



# ShowCASE

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## Editorial

The ongoing Covid-19 pandemic has profoundly affected societies and economies all over the world, and the Middle East and North Africa Region (MENA) has been no exception. Considering that even before the outbreak of the pandemic female economic participation rates in MENA were one of the lowest in the world, women are expected to be disproportionally affected in both short and long terms.

Therefore, this edition of showCASE discusses dynamics and framework of women's economic participation in the MENA countries and analyses potential effect of the Covid-19 pandemic on the existing gender gaps throughout the region.

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# CASE Analysis

## Women's Economic Empowerment in the Middle East and North Africa Amid the Covid-19 Pandemic. Difficult Situation Made Worse

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The ongoing Covid-19 pandemic has profoundly affected societies and economies all over the world, and the Middle East and North Africa Region (MENA)<sup>1</sup> has been no exception. The International Monetary Fund predicts that the economies in the region will have contracted by **-5.0%** in 2020 and will only grow by 2.1% in 2021 (down from 3.5% forecasted back in July 2020), while the United Nations Economic and Social Commission for Western Asia (ESCWA) anticipates that the pandemic will cost **1.7 million** jobs in the Arab countries. Women are expected to account for approximately **40%** of this number, despite the fact that they make up only slightly above one fifth (**21%**) of the labour force in the region.

### Pre-pandemic Women's Labour Market Participation

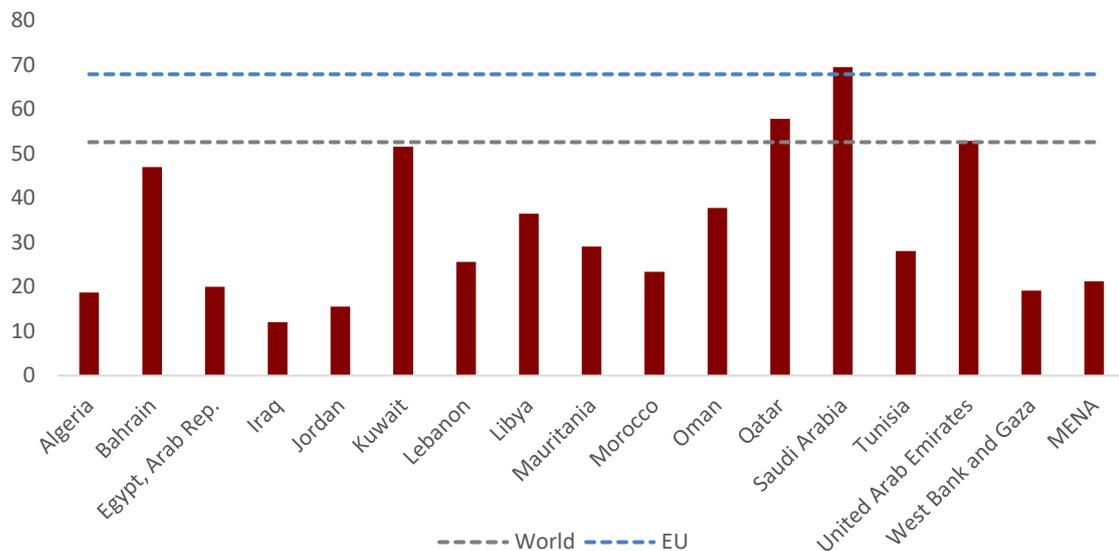
Indeed, the region scores second-worst globally (behind South Asia) on the Economic Participation and Opportunity subindex of the **World Economic Forum's Global Gender**

**Gap Index**. Even before the outbreak of the pandemic, female economic participation rates in MENA were one of the lowest in the world, ranging from (as of 2019) **12%** in Iraq, **16%** in Jordan and **19%** in Algeria through **23%** in Morocco, up to **52%** in Kuwait and **58%** in Qatar. In most countries in the region, the gender gap in labour force participation rates exceeds 50 percentage points. On average, just around one in five women aged 15-64 in the region participates in formal workforce. In comparison, the global average amounts to **52.6%** (as of 2019). Even more worrying is the fact that these numbers have not gone up in **15 years** and have only increased by a mere **2.8** percentage points since 1990.

