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REPORT

Dubai International Conference of Endowments on Innovative Sources to Finance Small and Medium – Sized Enterprises Dubai, 16-17 February 2010

Summary

The United Nations Economic and Social Commission for Western Asia (UN-ESCWA) and the Awqaf & Minors Affairs Foundation, Government of Dubai, jointly organized the “Dubai International Conference of Endowments on Innovative Sources to Finance Small and Medium-Sized Enterprises”, during the period 16-17 February 2010 at the Intercontinental Dubai Festival City Hotel in Dubai, under the patronage of H.H. Shaikh Hamdan Bin Mohammed Bin Rashed Al-Maktoum, Crown Prince of Dubai and President of the Executive Board. The conference was co-sponsored by several institutions including the Islamic Development Bank, Noor Islamic Bank and Emirates Islamic Bank.

The discussions were concluded by the following recommendations:

- a) Endorse the recommendations of the Arab economic and social summit (Kuwait, 2009), and the decisions of the board of governors of the Islamic Development Bank at their 31st annual meeting (Kuwait, 2006), concerning the establishment of an Islamic cooperation fund for development and all other recommendations relevant to the promotion of SMEs.
- b) Call upon Awaqf institutions, Arab development funds and Islamic banks to establish an Arab investment bank to fund private sector’s SMEs, that works exclusively on commercial grounds and relies on resources from Islamic Awaqf institutions and from Arab development funds.
- c) Call upon countries in the Arab region to reform the regulatory environment to simplify the establishment, operation and dissolution of SMEs and reduce the costs of registering businesses and enforcing contracts.
- d) Call upon countries to list SMEs in equity markets.
- e) Call upon Arab countries to make a common definition of SMEs.
- f) Support training programs for young entrepreneurs to develop their entrepreneurial abilities and knowledge,

production and marketing skills, and to encourage the participation of women and to promote individual initiatives.

- g) Urge Arab countries to provide SMEs with tax cuts/exemption from corporate, personal income and value added tax, in addition to lowering customs on products exported by SMEs.
- h) Improve SMEs' access to counselling, mentoring, information, and assist them with feasibility studies and upgrade the production capacity, quality control and marketing strategies of SMEs, provide qualified and skilled labour for the operation and maintenance of machines, and provide accurate information on local and foreign markets to widen their geographical presence.
- i) Call for the establishment of industrial zones and incubation environments for SMEs in order to achieve sectoral development and to promote the cooperation between different enterprises that operate in the same sector.
- j) Promote industrial integration between SMEs and large enterprises in order for SMEs to provide the requirements and parts needed in the production process of large enterprises.
- k) Develop a mechanism for providing information and data on SMEs, their development and level of entrepreneurial activity and to publish this information and analysis in annual reports for wide dissemination and for the exchange of experience on all aspects related to SMEs.
- l) Call upon regional and international organizations to developing rules and regulations and providing policy advice for SMEs.

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Introduction:

1. The United Nations Economic and Social Commission for Western Asia (UN-ESCWA) and the Awqaf & Minors Affairs Foundation, Government of Dubai, jointly organized a two-day Conference on Innovative Sources to Finance Small and Medium-Sized Enterprises, during the period 16-17 February 2010 at the Intercontinental Dubai Festival City Hotel in Dubai, under the patronage of H.H. Shaikh Hamdan Bin Mohammed Bin Rashed Al-Maktoum, Crown Prince of Dubai and President of the Executive Board.
2. The main objectives of the conference were:
 - To provide a venue for experts in finance, from SMEs and different endowment foundations to exchange ideas and to formulate a set of recommendations on how best to form a partnership between endowment foundations in the region, regional development funds, financial institutions and SMEs.
 - To explore the role of SMEs in Arab countries and identify the most promising sectors for future investments and the current opportunities.
 - To determine the best means and ways to engage in financing SMEs.
 - To promote cooperation between the endowment institutions and other regional and international organizations.

