

# ADVANCING WOMEN'S BUSINESSES IN THE PALESTINIAN TERRITORIES

## Lessons Learned: Overcoming Gendered Barriers in Entrepreneurship

March 2017



The study was conducted by the Near East Foundation for the “Advancing Women’s Businesses in the Palestinian Territories” project in partnership with the Cherie Blair Foundation for Women and with the financial support of the Trafigura and Oak Foundations.



# EXECUTIVE SUMMARY

---

The *Advancing Women's Business in Palestinian Territories (AWBP)* project supports women entrepreneurs who own small businesses, helping their ventures grow and develop and facilitating job creation. The project leverages enterprise development training, business incubation, coaching, and access to capital in order to break down social and economic barriers for women entrepreneurs operating in an otherwise difficult context. The Near East Foundation (NEF) partnered with the Cherie Blair Foundation for Women to establish AWBP with the financial support of the Trafigura and Oak Foundations. 217 women in the Ramallah, Bethlehem, and Hebron regions of the West Bank have participated in the project.

This study presents key insights from entrepreneurs, trainers, partners, and staff regarding AWBP's impact in helping entrepreneurs overcome critical barriers to grow their businesses. These findings are organised around the predominant obstacles impeding the success of women entrepreneurs: 1) sociocultural norms; 2) a lack of skills training and access to business services; and 3) barriers in access to capital.

## PROJECT ACHIEVEMENTS

- 217 women-owned businesses grew and have increased growth potential
- 107 jobs created by participant entrepreneurs
- 80.5% average increase in revenue of women entrepreneurs who received targeted support
- 295 women entrepreneurs and market actors participated in networking events
- 3 regional rapid incubation services established
- 2 Memorandums of Understanding signed with financial institutions to promote women's access to financial services
- 4 partnerships established with chambers of commerce to advance women's businesses

## SOCIOCULTURAL NORMS

- Women are often **expected to work within the home** and therefore have **limited support beyond family and friends**. Efforts to help women build stronger professional networks through market access – including participation in market fairs – have been well received, creating invaluable opportunities for connecting with new customers, suppliers, business partners, peers, and advisors. These networks help instil confidence through a strong support system while also offering tangible routes to improved sales, better market opportunities, and enhanced product offerings.

- Because **institutional support for women entrepreneurs is limited**, it is essential to foster conditions for institutions to connect with them. Partnering with organisations such as commercial banks and chambers of commerce augments the overall capacity to support women entrepreneurs and encourages these organisations to consider women as potential customers or contributors beyond the scope of the project. These initiatives also make the organisations in question more accessible and comfortable for women, who typically lack experience working with them.
- Formalising and legitimising female-run businesses helps counteract the **tendency to devalue women's work**. This objective can be realised, in part, through registering women's businesses, engaging them with recognised local institutions, and implementing measures that help their businesses become more professional. Such measures help women entrepreneurs gain acceptance from their families, communities, and local entities to operate and grow without further impediments.

## SKILLS TRAINING AND BUSINESS SERVICES

- The project takes **an inclusive approach** in its support for women. Supported business ventures include some that may not be ready



for growth. AWBP employs numerous streams of support in order to reach women at different points in their entrepreneurial journeys. The project provides the most basic support to a large number of beneficiaries; at this initial level, the support initiative is highly inclusive, serving even those whose businesses offer limited growth potential. In the latter parts of the project, the focus narrows to businesses that are ready for growth and scale, and participation becomes more selective. This tiered approach maximises inclusivity while also allowing for a more rigorous and nuanced process of understanding an enterprise prior to the commitment of incubation.

- Prototyping and product development includes support both for **improving products** and for **understanding the market**. For women selling products that are traditionally part of women's unpaid work within the home (e.g., foods, handicrafts), a process is needed to make these goods viable in a competitive market.
- Skills development covers both **managing a business venture** and developing the personality traits vital to entrepreneurial success. Traits such as persistence, opportunity seeking, and confidence help participants navigate challenging undertakings and contexts; these traits are emphasised throughout the training as equally relevant to success.

## BARRIES IN ACCESS TO CAPITAL

- Ready entrepreneurs for investment creates **a demand for investment**. In order for entrepreneurs to receive funding, they must possess basic financial and managerial skills to present their ventures to banks. They must also have plans to allocate any funds they receive.



*Above: Claudia, an entrepreneur from Bethlehem in the AWBP project, displays the puzzles and wooden toys she makes for children out of olive wood. Front cover: Nelly in her cafeteria. After participating in the AWBP project, Nelly was able to expand her at home catering business to a dine-in cafeteria. Photo credit: Tamara Abdul on behalf of the Cherie Blair Foundation for Women*

The project helps women entrepreneurs achieve these prerequisites through various levels of support, but financial and managerial skills is also one of the areas stressed in the incubator, where the women are best positioned for growth through investment.

- The **inaccessibility of loan products to women entrepreneurs** is a critical barrier to enterprise growth. Partnerships with commercial banks allow for the creation of new loan products that aid in the growth of women's business ventures and thereby fulfil the supply side of financing.

