

March 2024

Greetings from Washington, DC.

Every year, we celebrate Women's History Month as well as International Women's Day in March, and the media is briefly flooded with stories about prominent and successful women and stories about gender equality. Few of these stories mention the fact that, according to the latest estimates based on the current rate of progress, the world won't achieve gender equality until 2118—another 84 years.

Of course, some regions are expected to make progress more quickly and others more slowly. The Middle East and North Africa region, for example, is expected to reach gender parity in about 132 years, assuming the current rate of progress. Despite the best efforts of many groups and organizations, MENA is currently believed to be the region furthest from achieving gender equality globally.

One of the biggest reasons for this is that women constitute approximately 49 percent of the population in the MENA region, yet only 19 percent of them participate in the workforce and less than 5 percent of businesses are women-led.

One of the often overlooked solutions is entrepreneurship. Investing in women's economic participation, particularly in entrepreneurship, not only provides higher economic returns but also offers broad social benefits—businesses founded by women tend to **outperform** by generating more revenue over time. Women are more likely to **reinvest** a significant portion of their income into their communities, and companies established by women are likely to have a workforce with **2.5 times** more women compared to those founded by men. Despite this, women entrepreneurs in the MENA encounter substantial obstacles in securing capital and frequently depend on **personal savings or family support** due to investor hesitancy towards funding women-led start-ups.

The gender investment gap in the region poses a significant challenge and remains largely unaddressed and understudied. Businesses established by women in the MENA region consistently receive only a small fraction of the total investment available. In 2023, the total investment amounted to US\$2.2 billion. Of this, less than 0.47% was allocated to companies led by women. To put it simply, women receive around 0.47 US cents for every US dollar that men raise, highlighting the significant gender gap in funding within the region.

So why are women founders systematically and historically excluded from investment? For starters, investors often treat men and women entrepreneurs differently, focusing on risk when engaging with women and on growth with men. A study revealed that when investors used uniform questions for all pitches, the valuation of men's proposals dropped while women's valuations increased, highlighting how undervalued they were.

Another problem is investor bias, known as **investor homophily** or the "like attracts like" bias, which contributes to funding imbalances. With only 15% of angel investors in the region being females, this issue becomes evident. Additionally, many angel and VC investors share similar educational backgrounds, experiences, and interests, further reinforcing this bias and affecting diversity in funding decisions. There is also a widespread oversight in the region, as decision-makers often fail to recognize the absence of women-led startups.

Then how can we mitigate these disparities? Equal access to funds cannot be achieved by simply "fixing the women" through additional training or encouraging them to adopt a more male-centric approach to their pitches. This perspective overlooks the necessity for systemic policy and structural changes. It inaccurately suggests that women can independently bridge the gender gap without addressing the broader, institutional barriers they face.

