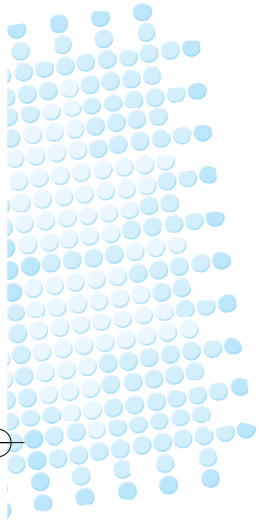
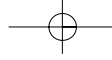


Chapter Three: Economic Security



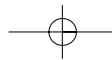
Introduction

The changing aspects of the world economy and the risks and opportunities they pose for people, raise the need for renewed attention to human security. Human security goes beyond safeguarding countries' borders to "the ability to protect people," providing them with economic, job, and income security (Heinbecker 1999: 6). Achieving economic security would require at the minimum that basic needs are met. However, economic security should not be limited to satisfying the basic material needs but should include nonmaterial aspects. More qualitative factors of economic security should be incorporated, such as personal autonomy, human dignity, and effective participation in community life. Human security should include the ability of individuals to participate and decide on matters and issues related to factors that could affect the pursuit of their own lives. In that respect, economic security should entail that individuals, both men and women, have access to changing markets, resources, and credit. Moreover, economic security should include the equal ability to take advantage of opportunities as well as to protect themselves from risks of economic changes resulting from globalization.

The impact of globalization on economic opportunity remains uneven, generating risks for different groups. Despite significant improvements during the 1990s in global social indicators, many continue to live in economic insecurity. For these many, hopes and expectations that material inequality and deprivation would be improved have not been met. In fact, there is evidence that the gap between rich and poor has widened. Developing countries are suffering from material poverty in a significant part of the population, vulnerability to the working of global markets, and lack of influence in international governance institutions (Sen 2002: 4). Although globalization has given developing countries access to international markets, it has also deepened existing inequalities and insecurities. The benefits of globalization are mainly acquired by those who are highly educated and have greater access and ownership of resources. Hence, poor women tend to be the most vulnerable and the most likely to suffer from rapid economic changes.

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Developing countries are suffering from material poverty in a significant part of the population, vulnerability to the working of global markets, and lack of influence in international governance institutions.



Globalization in the 1980s and 1990s has increased inequality and risk for a large group of countries. Global economic integration is promoted through the liberalization of trade, investment, and finance. Developing countries have been promised that liberalization would increase their control over, or consumption of, the products which capitalism is generating. These same countries have often been vulnerable to external factors beyond their control, and in particular to decisions and policies—mainly economic—that were initiated by agencies of global economic governance. These development policies include economic liberalization policies, structural adjustment programs, and privatization programs.

It has been argued that globalization has actually negatively affected the economic security of some people, and especially women in developing economies. Despite the wealth realized in some parts of the world, there are many people living in poverty, and there still exists an unequal distribution of wealth.¹ There has been uneven distribution of the benefits of the globalization process, and a general failure of that process to meet the economic security needs of the majority of humanity (Thomas 2000: xi). The growth of material inequality is evident between countries, within countries, and also between individuals, which has adversely affected the status and future prospects for enhancing human security.

Globalization has led to the aggravation of economic problems in developing countries. Policies associated with globalization lead to, at least in the short term, job losses for many rather than job creation. In the process of achieving efficiency, many small and medium-sized firms that employ a large number of the vulnerable population, especially women, often disappear. For many people in the world, globalization is characterized by increasing vulnerabilities. With this concept in mind, this chapter is divided into four main sections. The first section gives an overview on the long-term indicators of the Arab economies, and the implications of possible decline in the main sources of finance. The second section deals with the implications of economic trends in the Arab countries on women's economic security and access to resources, while the third section refers to women's economic rights, distribution of resources, and the incidence of women's poverty. The chapter concludes with the challenges facing Arab women and the road ahead.

The benefits of globalization are mainly acquired by those who are highly educated and who have greater access and ownership of resources. Hence, poor women tend to be the most vulnerable and the most likely to suffer from rapid economic changes.

¹ For example, the western economic powers accumulate 64 percent of the world GDP while representing 11.8% of world population, and on the other hand developing nations accumulate only 16.9% of world GDP while they represent 76% of world population.



Since Arab women represent a large share of the total population, around 49%, and an increasing share of the labor force, they are inevitably affected by the macroeconomic conditions and performance of their countries.

1. Long-term Indicators of Arab Countries

Arab countries have in general lagged behind most other developing countries in terms of economic development and still have a long way to go with their development process. The Arab countries are linked by their geographic location and similar cultural and historical conditions. The 22 countries in the Arab League together represent 10.2 percent of the world's area and 4.5 per cent of the world's population.² Although most of these countries are endowed with natural resources, in general they have lagged behind other developing countries in terms of economic development. In 2002 their aggregate GDP amounted to about US\$711.3 billion, and their share of world exports amounted to a mere 3.9 per cent (Arab League 2002:11-13). They include both oil-exporting and non-oil exporting countries - but all are vulnerable due to their relatively undiversified economies and limited exports. Foreign direct investment is also limited - estimated at US\$5.4 billion between 1998-2000 compared to US\$148.5 billion for other developing countries (World Bank 2002).

Since Arab women represent a large share of the total population, around 49%, and an increasing share of the labor force, they are inevitably affected by the macroeconomic conditions and performance of their countries.³ The Arab countries' main financial sources—oil, aid flows, and worker remittances—have recently been declining, which along with the structural reforms undertaken by Arab countries, has led to the shrinking of public sector, the main employer of the labor force, in particular of women.

The vulnerability of the Arab countries increases with their dependence on strategic rent generated from oil revenues, flow of capital, and worker remittances. Consequently, with a growing dependence, government deficits have increased as they have been used to finance their expenditures and deficits from such sources. Therefore, the decline of such sources of external income has led to the widening of deficits in their economies.

The weight of economic integration of the Arab countries into the world economy also determines its importance to the rest of the world. However, the Arab countries' share of world exports was as low as 3.9 percent in 2000 (if oil exports are excluded, the share falls even further). The oil sector alone has

² "Arab countries" refers to 22 countries including Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Occupied Palestinian Territories, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, UAE and Yemen. Population was 258 mln (as of HDI 1998) and their GDP was \$474 bln (as of HDI 1998)

³ Ranging from a highest of 43.7 percent in Mauritania, to a lowest of 14.5 percent in UAE.

become insufficient to sustain the region's importance, but intra-industry trade, which still remains low compared with the rest of the world, is believed to grant the Arab countries some share of competitiveness in the world market, depending on how far Arab countries are ready to go with the liberalization of this sector (Clement et al. 2001: 44).

1.1. Deteriorating Prospects for Arab Countries' Main Financial Sources

Arab countries have been relying on three main sources in their development process: oil, aid flows, and workers' remittances. These sources support public employment and sustain a state-led development strategy based on central planning and policies for income redistribution and equity. However, these three sources are vulnerable to change. Oil prices are expected to decline, and known oil resources will eventually be depleted. Aid flows are likely to continue their declining trend, while worker remittances are likely to be adversely affected by the slow down in labor migration.

Arab countries have been relying on three main sources in their development process: oil, aid flows, and workers' remittances.

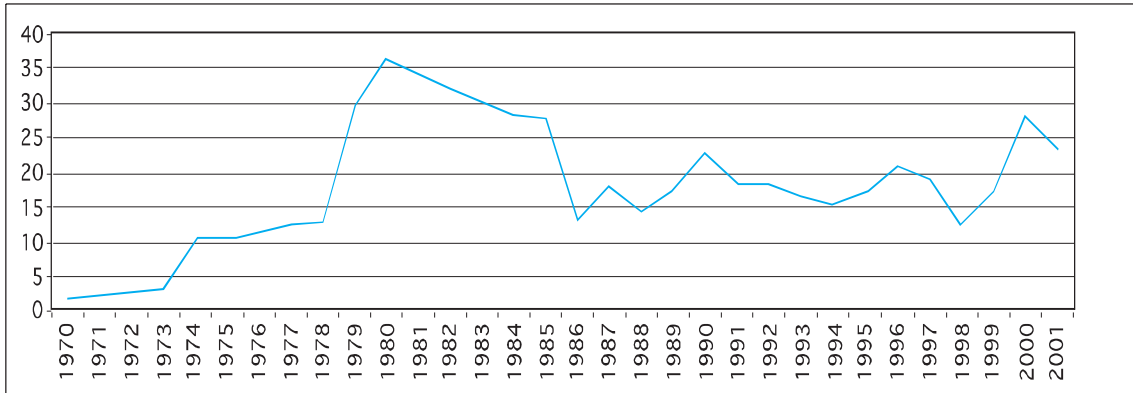
1.1.1 Oil revenue: long term trends in prices and possible decline in revenues

The oil potential and production of Arab countries represent the main pillar of its strategic importance for the rest of the world. Arab countries contain 61% of the world's known oil reserves and 25.5% of the world's natural gas reserves, in addition to being the source of around 31% of world's oil production, which gives the region a main role as a global energy supplier to the rest of the world (Clement et al 2001: 31). However, oil revenues accrued to Arab countries during the past decade have declined with the declining of oil prices in real and nominal terms, when compared to that of the 1980s (Arab League 2002: 81).

The Arab countries can be divided into two groups: non-oil exporting and oil-exporting countries. Non-oil exporting countries include Egypt, Morocco, Yemen, Jordan, Tunisia, Lebanon, and Syria; while oil-exporting countries could be further divided into Gulf Cooperation Council (GCC) countries with huge oil sectors, including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE; and other oil exporting countries including Algeria, and Libya (El Erian et al. 1996: 2).

Figure 3.1: International Oil Prices

(nominal prices in US\$)



Source: OPEC 2003.

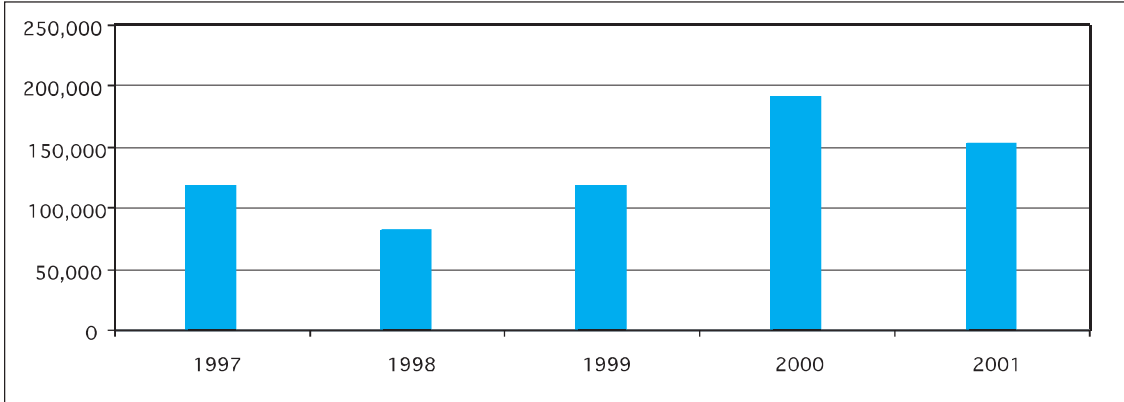
The global oil market has gone through many fluctuations throughout the past decades. Since the early 1970s, oil prices experienced a boom until they reached a peak in the 1980s (Figure 3.1).⁴ During the 1980s, however, international crude oil prices started falling to reach US\$ 17.3/barrel in 1989. The early 1990s witnessed various fluctuations in the nominal prices of crude oil,⁵ while in 2001 a drop was observed. This was accompanied by a decline in the Arab countries' oil revenues in 2001 (Figure 3.2) (Arab League 2002: 281). Moreover, oil prices are projected to decline steadily during the next decade. The known oil resources in the Arab countries are expected to be depleted.

⁴ The international nominal price of crude oil increased from US\$ 10.4 per barrel in 1974 to US\$ 29 per barrel in 1979. Further increases in nominal prices of oil continued, until it reached its peak in 1980 at US\$ 36 per barrel.

⁵ In 1990, a slight increase in crude oil nominal prices was witnessed to reach US\$ 22 per barrel, followed by a decline in 1994 to reach US\$ 15.5 per barrel, and then a rise in 1996 to US\$ 20 per barrel. However, due to the Asian crisis of 1997, prices of oil dropped to US\$ 12 per barrel. A subsequent rise in prices was evident in 2000, and nominal oil prices jumped to US\$ 27.6 per barrel.

Figure 3.2: Oil Revenues in the Arab Countries

(in US\$ million)



Source: Arab League (2003).

Oil export proceeds often account for more than 50% of GDP in Arab countries.⁶ Exogenous shocks and international oil price fluctuations⁷ have adverse effects on the government budget, government spending, employment, export receipts, and the overall performance of the economy. Consequently, oil revenues have become insufficient to sustain the growing needs of the Arab countries.

The drop in oil prices has adverse effects not only on economies of oil-producing countries but also on job security of Arab expatriates working in the GCC countries. Hence, the decline in oil prices would negatively affect the economy of almost all Arab countries due to the dependence of their economies on worker remittances as an essential source of external finance (Clement et al. 2001: 38–40).

⁶ For example, the share of oil revenue in total revenue for Bahrain and UAE is 60 percent and 80 percent respectively [El Erian et al (1996), p. 8].

⁷ The Organization of the Petroleum Exporting Countries (OPEC) lost most of its market share in the 1980's due to the action taken by industrial countries customers as means of retaliation to the very high prices of early and mid 1970's. They succeeded to do that by gaining access to new multinational suppliers of oil and through the implementation of conservation policies. At that time, the OPEC were not able to control the price of oil as its supply exceeded its demand. Consequently, total oil revenues of OPEC countries sharply fell from US\$ 250 billion in 1981 to around US\$ 110 billion in 1998. However, prices went up again between 1999 and 2000 as a result of better Saudi-Iranian relations that enabled them to cut production and pull the price upwards. In addition, Saudi Arabia covered up for the deficits that occurred in the oil production after banning Iraq and Kuwait from the international markets as a result of the Gulf War in 1990. Another drop in Arab countries' oil revenues was witnessed in 2001. It fell from US\$ 192 billion in 2000 to US\$ 154 billion in 2001.

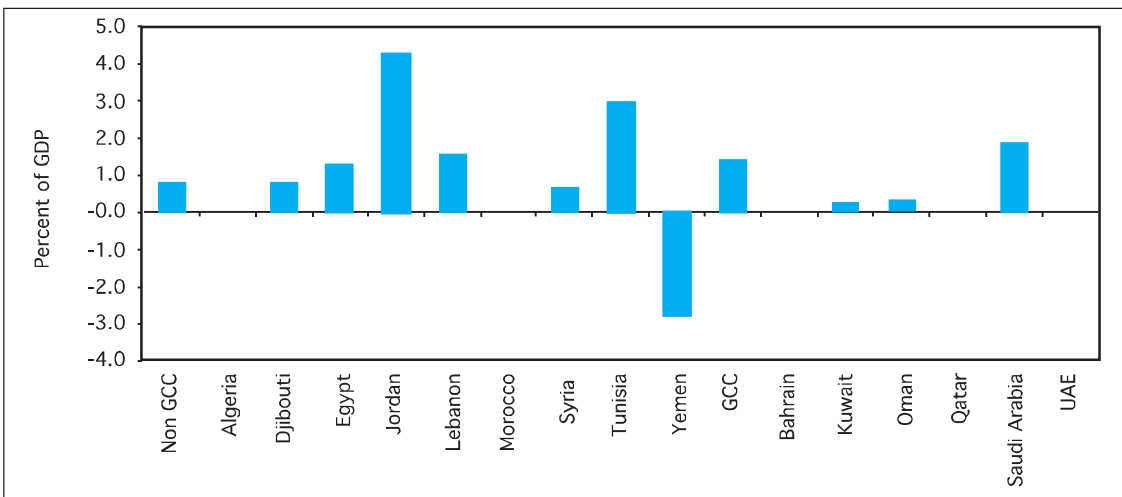


1.1.2 Flow of global capital and foreign direct investment

Similarly, global capital inflows into the Arab countries have been insignificant: foreign direct investment (FDI) between the years 1998–2000 was estimated at US\$ 5.4 billion compared to US\$ 148.5 billion for all other developing countries. Much of the FDIs are in the form of multinational companies expanding their operations. Portfolio inflows have also been very small due to the fact that capital markets in the Arab countries are still relatively underdeveloped compared to many other developing economies. However, private inflows have shown positive progress especially in countries that have undergone successful macroeconomic and structural adjustment programs such as Egypt, Jordan, Morocco, and Tunisia (Figure 3.3).

