



## Fostering an ecosystem for entrepreneurial finance

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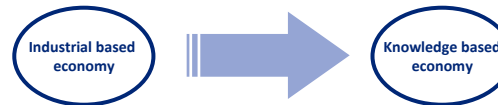
# OIC have a critical need for entrepreneurial finance

The need emerges as a result of:

**Demographics and young people entering into the workforce**



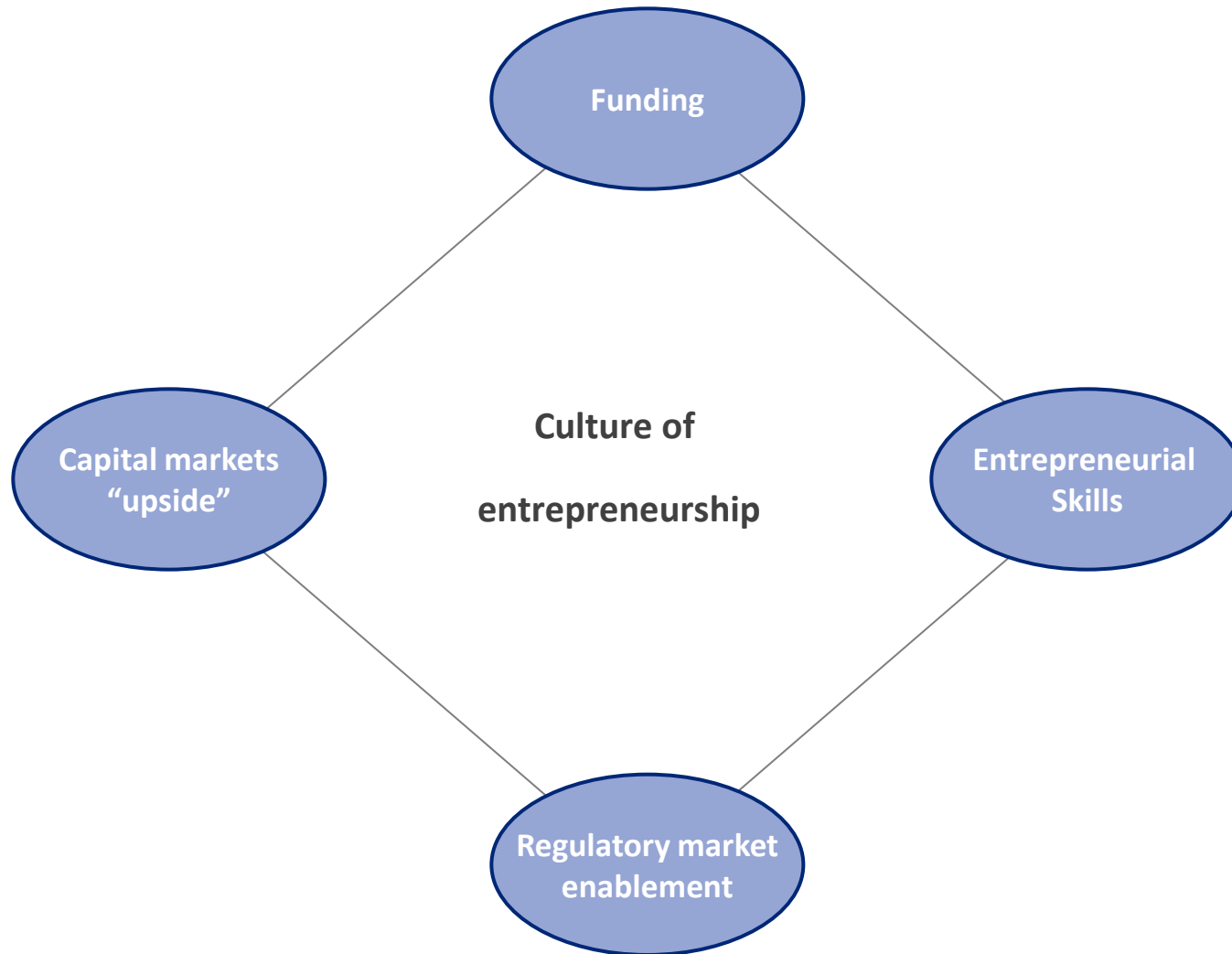
**Shifts from industrial to knowledge based economy**



**Evolving role of government**



## Access to finance is only part of the solution



## Banks are a poor fit for entrepreneurial finance

- 1 Mismatch of risk appetite
- 2 Require hard assets and track record
- 3 Banks focused on lagging rather than leading indicators

## Governments can help, but need the right business models

Common pitfalls faced by governments:

- 1 'Moral hazard'
  - Only the least attractive business seek government funding
- 2 'Hobbies, not businesses'
  - Funders pursuing personal interest while maintaining their jobs
- 3 Lack of rigor in selection process
  - Due diligence and review of business not adequately extensive
- 4 Focus on quantity rather than quality
  - Emphasis made on quickly deploying funds rather than finding great entrepreneurs

## Contributions are required from the public and private sectors

	Government	Banks	Investors	School & media
Basics	<ul style="list-style-type: none"> <li>Supportive laws for company formation, ownership, employment, and bankruptcy</li> </ul>	<ul style="list-style-type: none"> <li>Personal financing for entrepreneur</li> <li>Secured financing for businesses</li> </ul>	<ul style="list-style-type: none"> <li>Equity investment in companies</li> </ul>	<ul style="list-style-type: none"> <li>Basic skills development</li> </ul>
"Plus"	<ul style="list-style-type: none"> <li>Government funding for entrepreneurship</li> <li>Local contents, SMEs, and similar policies</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration with government programs</li> <li>Promotion of business skills and training</li> <li>"Smart" financing based on skills assessment</li> </ul>	<ul style="list-style-type: none"> <li>Incubators and training</li> <li>Crowd funding</li> <li>Other innovative models</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy development</li> <li>Entrepreneurship education</li> </ul>

# Various key institutions play an integral role

## Government



صندوق خليفة لتطوير المشاريع  
Khalifa Fund for Enterprise Development



صندوق التنمية الصناعية السعودي  
Saudi Industrial Development Fund



## Banks



## Investors



## School & media



## Entrepreneurial finance requires concerted efforts

- 1 Entrepreneurial finance is a key strategic need
- 2 Entrepreneurial finance is a system... not an initiative
- 3 Building the system requires contributions from governments, banks, private investors, and education system
- 4 Examples of good practices are available for application in OIC markets





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