



IN BRIEF

AN OVERVIEW OF RECOVERY SUPPORT FOR WOMEN-OWNED BUSINESSES IMPACTED BY THE BEIRUT BLAST



Photo: UN Women/ Joe Saade

While the August 4, 2020 Beirut explosion has taken place against a backdrop of deep economic crisis, described by experts as the worst in Lebanon's recent history, it is also happening within a context of extreme structural gender inequalities. Lebanon has one of the highest overall gender gaps in the world (ranking 145 out of 153 countries in the World Economic Forum Gender Gap report 2020), and amongst the lowest global rates of women's labor market participation, hovering at 29% for women and 76% for men.¹

The Charter of Demands by Feminist Activists and Women's Rights Organizations in Lebanon² warns that "women residents of the urban poor communities of the Northern suburb of Beirut hit by the blast are more likely to be unemployed and/or not have legal residence (as a refugee, stateless or migrant). Considering the economic impact of the explosion and the ongoing deep economic crisis, the financial situation of women will most likely worsen with many losing their businesses/income or becoming unemployed." Prior to the explosion, UN Women estimated the economic contraction would result in an estimated 16% reduction in women's overall employment in 2020³. Already prior to the explosion, the economic contraction on women's overall employment in Lebanon was estimated by UN Women to result in a 14-19% reduction in women's employment. In the current situation this number will most likely go up⁴. The Charter calls for ensuring a gendered response to the explosion that prioritizes livelihoods for women: "Reconstruction plans should ensure equal chances for women and men to be employed with special focus on supporting the recovery of women's businesses. Cash for work programmes should integrate women equally to men, as should all labour initiatives. Given how few women-owned businesses there are in Lebanon, national authorities should impose (among other measures) the exemption from taxes and legal fees especially when seeking to replace lost or damaged legal and property documents."

Small and medium enterprises in Lebanon represent 95 percent of all companies in Lebanon and account for 50 percent of national employment.⁵ According to the 2019 World Bank Enterprise Survey, 9.9% of all these are co-owned by women. The country's compounded crises have multiplied the challenges facing micro, small and medium enterprises (MSMEs). As investment is made to strengthen national production and bolster employment opportunities, women owned-MSMEs (WO-MSMEs) are an important vehicle for change and growth.

1 Lebanon Labour Force and Households' Living Conditions Survey 2018-2019. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_732567.pdf

2 Charter of Demands by Feminist Activists and Women's Rights Organizations in Lebanon – A Gendered Disaster Response Plan: Learning from the Past, August 27, 2020. <https://arabstates.unwomen.org/en/digital-library/publications/2020/08/charter-of-demands-lebanon>

3 "Women on the Verge of Economic Breakdown," Nisreen Salti and Nadine Mezher, September 2020. <https://arabstates.unwomen.org/en/digital-library/publications?country=d4b5586bfc61422e9b1b5d982a5dfdc>

4 UN Women 2020 Beirut Port Explosion Response Plan. August 13, 2020. [https://www2.unwomen.org/-/media/field%20office%20arab%20states/attachments/publications/2020/08/un%20women%20lebanon%202020%20beirut%20port%20explosion%20response%20plan%20\(238\).pdf?la=en&vs=2907](https://www2.unwomen.org/-/media/field%20office%20arab%20states/attachments/publications/2020/08/un%20women%20lebanon%202020%20beirut%20port%20explosion%20response%20plan%20(238).pdf?la=en&vs=2907)

5 "SMEs in Lebanon: status, strategies and outcomes." Matta, J. 2018. Ministry of Economy and Trade of Lebanon. <https://www.economy.gov.lb/media/10367/smes-in-lebanon-180112-10-small-size.pdf>. That report defines SMEs full-time employee (FTE) size as Micro (<10 FTEs); Small (<50 FTEs); Medium (<100 FTEs), however two publicly available post-Beirut explosion assessments define it differently: (a) Mercy Corps: "In Lebanon, a micro enterprise is defined as an enterprise that employs up to 9 people, a small enterprise employs 10-49, and a medium enterprise employs 50-99"; (b) Strategy& assessment: "Small businesses are assumed to have an average of 5 employees, medium businesses an average of 30 employees; and large businesses an average of 100 employees. Micro-businesses with unregistered locations were not accounted for in the

