

COVID-19'S GENDERED IMPACTS ON THE PRIVATE SECTOR

DFPA
THE DANES FAMILY
FOUNDATION

 INVESTMENT FUND FOR
DEVELOPING COUNTRIES

CONTENTS

INTRODUCTION	3
VULNERABLE GROUPS AND RACIAL DISPARITIES	4
PURCHASING PRACTICES	5
MODERN SLAVERY	7
WORKING HOURS	8
MIGRANT WORKERS AND WAGE THEFT	9
SEXUAL HARASSMENT AND GENDER-BASED VIOLENCE (GBV)	11
WOMEN'S EMPLOYMENT	12
WOMEN'S HEALTH AND WATER, SANITATION AND HYGIENE	13
WORK-LIFE BALANCE AND UNPAID CARE WORK	14
WOMEN-LED BUSINESSES AND DIGITISATION	15
INFORMAL BUSINESSES	16
SECURITY – HUMAN RIGHTS DEFENDERS	17
ACTIONS FOR INVESTMENT PROFESSIONALS	18
SOURCES	19

Published 2021

Photos by: Broom Chile, Silverlands Tanzania, BOPA Microfinance, C-LEAP, dbramante1928

INTRODUCTION

All around the world, the COVID-19 pandemic is straining health systems, expanding socio-economic divides and altering the strategic priorities of private enterprise, civil society organisations, investors and governments. The economic consequences are serious. Global markets have been affected, global supply chains have been disrupted, companies have been forced to scale back or shut down their businesses, and people are losing their jobs and livelihoods as a result. According to the International Monetary Fund, the COVID-19 pandemic has led to the worst economic crisis since the Great Depression of the 1930s. Its fallout will lead to more than 170 countries experiencing negative per capita growth in 2020. Developing economies, particularly conflict-ridden and fragile countries, are likely to experience a severe blow considering their reliance on tourism, remittances and export-led growth. Plummeting commodity prices and global investment flows are leading to limited fiscal capacity to protect and support their economies, protect jobs and reinforce their health and social protection systems. As the global economy is expected to shrink by 5% in 2020, and measures to protect the most vulnerable are absent, the number of people living in extreme poverty is expected to rise by 96 million in 2021.

Unfortunately, the impacts of a crisis are never gender neutral. Emerging evidence concerning COVID-19-related impacts reveals that women and girls are affected disproportionately and differently compared to men and boys by the pandemic's social and economic effects. Consequently, the pandemic is exacerbating pre-existing power hierarchies and inequalities and revealing vulnerabilities in economic, social and political systems that are deepening the impact of the pandemic. Measures to prevent the spread of COVID-19 are expected to have profound ripple effects on women's employment and livelihood as well as girls' access to education. Furthermore, the reallocation of funds to pandemic response is impeding women's access to health care, including sexual and reproductive health.

This document sheds light on a number of the implications of COVID-19 concerning the private sector, including the gendered implications hereof. The purpose of this document about COVID-19's gendered impacts on the private sector is to raise the awareness of you, as an Investment Professional, on relevant labour-related issues and pitfalls, e.g. concerning purchasing practices and their ripple effects, modern slavery, migrant workers and other vulnerable groups, issues relating to the informal sector, sexual harassment and gender-based violence, work-life balance and unpaid care work, women's health and water, sanitation and hygiene (WASH).

Due to the severity of certain issues, these have been unfolded to a greater extent than other issues. A case in point is the issue of working hours. Furthermore, as issues intersect, certain topics and stakeholder groups are mentioned numerous times.

Disclaimer

While reasonable efforts have been made to make sure that the information included in this document is accurate, comprehensive, and up-to-date, circumstances may still change as the COVID-19 pandemic is ongoing.



VULNERABLE GROUPS AND RACIAL DISPARITIES

Emerging evidence has revealed that poor and marginalised communities, e.g. migrant communities, are more vulnerable to COVID-19.

There are significantly higher death rates among Latinx as well as Afro-descendant communities.¹ The variations in risk of infection and death rates are a reflection of pre-pandemic social and economic disparities, including inequalities in living conditions. These disparities also tie into employment aspects where vulnerable and marginalised groups are more likely to be employed in insecure and low-paid jobs and/or as essential frontline workers. Inequalities in access to health care and greater likelihood of underlying health conditions aggravate these disadvantages.

Furthermore, people of African descent, particularly women, are less likely to have access to credit, their incomes are lower and so are their savings rates. As a result, they are less likely to stock up on food and household items in times of crisis. These women are also more likely to work as informal or self-employed workers and therefore lack economic buffers and/or enjoy few or no labour protections.

Sexual and gender minorities are another vulnerable group, especially when their status intersects with poverty.² During the pandemic, there have been cases of the LGBT+ community being accused by religious leaders of spreading COVID-19, lacking community support due to homophobia, and being targeted by authorities when they seek refuge in homeless shelters.



