

JOBS AND WOMEN

Untapped Talent, Unrealized Growth

MIDDLE EAST, NORTH AFRICA,
AFGHANISTAN, AND PAKISTAN

Roberta Gatti, Caglar Ozden, Jesica Torres, Leila Baghdadi, Ernest Sergenti, Asif M. Islam,
Isis Gaddis, Gianluca Mele, Sumin Chun, and Francisco Parro

OCTOBER 2025

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Abbreviations

ACLED	Armed Conflict Location and Event Data	GASTAT	General Authority for Statistics of Saudi Arabia	IRN	Islamic Republic of Iran
AFG	Afghanistan	GCC	Gulf Cooperation Council	IRQ	Iraq
ARE	United Arab Emirates	GDP	Gross Domestic Product		International Standard Industrial Classification of All Economic Activities
ATM	Automated Teller Machine	GEI	Gender Equality Index	IT	Information Technology
BHR	Bahrain	GNI	Gross National Income	JOR	Jordan
BREADY	Business Ready (World Bank)	GPS	Global Positioning System	KWT	Kuwait
CGE	Computable General Equilibrium	GTAP	Global Trade Analysis Project	LAC	Latin America and the Caribbean
COVID	Coronavirus Disease 2019	HBS	Household Budget Survey	LBN	Lebanon
CPI	Consumer Price Index	HEIS	Household Expenditure and Income Survey	LBY	Libya
DJI	Djibouti	HIC	High Income Country	LFP	Labor Force Participation
DOE	Developing Oil Exporters	HIECS	Household Income Expenditure and Consumption Survey	LHS	Lebanon Household Survey
DOI	Developing Oil Importers	HIES	Household Income and Expenditure Survey	LIC	Low Income Country
DZA	Algeria	HNAP	Humanitarian Needs Assessment Programme	LMIC	Lower-Middle Income Country
EAP	East Asia and the Pacific	IBRD	International Bank for Reconstruction and Development	LNG	Liquefied Natural Gas
ECA	Europe and Central Asia	ICLS	International Conference of Labor Statisticians	LSMS	Living Standards Measurement Survey
EDAM	Enquete Djiboutienne Aupres de Menages (Household Survey of Djibouti)	ICP	International Comparison Project	MAR	Morocco
EFTA	European Free Trade Association	ID	Identification	MENA	Middle East and North Africa
EGY	Arab Republic of Egypt	IDPs	Internally Displaced Persons	MENAAP	Middle East, North Africa, Afghanistan and Pakistan
ELMPS	Egypt Labor Market Panel Survey	IEA	International Energy Agency	MFN	Most Favored Nation
EMPCA	Emergency Multi-Purpose Cash Assistance	IHSES	Iraq Household Socio-Economic Survey	MPO	Macro Poverty Outlook
ENCDM	Enquête Nationale sur la Consommation et les Dépenses des Ménages (National Survey on Consumption and Household Expenditures of Morocco)	ILO	International Labour Organization	MMbtu	Metric Million British Thermal Unit
ERF	Economic Research Forum	ILOSTAT	The International Labour Organization Department of Statistics	N/A	Not available
EU	European Union	IPC	Integrated Food Security Phase Classification	NSHBCSL	National Survey on Household Budget, Consumption and Standard of Living in Tunisia
FCS	Fragile and Conflict-Affected Situations	IPL	International Poverty Line	NSO	National Statistics Office
FDI	Foreign Direct Investment	IRG	Internationally Recognized Government	OCHA	Office for Coordination of Humanitarian Affairs (UN)
FLFP	Female Labor Force Participation			OECD	Organization for Economic Cooperation and Development
FY	Fiscal Year			OLS	Ordinary Least Squares
				OMN	Oman

OPEC	Organization of the Petroleum Exporting Countries	USMCA	United States-Mexico-Canada Agreement
OPEC+	Organization of the Petroleum Exporting Countries plus other oil-producing countries	VAT	Value-Added Tax
PA	Palestinian Authority	VLCC	Very Large Crude Carriers
PAK	Pakistan	WB	World Bank
PECS	Palestinian Expenditure and Consumption Survey	WBL	Women, Business and Law
PLI	Price Level Index	WCI	World Container Index
PPP	Purchasing Power Parity	WDI	World Development Indicators
PSE	West Bank and Gaza	WFP	World Food Programme
QAT	Qatar	WHO	World Health Organization
ROW	Rest of the World	WLD	World
SAR	South Asia Region	WVS	World Values Survey
SAU	Saudi Arabia	YEM	Republic of Yemen
SME	Small and Medium-sized Enterprises		
SOE	State-Owned Enterprise		
SSA	Sub-Saharan Africa		
SUR	Seemingly Unrelated Regressions		
SYR	Syrian Arab Republic		
TLS	Temporary Learning Spaces		
TUN	Tunisia		
UK	United Kingdom		
UKMTO	UK Maritime Trade Operations		
UMIC	Upper-Middle Income Country		
UN	United Nations		
UNDP	United National Development Programme		
UNHCR	United Nations High Commission for Refugees		
UNOSAT	United Nations Satellite Centre		
US	United States		
USA	United States of America		
USD	United States Dollar		

Foreword

This edition of the Middle East, North Africa, Afghanistan, and Pakistan (MENAAP) Economic Update—Jobs and Women: Untapped Talent, Unrealized Growth—comes at a time of cautious optimism. The region is projected to grow at an average of 2.8 percent in 2025 and 3.3 percent in 2026. Stronger oil activity, resilient non-oil sectors, and a rebound in agriculture and tourism, are driving the improved outlook with upward revisions in nearly all countries since our April update.

Yet, alongside these improved numbers are persistent, overlapping challenges. Conflict and displacement, as well as water and food stress, continue to shape an unfinished development agenda. Moreover, with the working-age population outpacing job creation, the region stands at the heart of the global jobs challenge. Economies in MENAAP must create new opportunities for people, especially for women whose economic potential is far too often placed on the margins of labor markets.

The report makes the economic case for raising women’s labor force participation clear. When more women work and advance, economies expand their talent base, leading to higher standards of living. Including more women in labor markets is not only a matter of equity, but a macroeconomic necessity. Yet, only about one in five women in the region participate in the labor force—the lowest rate in the world.

This Economic Update identifies the constraints that hold participation back and discusses the reforms that are needed to remove them. A piecemeal approach will only capture a fraction of the potential gains. Policies must address the various constraints that exclude women from the labor market, while a dynamic private sector—one that creates jobs, aligns incentives for women’s participation, eliminates discrimination, and transforms aspirations—is essential to this process.

This edition comes at a time of changes within the World Bank. Our new regional hub in Riyadh symbolizes the trajectory of our work as we move closer to our partners and clients. By expanding our region to include Afghanistan and Pakistan, we build further strategic alignment with our development partners and can address shared challenges across a broader arc of economies. Proximity to our countries means we act faster, connect more deeply, and strengthen knowledge exchange and capacity building—not only across MENAAP but with partners around the globe.

Ousmane Dione

Vice President
Middle East, North Africa, Afghanistan, and Pakistan Region
The World Bank

JOBS AND WOMEN

Untapped Talent, Unrealized Growth

MIDDLE EAST, NORTH AFRICA,
AFGHANISTAN, AND PAKISTAN

OVERVIEW

The Middle East, North Africa, Afghanistan, and Pakistan (MENAAP) region stands at a pivotal moment, amid shifting global economic conditions, and persistent regional uncertainty, fragility, and profound demographic transformation. Although growth prospects have brightened since the spring—in line with global trends and stronger performance among major trading partners—the region continues to grapple with the enduring impact of conflict, rising poverty in fragile settings, and large-scale displacement of people.

With growth in the working-age population outpacing job creation, the region stands at the heart of the global jobs challenge. At the same time, ongoing demographic shifts, marked by declining fertility and a rapidly aging population, underscore an urgent need to harness untapped human capital, particularly by expanding women's participation in the workforce. A complex set of barriers currently hampers women's access to labor markets in MENAAP. Overcoming such obstacles hinges on a comprehensive policy response that addresses the legal, social, and economic constraints that women face, while positioning the private sector as a catalyst for job creation. Such reforms are vital to unlock the region's full growth and employment potential.

Regional growth prospects

Global growth forecasts for 2025 have been revised upward since last spring, reflecting stronger trade activity, milder-than-expected tariff increases, and more accommodating financial conditions. Similarly, growth rate projections for most economies in MENAAP have been revised upward since April. The current growth outlook for the region is cautiously optimistic, with the average GDP growth rate expected to reach 2.8 percent in 2025 and 3.3 percent in 2026, up from 2.3 percent in 2024.

Within the Gulf Cooperation Council, economic activity is expected to pick up, with the latest forecasts pointing to a 3.5 percent growth rate in 2025—up from 2.2 percent in 2024. This momentum is supported by the accelerated phasing out of OPEC+ production cuts, and by robust expansion in non-oil sectors. In contrast, the region's developing oil exporters face a more subdued outlook, with growth expected to drop to 0.5 percent in 2025—down sharply from 2.5 percent in 2024—due to conflict disruptions and oil production adjustments.

Growth in developing oil importers is forecast to increase from 2.2 percent in 2024 to 3.7 percent in 2025, reflecting stronger private consumption, investment activity, and a rebound in agriculture and tourism, as well as macroeconomic reforms and external assistance. However, some economies continue to cope with the aftermath of natural disasters and limited access to international finance, underscoring the region's vulnerability to shocks.

Despite the recent upgrades, MENAAP growth projections remain subject to uncertainty arising from an evolving global environment. Given existing export patterns, trade policy shifts are likely to have only a modest impact on the region—albeit with some differences across countries. Changes in oil prices, however, could result in more important growth impacts, especially among oil exporters, which account for close to 70 percent of the region's GDP.

Poverty remains a pressing concern in MENAAP, despite declining globally. Between 2018 and 2023, the poverty rate in the region's developing economies for which data are available increased moderately—from 7.4 to 8.4 percent—at the international poverty line of \$3.0 per day in 2021 Purchasing Power Parity (PPP) terms. This average masks varying trends. In the Arab Republic of Egypt and the Islamic Republic of Iran, poverty fell after the Covid-19 pandemic, reversing pre-pandemic increases. In contrast, poverty has risen sharply in countries in conflict.

MENAAP has long been characterized by long-lasting and often overlapping cycles of fragility and instability, with devastating impacts on living standards and economic development. Today, over 160 million people in the region live in conflict-affected economies, accounting for more than 20 percent of the total population. Just in 2024, more than 36 million people resided in close proximity to conflict events that resulted in at least 10 casualties.

In Gaza, economic activity has all but collapsed, pushing the territory into extreme food emergency conditions with a surge in child malnutrition. These developments carry not only immediate human and economic costs, but also the risk of lasting damage to growth and human capital formation. Elsewhere in the region, other fragile settings are also under strain. Afghanistan faces mounting humanitarian needs, amid refugee returns from neighboring countries, natural disasters, and declining aid. In the Syrian Arab Republic, prospects for recovery are constrained by widespread destruction and insecurity, even as partial lifting of sanctions and a new government create openings for stabilization. The Republic of Yemen's economy continues to unravel in the face of blockades, high inflation, and dwindling aid flows, which exacerbate poverty and food insecurity.

Spillovers to non-conflict affected countries have so far been relatively muted, reflecting modest economic integration across the region. However, localized shocks pose tangible risks. The impact of forced displacement of people is evident and persistent, as are trade disruptions and higher shipping costs, particularly in the Red Sea.

Untapped talent, unrealized growth

The world is facing a jobs challenge. Three regions—Sub-Saharan Africa, South Asia, and MENAAP—will collectively add more than 1 billion people to their working-age population between 2025 and 2050. These young people will need jobs. However, job creation in the coming years may be harder than in the past. In many emerging markets and developing economies (EMDEs), its pace had been slowing down even before the overlapping crises of the past five years. Structural changes, including shifting trade patterns, climate change and the energy transition, and the development of technologies including artificial intelligence, add further uncertainty.

MENAAP is at the heart of this challenge. Its working-age population is projected to grow by about 220 million over the next quarter-century—close to a 40 percent rise, the second largest across all regions. So far, however, MENAAP economies have failed to generate the jobs needed to capitalize on a once-promising demographic dividend.

Moreover, rapidly rising old-age dependency ratios will soon strain GDP growth, fiscal balances, and social protection systems. Yet, one lever is available that can bend this trajectory: expanding labor force participation among women. Despite decades of investment in education—women now enroll in and graduate from school at rates comparable to or higher than those of men in most MENAAP countries—the average rate of female labor market participation in the region remains the lowest in the world. Across MENAAP economies, only about 1 in 5 working-age women participate in the labor market. The macroeconomic stakes are high. In economies such as Egypt, Jordan, and Pakistan, removing the

barriers that prevent women from joining the labor market could lift GDP per capita by 20 to 30 percent—the largest potential gains globally.

The data reveal a sobering picture. The rates of female labor force participation in MENAAP are among the lowest no matter the country's income level, in both urban and rural settings, with very large gaps relative to income peers. Progress has been uneven. In Saudi Arabia, the rate of labor force participation among women rose from 20 to 34 percent over the last decade—among the fastest increases globally. Notable gains have also been made in Algeria, Pakistan, and Tunisia although female participation rates in these countries remain very low compared with income peers. In contrast, there has been decline or stagnation in Egypt, the Islamic Republic of Iran, Jordan, and Morocco. In certain countries, the participation rate among women with advanced education has stalled or even fallen, and younger cohorts are less likely to participate in the labor market than older generations.

Low female participation reflects a set of mutually reinforcing constraints. Contextual factors such as restrictive social norms and unequal laws, depress both women's willingness and ability to work and employers' demand. Social norms—often misperceived by individuals as even more restrictive than they actually are—remain more traditional than among global peers. Many countries in the region still lack basic legal provisions for equal pay, flexible work, safe mobility, and protection from harassment, and in several cases, women cannot obtain jobs on the same terms as men. On the supply side, safety and mobility constraints—including concerns about harassment and unreliable transport—combined with unaffordable, inaccessible, and inadequate childcare, make working outside the home costly for women. Social norms further penalize entrusting the care of children, especially if very young, to persons outside the family. On the demand side, a stagnant private sector creates too few quality jobs. Gender discrimination persists, particularly for customer-facing roles and in smaller firms. The public sector's magnetic pull draws high-skilled women away from entrepreneurship and private sector careers. Together, these forces produce a low-participation, low-growth equilibrium: wide gender gaps in labor force entry, higher unemployment among female jobseekers, concentration of employed women in public sector jobs, and large wage penalties, especially for the low skilled.

Partial fixes will not suffice. Eliminating employer discrimination alone, for example, may deliver little if restrictive social norms around household roles and childcare remain binding. A policy approach that acts on all fronts, with the region's private sector functioning as the engine of job creation, is the most likely to succeed.

Any durable policy agenda must engage with the region's prevailing social norms. Information that corrects misperceptions about community support for women's work can raise aspirations among both men and women. Visible female role models in non-traditional occupations, and interventions that normalize women's economic role, can reduce backlash and sustain change. In settings where norms are particularly binding, remote work or digital platforms can open doors in the short term, while investment in efforts toward normative change can pave the way for longer-term progress.

Legal reforms and credible enforcement are foundational. This means enacting and applying rules that ensure equal pay for work of equal value, explicit anti-discrimination and anti-harassment statutes, and protections around recruitment, promotion, and dismissal, as well as removing outdated gender-based restrictions on permissible occupations, working hours, and mobility—while enabling flexible work. The design of policy matters as much as its direction. Policies that load childcare obligations onto firms without compensatory support, for example, may unintentionally depress women's hiring and deepen occupational segregation.

Expanding safe transport and affordable childcare remain critical. In contexts where social norms discourage the use of formal childcare, legal reforms can improve the social acceptance of such services, thus easing women's entry into the

labor market. Investments that improve the safety, reliability, and reach of public transit can expand job opportunities for women and increase their retention. Safety infrastructure, such as better street lighting, can reinforce these gains. Improved market contestability, achievable by leveling the playing field between state-owned and private firms, can raise competitive pressures, thus increasing the cost of discriminatory hiring. Encouraging women to pursue management and entrepreneurial roles can have significant spillovers, as firms led by women tend to hire more women and reshape workplace culture.

The bottom line is straightforward: the region can no longer afford to leave half its talent underutilized. Expanding women's labor force participation is central to growth and resilience in the face of looming demographic change. The evidence is clear: the biggest payoffs come from comprehensive, mutually reinforcing reforms that increase the availability of private-sector jobs, remove legal and normative distortions, and reduce barriers related to mobility and care responsibilities. The costs of inaction are rising, while the returns to bold, coordinated action are exceptional.

MACROECONOMIC OUTLOOK

Main Findings

- Forecasts for the global economy have been revised upwards since April, as policy uncertainty has declined—although it remains elevated compared to January.
- The economic outlook for the Middle East, North Africa, Afghanistan, and Pakistan (MENAAP) has shown signs of improvement in recent months, with regional GDP growth expected to average 2.8 percent in 2025 and 3.3 percent in 2026.
- Economic activity in the Gulf Cooperation Council (GCC) countries is expected to benefit from the accelerated phasing-out of voluntary oil production cuts, as well as from growth in the non-oil sector. The outlook has also improved in oil importing countries, driven by private consumption and investment, and a rebound in agriculture and tourism. Conversely, for developing oil exporters, a significant slowdown is expected in the wake of conflict disruptions and downward adjustments in oil production.
- Uncertainty surrounding trade policy is projected to have only a moderate impact on the region's exports and growth—albeit with some differences across countries—given the region's current export patterns. Changes in oil prices, however, are likely to result in more important growth impacts, especially among oil exporters.
- New poverty estimates show that, between 2018 and 2023, poverty among developing economies for which data are available increased from 7.4 to 8.4 percent at the international poverty line of \$3.0 per day in 2021 Purchasing Power Parity (PPP) terms, while it remained roughly constant around 14.6 percent at the lower-middle-income line of \$4.2 per day in 2021 PPP terms. This runs counter to global trends.
- Conflict remains a source of immense suffering in the region—most recently and acutely in Gaza—and a major constraint on economic activity, with negative impacts extending to non-conflict-affected countries in the region through disruptions to trade and the displacement of people.

Global economic context

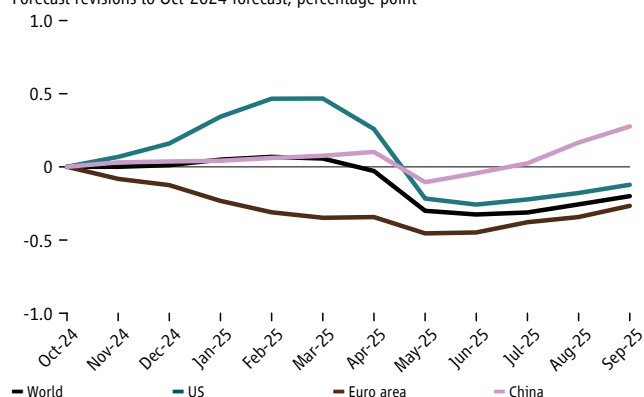
According to the latest Global Economic Prospects publication, global growth for 2025 is forecast at 2.3 percent, down from 2.8 percent in 2024. If sustained, this would mark the slowest rate of growth—outside of a global recession—since 2008 (World Bank, 2025a).

However, in the past few months, forecasts for 2025 have improved. After dropping between April and June, forecasts were revised upward as of early September (Figure 1.1), with an uptick across major economies.

Drivers for these upgrades include stronger-than-expected trade activity in the first quarter of 2025 (in anticipation of higher future tariffs), lower-than-expected actual tariff increases, a continued easing in global financial conditions, and fiscal expansion in some major economies.

Figure 1.1 Revisions to 2025 real GDP growth forecasts relative to October 2024 forecasts

Forecast revisions to Oct-2024 forecast, percentage point



Source: Own calculations using data from Focus Economics.

Note: Forecast revisions are the difference between forecasts made in a specific month and forecasts made in October 2024.

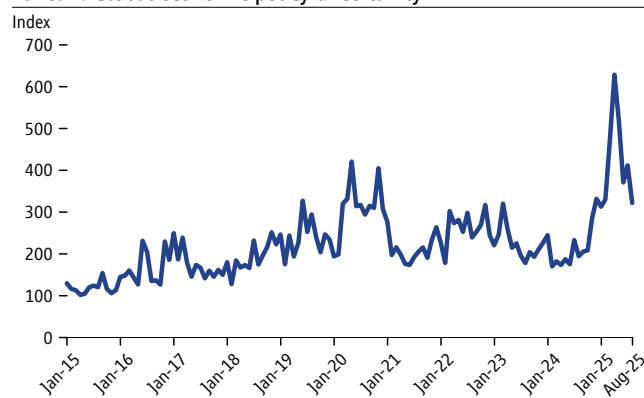
This improving growth outlook notwithstanding, policy uncertainty—primarily driven by trade policy—persists, albeit at a lower level than April (Figure 1.2).

Oil markets are critical for MENAAP. Some economies in the region are major hydrocarbon exporters, while, for others, oil accounts for a sizeable share of their import bill. As of September 22nd, the Brent crude oil price was projected to average around US\$69 per barrel in 2025, a significant decline from the 2024 average of US\$80.¹ Oil prices dropped sharply in April 2025, due to a lower demand outlook amid rising trade tensions and the announcement that OPEC+ would unwind production cuts (World Bank, 2025a). Although oil prices spiked briefly in June, they have since receded (Figure 1.3 Panel A). Nevertheless, strategic concerns remain regarding the

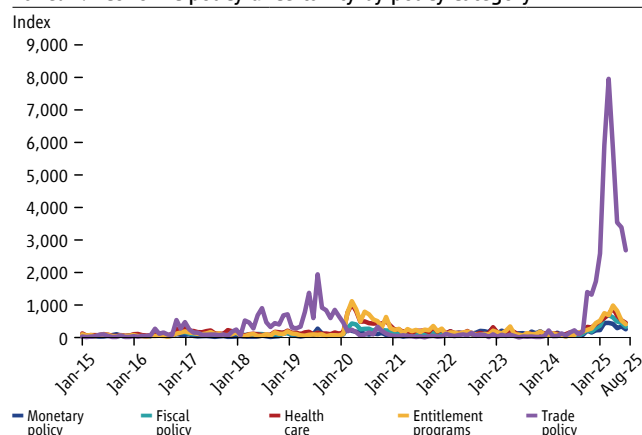
Strait of Hormuz, a critical chokepoint in global oil transport. Although shipping traffic through the strait remained resilient during the weeks of conflict, it declined by around 11 percent year-on-year in July, and by 5 percent year-on-year in August. (See also below the discussion in the section “The broader effects of conflict on the regional economy”). Oil futures indicate that prices will remain roughly at their current levels over the next two years, with December 2027 futures trading at US\$65.5 per barrel. Robust supply growth from both OPEC+ and non-OPEC+ sources, coupled with tepid demand growth that is forecast to remain well below 2015–2019 levels (World Bank, 2025a), underpin this slight decline of oil prices over the medium term. Natural gas prices are also expected to remain fairly steady, though new supply—especially for the European market—is expected to come online over the medium term (Figure 1.3 Panel B).

Figure 1.2 Economic policy uncertainty indices

Panel A. Global economic policy uncertainty



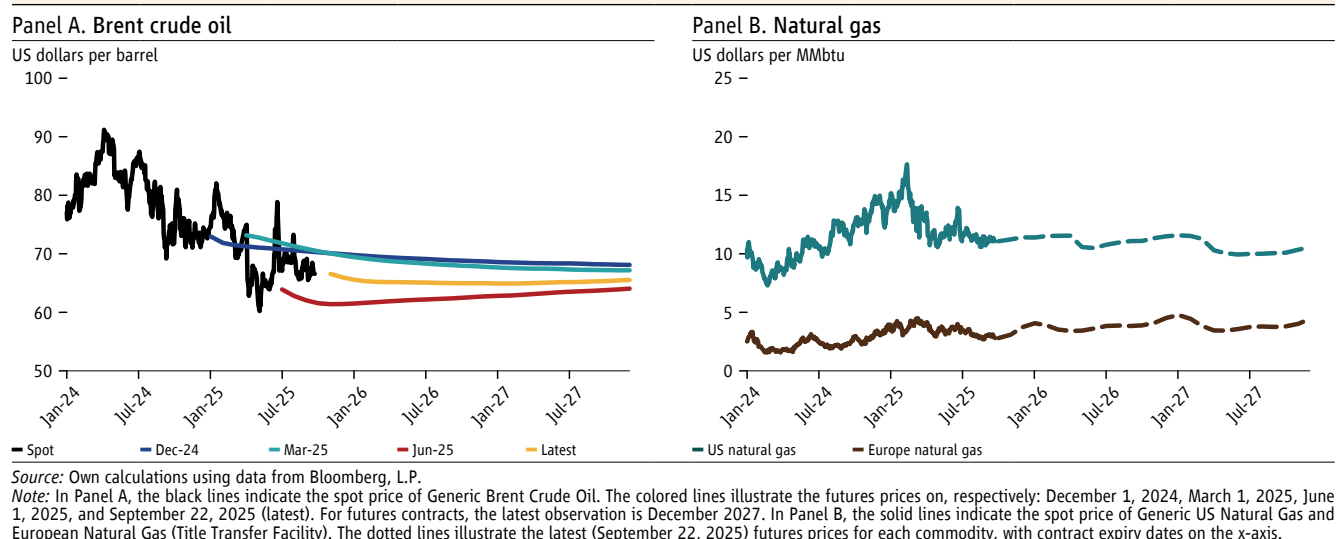
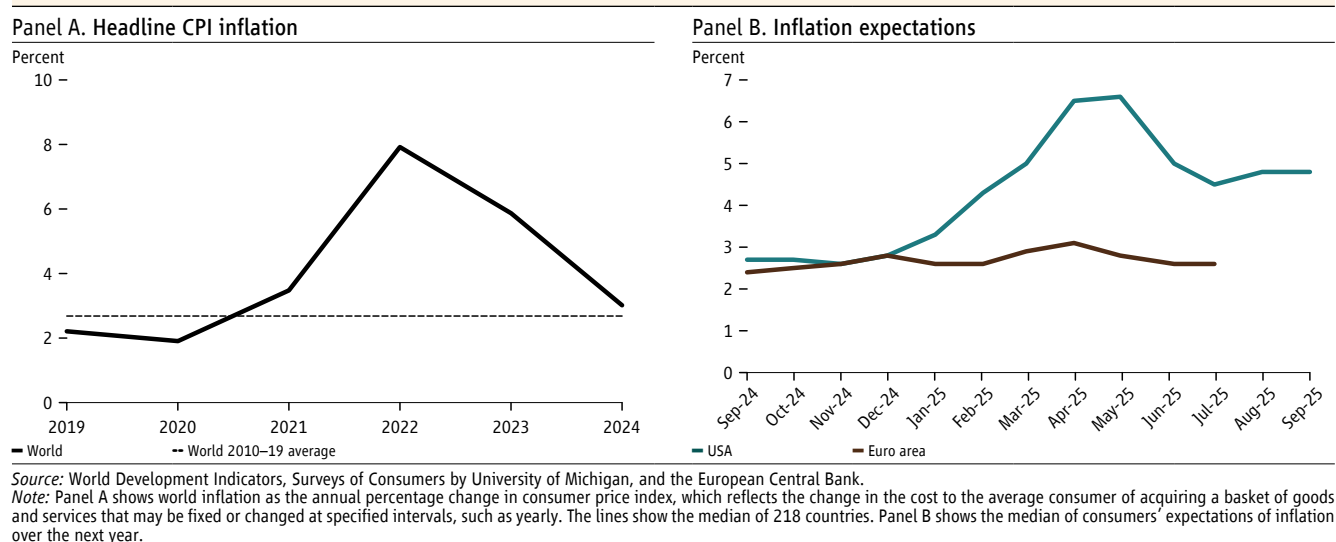
Panel B. Economic policy uncertainty by policy category



Source: Baker et.al (2016), “Measuring Economic Policy Uncertainty”.

Note: In panel A, the global economic policy uncertainty index is a GDP-weighted average of national economic policy uncertainty indices for 21 countries: Australia, Brazil, Canada, Chile, China, Colombia, France, Germany, Greece, India, Ireland, Italy, Japan, Mexico, the Netherlands, the Russian Federation, the Republic of Korea, Spain, Sweden, the United Kingdom, and the United States. Each national economic policy uncertainty index reflects the relative frequency of own-country newspaper articles that contain a trio of terms pertaining to the economy, policy and uncertainty. In Panel B, the categorical economic policy uncertainty indices are a normalized index of the volume of US newspaper articles discussing economic policy uncertainty. For more details see Baker et.al (2016) and www.PolicyUncertainty.com.

¹ Estimated average of calendar year 2025 oil price is calculated by taking the average of spot prices and futures contracts.

Figure 1.3 Oil and gas prices**Figure 1.4** Global inflation and consumer inflation expectations

The sustained decline of oil prices has supported the moderation of global inflation from its 2022 peak (Figure 1.4 Panel A). However, going forward, the outlook for inflation is uncertain and variable across economies. Higher tariffs could raise import prices and add to inflationary pressures, while weak demand could be deflationary. While inflation expectations in the United States peaked after April, they fell back by August. This volatile trajectory of inflation expectations is suggestive of the uncertainty that consumers face (Figure 1.4 Panel B).

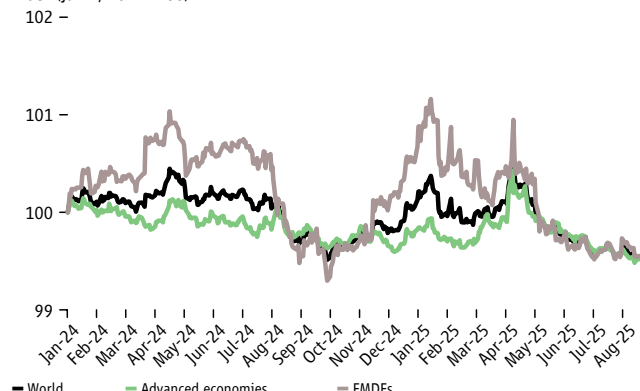
Global financial conditions have been easing throughout 2025 (Figure 1.5). The US dollar has continued to weaken, supporting a resumption of capital inflows and creating monetary policy space for emerging markets and developing economies. The weaker dollar should also improve the external competitiveness of countries with a currency peg to the dollar and ease the fiscal burden for countries without a dollar peg but with a large proportion of foreign-currency debt.

Figure 1.5 Global financial conditions**Panel A. US\$ index (trade weighted)**

Index (Jan 1, 2006=100)

**Panel B. Global financial conditions index**

Index (Jan 1, 2024=100)



Source: Federal Reserve Bank of St Louis, Bloomberg, and Goldman Sachs.

Note: Panel A shows the dollar index as a trade-weighted average of the foreign exchange value of the US\$ against the currencies of a broad group of major US trading partners. The latest value is for September 12, 2025. In Panel B, higher values indicate tighter financial conditions. The latest value is for August 18, 2025.

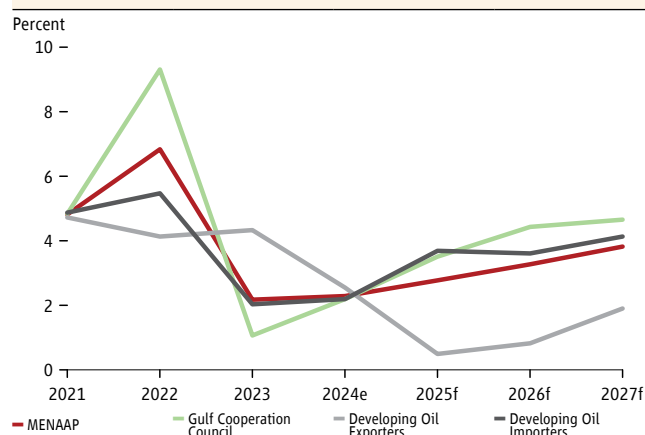
Recent macroeconomic developments and outlook for MENAAP

An improving outlook

MENAAP is expected to grow at 2.8 percent in 2025, up from 2.3 percent in 2024. Growth forecasts for the region have edged up slightly since April, in line with those for the global economy, but remain below the levels projected in October 2024 (Figure 1.6 and Table 1.1).

Revisions to GCC growth forecasts have helped lift the MENAAP aggregate, since GCC countries account for over 40 percent of regional GDP. The 2025 growth forecast for the entire GCC sub-region stands at 3.5 percent, 0.3 pps higher than in April. Although it is somewhat lower than the 4.2 percent forecast from October 2024, expected growth for 2025 represents a substantial increase from the 2.2 percent rate recorded in 2024, reflecting both robust growth in the non-oil sector and an increase in oil production, as OPEC+ unwinds its cuts at an accelerated schedule relative to earlier plans (Figure 1.7). Growth is expected to accelerate in all GCC countries in 2025.

In Saudi Arabia, real GDP grew by 3.9 percent during the first half of 2025 and is forecast to grow by 3.2 percent for all of 2025. This is a major increase from the 2.0 percent

Figure 1.6 Real GDP growth in MENAAP since 2021

Source: Macro Poverty Outlook, October 2025.

Note: Years labeled with "e" are estimates, and those labeled "f" are forecasts. Gulf Cooperation Council includes ARE, BHR, KWT, OMN, QAT and, SAU. Developing Oil Exporters include DZA, IRN, IRQ, and LBY. Developing Oil Importers include DJI, EGY, JOR, MAR, PAK, PSE, and TUN. Data for the EGY and PAK is for fiscal years beginning on July 1 and ending June 30. Data for the Islamic Republic of Iran are for fiscal years beginning March 21/22 and ending March 20/21. AFG, LBN, SYR, and YEM are not included in MENAAP regional and sub-regional averages because of uncertain values. The macroeconomic forecasts for Iraq are based on the World Bank estimates of real GDP at constant market prices. For the years between 2024 and 2026, real GDP growth rates for Iraq at constant market prices are identical to those at constant factor prices. The macroeconomic forecasts for Pakistan are based on the World Bank estimates of real GDP at constant factor prices. For FY2026, real GDP growth rates are for Pakistan at constant factor prices are identical to those at constant factor prices. Regional and sub-regional weighted averages of real GDP growth are calculated using the previous year's real GDP values as weights. Forecasts are updated as of September 26, 2025.

growth rate of 2024—driven by oil production expansion and strong non-oil sector growth, particularly for services. Growth is expected to accelerate further in 2026 and 2027.

A similar rebound in fossil-fuel exports, coupled with robust non-oil sector activity, is visible in other GCC countries. The United Arab Emirates is projected to grow by 4.8 percent in 2025 (0.9 pps faster than in 2024) and maintain stable growth over the medium term, as activity remains broad-based—with notable contributions from financial services, construction, transport, and real estate. In Kuwait, the growth rate is projected to swing by more than 5 pps as oil production cuts are reversed, from -2.9 percent in 2024 to 2.3 percent in 2025, and then to average 2.7 percent over 2026–2027. Oman’s growth rate is forecast to increase by 1.4 pps to 3.1 percent in 2025, rising to 4.0 percent in 2027.

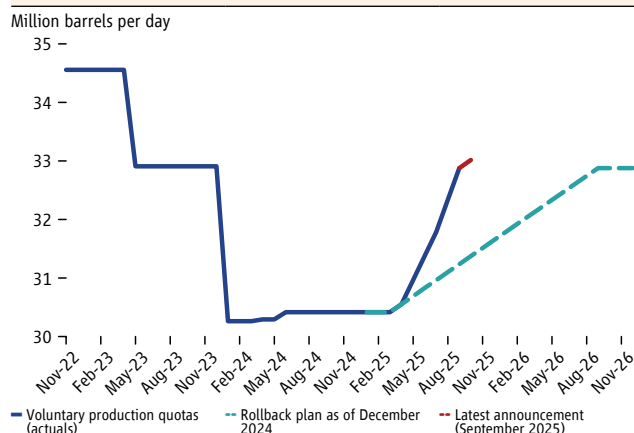
Meanwhile, the growth rates in Qatar and Bahrain are expected to accelerate by 0.4 pps in 2025, vis-à-vis their 2024 levels. In Bahrain, the pace of growth is expected to decline slightly over the medium term; while in Qatar, a 50-percent expansion in liquefied natural gas (LNG) production in the North Field is forecast to lift growth in the hydrocarbon sector to 15 percent as of 2027—with the rate of GDP growth peaking at 6.8 percent in the same year. Non-hydrocarbon growth in Qatar is also expected to remain robust supported by tourism and spillovers from LNG investments.

In contrast to the GCC, a significant growth slowdown is expected for the Developing Oil Exporters (DOEs)—Algeria, the Islamic Republic of Iran, Iraq, and Libya. The 2025 growth forecast for this sub-grouping has declined to just 0.5 percent—a drop of 0.3 pps from April forecasts and of 3.2 pps from those of October 2024, and a substantial decline from the 2.5 percent growth rate recorded in 2024.

The Islamic Republic of Iran, which accounts for more than half of the GDP of DOE countries, has been the main driver of this decline. Its GDP is projected to contract by 2.3 percent on average over FY 2025/26 and FY 2026/27 (from a 3.7 percent increase in FY 2024/25), reflecting a contraction in both oil exports and non-oil activity amid tighter sanctions, including the reimposition of UN sanctions, and disruption following the conflict in June. Iraq’s economy is also expected to record negative growth in 2025, at a rate of -0.9 percent—2.3 pps lower than the April forecast, and 4.9 pps lower than the October 2024 forecast. A sharp decline in oil-related GDP, due to compensatory adjustments for exceeding past OPEC+ quotas, is the main driver of the contraction. However, faster unwinding of OPEC+ production cuts is forecast to lift the average growth rate to 5.1 percent in 2026–2027.

Growth forecasts have been revised upwards since April in Algeria and Libya. For Algeria, 2025 growth is forecast at 3.8 percent, as economic activity accelerated in Q1 2025 by 4.5 percent year-on-year. Growth in non-hydrocarbon sectors compensated for a contraction of hydrocarbon output, in the wake of robust household consumption and accelerating investment (+13.9 percent year-on-year). A similar trend is expected in 2026, before growth moderates in 2027, along with fiscal consolidation. Libya is forecast to grow by 13.3 percent in 2025 (from 1.9 percent in 2024) and to expand by 3.7 percent on average over 2026–2027. Assuming the security and political environment remains stable, oil production is projected to average 1.3 million barrels per day (bpd) in 2025, translating into a 17.4 percent growth rebound in the

Figure 1.7 Voluntary production quotas in select OPEC+ countries



Source: Own calculations based on OPEC+ announcements.
 Note: The production quotas include 8 OPEC+ countries that had announced voluntary, additional production adjustments in April 2023: ARE, DZA, IRQ, KWT, SAU, and OMN, alongside KAZ (Kazakhstan) and RUS (the Russian Federation). The latest announcement made on September 7, 2025 states one-month ahead production quotas.

oil sector. The non-oil sector is expected to grow by 6.8 percent, supported by consumption and a recovery in investments and exports.

For Developing Oil Importers—a group encompassing Djibouti, Egypt, Jordan, Morocco, Pakistan, Tunisia, and the West Bank and Gaza—growth forecasts have increased by around 0.5 pps since April, but with substantial variability across economies.

In Pakistan, real GDP at factor cost is expected to have grown by 2.7 percent year-on-year in FY 2024/25, slightly above FY 2023/24's 2.5 percent expansion. For FY 2025/26, real GDP growth is projected to remain around 2.6 percent, as ongoing catastrophic floods have damped the forecast. Early estimates suggest a drop of at least 10 percent in agricultural output in Punjab, affecting major crops such as rice, sugarcane, cotton, wheat, and maize. For FY 2026/27, growth is expected to accelerate to 3.4 percent, supported by higher agricultural output, lower inflation and interest rates, recovering consumer and business confidence, and a rebound in private consumption and investment. Looking ahead, Pakistan, which had historically maintained high tariffs with a complex structure, stands to benefit in terms of exports and growth from a recently approved five-year reform plan (2025–2030) to reduce its tariffs by half.

The forecast for growth in Egypt in FY 2024/25 has risen by 0.7 pps since April, to 4.5 percent—substantially higher than the 2.4 percent growth rate in FY 2023/24. A stronger-than-estimated increase in GDP between January and March 2025 (4.8 percent) reflected low-base effects but also renewed external support and the early fruits of macroeconomic reforms (including exchange rate liberalization, reinforcing fiscal discipline through public investment caps, and subsidy rationalization). Growth trends were further sustained by stronger exports and private consumption and a pickup in private investment, especially as projects backed by the United Arab Emirates shift from planning to execution. Building on this momentum, growth is expected to average 4.6 percent over FY 2024/25 to 2026/27.

Morocco is another bright spot, with a 2025 growth forecast that has risen by 1.1 pps since April and stands at 4.4 percent. Morocco's economy outperformed expectations in early 2025, with a recovery in real GDP growth that started in the second half of 2024 and accelerated in Q1 2025—fueled by a rebound in agriculture, tourism, and construction. Investment has also become a prominent growth driver, supported by public resources and rising FDI inflows, as the country prepares to host two major soccer events: the 2025 African Cup of Nations and the 2030 World Cup.

Growth forecasts have also picked up for the other Developing Oil Importers since April. Tunisia is expected to grow by 2.6 percent in 2025 (from 1.6 percent in 2024), driven by a recovery in agricultural production—especially of olive oil and cereals—and increased construction activity. However, over 2026–27, growth is expected to moderate to 2.4 percent on average amid a tight financing environment. Similarly, GDP in Jordan is forecast to grow by 2.6 percent in 2025, with a strong manufacturing expansion in Q1 2025, and to experience average growth of 2.7 percent over the 2025–2027 period. Djibouti's growth rate is expected to remain around 6.0 percent in 2025, as robust activity in construction, telecoms, fisheries, and tourism counterbalances the negative shock to transshipment, due to global trade uncertainty and disruption to shipping through the Bab-el-Mandeb strait. In the medium term, the growth rate is expected to remain around 6.0 percent, as public investment in transport and energy infrastructure sustains momentum.

World Bank estimates for 2025 growth in the regional economies severely impacted by conflict (Afghanistan, Lebanon, Syria, West Bank and Gaza, and the Republic of Yemen) have been revised upwards since April. For a more detailed analysis of recent development and growth forecasts for these five countries, see “The ripple effects of conflict in selected fragile economies in MENAAP” section below.

