



HAND IN HAND

Hand in Hand Eastern Africa
&
Hand in Hand International

**Rapid Needs Assessment in response
to the COVID-19 global pandemic**

July 2020

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List of Abbreviations

BRO	Business Relationship Officers
EIF	Enterprise Incubation Fund
HiH	Hand in Hand
HiHEA	Hand in Hand East Africa
HiHI	Hand in Hand International
IPL	International Poverty Line
MGR	Merry-go-Round
PPE	Personal protective equipment
RNA	Rapid Needs Assessment
SHG	Self-help Group
TB	Table banking
USD	United States Dollars
WB	World Bank

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Executive Summary

This is the report of the Rapid Needs Assessment (RNA) of Hand in Hand East Africa's (HiHEA) programme Members in Kenya, conducted in May 2020 in response to the COVID-19 pandemic¹ and associated lockdown. Data for this report was collected on 12 and on 27-29 May, seven to nine weeks after total lockdown was declared by the Kenyan government on 24 March 2020.² This report seeks to provide insight into Members' circumstances and needs in order to guide HiHEA's immediate response and inform Hand in Hand International's (HiHI) proposal for donor support. This report is structured around four central research questions. These questions, along with key findings, are summarised below. Please see the [Conclusions](#) section for fuller descriptions.

What impact has the lockdown had on Members' business activities?

The lockdown has had a profound impact on the enterprise activities, with one in four enterprises closed and an average business income fall of 67%. 83% of sampled Members are now living below the \$1.90/day international poverty line. A handful of Members – all women – started new enterprises during the lockdown and some Members' incomes increased as they diversified or pivoted to in-demand products, such as groceries, soap, and face masks. A high degree of variance in the level of enterprise closures was observed between branches. Understanding the dynamics at play here may prove valuable for programme design.

What impact has the lockdown had on Members' savings levels?

Half of the sampled Members are no longer practising Table Banking or Merry Go Round due to COVID-19 restrictions. Average savings have fallen by 69%. Two in five members now have no savings at all. Roughly half of the sampled Members are using their savings for household uses (54%) and business uses (52%); 5% are eating into savings to repay loans. Members are going to bed hungry and asked outright for food donations. Despite our motto of "Help to self-help", in this crisis context people will need cash transfers and / or food donations that do not add to their existing burden of debt.

How have Members adapted their businesses and what non-financial assistance do they need?

Less than 10% of the changes Members have made to their business activities since lockdown relate to strategic adaptations – most relate to COVID-19 hygiene measures. This suggests there is plenty of room for improvement. Members need access to water to wash their hands. Providing training for Members on building low-cost, hands-free handwashing stations could help prevent the spread of COVID-19 and provide a business opportunity. Farm inputs, training, market access, and food donations are the other key needs of our Members at the moment. Members need affordable access to accredited seeds, quality fertilizer and pesticides, and animal feed. They want to know more about COVID-19 and its prevention; training on business survival in lockdown; and to learn how to make their own nutritionally balanced, low-cost animal feed.

How indebted are Members and what financial assistance do they need?

Three in five Members are already in debt. The average loan amount pending is Ksh 16,655, which equates to two months' average income in normal conditions (Ksh 9,829), or five months' average lockdown income (Ksh 3,233). 74% are having difficulty repaying. Nevertheless, half the sampled Members wish to take further loans to support or restart their businesses. They need an average of Ksh 27,200, so any restarting fund will need to have a higher borrowing limit than the regular Enterprise Incubation Fund (EIF), Hand in Hand's own microcredit fund. Most Members (76%) would be catered for by a borrowing limit of Ksh 30,000.

Members who have no savings and have had to close their enterprises have no means by which to amass a loan guarantee. Members have openly requested food donations, grants, and zero-collateral

¹ <https://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/3/who-announces-covid-19-outbreak-a-pandemic>

² <https://www.kenyans.co.ke/news/51173-kenyas-first-total-lockdown-declared>

loans. Most of the Members who do not wish to take on loans to support their businesses through lockdown are afraid they will not be able to repay. Now is the time to give as much as we can, as freely as we can.

Introduction

Background

In light of the global COVID-19 pandemic and ensuing lockdown in many countries, Hand in Hand International and Hand in Hand East Africa and Hand in Hand International are seeking to understand what impact the pandemic is having on programme Members in Kenya.

This Rapid Needs Assessment (RNA) was conceived in early May 2020. Data was collected on 12 and on 27-29 May and a draft report was delivered on 18 June 2020 in order to provide insights into the impact of the pandemic on Members' enterprises and finances; the challenges faced by Members and how they have adapted their businesses; and amount and type of financial assistance needed by Members. It seeks to answer four key research questions:

- What impact has the lockdown had on Members' business activities?
- What impact has the lockdown had on Members' savings levels?
- How have Members adapted their businesses and what non-financial assistance do they need?
- How indebted are Members and what financial assistance do they need?

The purpose of this report is to provide an evidence base for HiHEA's immediate response and to guide project design in HiHI's proposals for further donor support. This RNA will also contribute to a wider Situational Analysis, which will incorporate desk-based research about the wider market and business context in Kenya.

Methodology

This Rapid Needs Assessment draws on two primary datasets:

1. Data collected by the in-house Enterprise Incubation Fund (EIF) team via telephone on 12 May 2020. This dataset comprises responses from 197 HiHEA Members (140 women, 57 men) about how their savings have been used and how much capital they require to restart their businesses. For this dataset, the EIF team spoke to ~10 Members from every branch, except Machakos. Details of the respondents' branch and gender are below.

Table 1: Respondent details - EIF data

Row Labels	Female	Male	Grand Total
Bomet	7	3	10
Busia	7	3	10
Eldama Ravine	8	2	10
Embu	7	3	10
Homa Bay	9	1	10
Kabarnet	7	3	10
Kasarani	6	4	10
Kawangware	8	2	10
Kiambu	7	3	10
Kibwezi	8	2	10
Kitengela	7	2	9
Kitui	7	3	10
Nakuru East	5	5	10
Nakuru West	6	4	10
Nanyuki	6	3	9
Njabini	5	5	10

Nyahururu	9	1	10
Taita Taveta	7	3	10
Tala	9	1	10
Thika	5	4	9
Grand Total	140	57	197

- Data collected specifically for this study by HiHEA BROs via telephone survey between 27-29 May 2020. This RNA dataset comprises responses from 579 HiHEA Members (463 women, 116 men) about their business activity, income, savings, and loans. The data collection team aimed to speak to 30 randomly selected Members from all 21 branches. For this dataset, the team contacted 617 Members in total, 579 of whom agreed to participate in the survey. Details of the respondents' branch and gender are below.

Table 2: Respondent details - RNA data

Branch	Female	Male	Grand Total
Bomet	24	6	30
Busia	28	2	30
Eldama Ravine	17	13	30
Embu	22	8	30
Homabay	21	9	30
Kabarnet	21	5	26
Kasarani	25	6	31
Kawangware	23	3	26
Kiambu	20	6	26
Kibwezi	20	5	25
Kitengela	23	2	25
Kitui	25	3	28
Machakos	23	5	28
Nakuru East	25	5	30
Nakuru West	22	6	28
Nanyuki	22	7	29
Njabini	15	4	19
Nyahururu	14	6	20
Tala	29	1	30
Taveta	22	5	27
Thika	22	9	31
Grand Total	463	116	579

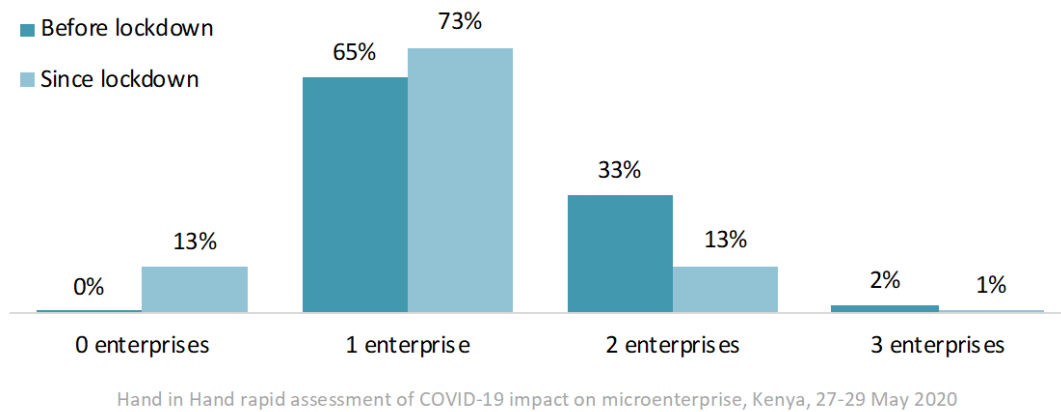
Due to the time-sensitivity of this needs assessment, minimal qualitative data was collected. The survey tool included follow-up questions to capture respondents' thinking, reasoning, and unexpected information they might like to share with us. No in-depth interviews or focus group discussions were conducted. Therefore, this report serves more as a high-level snapshot of the current situation and should be read as such.

