

# Overview

Gender inequality—the differential access to opportunity and security for women and girls—has become an important and visible issue for the economies of the Middle East and North Africa (MENA). Gender equality issues in MENA are usually approached from a social, anthropological, or political angle. But the costs of inequality are also borne at the economic level. This book seeks to advance the gender equality discussion in the region by framing the issues in terms of economic necessity. It analyzes the potential for women’s greater economic contribution to the region’s new development model, which is further discussed in three parallel books on trade, employment, and governance. It identifies key economic and sociopolitical impediments to women’s increased labor force participation and empowerment, and it suggests a way forward in developing an agenda for change.

## The Gender Paradox

MENA’s achievements in many areas of women’s well-being compare favorably with those of other regions. Indicators such as female education, fertility, and life expectancy show that MENA’s progress in those areas in recent decades has been substantial. Where MENA falls considerably short is on indicators of women’s economic participation and political empowerment (figure O.1).

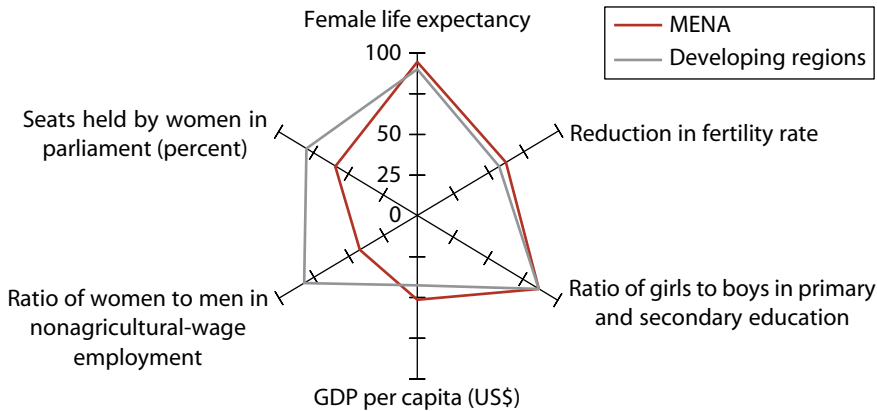
MENA’s rate of female labor force participation is significantly lower than rates in the rest of the world, and it is lower than would be expected when considering the region’s fertility rates, its educational levels, and the age structure of the female population.

## The Costs of Low Participation of Women in the Economy and the Political Sphere Are High . . .

The effects and costs of this gender paradox are felt throughout society in many ways. Gender inequality holds back a country’s economic

FIGURE O.1

## Progress in Empowering Women in MENA and Other Developing Regions, 2000



Note: These are normalized indicators; the aim is to show comparison.

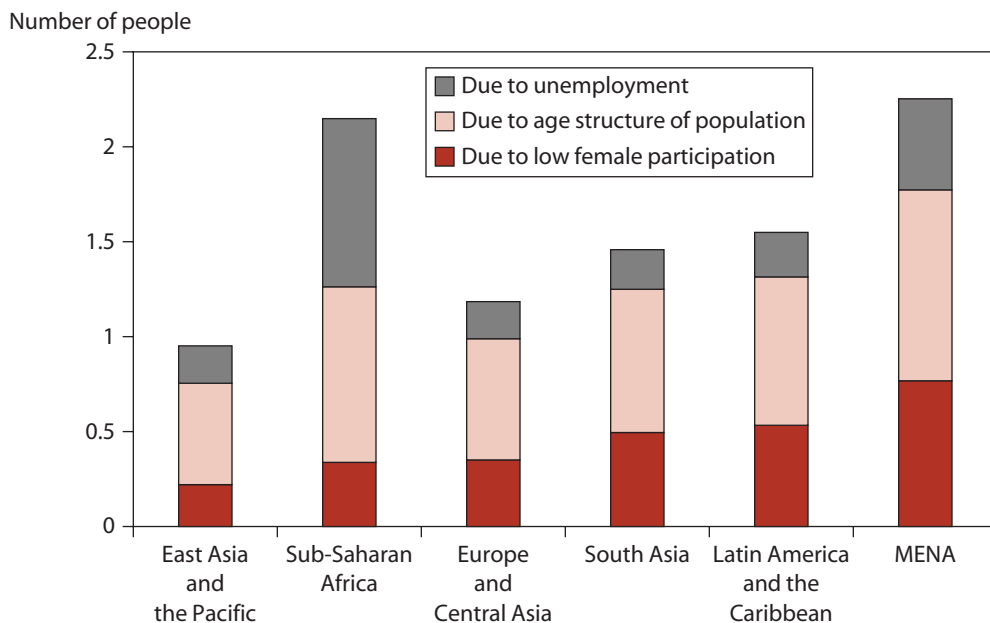
Sources: World Bank 2003j and World Bank staff estimates.