I. Recommendations of the Dubai International Conference of Endowments on Innovative Sources to Finance Small and Medium-Sized Enterprises

3. Set forth hereunder are the recommendations adopted by the participants at the conclusion of their discussions at the Dubai Conference:
 - a) Endorse the recommendations of the Arab economic and social summit (Kuwait, 2009), and the decisions of the board of governors of the Islamic Development Bank at their 31st annual meeting (Kuwait, 2006), concerning the establishment of an Islamic cooperation fund for development and all other recommendations relevant to the promotion of SMEs.
 - b) Call upon Awaqf institutions, Arab development funds and Islamic banks to establish an Arab investment bank to fund private sector's SMEs, that works exclusively on commercial grounds and relies on resources from Islamic Awaqf institutions and from Arab development funds.
 - c) Call upon countries in the Arab region to reform the regulatory environment to simplify the establishment, operation and dissolution of SMEs and reduce the costs of registering businesses and enforcing contracts.
 - d) Call upon countries to list SMEs in equity markets.
 - e) Call upon Arab countries to make a common definition of SMEs.
 - f) Support training programs for young entrepreneurs to develop their entrepreneurial abilities and knowledge, production and marketing skills, and to encourage the participation of women and to promote individual initiatives.

- g) Urge Arab countries to provide SMEs with tax cuts/exemption from corporate, personal income and value added tax, in addition to lowering customs on products exported by SMEs.
- h) Improve SMEs' access to counselling, mentoring, information, and assist them with feasibility studies and upgrade the production capacity, quality control and marketing strategies of SMEs, provide qualified and skilled labour for the operation and maintenance of machines, and provide accurate information on local and foreign markets to widen their geographical presence.
- i) Call for the establishment of industrial zones and incubation environments for SMEs in order to achieve sectoral development and to promote the cooperation between different enterprises that operate in the same sector.
- j) Promote industrial integration between SMEs and large enterprises in order for SMEs to provide the requirements and parts needed in the production process of large enterprises.
- k) Develop a mechanism for providing information and data on SMEs, their development and level of entrepreneurial activity and to publish this information and analysis in annual reports for wide dissemination and for the exchange of experience on all aspects related to SMEs.
- l) Call upon regional and international organizations to developing rules and regulations and providing policy advice for SMEs.

II. Discussion Topics

4. Over several sessions in the course of the Conference, participants discussed the items on the agenda as it appeared in the programme.

5. The topics of the Conference focused on the current situation and the prospects of the SMEs in the Arab region; financing SMEs by focusing on: the role of multilateral financial institutions, the role of endowment institutions and Islamic banks, national and international experiences in financing SMEs, and new ways and means to support and finance SMEs. Also, the Conference focused on creating partnership between endowment institutions, regional development funds and regional and international organizations.

6. The different topics of the Conference were distributed to five sessions as follows:

A. SMEs in the Arab Region

7. Ms. Lois Stevenson, a Visiting Research Fellow with the International Development Research Centre (IDRC), at the Middle East/North Africa Regional Office in Cairo, delivered a presentation on "SMEs in the Arab Region: Challenges and Opportunities: Focus on Seven MENA Countries". In her presentation, Ms. Stevenson analyzed the SME sector, the institutional structure for SME support, the challenges and opportunities facing this sector and the promising sectors for SME development in seven countries, namely in Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia and Turkey. She indicated that those seven countries are at various stages of economic development, different levels of development in the industrial and services sector, and different levels of unemployment. She stressed that youth unemployment is a serious challenge in these countries especially with a fast growing labour force. She also focused on the challenges facing the

SME sector in those countries and the way forward. She then concluded her presentation with a set of recommendations with respect to fostering growth of SMEs in these countries.

8. Mr. Essam Omran Al Dissy, from the Regulations & Policies Division and the Strategy and Policies Department at Mohammed bin Rashid Al-Maktoum for Small and Medium-Sized Enterprises Development in Dubai, delivered a presentation on “The developmental role of endowments in supporting the business leadership and the Small and Medium-Sized Enterprises (Business Model)”. He focused on the importance of studying the aspects and fields with which the endowment institutions and funds may contribute in supporting the business leadership and the SMEs in cooperation with the governmental parties in different sectors. Mr. Al-Dissy then focused on the SMEs environment in the United Arab Emirates, and in Dubai in particular, and discussed the successful experience of Mohammed bin Rashid Al-Maktoum for SMEs Development in Dubai, being the official party for supporting and developing SMEs based on the application of best international practices in promoting projects, whereby selection was based on creativity, development and the intellectual property.