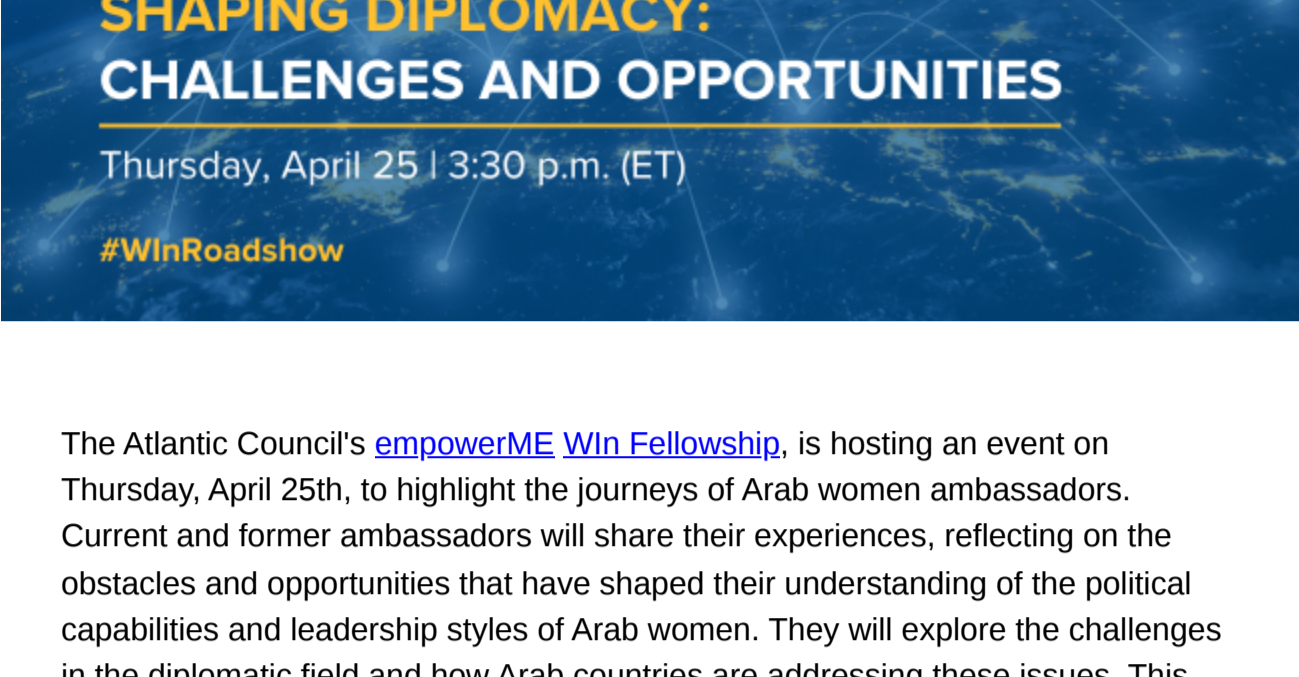
Workable solutions likely to help drive real systems change are less widely understood. There is a need to diversify venture capital firms and create a quota to help increase in women with decision-making power within these firms. We also need more equitable evaluation practices in investment decisions and in reviewing the investment process specifically. Addressing the problem can be a matter of just changing certain processes and assessments that can lead to deeper change. How you evaluate matters. Another solution is to move away from a venture-based capital financing system. Grants, revenue-based financing, or crowdfunding campaigns are all viable options for early-stage startups.

While the region has made some progress in terms of gender equality, we don't know the extent and how much further remains mainly due to a lack of data. To effectively change the current situation, we must start by investing in reliable and comprehensive research. Measure what matters, what gets measured gets delivered.

Even today, the promotion of gender diversity and inclusion within the economy is often viewed merely as an act of social responsibility or a good deed. The truth is, that it's a strategic imperative that contributes to the growth of national economies. As Melinda French Gates has said, "Gender diversity is not just good for women, it's good for anyone who wants results."

Sincerely,
Lynn Monzer
Deputy Director, *Win Fellowship*, *empowerME*
Ra'ik Hariri Center for the Middle East
Atlantic Council

