

Abolishing gender discrimination will require a set of targeted interventions across both the social and economic spheres, within institutions, structures and processes

## The Social and Economic Empowerment of Women in Egypt: Towards a New Development Paradigm

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## **Introduction**

There is considerable evidence that unequal societies are a major factor responsible for gender inequality, where a disparity exists in access to quality health, nutrition, education and employment opportunities. Gender inequality also inhibits economic growth. Enhancing the social and economic wellbeing of women in the MENA region and Egypt in particular is therefore an urgent and fundamental condition to achieving prosperous societies. The MENA region persistently lags behind in key indicators of women's wellbeing including female labor force participation, political inclusion, access to health and sanitation, among others. Abolishing gender discrimination will require a set of targeted interventions across both the social and economic spheres, within institutions, structures and processes.

Egypt has progressed on some fronts including health with a reduction in maternal and child mortality and enhanced quality of childcare, though more can be done in pressing health issues such as hepatitis, diabetes, obesity, and malnutrition. Additionally, improvements have been realized in female literacy and access to education, yet the increases are marginal and a significant gender gap persists in comparison to males in all indicators. According to the United Nations Human Development Report (EHDR) of 2014, Egypt ranks 130 on the Gender Equality Index among 187 countries, thus more urgency is required to bridge the gender gap and promote women's wellbeing.<sup>1</sup>

This paper will assess the social and economic spheres for innovative solutions to effective development for women in Egypt. The two fronts must be addressed simultaneously in order to effectively enhance the wellbeing of women and reduce the unemployment rate across the board, which remains at 24% and is a staggering 55.9% among individuals aged 20-24.<sup>2</sup> Women in Egypt continue to face impediments to political participation and challenges in the legal framework that lead to persistent problems. If the social status and equity of women improves, both the social status of the family and its economic status will improve. Upgrading the socio-economic climate in the post January 25 era will thus directly impact women's economic aspirations and enhance their wellbeing in the coming period. A broader assessment must be initiated that effectively moves beyond the metropolitan regions and city centers, moving towards the most vulnerable villages of rural Upper Egypt.

Solutions to pressing issues in rural Egypt have yet to be found, particularly with regards improving women's wellbeing. To do so, numerous fallacies that are widely believed as fact about gender must be dispelled. One fallacy is that all women in Egypt have the same rights as men and therefore active efforts in this regard are not crucial. A second fallacy is that women

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<sup>1</sup> United Nations Human Development Report (UNHDR) 2014, Gender Equality Index.

<sup>2</sup> Data retrieved from CAPMAS 2011.

<sup>3</sup> ~~Data retrieved from CAPMAS 2011~~ Gender Gap Report 2014, Rankings.

receive jobs at the expense of men. With proper policy reforms and strategic bets and investments in innovative and untapped sectors where women can play a more prominent role (such as agro-processing), the economic pie as a whole will increase. The third fallacy is that in conservative communities the belief is that women's employment opportunities outside the household is not necessary for the family's wellbeing.

## **Mapping the Economic Environment for Women in Egypt**

### **Women's Employment in Egypt:**

Mapping the economic environment for women in Egypt is crucial in order to promote new policies and solutions to persistent problems. Gender inequality has significantly negative externalities, including a staggering loss in GDP in the MENA region due to insufficient employment opportunities for women. Greater gender participation in the labor force is highly correlated with increased GDP growth, thus more attention must be given to innovative interventions that promote the participation of women in the labor force (FLFP), particularly for youth. The MENA region as a whole has the lowest FLFP in the world, and among the lowest 20 countries in a 2014 Gender Gap Report, 12 are MENA economies.<sup>3</sup> Almost all MENA countries have FLFP rates below the lower middle income average of 51%, and female participation has increased by just 0.17% annually over three decades.<sup>4</sup> The FLFP rate in Egypt is 24%, and is particularly low for young women aged 15-29 at a stagnating rate of 18% between 2009 and 2014. The reason is the strained economic environment for women in Egypt as well as the increasing unemployment rates for women. There is also a deterioration of job quality for both men and women, but women are unable to reconcile the worsening conditions with their household and reproductive role.

