



ACTION BRIEF

GUIDANCE FOR ACTION: SUPPORTING SMEs TO ENSURE THE ECONOMIC COVID-19 RECOVERY IS GENDER- RESPONSIVE AND INCLUSIVE



BACKGROUND

Women-owned SMEs



The COVID-19 crisis is hitting women particularly hard, as they make up the majority of those most vulnerable at work, and they often bear the brunt of increased pressures at home. The crisis is also having a greater impact on small and medium enterprises (SMEs), as these have less capacity to absorb the shocks to supply chain and to customer revenue.

SMEs in Asia and the Pacific



The SME sector is hit hardest and women are facing compounded challenges. They are particularly vulnerable to the current crisis. However, SMEs will also be essential to the economic recovery as SMEs make up 96 percent of all businesses in Asia, and account for two out of three private-sector jobs.¹

Risk of bankruptcy



85 percent of SMEs in China have said that they would face bankruptcy if the loss of income from COVID-19 lasts three months, rising to 91 percent of SMEs if it lasts six months.



THE COVID-19 CRISIS AND ITS IMPACT ON ASIA AND THE PACIFIC

The COVID-19 crisis is hitting Asian economies particularly hard, as mobility restrictions are hurting the key sectors of export-oriented manufacturing and agriculture, as well as tourism and hospitality where women workers predominate. These are sectors with a high concentration of micro, small and medium sized enterprises, and many of them run by women.

Worldwide, the International Labour Organization (ILO) estimates that **up to 25 million people** may become unemployed, causing a total loss of **USD 3.4 trillion** in workers' income.² The World Travel and Tourism Council has said that travel restrictions could cost up to 50 million jobs in that sector globally, 30 million of them in Asia.³

In Myanmar, 20 of the country's 500 factories have halted operations due to interrupted supply chains, 15 of them permanently. The suspensions, mostly in the garment-making sector, have left 10,000 people out of work.⁴ Around 80 percent of garment workers in Myanmar are women. In South Korea, a survey of 192 import-export SMEs found that 138 of them were facing supply chain disruptions and increased costs.⁵

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WOMEN'S DOUBLE BURDEN

The COVID-19 crisis is affecting everyone, but it is hitting women in particular ways, and some populations especially hard. Women are more likely to be laid off or even contaminated at work because of the type of sectors where they are overrepresented, notably in the care and health sectors and in garments and other export industries.

And women who have to fulfil both employment and household duties are finding their lives much harder when whole families are confined at home. **Women and girls** in Asia and the Pacific spend up to 11 times more of their day on unpaid care and domestic care work than do men and boys.⁷ With these duties intensified during lockdown, women struggle to stay economically active whether as employees, self-employed or as entrepreneurs.



WOMEN-RUN SMEs AND SELF-EMPLOYED WOMEN

All SMEs have a limited capacity to absorb the shock of the COVID-19 outbreak because they have less inventory, smaller client bases, fewer cash reserves and more limited credit options than larger companies. In the case of women-run SMEs, this lack of resilience is exacerbated by their lower access to financial services and assets, information and communication technology (ICT),

and business networks, which are more readily available to men.⁸

All of these challenges are even more pronounced for self-employed women, notably those in the agricultural sector, in informal employment, or running micro SMEs (for example a food stand or tailoring service).⁹



WOMEN, SMEs AND THE TECH SECTOR

If women are overrepresented in disadvantaged sectors, they are underrepresented in higher-skilled industries related to the fields of science, technology, engineering and maths (STEM). This reflects the fact that globally, female students' enrolment is just 3 percent in ICT, 5 per cent in natural science, mathematics and statistics, and 8 per cent in engineering, manufacturing and construction, according to UNESCO.¹⁰

The emerging sectors of technology, e-commerce and fintech hold significant potential for SMEs. Embedding payment systems into e-commerce platforms and digitizing supply chain management

can combine the online and offline elements of business, improving savings, revenue and flexibility. And these solutions are increasingly accessible for smaller businesses, not just the largest ones.¹¹

However, these sectors are still dominated by men. Women and the SMEs they run are relatively excluded from the technological tools that could modernize and boost their business models. This means they do not have the same possibilities to find alternatives, for example, when supply chains are disrupted as seen now due to the COVID-19 pandemic, or to reach new markets with reliable payment mechanisms.