The Situation of MSMEs post August 4

The Beirut Port explosion compounded an already dire situation resulting from Lebanon's socio-economic and health crises. In May 2020, the ILO surveyed 363 small-scale enterprises to capture the impact of the economic and COVID-19 crises adversely affecting enterprises. It found that prior to the lockdown the situation for enterprises was already significantly challenged; only one-third of the enterprises in the sample reported they were profitable, 40% reported breaking even, while 26% were operating at a loss. This pattern was quite similar for all enterprises regardless of size. Of those sampled, around half (51%) had stopped operations temporarily due to the COVID-19 pandemic and associated lockdown measures.⁶

Post August 4th, a multitude of assessments, surveys, and consultations have been launched in an effort to capture the impact of the explosion in order to design responsive interventions at all levels. UNDP and UNICEF conducted a phone survey of 389 small and medium enterprises of which 146 are women-owned (9 by women under 25 years of age). Stand for Women and UN Women launched an online survey to assess the primary needs of female-led businesses with a total of 90 MSMEs responding. Fifty one percent of business owners said they could not reopen without receiving assistance. 54% stated a need for support in rebuilding the physical infrastructure of the businesses and 36% requested financial support to rebuild and/or replace lost or damaged stock. In addition, 13% of respondents mentioned a need for in-kind goods such as refrigerators, computers, furniture and supplies like food and drink items. Three businesses mentioned needing support to relocate their businesses because they were too damaged. An increasing number mention the need for support to move on line due to the cost of repairs and the reduced 'foot traffic' that had occurred prior to the explosion due to the impact of the COVID-19 pandemic and the economic crisis.

✓ 58% of the 1,164 total businesses surveyed by Mercy Corps have more than one employee of which 29% had a majority of women employees, with most of these businesses in the retail sector.

✓ The 90 respondents to the Stand for Women online survey employed a total of 726 individuals, 67% of which are female.

Preliminary data suggest there was a fairly high number of women-led businesses in the explosion radius. According to an assessment of 1,164 businesses across 24 neighborhoods in Beirut led by Mercy Corps⁷, approximately one fifth were owned by women. Women-led businesses were more likely to be smaller and unregistered: half of women led businesses were unregistered compared with about one-third of male-led businesses. Women-led businesses are also more likely to employ more women than businesses led by men. According to the Mercy Corps assessment, female employers employed 1.54 women on average (out of an average of 2.2 employees), while male employers employ 0.95 women on average (out of an average of 3.3 employees). This is corroborated by an assessment of 90 women-led businesses damaged in the explosion completed by UN Women and the NGO Stand for Women, where almost 70% of employees in these businesses were women. The implication is that a loss of women-led businesses also leads to a loss of employment opportunities for women and according to UN Women/Stand for Women, half of business affected by the explosion will not be able to reopen without some form of assistance.

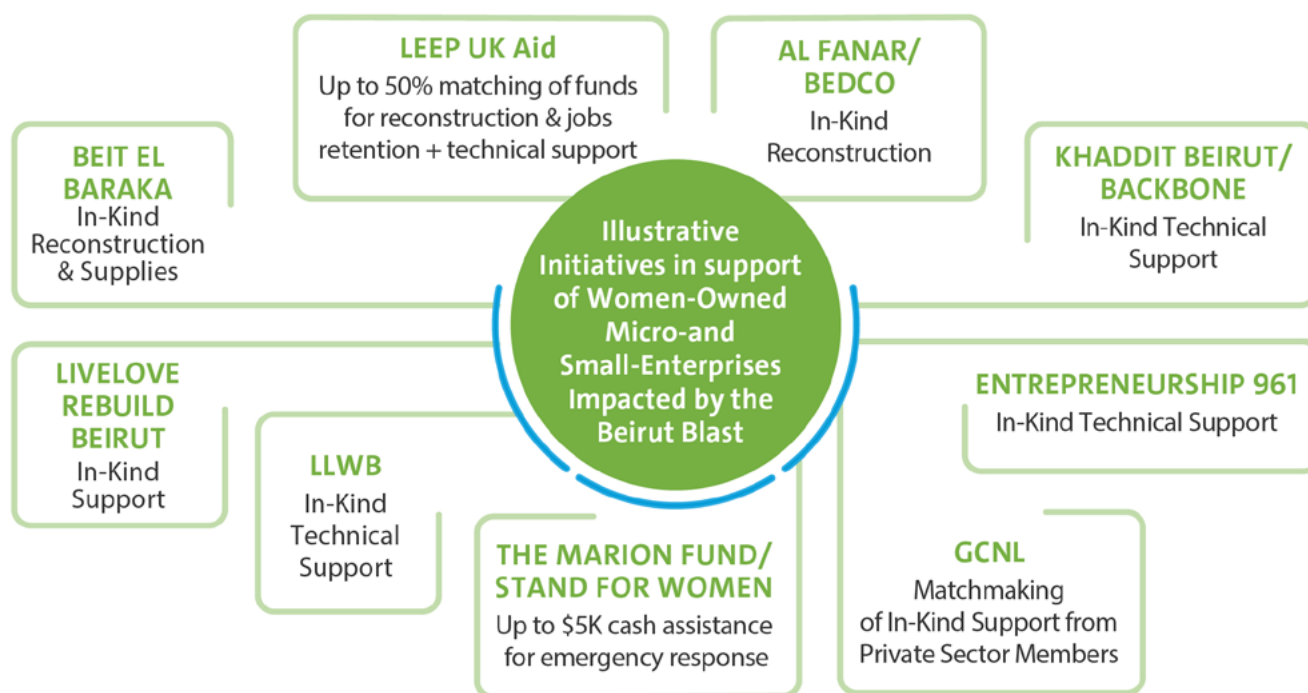
Response Initiatives for Women-Owned MSMEs

