



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

FEED THE FUTURE USAID KENYA LIVESTOCK MARKET SYSTEMS ACTIVITY

IMPACT OF COVID-19 PANDEMIC ON BUSINESSES IN NORTHERN KENYA STUDY REPORT



*Ongoing business at the reopened Merille Livestock Market following its closure by Marsabit County Government due to COVID-19 outbreak
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FEED THE FUTURE LIVESTOCK MARKET SYSTEMS: EXPANDING ECONOMIC OPPORTUNITIES AWARD

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ACRONYM LIST

ASAL	Arid and Semi-Arid Lands
BDS	Business Development Services
CECM	Chief Executive Committee Member
COVID-19	Coronavirus Disease
CRB	Credit Referencing Bureaus
FAO	Food Agricultural Organization
FCDC	Frontier Counties Development Council
GDP	Gross Domestic Product
ICT	Information Communication and Technology
IMF	International Monetary Fund (IMF)
KII	Key Informants Interviews
KNBS	Kenya National Bureau of Statistics
Ksh	Kenya Shillings
LMA	Livestock Marketing Association
LMS	Livestock Market Systems
MSMEs	Micro Small and Medium Enterprises
NGO	Non-Governmental Organizations
PAYE	Pay As you Earn (PAYE)
REAP	Rural Entrepreneur Access Project
REGAL-AG	REGAL AG Resilience and Economic Growth in the Arid Lands–Accelerated Growth
SACCO	Savings and Credit Cooperatives
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USAID	United States Agency for International Development
VAT	Value Added Tax

EXECUTIVE SUMMARY

This survey was commissioned to assess the impact of COVID-19 pandemic on the Micro Small and Medium Enterprises (MSMEs) in Northern Kenya. 93 percent of the businesses indicated that COVID-19 pandemic and the measures put in place to curtail its spread have affected the businesses. The major effects of the pandemic to businesses are a reported reduction of sales as recorded by (77%), disruption of transport logistics (52%) and an increase in the cost of transport (43%) are some of the major effects. Therefore, the pandemic has had negative effects on the financial health of business which record declining sales, low productivity due to interrupted supply chains, and reduced working hours due to a national curfew and cessation of movement of people to and from Nairobi. The increased cost of transport and the increase in prices of goods and services have also affected the financial position of the businesses. COVID-19 pandemic has brought about psychological effects on people with customers and staff who are afraid of contracting the virus and are therefore keeping off from surveyed businesses. The situation is compounded by shocks related to drought that prevailed just before the first case was reported in Kenya in March 2020. Further locust invasion in the first quarter of the year and floods in March to May season make the situation dire and demands urgent intervention as some businesses have temporarily closed.

Depleted cash flow and confidence: The businesses' internal capacity to generate cash has been affected. As such, only 19% of the businesses surveyed indicated their cashflow could take the business more than 3 months with 81 percent either saying the cash flow can run the business for 3 months or less or are they are uncertain about the future. The entrepreneurial confidence about the future of the business is low. Out of 9 areas assessed, MSMEs are only confident that they will learn to prepare for future shocks (76% mentioned either confident or very confident) and that they will recover from the COVID-19 shocks (65%). There is low confidence in the ability to handle supply chain, customer growth, sales & marketing, adoption of ICT to market and deliver products, and manage partnerships. Businesses are LEAST confident that they will access finance.

Response to effects: To cope with the pandemic situation, enterprises have resorted to doing deliveries to customers at home (51%), making connections with existing customers (37%), and increasing the use of the telephone to reach customers (32%). From the COVID-19 disruption, enterprises report they have learned the importance of diversification (53%), savings (35%), and the need to maintain adequate stock and running a reliable and efficient supply chain. However, it is important to note that MSMEs have a limited resource base to respond to sudden external shocks like COVID-19 pandemic.

Access to information: The main source of information about COVID-19 is media -televisions, and radio (95%), government, and word of mouth (both 60%) are the main sources of COVID-19 related information. This information is general, and businesses desire the synthesized information-especially economic stimuli packages to understand how they can take advantage of any incentives or reliefs offered by the government.

Gender empowerment awareness: There is low awareness and existence of gender-targeted economic empowerment strategies responding to the situation of the Northern Kenya MSMEs. Overall, only 17% of businesses were aware of gender-targeted economic empowerment strategies. Wajir reported higher awareness levels at 54 percent. BOMA Project REAP Groups enterprises show some higher awareness with 31 percent of them indicating there were gender-specific responses to support businesses. Women enterprises face several unique challenges that will make women-owned and managed businesses vulnerable to the COVID-19 pandemic crisis. Closure of schools and social distancing that limit movement restricts women's entrepreneurial activities and women have stayed home to take care of children and family, as well as do other domestic chores. Most MSMEs in Northern Kenya depend heavily on the local supply chain network of women. The overall effects of COVID-19 on businesses will adversely affect women producers and aggregators in the value chain. Women businesses are reported to be the first ones to suffer capital loss as women must feed families, therefore, reducing the enterprise capital base during the crisis. The UNDP: Gender-based violence and COVID-19 released in April 2020 indicated that gender-based violence (GBV) increases during every type of emergency and COVID-19 is projected not to be any different. Experience has also shown that during and after conflict or disease outbreaks women businesses and livelihoods have a higher burden than the male-owned activities. Finally, government interventions at the national level are not gender-specific and therefore women-owned MSMEs are likely not to benefit from the stimuli packages designed for general businesses.

Response by government and other actors: More funding especially for MSMEs is anticipated by businesses to safeguard their collapse and prevent massive job losses which in turn increase social stress and disturbances, riots, gender violence, and crime. In Northern Kenya, the collapse of livelihoods, experts allude would increase the vulnerability of youths to violent extremism. The current stimuli packages are general and unlikely to influence major changes in the vulnerable economic and social ecosystem of enterprises and people in Northern Kenya. For example, the government has proposed measures including a corporate tax rate reduction from 30 percent to 25 percent, reduction of the turnover tax rate from 3 percent to 1 percent do not to immediately relief a business that is already in financial distress and is recording sales losses in the current tax period. Most MSMEs in Northern Kenya that are not Value Added Tax (VAT) registered and are unlikely to benefit from the reduction of VAT rate from 16 percent to 14 percent, and the VAT refunds. Therefore, specific Northern Kenya business and economic relief packages are necessary.

From donor organizations, businesses anticipate that could access financial support (62%), and that support should include business training support as a report by 17 percent of respondents. The financial sector is expected to among others reduce the interest rates on loans, offer flexible terms on business loans, and restructure existing credit including offering a moratorium. Other private sector businesses are urged to consider fair pricing practices, offer market opportunities for small business products.

Conclusion: In conclusion, interventions are needed to keep businesses afloat, rejuvenate internal income-generating capacity through support in sales and distribution interventions, injection of funds that stimulate production and marketing to help businesses weather the storm that COVID-19 pandemic presents to them. Support to fast-track safe opening of livestock markets is necessary to help the livestock trade-related activities to reopen. Businesses require technical assistance that helps them to maximize market opportunities and help adapt their products and distribution to conform to the new challenges of human-to-human interactions.

Finally, all the interventions must consider that women businesses are in a unique situation and efforts-both in funding and technical assistance be aimed at leveling the inherent and different challenges that women have been found to face during crises.

Table 1: Recommended actions that LMS and partners could take to address the situation that faces the businesses.

Business support actions	Projected results	Actors	Time frame
Tactical marketing and sales technical assistance support to MSMEs	Internal income-generating capacity through realigned sales strategy including non-human based sales channels Recruitment of new distribution channels and customers Strengthen the partnership between the business and its stakeholders	LMS Activity in partnership with supply chain actors and private sector associations	Short term (3 months) to medium-term (6-9 months)
Fast-track the safe reopening of livestock markets	Development and use of safety protocol Increased trade activities within markets	LMS Activity, county government, Livestock Marketing Associations (LMA) and PREG partners	Short term (3 months)
Restructuring and renegotiation on existing and new credit terms	Ease the interest rates and pressure on cash flow within the business	LMS Activity and partnering financial service providers	Short term (3 months) to medium-term (6-9 months)
Short term targeted grant	Safeguard business existence and keep them afloat by strengthening the supply chain, and bridge working capital needs. Grant issue after a rapid but rigorous review of financial needs	LMS Activity and partnering financial service providers	Short term (3 months)
Targeted Gender Response	Working with partners reduce the collapse of women economy	LMS Activity, PREG partners and other gender economic empowerment proponents	Short term (3 months)
Advocacy for targeted ASAL stimuli packages response and investment funding for MSMEs	Stimulate the regional economy and support recovery of businesses	LMS Activity, business associations include county-level Chamber of Commerce, PREG, Frontier Counties Development Council (FCDC), Ministry of Devolution, County Governments	medium-term (6-9 months)

INTRODUCTION

Background

Feed the Future Kenya Livestock Market System (LMS) Activity funded by USAID seeks to strengthen people's resilience in Northern Kenya and reduce poverty, hunger, and chronic undernutrition through expanding and diversifying viable economic opportunities and strengthening community capacities for resilience and growth. USAID LMS Activity is supporting livestock linked businesses in Five Northern Kenya counties –Garissa, Isiolo, Marsabit, Turkana, and Wajir. With the emergence of the highly contagious Coronavirus Disease (COVID-19) global pandemic, market systems are bound to be affected. The nascent businesses supported by the LMS Activity may not be different and are potentially affected by the pandemic and the resulting changes to the business ecosystem.

This survey was commissioned to assess the impact of COVID-19 on the Micro Small and Medium Enterprises (MSMEs) in Northern Kenya. The overall objective of the study was to assess the impact COVID-19 has on MSMEs and the business environment in Northern Kenya among LMS Grant beneficiaries and Resilience and Economic Growth in the Arid Lands– Accelerated Growth (REGAL AG) project supported businesses.