1 Impact of Lockdown on Enterprise Operations and Income

1.1 One in four enterprises closed due to lockdown

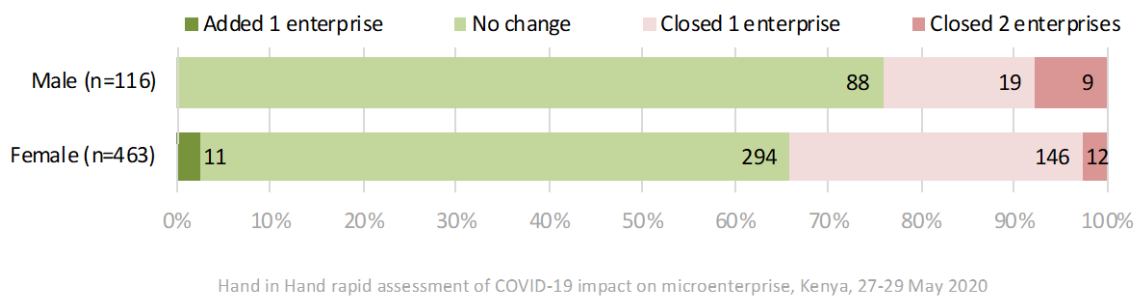
The sampled group (579 Members – 463 F, 116 M) had an average of 1.4 enterprises per person before the lockdown, falling to 1 enterprise per person after. 75% of sampled Members’ enterprises are still operational; 25% are closed. 13% of sampled Members are currently not operating any enterprises at all. 32% of sampled Members have been affected by closures, closing at least one enterprise.

Figure 1: Change in no. of enterprises run by each Member



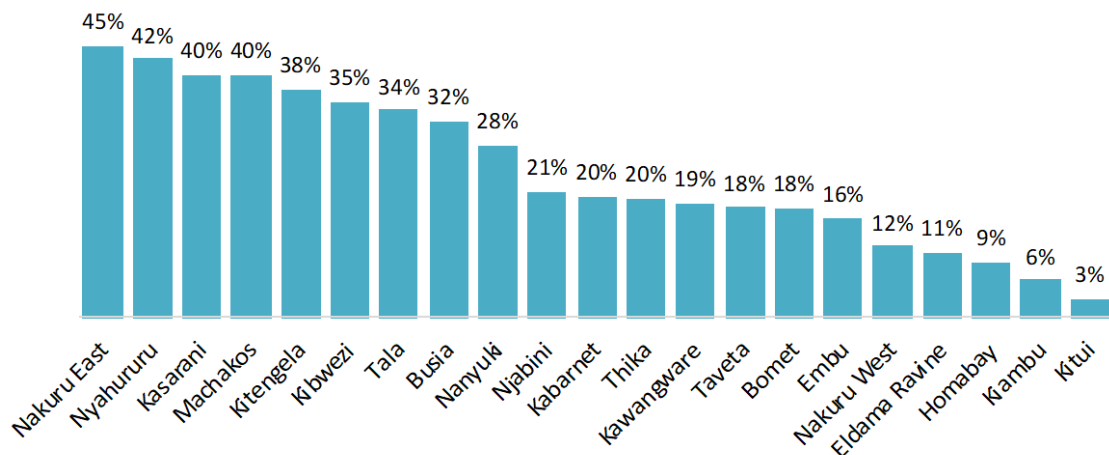
Women have been slightly worse affected by closures than men. 76% of sampled men have been able to avoid closing any of their enterprises, compared with 63% of sampled women. That said, two percent of Members - all women - started new enterprises during the lockdown.

Figure 2: No. of enterprise closures, by gender



There is a high degree of variance in the level of enterprise closures between branches. Nakuru East, Nyahururu, Kasarani, and Machakos are worst hit, with 40-45% of Members’ enterprises closed. Kitui, Kiambu, and Homabay have seen the lowest proportion of closures, from 3-9%. Since there is no pattern along the urban / rural divide, it may be worth mapping other characteristics of the branches in order to understand what is happening. Is infrastructure and interconnectedness correlated with closure rates? How is it that two geographically contiguous areas – Nakuru East and Nakuru West – were affected so differently? These answers to these questions may hold the key to providing targeted support to those who need it most right now; they may also prove valuable for programme design decisions in future.

Figure 3: % of enterprises closed, by Branch

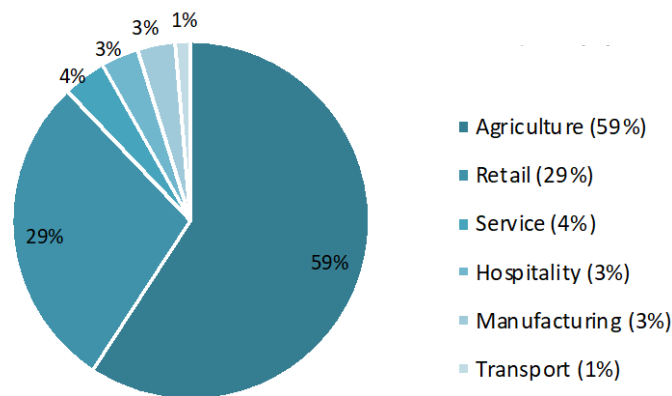


Hand in Hand rapid assessment of COVID-19 impact on microenterprise, Kenya, 27-29 May 2020

1.2 Agricultural and retail businesses most resilient; Transport hardest hit

The majority (59%) of the 790 enterprises owned by the 579 Members sampled for this survey fall into the agricultural sector.³ Retail is the second most-represented sector at 29%. Service, Hospitality, Manufacturing, and Transport each make up a very small fraction of the enterprises run by sampled Members.

Figure 4: Sector breakdown of Member enterprises

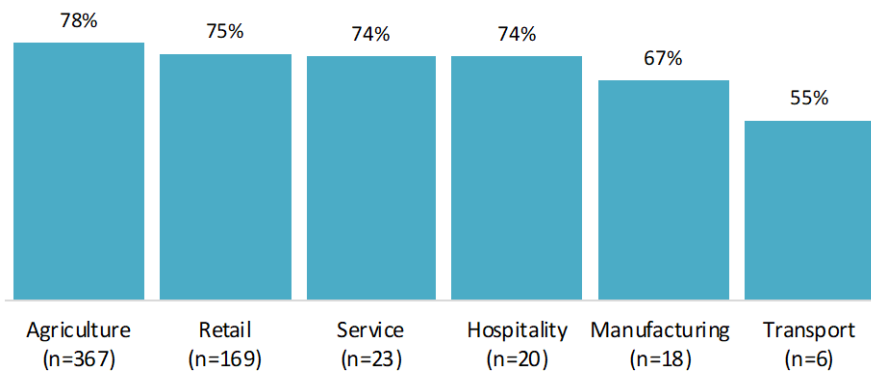


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Among our Members' enterprises, agriculture and retail have been least affected by closures since the lockdown. 78% and 75% (respectively) of Members' enterprises in these sectors were still open at the time of data collection in late May. Transport and manufacturing have been hardest hit: 55% of Members' enterprises in the transport sector were still open at the time of data collection, and 67% of those in manufacturing. While transport and manufacturing have been hardest hit by closures in proportional terms, the impact for our Members in absolute terms is small. Although the number value is small, this does reflect the broader global pattern, with transport and many sectors of manufacturing suffering due to restrictions on movement and falling incomes.