Such low levels of global capital inflows into the Arab countries can be attributed to various factors. One of the main factors is trade barriers and obstacles that hinder the smooth operation of multinational companies. Unstable political and economic environments, as well as the lack of market transparency also contribute greatly to the low level of foreign investment in Arab countries.

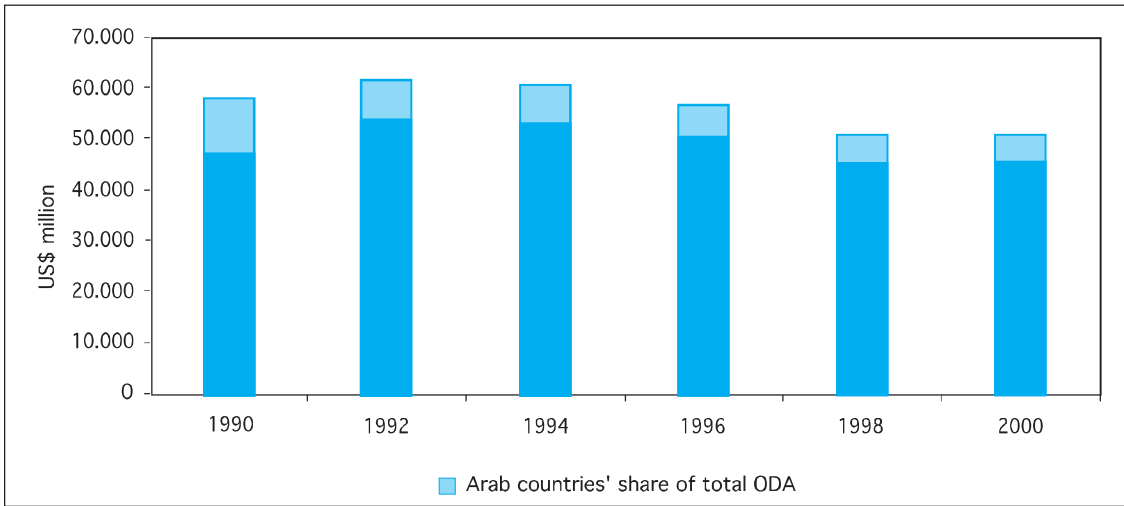
Figure 3.3: FDI as Percent of GDP, 2002



Source: World Bank database.

Capital flows within Arab countries exist in terms of foreign assistance given by major oil exporting countries, such as Saudi Arabia, UAE, Kuwait, and Qatar to poorer Arab countries. Foreign assistance in the Arab countries has been related to the economic performance and circumstances of the donor nation and has been based on concessional terms. Foreign aid and assistance is affected by fluctuations in the global market.

Figure 3.4: Official Development Assistance Flow to Developing Countries



Source: Unified Arab Economic Report 2002.

Consistent with the flow of official development assistance to the developing world in general during the last decade, foreign aid to the Arab economies has been declining dramatically (Figure 3.4). Such a decline may suggest that some of the Arab countries have been losing their relative strategic importance during the past years as assistance and aid are often guided by political interests, as evident in the rise of flow of foreign aid following the Gulf War.

Global integration should be enhanced to enable the Arab countries to face future challenges, such as declining oil revenues, competition, and high levels of unemployment.

Many Arab countries have been undertaking various reforms to attract more FDI, private capital, and portfolio inflows (El Erian et al. 1996: 17). The urge for reform and the attraction of more investments came as a result of declining strategic and oil rent. The Arab countries should work on attracting FDI, and become less dependent on oil as a source of income (Clement 2001: 30). Global integration should be enhanced to enable the Arab countries to face future challenges, such as declining oil revenues, competition, and high levels of unemployment.

1.1.3. Labor migration, declining potentials, and shrinking remittances

Many Arab economies are highly dependent on worker remittances as a source of external income. Worker remittances account for around 50% of non-oil exports, and contribute around 6% of GDP of the Arab countries (World Bank 2003e: 34). Remittances are generated from workers exported to both Arab and non-Arab countries. The GCC countries provide the largest amount of income in the form of worker remittances, being the largest absorbers of foreign workers. Based on data recorded in 1999, total foreign workers in the GCC amounted to 7.8 million, among which 3.5 million are Arab (Clement et al. 2001: 35).

As for the Arab countries that are the recipients of worker remittances, they have been vulnerable and negatively affected by the changing trends of employment in the absorbing countries. The largest recipients of worker remittance in the Arab countries are Egypt and Algeria.⁸ The GCC have lately slowed down their absorption of foreign workers due to declining oil revenues, competition from lower-cost labor, their own increasing population rates, and increasing unemployment of domestic labor. Consequently, initiatives have been taken by the GCC countries to cut down on foreign workers' employment, and dealing with the unemployment of their nationals. Such initiatives have been reflected in the following policies: (i) a ban on, or a precipitous reduction in foreign worker permits; (ii) a lucrative system of unemployment compensation; (iii) reduction in the length of the workday or workweek; and (iv) a system of required preferential hiring of nationals in all sectors (ERF 1998: 9–10).

Moreover, workers from the Arab countries have been facing some obstacles to employment due to their low competitiveness in the international markets because of their low skills, high salary expectations when compared to workers from India and other Asian countries, in addition to other barriers to movement

⁸ In the case of Egypt, most of the workers remittances are generated mainly by the GCC countries, while those of Algeria are mainly generated from those allocated in Europe, especially in France.

caused by political and economic factors in Europe and the United States (Clement et al. 2001: 36–38). Such policies have certainly had a negative impact on the economies of the income-recipient countries, since they have caused a significant cut of their workers. The high dependence of the Arab economies on exporting labor reflects their dependence on unreliable sources for their external income, and their vulnerabilities to economic and political change both internationally and within the region.

1.2 Internal Job Creation Capacity of Various Economies: Future Trends

During the 1970s, with the oil prices boom in the GCC countries, great job opportunities were created and a huge number of people migrated from poorer, populous Arab countries to the more promising countries of the Gulf. However, by the 1980s oil prices began to fall, domestic labor supply rose quickly, and severe competition from low-cost labor countries led to declining job opportunities. Furthermore, deteriorating economic conditions weakened labor migration within the Arab countries due to restrictions put on immigration, as previously discussed. It is worth mentioning that this increase in labor migration from non-GCC countries to the GCC has caused an unprecedented phenomenon: greater unemployment for nationals of the latter.

Moreover, opportunities in the Arab region labor market are declining sharply due to the structural imbalances of the emerging labor market, which is evident in the large number of new entrants to the job market and the skills mismatch of entrants to the market. Slow job creation along with the rapid increase of new entrants to the labor market resulted in unemployment, amounting to 15% of the labor force in Arab countries in 2001. Skills mismatch occurs in two ways: first, the weak demand for educated workers due to the lack of development; second is the mismatch between the sophisticated needs of private sector firms and the low level of workers' skills due to poor higher education standards (World Bank 2003e: 34–38). Moreover, during the 1970s and 1980s, Arab countries witnessed the highest population growth rates in the world. Although, fertility rates have been declining, the resulting lower population growth will affect the labor force only in 20 years time. Consequently, the Arab countries' labor force growth rate is projected to be 3.5% annually during the period from 2000 to 2010, while that for women is projected to be 5% during the same period, which is even more challenging. The new entrants are mainly educated, young, and women (World Bank 2003f: 4).

These statistics suggest that 6.18 million jobs have to be created by the year 2015. Unfortunately, due to the very high unemployment rates already existing in the region, this is almost impossible to accomplish (ERF 1998: 1). Although

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The present dominant approach to development and to the promotion of economic security is neoliberalization, that is generally referred to as the 'Washington consensus,' which relies on the market to determine a country's entitlement to the fundamental material aspects of economic security.

Arab women have high enrollment rates in higher education, their participation in the labor force is still very limited. This has many disadvantages, including the prevention of a substantial stock of human capital from contributing to the economies of the Arab countries.

The public sector of the Arab countries, which has been the main employer of the labor force has been diminishing and will likely be unable to continue to be the main job creator.

1.3 Implications of the Trend toward Liberalization and the Structural Adjustment Programs

Arab countries, similar to other developing countries, are confronted with a major challenges by the global environment. Several countries are faced with a deteriorating external position and mounting international debt burden. This, along with adopting inappropriate policies and weak public management, can be considered responsible for their poor economic performance and the slowing of economic growth. Consequently, many Arab countries have been obliged to adopt structural adjustment programs under the International Monetary Fund (IMF) and the World Bank.

The present dominant approach to development and to the promotion of economic security is neoliberalization, that is generally referred to as the 'Washington consensus,' which relies on the market to determine a country's entitlement to the fundamental material aspects of economic security. The liberal economic ideology was to push for free markets through structural adjustment programs. An integral part of such programs is to liberalize trade, privatize state enterprises, and balance the budget (Krugman 1995: 28). In essence, market forces and not governments are to determine the production, distribution, and consumption of goods and services. Moreover, under neoliberalization, the private sector is to become more of a lead player in fulfilling peoples' economic rights.

However, this system may achieve greater global economic growth and welfare, but it does not ensure an equitable distribution of the benefits of globalization. In fact, empirical evidence has shown that the neoliberal model has led to the deepening of inequality, and has exacerbated the skewed nature of women's access to employment in some developing countries (Thomas 2000: 36). Global resources have become increasingly channeled to the wealthier members of society, while the needs of the poor are ignored. In other words, economic security is being enhanced only for the minority. The ability of the poor and vulnerable to secure their families in terms of basic needs is diminishing. The neoliberal development model has also been narrowing choice and opportunity for women, who are often the most vulnerable.

Some Arab countries were pushed into adopting structural adjustment programs because of their deteriorating economic conditions.⁹ Policies associated with structural adjustment programs were formulated on the assumption that economies will grow rapidly by exploiting their comparative advantage through international trade via an export-led development strategy, economic liberalization, and relying on market mechanisms to achieve the most efficient allocation of domestic resources. Despite the efforts made in economic reform in the Arab countries, they still remain behind when compared with efforts taken by many other developing economies.

Policies focusing on economic stabilization and restructuring as a means of promoting economic growth are not gender neutral. They continue to have different effects on women and men, which need to be taken into account throughout the planning and implementation stages. Much remains to be done to translate economic reforms into real positive changes for women. Global economic integration through free market policies, of which structural adjustment forms an important part, has not fulfilled economic security for all people. These programs have often had detrimental consequences for the poor, and the socially marginalized, and have encouraged inequalities. Structural adjustment programs have had especially negative effects on the most vulnerable groups, such as women (Thomas 2000: 44).

Empirical evidence has shown that many of the adjustment programs did not prevent the deterioration of the human situation in the short run, and often relied on the 'trickle-down' effect from growth to improve the situation in the long run (Corner 1996:15). Adjustment programs were deflationary in character and this led to growing poverty through rising unemployment and declining real incomes. Structural adjustment programs are likely to impact differently across different groups, with greater negative consequences for the vulnerable who rely more on transfers, subsidies, government services, and employment opportunities. Vulnerable groups such as women often carry a disproportionate share of the adjustment burden.

Structural adjustment and stabilization programs tend to reduce public expenditure on basic goods and services. Such cuts can have significant negative affects for women, men and children who rely on these services, particularly the poor who cannot afford private services and yet often have more social and

⁹ Reforms in the Arab countries have ranged from gradual to intensive. Tunisia, Morocco, Egypt, Jordan, and Lebanon were among the intensive reformers who managed to adapt export promotion strategies, private sector developments, export-led growth, tariff reductions, exchange rate liberalization, fiscal and debt reduction, and tax reforms. On the other hand, Algeria, Yemen, and Syria were among the gradual reformers. These countries still adopt high tariffs, controlled banking systems, non-tariff barriers, and impediments to foreign investment. The GCC countries are the most liberalized in the region, due to their integration in the world economy through their huge oil sectors (World Bank 2003e: 76–77).

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Structural adjustment and stabilization programs tend to reduce public expenditure on basic goods and services. This places great stress on women who are often obligated to provide these services, such as care for elderly and sick relatives, without government support.

It is usually the better-educated, young, and single women rather than the poorest women with children that benefit from opportunities posed by globalization.



health needs. Women, however, often face additional costs. As hospitals and health care systems become strained, women are forced to leave jobs and other entrepreneurial activities to take care of sick and elderly relatives. Girls are obligated to drop out of school to help their mothers with the increased workload. As school fees rise (due to decreased government support), girls are often the first to be withdrawn from school. In addition, during times of budgetary crisis, governments may cut services that are critical for women as they are perceived as less important than those directed towards enhancing men's employability. In addition, policies that promote the production of traded goods, particularly exports, tend to favor sectors in which men dominate. An exception to this are export industries such as electronics, textile and clothing manufacturing that favor women's labor. However, it is worth mentioning that even in these countries it is usually the better educated, young, and single women rather than the poorest women with children that benefit from these opportunities.

Privatization has been given priority among the Arab countries as being a prerequisite for economic openness and a more efficient tool of resource allocation.¹⁰ However, efforts directly related to encouraging private investments have been limited. Privatization has been lagging in most Arab countries, and even in cases where divestiture has taken place, it has not achieved its expected results. It has merely resulted in a transformation of capital rather diminished state control. Privatization in the Arab countries faces various impediments including lack of transparency, extensive bureaucracy, economic stagnation, and other political and social concerns (Unified Arab Economic Report 2002: xiii).

The impact of structural adjustment and privatization on Arab women is greatly debated. Some studies argue that women bear the cost of structural adjustment programs and are unable to reap the long terms benefits of the reforms (Beneria 1995: 1845). Structural adjustment programs are associated with decline in public spending, shifts in relative prices of commodities, and employment shocks, which often affect women more than men. For example, it is often the case that household investments in women's and girls' education, health, and nutrition seem to be more sensitive to policy-induced income shocks and price changes than similar investments in men and boys. Moreover, experience has shown that countries that undertake trade liberalization measures laid off women workers first when business declined (World Bank 2001: 212–14).

¹⁰ Available data reveals that between 1990 and 2001 privatization proceeds among the Arab countries amounted to US\$ 17.5 billion, among which Egypt and Morocco account for 30%, Kuwait 23%, and Jordan and Tunisia 6%. Among the privatization transactions in the Arab countries, 63% of companies privatized have been sold to anchor investors, and 30% through the stock markets. Privatization efforts have taken place in the agricultural, industrial, infrastructure, and tourism sectors.