9. Mr. Mohammed Omran, Vice Chairman of the Egyptian Exchange and Professor of Finance at the Arab Academy for Science and Technology, shared with the participants “The Impact of Creating a Junior Market for SMEs in Arab Region (Nilex)”. He informed the participants that at the end of 2007, The Egyptian Exchange (EGX) launched the Nilex, a new market for SMEs to support this sector in Egypt and the region. The new market provides an opportunity for promising companies that have suffered from funding constraints, to join the capital market and raise its capital in accordance with more relaxed rules and conditions. Any company whose capital is less than LE 25 million can list its shares on the NILEX, after passing the restructure program with a nominated advisor licensed by the Egyptian Financial Supervisory Authority. This will enable them to be present in the capital market and raise their capital. Moreover, the companies are given one year grace period to offer at least 10% of its shares in the market. Mr. Omran indicated that in spite of the international financial crisis, which has visibly affected the capital markets and the company expansion plans, NILEX has been able to attract 5 companies which operate in different sectors, namely technology, plastics industry, advertising, real estate development and trade, while 10 other companies are in the pipeline. Furthermore, NILEX maintains strong governmental support of many agencies in Egypt. In that respect, the Industrial Modernization Center (IMC) agreed to finance up to 90% of the costs associated with the listing process on Nilex. On the other hand, three investment funds specialized in the investment of SMEs have been established, with a capital of more than LE 800 million, whereas a number of other similar funds will follow, reflecting a strong demand to invest in this promising sector. Mr. Omran concluded by stressing that NILEX is the first of its kind in the region, added to more than 37 such market in the world which have succeeded in achieving a leap for the SME sector.

B. The Role of Endowment Foundations and Islamic Banks in Financing and Supporting SMEs

10. Mr. Adel M. Khalil, Economic expert, Council of Arab Economic Unity, delivered a presentation on “The role of the Endowment Foundations and Arab Development Funds to establish an Arab fund to finance small and medium-sized enterprises”. He indicated that the global economic crisis has revealed the important role that SMEs may play in the recovery of national economies with limited costs and within a relatively short period of time; further to the crucial role which these enterprises may perform in minimizing and reducing unemployment and poverty among young job seekers. However, Mr. Khalil indicated that these SMEs currently suffer from financing, procedural and marketing problems which hinder their growth and there is a need to activate the role of the endowment funds alone or in collaboration with development funds, in order to provide funding to a new specialized fund to finance such projects. This new fund need to follow methods and conditions that different from existing sources of funding, and provided that the use of such funds shall be subject to the conditions the Endowment Funds apply in utilizing their funds, and that such funded enterprises shall be managed and conducted on commercial basis. In addition to that, he indicated that there is a need for the expansion of the role of the new Fund in providing another number of services to these enterprises so as to assist in solving the difficulties and problems they face. Mr. Khalil concluded by outlining the procedures for the establishment of the new Fund in terms of determining its goals, funding sources, methods of selecting enterprises and all other administrative aspects.

11. Mr. Hisham Daftar Dar, Senior Advisor at Unicorn Bank, delivered a presentation on “The role of awqaf in support of small and medium scale projects”. He indicated that Awqaf has been recognized as an important third sector contributing significantly to the country’s social and economic development and that the importance of the sector is first seen in terms of the huge assets it controls, in its social expenditure, in the number of people it employs, and in its significant contribution to the economy which represents as much as 10 percent of the GDP of some countries. Mr. Daftar also pointed out that Awqaf organizations are Islamic non-profit entities that represent a vast array of social, cultural and economic activities involved in raising finance, investment and project management, and are becoming strategic business partners of SMEs. He indicated that Awqaf organizations have the capability to raise funds; Awqaf’s annual revenue from fund raising is in vicinity of US\$10-15 billion, about 60 percent of which comes from individuals and 40 percent from business corporations and other institutions. He concluded by stating that Awqaf investments are not directed towards speculative high-risk projects, but rather long term community development projects which are aligned with their objectives and which support the safety and performance of assets in their custody.