PURCHASING PRACTICES

COVID-19 has disrupted global supply chains in a massive way. Business executives and procurement leaders are having to tackle urgent demands, maintain business operations and reduce supplier challenges against a backdrop of severe disruption to teams, their people and local communities.

Consequently, the financial anguish of buyers has led to many cancellations and suspended orders, especially for garment manufacturers across Asia. Alluding to the COVID-19 pandemic, some buyers invoked force majeure clauses in their contracts and thereby cancelled or delayed payments and orders. This has immediately affected the employment of people working in labour intensive industries, particularly women, who also risk losing their workplace health insurance and/or access to factory nurses who they depend on for healthcare, including sexual and reproductive healthcare.

Furthermore, labour-intensive industries e.g., the textile, garment and food industries are characterised by systemic challenges that contribute to unsustainable practices within factories. These challenges are linked to the buyer-supplier dynamic and the unsustainable purchasing practices of e.g. fast-moving consumer goods companies that operate in the food or fast-fashion industries.

A high cost for manufacturers and workers

In a buyer-driven market, manufacturers experience aggressive price negotiations, inaccurate forecasting, short lead times and last-minute changes to orders. This buyer-driven market puts manufacturers under intense pressure and leads to poor working conditions and low pay for workers. It can also lead to labour law

violations, undermine labour standards and in some instances even the customers' own ethical requirements. Since business operations have resumed for manufacturers and retail companies after the initial COVID-19 lockdown, the pressure is on to produce and deliver goods - now increasingly sold via e-commerce.

This comes at a high cost for manufacturers and workers and plays out in the following ways:

Purchasing practices that lead to pressure on time and cost:³

- Power imbalance in buyer/supplier relationships
- Poor internal communication
- Inaccurate product specifications and forecasting
- Frequent changes to specifications
- Lack of ethical criteria in contractual terms
- Lack of support to meet ethical standards
- Aggressive price negotiation
- Late orders

Impact on suppliers, leading to pressure on capacity, working hours and labour costs:

- Compromised bargaining power and pressure to deliver at any cost
- Difficulty to plan and manage production
- Increased sampling costs
- No reward for improvements
- Unable to secure a price that covers cost of production
- Inability to meet deadlines
- Late deliveries
- Lack of resources to invest in improvements to meet customers ethical requirements

¹ Latinx is a gender-neutral term, used to refer to people of Latin American cultural or ethnic identity.

² Sexual and gender minorities is a term that refers to lesbian, gay, bisexual, transgender, intersex, non-binaries and queers.

³ https://www.ethicaltrade.org/sites/default/files/shared_resources/guide_to_buying_responsibly.pdf.



This buyer-driven market puts manufacturers under intense pressure and leads to poor working conditions and low pay for workers.

It can also lead to labour law violations, undermine labour standards and in some instances even the customers' own ethical requirements.

Impact on workers, leading to rights violations and labour law violations:

- Suppressed wages
- Poor health and safety measures, including chemical exposure
- Irregular working hours and excessive overtime
- Harassment and abuse from management, including sexual harassment
- Lack of breaks and sleep
- Lack of investment in training and equipment to ensure safety
- Lack of regular or permanent work

Impact on labour market, leading to continued exploitation of vulnerable workers and a weak labour market:

- Poor employment conditions
- High turnover among workers
- Reduced productivity
- Unauthorised subcontracting
- Low wages
- In-work poverty (working poor)
- Child labour
- Forced labour
- Unresolved industrial disputes and lack of grievance mechanisms

Impact on companies, e.g. investees:

- Damage to reputation
- Risk of disruption of supply
- Risk of inconsistency in quality of products

MODERN SLAVERY

As the economic fallout of the COVID-19 pandemic deepens and further exacerbates vulnerabilities, it is anticipated that millions more will find themselves in modern slavery, due to poverty and power imbalances.

The reasons for this include:

- 1. Quarantine restrictions**, which means workers may not be able to come to work because of quarantine protocols or because they need to care for a loved one. This situation leads to an absence of wages and an increase in vulnerability.
- 2. Loss of income** as a result of order cancellations, factory shutdowns, workforce reductions and sudden changes to supply chain structures. Many workers have already lost their jobs or been furloughed. This has created desperate situations for workers who already grapple with low wages and income. This situation can expose them to modern slavery.
- 3. Excessive involuntary overtime** for instance in factories that produce personal protective equipment (PPE). Factories that produce PPE are experiencing a huge increase in demand, while garment factories that have been shut down are in a race to catch up for lost time. This reality puts pressure on workers to increase production rates to cover for months of inactivity and/or meet demand requirements. This results in unreasonable requests for workers to work overtime, and this overtime can be exploitative in nature if it is involuntary and uncompensated.
- 4. Increased debt.** As workers are forced to stay at home, the likelihood that they find themselves in excessive debt increases significantly. By taking on debt that they may be unable to repay, they are vulnerable to exploitation. Vulnerable workers in search of employment also risk having to pay recruitment fees and therefore take on debt to pay for these fees. This situation significantly increases the risk of forced labour and debt bondage.

