Empowering Women entrepreneurs in the MENA Region towards Equal access with men to business and trade markets

Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia

Gender-Sensitive Value Chain in the Agri-Food, Textiles and Clothing and Information and Communication Technology Sectors

LEBANON GSVCA COUNTRY PROFILE: EXECUTIVE SUMMARY

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BACKGROUND

During the first phase of this project (2017-2019) thanks to a CAWTAR-SIDA partnership, among other interventions, a Gender Audit exercise was conducted scrutinizing the economic policies, legal frameworks and trade agreements in the same six countries assessing the effects of Globalization and Trade Liberalisation on Economic Empowerment of Women and their access to Trade markets. The findings succeeded in drawing attention and raising awareness of directly or indirectly concerned actors and stakeholders on the importance of *empowering women towards gender equality in the MENA region through gender mainstreaming in economic policies and trade agreements*, thanks to evidence-based sensitisation, advocacy and networking interventions as well as institutional capacity building and strengthening. This new project and work have been built on the platform of validated recommendations and priorities selected by the targeted stakeholders.

Based on the above, the main finding of the conducted situation analysis gender audit is that gender is neutral/negative, not really mainstreamed in economic policies and trade and the environment is not conducive to gender equality and empowerment of women in economy and trade.

Therefore, the priority of the current project *"Empowering Women entrepreneurs in the MENA Region towards Equal access with men to business and trade markets"* is to strengthen women entrepreneurs' capacity to increase their access to and control of resources equally with men entrepreneurs with focus on business and trade markets.

Its thematic objective is "*Conducive environment created for women entrepreneurship promotion and integration in business and trade markets"* in Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia. Creating conducive environment required to produce knowledge on businesswomen and men from a comparative gender analysis perspective that includes SMEs profiling and main actors' mapping of at least three selected sectors, namely agriculture, light industries and services.

It should be recalled that the Gender Sensitive Value Chain Analysis/GSVCA (approach and tools) was used to assess Women-Men Equality, stressing their participation in the economic activity and their access to business and trade markets covers the six countries mentioned. The Value chain fields were selected to focus on three different sectors and more specifically subsectors: 1) Agriculture: Agri-food industries; 2) Light industries: Textile and clothing and 3) Services: Information & Communication Technology/ICT. In addition to the exercise itself (review, assessment and analysis) a number of SMEs owned/managed by women and men were targeted representing a sample from the selected sub-sectors i.e. agri-food, textile and garment and ICT.

The diagnosis of constraints and challenges intends to determine gender inequalities and gaps and assess capacity and resources needs towards priorities' selection at the level of the SMEs and women entrepreneurs themselves, including during and after the lockdown due to the COVID-19 pandemic and its resulting consequences.

FACTS & FIGURES

1. Overall context

Table 1- Overall indicators

General Indicators[1]	Female	Male	Value
GDP, US$ billions			18.73
GDP per capita, constant '17 intl. $ 1000			10.94
Total population, million people	3.41	3.45	6.86
Population growth rate, %	-0.12 -	-0.03	-0.04
Population sex ratio (female/male), F/M ratio	49.68	50.32	0.90

Lebanon is enduring a severe and prolonged economic depression in part due to inadequate policy responses to an assailment of cascading crises including the Port of Beirut explosion exacerbated by the COVID-19 pandemic. Real GDP growth contracted by 20.3% in 2020 and is estimated to shrink an additional 10% this year. Inflation reached triple digit, prices for some food items up more than 600% while the Lebanese lira has lost more than 90% of its value. More than 50% of Lebanese now live below the poverty line, with 25% living in extreme poverty. Food insecurity is on the rise. The United Nations estimates that 75% of Lebanese families are struggling to feed themselves, and that 1.2 million Lebanese require food assistance.[2]

2. Lebanon's global Gender Gap Index Ranking 2021

Table 2 - Lebanon's Global Gender Gap Index comparative 2010-2021

2010		2021		Progress (2010-2021)	
Rank	Score	Rank	Score	Rank	Score
116	0.608	132	0.638	-16	+0.030

Lebanon was not assessed in 2006, the baseline point is not available for that year since the country made its debut in the GGGR in 2010. In the latest WEF Gender Gap report, Lebanon's global rank is at 132 out of 156 countries, ranking fifth amongst the MENA countries, the first being the United Arab Emirates (72nd) on the global ranking and Tunisia (126th).