SUPPORTING WOMEN ENTREPRENEURS

Many governments have launched COVID-19 stimulus packages that include specific relief for SMEs.¹² However, **some of that relief must be aimed specifically at women-run SMEs**, as these are at greater risk of bankruptcy for the reasons outlined above.

A multi-stakeholder approach is needed, where governments work with large businesses, inter-governmental and international organizations and civil society organizations to: 1) reach out to women entrepreneurs to identify gender-specific needs; 2) strengthen women entrepreneurs' access to financial services and credit; and 3) promote digital

transformation and flexible business models for women-owned SMEs.

This approach should be based on established frameworks, which can be used to inform gender-responsive implementation of response and recovery strategies, namely the COVID-19 specific WHO Strategic Preparedness and Response Plan, and the Sendai Framework for Disaster Risk Reduction.¹³ These both explain how to put in place multi-sectoral partnerships that can minimize the impact of the pandemic, including the engagement of the private sector.





KEY EMERGING ISSUES

Women have restricted access to financial services and credit

Women generally have less access to formal finance. Women in developing countries are 17 percent less likely than men to have borrowed formally, and in South Asia there is a gender gap of 18 per cent for bank account ownership.¹⁴ This translates to less access to credit lines, and a diminished ability to repay any debts accrued during the crisis.

A study showed that women entrepreneurs are also less familiar with credit services.¹⁵ This means special efforts are needed to ensure they are aware of **financial support in the aftermath of the pandemic, and how to access it.**

Male investors are biased against women entrepreneurs.¹⁶ As most investors are men, this puts women at a disadvantage in seeking funding, which is particularly crucial in the context of the COVID-19 crisis.

In developing countries in South-East Asia many women are self-employed, including those who run MSMEs in the informal economy.¹⁷ These may not be eligible for **government-led COVID-19 initiatives that require verification, such as low-interest loans and tax exemptions.**

Women face legal and cultural barriers to owning and controlling assets

Rights to land and property are often registered to the household or men.¹⁸ Women own less than 20 percent of the world's land.¹⁹ Where women do own assets by law, established cultural norms and practices may prevent them from controlling and exercising their right to them.

Some self-employed women farmers therefore cannot apply for mortgages to tie them over during a crisis, even if they are the ones that work the land.

Unless land rights for women are secured, the COVID-19 outbreak will cost women further control over their assets and deprive them of the resilience such control could bring.

Women have less access to information and communications technology (ICT)

In the Asia and Pacific region, 41 percent of women use the internet, 13 percent age points less than men. This could make women less likely to receive any information disseminated online about relief measures.

In remote and rural areas, internet infrastructure and digital literacy are lacking. This will affect women's ability to conduct business online, in particular during lockdowns.

Many of the goods and services typically provided by women-run SMEs are less suitable for e-commerce or their target customers are still less likely to avail of e-commerce.

Women have fewer network resources

The networks of women entrepreneurs are generally smaller and less diverse than those of their male counterparts.²⁰ This means they benefit less from the sharing of information and resources.

There are fewer mentoring opportunities for women, fewer female role models or success stories, and women business owners seem less inclined to interact with business associations and networks.²¹

Women carry out much more unpaid care and domestic work

Women and girls in Asia and the Pacific spend up to 11 times more of their day than men and boys on unpaid care and domestic care work.

Across the world, more than 1.5 billion children are out of school, increasing the responsibilities of women who may already be caring for the elderly and the ill.²² The increased burden can present women entrepreneurs with a choice between caring for their loved ones during the lockdowns at home and keeping their business alive.



