



# Impact of COVID-19 on Kenyan MSMEs

Strategies for Resilience and Recovery

## ACKNOWLEDGEMENTS

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## ABOUT THE PARTNERS

### UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help build a better life.

UNDP aims to address poverty, inequality and exclusion by supporting communities and government, through innovative sustainable interventions for inclusive human development and economic growth. The overall focus of UNDP in Kenya is to support the Government of Kenya to eradicate poverty in all its forms and dimensions, accelerate structural transformation, and to build resilience to shocks and crises all of which are detailed in the Country Programme Document (CPD) as outlined in the United Nations Development Assistance Framework (UNDAF) for Kenya.

The UNDP Country programmes are delivered in consultation and partnership with a broad range of stakeholders including the Government of Kenya, civil society organizations, independent bodies, development partners and other UN agencies.

UNDP does this through three main portfolios; Governance Peace and Security, Inclusive Growth and Structural Transformation, Environmental Sustainability, Climate Change and Resilience. It also features an Accelerator Lab which is part of a Global Accelerator Lab Network comprising of 90 labs across the world. It is a new service offering within UNDP that works with people, governments and the private sector to reimagine development for the 21st Century.

The Accelerator Lab is tasked with exploring new data, partnerships and trends, mapping solutions and testing prototypes and hypothesis with the objective of using this experiential way of learning to scale and grow local solutions to global and national challenges.

### MICRO AND SMALL ENTERPRISE AUTHORITY (MSEA)

The Micro and Small Enterprise Authority (MSEA) is a state corporation established under the Micro and Small Enterprise Act No. 55 of 2012. The Act was developed through a stakeholder's consultation process which took several years. The Authority is now domiciled in the Ministry of Industrialization, Trade and Enterprise.

The Act gives the Authority the mandate to formulate and coordinate policies that will facilitate the integration and harmonization of various public and private sector initiatives, for the promotion, development and regulation of the Micro and Small Enterprises to become key industries of tomorrow.

By creating the Micro and Small Enterprise Authority within the Ministry of Industrialization, Trade and Enterprise, the Government sets out to formulate and coordinate policies that will facilitate the integration and harmonization of various public and private sector initiatives, for the promotion, development and regulation of the Micro and Small Enterprises to become key Industries for the future (MSEA 2013).

## FOREWORD



The COVID-19 pandemic has been a defining force across the world. With devastating impact on health, jobs, businesses and lives, the pandemic has challenged the way many systems operate and exist and demanded shifts in how normalcy is perceived. The social and economic impact of this crisis have been profound and will continue to be so. COVID-19 has been exceptionally hard for the Micro Small and Medium-Sized Enterprises (MSME) sectors across the world.

MSMEs have limited access to information, credit and business support services to scale up or sustain their businesses. This has been further compounded by the COVID-19 pandemic. While many businesses have gravitated towards digital technology to maintain business operations with options such as virtual working and telecommuting, e-commerce and online shopping, many MSMEs have not had such lifelines and remain critically underserved by gaps and access to the financial and technology sectors. In 2020, MSEA and UNDP through the Accelerator Lab came together to establish the challenges experienced by MSMEs during the pandemic in a bid to support the development of MSME strategies and identify opportunities for recovery and resilience.

The partnership between UNDP Kenya and MSEA is part of a multi-pronged strategy to support the government's response to the pandemic. The UN under the technical leadership of UNDP developed the Kenya COVID-19 Socio-Economic Response Plan and continues to provide technical and financial support towards the Government's two-year Economic Recovery Strategy and the County COVID-19 Social-Economic Reengineering and Recovery Strategy. These strategies provide the socio-economic response to COVID-19 in Kenya based on five critical pillars: 1. health services and systems; 2. social protection and basic services; 3. protecting jobs and small and medium-sized enterprises, and the most vulnerable productive actors; 4. macroeconomic response and multilateral collaboration; and 5. social cohesion and community resilience.

This is anchored on the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) which provide a pathway for Kenya to "build forward better".

MSMEs play a critical role in Kenya's economic development and employment creation. The Kenya National Bureau of Statistics (KNBS) indicates that there are over 7.4 million MSMEs in the country, which employ approximately 14.9 million Kenyans in various sectors of the economy and contribute approximately 40% of the GDP. In addition, the MSMEs cover a wide range of activities in almost all sectors of the economy and therefore are a major engine of inclusive economic growth. They are an important element in the implementation of the SDGs particularly Goal 8 (Decent work and economic growth), Goal 1 (No poverty), Goal 10 (Reduced inequalities) and SDG 9 (industry, innovation and infrastructure.) Indeed, as the country continues to adapt and respond to the crisis posed by the pandemic, it is paramount to prioritize the needs and existing challenges for the MSME sector. The insights, data and recommendations from this report will inform new or existing areas of support for MSMEs and will be a critical knowledge source for programming and strategy across all sectors engaging with and supporting MSMEs in Kenya.

**Walid Badawi**  
Resident Representative, UNDP Kenya



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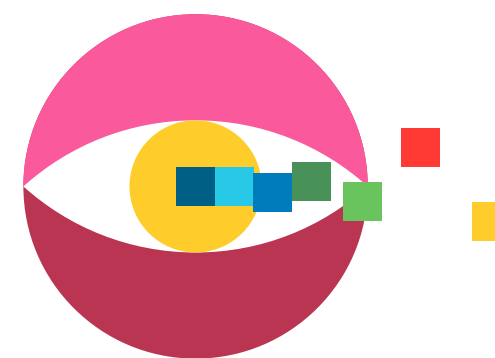
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## ABBREVIATIONS & ACRONYMS

CPD	Country Programme Document
DT	Digital Transformation
GDP	Gross Domestic Product
GOK	Government of Kenya
ITC	International Trade Centre
KES	Kenya Shillings
KNBS	Kenya National Bureau of Statistics
MPI	Multidimensional Poverty Index
MSEA	Micro and Small Enterprise Authority
MSME	Micro, Small and Medium Enterprises
MVI	Multidimensional Vulnerability Index
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PWD	Persons with Disabilities
SME	Small and Medium Enterprises
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

## EXECUTIVE SUMMARY



A total of 85.5% of enterprises had youth between the age of 18-35 years in their employment. Despite this, youth were largely excluded from positions of leadership as less than 15% of the MSMEs had youth in leadership.

COVID-19 pandemic has impacted on millions of lives and livelihoods. Since its emergence in 2019/2020, lives have been lost, businesses halted and jobs lost across the world. Different sectors, regions and communities of people have been affected in different ways with COVID-19 exposing and increasing existing vulnerabilities.

Micro, Small and Medium Enterprises (MSMEs) have been disproportionately impacted by the crisis, including loss of revenue owing to disruptions in supply chains, declining consumers and loss of labor. This is attributable to their size, liquidity, access to capital and proneness to informality which make them more vulnerable to extreme disturbances and economic shocks. Operating in the informal economy also makes MSMEs less likely to benefit from government and private sector initiatives, such as moratoriums, tax reliefs, emergency financial support and grants.

In August 2020, United Nations Development Programme (UNDP) through the UNDP Accelerator Lab in conjunction with Micro and Small Enterprise Authority

(MSEA) undertook an assessment of the impact of the COVID-19 pandemic on MSMEs. A total of 580 MSMEs took part in the survey which was conducted both online and offline. The objective of this assessment was to inform existing or new areas of support for MSMEs and identify gaps and opportunities that would stimulate and accelerate economic growth for the sector during and beyond COVID-19. This report is a gender responsive analysis of characteristics of Micro Small and Medium enterprises, impact of the COVID-19 pandemic on operations and income, challenges faced by the sector with the mitigation mechanisms and the support and needs expressed by respondents. It goes further to analyze digital maturity of the enterprises as well as the support needed to facilitate digital transformation as a key strategy to achieve sustained competitiveness of MSMEs.

### Observed Characteristics of MSMEs

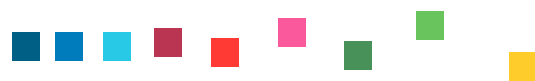
The analysis of MSMEs including their organization and operation helps identify patterns, trends and insights that would elucidate the growth trajectory and resilience of the sector. From the survey, it was observed



**“** *The objective of this assessment was to inform existing or new areas of support for MSMEs and identify gaps and opportunities that would stimulate and accelerate economic growth for the sector during and beyond COVID-19.* **”**

that close to 50% of the enterprises had not formally registered their businesses. Registration challenges ranged from the processes being cumbersome at lowest and lack of familiarity with the registration process at highest. There was a significant relationship between registration and size of enterprise with the proportion of registered enterprises increasing with size (49.4 % of Micro enterprises, 82.3% of Small enterprises and 90.9% of Medium enterprises). About 69.3% also indicated membership in an association such as Jua Kali Associations, Self-Help Groups, Kenya Association of Manufacturers and Kenya National Chamber of Commerce and Industry among others. The proportion of enterprises with membership in associations

increased with size of enterprise (Micro enterprise 68.2%, Small enterprises 71.9% and Medium enterprises 81.8%). The level of inclusion of vulnerable populations both in employment and in leadership of MSMEs was average. Employment of women was found to be above average with 69.7% of the enterprises. Their inclusion in leadership positions was also above average with 56.4% representation of women in leadership. It was observed that the sector employs a large number of youth. A total of 85.5% of enterprises had youth between the age of 18-35 years in their employment. Despite this, youth were largely excluded from positions of leadership as less than 15% of the MSMEs had youth in leadership.



Persons with disability (PWD) were most excluded with only 29.8% of enterprises having employed PWDs and a mere 16.4% of enterprises having included them in leadership positions.

**Impact of COVID-19 on operations**

All the enterprises queried were negatively impacted by the COVID-19 pandemic in various ways and degrees. Reduction of customers, low sales, market closure and supply chain disruptions were common experiences across the enterprises. There was a significant number of enterprises who attributed the closure of schools early on in the pandemic as cause for reduction of sales and operations. It was observed that 13.4% of enterprises irrespective of size had operations completely halted. Micro and Small enterprises appeared to have operations more greatly reduced than Medium enterprises. There was an association between closure of business with women leadership as only 10.7% of women led enterprises and 9.7% of the PWD led enterprises were closed down. There was no association between youth leadership and closure of business. .

**Impact of COVID-19 on income**

The survey revealed Micro and Small enterprises to be less resilient against the COVID-19 income disruptions than the Medium enterprises. Experiences included complete loss of income, substantial and partial loss



of income among others. There was a weak negative correlation between the size of enterprises and complete loss of income. Medium enterprises appeared to be more resilient to complete loss of income than the smaller ones. There was no relationship between women and youth leadership of enterprises with complete loss of income. However, the study found that PWD led enterprises were more resilient against complete loss of income.

**Challenges faced by Enterprises**

In summary, all enterprises surveyed faced various challenges including reduction of customers, low sales, market closures, movement restrictions, supply chain disruptions, cash flow problems including loss of capital. Remedial measures taken by enterprises included retrenchment of staff, diversification of business, exploration of alternative marketing strategies, and negotiation for financing among others.

A few resorted to innovations such as availing incentives to attract customers and digitize some services.

**Support desired by MSMEs for continuity of business**

The top five support needs mentioned by MSMEs in response to the pandemic were financial interventions (84.6%); market interventions 40.2%); training and capacity building (36.7%); Technological interventions (28.8%) and government interventions (28.4%). The desired Government support included providing policies that will result in tax relief, subsidies, negotiation for debt and direct financing by the Government.

**Digital Readiness**

The study also explored the digital consciousness and maturity of MSMEs in a big to establish the role that technology had and could potentially play in the sector. The study found below average digital awareness and low digital maturity among the MSMEs. Medium enterprises were somewhat more digitally mature than the smaller ones. There was a link between digital maturity and resilience against COVID-19. Enterprises desired digital support especially for advertising and marketing, e-commerce, training and capacity building, customer care and logistics.

**“** *The study found that PWD led enterprises were more resilient during the pandemic.* **”**





CHAPTER ONE

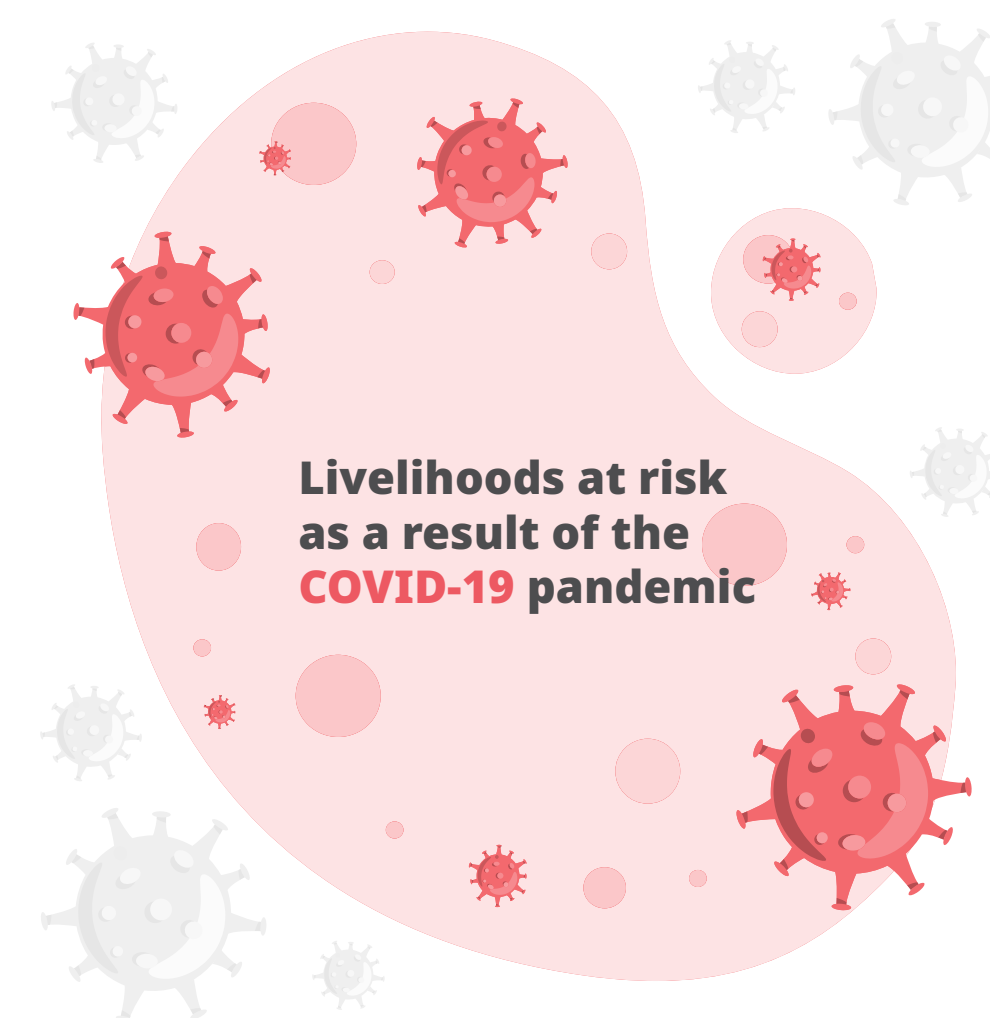
# Introduction

## 1.1 Background

The Coronavirus 2019 (COVID-19) was first confirmed in Kenya in March 2020. Current evidence suggests that transmission of COVID-19 occurs primarily between people through direct, indirect, or close contact with infected secretions such as saliva and respiratory secretions, or through their respiratory droplets, which are expelled when an infected person coughs, sneezes, talks or sings. Indirect transmission occurs through interaction with surfaces or materials that have been contaminated by the virus. Measures to control and prevent COVID-19 transmission have included wearing of masks, washing of hands, sanitization with disinfectant and regulation of movement and social interaction within and without country borders. The COVID-19 pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work.

The pandemic has had a drastic impact on businesses and industries across the world with simultaneous disruptions to both supply and demand chains. The impact of COVID-19 on MSMEs in Kenya is of great importance and the economic disruptions on the sector has significant consequences to the national and global economy. Small and Medium Enterprises (SMEs) play a critical role in Kenya's economic development and employment creation. The Kenya National Bureau of Statistics (KNBS) indicates that there are over 7.4 million MSMEs in the country, which employ approximately 14.9 million Kenyans in various sectors of the economy and contribute approximately 40% of the GDP. In addition, the MSMEs cover a wide range of activities in almost all sectors of the economy and therefore are a major engine of inclusive economic growth.

Thus, the undertaking to assess the impact of COVID-19 on MSMEs would not only advise measures to support the resilience of MSMEs but also explore the gaps that impact on the development and adaptive capacity of the sector.



## Overview of MSMEs in Kenya

The classification of companies in Kenya is mainly determined by the number of workers hired by businesses and their turnover. The Micro and Small Enterprises Act (2012), defines:

- Micro enterprises as any company, exchange, service industry or business operation, formal or informal, with an annual turnover not exceeding KES 500,000 and 1-9 people employed (or rather engaged). The total assets and financial investment or the registered capital of the enterprise does not exceed KES 10 million in the manufacturing sector and does not exceed KES 5 million the service and farming sector.
- Small enterprises as those firms, trade, service, industry or business activities that post an annual turnover of between KES 500, 000 and KES 5 million and have an employee list of 10 to 50. In the manufacturing sector, investment in plant and machinery should be between KES 10 million and KES 50 million and registered capital of the enterprise between KES 5 million and KES 25 million in the service and farming sector.
- Medium enterprises comprise of those employing between 50 to 99 and with a turnover of between KES 5 million and 800 million (Kenya National Bureau of Statistics, 2016).

**MSMEs and the COVID-19 Pandemic**

Almost all sectors dominated by MSMEs have been impacted by the pandemic. From the survey, the most common sectors dominated by MSMEs were Manufacturing, Agriculture, Retail and Construction. The hospitality industry in Kenya for example, suffered various restrictions that impacted on businesses. In the onset of the pandemic, the Government called for restrictions on the number of customers to be served in an establishment at a time, later revising this to complete closure of hotels and restaurants. After some time, take out and deliveries were allowed for hotels and restaurant. This had significant impact on flow of stock for the businesses, for farmers and other suppliers. The Government had also called for closure of all schools which had a significant impact on MSMEs. Almost 10% of the respondents interviewed expressed a challenge related to the closure of schools. The Government did later advise the opening of schools in October 2020, with measures such as mask wearing and spacing of desks advised, the impact of the closure. Parents, teachers and students create a huge demand for books and school supplies, school uniform and garments, food and beverages, transport. Schools also rely on informal MSMEs for supply of artisanal material such as cookware, desks, chairs among others thereby impacting on multiple sectors. For example, one respondent

observed that the market for wool went down in part due to the closure of schools. Travel restrictions also had a huge impact on businesses. Measures such as closure of borders both intra-country and inter-county impacted on import and export of goods and services thus affecting the retail industry.

