



EUROPEAN UNION FOR  
WOMEN EMPOWERMENT  
مشروع الإتحاد الأوروبي  
لتمكين المرأة



# WOMEN ENTREPRENEURS IN LEBANON: SURVIVING THE CRISIS AMIDST THE CHALLENGES

ASSESSMENT STUDY IN BEIRUT, MOUNT LEBANON,  
AND SOUTH LEBANON  
European Union for Women Empowerment (EU4WE)



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## FOREWORD

Gender equality is a core value of the European Union (EU) and a universally recognised human right, as well as an imperative to well-being, economic growth, prosperity, good governance, peace, and security. Through its Gender Action Plan III (GAP III),<sup>1</sup> the EU reinforces its commitment of promoting gender equality as a key political objective of its external action aimed at accelerating progress towards global goals including the Sustainable Development Goals (SDG) at the core of the 2030 Agenda. The aim of GAP III is to promote gender equality and women's and girls' empowerment by setting clear objectives and action and by adopting a transformative approach. GAP III highlights EU actions that support women entrepreneurs and entrepreneurship, as part of its key thematic area of programming 3.3. "Strengthening economic and social rights and empowering girls and women focusing" which includes the following actions:

- Promoting decent work, equal pay for job of equal value and labour rights, and women's transition to the formal economy, among others by reducing labour market segregation and boosting women's leadership;
- Creating an enabling environment for women's economic activities and access to productive resources and eco-system services, including women's access to land, technology and finance, and access to safe and affordable transport options;
- Supporting universal social protection systems, and recognising, reducing, and redistributing unpaid care and domestic work by providing more support for gender-responsive budgeting;
- Challenging gender norms within the household and the labour market, recognising men and boys' responsibilities, and fostering legislative developments, such as the introduction of paid paternity leave;
- Supporting women entrepreneurship and women-led businesses, including social entrepreneurship, and their access to finance by providing innovative investments schemes, addressing the market's failure to reach women, and promoting the creation of SMEs.

Projects like the EU for Women Empowerment (EU4WE) in Lebanon aim to support women in their efforts to participate in national and global economies. This support requires a multi-dimensional approach that includes business environment reforms, laws, and regulations that impact and improve the role of women in society and in the economic sphere, and scaling up access to finance and access to knowledge.

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The report was prepared jointly by the experts of the EU4WE team and Aim and Jouri Consulting.

The EU4WE team included Elena Ferreras Carreras (EU4WE Team Leader) and Sonia Sanchez-Quintela (Finance and Private Sector Specialist).

The team from Aim and Jouri includes Nisrine Barakeh, Team leader, Abdulhamid Qabbani, Quality Assurance Expert; Ilina Slavova, Gender and Conflict Sensitivity Expert; Lisa DiPangrazio, Market Specialist; Florian Poli, Statistician and Economist and Mohamad Barakeh, Design, Monitoring & Evaluation Specialist. The consortium carried out the implementation of the study including: the desk review, the study technical design, the mapping, the data analysis, and the initial report.

The team would also like to acknowledge the contributions of Charlotte Binet (Program Manager, EU4WE), Zena Audi (Deputy Programme Manager, EU4WE), and Joelle Choueifati (Legal Expert, EU4WE) and thank Maen Naboulsi (Project Officer, EU4WE) and Haneen Shabshoul (Communication Officer, EU4WE). The report was edited by Katya Salmi and includes graphic design by Samer Rabah.

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The concept of gender is applied throughout this document to convey a binary understanding of men and women because this is where this research can support the findings, without the intention of diluting the community of the lesbian, gay, bisexual, transgender and intersex persons. Also, the terms 'woman' and 'female' are used interchangeably as an editorial choice to make the text more readable, even though it is acknowledged that these terms are not perfect synonyms.



