



OVERVIEW OF THE CHALLENGES CAUSED BY COVID-19 ON WOMEN-LED ENTERPRISES IN ZAMBIA

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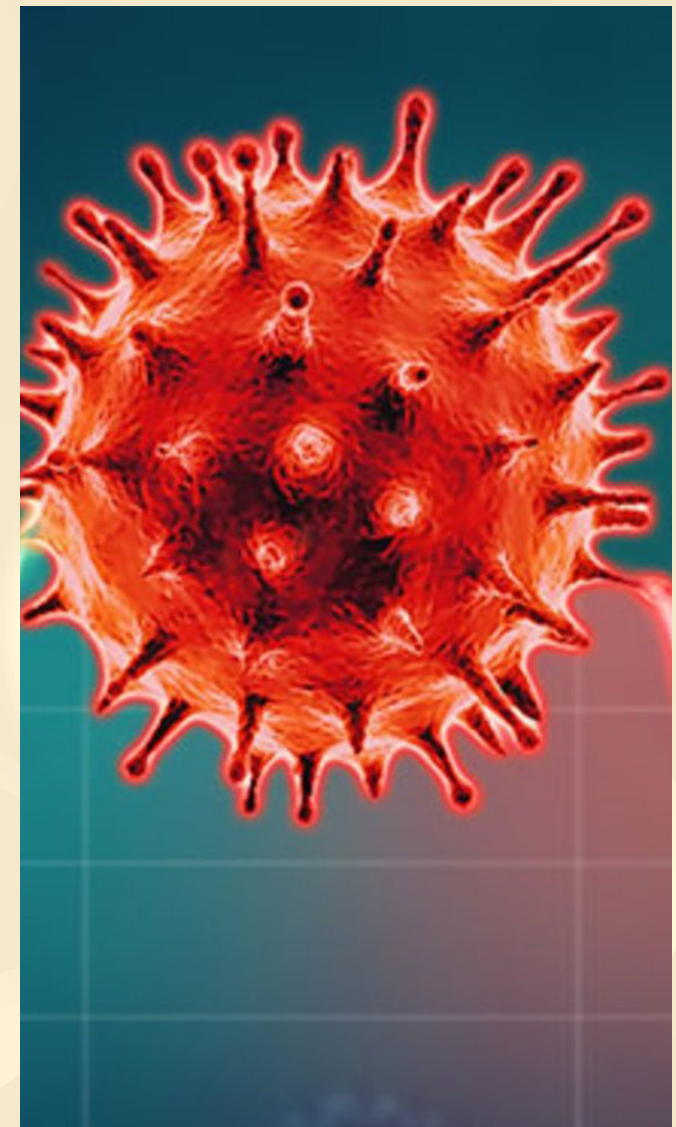
(PMRC EXECUTIVE DIRECTOR)

OUTLINE

1. Overview
2. Impact of COVID-19 on Women
3. Impact of COVID-19 on SMEs
4. Challenges of COVID-19 on Women led SMEs
5. Recommendations

