

# 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

### Executive Summary of the Regional report

Research and writing team

**Faiza Benhadid, Meriem Boudjadja**

Juillet 2022

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- Small and Medium-sized Enterprises (SMEs) are a cornerstone of Arab economies, accounting for over 90 percent of all businesses and providing a major source of new job creation, yet MENA continues to have the lowest female labour force participation rates.
- Authorities have initiated policy initiatives and interventions and schemes to support SME development with a patchy progress that requires a more comprehensive policy action to ease women's constraints 1) by creating an enabling environment 2) by fostering women entrepreneurship support schemes.
- Developing a conducive business-friendly environment by establishing robust legal, regulatory and taxation frameworks for SMEs as well as ensuring a level playing field for SMEs to face fair competition.
- Improved governance, including in tax administration and public procurement, and a reduced role of the public sector as a competitor in the economy would also help.

## BACKGROUND

The principle and/or action of Empowerment means that people -both women and men- are able to take control over their lives: setting their own agendas, gaining skills, building self-confidence, solving problems and developing self-reliance. To be able to benefit from resources and opportunities and enjoy their rights equally with men, women need to be empowered primarily through removal of obstacles related to the initial gender-based-discrimination and disparities.

Empowerment does not only involve taking “positive discrimination/affirmative action” measures or designing programs especially for women, mostly to help their families enhancing their socially recognized positive role. Women and girls’ Empowerment means eliminating multiple and intersecting forms of discrimination they face and, ending inequality/ies as well as the social, cultural, and institutional practices that strengthen such inequality and discrimination.

At the regional level, in MENA, the gender gap can potentially be closed in 142.4 years. Indeed, progress has been made in areas of educational attainment, reaping the investment made by the countries, in recognition that education is both a basic human right and a driver of a country’s economic and social development.

Nevertheless, despite these achievements MENA continues to have the lowest female labour force participation rates among all regions in the world, according to the World Bank’s World Development Indicators database. While more than 50 % of the female population aged 15 and above participates in the labour market worldwide, in Sub-Saharan Africa (61.2%), East Asia and the Pacific (58.8%), Europe and Central Asia (50.5%), and Latin America and the Caribbean (52.5%), the corresponding figure in MENA far behind with 19.77%<sup>(1)</sup>.

A combination of factors contributes to this low labour force participation of women, such as legal barriers, lack of safe and adequate transport, lack of affordable quality child care, low levels of financial inclusion and other structural issues. Moreover, mind-set, social and cultural norms combined with the structural obstacles detailed above, play a significant limiting role. Undeniably, the unfair distribution of unpaid care work and domestic work in MENA has been increasingly identified as a key barrier to women’s economic participation. Although a sizable number of women, especially young women, want to work, domestic commitments are their biggest constraint. Women carry out 80% to 90% of all unpaid care tasks in the MENA region, and spend, on average, 4.7 times more time on unpaid care tasks than men.

Noting that an added concern is related to the number of government measures which were taken from the various MENA countries to mitigate the effect of the COVID-19 pandemic, including subsequent lockdowns and school, closures that impacted women on multiple fronts, generating major setbacks to the progress made over the past decades with regards to women empowerment.

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1. <https://data.worldbank.org/indicator/SL.TLF.TOTL.FE.ZS?locations=ZQ-XO>

Obstacles to growth are connected, generally, with access to capital, recruitment, access to new markets and international markets and, in certain countries, to the political conditions, the cost of public services, or the lack of economic growth. Investment-related regulations are not always clear or transparent, and many rules are enforced in an overly-discretionary or ad hoc manner. Coordination among government agencies in promoting and facilitating investment is often insufficient, limiting effectiveness in implementing strategies and impact on improving the business climate. In some countries these obstacles are felt even more acutely.

Understanding these obstacles to frame sustainable solutions requires an analysis of the legal and regulatory environment in which women business-owners operate. The historical cultural diversity of the MENA region shaped the political, judiciary, social and economic contexts. Customary laws, Islamic laws, imported European laws, imposed and reformed versions of Islamic laws affect to date, both men and women in varying degrees.