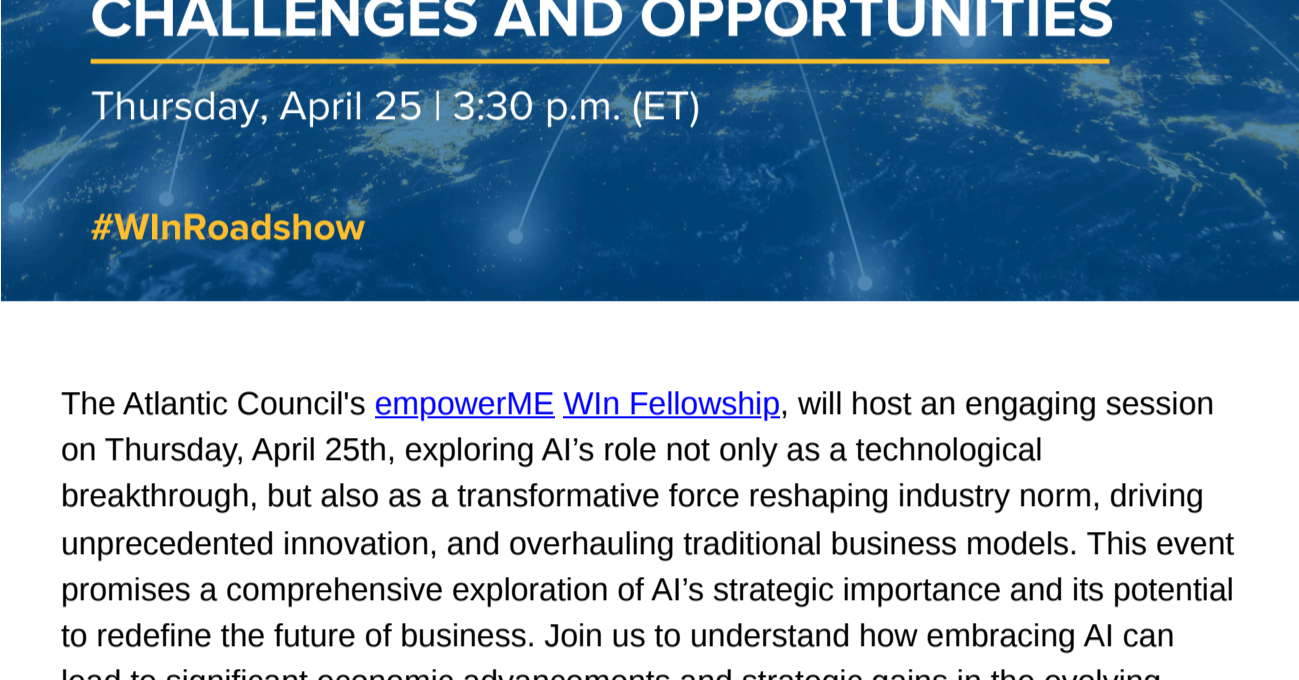
Upcoming Event



The Atlantic Council's *empowerME Win Fellowship*, is hosting an event on Thursday, April 25th, to highlight the journeys of Arab women ambassadors. Current and former ambassadors will share their experiences, reflecting on the obstacles and opportunities that have shaped their understanding of the political capabilities and leadership styles of Arab women. They will explore the challenges in the diplomatic field and how Arab countries are addressing these issues. This event celebrates Arab women leaders and aims to inspire the next generation to break new ground in diplomacy.

To participate in this discussion, in-person or virtually, please register using the link below.

[Register Here](#)

