

## Impact of COVID-19 on women entrepreneurs and informal sector workers

# Vow to turn around despite income loss causes severe stress

COVID-19 has forced a large number of women entrepreneurs and women working in the informal sectors to lose their income. As a result, women entrepreneurs and informal sector workers respectively faced social, economic and mental challenges, including domestic violence, lowered buying capacity and stress during the pandemic. However, these women showed resilience to fight back and recuperate from the losses they suffered.

The findings along with a number of recommendations of a study titled "Situation of women. CMSME entrepreneurs and informal sector workers: A rapid assessment and quest for recovery from losses induced by COVID-19 pandemic" were revealed at a digitally organised discussion titled "Women Affected in Workplaces and Businesses" today, on Thursday (17 September 2020).

BRAC Gender Justice and Diversity (GJ&D) Programme, with support from Advocacy for Social Change (ASC) conducted the study to look into the situation of women entrepreneurs in the cottage, micro, small and medium-sized enterprises sector and the workers who are employed in the most vulnerable informal sectors.

BRAC director Nobonita Chowdhury moderated the event joined by KM Abdus Salam, secretary to the Ministry of Labour and Employment, as chief guest. Perveen Mahmud, chairperson of UCEP Bangladesh, Ferdous Ara Begum, chief executive officer (CEO) of Business Initiative Leading Development, Rokeya Rafiq, executive director (ED) of Kormojibi Nari, Economist Nazneen Ahmed, Kohinoor Yeasmin, CEO of Tarango, BRAC ED Asif Saleh, BRAC senior directors Shameran Abed and KAM Morshed joined the discussion as panelist. KAM Morshed revealed the key findings of the survey at the beginning of the discussion.

**The BRAC study found** 65% women entrepreneurs had no income, while 58% women working in the informal sectors had no jobs between February and June during the government imposed holidays to tackle the onslaught of COVID-19 pandemic. As a result, women entrepreneurs and informal sector workers respectively suffered 67% and 66% decline in their personal income. Subsequently, these women (90% entrepreneurs and 84% informal sector workers) faced social, economic and mental challenges, including domestic violence, lowered buying capacity and stress during the pandemic.

A total of 1,589 respondents (589 entrepreneurs and 1,000 workers) in 174 upazilas of 28 districts covering all the administrative divisions joined the survey conducted from 8 to 24 July 2020. Of them, 32% are from rural and 68% from urban areas.

The study found one-third (33%) of the entrepreneurs had to shut their businesses and 41% had to lay off their workers during the pandemic. While 86% entrepreneurs mentioned that they could not take any measures for coping with their business-related challenges, 39% informal sector workers mentioned that they had to borrow money from friends and relatives to survive. During this period, 46% of entrepreneurs and 72% workers reported problems in their households and majority of them said they suffered acute mental stress.

It was also found the entrepreneurs each had an income loss of Tk 2,89,605 in their businesses on an average.

The stimulus package announced for enterprises by the government found to have failed for the entrepreneurs as only 29% of them had knowledge about it. Lack of proper knowledge was to be blamed for this and the majority of the entrepreneurs preferred NGOs for credit support to help their businesses.

The social safety net coverage for the informal sector workers (having zero income between February and June) also found to be inadequate as 72% workers in rural and 49% in urban areas reported that they received no assistance either from government, NGOs or private donors.

The silver lining of the survey, however, was that women entrepreneurs and informal sector workers revealed resilience and only 1% of them said they were planning to leave their previous work or businesses.

Majority (83%) of informal sector workers now expects cash support, while 79% entrepreneurs want credit at easier terms and lower rates of interest to fight back. They also recommended dedicated stimulus packages for women and suggested declaring gender-related services as essentials. Most of the respondents also stressed the need for skills development training both for entrepreneurs and workers.

### **What the panelists say:**

Addressing the discussion, chief guest KM Abdus Salam said the government is bringing about strategic changes in forming different policies.

“Agriculture, industries and other sectors are receiving massive stimulus packages. Karmasangsthan Bank and some other banks are now disbursing loans. We expect the real picture of poverty will be changed by December and we will be able to fight back again,” Secretary Salam added.

Economist Nazneen Ahmed highly appreciated the fact that the survey prioritised cottage, micro and small enterprises and workers involved in these sectors.

“Specific household surveys on entrepreneurs and workers will obviously bring out the actual scenario. If needed, NGOs can be brought in to distribute the stimulus package among those who actually need assistance to tackle the crisis,” she said.

BRAC ED Asif Saleh said, “If we are determined to overcome the crises we have been facing in the past four to five months, the country will definitely move ahead from its present state. We need to ensure issues such as reaching timely assistance to places where those are needed, stopping violence against women and preventing school dropouts.”

Our government, social organisations and NGOs need to work together to ensure that marginalised groups like women do not get rather more marginalised in this crisis, Saleh added.

BRAC senior director Shameran Abed said, “Women entrepreneurs of small and medium enterprises don’t usually get loans from banking institutions. Those from micro enterprises don’t even get the chance to knock banks for loans. NGOs need to work in these aspects, but they too have their limitations. That is why we need to find solutions to these problems through a joint effort between public and private sectors.”

Perveen Mahmud, chairperson of UCEP Bangladesh, said, “We need to arrange skills and capacity building training for women so that they can bring changes to their business management to survive the New Normal.”

Business Initiative Leading Development CEO Ferdous Ara Begum said, “I do not think there has been any specific survey involving such a large number of specific sectors, especially cottage and micro-industrial entrepreneurs, during the pandemic. There are various hurdles, but as we have scopes to discuss with 13 secretaries during inter-ministerial consultation meetings at the Prime Minister's Office, we will talk to them especially on the suggestion of providing loan facilities without any collateral for cottage and micro and small entrepreneurs.”

“Our organisation thinks that the rules for lending also need to change for cottage, micro and small entrepreneurs. Bangladesh Bank has also taken some initiatives in this regard recently as these are the sectors that employ about one and a half crore people,” Ferdous Ara Begum added.

Rokeya Rafiq, executive director (ED) of Kormojibi Nari, said, “Although there is no major public-private partnership to help informal sector workers, it is seen that they themselves are trying to survive on their own initiative. They are surviving by changing their professions, working for lowered wages, having only basic diets, giving up on nutritious foods, and saving on the cost of educating their children. We need to help them get back to their previous lifestyle.”

Tarango CEO Kohinoor Yeasmin said, “Many export-oriented businesses have started to turn around again. For example, producers of jute products were the worst affected, but now there is a lot of demand from abroad for jute products as those are considered environment friendly. However, most of the Bangladeshi producers do not export their products. We need to make arrangements for them through public-private initiatives to be connected to the foreign market instead of being dependent only on the local market.”