performance. Barriers that reduce open competition impede a country's ability to draw on its best talents, and they ultimately undermine economic growth and productivity. The MENA economies, which are no longer able to rely on oil, remittances, and the public sector to drive growth, must look to new models of growth and development that rely more heavily on exports and private investment and that make more productive use of nonoil resources, especially human capital. Women remain a largely untapped resource in the region; they make up 49 percent of the population and, in some countries, as much as 63 percent of university students. However, they represent only 28 percent of the labor force.

The economic well-being of a population—including consumption of food, housing, health care, and other market-based goods and services—is determined not only by how much each working person earns, but also by what proportion of the population works. In MENA, each employed person supports more than two nonworking dependents—a burden that is more than double that of workers in East Asia (figure O.2). High unemployment, high proportions of people too young or too old to work, and low participation of women in the labor force all make MENA's economic dependency ratio the highest in the world. Real wages have stagnated or declined since the mid-1980s, and unemployment rates have increased, thereby making it increasingly difficult even for men with jobs to continue to raise living standards for their families.

Bringing unemployment rates down is crucial but will not be sufficient to bring MENA's economic dependency ratio into a sustainable

FIGURE O.2

**Ratio of Nonworking to Working People in MENA and Other Developing Regions, 2000**

Source: Staff estimates based on ILO LABORSTA Database 2003a.

range. Bringing down that ratio will require a rise in the rate at which women participate in the labor force.

Discrimination against segments of a population on the basis of race, gender, ethnicity, or religious background influences a country's larger social climate and reduces development prospects, good governance, and the effectiveness of society's institutions. Studies show that inclusiveness and diversity of perspectives improve decisionmaking about resource allocation. Women tend to have perspectives different from men about issues in the public domain and about decisionmaking in political bureaucracies. Women's presence in the political arenas and their influence on public policy are more limited in MENA than in any other region.

With significant investment in women's education, MENA has increased each woman's productive potential and her capacity to earn. But the very low levels of female participation in the labor force mean that the region is not capturing a large part of the return on its investment. Add to that the observed higher rates of return for educating women than for educating men (explained in chapter 3), and it becomes clear that increased participation of women in the labor force would raise the returns from investing in education throughout the economy.

### **. . . But the Benefits of Enhanced Participation of Women Are Positive**

The low participation of women in the labor force has a high cost to the economy and a high cost to the family. Simulations using household survey data show that if rates of female participation in the labor force increased from their actual levels to predicted levels (which are based on the existing levels of female education, fertility, and age structure), average household earnings would increase by as much as 25 percent. For many families, these increased earnings are the ticket to the middle class. Analyses based on cross-country data suggest that countries achieve higher levels of per capita income through increased participation by women in the labor force, which can contribute to faster economic growth. If female participation rates had been at predicted levels, per capita gross domestic product (GDP) growth rates might have been 0.7 percent higher per year during the 1990s. This lost potential is significant when compared with an average per capita income growth of 1.9 percent for the decade. The question is whether the region can afford such a loss in the future caused by gender inequality.

### **Factors That Have Empowered Women in Other Parts of the World Have Been Less Effective in MENA**

The practices of previous decades continue to influence behavior within the current economic context of the region. Reforms from the 1950s through the 1970s did much to address issues of women's rights and status within society. Women made significant inroads in the labor market and in decisionmaking positions. During the oil boom years of the 1970s, rapidly increasing real wages allowed a small number of working people to support a large number of nonworking dependents. Families did not need two incomes to raise their living standards. This slowed down the progress of previous decades. Then, with the economic slowdown in the 1980s, the popular view emerged that men should receive preference for the shrinking supply of jobs, because they had families to support. Several countries took explicit actions against women's participation in the labor force, while popular movements and the media strongly emphasized the importance of women's domestic roles and contributions as mothers.