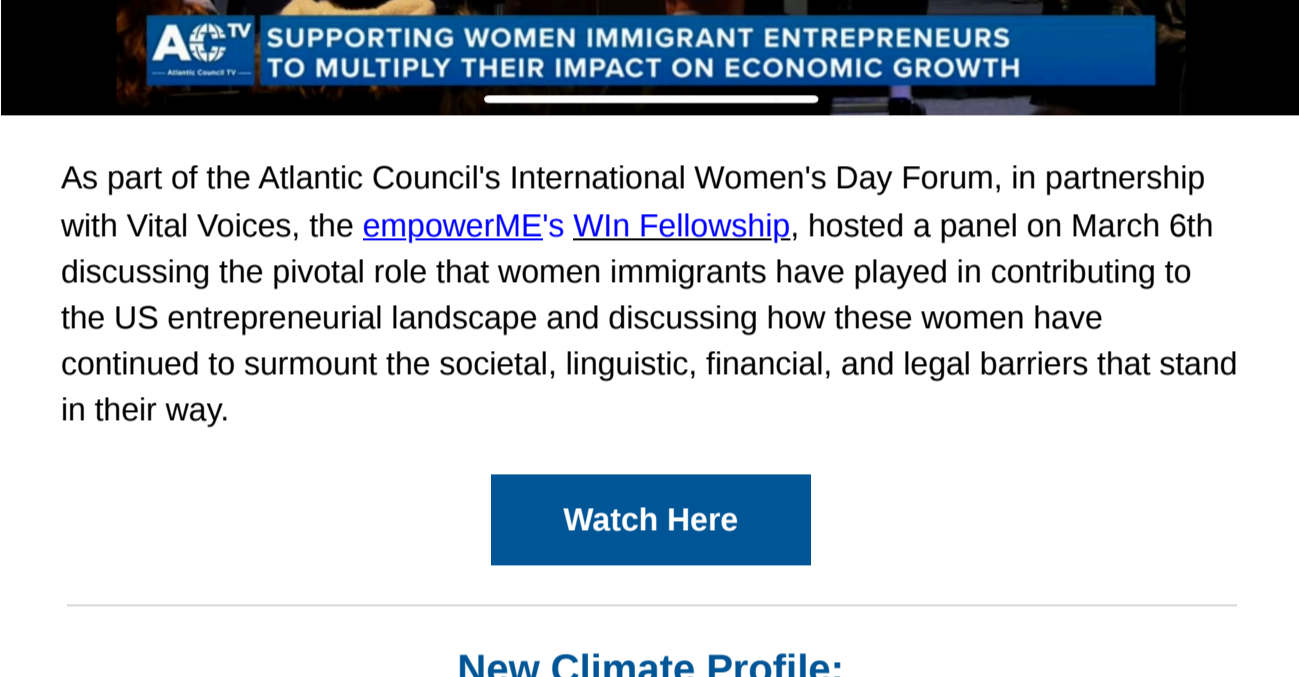


The Atlantic Council's *empowerME Win Fellowship*, will host an engaging session on Thursday, April 25th, exploring AI's role not only as a technological breakthrough, but also as a transformative force reshaping industry norm, driving unprecedented innovation, and overhauling traditional business models. This event promises a comprehensive exploration of AI's strategic importance and its potential to redefine the future of business. Join us to understand how embracing AI can lead to significant economic advancements and strategic gains in the evolving business landscape.

Don't miss this opportunity to gain insights into the future of business in the AI era, and sign up below!

[Register Here](#)

Past Events



As part of the Atlantic Council's International Women's Day Forum, in partnership with Vital Voices, the *empowerME Win Fellowship*, hosted a panel on March 6th discussing the pivotal role that women immigrants have played in contributing to the US entrepreneurial landscape and discussing how these women have continued to surmount the societal, linguistic, financial, and legal barriers that stand in their way.

[Watch Here](#)

New Climate Profile: The United Arab Emirates

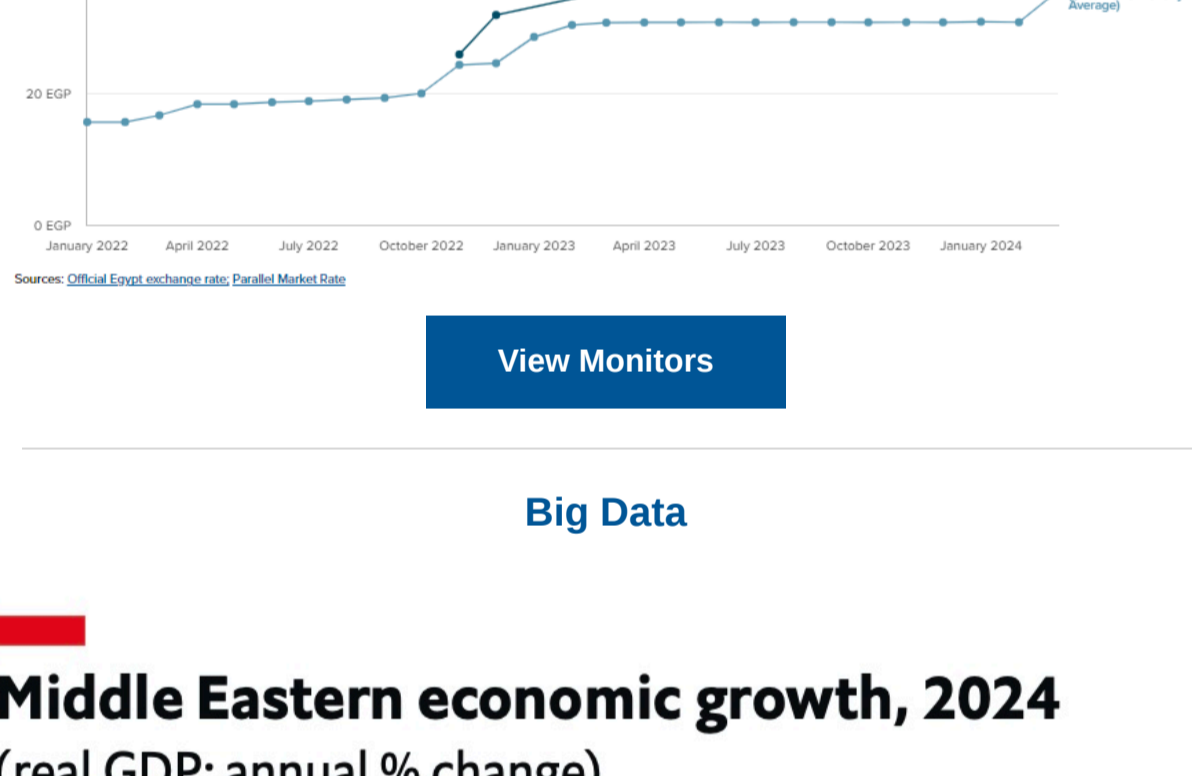
View the newest *empowerME Climate Profile*, released on the [United Arab Emirates](#) (UAE), highlighting the significant climate challenges facing the UAE, which includes extreme heat, storm surges, sea level rise, water stress, dust and sandstorms, desertification, and more.



