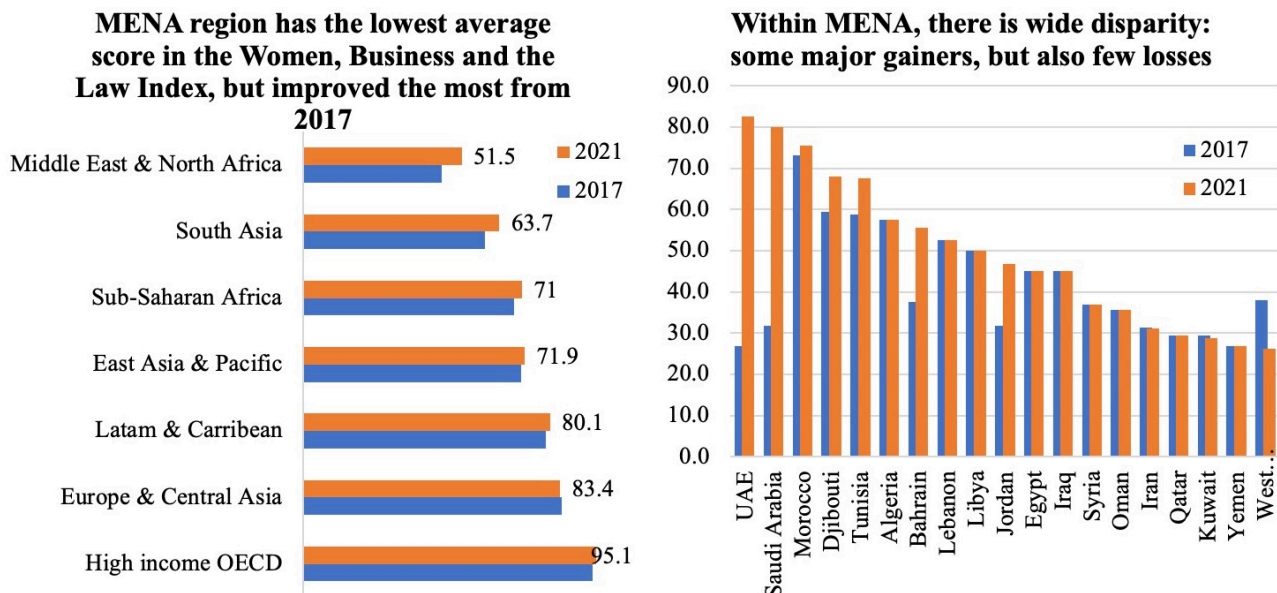


# Weekly Insights 11 Mar 2021: Will removing legal & regulatory barriers reduce MENA's yawning gender gap?

Download a PDF copy of this week's insight piece [here](#).

## Chart 1. MENA & OECD high-income economies reformed the most in Women, Business & the Law Index 2021



Source: Women, Business and the Law (WBL) database. Charts created by Nasser Saidi & Associates

- The latest edition of Women, Business and the Law found that **economies in MENA reformed the most, posting an average score of 51.5 in 2021**. Agreed, most started from a low base, have lot to catch up on and cross-country variations are the highest!
- **Within the region, the lowest score is at 26.8 (West Bank & Gaza) and highest at 82.5 (UAE)**
- WEF's **Global Gender Gap Index** found that gender gap in MENA narrowed by 3.6 points b/n 2006 & 2019: assuming same progress rate, **it will take approx. 150 years to close gender gap in MENA**

## Chart 2. Removing Regulatory Barriers Is Only the Start: it's a Long Way to Gender Parity!

Where are the Middle East nations lagging behind when it comes to the Law related to women and...

