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**SUPPORTING WOMEN'S ENTREPRENEURSHIP:  
THE MOUNT CARMEL EXPERIENCE**

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## **Background**

After over 40 years of UN international programs for economic aid and cooperation, which had placed special emphasis on large industrial and infrastructure projects, it was apparent that the large gap between the poorer and richer nations still remained and in many instances had grown wider. Against such a background, new strategies came to the fore and far greater UN economic development emphasis in the 1990s was given to ‘thinking small’, concentrating more on the micro-economic angle of fostering and encouraging micro, small and medium enterprises by region, and, equally notably, pinpointing gender issues involved and the vital need for the encouragement of women entrepreneurs.

Accordingly, after the breaking up of the Soviet Union and its satellite domain at the end of the 1980s, and in line with its new strategies in the next decade, the United Nations Economic Commission for Europe held its first forum of women entrepreneurs in the UNECE region in October 2001, in Geneva. At this forum the majority of participants were women entrepreneurs and representatives of women’s business associations from countries in transition in central and eastern Europe.(1)

As the Declaration by the women entrepreneurs assembled at that forum from the various countries in transition noted (2): ‘the women entrepreneur’s movement has become an integral part of international business life’. The Declaration went on to state that ‘the time has now come for our Governments to offer more active support for all aspects of women’s entrepreneurship’ including ‘giving women entrepreneurs access to financial resources ...and... modern technology’.

Building on the success of the recommendations of the First Forum, the Second UNECE Regional Forum of Women Entrepreneurs seeks to discuss and focus on the important challenges of how to improve women’s access to financing and the utilization of E-business and information technology, based on national and local experiences. As a tool in such discussion, this paper sets out to portray the **Mount Carmel Experience** in this matter, within the framework of the activities of MASHAV, the Center for International Cooperation of Israel’s Ministry of Foreign Affairs.

## **The Model of Israel**

One could well ask at the start, what is the special relevance of Israel to the general issue of international cooperation? The answer can be stated briefly and clearly. Indeed it seems only logical that in its first 40 years of independence since 1948, the vast experience of the small State of Israel in overcoming harsh climatic conditions, scarcity of water and limited arable land as well as diverse social and economic problems – all that against a constant absorption of immigrants from over 100 countries! (increasing its population six fold in the process!) should have become a laboratory of development for many developing countries in Africa, Asia, Latin America and the Caribbean. By setting up MASHAV in 1959, as part of its Ministry of Foreign Affairs, Israel determined to share its vast know-how and experience with numerous countries around the world through development cooperation programs.(3)

Since the 1990s, the break-up of the Soviet Union has led moreover to MASHAV’s increased cooperation involvement with East and Central European countries.

## **Entrepreneurship-Training Programs at the Mount Carmel Center (MCTC)**

In 1961 MASHAV established the **Golda Meir Mount Carmel International Training Center (MCTC)**, in Haifa, to specialize in training relating to **gender issues and women in development**. Keenly aware that women in poverty lack access to the power, influence and financial resources which would give them effective management of their everyday lives and the ability to participate in decision-making in their societies, many of MCTC's activities are aimed at **poverty eradication through promoting the development of micro, small and medium-sized enterprises by means of training, education and skills enhancement**.

These entrepreneurship-related MCTC training programs are directed particularly at women and based on over 40 years of accumulated experience of training courses given to over 10,500 participants in Israel and many thousands more overseas, from some 147 countries. They aim indeed to break the vicious circle, where debt leads to dependence and vulnerability, and so on to poverty.