Developments in the 1990s have raised the profile of the gender debate and have given a new impetus to resolving "the woman question." First, the old male-breadwinner model is out of date. Today's economic pressures leave many households without a choice: women now need to

work outside the home to help support their families. A second factor is the high expectations of the region's now predominantly youthful population (6 in 10 people in the region are below the age of 25). Successful education policies have created a generation of young women who are increasingly on a par with their male counterparts and who want the same opportunities and rewards.

The demand for female labor is tied more to the level and nature of growth than is the demand for male labor. Past policies of capital-intensive, import-substituting, and state-driven investment and growth strategies left fewer opportunities for women outside of female-intensive public sector jobs in education and health. As the region adopts a new development model that is export centered, private sector driven, and labor intensive, the demand dynamics for female labor will change significantly. Those topics are discussed in detail in the parallel books on trade and employment. This book focuses mainly on the constraints on female labor force supply. The book seeks to address inefficiencies and distortions that impede women's entry into the labor force.

### **Achievements in Women's Education and Health . . .**

Most countries in the region have dedicated significant resources to women's education and health, with impressive results. Over the past decade, MENA governments spent an average of 5.3 percent of GDP on education—the highest in the world—and 2.9 percent on health care. This investment has significantly changed the supply, quality, and profile of the labor force, especially for women.

The average number of years of schooling for women increased from 0.5 in 1960 to 4.5 in 1999, and the average literacy rate of women rose from 16.6 percent in 1970 to 52.5 percent in 2000. By 2000, in primary schools across the region, 9 girls were enrolled for every 10 boys. At the secondary level, the enrollment gap is even smaller: 74 percent of girls and 77 percent of boys are enrolled. Female gross enrollment as a percentage of male enrollment has increased from 75 percent to 90 percent between 1980 and 2000. On average, MENA seems to be on track for eliminating gender disparity in primary and secondary education by 2005. This elimination is the first-order indicator for the third Millennium Development Goal, which promotes gender equality and empowerment of women and to which all members of the United Nations agreed. Girls are also staying in school longer. Across the region, an enrollment of more than one in four girls exists in tertiary education, and women outnumber men in colleges and universities in several countries of the region. Girls who stay in school tend to outperform boys. But data on school completion show much higher dropout rates for girls,

particularly at higher levels of education, predominantly because of early marriage.

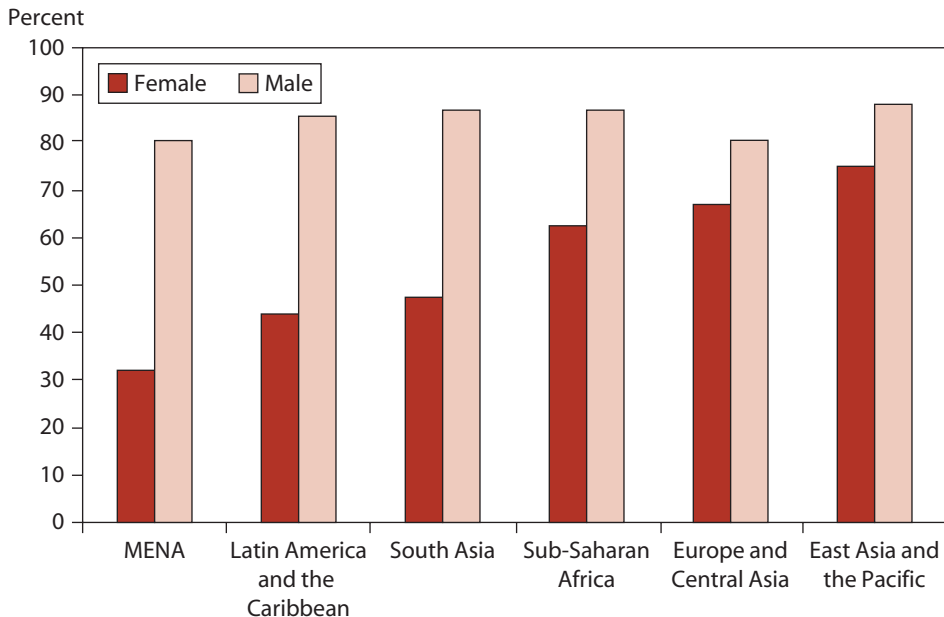
Women in MENA are also living longer and healthier lives. Since 1980, their life expectancy has increased by some 10 years, mainly because of improved health care and reduced maternal mortality. Above all, the region has experienced spectacular declines in the fertility rate—from 6.2 to 3.3 children per woman since 1980. Part of the reason for the drop is the expansion in women’s education; educated women tend to marry later and are more likely to use contraceptives. Government population policies have also played a vital role in promoting the need for smaller family sizes.

