

WOMEN IN PRIVATE EQUITY: NEW FRONTIERS FOR THE MENA REGION

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Draft Conclusions



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Introduction

There is growing evidence that improving the gender balance of management boards and staff within financial institutions can increase the propensity that these firms will lend to women entrepreneurs. Supporting women's increased participation in the private equity industry can therefore be a part of broader strategies to increase women entrepreneurs' access to capital for business creation and growth.

The seminar on *Women in Private Equity: New Frontiers for the MENA Region* was held with a view to exploring the launch of an *OECD-MENA Women in Private Equity Initiative*, which would aim to increase women's participation in the private equity industry in the Middle East and North Africa (MENA) region.

Over the course of the day, over 50 participants from private equity firms, academia, governments, international organisations and NGOs discussed collective actions that can support women's increased job skills, their participation in the private equity industry, and ultimately their access to start-up capital. Among the organisations present were the Alwaleed Bin Talal Foundation (Saudi Arabia), the University College of Bahrain (Bahrain), 90:10 Group (France) and the Kauffman Foundation (United States).

The seminar was one of a series of events organised in the framework of the OECD-MENA Women's Business Forum, an inter-regional network put in place to support women's entrepreneurship in the Middle East and North Africa (MENA) region¹. It was organised by the United States Mission to the OECD and Venture Catalyst Private Equity Partners (represented by Anu Bhardwaj, Founder), with the support of the MENA-OECD Investment Programme, the OECD-MENA Women's Business Forum and the U.S. International Trade Administration. It was graciously hosted by Jones Day.

Opening remarks were provided by H.E. Dina Kavar (Jordanian Ambassador to France and Co-chair of the OECD-MENA Women's Business Forum) and closing remarks by H.E. Karen Kornbluh (U.S. Ambassador to the OECD and Co-Chair of the OECD-MENA Women's Business Forum).

Summary of key points

It was underlined that MENA economies are by no means a homogenous group: they vary in terms of GDP, economic diversification, labour force dynamics and market economy transition status. However, all MENA economies share the common challenge of increasing women's labour force participation rates, which are on average lower than in any other region of the world.

There was a general consensus that women's low participation in the economic and political spheres represents a significant missed opportunity for inclusive economic growth in the MENA region. Improving the environment for women's economic opportunity would require broad measures to support private sector development, more coherent policies to support small- and medium-sized enterprises, a stronger business support infrastructure and greater availability of entrepreneurial financing, including venture capital, a relatively nascent industry in the region.

¹ The OECD-MENA Women's Business Forum (WBF) is an initiative of the MENA-OECD Investment Programme, a regional programme established in 2005 at the request of participating Middle East and North African (MENA) governments to assist them in implementing business climate reform for investment, growth and employment in the region. For more information, please visit: www.oecd.org/mena/investment.

It was noted that worldwide, less than 10% of female professionals in private equity are in senior management roles. Most participants were of the view that increasing women's representation in the boards and staff of private equity firms would allow those firms to better respond to the female entrepreneur client base, thereby contributing to greater financial inclusion, an acceleration of entrepreneurial activity rates and increased job creation.

Participants put forward several possible barriers to women's participation in the private equity industry. First of all, it was noted that the private equity industry is a relatively closed industry to begin with, and a significant amount of recruitment occurs via privileged, often male-dominated business networks. Women's limited participation in these business networks makes it difficult for them to access recruitment opportunities. Traditional gender stereotypes about where women should work may further limit women's recruitment possibilities.

The relatively small proportion of female venture capital professionals results in a lack of role models, which are important for shifting traditional gender stereotypes and encouraging young women to consider careers in certain industries. In this same vein, the lack of female mentors may make it difficult for women to advance professionally in the industry.

It was noted that many young people—be they women or men—suffer from insufficient operational expertise in the industry. The high level of industry specialisation needed to work in private equity requires very technical and targeted training. The fact that private equity is a nascent industry in the MENA region could represent an opportunity for improving gender balance at an early stage, by putting in place targeted training programmes and recruitment mechanisms.

While some participants suggested that high net worth women in the MENA region could potentially come together to create women-led investment funds, it was noted that women often do not have the effective control over their wealth that would be necessary to organise such funds.

Several participants stressed that achieving measurable impact via the proposed *OECD-MENA Women in Private Equity Initiative* would require the implementation of multi-year project with clearly defined evaluation criteria. The value of sharing global good practices among a variety of stakeholders was highlighted. The below section summarises the key recommendations emerging from the discussions regarding stakeholder actions to support women's participation in the private equity industry.

Recommendations for stakeholder actions

- *Put in place inter-regional professional mentoring and training programmes to build women's entrepreneurial and financial skills.* Such programmes could build on the experience and expertise of the OECD, the Kauffman Foundation, and other institutions present at the seminar. It was suggested that such programmes feature co-mentorship on a peer-to-peer level, across generations and genders. Participants highlighted the importance of making strong links with local job placement agencies, to leverage their knowledge of industry players. It was also noted that business incubators can play an important role in providing mentoring. This process could be supported by the collection of case studies on successful programmes which have been put in place to train or mentor women in the MENA region.

- *Introduce internships and certificate programmes to promote women's acquisition of professional skills and operational expertise in the private equity industry.* It was proposed that targeted training for young women in professions with a social dimension, such as micro financing, be used as a point of departure before engaging in professional training in the private equity industry.
- *Encourage the use of virtual mentoring and e-learning, which can offer a low-cost and high-impact solution.* Existing web platforms and social networks can be used to link experienced professionals from around the world with individuals or groups. It was noted, however, that virtual mentoring programmes are not a panacea and cannot replace face-to-face interaction which is necessary for building trust. Kickstart.com was highlighted as a useful web platform.
- *Facilitate women's participation in mainstream professional networks, complemented by female-only networks.* This would entail greater inclusion of MENA women in international policy and business fora, and is an area where the OECD-MENA Women's Business Forum can play an important role.
- *Engage in awareness-raising and policy advocacy efforts* to highlight the potential of women as economic actors, as professionals and as entrepreneurs. This could also involve efforts to raise the visibility of female role models to encourage young women to consider careers in the private equity industry, for example through the publication and dissemination of success stories. Such efforts would also contribute to shifting cultural perceptions and reducing pervasive gender stereotypes which represent a barrier to women's improved status in the workplace and in society.
- *Support improvements in gender-disaggregated data collection and research efforts.* It was recalled that research and data collection are crucial for effective policy making, and that there is significant room for improvements in this domain in the MENA region. International organisations and NGOs could support MENA governments in improving the collection of economic, enterprise and financial data.
- *Improve the visibility of existing initiatives and support knowledge dissemination.* Participants noted the overall lack of information on initiatives available for women in the MENA region. It was put forward that the OECD can support improved knowledge dissemination, including through the OECD-MENA Women's Business Forum's web platform, which is being developed by the Bahrain-based MENA Investment Centre (www.womenfp.com). It was also noted that the results of the project could contribute to the OECD's Horizontal Project on *Gender Equality in Education, Employment and Entrepreneurship*.

It was put forward that a multitude of stakeholders have a role to play in implementing the above recommendations. International organisations, the private sector, NGOs, educators and policy makers can engage in collective efforts to increase the participation of women in the private equity industry, and to promote women's participation in economic activity.