Economic Empowerment for Women

A Decade of Women’s Economic Empowerment

Presenter: Beth Martin-Koren
May, 2011
Economic Empowerment for Women: Our Mission

To provide low income women in Israel the tools to create small businesses as a means for gaining self-sufficiency and alleviating the cycle of poverty in which they live.
Micro Enterprise as a Poverty Alleviation Strategy

- Originated in Bangladesh in the early 1970s by Nobel Prize winner Professor Muhammad Yunus and the Grameen Bank
- Considered the most successful strategy for poverty alleviation
Micro Enterprise – The Way to Economic Independence

- Enables self-employment and self-sufficiency
- Trains low to moderate income people
- Enables Income Patching
- Creates Jobs in the Community
Poverty in Israel

Israeli families under the poverty line (2007-8):

- 27% of families with children (2009)
- 34% of general children
- 15% Jewish
- 50% Arab
- 30% Single Parent Families
- 19% New Immigrants
- 22% Elder people
- 51% Ultra-Orthodox
- Poverty Line- 5,500 NIS ($1,450) net income for a family with 4 people

National Insurance Institute, January 2009
Why Women?

Women are ....

- 65% of Israel’s low-income workers
- 65% of welfare recipients
- 66% of those employed in part-time jobs
- 75% of all those working part-time “against their will”
- 97% of single parent families
EEW’s Target Population: Israeli Women at Risk of Poverty

- Heads of single-parent families (40% of EEW’s Jewish population)
- Arab women (only 17% are in the labor market)
- Orthodox women (sole income source)
- Women over the age of 45 (no employment)
- Women who live in peripheral regions
- New immigrants (no connections)
Participants in courses are 70% Jewish, 30% are Arab.
Of Jewish participants 20% are Jewish-Orthodox.
Mean age of starting course participant is 46.5 years (SD =9.5).
Mean level of education 12.8 years; Slightly higher among Jewish women (13.4 years) than Arab women (11.2 years)
54% of participants are married; Higher among Arab women (74%).
30% of participants are single mothers; Higher among Jewish women (45%).
Mean size of household is 4.3 people in household; Lower among Jewish participants (3.7 people) than Arab participants (4.7 people)
EEW Achievements –
A Decade of Activities

- EEW was awarded the Speaker of the Knesset Prize for the Quality of Life – 2008
- Offered a variety of programs and services to over 3,500 women
- Helped to establish 1,700 new micro enterprises
- Ran 102 Business of One’s Own training programs in 70 communities throughout Israel
- Processed, approved and managed 687 loans totaling NIS 9.65M ($2.4M)
- Affected policy change
EEW’s Four-Pronged Strategy

- Business Training and Empowerment
- Long-term Business Development Support
- Access to Credit and Micro Loans
- Asset Development and Financial Literacy
Types of Businesses of EEW Women

- Women open small business in a wide range of industries.
- Most (18%) of businesses are in beauty industry and freelance professions (17%).
- Freelance includes accounting, administrative services, design, architecture.
A ‘Business of One’s Own’

- Year long program includes 150 hours of:
  - 6 months Business Training Course (Personal Empowerment and Business)
  - 6 months of Technical Support towards business establishment

- 200-250 women annually, in group settings, throughout Israel

- Courses in Hebrew and Arabic

- Program based on partnerships (local municipalities, welfare service agencies and NGO’s)

“I was tired of living in debt. Today, I don’t have to think twice about taking my son to the zoo”. Yelena Seglin, a new-immigrant from Russia, owner of ‘Yelena’s Beauty Clinic’.
Long-Term Business Development Services

Provides 400 women per year with…

- Business Incubation
- Advanced Business Training Seminars
- Business Consultations and Coaching
- Legal Guidance and Mediation
- Access to Markets (Networking, Business Opportunities, Fairs)
Access to Micro-Loans

- Managed and processed 616 bank loans in the amount of NIS 9.2M ($2.3M) in cooperation with KIEDF
- Average loan is $4,500. Payment three years.
- EEW “Non-bank” micro loans fund for the unbankable (only open to EEW graduates)- 71 loans in the amount of NIS 400K ($100K)
- One-on-one business consultation for loan recipients
- 4% rate of default
Saving for the Future Program