3. Educational attainment

Table 3 – Lebanon's Educational attainment comparative ranking 2010-2021 [3]

2010		2021		Progress (2010-2021)	
Rank	Score	Rank	Score	Rank	Score
91	0.977	113	0.964	-22	-0.013

[1] These numbers differ slightly from the ones provided above as they have been extracted from a different source, i.e. World Economic Forum: Global Gender Gap Report, 2021, http://www3.weforum.org/docs/WEF_GGGR_2021.pdf

[2] https://www.usip.org/publications/2021/07/lebanon-assessing-political-paralysis-economic-crisis-and-challenges-us-policy

[3] World Economic Forum: Global Gender Gap Report, 2021

The level of education in Lebanon was scored at 0.964 in 2020 and remains the same in 2021. However, in terms of ranking, it has fallen from 111 in 2020 (out of a total of 153 countries) to 113 in 2021 (out of a total of 156 countries). In terms of literacy rates, the data provided accounts for a higher level of literacy rate for men (96.9%) as opposed to women (93.3%), in line with regional trends.

4. Economic participation and opportunity

Table 4 – Lebanon's Economic participation and opportunity comparative ranking 2010-2021[4]

2010		2021		Progress (2010-2021)	
Rank	Score	Rank	Score	Rank	Score
124	0.448	139	0.487	-15	+0.039

Women are few in participating in the work force. The latest available data show that the rate of female labour force participation in Lebanon is 24.4% vs. that of men with 70.4%, over 4 times higher. Full year 2019 unemployment rate for females was 14.3%, while male unemployment rate is 9.97%.[5]

5. Women in the entrepreneurship world

Micro, small and medium enterprises (MSMEs) in Lebanon represent 95% of all companies in Lebanon and account for 50 percent of national employment. According to the 2019 World Bank Enterprise Survey, 9.9% of all these are co-owned by women.[6] Micro enterprises that employ less than 10 people constitute 73% of this indicator. They are mostly concentrated in wholesale, retail trade, repairs, real estate, and manufacturing.[7]

The latest GEM Report that assessed Lebanon in 2018 found that while men were almost twice as likely as women to be starting or running a new business in Lebanon in 2018, Lebanon had by far the highest level of women-led start-ups in the MENA region. More than one in six women in Lebanon were starting or running a new business.

Yet, the main obstacle to increasing women's participation in business in Lebanon remains access to finance. While this constraint is universal for all small and medium enterprises, regardless of gender, it tends to disproportionately affect women-owned businesses. In Lebanon, only 3% of bank loans are granted to women entrepreneurs[8].

6. Women legal status and rights

[4] World Economic Forum: Global Gender Gap Report, 2021
[5] https://data.worldbank.org/indicator/SL.UEM.TOTL.MA.NE.ZS?locations=LB
[6] https://data.worldbank.org/indicator/IC.FRM.FEMO.ZS?locations=LB
[7] https://berytech.org/womens-day-2021-berytech-on-women-empowerment-and-choosing-to-challenge/
[8] https://www.deepl.com/en/translator#fr/en/Le%20principal%20obstacle%20%C3%A0%20l'augmentation%20de%20la%20participation%20des%20femmes%20dans%20les%20entreprises%20au%20Liban%20

Lebanon - Scores for Women, Business and the Law 2021

Mobility	Workplace	Pay	Marriage	Parenthood	Entrepreneur-ship	Assets	Pension	WBL 2021 Index Score
100	50	50	60	20	75	40	25	52.5

Over the last ten years, Women, "Business and the Law" has collected unique data on the laws and regulations that constrain women's entrepreneurship and employment. The index presented is structured around the life cycle of a working woman, with 35 scoring data points on eight indicators. Overall scores are then calculated by taking the average of each indicator, with 100 representing the highest possible score.

Lebanon's score in the latest edition of the report is 52.5 out of 100, lower than the regional average at Middle East & North Africa (at 51.5). The countries that rank first with 100 are mostly in Europe, the highest-ranking Arab country is the UAE with a score of 82.5, the last is Palestine with 26.3.