Numerous economic development and livelihoods programs were already being implemented in Lebanon prior to the port explosion, operated by international and local actors and funded by a variety of donors and international agencies. A number of programs target MSMEs/SMEs with technical assistance and capacity building, with a few providing direct financial support. During the past year, existing programs have had to adapt to the increased socio-economic-political and COVID-19 health crises and coupled with the port explosion.

⁶ ILO Rapid Assessment: Impact of COVID-19 on vulnerable workers and small-scale enterprises in Lebanon. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/briefingnote/wcms_747074.pdf

To help link businesses in need of support with services providers, including those supported by UN Women, UN Women has undertaken a mapping of ongoing initiatives and is actively working to pair those in need with those entities offering support. The below is the outcome of the mapping – completed as of October 2020.

- National Initiatives. In response to the explosions, a number local initiatives have been launched to specifically support women-owned small and medium enterprises affected by the blast including but not limited to:
 - ✓ Stand for Women's "The Marion Fund" provides financial and in-kind asset replenishment for the most vulnerable WO-MSMEs coupled with mentoring and linkages to other programs (www.standforwomen.org/). Initially funded through individual private donations, The Marion Fund is exploring partnerships and fundraising to expand its scope.
 - ✓ Al Fanar venture philanthropy is partnering with MARCH NGO/BEDCO to reconstruct and renovate up to 100 most damaged MSMEs, with a specific focus on women-owned businesses (www.alfanar.org)
 - ✓ Lebanese League for Women in Business provides technical assistance and mentoring to its members and is fundraising for a contingency fund for capex and mentoring support of WO-MSMEs (<https://www.facebook.com/LLWB.org/>)
 - ✓ Khaddit Beirut, a national grassroots initiative led by activists and experts, together with Backbone Beirut are developing short- and medium-term plans to support SME recovery, vetting beneficiaries through a gender inclusive lens (<https://khadditbeirut.com/initiative/sme/>)
 - ✓ Global Compact Network Lebanon's "Beirut Relief Initiative" aims to match the needs of SMEs with support from its private sector members (www.globalcompact-lebanon.com), including signatories of the Women Empowerment Principles (WEPS) (www.weps.org) to support WO-MSMEs
 - ✓ Basmeh & Zeitooneh, with support from the Impact Lebanon Disaster Relief Fund, will revive 35 affected micro and small businesses by providing small grants for premise rehabilitation, raw material, worker wages, repairs, etc. (www.impactlebanon.org/fundraisers/1-we-re-raising-7-500-000-to-provide-disaster-relief-after-the-explosion-in-beirut/beneficiaries)
 - ✓ BeryTech's Beirut Hope Initiative assists its network of SMEs and start-ups with technical support (<https://berytch.org/programs/beirut-hope-initiative/>)
 - ✓ Safadi Foundation's "Entrepreneur 961" short-term relief response provides technical assistance and work space to women and youth led start-ups (www.safadi-foundation.org/news-details/7/)
 - ✓ Women Leaders Council an affiliate of the Beirut Chamber of Commerce launched its "Rise Up Fund" to support women-owned business members (<https://www.facebook.com/wlclb/>)
 - ✓ Complementing their efforts to support households, Beit Al Baraka has expanded their efforts to provide reconstruction support to more than 200 SMEs with an average cost of \$956. Through partnerships with the Marion Fund and others, they are leveraging resources to ensure strategic responses to SME recovery, specifically for women-led businesses. (<https://www.facebook.com/beitelbaraka.org>)
 - ✓ George N. Frem Foundation launched the 3ammer Jdid initiative to help revive the pulse of street life through the micro and small businesses and retailers that make up the socioeconomic fabric of Beirut's neighborhoods. With support from Lutheran World Relief, GNFF is helping business owners to rebuild and to start generating income again for themselves and their employees through reconstruction and provision of equipment/needed materials. (<https://www.facebook.com/GeorgesN.FremFoundation/>)



