

## **Women-owned enterprises are the most vulnerable to COVID crisis, says Ms. Tembo**

The COVID pandemic has put millions of micro, small and medium enterprises (MSMEs) across the world to the test of survival. Women-owned enterprises are the most vulnerable section of MSMEs that may struggle to stay afloat in this crisis as these enterprises lack access to capital and digital technologies.

In an interview to MVRDC World Trade Center Mumbai, Ms. Dorothy Tembo, Executive Director ad interim, International Trade Centre (ITC) underscores the role of government and business support organizations (BSOs) in facilitating MSMEs and women-owned enterprises sail through the crisis.

ITC, which is jointly set up by the United Nations and the WTO, is the only multilateral agency fully dedicated to supporting the internationalisation of MSMEs. Before her stint at ITC, Ms. Tembo held senior positions in USAID and the Ministry of Commerce, Trade and Industry of Zambia.

### **Excerpts of the Interview:**

#### **Q1. What is your take on the current situation of world economics amidst COVID-19? What should be the way forward?**

The coronavirus (COVID-19) outbreak has resulted in a global health emergency and an unprecedented global economic slowdown. Global trade, investment, growth, and employment have been adversely affected and places the attainment of the UN Sustainable Development Goals at considerable risk. World Trade Organization (WTO) estimates that world merchandise trade could fall by 12% to 32% in 2020. Estimated global losses in GDP growth currently hover around between 1.5% and 2%. Those figures are most likely to be revised downwards.

Behind the head line figures are millions of micro, small and medium enterprises (MSMEs) worldwide accounting for two thirds of employment. Almost 40% are women owned. These MSMEs are facing sharp fall in demand and disruption in supply chains. With incomes dropping more than 50%, and cash drying up, the prospect of millions of MSMEs going bankrupt looms large. Even larger for women led MSMEs which tend to be smaller and in those sectors like tourism and retail that have been most affected.

Looking ahead, MSMEs, business support organizations and governments in developing countries will have to adapt to an economic system that places greater emphasis on digital processes and on supply chain reliability. ITC SME competitiveness research showed that companies respond to uncertainty by strengthening operations in places where the policy environment is most stable and where trade costs are lowest.

To remain competitive, businesses will have to adjust, and governments will have to support them by pursuing further regional integration with their nearest neighbours. To support our client countries through these difficult times, ITC has developed the following 15-action plan for MSMEs, Business Support Organizations (BSOs) and governments. The plan provides guidance to support MSMEs through the crisis. <http://www.intracen.org/news/ITC-launches-15-point-plan-to-help-small-businesses-survive->

the-pandemic/

As BSOs play the important role of agile, expert and trusted connectors between MSMEs and the government. ITC survey results show that half of the business respondents consider it difficult to access information and benefits from COVID-related governmental assistance programmes.

For governments, the plan proposes five action points directly targeting the facilitation of exports and imports. Such measures should complement other measures that governments may take to support the economic well-being of MSMEs and their employees.

## **Q2. How is COVID-19 impacting women in trade?**

Women face disproportionate economic, health and social challenges. That is a fact backed by survey after survey. In trade, only 1 in 5 exporting small businesses are women-owned but women own mostly those MSMEs most vulnerable during periods of crisis.

This unfortunate state of play means that the COVID-19 crisis will exacerbate the challenges facing women in trade, especially as it relates to access to critical information on market and trade –related opportunities, including government support initiatives in response to the pandemic; access to skills and capital required to adjust production and distribution; use of digital platforms for business operations; and access to markets.

## **Q3. How should trade policies be redrafted to encourage and support women’s economic empowerment?**

Covid-19 has exacerbated existing gender inequalities but also made them more visible. And as we look to shape a gender-equitable post-Covid era, we have an opportunity to correct this.

One such inequality is the persisting gender digital divide. If anything, the pandemic has demonstrated the importance of having access to, and being able to use, the internet which has served as a lifeline for many, offering access to critical information including essential support services and education. For women entrepreneurs whose businesses are taking a severe economic hit, the internet can provide key market information such as new export restrictions and opportunities to reach new customers through e-commerce platforms.

However, there are millions of women who do not have access or cannot use the internet due to lack of digital literacy skills. Worldwide, women are still 8% less likely than men to own a mobile phone, and there are still 300 million fewer women than men who have access to the internet.

A key policy response is to invest in educational and digital skills initiatives that increase women and girls’ digital literacy. Basic digital literacy as well as more advanced digital competencies and access to devices and services are urgently required for women led businesses and producers to receive information and support, perform increasingly digitised business processes, and access financial services and markets.

In addition, more targeted interventions are needed to equip women led MSMEs, and entrepreneurs with the knowledge and skills to adapt and successfully navigate the economic crisis. Given the importance of equal access and use of internet, ITC is proud to be a co-founding member of the EQUALS Global Partnership to bridge the digital gender divide.