[View Profile](#)

New Tracker: MENA Monitors: Oil & Foreign Exchange

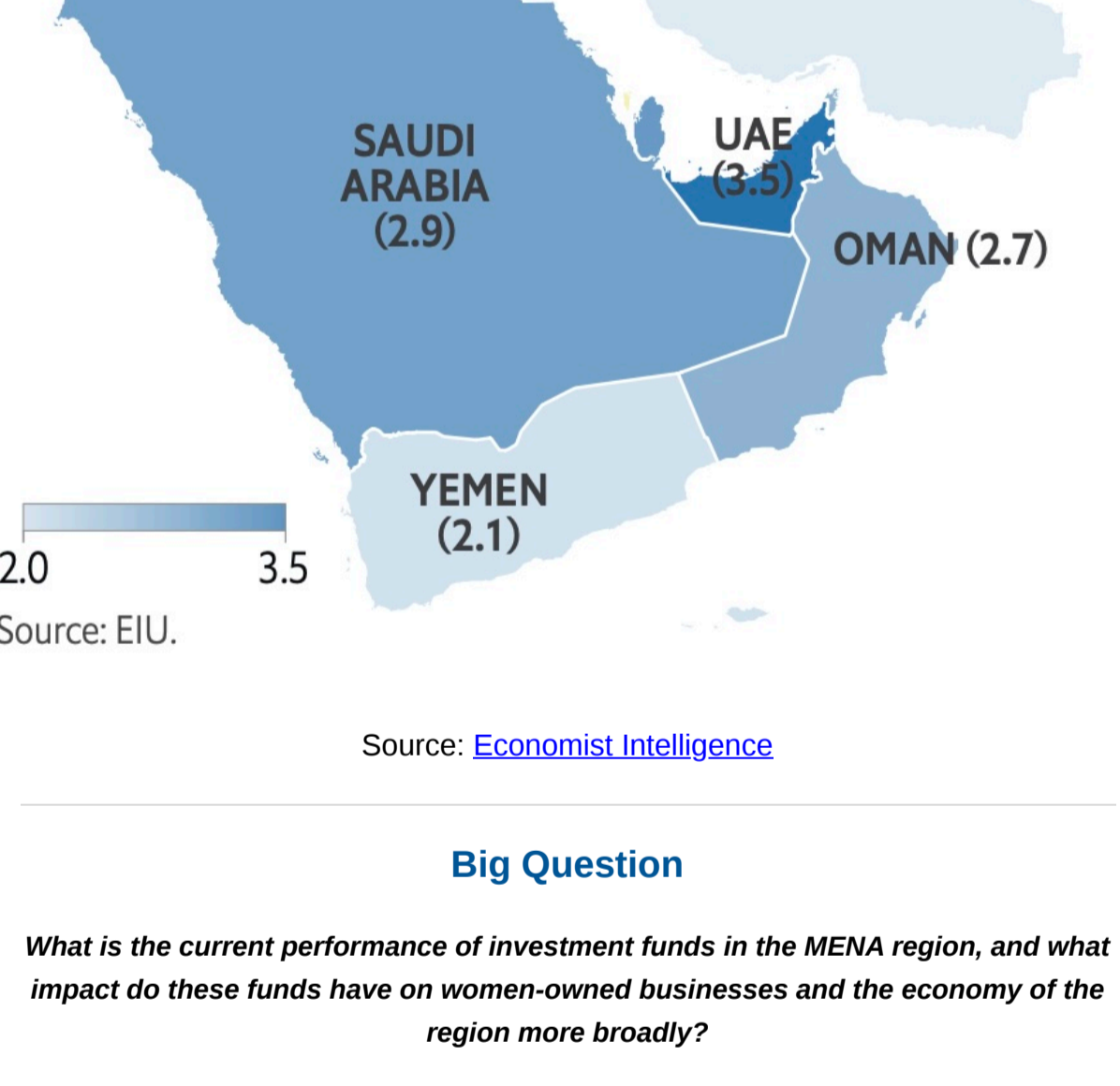
Check out our latest updates to the *MENA Monitors*, which tracks the fluctuations in oil prices and the foreign exchange market in Egypt, considering the escalating geopolitical crisis in the region:



