

# Promoting Women's Entrepreneurship in Lebanon:

## Enhancing Empowerment or Vulnerability?

**Nabil Abdo**

*The International Labour Organization in Beirut has been running a project in the Palestinian Camps of Nahr El Bared and Ein El Helweh entitled "Palestinian Women Economic Empowerment Initiative". The project started in 2011 and targets low-income Palestinian women entrepreneurs through a threefold strategy: giving out loans and grants to women business groups in order to expand their businesses; training women entrepreneurs to enhance their business skills; and building the capacity of support organizations in order to improve business development services for women entrepreneurs and training them to be formally certified to deliver business group formation training. The project builds on the potential of business groups in assuring the protection of Palestinian women entrepreneurs from risks through resilience, pooling of resources, and collective voice. The objectives are to assure a sustainable livelihood for Palestinian women entrepreneurs through supporting them in expanding their businesses beyond survivalist low-income activities.*

### **Introduction**

Since the end of the Lebanese civil war in the year 1990, there has been a rise in the attention to women's issues in Lebanon, on both the official and non-official levels. Efforts have been made, albeit limited, to address women's concerns by signing international conventions calling for gender equality. In fact, following the country's participation in the Beijing fourth world conference on women in 1995, Lebanon established the National Commission for Lebanese Women (NCLW) to advance women's status in Lebanon at all levels. The commission formulated a sole National Action Plan for Women that spanned over the years 1997 to 2000. However, there was no follow-up, and the second national plan is still in draft mode. Moreover, other governmental bodies became involved with following women's issues such as the Department of Women's Affairs in the Ministry of Social Affairs, the Parliamentary commission on Women and Children, and the Social and Economic Council, which is not functioning. In 1997, Lebanon ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) with reservations related to nationality, personal status, and arbitration. Lebanon has also ratified the Equal Remuneration Convention (C 100) and the Non-Discrimination (employment and occupation) Convention (C 111).

There has been a surge in the attention of international donors to women's issues as well as the concentration of efforts by many NGOs on the social and economic conditions of women. More specifically, the term "women empowerment" has become familiar within the NGO sector in Lebanon and has translated into increasing income-generating projects for women led by women organizations as well as civil society organizations. These efforts went beyond income-generation to reach the wider goal of women's economic empowerment. They encompass a myriad of activities that mainly include: microcredit services, technical and vocational education and training (TVET), business development services, entrepreneurship education, and sometimes securing access to markets, etc. This range of services came to be known as Women's Entrepreneurship Development (WED) services. In the context of Lebanon and most developing countries these efforts have been mainly targeting low-income women in order to help them overcome constraints that they encounter when they engage in entrepreneurship activities.

This article attempts to examine the emergence of WED initiatives in the Lebanese context by identifying the current practices of national and local NGOs. It is worth mentioning that there are other actors involved such as governmental organizations, intergovernmental organizations, bilateral organizations and international NGOs. However, in this article the focus will be on national and local NGOs as they are the main service delivery actors in the Lebanese context.

This article is based on a study prepared by the ILO-Geneva in November 2010 authored by Nabil Abdo and Carole Kerbage. Attempting to highlight WED initiatives undertaken by international organizations, governmental organizations, and local NGOs in Lebanon, the study examined the structural gaps that characterize WED support in Lebanon and concentrated on the organizations' delivery mechanisms of WED support. The study relied on literature review of key documents examining WED from a conceptual perspective as well as publications specifically targeting the Lebanese context, a desk-search mapping the main WED initiatives in Lebanon, a survey covering 45 local, national, and international organizations engaged in women economic empowerment activities, and 10 in-depth interviews.

### **Constraints Facing Women Entrepreneurs in Lebanon**

Studies show that the concentration of women-owned businesses is found in less profitable and productive sectors such as food, clothing, and crafts (GEM-IFC, 2007), and that women usually own micro and small enterprises and earn a modest income (Husseini, 1997). However, 39.7 percent are unregistered (Hamdan, 2005) which results in difficulties in getting formal bank loans.

