Public Disclosure Authorized

Public Disclosure Authorized

Overview
Gender and Development in the Middle East and North Africa: Women and the Public Sphere

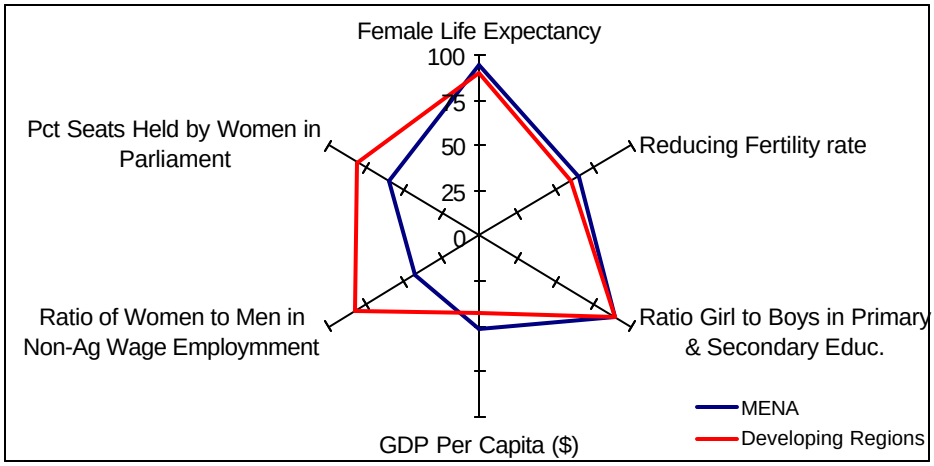
Gender inequality—the differential access to opportunity and security for women and girls—has become an important and visible issue for the economies of the Middle East and North Africa.

Gender equality issues in MENA are usually approached from a social, anthropological, or political angle. But the costs of inequality are often borne at the economic level. This report seeks to advance the gender equality discussion in the region by framing the issues in terms of economic necessity. It analyzes the potential of women's greater economic contribution to the region's new development model, further discussed in three parallel reports on trade, employment and governance. It identifies key economic and sociopolitical impediments to women's increased labor force participation and empowerment, and suggests a way forward in developing an agenda for change.

The gender paradox and high cost of low female participation in the economy

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

Figure 1: Progress in empowering women, MENA and other developing regions, 2000



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

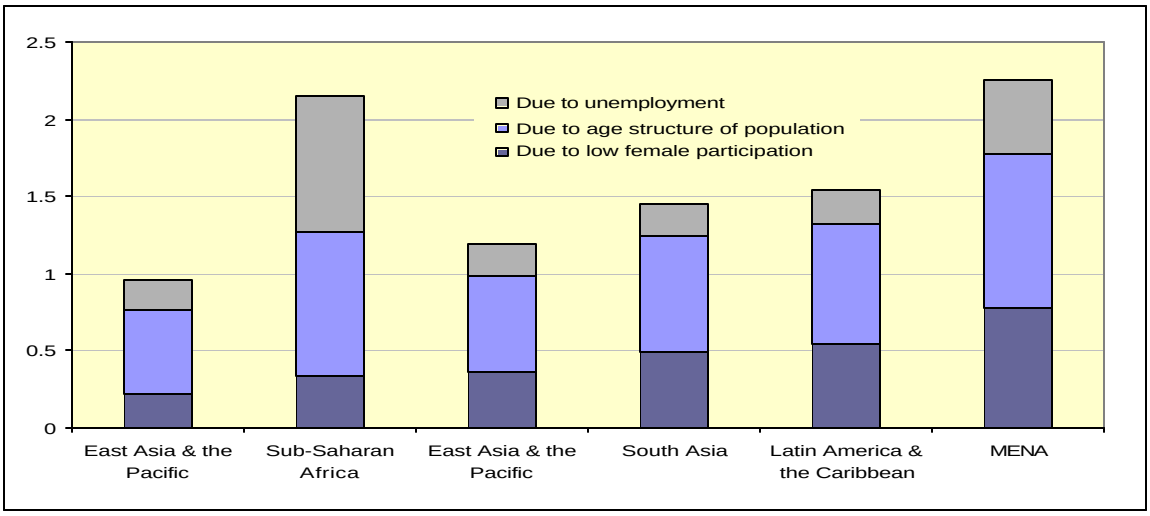
MENA's female labor force participation rate is significantly lower than rates in the rest of the world, and lower than would be expected on the basis of the region's fertility rates, educational levels, and the age structure of the female population.