- 5. Freedom of movement.** Some employers have taken advantage of government-imposed restrictions and limitations to keep workers on site to work more hours.
- 6. Ultimatums.** Some workers have been presented with an ultimatum to either continue working and risk contracting COVID-19 or leave and lose their job.

Companies have a "duty of care" to the vulnerable people in their business operations and/or supply chains. Investees and Investment Professionals should be aware of the modern slavery vulnerabilities described above.

Did you know that...

Approximately 40.3 million people are estimated to be trapped in modern slavery.⁴

⁴ <https://www.antislavery.org/slavery-today/modern-slavery/>

WORKING HOURS

COVID-19 has disrupted and halted business operations throughout the world. This has reduced employment, trade, investments and economic growth.

For vulnerable and low-paid workers, e.g. informal and contract workers, the pandemic poses a threat to decent working conditions – especially for non-unionised women and men with poor social protection, and workers that reside in countries that have weak labour laws.

As production has resumed following lockdown, companies, e.g. in the garment industry are working around the clock to offset months of inactivity in business operations and loss of exports. The garment sector in India and China employs millions of women from poor and rural communities. During COVID-19, the workload of these women has increased to such an extent that it has led to exploitative working conditions. Cases have been reported of female garment workers being forced to work non-stop and to stay overnight at factories to complete orders, with very little sleep. Aside from this, women report being

treated harshly, threatened with job loss, working with few toilet, food and water breaks, and working overtime without prior notice. For women in particular, poor work-life balance and excessive overtime affect their ability to juggle work with home and child-care responsibilities.

Furthermore, poor working conditions and excessive overtime during COVID-19 is not isolated to the garment industry in India but occurs in other sectors and countries as well. It is also important to note that poor labour conditions are symptomatic of low-paid industries beyond the scope of COVID-19.

MIGRANT WORKERS AND WAGE THEFT

Worldwide, migrant workers are the backbone of healthcare systems and thriving economies. Despite this, migrant workers from e.g. India remain a particularly vulnerable group, due to intersecting discrimination, poor labour protection and economic safety nets, inequality and not least the entrenched hierarchical structure of Indian society.

These issues make it difficult for migrants to access basic resources to sustain their livelihoods. Migrants are also more vulnerable to COVID-19 due to poor living conditions and poor social distancing. Adding to this, increasing demands on healthcare systems force governments to limit who receives healthcare. This leads to exclusionary practices that make it difficult for migrants to access adequate healthcare. In continuation of this development, there has also been a rise in nationalist and nativist rhetoric, e.g. in India and the Gulf, making migrant workers easy targets for exclusion from access to services, or worse for stigmatisation as sources of infection risk.

Female migrant workers are losing their jobs

Migrant women especially are more likely than men to hold insecure jobs in the informal economy and work low-paid jobs in the formal economy. Over the course of 2020, millions of migrant workers have been furloughed due to lockdown, inciting massive repatriation to their cities or countries of origin. Reportedly, women migrant workers are losing their jobs in large numbers, as many have not entered into formal labour contracts and therefore have limited labour protection as they lose their jobs in response to the economic decline caused by the COVID-19 pandemic. Women migrant workers in the formal sector are also vulnerable to job loss due to economic decline. This situation leaves many in limbo with regard to their work authorisations and visa status, including great uncertainty about their housing and income prospects.

Migrant women, especially those working in the informal economy, have limited or no access to social protection, healthcare, and maternity protection, because they are generally excluded from contributory insurance schemes. Furthermore, women migrant workers who have no health insurance or with irregular migration status may be hesitant to follow COVID-19 screening, testing and treatment measures out of fear of documentation checks by authorities, including potential arrests, fines, detention or deportation to their home countries, where economies may have been fragile even before the pandemic. These concerns and challenges in migrant communities make it difficult to prevent the spread of COVID-19.

In terms of sexual and reproductive health, migrant women are also compromised by their poor access to healthcare and lack of health insurance – and even more so as health systems are stretched to the limit by COVID-19. This situation puts expectant mothers and their babies at risk in terms of maternal and infant death.

Women migrant workers without access to childcare also find themselves in a predicament in the sense that they are forced to leave their children at home when they go to work, often without supervision. This puts migrant children, especially girls, at risk of abuse, sexual exploitation and gender-based violence.



Women migrant workers that are employed in sectors that require physical contact with other people often have poor access to personal protective equipment and handwashing facilities.

Moreover, as women are overrepresented in the migrant worker sectors, and because gender-based discrimination intersects with other factors including migration status, socio-economic factors and race, women migrant workers experience human rights violations in ways that are unique to their gender.

Wage theft

Countless migrants have left their jobs without receiving pay, as their wages have been unjustly withheld by employers. Wage theft has indeed become a serious and widespread issue during the pandemic.

