



Financing women entrepreneurship: a global challenge

OECD experience

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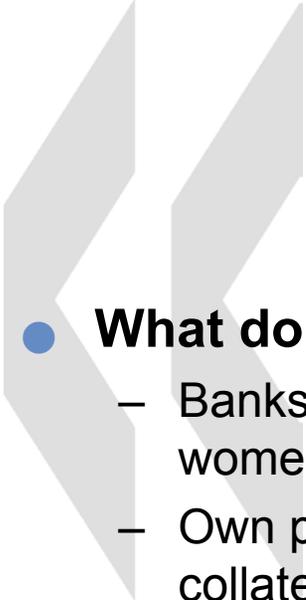
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Employment development) Programme,
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Presentation outline

1. What does the OECD?
2. Is there something wrong?
3. Selected findings
4. Building on Best practices
5. LEED Programme: beyond the financial aspects: the economic, social and 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 women participation in international trade
- December 2002 Maillage networking event UNESCO-OECD-Dirigeantes
- Follow-up
 - 2004 SMEs Ministerial conference in Istanbul (preparatory workshop 2003 Budapest) and research in progress
 - 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 rejected, unwillingness to have collaterals from partner, doubts about defending the project
 - Not enough knowledge of what financing options are available

- **What do women want from financial institutions ?**
 - A personalised exchange
 - Open minded credit officers
 - Advice and counselling
 - Good and easy information on options



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 ...

Financial institutions think that Women :

- Prefer to rely on personal capital
- Are intimidated by financial institutions
- Remain cautious about putting risks on their own capital and family
- Have negative perceptions of traditional financial institutions
- Are less prepared by their previous employment experiences (part time, fewer networks, less capital, less management experience)

General findings

- Small amount of personal capital to start up
- Increased need for external funding but problems to obtain it
- Lack of knowledge on what options available (public and private funds) - high search costs
- Structural and/or gender discrimination
- Banks mainly consider personal profiles and track records
- 95% cases women have been asked to pay higher interest rates (Canada)
- Women are requested to provide higher guarantees
- Lack of management skills



Policy responses

- Special credit funds
 - With 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
- Flexible time schedules
- Looking at business potential rather than past track record
- Change women entrepreneurs self-perceptions
- Encourage a positive image of the woman entrepreneurs
 - Good repayments histories
 - The "new" manager
 - Networks

Best Practices

● The Global Alliance

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

Variety of Financing programmes

- **A changing field 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,
 - LEED Forum on entrepreneurship, 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 participants from 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, Warsaw, Poland

« The role of women entrepreneurs in local development »

● **Topics ?**

- local culture;
- proximity financing and advisory services (courses for banks);
- decentralised training and education institutions;
- local partnerships;
- parallel family structures (children and elderly);
- role models and mentors;
- 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 analysis, 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 websites and other references



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Thank you