» Already, **72%** of Arab youth think that it is more difficult to find a new job since the outbreak of the pandemic; in Jordan and Lebanon this number is as high as **90%** and **91%** respectively.

<sup>1</sup> Countries analysed for the benefit of this text include: Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, United Arab Emirates, and West Bank and Gaza.

**Figure 1. Female labor force participation rate, in % of female population aged 15-64 (modeled ILO estimate)**



Source: World Bank.

Young women are at especially precarious situation – youth unemployment rates in the region are high in general, but for young women reach as high as 42.8%. Already, 72% of Arab youth think that it is more difficult to find a new job since the outbreak of the pandemic; in Jordan and Lebanon this number is as high as 90% and 91% respectively.

Women in MENA are also less likely to own their own businesses than men. According to the Global Entrepreneurship Monitor Women Entrepreneurship Report 2018/2019, at 40% the region has the largest gender gap when it comes to established business ownership. Just one in seven start-ups created in 2019 in the region had a female founder (admittedly, if sadly, the situation is not much better in the global scale). One of the reasons for this situation is the fact that it is more difficult for women than men to secure funding to start a business, not least because they lack networks and links to the “old boys clubs”. While low financial inclusion rates have long

been a serious problem in the region in general, women are still less likely than men to own a bank account (38% compared to 58% of men). It is also more difficult for women to obtain a bank loan and fewer women than men have access to formal forms of savings. As such, preserving their businesses amid the pandemic may be more challenging for female than male entrepreneurs. This holds true outside of the region as well; the World Bank estimates that SMEs owned by women are 6 percentage points more likely to close down due to the pandemic than those owned by men.

## Female Workers at Risk

Likewise, women who are not self-employed are believed to be at higher than men risk of losing their jobs due to the pandemic, even though it is cheaper to hire a women (throughout the region, women earn on average 28% of what men do). This is due to a number of reasons. Firstly, female workers

more often work part time (e.g. **36% women vs 15.7% men** in Algeria and **21.2% women vs 11.8% men** in Egypt are part-time employees), and thus do not enjoy the kind of legal protection that full-time (more often male) employees do. Equally, if not more importantly, social norms define men as breadwinners responsible for financially maintaining their families, and as such having a **priority** when accessing jobs (a belief held

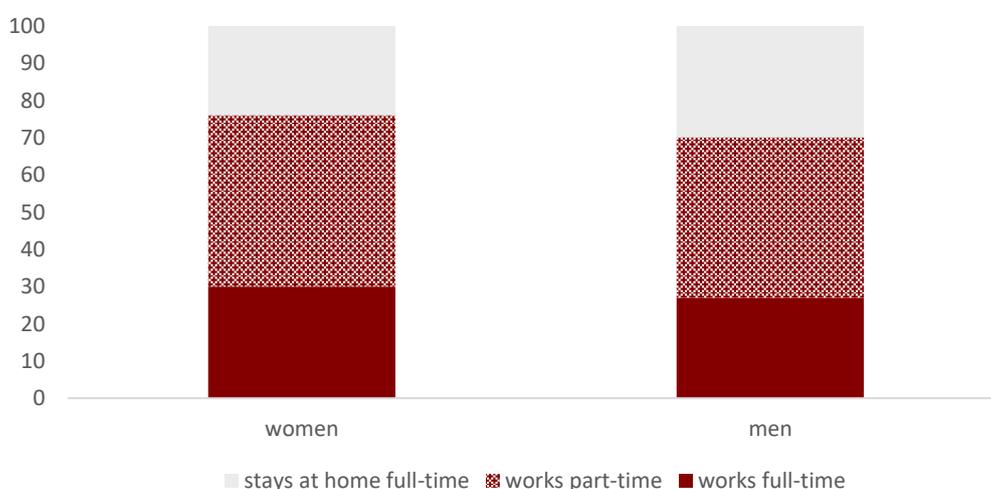
» Even before the outbreak of the pandemic, women in the MENA region were spending roughly **six times** as many hours on unpaid domestic work as men.