● Overview

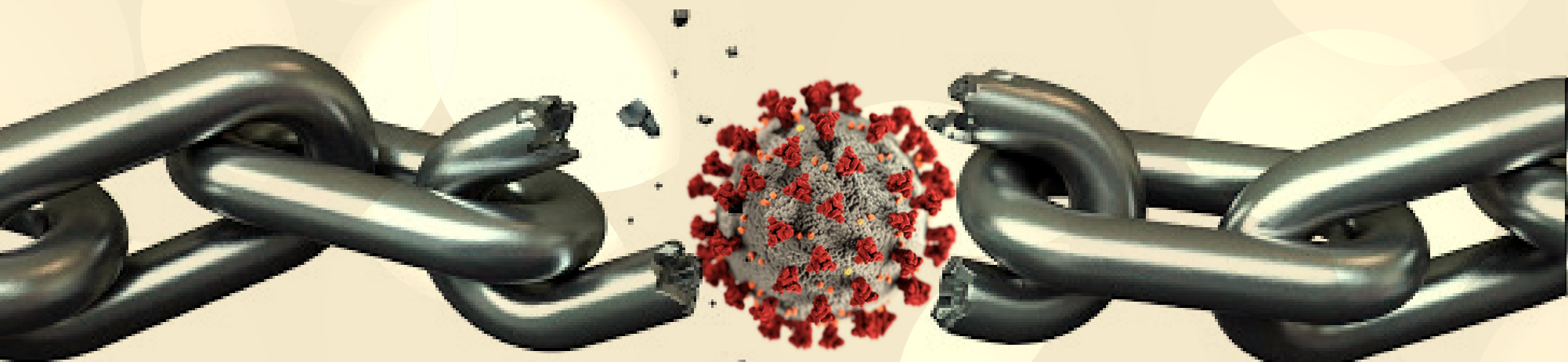
- The COVID-19 pandemic outbreak and its impact have posed severe challenges on the Zambian economy and to the many sources of livelihood for most of the population.
- The COVID-19 pandemic represents a **multi-dimensional crisis; a health, social and economic crisis**. The pandemic has had a huge impact on the economy both **in the short and long run**, owing to the impact on net exports, significant drops in commodity prices and tourism resulting from global market shutdowns and restrictions.



- Small and Medium-scale Enterprises (SME) constitute the majority of businesses in Zambia and play an important role in employment creation and economic growth.
- The sector is estimated to account for **97%** of all businesses in Zambia contributing **70%** to GDP. Accounting for **88%** of employment, **SMEs** also play a key role in society as they tend to employ a large share of the most vulnerable segments of the workforce.

97%
**OF ZAMBIAN
BUSINESSES
ARE SMEs**

- Due to the COVID-19 pandemic, supply chains have been **disrupted**, market confidence significantly **damaged**, consumer and investment demand are **shrinking**, while global **economic activity has weakened**. All these pose even greater challenges for the resilience and governance of impacted

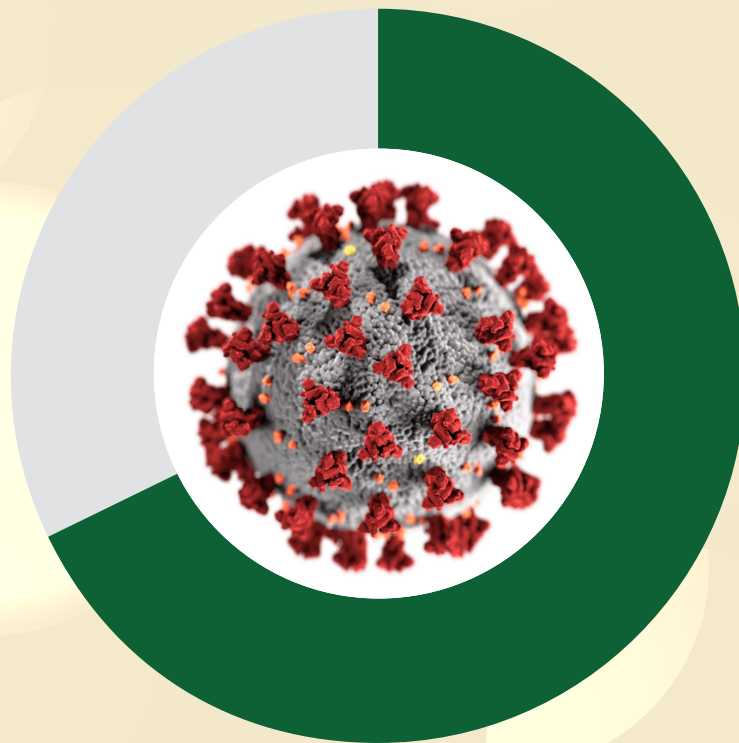


- With this situation Zambian enterprises are faced with great challenges during the **prevention and control** stages of the outbreak, which has **restricted production, operation activities** and posed risks to operations.