Added to this layer of complexity, is the fact that countries have endorsed international standards (e.g. the Cairo Plan of Action, Beijing Platform for Action, MD Declaration and MDGs, 2030 agenda and SDGs...) and have joined the human rights covenants to only quote CEDAW. However, it should be noted that the reservations made by MENA countries when ratifying these conventions render them null and void and create new conflicts. Indeed, the States commit themselves at the international level but do not initiate in their majority the reforms that are supposed, according to these conventions, to make national legislation consistent with the principles of these international commitments.

With the exception of legal frameworks that manage rights within the family, it can be said that starting with national constitutions and in almost all specific laws, countries refer systematically to the principle of equality in enjoying human rights, yet national policies are not always implemented and national and international legal commitments not always enforced and respected. When policies, strategies, programmes and services are developed thanks to cooperation, and partnership commitments are adopted, they are not necessarily financed. Laws and practices in the Arab states, as all over the world, still demonstrate the de jure and de facto discrimination that prevents women from enjoying their legal and human rights, reducing their chances of fully participating in society, in economy and development, particularly when and where accountability and rule of law are either weakly applied or not respected at all.

Equality in law, equality of opportunity and equality of (political) voice are not yet fully achieved. Equality within the law does not exist as the status and rights of women within the family are different, according to context and/or religious affiliation and are therefore often constitutionally obsolete. In public life, women are full-fledged citizens, while in private life they are minors in many areas, to only quote the obligation of a guardian to marry or for permission to travel. In multi-faith societies such as Egypt, Jordan or Lebanon, inequalities are not only between women and men but also between women themselves, from one faith to another.

Despite their pledges and commitments at both the national and international levels, states in the MENA region are far from having achieved or even come close to gender parity, equal opportunities and equal voice and agency, as illustrated above both quantitatively and qualitatively. Although significant progress has been made, resistance to equality is constantly observed and clearly expressed by many conservative movements in the region that try, sometimes successfully, to limit or even reduce women's rights.

Overall, it is seen that various governments in the region tread with care when it comes to the issues of women's status, often fearing political polarization. Women have a right to work, yet are limited in the full scope of the jobs they can apply to and when they choose to work, on the grounds that they need protection. Their mobility is therefore hindered and sometimes even restricted within their own country, requiring them to follow their husband, as it is the case in many countries.

Women are not impeded from owning or managing land or other real estate property. By religious law and social custom, women have the right to own property (land and otherwise) and are entitled to financial support from their husbands or male relatives, even if they have their own resources and incomes. Concerning the right to inheritance, women have the right to inherit according to Sharia distribution rules. However, the rules that are applied are either selected or interpreted to give primacy to male's financial interest, not necessarily based on the legitimate inheritance right of women, given their different positions in the family or the changes in gender roles distribution.

There are other obstacles in the rural world that affect women in particular, such as limited access to credit, the complexity of procedures in terms of guarantees and the presence of significant arrears among farmers, the weakness and instability of income (of a random nature), and the unsuitability of agricultural policies for the specific needs of women in rural areas.<sup>(2)</sup> In addition to difficult working conditions, more than their counterparts in the cities, rural women are also confronted with the patriarchal construction of society and the family and male domination, the trivialisation of violence and the violation of their rights to mention only their economic exploitation in agriculture and the work of the land, which is often underpaid if at all, not to mention the precarious and even life threatening conditions.

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2. Consortium Particip. 2019, p.125, Rapport Profil Genre Tunisie 2021.  
[https://eeas.europa.eu/sites/default/files/profil\\_genre\\_tunisie\\_2021.pdf?fbclid=IwAR36oeb9ldqiMwcDPd06bOv0yq0\\_2snUulMiuqhBlyKcd5yi\\_WUVsRpMF-g](https://eeas.europa.eu/sites/default/files/profil_genre_tunisie_2021.pdf?fbclid=IwAR36oeb9ldqiMwcDPd06bOv0yq0_2snUulMiuqhBlyKcd5yi_WUVsRpMF-g)

## THE PROJECT

A number of these issues were examined during the first phase of this project (2017-2019) thanks to a CAWTAR-SIDA partnership, among other interventions, whereby a Gender Audit exercise was conducted scrutinizing the economic policies, legal frameworks and trade agreements in Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia, 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 a 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 has meant, in the first instance, to produce knowledge on business women and men from a comparative gender analysis perspective.

