M-SAWA Rapid Assessment:
Impacts of COVID-19 on Gender Equality and Business Operations of Small Entrepreneurs in Kenya

CONTEXT
The first confirmed case of COVID-19 was recorded in Kenya on 13th March 2020. The government reacted to the risk posed by the virus by banning public gatherings, followed by school closures and flight bans. On 25th March, with 25 confirmed cases, Kenya imposed a dusk-to-dawn curfew and on 6th April, partial lockdowns were introduced for the four counties with the highest infection rates – Nairobi, Mombasa, Kilifi and Kwale – with restricted travel into and out of these regions. Although the number of cases has continued to rise, the government as of July 2020, scaled back restriction measures on movement around the country, largely due to the economic effects of COVID-19.

The M-SAWA project is currently being implemented in Kenya, with the goal of contributing to Kenya’s economic growth and increased job creation by improving the business, environmental and gender performance of small and medium enterprises (SMEs) and smallholder producers in select counties. Based on the wide-reaching impact that the COVID-19 pandemic has had on the economic and social context in Kenya, MEDA conducted a rapid assessment intended to understand the effects of COVID-19 on smallholder producers engaged by M-SAWA project partners related to both gender equality and business operations. This report provides an overview of the key findings and recommendations based on this survey, complemented by qualitative information collected from project partners including Lead Firms (LFs), business associations and business development service (BDS) providers.

SURVEY METHODOLOGY
At the time of this survey, MEDA had worked with 24 SMEs identified as LFs drawn from the agriculture, construction, and extractives sectors and operating in target counties with high levels of poverty in the Northern and Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) economic growth corridors. These 24 SMEs in turn have partnered with 34,656 small entrepreneurs (SEs) working within their supply/distribution chains, the majority of which are smallholder farmers. Given the widespread nature of M-SAWA’s SEs (both in terms of geography and sector), a mixed research methodology was applied for this cross-sectional assessment. A representative sample was determined, and a systematic sampling technique was applied to shortlist sample LFs cognizant of geography. Finally, a simple random technique was used to select SEs, with a 50% gender quota. The findings in this report covers 13 LFs, represents 12 value chains within the agriculture sector and the two transport corridors (Northern and LAPSSET) covered by the project.

1 LFs are defined by the project as SMEs with strong supply/distribution chain linkages with small entrepreneurs (SEs), including smallholder farmers
RESPONDENTS DEMOGRAPHICS

75 RESPONDENTS

53% Women
47% Men

15% Youth
(15-35 years old)

85% Adult

87% Northern

13% LAPSSET

Respondents were sampled from 20 project target counties in the Northern Corridor of Kenya (Mombasa to Uganda) and the Lamu Port Southern Sudan Ethiopia Transport Corridor (LAPSSET) Corridor (Lamu to South Sudan).

IMPACTS OF COVID-19 ON GENDER EQUALITY

A focus of the M-SAWA project is to promote gender equality and women’s economic empowerment by engaging women and men smallholder producers. Globally, the effects of COVID-19 are experienced differently by women and men according to cultural, gender and social norms. Studies have shown that the horticulture sector (a focus sector for M-SAWA with high representation among women) has been particularly hard-hit affecting women’s livelihoods inordinately due to job loss, greater risk of infection, an increased care burden and food insecurity.² The assessment sought to understand the impact on gender relations and decision-making within smallholder producer homes and communities.

Decision Making:
The project sought to gain insight about the respondent’s ability to make decisions around the following elements during the COVID-19 pandemic:

- work outside the home,
- buying inputs or selling produce,

leaving the house to farm, work or for personal reasons,
household spending,
farming practices, and
farm labor

Overall, 80% of respondents reported that COVID-19 had changed the way they make decisions, with the majority of respondents reported to have decreased their ability or control over decisions in relation to the above elements.

As illustrated below, the effects of COVID-19 on decision making were not significantly different for women and men, although notably men reported decreased decision-making ability/control at higher rates compared to women and women were more likely than men to report that things stayed the same.

Notably, results from the LAPSSET corridor demonstrate an increase in the ability of women to make decisions on whether to leave the house to farm, work or for personal reasons as depicted below. A similar observation was noted with regards to household spending decisions, where both men and women in the LAPSSET corridor reported an increase in their ability to make decisions on household spending. This finding could be linked to geographic location as the LAPSSET counties are located farther from COVID-19 hotspots.
**Household Responsibilities:**

To understand how different responsibilities were shared within households during the COVID-19 period, the project asked respondents to rate household support for farming activities and caregiving/household chores. Interestingly, during the COVID-19 pandemic 84% of respondents reported changes in the way responsibilities were shared between men and women in the household and 87% noted changes in how responsibilities were shared for farming activities.