by **three quarters of men** in Egypt, Lebanon, Morocco, and Palestine). This is despite the fact that according to ESCWA in 2006/2008 **one in every ten households** in the MENA region were female-headed (or better: female-maintained) and the official Egyptian data puts this figure in the country at **14%**, or roughly 3.3 million families.

Cultural norms and societal expectations (as well as legislation that they helped to shape) are certainly one of the major factors that constrain women's labour market participation. A 2017 survey by Gallup/ILO revealed that in the Arab states, 40% of men and 30% of women did not think it is acceptable for women to have a paid job outside of home even should she want one. Among those who believed otherwise, 49% of male and 52% of female respondents wanted women who held paid jobs to still take care of their families as well. Further, young Arabs aged 18-24, even though noticeably more progressive in their views and predominantly (70%) of opinion that a woman can benefit her family most if she works, still lean towards an opinion that it should be a part-time work (see Figure 2).

Even before the outbreak of the pandemic, women in the MENA region were spending roughly **six times** as many hours on unpaid domestic work as men. In Jordan, for instance, **74% of married women** and around **15% of those who have never been married** were inactive due to household duties. During the

**Figure 2. Which of the following is closer to your opinion? "A woman can benefit her family most if she...", in %**



Source: Arab Youth Survey 2020.

first lockdown in the country when all schools were closed, it was women who were sent home both by public and private sector employers “citing their domestic care duties”. The latest Arab Youth survey revealed 67% of young Arab women admitted that they did have greater or more family responsibilities due to the pandemic.

In professional care services, women make up the majority of workers as well. Nurses, apart from overexposure to the risk of infection, have been facing more precarious working conditions as well, including longer hours and lower salaries (which were lower than those of their male counterparts in the first place).

» One major silver lining of the pandemic, globally and in MENA, has been an accelerated rate of digitalisation processes.

## Covid-19 Effects

Indeed, initial data unfortunately shows that predictions regarding the disproportionate impact of the pandemic on women’s economic empowerment have not been exaggerated.

Taking a look at Jordan once again, the latest official numbers put the female unemployment rate in the third quarter of 2020 at 33.6% (versus 21.2% for men). This marked an increase by 9.3 percentage point compared to the first quarter of the year, more than twice the number observed in case of men. In Egypt and Morocco, in turn, women’s unemployment in 2020 decreased or have not changed compared to 2019 – but at the same time, the number of women active on the labour market went significantly down which points to an arguably more

worrying trend of women ceasing to search for new jobs altogether, with female labour market participation rates in both countries dropping to lowest levels in decades (15% and 17.8% respectively).

Those numbers do not, of course, encompass women employed in the informal economy (according to ILO 62% of women in MENA are employed informally), many of whom are refugees or migrant workers. As a result of loss of informal labour opportunities, as well as difficulties in securing loans, female-headed households in refugee camps have been disproportionately affected by food insecurity. Migrant workers, in turn – predominantly female domestic workers from African and Asian countries – were being laid off *en masse* as their former employers were no longer able to afford paying them even the meagre salaries they used to earn. Infamously, in Lebanon – home to an estimated quarter million domestic workers – as the economic crisis was further exacerbated by the pandemic, Ethiopian nannies and housekeepers were being made redundant and abandoned in front of the Ethiopian embassy by their Lebanese employers (or “sponsors” under the country’s *kafala* system). Those who did keep their jobs were at an increased risk of various forms of verbal and physical abuse as lockdowns prevented them from leaving their employers houses.