One noticeable symptom is that increased educational attainment among women, and a decrease in the gender gap in education in Egypt during the past decade, has not translated into favorable employment conditions for women as research would otherwise suggest. This paradox can be explained by the major decline in public sector employment opportunities among educated women, the limited opportunities in the formal private sector, and the rise of informal private wage employment.<sup>5</sup> The three factors simultaneously have created a highly inhospitable environment particularly among married women who prefer public sector

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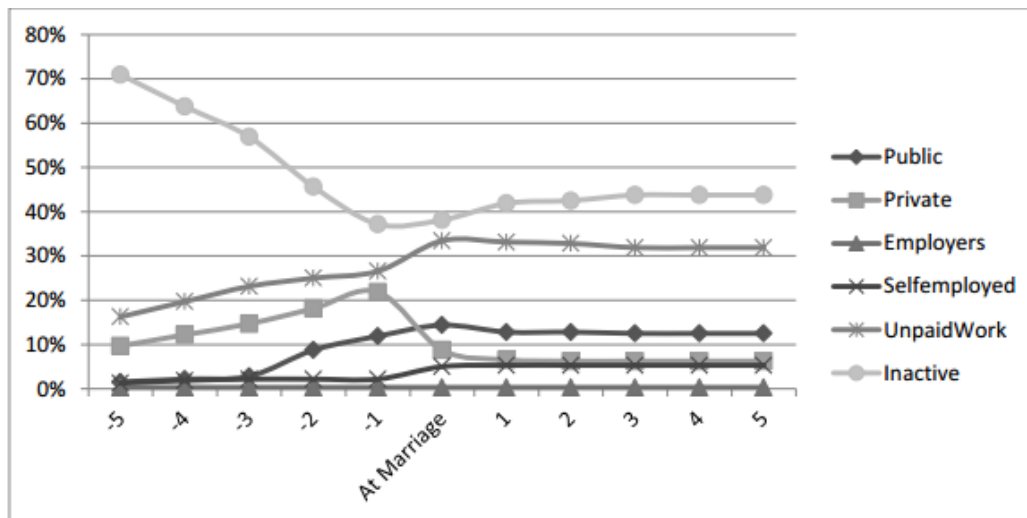
<sup>3</sup> World Economic Forum, Global Gender Gap Report 2014, Rankings.

<sup>4</sup> The World Bank 2013, MENA Development Report, Opening Doors. Gender Equality and Development in the Middle East and North Africa, Pg 43.

<sup>5</sup> Ragui Assaad Women's Participation in Paid Employment in Egypt is a Matter of Policy not Simply Ideology, ENID Policy Brief 022.

employment. Figure 1 below also substantiates this phenomenon by portraying the sharp drop in private wage employment following marriage in Egypt, as opposed to public and non-wage employment where there is a continual increase after marriage. More effective adjustments are thus required among private sector employers to improve working conditions for women, yet the current stagnating economic environment has made employers more reluctant to effect these changes.

**Figure 1 Marriage and Labor Market Dynamics for Egyptian Females (Aged 16-25 Years Old) by Employment Sector**



Source: Rana HENDY, Is the Labor Market Fair Enough?, FEPS, May 2012.

A time-use assessment indicates that employed women who are among the most content in the MENA region are those who work part-time and flexible hours. This is especially important since women are known to contribute disproportionately to unpaid care work within the household for around one to three hours more per day than men. Due to the time spent caring for children, the elderly and the sick, women have one to four hours less per day to devote to employment.<sup>6</sup> In fact, women in developing countries are estimated to work more hours on average than men when unpaid work is taken into account, therefore they have less time for self-care. It is thus crucial for policies that promote the commercialization of the care economy to be implemented in the coming period.

It comes as no surprise that women employed in part-time arrangements are among the most content across the MENA region, yet unfortunately opportunities in Egypt for part-time and hourly employment remain minimal. Such arrangements would allow women to contribute in the labor market and receive an income and provide the necessary time for the excess hourly

<sup>6</sup> World Bank Report 2012

contributions for care work. The current trend, however, is that the time allotted to home-based work for women, for example, is quickly decreasing due to technological advancements and time-saving devices, which supports the finding that increased unemployment rates for women is partly a result of increased demand by women to enter the labor market. One recommendation to reduce the burden of gender-specific mandates on employers is to socialize the cost of maternity and the provision of childcare, spreading it to all employers and workers. Such a policy was effectively introduced in Jordan. Another measure is to provide shorter work days involving discounts on social insurance and providing hourly wages instead of monthly salaries. Lastly, safe and quality public transport must be provided to women, as commuting long distances has become common, especially in sizeable Upper Egypt governorates, where the preference of women is to remain within safer geographic boundaries. The government must amplify its efforts to provide solutions such as women-only transport. Further, several programs in Egypt have revealed the willingness of women beneficiaries to continue working in an outside group setting with their peers as opposed to working alone in the household.<sup>7</sup> This gives the role of transport more urgency.