A mixed-methods approach was used in collecting data in this study, including secondary data, quantitative survey, and qualitative key informant interviews. Survey Data was collected through telephonic interviews conducted by the LMS project teams in the 5 counties between 21st May and 3rd of June. Qualitative key informants with government, private sector, and development organizations in the five counties were conducted in the same period and concluded on 11th June 2020. Data analysis and reporting was conducted from 4th June to 16th June 2020.

Data Collection and Sample Characteristics

This report is based on evidence gathered through desk research, quantitative survey data, and key informants' interviews conducted with county government staff, Non-Governmental organizations (NGOs) program leaders, and private sector actors. Below is a highlight of each data collection method used to gather the evidence needed to inform the conclusions and recommendations made in this report.

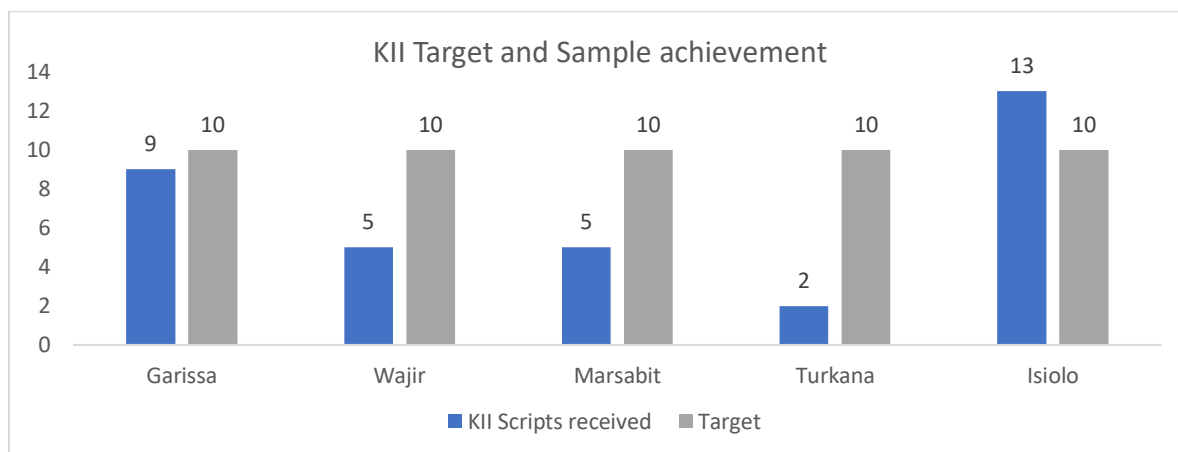
Literature review: The study reviewed recent studies and policy papers that have recently been released on the socio-economic impact of the COVID-19 on businesses and national economies. The reports and data include the government of Kenya reports and specifically the Ministry of Health statistics on COVID-19 pandemic, Presidential Press publications, Kenya National Bureau of Statistics (KNBS) reports among others. The report has also relied on publications from ACIDI VOCA and other development agencies to strengthen the quality of evidence on the impact of the pandemic on the businesses. The report has relied on these authenticated publicly available documents and the list of literature reviewed is included as an annexure to this report.

Key Informants Interviews: KIs were conducted using an in-depth guide developed before the study and modified to suit each participant's discussion according to their role and experience with the issues. Thirty-four key informants were conducted with government officials, NGOs program teams in the counties, and private sector representatives. The sample of key informants included:

- County Executive Committee Members (CECM), Chief Officers, Directors and other senior staff mainly in the following departments
 - Department of Finance Economic Planning
 - Department of Trade, investment & cooperatives
 - Pastoral Economy-Livestock and Agricultural Department
 - Private sector-Associations, Financial Sector, Analysts
- Kenya National Chamber of Commerce and Industry County Chapter Chief Executive Officer/Chairperson and other business actors in the county
- Kenya Livestock Marketing Council leadership
- Key financial institutions working with USAID LMS Activity
- Non-Governmental Organizations supporting market systems activities linked to enterprises

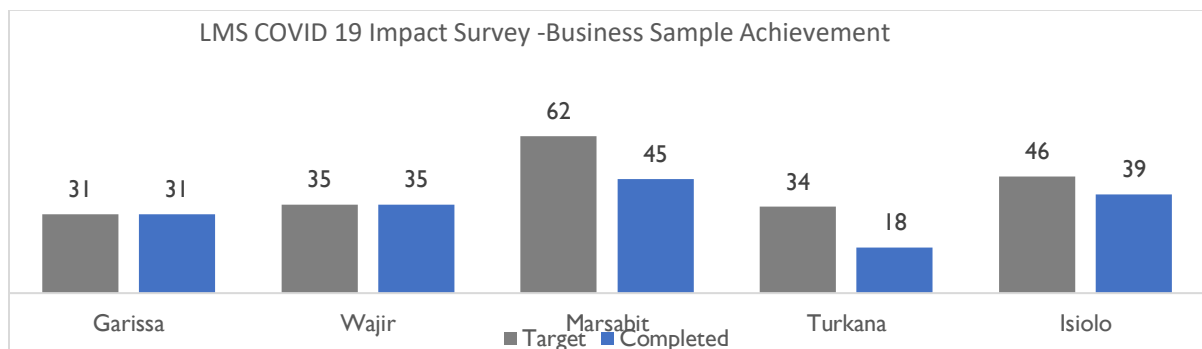
The chart below presents the summary of the targeted number of KII in each county and the number of KII conducted to inform this report.

Figure 1: Qualitative informants' sample



Quantitative business survey: Data collection through a business survey sampling survey targeting LMS beneficiary businesses was conducted using a semi-structured survey instrument. The survey targeted 208 businesses and managed to reach 168 businesses that responded by the closure date of the 3rd of June 2020. This was a response rate of 81 percent against 208 targeted businesses. Fifty-three (53%) of survey respondents were women. The chart below presents the sample characteristics of the survey and the targeted number in each county.

Figure 2: Business survey sample characteristics



The survey was targeted to reach all businesses under several categories of businesses. The sample proportionately represents the categories of businesses the LMS Activity is supporting. the business survey achieved the following samples per of the LMS affiliated business categories show in the table below:

Table 2: Distribution of the achieved sample across LMS affiliated business categories

	Total	Marsabit	Isiolo	Wajir	Garissa	Turkana
LMS Small Grants - Addressing Market Inefficiencies	48	12	14	13	5	4
LMS Large Grant	33	5	5	9	7	7
LMS Small Grants - Market RFA	22	4		4	9	5
LMS Small Grants - REAP Groups	22	5	5		10	2
REGAL AG Project Grants	18	10	8			
BOMA Project - REAP Groups	16	3	4	9		
REGAL AG Project Agrovets	9	6	3			
Total	168	45	39	35	31	18

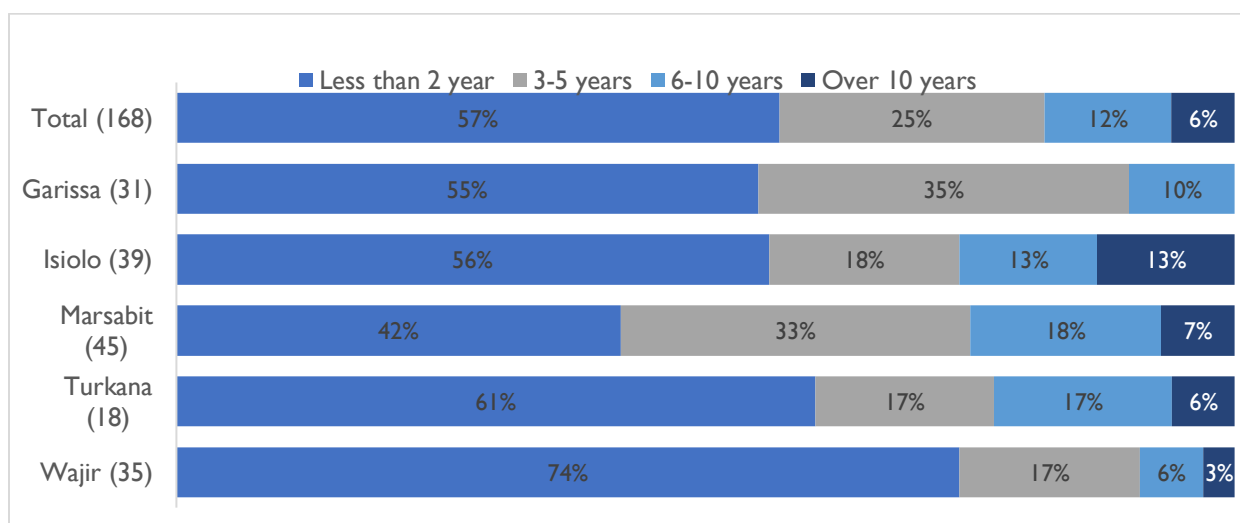
68% of the businesses sample interviewed target the livestock sector, with the highest proportion of livestock sector linked enterprises representing 79% of the businesses surveyed in Isiolo and the least proportion of businesses in the livestock being in Turkana (39%). The table below shows the distribution of businesses across the sectors:

Table 3: Sampled businesses key economic activity

Specific business activity	Total (168)	Garissa (31)	Isiolo (39)	Marsabit (45)	Turkana (18)	Wajir (35)
Livestock	68%	65%	79%	76%	39%	66%
Agriculture	12%	19%	18%	-	22%	11%
Food Kiosk/ Grocery Business	10%	10%	5%	-	28%	17%
Mathenge charcoal trade/Shop/Business	5%	3%	3%	13%	-	3%
Textile	4%	10%	5%	-	-	6%
Hotel/ Restaurant/Hospitality	2%	-	3%	4%	6%	-
Fish	1%	-	-	-	11%	-

Eight two percent (82%) of the businesses are less than 5 years in operation making them vulnerable to external shocks in the economy. REGAL-AG project supported businesses constitute the majority of the businesses that are more than 5 years in operation.