# TABLES OF CONTENTS

---

EXECUTIVE SUMMARY	2
INTRODUCTION	5
Setting the scene	5
Advancing Women’s Businesses in the Palestinian Territories (AWBP) project	5
Research objectives and methods	6
Three key barriers for women entrepreneurs	6
I. SOCIALCULTURAL NORMS	6
1.1 Creating business networks and market linkages	7
1.2 Establishing an enabling environment	7
1.3 Recognition as a legitimate business	9
II. SKILLS TRAINING AND BUSINESS SERVICES	10
2.1 An inclusive approach	11
2.2 Product development and prototyping	13
2.3 Developing entrepreneurial traits	14
III. BARRIES IN ACCESS TO CAPITAL	15
3.1 Supporting entrepreneurs to be loan ready	15
3.2 Creating customised loan products	17
IV. RECOMMENDATIONS	17
4.1 Sociocultural norms	17
4.2 Skills training and business services	18



# INTRODUCTION

## SETTING THE SCENE

Development practitioners are making advances in the promotion of gender equality and empowerment. Advocated as opportunities to reduce poverty and create sustainable livelihoods in low- and middle-income countries, programmes and policies designed to improve women's access to employment and earning opportunities have been gaining traction. Indeed, creating opportunities for women entrepreneurs can both boost local economic productivity and create jobs and sustainable livelihoods for some of the most economically marginalised individuals and communities.

For over a century, the Near East Foundation (NEF) has partnered with local communities to provide women entrepreneurs with the tools and training they need to be successful. NEF programming helps entrepreneurial women overcome barriers to business ownership, such as gaps in business management experience and limited access to credit. Throughout its work in the Middle East and Africa, NEF prioritises the most vulnerable women – rural and urban poor, heads of households, widows, refugees, and victims of domestic violence – offering the support they need to secure independence and lead dignified lives. NEF has worked on issues of women's entrepreneurship and employment in the West Bank since 2007.

## THE AWBP PROJECT

In 2013, NEF partnered with the Cherie Blair Foundation for Women to establish the Advancing Women's Business in Palestine (AWBP) project, with the financial support of the Trafigura and Oak Foundations. The AWBP project allows women entrepreneurs who own small businesses to expand their businesses and develop profitable, market-oriented, scalable business models that also facilitate job creation. The project leverages management training, business incubation, and access to capital in order to break down social and economic barriers and enable women entrepreneurs to enter the market and enjoy the same potential

for success as their male counterparts. The project has supported two cohorts of women (total of 217 women) in three regions in the West Bank: Ramallah, Bethlehem, and Hebron.

The AWBP project has four activity streams to support women entrepreneurs:

1. AWBP teaches **enterprise development skills** through thirty hours of training, concentrating on business plan development. This training is intended to scale up and strengthen existing small and informal ventures into viable small- and medium-sized businesses. 217 women entrepreneurs have participated in this AWBP training initiative in Palestine.
2. The project supports women's business growth through **coaching, mentoring, and networking**, to encourage linkages to larger markets. For businesses that demonstrate potential for growth, the AWBP provides intensive small group coaching on marketing and financial analysis in order to help women entrepreneurs build stronger and more robust business plans to drive expansion. Over 100 participants have benefitted from these forms of support.
3. **Incubation** services are provided in partnership with the local chambers of commerce in Ramallah, Bethlehem, and Hebron and allow growth-oriented businesses to scale up operations. They focus on hands-on, technical support, such as packaging and labelling sessions to develop graphics for improved product packaging. More than 100 entrepreneurs have participated in the business incubator.
4. **Investment** support begins by assessing each company's financial needs and developing an investment plan that is adapted to each one. Women entrepreneurs are supported in preparing applications for zero-interest loans as well as AWBP project grants. In total, 81 participants have received investment through loans and grants. The project works with local financial institutions to develop tailored financial products for women entrepreneurs, including loans with flexible collaterals, zero bank fees, and subsidised interest that is covered by the project.

## RESEARCH OBJECTIVES AND METHODS

This study examines the key factors within AWBP that help entrepreneurs overcome critical hurdles – sociocultural norms, lack of skills training and business services, and limited access to capital – as they grow and enhance their businesses.

Desk research undertaken for this study included a review of literature on women’s entrepreneurship programmes, key AWBP project documents, and case studies of 16 project participants.

Field research included both key informant interviews with project stakeholders and one-on-one interviews with project participants. Stakeholders from all three project locations – Ramallah, Bethlehem, and Hebron – were consulted. Thirteen key informant interviews were completed by telephone, interviewing AWBP staff, members of partner organisations, trainers, and coaches. Semi-structured, one-on-one interviews were conducted with ten project participants via telephone or in-person, with the support of AWBP staff. The interviews covered all three project locations: Ramallah, Bethlehem, and Hebron.

### THREE KEY BARRIERS FOR WOMEN ENTREPRENEURS

As indicated, there are three central impediments to the business growth and success of women entrepreneurs:

- sociocultural norms;
- a lack of management and technical training; and
- barriers in access to capital.

The following sections describe these challenges and outline how the AWBP project is working to tackle them.

## I. SOCIOCULTURAL NORMS

*“Women here have to prove themselves. They have the skills in production, but they have to have a steel will to make a successful business.”*

– Fida, AWBP trainer

*Encouraging the transitioning from an informal entity to a formal one helps address the social norms that hinder women’s work as entrepreneurs. Encouraging families and institutions to recognise these businesses as legitimate and valuable is a critical step toward combating the social norms that discourage women entrepreneurs. As room for gender equity increases so do opportunities for women, such as their ability to apply for loans.*

Socioeconomic and cultural factors in Palestine make women’s rate of participation in the workforce and the economy as a whole challenging. Traditionally, men are regarded as the breadwinners and are in charge of family financial decisions, while women are primarily expected to assume roles as mothers and caretakers. Palestinian women are more likely to perform unpaid work in the home and have less time to participate in paid employment. This applies in particular to Bethlehem and Hebron, where traditional views are especially strong.<sup>1</sup> Women manage less than one in twenty small- and medium-sized enterprises (SMEs) in Palestine and own less than one in ten companies. Moreover, the majority of women-owned businesses are not formally registered with local bodies.

