

**OECD-MENA Women's Business Forum Annual Meeting and
Conference on Fostering Youth and Women's Employment in the MENA Region
21 November 2012, Paris, France**

– Conclusions –

Overview and objectives

The 2012 Annual Meeting of the OECD-MENA Women's Business Forum was held on 21 November at the OECD headquarters in Paris. Its main objectives were to: (1) agree on the Women's Business Forum's 2013 work plan, taking into account new developments impacting women's economic participation and entrepreneurship in the MENA region; (2) nominate a new OECD country Co-chair following the end of the United States' Co-chairmanship; and (3) discuss public and private sector actions to boost jobs and skills for youth and women in the MENA region.

Since its launch in 2009, the Women's Business Forum has held or contributed to over 15 conferences and workshops, seeking to raise awareness within international policy and business fora of the importance of women's entrepreneurship to economic growth in the MENA region.

Building on these achievements, and to further mainstream women's issues in regional policy dialogue on business climate and governance reform, a draft version of the event's conclusions was presented to the Steering Group of the MENA-OECD Initiative during its meeting on 22 November 2012.

Participation

The event brought together over 80 participants, representing business, government and civil society from 12 MENA and 11 OECD economies¹. Among the regional and international organisations represented were the United Nations Development Programme, the International Development Research Centre, the German International Co-operation Agency, and the Centre of Arab Women for Training and Research.

Opening Remarks

During the opening remarks, Gabriela Ramos, OECD Chief of Staff and Sherpa, noted that five years after the start of the financial crisis, job creation is a major challenge worldwide. Overcoming this challenge requires creating an environment conducive to increased economic activity and job creation. Entrepreneurship is key to creating jobs, both because the public sector's employment potential is limited by budget restrictions, and because private companies contribute the most to employment creation. She underlined the OECD's commitment to moving forward the agenda for developing women's entrepreneurship. The OECD Gender Initiative's research on women's education, employment and entrepreneurship provides a basis for good practices, but the Women's Business Forum also has a major role to play.

¹ The event brought together participants from the following MENA economies: Algeria, Bahrain, Egypt, Iraq, Jordan, Lebanon, Mauritania, Morocco, Palestinian Authority, Qatar, Tunisia and Yemen, and the following OECD economies: Czech Republic, Belgium, Canada, France, Germany, Mexico, Slovenia, Sweden, Switzerland, United Kingdom, and United States.

She also recalled that the Women's Business Forum report on *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region* (OECD, 2012) identifies existing support measures but finds that much more needs to be done to accelerate women's entrepreneurship development in the MENA region. She stressed that implementing change needs champions, and that Women's Business Forum members are champions whose experience and expertise should be shared.

H.E. Dina Kawar, Jordanian Ambassador to France and UNESCO and Co-chair of the Women's Business Forum, noted that the Women's Business Forum has shown its value as an effective network which acts as a hub to facilitate dialogue and to share good practices for improving women entrepreneurs' access to support services, financing and networks. She highlighted that improving impact on the ground will require building up local task forces and engaging in new partnerships with national and international stakeholders. She called upon Women's Business Forum members and local task forces to develop pilot projects to respond to emerging challenges, and to seek support and partnerships from business, government and civil society.

I. Nomination of Women's Business Forum Co-chair

Carolyn Ervin, Director, Directorate for Financial and Enterprise Affairs, OECD, recalled that the Women's Business Forum is built on the principles of dialogue and shared ownership, reflected in its dual chairmanship by one OECD and one MENA economy.

Following expressions of appreciation for the leadership and valuable contributions of former Women's Business Forum Co-chair H.E. Karen Kornbluh (former United States Ambassador to the OECD), a new OECD co-chair was nominated: Ambassador Birgitta Holst-Alani, Director of the Swedish Institute in Alexandria, Egypt.

H.E. Ambassador Birgitta Holst-Alani emphasised her commitment to leading the work of the Women's Business Forum alongside H.E. Ambassador Dina Kawar. She recalled that women's political participation goes hand in hand with women's economic participation: when women play a role in political decision making, economic reforms are more likely to benefit women, and when women are empowered economically they are better equipped to participate in political office. She noted that catalysing women's economic participation in the MENA region will require a change in societal perceptions about women's role in the economy. She also highlighted the role new technologies and social media can play in educating women, and ultimately strengthening their access to business networks. She noted that the OECD can play a part in raising awareness of these issues.

