

Women's Economic Empowerment in the Middle East and North Africa

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Jane Kinninmont

Good afternoon ladies and gentleman. Welcome back to Chatham House for today's session on Women's Economic Empowerment in the Middle East and North Africa. I'm delighted to be introducing as our speaker today, Dina Habib Powell, the president of the Goldman Sachs Foundation, who is going to be telling us about her work and her experience in working with female business people and entrepreneurs in the Middle East and North Africa as part of a major global programme called 10,000 Women.

Dina has a long career in the public sector and in government before coming into the private sector and she has a great deal of useful information and experience to bring to bear on this very, very important topic.

We're going to have a conversation rather than a very formal presentation so I'll be asking Dina a few questions about her work and about these issues and then we'll open up to an interactive discussion with you guys in the audience. I should note that today's discussion will be on the record, it's not under the Chatham House Rule, and you are welcome to tweet using the hashtag #CHEvents.

So, Dina, it would be great to hear from you to begin with, a little about this 10,000 Women initiative and why Goldman Sachs sees her value in particular in working with women.

Dina Habib Powell

Well thank you Jane. First of all I'm so honoured to be here and I want to thank Robin so much and the entire team for your nice welcoming of me and Charlotte and our team. I did think it was funny because we always use the Chatham House Rule at Goldman Sachs and in the US government we used to say that so it's kind of funny this is on the record, but I'm delighted that it is, because I think it's a topic that all of us do agree on, which is that women's economic empowerment is central to both economic growth around the world and societal transformation.

About eight years ago one of our chief economists at Goldman Sachs, Kathy Matsui, wrote a seminal piece titled *Womenomics*, and it looked at the labour force participation of women in Japan and if that labour force participation rose to meet that of men's in the country, you would see enormous GDP growth in Japan. But, given the size of the Japanese economy, that would have implications all around the world.

And so, it was interesting because it was very organic that many of our other economists and leaders of the firm started to say, 'Well that's very interesting, obviously if half of society is not participating, you're not going to see the productivity that you need to see.' And so we actually did a number of other pieces of research using that piece. One was titled, *Women Hold Up Half the Sky*, which took her theory and applied to the BRICs and next 11 countries and there you saw even more gain because, in countries where there were very, very low levels of participation by women, they had so much more to gain if women were in the workforce.

And so we began to ask, 'Is there something where we could actually say this aligns with our business interests, that ultimately firms like ours don't grow if GDP doesn't grow around the world?' and of course we were doing it from a philanthropic lens because we saw the double bottom line opportunity. And, as all of you know, that when women are empowered, societies that they are in have enormous gains on every metric that is measured.

So we looked at an indisputably economic opportunity that is found here and then we actually took a look at the last round of the Millennium Development Goals. It's very interesting, of the eight goals, if you look at them, you really can't reach a solution on any of them if women aren't central to the agenda. Universal education really means girls' education. If you look at the percentage of individuals infected by HIV/AIDS, malaria, it's mostly women and girls. If you look at the hungry of the world, it sadly is women and girls predominantly. And so, if you look at the economic case, and then the social development or global development case, suddenly this became a really interesting investment because you saw a genuine double bottom line return.

At Goldman Sachs we like to think that we look at good investments, but I was just telling Robin and Jane, I think we were a bit surprised at the reaction, because so many global institutions had recognized that empowering women and girls was really critical. But when it came in the voices of aid agencies or the United Nations or the World Bank, that was one thing, but when a private sector institution said, just sort of black and white, 'We look at, we assess investment opportunities, this seems like a very smart one.' It was a new voice in the debate and so we were very proud to be, at that time, the largest corporate investment in the economic empowerment of women.

What 10,000 Women is, is actually a programme that now has reached 10,000 female entrepreneurs around the world in 43 countries. It reaches them, women who actually have enterprises but there's enormous opportunity to grow if they have access to what a lot of other entrepreneurs have – business education, pragmatic business education, capital and technical assistance in the form of mentoring and business advising.

When we did our landscaping, we found out some very interesting things. First, the other major economic programme for women globally was microfinance, and I'm sure all of you are well familiar with what a transformative force that was. But it really was at the very small levels of loans, up to \$5 and \$10.