KEY RECOMMENDATIONS



FOR GOVERNMENTS

- ▶ **Provide gender-specific financial support services for women entrepreneurs**, including debt relief, cash inflow, and support related to care and domestic work, as well as re-skilling to meet current demands related to health needs (such as medical supplies).
- ▶ **Boost the access of women entrepreneurs to ICT and financial services**, including through gender-specific low-interest loans, deferred payments and tax exemptions.
- ▶ **Remove discriminatory laws, policies and customs** that block women's access to and control of financial services, land ownership, and other assets.
- ▶ **Prioritize training, leadership and mentorship programmes for women** to help them address the COVID-19 crisis as well as other ongoing requirements.
- ▶ **Ensure the collection of disaggregated data related to the outbreak** by sex, age and disability including related to SMEs in order to identify and eliminate gender-based constraints on women entrepreneurs.
- ▶ **Reach out to women entrepreneurs in remote and rural areas** to make sure they are informed about any responses to COVID-19 as well as opportunities related to stimulus packages and other recovery measures.
- ▶ Work with communities to develop support services for women entrepreneurs.
- ▶ Promote the formalization of informal businesses so that more women-run SMEs can benefit from financial services and government subsidies.
- ▶ Ensure that financial service providers address the needs of women entrepreneurs and refrain from any gender bias.²³



FOR BUSINESSES

- ▶ **Address unpaid care and domestic work through subsidized childcare**, employer-supported care services, paid and equitable parental and family leave policies, and flexible working arrangements.
- ▶ **Support women-run SMEs in supply chains by guaranteeing payments** and orders and helping them shift to in-demand production.
- ▶ **Provide gender-sensitive financial products** and services with reduced interest rates, flexible pay-back and collateral schemes.
- ▶ **Establish gender-responsive procurement practices** that actively reach women-run SMEs, including targets for procurement from them.
- ▶ **Partner with women-run SMEs to train women on social marketing and digitalization of business**. This can include training on planning for future emergencies.



FOR DONORS

- ▶ **Request that gender experts are included** in the design and the implementation of economic recovery programmes.
- ▶ **Ensure that programmes on women's economic empowerment improve the capacity of women entrepreneurs**, including their access to ICT and financial services, and new skills to move up the value chain (e.g. from low-skilled labour into technology-enabled sectors).
- ▶ Focus on the gender-responsive economic recovery for countries most heavily affected by the COVID-19 crisis.