MSMEs adopted various measures to mitigate the impact of COVID-19 on their businesses. About 52.7% of enterprises highlighted the adoption and transition to online and digital platforms for market access and business operations. Use of social media platforms such as WhatsApp, and Facebook was prevalent among respondents. However, MSMEs engaged in the survey reported low engagement with websites with only 14% of the respondents reporting to have websites. Entrepreneurs also took such measures as reducing working hours, diversifying business products and services, reducing remuneration of staff, reducing the number of staff through retrenchment among other measures. The Central Government of Kenya agreed with Banks, Savings and Credit Cooperative Societies (SACCOs) and other financial institutions to provide a Moratorium – a legal authorization to debtors to postpone loan payments. This offered great relief for businesses.

However, it is important to observe, that MSMEs have varying and heterogeneous access to capital and funding. Lack of capital and funding is one of the leading constraints to SME growth. Despite various measures to target and provide financial inclusion for MSMEs by government, private sector and civil society, MSMEs remain significantly underserved by financial institutions. As such, there remains many MSMEs who could not or did not benefit from moratoriums. 18% of the MSMEs in the survey highlighted that as recourse to the impact of the pandemic to their businesses, they had to negotiate with creditors such as banks and suppliers. 42% of the respondents reached out to other entities for support to mitigate the effect of the pandemic on their businesses. Many of them faced barriers to receiving support including requirements on registration, high interest rates on credit facilities, lack of collateral, poor comprehension of their business models on the part of creditors. Some of their responses are below.

*“We reached out to KIE for a loan but were unable to get a title deed which is a mandatory requirement to secure the loan. We also reached out to the Kenya National Chamber of Commerce for loans but one is expected to be their member to access loans”*

*“I visited Jamii bora bank for a loan but they gave me a condition that I should register the business first. We reached out to Ministry of Agriculture for more information on how to maneuver, they advised us to try improved breeds which have turned out to be better and we’ve realized improved income”*  
*“Many financial institutions did not understand the business of tanning fish leather and were therefore not willing to finance. Cooperative Bank recently gave the business an offer for a loan but the interest rate is high and would take away most of the profit”*

The pandemic also provided the thrust towards “contactless” methods of providing goods and services and receiving payment with many businesses offering online shopping, delivery and payment options thus opening up of the digital space to many traditional brick and mortar enterprises. This was also reflected in the survey with 16% of the respondents indicating the use of mobile money payment options as a remedy measure for the impact of COVID-19 on business.

**Case for Digital Technology**

The survey also captured information relevant to understanding the digital preparedness of MSMEs. COVID-19 has provided impetus towards digital technology adoption, integration and reliance. While

the immediate benefits of digital interventions may vary between sectors and firms, adoption of digital solutions can help MSMEs in areas such as: logistics, finance, marketing and advertising, customer engagement and business management. The survey therefore looked at the development and maturity levels of MSMEs with regard to adoption and engagement of digital technology. It also captured data and information on the gaps existing to support the digitalization of MSMEs.

Digitalization means the use of digital technologies and of data in order to create revenue, improve business, replace or transform business processes and create an environment for digital business, where digital information is at the core. Digital transformation in its broader context refers not only to technology but includes other business aspects such as those related to organization and leadership. Many businesses still look at digitalization primarily to invest in new technologies (Accenture 2014). However, the whole enterprise must change to be able to realize the advantages of digitalization. Digital maturity refers to how companies adapt to operate successfully in a world that becomes increasingly digital and goes beyond the mere introduction of new technology, it also takes into account culture, policy, workforce, technology as well as digital demands of customers, employees and suppliers (Kane, Palmer, Nguyen-Phillips, et al. 2017).

**Statement of the problem**

The COVID-19 pandemic is destined to be a watershed moment in human history, with the health, social and economic crises it has spawned calling into question the resilience of almost all aspects of our society. Many businesses across the world have experienced dire impact on their operations and this has had ripple effects on the economy. Efforts to support businesses must look at the most vulnerable of businesses which includes Micro, Small and Medium enterprises. The resilience and adaptive capacities of MSMEs greatly influence the economic development of the country.

In partnership with the Micro and Small Enterprise Authority in Kenya, the UNDP through the Accelerator Lab team conducted a survey to establish the impact of COVID-19 on Kenyan Micro, Small and Medium Enterprises (MSMEs) and their needs for recovery and sustenance.



### 1.2 Objectives of the Survey

The objective of the survey was to inform existing or new areas of support for MSMEs and identify gaps and opportunities that would stimulate and accelerate economic growth for the sector during and beyond COVID-19.

### 1.3 Study methodology

A cross-sectional semi-qualitative survey using online tools and telephone interviews was conducted involving 580 business spread countrywide. Participating MSMEs were drawn from 12 regions and 39 counties.

Data from the questionnaires was further strengthened by case studies conducted with respondents from UNDP, MSEA, Government Ministries and selected managers of Micro, Small and Medium Enterprises drawn from high and low COVID-19 prevalence counties. Quantitative data was cleaned, transformed and analyzed using the Statistical package for Social Sciences version 19.

Descriptive statistics were first computed then compared by way of cross tabulations for differences test. Relationships between impact of COVID-19 with operations as well as relationships between impact on income with size of enterprises, location, and leadership were established based on descriptive statistics.

### 1.4 Limitations and considerations

The presented data was semi-quantitative thereby not allowing a purely quantitative analysis. A large number of variables required content analysis to derive themes that were used to categorize.

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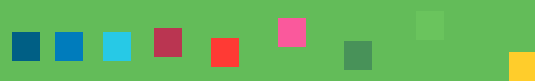
*We reached out to KIE for a loan but were unable to get a title deed which is a mandatory requirement to secure the loan. We also reached out to the Kenya National Chamber of Commerce for loans but one is expected to be their member to access loans.*

”



A Juakali Vendor in Embu Town





CHAPTER TWO

# Characteristics Of MSMEs

## 2.1 Establishment and Registration of MSMEs

Overall, 10.9% of the enterprises were established between the years 1980-1990 that is, firms operating for more than 30 years; 15.5 % were established between the years 1991-2000 i.e., firms operating for at least 20 years; 19.8% were established between the years 2001 – 2010 that is, firms operating for at least the last 10 years; the majority, 42.9% were established between the years 2001 – 2010 signifying an exponential growth of SMEs in the last 10 years.

In disaggregating the firms established within the last 10 years by size of enterprise, most were Micro enterprises (36.9%), Small enterprises (8.1%), Medium-sized enterprises (1.9%). Data was unavailable on the year of establishment for 10.9 % of the 580 surveyed enterprises. The increase of business establishment in the last 10 years indicates that many Kenyans are increasingly seeking livelihoods within the MSME sector validating it as a powerful economic engine for the country.

This study found that 43.6% of the surveyed enterprises had not been registered. Sole Proprietor companies comprised 52.0% of the registered enterprises followed by Limited Liability Companies 17.1% and thirdly Partnership business 14.7%. Of the registered enterprises, 39.3% were Micro enterprises, 13.6% were Small enterprises while 3.4% were Medium-sized enterprises.

In regard to sectors, enterprise registration status was as follows: manufacturing 22.2%, services sector 18.1% infrastructure 8.1% and the agriculture 7.9%.

There didn't appear to be a relationship between business registration and impact of COVID-19 on income because, of the enterprises that were adversely affected by the pandemic, 43.1% were non-registered enterprises and 54.1% were registered enterprises.

*“The increase of business establishment in the last 10 years indicates that many Kenyans are increasingly seeking livelihoods within the MSME sector ...”*



## 2.2 Challenges faced in registration of MSMEs

Figure 1 illustrates challenges faced by MSMEs in registering their business with the respective government authorities. Various reasons were offered for non-registration such as inadequate awareness on registration requirements, high cost of registration exacerbated by the COVID-19 economic disruptions, inadequate awareness of benefits of registration and the processes involved in registration. The major registration bottlenecks mentioned included lack of familiarity with the registration processes as cited by Gholgholo enterprises, a PWD led enterprise in Tana River. A sole proprietor dealing with banana business in Meru County mentioned unawareness of the benefits of registration; A cycle repair entrepreneur in Siaya County mentioned high cost of registration; According to a dealer in auto paint and spares in Kirinyaga County, the registration procedures were cumbersome while the proprietor at Mama Gakii Banana Store in Meru County had a negative attitude towards registration of enterprises. Awareness raising and capacity building of MSMEs on legal and structural responsibilities is critically needed and will affect the ability and potential of MSMEs to access information, networks, technical and financial support that will bolster their businesses. Further, it is important to highlight that ease of accessing information is as critical as the availability and awareness of such information. Facilitation is required for MSMEs to access information and services that are both decentralized and centralized.

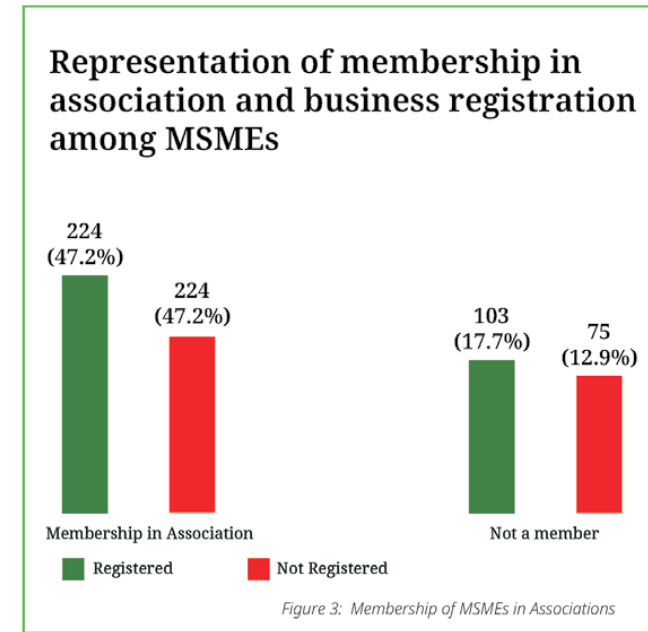
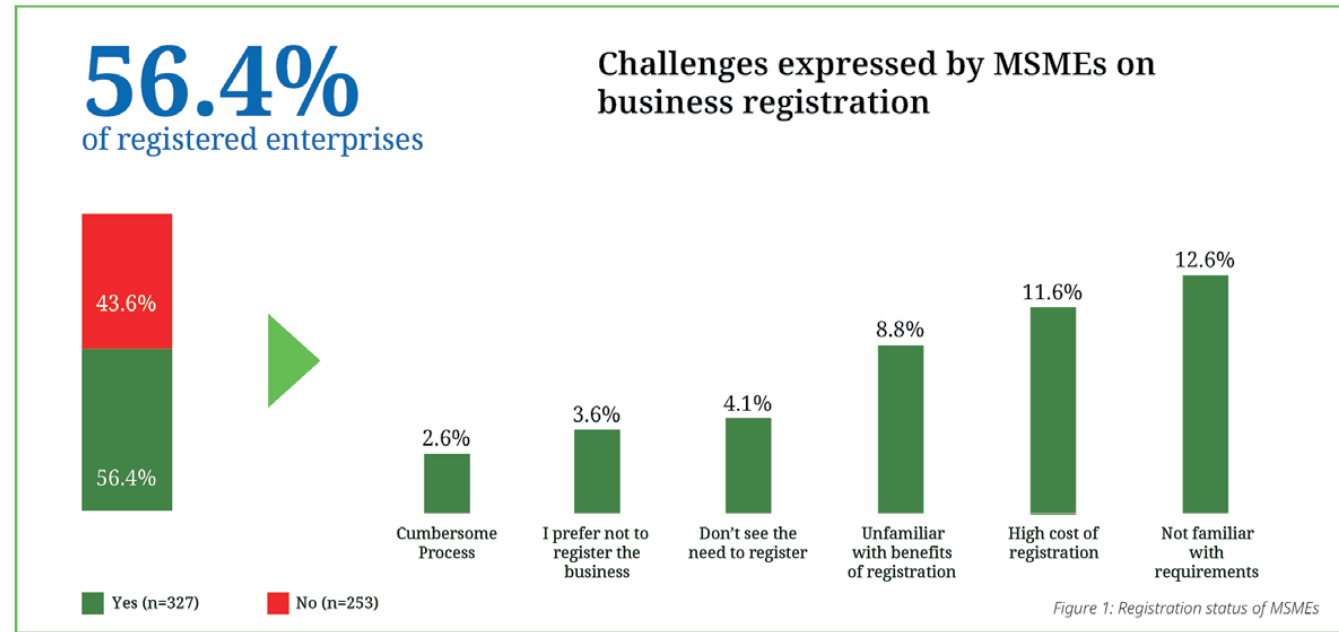
*“Awareness raising and capacity building of MSMEs on legal and structural responsibilities is critically needed.”*

## 2.3 Nature of businesses of MSMEs

Figure 2 shows the top 10 business sectors that Micro, Small and Medium enterprises are involved in. Most enterprises surveyed were in the manufacturing sector predominantly comprising of Jua kali Artisans (34%) followed by those engaged in agriculture 15% such as the Nyandarua Agro-Processing Association. Retail businesses ranging from small scale grocery vendors to huge retailers dealing in assorted goods came third 12%. Apart from the retail trade, about 17% of enterprises engaged in offering other services such as hair and beauty care, repair of motorcycles and vehicles and health services. Other popular sectors were construction 7% and electronics 4%. About 3% of enterprises were involved in hospitality and financial services with education, textiles and ICT completing the top ten at 2% each.

Among the Micro-Enterprises, 32.7% were engaged in the manufacturing sector producing household and industrial tools and supplies through the Jua Kali industries; 24.3% in delivery of services such as hospitality, healthcare, hair and beauty, entertainment and all forms of retail trade; 11.7% engaged in agricultural and other food security businesses and 10.9% in construction and other infrastructure related businesses.