<table>
<thead>
<tr>
<th>Support for Caregiving &amp; HH Responsibilities</th>
<th>Support for Farming Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>29% Decreased</td>
<td>35% Decreased</td>
</tr>
<tr>
<td>55% Increased</td>
<td>52% Increased</td>
</tr>
<tr>
<td>15% Stayed the same</td>
<td>13% Stayed the same</td>
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</tbody>
</table>

With regards to caregiving/household and farming responsibilities, there was no significant difference reported by men and women as portrayed in the graphics below. 58% of women felt that there was a significant increase in the support for caregiving/household responsibilities. Similar positive increases were reported by men across the two areas (caregiving/household responsibilities and farming responsibilities). This could be because family members stayed increasingly at home due to fear of contracting COVID-19 and/or governmental restrictions in movement.

<table>
<thead>
<tr>
<th>Support for Caregiving &amp; HH Responsibilities Reported by Women</th>
<th>Support for Farming Responsibilities Reported by Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>28% Decreased</td>
<td>33% Decreased</td>
</tr>
<tr>
<td>58% Increased</td>
<td>55% Increased</td>
</tr>
<tr>
<td>15% The same</td>
<td>13% The same</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Support for Caregiving &amp; HH Responsibilities Reported by Men</th>
<th>Support for Farming Responsibilities Reported by Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>31% Decreased</td>
<td>37% Decreased</td>
</tr>
<tr>
<td>51% Increased</td>
<td>49% Increased</td>
</tr>
<tr>
<td>17% The same</td>
<td>14% The same</td>
</tr>
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</table>

**Household and Community Relations:**

Given that the topics concerning gender relations were more sensitive, the team asked respondents to reflect on whether they had observed notable changes among households in their communities in these specific areas:

- Communication,
- Motivation and general positivity,
- Verbal disagreements or arguments
- Violent actions or physical abuse, and
- Levels of familial or community unrest.
Notably, a higher percentage of women reported to have observed more verbal disagreements or arguments and community unrest as summarized below, suggesting a potential increased risk of gender-based violence (GBV) for women. This finding also is consistent with national and global trends based on recent surveys of the impact of COVID-19 on GBV.

In view of these findings, MEDA Kenya has developed and shared a detailed list of resources available in Kenya related to GBV with key project partners including LFs, Business Alliances/Associations and BDS providers. These partners were advised to share these resources with their own partners (including SE/farmer groups) and provided with further guidance around how to best utilize these resources to support victims of GBV. The resources included helplines to rescue centers and shelters as well as recovery and legal support.
IMPACTS OF COVID-19 ON BUSINESS OPERATIONS FOR SMALL ENTREPRENEURS

Despite the restrictions in place at the time of the assessment, 95% of SEs responded that they were still farming, but reported decreases in farm-gate prices and available labor as well as challenges related to market access, logistical barriers and flooding. The majority of respondents noted that they were unable to find an immediate market for all of their produce and 99% of respondents reported that COVID-19 had affected their sources of finance. For some, their chamaa (savings and loan or ‘table banking’ group) has stopped meeting, which has resulted in a lack of access to financing such as emergency loans. Further, since producers could not meet for trainings, collective savings and product aggregation, many noted weakened bonds among members of producer groups, a core focus of M-SAWA project support.

When asked specifically about challenges related to farmer groups, findings were relatively consistent for men and women; however, notably, women respondents reported that the pandemic has caused disruptions in group communications to members at a rate significantly higher than what men respondents observed (61% vs. 39%, respectively).

This finding is significant as often when women smallholder producers are a part of mixed-gender groups, their spouses are seen as the member and de facto household head and have more ready access to information through formal and informal channels. Consequently, women are more reliant on regular and reliable group communication for access to production and business information, especially when they are not able to attend group meetings. Women’s mobility may also be curtailed where they face an increase in care work including caring for the sick. These findings suggest that project partners should place an increased focus on communications efforts for women to ensure both men and women have ready access to information and communications.