In Argentina, women are able to work 20 hours per week, which is a convenient part-time scheme that promotes women's employment during the years of marriage and after childbirth, representing half of women's jobs in 2006, mainly in the informal economy. Yet it is believed that other reasons for part-time informal employment in Argentina is the weak prospects for employment, underemployment becoming a consequence of rather than a convenient choice for women.<sup>8</sup> The evidence, nevertheless, is that there is a high latent demand for paid work among women, mostly if part time. However, women continue to strongly value new skills and the possibility of finding formal employment.<sup>9</sup>

### **Opportunities to Promote Entrepreneurship:**

The unfavorable employment climate in Egypt has spurred the rise of entrepreneurship, particularly among young women. According to the Survey of Young People in Egypt (SYPE 2014), entrepreneurial activity has increased from 1.2% among youth in 2009 to 4.0% in 2014, therefore youth are approximately four times as likely to start their own business upon entering the labor market now than they were in 2009. Among female youth who became entrepreneurs in 2014, 42.8% attribute this to greater independence as self-employed, such that now 5.7% of employed female youth are entrepreneurs as opposed to 3.2% in 2009.<sup>10</sup> Despite this increase, a greater proportion of female youth expressed a lack of interest in

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<sup>7</sup> Policy Recommendations can be found in an Annex following ENID's workshop on Women's Empowerment held on Dec 2014.

<sup>8</sup> ILO Conditions of Work and Employment Series no. 43, In Search of Good Quality Part-Time Employment

<sup>10</sup> Survey of Young People in Egypt (SYPE), 2014

starting a business, aspiring more for public sector jobs. Female youth are thus reluctantly changing their employment choice due to the lack of proper work opportunities in Egypt, preferring the easier conditions that are perceived to be offered by the public sector. Indeed, according to the Global Entrepreneurship Monitor Report (GEM 2012), Egypt is reported to have one of the highest gender gaps with regard female share of entrepreneurship. Among individuals who have started a business that is less than 4 years old or who are still trying to start a business, women make up only 14% of the total.

Despite these trends, Egypt as a whole is witnessing opportunities for the growth of both business and social entrepreneurship across the country. A huge shift in presence of women is most visible through the high share of women in early ventures at more than 30%, but becomes less than 20% among mature firm owners.<sup>11</sup> The Productive Families project led by Egypt's Ministry of Social Solidarity assists some 2.8 million vulnerable families by creating a new source of income to produce within the household environment, which can be regarded as small entrepreneurial ventures on the micro scale. More must be done to spur social entrepreneurship in the most vulnerable villages to poverty, where many needs remain unmet. Numerous start-up incubators in Egypt have been established in the previous ten years to accommodate this trend, including Nahdet El Mahrousa, Ashoka, and Egyptpreneur.

However, microfinance has not effectively bridged the credit gap in Egypt, where a total of 1.3 million active borrowers were able to obtain credit among an estimated 21 million poor and near poor individuals of productive age in 2009, with governorates observing minimal penetration rates for micro-loans, reaching as low as 3.5% in some areas.<sup>12</sup> The situation has not changed much in the post-revolution era. Banking credit to small firms at the time amounted to less than one percent of total loans. Women in particular have been impeded by the lack of access to credit by commercial banks, though low access to credit is regarded as an important constraint to growth, captured by the declining trend of credit to the private sector as a share of GDP over the past decade.<sup>13</sup> Despite recent improvements in Doing Business indicators, more must be done to create structural reforms in the banking sector to better service micro, small and medium enterprises and entrepreneurs. This is particularly crucial for the most vulnerable women and men in the South where short term family borrowing at high interest rates to cover household expenses contributes tremendously to the vicious cycle of poverty and lack of work opportunities for the poor and near poor.

It is crucial for the overall conditions for women entering the labour market to improve, whether to find a suitable job in the public, private or informal sectors, or whether to start their

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<sup>11</sup> OECD, Gender Inequality and Entrepreneurship in the Middle East and North Africa, Dec 2013.

