

The Impact of **COVID-19** Pandemic **ON WOMEN** Informal Groups / Businesses in Mombasa County

POLICY BRIEF



Photo courtesy Billy Miaron

Context and Rationale for Research

The COVID-19 crisis has disrupted the environment for all entrepreneurs, and pre-existing differences in business structures and obstacles are likely to cause gender-differentiated impacts. However, most initial policy responses have not used a gender-lens. To ensure an efficient recovery, policies going forward would benefit from being gender-sensitive, e.g. responding to the needs of entrepreneurs of all genders.

There are several differential characteristics of businesses owned by women and men that affect their resilience to the COVID-19 crisis. Women entrepreneurs are more likely than men to engage in sectors that are hit hard by decline in customer demand (e.g. retail, hospitality). Women bear a disproportionate share of unpaid care responsibilities, which have increased due to shelter-in-place orders.

These problems are compounded by the fact that on average women-owned businesses are smaller and younger. They are more likely to be self-funded, or funded by friends and family, and have fewer financial assets. Women have less access to external finances, and lower levels of small business financial knowledge and confidence compared to men. Women entrepreneurs retain fewer professional contacts, including advisory boards or professional advisors, to share advice about managing through the pandemic. Women are less likely to use commercial digital solutions, which impacts on their ability to transition to online commerce.

Such differences are not reflected in most small business COVID-19 relief measures. Many women do not qualify for the standard relief programs so far introduced – due to the structure of their business, a failure to meet revenue thresholds, or a lower tendency to use bank loan finance, which is one of the preferred routes for to use bank loan finance, which is one of the preferred routes for channeling emergency financial support to small firms.

KEY POLICY GAPS

1

Mombasa County lacks Markets and Trades policy /law to support in addressing the existing market needs of women traders

2

Mombasa County is yet to adopt the draft Guidelines for Provision of Essential Health services during Emergencies

3

Women Enterprise Fund (WEF) focuses on women groups thus limiting individual women traders' ability to access credit

4

Despite commitment by the Mombasa County Social Protection Strategy (2018 – 2021) to improve coverage of health insurance amongst the general population from the current 26.7% to 60%, most women in informal trade are yet to register for NHIF

5

As part of Vision 2030 implementation at county level, the Government established Micro Small Medium Enterprise (MSME) *Biashara* center in 2021. However, women traders are yet to reap benefits relating to training on production, product certification and loans

Study Objectives

The main objectives of this study include:

- To establish policy and practice gaps in resilience and economic empowerment of women traders in Mombasa County
- To identify some key economic & social impacts of COVID 19 pandemic on women traders in Mombasa County
- To make recommendations to relevant actors on possible actions meant to build resilience of women traders in Mombasa

Methodology and scope

Collaboration Women in Development used qualitative data collection and analysis methods. Primary data was drawn from key informants from the county departments of health, agriculture, trade, gender, and youth; civil society organizations working on economic empowerment of women and health; and individual women informal traders. Secondary data was obtained from desk review of laws, policies, study reports, government data and reports and other internet sources. The study covered four sub-counties (Changamwe, Jomvu, Nyali and Kisauni) in Mombasa County. The data from respondents represents personal experiences and perceptions and the report treats the views as such.

Key Findings

Low demand, low sales, and low income: As a result of COVID-19 there has been missed income opportunities caused by the freeze of productive activities, many women traders are suffering economic losses from goods that

have remained unsold and, in many cases, gone to waste because of their perishable nature.

Small informal businesses that are still open are not operating at full capacity: The government's forceful implementation of COVID-19 protocols such as curfew technically collapsed a number of businesses such as pubs/wines & spirits joints since their working hours were deemed illegal hence stopped operations. This together with running battles as curfew hours approached and with street/market congestions, led to irrecoverable losses especially to perishable farm produce like tomatoes, eggs, greens & fish.

Bad debts Entrepreneurs continue to face limited availability of credit from suppliers, who also struggle with challenges in liquidity, lower sales, and defaults: A rising proportion of women enterprises (20%) reported reduced availability of credit from suppliers from December 2020 to May 2021. As suppliers in the value chain also face a liquidity crunch due to limited funding from financial institutions, a decline in sales, and an increase in expenses, they have reduced sales on credit.

Limited health insurance: Women in informal trade has limited access to quality and affordable health care through public health care facilities and services which are often overcrowded, inefficient, expensive and distant from workplaces. A key issue for women informal traders is the opportunity cost of the time spent in crowded health facilities and its negative effect on their incomes. When an informal worker who is self-employed must wait in a long queue in an overcrowded health facility, it means that she cannot work and loses income.

During COVID-19, informal women traders have little access to reliable information on COVID-19 and to the process of accessing health services.

Unpaid Care and Domestic Work: While COVID-19 has made care work more visible as a public policy issue, it has irrefutably widened the economic and gender inequality gap. Most households have experienced an increase in care responsibilities during the pandemic, and women have carried out the bulk of the additional care workload. Most of the women in informal trade in Mombasa live in poverty in the informal settlements; they are among the most marginalized in society, with the least access to formal paid employment, social protection, healthcare and public services.

Recommendations

- Mombasa County Revolving Fund and Women Enterprise Fund should have programs that will educate the women informal traders on accessing credit facilities.
- Mombasa County Department of Health Services need to move with speed to finalize and adopt the draft Mombasa
- County Guidelines for Provision of Essential Services, 2020.
- Civil Society actors and other private sector organizations and associations such as Kenya National Chamber of Commerce (KNNCI) should increase business advice and consultancy to women entrepreneurs.

This can include advice on how to stabilize businesses that are in difficulty and help women entrepreneurs to pivot their businesses.

- Mombasa County need to develop Markets and Trade law/policy to help action the requirement for more than 500 market stalls and spaces as envisioned in the County Social Protection Strategy.
- The County Monitoring and Evaluation Unit and research should develop gender-disaggregated data for monitoring of COVID-19 impacts and enterprise support program participation and impact.

Conclusion

MSMEs play a vital role in the economic development of Kenya. The sector largely comprises micro-enterprises and contributes approximately 40% to the GDP. MSMEs employ 14.9 million people, of whom 12.1 million are employed in microenterprises. However, the sector remains highly informal as only 20% of the 7.4 million MSMEs operate as licensed entities. COVID-19 has had a significant impact on the general economy. Many enterprises have closed and people have lost their jobs. As a result, the purchasing power of consumers is constrained. Consumers spent less on discretionary expenses and limited their consumption to focus on essential goods. While the economy is gradually reopening and the restrictions have been relaxed, the consumers are diffident and have been spending cautiously thus weighing down on women informal traders.