12. Mr. Kamal Mohamed Mansoury, University professor at the Faculty of Economic and Commercial Sciences, Republic of Algeria, analyzed “The financing role of the cash endowments: Towards Endowment Institutions donating finance for small-sized enterprises”. He discussed the important and the crucial role of the cash endowments as a source of financing of SMEs. These endowments represent a surplus that is redistributed in the form of micro-loans to finance SMEs, hence contributing to development process.

13. Mr. Ihsan Mohammed, representing Mr. Khaled Mohammed Al-Aboodi Deputy Director General Chief Executive Officer of the Islamic Corporation for the Development of the Private Sector (ICD), of the Islamic Development Bank, focused on “Islamic Finance to SMEs: The

Experience of Islamic Corporation for the Development of the Private Sector (ICD)”. He stated that it has been clearly recognized worldwide that the SMEs sector is the backbone of most economies and acts as a key engine of growth for the private sector. He also indicated that after the rise of the international financial crisis, the Islamic Corporation for the Development of the Private Sector (ICD) is embarking on a new strategic plan to sustain the long-term development of the SMEs sector in its member countries. Mr. Mohammed indicated that ICD can play a key role in collaboration with local governments and agencies to create the right enabling environment where innovation, entrepreneurship and venture capital opportunities can develop and flourish.

C. AWQAF Experiences in Supporting Banks and Social Projects

14. Mr. Muhammad Ali Hashim, President and Chief Executive of Johor Corporation, shared with the participants the Malaysian experience in “The Corporate Waqaf - A Malaysian Experience in Building Sustainable Business Capability of Muslims”. He stated that Johor Corporation started in 1970 with a loan of RM10 million used to purchase a 3,900 acre plantation in Johor Bahru, Malaysia, but has at the end of 2009 reached a market capitalization of RM10.4 billion. It is an entrepreneurial corporate organization with sustainable value-creating business with more than 280 member companies and more than 65,000 employees. Mr. Hashim summarized their objective as to create wealth and sustainable value added to alleviate poverty and to care for the poor, the marginalized and the unfortunates in society.

15. Mr. Zeinoul Abedien Cajee, Co-founder Awqaf of South Africa, delivered a presentation on “Waqf Investments in South Africa”. He stated that South Africa is a relatively young and emerging community in regards to Waqf investments. In fact, Waqf system itself has been focused mainly on the building of mosques and schools rather than on the development of Waqf Investments. He presented the different models of Waqf Investments available in South Africa, the promising sectors for SME investments, the risks associated to those investments and the main challenges confronting waqf investments in South Africa. Mr. Cajee concluded with a way forward and proposals for the future.

16. Mr. Rateb Al-Haeimal, Coordinator for King Abdullah Prize for Excellence in Governmental Performance and Transparency, discussed the “Role of Orphans Funds Development Institution in Jordan in the field of financing small and medium-sized enterprises”. He focused on the role of Orphans’ Funds’ Development Institution, which has been established in 1972, as one of the proactive national financial institutions in the field of financing SMEs as per Islamic rules. He also discussed the legislative, legal and regulatory frameworks governing the Institution for financing SMEs, the nature of enterprises being financed, the categories targeted, the profitability scheme, the number of job opportunities created, the geographic coverage, and the future plans for the Institution in terms of micro-finance.

17. Mr. El-Ayashi Faddad, Researcher in Islamic Economics and Shari’ expert in Islamic banking at the Islamic Institute for Researches and Training at the Islamic Development Bank, delivered a presentation on the “Role of Endowment in supporting and financing small and medium-sized enterprises, with concentration on the role of the Islamic Development Bank Group”. He addressed the fundamentals followed by Awqaf institutions for financing SMEs, and how to develop those institutions to enhance their role in financing SMEs in various sectors and to increase their contribution to development. After a brief historical overview of waqf investments and the

impact on development, Mr. Faddad focused on the role of the Islamic Development Bank Group as an international institution in financing SMEs from endowment funds and hence in contributing to the development of several countries.