Figure 3: Sampled businesses by the age of the business



FINDINGS

Situational analysis

Since the confirmation of the first case of COVID-19 in Kenya on 13th March 2020, the pandemic has hit the economic situation in Kenya quite adversely. As of 14th June 2020, there were 3,727 confirmed cases, 1,286 recoveries, and 104 deaths. The cases were spread out over 39 counties in Kenya with Northern Kenya counties also taking a share of these numbers. The Garissa, Turkana, and Wajir counties had each recorded 16 cases each, Isiolo county had 4 cases while Marsabit had recorded only one case by this date.

To curtail the spread and contain the effects of the pandemic, the Government of Kenya has responded to the COVID-19 pandemic in different ways. The government has implemented the following measures to mitigate the effects of the pandemic.

- Closure of international flights except for cargo flights with mandatory quarantine in government quarantine facilities for travelers arriving after the 25th March 2020.
- Nationwide dusk to dawn curfew -7p.m. to 5 a.m which was revised to run from 9 pm to 4 am from 7th June 2020
- Closure of eateries, restaurants, bars, and hotels to the public and subsequent reopening on 1st May under stringent rules and guidelines set by the Ministry of Health.
- Cessation of movement in and out of Nairobi, Mombasa, Kilifi, Kwale, and Mandera to curb the spread of the virus to other counties. Travel restrictions from Kilifi and Kwale have since been lifted
- Closure of Kenya's borders to free movement of people from Somalia, Tanzania, and Uganda.
- Ban on meetings and gathering including gatherings places of worship, cultural festivities, and limit to 15 the number of people attending important social functions such as funerals and weddings.
- Reduction of the number of passengers on public service vehicles to at most half the vehicle's capacity.

To cushion businesses and communities against the disruption brought about by the measures and the COVID-19 pandemic, the government has instituted several measures. The government has responded with some economic and policy relief measures to address the harsh economic realities that businesses and citizens are facing. In the first of the two policy briefings held in March, the following measures we put in place:

- Reduction of the corporate tax rate from 30 percent to 25 percent.
- Reduction of maximum Pay As you Earn (PAYE) rate from 30 percent to 25 percent.
- Tax relief for individuals earning up to Ksh. 24,000.
- Reduction of the turnover tax rate from 3 percent to 1 percent.
- Reduction of VAT from 16 percent to 14 percent.
- Outstanding VAT Refunds to be paid out.
- Flexible provisioning of loans by banks for businesses affected by the pandemic and who had performing loans as of 1st April 2020.
- Temporary delisting of persons listed under the Credit Referencing Bureau as of 1st April 2020.
- Appropriation of Ksh. 10 billion to elderly, orphans, and vulnerable members of Kenya.
- The Central Bank of Kenya has lowered the Central Bank Rate to 7.25 percent and the Cash Reserve Ratio to 4.25 percent to maintain price stability and encourage banks to continue lending.

In the second policy briefing the government provided an economic stimuli package:

- Infrastructure Ksh. 15.4 billion
- Employment Ksh. 13 billion
- Education Ksh. 6.5 billion
- Tourism Ksh. 6 billion
- Agriculture Ksh. 4.97 billion (Ksh. 3 billion to Farming Inputs for small scale farmers and Ksh. 1.5 billion to Flower and Horticulture farmers)
- Health Ksh. 2.73 billion
- Outstanding VAT refunds Ksh. 10 billion
- SME Credit Guarantee Scheme Ksh. 3 billion

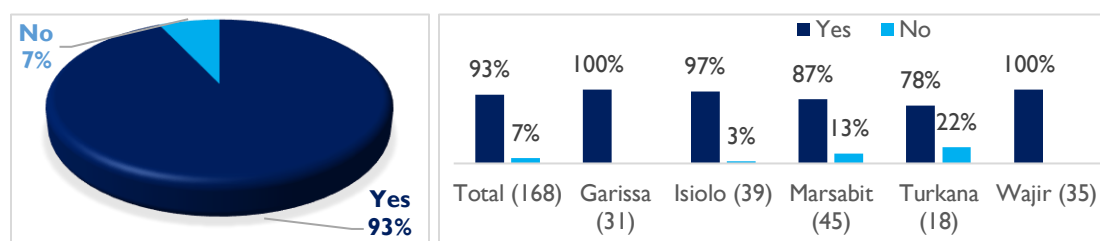
These measures have been intended to cushion the poor and business and to spur economic activities, enhance disposable incomes, and people's spending power.

Effects of COVID-19 pandemic and the control measures on businesses

Number of businesses experiencing effects of the pandemic

93 percent of the businesses surveyed indicated that COVID-19 and control measures put in place to mitigate the pandemic have affected the businesses. Only a few businesses in Turkana and Marsabit counties indicated they had experienced no effect by the time this survey was conducted. The figure below illustrates the proportions of the sampled businesses that indicated they have experienced effects related to the COVID-19 pandemic.

Figure 4 Proportion of LMS supported MSMEs affected by COVID-19



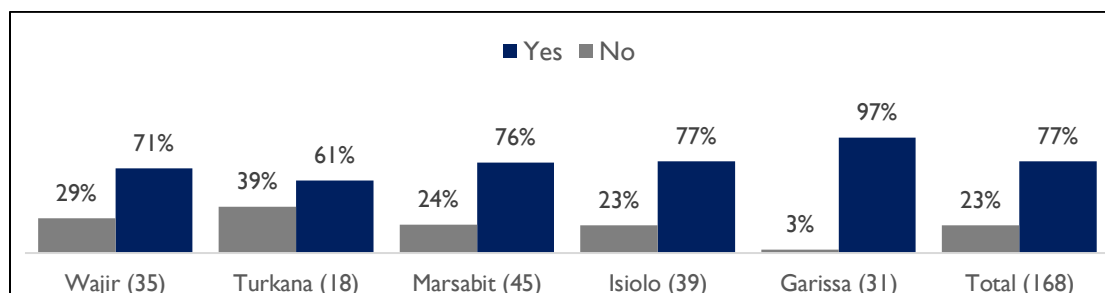
“Most businesses have closed down...due to lack of customers” –KII, Kenya National Chamber of Commerce organization Isiolo County

Out of a sample of 168 businesses, 130 businesses were operational. Of the 38 percent that were not, the study established that 31 are the LMS grants that are starting operations while seven were REGAL AG businesses that have temporarily closed due to COVID-19 related effects including the closure of livestock markets, low customers traffic or due to COVID-19 health standards requirements set by health authorities.

“Small businesses have closed down due to lack of adequate finances to implement health policies (testing of COVID-19, use of face masks, provision of water and sanitizers to clients at the business premises) to mitigate/prevent the spread of COVID-19 during operation” –KII Kenya National Chambers of Commerce, Marsabit County

Garissa county has the least proportion of businesses that have closed or were not operational while Turkana county and Wajir had a higher proportion of the sampled businesses that were non-operational compared to the rest of the counties. Out of the sampled businesses. The chart below shows the distribution of MSMEs across the counties.

Figure 5: Proportion of sampled businesses that are operational



“The local women (food vendors) that sell meals such as tea, chapatis, Githeri, rice, etc. to market users on market days have closed down their businesses and the income stream has been lost” – Marsabit County, Merille Livestock Market

Direct effects of the pandemic on the MSMEs

Low sales and reduced number of customers (77%), disruption of transport logistics (52%) and increase in the cost of transport (43%) are effects that are high on the list of the many effects the MSMEs have experienced during the pandemic period. These in a way or another related to an increase in prices of goods (39%), reduced ability of the businesses to deliver on orders (36%), and shortage of raw materials (33%).

*“The local traders (retail shops, restaurants/hotels, and bars) are experiencing very low sales and others have closed down since the closure of the market. These businesses **always flourish on market days** since the livestock producers buy the stock after selling livestock”– Marsabit County, Merille Livestock Market.*

In addition to these direct effects, 38 percent of businesses also reported reduced productivity and disruption of working hours by the nationwide curfew. 35 percent of the MSMEs indicated that there was a psychological impact of the pandemic on people which caused them to fear contracting COVID-19.

*“The pandemic has greatly **led to job losses** and thus **income losses** for the affected. This has led to the **closure of businesses** due to loss of capital/investments, **lack of supplies and or demand** of goods and services” KII –Turkana County*

Reducing operating capital, payment default to suppliers, and by clients and limited access to credit are other key challenges businesses are facing that directly affect the financial health of the businesses. The table below presents the different effects and the proportions of businesses across the five LMS Activity counties.