Structural adjustment and privatization programs in various Arab countries have led to the shrinking of the public sector—the main employer of the labor force,¹¹ especially of women. Women’s work participation in Arab countries is largely in the public sector, mainly due to the favorable work conditions in that sector, as well as the egalitarian practices in hiring and wage setting. With privatization programs, the public sector will likely not remain the main employer of women in the future.

At the same time as the shrinking of the public sector, the private sector is not able to absorb the growing women’s labor force, and those who manage to find jobs are often paid lower wages than men, face greater insecurity and fewer opportunities for promotion. Many are pushed to work in the informal sector. However, Morocco and Tunisia are exceptions with their expanding manufacturing exports, notably in the textile and ready-made garments industry.

Moreover, women are often hurt more by adjustments since their mobility and opportunities for alternatives are limited, and they often become ‘spectators’ rather than active participants in the process (Haddad et al. 1994 : 33). However, some studies argue that structural reforms, privatization, and liberalization result in improving the standard of living of both men and women in the long run. When adjustments lead to growth in export manufacturing, more job opportunities are created for women. This could in turn help reduce the incident of poverty among women.

2. Women’s Participation in the Labor Market

Since at least the mid-nineteenth century, gender issues have been actively debated in the Arab region. Women’s rights issues were particularly emphasized in the 1950s and the 1970s, during periods of decolonization and nation building, when governments took strong measures and actions to promote health, education, and employment for all citizens. Women from all social strata were encouraged to participate in the economy but there was no consensus building to gain broader support for this from the population. In some countries gender issues were seen as signs of modernization and westernization, and were often resisted at the grassroots level by those left out of the process of reform.

Nevertheless, the need for women’s participation in the economy, particularly in the health and education sectors, grew steadily until economic growth in the region stabilized around the mid-1970s. However, during the oil boom period of

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Although women bear the consequences and the cost of inequality, gender inequality continues to have negative affects for society as a whole.



the late 1970s, real wages increased significantly, allowing a number of working people (usually men) to support a large number of nonworking dependents. The income of one member of the family was sufficient. As a result, progress in women's visibility and share in the formal economy was delayed.

In general, gender inequality pervades all of life in Arab countries. Although substantial efforts have been made to address inequality, women in Arab countries are in no way equal to men in legal, social, and economic rights. Although women bear the consequences and the cost of inequality, gender inequality continues to have negative affects for society as a whole.

2.1 Status of Women in the Labor Market

In a global economy, workers can be categorized into three groups: the core workforce, precarious workers, and the marginalized (Cox 1999: 22). The core workforce of highly skilled people are integrated into the management process and are able to take advantage of the opportunities that globalization offers. They are also able to benefit from the globalization process by their ability to exploit lifelong learning opportunities and advanced technologies. The second category of precarious workers are those located where business is offered the greatest incentives in terms of lowest labor costs, and hence gain temporary benefit from the globalization process by job creation. However, they remain vulnerable to changes in the demand for skills and labor market conditions. The marginalized groups are excluded from international producers and are largely from the developing countries (Cox 1999: 6). This group is faced with increasing risk and vulnerability, and few, if any, opportunities.

The exclusion of the most vulnerable groups, such as women, the elderly, and less skilled, from the benefits of globalization is especially intensified. Individuals are excluded from the advantages that globalization offers if they lack the necessary skills required. Given that the greatest population growth takes place among the poor who have least access to education, without immediate remedies to their situation, this exclusion will be exacerbated in future generations. The negative implications of globalization on developing countries is not limited to the exclusion of the poorest from the benefits of economic globalization process, but also by the policies associated with globalization, such as structural reforms and privatization, which often undermine their ability to be self-sufficient.

Some studies have argued that globalization has increased women's share of paid employment. Women are often employed in the garment export industry, which is competitive internationally. Yet the risks of these opportunities also need to be explored and addressed. These jobs are often associated with unfavorable working conditions, in addition to the fact that their unpaid work load

such as house care, cooking and child bearing does not diminish on account of their paid work (UNDP 1999: 81). Trade liberalization leads to capital flowing to countries with the largest incentives, pushing them to compete by offering more attractive packages to investors, which may result in governments diverting scarce resources away from human needs (Thomas 2000: 30–31).

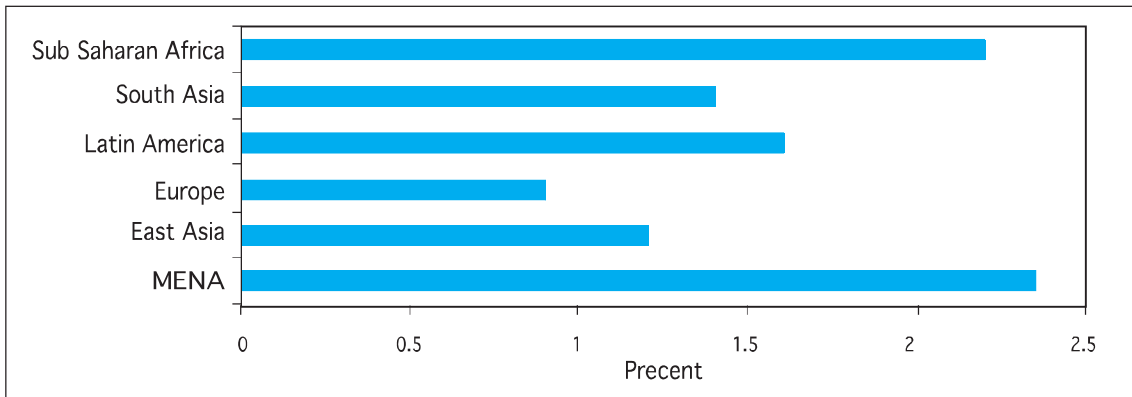
Arab women continue to lag behind men in the economy; constituting only 28% of the region's labor force in 2003 (ILO 2003: database)¹². The low participation of women in economic activity can be attributed to both supply and demand factors. On the demand side, macroeconomic factors have affected the demand for labor in general, and women in particular. There are two factors that have adverse effects on the demand of female labor. First, the poor economic performance of the Arab countries due to the regional downfall and the global economic fallback has adversely affected the labor market. The increase in the labor supply has not been met with a correspondent rise in the demand for labor. This is especially evident for women, due to employers' common preference for hiring men.

Second, economic reforms in the Arab countries, of which privatization programs are an integral part, has led to the shrinking of the public sector—the main employer of women. Meanwhile, the private sector has not stepped in to hire women, and those who manage to find jobs in the private sector are often paid lower wages, while others are obliged to work in the informal sector.

The slowdown in economic growth in the Arab region has adverse effects on employment levels, especially women's levels. The status of women within the economy has been adversely affected by economic slowdown since the late 1980s. Declining real wages, rising unemployment, and shrinking job opportunities make it more difficult for women to find a job since regional tradition emphasizes men's role in financially supporting their families while women's main contributions are perceived to be their domestic roles and motherhood. This has resulted in a significant increase in the dependency ratio in the Arab countries, which is considered the highest world wide (World Bank 2003b: 30). This is not only attributed to the high unemployment rate but also to the age profile of the population associated with the high fertility rate, and the low rate of women's participation.

¹² The labor force is defined as the supply of labor available to produce the national product, labor force participation is defined as all production of goods and services for cash.

Figure 3.5: Dependency Ratio, 2002



Source: World Development Report 2003.

Women’s relatively low participation in the economy has had not only social but also economic costs. As of 2003, women account for 49% of the population of the Arab countries, but only 28% of the labor force (ILO 2003: database). The low levels of participation of Arab women in the economy has also reduced the potential welfare of families.

The low participation of women in the labor force leads to a burden of high economic dependency. As discussed above, during the 1980s, increasing real wages made it possible for a small number of working individuals to support a large number of non-working dependents and enjoy rising living standards. However, since the late 1980s with the decline in real wages, it has become increasingly difficult for the same small number of working people to continue supporting their families. In the Arab countries, the number of non-working dependents per worker is higher than in all other regions. As long as women’s labor force participation in the Arab countries continues to be low, the economic dependency ratio is expected to remain the highest in the world (Figure 3.5) (World Bank 2003b: 55–56).

The region’s economic slowdown in the 1980s raised concerns regarding women’s participation in the labor force. The common view was that since men have families to support, they should be given preference for the limited jobs available. Some countries went to the extent of offering early retirement packages to women. At the same time, women’s domestic roles and their contribution

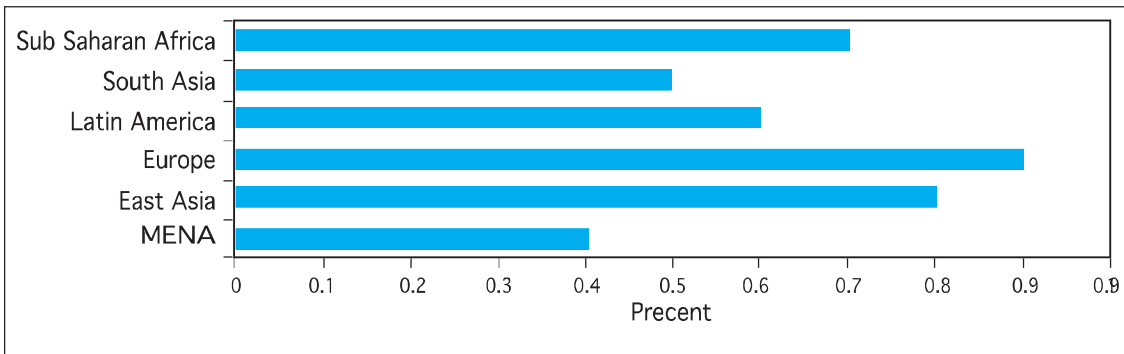
The low participation rate of women in the labor force leads to high economic dependency.

as mothers were emphasized. Policies in general did not put emphasis on advancing the opportunities for women in the economy.

The deteriorating economic situation of the 1990s in most Arab countries has pushed women to find jobs outside the home to support their families. The income of one breadwinner is not sufficient, especially for poor households. At the same time, the government policies and resources that were directed to education and health have produced a generation of young, educated women who are looking for job opportunities and who are on equal footing with their peer male counterparts. In that respect, it is worth mentioning that there is a fear that greater women's participation in the labor force will be at great costs to men who are seeking jobs. However, empirical evidence showing the relationship between aggregate unemployment and women's participation in the labor forces shows that this argument is unfounded. International experience has shown that, in the long run, greater labor force participation by women is not associated with higher total unemployment rates.¹³

Despite the considerable progress that women have made in the education and health fields, there continue to be low levels of women in the labor force.

Figure 3.6: Women's Participation in the World Labor Force by Region in 2000
(Labor Force Gender Parity Index)



Source: World Development Report 2002.

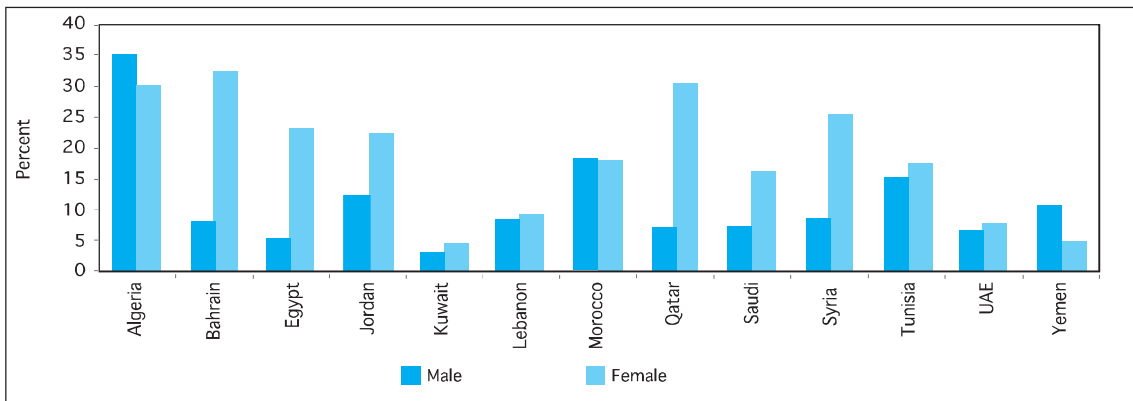
¹³ The experience of OECD member countries shows that an economy with high female participation in the labor force is likely to enjoy lower unemployment.

Participation of Arab women in the labor market is still low compared to other regions in the world, not reflecting their educational attainment and capabilities (Figure 3.6). Women face various constraints in entering the labor force, including wage and non-wage discrimination and job segregation, as well as other factors such as women’s need for flexibility and their need to combine work and family responsibilities.

Gender-based job segregation in Arab countries is very similar to job segregation in many other regions, although it seems to be increasing. An example of gender segregation in Arab countries is that more men hold managerial positions while more women hold secretarial positions. Some may argue that this segregation is the result of choices made freely by men and women on the basis of their skills or preferences. However, others argue that it results from constrained opportunities and that it limits the pool of available talent and leads to an over-supply of workers in female-dominated occupations, working at very low level of pay.

Women throughout the world are more likely to have higher rates of unemployment than men (Figure 3.7). Women’s unemployment rates in the Arab countries, according to the available data, is estimated at around 17.1% as compared to 10.6% for men in 2001. The youth unemployment rate of women (15 to 24 years) is also high compared to men of the same age reaching on average 35.3 percent in 2001 (ECSWA 2001: 9).

Figure 3.7: Unemployment rates of Women and Men in the Arab Countries



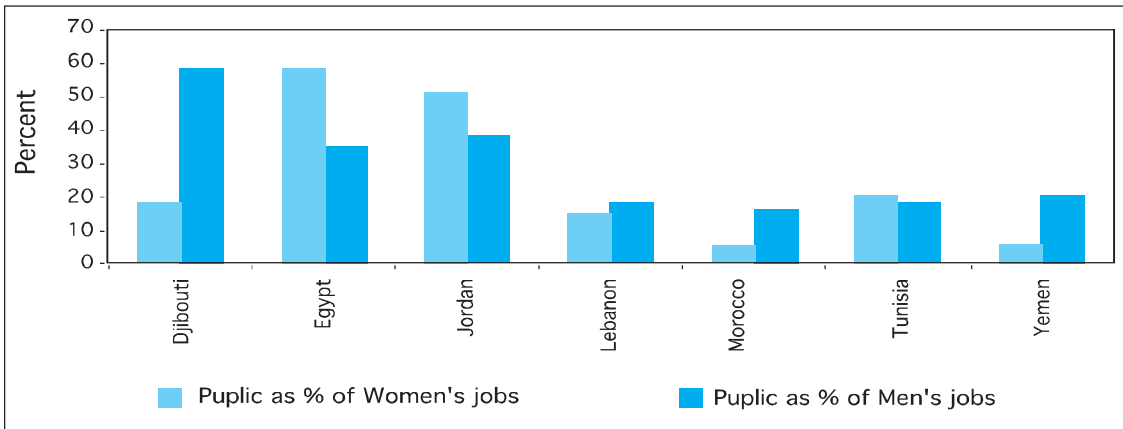
Source: World Bank 2003.

In Egypt, women’s unemployment rate in 1997 was 21%. This ratio would go up to 32% if the ‘discouraged worker’ category was taken into account (World Bank 2003b: 7). In Bahrain, the unemployment rate for men is in the single digits while for women is more than 30%. Unemployment rates for women in the Arab world are an aggravated and intensified phenomenon as shown in Figure 3.9. Also, among women, unemployment rates are not only higher than men’s but also tend to peak at a higher level of education than for men.

Among women, unemployment rates are not only higher than men’s but also tend to peak at a higher level of education than for men.