The question of **financing**, and of how to improve access to funds, especially for women, as dealt with in such programs, is not dealt with in a vacuum, since it is reasoned that availability of finance by itself will not enable an entrepreneurial enterprise to function successfully. Accordingly, the 'where' and 'how' to obtain finance, notably **in the form of micro credit**, is treated in MCTC entrepreneurship courses as just one important theme in a varied list of skills and knowhow to be acquired to run the designated SME in a successfully demonstrated manner. This important, but not isolated, business issue involves problems which women-entrepreneurs need to be highly aware of. Indeed, the UNDP has made this very point most succinctly in stating that: 'Microcredit for women has been recognized within the Financing for Development agenda as an important objective when mobilizing domestic resources. While [however] microcredit is an important source of needed capital, on its own it does not effectively tackle poverty or meet development goals'.(4)

Accordingly, as an example which they may care to adapt in their own countries, MCTC trainees on courses in Haifa are made aware of the **small business network support in Israel** which provides (amongst information relevant to other entrepreneurial issues of importance) knowhow relating to financial support available to the small business entrepreneur – women as well as men – and a guide as to how to obtain access to it.

### **Small Business Support Network in Israel**

1. In Israel, as part and parcel of its economic development process, greater encouragement has been given to the field of small business as the years go by. Recent years in fact have seen increasing awareness and recognition of the role played by small business and its contribution to the economy.

The major advantages of small business lie in its potential for innovation, flexibility, low start-up costs, rapid development, and the distribution of risk. Small business, as was noted, provides a solution not only to a general unemployment situation but also

to the employment problems of special population groups such as new immigrants, women and vulnerable groups.

Small businesses, however, suffer from obstacles encountered in financing, management, marketing, export facilities, access to information sources and bureaucracy. All of these make it difficult for them to establish themselves and compete in the free market.

Against this background, the wave of mass immigration from the former Soviet Union which Israel witnessed in the early nineties motivated the authorities in charge of immigrant absorption to **focus on small business encouragement**. The underlying idea was to find employment opportunities for the immigrants as rapidly as possible while absorbing them in the economy in their professions and trades.

2. The above policy led to the establishment in 1994 of the Israel **SMEs Authority - ISMEA**,<sup>(5)</sup> to formulate policies for encouraging small businesses, entrepreneurship and related activities and coordinate the operation of the various agencies working in this realm.

ISMEA's **field activities** are carried out by Small Business Development Centers (SBDCs) located throughout Israel, whose goal is to aid entrepreneurs and small business owners in establishing, managing and expanding their businesses. Within such a goal, ISMEA initiates the establishment of such centers and supports them by providing guidance and assistance, granting partial financing and placing professional services at their disposal. The SBDCs are meant to operate as independent, self-sustaining units, rather than as branches of ISMEA and are designed as "one-stop shops" which respond to the needs of small business owners and entrepreneurs planning new businesses.

Moreover, whilst most of these Centers were set up to cater to the needs of the Israeli population as a whole, some, such as the SBDC for the agricultural-cooperative community, the Center for Arab entrepreneurs in East Jerusalem, and the Center for Ultra-Orthodox Women, etc., acted as specialized centers, operating in fields requiring special expertise or specific approaches. As for women in general, the Authority founded a professional committee to propose ways and plans of action for encouraging women entrepreneurs and the establishment of SMEs by women.

In its attempt to offer a comprehensive range of services to the small business sector, ISMEA has set up a **Small Business Data Base** covering a wide range of relevant topics of interest to the small entrepreneur (e.g. taxation regulations, licensing information, tenders, indices and inputs. etc.). In addition, a **Training Center** focusing on potential and actual entrepreneurs and small business owners, has been created to provide aid to such groups. Moreover to cater for the needs of small entrepreneurial **exporters**, lectures on export techniques and procedures are also given at the ISMEA Center, usually by invited lecturers from the Israel Export Institute.

On the **financial guidance** side of its activities the ISMEA draws the attention of entrepreneurial applicants to the **State Guarantee Fund for Small Businesses**. This Fund was initiated with the goal of helping establish or expand small businesses in all sectors of the economy, encouraging economic growth and creating employment. The

government serves as the loan guarantor for bank loans, so that the banks will extend loans to small businesses, despite insufficient collateral. Rather than collateral, the banks require a detailed business plan, on the basis of which the application for credit is judged. The Fund is managed by an ISMEA steering committee, on which the Ministries of Finance and Industry and Trade are also represented. Notably, loan eligibility terms require that the business owner must invest his or her capital at a rate of no less than 25% of the total credit approval.

