

Executive Summary of:

**Situation and Institutional Assessment on
Business Women in the Occupied
Palestinian Territories**

ILO Gender Desk

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EXECUTIVE SUMMARY

Women entrepreneurs in OPT are overcoming severe obstacles including an economy stifled by military occupation, a legal and regulatory environment that discriminates against women, and cultural factors such as a high traditional caretaking burden and, in some places, attitudes that discourage women from getting involved in business. In spite of those constraints, women entrepreneurs are growing in number and gaining increasing recognition for their abilities in business and role in promoting economic development. However, much more must be done to alleviate the constraints on women in business.

The present study has been undertaken in order to better understand the constraints and opportunities facing women entrepreneurs in OPT. The report is divided into two main sections. In the first section, a situational analysis of women in business in OPT is presented based on a review of existing pertinent literature and the results of the research team's focus groups with women entrepreneurs and interviews with practitioners working with business women. The analysis is carried out within the framework of regional trends with respect to women's economic participation and entrepreneurship in particular.

The second section presents an institutional mapping of relevant PA ministries, key donors, Chambers of Commerce, Industry, and Agriculture (COCI) and other private sector membership associations, business development service providers, financial services providers, and the technical and vocational education policymakers. The study concludes with a set of recommendations for the various sets of stakeholders with influence on the business environment for women.

Findings

The situational analysis begins with the broader context of the labor market. Women in OPT have very low levels of labor force participation, and those that do participate are segregated into a few sectors, namely agriculture and services. Competition among women for jobs in the services sector is intense, and jobs go almost exclusively to those with higher education. Even so, one in three highly educated women is unemployed. The increasing informalization of the Palestinian economy since the *intifada* has disproportionately affected women, as wage work is being supplanted by own-account employment and other less protected forms of labor.

Findings on women-owned enterprises are taken from the little quantitative data available as well as qualitative data from interviews and focus group discussions. They reveal the following characteristics:

- Women-owned enterprises are growing in number at all levels, but remain a small minority of all enterprises (5%, according to PCBS).
- They tend to be small, as they are much more heavily represented among small and micro enterprises (those with less than 6 employees) than they are among enterprises in general.
- Women entrepreneurs are by and large dependent on the support of husbands or male relatives in the form of finance, advice, and encouragement.
- Education levels appear to have a major impact on the type of business. There is a dichotomy between the smaller-scale, often home-based micro enterprises run by women with secondary education or less, on the one hand, and an emerging category of growth-oriented, professional businesses owned by women with post-secondary education and exposure to modern business practices and approaches.

The major findings from the institutional mapping are as follows:

COCIs and Private Sector Associations

- At the COCIs, women make up only 1.5% of all members. The COCIs with the greatest levels of women's membership are Bethlehem (7%), Jericho (6%) and Tulkarem (6%). They are also poorly represented in positions of authority and continue to be shut out of decision-making processes. Although COCI management is generally supportive of increasing women's involvement, there is opposition at the level of the Boards of Directors. A major barrier to change is that COCI Board elections have not taken place since 1992 and are currently on hold due to the uncertain Palestinian political context.
- A positive development is the recent formation of a Business Women Committee within the Bethlehem Chamber of Commerce, in 2007. However, the Committee is still establishing itself and its success will be largely dependent on the ability of its members to use it as a platform for enhancing women's role in the Chamber as a whole.
- Comparing other private sector associations to the COCIs, there is some evidence that they may be more open to women's participation and leadership. Although in most cases their Boards are exclusively male, as are those of the COCIs, the fact that elections are ongoing provides more space for change.

Business Development Services (BDS) Providers

- Overall, the BDS providers surveyed do a good job of reaching out to women-owned businesses, which tend to be represented among beneficiaries at a disproportionately high level. That suggests that women are in relatively greater need of BDS services compared to men.
- However, the BDS providers are essentially gender blind, providing the same services to men and women, and do not emphasize gender mainstreaming in the sense of systematically examining and analyzing different factors affecting men-owned and women-owned businesses, and tailoring program design accordingly. Gender analysis may be happening on a case-by-case basis, according to the expertise of trainers and consultants, but is not built into program design or training curricula.

Financial Services Providers

- Despite a growth in recent years of financial services for MSMEs, the vast majority of women-owned enterprises do not borrow from banks or microfinance institutions (MFIs). Demand for credit remains largely unfulfilled, however the microfinance industry has been under severe crisis in recent years due to political and economic conditions and expansion is likely to remain limited unless the environment improves.
- Encouraged by loan guarantee programs for SME lending that have come online in recent years, commercial banks are expanding their lending to SMEs. However, demand for loans has been softer than expected, most likely due to political and economic uncertainty. This is particularly true among women entrepreneurs. Awareness of the availability of SME loans is likely limited as this has not traditionally been an area of emphasis for banks.