³ These figures represent the breakdown of Member enterprises by sector under normal conditions, i.e. before lockdown.

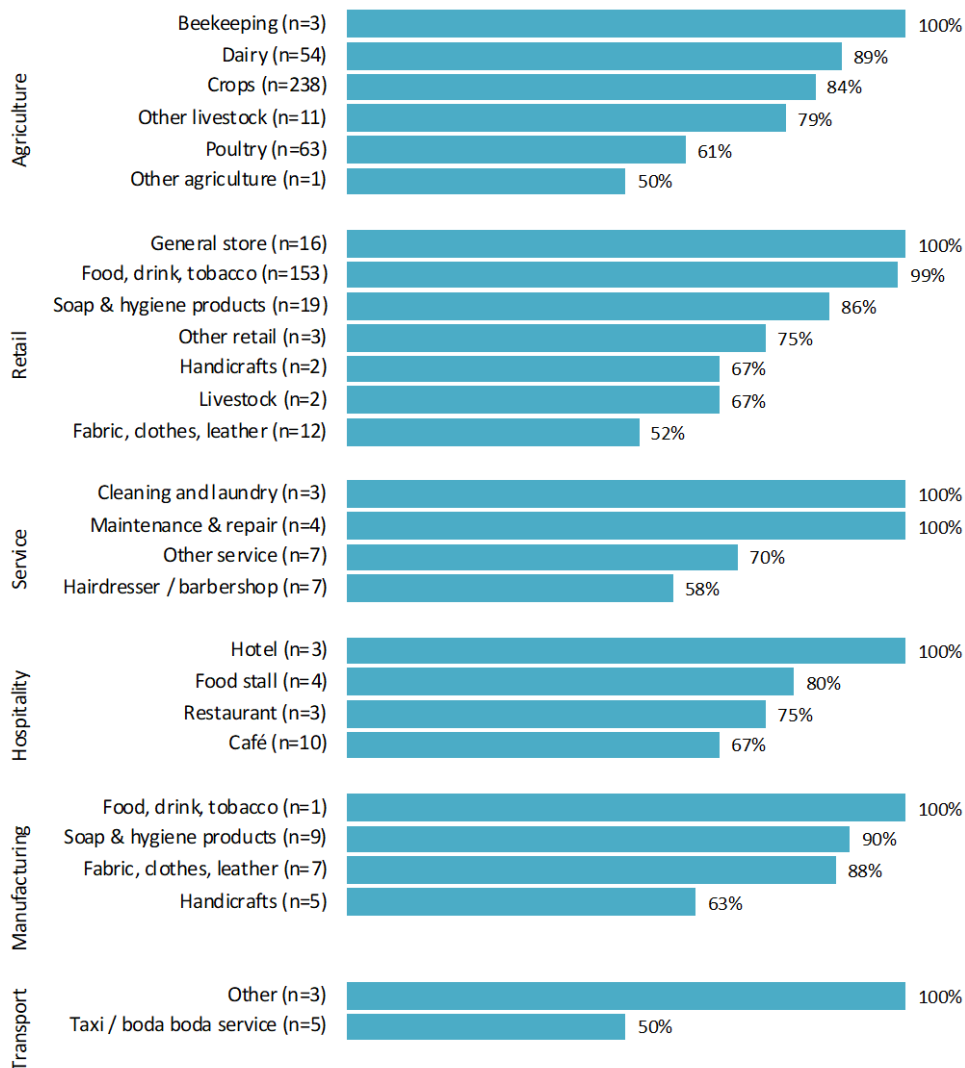
Figure 5: % of enterprises still open, by sector



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Perhaps surprisingly, 74% of Member enterprises in the hospitality sector were still open at the time of data collection. This may be because Kenyan hospitality microenterprises are more likely to be open-air tea shops and food stalls than enclosed venues, which could allow them to more easily adapt to social distancing requirements. A full breakdown of which enterprises are still open, by sector and subsector, is shown in the graph below.

Figure 6: % of enterprises still open, by sector and subsector



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1.3 Four in five Members now living below international poverty line

To gauge the impact of the lockdown on Members' income, we asked about their net enterprise income in the four-week period immediately preceding the lockdown, and the four-week period in lockdown immediately preceding data collection. The table below shows the distribution of Members' income in the normal versus the lockdown period.

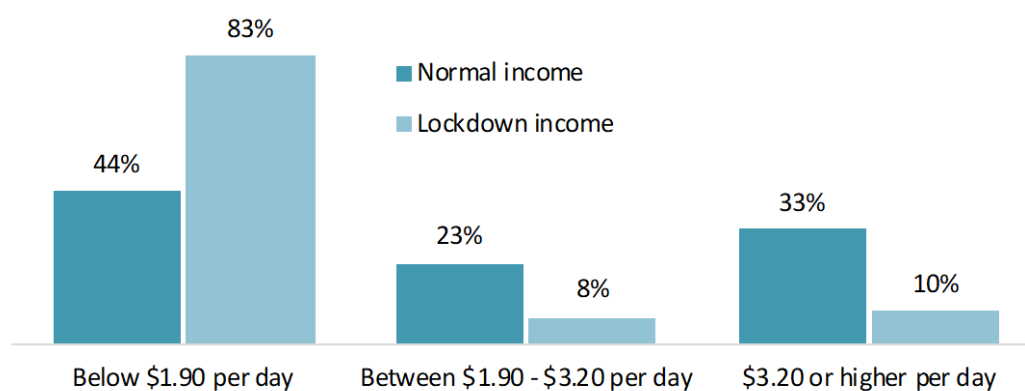
Table 3: Distribution of net enterprise income - normal vs. lockdown

	Normal period (Ksh)	Lockdown period (Ksh)
Minimum	0	(8,800)
Q1	3,000	100
Median	6,500	1,500
Q3	11,000	4,375
Maximum	77,000	50,000
Average	9,829	3,233

Average income has fallen by 67%, down from Ksh 9,829 in the four-week period before lockdown to Ksh 3,233 after. Some have lost even more: Eighteen Members reported that they were operating at a loss of between Ksh 1,000 – 8,800. The greatest individual fall in income was reported by a woman in Kawangware whose two retail stores closed. Her income fell from Ksh 70,000 in a four-week period, to Ksh 0. On the other hand, some Members' incomes increased in the lockdown period as they diversified or adapted by pivoting to in-demand products, such as groceries, soap, and face masks. One woman in Kabarnet began a door-to-door delivery service of her agricultural produce to get around market closures. Her income, while very modest, doubled from Ksh 1,000 in the pre-lockdown period to Ksh 2,000 at the time of data collection.

In order to make sense of what the fall in Members' incomes means in the context of international benchmarks, we calculated their daily US Dollar income in the normal and lockdown period and grouped them in relation to the World Bank 2015 International Poverty Line (\$1.90 per day) and for the WB Lower-Middle Income Poverty Line (\$3.20 per day).⁴ We found that 83% of sampled Members are now living below the \$1.90/day international poverty line. This is nearly double the pre-lockdown figure of 44%.