7. COVID-19 impact on policies

Lebanon is facing a political crisis that imposes a number of challenges that it is struggling to address with a deepening financial and economic crisis that began in 2019. The Lebanese lira has lost almost 90% of its value while annual inflation reached 155% in February 2021, with food prices alone being much higher. As a result, banks have continued to restrict access to savings and cash for businesses and individuals and have limited payments abroad. Micro, small and medium-sized enterprises (MSMEs) in most sectors have been hit hard by the fiscal and financial crisis, and the purchasing power of the population has deteriorated significantly. The situation is exacerbated by the blockage imposed by the COVID-19 pandemic, in addition to the energy and fuel crisis[9].

The current economic crisis in Lebanon, compounded by the COVID-19 pandemic and subsequent lockdowns, has had a strong impact on youth employment, especially for young women. According to the International Labour Organization (ILO), some society segments were severely affected by the measures, including young women[10]. Many of them are struggling to survive. In May 2020, it is estimated that more than half (55%) of the population was living below the poverty line, an increase of 28% from 2019. A UN Women study found that the unemployment rate for women rose from 14.3% before the crisis to 26% in September 2020, a 63% increase in the number of unemployed women.

8. Obstacles and challenges in the entrepreneurial process (Rapid Assessment)

An exercise to make a rapid assessment of the impact of the COVID-19 pandemic on businesses was planned with a view to taking stock with male and female entrepreneurs of the obstacles and challenges they had to face during the period of the lockdown and after. The interest was to enable them to identify their own needs and select priorities from their own perspective. It is regrettable

[9] Women Entrepreneurs in Lebanon: Surviving the crisis amidst the challenges, European Union for Women Empowerment (EU4WE), September 2021. https://www.expertisefrance.fr › EU4WE_report_PDF

[10] Women Entrepreneurs in Lebanon: Surviving the crisis amidst the challenges, European Union for Women Empowerment (EU4WE), September 2021. https://www.expertisefrance.fr › EU4WE_report_PDF

that this rapid assessment could not be carried out in Lebanon, despite all the efforts made by the CAWTAR team. Indeed, in addition to multiple individual contacts (multitude of telephone calls, mails and emails...) among the CAWTAR network but also based on the preliminary mapping that have been prepared. Yet, the majority of the women entrepreneurs who were contacted confirmed that they had experienced difficulties or were still suffering from the consequences of the pandemic. They promised to call back to participate in the rapid assessment. Others have asked for the questionnaires to be sent to them to fill in and submit, but unfortunately without success.

Luckily it was possible to appraise the state of art thanks to the literature review and the plethora of assessments, surveys and analyses that have been carried out on this topic in Lebanon. Targeting 78 women entrepreneurs (in Beirut, Mount Lebanon, and Tyre/South Lebanon) and 29 key informant interviews (KIIs), a study commissioned within the framework of the EU-funded project EU for Women Empowerment (EU4WE) assessed the business environments that female-led and owned firms currently operate in, including their perceptions about challenges and barriers they face, and identify their needs. The main findings highlighted the multiple challenges faced by women-led micro, small and medium enterprises in a very difficult context, including the fluctuation of the Lebanese currency (86%), COVID-19 restrictions (76%), hyperinflation (55%) and the decline in the purchasing power of customers (51%). Other concerns included low market activity, quality of goods and services, and damage to premises or equipment. The analysis of financial and non-financial needs highlighted that access to finance remains the greatest need for women as expressed in the coming year by around 92% of respondents. Only 4% of respondents reported having obtained a business loan in the past year. The main reasons for the need for financial support are marketing or communication (71%), increasing the working capital of the business (68%) and purchasing stock (43%). Companies with larger financing gaps are found in the design, agri-food, services and manufacturing sectors. Women entrepreneurs prioritised digitalisation (58%), human resources (29%) and other training (22%). One of the most apparent impacts of the COVID-19 bottlenecks on women entrepreneurs in Lebanon was the need to move business operations online. Women entrepreneurs also expressed their need for skills to access new markets and to digitalise their businesses and processes using digital platforms and tools in order to be more competitive. They need support in both the use and implementation of digital technologies. 18% of women entrepreneurs identified a need for legal assistance, particularly relevant for businesses in the process of registration or for support with operational and contractual legal issues[11].