- First program of its kind in Israel that provides:
- Incentive-based (matched) savings (modeled on US Individual Development Accounts, IDA’s)
- Financial literacy and personal mentoring
- Matched savings at 50% and cap value $750

“This program changed the way I relate to money and manage my finances. This is the first time I opened a savings account”. Rachel, Reflexologist
Cooperation with State Institutions

- Business Incubation – National Social Security Dept.
- Ministry of Industry, Commerce and Employment
- Division of the Development of the Galilee and Negev
- Prime Minister’s Office
  - Division of Women
  - Division of Economic Development for Minorities
## Opening and Owning a Small Business

### Business of One’s Own at 3 Intervals

<table>
<thead>
<tr>
<th></th>
<th>No Business</th>
<th>Business Owner</th>
<th>Family Business</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Business at Opening</td>
<td>1262</td>
<td>81.20%</td>
<td>292</td>
<td>18.80%</td>
</tr>
<tr>
<td>Business After 1 Year</td>
<td>757</td>
<td>64.10%</td>
<td>413</td>
<td>35.00%</td>
</tr>
<tr>
<td>Business 3 Years Later</td>
<td>407</td>
<td>65.90%</td>
<td>208</td>
<td>33.70%</td>
</tr>
<tr>
<td>Business 5 Years Later</td>
<td>165</td>
<td>67.10%</td>
<td>81</td>
<td>32.90%</td>
</tr>
</tbody>
</table>

- Some women start program with an existing business (292), but they report their business to be at brink of failure due to lack owner of business skills.
- One of three participants (roughly 35%) owns a personal business following the course.
- Personal Business statistics are stable.
High Stability of Opened Business

- Business stability high after 3 years (76%) and after 5 years (72%).
- Some businesses opened more than a year after the program. (59 after 3 years; 18 after 5 years).

Note: General small business stability outside EEW assumed to be 50%. Higher EEW rates may be due to continued long-term support provided by EEW to course graduates.

<table>
<thead>
<tr>
<th>Business Three Years Later</th>
<th>No Business</th>
<th>Business Owner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business One Year Later</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Business</td>
<td>315</td>
<td>59</td>
<td>374</td>
</tr>
<tr>
<td>Business Owner</td>
<td>44</td>
<td>141</td>
<td>185</td>
</tr>
<tr>
<td>Total</td>
<td>359</td>
<td>200</td>
<td>559</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Five Years Later</th>
<th>No Business</th>
<th>Business Owner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business One Year Later</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Business</td>
<td>127</td>
<td>18</td>
<td>145</td>
</tr>
<tr>
<td>Business Owner</td>
<td>20</td>
<td>61</td>
<td>81</td>
</tr>
</tbody>
</table>
Most small businesses registered with Israel IRS:

- 68% registered within 1 year;
- 84% registered within 5 years

Businesses formalization is assumed to contribute to stability and is encouraged by EEW.
# Impact of Business* on Household Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Status</th>
<th>N of Data Sample</th>
<th>Average Household Income</th>
<th>% Increase in Household Income</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening</td>
<td>No Business</td>
<td>908</td>
<td>5,045</td>
<td></td>
<td>3,005</td>
</tr>
<tr>
<td></td>
<td>Business Owner</td>
<td>209</td>
<td>6,038</td>
<td>--</td>
<td>3,834</td>
</tr>
<tr>
<td>One Year</td>
<td>No Business</td>
<td>608</td>
<td>5,946</td>
<td></td>
<td>3,949</td>
</tr>
<tr>
<td></td>
<td>Business Owner</td>
<td>356</td>
<td>8,384</td>
<td></td>
<td>6,645</td>
</tr>
<tr>
<td>Three Years</td>
<td>No Business</td>
<td>335</td>
<td>6,409</td>
<td></td>
<td>4,651</td>
</tr>
<tr>
<td></td>
<td>Business Owner</td>
<td>173</td>
<td>9,573</td>
<td></td>
<td>7,850</td>
</tr>
<tr>
<td>Five Years</td>
<td>No Business</td>
<td>125</td>
<td>6,232</td>
<td>24%</td>
<td>4,606</td>
</tr>
<tr>
<td></td>
<td>Business Owner</td>
<td>68</td>
<td>9,498</td>
<td>57%</td>
<td>8,377</td>
</tr>
</tbody>
</table>

* Business ownership refers ONLY to households with businesses owned by EEW women