### **. . . Are Not Matched by Gains in Women’s Participation in the Labor Force**

Starting from a low level, female participation in the labor force in MENA has grown by 50 percent since 1960. Despite this significant growth and despite the high potential for women to participate in the labor force, actual rates of participation remain among the lowest in the world (figure O.3).

**FIGURE O.3**

#### **Male and Female Labor Force Participation, by Region, 2000**



## What Has Slowed Women's Entry into the Labor Force?

The economic legacy of the past, which continues to suppress female participation in the labor force, includes many supply and demand factors that reinforce each other in a vicious circle and that vary across countries.

The labor-abundant, resource-rich countries (Algeria, the Islamic Republic of Iran, Iraq, the Syrian Arab Republic, and the Republic of Yemen) tend to have slightly lower rates of female participation in the labor force than do the labor-abundant, resource-poor economies (the Arab Republic of Egypt, Lebanon, Morocco, and Tunisia), though Jordan and the West Bank and Gaza are exceptions. Higher levels of unearned income, such as natural resource rents, reduce the need for earned income and promote capital-intensive investments, therefore, lowering the supply of and demand for female labor. Moreover, because relatively high incomes and redistributive social contracts supported investments in girls' education, those countries tend to have actual rates of female participation in the labor force that fall well below their potential. The resource-poor economies have had to rely more heavily on labor-intensive development and thus have depended more on women's economic participation, with rates of female participation in the labor force closer to their potential.

### Even If Demand Factors Play a Role ...

Although demand factors that can affect female participation in the labor force in various ways are addressed in the companion books, two factors deserve special attention here. The most important is unemployment. The weak growth performance of MENA in the 1990s has led to poor labor market outcomes, which have prevented absorption of the large increases in the labor supply. Employers prefer to hire men. This preference is based on the belief that men's income is more important to their families. Women, realizing their decreased likelihood of being hired, drop out of the labor force. Thus, creating more jobs is a necessary precondition to further increases in women's participation in the labor force. However, as explained later in the book, so is dispelling the fear that women's increased participation would raise aggregate unemployment.

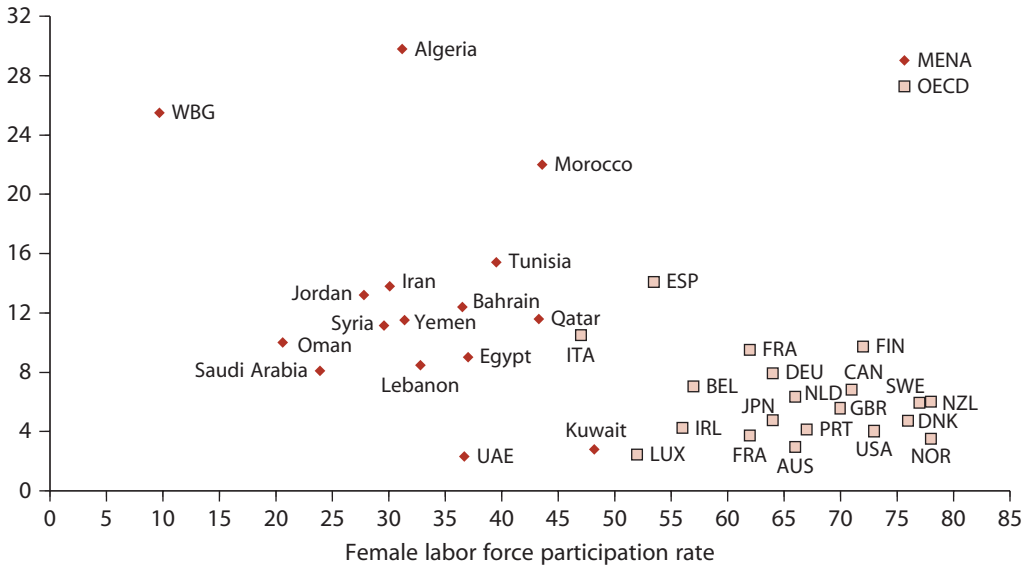
Data from member countries of the Organisation for Economic Co-operation and Development (OECD) show a weak negative correlation between unemployment and female participation in the labor force, whereas data from MENA countries show a somewhat stronger negative correlation (figure O.4). This indicates that in the long run, a healthy economy that is more inclusive of women in the labor force is also more