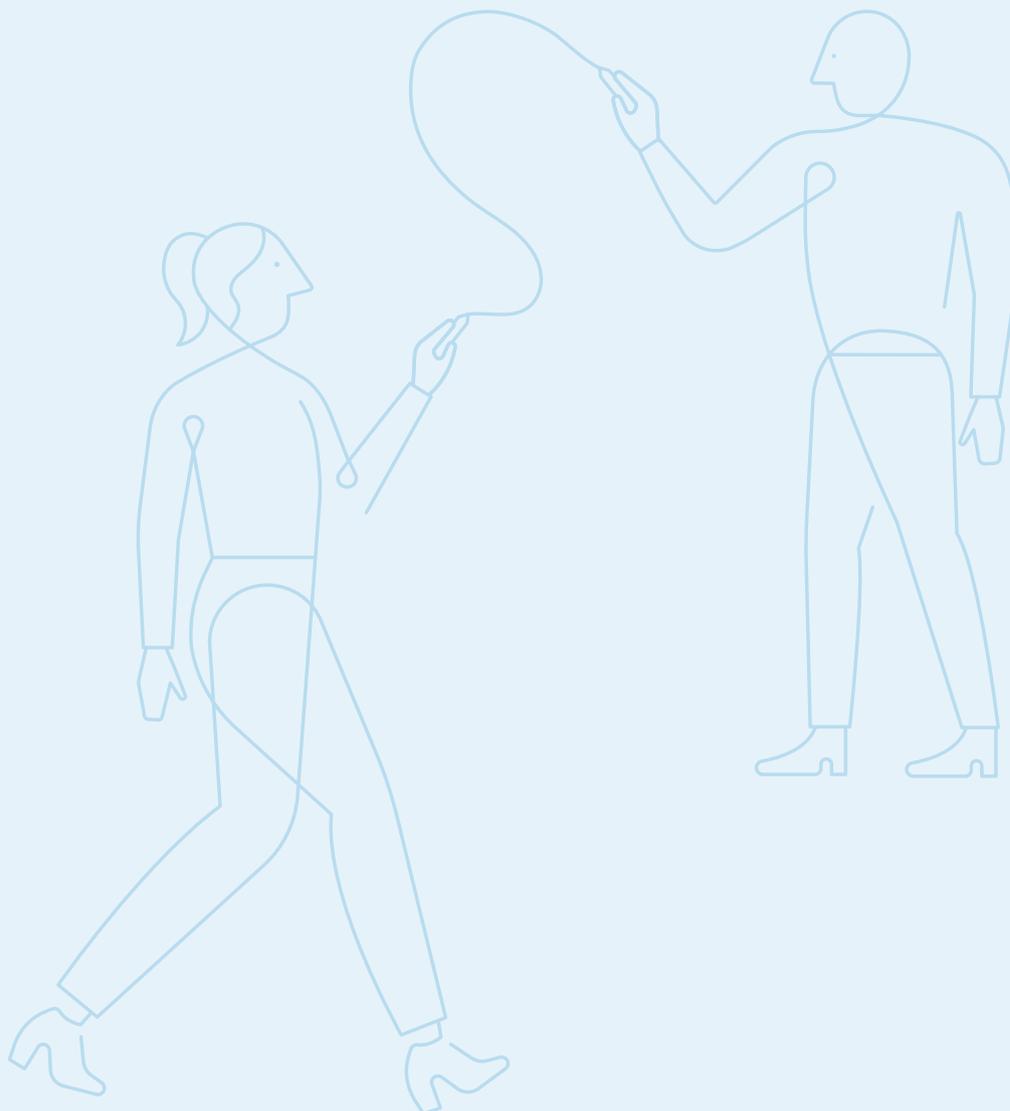


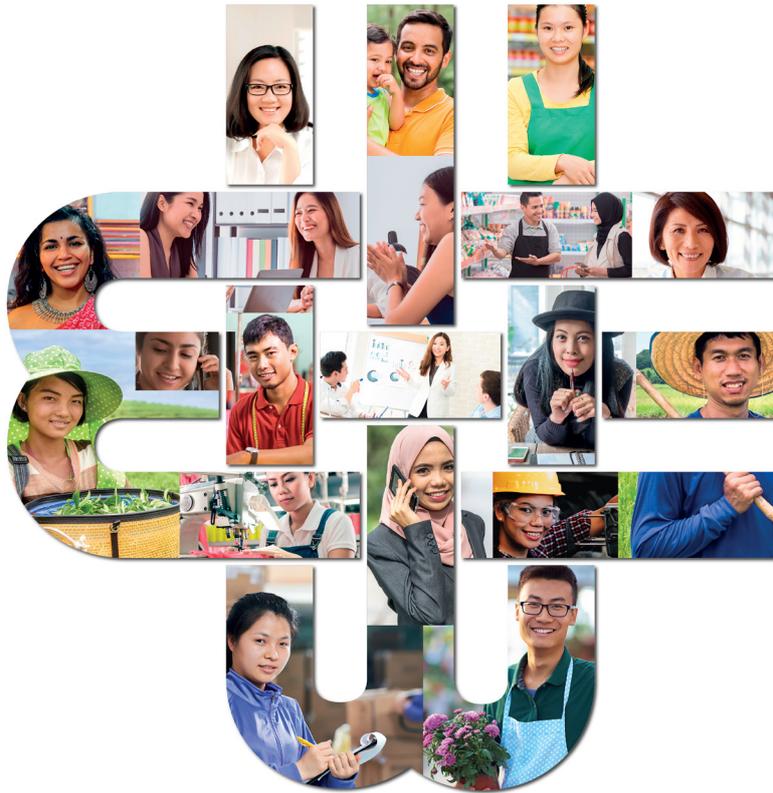
FOR CIVIL SOCIETY ORGANIZATIONS

- ▶ **Monitor the services provided by governments and financial institutions** to ensure women entrepreneurs are treated equally.
- ▶ Document the experiences of women entrepreneurs including their ability and barriers to avail of existing services targeted SMEs
- ▶ Advocate with local policymakers for investments in public services that meet the needs of women-owned SMEs, including subsidized and quality child and elderly care
- ▶ **Reach out to marginalized women entrepreneurs**, especially in remote and rural areas, and support them in advocating with policy makers for their rights to be protected and respected, based on their needs and priorities.
- ▶ **Facilitate peer support** to allow women entrepreneurs to juggle the wellbeing of their families and their businesses.
- ▶ Help women entrepreneurs to establish networks, and support smaller businesses deal with the crisis.



- ¹ <https://www.adb.org/publications/role-smes-asia-and-their-difficulties-accessing-finance>
- ² https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_739961/lang--en/index.htm
- ³ <https://www.weforum.org/agenda/2020/03/world-travel-coronavirus-covid19-jobs-pandemic-tourism-aviation/>
- ⁴ <https://www.mmtimes.com/news/least-10000-now-unemployed-yangon-garment-sector.html>
- ⁵ https://biz.chosun.com/site/data/html_dir/2020/03/03/2020030300348.html
- ⁶ <https://www.cgdev.org/publication/impact-coronavirus-chinas-smes-findings-from-esiec>
- ⁷ Gender Equality and the Sustainable Development Goals in Asia and the Pacific: Baseline and pathways for transformative change by 2030. Asian Development Bank and UN Women, 2018. Bangkok: UN Women