<sup>12</sup> World Bank, Egyptian Women Workers and Entrepreneurs: Maximizing Opportunities in the Economic Sphere World Bank 2010.

<sup>13</sup> IMF Country Report No. 15/33

own businesses. This can be achieved if women have better access to quality schooling, whether professional, vocational or at secondary level. The mismatch between skills and labour market demand must be bridged in order for women to find proper jobs in the relevant sectors, and the education curricula must be reformed to better integrate the labour environment needs with effective capacity upgrading mechanisms.

## **Mapping the Political and Social Environment of Women in Egypt**

### **An Enabling Regulatory Environment:**

The Egyptian government's public sector has played a proactive role as an equal opportunity employer, helping Egypt overcome cultural restrictions on women's employment outside the household. However, the formal private sector has continued to be inhospitable to women and this is even more pronounced in the informal sector due to the lack of social security among other social barriers. Particularly noteworthy restrictions in the law in Egypt is that women cannot be "head of household or family" with the provisions available to men, a lack of non-discrimination clauses covering gender in the Constitution. The legal system in the MENA region as a whole, and Egypt in particular, has been a major impediment to ensuring social safeguards to women entering the labor market. The MENA region accounts for 15 of 25 legal constraints in a World Bank report highlighting enterprise development, and Egypt observes 18 out of 25, the most regressive of which is Egypt's bankruptcy law that has made it too risky for women to take loans and start their independent ventures at a time of economic downturn and instability in the country. This provision has been a particular barrier that exacerbates the poverty trap by effectively preventing women in the poorest villages from engaging in traditional channels of business ownership. They are obligated to obtain loans from family members or conditional cash transfers. It thus comes as no surprise that 71% of women are working and engaged in unprotected informal work in rural areas as compared to 13% in urban areas, 70% of whom are employed by unpaid family businesses.<sup>14</sup> Further, in the area of employment, women are not able to work the same night hours as men, and cannot work in the same industries. In the category of "providing incentives to work", Egypt provides none of the two provisions - tax deduction for childcare payments, and credits applicable only to women.<sup>15</sup> In Ethiopia, unlike Egypt, females can be household heads and are able to rent out their land because tenure security increases their confidence to integrate into market activities.<sup>16</sup> Such safeguards, if

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<sup>14</sup> GIZ, Country Gender Analysis Egypt, June 2014.

<sup>15</sup> World Bank, Doing Business Report, 2012.

<sup>16</sup> Deininger, Klaus et al, World Bank Policy Research Working Paper 4218, Rural Land Certification in Ethiopia, April 2007

established and implemented more effectively in Egypt, would insure that female owners of land can take more risks in the market.

### **Increasing Decision-Making**

Having women directly involved in decision-making will directly impact national strategic planning and integrate women's key societal challenges in the development process. More must be done in Egypt to increase the level of participation among women in policymaking. This is not just applicable to central governing institutions such as parliament and ministerial representation, but also within local governance and directorates. Some positive steps have been realized to increase women's participation in politics. Law 45/ 2014 has enforced quotas for women in parliamentary committees. The final results of the first stage and initial results for the second stage of the 2015 Parliamentary elections point to the success of 73 female candidates, and when accounting for the 14 additional representatives to be appointed by the President as stipulated in Law 45, female MPs total 87 out of 596, representing 14.5% of total seats.<sup>17</sup> This development points to a shift in voting trends among both men and women, and represents a step in the right direction for equal parliamentary representation of women in addition to the four female ministers in Egypt's current cabinet. However, more must be done to capitalize on the changes to guarantee a more equitable representation, particularly at local government and directorate levels.

### **Legal Channels for Safeguarding Women's Rights:**

Egypt has improved in certain regards, however, in that there are no restrictions in the law for women to start a business without her husband's consent. With regard initiating a business, 41% of Rwanda's small businesses are run by women, as opposed to 18% in the Democratic Republic of the Congo which applies this restrictive provision. This emphasizes the major impact of the legal and regulatory provisions on the presence of women, in this case in the labor force. It underlines the importance of voice in the legislative process. However, women and men in Egypt both have equal rights to property ownership, both married and unmarried. International best practices point to the importance of favorable inheritance laws for gender equality and equal ownership of land. A study of the LFP of women in Guatemala in 2003 indicated that favorable property and ownership laws were a significant predictor of female participation in non-traditional agro-export production.<sup>18</sup> In Egypt's workplace, a large number of restrictive laws relate to women's legal rights and incentives, which accurately reflects the significant drop in women's LFP rates in the private sector. Research has highlighted the prevalence of

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<sup>17</sup> The Egyptian Center for Women's Rights, <http://ecwronline.org/?p=6693>, December 3 2015.