Table 1.1 Real GDP growth forecasts

Real GDP growth, percent

	October 2025 Forecasts				Changes since April 2025		Changes since October 2024	
	2024e	2025f	2026f	2027f	2025f	2026f	2025f	2026f
MENAAP	2.3	2.8	3.3	3.8	0.2	-0.4	-1.0	-0.7
MENA	2.3	2.8	3.3	3.9	0.2	-0.4	-1.1	-0.8
Gulf Cooperation Council	2.2	3.5	4.4	4.7	0.3	-0.1	-0.7	0.0
Qatar	2.4	2.8	5.3	6.8	0.4	0.0	0.2	-0.1
United Arab Emirates	3.9	4.8	5.0	5.1	0.2	0.1	0.6	0.9
Saudi Arabia	2.0	3.2	4.3	4.4	0.4	-0.2	-1.8	-0.5
Bahrain	3.1	3.5	3.1	2.9	0.0	0.1	0.2	-0.2
Kuwait	-2.9	2.3	2.8	2.7	0.1	0.1	-0.2	0.0
Oman	1.7	3.1	3.6	4.0	0.1	-0.1	0.4	0.4
Developing Oil Exporters	2.5	0.5	0.8	1.9	-0.3	-1.6	-3.2	-3.0
Iran, Islamic Rep.	3.7	-1.7	-2.8	0.3	-0.2	-3.5	-4.6	-5.2
Algeria	3.7	3.8	3.5	3.3	0.6	0.5	0.0	0.3
Iraq	-1.5	-0.9	6.7	3.6	-2.3	1.5	-4.9	1.0
Libya	1.9	13.3	3.5	3.9	1.0	-2.8	2.7	-9.6
Developing Oil Importers	2.2	3.7	3.6	4.1	0.5	0.1	0.5	0.0
Egypt, Arab Rep.	2.4	4.5	4.3	4.8	0.7	0.2	1.0	0.1
Tunisia	1.6	2.6	2.5	2.2	0.7	0.9	0.4	0.3
Jordan	2.5	2.6	2.7	2.8	0.2	0.2	0.0	0.1
Morocco	3.8	4.4	4.2	4.0	1.1	0.9	0.6	0.9
Djibouti	6.0	6.0	6.1	6.0	0.8	0.9	0.7	1.2
Pakistan	2.5	2.7	2.6	3.4	0.0	-0.5	-0.1	-0.5
West Bank and Gaza	-26.6	3.9	5.1	11.6	5.5	1.1	-1.6	1.0
Economies not Included in Aggregates								
Lebanon	-7.1	3.5	4.0	N/A	3.5	N/A	3.5	N/A
Syrian Arab Republic	-1.5	1.0	N/A	N/A	2.0	N/A	2.0	N/A
Afghanistan	2.5	4.3	3.8	3.5	2.0	1.4	1.2	0.7
Yemen, Rep.	-1.5	-1.5	0.0	N/A	0.0	N/A	-3.0	N/A

Source: World Bank staff calculations based on data from the World Bank's Macro Poverty Outlook, October 2025, April 2025 and October 2024.

Note: Years labeled with "e" are estimates, those labeled "f" are forecasts, and data points labeled "N/A" are unavailable. Countries are listed in descending order based on 2023 GDP per capita (constant 2021 PPPs) within each category. Values are rounded up to a single digit. Data for EGY and PAK are for fiscal years beginning on July 1 and ending June 30. Data for Afghanistan and the Islamic Republic of Iran is for fiscal years beginning March 21/22 and ending March 20/21. AFG, LBN, SYR, and YEM are not included in regional and sub-regional averages because of uncertain values. The macroeconomic forecasts for Iraq and Pakistan are based on the World Bank estimates of real GDP at constant factor prices. Regional and sub-regional weighted averages of real GDP growth rates are calculated using the previous year's real GDP values as weights. Forecasts are updated as of September 26, 2025.

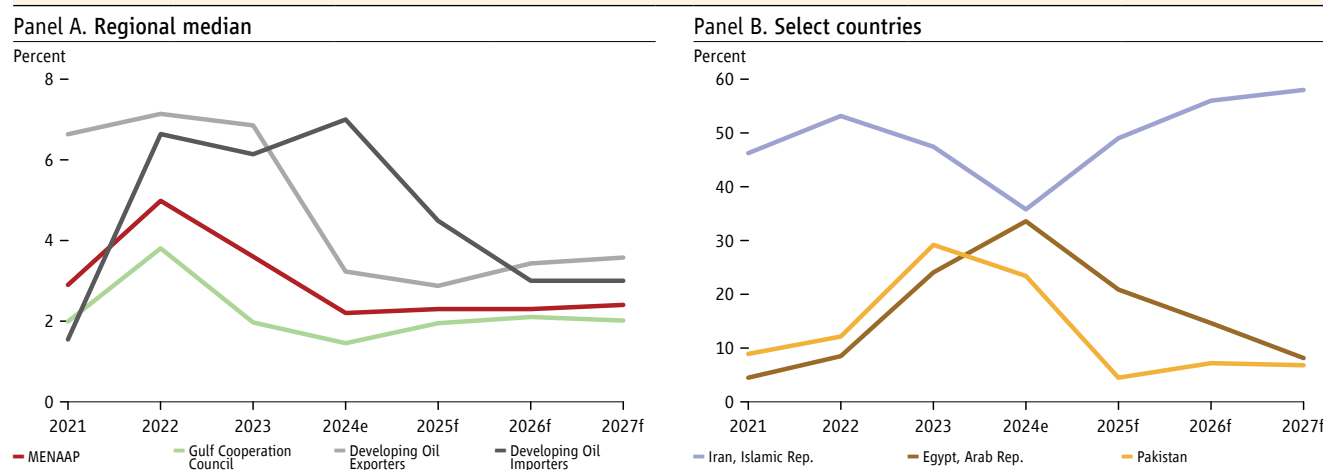
Easing of inflationary trends

Inflation continues to be contained for most countries in the region, in line with global trends. The median inflation rate in MENAAP is projected to remain around 2.3 percent in 2025 to 2026 (Figure 1.8 Panel A). Price stabilization is supported by lower global commodities prices.

Inflation has been receding in regional economies where it was especially high in recent years, including in Egypt—where it nevertheless remained elevated, at 14.9 percent, as of June 2025. Pakistan's inflation rate dropped to single digits in FY 2024/25, as price increases for food and energy eased (Figure 1.8 Panel B). However, disruption to food supply chains, due to ongoing catastrophic floods, are expected to push inflation up through 2027.

In contrast, in the Islamic Republic of Iran, the inflation rate rose during the first four months of FY 2025/26 (April to August 2025), as conflict triggered currency depreciation and renewed expectations of price increases. The trend is forecast to accelerate through 2027, due to continued inflationary expectations and monetary financing of the budget deficit.

Figure 1.8 Inflation in MENAAP



The impact of uncertainty

Growth and other macroeconomic projections in the region remain subject to elevated uncertainty from many sources, including global trade policy, growth slowdowns in major economies, and oil prices. This section explores how increased uncertainty in each one of these three areas can affect MENAAP countries.

Potential impacts of tariff escalations

In early April 2025, shifts in US trade policy resulted in higher country- and product-specific tariffs. Although the overall trade policy environment has yet to fully stabilize, it is useful to explore how these new tariffs may impact trade patterns of the MENAAP region. The Global Trade Analysis Project (GTAP) multi-sectoral model is widely used for this type of analysis. Aiming to capture the medium-term impact (i.e., within three to five years), the GTAP model allows treating the trade policy change as an exogenous event—one that happens due to external reasons.

Two distinct scenarios are constructed to explore how bilateral trade patterns, GDP growth rates, and a range of other variables respond to the trade policy change. Scenario 1 assumes country- and product-specific tariffs as of August 7, 2025. In this scenario, the effect of the tariff shock on exports to the world is projected to be modest for most MENAAP countries, because either they do not export much to the United States or they export tariff-exempt oil and gas products. However, a few countries, such as Tunisia and Pakistan, could see declines in their global exports in the order of

0.5 percent and 1.5 percent respectively.² In an alternative scenario where country-specific tariffs are suspended but the product-specific tariffs (such as on steel, aluminum, copper, autos, and auto parts) remain in place (Scenario 2), the effects on MENAAP exports are negligible.

Impact of a potential slowdown in major economies on regional growth

Increased uncertainty about the growth rates of the world's major economies—the United States, the European Union, and China—as well as fluctuations in oil prices, are also likely to affect growth projections and other macroeconomic outcomes in MENAAP. The World Bank Group's proprietary global Macro Fiscal Model (MFMOD) is well suited for this analysis. The key distinction from the previous section is that, here, changes in oil prices and major-economy growth rates are treated as exogenous—that is, arising from external factors, such as from monetary and fiscal policy interventions in major economies (affecting their growth) or geo-political instability (affecting oil prices). By contrast, with the earlier GTAP results, oil prices and major-economy growth rates were modeled as endogenous responses to trade policy changes.

The uncertainty surrounding growth rates in major economies is modeled by a 1 pps increase (or decrease) in the growth projections of these economies, relative to their baseline values. To keep the computations manageable, these simulations first assume that oil prices remain constant, making the results more relevant for non-oil exports and for countries (such as Bahrain, Jordan, Morocco, Tunisia, and the United Arab Emirates) with manufacturing exports above 25 percent of GDP. In these countries the effects of lower-than-anticipated growth in major economies are large (Figure 1.10).

For example, Tunisia and Morocco send over half of their manufactured exports to the European Union, making fluctuations in the demand of major European economies especially consequential for them. By contrast, the impact is smaller in the United Arab Emirates—which, despite having substantial manufacturing exports, trades less with the United States, China, and the EU and more with Asia (excluding China).³

Figure 1.9 Simulated change in real exports of MENAAP country groupings under tariff scenarios

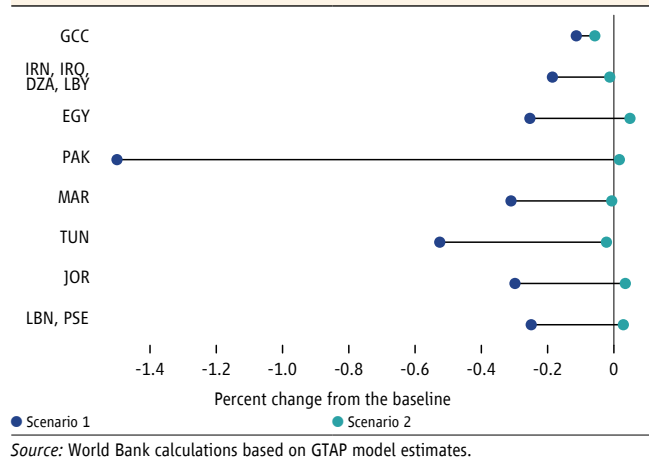
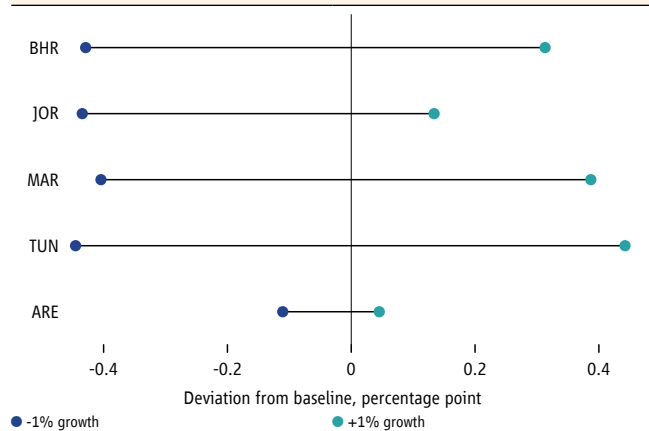


Figure 1.10 Simulated change in 2025 growth forecast for select MENAAP countries under major economies' growth scenarios



² Changes in tariff rates on exporters of products competing with MENAAP could affect these estimates.

³ There are multiple transmission channels for how changes in the growth rates of a major economy (such as the EU) can impact a MENAAP exporter (such as Tunisia). The first is a direct channel. When the growth rate in the EU drops, exports from Tunisia to the EU drop, with the magnitude of the decline depending on the importance of the EU as an export market for Tunisia. The second is an indirect channel. Changes in the growth rates of the EU will also impact the trade patterns of other countries both with the EU and Tunisia. Again, this impact will depend on the importance of these other countries as trading partners for both the EU and Tunisia, as well as how changes in prices impact demand for exports in all markets.

The impact of changes in oil prices

Oil prices are impacted by major trends in the global economy as well as by a range of exogenous factors.⁴ Given the importance of oil, which accounts for 56 percent of exports in the region, a separate set of simulations examines the impact of deviations from baseline oil price assumptions.

Results show that a swing of US\$20 per barrel around a baseline oil price assumption could shift the region's 2025 growth rate by roughly 0.5 pps. Growth projections for oil exporting economies are naturally more sensitive to oil price movements. For example, changes in the growth rate in the GCC and DOE could range from -0.70 pps to 0.65 pps. Impacts in certain oil exporters, such as Libya and Kuwait, could be even stronger as these economies rely more heavily on oil exports. These simulations assume government spending and investment decisions are held constant as a share of nominal GDP. If changes in public oil revenues for oil exporters translate into pro-cyclical changes in government spending or investment, the real GDP growth impacts could be even stronger.⁵ In the case of oil importing countries, a decrease in oil prices would have counteracting effects: improvements in their trade balance, but lower remittances inflows from oil exporting countries.

Uneven progress in poverty reduction

In June 2025, the World Bank released an update to its international poverty estimates based on new household survey data.⁶ The update contains, for the first time post-2020, poverty estimates for more than half of the developing countries in the MENA region: Egypt (based on data from 2021), the Islamic Republic of Iran (2023), Iraq (2023), Lebanon (2022), Syria (2022), Tunisia (2021), and the West Bank and Gaza (2023).⁷ The global poverty update also revised poverty lines based on Purchasing Power Parity (PPP) factors from the latest International Comparison Project's (ICP) 2021 cycle.⁸ The new lines have been defined at \$3.0, \$4.2, and \$8.3 per person per day in 2021 PPP terms, respectively, for the International Poverty Line (IPL), lower-middle-income, and upper-middle-income poverty lines, to reflect changes in the cost of living and evolving consumption patterns among the poor.

Using data from before the Covid-19 pandemic, the MENA Economic Update of October 2024 reported a troubling rise in poverty between 2013 and 2019. This Update shows instead uneven progress across different poverty lines. The share of the population living on less than \$3.0/day increased from 7.4 percent to 8.4 percent between 2018 and 2023—after being as low as 3.9 percent in 2010—while the proportion of people living on less than \$4.2/day in 2023 remained roughly constant around 14.6 percent. By contrast, poverty levels at the upper-middle-income line of \$8.3/day declined by 0.5 pps, reversing the increasing trend before the pandemic (Figure 1.11).⁹

The poverty trends in the region at the lower thresholds run counter to global trends. Worldwide, the poverty rate fell by 0.7 pps at the IPL and by 2.8 pps at the lower-middle-income poverty line between 2018 and 2023. The region's poverty rate at the upper-middle-income line surpassed the world poverty rate during the pandemic—and was still 1.7 pps higher in 2023, despite the post-2020 reduction.

⁴ Kilian (2009) and Caldara, Cavallo, and Iacoviello (2019).

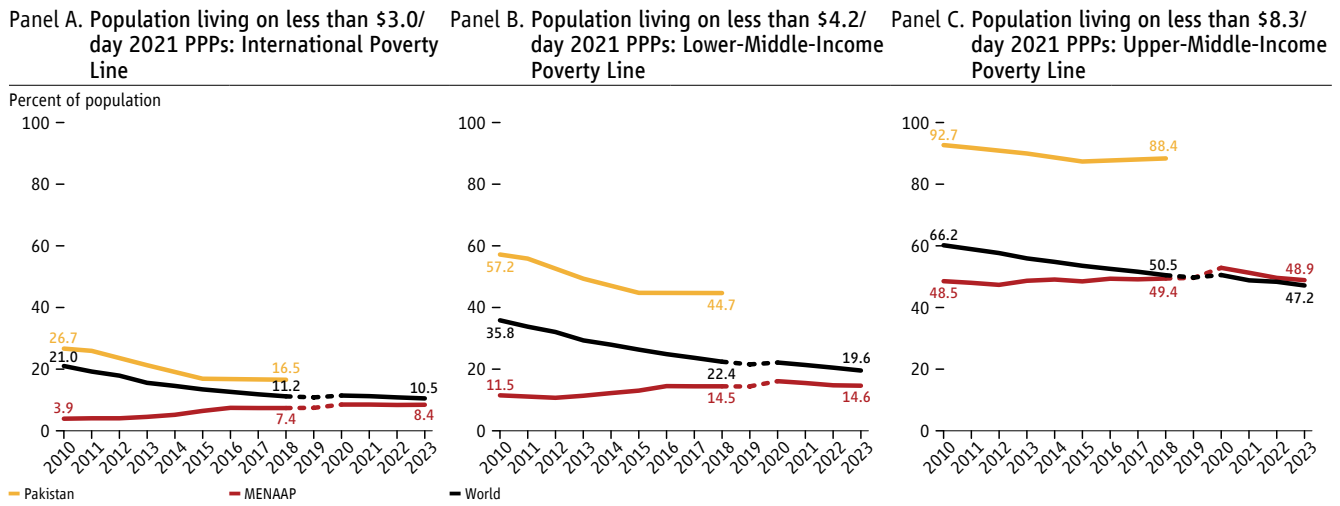
⁵ Results available upon request.

⁶ International poverty estimates differ from national poverty figures. International poverty estimates, reported in the World Bank Poverty and Inequality Platform, are constructed to facilitate comparability across countries and over time, through the use of common poverty lines.

⁷ Trends for Pakistan are shown separately since survey data are not available after 2018.

⁸ The IPL had been defined based on the national poverty lines of the poorest countries since 1990. In the latest update, it was defined as the median national poverty line for LICs. The lower-middle-income and upper-middle-income poverty lines were introduced in 2018 to serve as benchmarks for regions and countries with higher development levels. Those lines correspond to the median national poverty line for LMICs and UMICs, respectively.

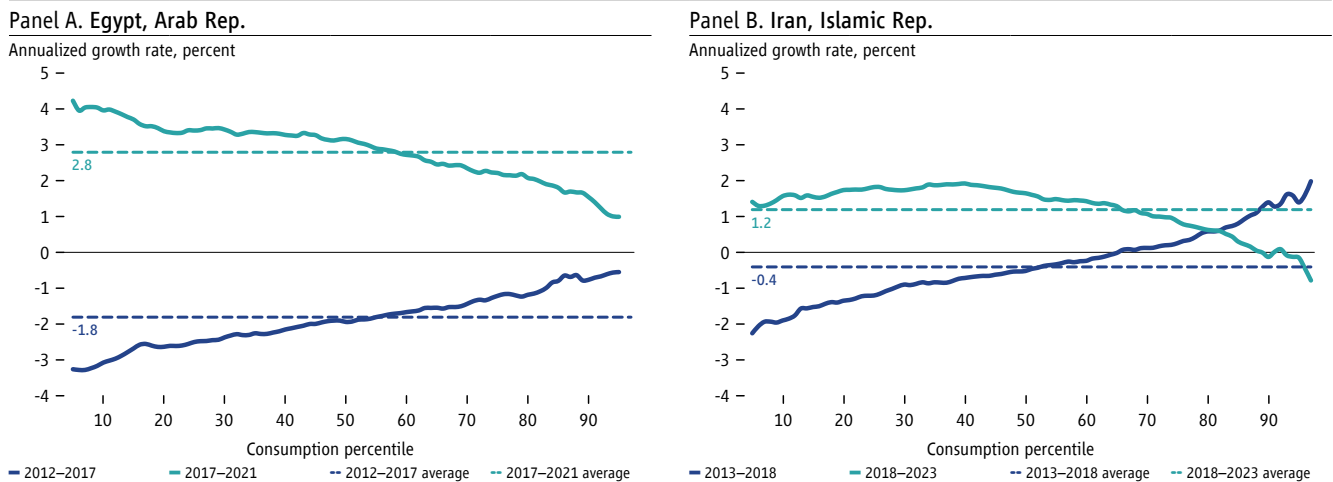
⁹ All poverty lines are expressed in international dollars in 2021 PPP terms.

Figure 1.11 International poverty estimates: MENAAP and the world

Source: World Bank, Poverty and Inequality Platform (September 2025).

Note: Dotted lines represent years where data coverage falls below the established reporting threshold. Few countries have survey estimates of poverty available every year. Hence, available poverty data is interpolated or extrapolated and aggregated using population weights to estimate poverty at regional (MENA line) and global (World line) levels. The methodology is described here: <https://dataanalytics.worldbank.org/PIP-Methodology/lineupestimates.html>. MENA group includes DJI, DZA, EGY, IRN, IRQ, JOR, LBN, MAR, PSE, SYR, TUN, and YEM. Pakistan's line shows estimates for the years 2010, 2011, 2013, 2015, and 2018.

Poverty trajectories vary. In the Islamic Republic of Iran, the poverty rate fell after the pandemic, reversing pre-pandemic increases across all poverty lines, while in Egypt, poverty estimates in 2021 have returned to their 2012 levels. This was accompanied by overall consumption growth, with the strongest gains among the poorest (Figure 1.12). Such shifts marked a reversal of the 2013–2018 consumption growth pattern, when both countries experienced declines in average consumption that disproportionately hurt the poorest. Tunisia and Iraq have also witnessed significant reductions in poverty since 2010 and 2012, respectively.

Figure 1.12 Consumption growth across consumption percentiles

Source: World Bank, Poverty and Inequality Platform as on 8/27/2025.

Note: Data for the Arab Republic of Egypt are from Household Income, Expenditure and Consumption Survey for years 2012, 2017 and 2021. Data for the Islamic Republic of Iran is from Households Income and Expenditure Survey for years 2013, 2018, and 2023. For further information, visit <https://pip.worldbank.org>.

In line with global trends, poverty at the lower-middle-income line in Pakistan dropped by 9.4 pps between 2011 and 2018, the year of the most recent available estimate (Figure 1.11). However, a combination of economic shocks and natural disasters since 2020 are projected to have stalled this trend of poverty reduction (World Bank, 2025b).

Furthermore, due to its relatively high poverty rate and large population, the country accounts for a large share of MENAAP's poor.

Table 1.2 Poverty in MENAAP: Percentage of population living below poverty lines

	Country	Less than \$3.0/day			Less than \$4.2/day			Less than \$8.3/day		
		2013	2018	2023	2013	2018	2023	2013	2018	2023
LIC	Syrian Arab Republic	0.0		16.5	5.8		39.3	32.0		87.9
	Yemen, Rep.	33.3			57.7			88.0		
LMIC	Pakistan	21.2	16.5		49.3	44.7		90.0	88.4	
	West Bank and Gaza	0.4	1.4	2.1	2.9	4.4	6.1	25.7	27.7	28.6
	Djibouti	31.2	25.4		47.8	43.7		81.7	80.8	
	Morocco	3.7			11.6			49.0		
	Jordan	0.1			0.9			15.3		
	Tunisia	3.1	0.7	0.7	8.2	2.8	2.4	34.6	23.7	20.7
	Egypt, Arab Rep.	1.2	3.1	1.4	6.9	13.7	7.1	60.6	66.8	58.5
	Lebanon	0.1		5.9	0.3		16.0	5.5		50.7
UMIC	Iraq	0.6		0.5	3.1		2.4	32.0		28.0
	Algeria	0.0			4.7			41.8		
	Iran, Islamic Rep.	1.9	3.2	2.5	6.9	9.3	7.5	39.8	42.1	36.1

Source: World Bank, Poverty and Inequality Platform (June 2025).

Note: Table reports estimates from the surveys closest to 2013, 2018, 2023, respectively. Exact years of data used for estimation are, for DJI: 2013, 2017, DZA: 2011 (group data), EGY: 2012, 2017, 2021, IRN: 2013, 2018, 2023, IRQ: 2012, 2023, JOR: 2010, LBN: 2011, 2022 (surveys not comparable), MAR: 2013, PAK: 2013, 2018, PSE: 2011, 2016, 2023, SYR: 2009, 2022 (surveys not comparable), TUN: 2010, 2015, 2021, and YEM: 2014. Poverty lines are shown in international dollars (2021 PPPs).

In contrast, the prevalence of poverty increased sharply in MENAAP countries that have been mired in conflict—especially in Syria, where the poverty rate at the lower-middle-income line soared from 5.8 to 39.3 percent between 2009 and 2022 (Table 1.2). Similarly, poverty rates rose in Lebanon, as households struggled with a significant loss of purchasing power over a period of protracted economic crisis (World Bank, 2024a).¹⁰

Poverty data in other MENAAP countries affected by conflict are outdated. For the Republic of Yemen, the latest available poverty estimates are from 2014, due to difficulties in data collection. However, a recent poverty assessment suggests that, after more than a decade of conflict, the Republic of Yemen has become one of the most food-insecure countries in the world, and possibly one of the poorest overall (World Bank, 2024b). Estimates for the West Bank and Gaza as of 2023 are based on data collected just before the ongoing conflict (Gaza) and for the full year (West Bank). These serve as a comprehensive pre-conflict baseline. Consequently, they do not capture the extreme impoverishment and food insecurity that currently characterizes Gaza, and the severe economic impact that has been felt in the West Bank. For Afghanistan, internationally comparable poverty estimates are unavailable, due to a lack of PPP conversion factors. However, preliminary estimates, using imputed PPP, show that the country accounts for between 17.4 percent and 24.8 percent of the MENAAP population living under the IPL (see Box 1.2).

¹⁰ The 2022 poverty and inequality estimate for Syria and Lebanon were not based on surveys by the national statistical offices. Ad hoc data collection was undertaken to address a decade-long data gap, offering partial coverage and limiting comparability with earlier data. Syria's estimates are based on the Humanitarian Needs Assessment Programme (Radaelli et al., 2024). Lebanon's estimates draw from the 2022 Lebanon Household Survey, co-funded by the World Bank, WFP, and UNHCR. Its final sample was limited to five out of eight governorates. Therefore data are not fully representative or directly comparable with previous estimates, which date back to the 2011/12 household budget survey.

Box 1.1 Progress and limitations in the availability of data for poverty estimations in MENAAP

The World Bank's 2025 poverty update marks progress in poverty measurement in the region, after years of significant data collection constraints in the wake of the Covid-19 pandemic. Thirteen out of 15 countries in the region have collected, or are in the process of collecting, data for a post-pandemic year. The 2025 poverty update includes new data for Iraq, Lebanon, and the West Bank and Gaza. Despite progress, however, poverty estimates for the post-pandemic period are only available for seven MENAAP countries. Djibouti and Pakistan are collecting data for the first time since around 2018, while recent data for Algeria, Jordan, Morocco, and Libya remain inaccessible to the World Bank. Improving data openness can bring about benefits such as better resource targeting, planning, and evidence-based policies, which are critical for reducing poverty and promoting shared prosperity (Belhaj et al., 2022).

Table B.1.1 summarizes the availability and accessibility of household budget surveys in MENAAP countries conducted circa 2013, 2018, and 2023. The table indicates the year in which the survey data were collected, and whether the data were included in the World Bank's global poverty estimates.

Table B.1.1 Availability and accessibility of household survey data for poverty estimates

	Country	2013	2018	2023
UMIC	Algeria	2011 ^d		2022 ^d
	Iran, Islamic Rep.	2013	2018	2023
	Iraq	2012		2023
	Libya			2021 ^d
	Pakistan	2013	2018	2025 ^c
LMIC	Egypt, Arab Rep.	2012	2017	2021 ^{b,f}
	Tunisia	2010	2015	2021 ^b
	Lebanon	2011		2022 ^a
	West Bank and Gaza	2011	2016	2023
	Morocco	2013		2022 ^b
	Jordan	2010	2017 ^d	2022 ^d
	Djibouti	2013	2017	2025 ^c
	Syrian Arab Republic	2009 ^d		2022 ^a
LIC	Yemen, Rep.	2014		
	Afghanistan	2013 ^e	2019 ^e	

Note:

a. The poverty estimate for circa 2023 is not directly comparable with previous estimate for circa 2013.

b. A more recent survey exists; however, its microdata is not available (e.g., the Arab Republic of Egypt 2023/24 survey).

c. Survey is in the fieldwork phase or has recently concluded fieldwork.

d. Surveys have been collected, but the data are generally not publicly accessible.

e. The country did not participate in the International Comparison Program, and there is no available PPP exchange rate to compute international poverty rates.

f. Microdata availability is limited to selected variables and 50 percent of the sample.

Light blue: Data exist but are not available to the World Bank. Hence, international poverty estimations cannot be calculated.

Dark blue: Only aggregated data are available to the World Bank. Poverty rates are estimated using grouped data.

Red: Poverty estimates not available as fieldwork is ongoing or has recently concluded.

A region scarred by conflict and fragility

The MENAAP region has been marked by persistent and often overlapping cycles of fragility and instability. According to the World Bank definition of fragile and conflict-affected situations, over 160 million people in the region live in economies experiencing conflict, accounting for more than 20 percent of the total population. A detailed analysis using population count estimates and geo-tagged conflict data found that, just in 2024, about 36 million people in MENAAP lived within close proximity to conflict events with at least 10 casualties.¹¹

Conflicts in Syria, the Republic of Yemen, Lebanon, the West Bank and Gaza, and Afghanistan have driven humanitarian crises, mass displacement, and sharp economic contractions. Neighboring countries also suffer negative spillover effects from conflict, including economic disruptions, refugee flows, and heightened insecurity. These topics are discussed in the sections below.

Food emergency in Gaza

The situation in Gaza has escalated into a severe economic and human crisis, with widespread shortages of food, water, and medical supplies, and millions of civilians facing dire conditions. The breakdown of essential services, combined with restricted humanitarian access, is negatively impacting every aspect of daily life and placing immense strain on families and communities.

Gaza's food consumption and nutrition indicators are at their worst levels since the onset of the conflict. According to the UN, parts of Gaza are experiencing famine conditions, with over 640,000 people expected to suffer from catastrophic food insecurity corresponding to phase 5 of the Integrated Food Security Phase Classification (IPC) and over 1.1 million individuals—more than half the population—experiencing emergency hunger and large food-consumption gaps (IPC phase 4) by the end of September 2025.¹²

Dietary diversity in Gaza has all but disappeared, with most households surviving on one meal per day, dominated by low-nutrient staples. Monitoring by the World Food Programme (WFP) shows that by July 2025, dairy products, meat, poultry, eggs, and fruit had virtually disappeared from diets in Gaza, while vegetable consumption dropped from six days per week pre-conflict to just half a day per week.¹³

Children under the age of five, and pregnant or breastfeeding women are among the most severely affected. Across the territory, an estimated 132,000 children under the age of five are projected to suffer from acute malnutrition through June 2026.¹⁴ Affected during a critical period for brain development, these children face potentially irreversible consequences—including increased vulnerability to infections and disease, poor growth, cognitive impairment, and behavioral problems that threaten their development and future ability to learn.¹⁵ Moreover, malnutrition creates a self-reinforcing cycle that spans both childhood and adulthood, and ripples across generations (World Bank, 2021a).

11 This analysis is based on data from the Armed Conflict Location and Event Data Project (ACLED, <https://acleddata.com/>), extracted September 30, 2025, and from WorldPop 2020 UN-adjusted constrained population estimates (Bondarenko et al., 2020). Exposure to a conflict is defined as the number of individuals living within a grid of 60 to 80 km² where an event with at least 10 conflict-related casualties occurred in 2024. Events considered include non-peaceful protests, riots, explosions, violence against civilians, and battles. See Sarva and Tadeo (2025).

12 United Nations. (2025, July 8) Gaza Strip: Humanitarians warn of worsening famine conditions, attacks on civilians. *UN News*. (<https://news.un.org/en/story/2025/07/1165548>); FAO, UNICEF, WHO and WFP. (2025, August 22). Famine confirmed for first time in Gaza. *Joint Press Release FAO, UNICEF, WHO and WFP*. (<https://www.un.org/unispa/document/joint-press-release-by-fao-unicef-who-and-wfp-22aug25/>); IPC (2025).

13 WFP. (2025, July). WFP Palestine – Monthly Market Dashboard: Gaza. *World Food Programme*. <https://www.wfp.org/publications/wfp-palestine-monthly-market-dashboard-0>.

14 IPC. (2025, August 22). Gaza Strip: Famine confirmed in Gaza Governorate, projected to expand. *Integrated Food Security Phase Classification Global Initiative*. https://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Gaza_Strip_Acute_Food_Insecurity_Malnutrition_July_Sept2025_Special_Snapshot.pdf.

15 National Scientific Council on the Developing Child, 2024; National Library of Medicine, 2021; Gatti et al., 2024.

As such, the rapid deterioration in recent months underscores the urgent need to scale up nutrition aid and restore humanitarian access.¹⁶

Gaza's agricultural sector has also suffered near-total destruction, undermining both overall economic activity and the population's access to food. As of August 2025, less than 1.5 percent of cropland remained both accessible and undamaged. With local food production nearly halted, the food security of households now depends almost entirely on humanitarian aid and intermittent commercial imports.¹⁷

Two years into the conflict, Gaza's health system has been critically impaired. Approximately 50 percent of hospitals and 60 percent of primary health clinics are nonfunctional (WHO, 2025). Service delivery has been further constrained by outbreaks of communicable diseases—including polio—linked to damaged water infrastructure, including pipeline closures, and the destruction of sewage transport capacity. Security conditions, restricted access, and financing shortfalls continue to limit the restoration of essential services, with unmet funding needs for early recovery and core healthcare delivery around US\$500 million.¹⁸

Gaza's education system has also suffered extensive destruction. Damage assessments indicate that nearly all education facilities have been damaged or destroyed, with most requiring full reconstruction or major rehabilitation (UN OCHA, 2025a). As of July 2025, more than 80 percent of Gaza's 658,000 school-aged children lacked access to even limited in-person instruction in temporary learning spaces, and only roughly 130,000 students had completed at least three months of in-person learning (World Bank, 2025c).

Food and cash assistance remain vital lifelines, though severely limited in scale. In June 2025, the WFP resumed limited food distribution, reaching close to 5,500 households (or approximately 25,000 people) for the first time since border crossings were reopened in May (WFP, 2025).

The ripple effects of conflict in selected fragile economies in MENAAP

The West Bank and Gaza

As of mid-2025, economic activity in Gaza was effectively at a standstill. After an 83 percent contraction in 2024, Gaza's GDP fell by an additional 12 percent year-on-year in Q1 2025. Wholesale and retail trade saw some modest gains during a ceasefire in January-March 2025, but ongoing conflict and a near-total blockade have sharply curtailed production—reducing Gaza's share of the overall GDP of the West Bank and Gaza from 17 percent before the conflict, to less than 3 percent at present.

Spillover effects from the conflict in Gaza have also disrupted economic conditions in the West Bank, prompting acute and imminent economic pressures across fiscal, labor, and financial channels. Clearance revenues, historically the main source of financing for the Palestinian Authority (PA), which were transferred at irregular intervals and with deductions before, have been suspended since May 2025.¹⁹ As a result, most civil servants have only been paid between 50 percent

16 WHO. (2025, July 27). Malnutrition rates reach alarming levels in Gaza, WHO warns. *World Health Organization*. <https://www.who.int/news/item/27-07-2025-malnutrition-rates-reach-alarming-levels-in-gaza--who-warns>.

17 FAO & UNOSAT (2025, July 28). "Land available for cultivation in the Gaza Strip as of 28 July 2025," *Food and Agriculture Organization of the United Nations*. <https://openknowledge.fao.org/items/3a966c1f-c31b-4550-90bb-eca8efbe9c1f>.

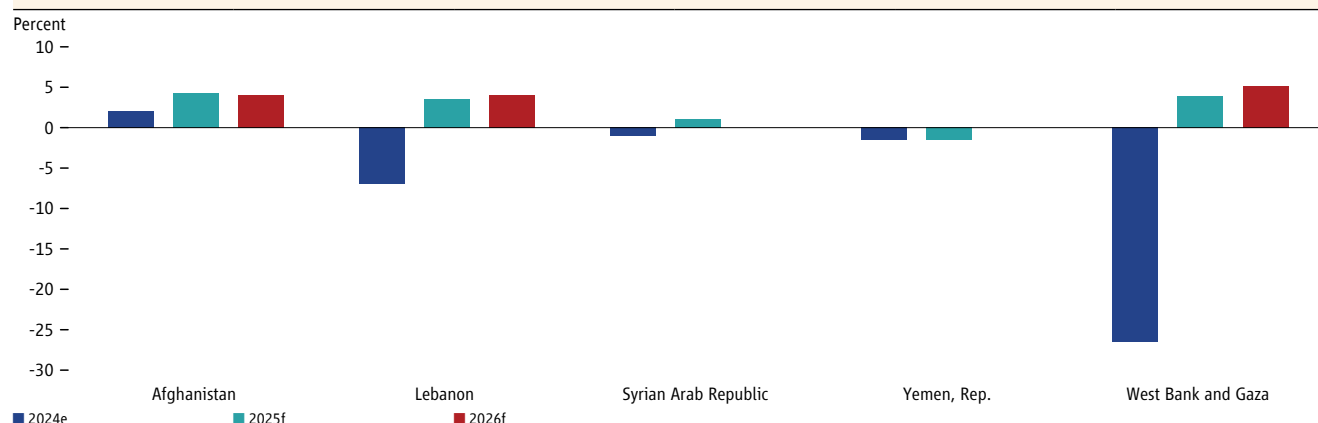
18 United Nations Financial Tracking Service. (2025). Escalation of Hostilities in the OPT Flash Appeal 2025. *United Nations Office for the Coordination of Humanitarian Affairs*. <https://fts.unocha.org/plans/1273/summary>.

19 "Clearance revenues" are mostly VAT and import duties that, according to the Paris Protocol, should be collected by the Government of Israel and transferred to the PA on a monthly basis, after the deduction of a 3 percent administrative fee.

and 70 percent of their salaries since the onset of the conflict. Simultaneously, the labor market has been hit by the widespread revocation of permits for Palestinians to work in Israel, which curtailed a critical contribution to household income and aggregate demand in the West Bank.

The economy of the West Bank and Gaza as a whole is projected to grow by 3.9 percent in 2025, following a sharp drop in GDP of close to 27 percent in 2024. In Q1 2025, the West Bank's economy showed signs of improvement, growing 10 percent year-on-year. This primarily reflected a low-base effect, and a rebound in private consumption attributable to a modest increase in the number of Palestinian laborers in Israel, where wages are roughly double the West Bank average.

Figure 1.13 Real GDP Growth in select Fragile and Conflict-Affected Situations (FCS) in MENAAP



Source: October 2025 Macro Poverty Outlook.

Note: Years labeled with "e" are estimates, and those labeled "f" are forecasts. Data for Afghanistan are for fiscal years beginning March 21/22 and ending March 20/21. Forecasts are updated as of September 26, 2025.

Afghanistan

In Afghanistan, mass returns and internal displacement, declining aid, and natural disasters have resulted in mounting humanitarian and economic pressures (Box 1.2). Since September 2023, more than 4 million Afghans have returned from the Islamic Republic of Iran and Pakistan, with an estimated 1.5 to 2.1 million of these taking place during the first seven months of 2025—some of whom through deportation.²⁰ This sudden return has placed the local labor market and services sector under heavy strain. Moreover, recent policy shifts in Pakistan, including the non-renewal of Afghan Proof of Registration cards, are expected to increase the pace of returns (UN OCHA, 2025b).

In FY 2025/26, Afghanistan's population is projected to grow by 8.6 percent, while aggregate GDP is expected to rise by only 4.3 percent, driven by private and government consumption. As a result, GDP per capita is projected to decline by 4.0 percent. Sustained population growth and the oversupply of low-skilled labor will continue to limit gains in GDP per capita, making poverty reduction difficult.

Adding to this, at the end of August 2025, a 6.0-magnitude earthquake struck eastern Afghanistan, causing significant loss of life, widespread injuries, and extensive destruction. Emergency response organizations have warned that food assistance is already constrained by severe funding shortfalls and may not be sustained beyond the first few weeks,

20 UNHCR. (2025, August 1). Afghanistan Situation: Afghan Returns from Iran and Pakistan Emergency Update #3. *United Nations High Commissioner for Refugees*. <https://data.unhcr.org/en/documents/details/117913>.

placing affected populations at heightened risk of acute food insecurity. In this context, humanitarian needs are rapidly on the rise, while the domestic capacity to cope with these demands remains severely limited.²¹

Box 1.2 Overlapping shocks and fragility in Afghanistan

The most recent official poverty estimates for Afghanistan, based on the national poverty line, date back to 2019–20. Moreover, internationally comparable estimates remain unavailable, as Afghanistan has never participated in the International Comparison Program (ICP)—the global initiative that produces PPP conversion factors needed to translate international poverty lines into local currency. To address this gap, the World Bank is revising poverty estimates for Afghanistan using imputed PPP factors. Preliminary results indicate that between 15.2 million and 23.8 million Afghans may be living in extreme poverty (i.e., at or below the \$3.0/day international poverty line), equivalent to between 17.4 percent and 24.8 percent of the extreme-poor population in the MENAAP region.²² These findings underscore not only the scale of Afghanistan’s dire poverty situation, but also its significance for regional poverty-reduction goals.

The Afghan population remains highly vulnerable to recurrent socio-economic shocks, as demonstrated by the recent large-scale returns from Pakistan and the Islamic Republic of Iran. The reintegration of returnees, in the context of sluggish economic growth, compounds the already formidable task of generating sufficient employment opportunities for Afghanistan’s young and rapidly growing population.

Afghanistan must also cope with natural disasters, including the 6.0 magnitude earthquake that struck eastern Afghanistan on 31 August—resulting in more than 2,000 casualties, the deadliest earthquake in Afghanistan since 1998. According to the World Bank’s Global Rapid Post-Disaster Damage Estimation (GRADE) assessment, physical damage from the earthquake is estimated at US\$183 million (1 percent of 2024 GDP). The extent of the damage is massive, especially to livestock and associated feed stores, with weak construction practices representing an important cause of damage to buildings.

Lebanon

Lebanon continues to face severe fiscal and service delivery constraints amid a protracted economic crisis. It also hosts well over 1 million Syrian refugees, equal to roughly one-fifth of its population, making it the country that hosts the largest number of refugees on a per-capita basis,²³ even though an estimated 200,000 Syrian refugees returned to their home country in the first eight months of 2025.²⁴ Moreover, the recent conflict in Lebanon has exacerbated humanitarian and economic problems, with approximately 1.2 million displaced people and a large loss of life. The ceasefire reached in November 2024 did not translate into a complete normalization of security, with intermittent airstrikes in the south of the country. By the end of 2024, physical asset damage is estimated at US\$6.8 billion, economic losses at US\$7.2 billion, and recovery and reconstruction needs at US\$11 billion (World Bank, 2025d).

21 WFP. (2025, September 1). WFP rushes food assistance to Afghanistan’s quake-hit communities. *WFP rushes food assistance to Afghanistan’s quake-hit communities. World Food Programme*. <https://www.wfp.org/stories/wfp-rushes-food-assistance-afghanistans-quake-hit-communities>.