Physical mobility is another impediment to the participation of Palestinian women in economic life. Political, social, and practical factors render mobility difficult in the West Bank. Indeed, Israeli checkpoints and barriers, including the separation wall, restrict freedom of movement for both men and women.

<sup>1</sup> Suheir Azzouni, “Palestine – Palestinian Authority and Israeli-Occupied Territories”, Women’s Rights in the Middle East and North Africa 373-75 (New York: Freedom House, 2010).

For some women, families also impose additional restrictions, preventing them from leaving home to perform outside work or requiring authorisation from male family members, thereby further limiting their economic opportunities.

In some cases, work as entrepreneurs is considered to be in conflict with, or in opposition to, the women's roles as mothers or wives. For example, Abeer, an entrepreneur in Hebron who sells food products, reported that her work has a positive financial impact on her family but that the most difficult part of working as an entrepreneur is "being absent from home for a long time and being unable to provide a family environment for [her] children".

AWBP was designed with these sociocultural barriers in mind. Although some of these barriers are part of the reality of working in the West Bank, efforts are nonetheless made to address the barriers to the extent possible. This is achieved through measures that:

1. help women transition from informal to formal businesses;
2. foster an enabling environment in the region; and
3. create business networks and market linkages.

## 1.1 CREATING BUSINESS NETWORKS AND MARKET LINKAGES

*Helping women build a stronger professional network creates invaluable opportunities for them to find new customers, suppliers, business partners, peers, and advisors. Such networks provide the confidence that comes with a strong group of supporters as well as tangible routes toward improved sales, better market opportunities, and enhanced product offerings.*

Globally, women entrepreneurs are likely to have smaller and less diverse networks compared to men and to rely more on friends and family for advice than to seek out business colleagues or professional

advisors<sup>2</sup>. Having a robust business network can help women entrepreneurs gain access to professional advice and valuable market information while also receiving support and growing in self-confidence.

Many AWBP participants rely on friends and family as a critical support in various aspects of their businesses. Family members act as unpaid employees, and both friends and family often provide the primary customer-base, especially during the early stages of business operation. In the short-term, this support may help women get their businesses off the ground. However, relying on personal contacts as customers typically limits business growth in the long-term, due to the emphasis on a small and limited customer base, and can reinforce dependence on family and friends for economic survival.

In light of these challenges, the AWBP team has worked to connect participants with new market channels for their products and services. In each region, project staff convene periodic market fairs, where entrepreneurs have the chance to exhibit their products and connect with new suppliers or potential partners. At the most recent event in Ramallah City, fifty women entrepreneurs participated and over 200 visitors, including suppliers, non-government organisations (NGOs), partners, community-based organisations (CBOs), and institution members, attended.

The AWBP team also helps women exhibit their products at market fairs convened by outside bodies, such as market fairs at An Najah University, local chambers of commerce, or the U.S. Consulate in Jerusalem. These **connections are invaluable, providing women entrepreneurs with additional opportunities to promote and grow their businesses and identify potential business partners.** These market fairs may also present a rare opportunity for women to market their products to a wider audience, including in new regions, helping them gain confidence in their sales and communication skills, increase their mobility, and expand their agency.

<sup>2</sup> Donna J. Kelley, et al, Global Entrepreneurship Monitor 2010 Women's Report (Babson Park: Babson College and the Global Entrepreneurship Research Association, 2010), accessed March 5, 2017, [http://www.espae.espol.edu.ec/images/FTP/2010\\_GEM\\_Womens\\_Report.pdf](http://www.espae.espol.edu.ec/images/FTP/2010_GEM_Womens_Report.pdf).



## CASE STUDY

Jameela is a widow from Al-Azaa refugee camp who turned her embroidery hobby into a home-based business. When Jameela became a widow and her family's sole provider, she suddenly found herself in a difficult and desperate situation. Her embroidery work became the path to support herself and her family. For many years, Jameela worked hard to grow her client base and generate more income for her family through her reputation for beautiful and high-quality embroidery.

Jameela found that demand was growing and decided to pursue expansion. She started looking into storefront locations, equipment, and employees to help her increase production. Despite owning a successful business for several years, Jameela had never had formal training to help her develop her business model. Through the AWBP project, Jameela was able to plan, budget, and manage the expansion of her business. Training and coaching helped Jameela successfully obtain a loan to purchase more efficient sewing machines and other equipment that would increase production.

Through AWBP, Jameela was able to find new markets for her products. She started selling her embroidery with complementary products, such as wool and accessories, and she also identified a storefront near tourist attractions and began tailoring her marketing to them. Jameela wanted to help others in need and has hired 15 women, mainly widows, to work in her shop. Her profits have increased 30% since joining the AWBP project.

“The project not only impacted my business, but it has also had an impact on my personality. I was living as a widow and needed money to pay my family's expenses, and now I want to earn money to improve my business more and more. With the AWBP project my business has grown. My dream now is to expand my business more and more and to create more jobs for the women in need.”