As a matter of fact, access to finance, mainly formal loans from banks, is one of the several constraints that face women entrepreneurs when trying to develop their businesses. Women generally use their own savings as well as loans from their family and friends in order to start-up an enterprise and their retained earnings in order to develop the business. Many businesswomen complain about their inability to take loans from banks due to the cumbersome paper work and the unavailability of loan programs targeting women (IFC & CAWTAR, 2007). This is coupled with the difficulty of access to land and property. In fact, according to *sharia* law for Muslim Sunnis

in Lebanon, a woman is entitled to one third of the inheritance while her brother is entitled to two thirds, putting Muslim Sunni women in a disadvantaged position vis-à-vis their male counterparts with regards to access to property. Even when the Lebanese laws guarantee the right of women to property, “the patriarchal system within the family means that the control of such resources – even women’s wages – is frequently the preserve of the male members of the family” (ESCWA, 2008).

Women entrepreneurs have difficulties in accessing markets: internationally due to not registering their ventures (as mentioned earlier, women are more likely to be found in the informal sector), and nationally due to the lack of proper infrastructure and the high transportation cost (that they cannot afford due to their lack of capital) (GEM-IFC, 2007). Access to networks is another problem facing women. In fact, the major business networks and employers’ organizations are male dominated, which restricts women’s access to them. Furthermore, in a survey conducted by the Lebanese Business Women Association, the majority of women expressed their need for entrepreneurship training but said that they do not have information about available opportunities (GEM-IFC, 2007). Moreover women, even when they own businesses, still have to engage in their domestic and reproductive tasks, which makes it difficult for them to devote full time and energy to develop their enterprises. Finally, women also have no access to policy makers as they are underrepresented in governments, and no access to high positions in public institutions and mainstream employers’ organizations. Accordingly, WED initiatives have been introduced to overcome these constraints.

### **Paradigms Governing WED Interventions**

Women’s entrepreneurship development initiatives have been widely promoted in the international development arena. However, practices differ according to the different paradigms adopted by WED support organizations. Thus, three main approaches can be identified: the neo-liberal market paradigm, the feminist empowerment paradigm, and the interventionist policy alleviation paradigm (Mayoux, 2001). These paradigms differ in their approach to Micro and Small Enterprises (MSE), gender, and support to women entrepreneurs.

The market paradigm perceives economic growth as a stimulation of the market economy through the promotion of economic individualism and self-help. Thus economic growth will benefit the poor through a trickle down effect. In this regard, the market paradigm has paid attention to gender and women in particular as this paradigm perceives them in terms of economic efficiency. In other words, women’s inactivity and exclusion from the labour market is considered as a waste of resources that could be employed for enhancing economic development. This translates into WED interventions focusing on providing business training and credit for women entrepreneurs. According to the aforementioned paradigm, the problem of women’s disadvantaged position inside the household will be automatically solved when they start gaining income, and consequently become empowered (Mayoux, 2001).

In this regard, the women empowerment paradigm comes as a critique of the aforementioned. As a matter of fact, this approach aims at eliminating resource and power inequalities through a human rights approach, gender equity, and collective action. The focus on gender emanates from the objective of achieving women’s economic, social,

and political empowerment. Therefore, WED intervention comes as a holistic approach focusing on empowerment and human rights, gender awareness, collective action to challenge gender inequalities, and welfare support to women (Mayoux, 2001).

Finally, the poverty alleviation approach emerged in order to conciliate between the above-mentioned contrasting approaches. In fact, this approach aims at reducing poverty through employment creation as a part of the market economy. It emphasizes socially responsible growth, human development, and social enterprise. In this framework, women are seen as both more disadvantaged than men and as promoters of their families' well being. Finally, women entrepreneurship development interventions have a special focus on poor entrepreneurs, the self-employed, and cooperative development (Mayoux, 2001).