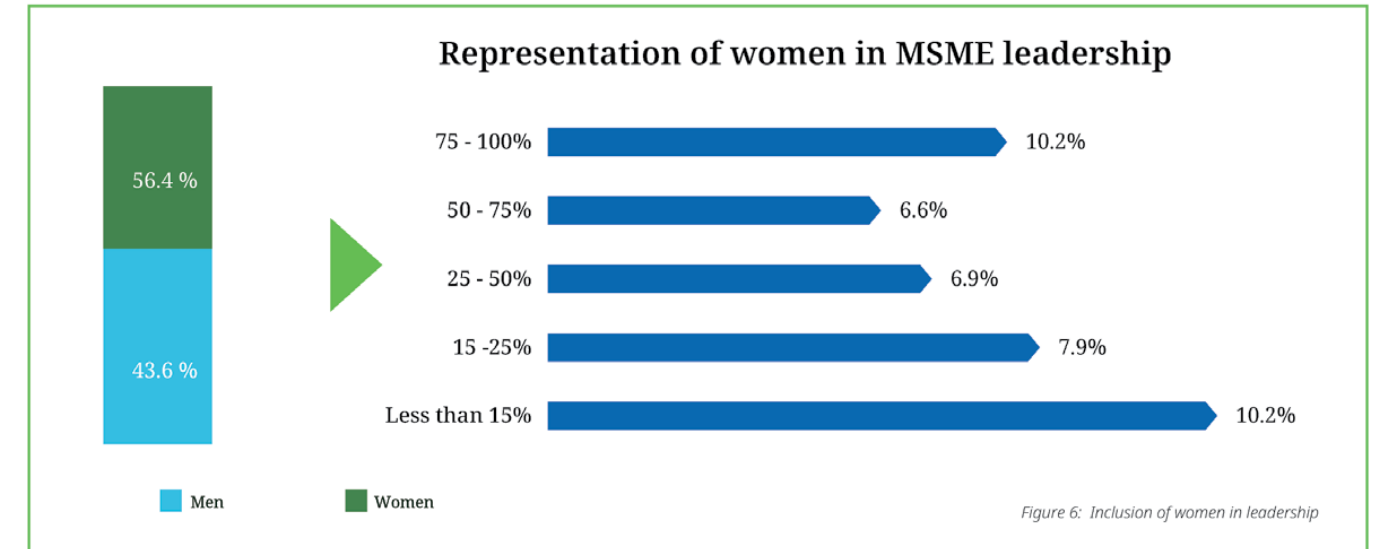
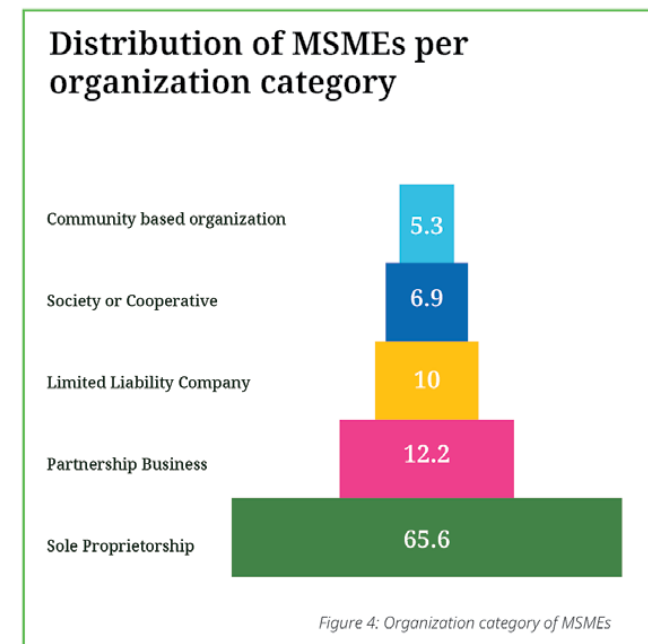
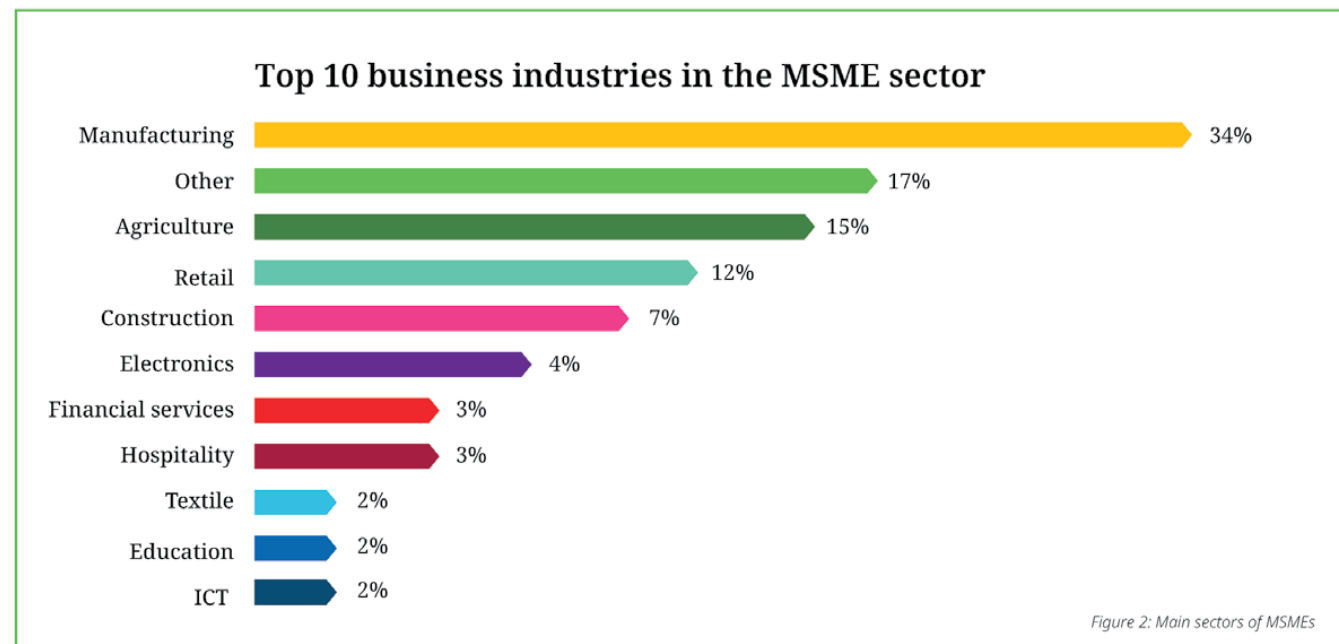
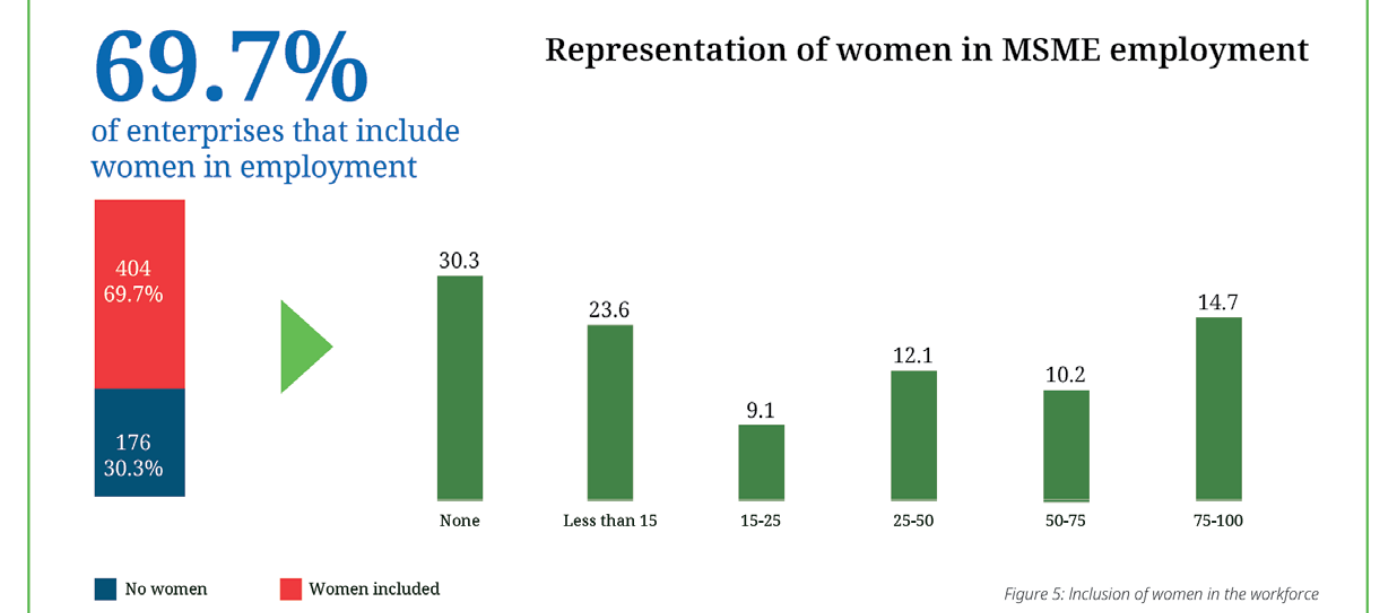
Small enterprises 5.7% were engaged or conducted business in the manufacturing sector; 4.8% provided services across sectors; 3.8% of these enterprises were engaged in agriculture while 2.2% were engaged in infrastructure. Medium enterprises on the other hand were mainly engaged in the infrastructure 1.4% and services 1.4% sectors followed by 0.4% in the manufacturing sector and 0.3% in agriculture.



### Distribution of enterprises by size and organization type

Organization type of enterprise	Micro Enterprises		Small Enterprises		Medium Enterprises	
	N	%	N	%	N	%
Community Based organization	27	4.6%	4	0.7%	0	0.0%
Limited Liability Company	29	5.0%	17	2.9%	12	2.1%
Non-governmental organization	1	0.2%	0	0.0%	1	0.2%
Partnership Business	53	9.1%	15	2.6%	3	0.5%
Society or Cooperative	33	5.8%	7	1.2%	0	0.0%
Sole Proprietorship	319	55.0%	53	9.1%	6	1.0%

Table 1



### 2.4 Membership of MSMEs in Associations

47.2% MSMEs were both registered and members of Associations while 30.7% enterprises were members of Associations but had not been registered. 17.7% MSMEs were registered but were not members of any associations. 12.9% of MSMEs were neither registered nor members of associations.

Figure 3 illustrates relationship between registration of enterprises and membership to association. The proportion of enterprises with membership in associations increased with size of enterprise (Micro enterprise 68.2%, Small enterprises 71.9% and Medium enterprises 81.8%) Membership in associations facilitates partnerships, leadership, group savings and access to funding. Strong groups or associations even have group strategic plans and can mobilize funds for members.

With regard to relationship of membership of associations and business sector, enterprises in the manufacturing sector had the highest proportion of affiliation with associations 32.0% followed by the services sector 16.6%, then agriculture 11.6%. Enterprises in the infrastructure sector comprised 9.1% of those affiliated with associations.

Membership to an association did not seem to cushion enterprises against the impact of COVID19 on income because of those enterprises that were adversely affected by the pandemic, 30% had no affiliation while 67.1% had affiliations with associations.

### 2.5 Organization type of MSMEs

Figure 4 shows organization types of enterprises. Most enterprises 65.6% of the MSMEs were Sole Proprietorships, 12.2% were in Partnerships while 10% were Limited Liability Companies. The significance of this finding is that it shows the availability and accessibility of support within and without the enterprises to provide structure, guidance and security for MSMEs. Sole proprietorships businesses are vulnerable to founder or individual specific disruptions relating to health, finances or management.

Table 1 below displays distribution of enterprises by size and type of organization. Ownership of Micro enterprises was distributed as follows: Sole proprietorship 55%, Partnerships 9.1%, Societies or cooperatives 5.8%, Limited Liability Companies 5.0% and Community-based organizations 4.6%. Most Small enterprises were in the category of Sole Proprietorship 9.1% while most Medium-sized enterprises were Limited Liability Companies 2.1% of all enterprises.

### 2.6 Inclusivity in MSMEs

#### 2.6.1 Inclusion of Women in Employment

Figure 5 illustrates inclusion of women in employment of SMEs. Three out of every five enterprises had women in employment 69.7% with 30.3% of the enterprises having no woman employed. By sector, the number and proportion of women employed were; Manufacturing sector 23.9%, Services sector 23.8%, agricultural sector 13.3% and the infrastructure sector 8.4%.

Disaggregating women employment among the surveyed enterprises by size of enterprise, Micro enterprises employed 52.7%, Small enterprises employed 13.6% while Medium-sized enterprises employed 3.3% women. Proportionately, in 23.6% of enterprises women made up less than 15% of the staff. Employed women made up 75-100% of the workforce in 14.7% of the enterprises. In 47% of the enterprises, women made up at least 30% of the workforce.



#### 2.6.2 Inclusion of women in leadership

Figure 6 shows distribution of women in leadership of SMEs. More than half of the surveyed enterprises (56.4%) had women in leadership. The Services sector had the highest proportion of women in leadership (20.7%) followed by the manufacturing sector (18.6%), the food and agriculture sector had (10.2%) while the infrastructure sector was lowest with (7.4%). In disaggregating female leadership among the surveyed enterprises by size of enterprise the study found that female leadership in Micro enterprises was 41.4%, Small enterprises was 16.5% while Medium-sized enterprises had 3.8% women in leadership.

About 59 MSMEs (10.2%) had women taking up between 75 – 100% of leadership positions. Examples of women-led MSMEs included Baraka Mtindo Fashions Accessories in Kitui and Nyandarua Agro-processing industry.

#### 2.6.3 Inclusion of youth in employment

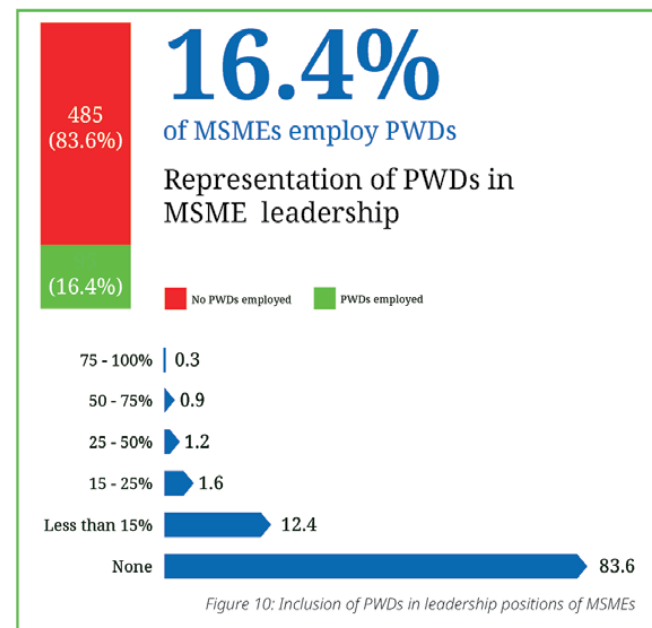
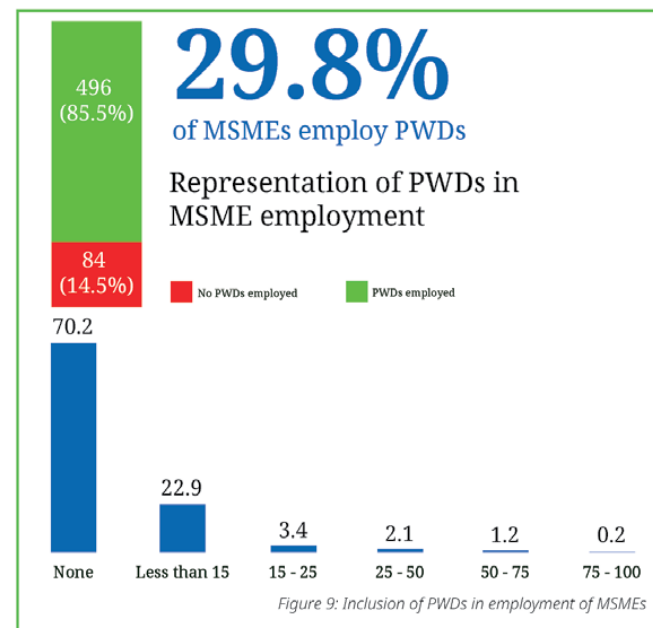
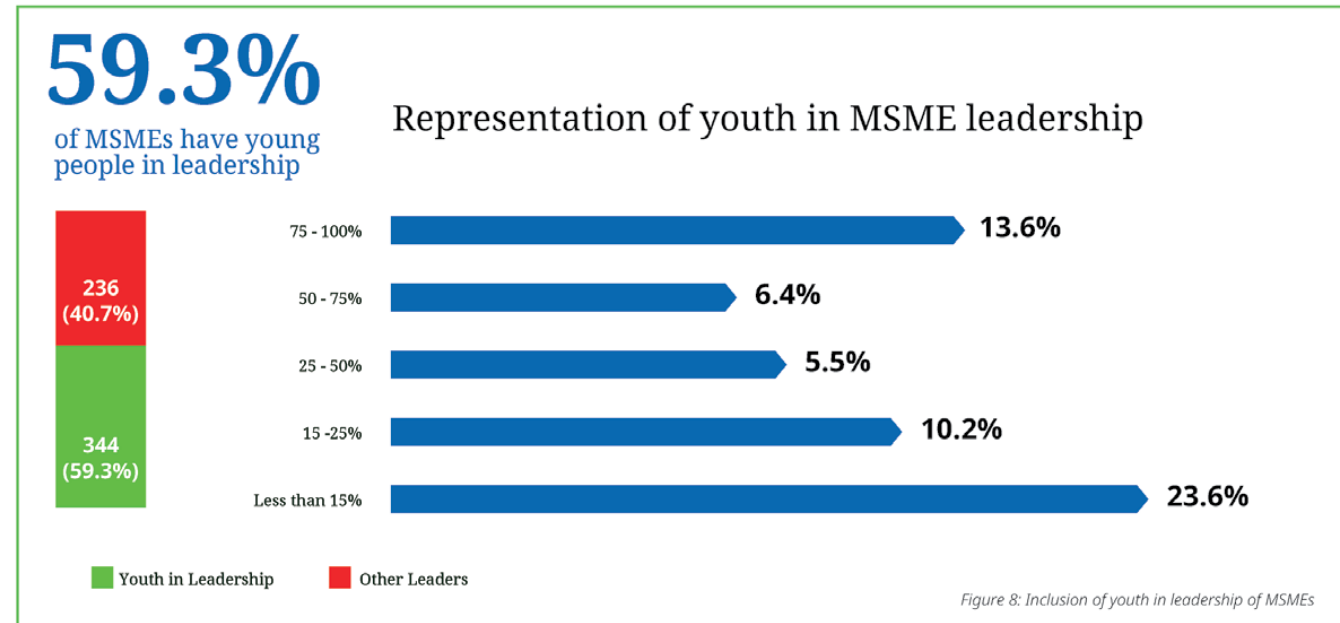
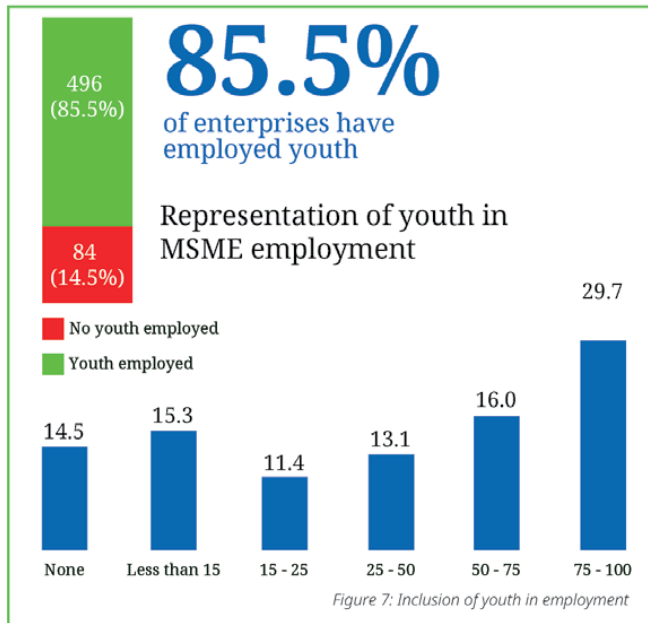
Figure 7 illustrates inclusion of youth in employment within the surveyed enterprises. The study found that 85.5% of the enterprises had persons aged 18-34 years in employment. By sector, the number and proportion of youth employment was; Manufacturing sector 33.3%, Services sector 25.7%, agricultural sector 13.6% and the infrastructure sector 12.9%. Disaggregating youth employment among the surveyed enterprises by size of enterprise revealed that Micro enterprises

employed 65.7% youth, Small enterprises employed 16.2% youth while Medium-sized enterprises employed 3.6% youth aged 18-34 years. Proportionately, in 15.3% of enterprises youth made up less than 15% of the workforce. In 29.7% of the enterprises surveyed, youth made up 75 to 100% of the workforce.

#### 2.6.4 Inclusion of youth in leadership

Figure 8 displays inclusion of youth in leadership of enterprises. Slightly over half of the surveyed enterprises reported having young people aged 18-34 years holding various leadership positions (59.3%). The manufacturing sector had the highest proportion of youth in leadership with 21.2% followed by the service sector with 19.7%, the infrastructure sector had 9.8% while the agriculture sector was lowest with 8.4%. Disaggregating youth leadership among the surveyed enterprises by size of enterprise, Micro enterprises had 45.0%, Small enterprises had 11.3% while Medium-sized enterprises had 2.9% youth in leadership. In 22.9% of the enterprises with youth in leadership, youth made up less than 15% of the leadership. Only 3.4% of the enterprises had youth making up 15-25% of leaders and there was no enterprise that had youth making up 75-100% of its leaders.





### 2.6.5 Inclusion of persons with disability in employment

Figure 9 illustrates inclusion of persons with disability in employment within the surveyed enterprises. Only 173 of the 580 enterprises (29.8%) had persons with disabilities in employment. By sector, those employed were; Manufacturing sector 77 (13.3%), Services sector 45 (7.7%), agricultural sector 27 (4.7%) and the infrastructure sector 24 (4.1%).