Figure 7: Impact of lockdown on business income, by WB poverty lines

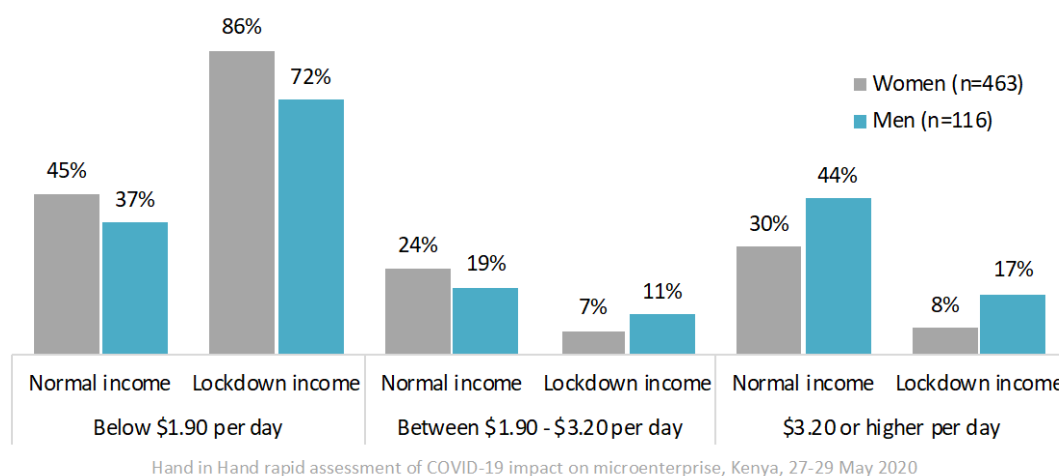


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⁴ <https://blogs.worldbank.org/developmenttalk/richer-array-international-poverty-lines>

Women are overrepresented in the lowest income bracket (< \$1.90/day) and underrepresented in the higher income bracket (> \$3.20/day) in normal times as well as during the economic conditions of lockdown.

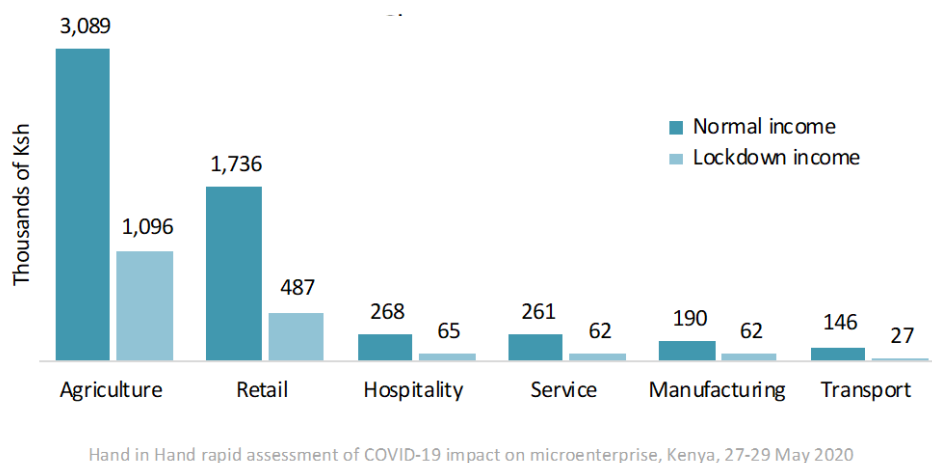
Figure 8: Impact of lockdown on business income, by gender



1.4 Income losses most severe in Transport, Service, Hospitality

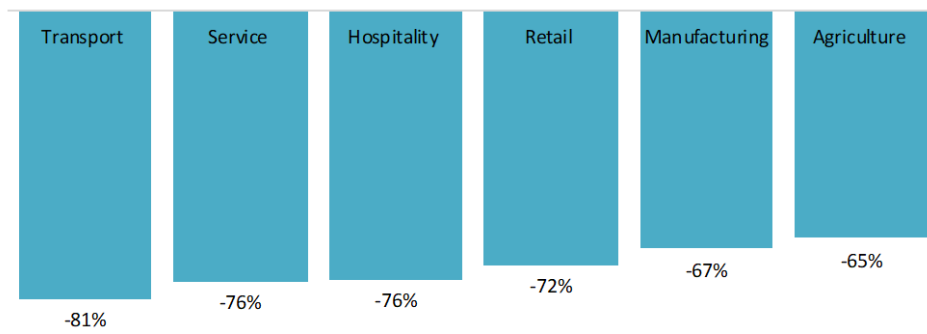
The agricultural sector – in which the majority of HiHEA Members operate – has suffered the biggest losses in absolute terms. Total agricultural income for a four-week period fell by nearly Ksh 2 million, from Ksh 3.1 million before to Ksh 1.1 million during lockdown. Retail income also fell drastically, from Ksh 1.7 million to Ksh 0.5 million.

Figure 9: Change in business income, by sector



In proportional terms, however, transport, service, and hospitality have been hardest hit with income falling 81%, 76%, and 76% respectively. Despite agriculture’s absolute fall in Shilling terms dwarfing that of the other sectors, it has actually suffered the least in proportional terms, with income falling by 65%.

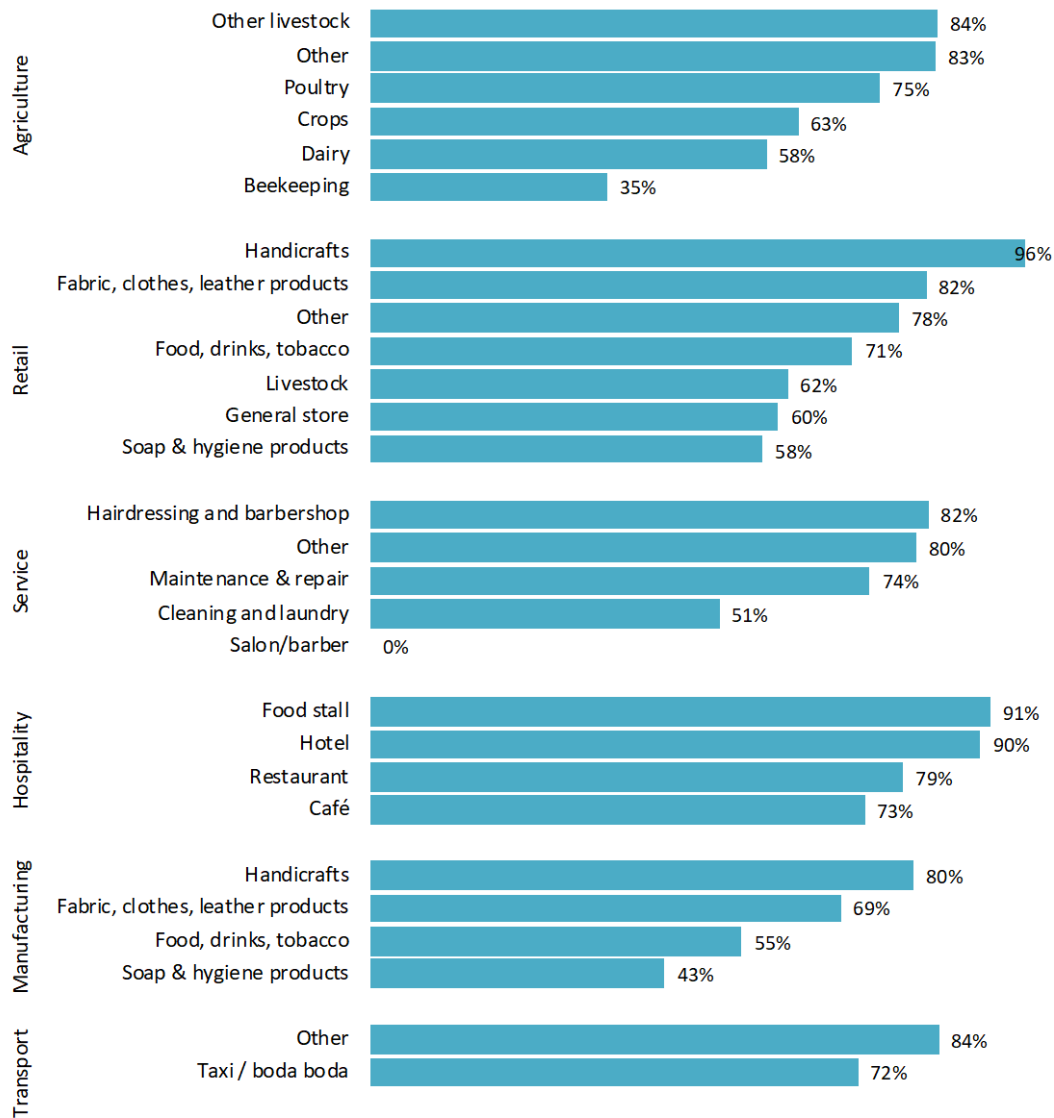
Figure 10: Proportional change in business income, by sector



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A complete breakdown of proportional fall in income by sector and subsector is shown in the graph below.