The approach includes profiling of SMEs and mapping of key actors targeting three sectors: agriculture, light industries and services. The Gender Sensitive Value Chain Analysis/ GSVCA (approach and tools) was used to assess the equality between women and men, focusing on their participation in economic activity and their access to business and trade markets covers the six countries mentioned.

The choice of areas for value chain analysis focused on three subsectors reflecting the presence of women entrepreneurs in the three respective sectors and more specifically: 1) Agri-food industries, straddling two sectors (agriculture and light industries); 2) Textiles and clothing, where both the public and private sectors can be found; and 3) Information and communication technologies, an innovative subsector of the services sector.



The methodology used to define identified constraints, obstacles and opportunities, for women in business through a comprehensive situation analysis conducted by assessing and refining the environment for women in business, using relevant and appropriate approaches and tools, including:

- Desk review to determine gender inequalities and gaps in business environment based on the available data,
- SMEs profiling and actors' mapping, targeting both businessmen and women for a comparative gender analysis purpose,
- A Rapid Assessment of stakeholders, women and men entrepreneurs, to identify and analyse constraints and challenges, especially during the COVID 19 pandemic and its aftermath, including containment and its restrictive measures,
- Undertaking a Gender Sensitive Value Chain Analysis/GSVCA in a number of sectors/subsectors and related SMEs owned/managed by women and men.

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 subsectors i.e. agri-food, textile and garment and ICT. The diagnosis of constraints and challenges intended 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.

Considering the difficulties of the field and some resistances and bureaucratic obstacles, in addition to Business persons (men & women), the RA targeted major actors in the "third sector" namely representatives from different concerned ministries, from the local government, and other relevant stakeholders (Professional organisations, media, and financial sector) selected as the most involved and appropriate to represent the views and experiences of the whole sectors. The findings of the interviews and FGD were sought to help, not only understand the respondents' views but also refine the mapping/profiling, as well as set a rapid diagnosis that aims to constitute a qualitative baseline.

Following the initial hypothesis of comparing different subsectors, the choice of dimensions and their weighting in the value chain selection matrix, within the framework of the project, was based on the objectives sought by the project, through the selection of a value chain that presented the following criteria:

- ***The economic dimension*** (40%) with market growth prospects for the value chain. Indeed, the choice had to be made on the economic weight (economic contribution in the country, job creation -to have companies generating employment-, market growth, competitive companies).
- ***The social and inclusion gender dimension*** (40%) to assess how the presence of women entrepreneurs is reflected in the value chain, in order to define their role and their access to and control of productive resources, but also the possibilities of collaboration between the actors in the value chain.
- ***The institutional dimension*** of which the weighting has been reduced to 20% because the project focuses on detecting the weakness of the support to the value chain on the one hand and to women entrepreneurs on the other hand.

The Gender Sensitive Value Chain Analysis/GSVCA' objective was to assess the competitiveness and performance of a number of value chains in each selected sector/subsector (i.e. Agri-food, Textile and Clothing and ICT), in order to identify actual or potential barriers and opportunities for women and men that might be shaped by custom, law and institutional structure. The GSVCA involved collecting information on relevant entities such as firms, primary input producer groups, households or producer associations, and market connections for a given value chain, clarifying the positions and roles of actors within the chain, and used to better coordinate activities and improve the flow of products/services to the end use, i.e. consumption.