## EXECUTIVE SUMMARY

**This study aims to assess the challenges, barriers, and needs of women entrepreneurs in Beirut, Mount Lebanon, and Tyre/South Lebanon.** The main objective is to provide an overview of the business environments that female-led and owned firms currently operate in, including their perceptions about challenges and barriers they face, and identify their needs. The report is commissioned within the framework of the EU-funded project *EU for Women Empowerment* (EU4WE), which aims to promote full and unconditional equality between men and women in Lebanon by empowering women economically and enhancing the legal mechanisms against gender-based violence (GBV). The study will contribute to the design of a financial and technical support programme for women entrepreneurs under the EU4WE project.

**The study was conducted in a period of rapidly deteriorating economic conditions amid a continuous deadlock in the formation of a new government.** During this political crisis that has prevented the country from addressing the many challenges it is facing, the financial and economic crisis that started in 2019 worsened. The national currency has lost close to 90 percent of its value while the annual inflation reached 155 percent in February 2021, with food prices alone being much higher. Because of the currency devaluation, banks continued to restrict companies and individuals from accessing savings and cash and restricted payments abroad. Micro, small, and medium enterprises (MSMEs) in most sectors were hit badly by the fiscal and financial crisis, and there has been a severe deterioration in the purchasing power of the population. The situation is exacerbated by the lockdown imposed by the COVID-19 pandemic, in addition to the energy and fuel crisis, and according to estimates, this has pushed almost half of the population into poverty, forced hundreds of small and medium businesses to close and fuelled unemployment towards what could be defined as a humanitarian crisis. According to the International Labour Organization (ILO), some society segments were severely affected by the measures, including young women.

**The findings and recommendations of the study are based on primary and secondary data sources.** The methodology included a desk review of recent reports to map existing governmental and non-governmental projects and initiatives targeting women entrepreneurs in some geographical areas. Finally, a survey of 78 women entrepreneurs (in Beirut, Mount Lebanon, and Tyre/South Lebanon) and 29 key informant interviews (KIIs) with several stakeholders such as government institutions, donors, national and international non-governmental organisations ((I)NGOs), microfinance institutions (MFIs), banks, incubators and women entrepreneurs in the information communication technology (ICT), fashion and jewellery, agri-food and food and beverage sectors. The survey was conducted through a combination of snowballing and purposive sampling, allowing the team to reach women entrepreneurs who are not captured by larger surveys. All of the women surveyed are entrepreneurs in leadership positions: founders, co-founders and/or CEOs of companies. Over three quarters of the surveyed businesses (76 percent) were registered and the remaining enterprises (24 percent), mostly in Tyre, were in the process of registration.



## “MAIN FINDINGS OF THE STUDY”

**The findings reveal and confirm many of the multiple challenges that women-led micro, small, and medium enterprises face in a very challenging context.** Surveyed women entrepreneurs reported challenges related to the fluctuation of the Lebanese currency (86 percent), COVID-19 restrictions (76 percent), hyperinflation (55 percent), and a decrease in purchasing power of customers (51 percent). They are also concerned with low market activity, quality of goods and services, and damages to space or equipment. This study includes an analysis of the financial and non-financial needs identified by women entrepreneurs.

**Access to finance remains the biggest need for women entrepreneurs.** Around 92 percent of survey respondents reported needing financial support in the coming year. Only four percent of respondents reported accessing business loans in the past year. Businesses with no employees tend to be in greater need of financing (85 percent) than businesses with ten or fewer employees (73 percent). The main reasons for needing financial support were marketing or communication (71 percent), increasing business working capital (68 percent), and purchasing inventory (43 percent). Around 92 percent of respondents would be willing to apply for funding (e.g. a grant) and predict that they would use it to expand to other markets or sectors mostly through offering new products or services (66 percent), to invest in new materials (55 percent), to expand into new locations (51 percent), to invest in new offices/shops (14 percent), or to repay debts and loans (9 percent). Businesses with higher financing gaps are in the design, agri-food, services, and manufacturing sectors. Women entrepreneurs prioritised the need for digitalisation (58 percent), human resources (29 percent), and other skills training (22 percent). One of the most apparent impacts of COVID-19 lockdowns on women entrepreneurs in Lebanon has been the necessity to move business operations online.