22 As official PPP factors do not exist for Afghanistan, imputed PPP factors are used in the analysis. In particular, the lower bound of the estimates’ range is based on a modified PLI Regression (SUR) model that includes net international aid as share of GDP, whereas the estimates’ upper bound, is based on the average PLI in Low Income Countries (LIC).

23 ILO. (n.d). Lebanon: The world’s highest number of refugees per capita. *International Labour Organization*. <https://www.ilo.org/projects-and-partnerships/projects/partnership-improving-prospects-forcibly-displaced-persons-and-host/countries/lebanon>.

24 UNHCR. (2025, September 11). Nearly 300 Syrian refugees voluntarily return from Lebanon with support from UNHCR, IOM and Lebanese authorities. *United Nations High Commissioner for Refugees*. <https://www.unhcr.org/lb/news/press-releases/nearly-300-syrian-refugees-voluntarily-return-lebanon-support-unhcr-iom-and>.

Despite these pressures, Lebanon has made political progress, ending a two-year paralysis with the election of a president and the formation of a new government in early 2025. Progress on the reform agenda and reinvigorated tourist activity in July and August 2025 have also supported growth. This positive economic momentum is expected to continue into 2026. As such, growth is forecast at 3.5 percent in 2025 (compared to a contraction of 7.1 percent in 2024) and at 4.0 percent in 2026. Moreover, the inflation rate has continued to fall, dropping to 14 percent year-on-year in July (although food inflation remains higher, at 22 percent year-on-year) due to sustained currency stability since August 2023—and is expected to fall to single digits in 2026 for the first time since 2019.

Syrian Arab Republic

In Syria, the fall of the Assad regime in December 2024 marked a turning point, offering an opportunity to address one of the world's major displacement crises with millions of Syrians either internally displaced or residing in Türkiye, Lebanon, Jordan, Iraq, Egypt, and countries of the European Union. By the end of August 2025, approximately 2.6 million Syrians had returned to their homes since the regime change, including around 850,000 from directly neighboring countries.²⁵ These returns, accelerated by regime change have placed additional pressure on already very fragile infrastructure and social services.²⁶

Prior to the events of December 2024, 14 years of conflict had approximately halved GDP and driven GNI per capita well under US\$1,000 a year, placing the country below the low-income country threshold. Recovery is strained by damaged infrastructure, near-total absence of services, and broadly fragile livelihoods. Crude oil and gas production has plummeted due to infrastructure destruction and fragmented control, while agriculture and manufacturing remain far below pre-2011 levels. Informality dominates the labor market, with family businesses and informal trade compensating for institutional collapse.

Growth forecasts for Syria are highly uncertain, given the country's persistent volatility. Real GDP is projected to increase by 1.0 percent in 2025, after the 1.5-percent decline estimated in 2024. This would be the first uptick in growth since 2022, as the easing of international sanctions, increased electricity supply, the economic contribution from returnees, and growing international engagement offset the impact of persistent security instability, ongoing drought, disruptions to oil supply, and tight liquidity conditions. While certain sanctions on the country's energy, transportation, and financial sectors have been eased, asset freezes and restricted access to international banking continue to impede trade and investment. Full sanction relief could enhance energy supply, foreign assistance, and humanitarian delivery.

With modest growth in 2025, GDP per capita is estimated to contract by 2.7 percent, and extreme poverty is projected to increase. Prices are projected to fall in 2025, especially as food prices have stabilized following the appreciation of the local currency by roughly 20 percent over the last year, and an influx of cheaper imported goods from Türkiye. Disruption to oil imports from the Islamic Republic of Iran, however, could boost fuel prices and broader inflation.

Republic of Yemen

Ongoing regional tensions have further eroded the Republic of Yemen's already compromised resilience, compounding years of domestic conflict and food insecurity. Repeated Houthi attacks in the Red Sea have caused major disruptions to trade and severed civilian and commercial air links. Nearly 15 percent of the Yemeni population is estimated to be displaced.²⁷ Remittances—which account for roughly one quarter of GDP—have been on a declining trend, along with tightening financial-sector regulations and the US's designation of the Houthis as a foreign terrorist organization.

25 <https://www.unhcr.org/media/syria-situation-crisis-regional-flash-update-42>.

26 See Marks, J., & Lang, H. (2025, May 2). Beyond the Fall: Rebuilding Syria After Assad. *Refugees International*. <https://www.refugeesinternational.org/reports-briefs/beyond-the-fall-rebuilding-syria-after-assad/>.

27 UNHCR, <https://www.unrefugees.org/emergencies/yemen/>.

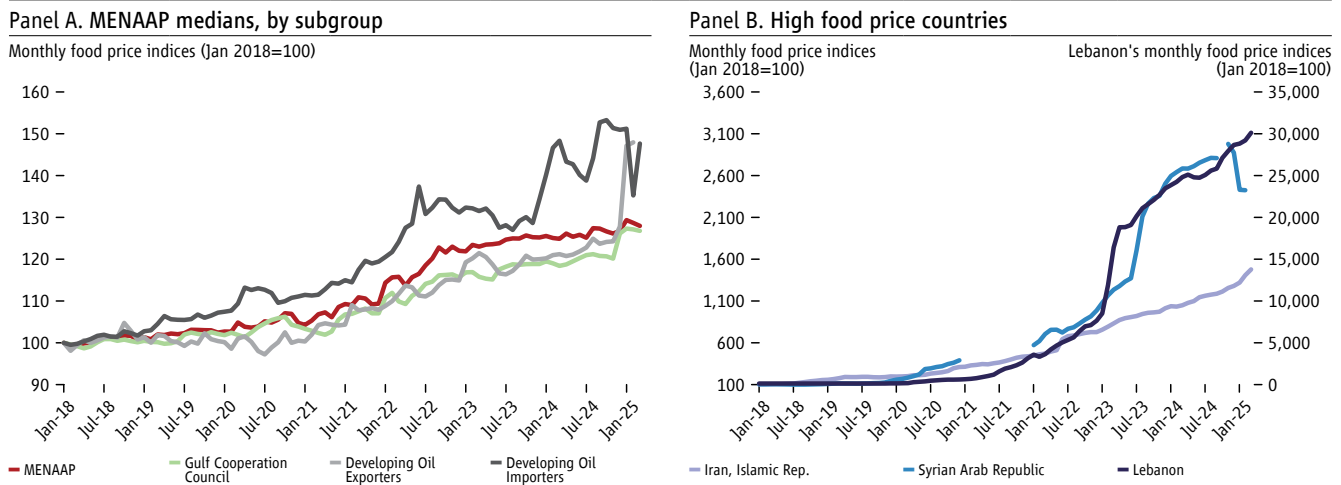
Economic prospects are poor, with projections of a 1.5 percent fall in GDP in 2025 and no growth in 2026. Through 2025, the Republic of Yemen's economy has suffered from the blockade of oil exports. Meanwhile, the non-oil economy faces mounting pressures that include a steep erosion of purchasing power, driven by high exchange rate depreciation and inflation. Moreover, attacks in the Red Sea and airstrikes on Hodeida Port have severely damaged infrastructure, curbing fuel imports. Amid worsening economic and institutional conditions, foreign aid has declined sharply. As of September, only 21 percent of the US\$2.5 billion required under the response plan for the country managed by the UN's Office for the Coordination of Humanitarian Affairs (UN OCHA) had been secured.

Weak growth expectations translate into a projected drop in GDP per capita of -4.3 percent in 2025 and -2.8 percent in 2026, while the inflation rate is forecast to remain elevated at 33 percent in 2025 and 15 percent in 2026. With approximately 70 percent of households reporting inadequate food consumption, the population has resorted increasingly to negative coping strategies, including childhood marriage and begging. The sheer scale of the humanitarian and reconstruction needs will remain vast in the absence of peace, security, and credible reforms.

The broader effects of conflict on the regional economy

Countries in MENAAP are linked to each other through multiple channels, including cultural ties, trade, labor migration, and investment. When conflict erupts in one country, it can disrupt such connections, triggering socio-economic shocks that ripple across the region. The protracted conflict in Syria, for example, not only decimated the country's economy, but also disrupted regional trade routes and labor mobility—placing added strain on neighboring economies such as Jordan and Lebanon, and intensifying pressures from refugee flows. Similarly, instability in Libya disrupted Mediterranean trade and energy markets, with repercussions across the Mediterranean.

Figure 1.14 Evolution of food prices in MENAAP



Source: Own calculations using data from FAOSTAT.

Note: Monthly food price indices are rebased to January 2018 index (i.e., January 2018=100). In Panel A, MENAAP excludes IRN, LBN, and SYR due to their especially high food-price indices. The indices for these countries are separately shown in Panel B. Gulf Cooperation Council includes ARE, BHR, KWT, OMN, QAT, and SAU. Developing Oil Exporters include DZA, IRQ, and LBY. Developing Oil Importers include AFG, DJI, EGY, JOR, MAR, PAK, PSE, and TUN.

As conflict disrupts social cohesion, trade, supply chains, and household incomes, it often also intensifies inflationary pressures. Higher prices, in turn, undermine household consumption and living standards, particularly in food-importing economies, where families are most exposed to rising costs of essential goods. In areas of the Republic of Yemen

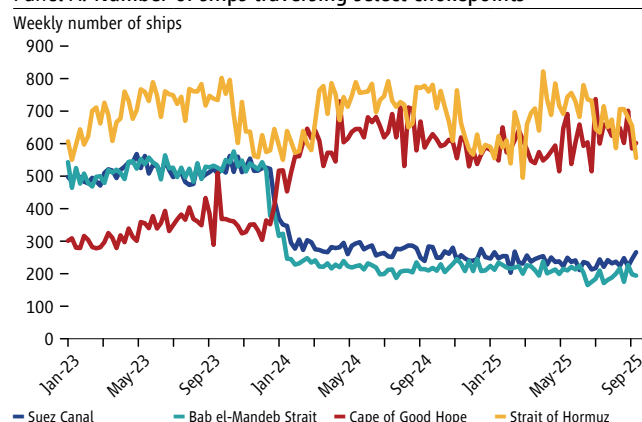
controlled by the Internationally Recognized Government (IRG), for instance, the inflation rate reached 26 percent year-on-year by mid-2025, reflecting mainly acute fuel shortages and exchange-rate volatility. In the Islamic Republic of Iran, inflation rose above 40 percent in 2025, driven by sanctions, currency depreciation, and a rising fiscal deficit. Food-price dynamics remain particularly stark: the related indices in the Islamic Republic of Iran and Syria rose fifteen- to twenty-fold between 2018 and early 2025, while Lebanon's surged from 100 in 2018 to nearly 30,000 over the same period (Figure 1.14).

Overall, the economic impact of the ongoing conflict in Gaza across the entire region has so far been relatively contained, reflecting limited cross-border economic integration. Nevertheless, several important transmission channels are present—especially via trade, maritime transport, and refugee flows—creating the potential for broader spillover effects. As analyzed in previous MENA Regional Economic Updates, the intensity of direct and indirect impacts of regional instability and conflicts varies by country, largely depending on their proximity to conflict and the structure of their socio-economic linkages.²⁸ Countries such as Iraq, Jordan, and Egypt have experienced spillovers—including disruption to gas imports, airspace closures curtailing cargo and tourism flows, and increased migration pressures at their borders. The exposure of Egypt is particularly significant, given its systemic economic role in the region. Even countries farther afield, such as Pakistan and Afghanistan, have not been immune, experiencing volatility in commodity prices, interruptions to regional trade flows, and higher insurance premiums on commercial shipments.

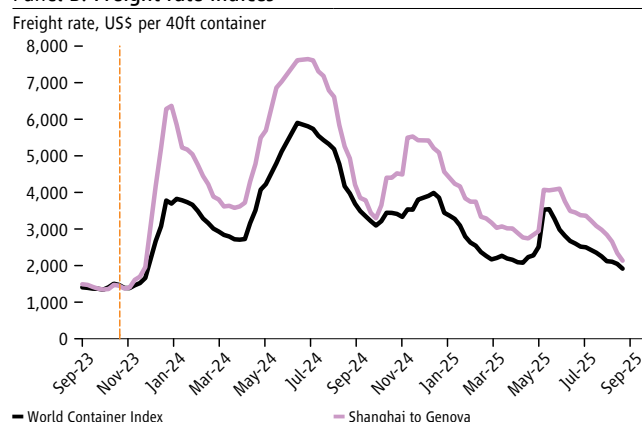
Maritime trade in the region also continues to face disruption. Since late 2023, insecurity in the Red Sea has pushed shipping traffic around the Cape of Good Hope, and this rerouting persists to this day. As a result, Egypt continues to face significant drops in revenues and foreign exchange—estimated at US\$11 billion between December 2023 and July 2025—due to the reduced traffic via the Suez Canal. Despite some improvement in transit-fee revenue during the first half of 2025, supported by a temporary 15-percent discount aimed at restoring Red Sea traffic, shipping traffic remains highly sensitive to regional security conditions (Figure 1.15 Panel A).²⁹

Figure 1.15 Shipping disruptions

Panel A. Number of ships traversing select chokepoints



Panel B. Freight rate indices



Source: International Monetary Fund, *Portwatch*; Drewry World Container Index, data accessed on September 23, 2025.

Note: In Panel B, the peaks correspond to periods of intensified tensions or armed episodes in the area of, or adjacent to, the Red Sea. The vertical red dotted line indicates the onset of the conflict in Gaza. For further information, visit en.macromicro.me/charts/44756/drewry-world-container-index, and drewry.co.uk/supply-chain-advisors/world-container-index-weekly-update/.

²⁸ See Gatti et al. (2024).

²⁹ Meade, R. (2025, May 13). Suez Canal touts 15 percent discounts to entice shipping back to the Red Sea. *Lloyd's List*. <https://www.lloydslist.com/LL1153441/Suez-canal-touts-15-discounts-to-entice-shipping-back-to-the-Red-Sea>.

Furthermore, tensions around the Strait of Hormuz have sharply increased costs for shipping operators, with insurance premia on the rise, coinciding with spikes in hostilities in the Gulf area. Such premia typically serve as an early indicator of geopolitical crises, responding swiftly to shifts in risk perception. Freight rates, as measured by the Drewry World Container Index (WCI), have fallen somewhat, yet the risk of a reversion to higher levels remains significant. Shipping costs for routes that would transit via the Suez canal—such as the Shanghai to Genoa route (Figure 1.15 Panel B)—have decreased but are still above pre-conflict rates.

Displacement and refugee flows

Migratory pressures have escalated considerably in the region since 2022, with the number of refugees and asylum seekers increasing by an average of 10 percent between 2022 and 2024, and far more in certain countries, straining infrastructure, service delivery capacity, and fiscal space.³⁰

In Egypt, a 145 percent increase in the number of refugees and asylum seekers was driven by the recent outbreak of armed conflict in Sudan.³¹ In Libya, the increase in the refugee population was fivefold, due not only to the crisis in Sudan, but also to severe flooding caused by Storm Daniel in September 2023. Lebanon, Syria, and Afghanistan are also confronting major difficulties stemming from migration and displacement, as discussed earlier.

Despite enduring a prolonged and intense conflict, Gaza has seen virtually no outward migration flows, as its population is effectively unable to leave due to a near-total blockade. On the other hand, the people of Gaza have suffered from massive internal displacement. As of mid-2025, 90 percent³² of Gaza's population had experienced multiple displacements, with safe zones reduced to less than 12 percent of the territory.³³

While country-specific conditions vary widely, tensions across the region undermine prospects for socio-economic reintegration and labor-market absorption. Critically, these dynamics expose disproportionately vulnerable populations—women and girls especially—to heightened livelihood risks, with female refugees often enduring mobility restrictions, forced early marriage,³⁴ and sexual exploitation or other forms of gender-based violence.³⁵

Notably, recent empirical evidence collected by the World Bank shows that the presence of refugees can yield measurable macroeconomic benefits to their host country, especially when refugees are supported by inclusive labor-market policies. For example, research covering the period between 2011 and 2020 showed that, while Jordan and Lebanon suffered GDP losses from the conflict in Syria (primarily due to declines in trade and tourism), the demographic shock triggered by refugee inflows partially offset such losses, via greater aggregate demand and labor supply (World Bank, 2020a).

Across host economies, refugees do contribute economically—albeit mostly through informal labor and consumption. Although their limited formal inclusion restricts direct tax contributions, their spending stimulates local markets. Complementary analysis by the World Bank quantifies the global public good generated by Jordan's inclusive hosting approach. Enhancing the integration of refugees into the labor market could simultaneously strengthen their financial autonomy, reduce the need for foreign aid, and expand fiscal space (Hoogeveen, 2025).

30 UNHCR, Nowcasting of refugee and asylum-seeker statistics, <https://www.unhcr.org/refugee-statistics/insights/explainers/nowcasting-refugees-asylum-seekers.html>; MENAAP countries included in the database are: Egypt, the Islamic Republic of Iran, Iraq, Jordan, Lebanon, Libya, and Pakistan. Consulted online on July 30, 2025.

31 UNDP. (2025, June 24). Government of Egypt, UNHCR and UNDP launch Egypt Refugee and Resilience Response Plan. *United Nations Development Programme*. <https://www.undp.org/arab-states/press-releases/government-egypt-unhcr-and-undp-launch-egypt-refugee-and-resilience-response-plan>.

32 UN OCHA. (2025, September). Country Profile: Occupied Palestinian Territory. *United Nations Office for the Coordination of Humanitarian Affairs*. <https://www.unocha.org/occupied-palestinian-territory>.

33 UN OCHA. (2025, July 20). Gaza: OCHA warns mass displacement order yet another blow to fragile lifelines. *United Nations Office for the Coordination of Humanitarian Affairs*. <https://www.unocha.org/news/gaza-ocha-warns-mass-displacement-order-yet-another-blow-fragile-lifelines>.

34 See UN Women. (2013, June 20). Syrian women refugees face forced early marriages and restricted mobility: UN Women report. *UN Women Arab States*. <https://arabstates.unwomen.org/en/news/stories/2013/06/syrian-women-refugees-face-forced-early-marriages-and-restricted-mobility-un-women-report>.

35 See Women's Refugee Commission, Sexual and Gender-Based Violence at <https://www.womensrefugeecommission.org/focus-areas/sexual-gender-based-violence/>.

UNTAPPED TALENT, UNREALIZED GROWTH: JOBS AND WOMEN IN THE MIDDLE EAST, NORTH AFRICA, AFGHANISTAN, AND PAKISTAN

Main findings

- Working-age population in MENAAP is set to grow by over 220 million people by 2050, close to a 40 percent rise, the second-largest across all regions.
- At the same time, MENAAP is rapidly approaching a demographic crisis, with declining fertility rates and an aging population. Boosting female labor-force participation is the most effective measure to mitigate it and has the potential to improve standards of living in the region.
- Despite decades of investment in education, female labor-force participation rates in the region remain the lowest in the world. Only about 1 in 5 working-age women participate in the labor market.
- Women's participation in the workforce is shaped by a complex interaction of restrictive social norms, legal barriers, household decisions, and labor demand forces.
- Removing barriers that prevent women from accessing jobs that best match their talent and human capital could boost GDP per capita by 20 to 30 percent in economies like Egypt, Jordan, and Pakistan. Such potential gains are among the highest in the world.
- A dynamic private sector that creates jobs, aligns incentives of women to enter the labor markets, helps eliminate discrimination, and transforms aspirations is essential to this process.

Introduction

The world is facing a jobs challenge. Three regions—Sub-Saharan Africa, South Asia, and MENAAP—will collectively add more than 1 billion people to their working-age population between 2025 and 2050 (Figure 2.1). These young people will need jobs. However, job creation in the coming years may be harder than in the past. In many emerging markets and developing economies (EMDEs), its pace had been slowing down even before the overlapping crises of the past five years. Structural changes, including shifting trade patterns, climate change and the energy transition, and development of technologies including artificial intelligence, add further uncertainty.

The Middle East, North Africa, Afghanistan, and Pakistan is at the heart of this jobs challenge. MENAAP's working-age population is projected to grow by around 220 million over the next quarter-century, more than a 40 percent rise. This is the second largest projected increase across all regions.

So far, the region has not fully capitalized on the demographic dividend arising from its large and young working age population. Poor governance, cronyism, and—in certain countries—a large footprint of the state have stifled private sector dynamism and, with it, job creation, which has not kept pace with the expansion of the working-age population over the decades. Stagnant employment growth has played out against a backdrop of rapid gains in education levels,

particularly for women, whose labor-force participation and employment rates in the region nevertheless remain among the lowest in the world.

Despite the current working-age population growth, the region is also facing profound demographic change. Its fertility rates, for decades among the highest in the world, have faced a steady decline over the past 20 years. As a result, its population is beginning to age at an increasing pace. Notably, the share of elderly people relative to the working-age population is set to rise, exacerbating fiscal pressures from higher spending needs on healthcare, pensions, and long-term care. Without countervailing trends in labor supply and productivity, these dynamics risk slowing down growth, eroding fiscal sustainability, and straining social protection systems.

The result is a paradox: women are more educated than ever before, yet their skills and talents remain largely excluded from the economy. This underutilization of human capital constrains household incomes, limits job creation, reduces resilience to increasingly frequent shocks, and holds back aggregate productivity growth. And the pressure to find jobs for large numbers of additional men entering the labor force risks further complicating efforts to bolster female labor force participation in the near term.

These three realities—continued growth in working-age population, rapid aging, and persistently low female labor-force participation levels (FLFP)—are deeply intertwined. In the near term, new labor market entrants will need jobs. Looking ahead, a turnaround is on the horizon, with slowing population growth and aging set to rapidly shrink the pool of available workers relative to the elderly population they will need to support. In the meantime, the region is leaving untapped one of its largest reservoirs of potential labor supply, stifling a key engine of growth. Expanding women's participation in the labor market offers a direct response to these issues, with both immediate and long-term benefits. Absent effective actions, the region risks becoming older before it becomes richer.

The case is clear: raising female labor force participation is not only a matter of fairness or social inclusion—it is a macroeconomic necessity. Economies that fail to integrate women more fully into the labor force risk slower growth, rising inequality, and mounting fiscal pressures. Conversely, those that succeed in unlocking women's employment potential can achieve faster poverty reduction today, and more resilient, sustainable growth tomorrow. In Egypt, for example, an increase in the employment rate among women to a level that matches that of men could lead to GDP per capita gains of around 50 percent (Fiuratti et al., 2024).

In the MENAAP region, recent trends highlight both progress and persistent barriers. On the positive side, decades of investment in education have boosted female school enrollment and graduation rates, and legal reforms in certain countries have begun to expand access for women to professions previously closed to them. Yet, deep legal and social barriers (norms) continue to restrict women's participation in the labor markets. Many women who are willing to work cannot find jobs that meet their needs for safety, flexibility, or compatibility with household responsibilities. Limited availability of formal childcare services and safe transport options, and social norms around domestic roles reinforce these constraints.

On the employer side, discrimination—whether explicit in job postings, or implicit in hiring and promotion decisions—further restricts opportunities for women. In addition, regulatory frameworks in some countries continue to limit women's participation in certain sectors or occupations. These challenges are magnified by broader labor market dynamics, in a region where sluggish private-sector job creation has contributed to the highest rates of youth unemployment in the world. As a result, female labor-force participation rates average less than 20 percent in many MENAAP countries, compared with a global average of over 50 percent.

The central issues addressed in this chapter are why women in the MENAAP region remain excluded from economic life at such high rates, what barriers perpetuate this exclusion, and which policy levers can help shift both market structures and social norms. Understanding and addressing these barriers is critical not only for advancing gender equality, but for securing the region's long-term prosperity in the face of demographic change.

This requires stimulating private-sector growth, ensuring that labor-market regulations are gender-inclusive, investing in enabling services such as childcare and safe transport, and addressing the social norms that continue to restrict women's choices. Without such measures, the region faces the risk of underutilizing half of its talent pool—at great cost to both current and future prosperity.

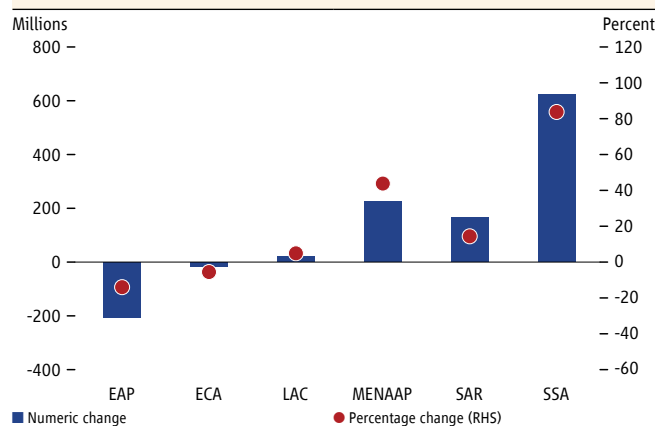
Why is it important to increase female labor-force participation?

Labor-force dynamics in MENAAP countries highlight a profound demographic shift that will shape the region's economic and social future. In recent decades, young people entering the working-age population have significantly outnumbered those exiting, as shown in Figure 2.2.³⁶ The result is a young working-age population that has rapidly grown in size: according to recent UN estimates, the region counts approximately 510 million working-age people between the ages of 15 and 64. This offers significant opportunities for economic growth through a potential demographic dividend, but only if economies can create enough jobs to absorb the influx of new workers. Over time, however, the gap between the numbers of those entering and exiting the working-age population has narrowed, with exits accelerating rapidly as the population ages (Figure 2.2). Currently, net new entries (i.e., the difference between those entering and exiting the working age population) have stabilized at about 10 million people per year—close to historical highs, and a level the region is projected to maintain over the next decade, before a gradual slowing. However, the share of elderly people in the region's population will nearly double, from 5.1 percent today to 9.5 percent in 2050.

Thus, while strong working-age population growth will continue in the coming decades, the rate of growth is already slowing, and will eventually turn negative, while societies age. The pace of such trends is not uniform across countries. Some, such as the Islamic Republic of Iran, Morocco, and Tunisia, are one generation ahead in this demographic transition, with fertility rates that started to fall in the late 1990s, and working-age population growth rates that could turn negative as early as the next decade.

This long-run pattern highlights the urgent need for labor market reforms, productivity gains, and investments in human capital to harness the benefits of today's young

Figure 2.1 Increase in working-age population, 2025–2050



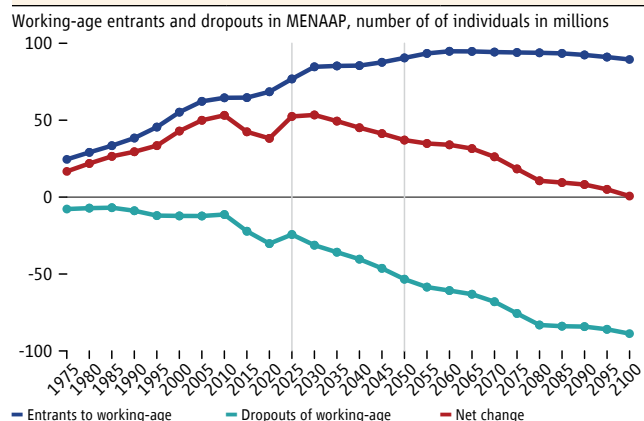
Sources: UN Population Prospects (database); World Bank.

Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENAAP = Middle East, North Africa, Afghanistan and Pakistan; SAR = South Asia; SSA = Sub-Saharan Africa. Panel shows the change in the working-age population, using the benchmark method over 2025–50 by EMDE region, in absolute magnitude and as a percentage change on the right-hand side.

³⁶ Entry into the working-age population is typically defined as occurring when an individual turns 15, although in practice many young people do not enter the labor force at this point: many, for example, continue their education. Exit takes place either through retirement—assumed at age 65 in this report—or through mortality while still within working age. The estimates are drawn from United Nations Population Division country-level data, based on medium-variant projections.

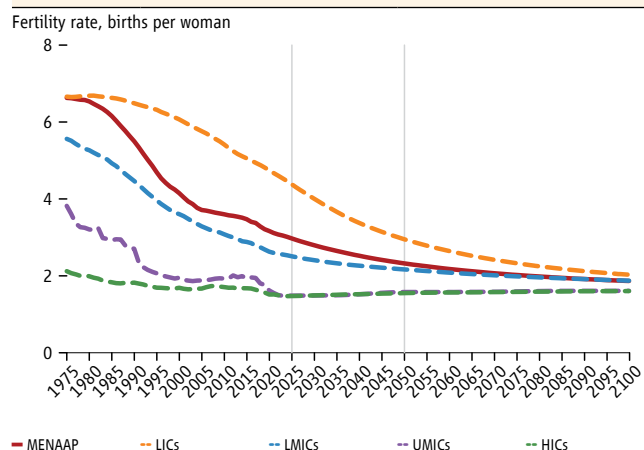
labor force and steady population growth trends and to prepare for the rapidly approaching economic strains of aging and population stabilization.

Figure 2.2 Entries into working-age population stall as exits accelerate



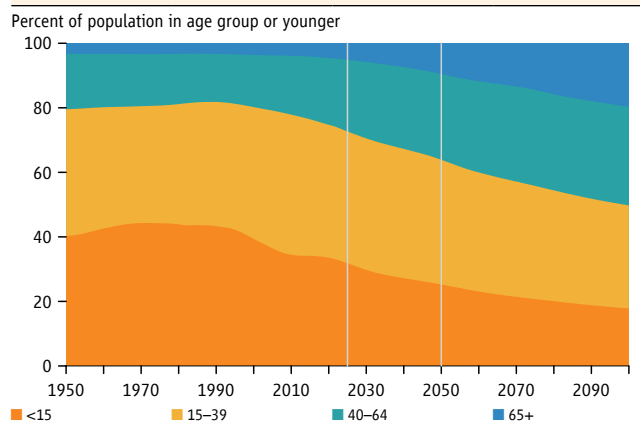
Source: Own calculations using data from UN Population Prospects.
Notes: Population estimates used for historical figures and medium variant projections used for future estimates. The orange line is the number of individuals between the ages of 15 and 19. The green line is the sum of population 60–64 in year t-5 (those who aged out of working age) and working-age mortality. Working-age mortality is estimated as the difference between the net change in working age population and the natural aging out of working age ($(pop_{15-64}^{t-5} - pop_{15-64}^t) - (pop_{60-64}^{t-5} - pop_{15-19}^t)$). The dashed blue line is the change in the working age population, equal to the difference between population 15–64 in year t minus population 15–64 in year t-5.

Figure 2.4 MENAAP is following global fertility trends, having fewer children



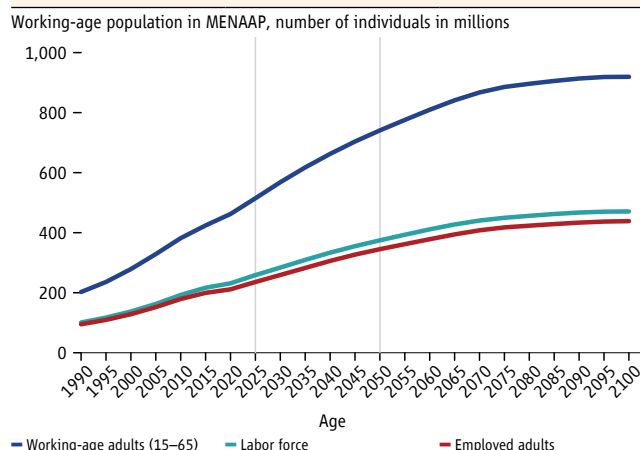
Source: Own calculations using data from UN Population Prospects.
Note: Average fertility rates for each income group are taken directly from UN Population Prospects, using medium variant projections for future years. The MENAAP average was calculated by averaging country-specific fertility rates, weighted by the size of the female population for each country for each year. Female population figures are from the UN Population Prospects.

Figure 2.3 The share of older people in MENAAP is projected to grow dramatically



Source: Own calculation using data from UN Population Prospects.
Notes: The figure shows the percent of each age group out of the total population of the MENAAP region. All proportions are calculated using UN population figures. Future estimates were taken using medium variant projections.

Figure 2.5 The working-age population is expected to grow, but ever more slowly



Source: Own calculations using data from UN Population Prospects and International Labour Organization (ILOSTAT).
Notes: UN Population Estimates used for historical figures, and medium variant projections used for future estimates. Labor force participation rate and employment rate for each country from ILO. Missing labor force and employment rate data are substituted with the previous year for which data exist, while future projections use the most recent data available for each country.

MENAAP countries are not the first to face the demographic paradox of a currently young but also rapidly aging population. Almost all high-income and most upper-middle income countries, particularly in East Asia and Eastern Europe, have experienced a similar trend, and now have rapidly aging and shrinking working-age populations. Today, the average fertility rate in the MENAAP region stands at 3.0 children per woman (Figure 2.4), higher than the average for high and upper-middle income countries (around 1.5), and even above the average for lower middle-income countries (around

2.5). Yet, the current levels do not tell the full story. Fertility's decline over the past 50 years has been sharp—it stood at 6.6 children per woman in 1975, and at 4.1 in 2000—and higher than in countries with similar income levels. The United Nations projects that by 2050, the region's average fertility rate will drop to 2.3, barely above replacement level (Figure 2.4). It is already below or only slightly above replacement level in five of the region's 21 countries (the Islamic Republic of Iran, Lebanon, Libya, Morocco, and Tunisia). When accounting for fertility among their large migrant populations, all Gulf Cooperation Council (GCC) countries have fertility rates that are either at or slightly above replacement level and projected to fall below it in the next two decades. In contrast, Pakistan has one of the highest fertility rates in the region, at 3.5.³⁷ However, its demographic transition is following a similar trajectory as its peers, only delayed, with the fertility rate projected to fall below replacement level within one generation. Overall, while the MENAAP region remains demographically young today, it is rapidly converging toward the aging patterns visible in much of the world.

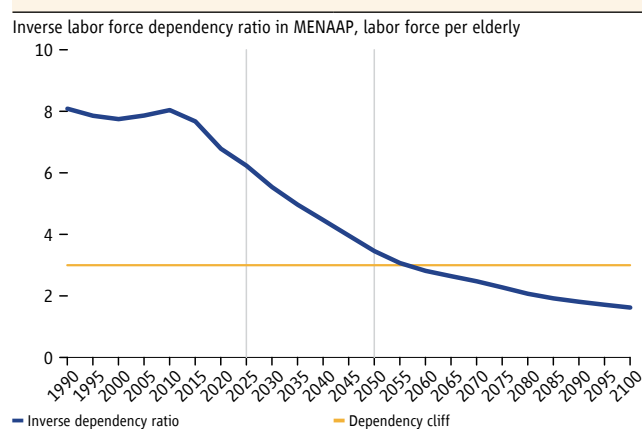
While the region faces the immediate challenge of creating jobs for its young population, these demographic trends portend that within a generation, governments will be faced with increasingly unsustainable welfare systems and chronically low GDP growth rates. The number of working-age adults is projected to continue to increase, but the size of both the labor force and the employed population is expected to grow at a much slower pace, if current participation rates persist (Figure 2.5).

Old-age dependency ratios clearly illustrate the scale of the problem for MENAAP countries. Figure 2.6 shows the ratio of the labor force to the elderly population (aged 65 and above) in the region over time.³⁸ At present, there are 6.2 people in the labor force per elderly person—an economically sustainable level. Yet, driven by aging and persistently low female labor-force participation rates, this ratio is projected to decline to just under 3.5 within the next 25 years. A ratio of 3 people in the labor force per elderly person, which has been reached in most high and upper-middle income countries, is widely regarded as a critical threshold, with implications for slower GDP growth, rising welfare burdens, and acute worker shortages (OECD, 2025). The region is expected to cross this level in 2055.

In high income countries, policy responses to such challenges have included raising retirement age and incentivizing labor-force participation among older workers, reducing pension and other welfare benefits, expanding immigration, and investing in automation. However, none of these measures has fully succeeded in halting, let alone reversing, the long-term trend, and many forecasts depict looming pension-system insolvencies and stagnating growth in many such countries (OECD, 2023).

Fortunately, the MENAAP region has a powerful policy lever still available: raising female labor-force participation. Even modest improvements on this measure would have a transformative impact on dependency ratios, as well as on long-term fiscal sustainability and growth. For example, if the female participation rate in each MENAAP country were to match the average of their global income peers,

Figure 2.6 Old age dependency ratios approach unsustainable levels



Source: Own calculations using data from UN Population Prospects and the International Labour Organization (ILOSTAT).

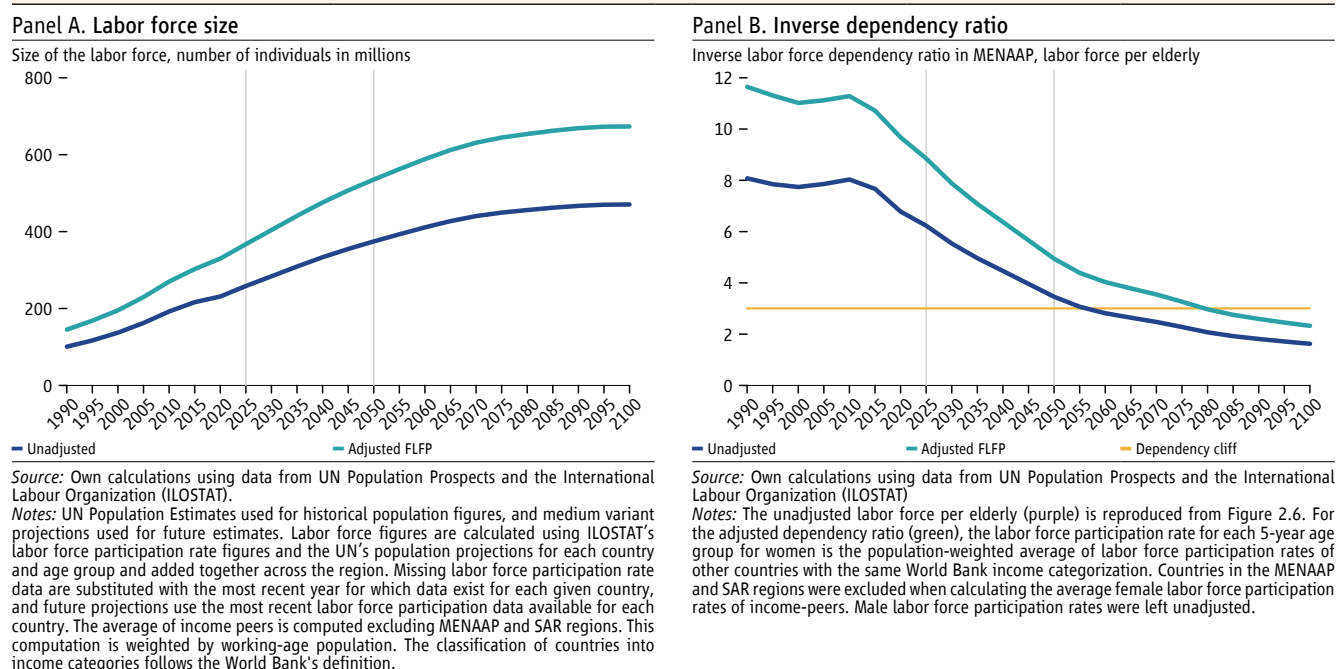
Notes: The inverse dependency ratio is computed as the ratio of the size of the labor force to the number of individuals 65 and older. The size of the labor force is calculated as the sum of each age specific labor force participation rate (sourced from ILOSTAT) multiplied by the population of each age category (sourced from the UN Population Prospects), calculated separately for each gender and country. The latest available labor force participation rate is used for all future projections. The size of the labor force is then divided by the size of the population 65+, as sourced from the UN Population Prospects.

37 Only Afghanistan (4.7) and the Republic of Yemen (4.4) have higher fertility rates.

38 The old-age dependency ratio as used in demography literature shows the number of elderly people (aged 65 and above) to the working age population. These figures are presenting the inverse of the old-age dependency ratios since it is easier to convey the support capacity of the labor force—i.e., how many working-age adults there are for each elderly person.

the region's labor force would count 109 million more people than it currently does (367 million versus 258 million). More importantly, the projected labor force as of 2050 would rise from roughly 374 million to 535 million (Figure 2.7 Panel A) and would include 161 million more people relative to a scenario in which current female participation rates would stay the same. In turn, the current labor force-to-elderly ratio would rise from 6.2 to 8.8 and, more notably, the projected ratio as of 2050 would increase from 3.5 to 4.9 (Figure 2.7 Panel B)—significantly easing the demographic, fiscal, and growth pressures brought about by rapid ageing.

Figure 2.7 Labor force expansion under globally average FLFP would create opportunities for MENAAP

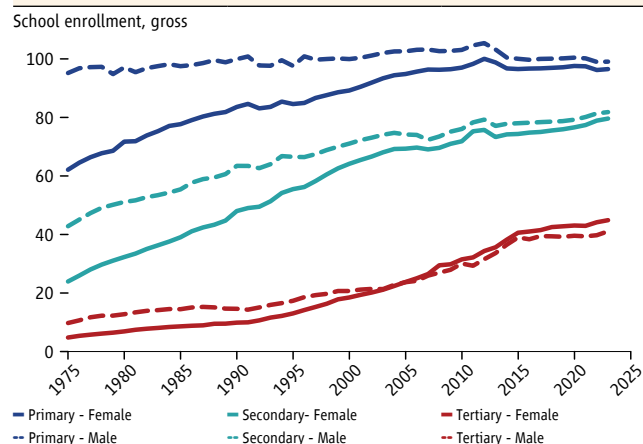


Increasing female labor-force participation requires a series of complementary policy reforms, discussed in detail in the rest of the report. Importantly, the gender gap in education has been largely overcome in the MENAAP region. Enrollment rates for women are high at all levels of schooling, and more than 3 percentage points higher than those of men at the tertiary level (Figure 2.8). In some countries, for example the Arab Republic of Egypt and Kuwait, enrollment rates are higher among women than men also at the primary and secondary levels. While it is important to note that Pakistan is yet to achieve the female enrollment rates prevalent in the rest of the region (outside of conflict-afflicted countries), millions of young women across MENAAP enter adulthood with the education necessary to join the labor force.³⁹

Integrating younger female cohorts into the labor market is key, as girls in school today will be in their 30s and 40s—the prime age bracket for employment and wage growth—as of 2050. Delayed entry into the labor market often results in skills atrophy and long-term disengagement among the young, including women. In contrast, young women transitioning directly from school to work are ready to break historical patterns of low female participation—provided that regional economies can create enough good jobs, ensure supportive workplace policies, and address barriers around childcare and mobility, among others.

³⁹ In Pakistan, women have a higher enrollment rate than men in tertiary education, but they lag in primary and secondary school enrollment. Excluding Afghanistan and Pakistan, female enrollment rates would be higher than those of men at every level of education across the region.