<table>
<thead>
<tr>
<th>FARMER GROUP CHALLENGE</th>
<th>50%</th>
<th>53%</th>
<th>54%</th>
<th>61%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactions change with SME</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>53%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular meetings</td>
<td>54%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication disruption</td>
<td>61%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td></td>
<td>50%</td>
<td>47%</td>
<td>39%</td>
</tr>
<tr>
<td>Interactions change with SME</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Communication disruption</td>
<td>39%</td>
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</table>
The survey also sought to establish whether or not producers had received any formal support from government or other non-governmental/civil society organizations. Only 21% of respondents had received national government cash transfers, masks, sanitizers, COVID-19 SMS information and/or food items from county governments and religious organizations. From a gender perspective, more men reported access to support at 26% compared to only 18% for women as seen below:

To complement existing efforts, and in line with these findings, MEDA Kenya mapped out and shared with project partners available funding resources through the Government of Kenya economic stimulus program. MEDA will continue to provide its partners with updated information related to both government and other organization resources, with a focus on ensuring that both men and women SEs and SMEs receive information related to these opportunities based on the gender-gaps identified.

**LF AND SE BUSINESS OPERATIONS CHALLENGES**

In looking to the future, it is clear there is much to be done to ensure agriculture remains a profitable livelihood option, in particular for vulnerable households placed in more precarious financial circumstances due to COVID-19. The M-SAWA project and its partners have a key role to play to help ensure the economic success and safety of smallholder farmers. The rapid assessments asked respondents how they planned to adapt to COVID-19, and what resources they require to be successful in a post-pandemic world, below are a selection of quotes from survey respondents:

> Diversification – explore the possibility of planting fast moving crops like tomatoes and onions.”—Man, age 54

> With restricted movement and social distancing [I] am using the internet to empower myself [and I] am learning how other farmers are coping with corona.”—Woman, age 35

> This is an agricultural production community and during this pandemic we need support from the county government or the LF on farm inputs like seeds [and] fertilizers since the prices have gone up. Unfortunately, we have seen limited support from the county government, or the LFs.”—Man, age 54
M-SAWA’s overall approach to increase enterprise profitability, competitiveness and growth is to build the capacity of SEs (mainly smallholder farmers) using the LF model. MEDA has leveraged LFs as channels through which to provide improved access to financial services as well as deliver new technologies and knowledge to the small producers they serve with greater potential for scale and sustainability. As such MEDA does work with SEs indirectly through LF partners and the success of the SEs is mutually dependent on the success of the LFs.

MEDA recognizes that all LFs are also affected by the COVID-19 pandemic, facing significant business challenges in their own right. MEDA has conducted several qualitative surveys with its key partners (including LFs) since the start of the pandemic to better understand challenges facing both LFs and the SEs in their supply chain. The LFs surveyed cited significant financial and operational challenges and declining revenues due to reduced production capacity, increasing transport costs and logistics challenges, supply chain management challenges, declining target market demand, and loss of qualified staff due to layoffs. These LF partners have been significantly impacted financially by the pandemic, affecting their ability to respond effectively to their SE needs. Specifically, the LFs MEDA is supporting (primarily aggregators/processors and input suppliers) have noted several specific challenges that have negatively impacted small scale farmers in several ways:

1. **Reduced Production Capacity** – To comply with physical distancing measures, LFs are unable to fully staff processing plants and facilities, decreasing production capacity as companies either place staff on paid or unpaid leave or are forced to lay off workers. Vert, a fruit/vegetable exporter for example, early in the pandemic encouraged 50% of its permanent staff to take paid leave to decongest the workplace. Since consumption of raw materials supplied by small scale farmers is directly dependent on the capacity and optimal functioning of processing facilities, these reduced production capacities often lead to decreased purchases by LFs from their SEs, consistent with the findings from the SE survey.

2. **Export Logistics Challenges/Costs** – Availability of air transport has decreased due to reduced passenger flights, while freight costs have increased substantially for the remaining cargo space. Vert noted in an April survey that only Saudi Charter is taking produce from Nairobi to Amsterdam, where shipments are then trucked to various destinations in Europe. Road transport within the EU has become more complicated due to the unavailability of trucks and more stringent border controls. This is a challenge in particular for the horticulture sector, where 80% of exports are to European markets. The decreased incomes of some small-scale farmers specialized in production of products for export is therefore directly linked to this lack of access to premium markets in Europe.