<sup>18</sup> Sarah Hamilton et. Al, Non-Traditional Agricultural Exports in Highland Guatemala: Understandings of Risk and Perceptions of Change, Latin American Research Review, Vol.38.



challenging conditions to women in the private sector, including assignment of menial tasks, exposure to sexual harassment and extremely long working hours. Salaries and wages fall below those of men in comparable posts.

The first front in promoting an enabling environment to women is to reform the regulatory environment to be more conducive to women's employment and to promote new incentive schemes for part-time work and childcare, especially in the private sector. Women entrepreneurs are more likely than men to identify registration procedures as a major hindrance to formalizing their business. Difficult and time-consuming registration procedures are more likely to negatively impact women who inherently have greater demands for their time between the workplace and the household in comparison to men. For instance, easing the business registration process has increased women's ownership 33% more than men in Uganda and Vietnam.<sup>19</sup>

### **Gender Responsive Social Protection:**

Promoting the social sphere for women in Egypt involves effective implementation of state social protection schemes targeted at the poor. The provision of social security for women in informal jobs plays a major role in both improving their livelihood and their ability to borrow and establish small businesses. International best practices point to the importance of gender responsive social protection, including in Mexico, India, and Argentina. Successful Conditional Cash Transfers (CCTs) play a major role in alleviating social and economic constraints of the most vulnerable women and breaking the generational poverty traps that prevent them from identifying income-generation opportunities. In Mexico, cash transfers have been associated with increased investment in productive assets that are controlled by women.<sup>20</sup> They have been implemented in Egypt, beginning in 2009 and have expanded to 65 Upper Egypt villages in the Governorates of Assiut and Sohag in 2010.<sup>21</sup> Smart cards are under consideration as these can transform the potential cash transfers by integrating both tools for more accurate and effective asset provision. This would also lead to a greater intervention by the banking sector which has largely remained absent in this regard, as well as greater empowerment and accountability, such that negative externalities are avoided.

Social protection and pension programs must also be assessed for their impact. A new social pension and transfer program was launched by the Egyptian government in 2014 to address poverty and deprivation. *Karama* (dignity) is a cash transfer program provided to the elderly and severely handicapped with an LE 320 monthly stipend per beneficiary in order to increase

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<sup>19</sup> World Bank, World Development Report 2005: A Better Investment Climate for Everyone, Pg 101

<sup>20</sup> ILO Working Paper 4 / Cash transfer programmes, poverty reduction and empowerment of women: A comparative analysis, 2013

<sup>21</sup> ENID Policy Brief 7: Conditional Cash Transfers: Conditioning for Empowerment

consumption and decrease poverty. *Takaful* (welfare) targets poor families with children with four annual stipends, including a base transfer of LE320 and an additional LE60 to LE100 based on the child's age. It is the greatest leap yet taken on the policy front to directly target and promote the welfare of the most vulnerable women and their children. The ambitious program has involved enhanced coordination between the Ministry of International Cooperation, Ministry of Finance, Ministry of Social Solidarity, and the banking sector which oversees the dispersal of funds through ATMs accessed by beneficiaries through smart cards. The aim is for this program to target 1.5 million beneficiaries by 2019 and project funding will reach \$4.5 billion.<sup>22</sup>

Other interventions include capacity building programs, enhancing administrative level oversight, as well as expanding networks on the ground. An intervention, initiated in Argentina, is the large-scale construction of pre-primary school facilities, which was found to lead not only to an increase in children's education and quality between the ages of three and five, but it increased the likelihood of employment for women who have young children.<sup>23</sup> Policies specifically designed for women are also crucial with regard Egypt's major public works projects. The transformative potential of public works programs could be enhanced if a provision was made for childcare for women participating in the programs. This would significantly increase women's employment prospects in large infrastructure projects in which the Egyptian government is placing heavy investments, including programs that subsidize maternity leave. Legislation to decentralize so as to empower the capabilities of local government and reduce the layers of authority will allow for the impediments to women's wellbeing to be more rapidly countered on the ground within the communities. The Equal Opportunities unit at the Ministry of Finance implemented in 2006 aims to address policy makers to affect a more responsive budget for women.