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 a variety of ways. Gender inequality holds back a country's economic performance. Barriers that reduce open competition impede a country's ability to draw on its best talents, and ultimately undermine economic growth and productivity. The MENA economies, 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 their nonoil resources, especially their human capital. Women remain a largely untapped resource in the region, making up 49 percent of the population and in some countries as much as 63 percent of university students, but only 32 percent of the labor force.

The economic well-being of a population—including consumption of food, housing, healthcare, 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 2). High unemployment, high proportions of people too young or too old to work, and low female labor force participation rates 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, making it increasingly difficult even for people with jobs to continue to raise living standards for their families.

Figure 2: Ratio of nonworking to working people, developing regions



Source: Staff estimates based on International Labor Organization LABORSTA data.

Bringing unemployment rates down is crucial, but this will not be sufficient to bring MENA's economic dependency ratio into a sustainable range; that will require a rise in the labor force participation rate of women.

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 decision making about resource allocation. Women tend to have different perspectives than men about issues in the public domain and decision making 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.

By investing massively in women's education, MENA has increased women's productive potential and their capacity to earn incomes. 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 this investment. Add to that higher rates of return to education for women than for men and it becomes clear that increased female labor force participation would raise the returns to education throughout the economy.

…but so are the benefits of enhanced participation of women positive

The low female labor force participation has a high cost to the economy and a high cost to the family. Simulations using household survey data show that increasing female labor force participation rates from their actual rates to predicted rates based on levels of female education and age structure could boost average household earnings by as much as 25 percent. For many families, this is a ticket to the middle class. Analyses based on cross-country data suggest that as countries progress to higher levels of per capita income, increased female labor force participation results in significantly faster growth in incomes. If female participation rates had been at predicted levels, per capita GDP growth rates might have been 0.7 percent higher during the 1990s.

Factors that have empowered women in other parts of the world have been less effective in MENA

Though the economic context in the region has been changing, the practices of previous decades continue to influence behavior. Reforms from the 1950s through the 1970s did much to address issues of women's rights and status within society. But 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 no longer needed two incomes to raise their living standards. 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 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 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 want the same opportunities and rewards.

The demand for female labor is more tied 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. These topics are discussed in detail in the parallel reports on trade and employment. This report focuses mainly on female labor force supply constraints, to ensure that inefficiencies and distortions that affect much of the increasingly growing and capable labor force are addressed.

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 has significantly changed the supply, quality, and profile of the labor force.

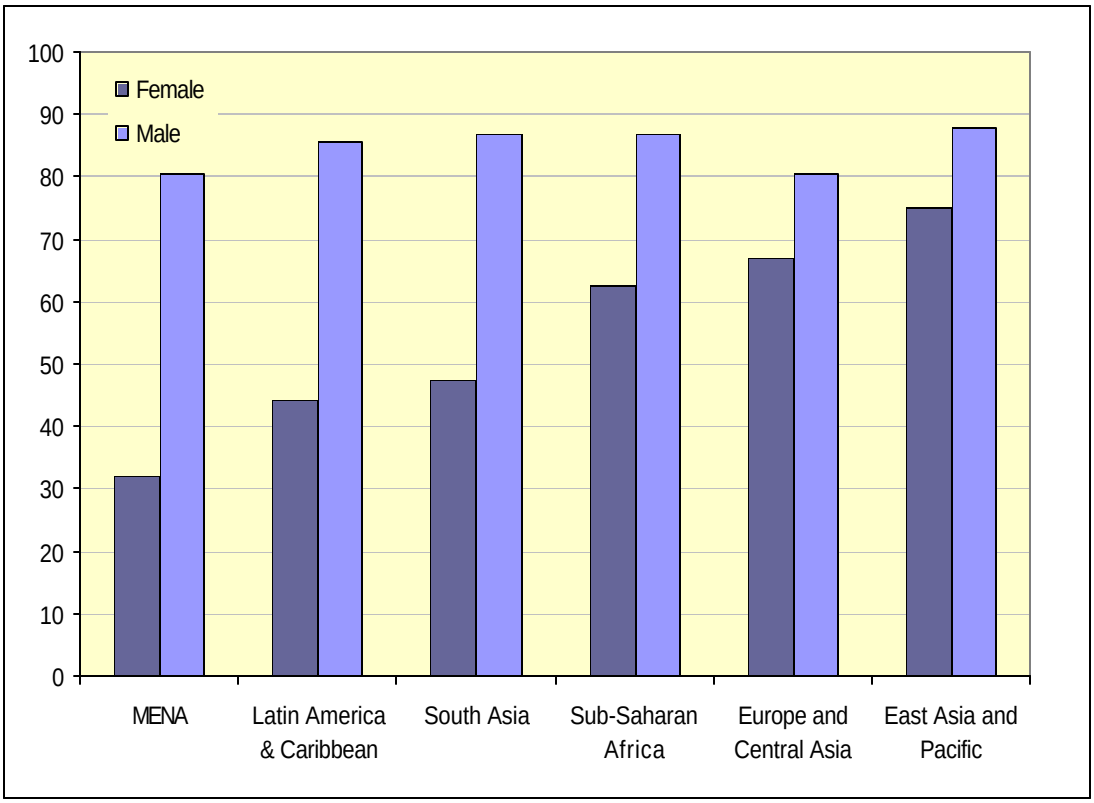
Women's average years of schooling increased from 0.5 in 1960 to 4.5 in 1999, and their average literacy rate rose from 16.6 percent in 1970 to 52.5 percent in 2000. By 2000 in primary schools across the region 9 girls were enrolled for every 10 boys, and at the secondary level the enrollment gap is even smaller: 74 percent of girls and 77 percent of boys are enrolled. On average, MENA seems to be on track for eliminating gender disparity in primary and secondary education by 2005, as called for in the third of the Millennium Development Goals agreed by all members of the United Nations to promote gender equality and empower women. And girls are staying longer in school. Across the region more than one in four girls now enrolls 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 at all levels, predominantly because of early marriages.

