



Policy Brief 3



International Labour Organization
Regional Office for Arab States

Situation of and Assistance to Businesswomen in the West Bank¹

This policy brief aims to contribute to the ongoing debate on women enterprise development in the West Bank and Gaza Strip by focusing on the situation of and assistance to businesswomen in the West Bank. It identifies the key constraints and opportunities they face and provides an institutional assessment of their involvement in private sector institutions and the nature of services available to them.

1. CONTEXT

Palestinian economy

Israel's response to the outbreak of the second intifada in 2000, most critically the ongoing restriction on the movement of people and goods, has been economically devastating to the West Bank and Gaza Strip. The Israeli closure regime has intensified dramatically, and the expanding network of Israeli settlements, military outposts, checkpoints, and restricted-access roads have effectively sub-divided the West Bank into three parts, in addition to East Jerusalem (see United Nations Office for the Coordination of Humanitarian Affairs, 2008). By 2006, GDP had plummeted to 40 per cent below its 1999 level, and an economy once driven by investment and private sector productivity has been reduced to dependence on government consumption financed primarily by international aid, with a rapidly shrinking private sector (World Bank, 2007).

In the West Bank and Gaza Strip public infrastructure has deteriorated due to the damage



caused by Israeli incursions as well as neglect by the Palestinian Authority, which has devoted an ever-increasing proportion of its revenues to the payment of salaries for public sector employees, whose ranks have swelled to compensate for the loss of jobs in the private sector. Recent studies have noted a trend in informalization of jobs, rising levels of own-account employment, greater numbers of micro-enterprises, and more flexible forms of work (Hilal, Al Kafri, and Kuttub, 2008).

Women's employment in the West Bank and Gaza Strip

Women in the West Bank and Gaza Strip have very low levels of labour force participation, and those that do participate are segregated into a few sectors. Over the preceding decades, Palestinian workers, mostly men, had become increasingly dependent on the Israeli labour market, while women were confined largely to agriculture, services, and household work in the occupied

¹ This policy brief is based on a study on the "Situational and institutional assessment of businesswomen in the West Bank", a joint research initiative of the ILO Regional Office for Arab States and Riyada Consulting and Training in the West Bank.



territories. In the past five years, however, women's labour force participation has increased by more than fifty per cent (Palestinian Central Bureau of Statistics, 2008).

The labour force participation rate for women, 15.5 per cent, has increased from 12.8 per cent in 2002.

Competition among women for jobs in the service sector is intense, and jobs go almost exclusively to those with higher education. Even then, educated women's unemployment rates are very high, especially among young women between the ages of 20 and 24. Women also face family reservations to working outside the home or outside their immediate surroundings because of social and security constraints imposed on their mobility.

In general women's businesses are small scale, although a few own larger businesses. Types of businesses operated by women vary according to locality. Home-based businesses are more common in rural areas than in refugee camps or urban areas. Education levels appear to have a major impact on the type of business. Women with secondary education or less often tend to run home-based micro enterprises. On the other hand, women with post-secondary education and exposure to modern business practices and approaches, run growth-oriented, professional businesses.

The primary constraints to women's entrepreneurship in the West Bank and Gaza Strip are access to finance, cultural attitudes and market access. Women entrepreneurs are largely dependent on the support of husbands or male relatives in the form of finance, advice and

Table 1. Potential Growth Sectors for Women-Owned Businesses in the West Bank

| Sectors | Characteristics | Comments |
|---|--|--|
| <ul style="list-style-type: none"> • Agriculture • Agro-processing • Handicrafts | <ul style="list-style-type: none"> • Generally rural • Little or no formal education required • Any age | Economically viable only if production is linked to broader domestic market or export markets; Product diversification and quality standards needed. |
| <ul style="list-style-type: none"> • Information Technology | <ul style="list-style-type: none"> • Urban • Highly educated • Generally younger | Domestic demand is growing; the market is dynamic and open to women's participation. |

2. BUSINESSWOMEN IN THE WEST BANK AND GAZA STRIP

Situation of businesswomen

Women-owned enterprises are growing in number at all levels but continue to remain a small minority of all enterprises. Women often indicate to starting own-account work on account of economic necessity and lack of employment opportunities. This increase, especially since the second intifada, is mainly in response to the increase in the unemployment rates of men in the same households. In 2006, 5.4 per cent of all enterprises in West Bank and Gaza were women-owned compared to 26 per cent of micro and small enterprises (six employees or less) which were owned by women (PCBS, 2007).

encouragement to start up and run their businesses. Among existing women owned businesses marketing their products and services remains a pressing issue.