Jameela working on her next creation in her embroidery shop. Photo credit: Tamara Abdul on behalf of the Cherie Blair Foundation for Women

## 1.2 ESTABLISHING AN ENABLING ENVIRONMENT

*Encouraging other institutions to connect with the women is a way to increase the capacity for support and to influence these institutions to consider women entrepreneurs as potential customers or contributors beyond the scope of the project. Importantly, these connections also make such institutions more accessible and comfortable for women, who typically lack experience working with such bodies.*

The project not only works with entrepreneurs at the enterprise level; it also takes measures to help local institutions recognise and meet the needs of women entrepreneurs. Because the landscape of entrepreneurial support in the West Bank is fragmented, leaving many gaps, the project has engaged local chambers of commerce and local banks, calling on them to support local women entrepreneurs.

The local chambers of commerce offer support with business registration and also provide space for project activities. The chambers in Ramallah, Bethlehem, and Hebron have a strong local presence, and the AWBP project works with them, providing opportunities for both organisations to gain insight into the needs of women entrepreneurs. By developing the **capacity of these chambers to meet the needs of women**, the project can influence other activities implemented by the chambers and thereby have an **impact beyond the life of the project**.

The project also established a partnership with local financial institutions to help them meet the needs of women-owned businesses where the women face barriers in accessing bank services. In this way, **the project has helped women access the institutions that support them, while also helping the institutions understand how to better serve women entrepreneurs**. AWBP initially found a huge gap in women's abilities to access products through the banks. Encouragingly, the banks showed willingness and enthusiasm to bring in new women customers. For example, when AWBP found that women were unlikely to meet collateral requirements, the banks

created a product that would allow more flexible terms in relation to collateral. In the case of the Bank of Palestine, this partnership not only led to several loans; it led to a grant of \$400. *The role of banks is explored further in section 3.*

Not all attempts to gain the support of local organisation were successful. AWBP approached many women leaders of established, local businesses to volunteer as mentors and found **limited interest from the local business community**. The lack of interest could be driven by a fear that the entrepreneurs could become competitors. However, NEF found strong willingness among technical and managerial providers (e.g., experts in marketing or packaging) to mentor AWBP participants. The project now targets past participants to volunteer as mentors, which has been effective.

Finding ways to link women with local organisations also helps participants grow and diversify their networks, as discussed in the next section.

## 1.3 RECOGNITION AS A LEGITIMATE BUSINESS

*Formalising and legitimising women's businesses helps counteract norms that devalue women's work. This can be achieved, in part, through the registration of their businesses, engagement with recognised local institutions, such as banks and chambers of commerce, and measures that render their businesses more professional. These measures help women entrepreneurs gain the acceptance of their families, communities, and local entities to operate and grow without further impediments.*

Women are more likely to work and operate businesses in the informal sector. Although there are no explicit legal barriers preventing women from formalising their businesses, cultural barriers, which are less tangible and more subtle in their impact, make this process difficult. Social norms requiring women to balance employment with domestic responsibilities both limit the ability of women to access opportunities outside the home and impose

upon them a need to juggle their responsibilities.

Operating an informal business can be helpful at some stages of business development. For example, home-based businesses require lower start-up capital, which can help mitigate the risks of failure. Working in this way may also help women balance family responsibilities, such as looking after children, with income-generating activities. However, such informal businesses present risks that may be outweighed by the benefits: they are more likely to stall or to stop growing past a certain point; they lack social and legal protections, given the lack of an established owner and the operator's inability to enter into legal contracts; and they may reinforce cultural biases that women should not work outside the home.

Throughout the AWBP project, businesswomen are connected to institutions within the community, including local chambers of commerce and banks, that help legitimise their operations. All project participants are encouraged to register their businesses with the local chamber of commerce and are assisted in this process through reduced registration fees and support in the registration process.

Women participating in the AWBP incubator stream, in particular, are required to register their businesses. Registration presents opportunities for women entrepreneurs, giving them **business protection as a legal entity and access to the services offered by the chamber of commerce, and** preparing their businesses for potential growth through loan applications or contractual arrangements.

According to project staff, loans and grants make it easier for some families to view women's businesses as acceptable undertakings, since they allow the businesses to bring in more money and opportunities for the family. Family members are unable to directly access the loans since the money is established as part of the business, rather than as part of the family's finances, thereby empowering the women in making decisions related to the funds. At the same time, loans and grants also help **legitimise women entrepreneurs by showing that financial institutions are willing to lend to their businesses.**

Some participants are also able to professionalise their businesses with support from AWBP, which also helps legitimise their operations. For example, several women were able to establish public shops, rather than operating from their homes.

Encouraging transition from an informal entity to a formal one helps address the social norms that discourage, delegitimise, and hinder women's work as entrepreneurs. This step toward gender equity helps pave the way for new opportunities for women and, thus, for true gender equity.

## 2. SKILLS TRAINING AND BUSINESS SERVICES

Educating and training women and girls is vital to their economic and psychological empowerment and often leads to lifelong changes. Encouragingly, girls and women are accessing quality education at increasing rates in Palestine. Literacy rates for women rose 84% to 90% between 2000 and 2006<sup>3</sup>. Despite these advances, however, women entrepreneurs still face a skills gap.

The women participating in the project are diverse and bring with them a variety of skills, experiences, and educational backgrounds. While some have benefited from more formal education, others have limited formal education. And while some have held jobs outside their homes, others have worked only inside the home.