Wage theft is also affecting contractual workers, e.g. in the construction industry. Construction workers have reported incessant challenges concerning low and unpaid wages. In some instances, this is a direct result of a downward spiral where subcontractors also do not receive pay from their customers and therefore are unable to pay their workers.

Wage theft is increasing economic insecurity and affecting the livelihoods and health of migrant and contractual workers, including their families. Considering that millions of migrant and contractual workers are non-unionised, they are effectively without labour protection and have poor access to justice mechanisms.



Construction workers have reported incessant challenges concerning low and unpaid wages.

In some instances, this is a direct result of a downward spiral where subcontractors also do not receive pay from their customers and therefore are unable to pay their workers.

SEXUAL HARASSMENT AND GENDER-BASED VIOLENCE (GBV)

During public health emergencies, harassment and gender-based violence increases.

Since the beginning of the COVID-19 pandemic, violence against women has risen on a global level and been described as the “shadow pandemic”. 31 million new gender-based violence (GBV) cases were anticipated during the first six months of COVID-19 lockdowns and an additional 15 million GBV cases are anticipated for every three months that COVID-19 quarantines and lockdowns continue. Aggravating causes include financial stress, security and health concerns, working from home in isolation with abusers, moving around in deserted public spaces and movement restrictions. Consequently, GBV is occurring at the workplace due to an unstable work environment, in public spaces and in homes.

Working from home during quarantine can increase isolation for men, women, and sexual and gender minorities that live with violent partners, separating them from resources and people that can support and assist them.

Working women – particularly informal, low-paid and essential workers – are at greater risk as they move around deserted urban or rural public spaces and have poor access to transportation services during lockdown. They also risk experiencing violence and harassment in the workplace. Workplace incidents can occur because of altercations between customers and employees and between co-workers, e.g. due to discrimination and stigmatisation of those suspected to be carriers of COVID-19. Harassment may also translate into a worker preventing a co-worker from completing work tasks.

Harassment and GBV have serious consequences and negative health impacts for people affected by violence, including their families and communities. Immediate impacts include poor mental and physical well-being, poor sense of safety and poor

sexual and reproductive health. Long-term impacts can involve financial hardship, economic insecurity and loss of livelihood due to labour force dropout as well as long-term mental and physical health complications, including sexual and reproductive health.

In addition to the harm done to women, men, sexual and gender minorities, harassment and violence, including sexual violence and GBV, can negatively impact employers in different ways.

This includes:

- Exposing employees and customers to increased health risks
- Increasing lateness, absenteeism or turnover of employees
- Reducing productivity and performance
- Reducing employee engagement
- Increasing safety and security costs
- Damaging the employer's public image or affecting customer satisfaction

There is a clear correlation between domestic and sexual violence and poorer financial performance of companies. GBV in homes and in the workplace leads to absenteeism and reduced productivity. Research from Fiji supports this. It revealed that lost staff time and reduced productivity translates into 10 working days per employee every year.

It is estimated that GBV costs as much as 3.7% of Gross Domestic Product (GDP) – more than double of what most governments spend on education. In the European Union alone, it has been estimated that the toll of domestic violence to the economy is 228 billion a year. Globally, violence against women is estimated at roughly \$1.5 trillion a year. In the wake of COVID-19, the number of victims of violence and harassment is expected to rise. This affects the individual, companies, communities and the GDP of countries.

COVID-19 is also being described as the first pandemic of the social media age. Internet usage has risen between 50% - 70%, as self-isolation policies and quarantine measures have been implemented. Men, women, girls, boys, and sexual and gender minorities have turned to the internet for work and school-related purposes as well as social activities. Alongside this development, information and communication technology (ICT) facilitated harassment and violence has increased. For women and girls, online violence plays out in the form of sexual harassment, stalking, physical threats, sex trolling and Zoom-bombing during video calls. Online forms of violence against women and girls are

linked to social, psychological, and reproductive health impacts – and often coupled with offline physical and sexual violence against victims. Certain groups of women are especially targeted by ICT facilitated violence. This list includes women belonging to ethnic minorities, indigenous women, human rights defenders, and sexual and gender minorities. Apart from negatively affecting physical and mental health and well-being, ICT facilitated violence stifles women's voices, reduces women's participation in the labour market and their active participation, as well as women's and girls' access to education.

WOMEN'S EMPLOYMENT

Women tend to earn less and hold less secure jobs than men. With plunging economic activity, women are especially vulnerable to job loss and loss of livelihood.

Some of the sectors most affected by the pandemic are female-intensive industries, characterised by low pay and poor working conditions, including lack of basic worker protection such as paid sick leave and parental leave.

The sectors that have been overwhelmed by job losses include the textile and garment sector, accommodation and food sector, which all have an overrepresentation of women. Emerging evidence shows that while men are more likely to experience a reduction in working hours (54% of men vs 50% of women), women are more likely to have lost their jobs as a result of the COVID-19 pandemic (25% of women vs 21% of men).