	Mobility	Workplace	Pay	Marriage	Parenthood	Entrepreneurship	Assets	Pension
UAE	100	100	100	60	60	100	40	100
Bahrain	50	75	25	40	40	100	40	75
Djibouti	100	100	50	20	60	100	40	75
Algeria	75	75	50	60	60	75	40	25
Egypt	50	75	0	0	20	75	40	100
Iran	0	0	50	0	60	75	40	25
Iraq	25	100	50	0	20	75	40	50
Jordan	25	0	75	20	40	100	40	75
Kuwait	50	0	0	40	0	75	40	25
Lebanon	100	50	50	60	20	75	40	25
Libya	75	50	75	20	40	75	40	25
Morocco	100	100	50	60	80	100	40	75
Oman	0	75	25	20	0	75	40	50
Qatar	25	0	50	20	0	75	40	25
Saudi Arabia	100	100	100	60	40	100	40	100
Syria	25	25	0	40	40	75	40	50
Tunisia	100	100	25	60	40	75	40	100
West Bank & Gaza	25	25	0	20	0	75	40	25
Yemen	25	25	25	0	0	75	40	25

Source: Women, Business and the Law (WBL) database. Table created by Nasser Saidi & Associates

- Consider the “best performing” regulatory aspects in MENA (from the table below):
  - **Entrepreneurship**: 7 of the 19 nations score a perfect 100 and others 75;
  - **Mobility & workplace** regulations should encourage women to enter the workforce;
- **Does this translate into practice?**

## Chart 3. Have Better Regulations Supported Entry of More Women Entrepreneurs in MENA?

## Women's Entrepreneurship: Is the gap narrowing in the Middle East?

	Owners of new LLCs	Sole proprietors	Directors of new LLCs
	Share of female business owners	Share of female sole proprietors	Share of female directors
Algeria_2014	6.2%	6.0%	6.1%
Algeria_2018	6.9%	6.6%	6.8%
Bahrain_2014	22.6%	n.a.	17.5%
Bahrain_2018	21.5%	n.a.	19.2%
Jordan_2014	14.6%	16.0%	n.a.
Jordan_2018	17.8%	17.8%	n.a.
Morocco_2014	15.6%	n.a.	10.6%
Morocco_2018	16.7%	41.0%	13.1%
Oman_2014	17.3%	23.1%	12.1%
Oman_2018	13.8%	29.7%	10.6%
Qatar_2014	13.3%	29.3%	7.9%
Qatar_2018	12.6%	21.6%	8.0%
Saudi Arabia_2014	n.a.	n.a.	n.a.
Saudi Arabia_2018	14.6%	n.a.	10.7%
UAE_2014	9.7%	13.5%	n.a.
UAE_2018	8.8%	14.4%	n.a.

Source: World Bank's Entrepreneurship Survey and database.

- **Less than one-fifth of new limited liability company owners are women in the Middle East:** ranges between a high of 21.5% in Bahrain to low of 6.9% and 8.8% in Algeria & UAE respectively
- **Sole proprietorships are more frequently used by female entrepreneurs:** but, evidence shows a wide disparity of women business owners relative to men. This male-female **gap is the lowest in Morocco** with share of women business owners (as sole proprietors) at 41% versus men at 59%

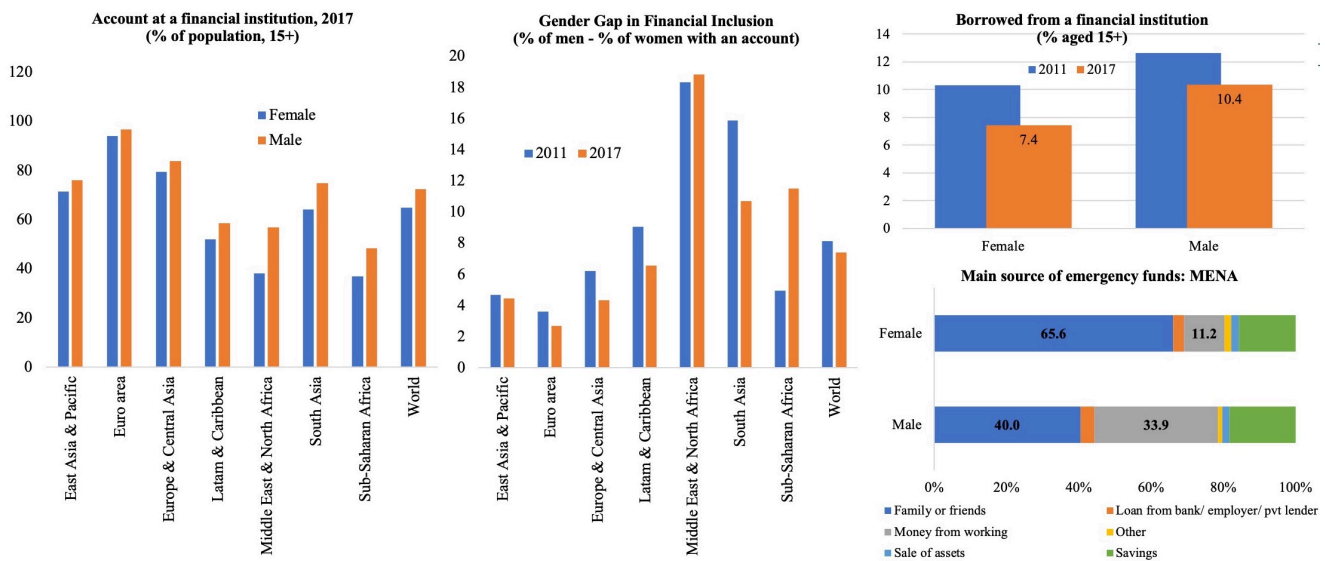
### Chart 4. Access to Finance is a Major Barrier