The AWBP project<sup>4</sup> found that training and coaching are typically inaccessible to small enterprise owners in Palestine. Such training is not typical in the region, and when it is available it may be limited to specific sectors or programmes. Although training programmes are emerging on topics such as access to finance, exporting, and human resources, they tend to be available to large enterprises (e.g., hotels) that can afford the associated financial and time costs. While vocational training is common and widely accessible in certain sectors, business trainings are mainly offered at private technical schools and are

3 Azzouni, "Palestine – Palestinian Authority and Israeli-Occupied Territories", 372.

4 Near East Foundation, Mapping the Entrepreneurial Ecosystem in the Palestinian Territories (London, 2014).



competed for 100 spots in the first intake of the enterprise development skills training. More applicants than anticipated met eligibility criteria, so project staff responded by increasing the number of participants at the training and incubation stages of the project. For example, the incubator was created to support 60 businesswomen but was expanded to accommodate 100 participants.

## 2.1 AN INCLUSIVE APPROACH

*There are numerous streams of support to reach women at different points of their entrepreneurial journeys. The most basic support is provided to the largest number of beneficiaries and is the most inclusive, allowing even those whose businesses offer limited growth potential to benefit from it. The latter parts of the project focus more on growth and scale, and the selection criteria become more selective. This tiered approach allows for inclusivity while also requiring a more rigorous and nuanced process of understanding an enterprise prior to the commitment of incubation.*

According to a 2014 World Bank analysis, skills training programmes for entrepreneurs improve women's business knowledge, practices, and management attitudes but do not necessarily correlate with business growth. Management training is necessary but not sufficient for successful business growth. For example, necessity entrepreneurs start businesses due to a lack of alternative economic opportunities and are unlikely to be able to take on the additional responsibilities, commitments, and financial risks required for business growth, regardless of support.<sup>5</sup> In contrast, growth-oriented entrepreneurs make a conscious decision to start

---

5 Xavier Cirera and Qursum Qasim, "Supporting Growth-Oriented Women Entrepreneurs: A Review of the Evidence and Key Challenges", World Bank Innovation, Technology & Entrepreneurship Policy Note, no. 5 (2014), accessed March 5, 2017, <http://documents.worldbank.org/curated/en/301891468327585460/pdf/92210-REPLACEMENT-Supporting-Growth-Oriented-Women-Entrepreneurs-A-Review-of-the-Evidence-and-Key-Challenge.pdf>

an enterprise in order to capitalise on opportunities, skills or competencies. In the AWBP project's inclusive approach, growth-oriented firms are not specifically targeted and participants are somewhere on the continuum from necessity to growth-oriented.

AWBP has a diverse group of entrepreneurs to support, offering basic support to necessity entrepreneurs and more comprehensive support to growth-oriented entrepreneurs. This has allowed the AWBP project to be **inclusive and to respond to the needs of businesses that are ready for growth and those that are not.**

Many support programmes for entrepreneurs measure success by the growth of the businesses they support. However, not all businesses are at a stage where they are ready for growth and not all entrepreneurs are positioned to expand their businesses. NEF's work with entrepreneurs has focused on including support to the most vulnerable women. AWBP strives to be widely inclusive of those facing more barriers and consequently its project participants include refugees, heads of household, and widows.

Not all women would benefit from support that relates to enterprise growth. Women with greater household responsibilities may not have the time or ability to take on financial risks associated with a growth orientation. Yet these women still benefit from AWBP training as they learn how to improve their operation and possibly become ready for future growth activities. AWBP selection criteria has low barriers (e.g., lower educational and turnover requirements than initially planned) for women applying to join the enterprise development skills portion of the project. Some of the required criteria entail attending the trainings and being the owner of a pre-existing venture.

On the other hand, entrepreneurs who are ready and poised for growth need different support from those who are not.

The AWBP project has three types of support to meet the needs of different women entrepreneurs. At the completion of each stage, the women have the opportunity to apply for a more intensive category of support. This tiered approach helps them maximise

their returns from participation in the project or stop participating when they have reached the appropriate stage. It also allows project staff to gain a deeper understanding of each business and assess if it is likely to experience the businesses growth that more personalised support aims to foster. This careful observation lends to the selection of those growth-oriented entrepreneurs who are most likely to successfully capitalise on support for growth. Most entrepreneur support programmes base their success on the growth and success of their participants. However, finding growth-oriented businesses and vetting them can be difficult. There is no clear-cut way to ensure that support will translate to business growth or jobs. AWBP's tiered approach allows for inclusivity as well as a more rigorous and nuanced process of understanding an enterprise prior to the commitment of incubation.

**1. Enterprise development** is the AWBP's most inclusive training stream and can benefit both **necessity entrepreneurs** and growth-oriented entrepreneurs. The stream is adapted from the International Labour Organisation's GET Ahead for Women in Enterprise training package and provides 30 hours of training concentrated on business plan development. To date, it has been completed by over 200 women.

*GET Ahead* is aimed at "low-income and low-literate women and their families involved in income generation in an individual, family or group business".<sup>6</sup> The training has three objectives: 1) expand decent work and income-earning opportunities for women and men in family-and community-focused enterprises; 2) enable low-income women entrepreneurs and their family members to shift from marginal income generation to profitable business development; and 3) contribute to the social and economic empowerment of populations in poverty.

---

6 Susanne Bauer, et al, GET Ahead for Women in Enterprise Training Package and Resource Kit (Geneva: International Labour Office, 2004), accessed March 5, 2017, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_116100.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_116100.pdf).