In the informal sector, employment and income for women has also drastically declined. According to UN Women, in the pandemic's first months, informal workers globally lost an average of 60% of their income: 81% in Sub-Saharan Africa and Latin America, 70% in Europe and Central Asia, and 22% in Asia and the Pacific.

Furthermore, women's poor access to financial capital and poor access to land and other resources makes it tougher for them to withstand a crisis, pull through and re-establish their lives. This reality both applies to women working in the informal and formal sectors and will ultimately drive more women and their families into extreme poverty, further expanding the gender poverty gap.

WOMEN'S HEALTH AND WATER, SANITATION AND HYGIENE

Water, sanitation and hygiene (WASH) is critical to prevent the spread of COVID-19. Despite this fact, 3 billion people, or 40% of the world's population, do not have access to decent handwashing facilities with soap and water.

This problem plays out in both private homes and workplaces and poses a serious health risk to communities and workers and by extension business operations. The world's most vulnerable and high-risk people include displaced people, refugees and migrants. These people live on less than 1.90\$ a day and more than half of them are women and girls.

Women and girls, who already experience pre-pandemic challenges in managing their sexual and reproductive health and menstrual hygiene, are especially at risk. Workplaces, schools and health centres that do not provide separate and private toilets with locks and decent WASH facilities and/or the absence of bins to dispose used sanitary pads, translate into obstacles for women and girls to adequately manage their menstrual hygiene in a dignified, safe and private way. Poor access to WASH and menstrual hygiene management are major barriers to girls' and women's health, as well as their access to education, employment and economic empowerment, and it will continue to be a barrier unless it gets addressed by schools and workplaces.

As healthcare systems are overstretched and reorganised to respond to the pandemic, the health and well-being of women and girls is threatened. At present, women and girls have poorer access to health services unique to their gender such as quality sexual and reproductive health services, pre- and post-natal care, and support and care for survivors of GBV. A number of these healthcare services have been provided by workplaces that include access to factory nurses.

Prior to the pandemic, approximately 810 women worldwide lost their lives every single day from preventable pregnancy- and

childbirth-related causes. 94% of these deaths occurred in low and middle-income countries. Past pandemics have revealed a rise in adolescent pregnancies, maternal mortality and morbidity, HIV and other sexually transmitted infections. Various intersecting inequalities for instance disability, race, age, socio-economic status, sexual orientation and geographic location can aggravate these impacts.

As women (and men) also belong to the LGBT+ community, it is equally important to highlight and consider the challenges they face in accessing health services and WASH. During COVID-19, sexual and gender minorities (SGM) have experienced increased exclusion and discrimination, including blame for creating the COVID-19 pandemic. SGM people may face discrimination and/or violence on the basis of assumptions and stereotypes about the gendered roles of women and men. They may be severely impacted, especially if they experience intersectional marginalisation on the basis of class, disability, ethnicity or other factors. Research shows that it is possible to mitigate family, community and workplace stigma and enable SGM people to safely access WASH and health services, if e.g., community and/or workplace messaging include visible representation or other positive inclusion of SGM people.



WORK-LIFE BALANCE AND UNPAID CARE WORK

To become gender champions and create a culture of inclusivity, companies need to adopt a gender lens in their business operations. This requires companies to develop and implement strategies, gender-sensitive policies and workplace practices that are supported at the most senior level and across the organisation.

Worldwide, people collectively spend a total of 16 billion hours on unpaid care work every single day – from caring for loved ones to carrying out domestic chores. This unpaid labour is the backbone of thriving communities, families and economies, with women and girls taking on the bulk of this responsibility. A responsibility that increases in times of crisis.

Prior to the COVID-19 pandemic, women were responsible for close to three times as much unpaid care and domestic work compared to men. Overstretched health systems, social distancing and school closures have increased the pressure on women and girls to tend to children and care for the elderly and sick. This development correlates with existing gender norms, stereotypes and power hierarchies. For women, it affects their participation in the labour market and their economic empowerment. For girls, it affects their access to education.

Absence of childcare is particularly challenging for single mothers and essential workers with care responsibilities. Women's unpaid care work has long been recognised as a driver of inequality and it has a direct correlation with lower income and wage inequality, as well as mental and physical stressors of women.

According to McKinsey's 2020 report: "Women in the Workplace", 1 in 4 women in the US alone are considering leaving the workforce altogether or downsizing their career ambitions, due

to the increase in unpaid care work and burnout. Furthermore, working from home during quarantine and lockdown means that the lines between work-life and home-life are blurring, and that especially women feel that they are "always on". This development is also a contributing factor to women's labour force drop-out. Moreover, it appears that the gender pay gap also is a factor in women's decision to exit the labour force in the sense that it is typically the lower-wage earner – the woman – that leaves the workforce. Consequently, companies risk losing women in leadership, future women leaders in the talent pipeline, and unravelling years of progress toward gender diversity in the workplace.