As noted by Egypt's Minister of Social Solidarity, the critical step forward to enhance these social safety programs is to implement the necessary mechanisms to enhance the quality of the services on the ground and to identify the beneficiaries that are most vulnerable through better targeting systems. Today social pensions cover more than 1.4 million households, of which 640,000 have chronic diseases or are handicapped.<sup>24</sup> Other areas that must be tackled include employment-enhancing capacity building trainings for sustainability, access to social services that tackle various related issues including violence, harassment, and psycho-social wellbeing, and a greater link to legal mechanisms at the local level.

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<sup>22</sup> World Bank, Strengthening Social Safety Net Project - Egypt.

<sup>23</sup> Berlinski, S., and S. Galiani. 2005. "The Effect of a Large Expansion of Pre-Primary School Facilities on Preschool Attendance and Maternal Employment." WP04/30. August. Institute for Fiscal Studies, London

<sup>24</sup> ENID, Subsidies and the Social Safety Net in Egypt, Policy Brief No. 12

## **Voice, Organization and Citizenship:**

New forms of organizations have emerged in many developing nations that are more responsive to the constraints faced by women workers in the informal economy. However, limitations were reported in Egypt where the state discourages independent forms of organization. Only women in formal state employment appear to belong to any kind of recognized organization in comparison to Ghana and Bangladesh. There, the type of organization implemented improved their ability to negotiate for better terms in the market place. Developmental NGOs play an important role, and in the case of Bangladesh they have enhanced economic agency to a greater extent than the religion-based NGOs prevalent in Ghana.

However, it is clear that economic concerns are not sufficient for organization, citizenship and voice. A focus should also be on enhancing social organization and promoting a more prominent role for women in local communities and at the micro level. This is particularly crucial in poor rural settings in Upper Egypt where such community-led empowerment is largely lacking. The growing presence of women workers in the informal economy requires a New Unionism to organize activities around women's multiple roles as workers and mothers, addressing practical gender concerns such as safety to travel, support for childcare, along with more traditional trade union concerns such as wages and working conditions. The objective here is to enhance women's social capital in their communities through these unions and through community-level social protection committees where women become better aware of their rights and can take collective action. Safe spaces are needed for women to meet and exchange experiences and information through an extensive networking process that will advance psychological support, legal awareness, scale-up of community beneficiary forums to ultimately enhance the marginalized voices of the most vulnerable women in Egypt. This process will take time, yet it will play a major role in identifying the key impediments faced by women and to address innovative methods to tackle them.

One best practice with New Unionism is the Self Employed Women's Association of India that pioneered a hybrid form of organization which combines the role of unions with the developmental role of cooperatives.<sup>25</sup> Adopting a similar model in Egypt is a major policy recommendation for promoting women's wellbeing in the most vulnerable communities. This can be done through productive cooperatives, established by a group of women who have received skills trainings in crafts or other production techniques. Each member would receive a share of the initial capital and the profit would be reimbursed based on the capital investment of each cooperative member. Productive cooperatives are governed by Law 110 of 1975 which

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<sup>25</sup> Blaxall, John, India's Self-Employed Women's Association (SEWA) – Empowerment through Mobilization of Poor Women on a Large Scale. A Case Study, 2004.

specified the goal as increasing employment opportunities, providing tools and assets for production, marketing products, developing and refining production techniques, and reimbursing members of the cooperative accordingly. Collective action on behalf of working women promotes benefits of the formal sector to those working informal jobs. These measures include lobbying for corporate codes that address women's practical and strategic gender interests, state lobbying for social protection and minimum wage to women workers in the informal economy, as well as training and skills development.

### **Conclusion:**

Women's empowerment has become integral to achieving real development on the ground, and should no longer be recognized as one target or indicator among other independent goals. The UNDP new Sustainable Development Goals in the post-2015 global development framework recognizes this urgency, and an inclusive action plan must be established in Egypt to raise awareness for the many indicators and targets involving women's wellbeing, as well as decentralize mechanisms on the governorate levels to better achieve them. In order for positive change to take place on the economic and social front, institutional transformations must be realized that foster stronger community engagement and local mobilization to tackle these problems.

Egypt is taking steps in the right direction, but five years after the January 25, 2011 revolution, the calls for social justice and economic integrity must be translated into better targeted and more responsive policy reforms as part of the country's greater objective to enhance the wellbeing of its population.