● Impact of COVID-19 on women

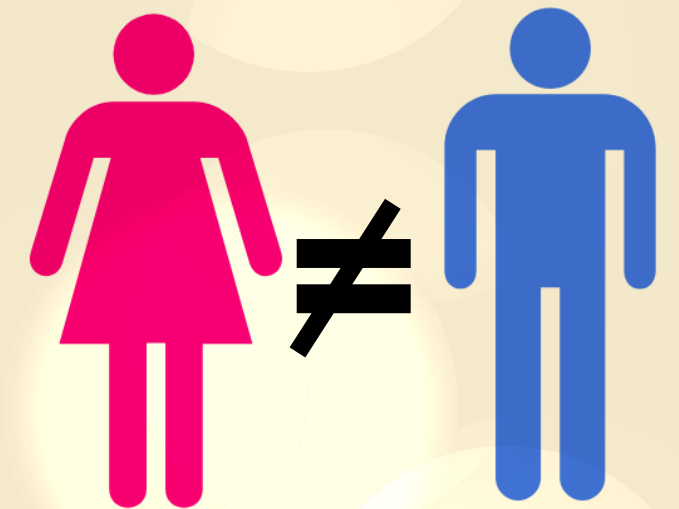
- Disease outbreaks affect women and men differently and make existing inequalities for women and girls worse as the impact of COVID-19 hasn't been gender neutral.



- In the midst of the current pandemic, **adopting a gender perspective may seem like a secondary concern.**
- Women are not only providing care formally as healthcare workers but have **absorbed most of the informal and unpaid care in the COVID-19 response at domestic and community level.**
- **Their domestic burden increased with the closing of schools and the attendant home-schooling requirements fell on them to take care of.** The importance of women's economic independence cannot be ignored against such a background.



- Although data for COVID-19 worldwide shows that more men than women are contracting it, women remain more vulnerable to the **disproportionate economic, health and social risks exacerbating existing gender inequalities**.
- Beyond the distinct biological responses brought about by the disease, **gender norms** and **cultural patterns** determine the roles women and men play in a society in response to crises, as well as the **differentiated impacts** they experience.



- The pandemic has also brought the issue of women's participation in decision-making to the fore once again. **Without a gender sensitive approach, the pandemic could have far reaching implications.**
- The already existing inequalities are more prominent and we **risk reversing the gains of the last decade in promoting gender equality** in the socio-economic spheres. The following are some of the impacts COVID-19 has had on women:



- Noting the ripple effect of the spread of COVID-19 on social and economic systems, including **trade restrictions, limited mobility of people and goods, and slow down in production.**
- When viewed through the gender lens, **impacts of COVID-19 can be said to affect women more vigorously.** The differential effects have been **most prominent in the hospitality, retail and education sectors.**



- As the effects of the COVID-19 pandemic roll through African economies, **shrinking informal sector labor participation**, of which 70 percent are women. It is women who, **in both short and long term**, are expected to **bear the heaviest loss of livelihoods, income and business**.
- As organizations become insolvent and **more women than men are likely to be laid off** reducing the gains made in the labor participation of women.

70%
OF INFORMAL
SECTOR LABOUR
PARTICIPATION
IS COMPOSED OF
WOMEN

- While lockdown and quarantine measures to slow the spread of the virus are appreciated, **emerging evidence shows that these measures have the potential to weaken protection systems and increase women's exposure to higher risks of gender-based violence (GBV).**
- GBV cases increased by **19.8%** in 2020 from **6788 cases in 2019 to 7640 in 2020**. One contributing factor might be due to **lockdowns and frustrations that come with loss of income.**



**GBV CASES
INCREASED BY
19.8%
IN 2020**

- In West Africa, the 2013-2016 **Ebola outbreak** placed **women and children** at greater risk of **exploitation** and **sexual violence**.
- In the advent of COVID19, **life-saving care and support to GBV survivors** (i.e. **clinical management of rape and mental health and psychosocial support**) may be disrupted putting pressure on tertiary level hospitals. In addition, **health service providers** are **already overburdened and preoccupied** with handling COVID-19 cases.



