



Economic impact of COVID-19 pandemic toward the women's entrepreneurship

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NETWORK OF ORGANIZATIONS
FOR RURAL DEVELOPMENT OF KOSOVO

Introduction:

The COVID-19 pandemic continues to spread unpredictably on a global scale. And while we have yet to see the immeasurable impact that will follow the pandemic; due to state and countrywide shutdowns, social distancing, the closure of countless businesses, and/or transition to remote work for millions across the world, we have begun to witness its grave impact on our global economy.¹

History has shown that in such pandemics gender inequality is more pronounced, and that's why it is important that measures taken against the pandemic should be gender-sensitive considered, avoiding further deterioration of the situation.²

Emerging evidence on the impact of COVID-19 suggests that women's economic and productive lives will be affected disproportionately and differently from men, because across the globe, women earn less, hold less secure jobs, and are more likely to be employed in the informal sector.³ Also they have less access to social protections and are the majority of single-parent households, resulting to a lower capacity of women to absorb these kinds of economic shocks than the men. Across the world, women represent less than 40% of total employment but make up 57% of those working on a part-time basis, according to the International Labor Organization.⁴ So, as the effects of the COVID-19 pandemic roll through economies, reducing employment opportunities and triggering layoffs, temporary workers, the majority of whom are women, are expected to bear the heaviest brunt of job losses.

¹ Chamber B., ForbesWomen. March 2020. How women entrepreneurs are navigating the effects of COVID-19, available at: <https://www.forbes.com/sites/brittanychambers/2020/03/26/how-women-entrepreneurs-are-navigating-the-effects-of-covid-19/#5820d18a246d>

² Wenham C., Smith J., Morgan R. (2020). COVID-19: the gendered impacts of the outbreak, available at: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)30526-2/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30526-2/fulltext)

³ United Nations. April 2020. Policy Brief: The Impact of COVID-19 on Women. Source: https://www.un.org/sites/un2.un.org/files/policy_brief_on_covid_impact_on_women_9_april_2020.pdf

⁴ Durant I., Coke-Hamilton P. UNCTAD 2020. COVID-19 requires gender-equal responses to save economies, available at: <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2319>

COVID- 19 and businesses:

Business entrepreneurs, in particular, are one of the populations that have been greatly affected economically by the COVID-19 pandemic.⁵ Women entrepreneurs will feel the oncoming shock more than most due to several factors: they tend to run smaller businesses, are less capitalized, and are heavily concentrated in the services sector—a sector most impacted by COVID restrictions. Globally, regarding entrepreneurs' businesses in immediate-risk industries, 39% are female owned, or equally female and male owned, compared to 29% of businesses in industries at near-term risk and 36% at long-term risk.⁶



So, why are women more vulnerable to economic shocks wrought by crises such as the COVID-19 pandemic?

➔ Unpaid work

A paper from researchers at Northwestern University, the University of Mannheim in Germany and the University of California, San Diego concluded that the "COVID-19 pandemic will have a disproportionate negative effect on women and their employment opportunities".⁷ Measures to contain the pandemic such as quarantines and closures of schools imply additional household work and responsibility. As women take on greater care demands at home, their jobs will also be disproportionately affected by cuts and lay-offs.

➔ Safety nets not wide enough

Many women will not be rescued by social safety nets as access to safety nets frequently depends upon a formal participation in the labour force. But since women tend to work without clear terms of employment, they often are not entitled to reliable social protection such as health insurance, paid

⁵ Chamber B., ForbesWomen. March 2020. How women entrepreneurs are navigating the effects of COVID-19, available at: <https://www.forbes.com/sites/brittanychambers/2020/03/26/how-women-entrepreneurs-are-navigating-the-effects-of-covid-19/#5820d18a246d>

⁶ Liu S., Parilla J., The Brookings Institution 2020. Businesses owned by women and minorities have grown. Will COVID-19 undo that?, available at: <https://www.brookings.edu/research/businesses-owned-by-women-and-minorities-have-grown-will-covid-19-undo-that/>

⁷ Hutzler A., Newsweek 2020. The economic impact of coronavirus on women is 'devastating' and exacerbating gender equality, available at: <https://www.newsweek.com/economic-impact-coronavirus-women-devastating-exacerbating-gender-inequality-says-1497325>

sick and maternity leave, pensions and unemployment benefits.⁸ While in many developing countries, women are either self-employed or work as contributing family workers, for example in family farms.