For any new or existing government intervention, it is important to ensure women are benefitting by making sure they have relevant information, and to collect gender-disaggregated data and monitor take up and impacts. This will enable governments to adjust programmes, and understand the gender specific impacts of the crisis on women entrepreneurship. ITC's Shetrades platform is a rich source of information and experience sharing. <https://www.shetrades.com/en>

As we mark 25 years since the adoption of the Beijing Declaration and Plan for Action, policy-makers, corporates and international organisations need to mainstream gender in our collective response to the pandemic.

#### **Q4. What needs to be done to bring about greater engagement and participation of women in setting norms in multilateral trade?**

Recognizing the need to foster women's economic empowerment, under the auspices of the International Gender Champions, the Buenos Aires Joint Declaration on Trade and Women's Economic Empowerment was adopted in December 2017 at the 11th WTO Ministerial Conference. Today, 127 WTO member states and observers have joined the Declaration.

The Declaration highlights key areas where we can take concrete action towards greater engagement and participation of women in trade. These include the use of gender-based analysis of trade policy and trade agreements; better integration of women into public procurement; taking more aggressive steps through domestic policies to educate and re-skill women and girls in science, technology, engineering and mathematics; and addressing the barriers to capital for women-owned businesses.

#### **Q5. How should MSMEs be reoriented into getting back to global value chains?**

There are a number of measures which will be important for the recovery and future resilience of MSMEs. In the short term, a range of immediate actions will be necessary for reorienting business operations including adopting the use of flexible working arrangements for staff and new hygiene measures and engaging in more frequent and open communication with suppliers, customers and third-party service providers, such as transport companies and banks to plan for and mitigate business disruptions.

Next to operational concerns, businesses should seek support from chambers of commerce, export promotion agencies, sectoral associations and other support organizations, which can offer advice on government support and advocate on their behalf. Now more than ever, it is crucial that businesses and their representatives take advantage of public-private dialogue forums and consultation mechanisms to make their views known to policymakers and regulatory authorities.

MSME recovery and resilience also calls for a long-term strategy which seeks to build business models that lean more on regional value chains; digital solutions; and green technology.

ITC's 15-Point Action Plan outlines in detail, the measures which will be critical for MSME recovery.

#### **Q6. How can trade promotion bodies across the world support MSMEs in the present situation?**

These business support organizations (BSOs) have a critical role to play in the MSME recovery.

Most of the services offered by business support organizations – such as trade missions, business matchmaking events and conferences – remain highly relevant to the survival and success of MSMEs. Before the crisis, many of these organizations had already begun to experiment with digital technologies which will complement the traditional face-to-face approach.

Moreover, BSOs serve as connectors between MSMEs and the government. They benefit from their convening power to collect and aggregate the views of small businesses, build consensus and offer policy recommendations to governments. They can leverage internal and external networks to ensure micro enterprises, women-led businesses, rural MSMEs and others are not left behind.

Business support organizations can also provide MSMEs with information about business continuity, teleworking, crisis leadership and cash flow management by curating and sharing external links. Once governments announce their support packages, such organizations can help disseminate information to MSMEs and distribute resources, mobilizing their existing networks and leveraging their credibility.

Research is an essential activity that MSMEs rarely have the time or the resources to carry out themselves. They suffer from a lack of information about global trends in supply and demand that might be relevant to their business, and how these trends are changing in response to the crisis. BSOs can play an instrumental role in using international networks and partners to carry out customized research on these topics and disseminating the findings to MSMEs and other interested parties.

BSOs also need to get ready for the post-covid-19 world by being a leader in enabling MSMEs to thrive within a digital, global economy geared towards resilience, inclusiveness and sustainability.

### **Notifications**

#### **Press Information Bureau, Government of India**

Prime Minister interacts with his counterpart in Mauritius

<https://pib.gov.in/PressReleasePage.aspx?PRID=1626360>

Prime Minister interacts with President of Sri Lanka

<https://pib.gov.in/PressReleasePage.aspx?PRID=1626358>

Production of Petroleum and Natural Gas for April 2020

<https://pib.gov.in/PressReleasePage.aspx?PRID=1626327>

“Hunar Haat” to restart from Sept 2020 with the theme of “Local to Global”

<https://pib.gov.in/PressReleasePage.aspx?PRID=1626322>

## **DGFT**

Inclusion of Gopalpur Port, Odisha as port of registration for schemes under Foreign Trade Policy

<https://dgft.gov.in/sites/default/files/PN%2006%20English%20Final.pdf>

Preferential Certificate of Origin for exports to Thailand and Vietnam

<https://dgft.gov.in/sites/default/files/Trade%20Notice%2012%20CoO%20Thailand%20Viet%20Nam.pdf>

## **CBIC**

Appointment of Common Adjudicating Authority

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt47-2020.pdf>

## **RBI**

Relaxation of maximum permissible period for export credit

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11904&Mode=0>

Extension of time period for completion of remittance against normal imports

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11900&Mode=0>

Review of resolution timelines for stressed assets

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11903&Mode=0>