D. Recent Developments in SMEs

18. Mr. Paul Vandenberg, Professor of Economics at the International Management Institute in India, discussed the “Impact of the financial and economic crisis on SMEs”. He indicated that the recent international financial crisis caused a credit crunch and a sharp decline in demand that affected enterprises of all sizes. SMEs, which often struggle to access product and credit markets during normal economic conditions, have found the downturn a very hard period to manage. Governments, and related agencies, have responded to the crisis with a range of monetary and fiscal measures, some of which have provided direct support to private sector businesses. These measures have been open to enterprises of all sizes but some have focused specifically on SMEs. Specific measures for smaller businesses indicate that governments appreciate the important contribution that SMEs make to output and employment. Mr. Vandenberg gave an overview of how SMEs have been affected by the crisis and how they are surviving the recovery in late 2009 and early 2010. He also examined the measures that governments have taken to support the SME sector, with a focus on ESCWA member countries. These measures include: additional credit access, changes in taxation policies, public procurement opportunities, access to business development services and others. He concluded by indicating that the responses to the crisis may provide a useful ‘experiment scenario’ for innovating new policies that can assist SMEs not only in crisis but also under more favorable economic conditions.

19. Mr. José Palacín, First Economic Affairs Officer at the Economic Cooperation and Integration Division of the United Nations Economic Commission for Europe (UNECE) in Geneva, delivered a presentation on “Financing innovative SMEs in Europe”. He focused on the differences in the availability of early-stage financing in the European economies. He indicated that public initiatives have sought to overcome the reluctance of financial firms to get involved in early-stage financing through various arrangements that result in risk-return ratios that are more favorable for private participants. Corporate venturing, where a large company takes a direct equity stake in a smaller unquoted company, can also be a source of financing. In some European countries, these investments benefit from tax incentives. For venture capital investors (both formal and informal), the ability to sell their stakes is crucial to materialize returns on investments, so “exit” possibilities have also been an area of policy attention. Overall, the existence of venture capital and the willingness of institutional investors to provide funds to these specialized financial intermediaries depend on the development of capital markets. He indicated that this is a basic factor influencing the scope for other financing alternatives, such as the securitization of SMEs assets.

20. Ms. Doha M. Yacout, Projects Consultant and Coordinator for the Project Incubation Center “PIC” and International Programs Developer and Coordinator for both Investments & Finance Institute “IFI” and Arab Institute for Trade & Commodity Exchange, shared Egypt’s experience with “Business Incubation - “Introducing a New Framework”. She focused in her presentation on Business Incubators “BI” and their growing importance given the role they are playing in terms of supporting business starters and SMEs. She also compared the traditional Business Incubators methods with the New Business Incubator Framework. The latter comprises a Threefold Incubation

Approach from development to investment, employment and operates in cooperation with Awqaf Association. It is a new framework of non-profit Business Incubators that sets a new horizon for SMEs' Incubation without any loans, providing society with higher standards of developing fledgling ex-incubated companies using a threefold approach of youth development for implementation in the Arab world and MENA region. Ms. Yacout also introduced the Project Incubation Center "PIC", the major achievements and the future plans and concluded with a set of recommendations.

21. Mr. Hikaru Fukanuma, Principal Economist at the Japan Finance Corporation Research Institute, delivered a presentation on "Financial Support for Small and Medium Enterprises in Japan". He indicated that the importance to incubate SMEs is widely understood not only in Japan but also in many countries, because the growth of a wide range of independent SMEs will bring a competitive and greater economy. However, SMEs are usually at the situation of lack of money, and there is a need to construct the finance tools for them. Mr. Fukanuma indicated that although, there are several finance institutions that provide funds for SMEs, there still exists shortage of finance for weak SMEs, especially smaller sized SMEs or newly started businesses, because they have much more risks than larger and long operating SMEs. Hence, government sectors have also been supporting SMEs by providing direct loans, yet the total volume is not so large. He pointed out that Japan Finance Corporation (JFC) is the government financial institution, which has been making loans for SMEs after one of its forerunners was established in 1949. JFC makes loans not only by themselves but also by cooperating with local Chambers of Commerce and Industry.