- **Diaspora-Led Associations.** Numerous crowdfunding campaigns for recovery response are underway. The majority focus on NGO initiatives to support individuals impacted by the blast (i.e. rehabilitation, shelter, health care) with some consideration for MSME recovery being considered. The Disaster Relief for Beirut Explosion / Beirut Emergency Fund brings together Impact Lebanon (www.impactlebanon.org), LIFE Lebanon (www.lifelebanon.org), Xpatria (www.xpatria.org), and Social and Economic Action for Lebanon (<https://www.seal-usa.org/BeirutEmergencyFund>) with local NGO accreditation organizations 3QA (www.3qa.co) and Qudurat (www.qudurat.org/) conducting vetting and linkages.
- **Internationally-led Opportunities.** Additional mapping is required to capture other opportunities being provided by donor-funded economic development programs. Two examples include:
 - ✓ The Lebanon Enterprise and Employment Programme (LEEP) funded by UKAid is supporting over 150 MSMEs impacted by the explosion with a grant matching up to 50% of their funds invested in repairs, either through self-investment, crowd funding, donations or other types of funding. The LEEP grant matches up to 50% of investments up to a ceiling of 60,000\$ (though the full amount of the investment can be higher than \$60,000). It also provides business development advisory support through qualified local providers (www.leeplebanon.com)
 - ✓ The USAID funded Livelihoods and Inclusive Finance Expansion (LIFE) project is funding the Lebanese Union for People with Physical Disabilities (LUPD) to implement a relief program for persons with disabilities (staff and business owners) to assist them in rebooting their businesses; while LIFE partner Ibdad Microfinance is providing in-kind grants in addition to other vehicles such as discounted loans, in order to support a minimum of 50 micro-businesses repair their shops and get businesses functioning. (www.facebook.com/LIFELeb/)

UN Women: An Enabler for Women's Economic Empowerment



Photo: UN Women/ Joe Saade

UN Women continues to engage, advise and work to influence recovery and reconstruction-focused macro-economic policy discussions, specifically for the integration initiatives that support growth and women's engagement in the labour market. As outlined in the UN Women's Beirut Port Explosion Response Plan⁸, blast recovery and reconstruction frameworks and policies must respond to gender equality needs, and the private sector be mobilized – including through procurement supply chain engagement – to support female-led MSMEs and women's engagement.

UN Women is building on its existing programming in Lebanon to engage local, national and international actors involved in supporting women-owned micro-small enterprises in Beirut and beyond. Based on a consolidated analysis of the various assessments/surveys conducted to date, UN Women Lebanon is working with local partners to rollout interventions that responds to the priorities of women in business in the short-term with a goal of transitioning to medium to long-term strategic growth within the context of Lebanon's challenging socio-economic environment. Illustrative activities include:

- Grants to business service providers/associations dedicated to women's economic empowerment to fund MSMEs/SMEs in their recovery, including but not limited to in-kind support for reconstruction/ capex costs; redefining business plans and processes; pivoting to online marketplaces; support for supply chains; etc.
- Supporting coordination of national and international initiatives aimed at responding to the needs of women-led MSMEs to avoid duplication of effort; leverage resources; ensure multiplier effect among key stakeholders; invest in women-led innovations; and continuously linking recovery initiatives to long-term strategies for the economic empowerment of women and girls.
- Build and maintain a 'Buy from Women' online platform that provides new markets for women-owned MSMEs affected by the explosion, in partnership with established private sector online buying platform
- Mentoring for affected businesses, including through linking women-owned SMEs with WEPs signatories.