FIGURE O.4

**Female Labor Force Participation and Unemployment in MENA and OECD Countries, 2000**

(percent)

Aggregate unemployment rate



**Note:** AUS = Australia, AUT = Austria, BEL = Belgium, CAN = Canada, DEU = Germany, DNK = Denmark, ESP = Spain, FIN = Finland, FRA = France, GBR = Great Britain, IRL = Ireland, ITA = Italy, JPN = Japan, LUX = Luxembourg, NLD = Netherlands, NOR = Norway, NZL = New Zealand, OECD = Organisation for Economic Co-operation and Development, PRT = Portugal, SWE = Sweden, UAE = United Arab Emirates, USA = United States of America, and WBG = West Bank and Gaza.

**Source:** Scarpetta forthcoming; World Bank 2004.

likely to enjoy lower unemployment. In this context, the challenge for MENA is the overall expansion of opportunities for both men and women, building on their specific skills and talents, rather than the creation of opportunities for one group at the expense of the other.

The second important demand factor relates to the dominant pattern of economic growth in MENA, which relies on a large proportion of public sector jobs, extensive government controls, inward-looking trade policies, and a weak investment climate. In most of the region, women have tended to participate heavily in public sector employment. Reasons include (a) the perception that public sector professions such as teaching and nursing are appropriate for women; (b) the public sector's egalitarian and affirmative action practices in hiring and wage setting; and (c) the favorable conditions of work in the public sector, including generous maternity leave benefits. With the share of public sector employment shrinking in many countries, the public sector will no longer remain an important source of jobs for women in the future.

In the private sector, by contrast, women have faced significant disadvantages and fewer job opportunities. Often they work with lower wages and with little potential for growth. There are exceptions, however,



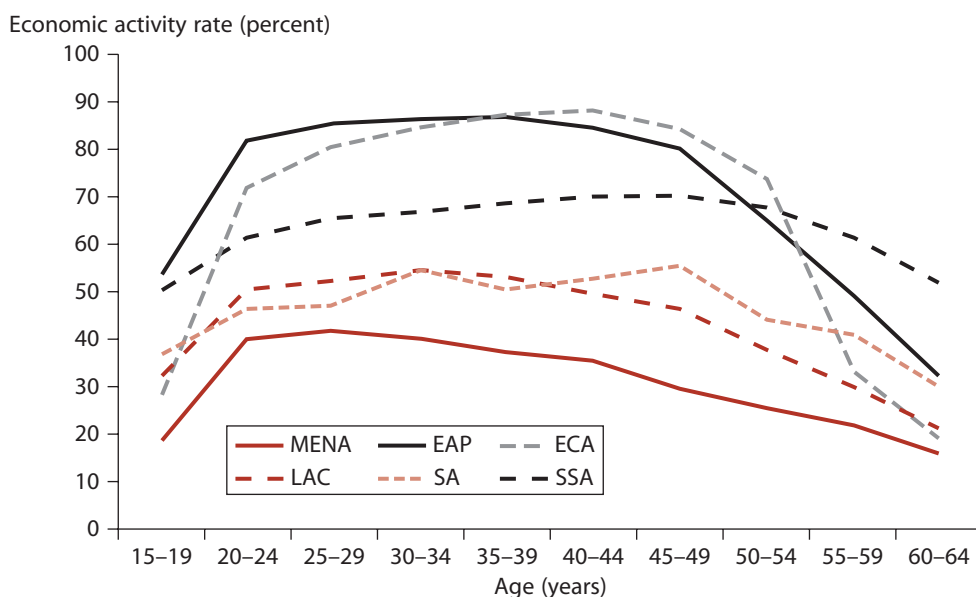
including Morocco and Tunisia, which have been able to expand manufacturing exports, notably in textiles and garment manufacturing, and have had some success in increasing women's participation in the paid private sector. Most other MENA countries, however, have been less successful as a result of their more inward-looking trade policies.

