



# Financing women entrepreneurship: a global challenge

OECD experience

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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 ...

*Dina*

## **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](mailto:dina.ionescu@oecd.org) for websites and other references



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Thank you