Figure 11: % fall in enterprise income, by sector and subsector

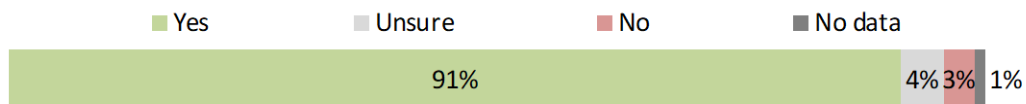


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1.5 Almost all whose businesses have closed plan to reopen

To gauge Members' feelings of risk aversion or hopefulness about the potential to do business again, we asked whether they planned to reopen businesses that had closed as a result of the lockdown. 91% of sampled Members with closed business said they do plan to reopen after lockdown. Those who elaborated further mostly said simply that their business was their livelihood, they saw no alternative. One Member specified that they prefer running an enterprise over casual labour.

Figure 12: Are Members planning to restart closed enterprises after lockdown? (n=186)



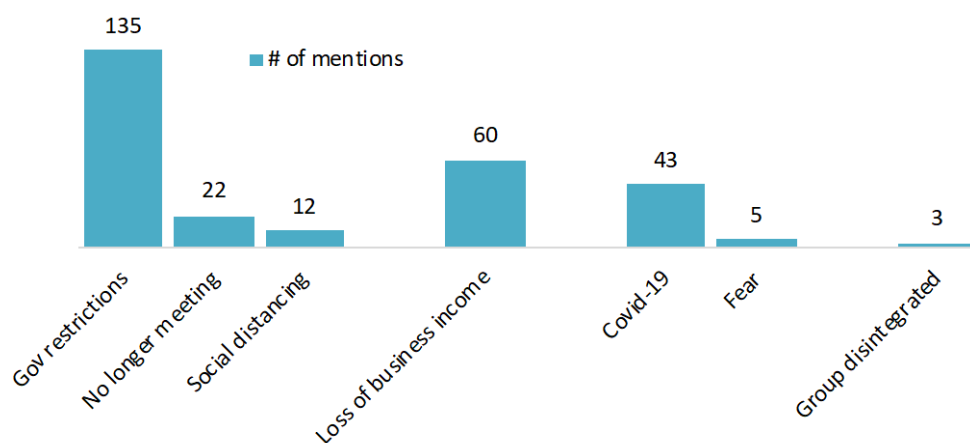
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2 Impact of Lockdown on Member Savings

2.1 Half of Members have stopped table banking

Just over half of sampled Members (52%) say they have stopped practising Table Banking / Merry-go-Round with their Group; 48% are still going. Those who have stopped mostly cited restrictions on meeting (56%) such as government orders, limits on gathering sizes, and social distancing; loss of income and the closure of their businesses (19%) meaning that they no longer have enough cash to participate; and fear of contracting COVID-19 (16%). It is unclear how those who are still practising Table Banking have gotten around these restrictions. This may be worth further investigation to see if lessons can be learnt and shared with other groups to help them restart. Have the groups who are still meeting found practical and affordable solutions to maintain social distancing and preventative hygiene? Are they less fearful than those who have stopped? Do the restrictions on movement and gathering vary regionally? Etc.

Figure 13: Reasons SHGs are no longer practising Table Banking / Merry Go Round



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2.2 Two in five Members have already run out of savings entirely

To gauge how much of a financial buffer Members have and how quickly it is dissipating, we asked about their savings levels just before the lockdown and at the time of data collection. Average

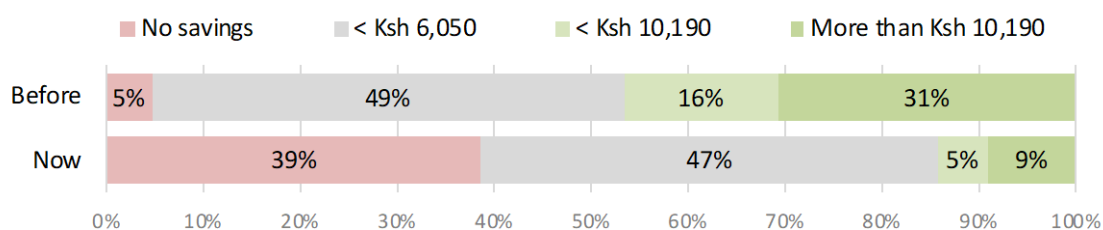
savings have fallen by 69%, from Ksh 12,459 before the lockdown to Ksh 3,909 during. Two in five (39%) members now have no savings at all, up from one in twenty (5%) before the lockdown. The table below shows the distribution and average figures before and since lockdown.

Figure 14: Distribution of savings - before and after lockdown

	Savings before (Ksh)	Savings now (Ksh)
Minimum	-	-
1 st Quartile	2,500	-
Median	6,000	1,000
3 rd Quartile	15,000	4,000
Maximum	300,000	170,000
Average	12,459	3,909

Using the World Bank poverty lines (see above) as a guide, a months' living expenses equates to between Ksh 6,050 (\$1.90 line) - Ksh 10,190 (\$3.20 line). By this calculation, 47% of sampled Members had more than a month's living expenses (@\$1.90) saved before the lockdown. Now, just 14% do.

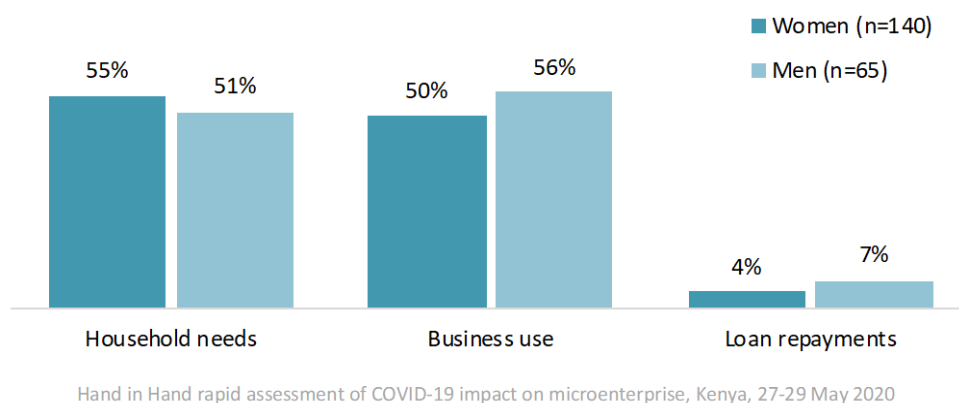
Figure 15: Change in Member savings levels



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During a light-touch, phone-based data collection activity, the Enterprise Incubation Fund team asked Members what they had been spending their savings on. The uses mentioned all fell into three broad categories: household needs (including food subsistence and other needs), supporting their businesses, and meeting their financial commitments to repay loans. Roughly half of the sampled Members are using their savings for household uses (54%) and business uses (52%); 5% are eating into savings to repay loans. Usage varies slightly by gender, with women slightly more likely to use their savings for HH needs and men slightly more likely to use their savings for business needs.

Figure 16: Use of savings, by gender



2.3 Members with no cash left need subsistence support urgently

As well as the fall in Members' savings in terms of Shilling value, we sought to understand the rate of the fall and what this would mean for Members' ability to support themselves over the coming weeks, possibly months, with severely limited income. As mentioned above, just 14% of Members still had more than a month's subsistence costs left in savings, based on the World Bank IPL of \$1.90 per day, at the time of data collection. Forty-seven percent had up to one month's subsistence costs left. Thirty-nine percent already had no savings left at all. The situation is already demonstrably severe, as some of the Members sampled shared that they are going to bed hungry and many asked outright for food donations. Members were not asked whether they had enough to eat for ethical reasons;⁵ the fact that they put aside pride and volunteered this information speaks for itself.

