

MENA-OECD
Enterprise Financing Network

**DECLARATION ON IMPROVING ACCESS TO FINANCE IN THE
MENA REGION**

Dubai, 21 March 2007

The MENA-OECD Enterprise Financing Network (EFN) is an important private sector activity of the MENA-OECD Investment Programme dedicated to enhancing growth and job creation in the MENA region. The EFN aims to improve the conditions for innovative entrepreneurship by creating a platform to connect entrepreneurs, financiers, research bodies and policymakers. The EFN has brought together for a second time financial sector institutions, science and technology organisations, entrepreneurs, business incubators, financial sector regulators and government officials during a meeting hosted by the Dubai International Financial Center on 21-22 March 2007. The challenges facing entrepreneurs in MENA countries are well known. The diversification challenge, the innovation challenge and the financing challenge/gap has been highlighted already by many commentators as well as regional and international organisations.

Addressing some of these key challenges, participants in the MENA-OECD Enterprise Financing Network:

- **Aware** of the significant obstacles to financing and innovation faced by entrepreneurs in the Middle East and North Africa region (thereafter MENA);
- **Convinced** of the need to assemble all the relevant public and private sector actors in order to improve conditions for enterprise financing in the region;
- **Aware** of the important role private sector financiers such as banks, venture capital, private equity firms, business angels and others play in financing of entrepreneurship in the region;
- **Recognising** the efforts of governments in the MENA region to improve access to finance for domestic enterprises, particularly for small and medium-size enterprises;
- **Recognising** the connection between enterprise financing and reduction of unemployment, further development of private sector in MENA economies, and improvement of the economic growth rate and job creation in the region;
- **Taking note** of the work undertaken in this area by MENA-OECD Investment Programme as well as other international organisations;
- **Inviting** other private sector representatives and responsible public sector bodies to join the Enterprise Financing Network;
- **Wishing** to integrate the following recommendations into the Business Declaration to be presented to the Ministers during the second MENA-OECD Investment Ministerial meeting;
- **Thanking** Her Excellency Sheikha Lubna al Qasimi for her patronage of the conference and the Dubai International Financial Center for hosting the conference at which this Declaration was presented and adopted;

Welcomed the creation of the EFN and - taking into account national conditions and drawing upon existing instruments and good practices developed by countries within and outside the MENA region - *expressed support for taking the following steps:*

General

- **Address** the shared responsibility for public and private sectors and facilitate information exchange between government action and private sector initiatives on innovative entrepreneurship and enhancement of financing conditions;
- **Improve** the collection and dissemination of data related to enterprise financing through various instruments (bank credit, fixed income instruments, capital markets, venture capital, private equity, etc.);
- **Establish** linkages between financiers, namely venture capital and private equity, business angels and science and technology associations, entrepreneurs, and other actors in the entrepreneurship value chain in order to bridge the financing gap;

Governments are invited to

- **Provide** support to governments in the MENA region wishing to develop instruments to bridge specific gaps to innovative enterprises, particularly in knowledge intensive industries;
- **Encourage** the development of capital markets in order to facilitate Initial Public Offerings and securities issuance;
- **Consider** supporting SMEs with fiscal and non-fiscal incentive schemes, guarantee programmes, and equity participation and other financing instruments;
- **Further** develop the fixed income instruments market in order to facilitate corporate borrowing;
- **Encourage** the establishment of private and public credit bureaus in order to establish credit history - if such a credit history exists - and thus facilitate borrowing;
- **Evaluate** their insolvency frameworks in order to facilitate corporate borrowing as well as issuance of debt and equity instruments;
- **Review** the legal framework with respect to innovation and financing conditions, in particular takeover/joint venture legislation as well as regulation of intellectual property with a view to facilitate domestic and foreign investment in the financial industry; if intellectual property protection becomes a barrier for SME development, governments can play a role in assisting;

Private sector/incubators are invited to

- **Participate** and support the Enterprise Financing Network as a key initiative to reduce the financing gap in the Middle East and North Africa region;
- **Make efforts** to increase the entrepreneurs' awareness of financing tools available to them;
- **Provide** training to entrepreneurs on how to formulate business plans and present their activities to potential financiers;
- **Consider** the specific difficulties in obtaining financing which may be faced by women entrepreneurs in the MENA region;
- **Support** the establishment and use of business incubators in order to assist the commercialisation of early-stage enterprises;
- **Foster** linkages between universities, R&D centers, science and technology parks, business incubators and entrepreneurs.

Enterprise Financing Network will

- **Support** the analysis to be undertaken by the MENA-OECD Enterprise Financing Network on how to address the financing gap/innovation challenges in the MENA region;
- **Survey** framework conditions relating to the operation of private equity and venture capital in the MENA countries and develop recommendations;
- **Develop** a blueprint for successful enterprise funds drawing on best practice from MENA and OECD countries;
- **Encourage** the establishment of a regional institute for entrepreneurial finance to conduct research, education and professional training and to provide advice on the regulatory environment and the development of financing instruments