**Almost one fifth of interviewees believe they need to substantially improve their hard and soft skills.** Technical assistance and training were an expressed need of 22 percent of surveyed women entrepreneurs. Key informants recommended digital marketing, branding, use of online platforms, financial management, and business development as areas for support. Women entrepreneurs are also in need of skills to access new markets and to digitalise their businesses and processes using digital platforms and tools to better compete. They need support in both the use and implementation of digital technologies. Almost 60 percent of women entrepreneurs need digitalisation support, and 87 percent stated they would consider using new technologies and digital tools like mobile apps and e-commerce platforms to facilitate their work and optimise market outreach. Developing these areas may allow women entrepreneurs to reach new and/or more international markets to export their goods and services. Key informants emphasised the need to transition sales to e-commerce platforms and the women entrepreneurs interviewed think their inability to shift to cashless operations is holding them back, especially when it comes to smaller enterprises such as grocery stores, agri-food businesses, and artisanal work.



**Women entrepreneurs want legal assistance to manage their businesses.** 18 percent of survey respondents identified a need for legal support, particularly relevant for businesses in the process of registration. Women entrepreneurs with established businesses flagged the need for support related to operational and contractual legal matters. Some mentioned the often costly need of lawyers to follow up on conflicts that arise.

**Commonly held values and norms around the role of women in the household is an added pressure for women entrepreneurs, especially since household responsibilities increased during lockdown.** Women entrepreneurs are also concerned by pressures to fulfill family obligations. More than half the respondents whose businesses are not family-owned reported that lack of support from the family was a concern. Social norms prescribe women as the main caregiver of the family, while men are traditionally seen as financial providers, which can explain the lack of family support and why some women withdraw from the labour force when they have children. Of the surveyed women entrepreneurs, 51 percent were married, 4 percent single, and 8 percent divorced.

**Interviewees confirm that all businesses are facing the effects of the economic crisis and support may be needed across the board.** Offering support to businesses operating in sectors such as the care economy, textile/fashion/jewellery, agriculture and agri-food, e-commerce, and design and media content production may be more likely to result in opportunities for women while also adding value to the local economy. Survey results showed that 75 percent of agri-food businesses, 60 percent of manufacturing businesses, and 56 percent of businesses in the design sector reported increases in sales the past year. Therefore, businesses in the services and manufacturing sectors that have reported growth in the past year may be suitable for additional funding and support to help them sustain the growth and hire more employees.





## RECOMMENDATIONS FOR SUPPORTING WOMEN ENTREPRENEURS in Lebanon

The findings, which are the result of the desk review, the analysis of best practices in supporting women entrepreneurs, and the analysis of the survey that was conducted are encouraging despite the vulnerable macroeconomic situation of the country. In summary, the combination of technical and financial (grants or in-kind) support, based on a gender-lens approach, is the most adequate response to the needs of Lebanese women entrepreneurs. In addition, financing SMEs can result in significant employment creation and business growth. This is even more important in periods of credit crunch since it helps as a countercyclical tool.<sup>1</sup> The EU4WE project will take into account these recommendations in the design of its programme. Some of the key findings and recommendations are stated below:

### Lack of unified definition of women-led businesses or women-owned businesses in Lebanon.

1. The common factor in both definitions is the decision-making power a woman has in a business. In general, a company is considered to be women-led or women-owned when women have a say in the company's decision-making or leadership. Therefore this report will use Women-owned and/or women-led businesses (WOLBs).

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<sup>1</sup> This is also the conclusion of other assessment of financial support to SMEs through commercial banks. IFC and Fransabank, 2012. Supporting Job Creation in Lebanon. Case Study. <https://openknowledge.worldbank.org/bitstream/handle/10986/26442/113561-WP-LB-Job-creation-PUBIC.pdf?sequence=1&isAllowed=y>

2. **Women-owned and/or women-led businesses (WOLBs) in Lebanon are businesses** where women own greater or equal to 51 percent of the enterprise, and/or where a woman is in a senior managerial role. Considering power of attorney and signatory capabilities may assist in determining this. Ideally, WOLBs should also have policies to support gender equality in the workplace (relevant for relatively bigger companies), such as opportunities for employing more women, equal pay, and protocols and policies to address sexual harassment and any discriminations based on gender

### Women entrepreneurs or WOLBs, can benefit from technical and/or financial support

3. Without focusing on specific sectors, viable WOLBs facing difficulties due to the ongoing crisis could benefit from financial and/or non-financial support, particularly in the current context, where banks' lending is facing severe constraints. Support for businesses that have thrived despite challenges should target those with clear plans to meet new markets, to offer new products and/or services, to generate wage-based employment opportunities (preferably for women), and to continue adapting to market turns.