The AWBP training helps necessity entrepreneurs shift to a commercial mind-set and establish the skills needed to understand their ventures and improve their practices. For instance, financial management training introduces the idea of separating family finances from business finances.

*"Thinking of salary and wages for those who are helping her with her business. Often these are friends and family, so this stage helps them to understand the real cost including labour."*

– Hanan, AWBP trainer

2. The next level of AWBP training – **coaching and mentoring** – is aimed at **growth-oriented entrepreneurs**. For businesses that show potential for growth, intensive small group coaching is provided to assist women with marketing and financial analysis and to help them build stronger and more robust business plans that drive expansion. The coaching and mentoring sessions, which take place in small groups with site visits to each business, ensure that business advice is tailored and feasible. For example, coaching sessions include an in-depth look at pricing models for products and services, enabling women to calculate the profit margins on all products and ensure their business model is sustainable.

Fatmeh, one of the entrepreneurs from Ramallah city, opened a café after years of working as a chef at a local university cafeteria. AWBP enterprise training helped her with the financial management of the café. With the AWBP coaching project, she was able to start looking at the costs of products and overhead and began working with wholesalers to purchase raw materials, allowing her to reduce costs and increase profits.

Market linkages are also supported as part of this stream of the AWBP, as discussed earlier.

3. Entrepreneurs who have successfully completed the first and second streams can apply for the **incubation programme** if their businesses are **ready for scaled** up operations. Business incubators are based out of the

woman's local chamber of commerce and provide long-term and comprehensive support programmes for eligible women entrepreneurs. Incubation is the most intensive of all support provided by the project, one of the goals of which is to prepare businesses for financial investment and scaling up. With support from AWBP coaches and project staff, women plan how to allocate investments and how to best achieve scale. The incubation period is six months, but combined with other types of support, the support received can last up to one year. This stream gives women on-going support as they grow their businesses and the added confidence of having a team of experts, peers, and mentors advising them in the journey.

*“At the end of the programme, we have built trust. The women know we will follow up with them, and that they can call us with questions and we will support them.”*

*– Tahreer, AWBP staff*

AWBP business incubation enables women to develop new and existing products through prototyping with one-on-one support with a specialist. Women are offered pro bono services from a graphic designer, enabling them to create logos,

flyers, or labels. A branding and marketing specialist works with them to improve product marketing through improved packaging.

Women entrepreneurs are also supported in applying for loans and preparing for investment in this stream, as discussed in the next sub-section. Over 100 participants have benefited from incubation services, with 81 women receiving loans from AWBP partner institutions.

## 2.2 PRODUCT DEVELOPMENT AND PROTOTYPING

*“Because women have ideas but so many challenges in production and creating a viable business. These products are special because they're handmade and she creates it from beginning to the end. In Hebron, many of the women have the knowledge to make traditional products with strong local ties. Women need to make the products marketable by improving the products, investing in equipment, or improving packaging. They go into a small market but it is a great achievement. Women need this for self actualisation.”*

*– Hanan, AWBP trainer*

Throughout the AWBP training and incubation process, the women are taught to understand the market and create products that will appeal to that

### CASE STUDY

Asmahan is an entrepreneur from near Hebron, who started a business making products from grapes in 2005. Using her family's grapes, she and her family made jams, molasses, and a local sweet called malban. Although there was local demand for her products, Asmahan began facing challenges as she grew her business. Accessing supplies and transporting products to the market became challenging since she lives near an Israeli settlement. It was also difficult processing large quantities of fresh grapes during a short harvest period. At first, she did this work manually, but as she began to process products on a larger scale, it became a struggle. With the help of her husband, Asmahan invented a machine to speed up the process of grape extraction. The new device significantly increased production capacity and Asmahan began selling it to other businesses.

Because of her knowledge and experience, Asmahan then developed another machine that could extract and process grapeseed oil – a high-value product in Palestine – from the grapes she was processing. With NEF's support, she developed a business plan for the new invention and developed and refined the machine with the help of coaches. She was able to obtain a loan to fund the production of the device. NEF and Ministry of Women Affairs helped to facilitate registering a patent for her first invention and are in the process of assisting her in the second patent for her new device.

*“The project enabled me to improve my presentation, pitching, and marketing skills through a learning-by-doing approach, such as when I participated in the project-facilitated bazaar.”*

*- Asmahan*





Asmahan stands in front of one of the grapeseed oil extraction machines she developed.  
Photo credit: Near East Foundation

market. This is emphasised both in formal sessions and in the process of encouraging the women to move to a more commercial orientation. Within the business incubation stream, a product development session helps women learn to develop new and existing products and services.

Many AWBP businesses rely on skills in traditional work, such as food production or traditional handicrafts. However, as products start to reach a broader market, entrepreneurs need to improve both how they appeal to customers and how to find production efficiencies in order to meet increased demand.

Women are also able to collaborate to find product innovations. One participant, Samaher, had a business making chairs out of recycled tires. The project supported her in creating new designs; subsequently, through the networking element, she started to work with other entrepreneurs who specialised in embroidery to incorporate their work into her chairs.

