



## Gender and Private Sector Development (PSD) in Iraq

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### Introduction and background

The Iraq Private Sector Development (PSD) program supported by donors, mainly the Swedish International Development Cooperation Agency (SIDA)<sup>2</sup> and administered by the Bank, has several core elements including supporting the commercialization and corporatization of 180 State Owned Enterprises and encouraging Public-Private Partnerships (PPPs). The program focuses on coordinating Doing Business and related regulatory and governance reforms (including an Investment Climate Report and Sub-National Regulatory Capacity Reviews). The World Bank in Iraq is also supporting Public-Private Dialogue through the establishment and operation of the business group, the Iraq Private Sector Development Center (PSDC), and provides a range of related PSD support. A key cross cutting theme of this program is PSD and gender.

Iraq is a middle-income (IBRD) but also a fragile and post-conflict country that faces significant challenges which are commonly found in low income countries. Its economy remains dependent on hydrocarbons and revenue from these resources which generate over 95% of budget revenues. Yet this sector employs only one per cent of the labor force, primarily men. Iraq has significant infrastructure reconstruction and

rehabilitation needs; and poorly performing regulatory policies, institutions and processes.

Developing a strong and healthy private sector is necessary for Iraq to develop into a diversified and resilient market economy with rising living standards and jobs for men and women. Expanding women's economic opportunities - through closing gender gaps in access to economic opportunities, earnings, and productivity - is one of the most important driving forces behind economic growth and the fight against poverty. Indeed, if Iraq does not capitalize on 50 percent of its human resources it runs the risk of hindering its economic and social development.

### Gender equality and development

Globally women comprise 41% of the labor force. There are several reasons why encouraging women's access and participation is important, including:

- *Reducing poverty* – women actively participating in society are better able to provide for themselves, their families and contribute to society
- *Resilience* – women actively participating creates more resilient families and societies – supporting the next generation
- *Promoting economic growth* by drawing on the resources and talents of women
- *Human rights* – women rights (fairness, dignity and choice) are important issues in all civilized societies and religions
- *More representative decision making*

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<sup>2</sup> See Quick Notes 2011, 48 and 2012 76 for further information

## Gender issues in the Middle East and North Africa (MENA) Region

In the Middle East and North Africa (MENA) region women's labour force participation the lowest in the World and there are more legal differences in treatment of women than any other region. However, there have been significant developments in recent years in the area of women's legal rights. For example, a number of countries have amended laws that were discriminatory towards women (e.g. Jordan). There have also been advances in the region regarding health and education where the region compares favorably with some other regions.

Women are often under-represented in Parliament and decision making bodies in the MENA region compared to other regions – but women are slowly increasing their participation. Most MENA countries struggle with high unemployment – especially for young people and women. So a key challenge for the region is to generate economic growth that will generate new jobs.

It is important to note that there is enormous variation in the region in the role of women and this is a complex issue. Understanding and dialogue often impeded by a lack of high quality information and also anecdotes about the situation of individuals being incorrectly taken out of context and extrapolated to all women (or countries) in the region.

### Key gender and PSD issues in Iraq

The Iraq PSD program aims to enhance opportunities for women and achieve greater gender equality. Strengthening the role of the private sector in Iraq will result in greater opportunities for women in Iraq. Therefore, across all elements of the PSD program there is a focus on legal, regulatory, and institutional reforms necessary to foster women's entrepreneurship, building on our extensive experience working with the Government of Iraq and other stakeholders on business-enabling environment reforms in Iraq.

Understanding of gender issues in Iraq impeded by lack of information and understanding of legal, cultural and social factors impacting on female access and participation. The legal and regulatory system provides a

basis for increased female participation. However, cultural and historical factors are also important, along with the security situation which significantly and adversely impacts on female participation.

Women in Iraq face a range of constraints to greater participation in the private sector that are often found in other developing countries. These include economic barriers to participation (finance, property, jobs, transport etc), access to education, training and health, legal rules and processes (discrimination, marriage, divorce, property etc), public participation and representation in decision making forums (courts etc), crime and insecurity and other restrictions (on movement, male consent etc).

For example, a 2010 report "Women and the Law in Iraq" Iraq prepared by the Institute for International Law and Human Rights found in Iraq: "... a balanced and complex (legal) system that sometimes offers women more protections and rights than do other countries in the Middle East, while at other times leaving women unable to live their lives fully. Occasionally, the legal system leaves women without protection from harm."

Iraq is a signatory to a number of key international conventions protecting women's rights. Laws relating to contracts, tort and property consistently offer women protection.

The World Bank Group report "*Women, Business and the Law 2012: Removing Barriers to Economic Inclusion*" finds that at least 103 countries impose legal differences on the basis of gender. Between June 2009 and March 2011, 41 laws and regulatory reforms were enacted that could enhance women's economic opportunities and participation.

