

In reality, as it is made clear in the ILO's WED Strategy agreed by the ILO's Governing Body in 2008, in order to assess and address the enabling environment for WED in Egypt, one must consider gender issues across the legal and regulatory framework, and not simply those pertaining directly to the business environment (albeit these are of course important). Education, social protection and property rights are of particular relevance, as most of the added gender-based constraints faced by women in starting and growing a business, such as mobility challenges, time constraints, knowledge of the steps involved, care and domestic responsibilities and sexual harassment, actually relate to structural gender issues beyond the procedural and bureaucratic requirements of registering a business. While we must take cognisance of such issues, many of these issues are, in reality beyond our scope to influence in the short to medium term. As of late, there are legislative tools that can help organisations like ours proceed on a more functional track. Namely, the new Small and Medium Enterprises (SME) Law, microfinance legislations, the availability of mobile banking, the amendment of the Non-governmental Organizations (NGO) Law and the constitutional amendment that has 25% female membership of parliament.<sup>4</sup> However, we can, on behalf of our members:

- Provide practical assistance to women entrepreneurs on the 'how to' of registering a business via BDS Centers: we could develop a simple step-by-step guide on the various steps involved, the challenges that women entrepreneurs may face, and

<sup>3</sup> The global figure is 50 per cent

<sup>4</sup> Egyptian Government Portal: <http://www.sis.gov.eg/?lang=en-US>

could serve as a referral body to the various agencies that can and do provide assistance to them in this regard;

- Take a realistic account of the deep-rooted cultural gender constraints to starting and growing a business, and lobby to make registering one's business more attractive to women entrepreneurs. This can be done through a series of awareness campaigns (by either joining ongoing national campaigns or creating social media campaigns), or through customized trainings on the topic, in a similar fashion to the introductory gender trainings conducted for our staff;
- Target education policy as the main policy area where structural gender biases can be challenged. In particular, we have a role to play in school-to-work transition and apprenticeship issues, both to make such programs more diverse, and seek to challenge stereotypes of what careers are acceptable for women to pursue.

There is a number of fora where such ambitions could be pursued. The European Union/ILO funded project aimed at creating a SME Unit in the FEI could be a driver in advancing the above-listed goals. While this SME Unit could explicitly and proactively adopt a gender dimension to its work, it could also begin to tackle these gender-based barriers to WED. A tangible first step in this process could be for the Unit to include a full-time 'WED Officer' to drive the process on a day-to-day basis.

## Framework Condition 2: Effective Leadership and Coordination in Promoting WED

The WED Assessment makes it clear that while WED is indeed mentioned in many development plans and gender policies in Egypt, the country lacks a national strategic framework for WED. There is a number of organizations working on WED, most notably the Women Business Development Centre (WBDC) at the National Council for Women (NCW) and the Gender Unit (GU) at Micro, Small and Medium Enterprises Development Agency (MSMEDA). As mentioned in the introduction, a women's entrepreneurship network has been launched and this network could become a hub for leadership and coordination on WED nationally. With this in mind:

- We could lead the change to ensure that this network becomes an effective hub in coordinating advocacy, capacity building and research and knowledge sharing on WED. The network, with our active involvement, could become a hub to strengthen capacities of governmental and non-governmental organizations through training and technical support in areas of WED. In particular the ILO's capacity building tool, the Women Entrepreneurs Capacity Building Guide, could be a key resource in this respect;
- We, in conjunction with network partners may consider instituting *The Month of the Woman Entrepreneur*, a successful advocacy initiative supported by the ILO in various countries in Southern Africa whereby a month is set aside for various initiatives to promote WED such as women's trade fairs, radio and television interviews with inspiring Egyptian women entrepreneurs, and even capacity building workshops. The overriding advocacy message could be that women entrepreneurs stand ready to promote employment and economic growth in Egypt, which will ideally garner endorsement from the business and political elites in the country.

