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COVID-19 THEN & NOW INDEX II

COVID 19 continues to present a mixed bag of reactions from SMEs. Amidst fear and uncertainty, some businesses pivoted creatively and a few others benefitted from external funding from external funding, marginally enhancing their economic stability.

The WYLDE Kenyan SME Sector Performance Report

0.5%

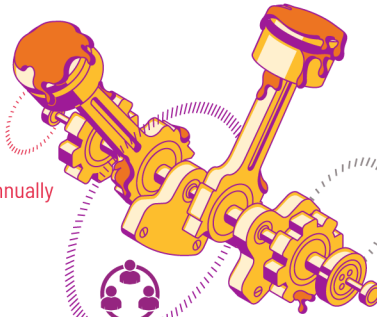


Despite some economic relief, Kenya's GDP shrunk as of November 2020 (0.5% decline over 6 months, World Bank estimates) due to loss of livelihoods, impact on lives and inability for the country to interact with its trading partners.

The Kenyan SME Sector

While many businesses closed down, a number of others were started to provide solutions to the unique challenges introduced during COVID 19 presented.

 **30%**
Jobs Created Annually



SMEs CONSTITUTES

 **30%**
GDP Contribution

98%
Businesses in Kenya

NATIONAL ECONOMIC SURVEY REPORT
By the Central Bank of Kenya (CBK)

07 20 SMEs Performance

By WYLDE International in collaboration with SNDBX Village Experts.

20

Half a year in, the pandemic had risen, dipped and was beginning to rise again by the time of this survey. Restrictions were still being enforced due to increased health concerns.

To determine some key aspects of SME performance, WYLDE International based at the SNDBX carried out a customized mobile based survey among 132 SMEs in Nairobi between the months of September and October.

The survey objective was to establish the ongoing performance of entrepreneurs during the COVID-19 crisis.

Business Stage Key;