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- **Zambia has one of the highest child marriage and teenage pregnancy rates globally.** According to the **Zambian Demographic Health Survey (2018) 29% of girls aged 15-19 years have already given birth or were pregnant with their first child.**
- **Over 46% of adolescent girls and women are exposed to GBV.** Prevalence of HIV among females aged **15-49 years is 11.3%.** The protection risks, negative coping mechanisms such as transactional sex, sexual exploitation and increased child marriages, could **worsen the high HIV prevalence in the country.**
- The singular concentration on COVID-19 has created challenges in that it is not easy for survivors to access **GBV and Sexual Reproductive Health (SRH) services.**



- The Ministry of Health has, since March 2020, **recorded an increase in the number of maternal deaths**, which could be attributed to **an increase in home deliveries and/or delays in getting to health facilities due to fear of COVID-19**, resulting in **preventable complications and death**.



- Additionally, women are often at the frontlines of the response in **healthcare provision, social services, communities and households.**
- Without the necessary information and services, including adequate personal protective equipment (that is the right size for them), **women are not just at risk of acquiring the virus but also a conduit for passing it on to their families.**



- Women already in situations of **poverty and high vulnerability to social exclusion and human rights abuses** will be **affected by the likely increase of the burden for caring for children and others** (example: elderly parents, Persons With Disabilities (PWD)).
- They will **also be affected by the potential loss of income for those in formal and informal jobs**, but also by the **limited material conditions and infrastructure of their households, neighborhoods and communities.**



● Impact of COVID-19 on SMEs

The following are some of the impacts COVID-19 has had on SMEs from a number of studies that have been carried out:

- **Reduction in employees and introduction of shifts as an adaptive measure to the impacts of the pandemic on their business:** as a result of low business most employers terminated employment for their employees.

- Among those employers, **3 in every 4 terminated 1 to 5 employees.**
- A survey conducted in Lusaka revealed that **most employers communicated to their employees on layoffs and temporal salary reduction.**
- Flexible shifts and working from home all led to shut down and reduction in certain production lines and outlets.



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- The COVID-19 pandemic has resulted in **drastic declines in revenue for micro and small enterprises** (MSEs) in Zambia.
- Another negative impact that COVID-19 has had on SMEs has been **liquidity shortages and purchase of raw materials and supplies** has been reduced to about 40%.
- Small-scale businesses in Zambia usually depend on small cash takings on a daily basis to remain operating. Most of them have **between 2 to 8 employees** according to a survey conducted around Lusaka. Small scale businesses **need to meet their day to day operational costs in addition to paying salaries at the end of each month.**
- The closure of restaurants and other businesses implies that these companies are **not taking in any cash at close of business each day and at the end of each month.** However, **they still need to pay rentals and pay their employees.** This largely results in the closure of such businesses.



IMPACT OF COVID-19 ON SMEs CONTINUED

- A research conducted by Quartey, et al indicates that **the growth of small-scale businesses depends on financing to this sector.**
- The financing of small-scale businesses implies that **they have a responsibility to account for such resources and this is only possible when they are operating at full scale.**



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- Loss of customers due to reduced movements: The pandemic has greatly reduced the mobility of the population. This has in turn **reduced demand for goods and services and also made it harder for businesses to operate.**
- There are multiple channels by which mobility restrictions can interfere with a business' ability to obtain necessary materials or inventory; **impede workers' access to the workplace; limit the days and hours that marketplaces are open, or even shut them completely;** or simply raise the cost of doing business to an extent that wipes out rather small profit margins of these tiny businesses.
- Customers and workers alike confront increased risk of infection every time they venture into the public square. Moreover, doing business during a pandemic is fraught with risk that public health measures will tighten in the near future, so that investments made might wither on the vine.



● Challenges of COVID-19 on women-led Enterprises

- Due to the COVID-19 crisis, **women entrepreneurs around the world are suffering large setbacks.**
- According to a study by the World Bank Data about the disproportionate effects of lockdown measures on women-led SMEs are emerging; in several Sub-Saharan countries, **about 60% of women-led small businesses have lost their sources of income**, three times more than men-led businesses.
- Globally, **women-owned SMEs are about 6 percentage points more likely to close their business** than male-owned businesses.