Women also get jobs with very low potential for advancement, especially in the agriculture and government bureaucratic sectors in the Arab world. Globalization, as well as changes in domestic and international economic conditions, results in workers with wanted skills and flexibility shifting to jobs with more potential for income growth. In the Arab world, however, women often remain behind due to their lack of skills, traditional gender norms, and household and family obligations that diminish their ability to take advantage of new opportunities.

Figure 3.8: Public Sector Employment as a Percentage of Women’s and Men’s Jobs



Source: ILO 1999 and 2000.

The size of public sector employment in Arab countries (excluding oil exporting countries) in the 1990s has declined compared to previous decades. The structural reforms and privatization programs have led to the shrinking of the public sector, the main employer of Arab women (See Figure 3.8), which has resulted in a large number of women losing their jobs and at the same time not finding proper alternative employment in the private sector.

Figure 3.9: Informal Sector Work as Percentage of Labor Force Participation in Arab Countries

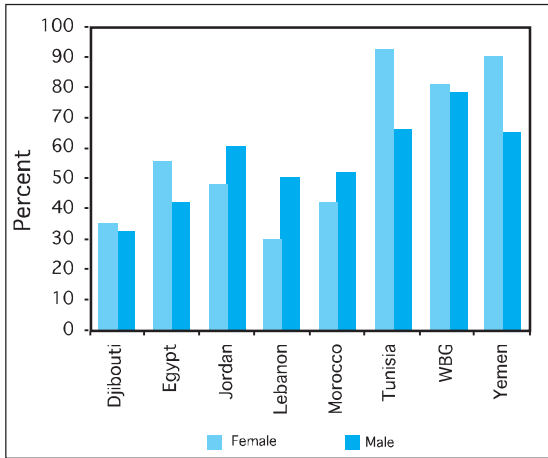
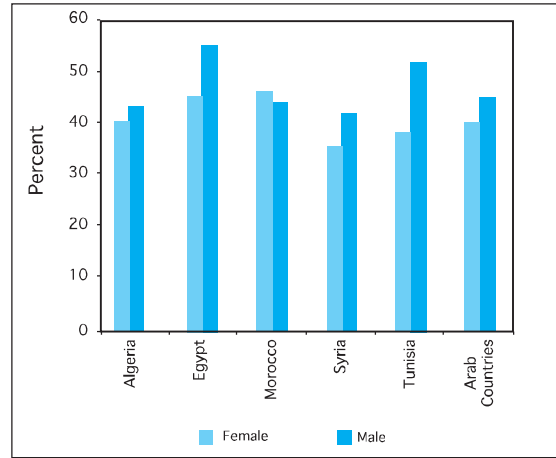


Figure 3.10: Informal Employment as a Percentage of Total Nonagricultural Employment



Source: World Bank 2003.

Arab women more than men are likely to be engaged in the informal and unregulated sector (Figure 3.9). Those women are often involved in non-wage work (self-employment such as work on a family farm) and the probability that those women work without a contract supplying benefits for a typical worker is high compared to that of men, as shown in Figure 3.10 (World Bank 2003e: 3).

Informal employment, which comprises of both self- and wage-employed work, is generally a larger source of employment for women than for men in the Arab countries, except for Syria (ILO 2002: 20). Although women's labor force participation rates are lower than men's in the Arab countries, women represent a large portion of part-time workers.

Experience has shown that the informal sector tends to grow during periods of economic crisis. Those who lose their jobs due to structural adjustment programs try to find jobs in the informal sector. Privatization programs are often

associated with an expansion of employment in the informal sector. When private firms or public enterprises are downsized or closed, retrenched workers find difficulty finding alternative formal jobs and hence have to go to the informal economy as they often cannot afford to wait for other formal employment to become available. Moreover, high inflation rates and/or cutbacks in public services result in households needing to supplement their formal sector incomes with informal earnings.

During the 1990s, globalization of the economy contributed to the informalization of the workforce in many industries and countries. Global competition erodes employment relations by encouraging formal firms to hire workers at low wages with few benefits or to subcontract the production of goods and services. In addition, global integration reduces the competitiveness of many informal firms or self-employed producers vis-à-vis imported goods in the domestic markets; and vis-à-vis larger, more formal firms in export markets.

2.2 Divergent Trends within and between Countries

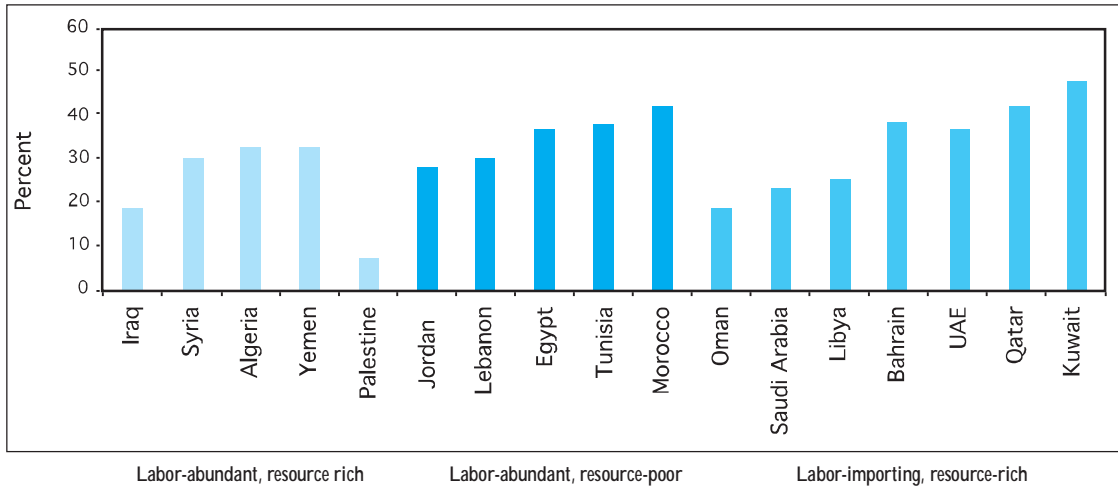
There are large disparities among Arab countries in the status of women and the impediments they face. Problems differ from one country to another, and from rural to urban areas as well. The Arab countries can be divided into three categories, depending on their labor and natural resource endowments: labor-abundant and natural resource-rich countries, labor-abundant and natural resource-poor countries, and labor-importing and natural resource-rich countries.

The rate of women's participation in the work force tends to be higher in countries with abundant labor and relatively limited resources such as Egypt, Lebanon, Morocco, and Tunisia, as opposed to countries that are abundant with labor and rich in resources such as Algeria, Iraq, Syria, and Yemen (see Figure 3.11). There are two explanations for this: first, that economies endowed with natural resources tend to have higher levels of unearned income, reducing the need for earned income and thereby reducing the supply of female labor. Second, relatively high incomes in these countries allow for investments in girls' education, creating a generation of young women with high-potential rates of participation that are higher than the actual rates.

The Arab countries can be divided into three categories, depending on their labor and natural resource endowments: labor-abundant and natural resource-rich countries, labor-abundant and natural resource-poor countries, and labor-importing and natural resource-rich countries.



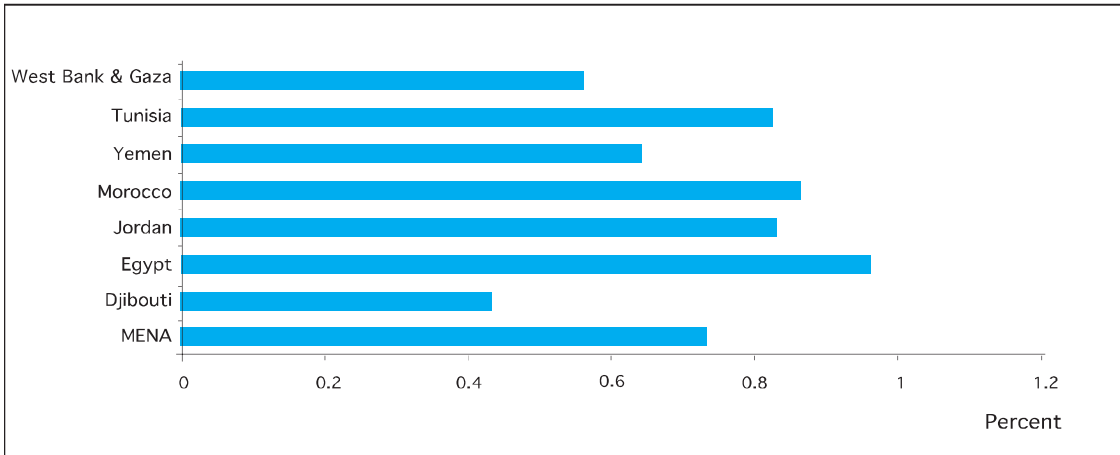
Figure 3.11: Women’s Participation Rate in the Labor Force in Selected Arab Countries



Source: ILO:2002

In several Arab countries, mainly oil exporters, the family living standards increased rapidly during the late 1970s, and one breadwinner was sufficient to support the family. Moreover, most development processes in the Arab countries were public-sector driven and were focused on infrastructure and construction, which are sectors that tend to be male dominated. At the same time, women had limited opportunities to enter the labor market in the private sector. Other countries, such as Morocco and Tunisia, focused on developing more labor-intensive and export-oriented industries, such as textiles—a sector where women have a larger share of the workforce.

Figure 3.12: Wages and Discrimination in Selected Arab Countries
(Ratio of Women's Wages to Men's Wages)



Source: ILO: 2002

Oil rich countries have a lower participation rate of women in the labor force than other Arab countries due to the prevailing social perceptions and traditions about women's roles. The majority of Arab women work in the services sector and in the public sector where social security exists. This is more pronounced in oil rich countries. GCC countries that are endowed with natural resources which import labor, however, show high rates of women's participation. Kuwait and Qatar are the two countries with the highest rates of women's participation. In other countries that are largely agricultural, women constitute the largest proportion of agricultural workers compared to men, namely in Syria and Yemen (ECSWA 2001: 8). It is worth noting that structural adjustment programs resulted in a reduction in the importance of the agricultural sector and an increase in that of the manufacturing and services sectors.

Arab societies usually have institutions and traditions that limit the access of women to productive assets, inputs, resources, and human capital such as financial services, land, challenging career opportunities in the private sector, and employment in the formal sector. Women frequently face problems in land titling, even if they are its main users, and therefore are never capable of using

In most Arab countries, women enjoy limited if any recognition for their contribution to the family, and are often seen as legally, financially, and socially dependent on men.



land as collateral for credit. However, it is worth mentioning that formal measures have been taken to protect various rights of women in several Arab countries; for example in Egypt, Jordan, Lebanon, Palestine, UAE, Syria, and Yemen, women have equal rights to men in terms of work and ownership of property.

2.3 Women's Contribution to the Economic Production Process and Their Domestic Role

Women's low participation in the labor market is not solely due to economic factors but also social ones. Women's most important role, according to the society, is as a homemaker and mother, while the man's responsibility is to support and protect the wife and the family. The man is considered the head of the household even in cases where the woman makes large contributions to the family's income. Hence, women enjoy limited if any recognition for their contribution to the family, and are often seen as legally, financially, and socially dependent on men (World Bank 2003b: 9).

The perceptions of roles and their relative value may influence the allocation of resources within the household (Sen 1990: 133). Women and men have gender-differentiated roles and responsibilities. Traditionally men work and go to war while women bear and rear children, as well as provide the general care of the whole family. Women's responsibility for childcare has often limited them to working in the home, especially in areas where there are no childcare centers available. Despite some gender sharing of economic and domestic production, most societies, both traditional and modern, regard all activities that take place within the family dwelling as women's work.¹⁴ This is especially profound in the Arab countries, where women are associated with non-income earning activities that produce goods and services that have a direct 'use value,' while men are associated with income earning activities that produce goods and services that have an exchange value (Corner 1996: 18).

Women's contributions to economic production are not accurately recognized since their participation in the labor force is under-enumerated.¹⁵ Women's contributions to the household and the social and economic welfare of society are also often unrecognized. Even when women are involved in both economic and domestic production, they are still identified with domestic activities. Men tend to operate outside the household, where transactions are monetized, while women focus more on the household, where monetized exchange for their work

¹⁴ This includes activities such as child care, washing clothes, preparing and serving food, cleaning the house, and providing health care. In rural areas, other activities that are considered the responsibility of women is fetching water, feeding domestic animals, gathering domestic fuel, and tending the home garden.

¹⁵ The labor force is defined as the supply of labor available to produce the national product, labor force participation is defined as all production of goods and services for cash.

is less common. Consistently, services not performed for cash and household-based production are not included in the national accounts. Since a large share of women's time is spent in carrying out domestic services for their families, most women's activities are excluded from the national income and continue to be unrecognized and undervalued.

In addition, there is the social reproductive role at the household level, which includes care and maintenance of family members, and at the community or social level where it includes the production and transmission of the values, attitudes, and cultural skills such as language, arts, crafts, and performance that make each society unique and enable it to adopt to a changing environment. The heavy and increasing burden of women's multiple roles is especially evident in the Arab countries.

Women's earnings have an impact on the expenditure pattern of the family. In households, greater women's labor force participation is likely to affect not only the level of income, but what it is used for. Ample evidence from a variety of regions suggests that how income enters the household matters in how that income is spent. Studies have shown that at the margin, additional income in the hands of women results in a larger share of household budget going toward nutrition, health, and education. Studies examining men's vs. women's control over other types of assets such as credit and government transfers report similar findings (Thomas 1997: 22). Evidence suggests that the greater the woman's control over household resources, the greater is the share of resources devoted to children. However, it has been argued that similar patterns may not exist in Arab countries.

In the context of economic empowerment of women in the market place, the 'value chain' approach is followed in few Arab countries.¹⁶ A woman's level of empowerment compared to all players in the specific market in which she works determines her location on the value chain. This empowerment position is a combination of her financial 'valuation,' including, wages, salaries, bonuses, and over time; as well as, non-financial 'valuation,' such as decision-making authority, status, accessibility, and control over different resources, and training opportunities provided. The value chain is a display of all the positions that workers (women and men) can assume in a particular sector, measuring their empowerment through actual financial and non-financial valuation.

¹⁶ In terms of strategic management, and financial planning, the value chain approach is the process of adding value to a product or service throughout the different levels of production; from product/service design, to production at different stages, to marketing and sales, value is being added to the product at each point working towards delivering the best product for the best price, in light of the available resources.

Men tend to operate outside the household, where transactions are monetized, while women focus more on the household, where monetized exchange for their work is less common.

The heavy and increasing burden of women's multiple roles is especially evident in the Arab countries.

Evidence suggests that additional income in the hands of women results in a larger share of household budget going toward nutrition, health, and education.

The value chain is a display of all the positions workers (women and men) can assume in a particular sector, measuring their empowerment through actual financial and non-financial valuation.

In other words, a woman who receives little financial return from her work in a particular sector, has little accessibility to and control over resources, rarely gets training, and is not delegated with decision-making authorities is said to be placed on the lower end of the value chain. Typical examples are women working as data-entry clerks, janitors, or receptionists. On the other hand, a woman who owns her own business, and/or assumes a top managerial position receiving high wages is a decision maker and has access to and control over different resources is on the higher end of the value chain. One of the sectors where the 'value chain' approach was applied to better understand the experience of women was for the tourism industry in Jordan (see Box 3.1).