3 Challenges, Adaptations, and Non-Financial Needs

3.1 Businesses need access to markets, stock, affordable inputs

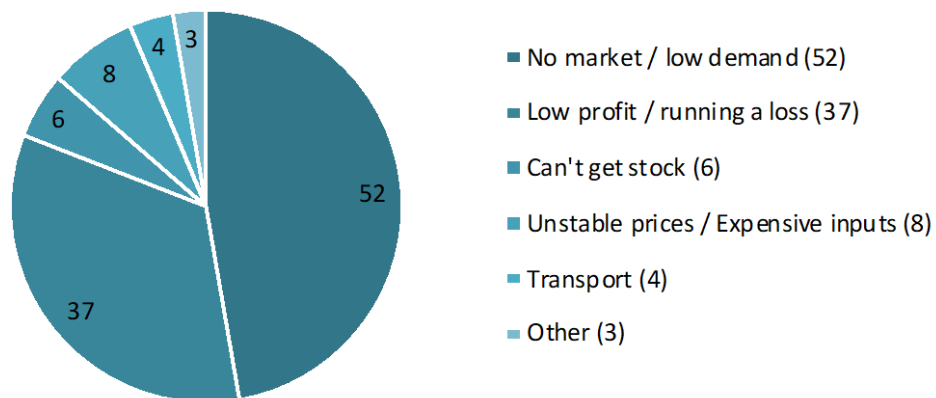
The business challenges in lockdown most frequently mentioned by Members⁶ are low business income; lack of customers due to market closures; and low demand (in descending order). Several Members also mentioned difficulty getting stock; the rising prices of farm inputs; and lack of affordable transport. It may be worth holding a workshop to discuss these key challenges, ideas for workarounds, and successful adaptations made by other Members, in order to determine how we can further support Members with business advice and strategic insights.

⁵ We cannot offer any immediate humanitarian relief to Members and therefore felt we could not justify asking potentially painful, dehumanising questions about food security

⁶ Based on spontaneous mentions, rather than a choice of options

Figure 17: Key business challenges during lockdown (# spontaneous mentions)

Key business challenges during lockdown (# of mentions)

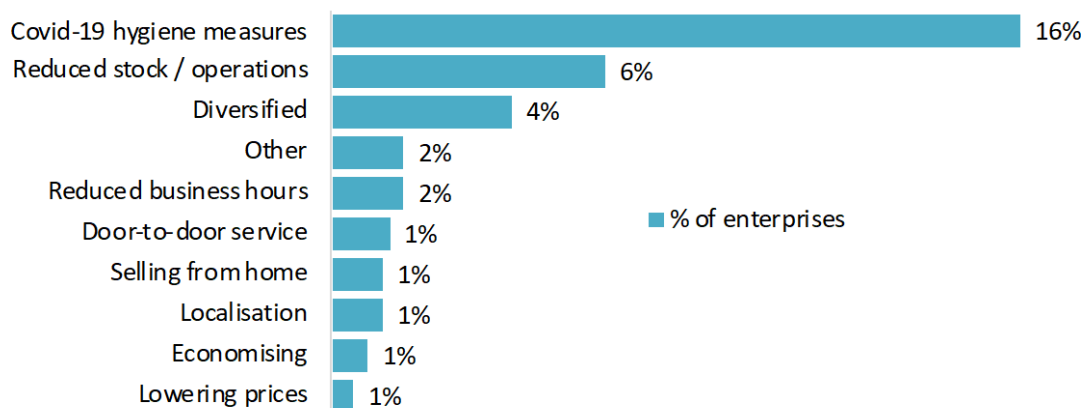


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3.2 Fewer than one in ten enterprises have been strategically adapted for the COVID-19 context

To understand how Members have been responding to the business challenges posed by the COVID-19 lockdown context, we asked whether they had made any changes to any business that were still open. Members told us they had made adaptations to 209 out of the 594 surviving enterprises (35%). These adaptations mostly relate to COVID-19 hygiene measures (16%) and reductions in stock and/or operations (6%). Less than 10% relate to strategic adaptations – 4% diversification and 5% other strategic adaptations, such as localisation of sourcing and marketing, finding ways to economise, and lowering prices to entice customers. Eight Members have started making door-to-door sales or delivering in response to the lack of a normal marketplace. One woman in Kasarani is working on getting her hand-made goods onto an e-commerce platform. Most of the diversification relates to a pivot toward food sales. That such a small proportion of enterprises have been strategically adapted so far is encouraging: it suggests there is indeed scope for improvement from a business perspective. As mentioned above, a workshop could be held to identify practical and successful strategic adaptations for dissemination to Members.

Figure 18: Enterprise adaptations



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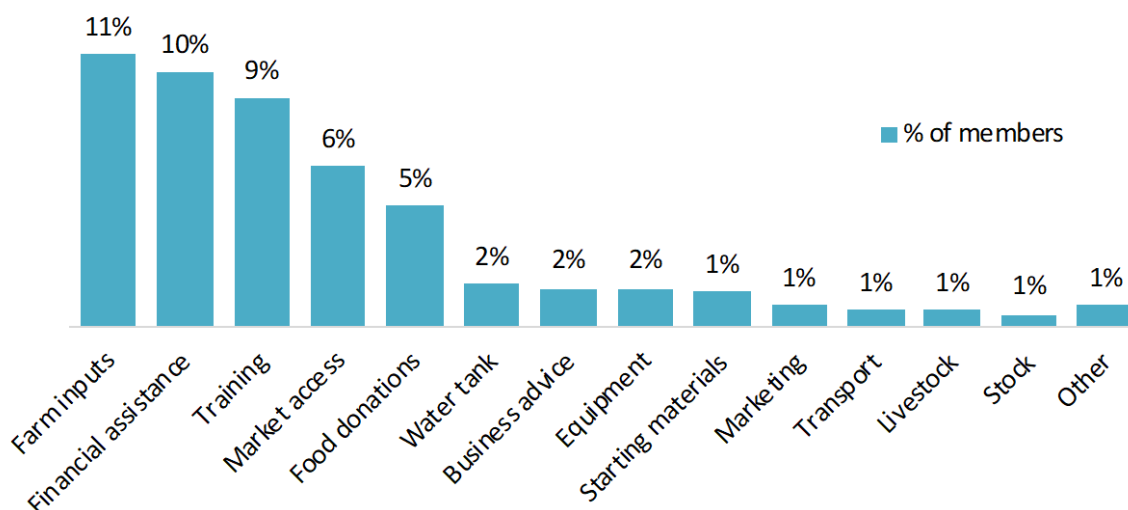
3.3 Members need soap, face masks, access to water to resume business activities

Perhaps unsurprisingly, 84% of sampled Members say they need Personal Protective Equipment (PPE) for COVID-19 prevention in order to continue or resume their enterprise activities. The PPE they mentioned included the key items that people are turning to the world over: soap, detergents, hand sanitiser, face masks, and gloves. Crucially, they also mentioned the need for access to water, for example using jerricans, in order to be able to wash their hands. A nine-year old boy in Kenya was recently awarded a prize for coming up with an incredibly simple, elegant solution to the problem, when he built a hand-washing station out of plastic containers and pieces of wood which allows the user to access liquid soap and water hands-free, via foot pedals.⁷ In a similar spirit, another NGO operating in Kenya has been distributing DIY instructions to build “tippy taps”.⁸ Inspiration could be sought from these examples for ways to help our Members access water and safe handwashing facilities. With regard to soap, sanitisers, and face masks, we might seek ways to connect those Members who need these products with our own Members within the same locales who are producing them.