II. Current challenges for women's enterprise development in the MENA Region

Adrian Blundell-Wignall, OECD Deputy Director for Financial and Enterprise Affairs and Special Advisor to the Secretary General on Financial Markets, gave a presentation on the global financial crisis, and regulatory challenges related to the global financial architecture. He noted the importance of restoring trust in financial markets, key to boosting global economic activity.

Following this presentation, representatives of the businesswomen's community, government and civil society from each participating MENA economy reported back on current challenges for women's enterprise development.

MENA representatives:

- Noted that in the current context of economic downturn and political transitions, few new policy initiatives have been proposed to support women's economic participation in MENA economies. They also noted that political situations and policy support for women's economic empowerment vary considerably across the region.

- Reported back on the current state of women's economic and entrepreneurial activity, noting that while levels vary across the region, in general women's labour force participation and entrepreneurial activity rates lag behind men's, despite improvements in educational attainment.
- Noted that businesswomen's associations are prevalent in the MENA region, in some cases more so than in OECD countries. They provide critical support to women entrepreneurs and sometimes play an advocacy role among political decision makers on behalf of the businesswomen's community.
- Underlined that supporting women as economic actors in the MENA region will first require overall improvements to the business climate, including: reducing corruption to create a level playing field for private firms, improving access to basic infrastructure, developing the financial sector, and facilitating business registration and licensing procedures.
- Noted that women entrepreneurs often face additional business climate barriers which merit the introduction of targeted measures: because they are frequently excluded from business networks where key information is shared, they have difficulty accessing mainstream business development services and training. Women also face particular difficulties accessing financing, due to limited financial literacy or lack of property to use as collateral. Despite a political will to introduce targeted measures, many countries lack comprehensive and co-ordinated policies to support women's economic participation and entrepreneurship.
- Stressed the need to enhance the competitiveness of MENA economies through an increased participation of currently informal companies in the formal economy. Participants suggested that a greater effort be placed on developing and implementing policies and measures to facilitate the integration, in particular of small women-owned businesses, into the formal economy.
- Highlighted the value of sharing good practices to improve women's access to support, training and financing, both by improving the supply of services, and by building women's capacity, for example through mentorships, financial literacy training and other support.

III. Financing women-led businesses

Participants:

- Stressed that women face important difficulties accessing financing for business growth and development. These are due in part to demand-side issues such as: women's limited financial literacy; low levels of property ownership to use as collateral; and insufficient access to information on available financing products. They are also due in part to supply-side issues such as lack of tailored financial products and services for women-led firms, and a need to train credit officers on how to assess the creditworthiness of SMEs, including those owned and managed by women.
- Underlined the value of targeted financial products and services for women entrepreneurs, and the need to raise awareness of existing initiatives and to study and disseminate their key success factors.
- Highlighted the importance of improving women's financial literacy, and welcomed a presentation on the OECD's International Financial Education Network (IFEN).

- Agreed to launch a pilot financing project to assess and monitor the impact of funding set asides for women-led businesses in the MENA region. The modalities will be clarified with a small sub-group and its results will be reported back to the Women's Business Forum.
- Welcomed the commitment of the General Confederation of Moroccan Enterprises, the French Banking Federation and the Union of Arab Banks to engage in the pilot project.

IV. Improving women entrepreneurs' access to business development services

Participants:

- Welcomed a presentation by Lois Stevenson, President of Lasma Consulting, Canada, providing an overview of the state of business development service provision for women entrepreneurs in MENA economies, and discussed the rationale for tailoring services to women entrepreneurs.
- Stressed the value of targeted measures to improve women's access to business development services, which have proven effective in supporting women entrepreneurs in some OECD countries. Such targeted measures may include the establishment of women's enterprise centres or specialised units within broader SME support agencies. Some targeted facilities exist in MENA countries – including through businesswomen's associations and chambers of commerce – and there would be value in improving information on them.
- Welcomed a proposal to engage in a stocktaking of women's access to business development services in the MENA region, which could lead to the development of a good practices guidebook. This stocktaking could be reviewed by local and international experts.