- **One of the biggest challenges when it comes to women**

## entrepreneurs is access to finance

1. Higher the access to bank accounts for women, the higher the share of female entrepreneurs;
2. Higher the lending to women, the higher the share of female entrepreneurs

- **MENA reported the largest access to finance gender gap of any region:** 52% of men vs only 35% of women have an account; the **gender gap in financial access increased between 2011 and 2017!**
- **Borrowing from a financial institution was low for both men and women in MENA:** 10.4% and 7.4% respectively in 2017 (lower than in 2011). When in need of emergency funds, **women raise money from friends & family (65%) than other sources**

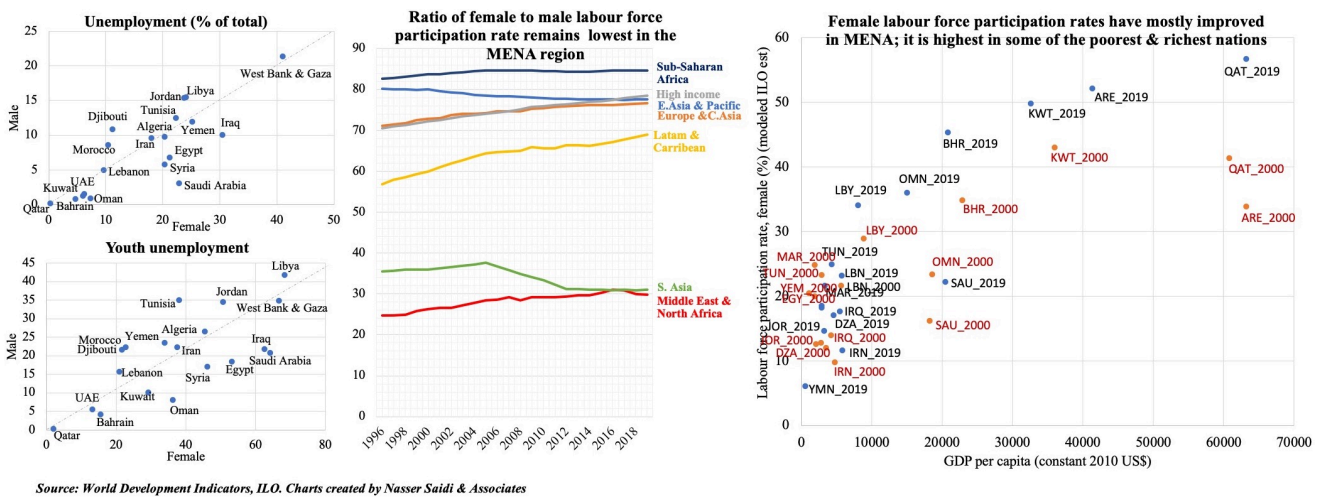


Source: Global Findex database, World Bank. Charts created by Nasser Suidi & Associates