However, in Iraq the legal position of women is relatively strong vis-a-vis other countries in the region. For example, the Iraq Constitution accords equal status to men and women, including equal rights to education, employment, right to vote and run for public office. The Constitution

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### Snapshot of ways in which the Iraq PSD program has integrated gender

- Identifying gender issues and making sure they are taken into account when developing and applying new policy
- Consulting with women's groups regarding draft laws and regulations
- Provision of microfinance with priority to women
- Raising awareness of gender issues, for example through workshops
- Mainstreaming gender in all parts of the program
- Collaborating with gender experts and partners
- Looking ahead, WBG may want to focus on non-legal factors impacting gender access and equality

states that no law can override “established rulings” of Islam, so interpretations of Sharia law are also important. The Iraq Constitution has a quota that at least of 25% of seats in the Parliament must go to women.

However, it is important to note that in Iraq there many non-legal factors influencing participation. The role of women in Iraq has been substantially affected by insecurity and previous (and at times ongoing) hostilities. The number of women headed households is high, around 11% reflecting the impacts of wars and internal displacement.

The picture in Iraq is mixed with generally low participation. That said, some measures suggest that gender gaps are increasing, others suggest gender gaps are decreasing. For example, there is an absence of job opportunities (eg. 45% of women Iraqi women surveyed in 2007 described employment opportunities are poor, with 27% saying that have no opportunities at all). The World Bank report “Confronting Poverty in Iraq” (2010), further shows that only 13% of Iraqi women are in the labor force, a far lower rate than virtually all of Iraq’s neighbors.

Women are prominent in government, with women in government often working in senior Director-General level jobs (but are still under-represented in senior posts). Women working for the government also have entitlements such as maternity leave, these are not usually available in the private sector in Iraq.

According to the World Bank 2012 Investment Climate Assessment for Iraq, which was prepared as part of the Iraq PSD program, Iraqi women’s participation is relatively high in education, health, real estate and agriculture sectors. Participation is low in most other

sectors, such as transport and retail. Only 7% of sampled firms reported that a woman was one of its principal

owners (compared to 34.9% Egypt, 33.5% Lebanon and 24.4% Libya). For large firms 44% of principal owners were women, while for and medium firms and small firm’s women were principal owners for only 8% and 5% of businesses respectively. This report indicates that female ownership of firms enhances firm productivity.

Therefore, removing impediments to female participation enhances enterprise development, productivity and economic development.

In addition, in Iraq women are unlikely to be senior managers in private firms – only 1.1% of senior managers in Iraq are women vis-à-vis 29.1% Lebanon and 22.8% Syria. The incidence of firms in Iraq with a female as a senior manager is higher among large firms (11%) than among SMEs (1% of both small and medium-sized firms). These figures are lower than the average for MENA.

When asked their reasons for not hiring more women, senior managers’ of private firms said that the main reason (regardless of firm size), is the security situation (54%) difficulties travelling to work (43%), higher absentee rates (46%), more expensive benefits (41%) and regulatory impediments (36%). In all cases (except the security situation) these impediments are greater for small and medium sized businesses vis-à-vis large businesses.

In Iraq the main impediments to achieving greater gender equality in Iraq are cultural factors and the lack of job opportunities. There are few legal constraints in Iraq to increased participation of women in the private sector and the Constitution and most laws provide for equality for women. Therefore, one of the most effective ways of achieving increased female participation and equality in Iraq is to develop a vibrant private sector that can generate the jobs needed by men and women.

#### **Iraq PSD program supporting gender inclusion**

The World Bank Iraq PSD program works closely with gender experts working in Iraq, including from SIDA, DFID, UN, EU, EUJust Lex-Iraq and the Institute for International Law and Human Rights.

While gender is a key cross cutting theme in the Iraq PSD program, there are also specific gender focused elements embedded in the program. For example, supporting the establishment of a Regulatory Reform Unit and regulatory impact systems in Iraq includes identifying gender issues and ensuring that they are taken into account when developing new policy. Our support for Sub-National Regulatory reform includes

encouraging an inclusive approach to the Kurdistan Regional Government (KRG) consulting routinely and systematically with NGOs – including women’s groups – regarding draft laws and regulations. Furthermore, provision of micro-finance focuses as a priority of provision of loans to women.

The business group, the Iraq Private Sector Development Centre is giving high priority to gender issues in PPD and in programs of support provided by Iraq business associations. For example, PSDC hosted two workshops in 2012 which focused specifically on gender and PSD issues and also collaborated with UNwomen in providing training to Iraqi businesswomen.

### **Conclusion**

Gender issues are a key part of all PSD programs and deliverables in Iraq – including diagnostics, technical support and capacity building.

It is important to note that in terms of legal equality the position of women is relatively strong vis-à-vis other countries in the region. Yet female access and participation in Iraq is one of the lowest in the region (and the World). This illustrates that non-legal factors, including insecurity and crime, cultural and social factors can also play a very significant role in determining the extent to which women can actively engage and participate and achieve equality.

Especially in the context of the “Arab Spring” and the political and security turmoil now affecting much of the MENA region, there may be merit in World Bank Group focusing more on the impact on non-legal factors impacting on gender access and equality.