Box 3.1: The Value Chain—Jordanian Case Study, Tourism Sector

The value chain in the tourism industry can be divided into five levels: (i) Lower level: unskilled labor force receiving the least financial and non-financial return. These include janitors, data entry clerks, bellhops, office messengers (ii) Lower middle level: mostly skilled labor having either a better financial, or non-financial valuation than the lower level, though not both. These include street vendors of tourist knick-knacks, textile weavers; (iii) Middle level: mostly skilled and better-educated labor receiving good financial and non-financial valuation. Members of this segment have better self-esteem due to their education, and are usually delegated with more responsibilities. Their wages are better than the two levels below, though still significantly less than the next level. These include tour guide operators, travel and tourism company secretaries and clerks, middle managers at hotels and restaurants, owners of small souvenir shops, cafes, and eateries; (iv) Upper middle: well-educated. They receive high wages, and their non-financial

valuation is quite significant. These include upper-level management in medium and higher tourist enterprises, individual (non-corporate) entrepreneurs such as medium size souvenir shop owners, high-end though non-franchised restaurant owners; and (v) Upper level: well-educated and/or financially sound participants in the tourism sector. They receive the highest financial return, occupy decision-making positions, and have considerable access control over resources. These include owners and/or top management at corporate enterprises like hotels resorts, large travel and tourism agencies, and shop owners.

In the tourism industry, Jordanian women are represented across all levels of the value chain. They have acquired high positions in certain sub sectors (25% of executive senior marketing staff in travel agencies are women). Yet the majority of women in the tourism sector occupy lower and middle positions on the value chain. A tourism project has been initiated to target two categories of women: those

<p>already employed at the lower, lower middle, and middle positions on the value chain, and women not employed in the sector that could be empowered to assume a good entry-level position, such as women in rural areas around tourist sites. Throughout the different stages of the project, an evaluation of the women on the value chain will be conducted according to certain criteria: training received, job placement, and movement along value chain after a peri-</p>	<p>od of time (one year due to project time constraint). This evaluation will be conducted throughout the different segments of the project and will be undertaken twice per segment. First, in the value chain analysis, which will measure the status of women at the beginning of each segment; and second, in the segment overview which will evaluate the women's status on the value chain at the end of the segment when all the segment activities had been conducted.</p>
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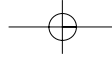
Women's responsibility for childcare requires an extensive input of time and energy. Other domestic tasks tend to be given low status and underappreciated such as women's preparation of meals at specific times every day, and the washing and ironing of clothes. The failure to adequately measure such activities puts women at a disadvantage when formulating policies. In addition, the opportunity-cost of women's time is often neglected.¹⁷ Policies continue to assume that women's unpaid time is 'free' and involves no significant opportunity costs that need to be considered in the policy formulation. In addition, many women are not fulfilled by their full-time occupation in the home, and feel it offers little opportunity for pursuing their personal interests and goals. Yet they face great pressures and obstacles in seeking and pursuing other opportunities.

Policies continue to assume that women's unpaid time is 'free' and involves no significant opportunity costs that need to be considered in the policy formulation.

Labor laws in the Arab countries do not discriminate against women. According to the law, women receive equal compensation, get maternity leave benefits, and are protected from job termination. However, there are some regulations in the labor law, such as limits on the hours of work for women, which were rationalized as being in place to 'protect' them and give them less flexibility as workers. These regulations have also often discouraged employers from hiring women. Moreover, Arab women face various challenges when entering the labor force. Family laws may also curtail women's participation in the labor force. Mothers often take long leaves for childcare or when accompanying the husband while working abroad, thus discouraging employers from hiring them.

Labor laws in the Arab countries do not discriminate against women, but family laws and other regulations often discourage employers from hiring them.

¹⁷ The 'opportunity cost' of an individual's time devoted to a paid job is the amount of socially and economically productive work that must be forgone because the time formerly used for that work is now spent in working for wages (Corner 1996: 27).



Although, the number of Arab women working outside the home and contributing to the economic security of their families has been increasing, women still face crucial challenges at work—they are more likely to be paid for only minimum wage work; too often they are paid less than men for the same job; and while they live longer than men, Arab women reach retirement age with less resources and income.

3. Implications of Emerging Economic Trends on Women's Economic Rights, Access to and Distribution of Resources, and Severity of Poverty

Poverty is a major threat to human and economic security. A certain level of economic growth is necessary for eliminating poverty. However, economic growth alone is not sufficient for achieving economic security.¹⁸ Although, economic growth is essential for reducing poverty, many constraints prevent the poor from benefiting from the opportunities presented by growth (World Bank 1996: 49).

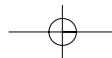
Equality and a fair distribution system that would ensure the allocation of resources to counteract poverty is essential. Equality in the allocation of resources is ensured by the adopted system of distribution, which should be formulated through inclusive decision-making. This in turn highlights the importance of the ability to participate in the decision making process.

Although economic growth creates more resources and opportunity, many constraints still prevent poor women from benefiting from the opportunities presented by growth. One of the main means of reducing poverty is through increasing access to small loans for very poor households. This can be done by establishing financially sustainable lending institutions. Such institutions that provide micro-finance are considered instruments for poverty alleviation since they enable the poor to open small businesses and earn a living. One of the main objectives behind the creation of such institutions is to act as a safeguard for the adverse consequences of the structural adjustment programs undertaken by most Arab countries in the 1980s and 1990s. However, micro credit schemes are often criticized for not being able to reduce the incidence of poverty, and expected

A certain level of economic growth is necessary for eliminating poverty. However, economic growth alone is not sufficient for achieving economic security as many constraints prevent the poor from benefiting from the opportunities presented by growth.



¹⁸ It is worth noting that much of the growth associated with the structural adjustment programs could merely be a transfer of production activity from the household that is not recognized in the national accounts to the market which is included in the accounts. Hence, this growth in the national account does not represent the amount of real growth in output.



gender benefits, such as women's empowerment, have often not been achieved (Weber 2000: 13).

The very poor, struggling at the edge of subsistence levels of consumption and preoccupied with day-to-day survival have limited scope to plan ahead and make investments that give positive returns. The focus of the poor on short time horizons is the outcome of policy, institutional, and social failures (Serageldin 1994: 20). The poor have little choice but to exploit any resources available for use in the present. Moreover, the poor, especially women, typically lack access to formal markets for credit, and insurance, as well as advice for planning and saving.

Poverty among women is exacerbated by the unequal access to and distribution of resources, lack of empowerment, and limited participation in political and economic organizations. In addition, women often have poor educational backgrounds that keep them from emerging from poverty. Whether these policies are cultural, social norms, or governmental laws, they contribute to women's impoverishment.¹⁹ One of the main pillars in the Beijing platform of action is to "provide women with access to savings and credit mechanisms and institutions," while the International Conference for Population and Development (ICPD) plan of action highlights the fact that "empowerment of women and improvement of their status are important ends in themselves and are essential for achievement of sustainability."

3.1 Prospects for Women's Increased Access to Resources and Active Participation in Economic Life

Not only does the slowdown in economic growth adversely affect women's participation in the labor force, but discrimination against women also reduces a country's development prospects. Arab countries' macroeconomic performance has been negatively affected by gender inequality, similar to any other barrier that impedes open competition (Becker 1993: 13). There is potential for women's economic contribution in the development of the region; hence, gender equality is an economic necessity for the Arab countries. Women recently entering the labor force are relatively better educated and in better health compared to previous generations, and more on par with the men of their generation. This

Micro credit schemes are often criticized for not being able to reduce the incidence of poverty, and that the expected gender benefits, such as women's empowerment, have often not been achieved.

The poor, especially women, lack access to formal markets for credit, and insurance, as well as advice for planning and saving.

¹⁹ Poverty has many dimensions, including the level of income and consumption, social indicators, and indicators of vulnerability to risk of socio-political access. The definition of poverty was known to be based only on per capita income and consumption; however, it has been broadened to include other indicators, like the lack of empowerment, opportunity, and security. Poverty is not limited to hunger, lack of shelter, illness, lack of education, and fear of the future. It also encompasses powerlessness, violence, and lack of representation, freedom, and voice. A poor person is one whose level of income or consumption falls below a certain minimum point. Poverty results in nations' suffering, hardship, malnutrition, deprivation, and above all, causes enormous macroeconomic losses.

Arab countries' macroeconomic performance has been negatively affected by gender inequality, similar to any other barrier that impedes open competition.

is mainly because Arab countries have made tremendous investments in the social sectors, benefiting women's health and education,²⁰ and increasing women's productive potential and her capacity to earn and income. Progress in Arab countries in terms of girls' education, fertility, and life expectancy has been substantial in recent decades.

However, such progress in the investments in girls and women have not achieved full potential in terms of well-being of women, their families, and the economy as a whole. The low participation of women in the labor force indicates that Arab countries are not capturing all of the returns on its investments, and are not making full use of their productive resources and human capital, imposing high opportunity costs on the economy.

Development policies pursued in the Arab countries have had mixed effects on women. The policies have given opportunities to women in the public sector but have created low-productivity jobs for them in the private sector. Hence, policy makers in the Arab countries need to give more attention to gender issues, especially with the current demographics and the major economic changes affecting the region. The projected increase in the number of educated women in the coming years raises the need for job opportunities in a more dynamic and productive private sector in the future. In addition, real wages have been stagnant or declining, pushing women to look for jobs to help their families maintain their standard of living.

Women are still facing impediments in playing an active role in the economy. Although women's participation in the Arab countries has increased significantly over the past decades, the actual rate is amongst the lowest in the world (World Bank 2003b: 2). Empirical evidence has shown that women have played a pivotal role in emerging industries.²¹ Hence, women continue to be a huge resource in the Arab countries. Although the percentage of educated women is progressively increasing, women still face major problems when joining the labor force.

Analysis based on cross-country data suggests 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 (World Bank 2003: 3). According to World Bank estimates based on household survey data, average household earnings could increase by around 25% if women's participation falls

²⁰ The payoffs of investing in the social sectors include lower illiteracy, and fertility rates, longer life expectancy, and lower maternal and infant mortality, and in general a better family health status, and more education for the children.

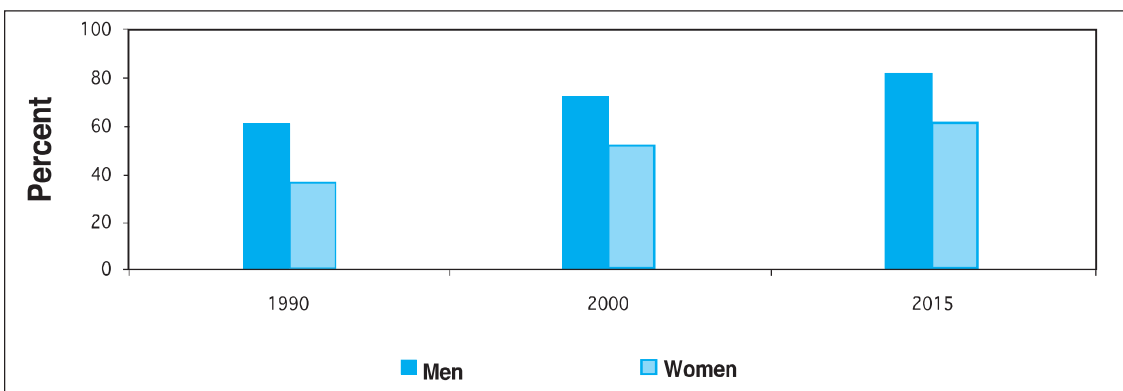
²¹ This was especially noticeable in countries that were involved in the textile and electronic industries such as East Asian economies, which capitalized on gender-linked characteristics and needs. Success in these countries were often attributed to the involvement of women.

in line with predicted rates when factoring for the current levels of female education, fertility, and age distribution. Such higher participation of women is expected to raise annual growth of GDP per capita by an average of 0.7 percentage points (Klasen and Lamanna 2003: 30). This is because an increase in women's participation in the labor force increases the pool of qualified workers for employers. Moreover, cross-regional evidence has shown that women in general are less prone to corruption than men (World Bank 2001: 33).

More women tend to join the fields of education, arts, and humanities than men, who dominate in the field of engineering. This is reflected in the labor market where women tend to work in occupations related to these fields. The labor market should also make use of the capabilities of women with tertiary education in professional and technical occupational categories.

Countries achieve higher levels of per capita income through increased participation by women in the labor force, which can contribute to faster economic growth.

Figure 3.13: Literacy Rate of the Arab Region 1999–2015



Source: ESCWA 2003.

Education should not be viewed as a once-in-a-lifetime process. Instead, women should have opportunities for continued learning and skill-development that enables them to adapt to dynamic trends, deal with new risks and take advantage of opportunities.

Education should not be viewed as a once-in-a-lifetime process. Instead, women should have opportunities for continued learning and skill-development that enables them to adapt to dynamic trends, new risks and exciting opportunities. Women need to have training that is designed to respond to the needs of the current labor market. Such training increases women's social and economic power. Different sectors of society should participate in enhancing women's vocational training, such as the government, private sector employers, and non-governmental organizations. It is important to note that lack of education and training for women continues to limit their opportunities for formal employment. Therefore women should be well qualified, well equipped, and well trained.

3.2 The Incidence of Poverty among Arab Women

Poverty and hunger are at the core of economic insecurity. Achieving economic security is impossible if hunger, poverty, and inequality are not addressed. Moreover, the definition of economic insecurity, as highlighted in the UNDP's Human Development Report (1997), should not be limited to the income aspect of poverty, but should include the definition of poverty as a denial of choices and opportunities for living a decent life (UNDP 1997: 2). As noted in the 2003 report launched by the Commission for Human Security, human security supplements the focus on human development by paying primary attention to the risks and insecurities that threaten survival, safety and dignity of men and women.

Poverty and hunger are at the core of economic insecurity.

With the current growth rate of 2.4%, the population of Arab countries is expected to increase by approximately seven million people annually, half of whom will be women. This increasing population needs to be provided with adequate and appropriate education programs and the creation of work opportunities in the labor market (ECSWA 2001: 4). The slow growth rate of the economy and the rising economic difficulties in the Arab countries have led to a worsening of living standards over time, rising unemployment, and increased poverty.

More than one billion people globally live in poverty at present; they live on less than US\$ 1 a day, whereas 2.5 billion live on less than US\$ 2 per day. According to World Bank estimates, around six million people live on less than US\$ 1 a day in Arab countries and 68 million live on less than US\$ 2 per day. In 2000, 2.8% of the total population in Arab countries was calculated to be living on a dollar a day.²² According to the latest national poverty censuses in each

²² This minimum point is where people meet the necessary basic items needed for living; namely, it is the Poverty Line. It definitely varies from one country to another according to its different level of development, income, circumstances and conditions. However, international poverty measures still enable to compare countries of the world based upon poverty. The World Bank uses US\$ 1 and US\$ 2 poverty line estimates for the whole world.

of the Arab countries, and the international definitions of the poverty line, among the Arab countries, Mauritania has the highest percentage of population who live below poverty line (see Table A.3.5), followed by Yemen and Morocco. Algeria has experienced an 85% increase in the percentage of population living below the poverty line during the period from 1988 to 1995. Similarly, Morocco showed an increase of 45% from 1991 to 1999. On the other hand, Jordan and Tunisia showed a decrease in the percentage of people living below the poverty line by 22% and 29% respectively. However, it is worth noting that these comparisons should be treated with caution since data represented for each country are for different years (World Bank 2002: 15). Poverty in the Arab countries is most evident in rural areas. The rural to urban poverty ratio is 1.8 in Jordan and 3.8 in Tunisia (World Bank 2003d: 1).

Evidence suggests that women are at great risk of being poor. Though in most countries, data to track differences in female and male poverty exists in household surveys, this is not compiled or analyzed. Yet many factors increase women's risk of impoverishment. Women's responsibilities in the household and for childcare are unpaid and undervalued and also limit their time for entrepreneurial and income generating activities.