Disaggregating employment of persons with disability among the surveyed enterprises by size of enterprise, Micro enterprises employed 125 (21.5%), Small enterprises employed 41 (7.1%) while Medium-sized enterprises employed 7 (1.2%) persons with disabilities. Proportionately, in 22.9 % of enterprises PWDs made up less than 15% of the workforce. Only 0.2 % of enterprises had persons with disabilities occupy 75 - 100 % of the workforce in MSMEs.

### 2.6.6 Inclusion of PWDs in Leadership of MSMEs

Figure 10 shows inclusion of persons with disabilities in leadership of Micro Small and medium enterprises. Only 16.4 % of enterprises had PWDs in leadership positions of MSMEs.

The manufacturing sector had the highest proportion of PWDs in leadership 7.2% followed by the service sector 5.0%, the infrastructure sector had 2.2% while the agriculture sector was lowest with 1.9%. In disaggregating PWDs leadership among the surveyed



A small Business dealing with dressmaking in Vipindo

enterprises by size of enterprise, Micro enterprises had 12.6%, Small enterprises had 3.4% while Medium-sized enterprises had 0.3% PWDs in leadership.

Overall, the level of inclusion of PWDs in leadership of Micro Small and Medium-sized enterprises was very low with 12.4% of enterprises having PWDs occupy less than 15% of leadership positions, 1.6% with PWDs occupying between 15-25% of leadership positions, 1.2% with PWDs occupying 25-50% of leadership positions and 0.3% with

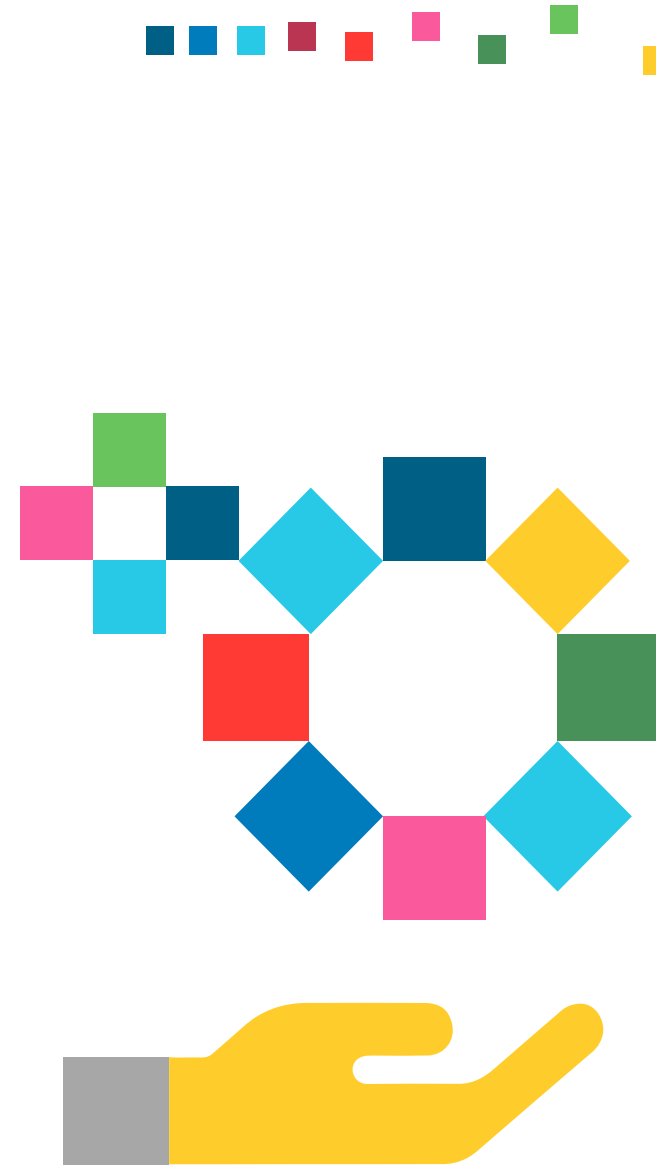
PWDs occupying 75-100% of leadership positions in enterprises.

It can be concluded that persons with disabilities face a double burden of exclusion, both in employment and in leadership. 83.6 % of MSMEs did not include PWDs in employment pointing to the need to determine innovative mechanisms to establish meaningful inclusion of persons with disabilities. It also calls for entrepreneurship capacity building for persons with disabilities.



## SUMMARY FINDINGS

- There has been an increase in MSME establishment in the last 10 years
- Only 56.4% of surveyed MSMEs had their businesses registered with Government authorities. Many unregistered businesses expressed unfamiliarity with requirements and benefits for business registration.
- Three out every five MSMEs had women in employment with Micro-enterprises featuring the most women in employment. Women were mostly employed in the Manufacturing and service sectors.
- Despite 85.5% of MSMEs having youth in employment, only 22.9% of these had youth in leadership positions. More support is needed for leadership development amongst youth and in the expansion of opportunities for youth led businesses to take off and thrive.
- Only 29.8% of MSMEs had PWDs in employment and 16.4% of MSMEs had PWDs in positions of leadership.
- Most Micro and small enterprises engaged within manufacturing, service, agriculture and infrastructure sectors while Medium-sized enterprises engaged mostly within the infrastructure sector.
- The proportion of enterprises with membership in associations increased with size of enterprise. Enterprises in the manufacturing sector had the highest affiliation with associations.
- Membership to an association did not seem to cushion enterprises against the impact of COVID-19.
- Most enterprises (65.6%) of the MSMEs were Sole Proprietorships followed by Partnerships and Limited Liability companies.
- Whereas Micro and Small enterprises were predominantly Sole Proprietorships, Medium-sized enterprises were mainly Limited Liability Companies.



A business vendor selling fabric and clothes in Nairobi



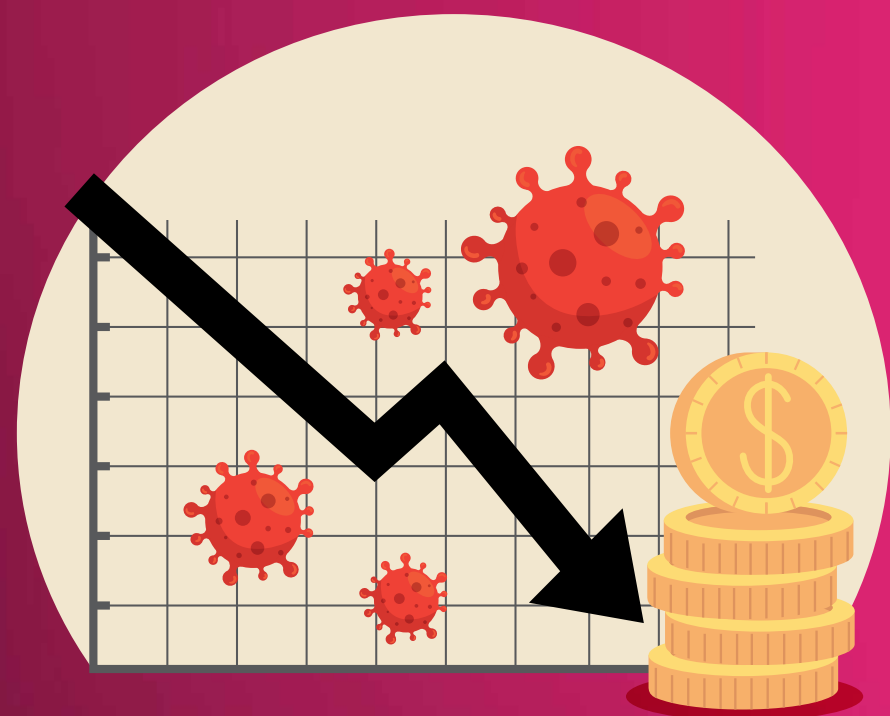


CHAPTER THREE

# Impact of COVID-19 on MSMEs

### 3.1 Overall impact of COVID-19 on operations

Figure 11 illustrates the impact of the COVID-19 pandemic on operations of enterprises. An overwhelming 67.9% of enterprises reported that operations had severely reduced following the COVID-19 pandemic. 15% of MSMEs reported slightly reduced operations, 13.4% enterprises had operations totally halted citing issues such as closed markets, lockdown interrupting commodity supply chain, reduction of staff and of working hours due to cashflow bottlenecks among others. However, 3.6% enterprises reported either normal or improved operations. These included those that dealt with COVID-19 related businesses such as manufacture and distribution of protective materials (soap, hand sanitizers, face-masks, Personal protective equipment and a few that delved into adoption of technology.



*Micro enterprises bore the heaviest burden of COVID-19 on operations.*



### 3.2 Impact on operations by business sector

Enterprises in the manufacturing sector had most adversely affected operations (38.3%) followed by enterprises in the services sector (29.5%), agriculture sector (15.0%) and the infrastructure sector least affected (13.6%).

### 3.3 Impact on operations by size of companies

Figure 12 illustrates the impact of COVID-19 on operations based on size of enterprises. The COVID-19 pandemic affected all enterprises. Micro enterprises bore the heaviest burden on operations with 54.3% reporting greatly reduced operations, 11.5% reporting slightly reduced operations and 11.0% reporting totally halted operations during the pandemic. Only 1.9% of

Small enterprises had operations totally halted with no queried Medium enterprise having totally halted operations. The negative impact on operations was inversely proportional to the size of the enterprises.

### 3.5 Impact of COVID-19 on income of MSMEs by sector

Disaggregating impact by sector, the pattern was similar with impact on operations. The manufacturing sector had the highest prevalence of adverse impact on income of SMEs at 38.4% followed by the services sector at 30.0%, agriculture at 14.5% and the infrastructure sector at 14.3%.

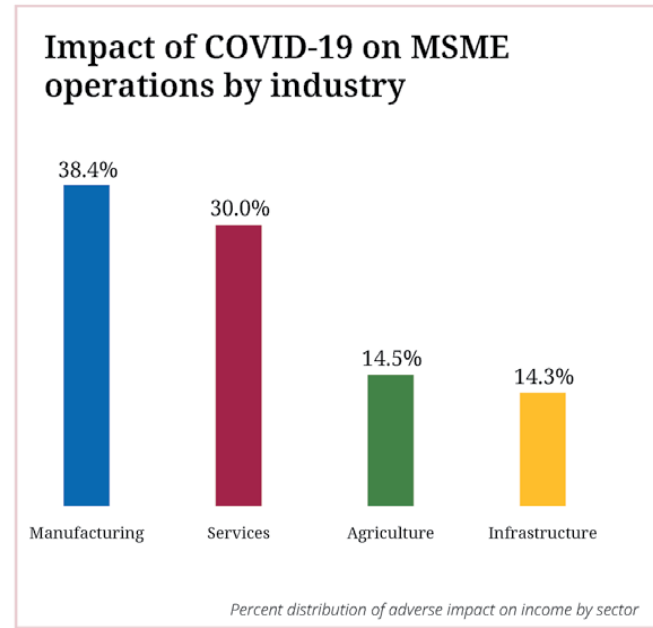
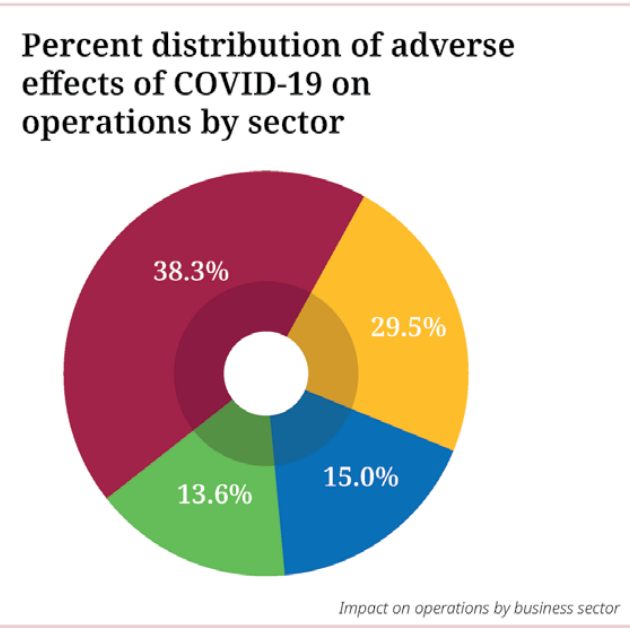
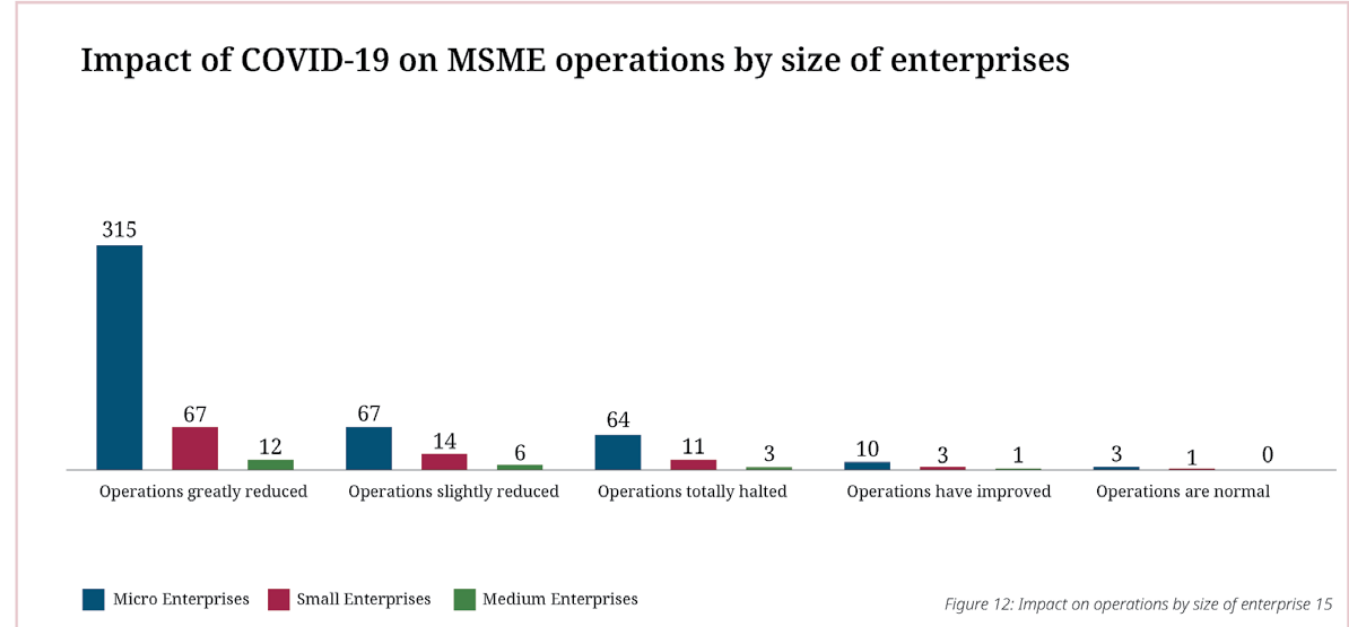
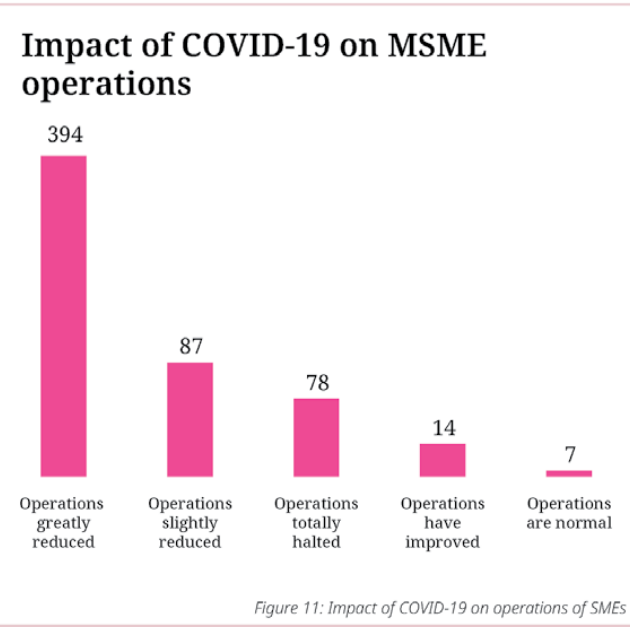
### 3.6 Impact on income based on size of enterprise

Figure 13 displays the impact of the pandemic on income by size of enterprises. The COVID19 pandemic had greatest negative impact on Micro enterprises with 35.8% reporting complete loss of income, 39.8% reporting partial loss of income and 2.2% reporting substantial loss of income. About 10.3% Small enterprises suffered partial loss and 4.8% complete loss of income. The major reasons were attributed to reduced access to customers and markets, low customer purchasing power, reduced cash flows and other financial deficits. There were no Medium sized enterprises reporting either No Change or Increased Income during the COVID-19 Pandemic.

### 3.7 Relationships of impact on income

To elucidate relationship, impact was transformed into two categories (Negative impact comprising complete loss, substantial and partial loss of income and normal or increased income - comprising no change in income during the pandemic or increased income during the pandemic). These were cross tabulated against the desired variables of size, leadership and region/location of MSMEs.





#### 3.7.1 Relationship between impact and size of enterprise

Figure 14 illustrates the relationship between impact of COVID-19 on income with size of enterprises. The number of enterprises that experienced negative impact on income decreased as the size of enterprises increased with Micro Enterprises at 77.9%, Small Enterprises at 15.5% and Medium Size enterprises at 3.8%. Size of the firm may therefore be considered as a strong determinant of sustainability of the firm.

