



Financing women entrepreneurship: a global challenge

OECD experience

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Presentation outline

1. What does the OECD?
2. Is there something wrong?
Selected findings
3. Building on Best practices
4. LEED programme: beyond the financial issue: the economic, social, local challenges

OECD work on Women entrepreneurship

- OECD Conference 2000 (follow up 1997 OECD conference)
Recommendations:
 1. Fostering an entrepreneurial culture for women
 2. Improving knowledge and statistics about women entrepreneurs
 3. Financing for women-owned businesses
 4. Increasing participation in international trade

- December 2002 Maillage networking event UNESCO-OECD-Dirigeantes

- Follow up
 - 2004 SMEs Istanbul Ministerial conference (2003 Budapest workshop) and research in process
 - The role of women entrepreneurs in local development
 - project Tsunami
 - Gender mainstreaming



Is there something wrong?

- **What do women entrepreneurs think ?**
 - Banks do not know how to evaluate business projects made by women
 - Own perceptions: fear to be refused, unwillingness to have caution from partner, doubts about defending the project
 - Not enough knowledge of what is available

- **What do women want from financial institutions ?**
 - A personalised exchange
 - Open minded account managers
 - Advice and counselling
 - Good and easy information



THANK YOU...
BUT WHAT WE REALLY
NEED IS YOUR
HUSBAND'S SIGNATURE ...

MY BUSINESS PLAN IS READY, I HAVE
ESTABLISHED MY MARKETING PLAN,
ANALYSED MY POTENTIAL
COMPETITORS, TOOK INTO ACCOUNT
THE INSURANCE COSTS, EVALUATED
MY GROWTH OPPORTUNITIES, THE
PRICING STRATEGY IS DONE, AND I
PLAN TO HIRE TWO MORE PEOPLE ...



- **What do financial institutions think about women entrepreneurship projects:**

- Preference for the use of personal capital
- Impressed by financial institutions
- Cautious about putting risks on their own capital and family
- Negative perceptions traditional financial institutions

- **Problems:**

- Women businesses still perceived as risky (sectors, firm size capital, ownership, past experiences)
- Women less prepared (part time, fewer networks, less capital, less management experience)

Pessimistic view !

- General findings
 - Small amount of personal capital to start up
 - Increased need for external financing but problems to obtain it
 - Lack of knowledge of what is available (public and private funds)
 - Structural and/or gender discrimination
 - Banks consider in priority personal profiles and past experiences
 - 95% cases women have been asked for higher interest rates (Canada)
 - Women are requested higher guarantees
 - Lack of management skills
 - Administrative burdens and high cost information



An Optimistic view

- **Value added of programmes targeting women from traditional banking services?**
 - Low or no requirements on collateral or guarantees as security for loans
 - Preferential financing terms compared to market rates (lower interest rate, flexible repayment)
 - Mentoring –advisory services
 - Ties with public authorities, business community and networks
 - Different time schedules
 - Looking at business potential rather than past
 - Change self-perceptions
- **Positive image of the woman entrepreneur**
 - Good repayments
 - The new manager
 - Networks

Best Practices

- The Global Alliance
 - 4 Banks RBC Royal Bank (Canada), FleetBoston (USA), Bank of Ireland and RBC Centura Bank (North Carolina USA)
 - Financial resources and resources available for women entrepreneurs (info, training, mentoring, sponsorships etc)
 - Exchanges at the international level
 - Four women executive behind this initiative!
 - Next meeting September 2003 USA

Variety of Financing programmes

- **A moving reality across OECD countries**
- **A broad concept : diverse financing needs**
 - **International financial institutions** (Inter-American Development Bank, Women's World Banking)
 - **Public national funds: loans at preferential rates** (Kera Ltd Loans, Finland) and **public local funds**
 - **Guarantee Funds** (*Fonds de Garantie pour la Création, la reprise ou le développement d'entreprises à l'Initiative des Femmes*, France)
 - **Micro-credits institutions** (Network credit Norway, Business Loans for women, Sweden, *Banco Solidario* Bolivia)
 - **Banks** (West pack Australia, Bank of Ireland)
 - **Venture capital Funds** (Women Growth Equity Fund) 4% of venture capital in the USA for women): “equity capital is the next financial frontier for women owned businesses” (NFWBO)
 - **NGOs** (Springboard),
 - **Business angels** (WomenAngels.net, Seraph Capital Forum)
 - **Co-operatives** (Coopérative d'épargne Capital city Edmonton, Coopératives de crédit de Saskatoon Canada)
 - **Conditional seed grants** (Trickle Up),
 - **Internet resources**

LEED approach : key words

- **An Integrated approach**
 - Social, cultural, mental, educational,
 - Employment and entrepreneurship
 - Advisory, counselling, mentoring services
- **A Partnership approach**
 - Culture of partnership
 - Policy makers national, sub-national , international
 - Intermediaries: banks, financial institutions, NGOS, entrepreneurship associations
 - Empowering women entrepreneurs
- **A Decentralised approach**
 - LEED Forum for Cities and Regions: policies established by municipalities, regions, proximity services, local clusters, local networks,
- **A Socially innovative approach**
 - LEED Forum for Social Innovation: Social and ethic funds, trickle up
 - Micro-financing programmes

2003 LEED events

- Partners
- 2003 LEED events on women entrepreneurship
 - Study visit for France and Morocco to « champion countries » Canada and USA (June 2003)
 - « Women and social innovation » September 2003, Ljubljana Slovenia
 - World Knowledge Forum November 2003 Seoul, South Korea
 - CEI Summit (CEI-EBRD-UNECE-OECD) November 2003

« The role of women entrepreneurs in local development »

● **Topics ?**

- information costs reduction
- local culture;
- proximity financing and advisory services (courses for banks);
- decentralised training and education institutions;
- local partnerships;
- parallel family structures (child and elderly);
- role models and mentors easy to contact
- women activities in the informal economy, indigenous groups, minority groups
- Local know how and crafts (clusters)
- women in rural zones, urban zones, peripheral zones, industrial regeneration areas

● **Where** : OECD, Transition economies and Maghreb countries

● **Methods of work:** Network of international experts, Study Tours, Gap analyse, Evaluation, Publications, Practical Recommendations

● **Financing...**the project



Resources:

- Women entrepreneurs in SMEs (OECD 1997 and OECD 2001)
- Financing for women owned businesses: challenges and opportunities (OECD 2000 Bologna conference Italy)
- *La perception de l'accès au financement chez les femmes entrepreneures*, Andrée Lafortune avec Ministère de l'Industrie et du Commerce Québec, Canada
- Midlessex University UK questionnaire to 56 organisations specialised in support for women entrepreneurs
- Diana Project Kauffman Foundation
- Please contact dina.ionescu@oecd.org for website and other references



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Thank you