Women face limited opportunities for employment due to social norms and constraints and lack of resources and opportunities for education and training. Women also often face unequal access to household resources in spite of their full time occupation with household work, lack of equal decision-making both at home and in the public sphere, and grave violations to their human rights such as harassment and discrimination in the workplace and abuse in their own homes.

The size and structure of a family is often correlated with the severity of poverty. Big families with many children usually suffer more as the earnings of the family are divided by a higher number of people. This results in lower welfare for all members of the family. As was mentioned before, in Arab countries the ratio of dependency is high, which enlarges the problem of poverty. In general, rural families tend to have more children than urban ones. One reason given for this trend is that children can assist with agricultural work and provide additional sources of income. Families tend to have more and more children when they don't have enough income for the existing family, which leads to the suffering of the whole household. In the Arab countries, this is considered a major problem for both the female- and male-headed households as it indicates a higher consumer-earner ratio.

The education-level of a family and poverty levels are strongly correlated.

²³ This figure is according to the latest national census for Mauritania in the period from 1989–90.

Many factors increase women's risk of impoverishment, such as their unpaid and unrecognized responsibilities in the household that leave little time for entrepreneurial and income generating activities, unequal access to household resources, lack of equal decision-making at home and in the public sphere, and domestic violence and gender discrimination.

It is a fact that in the Arab countries, the number of dependent members of a poor family is higher than that of the independent members, which enlarges the problem of poverty.

Educating women will lead to an increase in the educational attainment of all the members of the household for both rural and urban regions.

Most poor women in both rural and urban areas are either illiterate or have only passed the primary levels of schooling. If the head of the family is illiterate, the chances for its members to be illiterate are very high. Very few poor female-headed household heads have any university education.²⁴ Empirical evidence has shown that the education level of the head of the household is related to the educational level of their children. Educating women will lead to an increase in the educational attainment of all the members of the household for both rural and urban regions (World Bank 2003c: 62–64).

Housing conditions are good indicators of poverty and economic status. Female-headed households in the Arab countries face significant challenges finding clean, hygienic housing. They are more likely to live in slums and no access to a clean and safe water supply. Moreover, sewage is another very important indicator of how poor people are: in 2000 it was found that only 19% of rural areas in Egypt were connected to sewage as opposed to 81.5% in urban areas. Moreover, the lack of sewage is more spread in rural areas where poverty rates for both men and women are greater (World Bank 2003c: 62).

3.3 Social Safety Nets to Cushion the Adverse Consequences of Recent Reforms and Economic Developments

Provisions to protect women against possible adverse consequences of the adjustment programs are crucial. There is need to identify measures that can help cushion the possible negative implications of certain policies on vulnerable groups. Social safety nets are crucial for eliminating the negative consequences and the social costs of adjustment, especially poverty and unemployment. ‘Safety nets’ refer to different transfer programs designed to provide both redistribution and poverty reduction that intend to protect individuals, households, and communities from poverty and other threats to human security. Safety nets in the Arab countries play an important role in protecting the poor.

Assessing the impact and outreach capabilities of safety nets in the Arab countries in dealing with women’s poverty is not an easy task due to the absence of gender-disaggregated data.²⁵ Most safety nets in the Arab countries target both men and women, except for programs that target female-headed households. This section of the chapter reviews and assesses the performance and outreach

‘Safety nets’ refer to different transfer programs designed to provide both redistribution and poverty reduction that intend to protect individuals, households, and communities from poverty and other threats to human security.

²⁴ For example, in Egypt 85% of poor women in rural areas are illiterate whereas 57% of poor women in urban regions suffer from illiteracy. In addition, in the urban areas of Egypt, 95.5% of the members of a female headed household are illiterate if the head is illiterate herself.

²⁵ Such absence of data is an indication of lack of recognition of policy makers of the status of women in the Arab countries.

of Arab safety nets, and the situation of poor women is highlighted whenever data is available.

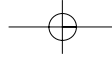
Many Arab countries have established various kinds of social safety nets, some of which target women in particular (see Table A.3.4). In Jordan, a number of governmental organizations are working actively to alleviate poverty. One of the major governmental networks is the National Aid Association established in 1986 and is considered the main formal association responsible for poverty alleviation. The association spent more than 80 million Jordanian dinars on its programs, 85% of which went to poor families; 10% went to loans for vocational training and 5% to administrative costs of running the program. Aiming at reducing poverty, Jordan has six governmental institutions to deliver grants and small loans to poor families, which reflects the country intention to adopt a strategy that transforms the poor into entrepreneurs. The efficiency of micro-finance in eradicating poverty in general and women's poverty in particular is discussed and assessed in the following section.

In Sudan, social safety networks are built upon the Islamic philosophy to support the poor. An example of this network is Zakat Fund, which is considered the most important network currently providing assistance to poor people in Sudan. The outreach of this Sudanese program is noticeable. The Zakat Fund directs 65% of its allocations to support needy households, and the remaining 35% is designated to support the establishment of individual and group projects to provide a basis for productive households. The Zakat Fund provided assistance to 25% of the Sudanese poor population in 1990, which increased to 50% of the poor population in 1999. Their target groups are orphans, divorced women, female-headed households, abandoned and elderly women, and the handicapped. There is also the Development and Savings Bank that targets junior craftsmen, farmers, and fresh graduates, who are excluded from the formal-sector lending programs.²⁶

In Saudi Arabia, social safety nets are built on the concept of social welfare. The Social Insurance Program is one of the major programs to adopt this concept as manifested in providing social and pension aid to needy households. Target groups include orphans, female-headed households, and the handicapped. One of its main agenda items is providing loans and training services to accelerate productive activities. The budget of safety nets in Saudi Arabia is very rich, though this doesn't necessarily indicate that the system is efficient in eradicating poverty. The effectiveness of such a program was not assessed due to lack of data.

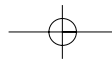
²⁶ Zakat Fund provides 17.5% of its allocation to the Development and Savings Bank.





Social care in Bahrain is built on supporting poor families in general, and female-headed households in particular. One of the major programs is the Female-Headed Households Program that started in 1994, which provides loans to women. Another major program, the Productive Families' Program, provides vocational training to women in order to develop their technical capacities and increase their productivity.

The Tunisian experience in poverty alleviation is considered a pioneer in the Arab region (see Box 3.2). The success of such an experience rests heavily on the Tunisian government's decision to incorporate poverty alleviation and gender inequalities in its public policies measurements. The National Cooperation Fund, for example, is considered one of the major safety social nets that works heavily with vulnerable groups who lack resources, infrastructure, and education. This program provides loans to women in rural areas in particular to improve livelihood conditions. The Training and Employment Association is considered a corner stone in combating poverty. This program provides vocational training and has established 98 local branches to provide vocational training to young males and females. These local branches are linked with micro and small-credit lending associations such as the National Fund for Traditional Crafts and urban and rural development programs.



Box 3.2: Case Study: Poverty Alleviation Programs in Tunisia

Poverty rates decreased significantly in the early 1990s in both urban and rural areas in Tunisia. The national strategy for poverty reduction has been successful in reducing poverty in Tunis from 19.9% in 1985 to 14.1% in 1990.

Training and employment were considered the cornerstones in eliminating poverty in Tunisia, with special focus on female poverty. Vocational training and loans were offered through the Tunisian agency for employment, Wekalet El-Tsshgheil, and the Tunisian agency for vocational training, with rural women and female youth being the main targets. In 1998, the number of training centers of the vocational and loan agencies reached 89 centers delivering training to rural and female youth.

Vocational training centers are well connected to the official and non-governmental institutions for small and micro-enterprises. The Tunisian government adopted a strategy that relies on small entrepreneurship as a methodology to help the poor overcome their poverty. The National Program

Supporting Needy Families has also been successful in terms of outreach. The number of beneficiaries has reached 112,000 families of the 150,000 targeted, accounting for 75% outreach.

The success of the Tunisian government's program was mainly due to four factors:

- (1) The incorporation of poverty alleviation and eradication of gender inequalities into public policies. Political, social, cultural, and economic policy-making reinforces women's empowerment. This integrated approach to alleviating gender inequality ensured success.
- (2) Ensuring effective coordination between governmental and non-governmental organizations, which supported programs in both urban and rural areas.
- (3) Empowering the poor has been the overriding strategy.
- (4) Targeting female youths aged 12–18 years old, which was especially successful because youth micro-projects have more potential for growth than that for elderly women.

Yemen is one of the countries that suffers from severe poverty problems, and hence the government has adopted a strategy to alleviate poverty under the supervision of the Ministry of Social Insurance and funded by the UNDP. This strategy rests on the commitment of the government to combat poverty through establishing work plans, adapting policies, and executing programs incorporated in the country's plan for the years 2000–2005. The Social Care Fund is one of the major safety nets in Yemen. It offers monthly stipends to needy families. The total number of beneficiaries reached 317,000 persons. The stipend ceiling is 500 Yemeni riyals with an extra 100 riyals pending number of members without exceeding 1000 riyals. Women are considered a crucial target group in this

program and one of this program's main objectives is to provide assistance to female-headed households.

In Yemen, the Small Enterprises Development Program was the first lending association specialized in loan disbursement and developing small enterprises. One of its main objectives is to provide job opportunities to fresh graduates, especially graduates of vocational centers. The Social Fund was established in 1997 to reduce negative effects of privatization and is currently executing projects especially related to infrastructure. However, it is important to note that to date, the role the Social Fund plays in combating poverty in Yemen is considered limited. In contrast to Tunisia, the governmental strategy to combat poverty in Yemen did not succeed for several reasons, including incapacity to reach the poor; gender bias, as most the programs targeted men more than women; and the fact that the strategy's mandate concentrates more on providing assistance rather than building poor people's capacities to enhance their skills and develop their productivity rate.

In Morocco, the social security system is one of the major programs as it provides family compensation, pension, and health insurance services to the overall population. This program covers 28% of retired persons, 15% of health insurance beneficiaries, and compensation to 470,000 workers. In Egypt, there are various safety nets established by different institutions. The Ministry of Social Insurance executes several programs that aim at combating poverty either directly through social insurance programs and the Sadat Pension Fund, or indirectly through non-governmental organizations. The Social Insurance Program and Sadat Pension Fund are the most important programs that target widows, divorced women, prisoners' wives, and abandoned women as well as the handicapped and orphans. The Productive Families Program is one of the projects that aims at increasing household revenues through providing micro and small loans as well as offering skills, production, and marketing training programs to develop the capacity of beneficiaries to increase their market competence. The Nasser Social Bank was established in 1970 to promote social justice. The bank offers loans to individuals with limited resources, as well as providing cash and in-kind assistance to the handicapped and loans without interest. The bank also supports small enterprises by lending with interest rates of not more than three percent.

The Social Fund for Development (SFD) was established in 1991 in Egypt with the objective of improving the livelihood of the ultra-poor population, especially during the period of economic transformation. There are five major programs executed by the SFD, three of which target poor people, which are: (i) Enterprise Development, one of the major programs that aim at developing small and medium enterprises in Egypt. This program works to create long-lasting job opportunities through technical assistance, loans, and credit; (ii) Public Works,

which aims at upgrading infrastructure through supporting labor-intensive projects in local communities; and (iii) Community Development, which was designed to develop social community services and to boost productive activities such as income generating projects in poor areas (see Box 3.3).

Box 3.3: Egypt Case Study: The Social Fund for Development

The SFD started its activities in 1993 by launching different programs that served its goals. The main objectives of the SFD were to combat poverty and unemployment since they represent crucial impeding factors in community development. Since its establishment, the SFD managed to fund 813,174 small enterprises amounting for LE 3.51 billion. These small enterprises created approximately 651,563 job opportunities. However, this section will highlight some of the issues related to the effectiveness of the SFD in combating poverty and unemployment.

First, the Social Fund lacked a clear strategy in differentiating between micro and small enterprises, specifically, with regard to loan sizes and target group selection criteria. In fact, the Social Fund created many complications and bureaucratic procedures that excluded certain groups from its outreach capacity. Moreover, it resorted to funding already-established enterprises more than new ones, and this negatively affected unemployment rates, keeping them the same as they were ten years ago.

Second, many studies proved that the cost of creating new job opportunities are quite high, suggesting that a new strategy needs to be developed that aims to combat unemployment while at the same time reducing job-creation costs in order to be able

to offer the services to more people.

Third, despite the existence of a separate unit in the Social Fund for women with major facilities and outreach capacity, the outcome for women was still minimal and did not address the social and economic costs that women face. In addition, many women are still excluded from the Social Fund's eligibility criteria due to the unclear strategy in combating poverty in general and women's poverty in particular.

Fourth, the Social Fund depends heavily in its implementation procedures on cooperation with different NGOs by providing them with technical assistance and grants. Despite this, the Social Fund's image remains more of a capitalistic than a developmental institution.

Finally, several of the SFD's projects are suffering from mismanagement as well as lack of follow up and absence of clear and applicable marketing strategies.

After ten years of progressive operation, poverty and unemployment are not only on top of Egypt's problems, but may be augmented and aggravated. In fact, in order to harvest meaningful developmental outcomes, deep and analytical interventions should be taken into consideration, which are unfortunately out of the Social Fund's scope of interest.

To have a clear vision and strategy to eliminate women's poverty, countries need to have sex disaggregated poverty data.

Providing the poor with access to resources helps in two ways, by reducing the incidence of poverty and also by reducing pressures on the public budget through the reduction in subsidies.

Overall, the different safety nets in the Arab countries provide services to both men and women, with very few that offer services exclusively to women. Most governmental programs are hampered by two major issues: (1) inadequate assistance; and (2) bureaucratic administrative procedures that leave out a large segment of the targeted population, namely ultra-poor women. Arab governmental safety nets were not always successful in fulfilling their expected roles due to the lack of attention to the multi-dimensional nature of poverty, an unclear national vision in combating poverty, and inefficient utilization of available resources.

Based on the available information, governmental safety nets' outreach capacity currently does not cover all poor people, particularly those living in extreme poverty. A review of the censuses and data available suggests that data on poverty is not sex disaggregated. Yet in order to have a clear vision and strategy to eliminate women's poverty, countries have to have sex disaggregated poverty data. Moreover, there is evidence that suggests that the majority of reporting on safety nets tends to exaggerate their achievements. For example, the official rhetoric tends to highlight the number of beneficiaries and disregard the majority who have not had access to these services.

3.4 Poverty Alleviation Programs—Micro-Enterprises

Providing the poor with access to resources helps in two ways, by reducing the incidence of poverty and by reducing pressures on the public budget through the reduction in subsidies (Brandsma and Chaouali 2001: 13). Micro-finance programs give access to a large portion of those who are deprived of access to official finance, and improve their quality of living. Micro-finance programs also support the private sector in developing countries particularly with the declining role of governments in offering this support due to the privatization programs. Micro-finance programs in Arab countries are considered one of the main tools for eradicating poverty.

Providing the poor with access to resources is crucial if we are to achieve the UN target of a 50% reduction in the number of people existing in absolute poverty by 2015, one of the Millennium Development Goals (MDGs).²⁷ Ensuring these income-generating efforts not only further human development but also ensure human security, particularly the security of women, is also critical for achieving goal 3 of the MDGs which is to promote gender equality and empower women. Most of the micro-finance projects in the Arab countries have one



²⁷ The MDGs, include eradicating extreme poverty, eliminating gender inequalities, achieving universal primary education, reducing child mortality, empowering women, and improving health and environment indicators.

main target, which is to eliminate poverty and provide support to small and medium enterprises. The main goals toward which most of the micro-credit programs are directed fall under the following categories: (i) targeting women's empowerment through the provision of a source of income that decreases the woman's dependence on her husband; (ii) enabling business growth and employment generation; (iii) promoting the socio-economic integration of the poor, especially rural women, through providing micro-credit projects and creating sustainable livelihood opportunities; and (iv) providing technical assistance in marketing, management, and technology transfer.