## Bright and Dark Sides of Digitalisation

Not all is completely bleak, though. One major silver lining of the pandemic, globally and in MENA, has been an accelerated rate of digitalisation processes. This is a most welcome development as before the outbreak of the pandemic the countries in the region outside of the Gulf Cooperation

Council were scoring low on different digitalisation measures – from the speed of internet bandwidth, through the government online services index, to the extent of business internet use. Rural populations and women have been at a particularly disadvantaged position.

The gender internet penetration gap in 2019 stood at **14.3 percentage points**, with only 44.2% of women in the region using internet compared to 58.5% in case of men. Worryingly, the internet user gender gap (%) in the Arab states actually increased between 2013 and 2019 by a non negligible **5.2 percentage points**. There are hopes, fuelled by some early press **reports**, that those numbers will improve and women will not only gain more access to internet on the broader digitalisation wave, but also that they will be able to leverage this opportunity to grow their businesses online or join labour force with transportation issues and social norms regarding working alongside non-related males not being an issue anymore.

On the other hand, many, especially older and rural, women in the region worked jobs impossible to move online. Even those who did may find securing access to a computer challenging, particularly in larger households with limited number of laptops or desktop computers. More broadly and rather disturbingly, a **recent study** in Jordan by Carolyn Barnett, Amaney Jamal and Steve L. Monroe argues that, while teleworking might indeed be both an opportunity and a pitfall for women in the region, “patriarchal norms can suppress, constrain or reverse the empowering effects of paid labour and inhibit women’s access to income-earning opportunities.” In other words, economic empowerment does not necessarily always translate into broadly understood empowerment.

## Outlook for the Future

To say that the ongoing Covid-19 pandemic is an extraordinary event bound to affect functioning of societies in multiple ways is already a cliché. To make strong predictions regarding how the changes will unfold is foolish. It is, however, justified to express concern about the adverse effect that the pandemic may have on women throughout the MENA region: the levels of their economic participation, earnings, unemployment rates, work conditions. This is not to mention potentially higher poverty rates (even without the pandemic just being born a women in Egypt translates into **increased probability of being poor** by 2.3 percentage points in urban and 4.8 percentage points in rural areas), increased risk of domestic violence, or higher chance of dropping out of formal education.

At the same time, the majority (**54%**) of young (18-24) men and women from the region interviewed for the latest Arab Youth survey believe that, since the outbreak of pandemic, women are more likely to look for a job. The same young women are predominantly of opinion that they have the same professional – as well as educational – opportunities as men. Pandemic or not, societies, governments, and international community have a duty to ensure that they do not become disillusioned too soon.

# Highlights

## Trade, Innovation, and Productivity

On March 5, the European Union and the United States **agreed to suspend all retaliatory tariffs on bilateral exports** for a four-months period following a longstanding dispute over illegal aircraft subsidies to Airbus and Boeing companies. The US and EU will respectively suspend tariffs on USD 7.5 billion and USD 4 billion of bilateral exports. The EU export products covered by this suspension include airplanes, parts of airplanes, agricultural and food products (such as oil, beverages, cheese, milk, meats, and butter), machinery, equipment, and wearing apparel. The aggregate effects of the suspension are not expected to be significant as the tariffs applied to only 1.5% and 1.2% of the EU and US bilateral export, respectively. The sectoral and region-specific impacts, however, may be more pronounced. For instance, France and Germany may benefit from this suspension as the US accounts for, respectively, **10.4% and 6.9% of their total aircraft and aircraft parts exports**. Similar effects may be present in Dutch and French beverage and other drinks sectors where, respectively, **23% and 5.7% of the total exports** went to the US in 2019.