Service sector reeling under restrictions

The service sector is being hit hard by the restrictions imposed to manage the spread of the coronavirus. Given that some 55% of women are employed in the service sector (in comparison with 44% of men), women are more likely to be adversely affected.⁹

Limited access to credit

Women entrepreneurs are often discriminated against when attempting to access credit and this could be a challenge as credit will be of paramount importance in the survival of businesses. Without open and favorable lines of credit, many female entrepreneurs will be forced to close their businesses.¹⁰

Generally speaking, there is a lack of availability of financial services for women in rural areas, but also the existing financial services intended for rural communities rarely benefit rural women. At the same time, financial institutions also face constraints when extending services to rural women, partly due to a lack of general understanding of the rural and agricultural sector, including the gender dynamics¹¹.

Business situation in Kosovo:

The number of active enterprises in the economic sectors from the report of the World Bank in Kosovo during 2018, based on the declaration criteria, was 35540.¹² In terms of economic sectors, the largest number of enterprises belongs to trade with 16143 enterprises or expressed in percentage (45.4%), business services with 5250 (14.8%) and the remaining percentage belongs to enterprises in other sectors, creating about 60349 employees or expressed in percentage 33.9%.¹³ The highest employment is

⁸ Durant I., Coke-Hamilton P. UNCTAD 2020. COVID-19 requires gender-equal responses to save economies, available at: <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2319>

⁹ MOH International 2020. COVID-19 requires gender-equal responses to save economies, available at: <http://www.moh.international/blog/2020/4/5/covid-19-requires-gender-equal-responses-to-save-economies>

¹⁰ International Labour Organization. 2020. COVID-19 and the world of work: Impact and policy response, available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/--dcomm/documents/briefingnote/wcms_738753.pdf

¹¹ Food and Agriculture Organization of the United Nations 2019. Women's access to rural finance: challenges and opportunities, available at: <http://www.fao.org/3/ca5167en/CA5167EN.pdf>

¹² World Bank in Kosovo. Small, informal enterprises in Kosovo 2019, available at: http://siteresources.worldbank.org/KOSOVOEXTN/Resources/297769-1266424306995/Kos_key_devpnm.pdf

¹³ Ministry of Finance and Transfers. Quarterly Economic Bulletin October-December, 2019, available at: <https://mf.rks-gov.net/desk/inc/media/6737141D-43C4-4A55-A792-C5B8D214673F.pdf>

among men 46.2%, while employment among women is 13.9%¹⁴ and the unemployment rate was 12.4 higher among women compared to men.

Current situation of COVID-19:

The outbreak of Coronavirus COVID-19 has hampered production and there has been a decline in economic activity in three categories: to citizens, the business community and the state budget. On March 11, 2020, the Government of the Republic of Kosovo, through an established commission, enacted temporary preventive measures to prevent spreading of this disease in the country. Measures taken by the Government to combat the pandemic consist of, inter alia, restriction of movement for all citizens, suspension of all inter-city public transport in Kosovo, increase or doubling of the amount of social and pension assistance for some categories, private sector support, and support for workers exposed to infection during fieldwork.¹⁵ But, these measures have not taken into consideration the gender implications of the situation created by COVID-19, and those that are expected to be created.

Meanwhile in the framework of the economic package of emergency measures prepared by the Ministry of Finance, after the spread of pandemic a report has been prepared on the state of the economy. The economic package envisaged a total amount of 170.6 million euros to cushion the coronavirus impact.¹⁶

Given that Kosovo was one of the last countries affected by this virus, it had more opportunities to predict the minimum social and economic risks, particularly risks for women and girls. However, the Network Organizations for Rural Development of Kosovo has found no evidence that the Government has conducted any gender impact assessment, regardless of the fact that the Government of Kosovo, under the Law on Gender Equality, should conduct gender impact assessments to inform on policies and actions, towards preventing and eliminating gender discrimination.¹⁷

As a result of the temporary closure of many economic activities, women and single mothers who bear the burden of care responsibilities, including housework, are more exposed to risks of rights violation,

¹⁴Kosovo Agency of Statistics. Labor Force Survey 2019, available at: <https://ask.rks-gov.net/media/5369/anketa-e-fuqis%C3%AB-pun%C3%ABtore-afp-2019.pdf>

¹⁵ The Government of Kosovo has established a Special Commission for Prevention of Coronavirus, March 2020, available at: <https://kryeministri-ks.net/geveria-e-kosoves-ka-themeluar-komisionin-e-posacem-per-parandalimin-e-corona-virusit/>

¹⁶The prime minister's office. 19th Government Meeting - The Fiscal Emergency Package is approved, available at : <https://kryeministri-ks.net/miratohet-pakoja-emergjente-fiskale/>

¹⁷ Law on Gender Equality, Article 5, Paragraph 1, available at: https://equineteurope.org/wp-content/uploads/2019/10/Annex-LAW_NO.05_L-020_ON_GENDER_EQUALITY.pdf

especially by the private sector. Women employed in private sector in Kosovo often work in the informal economy, and according to the Economy Reform Program 2020-2022 of the Government of Kosovo, it's estimated that the extent of the informal economy in Kosovo is over 30% of GDP with significant losses for the main direct and indirect taxes.¹⁸ Without appropriate preventive measures, this makes women more vulnerable to financial uncertainty, given women in this sector work without a contract, and cannot benefit from social security.