4. Flexible selection criteria and a thorough review process can help increase the impact of the support. Review committees involved in selection could be comprised of well-established women entrepreneurs.<sup>2</sup> A Gender Lens Investing (GLI) approach should be adopted.<sup>3</sup> The selection process should prioritise WOLBs that commit to hiring women and supporting other WOLBs throughout their supply chain, and businesses with existing policies on gender equality in the workplace, such as equal pay for work of equal value, and decent labour policies, along with zero-tolerance policies for sexual harassment. The support should also include training modalities that facilitate women's participation and engagement (e.g. part-time trainings, support to get care while on the training, among others).

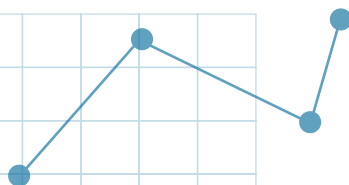
5. Programmes should be open to women entrepreneurs from all sectors in order to promote a culture of women's entrepreneurship, while supporting WOLBs that are demand-driven and perform more competitively in their respective markets. Support should be emphasised for those working in the care economy, textile/fashion/jewellery, agri-food and agriculture, e-commerce, design and media content, and services and manufacturing.

<sup>2</sup> ICC. 2018. A Research Agenda for the Small and Growing Business Sector. London, UK.

<sup>3</sup> Gender Lens Investing refers to investment strategies that include the analysis of gender aspects. It includes investing in WOLBs but also in organizations with a focus on improving the lives of women. <https://thegiin.org/gender-lens-investing-repository>.

## Design an adequate support for WOLBs

6. Women entrepreneurs should benefit from a combination of financial and technical support services that respond to the needs of their businesses, the characteristics of the sector/segment they operate in, and short, medium, and long-term objectives. Specific support tailored to the needs of each firm could be more efficient than a generic approach targeting many businesses simultaneously. Financial support, mainly through substantial grants (cash or in-kind) is a good practice and is also highly justified in the context of Lebanon.
7. Support should prioritise helping women entrepreneurs adapt their value chain by transitioning to new products/services, access new markets, hire, upgrade, or reopen their businesses. Many MSMEs still lack very basic knowledge and skills which could result in some being less likely to succeed in their business. In an era where the digital divide is increasing dramatically, WOLBs need to upskill rapidly to keep up with business transformation dynamics. The survey shows the recognition by female entrepreneurs of the pressing need to upgrade their digital knowledge. The delivery method can be based on a combination of presential and online training<sup>4</sup> as well as coaching/mentoring.
8. It is crucial to improve women's business leadership through soft skills that support confidence and self-esteem, such as socio-emotional skills, communication, negotiation and conflict management skills. Training in these soft skills is important for women who did not have access to these resources before and helps them on the non-cognitive skills front; the programmes could also build on lessons learnt to gain insight into the psychological factors affecting female entrepreneurs. Interviews confirm this could have a positive impact by helping women entrepreneurs navigate a challenging environment and deal with social pressures and mental health issues. Programmes should encourage networking, coaching, and peer-to-peer interactions for women entrepreneurs to engage with others through local groups. They can focus on building an environment where female entrepreneurs are able to support and inspire each other. The development of individual mentoring and coaching could support the specific needs of each enterprise.
9. Legal advice and registration support can help entrepreneurs where there is a higher prevalence of informal businesses (especially those outside of Beirut). This is particularly important since Lebanese law requires firms to hire and retain the services of a legal advisor for at least a year in order to register a business.<sup>5</sup>



<sup>4</sup> The Covid-19 pandemic impact on online training is showing its first results in terms of number of courses, students, and learning methods and their impact across different socio-demographic groups. <https://www.weforum.org/agenda/2020/04/coronavirus-education-global-covid19-online-digital-learning/>

<sup>5</sup> <https://www.doingbusiness.org/en/data/exploreconomies/lebanon>



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10. Further outreach activities should be conducted in rural areas where women entrepreneurs are less aware of available support and how to access it, and specific interventions should address the informal sector.