#### 3.7.2 Relationship between impact and women in leadership

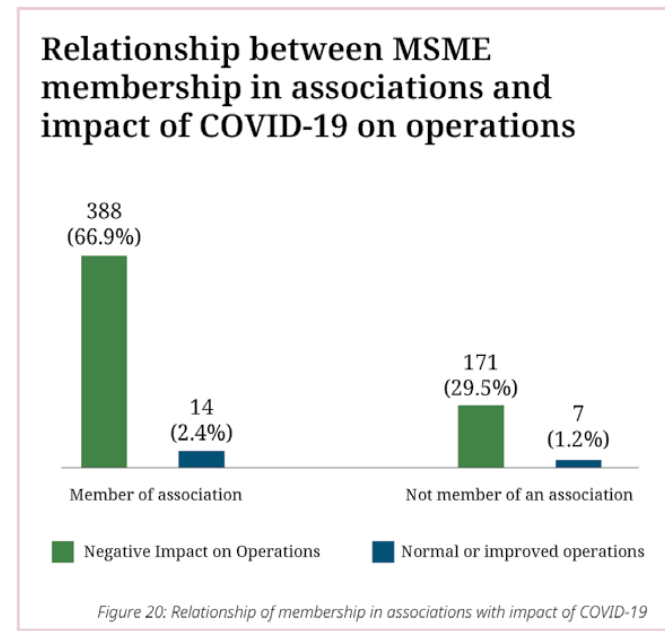
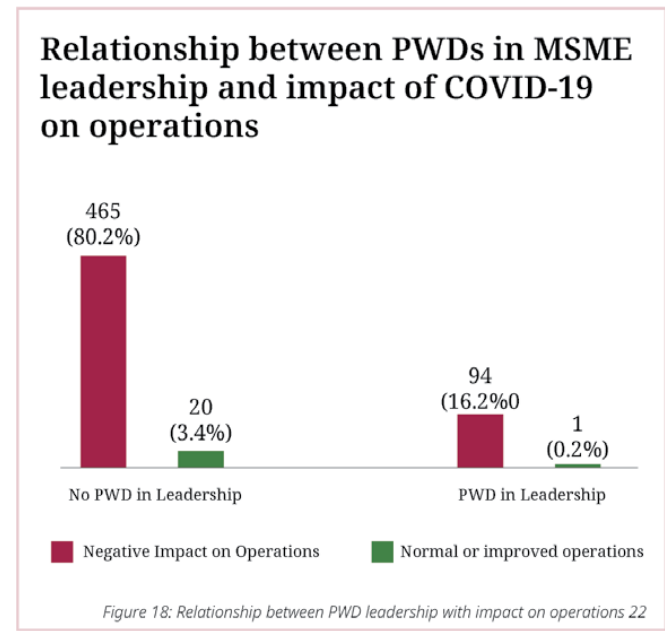
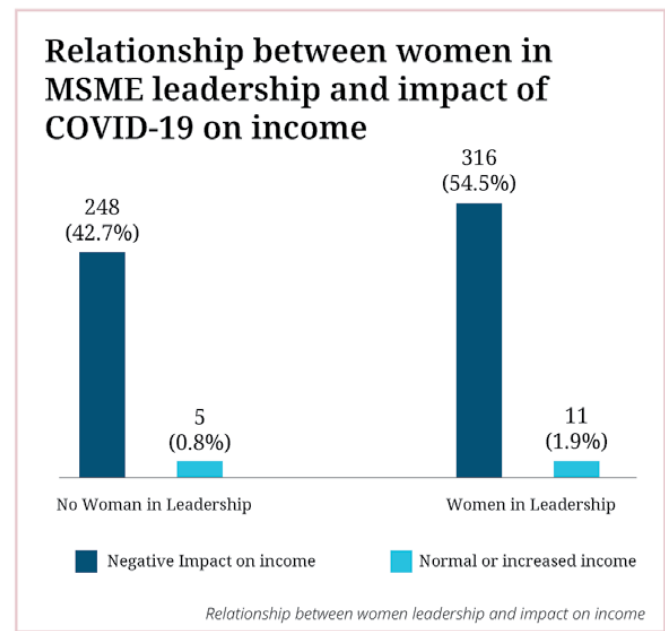
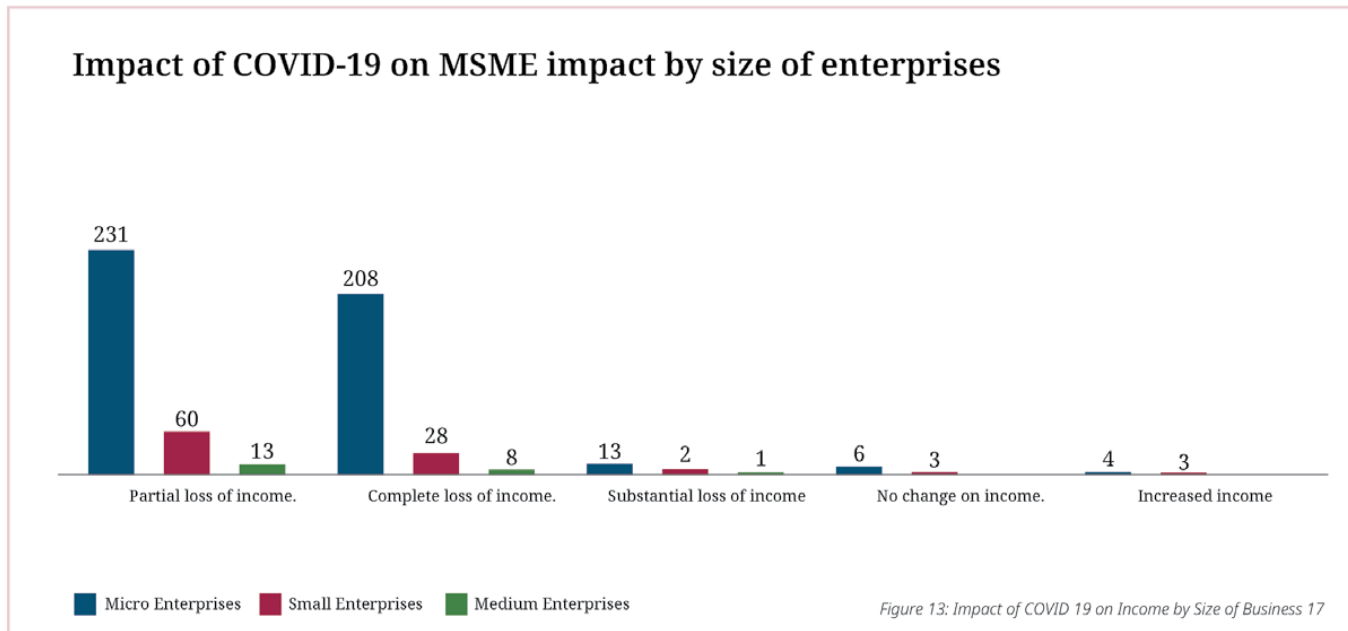
Figure 15 shows the relationship between women in leadership and impact of COVID-19 on income of MSMEs. Although most enterprises had women in employment only 56.4% had women in leadership positions. Women leadership did not translate into a reduction on negative impact on income in enterprises. There appears to be no visible difference in the relationship of impact of COVID-19 on income of female-led MSMEs and those not female-led.

#### 3.7.3 Relationship between impact on operations with youth in leadership

Figure 16 shows relationship between youth leadership and impact of COVID-19 on operations. Although it had been observed that 85.5 % of enterprises have employed youth, there was inadequate inclusion of youth in leadership in MSMEs. Figure 34 illustrates the relationship between youth leadership and impact of COVID-19 on operations. There was insufficient evidence that youth in leadership influenced the impact of COVID-19 on either operations or income of MSMEs. An overwhelming 57.0% reported negative impact on operations irrespective of the leadership. It can be concluded that there is no relationship between youth leadership and impact of COVID-19.

#### 3.7.4 Relationship of impact with PWD Leadership

Figure 17 displays the relationship between PWDs leadership and impact of COVID-19 on operations of enterprises. Despite the double exclusion of persons with disabilities in both employment and leadership of MSMEs, It was observed that MSMEs led by persons with disabilities had low negative impact on operations and income. Only 16.2% reported negative impact as compared to 80.2% with other leadership.

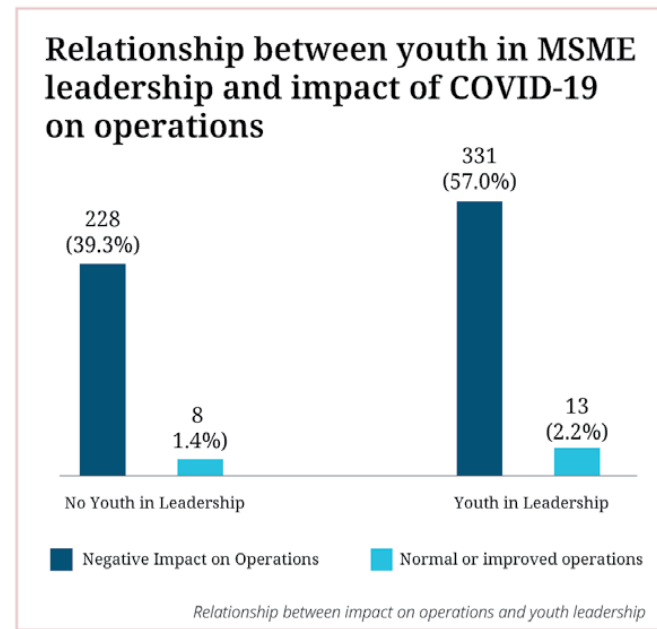
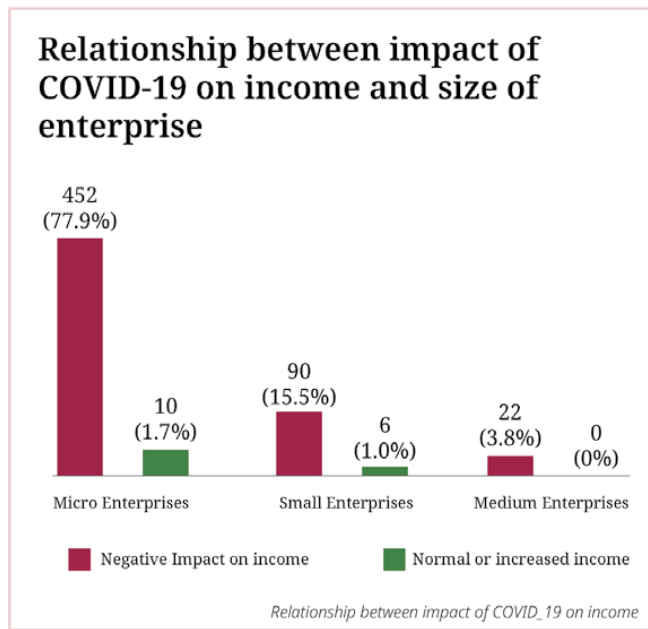


### 3.7.5 Relationship between impact and region (location) of enterprises

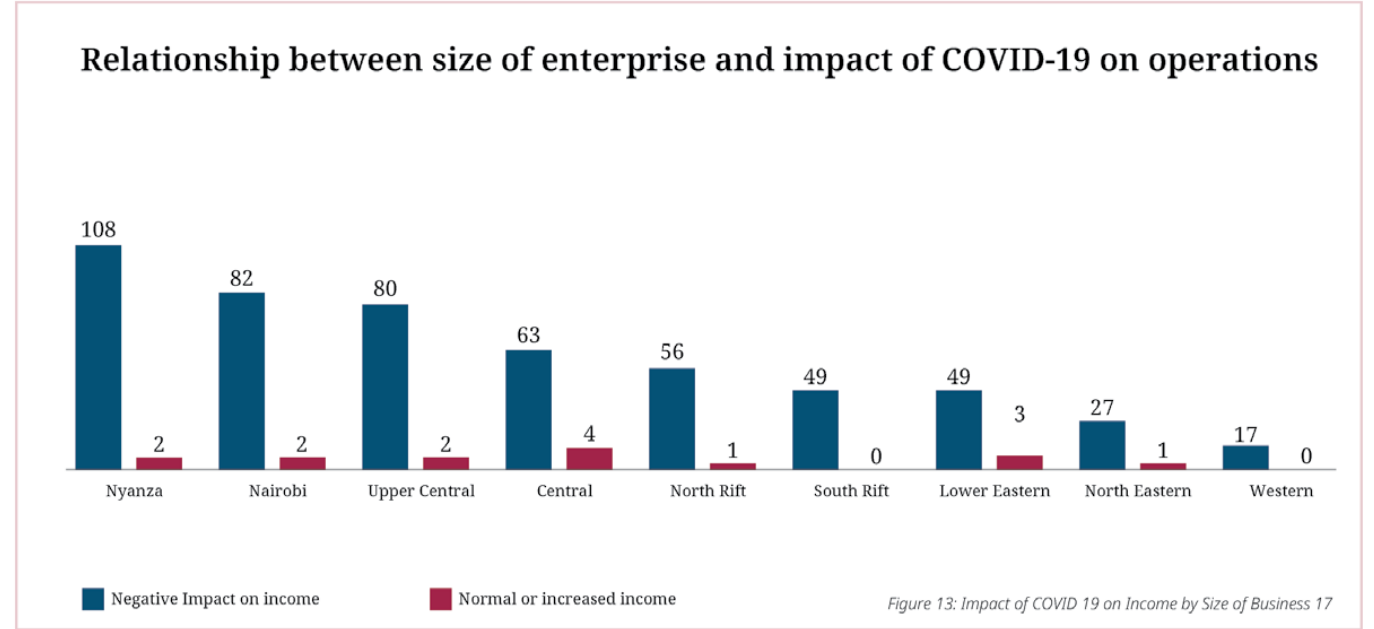
Figure 19 shows the relationship between impact of the pandemic on income with location or region of enterprises. There was no relationship between location of enterprises with impact of the COVID-19 pandemic on income of MSMEs.

### 3.7.6 Relationship between membership to an association and impact on operations

Figure 20 illustrates the relationship between membership of enterprises in associations and impact of COVID-19 on operations. Membership of an enterprise to an association had no relationship with impact of COVID-19. Enterprises that were members of associations also suffered severe negative impacts.



**“**  
*Inadequate inclusion of youth in MSME leadership.*  
**”**





## SUMMARY FINDINGS

- One out of every ten enterprises shut down their businesses as a result of the COVID-19 pandemic.
- Enterprises in the manufacturing sector experienced most adverse impact of COVID-19 on operations and income while enterprises within the infrastructure sector experienced the least impact.
- The negative impact on operations and on income was inversely proportional to the size of the enterprises. Micro enterprises bore the burden of closure and complete loss of income. No medium-sized enterprise was completely shut down.
- The COVID-19 pandemic had greatest negative impact on micro enterprises with one in every 10 having complete loss of income.
- Closure of schools early on in the pandemic also had a significant impact on MSMEs. Almost 10% of the respondents interviewed expressed a challenge related to the closure of schools.
- Enterprises in the Manufacturing sector experienced most adverse impact of COVID-19 on operations and income and infrastructure least affected in both.
- Enterprises reported varying degrees of reductions in operations. A majority of MSMEs reported greatly reduced operations.
- Women and youth leadership did not translate into a reduction on negative impact on income in enterprises.
- MSMEs led by Persons with disabilities had low negative impact on operations and income.



A business vendor dealing with art and crafts in Nairobi





A metal works operator is a business in Nairobi



## CHAPTER FOUR

# Challenges faced by MSMEs during the Pandemic

This chapter looks at the challenges faced by MSMEs in Kenya as a result of the COVID-19 pandemic and the mitigation efforts taken by MSMEs towards business resilience and sustenance.

## 4.1 Challenges faced by Enterprises

Figure 20 displays expressions of challenges faced by MSMEs during the COVID-19 pandemic. The main challenges faced were reduced customer base mentioned by 63.7% respondents followed by lack of financial resources to meet demand at 45.5%, making new customers at 34.1%, making financial obligations at 33%, obtaining capital for business at 21%. Other challenges included in diminishing order, increased cost of business, repayment of debts, making and moving purchases among others.

## 4.2 Remedial actions following COVID-19 disruptions

Figure 21 displays responses on actions taken by enterprises to mitigate against the effects of COVID-19. MSMEs resorted to a wide spectrum of actions to mitigate against the COVID-19 operational and income shocks. These ranged from reducing staff wages, laying staff off, adopting new technologies and even completely diversifying their business models. 15.5% of MSMEs sought to negotiate and obtain credit facilities. This remains a persistent challenge that affects MSMEs ability to thrive and be reliance in the face of challenges.





A business vendor displaying their products in Mombasa

A classic example of successful interventions was the Nyandarua Agro-Processors Association. In this enterprise, the public health measures for the prevention and control of COVID-19 led to zero orders for the firm's products, closure of markets as hotels was also detrimental for them. The business came to a halt. In response, the firm laid-off all 10 permanent workers. It then decided to diversify business. It began to deal in processing of sweet potatoes. A new sweet Potato seed variety was introduced to them by the International Potatoes Centre. Given the change in product, the firm required a different kind of staff that could work mainly in the field and therefore resorted to recruiting casual workers on demand and were supported by a number of partners to be able to take-off again. Nyandarua Agro-Processors Association has embraced technology with the main focus being increasing efficiency in all aspects of the business. The firm applies technology in seed multiplication through tissue culture technology and have a number of partners including the Kenya Export Promotion and Branding Agency (KEPROBA), the Industrial and Commercial Development Corporation (ICDC) Nakuru that provided farm machinery for planting, treatment and harvesting, The Kenya Agricultural and Livestock Research Organization (KALRO), as well as the International Potato Centre and the Kenya Plant Health Inspectorate Service (KEPHIS) who support different aspects of digital technology.



Many MSMEs also took to production and sale of Personal Protective Equipment (PPE) such as face masks, face shields, gloves and sanitizers which were in high demand due to the pandemic as was the case for Ololulunga Jua Kali Association.