Upon finalisation of the data collection phase, the research team interpreted the results and selected the subsector that provides the highest potential for growth and provides the widest opportunities for women and men, noting that the highest the score, the highest the probability for the country to succeed in the subsector. A final stage to allow the drawing of recommendations, is conducting consultations with stakeholders within the subsector selected as the highest potential to validate the findings and prepare a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, to organise the information collected in the previous phase in order to have a more oriented reading of the support criteria necessary to strengthen a value chain.

## KEY FINDINGS

The results of the GSVCA found that the ICT as a subsector has the highest potential in all countries covered (Algeria, Egypt, Lebanon, Jordan and Tunisia) except Morocco where the Agri-food scored as the one with the highest potential.

All of the above barriers and challenges in the entrepreneurial process and more, are gender related. In this perspective, the Rapid Assessment undertaken in the framework of the project confirmed the differences in experiences between female and male entrepreneurs. With regards to challenges, men cited difficulties in market access and difficulties in access to financing. The perception of barriers to market access regardless of the sector, and of the sex, is essentially related to the lack of knowledge of the regulations governing potential export markets for their products and the level of competition. Women on the other hand, cited more difficulties that they were able to identify in their daily lives and in running their businesses. While they recognized the difficulties in access to finance, they cited lack of support during start-up phase, lack of technical and business training, needs for legal assistance (support in registration process and establishment of contracts) and inevitably work life balance.

The impact of the COVID-19 pandemic has been a real bottleneck for the economy in general and for entrepreneurs in both the public and private sectors. All production and marketing units were affected by the preventive measures taken by the authorities, such as the closure of shops and transport lines, causing a significant drop in demand for essential products and services and a slowdown in economic activity.

Women entrepreneurs faced even greater challenges than men in relation to the increased obligations in their family lives that they were taking on, but also in relation to the sustainability of their businesses. They struggled with the ability to pay rent, settle their bills and maintain their social security contributions. They increased their indebtedness, whether through bank loans, supplier credit or, more broadly, through informal means by seeking credit from family and friends.

Those with production capabilities were faced with the need to move business operations online, highlighting their digital gaps and their need for skills to access new markets and to digitise their businesses and processes using digital platforms and tools, requiring support in both the use and implementation of digital technologies.

## CONCLUSIONS AND RECOMMENDATIONS

At the macro level, governments could consider strengthening and revitalising the SME and Micro, Small and Medium Enterprises (MSME) sector and increasing the accessibility and development of women equally with men through:

- Developing the education system to ensure the capacity of professional human resources, which is vital to growth and prosperity and to help boost the technical capacities for SMEs, with actual skills that are required by the employers,
- Promoting MSMEs' access to information and markets, as well as access to and adoption of new technologies,
- Promoting financial inclusion and targeting the women's market is a prerequisite for a solid and stable financial system. Therefore, increasing financial penetration levels in MENA and specifically in the six covered countries can help contribute to financial stability and an improved operating context for banks, which will be good for business. Especially when it is estimated that the size of the informal market constitutes about two-thirds of all women-led businesses, generating much upside for future growth.
- Developing justice and governance practices and complement steps to lift productive capacity, build a strong financial infrastructure (credit registries, collateral and insolvency schemes, audit and accounting standards) as a priority for financial growth,
- Reforming the legal requirements and administrative procedures for improving the performance of MSMEs, such as those relating to business registration, taxation and employment, reducing bureaucracy and reform market regulations,
- Improving transparency and accountability to reduce perceptions of corruption, and strengthening legal and regulatory system.

Despite a limited rate of return from the fieldwork, 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, relating mainly at a micro- and meso level, to the technical and institutional capacities of women entrepreneurs, whose priorities can be summarised as follows:

- A better capacity on human and financial resources management,
- Building capacity and skills on business planning including adoption of new technologies in better information on existing support programs, whether from the state or international organisations,
- Financial support to women entrepreneurs in their different initiatives (start-ups, existing business, cooperatives, import-export...)
- 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,
- Modernised and updated management such as digitalisation of work, e-commerce and digital marketing,
- Networking with other business owners/leaders in a collaborative spirit to share information related to their field and possible opportunities (new economic opportunities; specific support programs, credit lines, etc.).