In light of the above, it is worth examining these paradigms within the Lebanese context. As a matter of fact, throughout the interviews conducted with different NGOs and when examining the rationale expressed in their mandate, we notice the recurrence of such expressions: "women economic empowerment", "women economic participation", "gender equality", and "increasing women's bargaining power inside the household". This would suggest that support organizations are following the empowerment paradigm. However, when looking closely at their actions, our observations indicate that the interventions are missing out on the main tools of the women empowerment paradigm and tend to follow closely the market paradigm and sometimes the poverty alleviation paradigm: interventions often neglect growth-oriented ventures; gender stereotypes and power dynamics within the household are often accentuated; current WED intervention can increase women's vulnerability; and support organizations concentrate on addressing the constraints on individual women and neglect organizing and collective action.

### **Heavy Reliance on Microfinance Leading to Further Vulnerability**

Despite the wide range of WED services that can be offered, very few of the support organizations which have been increasingly delivering microloans for beneficiaries are actively gender mainstreaming their services. On the one hand there is a trend among microfinance providers to romanticize the informal sector by seeing it as the backbone of the economy. On the other hand, there is a prevailing assumption that providing microloans to micro-entrepreneurs will lead to their expansion and formalization. However, experience shows that microfinance encourages informality as it is directed to non-productive economic activities, and discourages enterprises with growth potential since microfinance institutions give priority to short-term loans and emphasize quick repayment rather than financing long-term productive enterprises (Bateman & Chang, 2009). Moreover, the microfinance instruments used are quite traditional and do not go beyond credit to include different saving schemes such as micro-insurance that can serve beneficiaries in times of crisis.

Moreover, when women entrepreneurs are targeted, they are taking out loans directed at establishing micro-enterprises concentrated in the service sector that are mainly in traditional female occupations such as hairdressing, sewing, make-up, and embroidery. These occupations are saturating the market and leading to competition among women entrepreneurs, since creditors do not encourage diversification and

cooperation among entrepreneurs. Moreover, microfinance providers do not display in their reports the percentage of ventures that sustain themselves after three years of their establishment and only show the high repayment rates of the borrowers. Thus, the success of microfinance is only measured by the repayment rate, which can be misleading as some women can turn to informal lenders or other parties in order to borrow money to repay their loans which may lead to worsening their economic condition. Women are thus turned into own-account workers (i.e. owning enterprises with no workers) and thus considered by the ILO (2009) as vulnerable workers who engage in survivalist activities. Micro-finance institutions invest in a big number of enterprises that have little chance of developing in their local markets. This leads to an oversupply of enterprises, which will eventually decrease the chance of productive growth for efficient enterprises. Therefore, by turning women into vulnerable entrepreneurs in very low-productive activities, microfinance tends to increase poverty and encourage low productive activity that does not contribute to the economy or lead to empowerment (Bateman & Chang, 2009).

### **Underdeveloped WED Services that Neglect Growth-Oriented Activities**

The focus of support organizations on encouraging microenterprises in traditional low productive services is coupled with low-quality WED services that cannot support growth-oriented enterprises. In fact, there is a high abundance of very basic services that are easily implementable and can reach a wide range of women such as vocational training and education in traditional “feminine” skills such as embroidery, hairdressing, sewing, etc. Moreover, there is a quasi absence in efforts in order to directly link women entrepreneurs to the markets to sell their products: the market linkages are often provided by the support organizations through organizing fairs or having a storefront for women to sell their products. This makes women entrepreneurs dependent on NGOs to assure the sustainability of their enterprises. Furthermore, support organizations often disperse their efforts on delivering several types of services on the account of specialization. Therefore services are delivered on an ad-hoc basis and are not linked or complemented and there are no established referral mechanisms among service providers. This leads to a fragmented delivery hampering the desired development of women-owned businesses and women’s economic activity in general.