3. In addition to the services provided by ISMEA and its Small Business Development Centers, the **Ministry of Industry and Trade** also provides services directly to small businesses through: 1) an appropriate network of **Technological Incubators** put at the disposal of beginning entrepreneurs with innovative technical ideas and 2) **Business Tutoring**, undertaken (often in the mother-tongue of the relevant immigrant) by a large network of skilled and experienced consultants from the business sector who provide (subsidized) professional consulting to small scale enterprises. (Thousands of small businesses in Israel have been aided by such business tutoring programs to-date.)

4. The small business entrepreneur may, of course, approach his or her bank directly to obtain business finance, in which case the usual commercial terms of interest and commission will apply. In all approaches to the bank however, whether directly or through recommendation, the women entrepreneur is treated on the same footing as that of her male counterpart. In Israel, the rights of women in society have been well established by law and custom, and no necessity is felt to set up a special women's banking network to cater for the needs of women.

5. The small business support network in Israel is not however confined to adults alone, and attention in this respect has paid given to business minded school children (the adults of the future). The Association for Industry-Community Relations for example, runs a "**Think Industry**" network of centers providing a comprehensive education program aimed at developing industrial (and commercial) awareness and relevant learning and thinking skills.(6) In this program, schoolchildren play computer games and act out role plays relating to setting up and running small businesses and requiring the taking of relevant business decisions. (Encouraged to think on business lines, some children follow their visits to a T.I. center by setting up a small business of their own!) A further youngsters' business training program, entitled **Young Entrepreneurs – Do Business** became very popular in high schools in the last decade.(7)

6. Women's Entrepreneurship is further supported in Israel by the extensive network of **Women's Organizations** in the country, such as NAAMAT (the Movement for Working and Volunteer Women), which is widespread and well-known throughout the country. The leading organizations in fact, and notably the women's business organizations, maintain counselors and departments to give advice and guidance on request, or conduct business training programs for potential and actual small business women entrepreneurs.

## MCTC Small Business Training

However, drawing the attention of entrepreneurial business course participants from their various countries of origin to the wide range of small business network support available in Israel represents only a part of the entrepreneurial training imparted at MCTC. Relevant business training programs include the '*Setting Up and Management of Micro-enterprises*' or '*Rural Tourism as an Alternative Income-Generator for Women*'.

In the field of finance for example, MCTC trainees (mainly women) are not only made **aware of typical sources of finance available** for the small entrepreneur, but also shown how to draw up a suitable business plan – the easier to convince the bank to lend the money requested! Again, the techniques of drawing up a business budget and a cash flow statement are demonstrated in such courses.

Amongst other subjects, participants receive training in the tools to benefit from support finance, namely in the techniques and skills of purchasing, production, marketing, selling and advertising, store management and stockkeeping, general management and administration, accounting, costing and pricing, etc. Role play is employed and, above all else, participants are made to go through a '**hands on experience**' in which they actually **set up and run** (with other participants in their group) **a small business within the time framework of the course** they are attending.

Theoretical business training and the practical application of relevant business skills is given at the Mount Carmel Center against the background of an emphasis on **gender issues in microdevelopment**, and the trainees' attention is drawn to relevant background information on the subject, such as that put out by ILO.(8)

In addition, trainees are taken within the scope of their small business training course for **observation visits** to ISMEA Centers, business incubators, industrial parks, and individual small businesses (whose owners and managers share their experience with the participants) in order to concretize their in-house business training at the MCTC.