[View Monitors](#)

Big Data

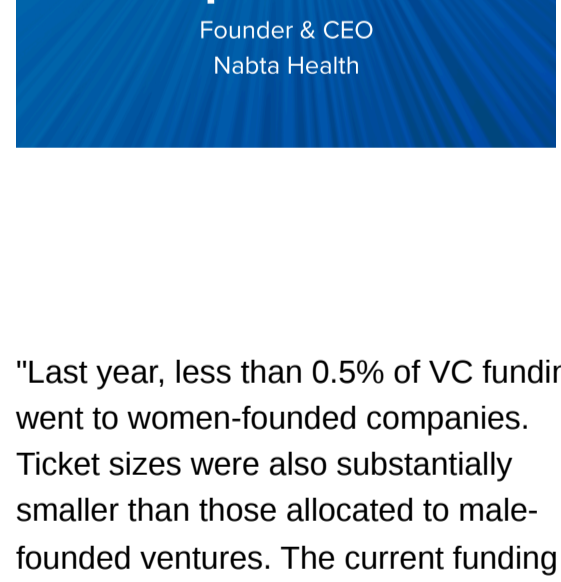
Middle Eastern economic growth, 2024 (real GDP; annual % change)



Source: [Economist Intelligence](#)

Big Question

What is the current performance of investment funds in the MENA region, and what impact do these funds have on women-owned businesses and the economy of the region more broadly?



Sophie Smith
Founder & CEO
Nabla Health

"In 2023, investment into female-founded startups in the MENA region fell for the fourth year in a row - from 2.2% in 2020, to 1.9% in 2021, to 1.3% in 2022, to an abysmal 0.47% in 2023. Today, it is technically four times harder for female founders in the MENA region to raise than it was before the pandemic. A recent study by McKinsey Global Institute found that \$12 trillion could be added to GDP by 2025 by advancing women's equality. The truth is, we don't know what will happen if we grant women equal access to capital; it's never been done before. But a good place to start would be with the liberal and unfettered financing of female-owned and female-oriented startups in MENA."

"Last year, less than 0.5% of VC funding went to women-founded companies. Ticket sizes were also substantially smaller than those allocated to male-founded ventures. The current funding landscape is clearly not working for women entrepreneurs, and a vast market potential remains untapped. To unlock comprehensive growth opportunities, we need new, innovative and bolder funding structures."



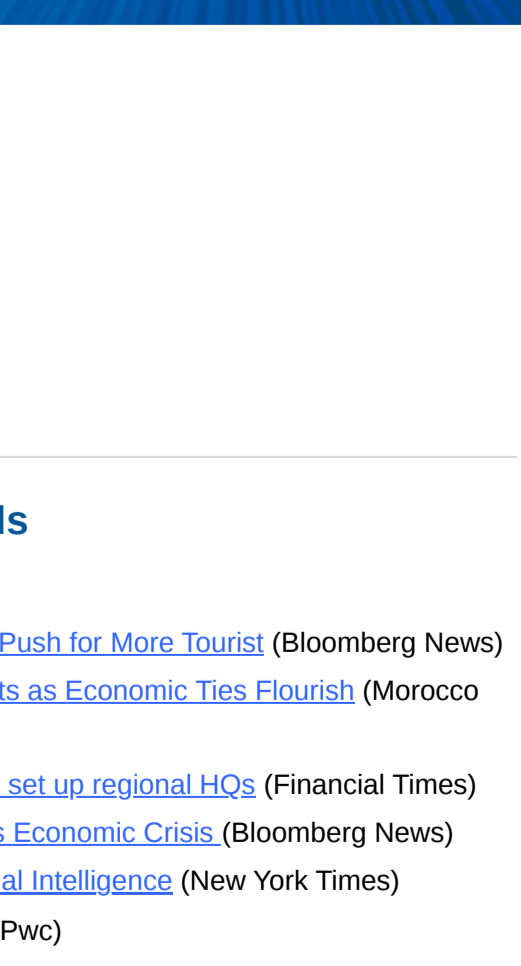
Reem Goussous
Chief Growth Officer
Village Capital