## Gender Inequality in Labour Market Outcomes Persist in the MENA region

- **Ratio of female to male labour force participation rates (LFPR) continue to be the lowest in MENA**
- **Large variations in Female LFPRs within MENA:** as high as 56% in Qatar, 34% in Libya (low-income) to lows of 6% & 11% in Yemen and Iran respectively. In most cases, **female LFPR is higher among single women than married** (signalling the influence of cultural/ social norms)

- Even when women actively participate in the workforce, their **share of employment in senior & middle management is small**: 15.8% in the UAE, 19.3% in Tunisia, 19.8% in Iran and 28.9% in Lebanon (ILO)
- Despite relatively high levels of education, **female unemployment is high in MENA & female youth unemployment even higher!**



Source: World Development Indicators, ILO. Charts created by Nasser Saidi & Associates

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## What can be done to support regulatory reform aiming for gender equality?

- Removing legal and regulatory barriers is necessary but not sufficient condition to reduce the yawning gender gap in the Middle East & North Africa region
- The IMF estimates that reducing the gender gap in labour force participation to double (rather than triple) the average for emerging market and developing economies would have doubled GDP growth in MENA over the past decade: a gain of USD 1trn in cumulative output
- Digital economy and labour market reforms (part-time, flexible work arrangements) will boost women's overall participation
- Support for women entrepreneurs via: (a) access to finance (loan guarantees, grants, microfinance); (b) women-led networks (VC, angel investors) to invest in women-owned businesses; (c) a "sandbox" for testing new products/ concepts

- Encourage the collection of disaggregate data by gender by the private sector, share them with regulators for policymaking (e.g. share of females employed in senior & management levels, reason for leaving employment, banks' loan portfolios etc.)

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# **Female work force participation is key to the Middle East's economic development, Article in The National, 3 Mar 2020**

*This article titled "Female work force participation is key to the Middle East's economic development" appeared in The National on 3rd March, 2020. The original article can be accessed [here](#).*

**Female work force participation is key to the Middle East's economic development**

***by Aathira Prasad and Dr. Nasser Saidi***

## ***Removing legal and regulatory barriers is necessary but not sufficient condition to reduce the yawning gender gap***

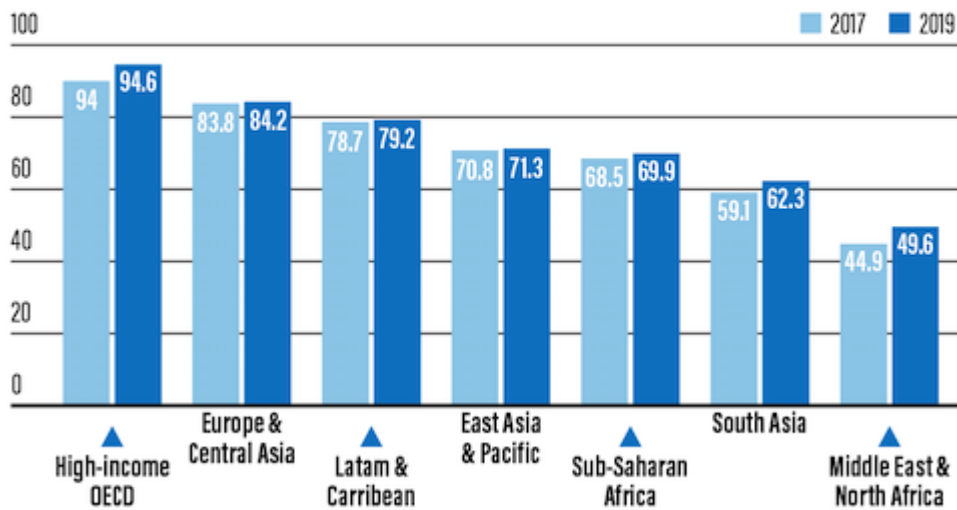
A young, fast-growing population should have been the cornerstone of growth in the Middle East and North Africa. It is the world's second youngest region behind Sub-Saharan Africa with close to 60 per cent of the population under 30. Young, fast growing populations provide a booming labour force and consumption market, fuelling economic growth. Instead, there is low growth and job creation is weak. This has led to rising levels of unemployment underlying the youth disenfranchisement, social and political unrest in 2011 and ongoing anti-government protests from Algeria to Sudan, and from Lebanon to Iraq.