An interior designer displaying their products during a training in Vipingo



### Challenges faced during COVID-19

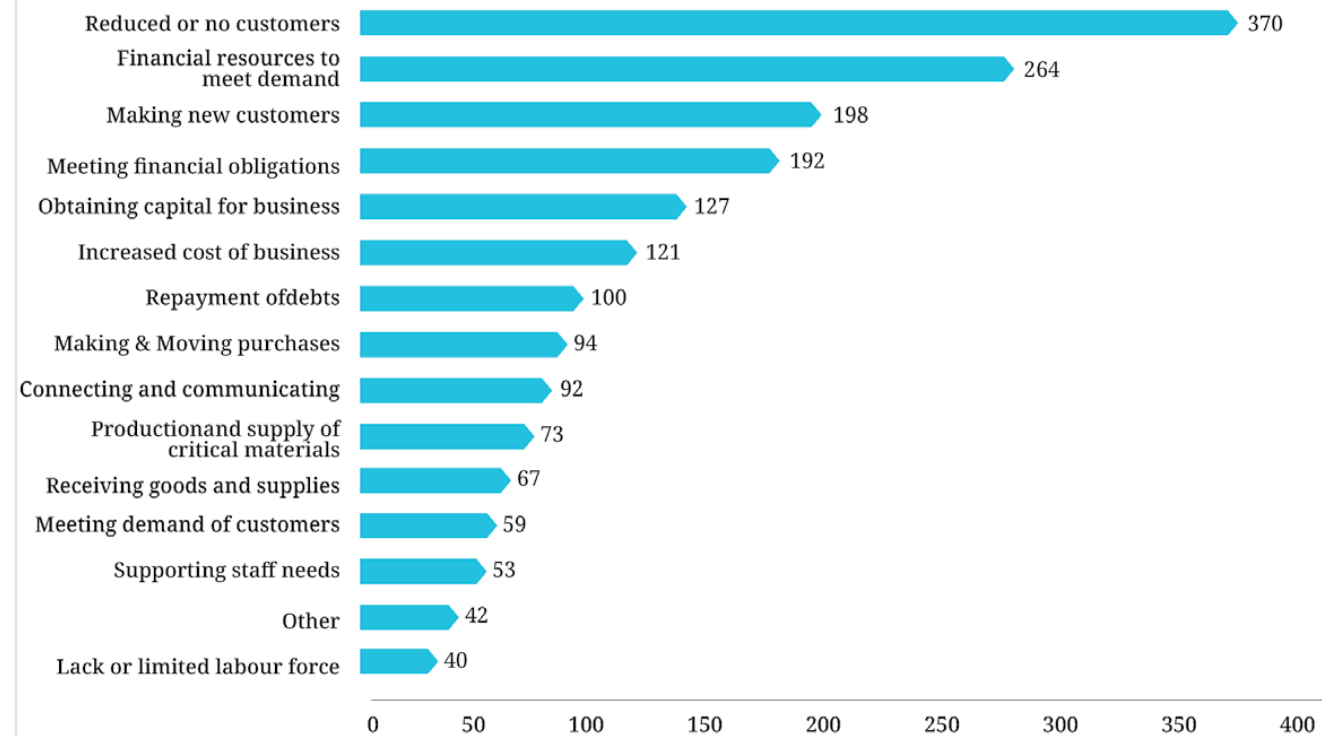


Figure 20: Challenges faced during the COVID-19 pandemic

### Actions taken by MSMEs during the COVID-19 pandemic

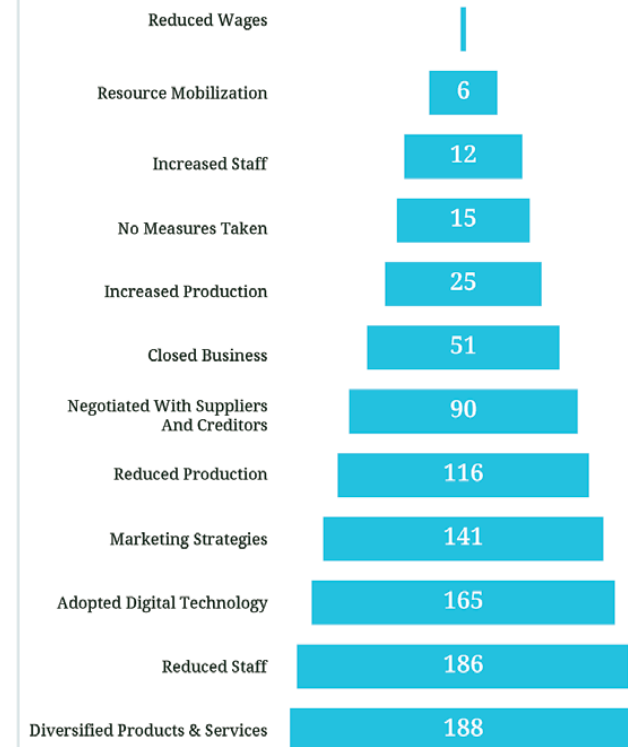


Figure 21: Actions taken by MSMEs



“Top needs for MSMEs to adopt digital technology include skills development, internet access and social media platforms.”

**4.3 Support needs for survival and continuity of business**

Figure 22 illustrates responses on the support enterprises needed to ensure business survival and continuity. The top five support needs mentioned by MSMEs were financial interventions; market interventions; training and capacity building; Technological interventions and government interventions. The desired government support included providing policies that will result in tax relief, subsidies, negotiation for loans and through direct financing by the Government to revive those that have either closed or about to.

**4.4 Perceptions on government interventions**

Figure 23 displays perceived beneficial interventions implemented by the Government to mitigate against the effects of the pandemic. Financial support was considered the most beneficial government intervention at 20.7%. The provision, construction, renovation of business sheds including allocation of parcels of land for business was highly ranked by 10.1% of the respondents. Training and capacity building by various stakeholder was third at 8.6%. Other valued interventions included waivers such as those done by Safaricom, Credit facilities and other institutions at 8.0%, lifting of COVID-19 movement restrictions, provision of COVID-19 protective devices and business promotions through sponsored exhibitions. Micro and

Small Enterprise Authority (MSEA) was recognized for facilitating financing, provision of business space as well as renovations as also executing exhibitions. s.

**4.5 Reaching out to other organizations for support**

At least 38.3% MSMEs reported having reached out to other organizations for support. They sought support from UN Agencies, banks and other microfinance institutions, Savings and Credit Cooperative societies, MSEA, the County governments, individuals, well-wishers and other established enterprises. Support was not readily available for many enterprises and they had to endure disappointment. Some of the comments were as follows.

*One said, “there are no willing lenders and interests are high” “We went to Banks but they are not willing to support”*  
*Of course, there were a few positive remarks. Birunyi bee keepers in Tharaka Nithi said “We have received great support from Vision 2030”*  
*Bama Metal Workers who said, “The government has helped us market products in shows”.*

**Support/intervention required to ensure continuity, survival and success of business**

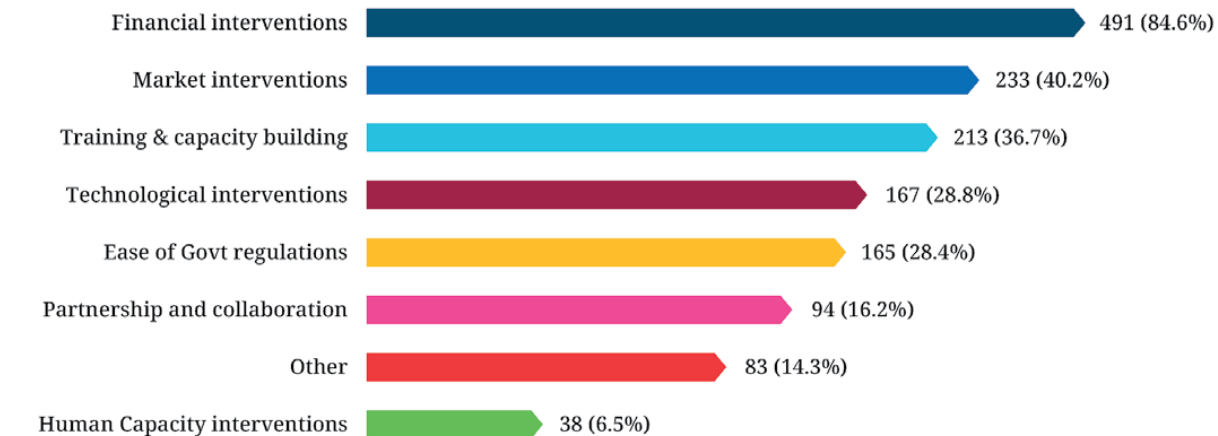


Figure 22: Kind of support MSMEs require to survive and thrive

**Representation of preferred government interventions by MSMEs**

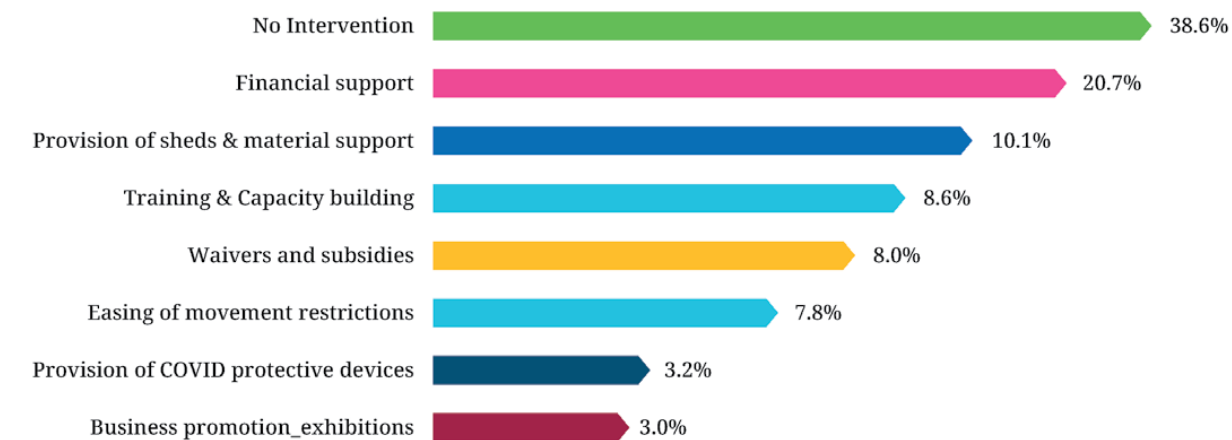


Figure 23: Most beneficial government interventions



## SUMMARY FINDINGS

- Top 3 interventions by MSMEs in response to the pandemic were; staff reduction; use of digital technology for marketing and diversification of products and services.
- Top 3 needs for support identified by MSMEs were; access to finance; access to market; training and capacity building.
- The provision, construction, renovation of business sheds including allocation of parcels of land for business were highly ranked as positive interventions by the Government.
- Many MSMEs decried the lack of support for their businesses during the pandemic. Access to credit facilities was a major challenge as was access to markets.
- Stakeholders may consider providing customized and sector specific support which may include capacity building on necessary business survival skills, legal awareness and product and service diversification.



A business owner engaging in tailoring.

CHAPTER FIVE

# Digital Transformation among MSMEs

Following the crisis brought on by COVID-19 digital technology proved to be a critical lifeline for many businesses and may continue to be so beyond the COVID-19 pandemic. Digital technology will likely be a critical accelerator and enabler of business recovery and continuity. However, the aptitude and capacity for adoption digital technology in MSMEs is very varied. This survey looked at factors that would enable and support engagement of MSMEs with digital technology as well as factors that would limit or make it difficult for the same to happen.

### 5.1 Use of social media platforms

Figure 24 shows digital awareness of enterprises based on use of common social media platforms. WhatsApp was the platform most used by enterprises (51.9 %) followed by Facebook (40.3 %) and emails (26.4 %). A small number of MSMEs have reported use of Third-Party Marketing platforms like Jumia (2.6 %).

### 5.2 Ownership of Website

For many businesses, the primary evidence of online presence or footprint is a website. Figure 25 shows the distribution of enterprises that own company websites and the use of the same. Only 14 % enterprises had company websites. Awareness of how and why enterprises can benefit from having a website was below average. At the same time, there was generally low engagement in websites. The commonest use of website was for advertising and marketing (12.6 %).

### Representation of most commonly used digital platforms by MSMEs

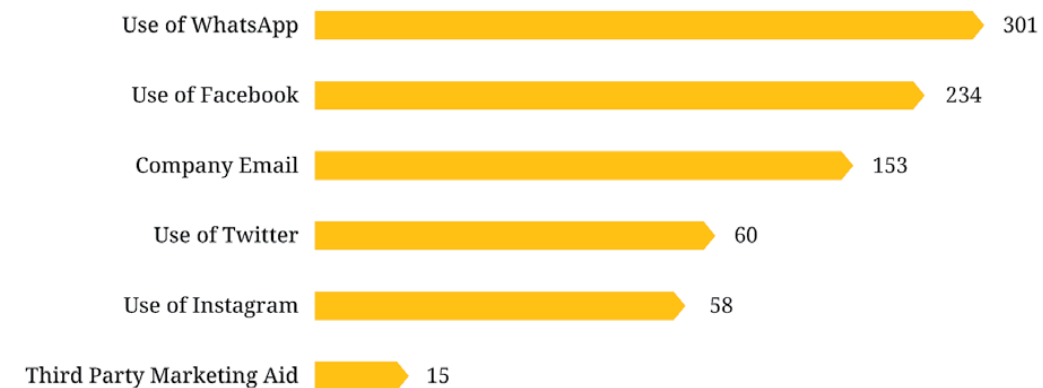


Figure 24: MSMEs that use common digital platforms 19

### Representation of website functions by MSMEs

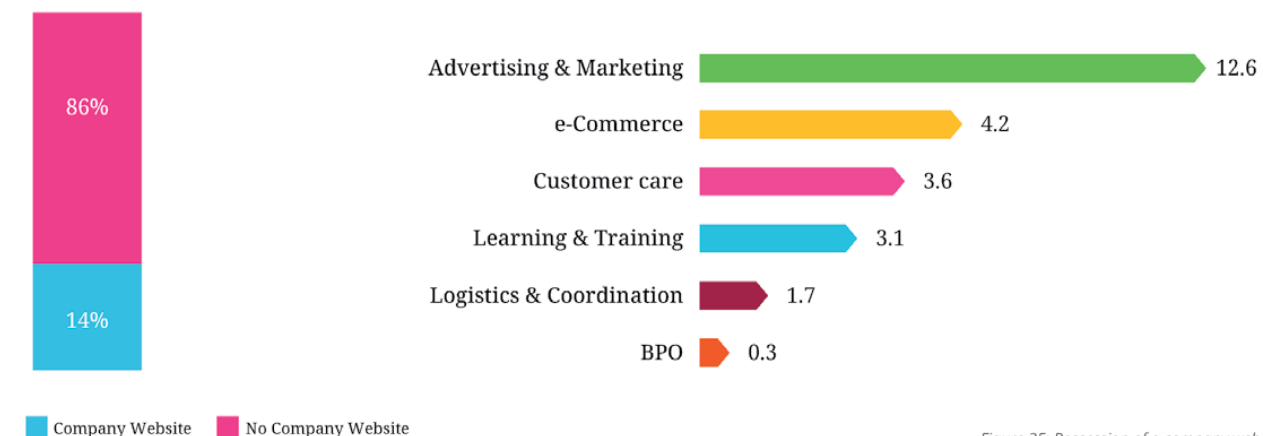


Figure 25: Possession of a company website

### 5.3 Digital maturity of MSMEs

The Digital Maturity Assessment looked at four key drivers of digital maturity, encompassing 7 endogenous (“capabilities”) and 7 exogenous (“enablers”) parameters. These were:

- Digital readiness: Overall comfort and trust in digital technology; Digital for personal use; Digital for business or financial use.
- Micro enablers: Type of device; Device ownership; Level of digitization of business partners; Customer demand for digital.
- Financial and business readiness: Level of trust with financial services provider; Complexity of digital transaction; Transaction independence; Business record keeping and marketing.
- Macro-enablers: National or County digital readiness; Cost of data; Access to internet.

Based on the endogenous and exogenous parameters, the score ranged from zero to 14. This placed digital maturity into four categories. We used four scales for digital maturity segmentation of MSMEs from lowest to highest maturity (NASCENT, EXPERMENTING, EMERGING and ENABLED). Score of 0 - 3 were categorized as NASCENT, 4 - 7 as Experimental, 8-11 as emerging and 12 -14 as digitally enabled. Low scores indicate low digital maturity.

Enterprises at the Nascent stage of digital maturity are at the lowest level. Table 2 illustrates the classification of digital maturity based on digital awareness, financial and business readiness and Micro-enablers.

#### 5.4 Segregation of enterprises by digital maturity

Table 3 illustrates segregation of enterprises by digital maturity. The study found that most enterprises (74.3 %) were at the NASCENT stage of maturity. These comprised 360 Micro Enterprises, 64 Small size enterprises and 7 medium Size enterprises. It implies the majority of MSMEs are at the lowest level of digital maturity. At the same time, about 74 enterprises were in the EXPERIMENTING category being the second lowest level of digital maturity 55 of which were Micro and 19 Small enterprises. Only 32 enterprises were in the EMERGING digital maturity category which is the second highest level of maturity.

Twenty-three of these were Micro, 9 Small and only 1 Medium enterprise. Finally, just 29 enterprises could be considered digitally mature categorized as ENABLED with 24 among them being Micro and 4 being Small size enterprises.

#### 5.4.1 Impact of COVID-19 on operations by digital maturity

Figure 26 displays the relationship between digital maturity of enterprises with impact on income. Just as with operations, the negative impact of COVID-19 on income of MSMEs was inversely related to the level of digital maturity. Enterprises at higher digital maturity had lower levels of negative impact on income. Among the NASCENT category 71.9% reported negative impact on income as did 13.4% EXPERIMENTING, 6.0%, EMERGING and 5.2% of the digitally ENABLED enterprises.

#### 5.4.2 Relationship between impact on income and digital maturity

Figure 27 displays the relationship between digital maturity of enterprises with impact on income. Just as with operations, the negative impact of COVID-19 on income of MSMEs was inversely related to the level of digital maturity. Enterprises at higher digital maturity had lower levels of negative impact on income. Among the NASCENT category 421 (71.9%) reported negative impact on income, 78 (13.4%) EXPERIMENTING, 35 (6.0%) EMERGING and 30 (5.2%) of the digitally ENABLED enterprises reported negative impact on income associated with the COVID-19 pandemic.