Risking undoing 20 years of progress made for girls' education

Inequality and discriminatory social norms and practices are also expected to create a surge in unpaid care work of girls and adolescent girls, especially if they are growing up in poor households in remote locations. Evidence shows that there is a link between crises and pandemics and educational disruption and school dropout of girls. Furthermore, once a pandemic or crisis is over, not all these girls are able to resume their education. The pandemic is therefore likely to further cement gender gaps in terms of education and lead to a greater risk of sexual exploitation, early and forced marriage, as well as poor access to family planning information, early pregnancy, poor economic empowerment and participation of girls in society. In short, the pandemic risks undoing 20 years of progress made for girls' education.

WOMEN-LED BUSINESSES AND DIGITISATION

COVID-19 border closures and restricted mobility have disrupted supply chains and markets. In parallel with this, the pandemic has impacted men and women-led businesses, albeit with a different pattern of impact.

Women-led businesses are overrepresented in sectors such as food, retail and wholesale, tourism and accommodation. All these sectors have been massively impacted by the pandemic. Compared to more senior-owned companies, youth-led companies are at a high risk of discontinuing their business operations.

There is a tendency for women-owned businesses to rely more on self-financing, thereby increasing their vulnerability and risk of closure due to poor or, in the worst cases, no revenue stream during extended periods. Discriminatory gender norms and practices prevent entrepreneurs, women farmers and employers to access financial institutions and financing. As COVID-19 response and recovery measures are being implemented to support the private sector, women-led and women-owned companies risk being neglected and therefore unable to weather the pandemic without access to credit.

Furthermore, the gender digital divide creates a drawback for women, where business services and governments move online. Technological progress creates a great opportunity for women's economic inclusion, and the COVID-19 pandemic has effectively made digital tools a significant lifeline for millions of people. However, the pandemic has also revealed the extent of the digital divide. Populations that are excluded from the digital world seriously risk being left behind. In 2 out of 3 countries, men are more likely to use the internet. According to research, the global gender gap in internet use increased from 11% in 2013 to 17% in 2019, reaching 43% in least developed countries. In countries with inclusive and strong digital financial systems, women entre-

preneurs can employ these systems to continue their business operations by means of digital payments and online sales while governments can swiftly disperse cash transfers. This, however, requires government IDs, banking infrastructure and mobile connectivity, which is still absent in many developing countries.

In addition, discriminatory social norms and practices aggravate gender gaps in terms of access to and application of digital tools even when these are available. Women that lack digital skills or the IDs that are prerequisites for opening a bank account, are poor and cannot afford data or a device, risk remaining cut off from online support systems.

The gender digital divide also affects the education system, particularly girls' access to education. Consequently, as schools have closed and classes have moved online because of the pandemic, more girls than boys are missing classes due to poor access to digital tools.

Did you know that...

The global gender gap in internet use increased from 11% in 2013 to 17% in 2019, reaching 43% in least developed countries.

INFORMAL BUSINESSES

Many companies that are not registered with national authorities are small and have very little money to keep them afloat while business operations are shut down. In some African and Asian countries these informal businesses account for 90% of all companies, and they struggle to overcome the financial and human toll of the pandemic.

In countries with pandemic-induced quarantine, informal companies struggle to pay wages to their employees – many of whom rely on daily wages to cover basic needs and maintain a livelihood.

With informal businesses providing jobs to some of the most vulnerable people in developing countries, and more than 60% of jobs around the world, the loss of income that these informal businesses supply, has exposed many to hunger and profound economic instability. In India where more than 90% of the population works in the informal sector, the pandemic has sparked mass migration as workers have returned to their home villages in search of a social support net.

Unlike in the formal sector, informal businesses are not entitled to government emergency business support programmes. Similarly, employees are not eligible for unemployment insurance. As a result, businesses in the informal sector are more likely to collapse because of the pandemic. Research shows that informal businesses are 25% more likely to report that the pandemic is pushing them towards bankruptcy.

Furthermore, the massive negative impact and turbulence that the pandemic is causing in the informal sector does not only affect people and business owners in the informal sector. It is also entwined with the formal sector and plays a key role in local economies and global supply chains. Specifically, informal businesses provide essential economic services such as transportation, food selling, healthcare and childcare. In Asia and Africa where informal businesses are prevalent, the downfall of such companies would hamper the functioning and growth of the economy.

Registered companies with overseas exports also rely on informal businesses for key components. For instance, small informal businesses in China supply electrical components for digital technologies. In fact, the roots of the informal sector are even more deeply connected to the local and global “trade tree” when the employees of formal businesses are taken into account. Women workers in Indian, Chinese and Bangladeshi garment factories depend on informal childcare workers and informal street vendors of meals to be able to go to work on a daily basis. Without the essential support services that the informal sector provides, trading businesses in the formal sector will be in trouble.



SECURITY – HUMAN RIGHTS DEFENDERS

Human rights defenders play an essential role in defending the fundamental rights of the most vulnerable groups, e.g. agricultural workers, landless farmers, rural and indigenous peoples, Black and Afro-descendant communities, migrant workers, female factory workers and sexual and gender minorities.