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 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. But government population policies have also played a vital role.

…are not matched by gains in women's participation in the labor force…

Starting from a low level, female labor force participation 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 3).

Figure 3. Male and female labor force participation, by region



What has slowed women's entry into the labor force?

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

The labor-abundant, resource-rich countries (Algeria, Iran, Iraq, Syria, and Yemen) tend to have slightly lower rates of female labor force participation than the labor-abundant, resource-poor economies (Egypt, Jordan, Lebanon, Morocco, and Tunisia), though the West Bank and Gaza is an exception. Higher levels of unearned income such as natural-resource rents reduce the need for earned income and therefore reduce the supply of female labor. Moreover, because relatively high incomes and redistributive social contracts supported investments in girls' education, these countries tend to have actual rates of female labor force participation that fell well below their potential. The resource-poor economies have had to

rely more heavily on labor-intensive development and so have depended more on women's economic participation, with rates of female labor force participation closer to their potential.

Demand factors play a role

Although demand factors are extensively addressed in the companion reports, two of them 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, preventing absorption of the large increases in the labor supply. Employers prefer to hire men, 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. Reducing MENA's high unemployment rate is a necessary precondition to further increases in female labor force participation, as is dispelling the fear that women's increased participation would raise unemployment.

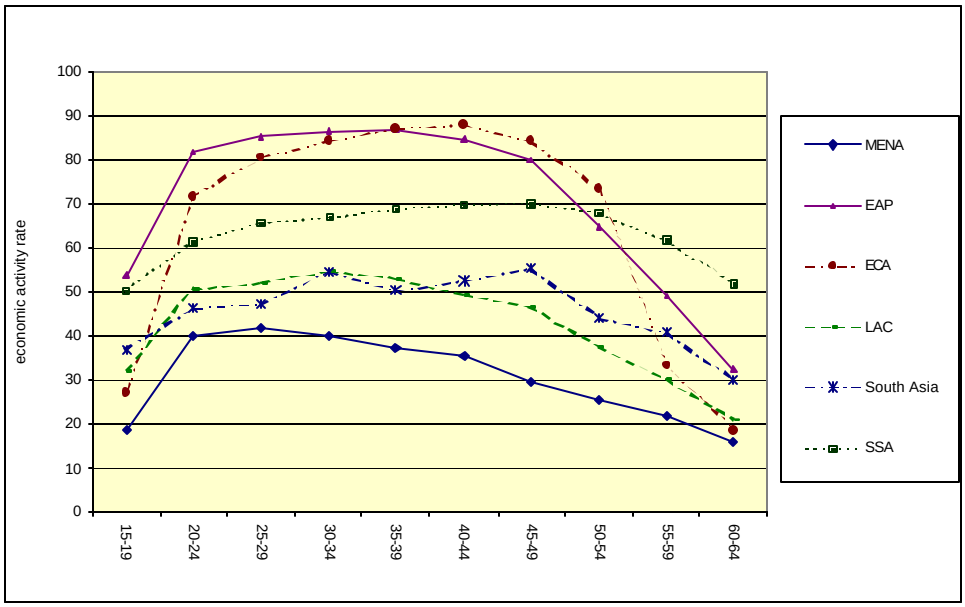
The second important demand factor relates to the dominant pattern of growth in MENA, with a large proportion of public sector jobs, extensive government controls, inward-looking trade policies, and a weak investment climate. In most of the region, women have tended to participate heavily in public sector employment. Reasons include the perception that public service professions such as teaching and nursing are appropriate for women, the public sector's egalitarian (and affirmative action) practices in hiring and wage setting, and 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 not be as important a source of jobs for women in the future as it was in the past.