Reportedly, they also suffer from long working hours without extra pay. Even under normal conditions, the responsibilities of child and elderly care usually fall on women, due to traditional social stereotypes related to care. With the closure of schools and jobs, the burden of women's unpaid work has increased.¹⁹ Although men, particularly the elderly, are statistically more likely to suffer fatalities than women from COVID-19,²⁰ the overwhelming burden of care exposes women and girls to other consequences.

The Special Commission for Prevention of the Spread of COVID-19 and that of the Inter-institutional Group for Incident Management in Kosovo involves minimal participation of women, specifically only three of them against thirteen men. Moreover, few women leaders are seen in the media and in public pronouncements; only men seem to be addressing the situation in Kosovo from a gender-neutral perspective.²¹

The unequal representation of women in decision-making processes can contribute to the creation of gender-blind policies.²² The omission of women in designing policies that affect women themselves in epidemic situations means that the needs of women may not be identified and addressed properly.

¹⁸Government of Kosovo. Economic Reform Program 2020-2022, available at: <https://mf.rks-gov.net/desk/inc/media/A92C6CA3-928C-41F3-9DA1-63E0D8CE5701.pdf>

¹⁹Kosovo Women's Network.Addressing COVID-19 from a Gender Perspective Recommendations to the Government of Kosovo, available at: https://womensnetwork.org/wp-content/uploads/2020/04/Addressing-COVID-19-from-a-Gender-Perspective_04_04_2020.pdf

²⁰Care International, The Gender Implications of Covid-19 outbreaks in development and humanitarian settings, 2020, available at: https://www.care.org/sites/default/files/gendered_implications_of_covid-19_-_full_paper.pdf

²¹Kosovo Women's Network.Addressing COVID-19 from a Gender Perspective Recommendations to the Government of Kosovo, available at: https://womensnetwork.org/wp-content/uploads/2020/04/Addressing-COVID-19-from-a-Gender-Perspective_04_04_2020.pdf

²²The Lancet 2020.COVID-19: the gendered impacts of the outbreak, available at: [https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736\(20\)30526-2.pdf](https://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(20)30526-2.pdf)



Recommendations

The coronavirus pandemic presents us with an opportunity to effect systemic changes that could protect women from bearing the heaviest brunt of shocks like these in the future. So, we consider that education and training opportunities for women should improve in order to facilitate the shift from precarious jobs to more stable and better-protected employment. Broader provision of social services would lift women's care burden and give them more time for paid jobs and leisure. Also, flexible work arrangements, currently in place in response to the pandemic, should continue beyond it and provide a new model of shared responsibilities within households. That's why we

r e c o m m e n d t o:

- ✚ **Implement comprehensive gender analysis** to inform and guide further government measures.

Strategic plans and preventive measures against COVID-19 should be based on gender analysis and have integrated gender impact assessment in accordance with the Law on Gender Equality and international legislation. So far, they are based on gender stereotypes, gender roles, unequal sharing of care responsibilities between women and men, and other dynamics arising from all of this.

- ✚ **Involve more women in drafting plans and policies** to cope with the COVID-19 virus and in

proposing short-term or long-term measures, especially in terms of social protection, health and gender-based violence.

- ✚ **Special measures and continuous efforts** should be undertaken within the medium-term

measures to identify violations of rights by the informal economy sector, addressing the needs of women which constitute an overwhelming part of this sector, in order to include this category in the group of beneficiaries of financial support schemes for the private sector.

- ✚ **To monitor the violation of labor rights in the private sector**, especially in the essential sectors

represented by women, as a result of the extended working hours without additional payment. And, also to recognize the unpaid work of care specified in Article 18 of the Law on Gender Equality as part of

the economic system, especially during the formulation and implementation of macroeconomic policies and measures in response to pandemics.

 **Provide short-term liquidity through lower interest loans and creative repayment schedules.**

Statistically, women-owned businesses are more likely to be small businesses in the retail and services sectors, and these businesses are seeing an unexpected and significant drop in revenue. Creating a new way of repaying loans, including postponing them for a period of at least six months, would be beneficial for women entrepreneurs because mainly their businesses are based on businesses loan.

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