

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)

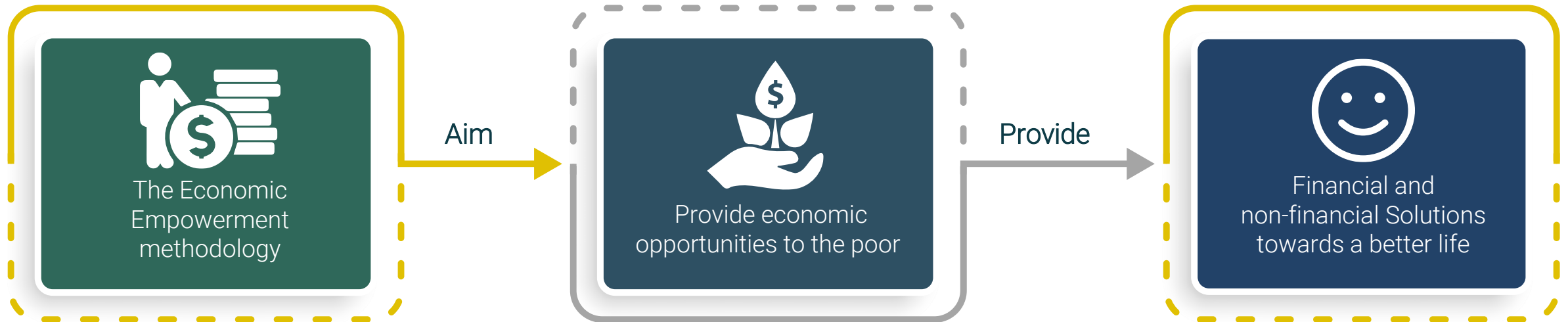


Key Features



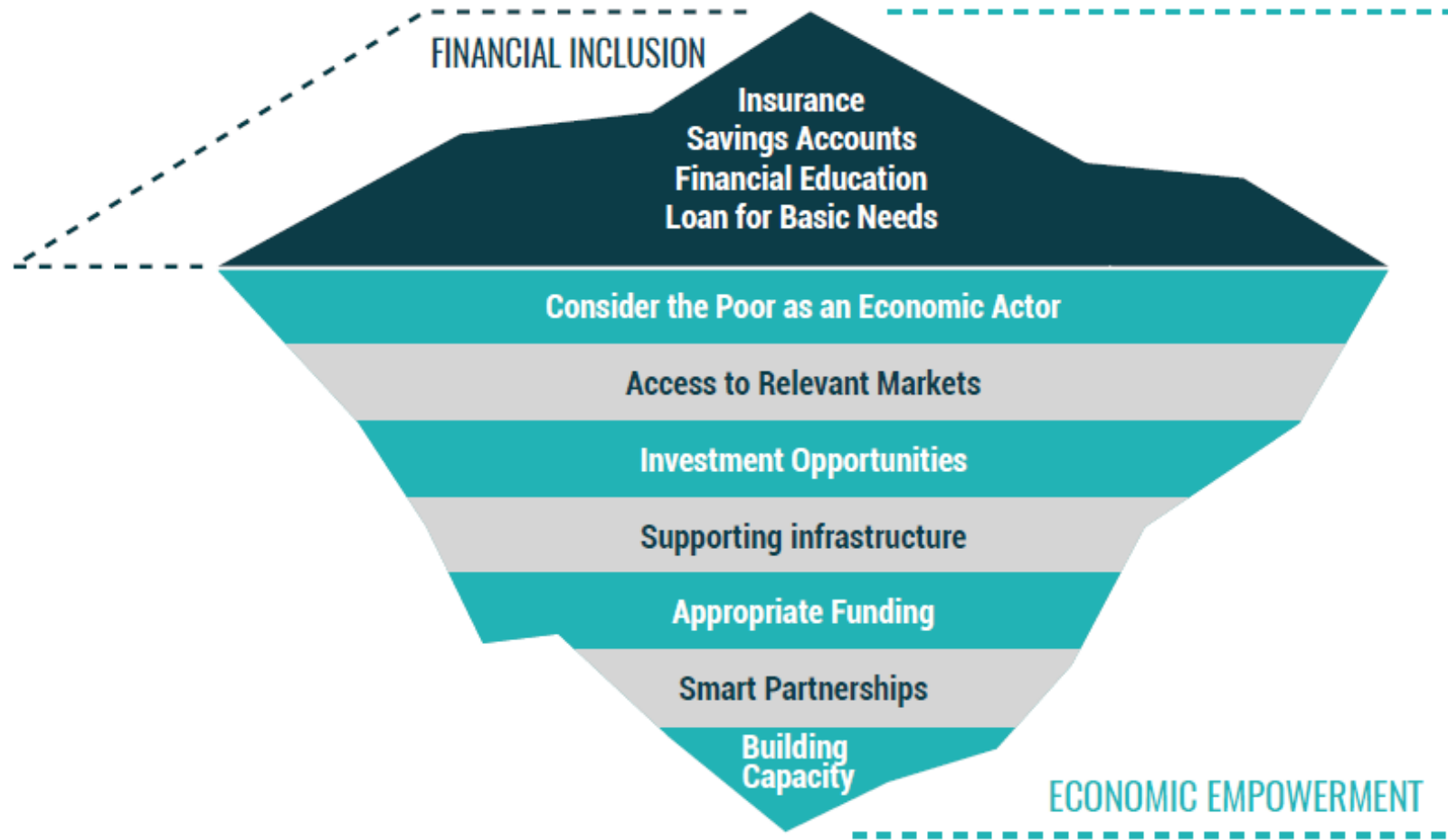
MDB of the Islamic World	South-South Institution
Solidarity-based	Shariah-compliance