In the private sector, by contrast, women have faced significant disadvantages, often working in jobs with low wages and 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. Morocco and Tunisia have been exceptions, however, with most countries maintaining 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, point to differential treatment of women. But that differential treatment is in line with the experience of other regions, which have significantly higher female labor force participation. Nor do wage discrimination and job segregation explain the difference in the age distribution of the female labor force 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 whereas in other regions it increases. (Figure 4). Hence, by themselves, the standard factors of labor market discrimination cannot provide an adequate explanation.

Figure 4. Female labor force participation rates by age



…but the combination of social and economic factors does

Female labor force participation rates reflect a host of formal labor market laws and regulations and social norms and attitudes that put a low value on women's work outside the home and create barriers to their joining 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 intrahousehold decision making.

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

- The centrality of the family, rather than the individual, as the main unit of society, in which men and women play complementary not equal roles. Both men and women view the family as a cultural asset.
- Recognition of the man as the sole breadwinner of the family.
- A code of modesty that rests family honor and dignity on the reputation of the woman, with restrictions on interactions between men and women.
- An unequal balance of power in the private sphere that is anchored in family laws.

This paradigm presumes that women will marry (early), that their most important contribution to the family and society will be as homemaker and mother, that households will be headed by men who have jobs that allow them to provide for their families, that women will depend on men for support, and that the man's responsibility for supporting his wife and family justifies his control over his wife's interactions in the public sphere.

Labor market regulations underscore and support this paradigm in indirect ways. Labor laws in most MENA countries do not discriminate explicitly against women. Indeed, they stipulate that women should receive equal compensation for work of equal value. They offer generous maternity leave benefits and protect women against job termination in case of marriage and pregnancy. Similarly, they recognize women's needs as caregivers. But the benefits granted by these laws tend to remain unattainable, since they are weakly enforced and the potential beneficiaries lack recourse. And, as noted, more subtle forms of discrimination against women take place through a host of nonwage employment benefits.

Tax- and employment-related benefits to families are channeled only through men. A woman can receive these only if she is officially the head of the household (if she is widowed or can prove that her husband is old or incapacitated). This differential treatment effectively reduces women's compensation for 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 more employed in the private sector, where such benefits are more scarce, the rigidity of channeling benefits only through the man reduces rather than enhances the protection of families. This 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 restrictions on type and hours of work and requirements for the husband's permission to work and travel, make women less flexible as workers. These regulations may discourage employers from hiring women and limit competition in labor markets. They may also limit a country's ability to compete in international markets, especially in such new sectors as the information and communication industries.

Differential treatment of men and women under family law also curtails female labor force participation. 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, divorce, and loss of custody of her children, which is normally given to the father. Hence a woman's interaction with the outside world without her husband's consent may involve substantial risks.

These laws were created to protect families by assigning clear responsibilities for their support. But the husband's responsibility to provide for the family confers rights and authority on him—reinforced through a host of laws, policies, and institutions—that he retains even if he does not or cannot provide fully for his family. As a result, women become financially, legally, and socially dependent on men.

Today, such economic and noneconomic factors affecting both the ability of women to enter the labor force and the demand for women workers in industry and in services no longer match the economic realities of the region. Few families are affluent enough to live comfortably on one income. Yet the traditional paradigm limits the recognition that women need greater flexibility to play multiple roles—as mothers, wives, workers, and citizens—to maximize family welfare.

