CHALLENGES AND OPPORTUNITIES FACED BY WOMEN-LED BUSINESSES DURING COVID-19 AND IFC’S RESPONSE

Gender and Economic Inclusion Group

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Creating Markets, Creating Opportunities
• Pandemics Affect Women and Men Differently

• Impact of COVID-19 on Women Entrepreneurs

• IFC Solutions

• Networks, Tools, and IFC COVID-19 Gender Resources
Pandemics Affect Women and Men Differently

COVID-19 is revealing and exacerbating existing gender gaps in economic security, health and safety, and decision making.

Women spend **3 times** the amount of time on unpaid care than men [ILO, 2018]. School, daycare and eldercare closures have elevated women’s **care responsibilities**, reducing the time available for paid work, prompting women to leave their jobs.

Confinement from stay-at-home orders and restrictions in movement, coupled with increased exposure to violent partners, have resulted in more incidences of **gender-based violence (GBV)** to surge by as much as **20%** [UNFPA, 2020].

**Liquidity constraints** are amplifying pre-crisis unmet credit gap of **$1.48 trillion** faced by women-owned small and medium enterprises (WSMEs) in emerging markets [MSME Finance Gap].

Women are, on average, **17%** less likely to use the internet, and **20%** less likely to own a smartphone than men [ITU, 2019]. Such **digital divides** are making it difficult for WSMEs to adjust their operations amidst national lockdowns.
Impact of COVID-19 on Women Entrepreneurs

- Financial
- Supply Chain Disruptions
- Shift to Digital Business
- Adjust operations
- Networks and Advice
- Mental Health
- Employee Support
Challenges and Needs expressed by Women Entrepreneurs

**Financial**

- 90% of WMSMEs face a decrease in sales¹
- Reduction in cash flow; survival 1 to 3 months²
- Demand plummeting in sectors where most women are operating
- Insufficient finance & working capital lead to liquidity constraints & insolvency
- Urgently need flexible financing

**Supply Chain Disruptions**

- 62% of small business unable to deliver on existing contracts due to logistical challenges²
- Inventory delays & shortages
- Labor shortages due to quarantine and fear, and low cash flows
- Shipping delays and order fulfillment disruptions
- Inability to source raw materials and inputs for products

**Shift to Digital Business**

- 87% of WMSMEs plan to sell online due to COVID19³
- Increase in e-commerce (create website or improve current one, alt channels such as marketplaces)
- Communicate timely with customers re: delivery dates, availability of goods³
- Those already selling online do not expect a downturn in sales³

**Adjust operations**

- Over one third of WSMEs adapting products & services to customer needs¹
- Diversifying supplier network
- Use technology to engage customers, suppliers, distributors (online payments, mobile phones)⁴
- Adopt alt distribution channels e.g. motorcycles to deliver goods, go direct to customer⁴

**Networks and Advice**

- Need to shift to digital business and not sure where to start¹
- Already operating with smaller, less-diverse networks than men, less likely to know where to go for advice on crisis management and business resilience strategies
- Need technical assistance to pivot business model²

**Mental Health**

- 34% of WMSMEs increased anxiety that situation has reduced productivity¹
- 27% of WMSMEs increased care demands (children, elderly) & reduced time spent on business¹
- Uncertainty surrounding how to manage risks & losses related to COVID-19, and how to provide protection and support for the health of employees⁶

**Employee Support**

- More than one third of small businesses have reduced their number of employees²
- Decrease in employee morale, and hours due to revenues declining, inability to work remotely, and due to family care responsibility¹
- Need financial support to pay wages

Sources:
Women Entrepreneurs are Optimistic and Resilient

**THE BRIGHT SIDE:** Women are adapting to optimize or refocus their businesses

- 54% reported identifying and cutting unnecessary expenses
- 42% have shifted to a digital business model
- 37% are growing an area of business in response to local or global needs
- 34% have identified new business opportunities
- 11% have seen an increase in demand of products or services
- 32% are creating a new business line in response to local or global needs
- 16% have launched a new product or service early
- 3% found that clients want to move quickly to sign contracts and 5% want to finish projects more quickly

Source: WEConnect International, 2020
IFC COVID 19 Solutions that support Women Entrepreneurs

- Sustain economies and protect jobs during COVID-19: $8 billion in fast-track financial support

- Provide financial support to banks so they can help women-led businesses address liquidity constraints through IFC’s Banking on Women Program. Provide capital to private equity funds to provide much-needed financing to women-led SMEs in hard-hit sectors with support from We-Fi

- Support the digitization of women-led businesses through IFC’s Digital2Equal Program

- Connect women-led businesses to corporate buyers through IFC’s partnership with WEConnect International with support from We-Fi

- Provide guidance and advice to companies on how to diversify their supply chains and buy goods/services from women-led businesses through IFC’s Sourcing2Equal Kenya Program

- Support financial institutions and their small business clients during the pandemic with webinars on topics such as accessing finance during the crisis, stakeholder communication, and more through IFC’s Grow Learn Connect Partnership
COVID-19 IFC Gender Resources

Networks and Tools:

- Register your business with IFC Partner, WEConnect International
- Are you based in Kenya? Join IFC Partner, Invest in Africa’s online business community
- Find support in your country: World Bank Map of SME-Support Measures in Response to COVID 19
- Search for investor and funder resources: Covidcap.com online searchable global database of over 600 COVID-19 responses via CASE at Duke University and World Economic Forum
- COVID 19 response guide for e commerce businesses and MENA E-commerce Entrepreneur Knowledge Series

COVID-19 IFC Gender Resources

- **Examples of insurance solutions for women**: Best practices from insurance companies on how to support female employees, customers and agents during the pandemic (COVID-19 and the Insurance Industry: Why a Gender-Sensitive Response Matters)
- **Business models for Inclusive Businesses**: Seven actions companies are taking to address needs at the base of the pyramid (Leveraging Inclusive Business Models to Support the Base of the Pyramid during COVID-19)
- **Supporting Workers**: Tip sheet presenting information to support decision making in response to the impacts of COVID-19 on workers and employment (IFC’s Interim Advice for IFC Clients on Supporting Workers in the Context of COVID-19)
Thank you!

www.ifc.org/gender

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