### ... Standard Labor Market Discrimination Does Not Explain Low Participation ...

Analysis of standard measures of labor market discrimination, such as wage gaps and job segregation, points to differential treatment of women. However, this differential treatment is by and large in line with the experience of other regions, which have significantly higher rates of female participation in the labor force. Nor do wage discrimination and job segregation explain the difference in the age distribution of the female labor force when compared with that of other regions. Household survey data for MENA countries show that women are much less likely to work if they are married, especially if they have children. In other regions, the likelihood that women will work increases if they are married and have children (figure O.5). Hence, by themselves, the standard factors of labor market discrimination cannot provide an adequate explanation.

**FIGURE O.5**

### Female Labor Force Participation Rates, by Age and Region, 2000



**Note:** EAP = East Asia and the Pacific, ECA = Europe and Central Asia, LAC = Latin America and the Caribbean, SA = South Asia, and SSA = Sub-Saharan Africa.

**Source:** World Bank 2003j.

### **. . . But the Combination of Social and Economic Factors Does**

Rates of female participation in the labor force are indicative of a host of formal labor market laws and regulations, as well as social norms and attitudes, that put a low value on women's work outside the home and that create barriers to having women join the labor force. Understanding how these factors interact and influence female labor force supply requires examining how gender roles and economic and noneconomic incentives and constraints play out in decisionmaking within households.

In MENA, gender roles and dynamics within the household are shaped by a traditional gender paradigm, with four elements:

1. The centrality of the family, rather than the individual, as the main unit of society. This emphasis on the family is seen as justification for equivalent, rather than equal, rights, in which men and women are presumed to play complementary roles. Both men and women view the family as important and as a cultural asset.
2. The assumption that the man is the sole breadwinner of the family.
3. A "code of modesty," in which family honor and dignity rest on the reputation of the woman. This code imposes restrictions on interaction between men and women.
4. An unequal balance of power in the private sphere that affects women's access to the public sphere. This power difference is anchored in family laws.

This paradigm presumes that a woman will marry (early), that her most important contribution to the family and society will be as a homemaker and mother, that the household will be headed by a man who has a job that will allow him to provide for his family, that the woman will depend on the man for support, and that the man's responsibility for supporting and protecting his wife and family justifies his authority regarding and control over his wife's interactions in the public sphere.

In most MENA countries, labor laws alone do not discriminate explicitly against women. Indeed, they stipulate that women should receive equal compensation for equal work, they offer generous maternity leave benefits, and they protect women against job termination in case of marriage and pregnancy. But the benefits granted by those laws tend to remain unattainable, because they are weakly enforced and because the potential beneficiaries lack recourse. In addition, some labor regulations, as a measure to support and underscore the traditional paradigm, end up indirectly discriminating against women—and subsequently their families—through a host of conditions on nonwage employment benefits.

For example, tax- and employment-related benefits to families are channeled only through men. A woman can receive such benefits only if she is officially the head of the household (if she is widowed or proves that her husband is old or incapacitated). This differential treatment effectively reduces a woman's compensation even when she holds the same kind of job as a man. With the feminization of the public sector, which normally provides such nonwage benefits, and with men being employed more in the private sector, where nonwage benefits are scarcer, the rigidity of channeling benefits only through the man reduces rather than enhances the protection of families. This fact is particularly important at a time when the region will undergo significant economic changes that will impose uncertainties and costs on families.

Further, a range of gender-based regulations—including, in many countries, restrictions on the type and hours of work and requirements for the husband's permission to work and travel—make women less flexible as workers. Those regulations may discourage employers from hiring women and may limit women's ability to compete for jobs. This scenario may reduce a country's ability to compete in international markets, especially in such new sectors as the information and communication technology (ICT) or service industries, which rely on a round-the-clock work force.

Ultimately, differential treatment of men and women under family law further curtails women's participation in the labor force. A husband's unilateral right of divorce and a wife's legal obligation to obey her husband may create an additional barrier to women's entry into the labor force. A wife's disobedience can technically result in loss of support from her husband and a justification for divorce, with potential loss of custody of her children, which is normally given to the father once children are beyond infancy. Hence, interacting with the outside world without her husband's consent may involve substantial risk for a woman. Morocco, for instance, has set out to reform its family laws—the *Moudawana*—as a critical step toward promoting greater gender equality.