## Framework Condition 3: Access to Finance

While sex-disaggregated data is not recorded by most financial service providers in Egypt, the focus groups conducted as part of the WED Assessment suggest that women find it harder than men to access credit, and that when they do, they tend to access smaller loans from Microfinance Institutions (MFIs), rather than larger lines of credit from established banks. In this regard we could:

- For larger businesses, with growth potential, a model that the ILO used in Kenya in the past (2006-08) was to work with the African Development Bank (AfDB) and the International Finance Corporation (IFC) to provide lines of credit to women entrepreneurs linked to training and access to BDS services. The Federation of Kenyan Employers actually managed this process on behalf of the ILO. This Growth Oriented Women Entrepreneurs (GOWE) methodology<sup>5</sup> could be tweaked to replace loans by investment, thus reducing risk. Such an approach could serve to overcome the perception that women's businesses are, by definition micro and small. Women entrepreneurs ought not be excluded from the possibility of their businesses becoming medium or even large. Moreover, research from around the world shows that women are more likely than men to employ women. Thus, such a strategy is likely to result in greater women's employment overall.

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<sup>5</sup> *Assessment Framework for Growth Oriented Women Entrepreneurs, ILO, 2006*

## Framework Condition 4: Access to Gender-sensitive Business Development Support Services

As with access to finance, most BDS providers do not keep sex-disaggregated statistics and only three of the 28 women focus group participants under the WED Assessment had accessed any form of BDS services. However, the research does show a strong and growing presence of women-focused BDS programmes in Egypt, such as SFD, IMC, and El-Mobadara, chiefly in urban areas. We are presently setting up a BDS programme and it will need to decide what the scope and focus of this programme will be. We could:

- Undertake a review of its BDS programme to ensure that the services on offer are gender-responsive, and could potentially offer a women-only BDS track;
- Become a referral body that directs its members to the particular BDS services they require. In this regard we could direct women entrepreneurs to BDS providers who are more gender-responsive and/or specialise in providing services to women, and/or could work with BDS providers to ensure that they become more gender-responsive.

As outlined above under Framework Condition 3, linking BDS and financial services can be a strategic way to progress, and in this regard, the referral service for accessing finance and BDS could be undertaken in tandem.

## Framework Condition 5: Access to Markets and Technology

Over the last decade, Egypt has sought to build a digital society, focusing on the key pillars of developing Information, Communication and Technology (ICT). However, there is a scant focus on specifically integrating ICT into women-owned enterprises or improving ICT skills of women entrepreneurs.

Access to ICT is of central importance in starting and growing a business in the twenty-first century. Sales are increasingly occurring on-line and ICT is of ever-increasing importance in understanding where potential clients are and how they can be accessed, particularly for businesses geared toward exporting. Training and outreach are the two big issues in this domain. The WED Assessment clearly shows that women, and rural women in particular, often lack access to technology and/or are not technology-literate. Both present significant challenges, but also present an opening where we can work to remedy and improve the situation:

- As with access to finance and BDS, we could provide its know-how, or provide referral to its members to institutions that could provide training for women entrepreneurs in ICT;
- ICT could be included as part of programmes on school-to-work transition (whether provided directly by us or through FEI acting as a conduit).

## Framework Condition 6: Representation of Women Entrepreneurs and Participation in Policy Dialogue

The WED Assessment reveals that women entrepreneurs represent less than 5 per cent of the members in major business associations and as a result, are massively under-represented in the policy dialogue. There is a number of women's business associations; however, they are quite often both financially and structurally weak and fail to play a significant role in providing services to women entrepreneurs and in advocating on their behalf. We have the potential to play a leading role in strengthening the representation and voice of women entrepreneurs in the policy process by:

- The provision of tailored leadership courses for active women entrepreneurs by; and (as part of the same program or separately) build the capacity of policy makers to understand and advance WED;
- Showing commitment to increasing women's representation on company boards in Egypt. There is growing evidence from around the world that companies with more women on their boards perform better. The ILO's Women in Business and Management Methodology, developed in close coordination with the International Organization of Employers (IOE), could be a key resource in this endeavour.

For more information about ILO's WED Tools, kindly visit the following link:

[https://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/facet/WCMS\\_431601/lang--en/index.htm](https://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/facet/WCMS_431601/lang--en/index.htm)



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