Furthermore, most organizations are very active in delivering vocational training courses for women. The abundance of this type of trainings accentuates the presence of women in low-productive service sectors which entraps them in “feminine” economic activities. The current practice in WED, through providing microloans and focusing on individual types of enterprises as well as the absence of efforts towards innovative businesses leads to neglecting women enterprises with growth potential where they have the ability to expand and increase productivity. These enterprises run by middle-income women who constitute the bulk of women’s entrepreneurship are missing from all women entrepreneurship development services in the country. This is what we call “the missing middle phenomenon”. Since Lebanon is considered as an upper-middle income country, it is surprising to exclude middle-income women entrepreneurs from WED interventions. These women are left without support. Nevertheless, nurturing and fostering the growth of medium enterprises through providing support to the middle-income target group is likely to lead to more formal employment and to the absorption of workers from the informal sector. The absence of such vision of WED services leads

to the increasing growth of one-woman enterprises and fails to see that “development requires a lot of collective and systematic efforts at acquiring and accumulating better productive knowledge through the construction of better organizations, the cross-fertilization of ideas within it, and the channeling of individual entrepreneurial energy into collective entrepreneurship” (Chang, 2010).

### **From Assistance-Receiver to Rights-Bearers**

Despite the claims of most support organizations that they are working with women in order to counter gender-based discrimination in the economy and in the household, WED interventions often accentuate the existing gender dynamics. This is done through a two-fold process: first, as cited above women are oriented towards traditional, gendered occupations that hardly move them beyond survivalist enterprises. Second, WED services encourage individual forms of enterprise and tackle individual constraints while failing to shed light on the structural constraints on women and neglecting the effects of collective forms of entrepreneurship.

As noted above, women entrepreneurs benefiting of WED services are often found in non-productive traditional sectors with little growth potential, as there is hardly any effort towards mainstreaming gender in these kinds of services. Thus, women are entrapped in these activities, as they are not encouraged to venture into a male-dominated high growth sector that can generate considerable income. Despite this fact, many support organizations claim that women’s economic participation will automatically lead to social and economic empowerment. This claim shall be questioned since survivalist activities generate little income for women, thus not allowing them to gain financial independence keeping in mind that their contribution to the household income is far less than that of their husband. Moreover, some organizations supporting women rural cooperatives encourage women to be involved in this economic activity during their free time in order to avoid conflict with their care work. In sum, women’s entrepreneurship development initiatives end up adding more burdens on women’s shoulders: in addition to their care and domestic work, women are engaged in economic activities. Therefore, in spite of claiming that their interventions aim to increase women’s bargaining power inside the household, support organizations hardly encourage women and men to share care and domestic responsibilities. This situation is the result of the absence of a gender-analysis approach in WED organizations because women are seen as instrumental for economic growth or poverty alleviation without any consideration for gender-equality concerns.

Most WED interventions perceive the constraints facing women’s economic participation as relating to the individual level (i.e. lack of skills, lack of confidence, etc.). Moreover, they fail to see the structural constraints that we noted above when it comes to the gendered occupational segregation, as well as the absence of social protection and collective organizing that protect women entrepreneurs in times of crisis or provide a space for them to advance their demands in a collective manner. This is mainly due to the fact that service providers view women as assistance-receivers in terms of skills development when responding to their immediate needs and not as rights-bearers. Therefore women are encouraged to seek their way out of poverty by themselves, which dissipates any demand for state social provisions such as social security and protection as these are reduced to social safety nets and assistance generated by WED support projects.

## The Possible Path of Collective Entrepreneurship

Support organizations hardly consider adopting a rights-based approach where women could have a voice and gain a sense of agency and ownership. This is only achieved through economic organizing, where women can be enticed to form business groups, cooperatives, and business associations in order to advance their interests and demands as women entrepreneurs. Moreover, NGOs operating production units and storefronts increase women's dependency as they hardly consider the option of transferring their ownership to women through proper capacity building and training on various issues such as management, leadership, and economic literacy (specifically value chain analysis). Such options have the potential to advance gender strategic needs in terms of bargaining power in society in general and in the sphere of the household to a much larger extent than the commonly assumed link between economic empowerment through lending and women's empowerment. In order to achieve this, women beneficiaries of WED interventions ought to be viewed as active participants that have rights and not as passive vulnerable receivers of services.