60%
**OF WOMEN-
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TO COVID-19
CRISIS**

Women in Business Indaba

POLICY MONITORING AND RESEARCH CENTRE

- In Zambia women in business, especially those in **markets, cross-border traders, and the service industry** have been **severely impacted by the pandemic** as well as the measures put in place to contain it.
- An online business survey conducted reported that **46% of the businesses reported closure, 2% reported permanent closure.**
- When compared to men, **49% women entrepreneurs reported temporary suspension of business activities due to COVID-19 against 35% men. 3% of surveyed women entrepreneurs reported permanent suspension of business activities due to COVID-19 and none for male entrepreneurs aged 35 and over.**



46%
**OF BUSINESSES
REPORTED
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- Though the Bank of Zambia has introduced the Targeted Medium-Term Refinancing Facility (TMTRF), **only about 4,200 firms have been able to access its support.**
- **For most women-led SMEs (WSMEs), microfinance institutions are the preferred source of financing** despite the high interest rates.
- Micro-finance institutions are a preferred choice for most women because these institutions **have better lending requirements in form of collateral as opposed to traditional banks.**

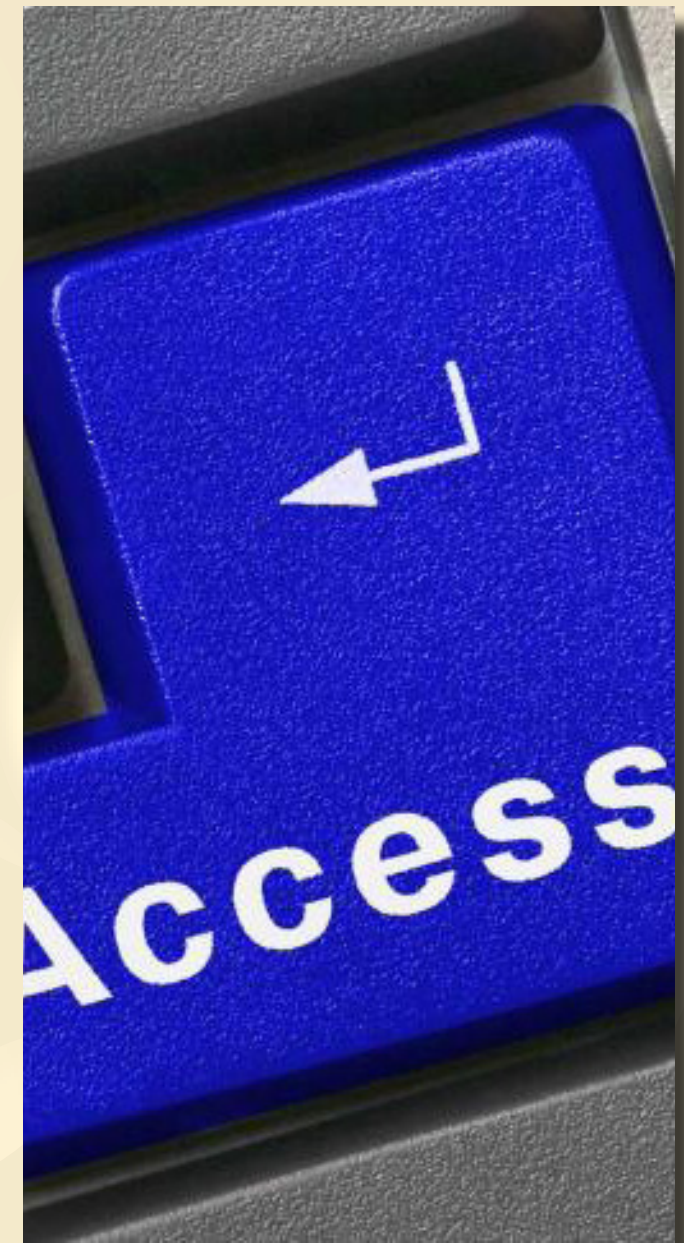


- The COVID-19 pandemic has **led to loss of income for most women enterprises** due to the sectors they operate in.
- Most of them **lost their capital and profits** in providing for their families despite the disruption in their businesses.



