Financing Poor Women through a Partnership with Incubator

Digital and Innovative Financial Products and Services Beyond Credit

G20 – GPFI Workshop

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About IsDB Group | IsDB Group at a Glance

45 Years in the Service of Development (1975 – 2020)

Key Features

MDB of the Islamic World

South-South Institution

Solidarity-based

Shariah-compliance
A Paradigm Shift: from the Financial Inclusion to the Economic Inclusion

The Economic Empowerment methodology

Provide economic opportunities to the poor

Financial and non-financial Solutions towards a better life
Economic Empowerment Approach | Aimed Paradigm Shift

A paradigm shift: from the Financial Inclusion to the Economic Inclusion
5. The Ard El Kheir Initiative

Cattle Fattening under the Ard El Kheir Project in Egypt under the YES program

The Problem: Creating sustainable self-employment especially for the youth at the bottom of the pyramid
5. The Ard El Kheir Initiative

Cattle Fattening under the Ard El Kheir Project in Egypt under the YES program

The Process

➢ Ard El Kheir is a successful NGO that has strong linkages to the market decided to seek financial support to develop an incubator that would train poor mostly women (80%) in cattle fattening

➢ MSMEDA collaborated with Ard Al Kheir to develop a business model that would benefit the company while ensuring that the poor women will earn a fair revenue for their work.

➢ Each batch of 20 to 30 clients receive financing to collectively purchase cows. Income received from the cows would be shared with the women after repayment of the loan and operating expenses.

Economic Empowerment Features

➢ Ard El Kheir helped women to gain access to strong markets

➢ Ard El Kheir took responsibility for any cow that died

➢ Ard El Kheir provided capacity building to women to look after the cows

➢ Ard El Kheir provided a monthly salary to the women during the project period. The salary provided is deducted from her share of income

➢ Ard El Kheir continues to support graduated women to sell fattened cows
5. The Ard El Kheir Initiative

Innovative Tripartite Value Chain Financing Model

Ard El Kheir

Provides Guarantee to MSMEDA, sources ruminants at low price, provides capacity building and markets fattened cows

Young Women Partners

Commit to the incubation training

MSMEDA

Involved in joint assessment and provides concessional loans to partner beneficiaries. Provides financing to graduate beneficiaries

Tripartite Agreement
5. The Ard El Kheir Initiative

Cattle Fattening under the Ard El Kheir Project in Egypt under the YES program

The Solution: To partner with NGO Ard El Kheir to develop an incubator program for supporting female youth in Cattle Fattening

How Does Ard El Kheir Benefit?

- Expand production (more graduates with cattle fattening skills) without increasing capital asset
- Lower cost of production with lower cost of funds through financing provided to end beneficiaries

How Does MSMEDA benefit?

- Able to mitigate risk of financing to poor clients through capacity building and guarantee provided by Ard El Kheir
- Able to utilize a high amount of financing (USD 26 million) and access a large number of clients to fulfill its mandate

How Do the Poor Young Female Beneficiary Benefit?

- Able to earn a living while learning a skill
- Incubator simulates her actual business
- Able to access cheaper cattle to fatten through bulk purchase
- No major risk of not being able to sell at a reasonable price
6. Success Factors and Lessons Learnt

Why Ard El Kheir Works?

Success Factors

➢ **Tripartite agreement** details the roles and responsibilities between Ard El Kheir and MSMEDA.

➢ Ard El Kheir and MSMEDA are both involved in the selection of end beneficiaries.

➢ **Triple Win!** Clear understanding of how each stakeholder (MSMEDA, Ard El Kheir and the End Beneficiary) will profit from the collaboration.

➢ The incubation model provides a suitable opportunity where the young women whom we often call as end beneficiaries are treated as business partners.
6. Success Factors and Lessons Learnt

Why Ard El Kheir Works?

Lessons Learnt

➢ Treating poor women in a **dignified manner** - as potential business partners and provide them with an environment where they can maximize their potential.

➢ Development **need not be a win-lose situation** where one party gives and the other receives. The Ard El Kheir model is a good example on how both parties can benefit. If such a win-win relationship can be established, the development will be **long lasting** and **more sustainable**.

➢ The Incubator model once piloted can be replicated easily **across different locations** by expanding the collaboration model.

➢ Through this collaboration, poor young women **with no collateral** can get access to large funding and are able to easily pay it.
Thank you

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