There are various micro-credit programs in the Arab countries, some of which are serving women. Assessing the impact of such micro-finance programs on women in the Arab countries is not an easy task, largely due to data limitations.²⁸ The data regarding the percentage of population living below poverty line are not available over the same period of time for the various countries covered. Moreover, data for the people living below the poverty line are unavailable except for eight out of the 22 Arab countries. This might affect the accuracy of the comparisons among the countries. There are also difficulties acquiring details about certain micro-finance projects, mainly because they are small programs either in terms of their budget and/or outreach.

Nevertheless, an attempt is being made to evaluate the affects of micro-finance projects on poverty in Arab countries. The data is reported in two tables, the first indicates the number of people living below the poverty line (Table A.3.5); and the second table summarizes the major SMEs projects in the Arab countries, the contributing donor, the starting year, the budget, the number of beneficiaries, and number of women beneficiaries when data is available (Table A.3.6).

These figures provide a general overview of the main micro-finance programs in the Arab countries. They offer important information that sheds light on the effectiveness of these programs in eradicating poverty, especially among women in the Arab countries. Table A.3.3 reveals that most of the donor projects in the Arab countries started in the beginning of the 1990s (with the exception of Sudan, whose program started in 1980). The two major foreign micro-finance donors in the Arab region are the USAID and UNDP in terms of the number of countries they cover and the size of the budget they devote to the micro-finance programs. The focus of the analysis was reviewing the programs of those two

Assessing the impact of such micro-finance programs on women in the Arab countries is not an easy task, largely due to data limitations.

²⁸ It is worth noting that an important factor in effective policy-making and planning is dependable and consistent disaggregated data that can inform both situational analysis and the plan of policies and programs. Developing gender-sensitive indicators is likely in the long-term to contribute to the availability of gender disaggregated data on domestic and unpaid work.

donors in all Arab countries.

In the majority of the Arab countries, the implementing bodies of the micro-finance programs are mostly NGOs. Most of these NGOs face legal and institutional constraints that limit their outreach. This might explain the small number of clients reached when compared with the number of poor people in each country. Only a few programs are implemented through banks, whether commercial or specialized. Although program implementation through banks ensures a larger outreach, the majority of banks are reluctant to provide micro and small loans because of the high administrative costs and risks associated with these types of loans.

Most of the micro-finance programs in the Arab countries are serving both women and men. However, a few programs target women, including the UNRWA Solidarity Group Lending Project implemented in the West Bank and Gaza; the UNDP Mirco-Start Program in Bahrain, Yemen, and Egypt; and USAID Basheir El-Kheir in Egypt (Seed of Hope). Although the percentage of women beneficiaries out of the total beneficiaries is quite high, many women living in poverty still do not have access to these programs.

The supply of micro-finance in Middle East and North Africa covers only 2.4% of the potential demand (Brandsma and Chaouali 2001: 13). Egypt has the highest number of micro-lending programs, followed by Morocco. Nevertheless, poverty in both countries has been increasing. In Egypt, poverty increased from 44% in 1991/92 to 48% in 1995/6 using the higher poverty line of US \$ 2 per day. In Morocco, people living under the poverty line increased from 13.19% in 1990–91 to 19.0% in 1998–99 according to national censuses included in the table. The supply of micro-finance in Egypt meets only 5% of its estimated demand, and Morocco's micro-finance programs meet only 1.5% of demand.

It is important to distinguish between micro-finance programs that are directed to small and medium size projects; and those directed to micro-projects. Both scales of business lack access to finance. The financing directed to small and medium-size establishments aims at expanding their size in hope that this ultimately will lead to newly created job opportunities (Assaad and Roushdy 1999: 15). Almost all programs provide SMEs with loans of a small size that range from about US\$ 200 to US\$ 4,000. There are many factors that each program specifies to determine the size of the loan that a SME can obtain, one of which is the number of workers employed by the establishment.

The programs that are devoted to women generally offer loans ranging from US\$ 10 to US\$ 100. Most of the micro-finance programs targeting women depend on the solidarity-group lending technique. This technique is mainly used to ensure the highest possible repayment rate of the loans since group members are jointly liable for each other's loans. In some countries this technique has not

proven to be efficient.

The micro-finance programs delivered to women offer their loans at market interest rates which are often higher than those available in public and private banks. This is mainly to enable the micro-finance institutions to cover their high operation costs. According to the UNDP, worldwide experience has revealed that the poor are willing and able to pay such high rates (UNDP 1996: 55). Since the concept of interest rate is not acceptable in Islamic teachings, micro-finance programs working in almost all Arab countries try to side-step interest by shifting it into application and administrative fees. Such fees are collected from the clients on applying to the program and they are equal to the market interest rate. Other micro-finance programs implemented in the Arab countries do not have interest rates and instead adopt the Islamic system of morabha, for example, the UNDP Micro-Start Program applies the system of morabha in Bahrain. According to morabha, the amount of the loan to be repaid does not go on increasing with time as in the case of amounts borrowed on interest (www.alrajhibank.com). All implemented micro-finance programs focus only on enhancing women's financial and economic capabilities as a tool for empowerment.

However, according to the UNDP 'human poverty' concept, empowerment is not only limited to having access to economic resources but also to expanding people's capabilities and human rights. The economic opportunities that micro-finance programs offer to poor Arab women must therefore be partnered with efforts that address other dimensions of poverty in order to promote women's full empowerment.

Many programs have not been sufficient to empower women economically in the Arab countries due to various shortcomings in their implementation. Since the majority of poor-women beneficiaries fall under the micro-enterprise category, as previously discussed, they are eligible for small loans of a size that hardly enable business growth. Accordingly, women's status among their families and their surroundings doesn't improve, and their bargaining power continues to be weak.

One of the main targets of micro-lending is enabling small and micro-enterprises to employ more workers, thus decreasing the high level of unemployment that most Arab countries suffer. This is built on the hypothesis that loans lead to business growth, an expansion in business operations, and therefore the need for more workers. Studies have indicated that there is no clear evidence that the loans have led to an increase in the size of the workforce for micro and small enterprises. However, loans provided to newly established enterprises (start-ups) helped to secure new self-employed jobs for the entrepreneurs receiving the loans (Assaad et al. 1999: 55).

Although many of the micro-credit programs were intended to provide tech-

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The economic opportunities that micro-finance programs offer to poor Arab women must therefore be partnered with efforts that address other dimensions of poverty in order to promote women's full empowerment.

nical services to SMEs, few actually did give attention to these services, such as technical training. Since most SMEs in the Arab countries require greater technical know-how, the provision of these services would likely have led to stronger and more sustainable enterprises.

The case of micro-finance in Bahrain is considered a successful case largely because it supported entrepreneurs with linking to markets (see Box 3.4). The NGOs implementing the program organized exhibitions inside and outside Bahrain to support women in marketing their products. Bahraini women now sell their products in Kuwait, Saudi Arabia, Oman, and other Gulf countries. This experience indicates that technical assistance should focus not only on accounting and management training but also build the capacity of enterprises to find and respond to new markets. Small-scale women entrepreneurs with few resources can often not take the steps needed to access and respond to markets without technical and financial support.

Box 3.4: Bahrain Case Study of Micro-finance

Despite positive economic indicators in Bahrain, there are many needy families that require assistance. Accordingly, the Micro-start Credit Program was designed as a pilot program to build the capacity of local organizations to initiate or expand existing micro-finance activities. Bahrain's Micro-start Credit Program is now developing a model for other Gulf states.

The Micro-start initiative in Bahrain has been able to help more than 2,000 low-income entrepreneurs since 1998. The program was funded with US\$1 million from the government of Bahrain and US\$ 500,000 from the UNDP. The Alexandria Business Association (ABA) is playing a key role in Bahrain's Micro-start Project as an international micro-finance service provider. Three micro-finance institutions are being trained and supported to pro-

vide small loans on a sustainable basis. Before the program started, the only way for small-scale entrepreneurs in Bahrain to get access to credit was to approach relatives or bargain with shopkeepers to get supplies on credit. Recipients of the micro-loans now feel more in control of their business and proud that they can support themselves and their families.

Clients have said their whole attitude towards life has changed. They now have the ability to work for a living rather than just receiving aid. The program is also promoting self-employment, entrepreneurship, and innovation, which positive effects for the Bahraini economy. The program has played an active role in influencing the government to transfer resources from direct grants to providing investment to build sustainable institutions.

Since more than 73% of loan recipients in the

Bahrain Micro-start initiative are women, the project is also helping them to earn their own income.

Micro-start is contributing to the promotion of gender equality in the region by helping to offset the disproportionately high rates of lending to businesses owned by men by providing a new service to support poor women. Opening up their production to other Gulf countries through marketing mobilized Bahraini women to expand their enterprises.

Bahraini women were suffering from restricted mobility due to the relatively conservative Arab society; another benefit of the program was that it gave women the opportunity travel and market their products. The opening up of the Bahraini ruling system in 2002 has been a led to greater freedom and empowerment of Bahraini women. The two women's NGOs implementing the Micro-start programs have linked the program to their other women's rights programs, such as women's legal

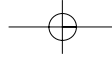
rights awareness and illiteracy programs. In 2002, these two NGOs were implementing programs supporting women's participation in the first parliamentary election. Thus, Micro-start in Bahrain is a clear example of how political, social, and economic rights can be jointly targeted by income generation projects.

The Micro-start Program in Bahrain supports those that have previously not had access to formal financial services. Micro-start is also providing an ongoing technical and financial support to NGOs that aim to provide micro-finance on a sustainable basis. Especially given that it is the only micro-finance program in the country, there is a need for Micro-start to document its best practices and support the capacity of other local organizations in order to expand the numbers of women who can be reached.

Source: UNCDF.

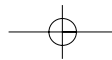
The selection of the micro-credit client is crucial to the success of these programs. When formulating a program targeting the poor, one has to differentiate between those that have the potential to increase their income and those who lack this capacity. The former are usually those who succeed in establishing stable income-generating projects. They also tend to spend less of the loan money on activities not related to their project, such as a daughter's dowry or home improvements. The more destitute client, although in great need of targeted support, is often so poor that the loan cannot be used to develop a sustainable business operation. Humanitarian assistance and other income generation projects may be more effective at assisting those living in extreme poverty than micro credit and micro finance which risk driving those living in extreme poverty into deeper debt.

Micro-finance programs in the Arab countries may lead to a marginal increase in income, which could enhance the well-being and economic security of poor women in the Arab countries. However, this increase is still considered marginal and not sufficient to enable poor women to cross the poverty line.



Governments still lack the capacity to mainstream gender into these programs, and to structure these programs to address the many dimensions of poverty. In addition, there is a lack of illuminating statistics and specialized research on gender and poverty to guide the policy-makers in the Arab world. Related to this, there is also a lack of freedom for research and therefore a reluctance to clearly illuminate problems and lessons particularly those related to sensitive gender issues.

Moreover, the micro-finance programs themselves suffer from various deficiencies, including: (i) limited allocation of resources compared to demand; (ii) a failure to reach the poorest of the poor that can benefit from the programs; (iii) a misconception of the poor as a homogeneous group. Programs need to be adapted to the different needs of the poor. Age, sex, culture, regional factors, resources, education level, literacy, the level of business development, etc. are all factors that need to be analyzed to ensure the most effective support. Finally, (iv) in Arab countries, micro-finance has not always distinguished between those living in extreme poverty and the poor. Yet, if programming is to be effective, it should give different support to those needing basic humanitarian assistance and those requiring support to develop their micro-enterprises.



Box 3.5: Gender Budgeting in Morocco

In order to reduce gender disparities in Morocco, the ministry in charge of women's conditions, family and child protection, with the support of UNIFEM and the UNDP, put in place initiatives for mainstreaming gender concerns in development planning and programming. These include advocacy programs geared toward decision makers at the national and local levels, a national strategy to combat gender-based violence, capacity-building programs for decision makers and planners, and partnership-building initiatives between governmental and non-governmental stakeholders. Other governmental programs in the area of gender mainstreaming included the development of a national strategy for the collection, analysis, dissemination, and utilization of gender statistics and indicators.

The attainment of gender equality and poverty alleviation goals in Morocco suffers from a number of challenges, including the fact that the national budget is not prepared through a gender lens. In addition, in the absence of sex disaggregated data, it is virtually impossible to carry out a thorough analy-

sis of the impact of development programs on women and girls. The ongoing program in Morocco aims to address these challenges by strengthening national capacities to mainstream gender concerns into the national budget and the evaluation of budgetary allocations and expenditures. The goal is to build capacity of the Moroccan public authorities to ensure preparation of gender-sensitive national budgets and the mainstreaming of gender in the next national development plan.

The program received high-level political support by the Moroccan authorities. The Minister of Finance endorsed the gender-budgeting initiative as a new concept of budgeting in Morocco. Gender-responsive budgeting became a core element of the performance-budgeting process being put in place.

This initiative was described by the World Bank and other donors as a "silent revolution," a way of achieving gender equality while circumventing much of the ideological resistance to gender equality.

Source: UNIFEM 2003.

Box 3.6: Gender Budgeting in Egypt

The gender-budgeting initiative in Egypt to support the National Council for Women (NCW) was viewed as a logical continuation of gender budgeting and capacity building. For the first time in the country, UNIFEM has developed two specialized modules on gender-responsive budgeting and gender-performance auditing. This program was assessed as an excellent initiative and offered opportunity to deal with the governmental employees responsible for budgets. A training organized by UNIFEM was one of the phases of implementation of the Gender Mainstreaming Strategy within the National Plan that UNIFEM and other donors have technically and financially supported in developing and mainstreaming gender within the economic and social five-year plan for 2002–2007. It is an effort to enhance the capacity building of the NCW through the introduction of gender mainstreaming skills and tools, provision of the necessary knowledge to introduce gender-sensitive laws and legislation, and coordination of gender mainstreaming policies and plans on the national level.

The government of Egypt (GOE) needs to balance the country's national budget and to limit expenditure given limited resources. The GOE is currently studying the possibility of shifting toward a performance-based budget. Civil society in Egypt is calling for measuring the impact of public spending as a tool to ensure quality services, realizing that promoting transparency and accountability in governance would not be possible without focusing on budgeting. The government itself is very interested in performance-based budgeting and evaluation, and NGOs and political parties are very much interested in the impact of public spending. The donor community in Egypt and UNIFEM are working to provide the technical and

financial assistance needed to ensure that the national budget is gender sensitive and to introduce methodologies for gender-performance auditing of expenditures and the quality of services.

The overall objective of this program is to support local gender-responsive budgeting initiatives in Egypt in a pilot project and to develop resources through regular documentation and assessment of progress. This careful documentation aims to provide a resource to partners interested in gender-responsive budget initiatives. The program also hopes to galvanize broader public discussion on the issue. The activities of the initiative are mainly research, design and development of tools, training to build capacity, political advocacy, and policy development.

The expected outcomes include mainstreamed gender-responsive budget concepts, gender analysis of budgets used to mainstream gender in macroeconomic policies, economic decision-maker's support of the use of gender budgeting, the NCW empowered to lobby and have a measurable effect in the budget-planning procedure, and civil society organizations empowered and engaged on issues of gender sensitive plans and budgets.