Almost all sources confirmed that Lebanese SMEs, like their counterparts around the world and in the region, had to bear the same consequences and faced same risks and challenges of the pandemic from the time of lockdown and even afterwards. However, added to these challenges the SMEs faced downturns due to the economic crisis striking the country.

9. Gender Sensitive Value Chain Analysis/GSVCA

The goal of the GSVCA is to evaluate the competitiveness and performance of a number of Value chains in each selected sector/ sub sector to identify real or potential barriers and opportunities for women and men that may be shaped by custom, law, institutional structure…

[11] Women Entrepreneurs in Lebanon: Surviving the crisis amidst the challenges, European Union for Women Empowerment (EU4WE), September 2021. https://www.expertisefrance.fr › EU4WE_report_PDF

The scoring is done on the basis of the interpretation of the answers (while comparing the different value chains through a horizontal reading) for each question at the level of the matrix. Scoring a particular sub-sector or value chain according to the sub-criteria is done using scores between 1 and 4, with 1 being very low/very bad and 4 being good/high. The overall score for each value chain corresponds to the formula below: *Overall subsector score = %economic dimension X (total scores each time multiplied by %question) + %environmental dimension X (total scores each time multiplied by %question) + %social inclusion and gender dimension X (total scores each time multiplied by %question) + %institutional dimension X (total scores each time multiplied by %question).* Thus, in the end we get overall scores for each value chain out of a maximum score of 4.

Taking into consideration 3 dimensions: the Economic (40%), the Gender and social innovation (40%) and the Institutional (at 20%) dimensions from a mapping of 3 sectors (Agriculture, light industries and services), 3 selected sub-sector are Agri-food, Textiles and ICT, Lebanon scores at:

Table 5 - GSVCA Scores

Criteria and scoring rate	Maximum Score	Sub-sector 1: Agri-food	Sub-sector 2: Textiles	Sub-sector 3: ICT
Economic dimension (40%)	1.6	1.2	0.9	1.5
Gender and Social dimension (40%)	1.6	0.88	0.92	1.12
Institutional dimension (20%)	0.8	0.68	0.32	0.54
				3.16

10. Preliminary Analysis

Following the comparative analysis of the 3sub-sectors and based on the literature and available data review,[12] the Information and Communication Technology/ICT subsector stood out as opposed to the other sub-sectors at hand, as the one with the highest potential based on the following potentialities:

- → Lebanon is considered one of the leading ICT exporters in the MENA region with 80% of ICT software development companies engaged in the export of vertical software and mobile applications.
- → The ICT sub-sector is the only one that has benefited the most from the COVID-19 pandemic and its negative consequences.
- → Lebanese ICT companies have the opportunity to grow and serve the rapidly growing ICT market in the MENA region.
- → The government has placed particular emphasis on reforming and modernising ICT laws.
- → Existence of programmes and initiatives for the benefit of women to address their low level of representation in the ICT value chain.

[12] Difficulties specific to the data collection phase were encountered in terms of availability and consistency. Availability of data on the topic at hand in the various countries is extremely limited, not to say scarce. An added layer of complication was due the fact that when available and depending on the sources consulted, the data found was contradictory, further impeding the process.

CONCLUSIONS & RECOMMENDATIONS

The cross-cutting analysis of the results of the Situation Analysis (quantitative and qualitative), the Rapid Assessment and the GSVCA has brought out a number of concerns and needs that can be summarised as follows:

- Networking with other business owners in a collaborative spirit to exchange information on their field and potential opportunities
- A better understanding of the regulations governing the company's sector of activity but also a watchful eye to keep the company in compliance with regulatory requirements
- Better access to technical and managerial training
- Necessary skills on risks management, building self-confidence in creating and managing business,
- A better capacity on human and financial resources management,
- Capacity and skills on business planning including adoption of new technologies in business management such as e-commerce and digital marketing.

It is expected that the concerned stakeholders will be able to enrich these preliminary results based on their own experience and proceed to identify the commonalities and differences of their country with the others and to proceed to the selection of priorities that will serve for the development of a strategic framework that will also be submitted to another round of discussions for validation and adoption at the 2nd regional seminar to be held in the first half of 2022.