Human rights defenders are indispensable in terms of creating a more sustainable future for all by shining a light on risks in business operations and supply chains.

Since the start of the COVID-19 pandemic, strikes against human rights defenders have increased. Governments and companies have taken advantage of the COVID-19 situation to shrink civic space and limit civil rights to participate in public decision-making. Since March 2020 until the end of September 2020, Business and Human Rights Resource Center has tracked 286 cases of strikes against defenders for advocacy activities with regard to business operations – often business operations in the context of large development projects that affect access to land and livelihoods.

Compared to the same period over the last five years, there were close to 20 more attacks against human rights defenders from March 2020 to September 2020. This represents a 7.5% increase in attacks on human rights defenders – particularly those representing indigenous rights – and indicates opportunistic oppression by business and state actors. Strikes have taken place in 44 countries, most frequently in Latin America (Brazil, Colombia, Guatemala, Honduras, Mexico), followed by Eastern Europe and Asia (the Philippines and Cambodia).

Human rights defenders, including women defenders, fighting for land rights, workers' rights and/or environmental protection face disappearance, intimidation, threat and death.

This restraint of civil rights also affects civil society organisations (CSOs) around the world. CSOs play an important role in delivering healthcare services, including sexual and reproductive health services, to vulnerable people. During COVID-19, we have witnessed a shrinking civic space for civil society, as a number of governments have taken advantage of the crisis to restrict civic freedoms, reduce civic space and criminalise criticism.

Did you know that...

Compared to the same period over the last five years, there were close to 20 more attacks against human rights defenders from March 2020 to September 2020.

ACTIONS FOR INVESTMENT PROFESSIONALS

In assessing COVID-19 related risks to business, workers and health, ask investee about policies and practices, plans and understanding regarding the following issues:

- **Gender disaggregated** data on vulnerable workers, e.g migrant workers and women with temporary contracts.
- **Workplace grievance mechanism** and whether it is accessible, equitable, predictable, transparent, rights compatible and a source of continuous learning and legitimate.
- **Water, sanitation and hygiene** facilities in the workplace as well as toilets with locks to ensure safety of all workers and possibly menstrual hygiene products.
- **Workplace health insurance** and how workers are covered.
- **Support to women-led businesses.**
- **Short, medium and long-term mitigation plans** to address various stages of crisis and recovery.
- Potential **cashflow** issues that affect payment to workers.
- **Safeguarding** of human rights defenders, including civil society.
- **Size of gender pay gap at workplace**, including gender disaggregated data on wage levels across the workplace.
- Access to safe **personal protective equipment** for all workers, including masks, particularly for vulnerable and frontline workers, e.g. cleaners, workplace nurses or health officers.
- Steps taken to ensure **duty of care** to protect workers from harassment and violence in the workplace and from domestic violence when working from home.
- **Modern slavery vulnerabilities** in business operations and if training is provided to employees to raise awareness of modern slavery and in relevant languages.
- **Flexible work arrangements** to address the increased care burden of women.
- **Workplace policies**, e.g. anti-sexual harassment policy, non-discrimination policy, child labour policy, forced labour policy, and **pandemic policy** to protect vulnerable employees from layoffs.
- How investee monitors **working hours** and whether there have been excessive working hours during the pandemic.
- **Compensation to furloughed and/or fired workers**, including laws and regulation regarding compensation.

Methodological Note

The information in this brief is gathered through desk research of open sources. Data is gathered from the UN, media sources, International Labour Organization, international and local civil society organisations and more.

Accenture:

[COVID-19: Managing the impact on procurement for resilience and growth »](#)

BBC News:

[Indian factory workers supplying major brands allege routine exploitation »](#)

Business and Human Rights Resource Center:

• [Just recovery in peril: Human Rights Defenders Face Increasing Risk During COVID-19 »](#)

• [Appeal 5: Measures for Addressing Wage Theft Affecting Millions of Migrant Workers in the Times of COVID-19 »](#)

• [Gulf: As recruitment opens up, co. contracts & processes must safeguard migrant workers from the health & financial impacts of COVID-19 »](#)

Cambodia News:

[Workers face unpaid wages as pandemic, flooding stonewall construction activity »](#)

Center for Global Development:

[Citizens and States: How Can Digital ID and Payments Improve State Capacity and Effectiveness? »](#)

Down to Earth:

[COVID-19 outbreak brings attention back to informal sector »](#)

Ethical Trading Initiative:

[Guide to buying responsibly »](#)

FAIR WEAR:

[Covid-19: Workers and factories - What are the risks and what do they need? »](#)

Financial Times:

[Tens of millions of migrant workers face job losses and poverty »](#)

Human Rights Watch:

[LGBTQ Inequality and Vulnerability in the Pandemic »](#)

International Finance Corporation:

[COVID-19 and Gender-Based Violence: Workplace Risks and Responses »](#)

International Labour Organization:

[Time to Act for SDG 8: Integrating Decent Work, Sustained Growth and Environmental Integrity »](#)

