



GENDER-SMART BUSINESS SOLUTIONS

CASE STUDY: BANK OF PALESTINE STRENGTHENS WOMEN-OWNED BUSINESSES AND THE ECONOMY



IFC

**International
Finance Corporation**
WORLD BANK GROUP

Creating Markets, Creating Opportunities

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Women's Contribution to the Economy

Micro, small, and medium enterprises (MSMEs) constitute 96 percent of the Palestinian private sector (Althalathini 2015), but only a quarter of these businesses are owned by women (IFC 2011). Few opportunities for women to participate in the labor force exist, either through corporate employment or entrepreneurship. Although 65 percent of Palestinian women have expressed a desire to launch a business, only 15 percent have done so (IFC 2014). In response to these challenges, IFC's Banking on Women (BOW) program partnered with Bank of Palestine (BOP) to launch the Felestineya Mini-MBA program.

Felestineya, Arabic for "Palestinian woman," is BOP's key program aimed at increasing women's participation in the labor market and meeting the financial needs of women, including female business owners. BOP and IFC designed the Felestineya Mini-MBA to boost the performance of firms owned by women and spur economic growth in West Bank and Gaza. A first-of-its-kind program, BOP is combining access to tailored financial products with nonfinancial services, including networking, mentoring, coaching, and business information, to drive growth of women-owned¹ small and medium enterprises (SMEs).

¹ Women-owned refers to both women-owned and women-led SMEs, and follows IFC's definition: at least 51 percent owned by woman/women OR at least 20 percent owned by woman/women AND has at least one woman as CEO/COO/CFO (president/vice president); and at least 30 percent of the board of directors are women, where a board exists.

Women are contributing to the Palestinian economy

As a result of the Mini-MBA program, women have doubled their revenues and profits, registered their businesses, and created new jobs. The number of employees working for Mini-MBA participants increased by 28 percent.

The Mini-MBA equips female entrepreneurs with the business and leadership skills they need to expand their enterprises. In addition, women have the opportunity to boost their confidence, establish business networks, and access financial products and services that meet their personal and business needs. The six-month program covers 11 business management topics, including a Lean Canvas business model,² marketing, customer service, human resources, financial management, and work-life skills. Program partners include Ernst and Young and a local nonprofit, the Business Women Forum.

² The Lean Canvas (<https://leanstack.com/is-one-page-business-model>) is a visual one-page business plan template adapted by Ash Maurya. It provides entrepreneurs with a concise approach to identifying their customers' problems and ways to address them.



Partnering for Business and Development Impact

Established in 1960, BOP is one of the largest banks in West Bank and Gaza, with a network of 70 branches and more than 890,000 customers. In 2014, IFC began working with BOP to help it become the national champion for SMEs and women. BOP drew on IFC's insights that the best outcomes for female entrepreneurs are achieved when banks increase the supply of capital to women-owned SMEs, develop specific banking products for SMEs, and offer targeted financial and nonfinancial services for women. When banks implement these three solutions, women have a much better chance to contribute fully to the economy.

In 2016, IFC committed a \$75 million subordinated loan to BOP to support the bank's growth and reach, setting aside at least 15 percent, or \$11.25 million, to be lent to women-owned enterprises in West Bank and Gaza. BOP's partnership with IFC on the Mini-MBA program was part of this effort, aimed to help women grow their businesses and create jobs for others. This case study focuses on the Mini-MBA program.

BOP was keen to capture a first-mover advantage in the market and offer a credible solution developed "by the private sector and for the private sector" to boost the growth of women-owned SMEs and to achieve business results for the bank. BOP aimed to accomplish the following objectives:

For women-owned SMEs:

- Increase business performance through new revenues, profits, and jobs
- Improve business management practices



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- Raise women's confidence as business leaders
- Expand business networks
- Increase access to finance

For the bank:

- Increase sale of financial products
- Enhance brand equity as the "Bank of Choice for Women"
- Improve staff perception of women as customers

IFC and Banking on Women (BOW)

IFC's BOW program plays a catalyzing role for partners and financial institutions by helping them to profitably and sustainably build a business case to serve women-owned businesses. As of June 2017, IFC has invested and provided expertise to 59 financial institutions in 35 countries, for a cumulative committed portfolio of nearly \$1.6 billion, since it launched BOW in 2010.



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Addressing Barriers for Female Entrepreneurs

The low representation of female entrepreneurs in West Bank and Gaza is attributed to several barriers that make it difficult for women to start and grow their businesses:

- **Political instability:** There is evidence that the political volatility resulting from violence, political division, and military rule has a limiting effect on SMEs that operate in the fragmented Palestinian domestic market (World Bank 2014).
- **Lack of mobility:** Geographic and social restrictions limit the ability of women—compared with men (World Bank 2011)—to move outside of their local communities, reducing their business growth opportunities.
- **Limited business management skills:** Compared with men, women entrepreneurs have less exposure to formal business training, especially in the areas of marketing and financial management, and are more likely to operate their enterprises from their homes (Althathini 2015).
- **Low confidence:** Women display lower confidence in their abilities as entrepreneurs than their male counterparts (Kelly et al. 2015).
- **Smaller networks:** Female entrepreneurs operate in smaller, less diverse networks than men and are less likely to seek the support of their social networks for business growth (Sadeq et al. 2011).
- **Limited access to finance:** Women-owned SMEs need an average of \$42,000 in financing, representing a credit gap of \$147 million across the Palestinian market (IFC 2011).

Creating Gender-Smart Solutions

Before designing the program, IFC and BOP conducted a needs assessment with female entrepreneurs, local and international trainers, business intermediaries, and other stakeholders in West Bank and Gaza. They incorporated learnings from the needs assessment into the design of the Mini-MBA program.