- ⁸ <https://www.worldbank.org/en/topic/gender/publication/female-entrepreneurship-resource-point-introduction-and-module-1-why-gender-matters>
- ⁹ https://www.oecd.org/southeast-asia/regional-programme/Strengthening_Womens_Entrepreneurship_ASEAN.pdf
- ¹⁰ <https://www.un.org/en/observances/women-and-girls-in-science-day/>
- ¹¹ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/genericdocument/wcms_721172.pdf
- ¹² <http://www.oecd.org/cfe/COVID-19-SME-Policy-Responses.pdf>
- ¹³ <https://www.who.int/docs/default-source/coronaviruse/srp-04022020.pdf> and https://www.preventionweb.net/files/43291_sendaiframeworkfordrren.pdf
- ¹⁴ <https://globalindex.worldbank.org/>
- ¹⁵ <https://asiafoundation.org/2017/11/01/financial-inclusion-women-entrepreneurs/>
- ¹⁶ <https://www.sciencedirect.com/science/article/abs/pii/S0304405X19301758>
- ¹⁷ https://www.bot.or.th/Thai/MonetaryPolicy/ArticleAndResearch/FAQ/FAQ_156.pdf
- ¹⁸ https://www.hlrn.org.in/documents/Womens_Land_Rights_in_Asia_Land_Watch_Asia.pdf
- ¹⁹ <https://www.weforum.org/agenda/2017/01/women-own-less-than-20-of-the-worlds-land-its-time-to-give-them-equal-property-rights/>
- ²⁰ <https://www.oecd.org/cfe/smes/Policy-Brief-on-Women-s-Entrepreneurship.pdf>
- ²¹ <https://asiafoundation.org/2013/02/27/networking-essential-to-women-entrepreneurs-in-asia/>
- ²² <https://en.unesco.org/themes/education-emergencies/coronavirus-school-closures>
- ²³ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_733210.pdf





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WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the
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Learn more about the Women's
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