V. Developing synergies with other women's business support associations

Participants:

- Exchanged information and shared the experiences of several associations supporting women entrepreneurs in the MENA region, including: Business Women of Egypt 21, the Algerian Business Women's Association, the Egyptian Legal and Commercial Consultations Centre, Active Leaders for Women's Advancement in the Near East (ALWANE), and the Cartier Women's Initiative Awards.
- Agreed to engage in new ways of increasing communication and information exchange between relevant organisations. This would include the creation of an online directory of initiatives supporting women entrepreneurs in the MENA region (to be hosted on the Women's Business Forum web page: www.oecd.org/mena/investment/wbn) and the use and expansion of the Women's Business Forum Facebook page (www.facebook.com/OECDMENAWomensBusinessForum).

VI. The MENA region's employment challenge

Participants:

- Highlighted the urgency of addressing the MENA region's unemployment challenge, especially among youth and women. The region's average unemployment rate is 10%. Female unemployment rates are on

average twice as high as male rates in MENA, and five times as high in Egypt. Youth unemployment rates in MENA are the highest worldwide, reaching 26% and projected to increase further in 2013.

- Recalled that reducing unemployment is particularly challenging given the region's growing youth population: 2.8 million young workers enter the MENA labour markets each year. Skills mismatches between labour supply and demand, labour market rigidities, and strong incentives for workers to enter public sector employment further exacerbate the job market situation.
- Noted that high unemployment rates can result in (1) increased informality; (2) emigration; and (3) discouragement. First, job seekers who do not find employment in the formal sector often enter informal employment, characterised by lower wages and less job security. Second, unemployed people may emigrate to economies with more potential job opportunities; in the case of MENA, workers typically emigrate to oil-rich MENA countries or European Union countries². Third, the unemployed become "discouraged", giving up job seeking and opting out of the labour force, even though they would be willing to work if jobs were readily available.
- Stressed the important economic cost of unemployment in the MENA region. According to a recent World Bank study, the direct economic cost of youth unemployment is estimated to exceed USD 40-50 billion annually across the Arab world³.
- Noted that structural changes are needed to boost employment, in particular the development of the private sector. Almost all MENA governments have increased public spending in response to the Arab Awakening to meet citizens' demands for jobs. They have not only increased the hiring and the salaries of public sector employees but also implemented further active labour market policies such as wage subsidies for private sector employment, public work programmes and youth employment programmes. However, active labour market policies are not sustainable in the long term because they increase public spending, which has already reached distressing levels due to the global financial crisis. In Tunisia, for example, the budget deficit has increased from approximately 1% of GDP in 2010 to more than 6% in 2012.
- Stressed that job creation will require effective actions by the private sector and government policies to catalyse entrepreneurship, especially among high growth enterprises and women. Increasing firm creation will require measures to remove obstacles to entry, promote more open competition and improve access to capital.

VII. Role of the private sector in promoting youth and women's employment

Participants:

² "A survey of Egyptian young people by the International Organisation for Migration found that the onset of protests and instability may have acted as a primary push factor for youth who reported prior intentions to migrate. The survey's results indicate that two-thirds of respondents with migration intentions who were working prior to the start of the protests were negatively affected by the events: 26 percent lost their jobs, 20 percent were asked to take unpaid leave, and 19 percent witnessed a reduction in their working hours." (OECD-WEF, Arab World Competitiveness Report 2011-2012).

³ World Bank (2011), Education for Employment: Realising Arab Youth Potential. More details on the methodology can be found in Chaaban, Jad (2008), The Costs of Youth Exclusion in the Middle East, Washington, D.C.. Estimated cost is USD 25 billion for 11 countries which represent 60-65% of the region's GDP.