● RECOMMENDATIONS

- Increased access to information among women in order for them to participate in economic and socio-political empowerment programmes.
- **National economic recovery plans should be shared at all levels** to ensure full participation of women in sectors such as **manufacturing, agriculture and mining**, in both rural and urban areas. Civic education programs should specifically include this.



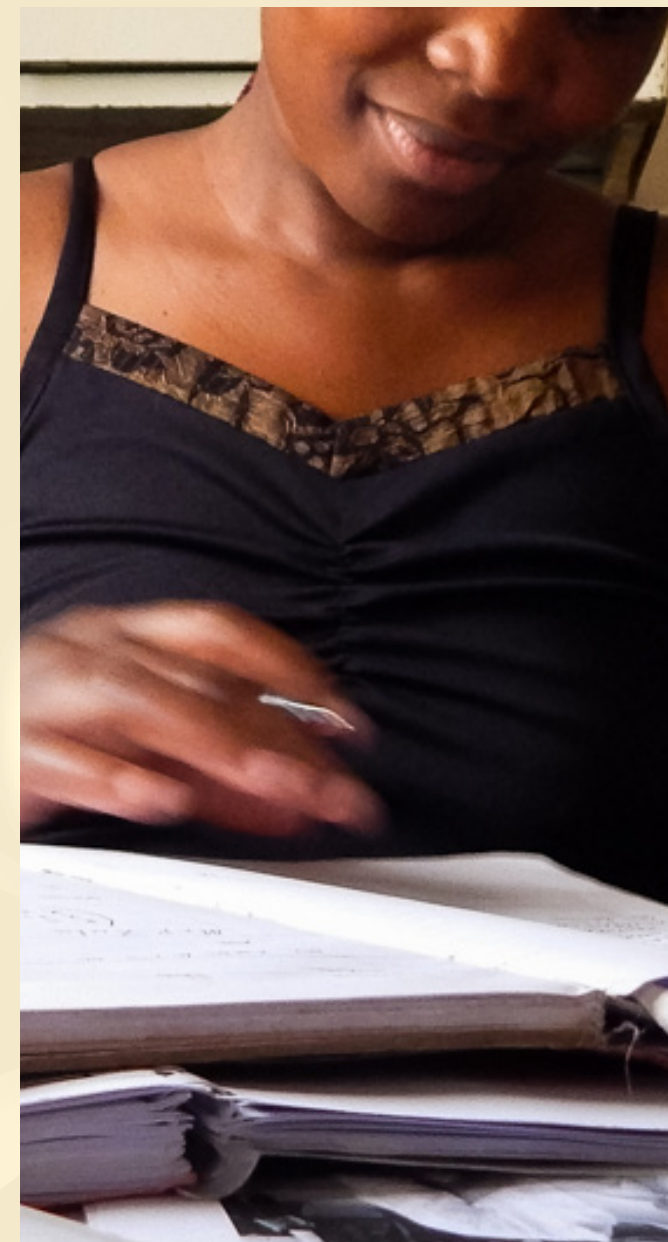
- Government is urged **to ensure that more women participate in the policy formulation process through women-led think tanks and cooperatives** especially created for economic recovery post-COVID-19.
- **The discussion on the establishment of the Women's Bank should be reactivated.**



- **Increased access to resources for women:** Structural and intersectoral barriers that **impede women from exercising their agency** on economic issues should be actively addressed. **This will allow for meaningful participation in the allocation of resources.**



- **Strategic partnerships with non-governmental and civil society organizations should be strengthened.**
- Government must continue to **actively reduce the risks to women in their own homes** through increased mechanisms to report **domestic violence** and the **creation of subsidised spaces for women** who wish to work away from home.
- International and regional standards on the protection and promotion of women's socio-economic rights, which Zambia has subscribed to, **should be translated into workable programmes.**



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