1 yr
Early Start up

1 & 2 yrs
Later Start up

2 & 5 yrs
Growth Stage

5 & 10 yrs
Expansion Stage

Over 10 yrs
Mature Bnesses



2019 Business Turnover
[<Kes 2mn to >Kes500mn]



Funding and Non Funding Needs



April vs October performance



Government Initiatives Impact



Effects and challenges of the crisis



Priority for SME employers



Business finance scenarios

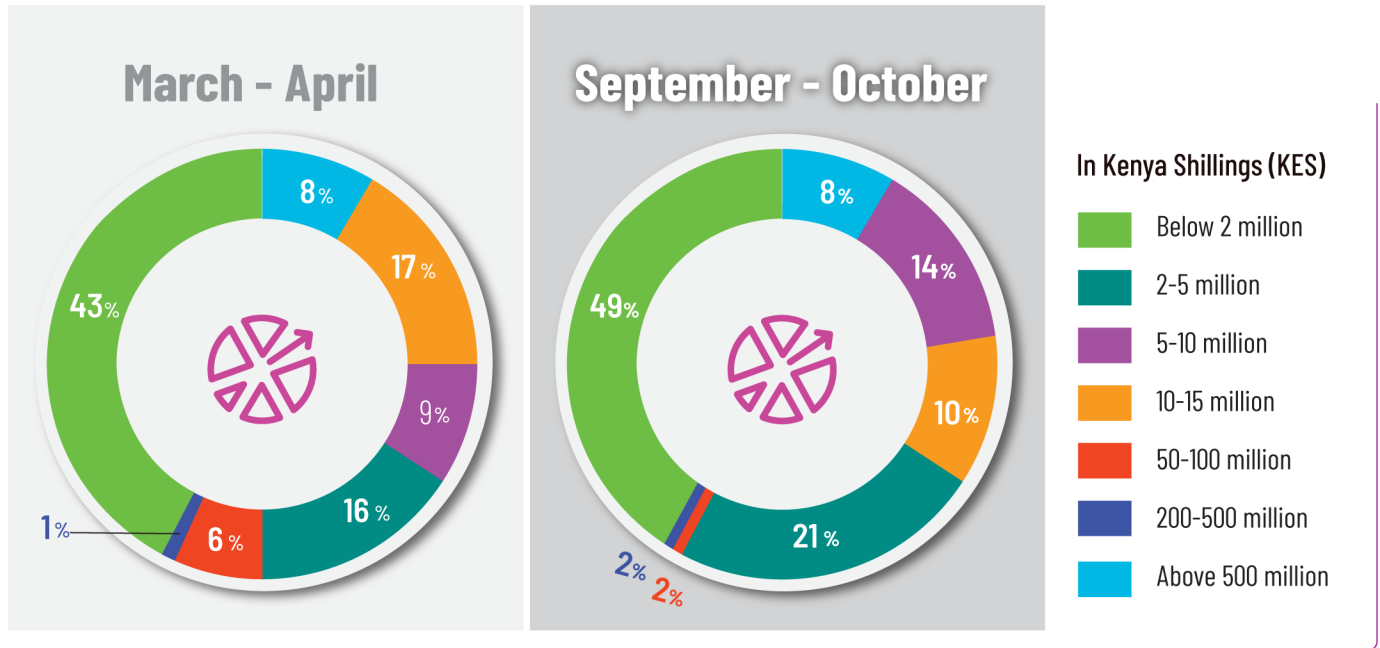


Business performance



2019 Business Turnover [<Kes 2mn to >Kes500mn]

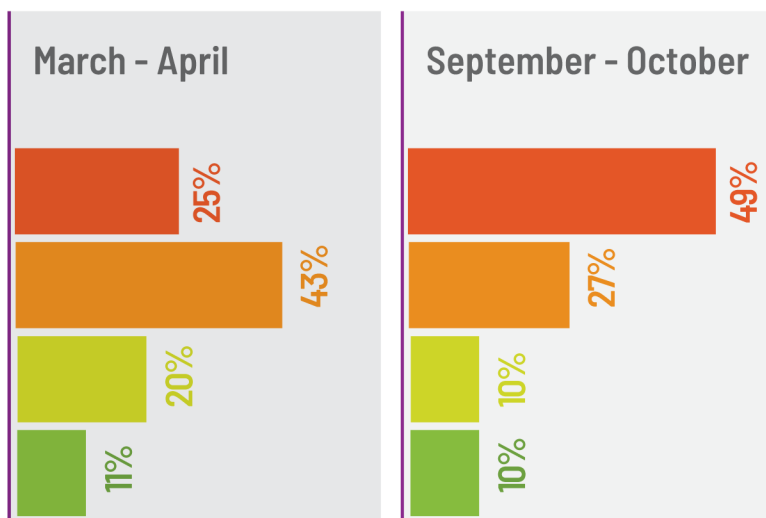
In this second instalment of the SME COVID index, there were similar sample profiles. Revenue turnover figures shown below is an example.

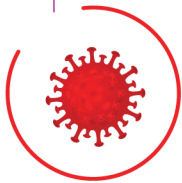


SME Business Performance

Several SMEs recorded a significant decline in performance over time – an additional 24%.

Still among the 10% that performed better, these would have thrived on the new business opportunities in the crisis.



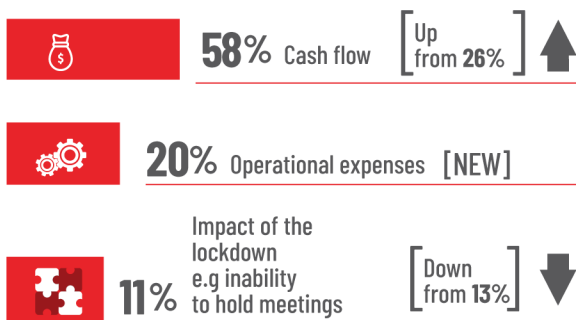


Challenges And Effects Of The Crisis

What is your biggest challenge currently?

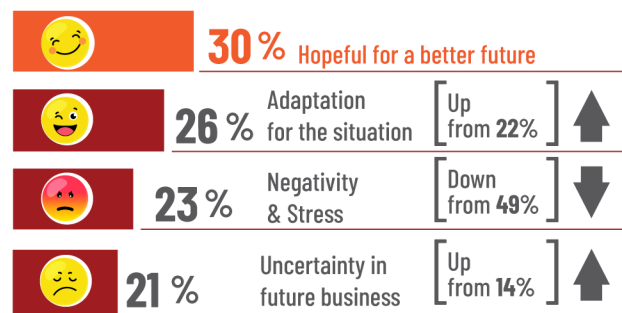
TOP 3

Challenges of the crisis - SME



TOP 3

Effects of the crisis - SME owner

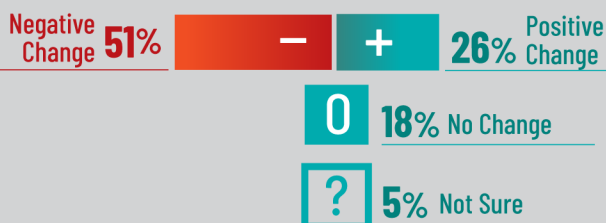


Business Finance Scenarios

Significant changes happened in the business finance space over the 6 months since March: most businesses predicted a negative future performance at the time.