22. Mr. David Dinsdale, Programme Director, Businesslink.gov.uk, focused on "The Recent Development in the SMEs Sector in the UK". He indicated that there are several areas where government is supporting SMEs in raising both asset backed and equity backed finance in the UK. He also presented a summary of the outcomes of the UK's Enterprise Finance Guarantee Scheme (asset backed finance), Capital for Enterprise (equity backed finance), Small Business Research Initiative (grants to research key issues for the UK) and Zopa, an emerging private sector innovative scheme with the potential to finance over 1000 businesses per year. He then presented the role of businesslink.gov.uk as a single central portal that provides businesses with access to all government services.

E. The Role of International and Regional Organizations to Support SMEs

23. Ms. Ghada Waly, Advisor to the Chairman of Egyptian Financial Supervisory Authority for Micro Finance and Access to Finance and former Assistant Resident Representative of UNDP Egypt, shared with the participants "UNDP Experience in Financing and Supporting SMEs in Egypt". Her presentation provided an overview of the micro finance industry in Egypt, its development and its impact on poverty and related financial services needed such as micro insurance. Ms. Waly covered the size, nature and regulatory framework of the sector and the efforts of UNDP and UNCDF in supporting the development of the sector in Egypt. She concluded by highlighting the main challenges facing the SMEs sector in Egypt and proposals on how to use Waqf Funds to promote this sector.

24. Mr. Salvatore Zecchini, Chairman of the Italian Institute for Italian Promotion, delivered a presentation on "Innovative Financing of SMEs: The Italian Experience". He indicated that the traditional model of financing based on equity, reinvested earnings and bank debt has given way to

a more diversified pattern with new financial instruments and new public financing mechanisms. However, the latter has not performed well during the current international financial crisis. Government intervention during the crisis has been essential to help SMEs to cope with the severe liquidity problems that the recession has brought about. In the EU and in Italy in particular, SMEs have been the most dynamic component of the economic system, especially in terms of employment creation, in the current decade. Mr. Zecchini presented the new approach adopted by Italy in SME financing. This new approach has been pursued by enhancing SMEs' equity basis, providing additional resources to the banking system, granting tax incentives to recapitalize small firms, boosting public credit guarantees, establishing a national innovation fund as well as a fund of funds, developing SME-dedicated stock markets, and supporting bonds issued by groups of small firms that are interlinked by business agreements.

25. Mr. Khaled Hussein, First Economic Affairs Officer at the United Nations Economic and Social Commission for Western Asia (UN-ESCWA), focused on "SMEs and the Future of Arab Economies". He indicated that since early 1990s, Arab countries have been going through economic reforms which help in improving the investment environment in the region, and enabled Arab countries to raise their economic growth over the past seven years. Also, he stated that fiscal budgets and balance of payments improved significantly, while unemployment rates are still in their highest levels. However, despite the excess liquidity in region, Mr. Hussein pointed out that SMEs still suffer from lack of funding because of banks' concentration in short-term financing while ignoring the SMEs' financial needs. New funding sources to support SMEs should be provided through establishing of a liquidity management fund to handle excess liquidity in commercial banks, creating partnership between regional development funds and Awqaf institutions, and bringing back part of the sovereign funds to the region.

26. Mr. Wafik Grais, co-founder and chairman of Viveris Mashrek, a Cairo-based, private equity investment management company, delivered a presentation on "Non - Banking Finance for SMEs in MENA". He stressed that promoting entrepreneurship is increasingly viewed in developing economies as key to widening private sector participation in the economy, promoting social inclusion and reducing poverty and inequality. Mr. Grais indicated that SMEs represent about 80% of GDP and 75% of employment in most economies, providing a base that can be built upon. He examined non-banking financing instruments and vehicles that can support SMEs access to finance as it still presents a barrier to SME establishment, expansion & growth. He discussed three sets of financing instruments and vehicles, namely leasing, factoring and private equity funds and analyzed their potential role and limits to their effectiveness. He focused on how these instruments can contribute to overcoming SMEs access to finance challenges, and in particular their excessive reliance on traditional bank financing that cannot cope with all financing needs of SMEs, notably in terms of costs, liquidity, tenure and balance sheet structure. He concluded with policy and financing recommendations that can support the development of leasing, factoring and private equity financing to promote SMEs.