Naturally, most of these laws were put in place to protect families by assigning clear responsibilities of support. But the husband's responsibility to provide for the family confers rights and authority on him—reinforced through a host of policies and institutions—that he retains even if he does not or cannot provide fully for his family and even if the woman contributes a significant portion to the family income. As a result, women are seen as, and become, financially, legally, and socially dependent on men, or they enjoy little recognition and legal protection for their contribution to the family.

Today, the economic reality is that it is increasingly difficult for a family to be supported by one breadwinner. This situation puts in question

the economic and noneconomic factors that affect women's ability to join the labor force. In adhering to the traditional paradigm, laws and regulations that support the male breadwinner model fail to recognize that women need greater flexibility to play multiple roles—as mothers, wives, workers, and citizens—to maximize family welfare.

## A New Agenda about Gender

A large proportion of young women and men of the current generation are different from their parents. They have been raised in smaller, nuclear families, where gender disparities are likely to have been less pronounced. This generation is likely to push for different rules of the game and for equality in the private and public spheres.

The demographic change in MENA will be no different from that experienced in much of the Western world with the baby boom generation. In the West, what changed the rights of women, the male breadwinner model, and the prevailing and accepted wage and job discrimination was the wave of women (as well as men) who were determined to challenge both women's unequal standing (as well as that of other disadvantaged groups) in society and the institutions that supported such discrimination. It is important to note that the campaign for gender equality would not have gone as far without the active support and advocacy of men as well.

## What Needs to Be Done . . .

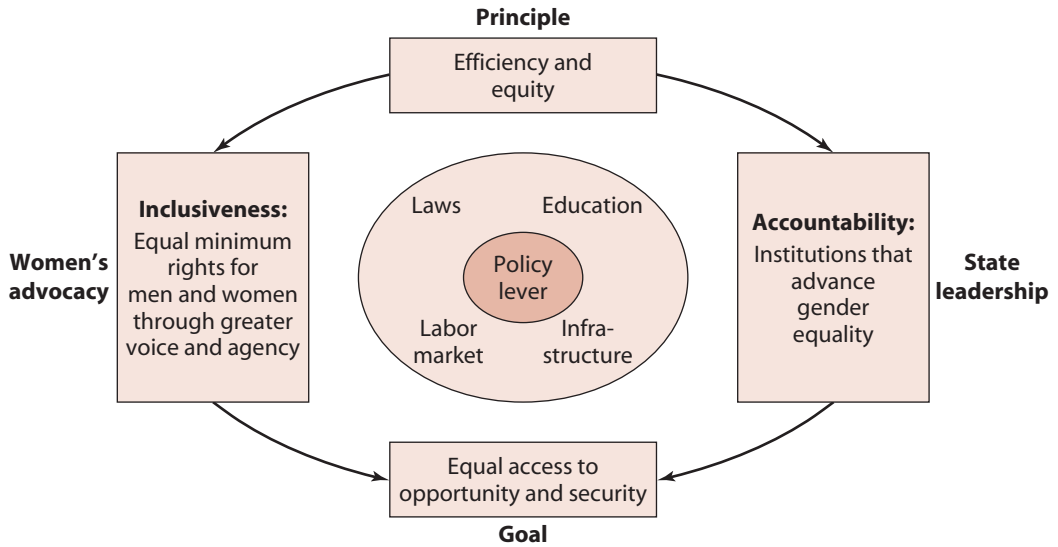
Within the domain of the region's new model economic policy for development, a new agenda covering gender is necessary to achieve greater efficiency and equity within society and the economy. The goal of this agenda would be to enable women to have greater access to opportunity and economic security (figure O.6). Within this framework, gender equality can be advanced by supporting the two critical pillars of good governance: (a) greater *inclusiveness* of women in decisionmaking, which will create a more gender-egalitarian environment in the economic and social spheres, and (b) greater *accountability* of institutions to advance fairness and equality. Gender equality is an integral part of good governance—respecting everyone's rights and taking everyone's needs into account.