MCTC Small Business training within MASHAV's international cooperation program, is carried out not only in a variety of languages – at the Mount Carmel Center in Israel, but also by means of numerous **On-the-Spot Courses** conducted by MCTC. During MASHAV'S earlier years, such courses were conducted, as noted, in Africa, Asia, Latin America and the Caribbean. In recent years, however, MCTC has included trainees from Jordan and the Palestinian Authority and considerable contingents from the **Commonwealth of Independent States and the transition countries of central and eastern Europe**, generally for small business training.

In the latter countries, MCTC small business training has reached out and extended to **On-the-Spot courses** – for example the two week OTS course given in Kazakhstan in 1998 on the subject of '*Management of Microenterprises*', or that on "*Business Training Methods*' in Uzbekistan in 2000, or the course on '*Women in Business*' conducted again in Kazakhstan in 2001 and in Azerbaijan in 2002 (all conducted in Russian). These courses notably focus on identification of business opportunities, modern marketing approaches, management of microenterprises and process analysis

– all integrated into MCTC’s hands-on approach of simulating a real business by combining theory and practice.

### **Biennial International Women’s Leaders Symposia**

Mention of MCTC Entrepreneurship Training moreover would not be complete without reference to the Center’s biennial **international symposia** for invited women leaders and policy makers from around the world and in which such very relevant connected issues, for example, as those of **economic development, entrepreneurship and gender** (9) are discussed at high level, and recommendations made for furthering women’s empowerment (and encouraging women’s entrepreneurship in the process). The Mount Carmel International Seminar on *‘Women’s Leadership: Help Women Help Themselves’* organized in 1998 together with the International Council of Women and Soroptimist International is another example on the same theme.(10)

### **The Utilization of Electronic Business and Information Technology**

Last but not least, is the need to note that MCTCs Small Business Training includes due reference to the utilization of **E-business and IT**.

For many years now, the Mount Carmel Center has maintained a **computer room** put at the use of participants for the purpose of their course work. Instruction is given in the use of software programs relevant to the activities of micro and small businesses. Trainees are encouraged to locate business websites on the **internet** for the purpose of acquisition of materials and equipment and, on the marketing side, receive training in **setting up websites** for their relevant SME. As a follow-up to the business course moreover, many MCTC participants keep in touch with each other on return to their own countries, by means of **chatrooms**, through which they continue to exchange their relevant experiences.

Of special note in recent years has been the Mount Carmel Center’s **cooperation** with the **World Bank on grassroots management training** for setting up and managing income generating activities for women. In 2002, MCTC staff and trainees participated with that esteemed organization and the Young Americas Business Trust (YABT) in broadcasting a **Distant Learning Program** on small business with a link-up to various countries in Latin America. As a result, a special training course on the subject was carried out recently in Ecuador.

On the technological side, the attention of MCTC course participants is drawn to the technological incubators around the country. The fact that many of the most important information technology enterprises in Israel are located in the Haifa region provides course participants, moreover, with opportunities to make valuable observation visits to such enterprises and to academic frameworks such as the Technological Incubator of the Technion (The Israel Institute of Technology).

Furthermore, and as yet another indication that MCTC continues to move with the times, an **International Workshop on Women Entrepreneurs at a time of Technological Change** has been included in its program. Amongst subjects in this workshop are the use of media for the microenterprise; the Internet as a source of information and advice; and women and the technological environment.(11) This

workshop is felt to be important since it is necessary to create a favorable environment to enable women entrepreneurs to make better use of sources of information and new technologies. This could bring about an optimization of their competitiveness within the diversity of local and international markets.

### **Conclusion**

Set against the background of the small business support network in Israel as a whole, the MCTC experience clearly reflects the importance of knowledge of finance sources and of how SMEs may obtain access to them, as well as using E-business and information technology to the full. These facets, however, as seen, cannot stand on their own but rather need to be integrated into a comprehensive program of SME entrepreneurship training - aimed particularly at women - as MCTC provides.

The accumulated Mount Carmel Center training experience, furthermore, and the growing flow of trainees attending the Center's small- and micro-business courses from **eastern and central European states** emphasizes the relevance of MCTC small business training to those countries in transition. For as has been well noted (12): 'the core of the political and economic transformation of any CIT is the creation of the private sector, the development of entrepreneurship and creation of SMEs'.