Table 4: Effects of COVID-19 on MSMEs in Northern Kenya

	Total (168)	Garissa (31)	Isiolo (39)	Marsabit (45)	Turkana (18)	Wajir (35)
Reduction of orders/Reduced sales /number of customers	77%	97%	69%	73%	33%	94%
Disruption of transport logistics	52%	77%	41%	27%	39%	80%
Increase in the cost of transport	43%	77%	31%	13%	50%	63%
Increased prices of goods/services	39%	81%	46%	11%	28%	34%
Reduced productivity/reduced working hours	38%	94%	26%	9%	28%	46%
Inability to deliver existing orders to customers/distribution channels	36%	77%	31%	11%	0%	54%
Psychological effects on people-staff, suppliers, and customers	35%	26%	13%	60%	6%	51%
Shortage of raw materials or inputs	33%	35%	18%	18%	22%	74%
Insufficient protective equipment	32%	90%	21%	9%	11%	34%
Delay in getting raw materials/supplies	30%	48%	26%	11%	33%	43%
Limitations of moving products to customers outside the county	27%	55%	28%	27%	11%	9%
Reduced number staff to enhance social distancing	26%	52%	5%	44%	22%	6%
Increased costs -cost of protective measures	26%	81%	23%	0%	28%	11%
Reduced/no working capital for business expenses e.g. rent	23%	35%	41%	9%	11%	14%
Delayed payment by customers/payment default by customers	23%	55%	21%	2%	11%	31%
Other	18%	3%	41%	18%	28%	3%
Payment default to our suppliers	14%	48%	10%	0%	11%	9%
Limited access to credit	13%	16%	15%	4%	11%	20%
Health compliance requirements/health inspections/staff health tests	10%	23%	10%	2%	11%	6%

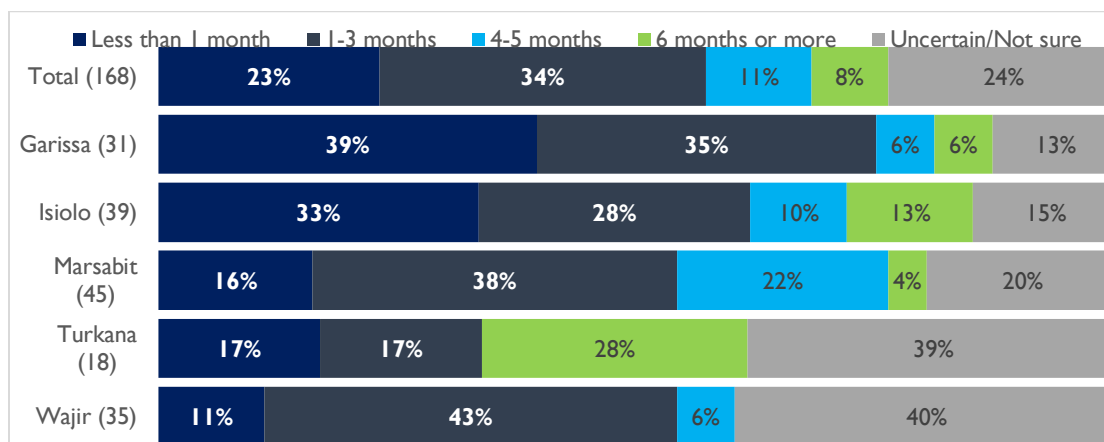
*“The external livestock buyers are no more due to **the fear of contracting the COVID-19 pandemic.**” – Isiolo County, Isiolo Livestock Market SACCO*

Enterprise functions most affected by the pandemic

Finance: Enterprise's ability to generate sales income, collect from debtors, and access credit is diminished, and as a result cash flow projection is uncertain. Only 19 percent of the businesses surveyed indicated their cashflow could take the business for more than 3 months with the rest either reporting 3 or fewer months or are uncertain. Few businesses in Wajir and Garissa counties with only 6 percent and 12 percent respectively indicated the cash flow could only run the

businesses for three months or less. The chart below presents the business projection of the length of time the cashflow can run their businesses.

Figure 6: Estimated business cash flow projection



The increased cost of transport and supply chain management affecting profitability. Product price increases and added cost of protective wear/equipment/measures, sanitizers, and face reduce cash available to the businesses.

Sales & Marketing: Fewer customers, supply chain and distribution systems, closure of points of sale and source markets and closure by partners such as livestock markets weaken the cash generation potential

“Cessation of movement has certain locked markets/disrupted supply chains for some of the counties. This has been primary for Wajir. Closely related to this is the closure of Somali border as Northern Kenya trades with Somalia”-KII in Wajir County

“Prices of supplies and goods/services has therefore hiked because of high demand and low supply” -KII in Turkana, Marsabit, Garissa & Isiolo

“Closure of Somalia border has negatively impacted imports of products for those Counties bordering Somalia.” –KII Turkana County, Director of Trade, Turkana County Government

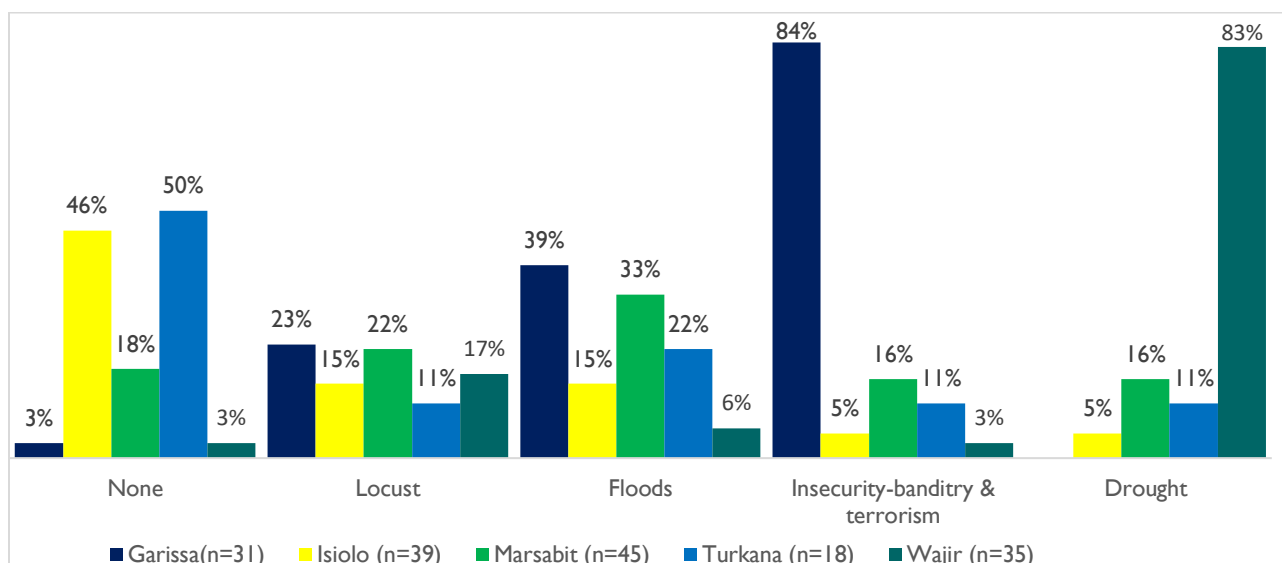
“Irregular/inflated prices of farm produce especially those that are imported outside of the county...the inflation is related to restricted movements which have reduced supplies hence exorbitant prices which mostly...affects the buying power of the local rural population.” – Marsabit County – Director and Principal Officer, Fisheries Department

“The price for agricultural produce has hiked, no competition that makes the product price go down. Produce from various regions such as Nairobi and Tanzania cannot reach Isiolo due to Nairobi lockdown.” – Isiolo County, Kenya National Chamber of Commerce

Effects of other external shocks to businesses

Besides COVID-19, Northern Kenya SMEs are affected either by drought, insecurity, floods, or locust invasion. Eight four percent MSMEs in Garissa county are the most affected by insecurity-mainly related to terrorist attacks that were common in early 2020. In Wajir, county businesses are also faced with the challenge of drought (80%), while in Marsabit county a significant number of businesses are affected by floods and locusts. 46 percent of the businesses in Isiolo and fifty percent of those in Turkana county, report no additional shocks besides COVID-19.

Figure 7: Businesses affected by other external shocks



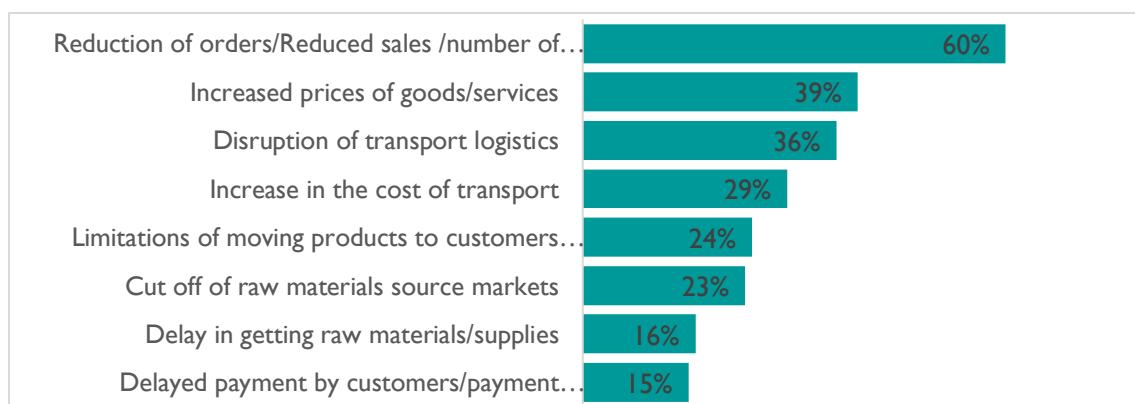
“Locust in Oldonyiro region has affected the vegetation reducing the availability of pasture and browse for animals which has a great impact on the body quality- Isiolo County, Mercy Corps

“There is rampant insecurity in the region. For instance, recently raiders stole 17 steers from a Feedlot in Marsabit town” – Marsabit County, Kenya National Chamber of Commerce

“Locust -has destroyed production of foods in Meru who are major suppliers of food in Isiolo County as well as vegetation for livestock. And flood has affected people around Sericho that has rendered roads impassable, hence cutting supply to the businesses. – Isiolo County, Boma Project

The reported external shocks have had similar effects on the businesses and have compounded the effects of COVID-19. The businesses reporting effects of additional shocks, therefore, have double pressure. Most businesses reported reduced sales (60%), increased prices of goods/services (39%), and disruption in transport logistics (36%) and COVID-19 had made a really bad situation worse. Reduced sales were mostly mentioned in Wajir county at 91 percent (the biggest challenge being drought) and Garissa county at 71percent (the biggest challenge being insecurity). In Turkana county, the biggest issue has been the increased cost of production (50%) and increased prices in goods/services (50%). All categories of LMS beneficiary businesses were predominantly affected by a reduction in sales and orders. The chart below illustrates the effects of the external shock on businesses in Northern Kenya.