The new gender agenda could consist of four broad policy areas for addressing gender disparities:

1. Review of the legislative environment to provide consistency between women's constitutional rights and ordinary legislation. Currently, a

**FIGURE O.6**

**Policy Framework for a Comprehensive Gender Policy in Support of MENA's New Development Model**



Source: Authors.

number of legal provisions fail to recognize women’s equal rights under the constitution in most countries—for instance, their equality as citizens and the right to work.

2. A supportive infrastructure that will facilitate women’s participation in the public sphere. Women are more constrained by their immediate physical environment than are men. Investments in standard infrastructure—such as better transport, water, and telecommunications—can vastly expand a woman’s horizon, free up her time, as can expansion in market services that cater to women’s needs—such as a well-functioning childcare market—which allow them to combine work and family responsibilities.
3. Continued attention to education, particularly in areas that provide women with better market skills. Although men in the region face a similar problem, women face additional challenges because of early marriage and childbearing, which interrupt their schooling and work and then outdate their skills. These issues could be addressed by providing vocational and lifelong learning opportunities.
4. Reform of labor laws and regulations that need to be realigned with the region’s new development model so that they create better

incentive for job creation in the private sector. A number of labor market regulations raise the costs of women's labor relative to that of men and serve as disincentives to private employers.

### **. . . And Who Needs to Do It**

The public sphere is the sphere of power, influence, and patronage and, as such, has been traditionally reserved for men. A call for gender equality is effectively a "transgression" of women into this space and a claim to share power and control. Gender equality can easily be seen as a threat to the social order and an erosion of the established power structure. Yet it is important for improving economic growth, creating productive employment, and reducing poverty.

Change will need to be led from the top *and* to be supported by the grassroots. The two main agents for change will be women's advocacy groups and the state. Gender equality will remain an abstraction unless a substantial number of women believe that they must do something to exercise their rights and governance, and unless they realize that they must play an active role in promoting gender equality.

*Women need to be more active in political life.* Greater participation of women in the political process will be key to achieving change. The traditional gender paradigm makes itself felt not only in important aspects of law, but also in women's low representation in political life and at all levels of public decisionmaking. Although many countries accord women equal rights as citizens and voters through their national constitutions and laws, women's participation in politics and governance is far from widespread.

Numerous measures are effective in stimulating women's political voice and agency, including the establishment of quotas (for example, reserving a specific number or share of positions for women in political parties or local and national assemblies). Quotas provoke both vehement opposition and impassioned support. Supporters argue that quotas compensate for real impediments that bar women from their fair share of political seats and that some positive discrimination is not a luxury but a necessity. Opposition to quotas can be addressed by ensuring that the positions are filled through a competitive and participatory process, rather than through direct appointment. Women's greater participation can also be furthered through civil society, grassroots actions, decentralization, leadership training, and the media.

*State leadership still matters greatly.* Women's participation in the political process for change is crucial, but its growth is likely to be gradual. In MENA's political setting, the bottom-up approach will not succeed unless it is matched by the government's leadership and commitment to a more gender-egalitarian environment.

The role of the state has been critical in affording women greater rights. Unlike the past, when state policies to advance the interests of women could be mandated from above, the reforms needed today may oppose some vested interests in order to provide greater benefit to all. Thus, the leadership role of the executive will need to shift away from decreeing change and move toward generating broad-based political will and building broad-based coalitions for reform. Unless this approach is taken, ownership of reforms will be weak and success will be short-lived.

Reaching out in partnership and dialogue with other domestic centers of power and authority—including religious authorities and their deliberative bodies, plus civil society organizations—will strengthen the legitimacy and popularity of any new policy proposal. Publicly deliberating and generating publicity about new initiatives, as well as vetting new programs in front of both supportive and critical audiences, will prepare the public for unfamiliar change. Such change will not be possible without investing in and strengthening institutions that formulate the gender agenda, through collection of gender-specific data, informed research, and effective dissemination.

The gender horizon in the MENA region is becoming much brighter. Investments in education and health are beginning to have their effect in empowering women. In the next decade, as these investments mature, their effect will be magnified. But more still needs to be done. As MENA reconsiders its development policies to create better opportunities for its youths, it needs to view gender issues as part of the solution for the future. Tackling these issues effectively and in a sustainable manner will take considerable political will and stamina. A long road is ahead, but the journey must begin today if the families of the region are to benefit from all available resources—human and other—for economic growth.