In light of the above, future WED projects could engage in business group formation for women entrepreneurs in order to help overcome the constraints that face them collectively. In fact, business groups can offer several benefits to women entrepreneurs in terms of experience sharing, lessening the burden of care work, productivity, market access, and risk sharing.

Business groups allow for pooling of resources between women entrepreneurs who can combine efforts and share experiences in terms of running their businesses and passing skills and expertise in business management, marketing, etc. Moreover business groups allow women to specialize in the economic entity according to the different domains (accounting, market access, design, production, etc.). This can lead to gains in productivity especially through adding up capitals and combining vertical specialization along the production chain (Chang, 2010). Moreover, women entrepreneurs can acquire the necessary means to access markets, which is not possible without pooling resources in the case of individual forms of entrepreneurship.

In terms of social and economic empowerment beyond profit making, business groups can provide women with a space for social and economic development. In fact, business groups are not necessarily limited to economic activities as they can have the functions of a self-help group and secure a space for psychological and social support for members. Women members, through their association and joint work, can develop relations of support and help amongst each other; thus care work can cease to be an individual burden and might be shared among all the members of the business group. Moreover, as business groups are a pooling of efforts and resources, they require collective decision-making and management which implies having discussions, sharing, and exchange of ideas. Thus, with the proper mechanisms, these groups can secure an environment for a democratic form of management and practices. This space has the potential to grow into an advocacy group to advance the interest and issues of its members, thus enhancing the bargaining power of women entrepreneurs. Women entrepreneurs' business groups can be a platform for collective action through which women will gain more voice to advocate their interest vis-à-vis their society and the authorities.

Finally, cooperatives are very crucial in the Lebanese context, although they are characterized by instability due to recurrent internal and inter-state (wars with Israel) armed conflicts. "They combine features of enterprises and membership-based organizations, and may provide a critical outlet for women's empowerment and economic independence, building the way for faster, fairer, and more sustainable socioeconomic recovery from the conflict" (Esim & Omeira, 2009). Cooperative enterprises as well as cooperative banking ought to be fostered in Lebanon. As a matter of fact cooperatives proved to be resilient during times of crisis, which is a constant in the Lebanese economy. Moreover, cooperatives minimize risks, allow for pooling of resources, and are a democratic form of enterprises. They only seek the interest of their members and are not profit maximizing. Cooperatives have a wider social goal aimed at serving the community. Therefore, cooperative banking and credit union could be of benefit for women who are unable to obtain loans from traditional banks (Birchall & Ketilson, 2009). Cooperatives could foster a safe and sustainable environment for the growth of small and medium enterprises in general, and specifically for women entrepreneurs.

### Conclusion

In conclusion, this article has argued that WED services provided by local and national NGOs in Lebanon are governed by a market approach in spite of claiming and appropriating the goals of the empowerment approach. In fact, WED interventions concentrate their work on individual entrepreneurship for low-income women without making effort to encourage the establishment of productive women-owned businesses with growth potentials. On top of that, women entrepreneurs are constantly oriented towards traditional female occupations that generate little income and are not encouraged to infiltrate male-dominated occupations that have significantly higher occupations. Adding to that, WED services provided are often underdeveloped and very basic and ad-hoc, thus not allowing low-income women entrepreneurs to escape from survivalist activities that deepen vulnerability.

Moreover, WED services in Lebanon hardly challenge gendered occupational segregation and the power dynamics inside the household, but rather accentuate them. The encouragement of individual enterprises through microfinance has placed additional burdens on women's shoulders, as this service is designed to permit women to work and to continue with their domestic and care roles without encouraging them to share them with their husbands. Thus, women are neither economically nor socially empowered. Furthermore, support organizations deal with women entrepreneurs as assistance-receivers and not rights-bearers. Therefore their constraints are tackled on an individual basis. They are not encouraged to economically organize in order to lobby for their demands and escape their conditions on a collective level. Therefore we have argued that these forms of entrepreneurship ought to be replaced with collective forms of entrepreneurship such as business groups and cooperatives. In fact business groups and cooperatives can be empowering entities for women as they provide them with benefits in terms of experience sharing, risk sharing, productivity, and sharing care burdens. Collective entrepreneurship permits the pooling of resources and the accumulation of capital for growth. Furthermore, business groups and cooperatives are democratic spaces that give voice, agency, and ownership for women entrepreneurs so they can become strong advocacy groups for women to address their concerns in a



structural manner. Finally, they have a high growth and expansion potential that can help absorb own-account workers in the informal economy in order to provide them with decent jobs and protection.