3. **Local Logistics Challenges/Costs** – Similar challenges are facing LFs targeting local markets, although not to the same extent as exporters. Coconut processor Kentaste for example had several distribution partners in Nairobi waiting for products, but due to limitations on logistics and movement in place at the start of the pandemic found it increasingly challenging and expensive to get products to market. Although food dealers, distributors, wholesalers and transporters of farm produce are classified as providers of essential and critical services in the wake of COVID-19, exempting them from the ongoing curfew, it became increasingly expensive to get products to the market thus affecting small holder farmers in terms of lower prices and inconsistent purchasing by the LFs.

4. **Supply Chain Challenges** – Given social distancing requirements it is challenging for LFs to continue to aggregate and screen products for alignment with quality requirements. Due to uncertainty around the length of the pandemic and stability of food access, some LFs, such as
cereals processor Smart Logistics, are finding that farmers producing staple crops are hesitant
to sell their products due to concerns around future food shortages, leading to gaps in supply chain.

5. **EU Export Market Demand** – For horticulture exporters, there has been a reduction in demand from the EU (their primary market) with decreased operations by end market consumers such as wholesalers, caterers, and restaurants. Vert noted in April that only 2 of its 9 main customers continued to buy fresh produce and since the start of pandemic, demand had decreased by 47%. This disruption has further constrained the LFs from sourcing large volumes of farm produce from their small-scale producers.

6. **Loss of Qualified Staff** – As costs increase and production/demand decreases many LFs are being forced to lay off staff. For example, at the beginning of April, Vert had to lay off 7 people, including its recently hired general manager. This represents not only a loss of jobs/income for those that are laid off, but a loss of expertise if these employees cannot ultimately be re-hired. Most recently hired employees are often the first to be laid off, making young people particularly vulnerable due to their fewer years of experience. In addition, young women may have additional home care responsibilities that mean they are unable to go to work and thus more likely to be among initial layoffs. The loss of qualified staff by LFs poses additional challenges in terms of efficient and effective management of their supply chain partners, including small scale farmers, and undermining consistent delivery efforts of farm produce from small scale farmers thus negatively impacting their incomes.

7. **Declining Local Market Demand** – Classic Foods for example has experienced low sales in recent months due to the inability to access some of their market areas especially the Eastleigh in Nairobi and Mombasa where most camel milk is sold. To expand their market base, they have started developing new products which they intend to sell without restrictions. The company has engaged the Kenya Dairy Board (KDB) and Kenya Bureau of Standards (KEBS) to approve and provide certification for smoked camel milk which is very popular due to taste preferences. KBD is yet to approve Classic Foods request; however, follow up in conjunction with the county government of Isiolo has been initiated to expedite the approval process.
CONCLUSION AND RECOMMENDATIONS

Despite the significant challenges created by the COVID-19 pandemic, there are also opportunities for project partners to adapt their business models and adjust to changing market needs in order to support their SE suppliers and clients. Moreover, the recently announced economic stimulus program promises to offer support to SMEs and the private sector at large. MEDA is fully committed to supporting its partners at all levels to adapt to COVID-19 and has already begun to implement a number of measures to adapt its support based on the findings of this rapid assessment in addition to ongoing conversations with project partners around their needs. Specifically, M-SAWA is implementing the following recommendations:

1. **Share resources to address Gender-Based Violence (GBV)**
   The M-SAWA project provided its partners (Lead Firms, Business Associations and BDS providers) with a list of key GBV response actors/services including temporary shelters, medical care facilities, hotlines, and legal services in locations throughout Kenya to be disseminated to women and men smallholder producers and entrepreneurs. MEDA will continue to monitor available resources and share with project partners.

2. **Provide continued training on Gender Equality Awareness**
   With a greater awareness of the gendered implications of COVID-19, M-SAWA will continue to provide gender awareness training to project partners, including LFs, and will continue to collaborate with local government departments to share and disseminate information and training materials on issues related to gender, power, roles and responsibilities and GBV. These awareness-raising activities are intended to generate understanding of and responsiveness to the different needs of men and women, girls and boys.

3. **Embrace digital capacity-building and financial inclusion**
   With the constraints that social distancing creates, it also provides opportunities for implementing organizations to adapt to ICT-based capacity-building activities. This includes: providing digital, virtual, and mobile based business training, digital financial literacy and digital marketing, and ensuring these types of training are accessible to both women and men. Even farmer and savings group meetings, which have traditionally taken place in person, can be supported to evolve and embrace digitization. Currently, MEDA is working together with local BDS provider CERDS to offer digital capacity building to its staff and Board of Directors to improve women’s empowerment and gender equality within its operations. Netbiz, Ongoza and AMSCO also continue to provide BDS support to their SME clients virtually.