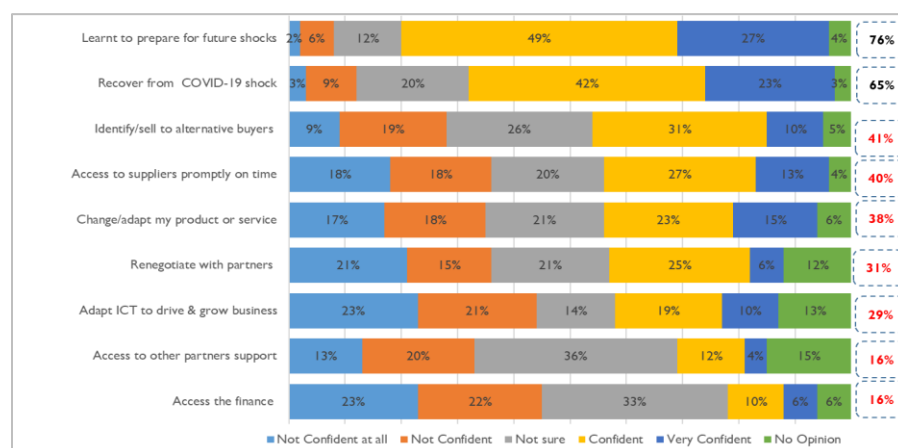
Figure 8: Effects of external shocks to MSMEs



Business Confidence levels among Northern Kenya MSMEs

Out of 9 areas assessed MSMEs are only confident that they will learn to **prepare for future shocks** (76% mentioned either confident or very confident) and that they will **recover from the COVID-19 shocks** (65%). However, there is **low business confidence** in the ability to handle **supply chain, customer growth, sales & marketing, adoption of ICT** to market and deliver products, and **manage partnerships**. Businesses are **LEAST** confident that they will **access finance**.

Figure 9: Business confidence levels among the targeted LMS businesses

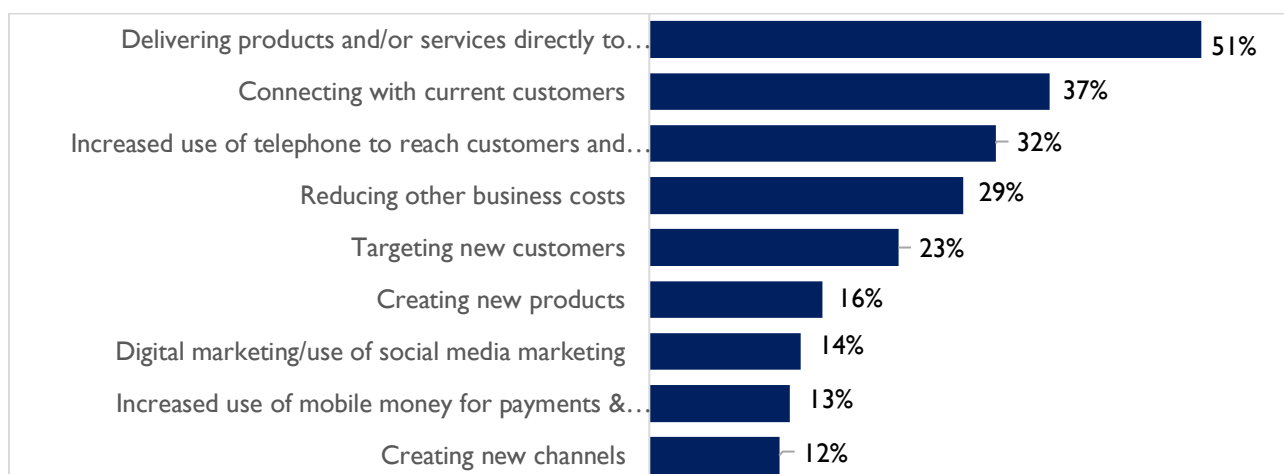


Business coping and adaptation measures to the COVID-19 pandemic

Coping and adaptation strategies

Businesses have resorted to doing home deliveries (51%), making connections with existing customers (37%), and increased use of the telephone to reach customers (32%). These strategies respond to the biggest business challenge of reduced sales due to the reduction of orders, reduced sales, or the number of customers. Businesses that have been in operation for less than five years seem to be aggressive in reaching out to customers through home deliveries, connecting with the customer, and increasing interaction with customers via the phone.

Figure 10: MSMEs Coping and adaptation strategies

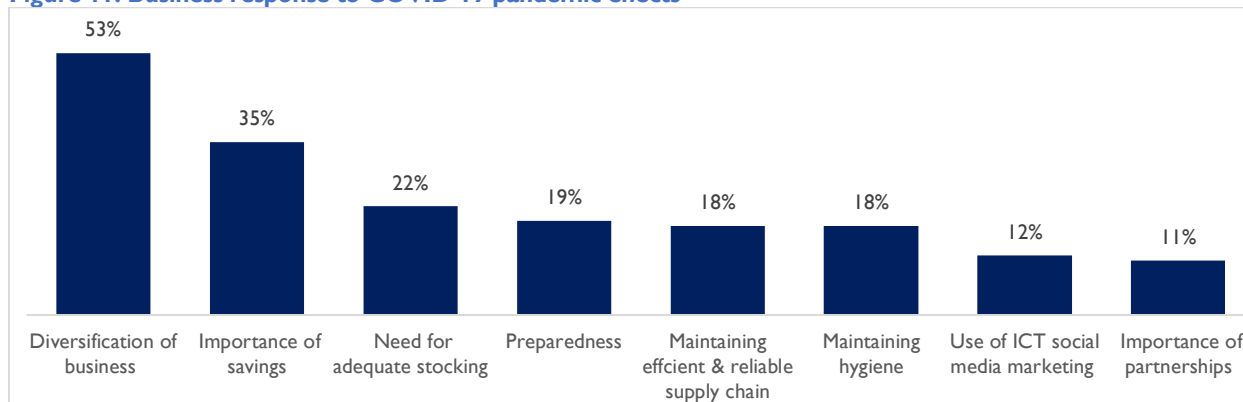


Lessons learned by business from the COVID-19 pandemic experience

Key lessons MSMEs have learned from COVID-19 disruption include the importance of diversification (53%), the importance of savings (35%), the need to maintain adequate stock, and running a reliable and efficient supply chain. However, while businesses mentioned diversification, saving, and increase of stock, COVID-19 was sudden, unforeseen and businesses were largely unprepared. The MSMEs have a limited resource base to respond to sudden external shocks. It is important to note that business access to finance to fund the diversification or increase supply levels would take some

time. Capital raising is slow and sometimes untenable due to cost, terms, and conditions that are not in favor of MSMEs especially those in Northern Kenya.

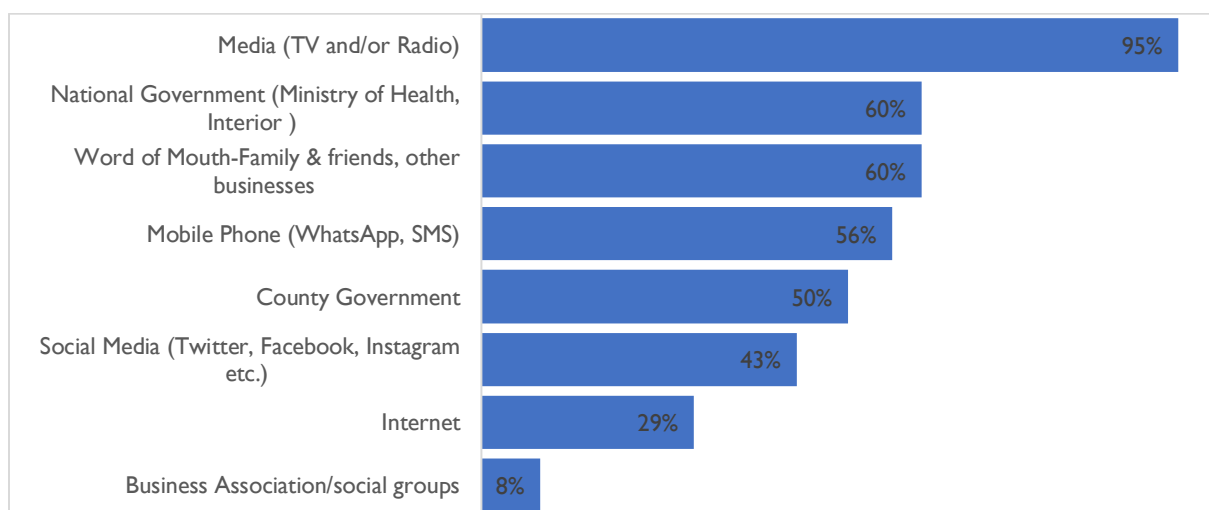
Figure 11: Business response to COVID-19 pandemic effects



Businesses sources of information about COVID-19 pandemic

Overall, media -televisions and radio (95%), government, and word of mouth (both 60%) are the main sources of COVID-19 related information. The information however is general and there is limited specific information targeted at a business to facilitate response to challenges businesses have encountered due to COVID-19 pandemic. Business associations and other actors are urged to synthesis the information for MSMEs especially the ones in Northern Kenya to inform their response to COVID-19 in general and specifically the adverse effects of the pandemic.