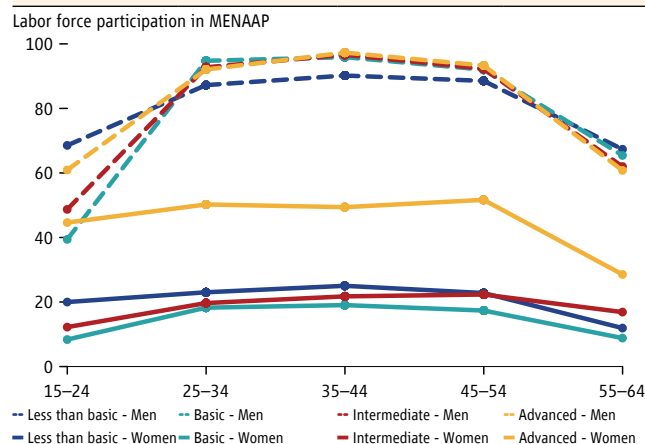
Figure 2.8 Declining gender inequalities in school enrollment rates



Source: World Development Indicators.

Note: These figures are sourced directly from the World Development Indicators aggregate for the MENAAP region. Net enrollment data is unavailable for tertiary education, and unavailable for primary and secondary education after 2018, but are broadly similar to gross figures where available, with primary and secondary enrollment differing across genders by less than 4 percentage points in recent years.

Figure 2.9 Work outcomes are poorer for women of all educational statuses



Source: Own calculations using data from UN Population Prospects and the International Labour Organization (ILOSTAT).

Notes: For each MENAAP country, the most recent data for labor force participation by age, sex, and education is used. Population weighted averages are used to build a MENAAP average for each gender/age combination. Data include AFG (2015), DJI (2012), EGY (2017), IRN (2016), IRQ (2012), JOR (2017), LBN (2019), MAR (2017), PAK (2017), PSE (2017), SAU (2017), TUN (2023), and YEM (2013).

Failing to translate these gains into employment would amount to wasting an incredible opportunity. By better aligning labor markets with this growing pool of educated women, governments can expand the labor force significantly, boosting productivity and individual welfare. Unlocking this potential is not only feasible but also cost-effective, as investments in education have already been made.

Seven facts about female labor-force participation in the MENAAP region

1. Female labor-force participation in MENAAP is the lowest in the world

The share of women aged 15 and older that actively participate in the labor force ranges from 11 percent in Iraq to about 25 percent in Pakistan and Tunisia, and 34 percent in Libya.⁴⁰ In high-income GCC countries too, female labor force participation (FLFP) remains lower than in peer economies, even though migrants make up the overwhelming majority of the population, and most migrant women must work for their visas to remain valid. Rates in the region are, on average, 25 percentage points lower than those in income peers (Figure 2.10).⁴¹ Statistically, this gap is not explained by differences in levels of education, the structure of the economy, or fertility between MENAAP countries and their income peers.⁴² Among young women (aged 15–24), participation rates are on average 19 percentage points lower than in income peers.

40 The labor force participation rate (LFP) is the percent of the working-age population that is in the labor force (working or unemployed).

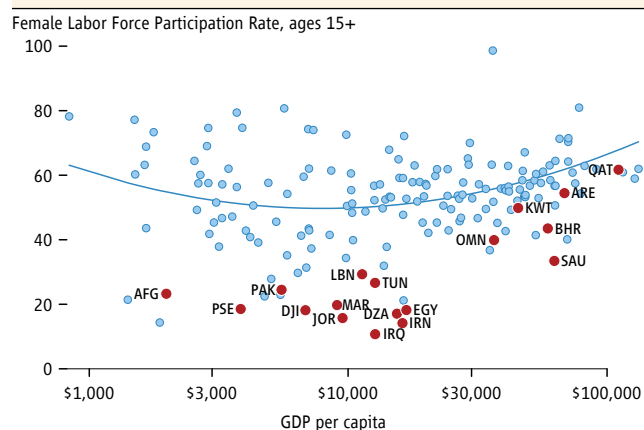
41 Percentage point differences are calculated as the coefficients on the MENAAP regional dummy from an ordinary least squares (OLS) regression of the FLFP rate on GDP per capita (log units), excluding high-income economies.

42 Specifically, when regressing the female labor-force participation rate on log-GDP, the square of log-GDP, the completion rates in primary, secondary, and tertiary education, the size of the manufacturing and agricultural sectors' value-added as a percentage of GDP, a country's fertility rate, and whether a country is in the MENAAP region, the coefficient on being a MENAAP country is 26.2 percentage points. Each of these data were the most recent figures available from the World Development Indicators, with the exception of Female Labor Force Participation, which was sourced from ILOSTAT, also using the most recent available figures.

Participation rates in MENAAP are low even among prime-age women (aged 25–54), who are more likely to be in the labor force than those in other age groups. In Egypt, for example, the participation rate for this group only reaches 24 percent, versus 18 percent for all women above the age of 15. In Tunisia, the rate among prime-age women is only 13 percentage points higher than the average for all women (40 percent versus 27 percent).

Even in high-income MENAAP countries, the female labor-force participation rate is lower than in income peers. Saudi Arabia in particular, has one of the lowest rates among high-income economies (33 percent), despite marked improvement over the past decade (Figure 2.10). Rates are higher in the United Arab Emirates (54 percent) and Qatar (62 percent), but migrants constitute the overwhelming majority of the population in these countries, distorting participation estimates. In the GCC, most migrants must hold a job to qualify for and maintain their residency status (World Bank, 2023). Lower-skilled migrants are typically on strict employment-based visas: they are not allowed to bring their families and must leave if they lose their job. As a result, they are part of the labor force almost by definition. Higher-skilled migrants may be permitted to bring their families, but the principal visa-holder is still required to work. This creates an inherent bias in aggregate labor-force statistics.

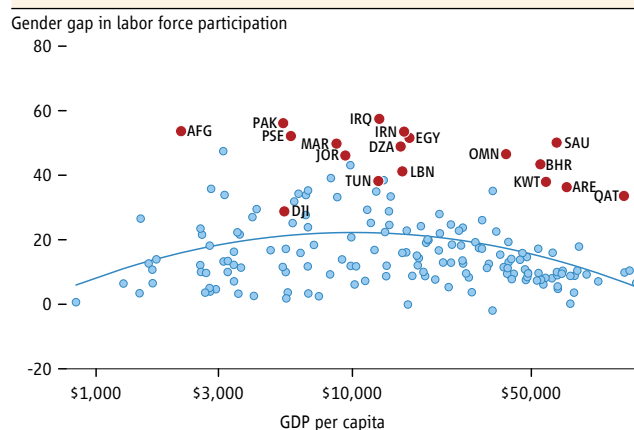
Figure 2.10 Developing economies in the region (excluding the GCC) have the lowest rates of female labor force participation in the world



Source: International Labour Organization (ILOSTAT) and the World Bank's World Development Indicators.

Note: Labor force participation rates for people 15 and older are from national estimates compiled by the International Labour Organization (ILOSTAT). GDP per capita (PPP, constant 2021 international dollars) is from the World Bank's World Development Indicators. The sample includes 176 countries, including 18 from the MENAAP region. Labor force participation rates and GDP per capita are matched using the latest available year for each country after 2013. The most recent data points for MENAAP countries are as follows: AFG (2021), ARE (2023), BHR (2015), DJI (2017), DZA (2017), EGY (2023), IRN (2023), IRQ (2021), JOR (2023), KWT (2016), LBN (2019), MAR (2022), OMN (2022), PAK (2021), PSE (2022), QAT (2022), SAU (2024), and TUN (2023). GDP per capita is shown in log scale. The blue fitted line shows the predicted quadratic relationship between labor force participation and log GDP per capita for the sample.

Figure 2.11 Even among high-income economies in the region, men are significantly more likely than women to participate in the labor force



Source: International Labour Organization (ILOSTAT) and the World Bank's World Development Indicators.

Note: Labor force participation rates for women 15 and older and men 15 and older are national estimates compiled by the International Labour Organization (ILOSTAT). GDP per capita (PPP, constant 2021 international dollars) is from the World Bank's World Development Indicators. The sample includes 176 countries, including 18 from the MENAAP region. Labor force participation rates and GDP per capita are matched using the latest available year for each country after 2013. GDP per capita is shown in log scales. The most recent data points for MENAAP countries are as follows: AFG (2021), ARE (2023), BHR (2015), DJI (2017), DZA (2017), EGY (2023), IRN (2023), IRQ (2021), JOR (2023), KWT (2016), LBN (2019), MAR (2022), OMN (2022), PAK (2021), PSE (2022), QAT (2022), SAU (2024), TUN (2023), and YEM (2014). The blue fitted line shows the predicted quadratic relationship between labor force participation and log GDP per capita for the sample.

On average, women in the region are 53 percentage points less likely to participate in the labor force than men, with the gap ranging from 30 percentage points in Djibouti to about 60 percentage points in Pakistan and Iraq, with no significant difference between developing and high-income economies. This contrasts with global patterns, where the gender gap typically follows an inverted U-shape relationship with GDP per capita—narrower in low- and high-income countries, and wider in middle-income countries (Figure 2.11).

Measurement errors in FLFP could partly account for the large gaps in female labor-force participation rates between economies in the region and their income peers (Box 2.1). Even after adjusting for potential mismeasurement, however, the rate in Egypt would only increase to 41 percent—still well below the level of comparable countries—according to Arezki et al. (2020).

Box 2.1 Who counts as employed?

This study uses the International Labour Organization’s (ILO) latest definition of employment, adopted at the 19th International Conference of Labor Statisticians (ICLS) in 2013, which encompasses work to produce goods or provide services for pay or profit. This broad measure, used for most labor statistics, covers wage employment, the self-employed, and part-time workers in both the formal and informal sectors; it does not include work for own-use production, or volunteer work. This represents a departure from previous standards, dating back to the 13th ICLS in 1982, which had linked the concept of employment to the System of National Accounts’ production boundary, and included work to produce goods for own use (Gaddis et al., 2023). Many, but not all, national statistical offices have transitioned to the 19th ICLS standards. ILO model estimates still adhere to the previous definition of employment in countries where using the latest one would cause a methodological break (ILO, 2025).

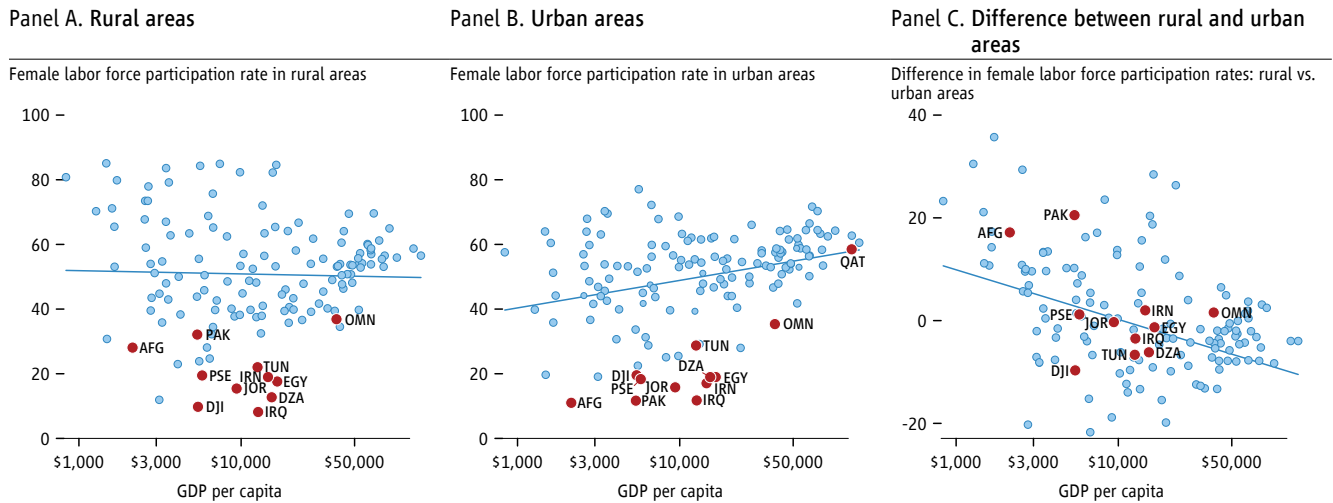
The change in the definition adopted in 2013 can significantly affect measures of employment in contexts where crop farming or animal husbandry for family consumption are prevalent and where national statistical offices followed the 13th ICLS recommendations prior to the introduction of the new standards. Since women are disproportionately engaged in such activities in many countries, female employment is typically more sensitive to the change in definition than male employment. For example, the Egypt Labor Market Panel Survey (ELMPS) allows measuring employment according to both the 19th ICLS standards (‘market definition’) and the 13th ICLS standards (‘extended definition’). The distinction makes little difference to male employment but has a large effect on estimated female employment (Assaad et al., 2019). However, many countries in the MENAAP region never fully adhered to 13th ICLS’s definition of employment and excluded own-use production work from employment even prior to the introduction of the new standard (ILO, 2013; World Bank, 2020b). This may partly explain why, after the adoption of the latest definition, female labor-force participation rates in MENAAP did not see the drastic downward revisions observed in other regions (see Beegle, 2023, for an example from Sub-Saharan Africa).

These factors also underscore the complexity of measuring women’s employment and labor-force participation through household or labor-force surveys. Measures of female employment can be highly sensitive to how questions are phrased, and survey instruments are designed—more so than those of male employment. In Sri Lanka, for example, probing repeatedly for women’s engagement in small and casual jobs, through so-called “recovery questions”, significantly increased measured female employment (Discenza et al., 2021). In Honduras, women underreport their engagement in economic activities because they primarily identify themselves as housewives, and the concepts of housework and employment are seen as mutually exclusive (Muller and Sousa, 2020). Recent guidelines and toolkits from the ILO and the World Bank’s Living Standards Measurement Study (LSMS) team summarize best practice, provide guidance for measuring employment and own-use production work in labor-force and multi-topic household surveys, and identify areas for future methodological research (ILO, 2025; Durazo et al., 2021).

2. Women are under-represented in the labor force in both rural and urban areas

Female labor force participation in the region is well below peer-country averages across both rural and urban areas. Within countries, however, the rural–urban gap is aligned with global patterns: in lower-income economies such as Pakistan, rural women are more likely to participate in the labor force than urban women; while in higher-income economies, such as Tunisia or Algeria, participation is higher in urban areas (Figure 2.12).

Figure 2.12 The region underperforms on labor force participation in both rural and urban areas, but the rural–urban gap within each country mirrors patterns among income peers



Source: International Labour Organization (ILOSTAT) and the World Bank's World Development Indicators. (ILOSTAT).

Note: Labor force participation rates for women 15 and older are from national estimates compiled by the International Labour Organization (ILOSTAT). GDP per capita (PPP, constant 2021 international dollars) is from the World Bank's World Development Indicators. Figures are based on the latest available data from ILOSTAT (post-2013). The most recent data points are AFG (2021), DZA (2017), DJI (2017), EGY (2023), IRN (2018), IRQ (2021), JOR (2023), OMN (2018), PAK (2021), PSE (2022), QAT (2017), and TUN (2023). GDP per capita is shown in log scale. The sample includes 139 countries.

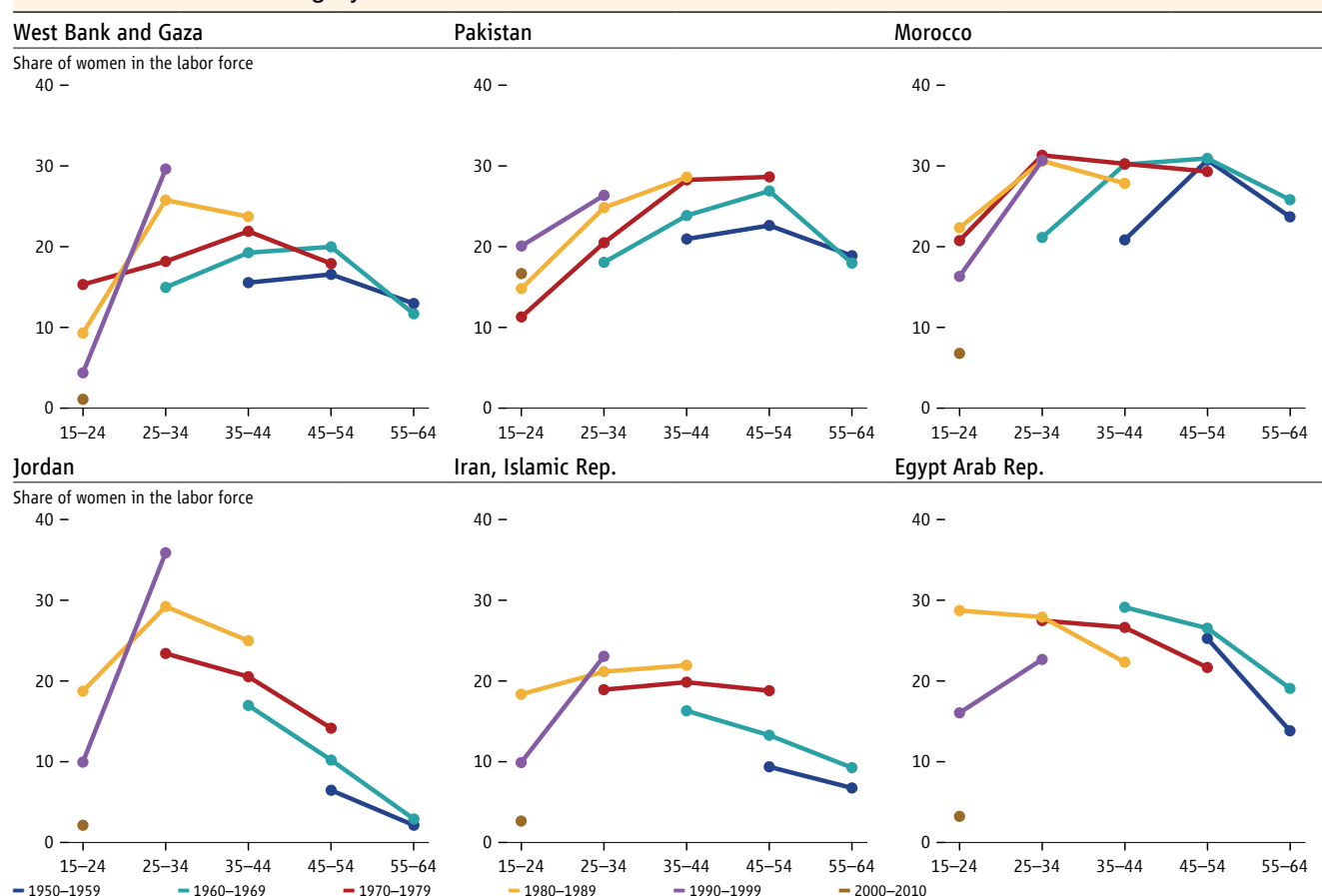
3. Female labor-force participation rates are affected by marital and parental status, but are consistently low irrespectively

The relationship between female labor-force participation and age follows an inverted U-shape, with the highest rates observed among women aged 25–54 (Figure 2.13). Still, across the region, prime-age women are less likely to participate in the labor force than those in countries with similar income levels, regardless of marital status or household structure (Figure 2.14). Within MENAAP, participation is consistently higher among single women, and the gap between the rates for single and married women is the widest in the world (Figure 2.14, panel c)—peaking in Morocco, Lebanon, and the Islamic Republic of Iran. These patterns, however, do not necessarily imply that the “marriage penalty” is more severe in the region relative to international comparators. Marriage rates by age differ across countries, and cross-country comparable data on female labor-force participation by marital status and age are only available for broad age brackets (e.g., 25–54). Notably, marriage rates in MENAAP are high—Deng et al. (2025), for example, report that in Egypt, 98 percent of women have been married by age 45—and women tend to marry at a relatively young age (as of 2018, over 90 percent of married women in the region had entered matrimony before they turned 30).

Similarly, labor-force participation in the region sits below the global average of income peers both for women in households with children under the age of six, and for those in households without them (Figure 2.15 Panels a and b). Between the two groups, the participation rate is lower among women with young children in the household, suggesting

a “child penalty” in the region consistent with the findings by Kleven et al. (2025), Kleven (2023), and Kleven et al. (2019). The difference hovers around 5 percentage points in most MENAAP countries and is broadly consistent with the levels observed in income peers (Figure 2.15 Panel c). Albeit seemingly small, such a difference in participation between women in households with and without young children is significant in relative terms, against a background of low participation rates for all women across the region.

Figure 2.13 Participation follows an inverted U-shape with age, with the highest rates among those in the 25–54 category



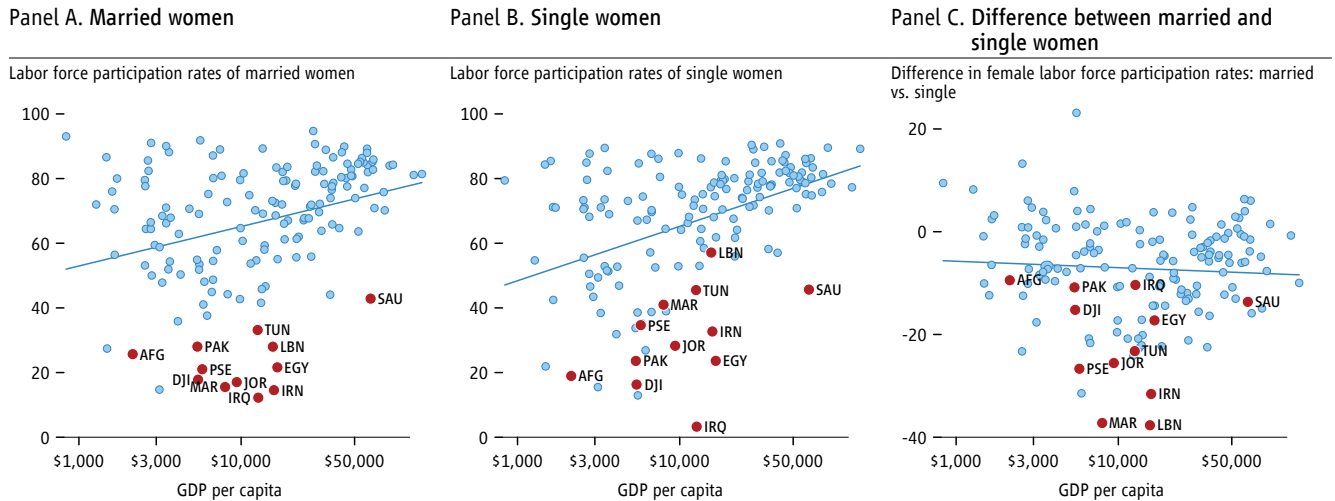
Source: Own calculations using individual-level data from publicly-available Labor Force Surveys.

Note: Labor Force Surveys are sourced from the Economic Research Forum (ERF) Microdata Portal and respective National Statistics Offices (NSOs). In each country, the microdata has been harmonized across survey years by the data provider (with the exception of some years for Jordan). The sample includes women 15–64. Age groups are categorized into five 10-year bins, and birth cohorts are divided into six 10-year intervals. Observations reporting current attendance in formal education—representing less than 2 percent of the sample—are excluded. All computations apply survey sampling weights. For all countries and years, individual weights are used to weight the survey data, except for Jordan in 2011 and 2013, where household weights are applied. Countries are sorted in ascending order of GDP per capita (PPP, constant 2021, international dollars) for the year 2024, based on data from the World Bank’s World Development Indicators.

The effects of marriage and childbearing on women’s labor-force participation in the region may be intertwined, and disentangling them requires more detailed analysis using panel micro-data. Existing studies have shown a significant “marriage penalty” in several countries in the region. For instance, Assaad et al. (2022) find that marriage by the median age reduces the probability of employment for women by 16 percent in Egypt, 30 percent in Tunisia, and 47 percent in Jordan. The authors conclude that much of the decline is due to a higher probability of exiting private wage work upon marriage. These findings are corroborated by Selwaness and Krafft (2021), who show higher odds of exiting employment for women in Egypt and in Jordan in the year of marriage and in the two years leading up to it, signaling that women may drop out of the labor force in anticipation of marriage. Consistently, Selwaness and Krafft (2021) find a strong anticipatory effect around childbearing, whereby women in both Egypt and Jordan are significantly more likely

to exit employment in the year before giving birth. Finally, World Bank (2024) shows that women in South Asia seem to experience a marriage penalty in labor-force participation following marriage, even before bearing children.

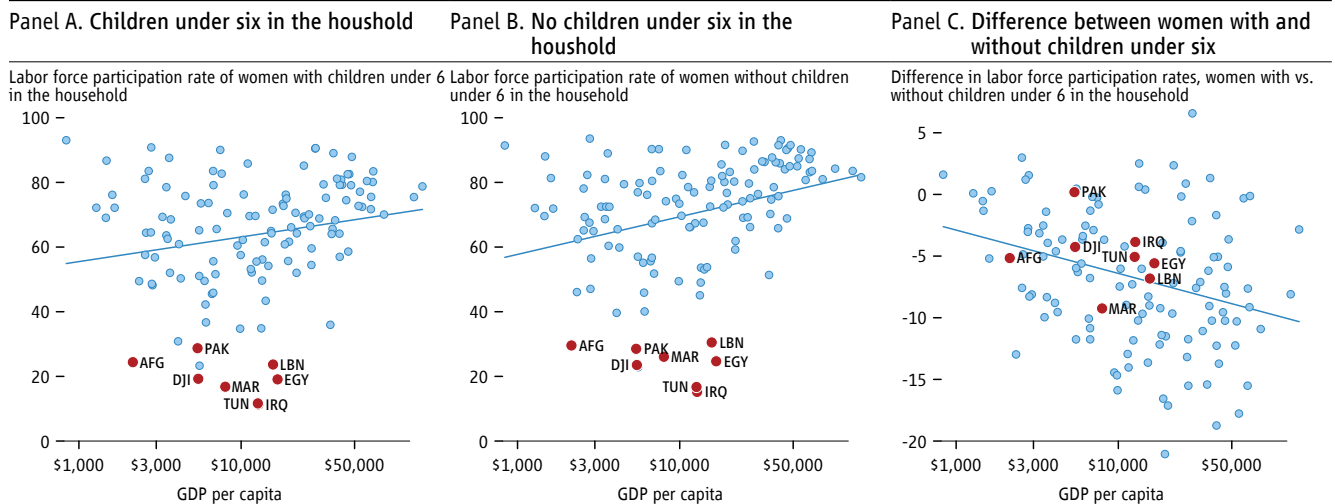
Figure 2.14 Among prime-age women (25–54), labor force participation is higher for single women, and the gap between single and married women is the largest in the world.



Source: International Labour Organization (ILOSTAT) and the World Bank's World Development Indicators.

Note: Labor force participation rates for prime-age (25–54) women are from the national estimates compiled by the International Labour Organization (ILOSTAT). GDP per capita (PPP, constant 2021 international dollars) is from the World Bank's World Development Indicators. Figures are based on latest available data from ILOSTAT (post-2013). The most recent data points are AFG (2021), DJI (2017), EGY (2023), IRQ (2021), JOR (2023), LBN (2019), MAR (2014), PAK (2021), PSE (2022), SAU (2021), and TUN (2023). GDP per capita is shown in log scales. The sample includes 153 countries.

Figure 2.15 Differences in labor force participation between women in households with and without children are consistent with patterns among income peers



Source: International Labour Organization (ILOSTAT) and the World Bank's World Development Indicators.

Note: Labor force participation rates for prime-age (25–54) women are from national estimates compiled by the International Labour Organization (ILOSTAT). GDP per capita (PPP, constant 2021 international dollars) is from the World Bank's World Development Indicators. Figure are based on latest available data from ILOSTAT (post-2013). The most recent data points are AFG (2021), DJI (2017), EGY (2023), IRQ (2021), LBN (2019), MAR (2014), PAK (2021), and TUN (2023). GDP per capita is shown in log scale. The sample consists of 124 economies.

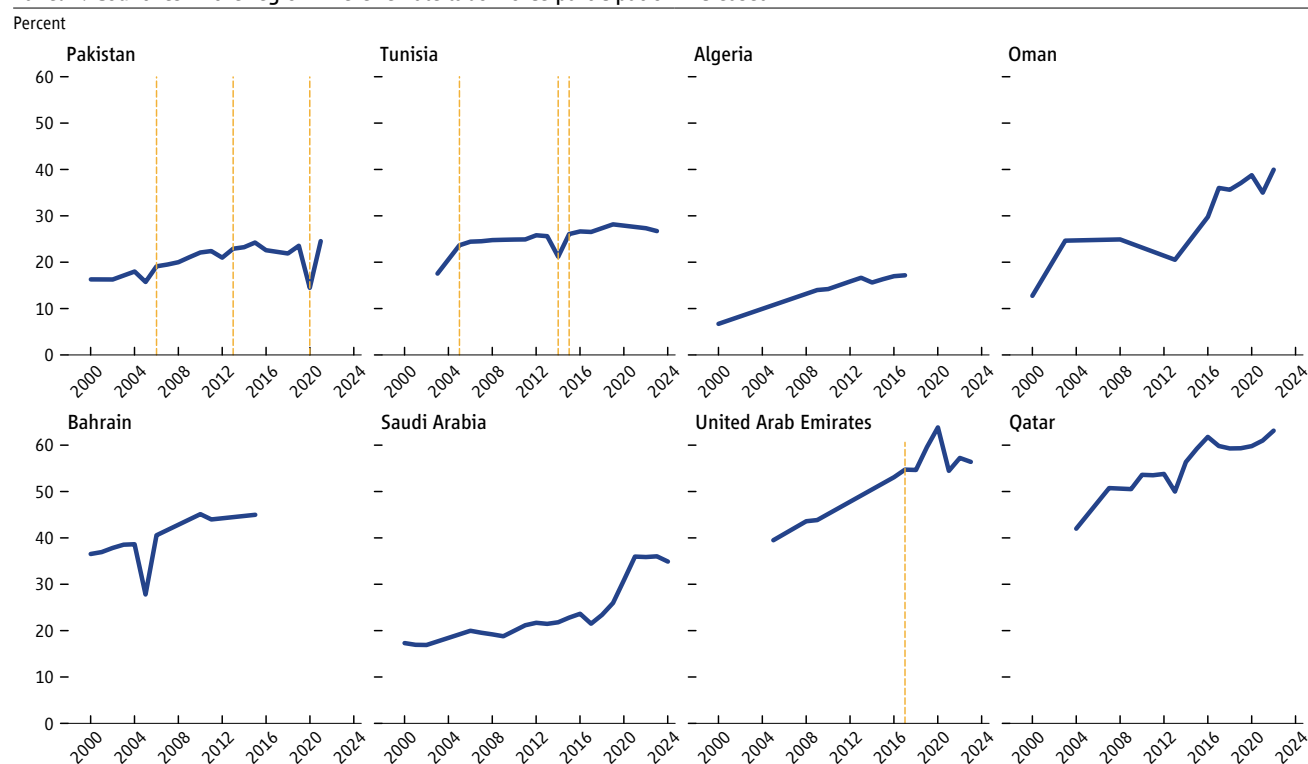
4. Progress on female labor-force participation has been mixed across the region

Over the past 25 years, countries such as Saudi Arabia, Pakistan, Tunisia, and Algeria have made measurable strides in female labor-force participation, although rates remain among the lowest compared to their income peers. Notably, in

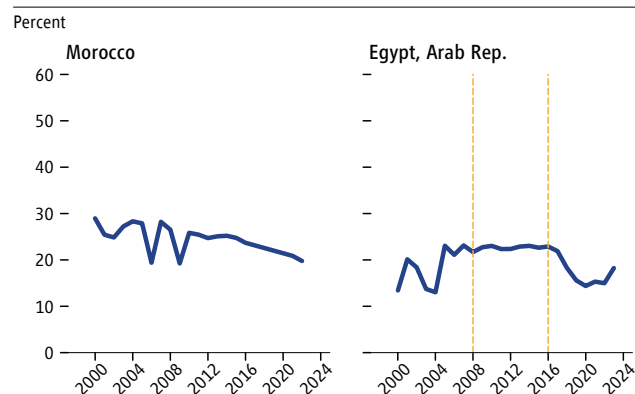
Saudi Arabia, the participation rate increased by nearly 14 percentage points between 2017 and 2023 (see Box 2.5). In Pakistan, it grew by 8 percentage points between 2000 and 2021 (Figure 2.16 panel a). In Tunisia, it rose from an average of 17.5 percent two decades ago to 27 percent in 2023. In Algeria it more than doubled between 2000 and 2017, from 7 percent to 17 percent. Significant growth has occurred across the GCC region, although overall rates mask differences in participation levels between nationals and migrants.

Figure 2.16 The share of women in the labor force increased steadily in Algeria, Pakistan, and Tunisia between 2000 and 2020 but declined or stagnated in other developing economies in the region

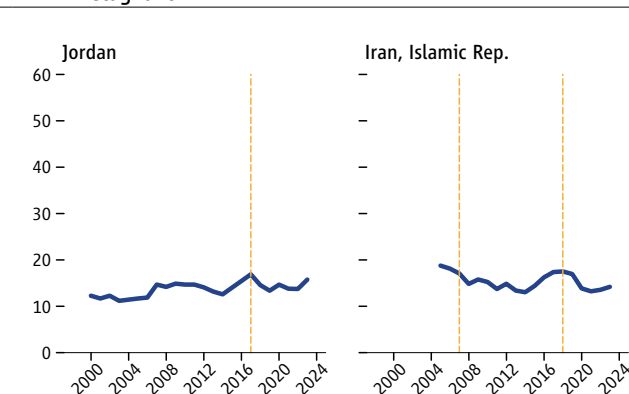
Panel A. Countries in the region where female labor force participation increased



Panel B. Countries where female labor force participation decreased



Panel C. Countries where female labor force participation remained stagnant



Source: International Labour Organization (ILOSTAT).

Note: Labor force participation rates for women 15 and older are from the national estimates compiled by the International Labour Organization (ILOSTAT). Red lines show methodological changes in the way the data were collected, as documented in the ILO dataset. Countries sorted by increasing GDP per capita (PPP, constant 2021 international dollars). Estimates of Female Labor Force Participation (FLFP) for GCC countries include both citizens and non-citizens.

In contrast, Morocco's female labor-force participation rate dropped from 29 percent in 2000 to 20 percent in 2022 (Figure 2.16, panel b); and in Egypt, the gains of the 2000s have been largely reversed, with the current participation rate only averaging 18 percent. Female participation has also plateaued in the Islamic Republic of Iran, and stagnated in Jordan (Figure 2.16 Panel c).

Box 2.2 Female labor force participation and entrepreneurship in countries classified as fragile and conflict-affected situations

Women's economic participation in fragile and conflict-affected settings is a cornerstone of economic resilience and recovery. However, women and girls tend to be disproportionately affected by fragility, conflict, and violence, which limit their access to education, healthcare, and opportunities (World Bank, 2024c). In these settings, gender norms often become more restrictive due to weakened institutions and social disruption, while risks of violence increase—especially for those who are forcibly displaced. Even when employment rises, the jobs available to women tend to be of lower quality (OECD 2022).

In conflict settings, women often assume new professional and economic roles and may attain primary breadwinner status as male relatives are killed, injured, or remain engaged in combat. For example, in the context of the conflict in Syria, women became the main income earners in their households and performed jobs that were typically undertaken by men (GK Consulting LLC, 2020). However, most of these jobs tended to be informal or of low quality.

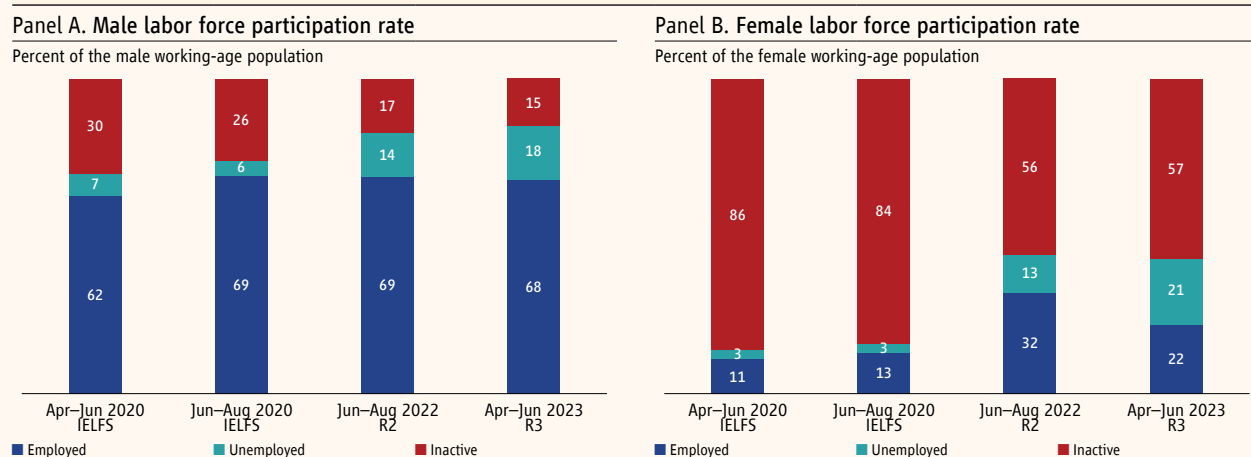
The concept of “better employment” reflects the idea that people's skills and human capital are used productively, fully, and under fair conditions. In FCS, women fare worse than men on this measure (World Bank, 2021b). Over 600 million women and girls (UN Women, 2023) are estimated to live in conflict zones, globally, facing additional risks associated with increased violence, limited availability of services, and extra burden of care. These pressures contribute to push women into informal, precarious work, eroding labor-market prospects even when participation rates appear to be relatively stable. The legal environment and social norms deepen disadvantage, for example through discriminatory property and inheritance legislation, limiting women's ability to invest, access credit, or to weather shocks.

This is not unlike the case of Afghanistan. The collapse in aggregate demand following the Taliban's takeover had profound consequences for Afghanistan's labor market. Confronted with worsening economic conditions, households turned to the one resource they had in abundance: labor. Evidence from the third round of the Afghanistan Welfare Monitoring Survey (AWMS), conducted in the Spring of 2023, shows a marked rise in labor force participation compared to the period before the takeover (Figure B2.2.1).

Among working-age men, participation increased from 69 percent in April–June 2020 to 86 percent during the same months of 2023, with particularly sharp increases among younger and older cohorts. But the shift was even more dramatic among women. Labor force participation among working-age women tripled relative to the same period in 2020, albeit it from a low initial level, reflecting households' urgent need to mobilize additional income sources. Yet, this surge in participation underscored, rather than narrowed, Afghanistan's persistent gender gap

in economic opportunity. Restrictive social norms—further reinforced by bans on women's secondary education, limitations on mobility, and exclusion from most public-sector employment—meant that many women who entered the labor force were confined to unemployment or low-return, home-based manufacturing activities (World Bank, 2023).

Figure B2.2.1 Women in Afghanistan respond to pressures through further labor force participation, and face higher unemployment.



Source: Afghanistan Welfare Monitoring Survey (AWMS)

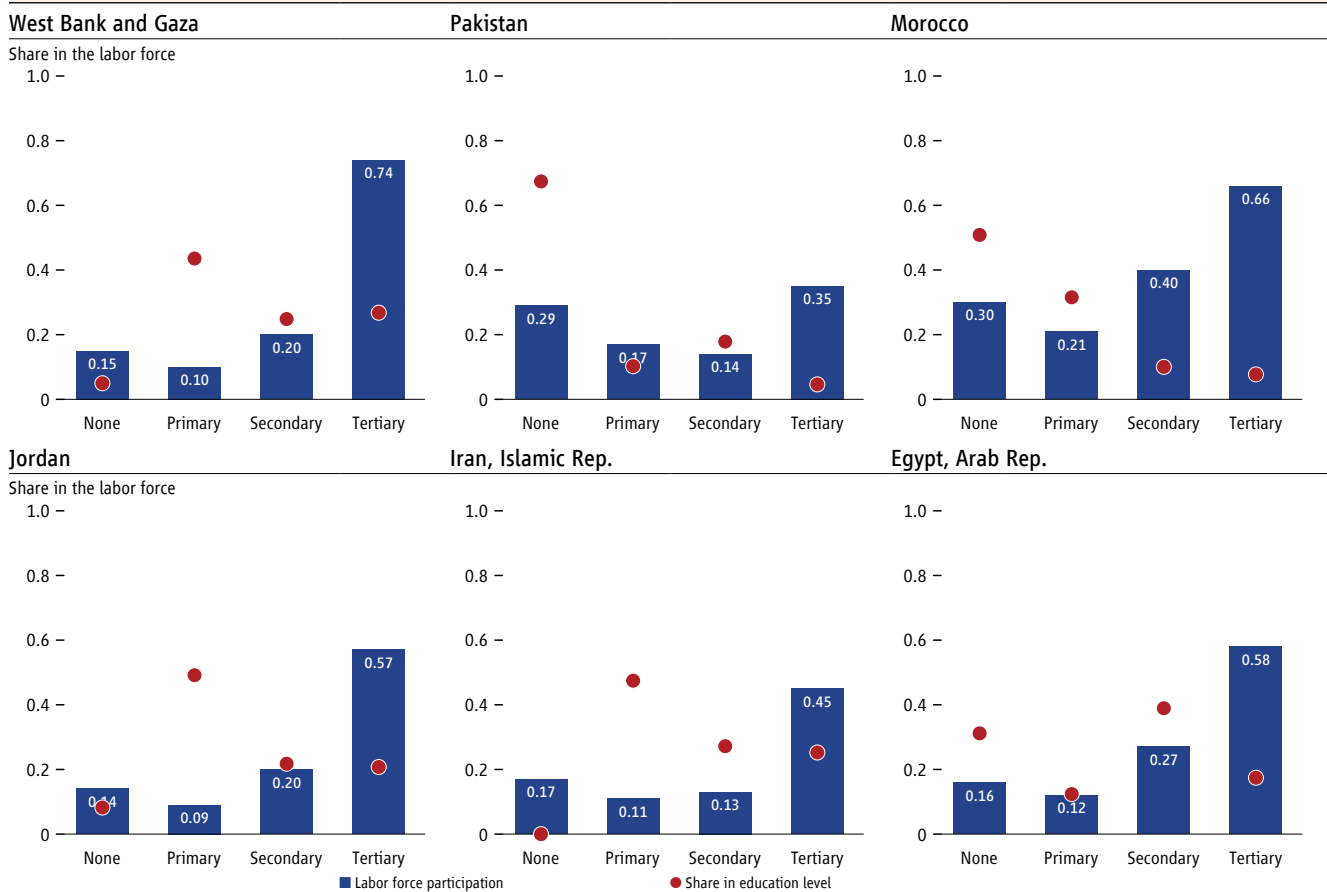
Notes: The figure presents survey responses from four separate waves, indicating labor market participation over time.