3. BUSINESSWOMEN IN PRIVATE SECTOR INSTITUTIONS

Chambers of Commerce, Industry, and Agriculture

Women constitute 1.5 per cent of the membership in the Palestinian Chambers of Commerce, Industry, and Agriculture. Women in the chambers are largely involved in the retail and services sectors. The representation of women in the chambers is not often in line with their representation in the labour market.

There are no women representatives on the boards of directors of any of the chambers. A major barrier to change is the delay in the chambers' board elections, which have not been held since 1992. The Federation of Chambers of Commerce, Industry, and Agriculture indicate that women's membership is on the rise, although conclusive data do not exist.

While 62 per cent of the women registered in the Chambers of Commerce, Industry, and Agriculture are in commercial activities; the sector of Commerce, Hotels and Restaurants employs only 7.4 per cent of employed women. Similarly 34 per cent of employed women are in Agriculture, Hunting, and Fishing; yet only 2 per cent of women registered in the Chambers of Commerce, Industry, and Agriculture are in agricultural activities.



Chambers that have reported the highest levels of women's membership are those of Bethlehem (7 per cent), Jericho (6 per cent), and Tulkarem (6 per cent). A Businesswomen Committee has recently been formed at the Bethlehem Chamber of Commerce to represent the interests of businesswomen. The committee is in the process of developing its mandate and scope of activities. Other local chambers are exploring similar arrangements.

Box. 1.

Bethlehem Businesswomen Committee

The idea of forming a Businesswomen Committee within Bethlehem chambers of commerce has existed since 2001, although it did not materialize until 2007. The committee was formed by eight women members of the chambers from a variety of sectors: tourism, hotel management, cosmetics manufacturing, gift shops, import and export.

The Businesswomen Committee has conducted a number of activities including training courses, workshops, and conferences. The Bethlehem Chamber of Commerce is planning to allocate a budget to support its activities. Future plans of the Committee include expanding its membership to other women business-owners registered within the Chamber, developing an internal mandate, and electing a board.

Other private sector associations

Recent years have seen the formation of new private sector associations, led by a young generation of business owners with modern management, networking, marketing skills, and a substantive understanding of global economic trends and issues. These newer private sector associations operate in parallel to the Federation of the Chambers of Commerce and Industry and typically specialize in a particular economic sector or sub-sector.² They are often established with financial and technical support from donor institutions, with donor contributions often exceeding membership dues and service fees.

Businesswomen and businessmen belong to one or several of these associations in addition to their local chambers. These newer associations exhibit similar patterns to the chambers of

² Among these institutions are: Palestinian Federation of Industries; Palestinian Businessmen Association; PALTRADE; Palestinian Banking Association; Palestinian Information Technology Association; Insurance Association of Palestine; Palestinian Tourism Association; Palestinian Contractors' Union; and Palestinian Shippers' Council.

commerce, industry, and agriculture regarding women's representation on their boards. A key difference is the fact that they hold regular board elections allowing for greater dynamism and renovation within their leadership. The Palestinian Shippers' Council is one exception to the rule where the board is chaired by a woman.

Box. 2.

Businesswomen Forum-Palestine

In 2006, eight businesswomen founded a women-only association in Ramallah, Businesswomen Forum-Palestine with the core belief that women's economic participation plays an essential role in the development of the Palestinian economy. The Forum targets self-employed women who do not belong to professional syndicates or unions like pharmacists' or lawyers'. To date the Forum has received support from numerous donor organizations in the form of funds, training, and technical assistance. A part of the MENA Businesswomen's Network, the Forum currently runs four programs in collaboration with various international organizations. The services it provides include one-on-one consulting for members, organizing workshops and conferences, and networking.

Support service providers

The microfinance industry in the West Bank and Gaza Strip consists of nine microfinance institutions and one microfinance bank, which are heavily dependent on donor funds (such as USAID, the Islamic Development Bank, and the European Commission). Many microfinance initiatives target women enterprises. Despite the growth in recent years of financial services for micro- and small enterprises, the vast majority of women-owned enterprises do not borrow from banks or microfinance institutions to avoid risks involved with indebtedness during uncertain times. Real demand for credit remains largely unfulfilled. Moreover, the microfinance industry has been under pressure in recent years due to political and economic conditions. Expansion of services is likely to remain limited unless the environment improves. A number of service

providers specifically target women in the form of very small loans through solidarity lending groups of five to seven women who agree to guarantee one another's loans.