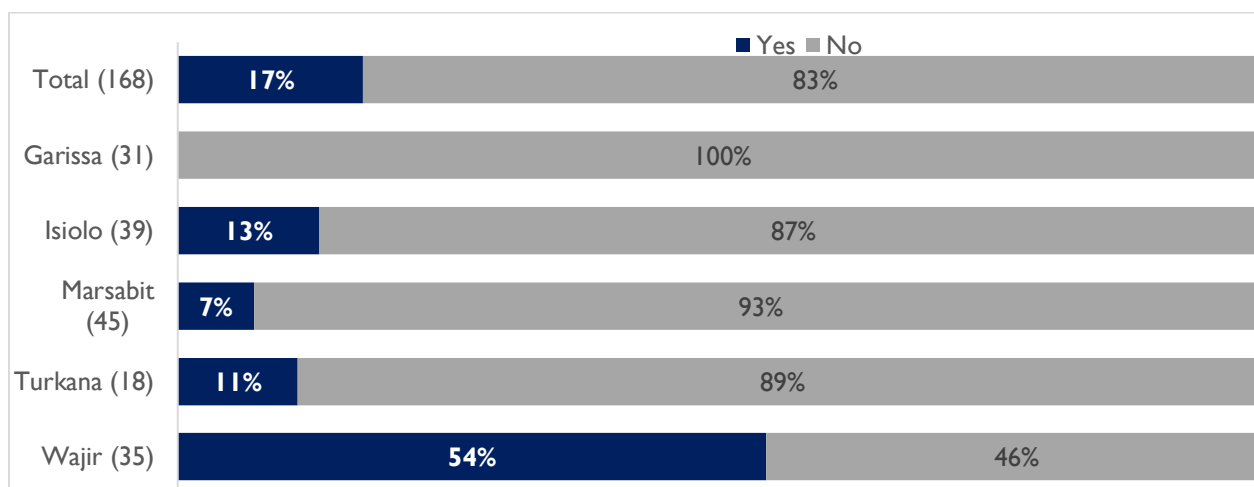
Figure 12: MSMEs COVID-19 pandemic related information sources



Gender targeted economic empowerment strategies

There is low awareness and existence of gender-targeted economic empowerment strategies responding to the situation of the Northern Kenya MSMEs. Overall, only 17 percent of businesses were aware of gender-targeted economic empowerment strategies. Wajir reported higher awareness levels at 54 percent. BOMA Project REAP Groups enterprises show some higher awareness with 31 percent of them indicating there were gender-specific responses to support businesses. This is mainly due to the gender-specific Boma Project REAP initiatives.

Figure 13: Awareness of gender-targeted economic empowerment strategies



In line with the quantitative data, key informant interviews reported low awareness of gender-targeted economic empowerment strategies. Wajir County where there was reported higher awareness levels, the government is said to be rolling out several initiatives including:

- Plans to release revolving funds targeting women
- A cash transfer to support women in business
- Women self-help groups have received funds from the National Government Affirmative Action Fund (NG-AAF).

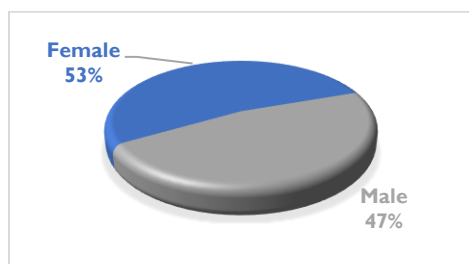
Turkana county KII indicated that there has been an emphasis on the Youth Empowerment Fund which was likely to be released in July 2020. The fund was reported to have a window for support to young women. In Isiolo County, KII indicated that several initiatives were in place among them:

- Businesses mentioned the USAID LMS Activity grants
- County enterprise fund targeting women, youth and persons with disability
- Government stimulus package which will include women and youth
- Women Enterprise Fund-Uwezo Fund
- ABSA Women Enterprise Fund
- Youth Enterprise Development Fund

The BOMA Project REAP Groups (31%), LMS large grants (21%), and LMS Small Grants - Addressing Market Inefficiencies (21%) which key beneficiaries of women empowerment programs reported slightly higher awareness compared to the rest of LMS supported businesses.

In terms of gender representation of the sampled businesses that were interviewed in this survey show a near parity distribution of both genders. Women however play a critical role in the value chains represented by the businesses. The LMS grants participating in the livestock value chain-both livestock trade and milk processing benefit significantly from women's input. The trading businesses in the livestock markets as well as all the REAP groups provide inclusion opportunities for women in entrepreneurship. The chart below illustrates the distribution of the businesses interviewed according to the gender of the business owner or respondent.

Figure 14: Gender distribution of the survey sample



The overall results from this survey show that 93 percent of the businesses are indiscriminately affected by COVID-19 pandemic. With this high proportion, there is evident risk of loss of the gains that have been gained in the last few years to address the economic empowerment of women in Northern Kenya through the LMS Activity, REGAL AG project and the BOMA Project REAP groups women enterprise activities support.

Qualitative findings in this study and other studies including one on Gender and Social Inclusion and COVID-19 conducted by ACDI VOCA in April 2020 points out several challenges unique to women that will affect women-owned and managed businesses during and after COVID-19 pandemic crisis. Closure of schools and social distancing that limit movement restricts women's entrepreneurial activities and women have stayed home to take care of children and family, as well as do other domestic chores. Women as caregivers, therefore, have higher risks of contracting the disease.

Most MSMEs in Northern Kenya depend heavily on the local supply chain network of women. The overall effects of COVID-19 on businesses will adversely affect women producers and aggregators in the value chain. Women businesses are reported to be the first ones to suffer capital loss as women have to feed families, therefore, reducing the enterprise capital base during the crisis.

Many studies have found that women entrepreneurs are often discriminated against when attempting to access credit. Unlike women, they have a low resource base and the case of Northern Kenya, few own livestock, and where they do, the herd size is small and sometimes restricted to small ruminants. This study together with other reports including a UNDP study that shows that gender-based violence (GBV) increases during every type of emergency – whether economic crises, conflict, or disease outbreaks show that women MSMEs have a higher burden than the male-owned MSMEs. Finally, government interventions at the national level are not gender-specific and therefore women-owned MSMEs are likely to not benefit from the stimuli packages designed for all businesses.

Business support from government, donors and private sector actors

Expected businesses support from the government -National and County Government

This study found out that the following would help support business:

- Aggressive, coordinated, and fast roll out the economic stimulus released by the national government. They, however, expressed a need for the stimulus to be purposeful and target hardest-hit sectors such as tourism and hospitality and a window opened to support Arid and Semi-Arid Lands (ASAL) –based MSMEs
- Provision of affordable and accessible financial services offering loans/grants for business investment and growth
- Cash transfer program for vulnerable communities
- Further reduction of tax on common commodities and income tax
- Enforce measure on self-protection; give free masks and sanitizer
- Employment creation
- Support in creating/reviving marketing linkages Nationally and internationally and linking businesses with private-public partnerships and remove trade barriers

However, even with high expectations, the government budget is constrained by national debt, reduced tax collections, and budget deficit. Therefore, the response by the government may be slow and fall short of the expectations of MSMEs. More funding especially for MSMEs is required to safeguard their collapse and prevent massive job losses which in turn increase social stress and disturbances, riots, gender violence, and crime. In Northern Kenya, the collapse of livelihoods, experts allude would increase the vulnerability of youths to violent extremism.

The current stimuli packages are general and unlikely to influence major changes in the vulnerable economic and social ecosystem of enterprises and people in Northern Kenya. There is no targeted intervention to address people's food and nutrition and small businesses' needs. The study has cast doubt on the ability of the measures the government has put in place to cushion businesses and communities against adverse effects of COVID-19 prevention and spread control. For example, the government has proposed a corporate tax rate reduction from 30 percent to 25 percent. However, the turnover tax rate which has been reduced from three percent to 1 percent is more applicable to small businesses -but which does to immediately relieve a business that is already in financial distress and is recording sales losses in the current

tax period. Most MSMEs in general and specifically those in Northern Kenya that are not Value Added Tax (VAT) registered are unlikely to benefit from the reduction of VAT rate from 16 percent to 14 percent, and the VAT refunds do not benefit these businesses as they are unlikely to be in the roll of the businesses claiming a refund-most of them large firms.

Many MSMEs before COVID-19 were already struggling to access finance and therefore may not benefit from the instituted flexible provisioning of loans by banks. Most LMS Activity supported businesses fall within this MSMEs category. Experts are questioning the implementation of the SME credit guarantee program as the government has not stated when it will be rolled out.

In the agricultural sector, the government has proposed to cushion exporting firms especially horticultural sector firms which does not benefit any of the northern Kenya Arid Semi-Arid Lands (ASAL) areas. The impact of the COVID-19 crisis on Kenya is of great magnitude. The International Monetary Fund (IMF) had forecasted the Gross Domestic Product (GDP) growth in 2020 at 5.7 percent but after the COVID-19 pandemic hit Kenya, the IMF has revised this figure to 1.0 percent.

The funding that the government has set is far below what other economies have set aside to mitigate the challenges of the pandemic to communities and businesses. According to Singapore Finance Minister, on May 26, the addition of the country's 4th economic stimulus package equivalent to \$23.3 billion brought the total package to about \$70.5 billion which is equivalent to 20% of the country's GDP. While the two economies are not comparable as Singapore is far developed than Kenya, it demonstrates that the government needs to raise more funding to prevent an economic recession and collapse of the economy.

At the county level, overall, expected support to businesses by the county government largely comprises of financial interventions: financial support at 26 percent, loans, and grants at 15 percent and waiver or reduced taxes at 12 percent. Uniquely and more so in Garissa county than any other county, businesses in Garissa reported (71%) that the government should provide personal protective equipment.

Table 5: Support expected from county government to the businesses

	Total (168)	Garissa (31)	Isiolo (39)	Marsabit (45)	Turkana (18)	Wajir (35)
Financial support	26%	26%	28%	40%	11%	11%
Give personal protective equipment	22%	71%	13%	2%	39%	6%
Loans and grants	15%	26%	10%	22%	6%	6%
Waiver or reduce tax	12%	26%	8%	7%	11%	14%

“National and County government to provide health kits and other necessary infrastructure that will facilitate the resumption of livestock activities at Merille livestock markets. The County government also to post health personnel at the market on operations days to enforce implementation of the recommended mitigation measures. This is apart from testing market users for signs of COVID-19” – Marsabit County, LMA – Merille Livestock Market

“The County government stopped collection revenue from livestock and fresh produce market, waiver of some charges especially access to health and water services”- KII Turkana County Government

“County can also mitigate by reviewing the Finance Bill 2020 to reduce taxes for businesses”

MSMEs expected support from the private sector actors

Need for finances, either as loans or capital or financial support remains the most sort of support from the private sector at 39 percent and 17 percent (cumulatively 56%). Garissa and Marsabit counties businesses reported the highest

expectation for loans at 58 percent and 56 percent, respectively. A higher proportion of the REAP Groups that have received the LMS small grants are expected loans from the private sector. The MSMEs also expect private sector actors to support their marketing activities and promote their businesses and offer fair prices. The table below shows the proportions of businesses expecting different types of support from the private sector.

