

# Chapter 3

## Driving Economic Development: Unveiling the Transformative Power of Women Entrepreneurs in Algeria

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### ABSTRACT

*This chapter aims to provide insights into the importance of empowering women in entrepreneurship and its potential impact on economic growth. In this study, the authors analyze the influence of women's entrepreneurship on economic growth with a particular focus on Algeria's environment. The research highlights the significant role played by Algerian women in contributing to the country's economic development. To conduct this empirical investigation, they employed five variables: GDP, businesswomen ownership, women in the industrial sector, force labor women, and women's unemployment. The findings shed light on the crucial need to empower women in entrepreneurship and its potential benefits to economic growth 1990 to 2019 using annual data. According to the Johansen test, they found a long-run association between the GDP and the rest of the variables based on the vector error correction model and the co-integration test. The outputs of the VECM model confirmed the first results with a significant and negative coefficient, which means a long-run relationship between the variables.*

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## **I. INTRODUCTION**

Securing financing is crucial to sustaining a successful enterprise in today's business landscape. Shockingly, despite owning and operating more than 30% of registered companies worldwide, women encounter significant obstacles in obtaining financial support for their formal small and medium-sized enterprises (SMEs). Disturbingly, nearly 70% of these women-owned SMEs in developing nations report being refused by financial institutions or needing help accessing services that align with their needs. This disparity has resulted in an estimated annual funding shortfall of approximately \$300 billion for women-led formal SMEs. Additionally, the lack of valuable networks, high-value market contacts, and knowledge impedes female entrepreneurialism. The growth of the economy and job market is significantly aided by female entrepreneurs, especially for those in the lowest 40% of the population. However, women face several obstacles when it comes to financing, owning, and expanding their businesses. These challenges include limited access to technology and capital, a lack of networking and knowledge resources, and legal and regulatory limitations. In more profitable industries like software, electronics, or construction, women-owned enterprises are not as joint as those with weaker profitability and growth prospects, such as retail and services. Women often struggle to pursue their business goals due to a shortage of professional connections, role models, and mentorship opportunities, putting them at a disadvantage compared to men. The businesses of women entrepreneurs in World Bank Group client countries may suffer in the long run. However, there is hope in the form of the Women Entrepreneurs Finance Initiative (We-Fi), which offers over \$1 billion in funding to help them achieve their full potential. This funding will provide more access to capital, technical assistance, and investment in programs and projects that empower women and women-led small and medium enterprises (SMEs). To achieve its goal of raising at least \$800 million through commercial financing and international financial institutions, We-Fi plans to collaborate with funds, other market participants, and financial intermediaries, using models similar to the International Finance Corporation's (IFC) Women Entrepreneurs Opportunity Facility/Banking on Women program. Furthermore, the We-Fi facility aims to eliminate financial access barriers and provide additional services such as mentorship, network access, capacity building, and opportunities to engage with local and foreign markets. The ultimate goal of We-Fi is to improve the business environment for women-led or women-owned SMEs in developing nations.

We-Fi is a groundbreaking initiative that supports women-led businesses in their early stages of development. It aims to facilitate access to equity and insurance services and build on the achievements of previous and ongoing projects from various partners, including the World Bank Group. The program also seeks to assist public sector initiatives that complement its efforts by improving the business environment

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