A new gender agenda

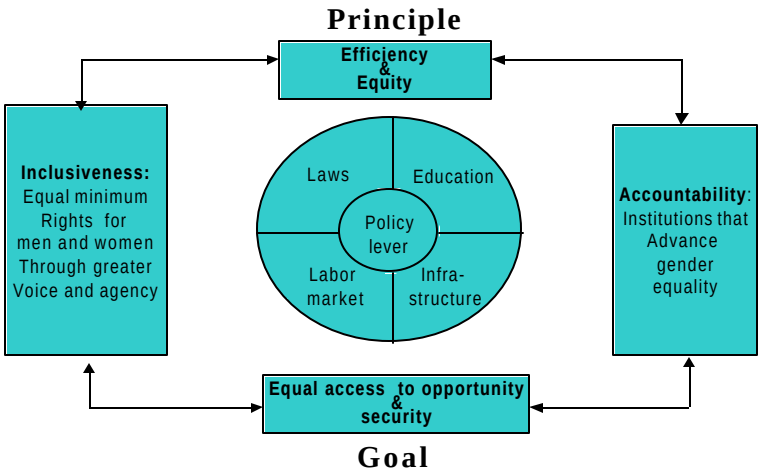
Young women and men of the current generation are different from their parents. They have been raised in smaller, nuclear families, where gender disparities are likely to be lower. This generation is pushing for different rules of the game and for equality in the private and public spheres.

The demographic change in MENA is no different from that experienced in much of the Western world with the baby boom generation. In the West, what changed the male breadwinner model and the prevailing and accepted wage and job discrimination was the wave of women (and men) who were determined to challenge their unequal standing in society and the institutions that supported such discrimination.

What needs to be done…

Within the domain of economic policy, a new gender policy agenda needs to be pursued under the twin principles of efficiency and equity within society and the economy, with the goal of enabling women's greater access to opportunity and economic security (Figure 5). Within this framework, gender equality can be advanced by supporting two critical pillars of good governance: greater *inclusiveness* of women in decisionmaking, to create a more egalitarian environment for women's economic and social rights, and greater *accountability* of institutions for advancing fairness and equality. Gender equality is ultimately tied to good governance—respecting everyone's rights and taking everyone's needs into account.

Figure 5. Policy framework for a comprehensive gender policy in support of MENA's new development model



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

- Review of the legislative environment to align legal provisions that fail to give effect to the recognition of equal rights under the constitution in most countries.
- A supportive infrastructure that will facilitate women's participation in the public sphere. Women are more constrained than are men by their immediate physical environment. Investments in standard infrastructure, such as better transport, water, and telecommunications, can vastly expand a woman's horizon, as can expansion in market services that allow women to combine work and family responsibilities through the market.
- Continued attention to education, particularly in areas that provide women with better market skills. Though men in the region face a similar problem, women face additional challenges because of early marriage and childbearing, which interrupt and outdate their skills. These could be addressed through provision of vocational and life long learning opportunities.
- Reform of labor laws and regulations that need to be realigned with the region's new development model and the heavy reliance on 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 of women into this space and a claim to share power and control. This can easily be seen as a threat to the social order and an erosion of the established power structure. Yet gender equality is important for improving economic growth, creating productive employment, and reducing poverty.

Change will need to be led from the top *and* supported by the grassroots. The two main agents for these changes will be women's advocacy 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. Governments, too, need to 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. And though 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.

A variety of measures are effective in stimulating women's political voice and agency, including the establishment of quotas 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. 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 government leadership and commitment to a more gender-egalitarian environment.

Unlike in 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 towards generating broadly based political will and building coalitions for reform. Unless this approach is taken, ownership of reform will be weak, and success short lived.

Reaching out, in partnership and dialogue with other domestic centers of power and authority—including religious authorities and their deliberative bodies, civil society organizations—strengthen the legitimacy and popularity of any new policy proposal. Public deliberation and publicity about new initiatives and vetting new programs in front of both supportive and critical audiences prepares the public for unfamiliar change. This will not be possible without investing in and strengthening institutions that formulate the gender agenda through 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. Their effects will be magnified in the next decade. But more needs to be done. As MENA reconsiders its development policies to create better opportunities for its youth, it needs to view gender issues as part of the solution. Tackling these issues effectively and in a sustainable manner will take considerable political will and stamina. It is a long road ahead, but the journey must begin today if the families of the region are to benefit from all available resources for economic growth human and other.