- Household income of business owners consistently higher than of non-business owners.
- Consistent increase in household income following the course
- Greater increase in household income among business owners (24% vs. 57% after 5 years)
## Women’s Contribution to Household Income

<table>
<thead>
<tr>
<th></th>
<th>Start of Course</th>
<th>One Year</th>
<th>Three Years</th>
<th>Five Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td><strong>Woman’s Salaried Income</strong></td>
<td>418</td>
<td>37.40%</td>
<td>430</td>
<td>44.60%</td>
</tr>
<tr>
<td><strong>Woman’s Business Income</strong></td>
<td>64</td>
<td>5.70%</td>
<td>283</td>
<td>29.40%</td>
</tr>
<tr>
<td><strong>Husband Income</strong></td>
<td>418</td>
<td>37.40%</td>
<td>365</td>
<td>37.90%</td>
</tr>
<tr>
<td><strong>Income of Other Family Member</strong></td>
<td>29</td>
<td>2.60%</td>
<td>16</td>
<td>1.70%</td>
</tr>
<tr>
<td><strong>Additional Income</strong></td>
<td>212</td>
<td>19.00%</td>
<td>79</td>
<td>8.20%</td>
</tr>
<tr>
<td><strong>Welfare Income-Source 1</strong></td>
<td>418</td>
<td>37.40%</td>
<td>522</td>
<td>54.10%</td>
</tr>
<tr>
<td><strong>Welfare Income-Source 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Welfare Income-Source 3</strong></td>
<td>8</td>
<td>0.70%</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

- Women’s contribution to household income increases following EEW course.
- At opening women’s total contribution (from salary and business) is 43%.
- Within one year women’s contribution (of salary and business) reaches 74%!
- Within 5 years women’s contribution (from salary and business) is **85%** of household income.
## EEW Program and Welfare Support

<table>
<thead>
<tr>
<th>start of program</th>
<th>one year follow-up</th>
<th>three year follow-up</th>
<th>five years</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of women receiving welfare</td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>155</td>
<td>28.70%</td>
<td>65</td>
<td>9.80%</td>
</tr>
</tbody>
</table>

**Decrease in reliance on welfare subsidies of EEW graduates**

(28.7% at start of program; 9.8% after 1 year; 7.1% after 5 years)
Income Growth in Business Incubators

70% of business owners increased profits

- 100% increase: 36%
- 101-200% increase: 18%
- 200% increase: 16%
- 30% increase: 30%
The Sweetness of Freedom …

“The most important thing I got from EEW was self-confidence and courage to open my own business.”

Amoona, Owner of Crème Caramel Bakery
From Welfare to Fairing Well

“In the Saving for the Future program, I learned to stop wasting money on needless things and to start planning my finances better”. Ilanit, Owner of kennel
Mirvat Maroon, Owner of Mari-An, received a small business loan to renovate and open her own florist shop
EEW in the MEDIA
### Fundraising and Income - 2010

<table>
<thead>
<tr>
<th>% of total income</th>
<th>$$</th>
<th>NIS</th>
<th>Income Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>356,080</td>
<td>1,317,497</td>
<td>International Donations - Foundations</td>
</tr>
<tr>
<td>19%</td>
<td>127,941</td>
<td>473,383</td>
<td>State Funds – National Insurance Institute, Tamat, Galilee Development</td>
</tr>
<tr>
<td>11%</td>
<td>74,184</td>
<td>274,479</td>
<td>Israeli Donors</td>
</tr>
<tr>
<td>14%</td>
<td>93,806</td>
<td>347,083</td>
<td>Participant Fees and Regional Partners</td>
</tr>
<tr>
<td>1%</td>
<td>6,757</td>
<td>25,000</td>
<td>Zionut 2000 – income generation</td>
</tr>
<tr>
<td>100%</td>
<td>658,768</td>
<td>2,437,442</td>
<td>Syn.</td>
</tr>
</tbody>
</table>
Our Partners and Supporters (partial list)

- **Israeli Sources – Government & Business Community**:
  - National Insurance Institute, Galilee Development Society, Local Municipalities
  - Strauss, Crazy Line, AIG Israel, Marvell Israel, IsraCard, AIG

- **Jewish Women’s Foundations**:
  - Boston, Baltimore, Seattle, Chicago, Miami, NYC, NCJW

- **USA Foundations**
Thank you