In the West Bank and Gaza, a recent World Bank survey of about 500 women-led firms, along with focus groups with local entrepreneurs conducted in early 2025—in collaboration with the Palestinian Business Women Forum—show that conflict-driven insecurity, instability, and restrictions have sharply curtailed growth for women-owned firms. While roughly two thirds of respondents reported growth in summer 2023, only less than one in five did so by January 2025, and 58 percent of respondents saw declines in operations, widespread workforce reductions (62 percent) or underemployment (18 percent), severe supply-chain disruptions—especially for microbusinesses—and rising production times and costs, alongside brain drain. Even so, despite adverse conditions and perceived restrictive social norms, Palestinian women entrepreneurs have shown adaptive resilience: over 90 percent engage with unfamiliar clients and operate beyond their home, typically without immediate sanction. Capacity building, particularly digital skills in e-commerce, marketing, and productivity tools, can bring outsized gains. Most surveyed firms already use technology to extend reach and engagement (only 9 percent do not), though costs and skills gaps constrain broader adoption. Fieldwork also underscores women's dual burdens at home and in society, demonstrating the importance of targeted advisory services, facilitated access to finance, and peer networks to sustain resilience, business start-up, and enable gradual shifts in community perceptions.

5. Educational gains for women do not fully translate into greater labor force participation

While participation rates rise sharply with education (Figure 2.17), even tertiary-educated women in the region participate in the labor force at lower rates than in other countries. In Jordan, for example, FLFP increases from 20 percent for women with secondary education to 57 percent for those with tertiary degrees. Despite these gains, the region underperforms compared to the global average. In Türkiye, for example, labor force participation among women with advanced education averages 69 percent. In Mexico, 71 percent; in Colombia and Indonesia, 75 percent. Meanwhile, men's participation rates in the MENAAP region hover near 95 percent regardless of education level.

Figure 2.17 More educated women are more likely to join the labor force.

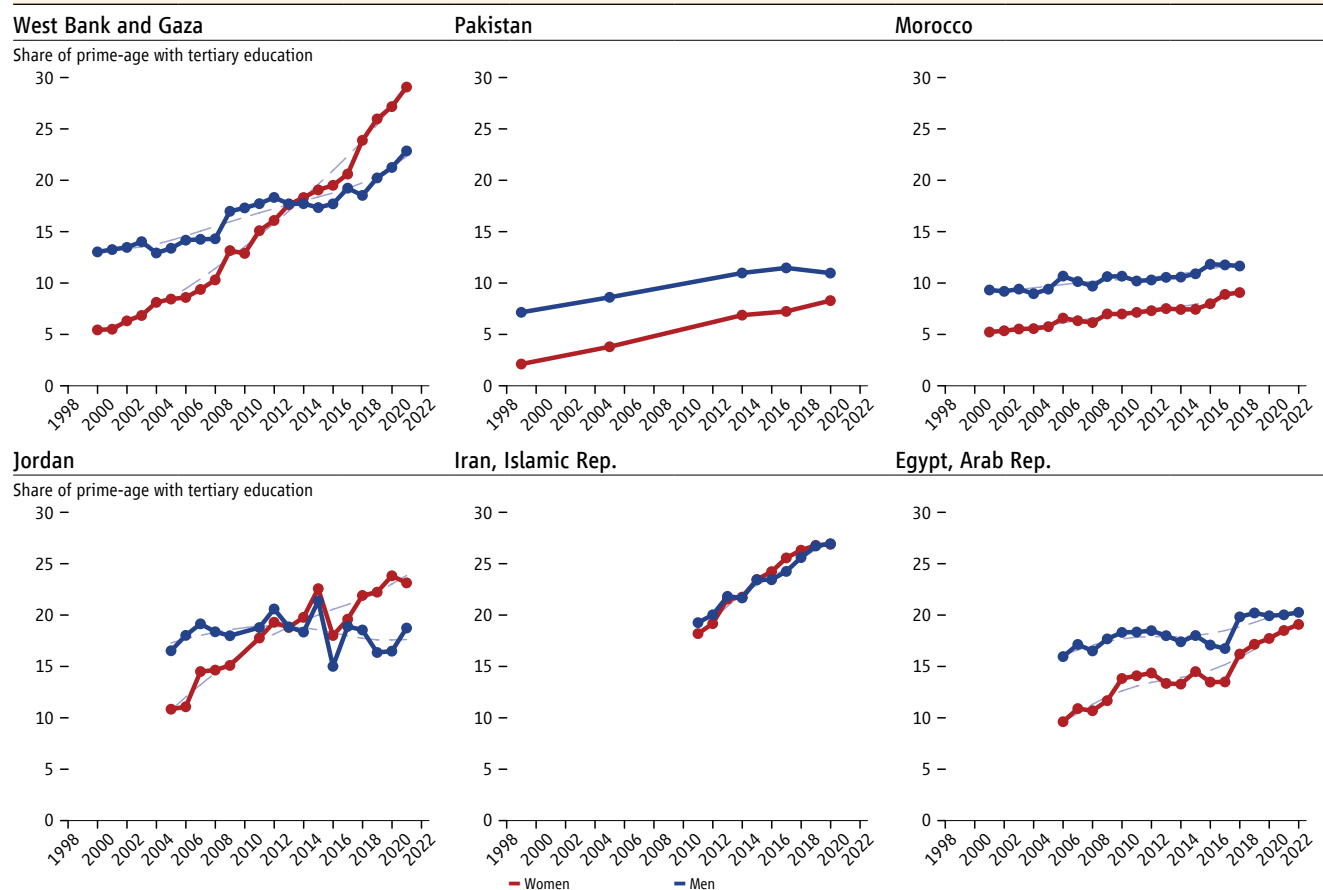


Source: Own calculations based on individual-level records from Labor Force Surveys Microdata for six MENAAP countries.

Note: Percentages may not sum to 100 percent, because they reflect conditional probabilities rather than exhaustive shares. Figure is based on a regression analysis estimating labor force participation as a function of the level of formal education, controlling for time variation through survey year fixed effects. The sample includes prime-age (25–54) women. Observations reporting current attendance in formal education—representing less than 2 percent of the sample—are excluded. Labor Force Surveys are sourced from the Economic Research Forum (ERF) Microdata Portal and respective National Statistics Offices (NSOs). In each country, the microdata were harmonized across survey years by the data provider (except exception for some years for Jordan). All computations apply survey sampling weights. For all countries and years, individual weights were used to weight the survey data, except for Jordan in 2011 and 2013, where household weights were applied. Countries are sorted in ascending order of GDP per capita (PPP, constant 2021 international dollars) for the year 2024, based on data from the World Bank's World Development Indicators.

Importantly, participation among highly educated women has stagnated or declined in certain MENAAP countries (Figure 2.19). In Morocco, FLFP among tertiary-educated women fell from 70 percent in the early 2000s to 60 percent in 2018. In the Islamic Republic of Iran, it fell from about 50 percent in 2011 to 40 percent in 2020. In Egypt, from 60 percent in 2006 to 45 percent in 2022.

Figure 2.18 A growing share of women in the region received tertiary education between 1998 and 2022, narrowing or even reversing the gender gap in education

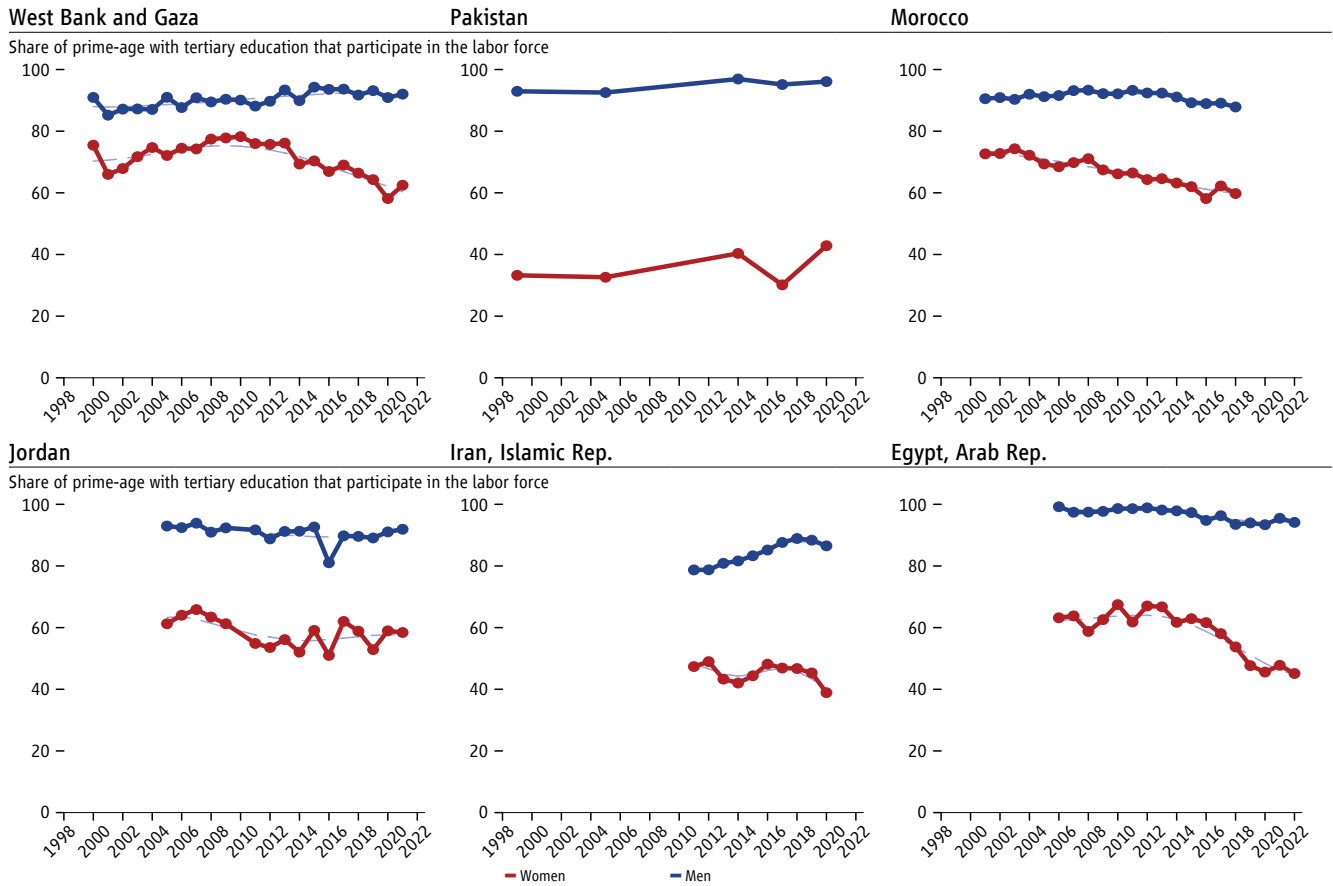


Source: Own calculations based on individual-level records from Labor Force Surveys Microdata.

Note: Figures are based on labor force surveys publicly available for six MENAAP economies. The sample includes prime-age (25–54) women and men. Observations reporting current attendance in formal education—representing less than 2 percent of the sample—are excluded. Labor Force Surveys are sourced from the Economic Research Forum (ERF) Microdata Portal and respective National Statistics Offices (NSOs). In each country, the microdata were harmonized across survey years by the data provider (with the exception of some years for Jordan). All computations apply survey sampling weights. For all countries and years, individual weights were used to weight the survey data, except for Jordan in 2011 and 2013, where household weights were applied. Countries are sorted in ascending order of GDP per capita (PPP, constant 2021 international dollars) for the year 2024, based on data from the World Bank's World Development Indicators.

Generational trends are also concerning (Figure 2.20). In Egypt and Morocco, younger women attain tertiary education at higher rates than older cohorts (by 10–20 percentage points), but their rate of participation in the labor force is lower (by 5–20 percentage points).

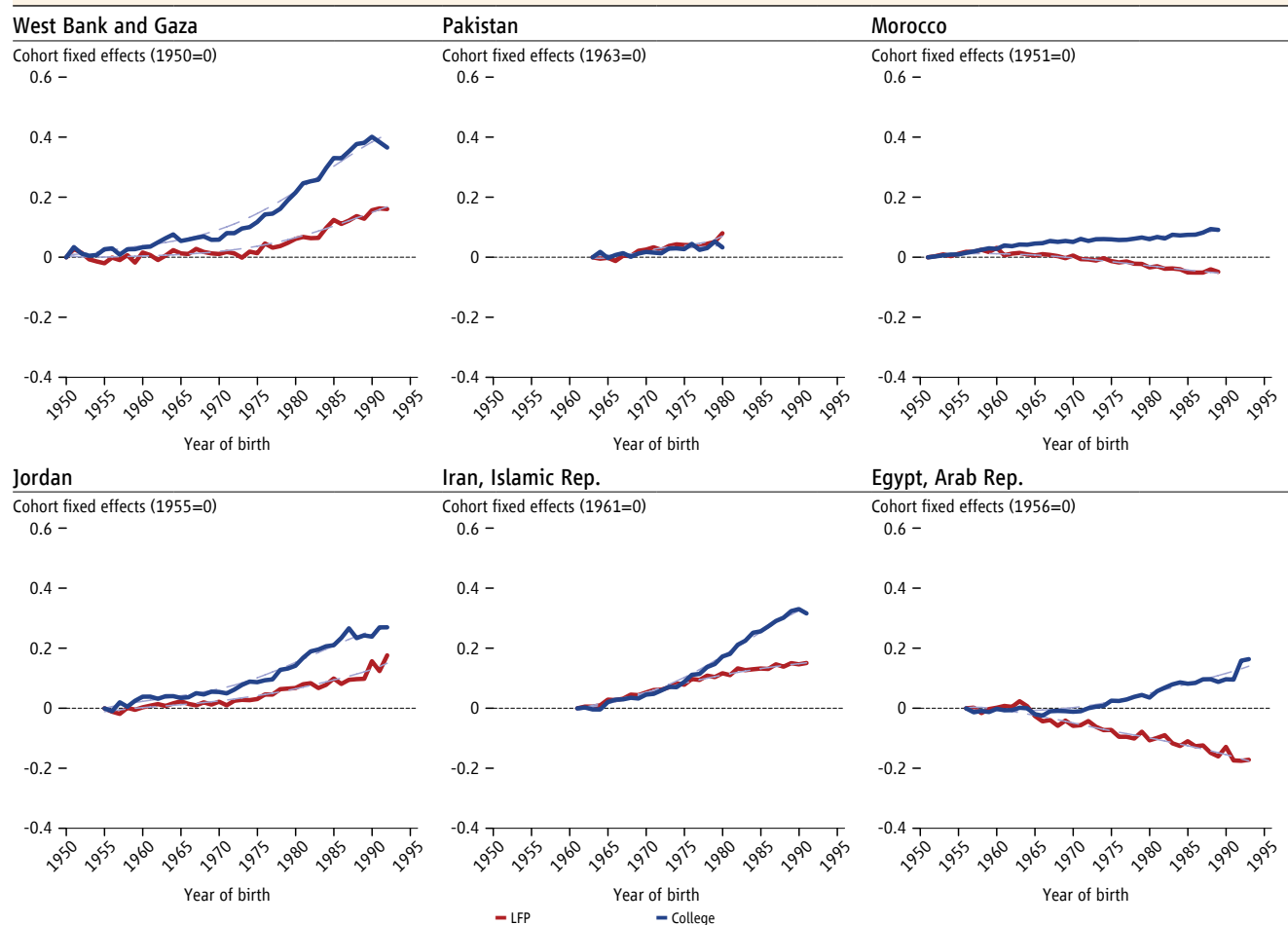
Figure 2.19 Yet, labor force participation by women with tertiary education decreased or stalled in some economies



Source: Own calculations based on individual-level records from Labor Force Surveys Microdata.

Note: Figures are based on labor force surveys publicly available for six MENAAP economies. The sample includes prime-age (25–54) women and men. Observations reporting current attendance in formal education—representing less than 2 percent of the sample—are excluded. Labor Force Surveys are sourced from the Economic Research Forum (ERF) Microdata Portal and respective National Statistics Offices (NSOs). In each country, the microdata were harmonized across survey years by the data provider (with the exception of some years for Jordan). All computations apply survey sampling weights. For all countries and years, individual weights were used to weight the survey data, except for Jordan in 2011 and 2013, where household weights were applied. Countries are sorted in ascending order of GDP per capita (PPP, constant 2021 international dollars) for the year 2024, based on data from the World Bank's World Development Indicators.

Figure 2.20 Labor force participation in Egypt and Morocco decreased among younger cohorts, and in Jordan and the Islamic Republic of Iran, participation has not kept pace with educational attainment



Source: Own calculations based on individual-level records from Labor Force Surveys Microdata.

Note: The figure is based on Labor Force Surveys publicly available for six MENAAP countries. The figure presents labor force participation and college cohort fixed effects, estimated using the Deaton decomposition method (Deaton 2018). The regression analysis is conducted separately for two binary outcomes—labor force participation and tertiary education—among prime-age (25–54) women, after controlling for age, cohort, and year fixed effects. Cohorts are defined by individuals' year of birth, calculated as the difference between the year the labor force survey was conducted and the respondent's age. To ensure reliable estimation of cohort effects, we exclude cohorts that appear fewer than five times in the dataset, as limited observations could lead to imprecise estimates. Observations reporting current attendance in formal education—representing less than 2 percent of the sample—are excluded. Labor Force Surveys are sourced from the Economic Research Forum (ERF) Microdata Portal and respective National Statistics Offices (NSOs). In each country, the microdata has been harmonized across survey years by the data provider (with the exception of some years for Jordan). All computations apply survey sampling weights. For all countries and years, individual weights are used to weight the survey data, except for Jordan in 2011 and 2013, where household weights are applied. Countries are sorted in ascending order of GDP per capita (PPP, constant 2021 international dollars) for the year 2024, based on data from the World Bank's World Development Indicators.

Box 2.3 Why has female labor-force participation stagnated in MENAAP despite rising education levels among women?

The disconnect between persistently low rates of female labor-force participation and rising educational attainment among women is a long-standing puzzle in the MENAAP region. Three main explanations have been advanced in the economics literature.

The first relates to labor-supply theory. As countries grow richer, educational levels rise for both women and men. With more education, women can earn higher wages. This tends to pull more women in the labor force (substitution effect). At the same time, higher earnings—both a woman’s own increased wage, and her partner’s higher income—can reduce the need for her to work as many hours, or to work at all (the income effect). Where the income effect dominates, rising education may coincide with declining participation among women (Mammen and Paxson, 2000).

The second theory is the so-called “feminization U” hypothesis. As economies develop, the shift from agriculture to manufacturing can initially depress female participation, due to rising male wages, stigma around industrial work, and greater compatibility of agricultural work with childcare responsibilities. At later stages, the growth of services, supportive norms, and childcare access typically raise participation (Goldin, 1995). The regional pattern of more education but flat participation could reflect the downward slope of this curve, although global evidence offers limited support for the U-shape as a universal trend (Gaddis and Klasen, 2014).

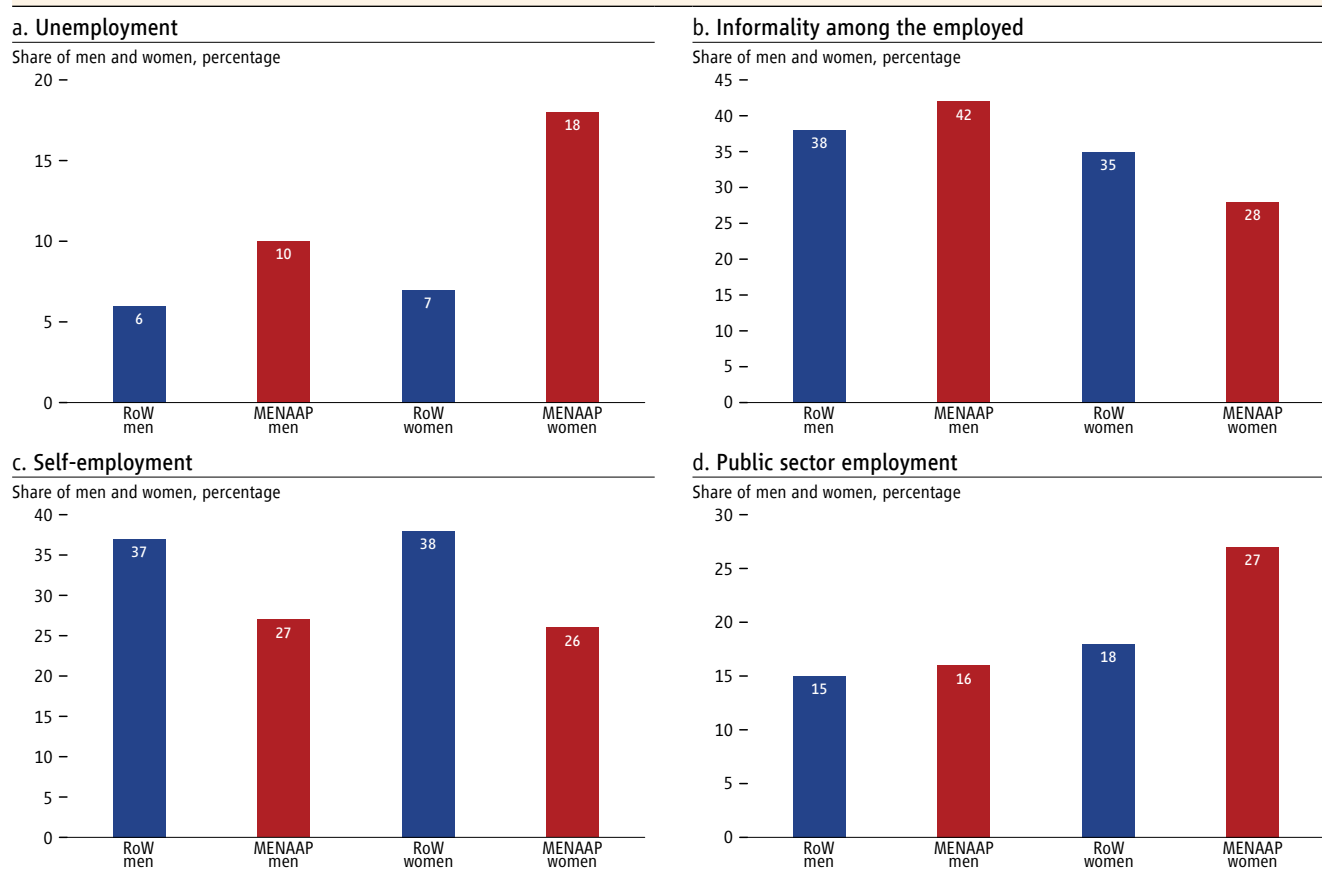
The third explanation focuses on marriage-market dynamics: education may generate higher returns for women in the marriage market than in the labor market. For example, in Egypt, bridal transfers and (imputed) spousal income for women who completed compulsory education are more than three times and 20 percent higher, respectively, than those for women who did not. Such a return on education exceeds that available to women on the labor market (Deng et al., 2025). Education is thus valued for its household formation and childrearing benefits, not necessarily for paid employment.

Marriage timing further narrows women’s employment prospects. In Pakistan, two-thirds of college-educated women are out of the labor force, despite having aspirations and job-application rates comparable to those of men. Importantly, marriage proposals often surge right after graduation, limiting the time available to women to search for a job. Research shows that women who apply immediately after graduation are far more likely to secure jobs, while for men, the outcomes are unaffected. An intervention offering small incentives for early applications increased women’s employment rate by about 20 percent and narrowed the gender gap, underscoring how tight the job-search window can be for women (Bandiera et al., 2025).

6. Women in the region face higher unemployment rates, but those who are employed, are more likely to work in the public sector and in formal jobs

On average, the female unemployment rate in MENAAP stands at 18 percent—8 percentage points higher than for men in the region, and 11 points higher than among women in the rest of the world (Figure 2.21, Panel A). Among young women (aged 15–24), the unemployment rate is much higher than in income peers, with an average difference of 17 percentage points.

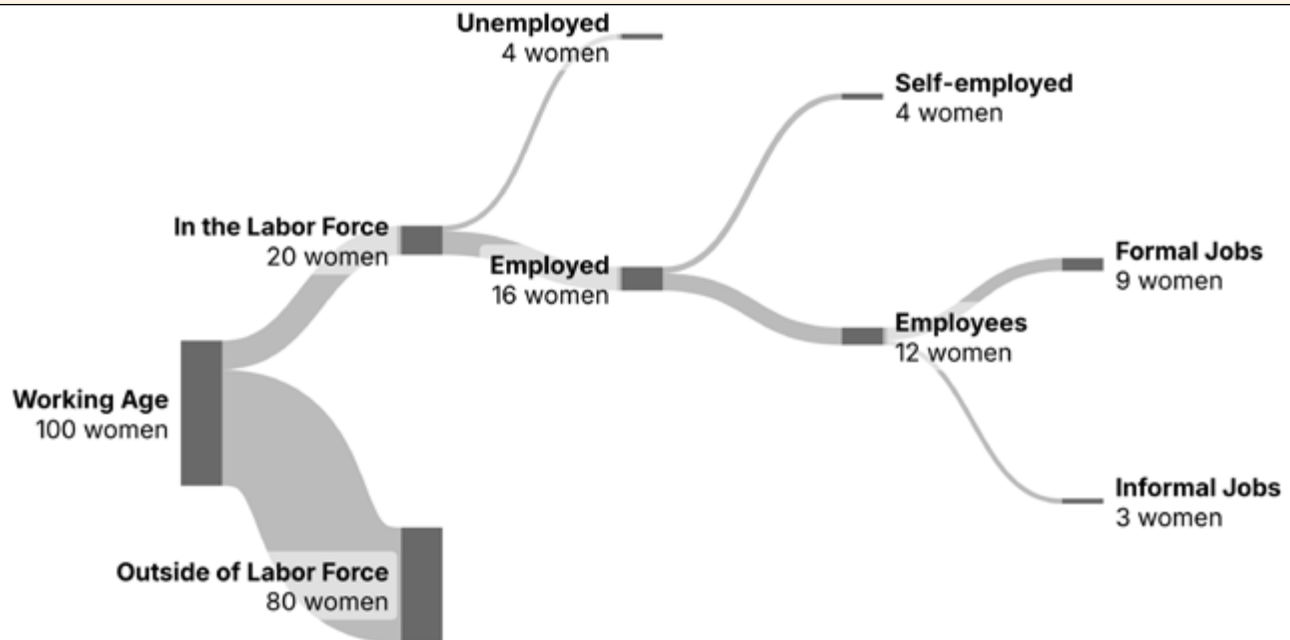
Figure 2.21 Women in the region face higher unemployment rates than both men in the region and women in the rest of the world, but those who are employed are more likely to work in the public sector and informal sector jobs



Source: Own calculations based on data from the International Labour Organization (ILOSTAT) and the World Bank's World Development Indicators (WDI).

Note: RoW = rest of world. MENAAP = Middle East and North Africa, Afghanistan, and Pakistan. Informality is among employees only (excluding the self-employed). The sample comprises 168 countries, including 14 from the MENAAP (AFG, ARE, EGY, IRN, IRQ, JOR, KWT, LBN, MAR, OMN, PAK, PSE, QAT, TUN). Averages control for differences in GDP per capita.

At the same time, the jobs of employed women in the region are more often in the formal sector. The average informality rate among female employees is 28 percent, compared with 42 percent for men in the region and 35 percent for women globally (Figure 2.21, Panel B). Self-employment is less prevalent in the region than in the rest of the world, with no notable gender gap. A defining feature of women's work in the region is the large share of employment in the public sector: 27 percent of employed women work in government jobs versus 18 percent of women in the rest of the world and 16 percent of men in the region (Figure 2.21, Panel D). Figure 2.22 portrays in a stylized way women's pathways across labor market states in the region, with the pool of working-age women normalized to an index of 100 for ease of comparison. Only 20 women of working age out of 100 enter the labor force (i.e. search for employment), 16 of these find jobs, most of which are concentrated in wage employment, and particularly in formal jobs.

Figure 2.22 Labor Market Pathways of Women in the MENAAP Region

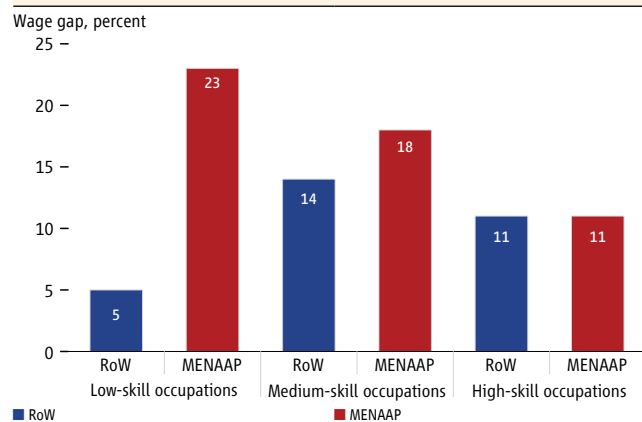
Source: Own calculations using data from International Labour Organization (ILOSTAT).

Note: The flowchart depicts the pool of working-age women in the region, rebased to 100 for ease of presentation. It shows the shares entering the labor force, those unemployed or employed, and within employment, the division between self-employment and wage work, and further into formal and informal jobs. Infographics made with <https://www.sankeyart.com/>.

7. The gender wage gap is wider in MENAAP, especially among low skill workers

Once women find employment, they face a wage gap, globally. In the region, the gender wage gap (the difference between the average earnings of men and the average earnings of women expressed as a percentage of average earnings of men) averages 17 percent (compared to 12 percent in the rest of the world), peaking particularly at lower skill levels. Men in low-skill occupations (e.g., cleaners, food preparation assistants) earn nearly 25 percent more than women in similar jobs (Figure 2.23). The gap narrows with higher skill, falling to about 10 percent among managers and professionals, which is comparable global peers (Figure 2.23). However, the measured wage gap in MENAAP is likely to underestimate the actual gap, since with low female participation the most educated women are more likely to participate.

Many factors affect both the allocation of talent in the labor market and the earnings of men and women, as described in the next section. The World Bank Group is helping to address structural barriers to boost job creation as the best way to escape poverty by providing income, dignity, and economic and social stability, and empowering women and young people (Box 2.4).

Figure 2.23 The gender wage gap in low-skill occupations is much wider in the region than in the rest of the world

Source: Own calculations based on data from International Labour Organization (ILOSTAT). Note: The gender wage gap is calculated as the difference between the average earnings of men and the average earnings of women expressed as a percent of average earnings of men. The sample comprises 94 countries, including 7 from the MENAAP region (PAK, EGY, PSE, JOR, TUN, IRQ, LBN). Averages control for differences in GDP per capita.

Box 2.4 The World Bank Group's approach to the Jobs Challenge

The World Bank Group is focusing on job creation as the main priority. The working-age population across MENAAP, SSA, and SAR will collectively grow by more than 1 billion between 2025 and 2050. Most of these additional people will need jobs, yet job creation looks harder now than in the past. A focus on paths to productive work reflects the understanding that good jobs have proven throughout history to be the best way to escape poverty by providing income, dignity, and economic and social stability, and empowering women and young people. The one World Bank Group approach, with the private sector as its spearhead, is designed specifically to address this complexity, tackling the challenges at scale and capturing the opportunities for rapid job creation (Development Committee, 2025).

The World Bank Group (WBG) has intensified its efforts to unlock the potential of job creation through a three-part approach, five priority sectors, and seven ambitious targets (the 3-5-7 approach). The three-part approach articulates into: First, addressing the infrastructure foundations for jobs, including physical infrastructure (roads and power grids), human capital infrastructure (education, health, and social protection), and natural infrastructure (ecosystems). Second, strengthening governance and supporting an enabling business environment, including by leveraging the World Bank's Knowledge Bank to help governments create stronger policy and regulatory certainty. Finally, mobilizing private capital to unlock domestic and cross-border investment.

The WBG prioritizes five strategic sectors with high job-creation potential: energy and infrastructure (including digital services), agribusiness, healthcare, tourism, and manufacturing. To ensure impact, the WBG has set seven ambitious global targets for 2030, such as reaching Mission 300, supporting 1.5 billion people through health and nutrition programs, and providing capital support for women entrepreneurs. These goals are supported by targeted implementation plans in key areas like water, gender, energy and minerals, and fragile and conflict-affected situations. Additional engagement tools, such as compacts for state-owned enterprise reform and gender action plans, are helping to address structural barriers to job creation and women's empowerment. These feature in the policy recommendations of this economic update.

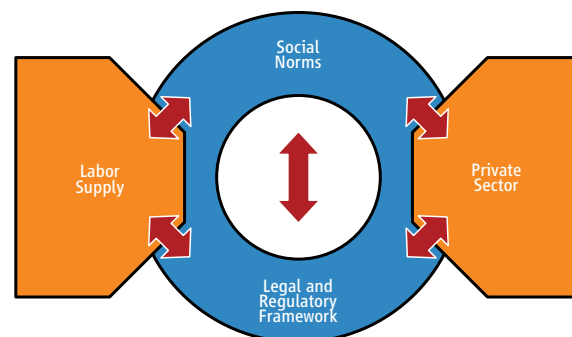
What constrains female labor force participation in the region?

A growing body of research shows that gender-based distortions reduce female labor force participation, channel women into specific sectors, depress their wages relative to those of men, and ultimately diminish overall economic efficiency (Hsieh et al., 2019; Goldberg and Chiplunkar, 2024; Chiplunkar and Kleineberg, 2024; Goldberg et al., 2025). Such distortions stem from both supply-side and demand-side barriers, and from broader legal, social, and normative constraints that prevent women from fully engaging in the labor market. For example, Hsieh et al. (2019) show that the rise in female labor force participation in the U.S. since 1960 was driven by declining discrimination and improved access for women to education and high-skill jobs, which allowed talent to be allocated more efficiently and contributed significantly to economic growth. Building on this, Goldberg et al. (2025) estimate substantial economic gains if women faced the same opportunities as men in a sample of 51 countries. Relatedly, Goldberg and Chiplunkar (2024) show that gender distortions in India reduce entrepreneurship, labor force participation, and earnings among women, while Chiplunkar and Kleineberg (2024) find that declines in such barriers boosted female labor force participation, structural

transformation, and growth in countries such as Indonesia, the U.S., Canada, Mexico, and Brazil—particularly fueling the expansion of the service sector.

Figure 2.24 (adapted from Carranza et al., 2023) illustrates in a schematic way how female labor force participation is shaped not only by restrictive social norms or legal barriers, but also by the interaction of distortions with supply and demand forces. Supply-side constraints include factors that affect women’s willingness or ability to work—such as lack of skills, affordable childcare, unsafe transportation, or fear of harassment. Demand-side constraints reflect employers’ hiring practices and their willingness to employ women. Contextual factors, such as prevailing social norms and the legal and regulatory framework, shape both supply and demand. These many dimensions interact dynamically with each other. For instance, employers or governments can directly mitigate supply-side constraints by providing childcare or safe transport while rising demand for female labor can help shift norms. There is some evidence that employment of women in the ready-made garment sector in Bangladesh challenged prevailing gender norms around women working outside the home and increased women empowerment (Al Mamun and Hoque, 2022).

Figure 2.24 Female labor force participation is shaped by the interaction between supply and demand-side constraints and contextual distortions like restrictive social norms and legal barriers



Source: Based on Carranza et al. (2023).

Table 2.1 Main barriers to female labor force participation reported in the 2023/24 wave of the Arab Barometer

	Barriers								
	Supply			Demand				Contextual	
	Lack of childcare options	Lack of transportation	Lack of skills or relevant education	Bias against women in hiring	Lack of available jobs	Lack of flexibility in working hours	Low wages	Women’s work is considered socially unacceptable	Lack of legal right/protection
West Bank and Gaza	8.4	3.0	2.0	12.1	28.3	7.2	21.6	12.6	4.8
Morocco	14.5	6.9	7.7	13.2	17.9	7.1	13.6	8.9	10.3
Jordan	21.4	2.3	3.3	9.1	27.8	11.0	17.0	6.5	1.6
Lebanon	16.8	2.8	3.2	7.1	24.4	8.7	19.2	10.4	7.5
Tunisia	15.3	4.2	4.3	7.7	25.4	8.8	13.6	12.8	7.9
Kuwait	8.3	1.0	6.7	8.6	17.7	34.6	10.9	7.4	4.6

Source: Authors’ calculations based on microdata from the 2023/24 wave of the Arab Barometer.

Note: Table shows response shares by women respondents to the following question “In your opinion, which of the following poses the most challenging barrier to entry into the workplace for women in your country?” Computations use survey sampling weights.

The 2023/24 wave of the Arab Barometer survey, covering Iraq, Jordan, Kuwait, Lebanon, Morocco, Tunisia, and the West Bank and Gaza, asked respondents to identify the main obstacles preventing women from entering the labor market.⁴³ Beyond unfavorable labor market conditions such as limited job availability or low wages, the most frequently cited barrier was the lack of childcare options (Table 2.1). Other commonly reported challenges included bias against women in hiring decisions and the unacceptability of women working by the society. The remainder of this section explores

⁴³ The poll was conducted in the West Bank and the Gaza Strip during the period immediately before October 2023.

these constraints in greater detail, drawing on evidence from this and other surveys, as well as the broader literature on the region. Skills mismatch is not examined in detail in this section because it appears as the least constraining barriers to women's entry into the labor market among reported constraints in the 2023/24 Arab Barometer survey. Moreover, evidence from the MENAAP region shows that skills mismatch is not primarily related to gender but a broader labor market issue (see Box 2.5).

Box 2.5 The problem of skills mismatch

In the latest Arab Barometer survey, fewer than 8 percent of women in any country in the region cited “lack of skills or education” as a barrier to work. This raises the question of whether a gender-specific skills mismatch explains stagnant female labor force participation (FLFP) despite rising levels of education.

Skills are generally grouped into three categories: (a) cognitive skills which include foundational skills and higher-order skills - literacy, numeracy, critical thinking and problem solving; (b) socioemotional skills that are transferable and relevant for a wide range of occupations and (c) job-specific/technical skills tied to particular occupations (World Bank, 2018). The ILO defines skills mismatch only among those employed—when workers' skills or qualifications do not align with job requirements.

While data from MENAAP shows that skills mismatch may be a challenge, compelling evidence that it is a gender-specific issue is lacking. Research highlights that a general mismatch exists in Egypt and in Jordan between the outputs of the higher-education system and the needs of the labor market (Assaad et al., 2018), but it is not driven by gender. In Egypt, the skills and qualifications of employed women better match the requirements of their jobs than those of employed men (Krafft and Armas Montalvo, forthcoming). This pattern is related to women self-selecting out of employment—i.e., women who are not employed are less willing than men to accept a range of occupations and wage levels (Krafft and Armas Montalvo, forthcoming).

Potential explanations for the mismatch include an inability of educational institutions to provide students with necessary skills, and students seeking credentials as opposed to acquiring relevant skills. Furthermore, returns to formal vocational/technical education are low—especially in Egypt, the country for which most evidence is available. However, the returns on vocational skills acquired outside of formal education, e.g., through apprenticeships, are quite high (Krafft, 2018).

Data on the perspectives of employers is sparse. A special module in the World Bank Enterprise surveys, covering formal private firms with five or more employees in Iraq in 2022, collected information as to why such firms would not hire women. Around 73 percent of firms cited women having competing demands on their time due to family responsibilities, followed by 61 percent that cited restrictive legislation, and 60 percent pointing to few female applicants. Only 53.5 percent of firms cited women's skills as a hiring barrier, with the share dropping to 39 percent among women-owned firms, and to 32 percent among women-managed firms. In contrast, 63 percent and 58 percent of women-owned and women-managed firms, respectively, cited competing time demands (e.g., from family responsibilities) as a barrier to hiring women—suggesting that this is the key issue in Iraq, although skills mismatch is also a concern.

Experimental studies provide mixed results on the impact of training and education interventions. In Jordan, soft-skills training for female graduates had no impact on employment (Groh et al., 2016). In Egypt, combined business, vocational, and life skills programs raised female labor-force participation, while recent trials in Cairo found technical and mixed skills training improved job entry and short-term earnings (Osman and Speer, 2025). In Tunisia, integrating entrepreneurship training into university curricula boosted self-employment, but the effect faded after four years after the intervention (Premand et al., 2016; Alaref et al., 2020). Overall, while targeted training can ease the school-to-work transition, skills mismatches do not appear to be the main driver of low female labor-force participation in the region. Broader barriers—e.g., social norms, limited job creation, and legal constraints—may play a larger role.

Contextual factors: Social norms

Social norms and attitudes shape women's decisions to work, allocate household time, and assign responsibilities. Attitudes reflect personal beliefs and valuations about appropriate roles and behaviors, while norms are informal rules reinforced by community expectations and sanctions (Bussolo et al., 2024). Muñoz Boudet et al. (2023) define social norms as "a set of informal rules of behavior that dictate what is acceptable or appropriate to do in a given situation within a given social context". Individuals believe others will comply, expect them to comply, or may sanction them for noncompliance. Gender norms are a subset of such rules regarding women's or men's behaviors. They are hard to measure directly, especially over time, and surveys of attitudes are often used as proxies.

The literature has identified robust channels of how norms (in some cases historical) have shaped women's decisions around employment. Alesina et al. (2013) show that traditional agricultural practices—particularly the use of ploughs (advantageous to men) versus hoes (favorable to women)—shaped historical gender norms that continue to affect FLFP. Fernández and Fogli (2009) show that FLFP and fertility in the country of origin of the parents of second-generation female immigrants affects their labor force participation.

In the MENAAP region, norms and attitudes remain less conducive to women's work than in most other regions. Although data coverage varies, surveys consistently show views that are aligned with a family-oriented, traditional role for women, along with evidence of misperceived norms—whereby people underestimate actual community support for women's employment. Results are consistent across datasets.⁴⁴

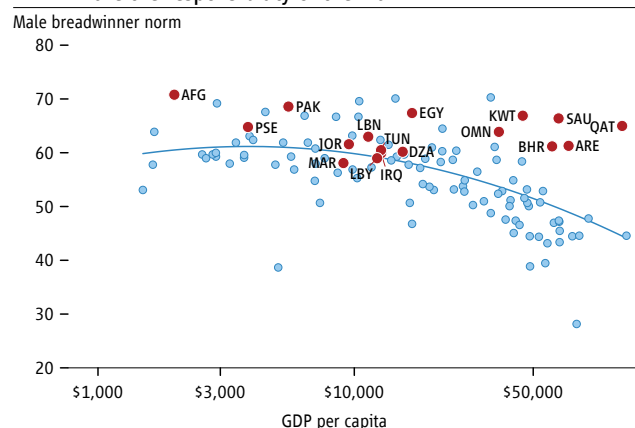
Data from 114 countries in the survey on Gender Equality at Home (2020) show that the population in MENAAP countries exhibits more traditional personal beliefs and gender norms than the global average. The assessment of personal beliefs is based on agreement or strong agreement with the statement that men are responsible for household expenses (the "male breadwinner" norm) and that women's most important role is to take care of the home and children (the "female homemaker" norm). Social norms are measured based on the same statements, but respondents are asked to indicate how many out of 10 neighbors in their community they think would agree with the statement.