This program proved that performance based budgeting as a tool for good governance and good management must involve considerations of gender equality in the strategic planning as well as in the operations planning, and reporting in order to promote gender equity in the inputs, outputs and the outcomes of government programs. Joining efforts with other national initiatives to ensure synergy and cooperation to enhance the effect of the gender budgeting initiative was a successful in widening the political support and enhancing the outcome of the exercise.

Source: UNIFEM 2003

Women's economic security is not limited to women finding jobs, but also improving the power relationships at the household, community, and market levels. Women need to reap the benefits of participating in international markets. Economic security for women entails women having equal access with men to jobs, resources, and markets. This requires ensuring that prevailing policies allow women to benefit from the economic development process.

The participation of Arab women is essential for achieving economic growth and development. If women's participation in the labor force rises in the near future, it could positively affect the growth and productivity of the whole region, as well as enhance the quality of labor (World Bank 2003b: 61). Apart from considerations of gender justice and women's empowerment, there is evidence that gender discrimination has adverse implications on economic growth, incomes, and productivity.

Slowdowns in economic growth and recessions have led to higher unemployment rates. To achieve higher growth rates, Arab countries need to make use of their productive resources, especially human capital, including the increasing numbers of educated women. Despite the considerable progress that women have made in the education and health fields, they are not yet properly represented in the labor market. High unemployment and low participation of women in the labor force increases the dependency ratio. Reducing unemployment and improving the participation of women in the labor market are important for empowering women and raising the quality of life for the Arab family.

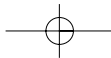
To ensure sustainable economic development in the Arab countries, it is crucial to address gender inequality. Gender issues should not only be dealt with on a social level but on economic levels as well. There are tangible gains, for both women and men, to achieving gender equality in all spheres of economic life. Longer healthier lives, better standards of living, equal access to resources, opportunities in the labor market, and democratic governance should be made available for both women and men. The Arab countries continually show their commitment to gender equality. They have signed on to the MDGs, where the third goal is to promote gender equality and empower women (World Bank 2003a: 2).

Efforts should be made to protect men and women from economic vulnerabilities. Although East Asia has experienced remarkable growth and a reduction in poverty in the 1980s and 1990s, the economic crises in 1997 showed the importance of building capacity to protect economic security during times of risk and volatility. Further efforts should be made to counter vulnerability arising from sudden changes and shocks (Sen 2002: 79). Most important is to

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remove constraints that are prevent women from accessing secure and sustainable economic resources.

Government and social institutions can play a crucial role in helping countries attain economic security. Governments should ensure that people are compensated against internal or external changes that could negatively affect their living conditions.

Women's economic security, requires focusing on four main areas: (i) engendering macroeconomic frameworks and building capacity within countries to manage globalization and economic transition from the perspective of poor women; (ii) promoting enabling institutional, legal, and regulatory environments for women's equal ownership and access to economic resources and assets such as land, finance, and property; (iii) strengthening women's economic capacity as entrepreneurs, producers, and informal workers; and (iv) gender-responsive budget analysis (<http://www.unifem.org/>).

3.5 Engendering Macroeconomic Frameworks and Building Capacity within Countries

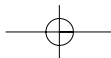
Mainstreaming gender in macroeconomic frameworks and building capacity within countries to manage globalization and economic transition from the perspective of poor women is crucial. There has been uneven distribution of the benefits of the globalization process, and a general failure of that process to meet the economic security of the majority of humanity (Thomas 2000: xi).

It is important to study the effect of trade policies on women and to ensure that gender in mainstreamed in trade agreements to support women's economic opportunities. There is also a need to mainstream gender in economic strategies and planning tools. It is vital to understand of macroeconomics from a gender viewpoint and to encourage women's participation in economic policy and decision-making. Developing ways to promote further gender issues within regional trade treaties, as well as building knowledge about economic policies from a gender perspective is essential.

Structural adjustment programs, as previously mentioned, put the poor and especially women at risk. Growth-oriented adjustment has to be devised in a way that is consistent with ensuring the protection of vulnerable groups in the short and medium term. Key problems associated with adjustment programs are insufficient finance, lack of explicit consideration of the effects on income distribution, and the incidence of poverty in vulnerable groups, including women. More expansionary economic policies aimed at sustaining output, investment, and human needs are required, and there is a need to select policies that prioritize resources in favor of the poor, strengthen employment and raise productivity,

Gender issues should not only be dealt with on a social level but on the economic level as well.

Mainstreaming gender in macroeconomic frameworks and building capacity within countries to manage globalization and economic transition from the perspective of poor women is crucial.



improve equity, and monitor the status of women.

Most important is that countries undergoing structural adjustment programs and liberalization measures should be adequately prepared for such reforms. One of the main lessons to be learned from the experience of developing economies that have undergone economic reform measures is that countries should not be pushed into such reforms until adequate regulatory institutions and proper social safety nets are put in place. Financial support for the poor and the unemployed are required, especially for vulnerable groups such as women.

Arab countries that follow trade liberalization should be given the right to decide on the appropriate pace. Support should be put in place to ensure countries have the resources to provide social security during times of economic adjustment and restructuring. Regional action could be taken and Arab countries could get together to protect themselves from problems associated with financial liberalization (Thomas 2000: 119–120).

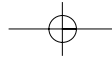
The negative effects of global restructuring on social, economic, and political processes has led to calls for "trade with a human face." This includes addressing implications of trade liberalization for the economic status and employment opportunities of female population groups worldwide as well as the gendered effects of some WTO agreements and regulations (CAWTAR 2001: 35).

Structural adjustment programs have gender-differentiated effects and they often carry very high social costs, which are felt most by the disadvantaged, of whom women are the largest group. Hence, it is crucial to protect women from the short-term negative impact of stabilization policies and enable them to share the longer-term benefits of structural adjustment policies. There is a need to cushion disadvantaged groups from the adverse effects. A more gender-sensitive approach to macroeconomic policy formulation and a more gender-aware application is crucial.

The success of such programs is highly dependent on a favorable international political climate. An export-led development strategy carries certain risks which might offset the potentially modest benefits to be gained from exploiting limited comparative advantage. However, it has been argued that the negative effects of adjustment programs have been exaggerated, and that many of the hardships attributed to adjustment are actually the result of pre-existing national economic problems (Killick 1994: 13).

It is crucial to protect women from the short-term negative impact of stabilization policies and enable them to share the longer-term benefits of structural adjustment policies.

A more gender-sensitive approach to macroeconomic policy formulation and a more gender-aware application is crucial for human development.



Promoting an enabling institutional, legal, and regulatory environment for women's equal ownership and access to economic resources and assets such as land, finance, and property is essential for women economic empowerment.

Gender inequality holds back countries' economic performance.

Policy makers setting strategies for poverty eradication must mainstream gender in all stages of their programming to promote women's empowerment and gender equality. If such measures are not taken, poverty will fail to be addressed.

3.6. Promoting an Enabling Institutional, Legal, and Regulatory Environment for Women's Equal Ownership and Access to Economic Resources and Assets

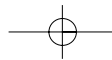
To ensure women's economic security, there is a need for an enabling institutional, legal, and regulatory framework to facilitate women's access to economic resources. Moreover, gender-sensitive laws, strategies, and programs in support of women's economic security in the informal economy is also essential for ensuring women's economic security. A vital policy in this arena has been taking a rights-based approach to economic issues, emphasizing women's right to property, credit, social protection, and other economic and social rights and privileges.

In order for the Arab countries to achieve a higher economic growth rate, there is a need to find new sources of competitiveness to stimulate a diversified, export-oriented, and private sector-driven economy. The Arab countries should not only rely on their natural resources, worker remittances, and the public sector, but should rely more on exports, the private sector, and human capital. The Arab countries' comparative advantage could be its large and educated labor force, and increasingly its women's labor force, which has not been fully utilized. Barriers that lessen open competition hinder countries' ability to employ its best talents, which ultimately undermine their economic growth and productivity. Gender inequality holds back countries' economic performance.

There is also a need to include women in economic activity and to make use of the significant potential economic benefits from increasingly educated women. Arab economies should be less dependent on oil and remittances and focus more on manufacturing and services, especially those that are export oriented.

Policies set by governments of Arab countries should understand the full effect of these policies for both women and men. Prevailing gender norms and stereotypes continue to pressure many women to undertake the bulk of domestic work and limit women's employment opportunities to low-paying and insecure jobs. Policy makers setting strategies for poverty eradication must mainstream gender in all stages of their programming to promote women's empowerment and gender equality. If such measures are not taken, poverty will fail to be addressed.

Arab countries need to develop a gender strategy that enables women to have more access to opportunity and economic security. This could be achieved through greater involvement of women in decision-making processes and ensuring the fair and equitable institutional framework, as well as a supportive infra-



structure to facilitate women's participation. This includes better transportation, well-functioning childcare centers, and other services that support women in fulfilling both work and family responsibilities. There is also a need to enhance the educational level of women at the primary, secondary, and higher education level, as well as the access of women to quality vocational training.

In terms of the legal environment, there is a need to reform the labor laws and regulations to be more inclusive and supportive to women in finding opportunities in the labor market, especially in the growing private sector. Some laws that were intended to protect the family and the children, and women themselves, actually work to the disadvantage of women in private sector employment.

In order to ensure the integration of women in the labor market and in turn attain economic security, there is a need to review and amend laws and legislation that hinder the process of achieving equality among women and men in all spheres of economic life, especially in decision-making and access to resources. Labor laws need to be revised in order to create better and equal job opportunities for women and men, as well as to eliminate prevailing discriminations in terms of occupations and wages.

There is also a need to strengthen efforts that provide equal access for women and men to vocational and technical training. The educational curricula in schools should be adjusted in a way to improve the image of women, emphasizing their role in the process of development, with the objective of changing the predominant stereotypes of men as breadwinners and women as homemakers and mothers. There is also a need to develop new methods for measuring the participation of women in the labor market, including conducting time-use surveys and improving data collection methods, particularly in the informal economy.

3.7 Strengthening Women's Economic Capacity

Women's economic security could be better protected through strengthening their economic capacity as entrepreneurs, producers, and informal workers to access and shape markets. Women should have access to training in negotiation, information technology and other technical support, as well as resources and credit, to enhance their capacity to access and respond to national and international markets. Moreover, women should be encouraged to have access to information and technology to gain additional economic opportunities and expand their businesses.

Empowering women is a necessity to free them and their families from poverty and hunger. Women should be provided access to educational and economic opportunities and be secured the freedom to pursue these opportunities. Consequently, this will have a positive effect on the eradication of poverty, as

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Gender-responsive budgeting is a vital tool for ensuring women's economic security.

women will be granted the opportunity of proper education and employment. In addition, women in the Arab countries should have access to loans and more specifically micro-loans that can help women start up small businesses and pull out of poverty. In the Occupied Palestinian Territories, 96% of women benefit from loan provision programs through participation in agricultural projects, which lead to improvements in their living standards. Also, in Sudan, the United Nations Population Fund cooperated in the establishment of commercial companies that aim to improve the living standards of poor women.

3.8 Gender Budgeting

It is crucial to introduce gender analysis into economic policies as well as decisions regarding the distribution and allocation of public resources by means of gender-responsive budgeting and the collection of sex disaggregated statistics. UNIFEM is at present intensifying its support to gender-responsive budgeting analysis as a tool to fortify and reinforce mechanisms for holding global actors responsible and liable for the impact of policies on women's lives. UNIFEM is establishing a global initiative to build capabilities for gender-responsive budgeting worldwide (See Box 3.5 and Box 3.6).

3.9 Eliminating Poverty among Women

Eliminating poverty is a responsibility of all actors in the society. The role of the governments is essential in eliminating poverty among Arab women. The first thing that the governments need to do is to admit that poverty exists in their countries. Sex disaggregated data on the level and extent of poverty is needed, There should be policies and programs targeted to eliminate the problem of women poverty in the Arab countries. Efficient poverty alleviation programs should be created by the government to help the poor live in better conditions.

Governments of Arab countries should ensure the wide coverage of such programs to all poor women and should make sure they reach those most in need. In addition, governments should give researchers the freedom to study and investigate the causes and impact of poverty, particularly those related to sensitive gender issues. The involvement of the private sector and civil society into the socio-economic challenges faced by developing countries and international institutions is crucial.

The United Nation's Global Compact Initiative, launched in July 2000, based itself on universal principles stipulated in the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. The declaration promotes the respect of human rights, labor stan-

dards, and the environment through involving the civil society and the private sector, represented by companies, to face the challenge of sustainable globalized development. According to this declaration, a company should not sub-contract with firms that don't respect labor rights or other principles of the Global Combat Initiative. Several companies and civil society actors have already joined this initiative, which relies solely on the will of these actors to influence change in their societies. Hence, transparency, public accountability, a committed private sector, and an active civil society are essential inputs for the success of this worldwide project.

Intermediary service providers and organizations do play a vital and important role in translating policies into action. The services they provide, such as guidance, technology, and credit, help women to widen and expand their businesses. These institutions should be supported to ensure that they can make a more sustainable impact. In addition, microfinance practitioners should receive training and information on issues ranging from institutional financial sustainability and measuring impact, to mainstreaming an empowerment approach in microfinance delivery.

In conclusion, The Arab countries face huge challenges in terms of the need to create new job opportunities to absorb the huge increase in the labor supply. This is especially evident as government policies and resources in the Arab countries have been directed to the social sector, producing a generation of young, educated women who are looking for job opportunities on equal footing with their male peers. Nevertheless, women's participation in the labor force is low, and is therefore frustrating the full potential of the Arab countries.

Empirical evidence has shown that countries achieve higher levels of per capita income through increased participation of women in the economy. Good quality education and training should be accessible on an ongoing basis for women to enable them to participate more actively in the labor force and respond to dynamic changes in risks and opportunities. Moreover, one of the main tools for achieving poverty reduction is providing access to loans for poor households, through lending institutions. Microfinance schemes act as a safeguard to combat the adverse effects of the structural adjustment programs adopted by several countries. However, they are often criticized for not being able to reduce poverty, and for not achieving women's empowerment. In addition, social safety nets are crucial for eliminating the negative consequences of economic adjustments. These projects intend to lead to resource redistribution and poverty reduction. Mainstreaming gender into these programs is critical to ensure both women and men are effectively and efficiently supported.

Women's contribution to the economic process is not adequately accounted

for. In most Arab countries, women's contributions to the household and domestic services to their family are often not recognized. Since they are non-income earning activities and do not involve monetary transactions they are not reflected in the national accounts. Moreover, the opportunity costs of women's time is often neglected. In order to address this issue, a "value chain" approach should be followed in all Arab countries to assess women's actual contribution and value added to the production process, both financial and non-financial, and accordingly determine their location on the "value chain".

Mainstreaming gender in macroeconomic frameworks and building capacity within countries to manage globalization and economic integration in a more gender-sensitive way is very important in the Arab countries. It is also crucial to promote an enabling institutional, legal, and regulatory environment for women's equal ownership and access to economic resources and assets such as land, finance, and property. The Arab countries need to develop a gender strategy that enables women to have access to opportunities and economic security.

Gender-responsive budgeting is a vital tool for ensuring women's economic security. The involvement of the private sector and civil society in addressing the social-economic challenges faced by developing countries and international institutions is crucial. Policy makers, when setting strategies for poverty eradication, one of the MDGs, gender inequality in terms of opportunities and access to resources need to be addressed. Poverty eradication is at the core of economic security. In that context, it is crucial to mention the need for compiling gender disaggregated data for adequate assessment of the impact of micro-finance programs on women, and to have a clear vision and strategy to eliminate women's poverty. Achieving gender equality and effective participation of Arab women in economic life is essential for better economic performance in the Arab countries and is critical for women's empowerment.