- Highlighted the need for private sector action to promote women's and youth employment. Participants in particular recommended (1) policies to adapt the education system to the needs of the labour market through vocational education and training, internships and apprenticeships; (2) corporate social responsibility; and (3) the improvement of business support service provision, including business incubators.
- Noted that private sector jobs are sometimes inaccessible to the local workforce due to skills mismatches: vocational education and training and internships can help to reduce skills mismatches. Apprenticeships were highlighted as a successful example of on-the-job training which benefits both firms and young employees.
- Underlined the need for strong corporate social responsibility (CSR) and measures to reduce corruption. This includes aligning CSR investments with national and local development priorities. Participants discussed good practice examples of responsible business conduct, which included company efforts to support general and vocational education, and training schemes for young people. It was noted that the OECD and its partners are currently working on a paper outlining best practice examples of corporate social responsibility in MENA economies.
- Welcomed ongoing activities to support improved CSR in the MENA region, including awareness-raising events and publications by the Egyptian Corporate Responsibility Centre, and the work of the MENA-OECD Responsible Business Conduct Forum, which is supported by the German International Co-operation Agency and UNDP.
- Highlighted that incubators, in particular women's business incubators, can be a means to increase employment, by helping nascent entrepreneurs start businesses, thereby creating employment for themselves and for others. They noted the usefulness of exchanging and disseminating experiences and good practices in this domain. In the case of women's business incubators, *Paris Pionnières* was presented as an interesting example: the association has created 18 incubators for female-led firms, has supported 300 women entrepreneurs and helped to start 270 businesses.
- Received a presentation from the Trade Union Advisory Committee to the OECD (TUAC), noting the challenge of finding the right balance between labour market liberalisation and worker protection policies.

VIII. Government action to promote youth and women's employment

Participants:

- Emphasised that urgent government action is needed to complement private sector action to promote jobs for youth and women. This includes more generally the improvement of the business climate and the establishment of a level playing field in the job market for women and youth as well as targeted measures to support high growth entrepreneurs, youth employment programmes and specific incentives for companies to hire women.
- Noted that in addition to broader efforts to improve the business climate, governments should consider targeted measures to support firms with high potential impact on jobs, as noted in the forthcoming OECD publication *New Entrepreneurs and High Performance Enterprises in the Middle East and North Africa*. Such measures can include financing schemes for high growth enterprises such as policies to promote the development of venture capital. They can also include the promotion of specific skills through special

trainings and voucher schemes for targeted consulting services. Voucher schemes are small grants or credits provided by governments to SMEs to buy specific consultancy services, which build SMEs' knowledge in such areas as management, accounting, innovation or trading.

- Underlined the value of publicly funded youth employment programmes, which train the unemployed youth to become entrepreneurs. The specific example of Algeria was mentioned, where a public youth employment programme created 90,000 jobs by providing loans to young entrepreneurs at preferential interest rates.
- Welcomed a presentation on the OECD's African Economic Outlook, which analyses the unemployment situation in North Africa and suggests areas for reform.
 - It finds that a significant share of youth in North Africa reports being discouraged from joining the labour force. 10% of young men and 12% of young women report being discouraged from joining the labour force in North Africa. Official unemployment rates do not capture the magnitude of this issue, because those who opt out of the labour force are not included in unemployment figures. One reported reason for this discouragement is youth aspirations to join the public sector. In Egypt, for instance, half of university graduates aspire to work in the public sector, while only 18% can be hired by the government. Employment-seeking women are often discouraged from remaining in the labour force following an unsuccessful job search.
 - It identifies five key areas of action to reduce youth unemployment in North Africa, which include:
 1. Reducing the barriers to growth and job creation faced by firms and entrepreneurs;
 2. Bridging the gap between education systems and the requirements of employers;
 3. Providing better information on labour markets, as parts of the youth has unrealistic job expectations;
 4. Creating a level playing field for first-time job seekers; and
 5. Making government programmes promoting youth employment more effective
- Suggested that addressing gender discrimination in MENA labour markets could be supported through the introduction of pro-active labour policies for women such as on-the-job training to change employers' attitudes towards hiring women. The Women's Business Forum report on *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region* (OECD, 2012) identifies further potential areas for support.
- Put forward that public financing of expenses related to childcare (maternity leave, childcare facilities, etc.) could encourage more women to join the labour force and reduce company disincentives to hire women.

IX. Next steps

Participants:

- Proposed that these conclusions be presented to the Steering Group of the MENA-OECD Initiative on Governance and Investment for Development, during its meeting on 22 November 2012.
- Agreed on the value of sharing good practices for promoting youth and women's employment, and invited the MENA-OECD Investment Programme to continue facilitating dialogue between public and private sector stakeholders in this domain.