### Support the creation of networks to empower women, and strengthen their advocacy capacity

11. Networks can offer opportunities for women with few support mechanisms and can help them build resilience throughout their economic activity. Mentoring and coaching can help them while they strategize and mobilize resources to achieve their objectives. The exchange of ideas and peer support can be key for the success of some. Peer support networks for women entrepreneurs should be established so women can exchange stories about their experiences and coping strategies for challenges they face within and outside the business. Such networks will offer opportunities for women with limited moral support from their family and those in areas with more limited opportunities for social networking. In person or virtual peer support meetings can also include mental health support by a professional.

12. It is important to foster a culture of support between entrepreneurs and newcomers who can inspire each other. Mentoring sessions, webinars, and semi-formal 'women in business' talks for women entrepreneurs as spaces for ideation and networking should be held to promote role models for women's entrepreneurship and increase their self-confidence. These exchanges do not have to be regular but provide a good basis to access information and ideas, and implement them. In addition to specifically targeting women entrepreneurs and women interested in entrepreneurship (including those operating in the informal sector) beyond the selected WOLBs, they can also focus on specific sectors to increase the value of knowledge exchange and make it more time-efficient. In this context, success stories of women entrepreneurs operating in times of crisis should be shared to inspire other women. Networks could facilitate access to more resources and information, making WOLBs more likely to invest, for example, in specific trainings or equipment.

13. Holding open events in the communities of supported women can help generate acceptance of women's entrepreneurship as a respectful career path. Inviting local community leaders, both men and women, and young men and women interested in business, can lead to discussions about the impact of women-owned and/or women-led businesses on their families and their communities and inspire young women entrepreneurs.

14. Because of the problems of access to information and resources, it would be important to strengthen interventions in lagging regions and regularly communicate and support women in those areas.

15. In principle, some barriers to business affect men and women entrepreneurs equally, though the social capital of individuals and groups may help navigate some barriers better. Doing business in Lebanon is a difficult task, but more challenging for women who face additional barriers at all levels, such as social or legal barriers that hinder their capacity to own property and as a result their possibilities of accessing loans. Women, through cooperation among businesses, can also engage in advocacy around the regulatory environment in Lebanon.

16. Data and accountability should be fostered. There is a need to advocate for a centralised repository of information on Lebanese businesses to be publicly accessible along with market mapping data and other key business data such as sectors of operation, geographic coverage, management, and ownership data. This could be of great use to entrepreneurs in the ideation stages of business start-ups. The report highlights the need to agree on a definition of MSMEs and what constitutes women-led/owned-businesses to help organise data and better understand their dynamics. In addition, the national statistics system should be able to collect more data on businesses and have up-to-date firm registries.

### Provide learning and support advocacy

17. Learning opportunities should be built into the design of financial and non-financial support packages, with the intent to share findings publicly (or widely with relevant actors) to improve the repository of data on best practice for supporting women entrepreneurs in the region. There is a dearth of publicly available, regional, best practices for supporting women's micro-enterprises, particularly when support is delivered in conjunction with incubators or accelerators.

18. Utilising engagement with enterprises is an opportunity to reflect upon how the MSMEs definition does and does not serve their interests. Given a lack of a unified definition of MSMEs in Lebanon, and the increasing irrelevance of using revenue as a key determinant of an enterprise's size, it is important to determine which behavioural or functional attributes may be accurate proxy indicators in this context.

19. Further research on the barriers facing women entrepreneurs in the informal sector should be considered. These barriers may include challenges around registration, profiling informal, women-led MSMEs, and varying financial literacy levels across geographic locations and market segments.





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