*Only 14 % enterprises had company websites. Awareness of how and why enterprises can benefit from having a website was below average. At the same time, there was generally low engagement in websites.*



Table 2: Classification of digital maturity of enterprises

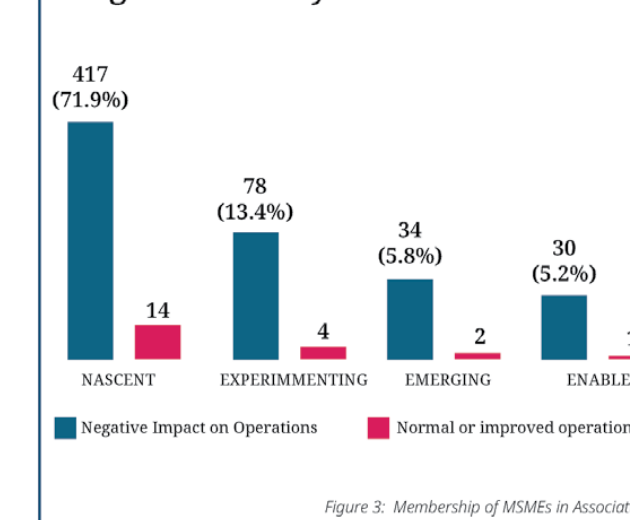
PARAMETER	NASCENT	EXPERIMENTING	EMERGING	ENABLED
<b>Digital awareness</b>	<ul style="list-style-type: none"> <li>Low comfort and trust in digital tools</li> <li>limited willingness to use in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Use of digital tools is somewhat limited but there is openness to exploring new tools.</li> </ul>	<ul style="list-style-type: none"> <li>High levels of comfort and trust in digital for certain use cases.</li> <li>May need support in more complex use.</li> </ul>	<ul style="list-style-type: none"> <li>Digitally savvy and willingness to try new and more advanced digital tools</li> </ul>
<b>Financial and business readiness</b>	<ul style="list-style-type: none"> <li>All transactions happen face to face with a branch staff and/or agent.</li> <li>Mental accounting used for business management.</li> </ul>	<ul style="list-style-type: none"> <li>Engaging in simple (information only) transactions, such as opting into SMS from the FSP.</li> <li>May leverage offline (paper-based solutions) to manage and market business.</li> </ul>	<ul style="list-style-type: none"> <li>Engaging in both push and pull transactions from the bank (such as checking a bank balance).</li> <li>Leverages offline (paper-based solutions) to manage with some digital experimentation.</li> </ul>	<ul style="list-style-type: none"> <li>Engaging in a range of transactions with limited / no human touch.</li> <li>May use some digital tools to manage their business.</li> </ul>
<b>Micro-enablers</b>	<ul style="list-style-type: none"> <li>Shared access to a feature phone or smartphone (no solely owned phone)</li> </ul>	<ul style="list-style-type: none"> <li>May have access to a personal device or shared among several household members</li> </ul>	<ul style="list-style-type: none"> <li>Access to a personal smartphone device</li> </ul>	<ul style="list-style-type: none"> <li>Access to several personal devices (e.g. smartphone and laptop computer or tablet)</li> </ul>

Digital segregation of SMEs by size of enterprise

Digital maturity	Micro Enterprises		Small Enterprises		Medium Enterprises	
	N	%	N	%	N	%
NASCENT	360	62.0%	64	11.0%	7	1.2%
EXPERIMENTING	55	9.5%	19	3.3%	8	1.4%
EMERGING	23	4.0%	9	1.6%	4	0.7%
ENABLED	24	4.1%	4	0.7%	3	0.5%

*Table 3: Digital segregation of SMEs by size of enterprise*

Relationship between impact of COVID-19 on operations by digital maturity of MSMEs





“ The top six needs for MSMEs to adopt digital technology in their businesses mentioned included the need for skills development including digital marketing 335 (57.7%); Internet Access 287 (49.5%); ”

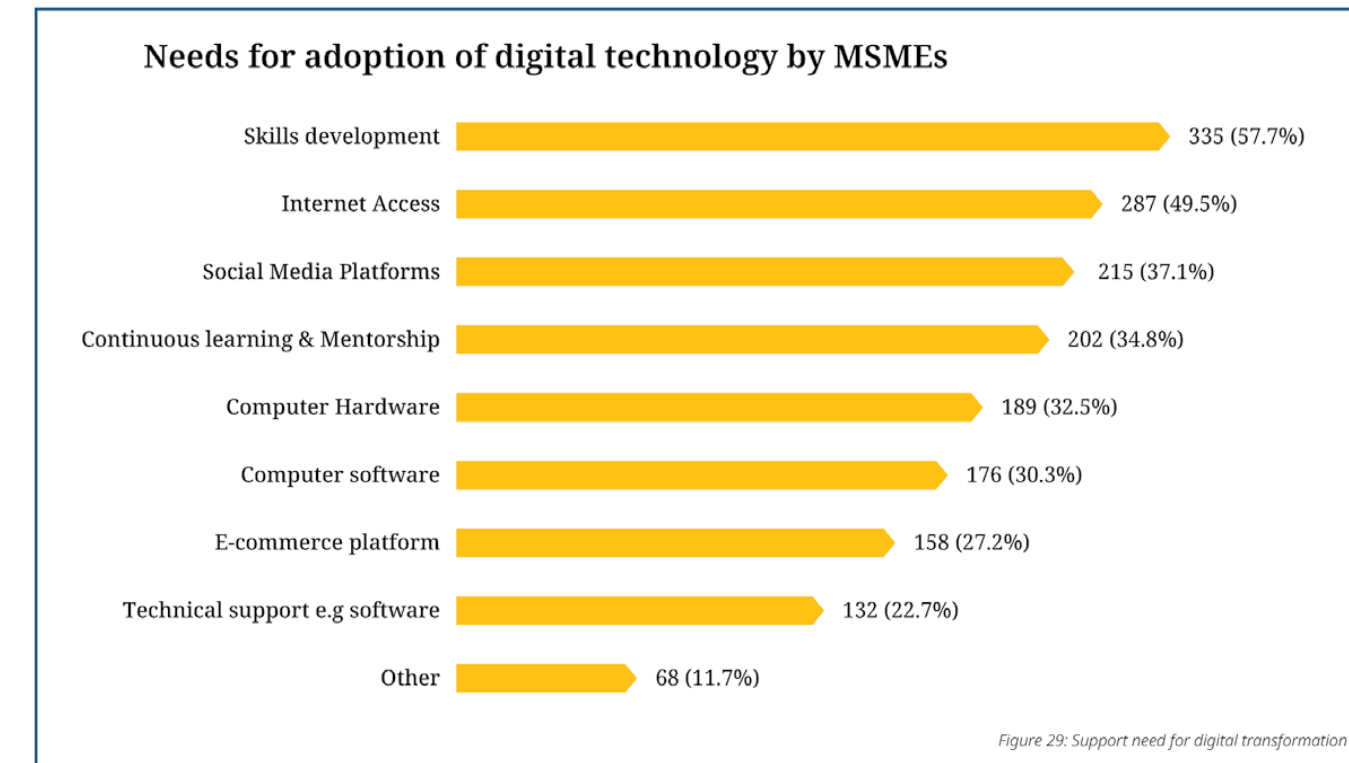
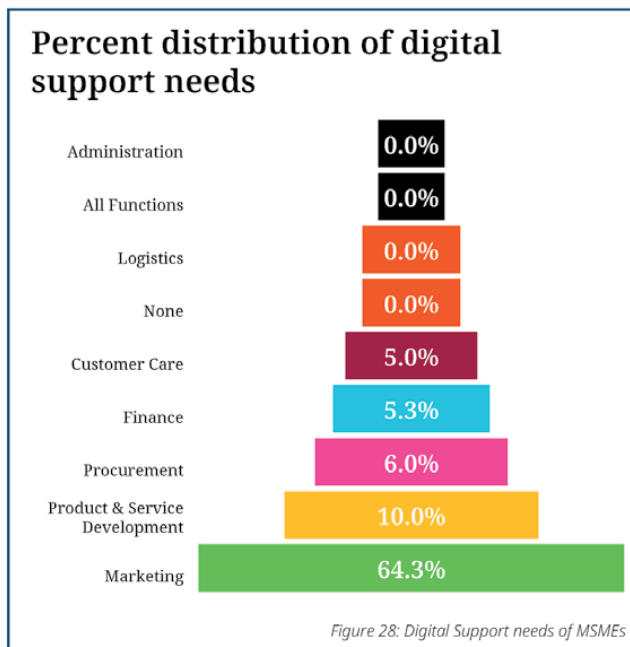
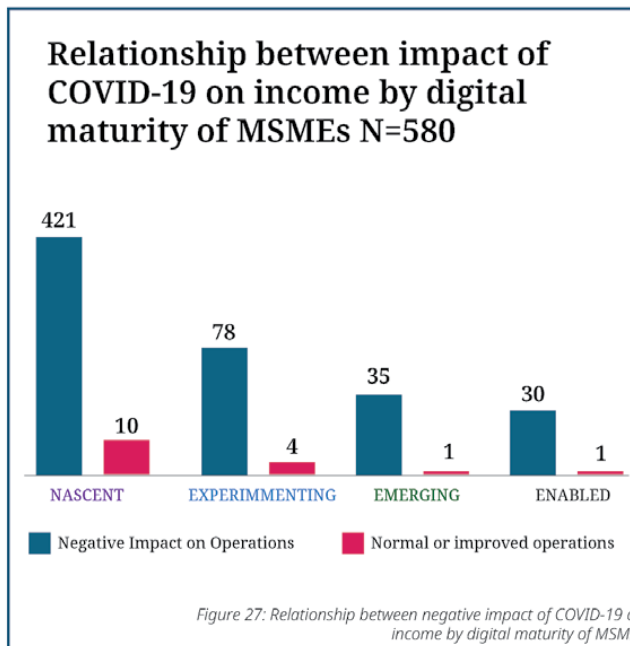


**5.5 Proposed application of digital technology**

Figure 28 shows proposed application of digital technology. Most enterprises would have liked to be supported to apply digital technology in marketing products and services (64.3%), for development of products and services (10%), in procurement (6%), financial management (5.3%) and customer care (5.0%) in diminishing order.

**5.6 Needs to facilitate digital transformation of MSMEs**

The top six needs for MSMEs to adopt digital technology in their businesses are identified in figure 29.





## SUMMARY FINDINGS

- Digital technology was identified as an enabler for marketing interventions. The use of tools such as social media, e-commerce platforms, and websites may support MSMEs to access wider markets. This is an area to consider capacity building and investment in.
- The majority of MSMEs are at the lowest level of digital maturity. MSMEs with higher digital maturity had lower levels of negative impact on income.
- Digital technology was needed for marketing products and services, development of products and services, procurement, financial management and customer care.
- For digital transformation, enterprises overwhelmingly needed skills development, technical and material support.



A certified metal fabricator in Thika



## CHAPTER SEVEN

# Case Studies

This chapter provides case studies from MSMEs describing their operational and income situation was before the COVID-19 pandemic, the challenges that accrued from the pandemic and government measures for the prevention and control that were implemented. It further narrates actions that were taken including any assistance that the firms either received or did not as well as their vision for the future. Six case studies are included for firms of different sizes and managed by different gender.



## Case Study 1:

**Female led Micro Enterprise- Nasib Women MSE association**

### Situation before COVID-19 pandemic

We are a women group composed of about 25 members dealing with beauty and decoration products and services. We were assisted by the Kenya Women Finance Trust to establish our business and ever since, we help ourselves. Before COVID-19 our business was doing very well save for competition in beauty related businesses like ours. We had many customers and our financial status had improved very much.

### Impact of the COVID-19 pandemic

We have really suffered since the COVID-19 pandemic. Customers have not been coming because some fear COVID-19 and others do not have money. Whereas we could previously get 20 or more customers in the salon a day, we now get very few or none. They seem to give priority to basic needs. The financial turnover went down by almost 75 %. What would bring KES 100 you now get KES 25.

### Remedial action

I can say as NASIB women group, we are on our own.

We have no support. In this town, it is made worse by nepotism despite there being people from many communities. However, some time ago before COVID-19, Kenya Women Enterprises helped us market our products through participation in exhibitions as far as Nairobi. Our group has not embraced digital technology so much but we use cell-phones to keep in touch with our clients and have had some trainings on computer packages. The problem is, after training so what? No follow-up supports! We need to learn more and use the knowledge practically. No tangible remedial actions were taken that can restore competitiveness.

## Case study 2:

**Male-led Micro Enterprise- Siaya JIKOS**

### Situation before COVID-19 pandemic

We manufacture energy saving Jikos and other household utensils. Before the COVID-19 pandemic, business was okay. We had five artisans and used to sell many products. Business operations and sales were generally good and there was no cause for alarm.

### Impact of the COVID-19 pandemic

The COVID-19 restrictions have led to increased business costs in terms of materials. Wholesalers escalated the prices of raw materials citing closed importation from China. Customers greatly reduced and the few had lower purchasing potential. They demand to buy commodities at lower prices blaming it on the poor state of the economy. The lower sales translated into lacking capital. The daily turnover fell considerably. Cost of raw materials has also escalated. We have had to lay off some workers due to poor sales.

### Remedial action

In mitigation, we have innovated ways of attracting customers such as providing hand washing facilities, ensuring the work environment is very clean, ensuring all staff wear face-masks. We also bought cloth and requested a tailor to produce face masks which we give free of charge to our customers as incentives. With regard to embracing technology, I use Facebook and WhatsApp to advertise our products. Customer incentives can promote business.



### Case study 3:

#### Female-Led Small Enterprise – Kapenguria: Visionary Women Self Help Group

##### Situation before COVID-19 pandemic

Business was recovering especially after elections and there has been support from County Government of West Pokot through construction of modern market stalls and good roads. The business could foot all utilities and have profits. A large number of our customers came from far and wide in the Western and Rift valley regions to procure fish from our enterprise. Business was operationally good with favourable returns. The average income was KES 3000 daily from sale of tomatoes and fish.

##### Impact of the COVID-19 pandemic

The COVID-19 restrictions resulted in markedly reduced customers especially following movement restrictions. Most businesses have actually closed down, we had also employed casuals to help us at the market and we had to lay them off. Three quarters of the women left Kapenguria for their rural homes since they could not afford town life. Customers are afraid to come and buy wares at the market due to fear of COVID-19 infection. Customers from far cannot travel due to ban in night travel and curfew restrictions.

##### Remedial action

Traders have formed groups and practice table banking. Women in groups have applied for loans and some received loans while others were unsuccessful. We do not use social media except MPESA transactions. These actions have sustained our business.

### Case study 4:

#### Male-led Small Enterprise: Siaya welder: Holo Enterprises

##### Situation before COVID-19 pandemic

We deal with welding, fabrication and mechanical threading business in Siaya County. Business was doing very well prior to the COVID-19 pandemic. My business used to serve a good number of clients. The daily turnover was between five and six thousand on average. We could work for many hours and therefore maximized our daily production capacity. Previously the business would generate average revenue of between KES 5000 and 6000 per day.

##### Impact of the COVID-19 pandemic

The number of clients have reduced during the pandemic and so has the revenue generated by the business. We worked fewer hours in order to adhere to the government COVID-19 movement restrictions. Staff demanded to be released earlier than we usually did and as such the production levels went down. I have had to reduce working hours due to the Government enforced curfew. Worse still, the reduced customer base has affected the cashflow such that generating average revenue of KES 1000 daily has become a challenge. The cost of raw materials has also gone up and clients cannot afford the resultant high prices.

##### Remedial action

To mitigate against this, we diversified business by including scrape metal business to supplement income. Against the low purchasing power, we had to reduce operation costs to keep our customers. As regards support and use of technology, there is an NGO that has offered to support us by advertising and creating awareness about local businesses through social media platforms such as Facebook and WhatsApp. We therefore post our products and attract some customers. This response resulted in a moderate improvement of operations and income.



### Case study 5:

#### Male-led Small Enterprise – Bokola Hides and Skin Association

##### Situation before COVID-19 pandemic

We have a hides and skins business stationed at Elwak in Mandera county. Before the COVID19, our business was booming. We received stock of hides and skins from as far as Rhamu, Wargadud, Takaba, and Banisa and sold them in Nairobi. Stocks were being received and sold out as soon as possible such that there were hardly any storage problems because of the balancing of stock-in and stock-out. We were able to sustain families and have surplus money. The financial turnover was very good and we made huge profits.

##### Impact of the COVID-19 pandemic

The COVID-19 restrictions significantly reduced business. Suppliers were unable to reach our stores. We also could not take any more stock because there was shortage of storage space and the stock-at-hand could not be sold-out. Our store has over 10 thousand unsold stock because of inability to reach markets. Cashflows went down drastically. We owe the store owners more than KES 100,000. Our suppliers now dispose of hides and skins without selling because they have no-where to sell.

##### Remedial actions

We stopped the few suppliers that were struggling to reach-us. We had to lay-off some staff because we could not pay them. We have not received any assistance from the Government or any other partners. We have unsuccessfully asked the government to provide us with land for building our own stores. We need a leather making machine, and money among others. We have not embraced technology in our enterprise but would wish to get support. We hope things will change come next year.

### Case study 6:

#### Woman-led Medium Enterprise - Nyandarua Agro Processors Association

##### Before the pandemic

Our enterprise deals in Agro-Processing. In the period preceding the COVID-19 pandemic, all aspects of business – I mean both operations and Sales were doing very well. We could produce about 3 tons of fresh cuts of our main product and manufacture 100 kilograms of starch per week. At a cost of KES 65 per kilogram of fresh cuts, you can imagine the kind of turnover from 3 tons in a week.

##### Impact of the COVID-19 pandemic

The Public Health measures for the prevention and control of COVID-19 led to zero orders for our products, closure of markets as hotels were a major market for us. The business practically came to halt.

##### Remedial actions

In response, we laid -off all our 10 permanent workers as we could not afford to pay them. We decided to diversify the business. We began to deal in the processing of sweet potatoes. A new sweet Potato seed variety was introduced to us by the International Potatoes Centre. Given the change in product, we required a different kind of staff that could work mainly in the field. We resorted to recruiting casual workers on demand and were supported by a number of partners to be able to take-off again.