*Prototyping and product development includes support in improving products and in understanding the market. For women selling products that are traditionally part of women's unpaid work within the home (e.g., foods or handicrafts), there is a process needed to make these goods viable in a competitive market.*

## 2.3 DEVELOPING ENTREPRENEURIAL TRAITS

*“Our main goal is to support small businesses for women with training, coaching, funding, incubation. But when we're working with women, we need to help develop her personality.”*

*– Tahreer, AWBP staff*

Within the development community, there is growing interest in the relationship between personality traits, such as confidence and persistence, and entrepreneurship. For example, women with lower confidence in their abilities and higher

fear of failure have a lower propensity to engage in entrepreneurial activities.<sup>7</sup> AWBP's enterprise development stream addresses concerns raised by these research findings by devoting time to the development of entrepreneurial personality traits. This includes activities to recognise personality traits, such as persistence and opportunity seeking, as part of business successes and to help women apply these skills in order to achieve their business goals.

Nearly all women entrepreneurs who have participated in the AWBP project report increased pride and confidence in their abilities as a result of their participation. The networking and peer support provided by the project is also attributed to increased confidence among AWBP participants. Prior to their involvement in the project, many participants did not know other women entrepreneurs. Having the opportunity to witness the successful pursuits of other women instils confidence in the participants, inspiring them to continue trying and enabling them to learn from one another. As they find new markets, grow their enterprises, and provide a source of income for their households, their confidence is reinforced and continues to increase with each success.

<sup>7</sup> Philipp Koellinger, Maria Minniti, and Christian Schade, “Gender Differences in Entrepreneurial Propensity”, Oxford Bulletin of Economics and Statistics 75, no. 2 (2011): 213-34. Web.

*“I need to be successful as an entrepreneur, firstly for financial reasons because salaries are so low here. But also for myself, for my character. I have had to develop my personality. It helps to have a man who supports the woman who is working.”*

*– Nelly, AWBP participant*

*In addition to enterprise development skills, there are also important personality traits vital to entrepreneurial success. The development of these traits, such as persistence, opportunity seeking, and confidence, help the women navigate challenging undertakings and contexts and prove successful in their business ventures. For this reason, they are incorporated into the skills training alongside more general job skills.*

### 3. BARRIERS IN ACCESS TO CAPITAL

Access to credit is one of the primary limitations faced by all entrepreneurs in Palestine, and women face additional restrictions that further limit their access. Knowledge, economic, and social barriers hinder access to credit. Further, applying for credit is a lengthy process with complex collateral requirements, short repayment periods, and high interest rates. This experience of women entrepreneurs is confirmed by research findings. According to the World Bank, Palestine ranks 165th out of 189 countries in accessing credit to start or expand a business.<sup>8</sup>

Lacking access to capital means most women start their businesses with exceptionally limited capital and are thus obliged to sustain their businesses with meagre initial capital investment. Unable to set capital goals – for example, to buy equipment or rent space – they are unable to grow or expand their businesses. Although there are numerous

---

<sup>8</sup> World Bank, Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises, DOI: 10.1596/978-0-8213-9615-5 (Washington: World Bank Group, 2013), accessed March 5, 2017, <http://www.doingbusiness.org/reports/global-reports/doing-business-2014>

microfinance and group loan programmes in Palestine, access to commercial financial investment is largely unavailable to women entrepreneurs.

Women in Palestine are likely to be omitted from household financial matters, as men are traditionally expected to oversee financial decisions. The impact of these cultural restrictions on women in Palestine is broad: Only 5% of women in Palestine own land, and only 8% own property.<sup>9</sup> Without inclusion in financial responsibilities, women in Palestine are typically overlooked by banks and lenders. Most commercial banks require multiple guarantors and a bank account with a monthly salary deposited in it to access credit. Not having gained financial experience, women often lack the knowledge necessary to know how to obtain loans and are unlikely to have the collateral needed to secure a loan. Further hindering their access, banks in Palestine previously lacked products or programmes aimed at women entrepreneurs.

Culturally, there is also an expectation that Islamic loans, which tend to be more expensive, will be used. This is, in part, due to a belief that products offered by banks do not adhere to Islamic concepts and religion; cultural taboos therefore restrict taking such loans.

To respond to these challenges in accessing credit, AWBP created a Product Development Fund that gives small grants (averaging 400 USD) to the women entrepreneurs in the project. However, a more sustainable approach was also taken, working with women to ensure they have the knowledge and skills to apply for loans and collaborating with financial institutions to help them understand women entrepreneurs as potential clients and to create products geared towards women entrepreneurs.

#### 3.1 SUPPORTING ENTREPRENEURS TO BE LOAN-READY

NEF supports entrepreneurs to help them develop their skills and gain the experience necessary to be prepared for loans or grants. Although not all entrepreneurs working with AWBP are ready for

---

<sup>9</sup> Azzouni, “Palestine – Palestinian Authority and Israeli-Occupied Territories”, 373.

## CASE STUDY

Sana is an entrepreneur from Bethlehem City who started selling baked goods from her home more than 12 years ago to supplement her family's income. Until recently, her business was based at home and new customers were identified through word of mouth only. As her business grew and her client base became more established, Sana's business began to outgrow its operating model. Without investing in the equipment and space to make production more efficient, Sana could not keep up with demand. Although she has been baking since she was a teenager, Sana struggled to balance her household tasks with her entrepreneurial activities.

Through the support provided by NEF, Sana was able to plan for growth and expansion. She created a business plan, including plans to open a retail location and purchase new equipment that would make production more efficient. She also started marketing through new channels, such as local market fairs and social media, which helped expand her client base. Sana now provides desserts to an international hotel in Bethlehem City, which has provided a reliable and regular source of income.