3.4 Members need farm inputs, training, market access, food donations

We asked Members whether they needed any support aside from financing and COVID-19 PPE. The needs they mentioned most frequently were farm inputs, training, market access, and food donations. That they asked for food donations highlights the severity of the situation for some of our Members, who are without savings or income. Although we specifically excluded financial assistance in this question, as we already had data on the kind of capital that would be required for enterprises to restart, 59 Members told us that they needed financial assistance. Some specified that this was the only kind of assistance they needed. One Member specified that they need grants, not loans. Another specified that they need loans with zero collateral. Other requests included: a way to preserve produce, which is rotting due to slow sales; loan holidays; starting materials for detergent making; and help to understand insurance.

Figure 19: Support needed, excluding financial and PPE



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⁷ <https://www.bbc.co.uk/news/world-africa-52898797>

⁸ <https://oneacrefund.org/blog/seed-soap-delivering-health-response-covid-19/>

In terms of farm inputs, the needs mentioned most frequently by Members were seeds, fertilizer, and pesticide (22 mentions); animal feed (17 mentions), and subsidies (5 mentions). Members also mentioned farming tools (2) and irrigation equipment (2). Fifteen of those who said they needed farm inputs did not specify any further.

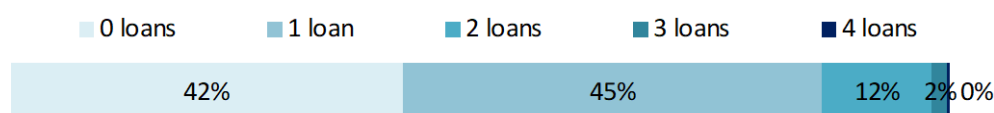
The training needs mentioned most frequently by Members were COVID-19 awareness training (10 mentions), training on business diversification and survival in lockdown (9 mentions), and how to make low-cost animal feed (4 mentions). Members also mentioned training on marketing; how to restart after lockdown; making sanitizers and soaps; and organic farming.

4 Indebtedness and Financial Needs

4.1 Three in five Members are already in debt

To understand Members' current level of debt, we asked them how many loans they were currently paying off. Forty-two percent of the sampled Members are currently not repaying any loans; 58% are currently repaying at least one loan. Of those, 45% are repaying just one loan; 12% are repaying two loans; and 2% are repaying three loans. Two Members said they are currently paying off four loans.

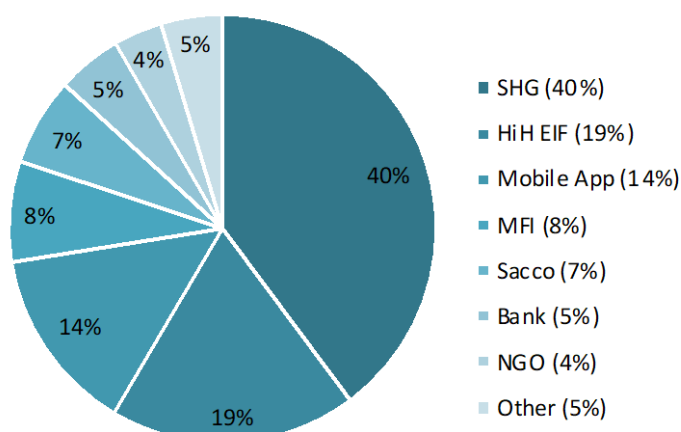
Figure 20: No. of loans Members are currently repaying



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Most of the loans are provided by the SHGs (40%), Hand in Hand's EIF (19%), and mobile app-based providers (14%). Other providers include microfinance institutions (MFIs), savings and loan cooperatives (saccos), ordinary banks, and other NGOs such as One Acre Fund, and Mazingira.

Figure 21: Source of Members' loans (n=407)



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The average loan amount pending is Ksh 16,655. This equates to two months' average income in normal conditions (Ksh 9,829), or five months' average lockdown income (Ksh 3,233). As a proportion of average annual income, this average debt burden would equate to around 13% in

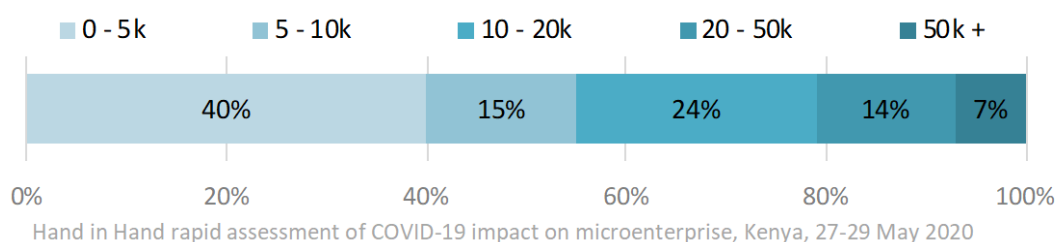
normal conditions. Based on reduced incomes in the wake of COVID-19, it is around 23% of average annual Member income.

Table 4: Distribution of Member debt

Distribution	Loan debt (Ksh)
Minimum	300
1 st Quartile	3,000
Median	10,000
3 rd Quartile	20,000
Maximum	400,000
Average	16,655

Looking at the debt as a series of brackets, we can see that most (40%) of those who are currently in debt (n=338) owe less than Ksh 5,000, and 79% of all those currently in debt owe less than Ksh 20,000. Nevertheless, 74% said they are having difficulty repaying.

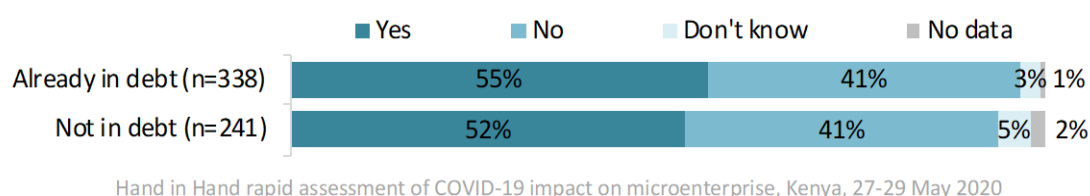
Figure 22: Current Member debt, by bracket



4.2 Half of members plan to take further loans; others are afraid they can't repay

54% of sampled Members say they plan to take out a loan / a further loan to support or restart their business due to the lockdown. 41% do not want to take a loan / further loan for their business, and 3% are unsure. There was minimal variance on this question between those who are already in debt and those who are not, suggesting those already in debt are not averse to financial commitments despite the uncertain economic conditions.

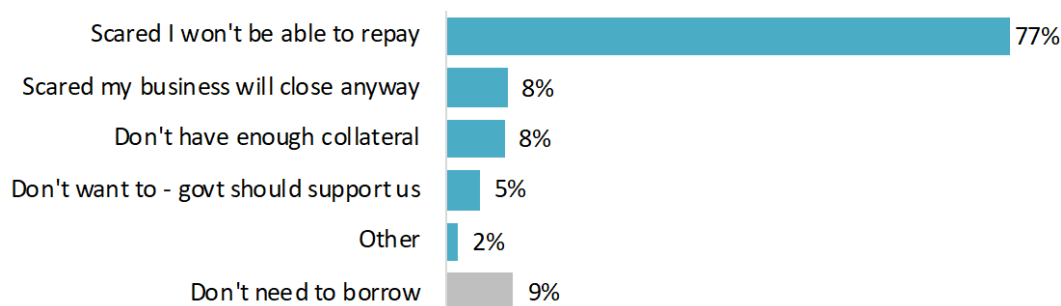
Figure 23: Do Members plan to take a loan to support their business through lockdown?



Of the 42% who do not want to borrow more to support their business out of lockdown, most (77%) are afraid they will not be able to repay the debt. Some are scared their business will not survive despite taking on more debt (8%), others do not have enough collateral (8%), and a handful feel that

the government should be providing support during this time so that people do not have to become further indebted (5%). Those who still have savings and/or whose businesses are still faring well enough do not need to borrow (9%).

Figure 24: Reasons Members do not want to take further loans



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4.3 Members keen to resume table banking and merry-go-round

89% of the sampled Members who have stopped table banking / merry-go-round activities because of COVID-19 (n=303) say they will restart as soon as the lockdown is lifted. They emphasised the value of table banking to them and their willingness to continue:

"It helps us to cater for our needs. We are never broke like now."