On the other side of the spectrum was a tiny group of women who had somehow broken out and were able to access venture capital but there was a huge missing middle for small and medium sized enterprises owned by women and that's why we decided to invest in that space. And we actually worked with a number of academic institutions, Oxford was one of them, and helped build an entrepreneurship programme in the 43 countries where we were working. And women could actually still run their business, but they would go, over the course of about six months, every other Saturday, and get modules on negotiations, market financing, how you lead your business to grow, how you employ a vision for your employees and it was really interesting. We predicted that we would have an attrition rate of maybe 25 per cent, we've seen a 99 per cent graduation rate, all across the world.

And I think, of course when you start something new, you get all kinds of questions. We actually had a question once about, 'Do you think there are even 10,000 women in the world who have businesses?' And we knew that there were. In fact, we ended up with a 14 per cent acceptance rate, there were so many qualified business women who wanted to enter the programme.

One important feature was that we would work with academic institutions in the countries, in Egypt, in Zambia, in China, you know wherever the programme was, and we were very careful not to bring our views of what that segment of women needed, but rather work with locally respected academic institutions and not profits to really customize the programme.

I'll wrap it up by telling you we set the goal for five years, 10,000 women, we were very proud to meet that goal recently, about a year ago. We reached the 10,000th woman graduated from the programme. We had it independently assessed by the International Centre for Research on Women, Geeta Gupta, and also Babson College, the number one entrepreneurship college in the world. And we were very pleased with the results; 80 per cent of the women had increased revenues, 60 per cent had created net new jobs and we were even able to quantify something that's difficult which is, do women in fact pay it forward, could we prove that thesis? And we found that 90 per cent of the graduates of 10,000 women actually mentored at least eight other women upon graduating from the programme. So, we even found a metric around that.

Jane Kinninmont

Fantastic. So tell us more about your work specifically in the Middle East. I'm very interested in your point about having to work with local partners to understand what people really see that they need. In Egypt for instance, what are the barriers that women are facing? What do they need?

Dina Habib Powell

So first, we found a very good partner in the American University in Cairo, and they obviously had a very good entrepreneurship programme but it wasn't reaching the target audience that we were hoping to reach. Candidly the AUC taught in English and so they actually made an exception in this case to translate the full programme into Arabic so we were able to reach women from all of the governance across the country.

And initially there was concern that again, would we find female entrepreneurs who really had successful businesses especially during the difficulties of the last few years? There we've worked with 350 business owners, women who have extraordinarily interesting business models, who again just never had the business education to understand how you grow your business.

There was one woman, Saida, who we worked with, who owns a commercial cleaning company, and it never occurred to her that if she told her employees the vision of the company, had them have a stake in it, she got them prestigious training so that they felt really good about that, suddenly they didn't feel embarrassed about what their work was, they really felt like they were part of this bigger company. She just got a huge contract to

be the commercial cleaner for one of the biggest technology companies in the new technology sector in Egypt. So, the interesting thing was, initially her husband was concerned about her growing this business and he began to see the results. Results speak for themselves. When you create jobs, when you grow your revenues, and he actually realized it made more sense for him to quit his job and work with her.

So you also see that societal change and I often say that first we all have to be extremely respectful of cultural boundaries in each of the countries where we were certainly working. But if you really go to the central issue, whether it's Egypt or many of the countries, and you have a population that's 80 per cent of the region under the age of 30, obviously the most important issue is where will the jobs be for these individuals and how do you grow a robust economy in that country? And so, everyone has a stake in that.

Jane Kinninmont

And one of the megatrends that we've been seeing in the region is this growing education for women rights across the regions from rising female literacy to women in some countries being the majority of university graduates, but is that translating into better job prospects and business prospects for women or are there still too many cultural or business barriers?

Dina Habib Powell

I certainly think it's increasing, I think we've come a long way from when the UN Arab Human Development Report was issued, I think it was now 12 years ago, and it cited that the most important barrier to the future of a more prosperous and peaceful region was the lack of full participation of women in every sphere of society, but importantly in the economy. And I think we certainly have made enormous gains in almost all of the countries in the region, partly because I think ironically the downturn caused every country in the world to say, 'We better use our entire workforce as effectively as possible.'

So, I think gains have been made, but I think there's still of course a long way to go. Even in the United States, we still remain a country where we have fewer females on corporate boards than many developed countries.