"My store tripled my business. I have one new employee and found two new suppliers. I bought an oven, a mixer, and other equipment, and the sign for my store. The programme helped me find new customers, but also helped me understand how we talk to them. I needed help with this. The trainers were very encouraging - and I needed encouragement. If you believe in yourself, you can do it" – Sana.

loans, many benefit from financial management and planning skills training, each of which is necessary for investment. Many women come to the project with limited knowledge in this area, and some do not even possess a basic bank account for their businesses. They are provided the tools to understand the financial health of their businesses as well as key concepts, such as profit margins and unit cost, so that they are prepared to take on loans or grants to back expansion when necessary.

Amal owns an embroidery business, having learned embroidery from her mother. She began selling her embroidery products through exhibits and has built a client base, now taking custom orders and creating her own innovative designs. Amal established her business in 2003, but it was not until she received support from AWBP that she opened her own bank account. According to Amal, "the biggest benefit from the programme was being able to gain awareness of managerial and financial skills."

NEF looks to recruit enterprises positioned for



Sana baking another batch of cakes in her store's kitchen. *Photo credit: Tamara Abdul on behalf of the Cherie Blair Foundation for Women*

growth but also helps support these entrepreneurs to be ready for loans. Participants create business plans to help them map out their work with NEF, and the coaching process contributes to improving and substantiating these plans. For growth-oriented businesses, this is an opportunity to plan for loans and understand where funds would be best allocated, including planning for costs of equipment upkeep or costs associated with rental spaces. At each stage of the project, women incrementally improve their plans and their understanding of the financial aspect of their businesses, becoming increasingly prepared to obtain financing. With improved



business plans and training, they are also likely to be better candidates for loans. In addition to financial planning, participants are given support to develop applications for both loans and grants. To date, 81 participants have received either loans or grants.

*In order for entrepreneurs to receive funding, they must have basic financial and managerial skills to present their ventures to banks and a plan developed to allocate any funds they receive. Readying entrepreneurs for investment creates a demand for funding.*

The business plan is one of the core elements that allow women to progress within the project. Featuring it in the programme permits inclusivity, as all women are able to benefit from the training. However, only those who are more advanced progress to coaching and incubation. A careful screening and selection process is part of the reason this project has been especially effective. There is wide inclusivity for those meeting the more basic requirements (or as much inclusivity as possible, given finite resources), but those who are able to meet the “growth orientation” requirements or threshold are given the additional support.

**Although many participants may benefit from the investment, AWBP assumes some of the risk and makes a concerted effort to match the right type of capital with the right enterprise** – only those that can grow revenue and create jobs (and sustain them) are a result of investment.

### 3.2 CREATING CUSTOMISED LOAN PRODUCTS

Before the start of the project, commercial banks in the region where the AWBP project is implemented lacked financial products tailored to the needs of project participants. Although some institutions had an interest and willingness to work with the women entrepreneurs in order to help them create suitable products, they did not have products that would meet the needs of the entrepreneurs. AWBP therefore worked with banks that had interest rates, fees, and collateral requirements appropriate for project participants, helping them tailor their products to the

needs of the women entrepreneurs.

The National Bank and the Bank of Palestine served as partners for loans, providing a competitive loan product with low interest and more flexible collateral requirements. In order to take on some of the financial risk and make the loans zero interest, AWBP paid the interest on the loans, making the loans more culturally acceptable and sharing the risk between the project and the entrepreneurs.

Open-house days were organised with financial institutions, where financial institutions presented the products on offer and answered questions focused on their banking services and the ways they could help women develop their businesses.

**Partnership with banks was critical to encourage women to start using banks and overcome some of the barriers** they faced in accessing financial support. It also helped foster relationships between women entrepreneurs and banks that, **in the past, may have perceived women entrepreneurs as risky investments.**

## 4. RECOMMENDATIONS

*The low availability of loan products accessible to women entrepreneurs is a critical barrier to enterprise growth. Partnerships with banks allow for the creation of new loan products geared toward women’s ventures, thereby fulfilling the supply side of financing.*

Various AWBP stakeholders and participants provided recommendations, which are outlined below.

### 4.1 SOCIOCULTURAL NORMS

#### Engaging family members

Some participants reported significant support from their families, while in other cases family served as a barrier, discouraging women from working outside their homes or from working on a business that could take time away from household duties. In some cases, husbands were initially sceptical about the women’s business but became a source of support once they saw the positive impacts of women working. In

nearly all cases, families had a significant influence on women entrepreneurs and their success. Not only was their support necessary for the women to work outside the home, family members also helped boost the confidence of the women, complimenting their skills and knowledge and encouraging them to continue. In some cases, family members helped the women entrepreneurs with their business practices. For example, older women often relied on their children to help them create online marketing content. Therefore, including family in some aspect of the training is recommended to help encourage families to be a positive influence and source of support for the women entrepreneurs.

### **International market linkages**

Creating market linkages for women who are able to create products of a potential international reach would help women who are ready for expansion. This could include connections with online retailers who could market and sell handicrafts or local specialities.

## **4.2 SKILLS TRAINING AND BUSINESS SERVICES**

### **Physical business incubator**

The business incubators were held in the chambers of commerce. However, having a dedicated space would be helpful to the women entrepreneurs and would also create a physical space for them to come together. Modelling such space after the Business Woman's Forum in Ramallah but rendering it available to all women entrepreneurs rather than only those with established businesses could be beneficial to the project and its success.



**Near East Foundation UK**  
32-36 Loman Street  
London SE1 0EH | United Kingdom  
T: +44 (0) 20 7922 7734