Table 6: Support expected from the private sector to the MSMEs

	Total (168)	Garissa (31)	Isiolo (39)	Marsabit (45)	Turkana (18)	Wajir (35)
Give loans	39%	58%	38%	56%	11%	14%
Promote MSMEs, moral supports	18%	23%	18%	7%	11%	34%
Provide capital or financial support	17%	13%	18%	24%	22%	6%
Marketing platform or opportunities	16%	35%	13%	4%	11%	20%
Fair/standardized prices	9%	3%	13%	7%	0%	17%
Trainings	7%	23%	8%	2%	6%	0%
Providing alternative supplies	4%	6%	3%	2%	0%	6%

Large firms are expected to provide goods to MSMEs at subsidized prices or offer credit, reduced prices of commodities, lobby for a conducive business environment, and support market linkages for small businesses. In addition, the private sector in Kenya has been contributing to a national humanitarian rapid response fund. In this regard, the MSMEs and KII expect the private sector to make donations to vulnerable households, offer cash transfers and grants. The private sector is expected to support the government in both the economic stimulus initiative and COVID-19 related health initiatives including the supply of protective equipment to small businesses.

“Some private actors are providing grants and other financial services to youth and women groups’ to engage in economic activities”-KII Private sector actor

Private sector especially large-scale firms (such as wholesale/suppliers) can provide goods/services to small scale businesses at subsidized prices or on credit basis to prevent the small businesses from collapse as COVID-19 ravages through the Kenyan economic landscape” – Marsabit County, Chambers of Commerce KII

“Private sector can Support government initiative to implement economic stimulus plan and improve the capacity of SME’s to manufacture and provide quality services” – Isiolo County, PACDEP KII

The financial sector players just like all other community stakeholders are expected to provide humanitarian support within the community, including providing food to vulnerable households. To businesses, the financial actors are expected to provide affordable and accessible financial products among others.

- Interest-free loan; or low-interest rates
- Extended repayment periods
- Relaxed loan requirements
- Savings and Credit Cooperatives (SACCOs) to extend loans to non-members

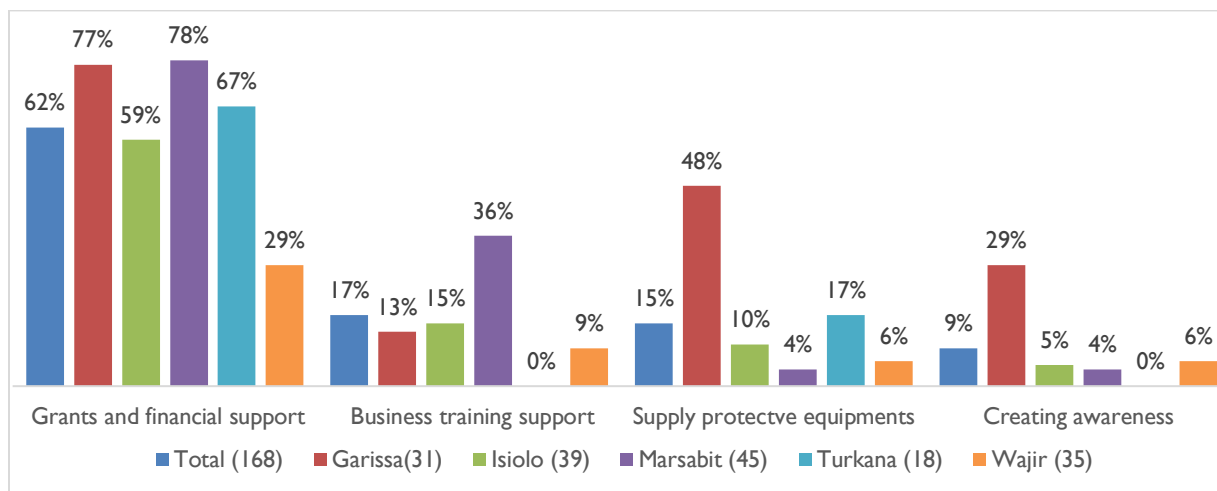
In line with the national economic stimuli packages, the financial sector is hoped will restructure current loans and extend the repayment period. The sector should waive penalties or listing defaulters on Credit Referencing Bureaus (CRB) for delayed payments.

“The financial sectors can provide loan/credit facilities at subsidized rates to the SMEs to continue operation thus safeguarding the source of employment for some of the community members. For example, in the case of Marsabit County, the national chamber of commerce has entered in MOU with equity bank for SMEs to be provided with loans that will help them cope with COVID-19. KSh. 200 billion has been set aside by Equity Bank to be accessed by MSMEs in all the 47 counties during this period”– Marsabit County, Kenya National Chamber of Commerce KII

Expected donor support to the small businesses

In addition to financial support (62%), businesses anticipate that support from the donor community should include business training support as indicated by 17 percent of respondents. The provision of protective equipment and the creation of awareness are ranked higher in Garissa county. More businesses in Marsabit county compared to others anticipate support by donors to include business training. The chart below shows the top level of support lines overall and across the 5 counties.

Figure 15: Type of support expected by MSMEs



Key informants saw the contribution of the donor community as one responding to the immediate needs such as support in COVID-19 prevention measure sensitization; provision of masks and sanitizers; cash transfers and support to vulnerable households.

“NGOs-Supplement what the government is doing to contain the effect of COVID-19. Sensitize the community about the Coronavirus/provision of sanitizers, face masks, and water tanks.”- Isiolo County, Head of Finance

“Support in developing the framework for humanitarian response” – KII Wajir County

CONCLUSION AND RECOMMENDATIONS

- **Business Confidence:** there is depressed business confidence among entrepreneurs in Northern Kenya. Weakened confidence affects the negotiation capacity of an entrepreneur when dealing with partners and actors. Loss sales income, low productivity, social and psychological effects on staff and communities, and potential risk of collapse of MSMEs require interventions by the private sector, government, and development actors.
- **Gender-Specific MSME support** is necessary to address the unique women face in this pandemic. The burden of social responsibilities, limited resources based to effectively respond to reduce sales income, restrictive access to credit and limited social network, and agility to facilitate partnership travels limit the speedy response by women to shocks emanating from the COVID-19 pandemic. It is recommended that every action and support to businesses should not be generalized and women-owned businesses and women in communities should receive special attention in planning, disbursement of any stimulus grants, negotiation with credit providers, and technical assistance offered to equip them with knowhow to respond to COVID-19 challenges.
- **Blended Finance:** MSMEs' capacity to generate sales and internal revenue is disrupted. While there is no quantitative data to show the exact value of reduced MSMEs revenue, there is reported a loss of sales of 77 percent of the MSMEs surveyed. To avert business collapse and potential job losses, appropriate capital injection is required to support working capital, support supply chain weaknesses (including partnership strengthening, product distribution), and run activities that stimulate short term sales income. LMS and other donors should consider short term grants that rejuvenate the business activities and help support restarting those MSMEs that have closed operations. The MSMEs ordinarily are excluded from formal credit supply and the pandemic challenges the viability of businesses. There is, therefore, need to for blended financing that business structure and may include low-interest debt, grants, credit guarantee, insurance, sharia-compliant with technical assistance as part of the package
- **Tailor-made technical assistance & BDS:** The entrepreneurial capacity of nascent LMS and interlinked enterprises is significantly disrupted by the COVID-19 pandemic. To strengthen and help recovery, virtual training, and strategic coaching to help entrepreneurs recover from the crisis is recommended. Tools and ideas to manage the supply chain systems, tapping simple ICT technologies in sales and marketing, develop/reinvent products, revamping business strategies, and cash flow management are but a few of the business aspects that must be addressed immediately.
- **Government & actors support:** The MSMEs in Northern Kenya should be supported with tailor-made government economic stimuli package that resonates with the uneven terrain they operate in. For example, the SME credit guarantee scheme fund may not reach nascent MSMEs from Northern Kenya. County government department of trade and investment specifically and all other interlinked departments must support the recovery of businesses including providing grant funding, waiving fees and taxes, and creating opportunities for MSMEs to benefit from procurement opportunities available in the public sector.
- The support lines should be coordinated and complementary to enhance the social and economic stability of both businesses and communities that play interlinked roles in social development. These are illustrated in the chart below.



- Multi-actor's humanitarian support: cash transfers, COVID-19 control, health services, water, sanitation and health, environment management, food & nutrition relief, social intervention to avert social distress, violent extremism and gender-based violence

ANNEXES

List of Referenced Literature

- ACDI VOCA: Gender and Social Inclusion and COVID-19: Impacts and Recommendations for Agriculture and Market Systems Project Implementation (April 2020)
- ACDI VOCA: Report on Market System Tool Survey (Myanmar -May 2020)
- Food and Agricultural Organization: Assessing the Impact of COVID-19 on Food and Nutrition Security and Adequacy of Responses in Kenya (May 2020)
- Deloitte: Summary of government intervention measures and Deloitte insights (May 2020)
- Government of Kenya/ Parliamentary Budget Office: COVID-19 global pandemic: Impact to the economy and policy options
- Government of Kenya: 8-point economic stimulus Programme (May 2020)
- Government of Kenya: Ministry of Health COVID-19 Briefings (<https://www.health.go.ke/covid-19/>)
- World Bank: COVID-19 Dampens Kenya's Economic Outlook as Government Scales up Safety Net Measures-PRESS RELEASE NO: 2020/111/AFR (April 2020)
- UNDP: Gender-based violence and COVID-19 (April 2020)
- USAID: Keeping Firms and Supply Chains Afloat in the Age of COVID-19 (June 2020)
- <https://www.worldfinance.com/strategy/singapore-unveils-fourth-stimulus-package-to-tackle-the-impact-of-covid-19>

Survey Instruments-KII Guide

Key Informant Interviews Guide -20th May 2020

Introduction: This interview guide is aimed to collect views from the Government and other stakeholders on the effect COVID-19 has on the enterprises in the ASAL counties. Ensure the informant is in a comfortable space and willingly participates in the discussion. Record or take notes verbatim during the discussion.