Given the general acknowledgment to the **linkage between training and the introduction of change** the Golda Meir Mount Carmel Center will be pleased to share its training experience with development agencies in the UNECE region as it has done in other parts of the world.(13)

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### **NOTES and REFERENCES**

1. See Press Release 19.10.2001 of the UNECE Forum.
2. Declaration by Women Entrepreneurs from the Commonwealth of Independent States (CIS) attending the First UNECE Regional Forum of Women Entrepreneurs.
3. Facts about Israel, Israel Information Center, 1995, (section: dialogue for development).
4. UNDP and Women's Environment & Development Organization, Financing for Development: Gender Policy Briefing Kit, briefing paper Financing for Development Issue No.4, by Joanna Kerr.
5. For a fuller review of the background and activities of the Small Business Authority of Israel see literature published by this Authority, and most notably leaflet of Israel Information Centre, May 1997, Small Business Encouragement in Israel.
6. See Think Industry, Association for Industry-Community Relations, Israel, 2000.
7. See Junior Achievement Training Manuel Osim Esek (Doing Business), Van Leer Institute, Jerusalem.
8. For example, Gender Issues in Micro-Enterprise Development, ILO, Geneva.
9. See Report of International Symposium on Economic Development. Entrepreneurship and Gender, October 1996, MCTC, Haifa.
10. See Seminar Report, October 1998, MCTC, Haifa.
11. See the MCTC brochure for this forthcoming workshop.
12. Best Practice in Development of Entrepreneurship and SMEs in Countries in Transition: The Czech Experience, United Nations, New York and Geneva, 2000, p.7.
13. For a list of such ECE region development agencies which have sent participants to MCTC business training courses in Israel or have held On-the-Spot courses in cooperation with the Mount Carmel Center, see Annexe.

ANNEXE

**List of Organizations from Eastern Europe and Central Asia  
cooperating with MCTC in the last five years in the field of business training**

Albania	- University of Tirana, Faculty of Economics
Azerbaijan	- UNDP - MED - Business Support Center, Baku - UNDP and UN Department of Economic and Social Affairs - UNDP and the Antimonopoly Commission
Belarus	- Belarusian State University - Institute for Privatisations and Management
Bulgaria	- Centre for Entrepreneurship Development - Centre for Further Qualification of Foreign Trade Staff - Ministry of Trade & Tourism - The Bulgarian Ministry for Trade and Tourism and the Association for Alternative Tourism
Czech Republic	- Business Development Agency, Prague - Czech Technical University
Estonia	- Tartu University, Parnu - Estonian Tourist Board
Hungary	- Budapest College of Management - Chamber of Commerce and Industry for Borsod County
Kazakhstan	- McGill ASM International Academy of Business - Agency for Strategic Planning and Reforms - Association of Business women of Kazakhstan - Center for Economic Development - Almaty Entrepreneurs Association - Municipality of Chymkent - Women's Resource Center, Shymkent
Kyrgyzstan	- Office of Prime Minister - Kyrgyz - Russian Slavonic University, Bishkek - Citizens Support Center
Latvia	- Tukums District Council
Latvia	- Lagale Region Development Agency

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Lithuania	- Ministry of Economy
Romania	- ANTREC - National Association of Rural Ecological and Cultural Tourism
Russia	- Moscow City Government
Tadzikistan	- Regional Center for Psychological Rehabilitation
Ukraine	- Ukranian Association of Business Support Centers - Nikolaev Regional Business Support Center - Ukraine Market Reform - Education Program
Uzbekistan	- Business Women's Association of Uzbekistan - Centre for SME Promotion - Olima Women's Organizations - Market Skills Development Center, Tashkent - International Management Training Center, Samarkand - Polytechnical Institute, OILA Center - Women & Democracy - Social and Economic Support Center for Women "Mochlaroem"