Nabil Abdo, National Project Coordinator, International Labour Organization for the project "strengthening workers organization in Arab countries through economic, social and legal literacy".  
Email: abdnabil@gmail.com

---

## ENDNOTES

\* I am pleased to acknowledge the contribution of Dr. Simel Esim, Senior Technical Specialist on Gender Equality and Women Workers' Issues, ILO Regional Office for Arab States – Beirut, who gave valuable conceptual and practical guidance through references and discussions, and shared her gender expertise during the different phases of the mapping. I also would like to thank Ms. Carole Kerbage, journalist and researcher, with whom I co-wrote the mapping on which this article is based, and who has been an exceptional colleague and companion. Without her critical thinking and the enriching and provocative discussions we have engaged in, the mapping would not have been possible.

---

## REFERENCES

- Bateman, M. & Chang, H.** (2009). The Microfinance Illusion. Retrieved February 28, 2012, from <http://www.econ.cam.ac.uk/faculty/chang/pubs/Microfinance.pdf>
- Birchall, J. and Ketilson, L.** (2009). Resilience of the Cooperative Business Model in Times of Crisis. Geneva: International Labour Organization.
- CAWTAR & IFC.** (2007). Women entrepreneurs in the Middle East and North Africa: Characteristics, contributions and challenges. Retrieved from March 2, 2012, [http://www1.ifc.org/wps/wcm/connect/e3a45180488553abaff4ff6a6515bb18/MENA\\_Women\\_Entrepreneurs\\_ExecSum\\_English.pdf?MOD=AJPERES&CACHEID=e3a45180488553abaff4ff6a6515bb18](http://www1.ifc.org/wps/wcm/connect/e3a45180488553abaff4ff6a6515bb18/MENA_Women_Entrepreneurs_ExecSum_English.pdf?MOD=AJPERES&CACHEID=e3a45180488553abaff4ff6a6515bb18)
- Chang, H.-J.** (2010). Hamlet without the Prince of Denmark: How development has disappeared from today's development discourse. In S. Khan and J. Christiansen (Eds.), *Towards new developmentalism: Market as means rather than master* (pp. 47–58). Abingdon: Routledge.
- ESCWA (2009).** Women's control over economic resources and access to financial resources. New York: ESCWA
- Esim, S., & Omeira, M.** (2009, March). Rural women producers and cooperatives in conflict settings in arab states. Paper Presented at: FAO-IFAD-ILO Workshop on Gaps, trends and current research in gender dimensions of agricultural and rural employment: differentiated pathways out of poverty, Rome, Italy. Retrieved March 2, 2012, from [http://www.fao-ilo.org/fileadmin/user\\_upload/fao\\_ilo/pdf/Papers/25\\_March/Esim\\_Fin.pdf](http://www.fao-ilo.org/fileadmin/user_upload/fao_ilo/pdf/Papers/25_March/Esim_Fin.pdf)
- GEM-IFC. International Finance Corporation.** (2007). GEM country brief- Lebanon. GEM-IFC.
- Husseini, R.** (1997). Promoting women entrepreneurs in Lebanon: The experience of UNIFEM. *Gender & Development*, 5(1).
- International Labour Organization & Center of Arab Women for Training and Research.** (2009). Gender, Employment and the Informal Economy. Beirut: ILO
- Mayoux, L.** (2001). Jobs, gender and small enterprises: Getting the policy environment right. SEED Working Paper No. 15. Geneva: ILO