III. ORGANIZATION OF WORK

(a) Venue and date of holding the Conference

27. The Conference was held during the period 16-17 February 2010 at the InterContinental Dubai Festival City Hotel, Dubai, the United Arab Emirates.

(b) Opening Session

28. The opening ceremony had two prominent keynote speakers:

- H.E. Tayyeb Abdulrahman Al-Rayyes, Dubai Awqaf & Minors' Affairs Foundation, UAE
- Mr. Nabil Safwat, Chief of Economic Development and Globalization Division, United Nations Economic and Social Commission for Western Asia (UN-ESCWA)

This session was followed by a documentary film on Awqaf & Minor Affairs Foundation, a ceremony to honor His Excellency Khalaf Al Habtoor and the opening of an exhibition where ESCWA displayed its majors publications on issues related to Financing for Development.

29. In his speech, H.E. Tayyeb Abdulrahman Al-Rayyes reaffirmed the main objectives of the foundation since its establishment five years ago which is providing the best possible experiences, guidelines and practices in managing endowments, their surveillance, administration and investment by utilizing the best means and procedures. He also indicated that the foundation adopts the vision of the UAE government in making the Islamic Endowment System a major contributor to development both at the social and economic levels.

30. He indicated that the foundation has always been eager to benefit from international experience and organized several international conferences and symposiums to explore new means, to enhance their businesses and avoid repetitive plans and to look for new platforms where Islamic regulations are applied. He also stated that the current conference organized jointly with UN-ESCWA is the third international conference organized in this regard. He indicated that the main targets of this conference are: to determine the nature and features of SMEs in the Arab region, to identify the best strategies for modern endowment foundations in utilizing and employing part of their assets in SMEs sector, to create a network of cooperation and communication amongst the endowment foundations and in SMEs, youth enterprises, Islamic banks and financial corporations.

31. Finally great thanks and gratitude to His Highness Shaikh Hamdan bin Mohammed Bin Rashid Al-Maktoum, Crown Prince of Dubai and President of the Executive Board for his patronage of this conference and everyone who contributed to the preparation.

32. Mr. Nabil Safwat, Chief of Economic Development and Globalization Division delivered ESCWA's speech. Mr. Safwat expressed his gratitude to His Highness Shaikh Hamdan bin Mohammed Bin Rashid Al-Maktoum, Crown Prince and President of the Executive Board for his patronage of this event and his gratitude to the Government of Dubai and to the Dubai Awqaf & Minors' Affairs Foundation in particular for cooperating with ESCWA in the organization of this conference. He indicated that SMEs play a major role in economic development and in increasing trade and providing job opportunities in addition to creating a spirit of initiatives. He stressed that since the late 90s, the number of SMEs grew substantially and they represent around 90 per cent of total enterprises, capture between 50 and 60 per cent of the labor force and contribute to more than 45 per cent of Gross National Income of Arab countries. However, the importance of SMEs varies among Arab countries, and SMEs in the industrial sector represent around 85 per cent of enterprises in that sector.

33. Mr. Safwat then indicated that the aim of this conference is to assess the role of SMEs in the Arab countries and to identify the promising sectors. This conference will also provide an opportunity for Awqaf institutions to learn more about the SMEs sector and the available opportunities and to assist the waqf foundations to determine optimal means to participate in financing SMEs. He then indicated that this conference falls under ESCWA's activities in the area of financing for development which aims to assist member countries in mobilizing domestic and international resources for development and in order to improve investment climate to attract more investments. He reaffirmed ESCWA's commitment to assist member countries in realizing sustainable development. He concluded by welcoming the guests and wishing a successful conference.

(c) Participants

34. The Conference was attended by more than 270 participants that included government officials, representatives of Islamic banks, Awqaf institutions, development funds, endowment institutions and experts in SMEs, as well as representatives from several regional and international organizations and college students.

35. Participants came from Algeria, Australia, Bahrain, Canada, Egypt, Germany, India, Japan, Jordan, Kuwait, Lebanon, Malaysia, Oman, Palestine, Pakistan, Qatar, Saudi Arabia, Singapore, South Africa, Sudan, Syria, UAE, UK, USA, Yemen in addition to students from Dubai colleges.