⁴⁴ This report leverages data from four surveys: the World Bank Facebook-based Survey on Gender Equality at Home data, which provides global measures of gender norms with coverage of 17 MENAAP economies, but the data are only cross-sectional (no time dimension) and are not representative (Goldstein et al. 2025); the Gallup Poll surveys by Bursztyn et al. (2024), which include a global measure of norms for 60 economies, but the coverage includes only 7 MENAAP economies and the surveys are cross-sectional; the World Bank (2025) data, which include detailed information on different aspects of gender norms, but the dataset includes only five economies in the region and the data are cross-sectional; and the World Values Surveys, which are global and have coverage over time, but they measure personal attitudes, not norms.

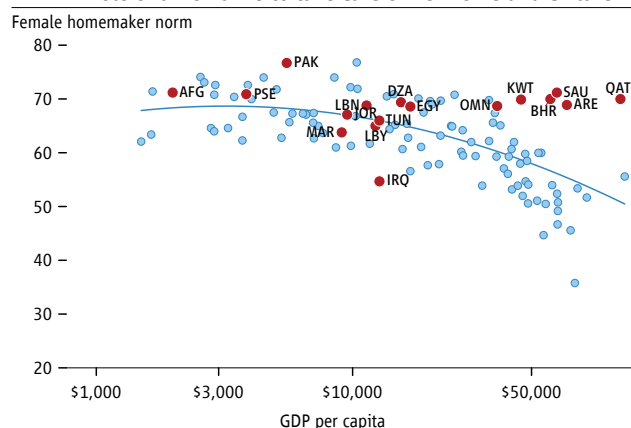
Figure 2.25 illustrates that as GDP per capita increases, the share of people endorsing the male breadwinner and female homemaker norms decline. Afghanistan, Pakistan, the West Bank and Gaza, Egypt, Oman, Kuwait, Saudi Arabia, and Qatar—show stronger adherence to traditional gender norms, with higher shares of respondents supporting them than those observed in countries with similar income levels.

Figure 2.25 Economies in the MENAAP region are above the global average in restrictive norms about the role of women

Panel A. Share who believe neighbors believe household expenses are the responsibility of the man



Panel B. Share who believe neighbors believe the most important role of a woman is to take care of her home and children



Source: Own calculations using data on social norms from the Survey on Gender Equality at Home (2020) and data on GDP per capita from the World Bank's World Development Indicators (WDI).

Note: Social norms are calculated as the share of the respondents that agree with the normative statements. These include the Male Breadwinner Norm in panel A ("Out of 10 of your neighbors, how many do you think believe that household expenses are the responsibility of the man, even if his wife can help him?") and the Female Homemaker Norm in panel B ("Out of 10 of your neighbors, how many do you think believe that a woman's most important role is to take care of her home and children?"). GDP per capita is based on the most recent data available for each country, with the latest year being 2024 for most countries, and 2023 for others where 2024 data is not yet available. The sample comprises 115 countries, including 17 from the MENAAP region and 98 from the rest of the world. GDP per capita (PPP, constant 2021 international dollars) is from the World Bank's World Development Indicators. GDP per capita is shown in log scale.

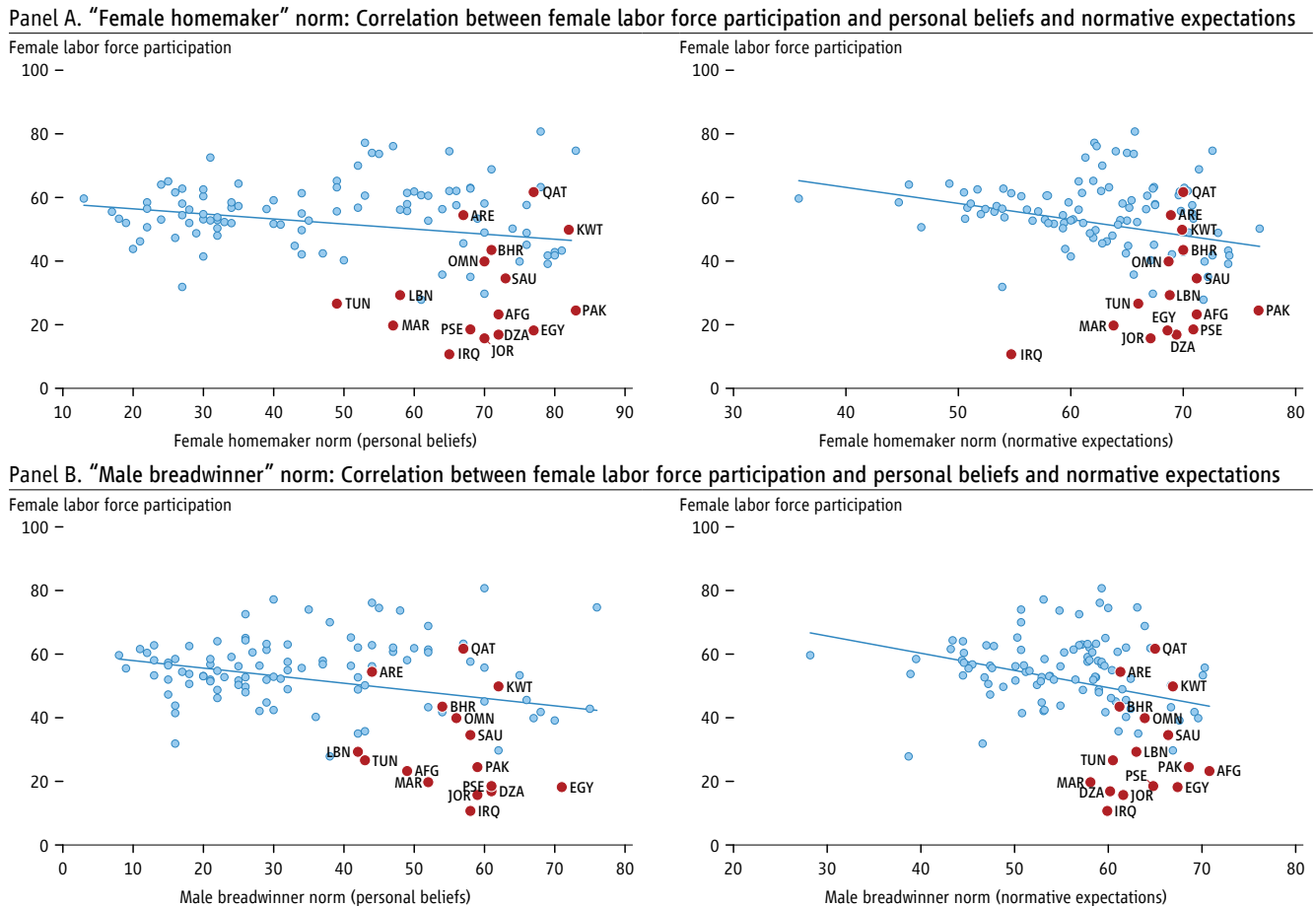
Additionally, support for "male breadwinner" and "female homemaker roles" is largely negatively correlated with female labor force participation across the world. Figure 2.26 places most MENAAP economies as outliers, with particularly traditional norms and low FLFP. Globally, social norms are slightly more traditional than personal beliefs and more strongly correlated with women's participation, suggesting social norms may be misperceived.

Gallup World Poll data confirm this finding. Support for women working outside the home is relatively high—about 70 percent in Egypt, Iraq, and Jordan, and over 80 percent in Morocco and the Islamic Republic of Iran—but still lower than the 90 percent observed in most other countries (Bursztyn et.al., 2024). The lowest share of support for women working outside the home is observed in Pakistan (61 percent). Gender gaps are also wide: in Jordan and Algeria, men's support lags women's by more than 30 points. More importantly, misperceptions are significant: men's individual support for women working often exceeds what society believes the social norm to be, with gaps reaching nearly 30 percentage points in the Islamic Republic of Iran and more than 20 percentage points in Morocco.

Detailed in-person surveys on gender attitudes and norms in five MENAAP economies (Egypt, Iraq, Jordan, Morocco, and Tunisia, 2018–2024) also highlight the persistence of restrictive norms (World Bank, 2025f). The surveys examine community expectations—i.e., what respondents believe others think—and community actions—what they observe women actually do. Results show high personal support for women working (90 percent in Iraq, 95 percent in Jordan), but this support declines sharply for specific cases such as married women, women working with men, or returning home late (Figure 2.27). In Iraq, support drops by 10 percentage points for private-sector jobs. Across the five MENAAP countries, men consistently hold more restrictive beliefs than women, and community expectations are far lower than

personal attitudes, pointing again to widespread misperceptions. For instance, in Jordan, while 96 percent of respondents personally support women working, only 63 percent believe their community does. A by now well-known intervention in the Kingdom of Saudi Arabia addressed the gap between personal beliefs and perceived societal norms. By revealing to husbands that other men did not disapprove of their wives working as much as husbands perceived, wives were significantly more likely to have applied for a job outside the home by about 10 percentage points from a baseline level of 6 percent. They were also more likely to have interviewed for a job outside the home by 5 percentage points from a baseline level of 1 percent (Bursztyn et al. 2020).

Figure 2.26 Support for “male breadwinner” and “female homemaker” roles are strongly and negatively correlated with female labor force participation across the world



Source: Own calculations based on data on personal beliefs and social norms from the Survey on Gender Equality at Home (2020). Data on female labor force participation rates (for population 15 and older) obtained from the World Bank’s World Development Indicators, based on national estimates compiled by the International Labour Organization.

Note: Personal beliefs are calculated as the share of the population that “agrees strongly” or “agrees” with the female homemaker norm and male breadwinner norm. Social norms are calculated as the share of the respondents that agree with the normative statements. These include the Female Breadwinner Norm in panel A (“Out of 10 of your neighbors, how many do you think believe that household expenses are the responsibility of the man, even if his wife can help him?”) and the Male Breadwinner Norm in panel B (“Out of 10 of your neighbors, how many do you think believe that a woman’s most important role is to take care of her home and children?”). Female labor force participation rates are based on the latest data point available for each country (post-2013). The sample comprises 113 countries, including 16 from the MENAAP region and 97 from the rest of the world. The most recent data points for MENAAP countries are AFG (2021), ARE (2023), BHR (2015), DZA (2016), EGY (2023), IRQ (2021), JOR (2023), KWT (2016), LBN (2019), MAR (2022), OMN (2022), PAK (2021), PSE (2022), QAT (2022), SAU (2023), TUN (2023).

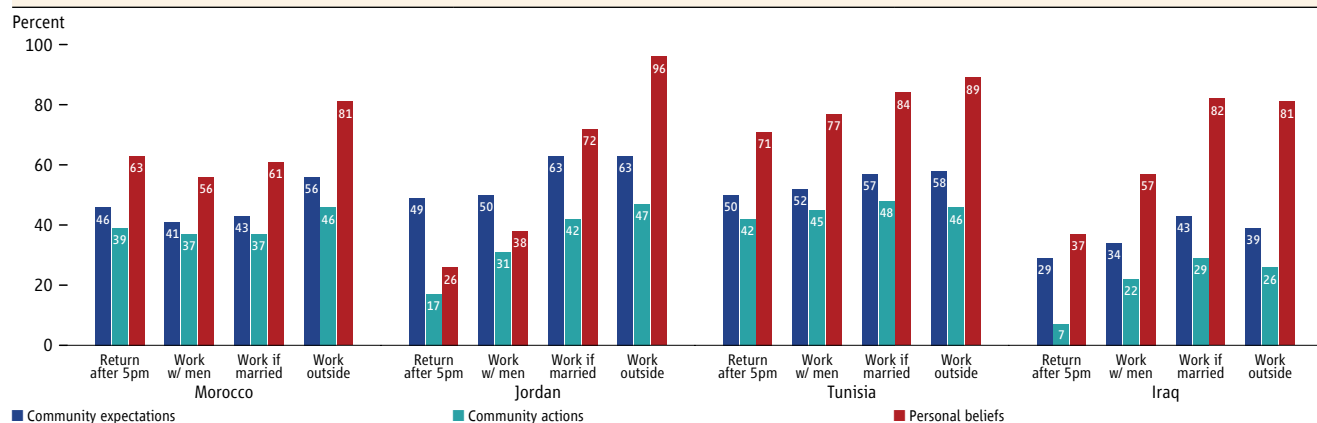
These patterns are consistent with the “breadwinner” norms discussed in Goldstein et al. (2025). Over 80 percent of respondents in Morocco and Egypt, and more than half in Tunisia, believe men should be solely responsible for financially providing for their families. Community expectations mirror these views, and stronger adherence to the breadwinner norm is associated with lower female labor force participation (FLFP).

Table 2.2 Misperceptions about social norms regarding women working outside the home in selected countries in the region

Country	GEI tercile	Support (percent)			Belief about support (percent)			Misperceptions (percentage points)	
		All adults	Men	Women	All adults	Men	Women	About men	About women
PAK	1	61.1	54.4	68.2	52.5	44.8	60.3	-9.5	-7.9
EGY	1	70.9	56.5	86.7	63.5	50.6	78.9	-5.9	-7.8
IRN	1	82.6	78.8	86.5	63.7	49.6	77.7	-29.2	-8.8
IRQ	1	71.7	61.7	84.5	58.2	43.1	75.4	-18.5	-9.1
JOR	1	72	57.5	88.8	59.1	41.4	79.5	-16.1	-9.3
DZA	2	68	53.8	84.8	57.6	38.3	79.5	-15.5	-5.4
MAR	2	85	74.4	94.4	69.0	51.7	85.8	-22.7	-8.6

Source: Bursztyn et al. (2024).

Note: GEI = Gender Equality Index based on UNDP (2022), with higher terciles indicating more gender equality. The columns regarding support indicate the percentage of individuals that support women working outside the home. This is broken down by the gender of the respondent. For example, in Pakistan, 61.1 percent of all adults, 54.4 percent of men, and 68.2 percent of women support women working outside the home. *Belief about support* captures the perception of what others believe. Each individual was asked what percentage of a 100 randomly picked individuals in their country do they think would support women working outside the home. Taking the Pakistan example, on average all adults believed 52.5 percent of the 100 random individuals would support women working outside the home. Gender norm misperception at the country level is measured by the difference between the average perception in the country of how many of the 100 random individuals support the policy and the share of individuals that state that they support the policy. A positive (negative) value indicates that support is overestimated (underestimated). Therefore, in Pakistan, the average perception by all respondents of the percent of the 100 random men that support women working outside of home is 44.8 percent. The percent of men supporting women working outside the home is 54.4 percent. The misperception is 44.8 - 54.4 = 9.6 percent (9.5 percent in the table due to rounding).

Figure 2.27 In Iraq, Morocco, and Tunisia, individuals' own beliefs are generally more supportive of women's work than are their perceptions of community expectations

Source: World Bank (2025e).

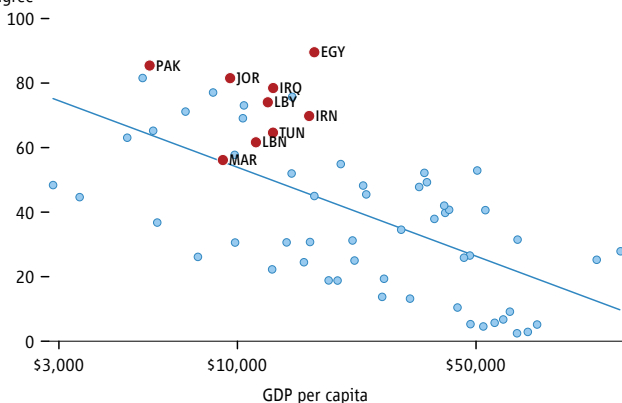
Notes: Community expectations correspond to what respondents believe others think. Community actions are what they observe women actually do. Personal beliefs are what a person personally thinks is right or appropriate, regardless of what others expect.

A high share of MENAAP respondents agree that men should have priority when jobs are scarce, far above income peers. This places again the region as an outlier—traditional on breadwinner norms and with correspondingly low FLFP (Figure 2.28 Panel B). Interestingly, sanctions for breaking norms appear weak: in Morocco, one-third expect some form of sanction, but most cite “negative gossip” rather than serious consequences, suggesting limited enforcement. World Values Survey (WVS) data reinforce this picture.

Figure 2.28 Countries in the region embrace traditional gender attitudes, which are negatively correlated with female labor force participation, even at high levels of GDP per capita

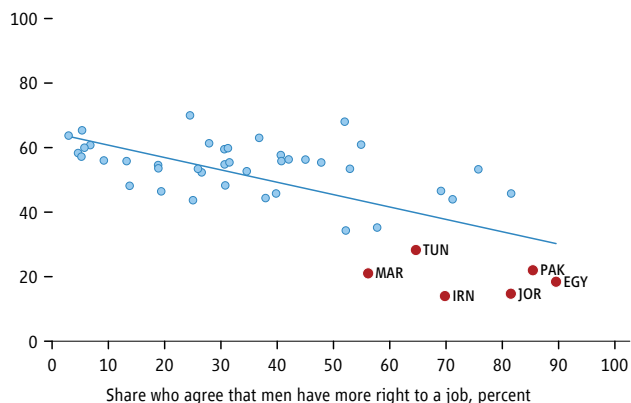
Panel A

Jobs scarce: Men should have more right to a job than women, share that agree or strongly agree



Panel B

Female labor force participation

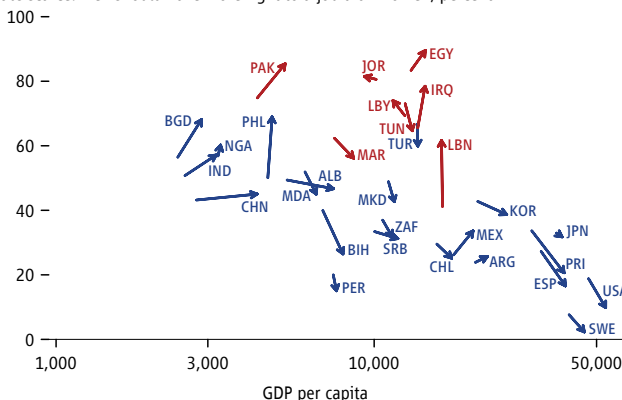


Source: Own calculations based on data on attitudes from World Values Survey's latest Wave 2017–2022, and data on GDP per capita (PPP, constant 2021 international dollars) from the World Bank's World Development Indicators (WDI), and data on female labor force participation rates (for population 15 and older) from the World Bank's World Development Indicators, based on national estimates compiled by the International Labour Organization.

Note: Estimates use World Values Survey sampling weights. Values are averages across respondents 15+. GDP data is used to contextualize these social norms within broader patterns of economic development. GDP per capita is based on the most recent data available for each country, with the latest year being 2024 for most countries, and 2023 for others where 2024 data is not yet available. Panel (A) sample comprises 63 countries, including 9 from the MENAAP region and 54 from the rest of the world. GDP per capita is shown in log scale. Panel (B) sample comprises 46 countries, including 6 from the MENAAP region and 40 from the rest of the world. Female labor force participation rates are based on the latest data point available for each country (post-2013). The most recent data points for MENAAP countries are EGY (2018), IRN (2020), JOR (2018), MAR (2021), PAK (2018), and TUN (2019).

Figure 2.29 Attitudes on gender norms change and vary by level of development

Jobs scarce: Men should have more right to a job than women, percent



Source: Own calculations based on data from the World Values Surveys and the World Bank's World Development Indicators.

Note: The figure presents a scatter plot illustrating changes in gender attitudes toward the right to a job and levels of economic development across two time periods. It compares the MENAAP region in recent years (based on survey waves from 2010–2014 and 2017–2022) with comparable countries that had similar income levels in earlier decades (based on survey waves from 1994–1998 and 1999–2004), approximately 20 to 30 years prior. The WVS survey years are matched to the corresponding years of GDP per capita (PPP, constant 2021 international dollars) from the World Development Indicators (WDI). Estimates use World Values Survey's sampling weights. Values are averages across respondents 15+. The figure shows the share of respondents (%) in each country who agreed with the statement 'When jobs are scarce, men should have more right to a job than women,' reflecting attitudes toward the right to a job as measured by the World Values Survey. The response options for the statement are 'agree,' 'disagree,' and 'neither agree nor disagree'.

Figure 2.30 Attitudes about men having more of a right to a job than women when jobs are scarce changed in Morocco and Pakistan between 2000 and 2020

Agreement: Men have more right to a job when jobs are scarce



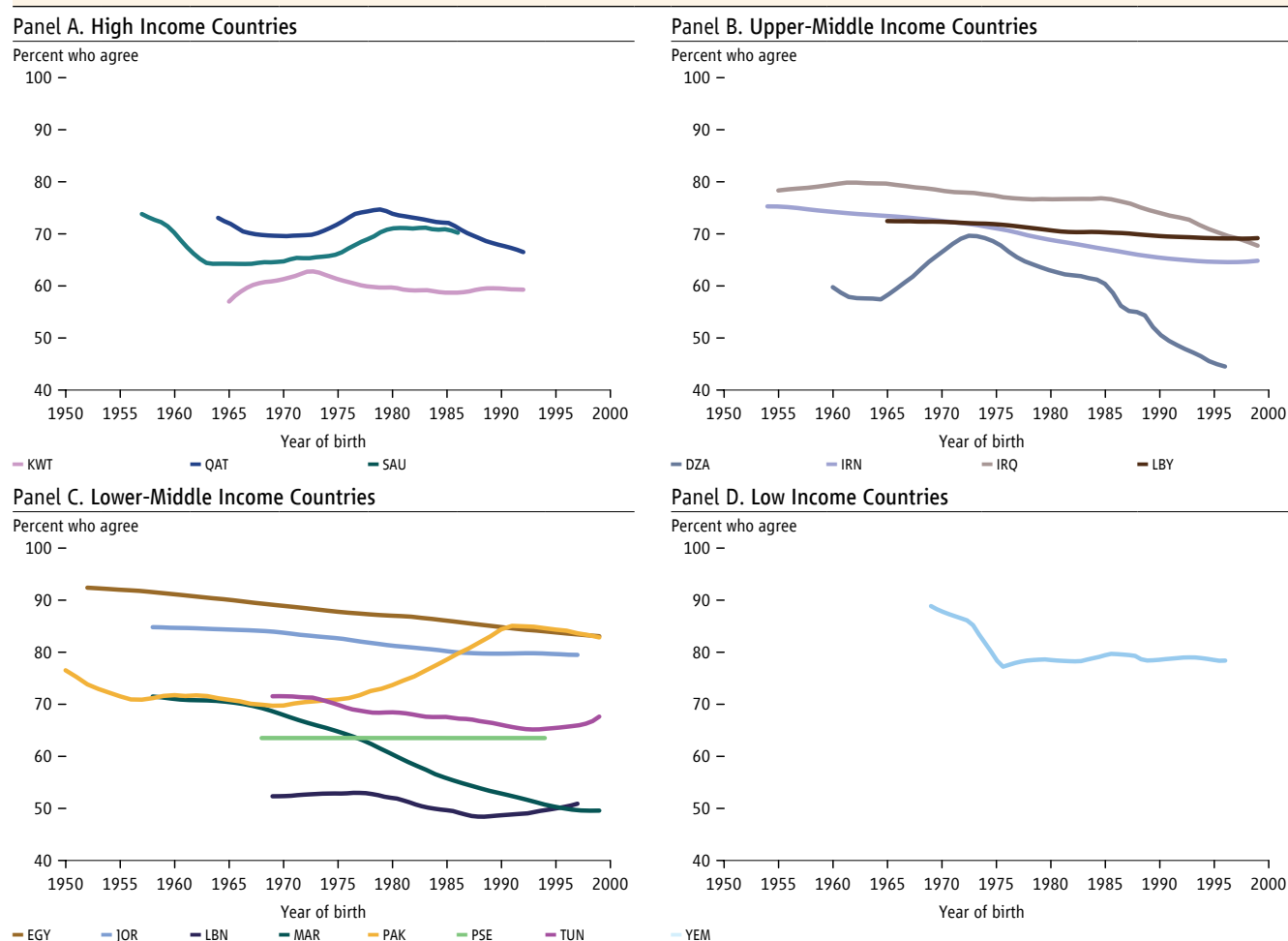
Source: Own calculations based on the World Values Survey.

Notes: The graph plots a trendline figure of attitudes toward the right to a job over time, based on multiple waves of the World Values Survey. Estimates use World Values Survey sampling weights. Values are averaged across respondents 15+. The figure shows the share of respondents (%) in each country who agreed with the statement 'When jobs are scarce, men should have more right to a job than women,' reflecting attitudes toward the right to a job as measured by the World Values Survey. The response options for the statement are 'agree,' 'disagree,' and 'neither agree nor disagree.'

Gender attitudes in the region have shifted over time, but such changes are not systematically linked to economic development. Data measuring attitudes, e.g., from the WVS, allow for comparisons across time and highlight whether views evolve progressively or regressively. Figure 2.29 tracks attitudes as to whether men should have greater rights to a

job than women when employment is scarce, comparing trends in MENAAP with those in countries that had similar income levels between 20 and 30 years ago. While it is generally expected that rising incomes lead to more progressive views, this pattern is inconsistent in the region. For example, Morocco and Tunisia recorded gradual improvements, although less pronounced than in peers such as Bosnia and Herzegovina. Outside the region, similar patterns are observed in Chile, North Macedonia, Peru, Serbia, and South Africa. By contrast, in Lebanon attitudes grew more traditional despite stagnant GDP, and in Iraq, Egypt, and Pakistan, attitudes became more traditional even as incomes rose. Overall, gender attitudes do change over time, but economic development alone does not seem sufficient to shift entrenched norms.

Figure 2.31 Younger cohorts are generally less likely than older ones to believe that men have more of a right to a job than women when jobs are scarce, but the pattern is mixed



Source: Own calculations based on the World Values Survey.

Note: The graphs plot a local smoothed polynomial of attitudes toward the right to a job by year of birth, using data from multiple waves of the World Values Survey. Sample restricted to population 15-49 across respondents. Estimates use World Values Survey sampling weights. The response options for the statements are “agree,” “disagree,” and “neither agree nor disagree.” The figure shows the share of respondents (percent) in each country who agreed with the statement “When jobs are scarce, men should have more right to a job than women.” The waves included in the cohort exercise for each MENAAP countries are DZA (1999-2004, 2010-2014), EGY (1999-2004, 2005-2009, 2010-2014, 2017-2022), IRN (1999-2004, 2005-2009, 2017-2022), IRQ (1999-2004, 2005-2009, 2010-2014, 2017-2022), JOR (1999-2004, 2005-2009, 2010-2014, 2017-2022), KWT (2010-2014), LBN (2010-2014, 2017-2022), LBY (2010-2014, 2017-2022), MAR (1999-2004, 2005-2009, 2010-2014, 2017-2022), PAK (1994-1998, 1999-2004, 2010-2014, 2017-2022), PSE (2010-2014), QAT (2010-2014), SAU (1999-2004), TUN (2010-2014, 2017-2022), and YEM (2010-2014). HIC: High-income countries. UMIC: Upper-middle-income countries. LMIC: Lower-middle-income countries. LIC: Low-income countries.

Attitudes in some MENAAP countries shifted between 2001 and 2021, according to World Values Survey data. The most significant changes in attitudes are observed in Pakistan and Morocco, but in opposite directions (Figure 2.30). Support for men having greater rights to a job than women increased in Pakistan. In contrast, people in Morocco are less in agreement with the idea of men as primary breadwinners. Agreement declined by 35.5 percentage points among women

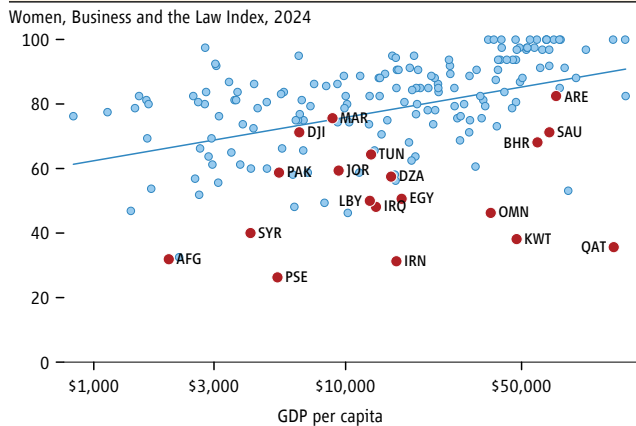
and 26.6 percentage points among men. Other parts of the region did not show substantial changes in attitudes toward the role of men as breadwinners. Overall, most countries in MENAAP continue to demonstrate traditional views regarding men as primary earners.

Pseudo-panels constructed for MENAAP countries based on multiple waves of the World Values Surveys track the progression of attitudes from cohorts born in the late 1940s through those born in the late 1990s (Figure 2.31). In general, younger generations hold less traditional views on women's access to the labor market than older ones. Pakistan, where younger cohorts are even more traditional than older ones, is an exception. In Morocco and Algeria, younger generations demonstrate measurable changes in attitudes toward gender equality; Tunisia and Lebanon have experienced more modest shifts.

Contextual factors: Laws and regulations

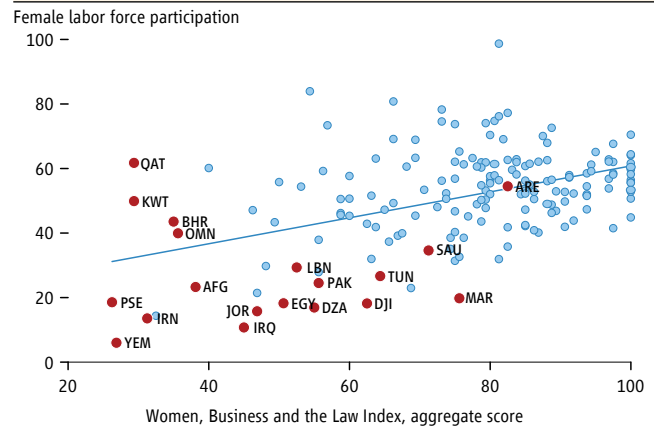
Women in the MENAAP region face legal barriers that constrain their access to jobs and broader economic participation. Despite some progress, the region has consistently recorded the lowest scores globally on the Women, Business and the Law (WBL) index—which identifies law and policies that restrict women's economic inclusion—over the past five decades.⁴⁵ In 2024, all MENAAP countries except Morocco scored lower on the WBL index than their income peers (Figure 2.32).

Figure 2.32 The Women, Business and the Law Index is positively correlated with GDP per capita



Source: World Bank, Women, Business and Law dataset, and World Development Indicators
Note: The Women, Business, and the Law Index represents the 2024 index score, which averages subindices for eight indicators related to gender and the law, including mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets, and pension. GDP per capita is in PPP constant 2021 dollars, from the World Development Indicators. The horizontal GDP per capita axis is presented using a log scale. 20 of 21 MENAAP countries are represented, and 188 countries total are presented. The Republic of Yemen is unrepresented as it does not have available GDP per capita information in preferred units. The Republic of Yemen has a WBL Index value of 26.9, higher only than the West Bank and Gaza.

Figure 2.33 More equal treatment of women under the law is correlated with more women entering the labor force

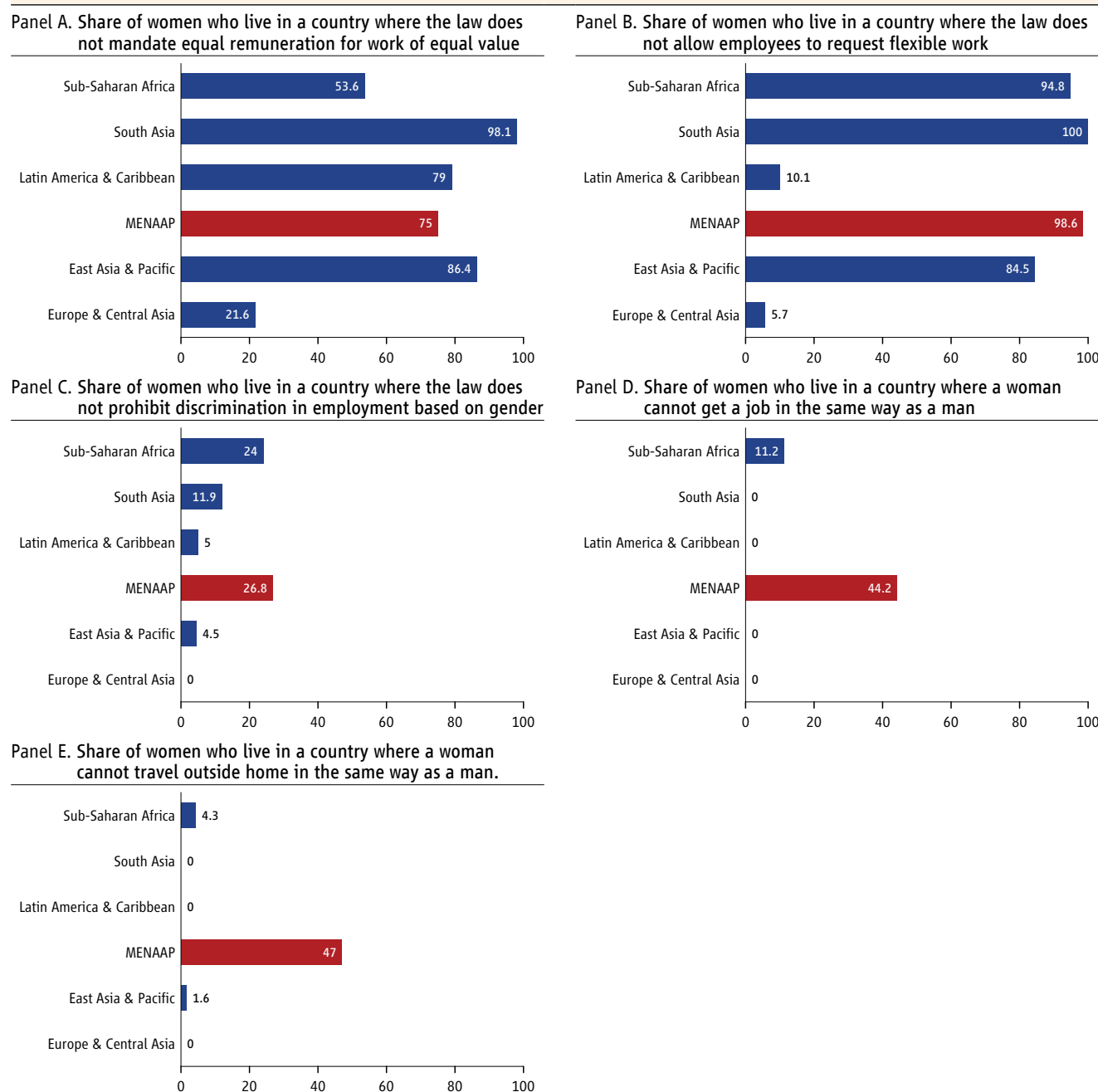


Source: Own calculations based on data from Women, Business, and the Law Index Dataset (WBL) and the World Bank's World Development Indicators (WDI).
Note: The figure shows the correlation between the aggregate WBL index and female labor force participation. The sample comprises 175 countries, including 19 from the MENAAP region and 156 from the rest of the world. Sample includes 160 countries, including 14 from MENAAP, with data from the most recent year available since 2017. Female labor force participation rates are based on the latest data point available for each country (post-2013). The most recent data points for MENAAP countries are AFG (2021), ARE (2023), BHR (2015), DJI (2017), DZA (2016), EGY (2023), IRN (2022), IRQ (2021), JOR (2023), KWT (2016), LBN (2019), MAR (2022), OMN (2022), PAK (2021), PSE (2022), QAT (2022), SAU (2023), TUN (2023), and YEM (2014).

⁴⁵ Results from a comparison of the average for every year of the WBL index across regions. For MENAAP, the average includes 21 economies.

Ten out of twenty one economies in the region restrict the ability for women to get a job in the same way as men (Afghanistan, Bahrain, Egypt, the Islamic Republic of Iran, Jordan, Kuwait, Qatar, Syria, the West Bank and Gaza, and the Republic of Yemen). No economy in the region, according to WBL 2024, explicitly prohibits recruitment discrimination based on marital status, parental status, and age. Only 11 economies recognize the legal right for women to work at night and in industrial jobs on equal terms with men. In eight economies, women can take on jobs deemed dangerous without any restrictions.

Figure 2.34 A large share of working-age women in the region live in countries with legal barriers to mobility and no protection from discrimination



Source: Own calculations based on data from Women, Business, and the Law Index Dataset (WBL) and the UN Population Division.

Note: Each bar is the share of working aged women (age 20-65) in the region living in a country where the answer to the question in WBL is No over the total female working aged population (age 20-65).

These unequal laws, if enforced, may affect the livelihood of a large share of adult women in the region. About 75 percent of working-age women (15 and above) in MENAAP live in countries where the law does not mandate equal remuneration for work of equal value (Figure 2.34). Almost all (99 percent) are in economies where the law does not allow employees to request flexible work (the United Arab Emirates is the sole exception). And many live in countries where they lack legal protection from discrimination (27 percent), face additional restrictions in getting a job relative to men (44 percent), and have additional mobility constraints relative to men (47 percent).

Equal treatment of women and men under the law is associated with more women entering and remaining in the labor force and rising to managerial positions (Hyland et al., 2020; Amin and Islam, 2022; Islam et al., 2019). It is also associated with higher wages and rates of business ownership for women (Htun, Jensenius and Nelson-Nuñez, 2019). Much of the evidence is cross-country in nature, however, and not specific to the region.

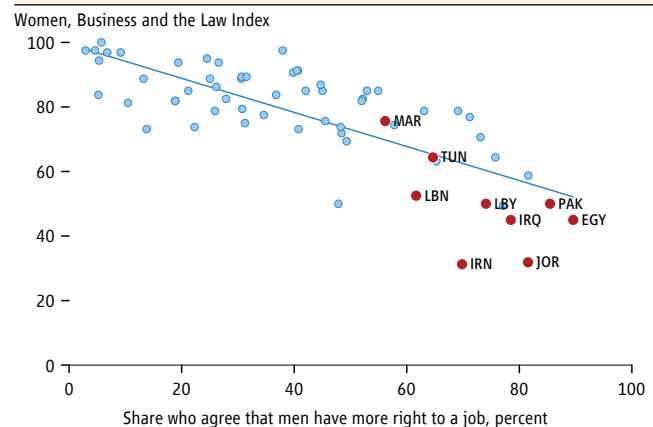
Figure 2.33 shows a positive correlation between more equal treatment under the law and FLFP. However, most MENAAP economies have low FLFP regardless of the degree of equality set out in their laws—suggesting that reforming laws alone is not sufficient to increase FLFP in the region where other constraints may be also binding.

Reform efforts in the region remained modest until 2010. Between 2010 and 2024, 116 positive legal reforms increasing women’s economic opportunities were enacted, far surpassing the 68 reforms enacted between 1970 and 2009.⁴⁶ The average WBL index score over the 21 MENAAP economies rose from 29 in 1971 to only 33 in 2000, and to 52 in 2024. Since 2010, the United Arab Emirates (19 positive reforms), Saudi Arabia (18), Bahrain (12), Jordan (10), and Pakistan (8) are the top reformers in the region, particularly in areas such as the workplace and pay (see Box 2.5 on Saudi Arabia). Other economies—including the Republic of Yemen, the West Bank and Gaza, the Islamic Republic of Iran, Morocco, Algeria, and Afghanistan—showed very little change since 2010 (although Algeria and Morocco implemented 10 and 12 positive reforms, respectively, between 1971 and 2009).

Progress has been uneven across indicators (table 2.3). Between 1970 and 2024, the region saw 46 workplace-related positive reforms (which cover protections against discrimination based on gender, including protections in recruitment and flexible work arrangements) and 25 pay-related positive reforms. In contrast, not a single positive reform related to asset ownership has been implemented in any of the 21 MENAAP economies since 1971.

Asset-related indicators cover women’s rights to own immovable assets, including land, as well as inheritance rights. The lack of progress on this front is concerning, as property ownership plays a decisive role in enabling women to start and grow their own businesses. Parenthood indicators cover the availability of paid maternity and paternity leave and whether dismissal of pregnant workers is permitted.

Figure 2.35 Higher values on the Women, Business and the Law Index are correlated with more progressive attitudes toward women’s right to a job



Source: Own calculations based on data from World Values Surveys Wave (2017–2022).
 Note: The scatter plot shows the share of respondents (percent) agreed with the statement “When jobs are scarce, men should have more right to a job than women” measured in the World Values Survey across countries, plotted against the Women, Business, and the Law (WBL) index score measured in the same year. The sample comprises 63 countries, including 9 from the MENAAP region and 54 from the rest of the world. Estimates are weighed using World Values Survey’s sampling weight. Values are averages across respondents ages 15+.

⁴⁶ Reform counts based on the year of enactment of the assessed legal reform.

Laws and social norms are closely intertwined. Countries with stronger legal protections for women often display more progressive gender norms. For example, in countries where a larger share of the population believes that men have greater rights to jobs than women, legal systems also tend to be more unequal (Figure 2.35). The difficulty in interpreting these correlations lies in the direction of causality: do shifting norms create the space for legal reforms, or do legal reforms drive changes in norms? Overall, while gender-equal laws and norms are strongly correlated, the evidence that laws alone can shift norms remains limited. What is clearer is that laws are more effective when supported by social norms. For instance, raising the legal age of marriage has been more effective in reducing early marriages in contexts where norms were already accommodating (McGavock, 2021; Wilson, 2022; Bellés-Obrero and Lombardi, 2023).