To attract a greater number of applications from female entrepreneurs, BOP partnered with local organizations. The bank also ran advertising and Facebook campaigns to generate awareness. The selection process for participants in the program was rigorous, and included assessing the businesses' viability and growth potential, the entrepreneurs' leadership qualities, and whether BOP could meet their needs. Of 143 applications, 40 businesses were selected for the program.

The Mini-MBA included the following:

- **Short practical trainings:** The training covered business management topics such as the Lean Canvas business model, marketing promotion and pricing, managing financials, interacting with customers, and managing people, as well as critical leadership and communication skills. Each topic covered was less than four hours, allowing women the flexibility to do other work and address care demands at home.
- **Mentoring, coaching, and networking:** BOP introduced a relationship manager (RM)³ buddy system to mentor female entrepreneurs. The RM buddies provided women with business advice and information to grow and manage

³ BOP RMs are bank employees. Their day-to-day role in the bank is to develop new business and interact with existing customers to increase sales of the bank's products and services.

their businesses. The program also included business coaching clinics and speed-learning sessions from trainers and experts. Additionally, the bank organized events for women to network with their peers and external vendors, such as *visitPalestine.ps*,⁴ to learn how to display and sell their products via on-line platforms unique to West Bank and Gaza.

■ **Blended learning techniques:** Online solutions were provided to address women's time and mobility constraints. Supplemental training materials were available on a private page on the bank's website, and a private Facebook group

⁴ *visitpalestine.ps* is a website that promotes tourism in West Bank and Gaza, and offers women entrepreneurs the opportunity to sell their products and services to the millions of tourists visiting the region annually.

was created to facilitate networking and the exchange of ideas, challenges, and solutions. To address mobility constraints between Gaza and West Bank, the bank conducted sessions via video conference to ensure that both locations had access to the same experts.

■ **Recognition:** The Mini-MBA pilot closed with a graduation event acknowledging the participants for completing the program and their families for supporting them. The event was held in Ramallah, West Bank, and almost all the participants from Gaza were able to attend, despite restrictions on travel. For many of the women, this was their first visit outside Gaza. For those unable to travel from Gaza, the graduation ceremony was also broadcast through video conferencing technology to recognize their participation.

Demonstrating the Business Case for the Mini-MBA

Through the Mini-MBA, BOP has demonstrated that nonfinancial services for women-owned SMEs can yield results not only for the women but also for BOP.

IFC and BOP partnered with Ipsos, a global survey and market research firm, to evaluate the impact of the program on women-owned and women-led SMEs. Female entrepreneurs completed a self-assessment survey at the beginning of the Mini-MBA and another survey at the end of the program. The results of both surveys were compared to determine quantitative impact, and focus groups and key informant interviews were conducted to determine changes in management practices and capability perceptions.

Business growth achievements for the female entrepreneurs included:

- **Their businesses are growing and contributing to the Palestinian economy.** Participants doubled their revenue and profits, took steps to formally register their businesses, and created new jobs. The number of employees working for the Mini-MBA participants increased by 28 percent, to 223, and the number of female employees rose by 31 percent, to 176.
- **Improved business management practices resulted in greater confidence.** As the women's business management skills improved, so did their confidence in their ability to grow their businesses. Better bookkeeping and financial management practices led to not only better business management, but also increases in revenue and profits, which changed the women's perceptions of their ability to successfully run their businesses.





■ **Women were able to expand their business networks.** Women reported that the Mini-MBA program helped provide access to an average of 37 new customers.

■ **The program increased women's access to finance.** The program helped expand women's access to financial products beyond lending. Women are now using business current accounts, encouraging their employees to open bank accounts, and running point-of-sale (POS) terminals—portable, hand-sized machines that process debit and credit card payments.

Business results for BOP included:

■ **BOP increased sales of its financial products.** The program helped ease financing gaps by introducing women to lending and cash management tools. Forty-seven percent of the women received a new loan, with an average loan size of \$51,398. The type of loans varied from standard SME loans with collateral to the Felestineya collateral-free loan, which was developed to ease restrictions for women, who have limited access to land ownership. Ten percent of the women use POS terminals, and close to 70 percent now use current accounts for their business needs instead of their

personal accounts, as they did previously. The benefits of the program also spilled over to the employees of the Mini-MBA participants, with a thirteen-fold increase in the number of employee accounts opened since the Mini-MBA program.

■ **The program enhanced the bank's brand equity.** Both women-owned SMEs and bank employees said they have a more favorable opinion of the bank. The Global Banking Alliance for Women and the Financial Times have recognized BOP for its efforts to improve women's economic opportunities. Additionally, the women participating and the Mini-MBA program have been featured in articles on Forbes.com.

■ **BOP staff gained a more positive perception of women as customers.** The program has had a positive impact on BOP RMs, who now view women entrepreneurs as good clients. This change in perception represents a departure from traditional views that fail to recognize a woman's capability to run a business. This change in perception has increased the women's trust in the bank.

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity. For more information, visit www.ifc.org.



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What BOP says:

Empowering women with the necessary knowledge, financial resources, and leadership skills is key to enhancing business performance and boosting overall growth. We are proud we were able to pilot the program in cooperation with IFC.

Hashim Shawa

Bank of Palestine's Chairman and General Manager

What a BOP client says:

Enrolling in the program helped me become more skilled as an entrepreneur and enabled me to assess business opportunities much more systematically. It also helped me think about more innovative ways to market and brand my products.

Ikhlas Showli

Siba Soap

What IFC says:

Women are changing the face of the global economy, helping to sustain job creation and economic growth. They often lack access to capital and access to information to grow their businesses. BOP has succeeded in changing this—spurring innovation to help create jobs. This is especially important in West Bank and Gaza.

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