Jane Kinninmont

And here too.

Dina Habib Powell

So, before we throw any stones, I think each country could meet goals more effectively.

Jane Kinninmont

Absolutely. I think this is a very interesting initiative also for governments here in Europe to hear about. Right now there's a review of Egypt's foreign policy towards its neighbours including North Africa. In theory, Europe is really interested in the economic empowerment of women in the region, but unlikely to put that much money behind it.

There's one or two crises that it's busy dealing with at home. So, I'm interested to know if you think that initiatives like yours can partner up with governments or can work with the public sector?

Dina Habib Powell

Thank you for that question. Obviously we hope that, at the firm, we constantly think about how do we most effectively use our resources to think of new models or strategies to meet market gaps? And I think, individual institutions can do that, they can test a model, test a big pilot like 10,000 Women, but ultimately to scale, you really have to work with multi-lateral institutions or governments. So we were very proud when we were getting close to reaching the 10,000th woman, which by the way was very on purpose, we're a numerical crowd obviously, but we didn't want to just say we'd work with women or have a programme around women's empowerment, we wanted to hold ourselves accountable to exactly how many and to track the results of each.

And I think the fact that that data existed was why we were approached by Jim Kim, the president of the World Bank, and Jin-Yong Cai, the head of the IFC, and they said, 'We've seen the data, clearly this programme is working, how could we co-invest with you to scale it?' And so, about a year ago, our CEO, Lloyd Blankfein, announced a partnership where we actually have created a financing facility that will be managed by the IFC that will raise \$600 million.

We put in a tranche, the World Bank doubled that and were raising dollars, actually from European pension funds and other aid organizations, and these are actually dollars that will go to 100,000 women and they'll be loan sizes on average of \$30,000. So, it's really a new product in the market that was missing and I think these kinds of public-private partnerships are really critical to the future. I think this is going to be a new model, impact investing, that can only reach the certain scale that you want if you actually partner up.

By the way, interesting titbit, the first country, the first local bank to access this facility, was Alipay, the Alibaba Platform, Jack Ma's Platform, and they accessed it, \$90 million, and that will go to female entrepreneurs in China. You may have heard Jack Ma speak about this but he believes that women are central to the success of Alibaba in terms of both the leadership team that he has but how many female enterprises used Taobao and the other online platforms.

Jane Kinninmont

Fascinating. The IFC did some interesting research a few years ago pointing out the difficulty of accessing capital for many women unless they have the option of borrowing from their family. Is that the number one issue for the women you're working with or is it something else?

Dina Habib Powell

It's a critical issue. It's interesting. When we were thinking about investing with the IFC, we actually did some research, a piece called Giving Credit Where Credit is Due. It

actually found that there's a \$300 billion capital gap for female entrepreneurs meaning that's how much women would access if they could in countries around the world. If that gap were met, per capita income would go up by 14 per cent on average and in a country like Brazil by 23 per cent given the growth of female entrepreneurs there.

What we realized though, you assume it's just a supply side issue, which certainly it is. We still are telling the story of what a great return profile women are to banks around the world but there was a demand issue because women often cite a lack of confidence and a lack of business understanding to accessing capital outside of family capital because it makes them very nervous. Also collateral, as you know, is an issue.

And so with education, when women are told that you actually can access capital, that banks want to engage you and have a long-term relationship with you, and you get technical assistance, so the borrowers from this facility will also have technical assistance to really provide mentoring for those women, then you see that go up. But we didn't realize there is really a demand issue as well.

Jane Kinninmont

And why aren't local banks doing enough in this regard?

Dina Habib Powell

You know, well the IFC has about 1,000 banks in this programme, and they're running a couple of facilities so far and what the banks will say is, 'We'd like to have more female clients, we don't know how to find them, we don't know where to find these female entrepreneurs.' And this facility incentivizes the banks to do so because they actually have credit lines that they access through the facility, there's risk sharing with the facility and so it's really an incentive, you can only access this portion if it goes to female entrepreneurs.

So we're hoping that this is a model that will be successful. So far we've deployed the capital that'll reach 25,000 women, we've had the first set of deals in different countries with local banks and we're hoping, we're still on the, I would say, this is another big pilot that we're testing to see how it goes, but I think it could be a model that could be replicated with the IFC for sure.