Table 2.3 Changes in the Women, Business and the Law Index and sub indices between 2010 and 2024

Country	Change in Women, Business and the Law index	Change in Subindex							
		Mobility	Entrepreneurship	Parenthood	Pay	Pension	Assets	Marriage	Workplace
ARE	56	100	25	60	100	0	0	60	100
SAU	45	50	25	20	100	50	0	40	75
BHR	36	0	25	0	100	50	0	40	75
JOR	31	25	25	20	75	25	0	0	75
PAK	21	0	25	20	25	0	0	20	75
IRQ	15	25	25	20	25	-25	0	0	50
OMN	14	25	0	60	25	0	0	0	0
KWT	12	25	0	0	0	-25	0	20	75
EGY	12	0	25	0	0	0	0	20	50
SYR	11	25	0	20	0	0	0	20	25
LBY	11	0	0	40	50	-25	0	0	25
DJI	9	0	0	0	0	0	0	20	50
TUN	9	0	0	0	0	0	0	20	50
LBN	9	0	0	0	0	0	0	20	50
QAT	6	0	0	0	0	50	0	0	0
AFG	3	0	0	0	0	0	0	0	25
DZA	3	0	0	0	0	0	0	20	0
MAR	3	0	0	0	0	0	0	20	0
IRN	3	0	0	20	0	0	0	0	0
PSE	0	0	0	0	0	0	0	0	0
YEM	0	0	0	0	0	0	0	0	0

Source: Authors' calculations based on data from Women, Business, and the Law Index Dataset V.1.0.

Note: Note: This figure illustrates the changes in the Women, Business, and the Law Index scores between 2010 and 2024, including its eight sub-indicators: Mobility, Workplace, Pay, Marriage, Parenthood, Entrepreneurship, Assets, and Pension. The color gradient ranges from dark red (indicating a negative change), through white (no change), to light blue (moderate improvement), dark blue (high improvement), and very dark blue (very high improvement).

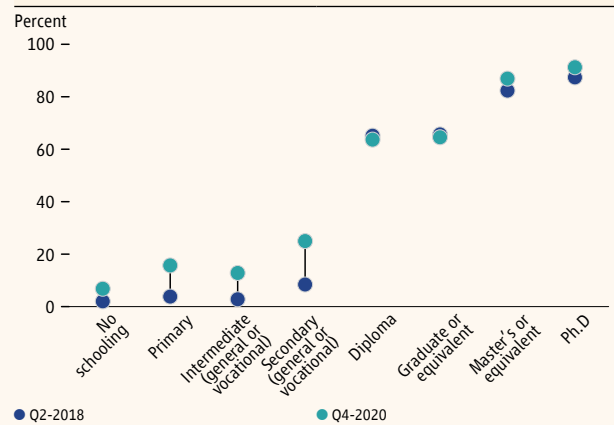
Box 2.6 The significant rise in female labor-force participation in Saudi Arabia

Saudi Arabia has experienced one of the largest recent increases in FLFP globally. Between 2017 and 2023, the FLFP rate rose by nearly 14 percentage points. The surge was evident across all age groups, and gains were especially pronounced among groups of women who historically had low participation and represented a small share of the labor force. For example, low-educated Saudi women were traditionally excluded from the labor force, but are now increasingly willing to work, often in low-wage sectors. As a result, the proportion of women in employment outpaced the rise in female unemployment. Notably, much of the expansion was driven by private-sector jobs.

Several factors contributed to the rise in FLFP. The government announced a number of reforms starting from 2016, known as Vision 2030, that established explicit targets for women's labor force participation and representation in management, supported by the National Transformation Program's initiatives on gender—such as training programs and childcare services for working women. Anti-harassment laws, the lifting of restrictions on women's employment in certain sectors, permission for night work, stronger maternity provisions, removal of restrictions on accessing government services without a male guardian, and the introduction of anti-harassment patrols helped reduce barriers to participation. In 2018, women were allowed to drive (Abou Daher et al., 2025). Growing societal acceptance of women's work created a more enabling environment. The Covid-19 pandemic and nationalization efforts accelerated the absorption of Saudi women into the labor force.

Nationalization policies (such as the Nitaqat program) had already begun boosting female employment in the private sector before 2019. Firms seeking to meet Saudi employment quotas began hiring women for the first time. By the early 2020s, nearly two-thirds of firms employed women, and female employment in the private sector increased more than fifteenfold compared with 2011. The share of Saudi nationals in the private sector quadrupled, surpassing 40 percent. The most dramatic changes were among women with only high-school diplomas, a group that as seen the fastest employment growth of any demographic segment.

Figure B2.6.1 The largest gains in participation between 2018 and 2020 were among women who had low levels of participation



Source: GASTAT.

Note: The figure shows the labor force participation rates of Saudi female citizens aged 15 and above, disaggregated by educational categories as defined by GASTAT.

Labor supply: Safety and childcare

This section examines two major barriers to women's labor-force participation in the MENAAP region: concerns about harassment, and inadequate childcare options. The data suggest that harassment in public spaces is widespread and significantly affects women's mobility and transportation choices, ultimately preventing them from seeking employment.

The lack of accessible childcare compounds this challenge, as mothers spend substantially more time on care activities than fathers, while the region has one of the world's lowest pre-school enrollment rates. Social norms further exacerbate both issues, as public support for women's work drops dramatically when it requires leaving children in the care of others.

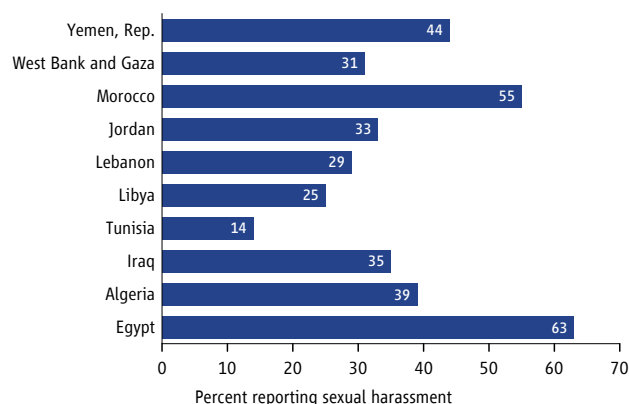
Harassment and local transportation

Fear of harassment appears to affect women's decision to work and participate in the labor force, although rigorous evidence documenting the connection is sparse (Heath et al., 2024). Harassment can occur in various settings—e.g., school, the workplace, and public spaces. Much of the evidence available in the MENAAP region offers insights about women in public spaces.

Across the region, harassment in public spaces is widespread, especially against young women. In the 2019 Arab Barometer, 39 percent of surveyed women (versus 22 percent of men) reported experiencing sexual harassment in public places. The rates are especially high in Morocco (55 percent) and Egypt (63 percent), as shown in Figure 2.36.

In a cross-national study covering Egypt, Lebanon, Morocco, and the West Bank and Gaza, between 31 percent and 64 percent of men admitted to having experienced harassing behavior (El Feki et al., 2017). Young women (aged 17–28) are especially at risk: in the Arab Barometer V survey (2018–19) the rate of female respondents in this age group that reported experiencing harassment stood at 90 percent in Egypt, more than 50 percent in Algeria, Jordan, and the Republic of Yemen, and between 35 percent and 45 percent in Iraq, Lebanon, Libya, the West Bank and Gaza, and Tunisia. Few women discuss such incidents: in Egypt, only one-third of harassed young women (aged 15–29) disclosed their experience, and just 0.2 percent went to the police (Roushdy and Sieverding, 2015).

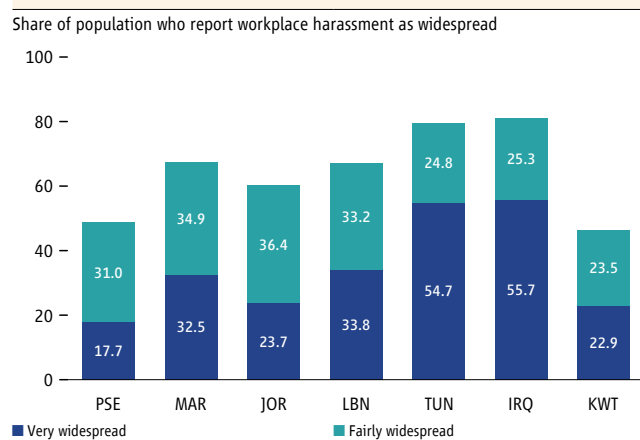
Figure 2.36 A large share of women in the region report experiencing harassment in public spaces



Source: Arab Barometer 2019.

Note: This variable represents the percentage of respondents who reported being exposed "rarely", "sometimes", or "often" to sexual harassment in public spaces. Harassment, as defined in the Arab Barometer, includes both verbal and physical sexual harassment.

Figure 2.37 A large share of the population in the region believes that workplace harassment of women is prevalent



Source: Data from the 2023–24 Arab Barometer.

Note: Estimates use survey sample weights.

Harassment is a particular concern for women accessing and using public transportation. In Jordan, 64 percent of women reported harassment while using public transport, most often while walking to it, waiting, or boarding rather than on the vehicle itself (Aloul et al., 2018). In Greater Cairo, about 80 percent of women have experienced harassment at some stage of their commute (UN Habitat, 2021). And in Pakistan, women were far less likely to complete training if it required travel beyond their village (Cheema et al., 2022). Evidence from outside the region highlights similar constraints: in Delhi, women chose lower-quality colleges if reaching them entailed safer commutes (Borker, 2021),

while in Sweden, they were willing to take pay cuts to avoid harassment by switching to workplaces with more female colleagues (Folke and Rickne, 2022).

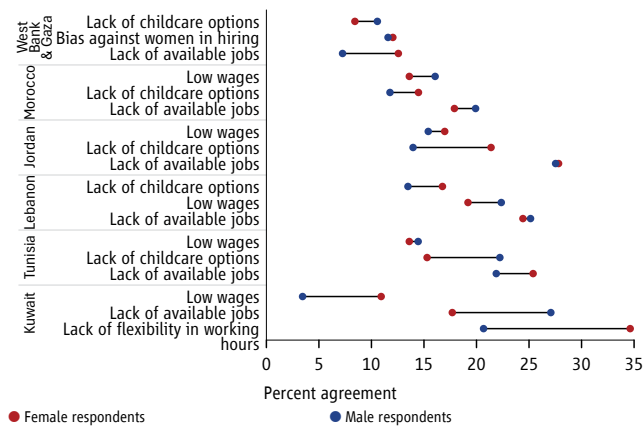
According to World Bank (2024), lack of safe transport options deters women from working: 6 in 10 women in Amman, 5 in 10 in Beirut, and 4 in 10 in Cairo cite transport as a barrier to their participation in the labor force. Analysis suggests that improving public transport safety by just 5 percentage points could raise Amman's GDP by 2.3 percent, and Cairo's by up to 1.6 percent.

Harassment of women in the workplace is also a concern, although evidence is scarcer. In the 2023–24 Arab Barometer, between 45 percent and 80 percent of respondents in Iraq, Jordan, Kuwait, Lebanon, Morocco, Tunisia, and the West Bank and Gaza consider it widespread (Figure 2.37). In Pakistan's online marketplaces, female buyers were more likely to receive unsolicited contact from male sellers after a transaction (Asad et al., 2025). Overall, evidence on workplace harassment in MENAAP remains limited, underscoring the need for more systematic data.

Lack of childcare

According to the Arab Barometer Survey, lack of childcare consistently ranks among the top three barriers to female labor-force participation in Jordan, Lebanon, Morocco, Tunisia, and the West Bank and Gaza (Figure 2.38). Interestingly, in Tunisia and the West Bank and Gaza, a larger share of male than female respondents point to lack of childcare as a constraint.

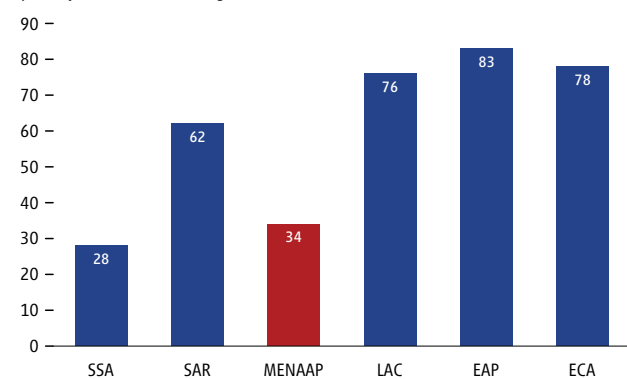
Figure 2.38 In five economies in the region, lack of childcare is considered among the top three barriers to female labor force participation—with a larger share of men than women reporting it as a barrier



Source: Own calculations using the microdata from 2023–24 wave of the Arab Barometer.
Note: Each dot represents the percentage of people who responded that it is a significant barrier for women to enter the labor market in their country.

Figure 2.39 In 2020, gross enrollment ratios in pre-primary education were lower than every world region except Sub-Saharan Africa

Preprimary school enrollment, gross

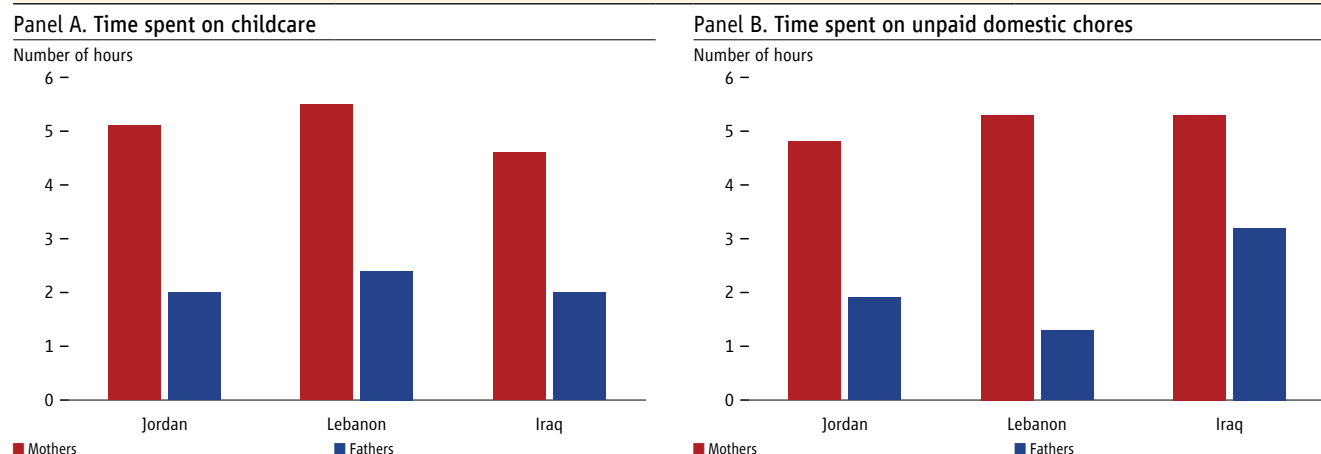


Source: World Development Indicators (WDI).
Notes: Figures taken directly from the World Development Indicators.

Women disproportionately shoulder the responsibility of unpaid childcare work, which reinforces barriers to their access to the labor market. In Jordan and Iraq, 56 percent and 57 percent of mothers, respectively, report being unable to work because of family responsibilities, with the share rising to 74 percent in Lebanon (Redaelli et al., 2023). Time-use surveys show that mothers in Jordan, Iraq, and Lebanon spend between five and seven hours each weekday on direct childcare, plus another five hours on unpaid household chores—roughly double the time spent by fathers (Figure 2.40).

The childcare gap is reflected in low pre-school enrollment rates. The region has the second-lowest gross pre-primary enrollment rate globally, after Sub-Saharan Africa (Figure 2.39). Low enrollment, combined with heavy unpaid childcare burdens, limits both women's ability to work and, if they do, the number of hours they can work.

Figure 2.40 Mothers in the region spend about twice as much time on household activities as fathers



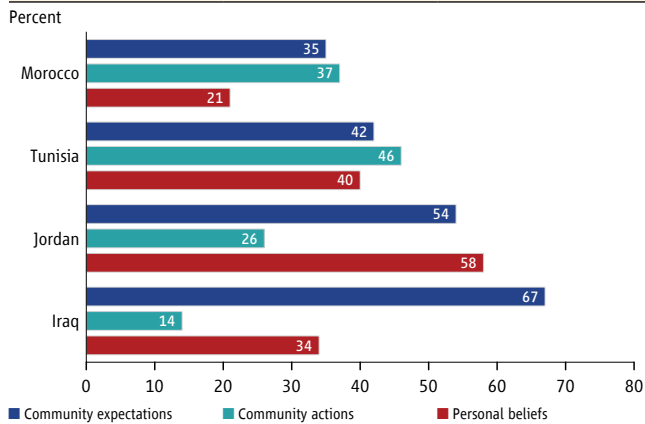
Source: Economic Research Forum and UN Women (2020).

Note: The figures represent the average amount of time, in hours per week, than men and women spend on childcare and unpaid domestic chores.

Globally, the association between childcare availability and FLFP is strongly positive. A review of 22 studies in low- and middle-income countries found that availability of formal childcare improved women's labor market outcomes in 21 cases (Halim et al., 2023). One estimate suggests that a 30 percentage-point increase in daycare utilization increases maternal employment by 6 percentage points (Harper et al., 2017). However, more work is needed to understand how the supply and design of childcare can truly be gamechangers for women in the region. In Algeria, pre-primary school expansion reduced women's employment, largely because schools followed half-day schedules that did not align with work hours (Krafft and Lassassi, 2024). In Egypt, children reaching primary-school age had no measurable effect on labor-force participation among their mothers (Krafft and Li, 2024).

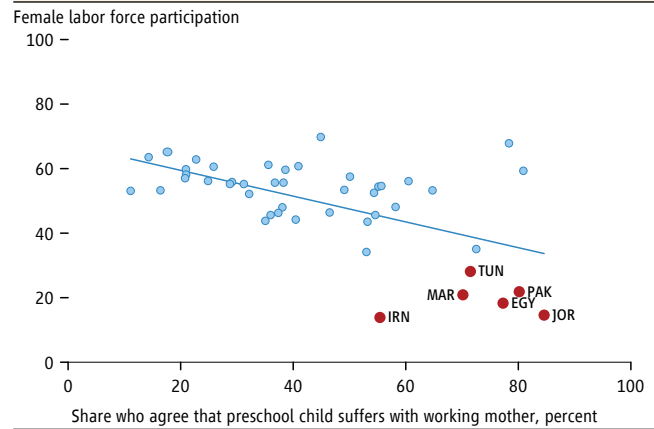
Social Norms and Childcare

Even when childcare is available, social norms may constrain women's ability to take advantage of it, as support for female work drops sharply once childcare is considered. In Iraq, 88 percent of respondents to a World Bank survey support the notion of women working, but the rate falls to 67 percent if such work involves leaving children with others, especially outside the family (World Bank, 2025e). Similar drops occur in Jordan (from 96 percent to 54 percent) and Tunisia (from 89 percent to 40 percent). In Morocco, only 21 percent of respondents approve of work by women who have children under the age of three—compared to 81 percent who approve of female work when no childcare considerations are mentioned.

Figure 2.41 Social norms around childcare may be an impediment to women working

Source: World Bank (2025e).

Notes: This figure illustrates three dimensions of attitudes toward leaving children with relatives in selected MENAAP countries: community expectations, actual community actions, and individual personal beliefs. Community expectations capture the perceived social norms, community actions reflect observed behavior, and personal beliefs show individual attitudes.

Figure 2.42 Attitudes toward working mothers are correlated with female labor force participation

Source: Own calculations based on data on attitudes from World Values Survey latest Wave 2017–2022, and data on female labor force participation rates (for population 15 and older) from the World Bank's World Development Indicators, based on national estimates compiled by the International Labour Organization.

Note: Estimates use World Values Survey's sampling weights. Values are averages across respondents 15–60+. The sample comprises 46 countries, including 6 from the MENAAP region and 40 from the rest of the world. Female labor force participation rates are based on the latest data point available for each country (post-2013). The most recent data points for MENAAP countries are Egypt, Arab Rep. (2018), Iran, Islamic Rep. (2020), Jordan (2018), Morocco (2021), Pakistan (2018), and Tunisia (2019).

Community expectations play a role. The share of people who believe it is socially acceptable for women to work even when children are left with relatives is very low: 34 percent in Iraq, 35 percent in Morocco, 42 percent in Tunisia, and 58 percent in Jordan. Arab Barometer (2023–24) data shows that 17 percent of Tunisians and 18 percent of Moroccans find formal childcare socially unacceptable (Figure 2.41).

Finally, regressive norms about working mothers may further reduce FLFP. Notably, beliefs that “children with working mothers suffer” are strongly correlated with lower FLFP rates. The connection between these two factors is especially apparent in MENAAP economies, underscoring the region's struggles of traditional attitudes to childcare and low FLFP (Figure 2.42).

Contextual factors and constraints to participation stemming from limited mobility or limited availability of quality childcare interact with the demand for female labor, which is explored in the next section.

Labor demand: The private sector

The private sector in the MENAAP region suffers from poor productivity growth, limited investment, and low innovation compared to other economies with similar income levels. A large footprint of the state, which manifests through large public sector employment and pervasive state-owned enterprises, reduces market competitiveness. Political instability, corruption, and cumbersome regulatory processes create additional obstacles for businesses. Widespread cronyism further undermines market contestability, and hampers firm performance and innovation across the region. All such factors dampen job creation (Gatti et al., 2025).

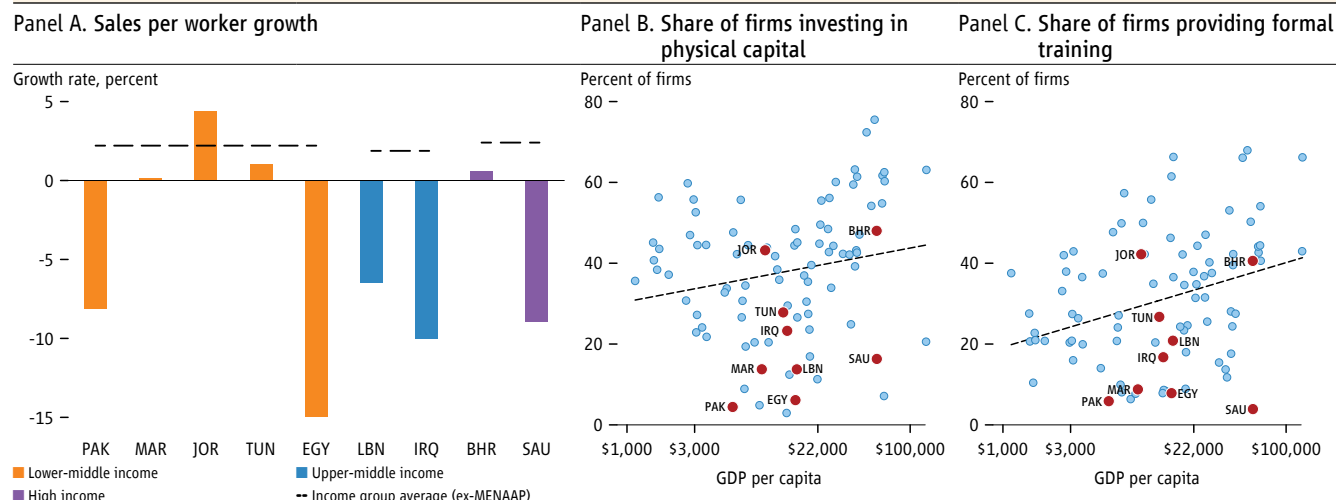
This section documents the lack of private sector dynamism in the region and presents evidence regarding employment discrimination against women, particularly in customer-facing industries. The region's heavy reliance on public sector employment for women is also likely to distort talent allocation, by drawing high-skilled women away from the private sector and entrepreneurship—potentially limiting overall female labor-force participation and economic productivity.

Lack of Private Sector Dynamism

The private sector in the region is not dynamic (Figure 2.43). Productivity growth has been slow, markets are segmented into formal and informal subsectors, and women are often excluded. Based on the World Bank Enterprise Surveys that cover formal businesses with five or more employees, labor-productivity growth is lower than in income peers. Notably, labor productivity in the region—proxied by sales per worker—fell by 4.7 percent between the last fiscal year reported in the survey and two years prior.⁴⁷ In contrast, labor productivity rose 2.2 percent in lower-middle-income, 1.9 percent in upper-middle-income, and 2.4 percent in high-income economies over the same timeframe.

Annual employment growth in MENAAP averaged 4.8 percent between the last fiscal year reported in the survey and two years prior—versus 7.2 percent in lower-middle-income economies, and 5.1 percent in upper-middle-income economies. Investment and innovation are also very limited, with only about 22 percent of firms in MENAAP investing in physical capital (below the average of income peers, as shown in panels A and B of Figure 2.43). Only about 19 percent of firms in MENAAP offer formal training, significantly below the 31 percent average for middle-income economies. Limited investment in physical and human capital goes hand-in-hand with low rates of innovation in products and processes, as well as with low spending on research and development.

Figure 2.43 Measures of productivity, investment in physical capital, and formal training in the region are weak



Source: Own calculations based on data from the World Bank Enterprise Surveys.

Note: Data represent latest survey year for each country. GDP per capita (PPP, constant 2021 international dollars) for Bahrain, Jordan, and Tunisia was imputed for 2024 year using values from 2023 year. For Panel A, the figure shows the average of firms' sales growth per full-time worker between the last fiscal year when the survey was implemented and two years prior using sample weights. The following surveys are included for MENAAP (survey year in brackets): BHR (2024), EGY (2020), IRQ (2022), JOR (2024), LBN (2019), MAR (2023), PAK (2022), SAU (2022), and TUN (2024). Countries are ordered within income groups in ascending 2023 GDP per capita (PPP, constant 2021 international dollars). Income group averages (ex-MENAAP) are the averages across non-MENAAP countries in the corresponding income groups. Income group averages include the latest data point for countries in each group—post 2015. The income group categorization is based on historical World Bank income group classification for the year of the survey. Panel B and C show results for the fiscal year preceding the latest survey year (using sample weights) available per country. For Panel B, the y-axis is the weighted average share of firms investing in physical capital. The x-axis is the log of real GDP per capita (in constant 2021 PPPs) of the corresponding survey year. For Panel C, the y-axis depicts the weighted average share of firms that provide formal training (using sample weights). The x-axis is the log of real GDP per capita (in constant 2021 PPPs) of the corresponding survey year. For both Panels B and C, the sample includes 89 countries, including 9 MENAAP countries.

47 The sales-per-worker value two years prior to the survey is based on recall variables, and thus vulnerable to measurement error.

Globally, 23 percent of businesses in middle-income countries have top female managers; in contrast, the share in middle-income MENAAP economies is in the single digits. In Saudi Arabia—a high-income country—less than 3 percent of firms have a top female manager, well below the 19 percent average for high-income countries.

The ways in which governments in the MENAAP region engage in markets have played an important role in shaping the private sector. Specifically, governments are significant direct employers, and control state-owned enterprises (SOEs)—whose large role in the economy stifles market contestability (i.e., the ease of firm entry and exit, and the resulting competitive pressure) and, consequently, productivity and innovation.

Private enterprises in the region cite political instability, corruption, and cumbersome processes for business licensing and permits as major or severe obstacles to operations—more so than firms in other countries with similar levels of income. Assessments conducted as part of the World Bank’s BREADY project in Iraq, Morocco, and Pakistan show considerable room for improvement—especially in Iraq, which scored in the bottom quintile on all three criteria considered (regulatory framework, public services, and operational efficiency). While scoring in the second quintile for regulatory framework and in the third quintile for public services, much work is needed to improve operational efficiency in Morocco.⁴⁸ Pakistan was in the fourth quintile for regulatory framework and public services, but in the third quintile for operational efficiency. Cronyism, which reduces market contestability, is well documented across the region, including in Egypt (Diwan et al., 2020); Lebanon (Diwan and Haider, 2020); Morocco (Ruckteschler et al., 2019); and Tunisia (Rijkers et al., 2017a and 2017b).

Discrimination of women

Discrimination in hiring and in the workplace discourages or prevents women from working. It can occur in multiple forms, from gendered job advertisements to biased hiring processes, and from unequal treatment on the job to wage gaps.

The literature distinguishes several types of gender discrimination, although they are often difficult to disentangle empirically. Statistical discrimination occurs when employers use average group characteristics to infer the productivity of individual women. Taste-based discrimination reflects an employer’s or coworkers’ dislike of working with women. More recent work highlights paternalistic discrimination, where employers restrict women’s choices under the guise of protecting them from harmful or unpleasant situations (Buchmann et al., 2024).

Evidence from the region is sparse, and concentrated in a few economies where relevant data exist, but it does point to the presence of discrimination. In Egypt, survey data shows that 51 percent of formal firms with five or more employees prefer to hire men over women when recruiting new workers (Osman et al., 2025).⁴⁹ Preference for male workers is especially prevalent in customer-facing industries such as retail (60.1 percent), restaurants (55.5 percent), and hotels (43.7 percent), while it is lowest in IT (16.4 percent). Discrimination appears to decline with firm size, and establishments that discriminate against women tend to suffer productivity losses. Their new hires take 24 percent longer to reach acceptable productivity than those of non-discriminating firms (a difference equal to 1.4 weeks), and this productivity penalty soars to 62 percent among large firms.

A special module in the 2013 World Bank Enterprise Surveys conducted in South Asia showed that in Pakistan, 30 percent of managers believed that hiring women disrupts the workplace, with negative views most common in small firms

⁴⁸ Operational efficiency reflects the ease of compliance with the regulatory framework and the effective use of public services that are directly relevant to firms.

⁴⁹ In a survey of 541 Egyptian establishments, 51.4 percent of establishments responded “yes” to the question “When hiring a new employee, do you prefer to hire men over women?”

(34 percent) than in large firms (22 percent). In Afghanistan, 39 percent of managers expressed the same view, with little variation by firm size. Furthermore, a mixed-methods study in Saudi Arabia shows that the willingness of firms to employ women is strongly correlated with their managers' perceptions of women's skills, the appropriateness of specific tasks for women, and the characteristics of the respondent (Eger et al., 2022)—pointing to the importance of the personal beliefs and demographic characteristics of employers.

Job advertisements and hiring practices also display gender bias, though evidence is mixed. Gentile et al. (2023) find from a job-matching platform in Pakistan that because firms post many vacancies limited only to male applicants, and relatively few that are limited only to female applicants, women are 53 percent less likely than men to meet explicit gender requirements in any given vacancy. Removing such requirements would more than double the vacancies available to women, compared to an increase of only 14 percent for those available to men. In Egypt, more postings explicitly required men (14 percent) than women (4 percent) (Krafft, 2025). At the same time, correspondence studies—which send fictitious resumes to job postings—find little evidence of outright discrimination in callbacks. In Egypt, women were slightly less likely to receive callbacks than men—with callback rates of 10.4 percent and 12.0 percent, respectively—but the difference was not statistically significant (Krafft, 2025). In Tunisia, instead, women did not face discrimination on average, and in some sectors, such as marketing and finance, they were more likely to receive callbacks (Alaref et al., 2020).

Reconciling these findings is not straightforward. Firm-level surveys capture attitudes and stated preferences, while correspondence studies examine only early stages of recruitment (callbacks), not final hiring. Larger firms may also discriminate less, which may explain the more neutral results in correspondence experiments. Moreover, the balance between demand- and supply-side constraints varies by country. In Pakistan, Gentile et al. (2023) argue that demand-side barriers—firms' limited willingness to hire women—are more binding, although this gap narrows as education levels rise and the jobs become more white-collar in nature. In contrast, Krafft (2025) finds that in Egypt, supply-side barriers (such as women's preferences, mobility restrictions, or household constraints) play a greater role than outright employer discrimination.

Distorted selection into entrepreneurship due to a large public sector

In many MENAAP economies, the large share of public sector employment suggests that talent is misallocated away from the private sector. Moreover, SOEs prevail in sectors that are typically served by the private sector in other economies. Notably, the share of women employed in the public sector in the region is markedly higher than in the rest of the world. On average, more than 1 in 4 employed women in MENAAP work in the public sector, with the share reaching 64 percent in Algeria and 71 percent in Iraq. Moreover, 2 out of 3 women with tertiary education in Egypt works in the public sector (Gatti et al., 2024). Parro and Torres (2024) argue that this disproportionate reliance on public employment distorts the allocation of talent, by drawing relatively high-skilled women away from the private sector and entrepreneurship—and, in some cases, into home production (i.e., outside the labor force).

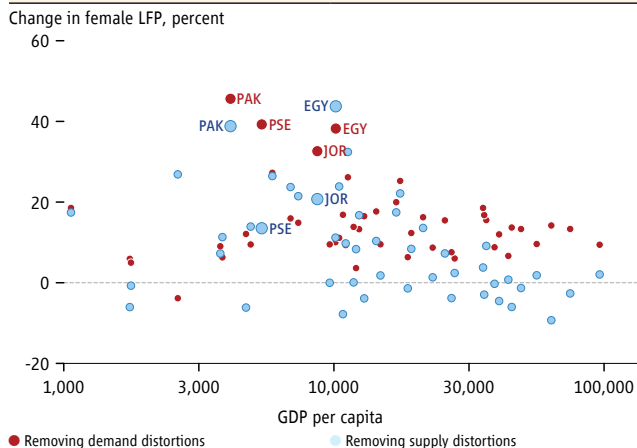
Simulations in Parro and Torres (2024) suggest that when the public sector's demand for talent declines, more women shift into the private sector, and especially into entrepreneurship. This increases the demand for labor in non-managerial positions, which drives wages upward. Rising wages then encourage lower-skilled women to move from home production into market-based work, ultimately raising female labor-force participation and boosting aggregate productivity. In this framework, a smaller footprint for the public sector leads to higher participation rates and a more efficient allocation of talent through greater entrepreneurship.

Estimating the gains of removing gender-based distortions in labor markets in the region

Gender-based distortions impose substantial macroeconomic costs through a misallocation of talent. Goldberg et al. (2025) develop a macroeconomic framework to quantify productivity losses across 51 economies—including Pakistan, Egypt, Jordan, and the West Bank and Gaza. Their model distinguishes between two main frictions: labor-demand distortions (i.e., discriminatory hiring practices that restrict women’s access to formal jobs), and labor-supply distortions (i.e., lower utility from market work due to social norms, or disutility from specific occupations). Both distortions reduce aggregate productivity by skewing the incentives to join the labor force, and the allocation of talent across wage work, self-employment, and unpaid work.

Figure 2.44 shows that removing either type of distortion would substantially raise the FLFP rate in MENAAP. Egypt and Pakistan stand out as the countries with the highest potential gains. For Egypt, eliminating labor-supply distortions raises the FLFP rate by around 9 percentage points (an almost 50 percent increase from current levels across simulation years). Removing labor-demand distortions generates a nearly 7-percentage-point increase in the FLFP rate (equal to a 38 percent rise on average).

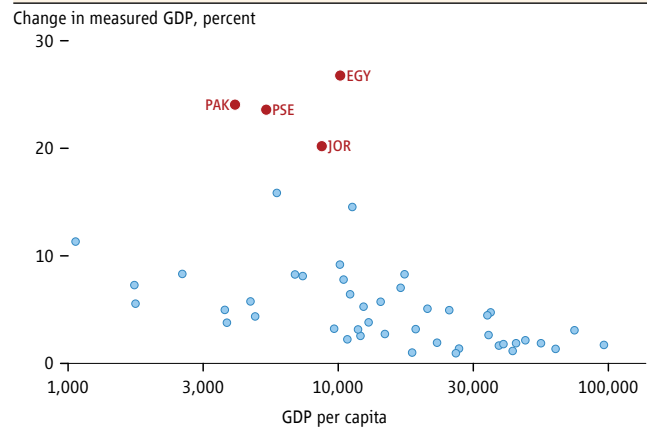
Figure 2.44 The MENAAP region gains the most in female labor participation from the removal of these gender-based distortions...



Source: Reproduced from Goldberg et al. (2025)

Note: In both figures, variables on the horizontal and vertical axes are averages of every year available in the data in Goldberg et al. (2025) after 2014.

Figure 2.45 ...which would lead to the highest gains in GDP per capita



The losses in productivity and welfare due to gender-based distortions are large. Figure 2.45 illustrates that eliminating both types of distortion could boost GDP by roughly 28 percent in Egypt and 25 percent in Pakistan. Globally, this places them among the countries that stand to make the greatest potential efficiency gains in welfare from eliminating gender-based misallocation of labor.

Complementary evidence on social norms

Gatti et al. (2025) explicitly model how social norms constrain women’s decisions on time allocation to market-based work. Their model incorporates three frictions: (i) unequal division of household production between men and women; (ii) a social penalty for outsourcing domestic tasks; and (iii) as in Goldberg et al. (2025) taste-based discrimination against hiring women.

These distortions are central because they capture two dimensions. First, social norms and penalties governing women's roles at home reduce the time women can devote to paid work. Second, employers' biases limit women's opportunities and suppress demand for their labor. Together, these mechanisms both restrict the supply of women's work-hours, and weaken the incentives for firms to hire them—leading to a systematic misallocation of female talent away from the market sector, and depressing productivity.

When Gatti et al. (2025) set parameters in their model to match features of the economy in Egypt, their preliminary results suggest that fully removing gender-based distortion (by relaxing norms, equalizing household responsibilities, and eliminating hiring discrimination) raises FLFP to 45 percent (a 27-percentage-point increase) and GDP per capita by 25 percent, consistent with Goldberg et al. (2025).

By contrast, eliminating labor-market discrimination alone has negligible effects on FLFP and GDP per capita, if restrictive household norms remain binding. In this case, the main adjustment occurs through higher wages for the limited pool of working women (reducing the gender wage gap by 27 percent). This highlights that demand-side reforms alone is unlikely to unlock large gains in female labor force participation if supply-side constraints persist. These policy simulations further show that removing penalties on outsourcing domestic work increases the FLFP rate by 12 percentage points, and GDP per capita by 24 percent. Equalizing household production between men and women increases the FLFP rate by 22 percentage points, and GDP per capita by 6 percent.

Table 2.4 Simulated gains from removing supply and demand distortions discouraging or preventing women from working

Indicator	Equalizing the division of household tasks	Removing the penalty for outsourcing household production	Removing workplace discrimination	Adopting all three measures
Change in female labor force participation (percentage points)	22	12	0	27
Change in wage gap (ratio of male to female wages; percent)	-12	-22	-27	-20
Change in GDP per capita (percent)	6	24	0	25

Source: Gatti et al. (2025).

Note: The exercise first set parameters in the model to match features of the economy of Egypt and then runs simulations of changes in female labor force participation, the gender wage gap (wages of men relative to wages of women), and output per worker under different scenarios.

These macro-simulations underscore the dual importance of addressing both market- and household-level distortions and frictions. Reforms that only target demand-side distortions will only capture a fraction of the potential growth gains. By contrast, comprehensive strategies that encompass relaxing restrictive social norms, reducing penalties for outsourcing domestic work, promoting shared household responsibilities, and enforcing equal treatment in hiring, can unlock large increases in female labor supply, narrow gender wage gaps, and deliver substantial productivity and equity gains.

Thinking about reform

The MENAAP region stands at a demographic and economic crossroad. Continued strong working-age population growth is set to continue over the coming years. Yet fertility rates are declining sharply, the population is aging, and dependency ratios are set to rise steeply over the next two decades. At the same time, the region has yet to fully harness the potential of its currently young and increasingly educated population, particularly women. The trilemma of continued working-age population growth, looming aging and demographic reversals, and persistently low FLFP constitute both a challenge and an opportunity. Expanding women's participation in the labor market is not only a matter of fairness or social inclusion, but a macroeconomic necessity to sustain growth, fiscal stability, and social resilience. It should be advanced alongside broader job creation efforts and policies to manage looming aging-related pressures.

A host of interacting constraints

The reasons for persistently low female labor-force participation in the MENAAP region cannot be understood in isolation. It is not simply a question of women's willingness to work, nor only one of jobs availability. Instead, FLFP is shaped by the interaction of supply-side constraints, demand-side barriers, and the overarching influence of social norms and legal frameworks. These dimensions intertwine, producing a web of distortions that keep women's participation far below the level needed to achieve both immediate gains in household earnings, and longer-term benefits around fiscal sustainability, innovation, and economic diversification.

On the labor-supply side, many women who are willing to work face constraints such as childcare shortages, limited options for safe transport, and heightened risk of harassment. On the labor-demand side, employers frequently discriminate in hiring and promotion decisions, or view women as more costly to employ if their work is subject to gender-specific regulatory requirements. Meanwhile, broader labor-market weaknesses—e.g., high youth unemployment, limited private sector dynamism, and a bias toward public sector employment—stifle the creation of quality jobs for both men and women.

Overlaying these supply- and demand-side frictions are distortionary and discriminatory social norms and legal frameworks, which both reflect and reinforce the exclusion of women from the labor force. Surveys consistently show that many individuals personally support women's work, but believe their communities do not—suggesting a misperception of social norms that perpetuates restrictive behavior. Despite improvements in some countries, legal frameworks in MENAAP still limit women's participation in certain sectors, regulate how many hours they can work, and inadequately protect them against harassment or discrimination. These contextual distortions amplify the effect of labor-market frictions.

Why reforms must be comprehensive

Isolated policy interventions are unlikely to suffice in this context. Expanding childcare without addressing discriminatory hiring, or reforming gender-equality laws without tackling transport and safety concerns, will likely yield limited results. The evidence shows that policies must be comprehensive, tackling simultaneously multiple factors that contribute to excluding women from the labor market. For example, reforms that create new job opportunities for women can, over time, bring about a shift in prevailing social norms. Similarly, employer-provided services such as childcare or safe transport can mitigate supply-side barriers, while demonstrating the viability of women's work in practice.

International evidence reinforces this lesson. Gains in female labor-force participation outside the MENAAP region have come not from a single reform, but from the combined effect of changing social expectations, eliminating legal barriers,

and creating inclusive labor markets. For MENAAP, where distortions are particularly entrenched, the need for such a holistic approach is even more urgent.

Taken together, these reforms can help unlock one of the region's largest untapped sources of growth. By aligning social norms, laws, and labor markets with the aspirations of educated women and the demands of the economy, countries in the region can meet the oncoming demographic transition not with expectations of decline, but with renewed dynamism.

Shifting social norms

Social norms restrict women's participation by prescribing rigid roles for men and women, and by attaching stigma to those who deviate. In many communities, women who seek employment outside the home face criticism from relatives or neighbors, even when their own families are supportive. These attitudes influence everyday choices about childcare, commuting, and career aspirations, and they can override even well-designed policies.

Evidence on policy interventions highlights two important observations. First, piecemeal interventions to raise participation often fall short when they ignore household dynamics and restrictive norms. Reforms that only target discrimination in hiring, while leaving deeper norm-based barriers intact, only yield a fraction of the potential gains. Second, as highlighted in the previous section, many normative barriers stem from misperception: individuals frequently underestimate the extent to which others in their community support women's work. Correcting these misperceptions through information has proven to be one of the most effective ways to shift behavior and increase female participation in the labor force.