These business performance forecasts were realised.

March - April business scenarios



September - October business scenarios





Funding Needs

Funding remains key to keeping businesses afloat during COVID-19; however this has reduced in significance 6 months on.

(Loans/Investments/Grants)



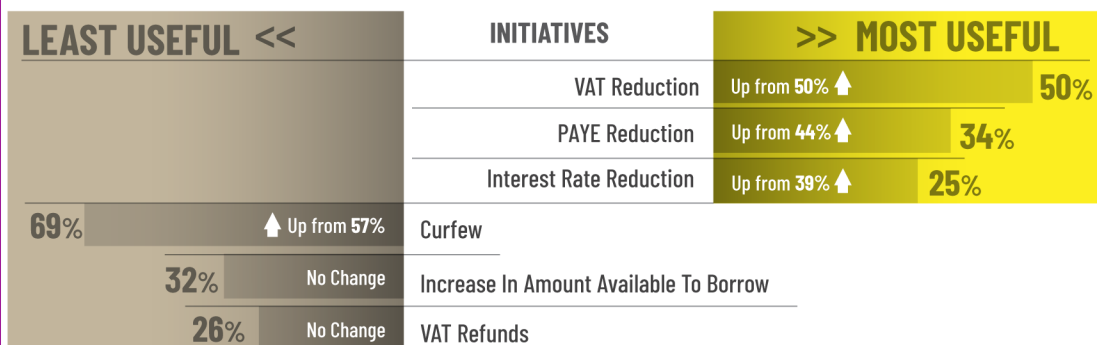
TOP 3 Non-Funding Needs



Government Initiatives Impact

Government Initiatives had both positive and negative reactions.

Six months into the COVID-19 Pandemic, the government initiatives taken in April still had effects on SME performance.

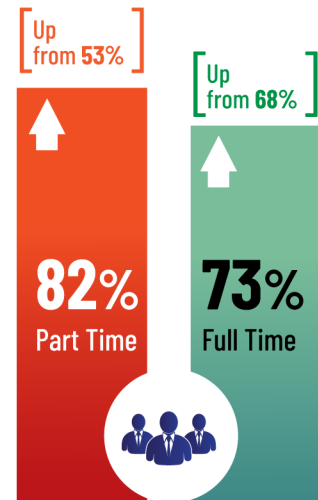




SME Employee profile

Both part-time and full-time staff are highest for the bracket that is between 1 and 5 employees.

These are 82% and 73% respectively. Businesses have grown their workforce to meet increased demands for products in an economy that has slowly begun to open up.



Priority for Employers

The top three SME employer priorities remained the same.



Key Findings

SME Business Performance is overall still poor, challenges are constant and the negative business performance that was predicted came to pass.

Funding needs although still key have declined over time, likely in favour of the non-funding ones that are new business strategies, business development, team skills training and the benefits of tax waivers.

The bulk of SMEs' work force is part time, and of these, the business owners are most concerned about their health and safety.

In the centre of a very difficult operating environment, however, a significant number of SME owners are now hopeful for a better future.



Going Beyond COVID-19 Recommendations for Government

1. Curfews have had an adverse effect on business costs, productivity, and efficiency. We recommend that the government remove the curfew and allow the free flow of goods and people across the country.
2. Provide education on new taxes and the impact of re-introduction of new taxes. SMEs are not aware of the impact of these new taxes on their businesses.



Recommendations for Business Support Organisations and Financiers

1. Develop capacity building programmes that focus on helping SMEs create new business strategies, enhance business development pursuits and upskill their management teams given these are key non monetary needs.
2. Since funding remains a significant demand, create stimulus fund packages for hard hit sectors like tourism and hospitality to pick up from government efforts.
3. Support businesses to develop digital business models and help them remain visible online.



Recommendations for Entrepreneurs

As Africa emerges from the effects of COVID-19 businesses have to start positioning themselves for growth. The following recommendations should be implemented by businesses.

1. Develop and adopt intentional growth strategies for the whole business that focuses on customers and remain vigilant on cost management.
2. Take advantage of stimulus packages offered by different stakeholders like Mastercard Foundation, UK Tech Hub, and SNDBX.
3. Leverage digital tools to stay visible, have virtual business interactions, and adopt e-commerce in the "new normal".

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Research Dissemination Partner

WYLDE offers leadership in the entrepreneurship sector in Africa and is committed to building an ecosystem that empowers SMEs.

We partner with other professional service firms, institutions, government agencies to develop knowledge tools and processes that can transform entrepreneurship in Africa.

For more information on the report or how you can work with WYLDE contact;

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