Technical and Vocational Education and Training (TVET) system

- The TVET system in OPT is small, fragmented, and largely unresponsive to the needs of the labor market. The system is also highly segregated by gender along traditional lines (e.g. clerical work, hairdressing and sewing for women, construction, auto repair and electronics for men). The system does not encourage entrepreneurship among TVET graduates. Efforts at reform are underway but much more remains to be done.

Recommendations

The recommendations of the study addressed each group of stakeholders. The major ones were as follows.

For PCBS and Other Researchers:

- Gather gender disaggregated data at a greater level of detail when collecting information on the private sector, and incorporate a gender analysis within the discussion of firm-level characteristics, and publish information on entrepreneurship in the annual PCBS Gender Statistics report.

For Donors:

- Encourage gender mainstreaming efforts within the context of private sector development programs and research projects, and track and disseminate gender-disaggregated information on beneficiaries.
- Support efforts to provide business development services to MSMEs—particularly in less-served governorates, camps and villages—and support advocacy efforts on behalf of women entrepreneurs and working women in general.

For Chambers of Commerce, Industry and Agriculture:

- Schedule new Board elections as soon as circumstances allow; encourage women to stand for election.
- Expand outreach to MSMEs to build membership. Research services demanded by MSMEs and consider how Chamber resources could be mobilized to meet the demand, either through direct provision or in partnership with NGOs and BDS providers.
- Encourage discussion of Businesswomen's Committees; arrange exchanges to disseminate lessons learned from the Bethlehem experience and organize potential leaders of Businesswomen's Committees at other Chambers.

For Private Sector Associations:

- Collaborate with other stakeholder organizations working with women entrepreneurs (including donors, Chambers, associations, BDS providers, and financial institutions) to identify and document good practices and collaborate on policy advocacy.
- Encourage women to stand for Board elections.

For Business Development Services Providers:

- Integrate gender analysis and gender mainstreaming into program design and activities, through trainings of program staff.
- Raise awareness among MSMEs about borrowing options from MFIs and the range of financial services offered by banks, and refer clients when appropriate. Coordinate with MFI, bank, and loan guarantee program staff to inform the understanding of trainers and consultants about borrower requirements including collateral and guarantees.
- Improve profitability of home-based and rural micro enterprises through value chain analysis of promising sub sectors such as handicrafts and agro-processing. Work with producers to raise quality standards and link them with marketing companies that can distribute their products to a broader domestic market or export market, and provide guidance on the preferences of those markets. Encourage competition among marketing companies to boost demand and improve producers' bargaining power. Identify financial constraints that may prevent business expansion and work with MFIs and banks to address them.

For Microfinance Institutions:

- Expand outreach to MSMEs, in response to unmet demand, while maintaining high lending standards and adapting core product offerings in response to borrower preferences.
- Promote research on the social and economic impact of microfinance programs on beneficiary households, incorporating a gender analysis.
- Promote greater awareness among loan officers of business development services in each area of operations and refer clients as appropriate.

For Commercial Banks:

- Market products and services through relationships with BDS providers, Private Sector Associations, and Chambers of Commerce providing services to SMEs.
- Improve tracking of gender-disaggregated data on borrowers and characteristics of their businesses.

For Ministry of Education and Higher Education and Ministry of Labor:

- Build linkages between TVET and entrepreneurship in the system as a whole, including fields dominated by both men and women.
- Integrate basic business and financial education into technical and vocational education curricula to provide graduates with the tools they need to start new enterprises.

For the Business Women Forum:

- Encourage the establishment of similar business women forums / committees that would adopt a mandate resembling that of BWF. A key partner could be the

Bethlehem Business Women Committee and others in the event the model is replicated in other Chambers.

- Organize a working group of stakeholder organizations working with women entrepreneurs (including donors, Chambers, associations, BDS providers, and financial institutions) to identify and document good practices and collaborate on policy advocacy.
- In the short to medium term, reform to the legal and regulatory environment looks unlikely, but over the longer term, the BWF should be positioned to play an advocacy role, including reviewing and commenting on pending legislation, and advocating for government policies that support businesses and families, such as subsidizing childcare to provide greater freedom for women to work and start businesses.
- Initiate incentives to encourage business women and enhance their publicity through the Palestine Award for Business Women and in coordination with professional assessment organizations that can provide valuable assessment and feedback to nominated business women of the year.
- Develop business incubation services for prospective women entrepreneurs including individual and group business counseling, planning, marketing, quality of production, identification of existing and potential markets, legal support, registration of the and business, exchange study visits with relevant industries abroad.