Social norms may undermine reform efforts

One striking example on the interaction between norms and policy interventions comes from Cairo, where childcare vouchers and job-matching services were offered to women in low-income neighborhoods. Despite a clear economic need and logistical feasibility, participation in the program was minimal. The failure stemmed from prevailing attitudes: more than one-third of women, and nearly two-thirds of their husbands, reported that leaving children in daycare was socially unacceptable (Caria et al., 2025). A similar pattern emerged in relation to marriage-age reforms in different countries. Laws raising the minimum age of marriage reduced early marriage only in communities where attitudes had already begun to shift; conversely, in areas where norms remained deeply traditional, the legislation had little to no effect (McGavock, 2021; Wilson, 2022; Bellés-Obrero and Lombardi, 2023). These cases reveal how policies and legal reforms meant to encourage female participation in the labor force may have limited impact in contexts where household or community expectations run counter to their intent.

Even when interventions succeed initially, backlash driven by social norms can erode their effects over time. In Saudi Arabia, for instance, free driver-training programs expanded women's mobility and employment prospects; yet, many married women saw their financial autonomy curtailed, as husbands responded by reasserting control over other aspects of household decision-making (Abou Daher et al., 2025). In Tunisia, cash grants and training programs initially raised women's participation in income-generating activities, but once husbands were involved in the training, the benefits disappeared. Male partners came to perceive entitlement to the new income and control over the business, undermining women's independence (Gazeaud et al., 2023). In both cases, attempts to empower women economically clashed with entrenched gender norms and produced unintended outcomes.

The risks of narrowly designed policies extend beyond norms alone. Addressing discrimination in hiring has little impact if women still lack access to enabling services such as childcare and transport. Similarly, relaxing supply-side constraints will not raise participation in the absence of robust private sector job creation. In some cases, well-intentioned interventions even produced perverse effects. In the Islamic Republic of Iran, a 2016 law shortened working hours for women with young or disabled children without cutting their pay. While intended to support mothers, the reform made women more expensive to employ, leading many firms to reduce female hiring (Chen and Ebadi, 2025). Comparable problems arise with mandates requiring firms to provide on-site childcare, which may inadvertently reduce employment opportunities for women by raising the perceived costs of hiring them (see Box 2.8). Protective legislation limiting women's ability to work at night or in certain industries often has the same effect, reducing choices and widening the very gaps it was meant to narrow (see also the discussion of paternalistic norms in Buchman et al., 2024).

Information shifts how norms are perceived

Underlying many of these shortfalls is limited information about both women's actual preferences and firms' constraints. When interventions assume demand that does not exist, or impose costs without offsetting benefits, they risk creating what some have termed a "minority trap," where employers view women as systematically more costly to hire (Cabral, 2022). By contrast, reforms that combine accurate information with targeted support have shown more promise. Providing information that corrects misperceptions about norms is one pathway. In Saudi Arabia, men who were informed about their peers' actual support for women's work were more likely to encourage their wives to apply for jobs, while female university students who learned about the career aspirations of their peers raised their own expectations about future employment (Bursztyn et al., 2020; Aloud et al., 2024).

Media and public campaigns have also been used to challenge stereotypes and normalize women's participation. In Egypt, a televised entrepreneurship competition, *El Mashroua*, portrayed women in non-traditional business roles and succeeded in improving perceptions of female entrepreneurs, even if it unintentionally reduced the perceived importance of discrimination as a barrier (Barsoum et al., 2022). In Lebanon, short video campaigns highlighting how men could support women's careers shifted attitudes toward working mothers among both men and women (Qarout et al., 2024). Similarly, in Pakistan, interventions that enlisted men's support for women's voting rights increased both women's turnout, and men's willingness to help them reach polling stations (Cheema et al., 2023). In Brazil, exposure to soap operas (*novelas*) produced by the media group Globo significantly influenced women's fertility choices (La Ferrara et al., 2012). Specifically, women living in areas with Globo coverage were more likely to adopt norms conducive to having smaller families, aligning with the family structures portrayed in *novelas*. The effect was stronger among women of lower socio-economic status.

Schools and community institutions also provide important arenas for reshaping norms. Evidence from India shows that exposure to women in village-council leadership positions raised girls' aspirations and educational attainment (Beaman et al., 2012), while structured school-based programs have challenged gender stereotypes in adolescence, a formative stage for identity development (Dhar, Jain, and Jayachandran, 2022). In rural Ethiopia, showing documentaries featuring local role models proved effective in raising aspirations among poor households (Bernard et al., 2019). It lifted parental aspirations for their children's education, and boosted school enrollment, time in school, and spending on education. Notably, the presence of strong female role models contributed to an especially positive impact on aspirations for and investment in girls. Men's responses may also vary depending on their roles: research from Saudi Arabia suggests fathers were more receptive than husbands to shifting gender norms (Abou Daher et al., 2025). Campaigns that reframe certain services and highlight their broader benefits can further influence attitudes. For example, presenting childcare as an investment in child development has softened resistance in some settings, although evidence from MENAAP remains limited. Media efforts have shown similar potential: in Jordan and Lebanon, social media campaigns promoting

workplace equality and shared domestic responsibilities improved short-term attitudes toward gender equity (Qarout et al., 2024); while in Egypt, a campaign disseminated via WhatsApp, Facebook, and television increased women's awareness of support services against gender-based violence, even if it did little to shift entrenched beliefs (Christia et al., 2023).

Collectively, these examples illustrate that efforts to expand female labor-force participation must go beyond addressing individual barriers in isolation. Policies that ignore social norms often falter, while those that are designed to complement or gradually reshape norms—through information, services, and role models—have a greater chance of succeeding. More broadly, reforms must be comprehensive, integrating supply- and demand-side measures with initiatives that shift perceptions and expectations. Only such a holistic approach can overcome the cumulative effect of norms, laws, and labor-market distortions that continue to hold back women's participation in the region's economies.

When you cannot prompt a shift in social norms, go around them

In settings where restrictive norms are difficult to change directly, gender-sensitive policies may allow women to navigate around them. Yet such measures can create a trade-off: while they may boost participation in the short run, they risk reinforcing underlying social barriers if they do not also challenge the norms themselves.

An example concerns the norm whereby men are supposed to control household resources. One way to circumvent it is to make women's financial assets less visible. However, interventions that aim to boost female participation in economic activity do not always take such considerations into account. In Tunisia, for example, when husbands were included in a gender-sensitive financial training program targeted at poor women, the effectiveness of cash grants diminished—likely because women lost privacy and autonomy in the management of those resources (Gazeaud et al., 2023).

Digital financial products and platforms can strengthen women's control over resources, and increase their incentives to work. In Pakistan, biometric systems for cash transfers improved women's control compared with debit cards, which were more easily appropriated by others (Clark et al., 2022). In India, directing workfare-program payments away from the accounts of men and into those of women increased female participation, particularly among those whose husbands disapproved of them working (Field et al., 2021). In Rwanda, replacing cash with mobile money boosted outcomes for female entrepreneurs (Riley, 2024). By contrast, in Kenya, providing ATM cards increased the use of men's and joint accounts but not that of women-only accounts—suggesting that if men have visibility over women's assets, sometimes reduces women's financial autonomy (Schaner, 2017).

Technology can also help to circumvent gender norms regarding women's care responsibilities, and their mobility outside the home. Alhorr (2024) finds that for Jordanian female entrepreneurs, access to virtual storefronts through Facebook pages, together with online digital-marketing training, increased business survival rates, revenues, and client bases, especially among women whose mobility was constrained. Evidence from Jordan indicates that increased internet access significantly raises labor-force participation and online job-searching activity among women, and reduces the prevalence of gender-biased social norms and early marriage, as well as fertility rates. However, the increase in FLFP did not translate into higher female employment, except among older, skilled, and unmarried women—a finding in line with those observed in Sub-Saharan Africa and Asia (Viollaz and Winkler, 2021).

Reforming the legal and regulatory framework

Policymakers across the MENAAP region face a common problem: how to create an environment in which women can participate in the labor market safely, productively, and on equal terms. Legal frameworks and workplace regulations play a decisive role in shaping both opportunities and constraints around female labor-force participation. Where laws protect women against discrimination, harassment, and exclusion, labor-force participation rises; where laws lag behind, progress is slow or even reversed. Experiences from both within and outside the region show that reforms must be broad and carefully designed, since interventions that fail to consider existing norms or enforcement capacity often backfire (for example, Abou Daher et al., 2025).

Overall, evidence suggests that laws and policies are most effective when they address three points: they directly improve safety and working conditions, create tangible incentives for women to participate in the labor force, and align with or gradually shift social norms. Reforms to workplace protection, childcare laws, and inheritance rights all matter, but each must be carefully designed to avoid unintended consequences. Strong legal frameworks can act as a foundation for women's labor-market participation, but without complementary enforcement and change in social norms, their impact will remain partial.

Progress has been visible, albeit uneven

Progress on legal reforms in the region has been tangible. The World Bank's Women, Business and the Law Index illustrates this trajectory: in the MENAAP region, the average score rose from 29 in 1971 to 33 in 2000, and to 52 in 2024. Reform momentum accelerated after 2010, when 116 relevant positive reforms were introduced in the region compared with just 68 in the preceding four decades. However, progress has been uneven across regulatory topics. Most reforms focused on workplace protection and pay—covering issues such as nondiscrimination in recruitment and flexible work arrangements—while none addressed women's rights to own property or inherit assets.

Protection from sexual harassment

One urgent area of reform concerns protection from sexual harassment. Only seven of the region's 21 economies currently have legislation addressing it. Comparative evidence suggests the importance of enacting and enforcing such laws: in India, police patrols in public spaces reduced severe street harassment by 27 percent (Amaral et al., 2025), while gender-targeted reforms introducing women's helpdesks and dedicated staff in police stations significantly increased reporting of violence against women (Sukhtankar et al., 2022). Greater visibility and accountability of law enforcement can deter harassing behavior, and enhance women's sense of security in public and work settings.

Ensuring inheritance rights

Inheritance and property rights remain critical and highly sensitive. Since inheritance law in the MENAAP region is often tied to religious family law, reforms in this area have been limited. Informational campaigns in Tunisia found that support for informal practices—such as gifting property—to equalize inheritance between sons and daughters was higher than support for legal change. Providing information about gifting increased acceptance, while correcting misperceptions about others' attitudes toward legal reform had little effect (Hauser, 2025). Experience from Punjab, in Pakistan, where reforms to land records and biometric ID verification aimed to protect the inheritance rights of daughters, also show mixed outcomes. While such reforms reduced the prevalence of disinheritance, they also led to fewer girls being registered for national identity cards, suggesting that families adapted in ways that preserved unequal outcomes (Beg et al., forthcoming). These examples underscore that reforms touching directly on family resources can provoke compensatory responses, making careful design essential.

The challenge of gender-equality mandates

Mandating gender equality under the law is not always sufficient, and can sometimes backfire when social norms remain deeply resistant. In India, equal inheritance laws may have unintentionally increased female infant mortality, suggesting that the reform may have raised the perceived cost of having daughters rather than sons when social norms lead parents to still prefer to leave their property to sons (Bhalotra et al., 2020). By contrast, when social norms are more accommodating, legal reforms can reinforce positive shifts. In Europe, for example, laws mandating paternity leave changed attitudes toward gender roles. In Germany, eligible men not only took leave, but also reported more gender-equal views; while in Spain, the children of fathers who took leave later exhibited more egalitarian attitudes (Unterhofer and Wrohlich, 2017; Farré et al., 2021). These cases suggest that legal reforms can shape norms over time, but their effectiveness depends heavily on the surrounding context and enforcement capacity.

Labor supply: Enabling labor-market entry

Women's decisions to enter the labor force are shaped by a complex interplay of personal, household, and societal factors. Education and skills play a central role, as higher levels of schooling often boost both women's aspirations and the returns to work. Household responsibilities, particularly childcare and eldercare, weigh heavily, with the availability and affordability of support services strongly influencing participation. Economic incentives—such as wages relative to household income needs—also matter, as do the expectations of husbands, parents, or in-laws. Safety concerns and access to reliable transport often determine whether work outside the home is feasible. Finally, the availability of flexible or part-time options, or lack thereof, can significantly expand or constrain women's choices. Together, these factors create the environment in which women weigh the costs and benefits of entering the labor force.

Childcare

Expanding access to quality, affordable childcare remains an area with significant room for policy action. Making childcare options available to women can boost their participation in the labor market, although results are mixed in MENAAP due to strong homemaker norms. A review of 22 studies across low- and middle-income countries found positive effects in nearly all cases (Halim et al., 2023). Simulations suggest that expanding affordable childcare could increase female labor-force participation by 2–3 percentage points in Jordan and Lebanon, and by about 0.5 points in Iraq, with even larger effects if childcare were free. Yet rigorous evaluations in the region are scarce.

A 2022 World Bank study highlights both progress and gaps in childcare provision. Several countries in the region, including Bahrain, Egypt, Kuwait, and Pakistan, mandate employer-provided childcare once firms reach a certain number of female employees. These policies, while well-intended, can increase the cost of employing women, thus reducing female labor-force participation and reinforcing occupational segregation (see Box 2.8 for a detailed discussion).

Laws that promote childcare represent a key lever. Global evidence shows that regulations expanding the supply of and demand for center-based childcare for children under the age of three significantly increase female labor-force participation. Two years after enactment, such laws raised the participation rate by 1 one percentage point, and five years later by nearly 3 percentage points (Anukriti et al., 2025). In contexts where social norms discourage the use of formal childcare, legal frameworks can also signal legitimacy and normalize such services, easing women's entry into the labor market.

Safe transportation

Safe and widely available transportation enables women to reach workplaces without fear of harassment or violence, which is a major deterrent to labor-force participation in many contexts. Reliable and secure mobility expands the range of jobs women can access, especially beyond their immediate neighborhoods, thereby increasing economic opportunities. It also signals social acceptance of women's presence in public spaces, helping to normalize female employment more broadly.

An interesting example is gender-segregated transport. Dedicated buses or train cars can help women overcome mobility constraints and reduce harassment in contexts where mixing in public is discouraged. But they also risk perpetuating the idea that women must be confined to "safe" spaces. Evidence is mixed: in urban Pakistan, gender-segregated transport increased women's job application rates, even among those who had not previously sought work, while mixed-gender transport had little impact (Garlick et al., 2025). Interestingly, the intervention in Pakistan highlighted that, in addition to harassment, concerns about societal propriety played an important role in shaping women's mobility. In Mexico City, the *Viajemos Seguras* program reduced reported harassment on the subway by 2.9 percentage points (Aguilar et al., 2021). Similarly, in Rio de Janeiro, women in female-only subway cars were harassed half as often as those in mixed cars, and many reported being willing to pay a premium for such safety (Kondylis et al., 2025). In Egypt, subsidizing ride-hailing services such as Uber increased women's mobility, by enabling them to substitute away from unsafe buses (Christensen and Osman, 2025).

These findings suggest such policies can reduce immediate risks, but they may entrench segregation unless paired with broader norm-shifting reforms. Moreover, while these findings highlight that mobility is a constraint for many women in the region, solutions might entail broader policies than the interventions that were experimented, including to ensure cost-effectiveness. These include improving the public transport network, the reliability of public transport schedules, better lighting, and policy enforcement.

Encouraging flexible work

Flexible work arrangements—especially remote work—can help women circumvent barriers related to safety, childcare, and mobility. This is especially the case for highly educated women when their occupation allows such flexibility. For most low-skilled women, such as those in hospitality, agriculture, or manufacturing, this option might not be available.

Uptake has been particularly strong in contexts where work arrangements allow for multitasking with childcare. In India, nearly half of women offered highly flexible work-from-home jobs accepted them, compared with only 15 percent who accepted office-based roles (Ho et al., 2024). Flexible jobs can serve as a gateway, enabling the transition into more traditional employment and gradually shifting attitudes about women's work.

Flexibility has also narrowed gender gaps. In the United States, increased access to remote work between 2003 and 2019 explained about two-thirds of the decline in the "motherhood penalty" among college graduates (Harrington and Kahn, 2025). Collective bargaining reforms in Brazil that expanded maternity leave, flexible schedules, and childcare support boosted women's retention and representation in management without reducing wages or firm profitability (Corradini et al., 2023). Still, certain studies note potential productivity losses from household distractions, although these are less pronounced in piece-rate work settings (Ho et al., 2024; Jalota and Ho, 2024).

Labor demand: The critical role of the private sector

A rising tide can lift all boats. A thriving private sector creates jobs throughout the economy, benefiting both men and women. This is especially important to reduce the reliance of women on the public sector for stable and formal jobs. Greater availability of private sector jobs would encourage more highly skilled women to pursue entrepreneurship and management careers, which in turn would further stimulate labor demand, raise wages, and create more opportunities for lower-skilled workers. Such a shift would not only support women's participation, but also improve overall productivity and growth. Gatti et al. (2025) discuss in detail challenges, potential, and a reform agenda for a more dynamic private sector in the region.

Greater competition reduces discrimination

Policies that strengthen the private sector while addressing discrimination can improve outcomes for all. One pathway is to increase competition. Becker's (1957) theory of discrimination suggests that in competitive markets, employers who discriminate (for example, against women or certain ethnic groups) incur higher costs and are eventually displaced by more efficient firms. Empirical evidence supports this link (Box 2.7). In the US banking industry, higher market concentration was associated with fewer women employed (Ashenfelter and Hannan, 1986). In Portugal, product-market reforms under the "On the Spot Program," which simplified firm entry, increased women's employment, especially in managerial and high-skill positions (Cooke et al., 2019). These cases highlight how policies that enhance market contestability, in a region where this is still very limited, can expand opportunities for everyone while reducing discrimination in hiring.

Possible room to reshape how firms weigh hiring decisions

Direct incentives for firms may help. In Pakistan, a 15-percent wage subsidy for hiring a woman for employers was associated with an 11-percentage-point increase in the likelihood of hiring women, and a 13-percentage-point increase in retention after 18 months (Bussolo et al. 2025). Such schemes, however, can involve significant fiscal costs. Laws that explicitly prohibit discrimination in hiring have been shown to matter: across more than 50 economies, mandating non-discriminatory practices increased the share of women employed (Amin and Islam, 2015).

Rigid mandates for the private sector may backfire

When designing policy interventions, care must be taken not to add a burden for a private sector that already faces many headwinds. Firms may react, especially if policies add burdensome costs, in unintended ways. Bover et al. (2025), for example, find that in Spain, family-friendly policies may have led firms to hire and promote fewer women. Some mandates designed to support women by easing childcare burdens and promoting employment can backfire by raising the cost of hiring women, which may lower their participation and deepen occupational segregation (Box 2.8).

Norms meet labor demand

Attitudes towards gender influence how easily firms can integrate women into their workforce. Research by Miller et al. (2022b) shows that in MENA and South Asia, a large share of firms employ no women at all. About 50 percent of medium firms and 29 percent of large firms in MENA are all male. Similarly, 48 percent of medium and 23 percent of large firms in South Asia are all male. This suggests that many firms face a threshold decision—whether to integrate their workforce at all—rather than incremental choices about hiring. Integration costs, often linked to social preferences for gender segregation, appear to be significant. Countries with stronger preferences for gender segregation face higher integration costs, which are negatively correlated with female labor-force participation. By contrast, where a larger share of the population supports gender mixing, integration rates are higher. Evidence from Saudi Arabia shows a similar pattern: norms favoring gender segregation raised the costs of integration, and limited women's opportunities (Miller et al., 2022a).

Box 2.7 Can competition curb gender discrimination? Evidence from an Egyptian field experiment

In his pathbreaking 1957 book *The Economics of Discrimination*, Nobel laureate Gary Becker argued that prejudice is costly. A firm that refuses to hire productive workers because of characteristics that are not related to their productivity, such as gender or racial identity, sacrifices output and profit. Discrimination, in his model, is a “taste” that employers can indulge only when competitive pressures are weak and the financial penalty is small. From this insight flows a clear prediction: in markets where rivalry is fierce and margins are thin, prejudiced and discriminating employers must abandon their bias or lose out to more pragmatic competitors. Where competition is muted, discrimination can persist because its cost is low.

Testing this prediction has been difficult, because competition and discrimination can be rarely measured properly. Most studies rely on observational data or natural experiments—such as bank deregulation, trade liberalization, or entry reforms—that provide only indirect evidence.

To address this gap, Falco et al. (2025) conducted a field experiment in Egypt with 500 managers from firms in Greater Cairo. Managers made hiring decisions for a real job, reviewing anonymized résumés of male and female candidates. Their earnings depended on the productivity of the chosen worker, ensuring real financial stakes. The experiment randomly varied competition: some managers faced no rivals, others one, and others four. In competitive settings, only the manager whose chosen worker proved most productive earned a payoff.

Preliminary findings seem to confirm Becker’s insights. When competition increased, managers were more likely to hire women. The effect was strongest among smaller enterprises, where bias was more common. Importantly, the result persisted even when résumés displayed explicit productivity scores, suggesting that competition constrained taste-based discrimination rather than statistical bias.

The emerging findings extend earlier work linking competition to reduced discrimination, but with rare causal precision. In a region where female labor-force participation hovers around 20 percent—less than half the global average—and patriarchal norms remain strong, the experiment shows that competition can discipline bias even under unfavorable conditions.

The policy message from these early findings is straightforward. Regulatory reforms that lower entry barriers—simplified licensing, digitized customs clearance, faster bankruptcy procedures—raise competitive pressure and increase the cost of prejudice, benefiting both consumers and workers. For firms, the lesson is equally direct: bias is expensive. Embedding performance-based recruitment, benchmarking diversity against peers, and competing in procurement auctions all sharpen incentives to hire talent regardless of gender. In Cairo, managers shifted behavior within minutes once incentives changed—evidence that norms bend quickly when discrimination carries a financial penalty.

If the emerging findings of the study stand, they would suggest that Becker’s insight remains highly relevant and particularly so for MENAAP: when markets become more competitive, prejudice becomes unaffordable, and talent—not bias—decides who is hired.

Box 2.8 How well-intentioned mandates for the private sector can reduce female employment

Nine countries in the MENAAP region require firms employing more than a specified number of women (or of employees, regardless of gender) to provide on-site childcare, without any subsidies, tax incentives, or cost-sharing arrangements. Globally, this policy design is rare—only 14 countries outside the region maintain such mandates (Women, Business, and the Law, 2024).

Such mandates are often intended as pro-women policy instruments, aiming to ease the childcare burden and support female employment. However, evidence indicates that they can backfire—by increasing the cost of employing women, they may reduce female labor-force participation and reinforce occupational segregation. For instance, Rojas et al. (2019) study the consequences of a regulation in Chile that mandates firms with more than 19 female employees provide childcare. They find that this requirement raised firms' fixed costs, which led to lower female hiring and pushed women into lower-paid, more flexible roles. Furthermore, Escobar et al. (2024) show that such mandates also create resource misallocations.

Similarly, laws that aim to protect women—such as restrictions on working at night or in certain industries—often end up limiting their employment options and reinforcing gender gaps. Chen and Ebadi (2025) study a labor reform in the Islamic Republic of Iran, mandating that employers reduce working hours without pay cuts for eligible female employees—such as mothers of young or disabled children. The authors show that the reform led to a decline in women's employment, likely because it created a disincentive for employers to hire women.

The experience of Iraq and Jordan further illustrates the risks. In Iraq, the obligation for employers of women with young children to provide childcare services creates a clear disincentive to hire mothers of children aged 0–4, reinforcing traditional gender roles that keep women as primary caregivers. In Jordan, while the statutory design is based on the number of children amongst all employees rather than on workforce size—and is therefore less directly discriminatory—it may still discourage employers from hiring young women, who are more likely to have small children. Tying obligations to the number of children of employees may also place heavier cost burdens on small and medium firms, and hence amplify incentives to avoid female hires or formalization. The Mashreq Gender Report (World Bank, 2023) highlights that less than 5 percent of mothers in the region actually benefit from employer-provided childcare, underscoring the limited effectiveness but significant distortive potential of these mandates. In the same spirit, Bover et al. (2025) warn that although family-friendly policies are introduced to support fertility and participation, firm-level mandates may decrease demand for women's labor, potentially resulting in lower FLFP and wider gender wage gaps.

Similar distortions have arisen from other well-meaning regulations. These include protective legislation that prohibits women from night work or hazardous tasks, which has historically excluded them from better-paying jobs; and generous maternity leave policies without accompanying paternity leave, which make hiring women more costly and elevate workplace discrimination.

A more effective and equitable approach is to detach childcare support from firms, and fund it through broad-based public mechanisms. Childcare vouchers, for example, allow families to choose providers while avoiding changes in firms' cost structures and enhancing service quality through competition. Subsidized childcare services

can reduce household burdens and boost female labor supply without distorting employer incentives. Shared parental leave also helps equalize caregiving responsibilities, reducing employer bias against hiring women.

Consistently with the broader findings of this report, dismantling restrictive norms and redistributing household responsibilities can yield significant macroeconomic benefits. Yet, as the evidence underscores, policy design is decisive. Poorly structured mandates can exacerbate gender misallocation; conversely, well-targeted, publicly financed programs can amplify norm change and labor-market reform to unlock women's full economic potential.

Rethinking the role of the State

Globally, the private sector is the engine of sustainable job creation. Governments can boost private sector dynamism by separating government roles as shareholder, policymaker, and regulator. Policy makers should strive to create the conditions for durable private sector growth, including by: strengthening macroeconomic and institutional stability, removing barriers to responsible business activity, and ensuring the provision of well-executed foundational investments in infrastructure (including water, energy, and transport) and human capital (health, education, and training); and mobilizing private capital. They can also ensure that SOEs and private sector firms are treated equally.

The quantitative simulations in Parro and Torres (2024) suggest that reducing the prevalence of public sector employment, particularly in economies where the public sector is the main employer of highly educated women, could boost FLFP by unleashing more talent into entrepreneurship. In their analysis, more entrepreneurship increases labor demand and wages, drawing low-skilled women into market work and improving overall productivity. Similarly, Goldberg and Chiplunkar (2024) find that increasing the share of female managers increases the hiring of women as female entrepreneurs are more likely than men to hire women.

Overall, these findings point to the importance of strengthening the private sector's role as a generator of jobs for all workers. Policies that enhance competition, lower barriers to entry, and incentivize firms can expand opportunities across the labor market. Complementary legal reforms, particularly those mandating non-discrimination, provide additional tools to ensure that job creation is inclusive. Ultimately, a dynamic and competitive private sector is indispensable for broad-based employment growth—one that benefits women, men, and the economy as a whole.

Identifying policy priorities and evidence-based policy tools

Tackling gender disparities in economic empowerment with limited resources requires focused investments and careful budget allocation, to prioritize the most impactful policy tools. The appendix presents a toolkit for practitioners and policy makers aiming to promote women's economic empowerment in MENAAP (Table A.3).

The toolkit is grounded in a review of causal research testing the impact of various policy tools. It follows the methodology developed in Amaral et al. (2024), which begins with a review of global evidence about improving outcomes for women in five areas: business ownership and business growth; childcare and home responsibilities; digital inclusion; transport and mobility; and safety in the public space and in the workplace.

Each policy priority is identified based on a review of global evidence, and of policy issues that may limit women's economic empowerment and labor-force participation. These priorities are aligned with the priorities identified in the

MENA Regional Gender Action Plan (2025-2030). The initial selection of the relevant literature included 213 published studies, out of which 117 were deemed of high quality and considered for this exercise.⁵⁰ The evidence base for each policy tool was classified based on two dimensions: the number of studies conducted, and the overall direction of their findings. This framework resulted in the categorization shown in Table A.2.

Conclusion

Policy makers in the MENAAP region face a jobs-related triple-salvo. They need to create jobs at scale now to provide opportunities for a working-age population that will continue to grow significantly over the next two decades. Looking ahead, there is a pressing requirement to prepare for the looming demographic transition as fertility rates fall and populations age. They also need to foster further female labor force participation, with rates in the region remaining among the lowest in the world, limiting potential growth.

These three issues are inter-related and must be tackled in parallel. Addressing low female labor force participation cannot wait: missing out on the productive potential of half of the working-age population is containing the region's economic prospects and will be containing the region's economic potential. Boosting female labor-force participation would be the most effective way to mitigate the future drop-off in working-age population growth. A dynamic private sector is essential for these benefits to materialize.

Women's participation in the labor market is shaped by the complex interaction of restrictive social norms, legal barriers, household decisions, and demand forces. Effectively removing barriers that prevent women from accessing jobs that best match their talent and human capital could be transformative for MENAAP economies: this could more than double female labor-force participation in the Arab Republic of Egypt, for instance, supporting a 25 percent rise in GDP per capita.

However, for such gains to fully materialize, targeted policies must simultaneously tackle multiple constraints that contribute to excluding women from the labor market. A dynamic private sector that creates jobs, aligns incentives of women to enter the labor markets, helps eliminate discrimination, and transforms aspirations is essential to this process.

⁵⁰ A study was considered of high quality if it assessed the impact of a policy tool using a causal methodology that compares the intervention group to a suitably identified control group. Such methodologies included randomized controlled trials, difference-in-differences designs (mostly two-way fixed-effects methods), instrumental variable, and regression discontinuity designs. Studies with small sample sizes or high levels of attrition, and studies that did not report gender-disaggregated results, were also excluded.

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Appendix

Table A.1 Actual and projected real GDP per capita growth, inflation, current account balance, and fiscal account balance, by economy, 2024–26

	Real GDP per capita Growth			Inflation			Current Account Balance			Fiscal Account Balance		
	<i>percent</i>			<i>percent</i>			<i>percent of GDP</i>			<i>percent of GDP</i>		
	2024e	2025f	2026f	2024e	2025f	2026f	2024e	2025f	2026f	2024e	2025f	2026f
MENAAP	0.7	1.4	1.8	2.2	2.3	2.3	2.1	1.2	1.2	-2.6	-3.4	-3.4
MENA	0.6	1.5	1.9	2.2	2.3	2.3	2.3	1.2	1.4	-2.2	-3.2	-3.1
Gulf Cooperation Council	-1.8	1.5	2.6	1.5	1.9	2.1	5.0	4.1	4.5	-0.3	-0.9	-0.7
Qatar	1.6	2.0	4.3	1.1	1.2	1.9	17.4	10.5	9.8	0.7	0.1	1.1
United Arab Emirates	0.1	2.4	3.2	1.8	2.1	2.0	7.8	7.1	7.7	4.8	4.4	4.9
Saudi Arabia	-2.6	1.4	2.6	2.1	2.3	2.2	-0.5	-0.3	0.3	-2.5	-3.1	-3.3
Bahrain	0.6	1.4	1.2	0.9	1.8	2.2	4.8	4.4	4.0	-10.5	-7.7	-7.9
Kuwait	-5.3	0.6	1.4	3.0	2.6	2.3	23.8	23.9	23.1	-4.8	-4.7	-4.5
Oman	-2.7	-0.9	0.3	0.6	1.4	1.7	2.2	0.8	0.7	6.3	0.5	0.6
Developing Oil Exporters	1.3	-0.7	-0.4	3.2	2.9	3.4	0.8	-1.9	-2.6	-4.9	-6.5	-7.2
Islamic Republic of Iran	2.9	-2.5	-3.6	35.8	49.0	56.0	2.8	-0.3	-0.1	-3.2	-4.1	-4.7
Algeria	2.3	2.4	2.2	4.0	2.8	3.4	-1.1	-6.0	-7.8	-13.8	-13.1	-13.6
Iraq	-3.6	-3.0	4.5	2.5	3.0	3.5	0.1	-0.1	-1.0	-0.1	-5.7	-6.0
Libya	0.9	12.2	2.4	2.1	2.1	2.1	-4.3	-4.0	-2.6	0.1	3.8	3.3
Developing Oil Importers	0.8	2.3	2.0	7.0	4.5	3.0	-3.0	-2.2	-2.2	-5.1	-5.8	-5.6
Arab Republic of Egypt	1.1	3.4	2.5	33.6	20.9	14.6	-5.3	-4.4	-3.8	-3.6	-7.4	-6.7
Tunisia	1.0	2.0	2.0	7.0	5.7	5.2	-1.9	-2.7	-2.9	-6.3	-5.7	-5.3
Jordan	1.5	2.1	2.0	1.6	2.2	2.4	-5.9	-5.6	-5.0	-5.5	-5.4	-5.2
Morocco	2.8	3.5	3.3	0.9	1.1	1.8	-1.2	-2.1	-1.9	-3.9	-3.7	-3.4
Djibouti	4.5	4.6	4.7	2.2	1.6	1.5	11.5	12.7	15.0	-2.6	0.8	-0.3
Pakistan	1.0	1.1	1.0	23.4	4.5	7.2	-0.6	0.5	-0.1	-6.8	-5.4	-5.5
West Bank and Gaza	-28.3	1.5	2.8	53.7	26.2	3.0	-21.1	-15.5	-11.5	-9.5	-8.7	-7.5
Economies not Included in Aggregates												
Lebanon	-7.6	2.7	3.1	45.2	15.2	8.7	-22.2	-15.8	-16.1	0.5	0.0	0.0
Syrian Arab Republic	-5.8	-2.7	N/A	58.1	-12.7	N/A	0.4	0.1	N/A	-5.4	-6.0	N/A
Afghanistan	-0.4	-4.0	0.2	-4.3	2.0	3.0	-24.6	-31.9	-34.8	-0.4	0.0	0.1
Republic of Yemen	-4.4	-4.3	-2.8	33.9	33.0	15.0	-26.6	-29.0	-23.4	-2.4	-3.6	-3.0

Source: World Bank calculations based on data from the World Bank's Macro Poverty Outlook, October 2025.

Note: Years labeled with "e" are estimates, those labeled "f" are forecasts, and data points labeled "N/A" are unavailable. Countries are listed in descending order based on 2023 GDP per capita (constant 2021 PPPs) within each category. Values are rounded up to a single digit. Data for EGY and PAK is for fiscal years (beginning on July 1 and ending June 30), as is the case for AFG and IRN (beginning March 21/22 and ending March 20/21). LBN, SYR, and YEM are not included in MENA regional and sub-regional averages because of uncertain values. The macroeconomic forecasts for Iraq are based on the World Bank's estimates of real GDP at constant market prices. For the years between 2024 and 2026, real GDP growth rates for Iraq at constant market prices are identical to those at constant factor prices. Regional and sub-regional weighted averages of real GDP growth are calculated using the previous year's real GDP values as weights. Real GDP per capita growth is calculated as the growth rate of the ratio of the sums of real GDP and population for each category. Regional and sub-regional weighted averages of current account and fiscal balance are calculated using the current year's nominal GDP values as weights. Forecasts are updated as of September 26, 2025.

Table A.2 Categorization of evidence on policy tools used to increase female labor force participation

Categorization	Description
Conclusive	More than 10 high-quality studies ¹ evaluate the tool and find effects in the same direction.
Mixed	More than 10 high-quality studies evaluate the tool and find effects in different directions.
Emerging	3–10 high-quality studies evaluate the tool; evidence is growing but is not yet sufficient to conclusively determine the direction of effects.
Limited	Just one or two high-quality studies evaluate the tool; evidence on this tool is very limited and insufficient to conclusively determine the direction of effects.
No evidence	No high-quality studies evaluate the impact of the tool, but there is potential for the tool to close gender gaps based on suggestive or nonexperimental evidence or policymakers or researchers are testing the impact because of the theoretical potential of an intervention to address the constraint.

Table A.3 Policy tools for increasing female labor force participation

Policy Tool	Main takeaways	Evidence from MENAAP	Quality of global evidence
Access to capital and finance	Microcredit has modest effects, and primarily on enterprises with high profits. Some evidence suggests that providing capital through joint-liability (i.e., group) loans can lead to higher take-up and positive impacts on enterprise outcomes compared to individual-liability loans.	Yes (Egypt, Arab Rep. ▲)	Mixed
Access to capital and finance and increasing control over capital and finance	In-kind transfers and capital through mobile money reduce “capture” of capital by women’s family members and increase their control over it, resulting in increased profits. Evidence also suggests improvement in business outcomes if capital is hidden from extended family.	No	Emerging
Access to capital and finance and training	Training on financial inclusion has mixed evidence to support growth of female enterprises.	Yes (Tunisia ■)	Limited
Business training	Traditional training programs have mixed effects on female entrepreneurial outcomes due to lack of agency over decisions within the enterprise. On the other hand, heuristics-based business training focusing on easy-to-apply rules of thumb show promising results on sales and profits, particularly for entrepreneurs with low cognitive ability or financial skills.	Yes (Pakistan ■, Tunisia ■)	Emerging
Soft skills training	Training female entrepreneurs on soft skills and imagery-based learning show promising but mixed effects on business outcomes. It also matters with <i>whom</i> the entrepreneurs attend the training. Attending sessions with peers from their social network improves ability to apply training to their business.	No	Mixed

¹ A study is considered high quality if it assessed the impact of a policy tool using a causal methodology that compared the intervention group to a suitably identified comparison group. Such methodologies included randomized controlled trials, difference-in-differences, instrumental variables, and regression discontinuity designs. Furthermore, studies with small sample size, high levels of attrition, or that did not report gender disaggregated results were also excluded.

Table A.3 Policy tools for increasing female labor force participation

Policy Tool	Main takeaways	Evidence from MENAAP	Quality of global evidence
<i>Tools aimed specifically at agricultural businesses</i>			
Agricultural extension services	Traditional training and extension services paired with video messaging and feedback channels may have positive impact on female farmers' productivity. Targeting information to wives in agricultural households can empower them through their role in agricultural decision making and by reducing gendered task division. The mechanism of diffusion of information also matters.	No	Emerging
Facilitating market linkages for farmers	Limited evidence points to potentially lower take up of phone-based digital marketplaces by female farmers in Uganda. However, more systematic research is needed to study the impact on female farmers. Interventions aimed at male farmers show promise. Using digital tools reduced transaction costs, spatial price dispersion, strengthened farmers' market linkages, increased agricultural incomes, and improved supply chain efficiency.	No	Limited
<i>Tools aimed specifically at non-agricultural businesses</i>			
Promoting market access for non-agricultural businesses	Formal e-commerce platforms can increase the potential consumer base for small female business owners, who traditionally rely on informal means such as social media (e.g. Facebook and WhatsApp). Complementary skills training interventions can also boost impacts, including an increase in economic activity, income, civic engagement and empowerment.	Yes (Pakistan ▲, Jordan ▲)	Limited
Policy tools for childcare and home responsibilities			
Accessible and affordable childcare	Childcare provision for young children before start of pre-school has shown to increase maternal labor force participation.	Yes (Egypt, Arab Rep. ■)	Conclusive
Accessible and affordable pre-school	Enrolment of children in pre-school allows mothers doesn't induce entry into the labor force.	Yes (Algeria ▼)	Conclusive
Technological innovations	Expansion of electricity and liquid petroleum gas use can reduce time spent on household chores, allowing women to increase their labor force participation.	No	Limited
Policy tools for digital inclusion			
Mobile phone provision and effective accessibility	Facilitating the supply of mobile phones among women does not result in improved outcomes among women because men tend to take progressive control over the asset in India. Evidence from Africa suggests continued smartphone possession, instead of selling it, increases households' overall consumption. It leads to a shift in women's time from farming to communication with clients and market trading, though this does not always translate to increased income flows. Basic phones are more effective among low-literacy women in increasing uptake of digital financial services.	No	Emerging

Table A.3 Policy tools for increasing female labor force participation

Policy Tool	Main takeaways	Evidence from MENAAP	Quality of global evidence
Expanding internet access	Internet coverage may improve women's labor force participation and full-time employment by facilitating online job search, though it may also reduce the probability of holding skilled or formal jobs.	Yes (Jordan ▲)	Emerging
Digital literacy trainings	Programs tailored to women's needs and preferences tend to be more effective at motivating women to build digital skills. Pilot evaluations suggest that group-based learning approaches can increase phone ownership and improve employment opportunities, and providing female role models and mentors may be an effective encouragement strategy for digital skill development.	No	No evidence
Targeting norms around women's digital access	Descriptive evidence suggests that engaging with "gatekeepers" of women's digital access (typically male family members) can mitigate backlash and encourage men to see the value in women's access.	No	No evidence

Policy tools for transport and mobility

Segregated public transport and employer-provided transport	Female-only transport (buses, dedicated cars on the subway) and employer-provided transport (such as pick and drop vans) have the potential to overcome mobility barriers by reducing harassment and increasing perceived safety in both rural and urban regions, leading to higher female labor supply.	Yes (Pakistan ▲)	Emerging
Expansion of public transportation, without a women-only component	Expansion of public transport to new areas increases college enrolment and employment for women.	No	Emerging
Provision of bicycles	Providing bicycles to girls for commuting to school can increase school enrollment and reduce harassment. The creation of subsidies or free provision has the same impact. However, evidence also points to possible negative consequences in the form of increased early marriage and teenage pregnancy.	No	Emerging
Driver training and subsidizing ride-hailing services	Driver trainings can potentially increase female employment for single and widowed women but can decrease employment for married women (in cases where there is strong resistance to employment of wives.) Subsidizing ride-hailing services like Uber can also boost women's mobility by providing a safer mode of transport and substitute away from less safe public buses.	Yes (Saudi Arabia ■, Egypt, Arab. Rep. ▲)	Limited
Gender-based violence prevention and gender sensitivity training for service providers and commuters	There is no causal evidence that a bystander program along with an easier reporting system for harassment and other offenses may have led to an increase in metro rides by women.	No	No evidence

Table A.3 Policy tools for increasing female labor force participation

Policy Tool	Main takeaways	Evidence from MENAAP	Quality of global evidence
Policy tools for safety in public spaces and in the workplace and educational institutions			
<i>Tools aimed at increasing safety in public spaces</i>			
Information campaigns through media	Information campaigns delivered through targeted videos or social media can increase knowledge on women's safety issues, but do not always lead to change in practices or attitudes supportive to women.	Yes (Egypt, Arab Rep. ▲)	Limited
Hotspot policing	Increasing visible presence of law enforcement and effective handling of harassment in public places reduces incidences of sexual harassment.	No	Limited
Encouraging proactive bystander behavior	Pilot evidence shows that a bystander program along with an easier reporting system led to a reduction in sexual harassment in the metro.	No	No evidence
Infrastructure improvements in hotspots	Street lighting and other improvements in urban public spaces is correlated with improved commuter satisfaction for women.	No	No evidence
<i>Tools aimed at increasing safety in the workplace and in educational institutions</i>			
Flexible working options, safe workplaces and female-friendly workplace amenities	Flexible working options (e.g., flexible working hours, working from home) and female-friendly amenities at work (e.g., quality and safety of accommodation facilities,) have the potential to increase female labor supply and increase retention of female workers.	No	Emerging
In-school training of teachers and students against violence and harassment	Conducting training programs of teachers and students on awareness, reporting, and response to violence or harassment leads to lower instances of violence, increases reporting rates, and improved mental health outcomes of victims. Training programs that are in-person and incorporate empathy-building components are especially effective.	Yes (Pakistan ▲)	Emerging

Source: World Bank (2025g).

Note: ▲ positive impact, ▼ negative impact, ■ no impact or mixed impacts on different subsamples.

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