Business development service providers engage in a range of activities including training, counselling, strategic planning, referrals to financial service providers, and business incubation services. Most business service providers reach only a limited number of beneficiaries as they can not cover their expenses through service fees, and depend heavily on donor funding. Currently, these services are generally provided by NGOs and a small network of private sector specialists. GTZ Small Enterprise Centre is a significant training and consulting service provider to micro- and small entrepreneurs through a network of local providers. However, neither the Small Enterprise Centre nor other providers of business development services have made headway in mainstreaming gender in their programmes.

The technical education and vocational training system in the West Bank and Gaza Strip is small compared to demand, fragmented, and largely unresponsive to labour market needs. Women constitute 30 per cent of the graduates from the system, which is highly segregated by gender along traditional lines (for instance with clerical work, hairdressing and sewing for women, and construction, auto repair, and electronics for men). To date the system does very little to encourage entrepreneurship among its graduates. While reform efforts are underway, they have not taken effect to show improved outcomes for young women graduates in the form of paid employment or self-employment opportunities.

4. CONCLUSIONS AND RECOMMENDATIONS

Advancing employment and self-employment of women is being promoted by governmental, private, and non-governmental organizations. Businesswomen in the West Bank and Gaza Strip have made progress in the past decade with respect to their increasing numbers, representation in relevant institutions, and support services they receive. However, they still constitute a small percentage of business owners and continue to face institutional, financial, and social barriers that hinder their success. In particular, women need better access to finance, more education on how to run their business, exposure to growth industries and new market niches, and legal protection to be able to compete and succeed in the business world.

Institutional reform of chambers of commerce, industry, and agriculture

The legitimacy and influence of the chambers are most likely to increase by holding democratic elections, and expanding membership to include more women, youth and micro- and small enterprises. The chambers of commerce, industry, and agriculture can also better target sectors such as agrobusiness where women business activities are more prominent for bringing more women members on board. The experience of Bethlehem Chamber of Commerce, Industry and Agriculture in establishing a businesswomen committee provides a good example for replication in other local chambers.

Further progress needed in newly formed private sector associations

Newly formed private sector associations need to prioritize women entrepreneurs. They can start by identifying and documenting good practices among their midst and closely collaborate with organizations such as the Businesswomen Forum in policy advocacy efforts. Immediate actions can include active encouragement and support of women candidates to take part in their boards' elections.

Gender mainstreaming among business development service providers

The existing business development service providers need to integrate gender analysis in their work plans and mainstream gender needs and concerns into their programme design and implementation. Specific consultancy services are needed for women business start-ups in determining the feasibility of their business projects. Services also need to better target the large population of unemployed youth, in particular the large number of highly educated unemployed young women. Services that can improve market access through improved product design, quality standards, and links with broader domestic or export markets are a priority for all businesses, but especially women-owned businesses.



Recalibration of microfinance services

Microfinance services need to be better linked to business development services through backward and forward referral efforts, and market products and services through relationships with other stakeholders providing services to micro- and small enterprises. They should also incorporate gender analysis into market research efforts and solicitations of feedback from clients and improve tracking of gender-responsive data on borrowers and characteristics of their businesses.

Coordination role of Palestinian Authority institutions

The Ministry of Education and Higher Education and Ministry of Labour should build

linkages between Technical and Vocational Education and Training and entrepreneurship, including fields dominated by either men or women, and integrate basic business and financial education into technical and vocational education curricula to provide graduates with the tools they need to start new enterprises.

Better targeting of businesswomen-specific advocacy efforts

As it expands its membership base, the Businesswomen Forum can document good practices, and collaborate with other advocacy organizations on policy dialogue. The Forum is well positioned to play an advocacy role on regulatory reforms, and commenting on pending legislation.



The Forum can also collaborate with business development service providers for better targeting of businesswomen's needs including: individual and group business counselling, identification of existing and potential markets, legal support, enterprise registration support, and exchange visits with relevant institutions abroad.

Improved visibility of women entrepreneurs

The Women Business Forum can establish better visibility, support businesswomen, and enhance their publicity through initiatives such as the Palestine Award for Businesswomen, in coordination with professional organizations that can provide support for the nominated businesswomen of the year. The Forum can also encourage women to enter sectors that have been historically dominated by men. Taking the lead in initiating research projects and coordinating them jointly with the Palestinian Central Bureau for Statistics and other business development support

organizations can ensure the collection, documentation, analysis, and dissemination of gender-responsive data on businesswomen and women entrepreneurs to inform policy and advocacy initiatives.

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