## Labour Market and Environment

On March 25, the European Commission presented a long-awaited **Action Plan for the development of organic production** in order to ensure higher incomes for farmers across the EU as well as animal welfare and consumers safety due to the EU organic logo. The plan aims to boost production and consumption of organic foods so that by 2030, at least 25% of farmland will be used for organic farming purposes. Alongside the Biodiversity Strategies, this component of the Green Deal's "farm to fork" initiative is additionally targeted at increasing the organic aquaculture. The plan is divided into three interconnected components which follow not only the structure of the sustainable food supply chain but also on the ambitious targets of the European Green Deal through stimulation of the demand, convergence and reinforcement of the entire value chain, improvement of the organic farming contribution to environmental sustainability and assurance of the consumer trust.

## Macro and Fiscal

On March 22, the Council of the EU approved the **amendments to the directive on administrative cooperation** (so called DAC7) that impose new information obligations for digital platforms operating in the EU. The objective of the legal changes is to improve the transparency of the EU tax rules applicable to digital platforms. With more information available for tax administrations, Member States will be better equipped to prevent shortfalls of tax revenue as a result of challenging traceability and detection of tax evasion in this sector. The amendments are one of the components of the mid-2020 **Tax Package for fair, efficient and sustainable taxation** aimed at

ensuring secure tax revenues for the Member States. At the same time when DAC7 was approved, the European Commission launched consultations on DAC8 which aims to define new rules on the reporting requirements and exchange of tax information on crypto-assets and e-money.

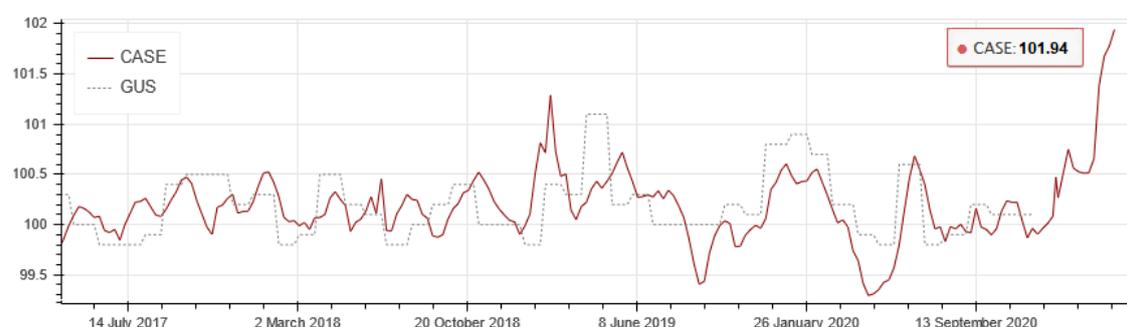
# Other CASE Products

## The Weekly Online CASE CPI

The online CASE CPI is an innovative measurement of price dynamics in the Polish economy, which is entirely based on online data. The index is constructed by averaging prices of commodities from the last four weeks and comparing them to average prices of the same commodities from four weeks prior. The index is updated weekly. For more information on our weekly online CASE CPI, please visit: <http://case-research.eu/en/online-case-cpi>.

**The end-March readout of Online CASE CPI shows a rather significant jump in the level of consumer prices.** The main culprit, however, is very easily identifiable as electricity prices went up by almost 14% compared to the previous month. This change is not necessarily driven by the market conditions but rather by relevant administrative decisions. The response of the market might not be that strong given that the change in electricity tariffs was expected (and, one may say, overdue). Much less expected was a strong increase in prices of car fuels which went up by on average 6.6% over the last month.

### Our Weekly Online CASE CPI



## Monthly CASE Forecast for the Polish Economy

Every month, CASE experts estimate a range of variables for the Polish economy, including future growth, private consumption, investments, industrial production, growth of nominal wages, and the CPI.

<b>CASE economic forecasts for the Polish economy</b>					
<i>(average % change on previous calendar year, unless otherwise indicated)</i>					
	<b>GDP</b>	<b>Private consumption</b>	<b>Gross fixed investment</b>	<b>Industrial production</b>	<b>Consumer prices</b>
<b>2021</b>	4.1	4.5	3.3	7.5	2.3
<b>2022</b>	4.0	4.5	6.5	5.9	2.7

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