Leila Serhan
Senior Vice President and Group Country Manager for North Africa, Levant and Pakistan
Visa

"Women entrepreneurs as a microcosm are a significant part of MENA's business environment, fostering equitable growth and national economic progress. While we see a growth in investments aimed at regional SMEs, female-founded startups still draw just 1% of Middle East VC funding. According to the World Economic Forum, it will take 115 years to close the MENA gender gap. This isn't something we should accept quietly as our own studies revealed that women entrepreneurs in MENA are dynamic and aware of the various digital tools available to provide the right footing to their businesses, but they are in desperate need of funding, education, and mentorship to accelerate their efforts. That's why programs like Visa's "She's Next" dedicated to helping women entrepreneurs fund, run, and grow their small businesses is so vital for this region. I firmly believe the women in the Middle East will prove to be a great investment for those wanting to give them a chance."

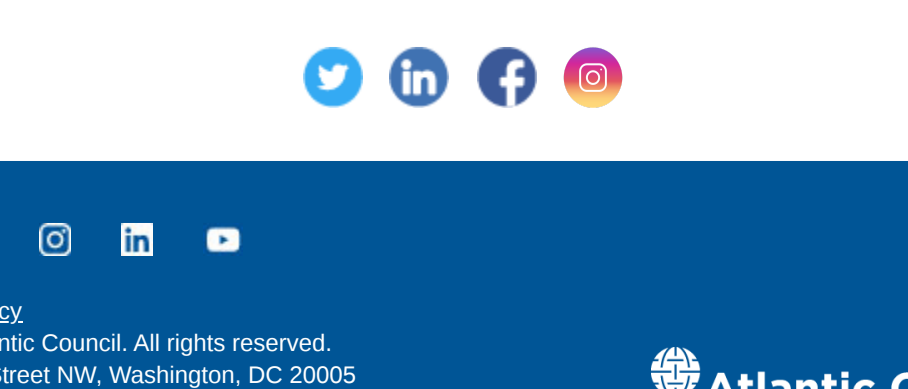
"In 2023, the VC industry in the MENA region experienced a general trend of decline, with less money being raised and invested." The global economic slowdown, coupled with the region's instability, made investors more cautious and inclined towards safer investments. Despite the increasing presence of women in STEM, finance, and entrepreneurship, they continue to face disproportionate effects on both sides of the spectrum, from investors to entrepreneurs. However, digital transformations and large-scale governmental projects such as NEOM in the KSA will create more opportunities for women by creating new venues that will undoubtedly need fresh and diverse ideas. Although the stigma against women remains prevalent in the region, these transformations are providing a more inclusive access to resources that will help women scale their ventures."



Jessica Al Hussaini
VC Senior Associate
Gubinvest

Big Reads

- [Saudi Arabia Seeks \\$80 Billion Investments in Push for More Tourism](#) (Bloomberg News)
- [Morocco Attracts \\$30 Billion in UAE Investments as Economic Ties Flourish](#) (Morocco World News)
- [Big companies heed Saudi Arabia's demand to set up regional HQs](#) (Financial Times)
- [Egypt's \\$50 Billion Rescue Betrays Depth of Its Economic Crisis](#) (Bloomberg News)
- [Saudi Arabia Plans \\$40 Billion Push into Artificial Intelligence](#) (New York Times)
- [Five GCC economic themes to watch in 2024](#) (PwC)



empowerME at the Atlantic Council's Ra'ik Hariri Center for the Middle East is shaping solutions to empower entrepreneurs, women, and the private sector and building influential coalitions to drive regional economic integration, prosperity, and job creation.

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