International Labour Organization:

[What next for Asian garment production after COVID-19? The perspectives of industry stakeholders »](#)

International Labour Organization:

[ILO Violence and Harassment Convention, 2019 \(No. 190\): 12 ways it can support the COVID-19 response and recovery »](#)

International Organization for Migration:

[The additional risks of COVID-19 for migrant women, and how to address them »](#)

International Trade Centre:

[COVID-19: The Great Lockdown and its Impact on Small Business »](#)

McKinsey & Company:

[Women in the Workplace »](#)

Migrant Forum in Asia:

[Appeal 5: Measures for Addressing Wage Theft Affecting Millions of Migrant Workers in the Times of COVID-19 »](#)

Migrant-Rights.Org:

[Overseas recruitment resumes while migrants affected by the pandemic remain in dire conditions »](#)

National Retail Federation:

[COVID-19's increasing impact on workplace violence »](#)

New York Times:

[Why Did Hundreds of Thousands of Women Drop Out of the Work Force? »](#)

Our world:

[The Impact of COVID-19 on Modern Slavery »](#)

Sedex:

[Sedex guidance on COVID-19: Supporting your suppliers through purchasing practices »](#)

The Lancet:

[COVID-19: the gendered impacts of the outbreak »](#)

The Mekong Club:

[COVID Guide »](#)

UN Development Programme (UNDP):

[Exposure and Inequalities: African Descendants During COVID-19 »](#)

UNESCO:

[Covid-19 school closures around the world will hit girls hardest »](#)

UN Human Rights Office of the High Commissioner (OHCHR):

[Human rights defenders and civic space: the business and human rights dimension »](#)

UN Women:

• [The COVID-19 Shadow Pandemic: Domestic Violence in the World of Work »](#)

• [Violence against women and girls: the shadow pandemic »](#)

• [Whose time to care? Unpaid care and domestic work during COVID-19 »](#)

• [Addressing the impacts of the COVID-19 pandemic on women migrant workers »](#)

• [Addressing the economic fallout of COVID-19: Pathways and policy options for a gender-responsive recovery »](#)

• [Policy Brief: The Impact of COVID-19 on Women »](#)

• [Online and ICT facilitated violence against women and girls during COVID-19 »](#)

• [Explainer: How COVID-19 Impacts Women and Girls »](#)

• [In Focus: Gender equality matters in COVID-19 response »](#)

From Insight to Action:

[Gender Equality in the Wake of COVID-19 »](#)

Water for Women Fund:

[Sexual and Gender Minorities and COVID-19: Guidance for WASH delivery »](#)

World Health Organisation:

[Progress on: Drinking Water, Sanitation and Hygiene »](#)

World Vision:

[WASH in the workplace »](#)

ABOUT US

THE INVESTMENT FUND FOR DEVELOPING COUNTRIES (IFU)

IFU creates development on a commercial basis. Through investment in private companies in developing countries and emerging markets in Africa, Asia, Latin America and parts of Europe, IFU helps establish financially sustainable companies and has derived positive development effects for employees, partners and society.

IFU has increased its focus on gender equality and health among its investments. In 2019, IFU adopted a Gender Equality Policy as a part of its overall sustainability policy. It is IFU's ambition to make a difference in gender equality through its investments and to develop new approaches that will maintain IFU's position as a front-runner in gender equality in private-sector investment in developing countries, and so attract other investors to follow suit.

IFU believes that opportunities exist to create value in companies and communities by integrating gender equality in company leadership and corporate culture, business practices, workplace policies and health initiatives to empower employees. IFU further believes that there are commercial, developmental and societal benefits to investing in gender equality and women's empowerment. See www.ifu.dk for more information.

THE DANISH FAMILY PLANNING ASSOCIATION (DFPA).

DFPA is a private, non-governmental organisation without religious or political affiliations, and is the Danish member association of the International Planned Parenthood Federation (IPPF), the world's largest sexual and reproductive health and rights (SRHR) organisation. DFPA has been working in developing countries for more than 20 years, promoting SRHR of young people, women, and men.

In recent years, DFPA has engaged increasingly with the private sector in developing countries, partnering with companies and business associations to institutionalise health, including SRHR, and gender equality in private sector workplaces. DFPA believes that the private sector is critical to engage to develop responsible business practices and to improve the lives of men and women in the world of work. See www.sexogsamfund.dk for more information.

PARTNERSHIP

IFU and DFPA have been in a strategic partnership since 2016, developing strategies, tools and methods for how IFU project companies and investment professionals can advance their work in gender equality and health. This publication is part of that work. If you have any questions about the work or would like more information about how your company can approach this, please do not hesitate to reach out to IFU and DFPA.

DFPA
THE DANISH FAMILY
PLANNING ASSOCIATION

 **INVESTMENT FUND FOR
DEVELOPING COUNTRIES**



SILVER

PurePrint® by KLS
Produced 100% biobased by KLS
at KLS PurePrint AG