Our firm has embraced technology with the main focus being increasing efficiency in all aspects of business. We apply technology in seed multiplication through tissue culture technology and have a number of partners including the Kenya Export Promotion and Branding Agency (KEPROBA), the Industrial and Commercial Development Corporation (ICDC) Nakuru that provided farm machinery for planting, treatment and harvesting, The Kenya Agricultural and Livestock Research Or-



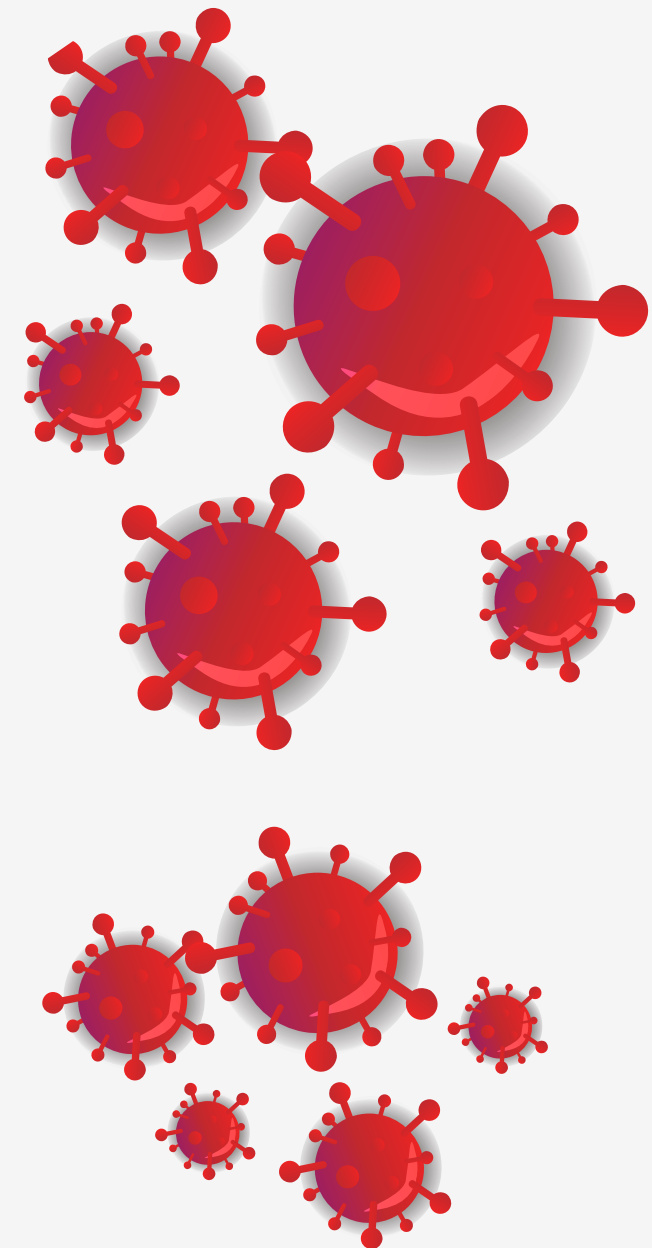


ganization (KALRO), as well as the International Potato Centre and the Kenya Plant Health Inspectorate Service (KEPHIS) who support different aspects of digital technology. Our main success factors were change of business model, diversifying business, enhanced digitalization, and partner support.

Come 2021 and beyond, the sky is the limit for us. We however, require further skills in product development and packaging. The United Nations Development Programme (UNDP) should consider enhancing our technological and financial capacities.



Packaging funnels in a Juakali business in Nairobi



CHAPTER EIGHT

# Conclusions, Insights & Recommendations

COVID-19 has had devastating effects on the world of business and particularly for Micro, Small and Medium enterprises (MSMEs). MSMEs play a big role in Kenya's economy. This study was able to yield critical insights into the impact of the pandemic on MSMEs and offer data that could inform engagement with the sector towards resilience and recovery.

Findings from this report show that many MSMEs in Kenya were adversely affected by the pandemic with one out of every ten enterprises surveyed indicating a shutdown of their businesses as a result of the pandemic. Micro enterprises were most affected in comparison

to medium enterprises. Movement restrictions, lock down and enforcement of social distancing measures had significant impact on MSMEs. Disruptions of supply and demand for raw materials both locally and internationally also influenced the ability of MSMEs to continue with business. Remedial measures taken by many enterprises included retrenchment of staff, diversification of business, exploration of alternative marketing strategies, and negotiation for financing among others. The logistical challenges of managing stock suggest an opportunity for innovation and investment in local manufacturing and supply chains by both the private and public sector.



“

*MSMEs are the largest employer of the youth, a fact corroborated by the survey as total of 85.5% of enterprises surveyed had youth between the age of 18-35 in their employment.*

”

Digital technology was identified as an enabler for business resilience. MSMEs higher digital maturity reflected lower levels of negative impact on income. Digital technology was needed for marketing products and services, development of products and services, procurement, financial management and customer care. The use of tools such as social media, e-commerce platforms and website may support MSMEs to access wider markets. This is an area to consider capacity building and investment in. While recognizing the potential in adoption of digital technology of MSMEs it

was clear that the level of maturity may indicate aptitude, interest, applicability or utility of digital technology for some MSMEs. It may be worthwhile to consider context and need specific capacity building for digital skills. Digital technology should not be viewed as a one size fits all solution. Certain businesses and sectors may see more benefits from engaging with digital technology than others and as such it is important to weigh in not only on the digital awareness of MSMEs but the role that digital technology may serve for businesses.



43.6% of the MSMEs did not have their businesses registered with reasons offered for this being lack of information on the benefits and process of registration. This contributes to the informality of many MSMEs. While there was no apparent relationship between registration of businesses and the impact of COVID-19, it is worthwhile to address the information gaps communicated by the MSMEs. The ease of registration processes as well as information on the benefits of registration are factors for the Government to consider in facilitating MSME formalization.

Further, Government, Government agencies and development partners may consider increasing ease of access to information and services relevant to MSMEs such as information on opportunities, information on waivers, subsidies and business legal requirements and, opportunities for capacity building. Factors such as channels of communication as well as language and content will play a great role in enhancing reach to MSMEs with considerations made to factor in MSMEs in hard to reach areas, MSMEs run and led by persons with disability and MSMEs in low income areas.

MSME Associations also offer an opportunity for awareness raising as 30.7% of the enterprises were members of an association but not registered. 12.9% of all enterprises were neither members of association nor registered. The proportion of enterprises with membership in associations increased with size of enterprises. Enterprises in the manufacturing sector had the highest affiliation with associations. There was no relationship between membership to an association and impact of COVID-19. Nevertheless, there is an untapped opportunity for associations to offer more value for MSMEs in terms of capacity buildings and facilitation of networks for marketing, financing and skills building among others.



A business dealing with woodworks in Busia



A business displaying flip flops in a Machakos Juakali site



From the survey 65.6% of the enterprises were sole proprietorships and as such at risk from single owner or founder related challenges, associations can therefore play a role for such businesses by offering support such as mentorship, welfare support and negotiated access to services such as insurance and credit.

Access to financial support was a major challenge for MSMEs. Many of the MSMEs interviewed expressed frustration at not having access to support be it financial or information related. MSMEs remain significantly underserved by financial institutions. As such, there remains many MSMEs who could not or did not benefit from moratoriums or credit leniency. 18% of the MSMEs in the survey highlighted that as recourse to the impact of the pandemic to their businesses, they had to negotiate with creditors such as banks and suppliers. Many of them faced barriers to receiving support including high interest rates on credit facilities, lack of collateral, poor comprehension of their business models on the part of creditors. While there have been considerable efforts to cater to MSMEs by many financial institutions, financial inclusion and access to credit and financial services still remains a challenge. It is important for financial institutions, suppliers and creditors, to consider providing customized and sector- specific support that considers different and diverse user experiences and competencies of MSMEs.

An inclusive approach should be adopted within the sector in the design, marketing and production of financial products and services.

MSMEs are the largest employer of the youth, a fact corroborated by the survey as total of 85.5% of enterprises surveyed had youth between the age of 18-35 in their employment. However, youth leadership of MSMEs remains a challenge meaning that more support is needed to nurture and foster youth leadership through mentorship, apprenticeship and leadership development.

Further, efforts need to be made support business creation and continuity among the youth by making it easy to access information, support and capital.

Finally, development partners, Government agencies and sector associations will find this report useful for learning, programming and development of strategies. It will help policymakers diagnose problems in MSME capacities as well as their environment, and craft appropriate policies to address these issues.



*MSME Associations also offer an opportunity for awareness raising as 30.7% of the enterprises were members of an association but not registered. 12.9% of all enterprises were neither members of association nor registered.*



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Kenya  
accelerator  
lab

**APPENDIX I:  
SURVEY QUESTIONNAIRE**

**An assessment of the impact of COVID-19 on MSMEs and their needs for recovery**  
**The UNDP Accelerator Lab is a service offering within UNDP that works with people, governments and the private sector to reimagine development for the 21st Century. In partnership with Micro and Small Enterprise Authority in Kenya, the UNDP Kenya Accelerator Lab team are conducting a survey to establish the impact of COVID-19 on Kenyan Micro, Small and Medium Enterprises (MSMEs) and their needs for recovery and sustenance. The outcome of this survey will guide efforts by different stakeholders to support businesses and the economy in the recovery during and post COVID-19. Your responses are greatly appreciated. We will share the results of the survey to all respondents. The survey has 46 questions in total.**





1. Please provide the name of your business or company.

2. Please provide contact details (name, email address and telephone number) for your business or company.

Name:

Email:

Telephone:

3. In which year did your business/company begin operating?

4. Is your business/ company registered?

- A. Yes                      B. No

5. If your business/ company is not yet registered, have you taken any steps towards registering?

If Yes, please indicate which step below.

- A.I have applied for a name search                      D. I have applied for a BN/2 form  
 B. I am filing for a business permit                      E. I have applied for CR12  
 C. I am in the process of applying for a KRA Pin

6. If you haven't taken any step to register your business, please indicate the reason below.

- A. I am not familiar with registration requirements  
 B. I cannot afford the cost of registration  
 C. I am not familiar with the benefits of registering the business  
 D. I prefer not to register the business

7. Are you a member of any association?

- A. Yes

- B. No

8. If your response to question 7 is Yes, please indicate which association you are a member of.

9. Please select the nature of your business or company.

- A. Limited Liability Company  
 B. Sole Proprietorship  
 C. Partnership Business  
 E. Society or Cooperative  
 F. Foundation/ Charity  
 G. Non-governmental organization  
 D. Community Based Organization



10. Please indicate which area of business applies for you. (You can select multiple responses)

- |  |                               |
|--|-------------------------------|
| A. Agriculture Industry                      | B. Aerospace Industry         |
| C. Electronics Industry                      | D. Pharmaceutical Industry    |
| E. Construction Industry                     | F. Education Industry         |
| G. Financial Services; Professional Services | H. Music Industry             |
| I. Healthcare Industry                       | K. Energy Industry            |
| L. Entertainment Industry                    | M. Transport Industry         |
| N. Hospitality Industry                      | O. Retail Industry            |
| P. Mining Industry                           | Q. Manufacturing Industry     |
| R. News Media Industry                       | S. Telecommunication industry |
| J. Information and Communication Technology  |                               |

11. What is the average annual turnover of your business or company?

- A. Below KES 50,000  
 B. Below KES 100,000  
 C. Below KES 500,000  
 D. Between KES 500,001 to 3,000,000  
 E. Between KES 3,000,001 and 7,500,000  
 F. Above KES 15,000,000

12. Does your company or business have a website?

- A. Yes                      B. No

13. If Yes, what is the purpose of having your business online? (select all that apply)

- A. E-commerce (buying or selling goods/ services)  
 B. Advertising and marketing  
 C. Logistics coordination  
 D. Customer care  
 E. Learning and training

14. Does your business engage in any of the below online platforms?

Select all that apply.

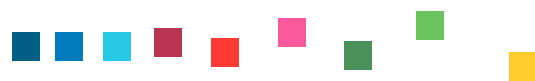
- |  |                        |
|--|------------------------|
| A. Facebook  | E. Interactive website |
| B. Twitter   | F. Email               |
| C. WhatsApp  | D. Instagram           |
| G. Third Party E Commerce Platforms like Jumia, Masoko or Kilimal etc. |                        |
| H. Other   |                        |

15. Does your business or company have a physical location?

- A. Yes                      B. No

16. If your answer to question 15 is Yes, please indicate the county where your business is located (you can select more than one)

- |                   |                     |              |
|-------------------|---------------------|--------------|
| 1. Mombasa        | 17. Makueni         | 33. Narok    |
| 2. Kwale          | 18. Nyandarua       | 34. Kajiado  |
| 3. Kilifi         | 19. Nyeri           | 35. Kericho  |
| 4. Tana River     | 20. Kirinyaga       | 36. Bomet    |
| 5. Lamu           | 21. Kiambu          | 37. Kakamega |
| 6. Taita Taveta   | 22. Muranga         | 38. Vihiga   |
| 7. Garissa        | 23. Turkana         | 39. Bungoma  |
| 8. Wajir          | 24. West Pokot      | 40. Busia    |
| 9. Mandera        | 25. Samburu         | 41. Siaya    |
| 10. Marsabit      | 26. Uasin Gishu     | 42. Kisumu   |
| 11. Isiolo        | 27. Trans Nzoia     | 43. Homa Bay |
| 12. Meru          | 28. Elgeyo Marakwet | 44. Migori   |
| 13. Tharaka Nithi | 29. Nandi           | 45. Kisii    |
| 14. Embu          | 30. Baringo         | 46. Nyamira  |
| 15. Kitui         | 31. Laikipia        | 47. Nairobi  |
| 16. Machakos      | 32. Nakuru          |              |



17. How many employees are employed by your business or company?

- A. Less than 10 employees
- B. 10-30 employees
- C. 30-70 employees
- D. 70-100 employees
- E. Above 100 employees
- F. Above 500 employees

18. What is the percentage of women working in the business?

- A. None
- B. Less than 15%
- C. 15%- 25%
- D. 25%-50%
- E. 50%-75%
- F. 75%-100%

19. What percentage of women are in leadership in the business?

- A. None
- B. Less than 15%
- C. 15%-25%
- D. 25%-50%
- E. 50%-75%
- F. 75%-100%

20. What is the percentage of young people (aged between 18-34) working in the business?

- A. None
- B. Less than 15%
- C. 15%-25%
- D. 25%- 50%
- E. 50%-75%
- F. 75%-100%

21. What percentage of young people (aged between 18-34) are in leadership?

- A. None
- B. Less than 15%
- C. 15%-25%
- D. 25%- 50%
- E. 50%- 75%
- F. 75%-100%

22. What is the percentage of persons with disability working in the business?

- A. None
- B. Less than 15%
- C. 15%-25%
- D. 25%-50%
- E. 50%-75%
- F. 75%-100%

23. What percentage of persons with disability are in leadership?

- A. None
- B. Less than 15%
- C. 15%-25%
- D. 25%- 50%
- E. 50%- 75%
- F. 75%- 100%

24. To what extent have operations in your business been affected by the COVID-19 pandemic?

- A. Operations are normal
- B. Operations are slightly reduced due to the impact
- C. Operations are greatly reduced due to the impact
- D. Operations are totally halted due to the impact
- E. Operations have improved minimally
- F. Operations have improved and grown greatly due to the impact

25. Please give more details to your response in question 24.

26. How has the COVID19 pandemic affected income for your business or company?

- A. Partial loss of income.
- B. Complete loss of income.
- C. No change on income.
- D. Increased income

27. Please explain your answer for question 26.

28. What measures have you taken to ensure business continuity during and beyond COVID19?

- A. Working and communicating using online / virtual tools
- B. Negotiating with Suppliers and Creditors
- C. Increasing number of staff
- D. Reducing number of staff
- E. Diversifying business; new products and services
- F. Increasing production levels
- G. Reducing production levels
- H. Adopting digital technology to support the business operations and functions
- I. Adopting delivery services to customers



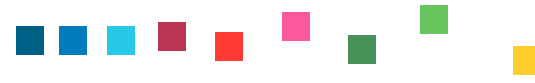
- J. Exploring new/different market options
- K. Use of mobile money as a means of payment
- L. Closing off branches or sites
- M. Unable to continue business

29. Please expound on your answer for question 28.

30. What are the challenges faced by your business or company at the moment (select all that apply)

- A. Connecting and communicating with existing customers
- B. Making new customers
- C. Meeting demand of customers
- D. Reduced or no customers
- E. Making and moving purchases and supplies
- F. Lack or limited labor force to execute work
- G. Financial resources to meet demand
- H. Production and supply of critical goods and services relating to my business limited or absent
- I. Receiving goods and supplies
- J. Increased costs of business
- K. Meeting financial obligations e.g rent, salaries, utilities, taxes
- L. Obtaining capital for business operations and/or expansion
- M. Government Restrictions owing to COVID-19
- N. Repayment of Debt
- O. Supporting staff needs such as welfare, social protection etc





31. Please explain your response for question 30.

32. What kind of support / intervention would your business require to ensure continuity and promote its chances of survival and success?

- A. Financial intervention; Loans, grants, negotiated debt terms, injection of capital
- B. Human Capacity intervention; New staff, voluntary staff, interns
- C. Training and Capacity Building intervention; New skills
- D. Technological intervention; Digital technology infrastructure and support
- E. Market intervention; Introduction to new customers, access to new markets etc.
- F. Partnership and collaboration with other businesses
- G. Ease of Government Regulations

33. Have you already reached out to other entities/ organizations to request support in the aforementioned areas?

- A. Yes
- B. No

34. Please expound on your answer below.

35. Which intervention by Government or other stakeholders have you found most beneficial?

36. Which intervention by Government or other stakeholders have you found least beneficial?

37. Are you aware of digital technology options for your business/ company? This includes adoption of technology to ease efficiency in functions such as finance, marketing, administration, customer service, logistics, supply, procurement, production etc.

- A. Yes
- B. No

38. Had your business/ company adopted digital technology to support business operations prior to the COVID-19 pandemic?

- Yes
- No

39. To what extent would adopting digital technology help your business?

- A.To a very large extent
- B. Would make minimal difference
- C.Would make some difference
- E. Would affect business negatively.
- D.Would make no difference



40. Do you have any concerns with adopting digital technology in your business?

41. What would you need to adopt digital technology in your business?

- A. Skills Development
- B. Internet Access
- C. Computer Software
- D. Computer Hardware
- E. E-commerce platform
- F. Social Media platforms
- G. Technical Support e.g. Software developers, ICT technicians
- H. Continuous learning & mentorship

42. Which areas in your business would you require digital technology support?

- A. Logistics
- B. Customer Service
- C. Administration
- D. Human Resource
- E. Finance
- F. Marketing
- G. Procurement
- H. Supplies
- I. Product and Service Development

43. Please explain your response to question 42.

44. Do you see your business model remaining the same or changing post the COVID-19 pandemic?

- A. Yes
- B. No
- C. Maybe
- D. Do not know

45. How do you see your business model changing?

46. Briefly provide any thoughts on what other support your business would require during and post the COVID-19 Pandemic and indicate from which institutions / bodies / government etc. this would be required.



Co-building the Accelerator Labs as a joint venture with:



**UNDP**  
**Core**  
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For queries and information related to this report,  
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