- How has the COVID-19 affected socio-economic situation in this county?
- Which COVID-19 control measures have had the greatest effect on businesses? Probe for
 - Cessation of movement in and out the counties (Mandera, Wajir, Nairobi, Mombasa, Kilifi & Kwale)
 - Closure of Somalia border
 - Lockdown in Eastleigh
 - 7 pm-5 am nationwide curfew
 - Social distancing and ban on meetings
 - Closure of restaurants, hotels, and entertainment outlets
 - Testing and wearing of masks
- How has the pandemic affected the private sector? What are the effects on micro small and medium enterprises?
- What key economic sectors in this county are affected more than others? Which ones are likely to recover faster? Which will take time to recover?
- Which other challenges are businesses facing besides COVID-19?
- What immediate response has the government offered to businesses struggling with COVID-19 effects? What are the results of the intervention(s)?
- What adjustments has the county and national government made or proposed to make on the annual, mid, and long-term development plans?
- Which budget(s) are likely to be adjusted upwards? Where will cuts be made?
- What support would the national government give to revive the affected sectors? How would the county government support?
- What plans if any does the government have to help stimulate the recovery of businesses or communities?
- What policy mechanisms provide a window for support to the private sector? What policy gaps exist to facilitate the

- What incentives would help businesses recover? What more does the government need to be done to help?
- What are the private sector actors doing to help affected businesses? What more can the private sector actors do?
- What are financial service providers doing to assist? What more can be done?
- Are there any other actors who have a role to play? Which role can each of the mentioned actors play?
- Are you aware of any gender-targeted economic empowerment strategies put in place to assist businesses to respond to COVID-19 impacts? Which ones are these? What can be done to respond to any possible disparities that affect different businesses -women, youth, and men-owned businesses?

Key Informant Interviews Target

County Government -CECM or Chief Officers in charge of

- Department of Finance Economic Planning
- Department of Trade, investment & cooperatives
- Pastoral Economy-Livestock and Agricultural Department

Kenya National Chamber of Commerce and Industry-County Chapter Chief Executive Officer/Chairperson

Other business association in the county

Kenya Livestock Marketing Council Leadership

Other Non-Governmental Organizations supporting market systems activities linked to enterprises

Key Financial Institutions working with LMS-2-3 KILs

Key partners within LMS including Boma Project, WDP, Mercy Corps

Survey Instruments-Business Survey

OBJECTIVE

With the current situation of COVID-19 pandemic, we would like to collect data to better understand the impact of the crisis on businesses operating in Northern Kenya including those funded by USAID through the Feed the Future funded Livestock Market Systems (LMS) and REGAL-AG Program. The survey will seek to obtain information on challenges faced by businesses in Northern Kenya and potential solutions to these challenges. The results of this survey will help inform interventions to put in place to support businesses. All survey data collected will be treated as confidential and anonymous.

CONSENT: By answering yes, you confirm that you are willing to participate in this survey.

☐ Yes

☐ No

Pre-code this: County:

Garissa

Isiolo

Marsabit

Turkana

Wajir

Name of the Interviewer _____ Pre-code known names

Provide free text space for: Other (specify) _____

SECTION A: BUSINESS INFORMATION

1. Full Name: _____
2. Gender
☐ Female
☐ Male
3. Full Name of your Business: _____ [pre-code this]
4. What location are you currently operating in? [pre-code this]
County: _____
Sub-County: _____
Ward: _____
Location: _____
5. Telephone contact 1 _____
6. Telephone contact 2 _____
7. Email Address: _____
8. Which sector does your business target (tick appropriate sector)? [pre-code this]
☐ Agriculture
☐ Livestock
☐ Water and sanitation
☐ Health
☐ Other: Please specify _____
9. Please indicate the type of your business (e.g. fodder business, agrovet, butchery, hotel, etc.):

10. RECORD Business Category [pre-code this]
☐ LMS Large Grant
☐ LMS Small Grants - Addressing Market Inefficiencies
☐ LMS Small Grants - Market RFA
☐ LMS Small Grants - REAP Groups
☐ BOMA Project - REAP Groups
☐ REGAL AG Project Grants
☐ REGAL AG Project Agrovet
11. Is your business currently operational?
☐ Yes
☐ No (Skip to Q14)
12. How long has your business been operating?
☐ Less than a year
☐ 1-2 years
☐ 3-5 years
☐ 6-10 years
☐ Over 10 years

SECTION B: IMPACT OF COVID-19 ON THE BUSINESS

13. Is your business disrupted by the measures taken to reduce the spread and effects of COVID-19 in Kenya?

- ☐ Yes
- ☐ No
- ☐ Not sure

14. Which aspect of your business is most affected by the COVID-19 pandemic?

15. What specific challenges is your business facing due to the COVID-19 crisis?

- ☐ Shortage of raw materials or inputs
- ☐ Reduction of orders/Reduced sales /number of customers
- ☐ Inability to deliver existing orders to customers/distribution channels
- ☐ Reduced or no working capital for business expenses e.g. rent, salaries, etc.
- ☐ Disruption of transport logistics
- ☐ Reduced productivity/reduced working hours
- ☐ Reduced number of staff to enhance social distancing during operations
- ☐ Increase in the cost of transport
- ☐ Insufficient protective equipment
- ☐ Delayed payment by customers/payment default by customers
- ☐ Payment default to our suppliers
- ☐ Limited access to credit
- ☐ Delay in getting raw materials/supplies
- ☐ Increased prices of goods/services
- ☐ Limitations of moving products to customers outside the county
- ☐ Increased costs -the cost of protective measures e.g. cleaning, masks, sanitizers
- ☐ Health compliance requirements/health inspections/staff health tests
- ☐ Psychological effects on people-staff, suppliers, and customers
- ☐ Other: Please specify _____

16. How long can your current cash flow or working capital maintain the business's operation?

- ☐ Less than 1 month
- ☐ 1-3 months
- ☐ 4-5 months
- ☐ 6 months or more
- ☐ Uncertain/Not sure

17. What sources are you relying on for information on how to manage the COVID-19 crisis?

- ☐ National Government (Ministry of Health, Interior)
- ☐ County Government
- ☐ Media (TV and/or Radio)
- ☐ Internet
- ☐ Social Media (Twitter, Facebook, Instagram, etc.)
- ☐ Mobile Phone (WhatsApp, SMS)
- ☐ Word of Mouth-Family & friends, other businesses
- ☐ Business Association/social groups
- ☐ Other (specify)_____

18. What are the top 3 things you are doing to get your business to cope and adapt to the current situation?

- ☐ Working from home
- ☐ Delivering products and/or services directly to customer homes
- ☐ Connecting with current customers
- ☐ Targeting new customers
- ☐ Creating new products
- ☐ Creating new suppliers/partners
- ☐ Creating new channels
- ☐ Increased use of the telephone to reach customers and partners
- ☐ Reducing staff costs
- ☐ Reducing other business costs
- ☐ Renegotiating with the landlord for rent concessions
- ☐ Renegotiating with the bank/SACCO/other financial institution
- ☐ Getting staff to work in shifts to enhance social distancing
- ☐ Digital marketing/use of social media marketing
- ☐ Capitalizing on ICT to make deliveries/source for materials
- ☐ Increased use of mobile money for payments & receivables/ Paybill, Till number
- ☐ Other Specify: _____

19. In addition to the effect of COVID-19, has your business been affected by any other type of external shock?

- ☐ Floods
- ☐ Locust
- ☐ Drought
- ☐ Insecurity-banditry and terrorism
- ☐ Other: Please specify _____

20. What are the top 3 effects of the other external shocks or challenges your business is facing?

- ☐ Cut off of raw materials source markets
- ☐ Reduction of orders/Reduced sales /number of customers
- ☐ Limitations of moving products to customers in some parts county/outside the county
- ☐ Disruption of transport logistics
- ☐ Increase in the cost of transport
- ☐ Delayed payment by customers/payment default by customers
- ☐ Delay in getting raw materials/supplies
- ☐ Increased prices of goods/services
- ☐ Other: Please specify _____

21. On a scale of 1 to 5 where 5 is very confident and 1 is not confident at all, please rate your confidence in the following statements.

As the COVID-19 crisis continues, how confident would you say you are to:

	5 Very Confident	4- Confident	3-Not sure	2-Not Confident	1-Not Confident	No Opinion
Access to suppliers promptly on time to fulfill my obligations with minimal disruption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change/adapt my product or service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identify/sell to alternative buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access the finance my enterprise needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Renegotiate with my business partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adapt ICT to drive & grow business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access the support of other partner companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recover from this shock of COVID-19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Learn to prepare my company for future shocks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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22. What are the top three lessons learned from COVID-19 that will prepare your business for future shocks?

23. Are you aware of any gender-targeted economic empowerment strategies put in place to assist businesses to respond to COVID-19 impacts?

- ☐ Yes
☐ No

SECTION C: RECOMMENDATIONS

1. Currently, what does your business need to cope with the crisis caused by the COVID-19?

2. What do you think the private sector actors and other businesses can do to help small businesses to cope with the crisis caused by the COVID-19?

3. In your opinion what do you think your county government can do to support your business during this crisis?

4. In your opinion what do you think the donor community can do to support businesses in Northern Kenya during this time?

5. What assistance would you require to improve your situation (please specify in detail)?

Survey Data

Attached as a separate file