The "demographic dividend" has been a curse instead of a boon. The prospects are daunting: the World Bank estimates the Mena region needs to create more than 300 million jobs by 2050, as the world is preparing for the so-called Fourth Industrial Revolution that harnesses technology and the use of AI. That is likely to impact medium and low skill jobs in the region. So what then are the implications for women and their economic integration?

While the role of women as a mainstay of economic development is not subject to dispute, women in the Mena region have been shackled by a plethora of socio-economic and legal barriers. Though there has been significant progress on legal and regulatory barriers – the World Bank's Women Business and the Law 2020 edition noted despite enacting the maximum number of reforms, it remains the region with the lowest average score of 49.6 compared with the previous edition's 44.9.

## WOMEN, BUSINESS & LAW INDEX

Mena remains lowest scorer globally despite progress



Source: World Bank, Nasser Saidi & Associates

Removing legal and regulatory barriers is a necessary, but not sufficient, condition for reducing the yawning gender gap. According to the World Economic Forum's Global Gender Gap 2020 report, gender parity will not be attained in the region for another 140 years.

While formal market labour force participation rates in the Mena region have increased over time, women have largely remained on the sidelines, despite their higher educational attainment and outperformance of men in standardised tests. The female labour force participation rate (FLFPR) has been rising, but still remains around 21.7 per cent for the region, one of the lowest in the world, and when women do participate, they experience higher unemployment rates at an average of around 19.8 per cent and closer to 40 per cent for young women. On average, women earn 70 per cent of men's wages.

Given the barriers, women's preference for public sector jobs is not surprising. There is a wide gender gap in self-employment and entrepreneurial activity in the region. On average, self-employed females (sole or micro enterprises) account for 30 per cent of female employment in the region, rising to as high as 63 per cent in Morocco, compared with 12.4 per cent in OECD countries.

However, only one in ten self-employed women are employers, compared to one in four self-employed men and even lower in



larger firms. Similarly, women's representation is lacking even in pre-seeded start-ups, with women accounting for just a quarter of founders, according to findings by venture capital firm Wamda and the STEP conference. A shift in ownership would help women. Female-owned businesses tend to hire more women (25 per cent) than their male counterparts do (22 per cent). Still, some countries are leading on gender equality. The UAE – despite being ranked only 120th globally – continues to be one of the region's best-performing countries, having closed 65.5 per cent of their overall gender gap, according to the Global Gender Gap 2020.

Digging deeper into the components, the UAE shines in the educational attainment and health sub-components, where the Emirates is close to parity, but gaps remain. The UAE government has been supportive in raising the profile of women within the government/ public sector. Women comprise 66 per cent of public sector workers. Along with nine women ministers in the UAE Cabinet, women already occupy 44 per cent of leadership roles in federal government entities and Emirati women represent 30 per cent of the UAE's diplomatic corps. While public policies supporting female labour force participation are to be applauded, this mindset needs to be embraced by the private sector as well to benefit the economy as a whole.

## **How can the region progress?**

Economic growth and development do *not* necessarily lead to gender equality and empowerment of women.

What the region needs is *affirmative action programmes* that *actively* promote women and reverse marginalisation and discrimination.

Alongside legal and regulatory changes, and reducing the costs of doing business, the region needs to accelerate its economic diversification towards services and a more digitised economy that both tend to favour the employment of women and their economic integration.

Legal reforms allowing for part-time and flexible work arrangements help youth and women. Digital economy participation requires a public-private partnership in strengthening vocational and digital-related training for women, promoting quantitative skills training along with a massive push towards STEM.

Governments should support with public policies like more generous parental leave, greater availability of affordable childcare/childcare subsidies, promotion of work-life balance as well as gender budgeting to promote equality through fiscal policy.

Last but not least, availability of timely data on factors that facilitate and discourage the entry of women into the workforce is necessary to support policymaking at the national level, while also facilitating the private sector in its decision-making.

**The bottom line is that investing in institutions and soft and hard infrastructure for greater inclusiveness will gradually lead to a change in ingrained cultural attitudes and to greater empowerment and economic integration of women.**