4. **Educate project partners and collaborate with government agencies and other stakeholders**
   This COVID-19 gender equality assessment highlighted not only how women and men smallholder producers are experiencing the effects of the pandemic, but also their coping mechanisms and required supports. M-SAWA will share and actively discuss this information with its partners (LFs and Business Associations) to enable them to better understand and respond to the gendered impacts of COVID-19 to support their SEs partners during this crisis period. The M-SAWA team is continuously collecting further information during regular check-in calls with LFs on gender equality and business impacts. Moreover, as noted above, M-SAWA has provided one on one support and shared critical information/resources regarding Kenya’s government economic stimulus programme. Notably, MEDA has identified three key programmes well suited to benefit its SME partners (including LFs) and small scale farmers: 1) Ksh 10 Billion to fast-track payment of outstanding VAT refunds and
other pending payments, 2) Ksh 3 Billion as seed capital for the SME Credit Guarantee Scheme, 3) Ksh 3 Billion for the supply of farm inputs through e-vouchers, targeting 200,000 small scale farmers and Ksh 850 Million to rehabilitate wells, water pans and underground tanks in the Arid and Semi-Arid areas. A further Ksh 1 Billion has also been set aside for flood control measures; and another Ksh 540 Million for the Greening Kenya Campaign.

5 Improve access to training and information on mixed farming practices

Several respondents shared that they are unable to produce cash crops as economic circumstances have required them to prioritize production for household sustenance. Some smallholder producers noted they were shifting to ‘faster growing’ crops that are nutritious and can generate income. Given this, the project will document the good practices of partners that already promote ‘mixed farming’ with their suppliers (such as inter-cropping) and make training and resources available to other M-SAWA partners and their suppliers. One LF supported by M-SAWA that is providing intercropping training is Olivado which promotes growing traditional African vegetables for local markets to provide additional income for avocado producers. This approach encourages continued production for sale, but also addresses food and nutrition insecurity. Another example is Caffe Del Duca’s approach of intercropping of coffee bushes with food crops and tree planting as shade trees for the coffee plantations by small scale farmers. Transu SEs are trained to intercrop sorghum with soybeans to act as a cover crop for reducing soil erosion and as nitrogen fixers to the soil and Goshen is encouraging their small holder farmers to intercrop with nitrogen fixing crops to enhance soil health and to diversify their incomes during low mango seasons. All these activities are embedded in the technical training programs provided to SEs by various LFs through the M-SAWA project not only to help enhance the soil health but also to offer opportunities for additional income streams to cushion farmers during difficult periods such as the current pandemic. This approach is also a key component of MEDA’s environmental sustainability strategy.
Product Diversification for COVID Needs
Some LFs do have the capacity to use existing equipment to shift to products that are needed for COVID response, such as masks, sanitizer and soap. Kentaste (a coconut processor) for example is exploring the potential to shift into the production of hand soap, given high levels of current need.

Supply Chain Management Software
Supply chain management software is currently being used by many agricultural LFs to digitally manage payments, decreasing the need for face to face interactions. Companies like Equator are leveraging e-prod software to continue to manage their operations during COVID-19. MEDA is already offering support for a number of LFs to adopt improved payment/supply chain management software and there is potential for LFs not currently employing this software to consider it in light of COVID-19.

Appropriate support for market diversification by SMEs and their supply chain
MEDA will engage with SMEs to diversify and exploit local markets so that they are able to increase their purchasing from SEs and offer more sustainable end markets for their products. This will decrease financial pressures and increase resiliency to future market shocks at both the LF and SE level.

Overall, MEDA is fully committed to provide needed information, advice, and support to all its partners, with an emphasis on LFs given their focus on engaging with smallholder farmers. In addition, M-SAWA has been flexible with a number of project partners as needs arise to provide no-cost extensions to allow additional time for implementation of grant activities to compensate for time lost during lockdowns and to comply with other restrictions. MEDA believes that flexibility, cooperation and sharing of resources is essential for ensuring that SMEs and SEs are strengthened to both overcome this current crisis and become increasingly resilient to navigate future shocks. In addition, this assessment has emphasized to MEDA the need for continued programming in gender equality and women’s economic empowerment to continue to address gender-based constraints and the gendered impact of COVID-19.