A Paradigm Shift: from the Financial Inclusion to the Economic Inclusion



Economic Empowerment Approach | Aimed Paradigm Shift

A paradigm Shift: from the Financial Inclusion to the Economic Inclusion

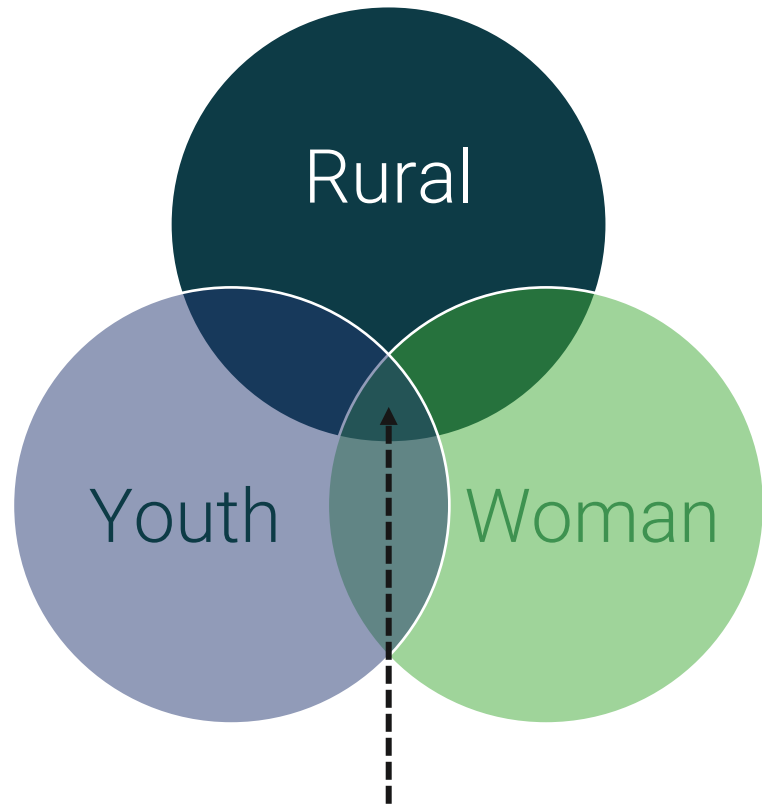


5. The Ard El Kheir Initiative



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



Target Segment of Ard El Kheir



5. The Ard El Kheir Initiative



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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



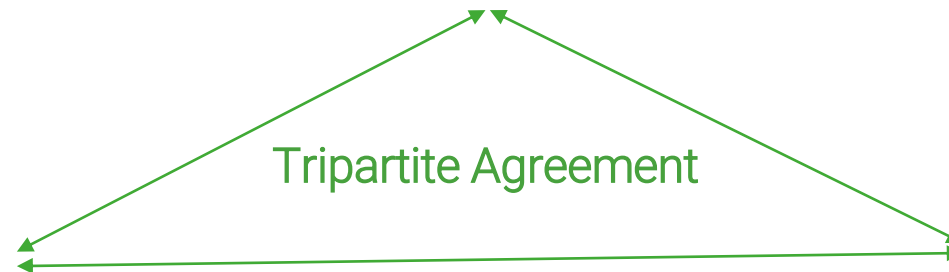
Ard El Kheir

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

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

Economic Empowerment Department

eed@isdb.org

mdakhli@isdb.org