- Female Member, 34, Embu Branch

"Yes, we love our table banking and we can't wait to resume, it gave us so much money."

- Female Member, 50, Kasarani Branch

Five percent were unsure, and three percent said they would not restart right away. None mentioned any hesitance to guarantee each other. Rather, they said that things would take time to return to normal, and that they would not be able to resume table banking straight away as most of them would not be financially stable.

4.4 Members need on average Ksh 27,200 to restart

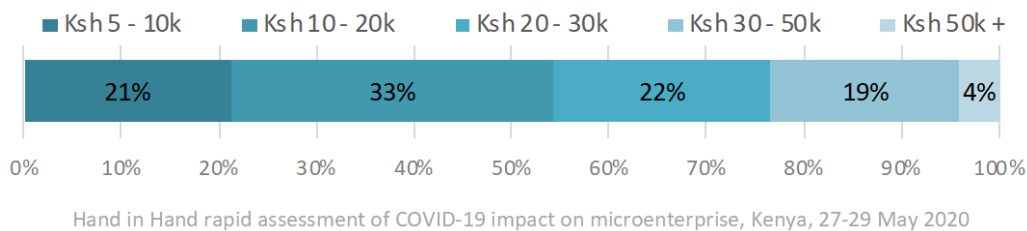
According to data collected from 197 Members by the EIF team, Members will need an average of Ksh 27,200 in restarting capital. The minimum amount quoted was Ksh 5,000 and the maximum was Ksh 100,000.

Table 5: Distribution of restart capital requirement

	Restart capital required (Ksh)
Min	5,000
Q1	15,000
Median	20,000
Q3	30,000
Max	100,000
Average	27,213

Looking at the capital requirements as a series of brackets, we can see that only one in five (21%) need under Ksh 10,000, so the restarting fund will need to have a higher borrowing limit than the regular EIF. Most Members (76%) would be catered for by a borrowing limit of Ksh 30,000.

Figure 25: Restart capital required, by bracket



4.5 Members need grants or zero-collateral loans

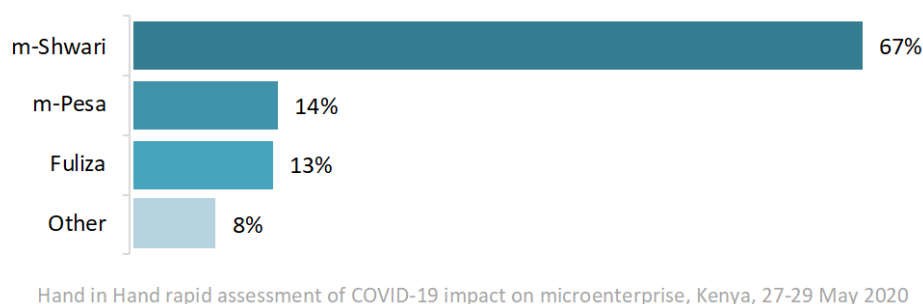
We asked Members whether they would prefer to take a loan with a reduced collateral requirement, or to borrow the collateral they need from a separate fund. Respondents struggled to understand the question in a telephonic survey context during the pilot, so we removed it from the data collection tool. It may be worth doing a focus group discussion to find out more about what financial products Members would prefer, so that the different options can be fully explained.

As mentioned earlier, there were direct requests for grants and loans with zero collateral. Members who have no savings and have had to close their enterprises have no means by which to amass a loan guarantee. Members have openly requested food donations, grants, and zero-collateral loans.

4.6 Most Members had positive experience with mobile lending apps

37% of sampled Members have used a mobile lending application before. The mostly frequently mentioned platform was M-Shwari, a savings and loans add-on feature of M-Pesa that is offered by Safaricom. 14% of the loans currently being repaid by sampled Members' were provided via mobile apps. 74% of those who have borrowed via a mobile app say they had a good experience. Just 6% say they had a bad experience.

Figure 26: Mobile lending platforms used previously by Members



5 Conclusions

What impact has the lockdown had on Members' business activities?

The lockdown has had a profound impact on the enterprise activities of Hand in Hand Members in Kenya, with one in four enterprises closed and an average business income fall of 67% at the time of data collection. 83% of sampled Members are now living below the \$1.90/day international poverty line and one in ten Members are currently not operating any enterprises at all, leaving them with no source of income.

That being said, 2% of Members – all of whom were women – started new enterprises during the lockdown. Although average income fell from Ksh 9,829 in the four-week period before lockdown to Ksh 3,233 after, some Members' incomes increased in the lockdown period as they diversified or adapted by pivoting to in-demand products, such as groceries, soap, and face masks.

A high degree of variance in the level of enterprise closures was observed between branches, although the reason for this is not immediately apparent as the divide did not fall along urban/rural lines and some adjacent branches had very different closure levels from each other. It could be that infrastructure and interconnectedness have had an effect on closure rates, as many Members mentioned they had struggled with transport and getting supplies. Understanding the dynamics at play here may hold the key to providing targeted support to those who need it most right now, and may also prove valuable for programme design decisions in future.

What impact has the lockdown had on Members' savings levels?

Half the sampled Members have stopped practising Table Banking or Merry-Go-Round because of the COVID-19 restrictions. Average savings have fallen by 69%, from Ksh 12,459 before the lockdown to Ksh 3,909. Two in five (39%) members now have no savings at all. Roughly half of the sampled Members are using their savings for household uses (54%) and business uses (52%); 5% are eating into savings to repay loans.

Members shared that they are going to bed hungry and asked outright for food donations. Despite our motto of "Help to self-help", in this crisis context people will need cash transfers and / or food donations that do not add to their existing burden of debt. Given that we have more advanced financial infrastructure and capacity than logistical, the best format for subsistence support might be simple cash transfers rather than in-kind food donations.

How have Members adapted their businesses and what non-financial assistance do they need?

Less than 10% of the changes Members have made to their business activities since lockdown relate to strategic adaptations. Most of the changes relate to the introduction of COVID-19 hygiene measures. This is, in a sense, positive news: it suggests there is plenty of room for improvement, for other Members to pivot and adapt according to the examples of the women mentioned earlier.

Members need access to water, for example via jerricans, in order to be able to wash their hands. As the examples from [Stephen Wamukota](#) and the One Acre Foundation have shown, simple solutions exist. Providing training for Members on building low-cost, hands-free handwashing stations could kill two birds with one stone, helping them prevent the spread of COVID-19 and as a potential business opportunity.

Farm inputs, training, market access, and food donations are the other key needs of our Members at the moment. As the cost of farm inputs has risen, Members need affordable access to accredited seeds, quality fertilizer and pesticides, and animal feed. In terms of training, they want to know more about COVID-19 and its prevention; about business survival in lockdown; and how to make their own nutritionally balanced low-cost animal feed. As with the handwashing stations, training on making low-cost animal feed could be a great way for Members to increase the profitability of their farm, or to start a new business activity that there is a current need and local market for.

How indebted are Members and what financial assistance do they need?

Three in five Members are already in debt, currently repaying at least one loan. The average loan amount pending is Ksh 16,655, which equates to two months' average income in normal conditions (Ksh 9,829), or five months' average lockdown income (Ksh 3,233). 74% are having difficulty repaying.

Nevertheless, Members are not averse to financial commitments despite their existing burden of debt and the uncertain economic conditions. Just over half wish to take out further loans to support their businesses through lockdown. They will need an average of Ksh 27,200 in restarting capital, so any restarting fund will need to have a higher borrowing limit than the regular EIF if it is to be fit for purpose. Most Members (76%) would be catered for by a borrowing limit of Ksh 30,000.

Members need loans with zero collateral. Members who have no savings and have had to close their enterprises have no means by which to amass a loan guarantee. Members have openly requested food donations, grants, and zero-collateral loans. Most of the Members who do not wish to take on loans to support their businesses through lockdown are afraid they will not be able to repay. Now is the time to give as much as we can, as freely as we can.