COVID-19 AND WOMEN-LED MSMEs IN SUB-SAHARAN AFRICA:

Examining the Impact, Responses, and Solutions

March 2021

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2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433
Internet: www.ifc.org

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CONTENTS

LIST OF FIGURES

LIST OF TABLES

ACRONYMS

B2W	Bank to Wallet
COVID-19	Coronavirus Disease 2019
CSR	Corporate Social Responsibility
DAI	Digital Adoption Index
DFI	Development Finance Institution
FI	Financial Institution
FSP	Financial Service Provider
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IFC	International Finance Corporation
IT	Information Technology
IMF	International Monetary Fund
KPI	Key Performance Indicator
KWFT	Kenya Women Microfinance Bank
MFI	Microfinance Institution
MSME	Micro Small and Medium Enterprises
M-MSME	Men-owned/led Micro, Small, and Medium Enterprise
NPL	Non-performing loan
W-MSME	Women-owned/led Micro, Small, and Medium Enterprise
NBFI	Non-bank financial institution
NIBSS	Nigeria Inter-Bank Settlement System Plc
PAR	Portfolio at risk
PPE	Personal Protective Equipment
SACCO	Savings and Credit Co-operative
SME	Small and Medium Enterprise
SSA	Sub-Saharan Africa
UAF	Urgent Action Fund
USD	United States Dollar
VSE	Very Small Enterprise
W2B	Wallet to Bank
ZAR	South African Rand

Note: All currency figures are in U.S. dollars unless otherwise indicated.

FOREWORD

In emerging economies, small businesses—especially those owned or led by women—are critical to growth, employment, and development. In Sub-Saharan Africa, small and medium enterprises account for up to 90 percent of all businesses. These businesses face financial and operational difficulties in good economic times, and the COVID-19 crisis has only amplified the challenges they must contend with on a daily basis. For example, access to finance, the lifeblood of any growing enterprise, was a serious challenge for many of these businesses before the global crisis. Today, new pandemic-related restrictions on financing pose even greater hurdles to the operations and financial sustainability of small businesses, and in many cases are a threat to their very existence.

The pandemic also has the potential to widen existing gender inequalities in economic opportunities across Africa, especially among small businesses. The constraints and barriers that women entrepreneurs face, including but not limited to access to finance, are being exacerbated by the COVID-19 crisis. Never before has support for small and micro enterprises—and in particular those owned or led by women—been more relevant than during this pandemic.

Our study, Impact of *COVID-19 and Women-led MSMEs in Sub-Saharan Africa*, focuses on understanding how the COVID-19 pandemic has affected micro, small, and medium enterprises, especially those led by women, through a survey of 13 African countries. We found that over a quarter of all of these businesses were unable to continue operating during the crisis, over half needed to adapt their business models to continue operations, and almost 90 percent faced revenue losses. Small businesses across all of the countries surveyed encountered similar economic consequences from the global crisis.

When gender is overlaid on the data collected, we see that women-led small businesses have experienced worse impacts than those led by men, largely due to their smaller size and higher concentration in heavily affected sectors. In particular, these women-led enterprises faced increased difficulties in securing new orders and inputs, and this was even more prevalent in the trade, hospitality, information technology, and construction sectors.

Bearing in mind that formal small businesses in emerging markets contribute up to 40 percent of national income, and that most formal jobs are generated by small businesses, it remains critical for both private and public sector partners to make greater efforts than ever to support these enterprises.

IFC is a member of the World Bank Group and shares its mission to end extreme global poverty and boost shared prosperity. Through its Financial Institutions Group, IFC works with about 800 financial institutions with products that include investment and advisory support for microfinance, insurance, loans to small and medium enterprises and women-owned businesses, and low- and medium-income mortgages. As part of the World Bank Group COVID-19 response, IFC has provided $8 billion in fast-track financing to existing clients and has offered a number of advisory service interventions to improve the financial sector's capacity to serve small enterprises in emerging and developing economies.

To ensure that IFC's support reached women-owned and women-led businesses, especially in low-income countries, IFC deployed blended finance alongside its Working Capital Solutions COVID-19 Facility. The blended finance is deployed to share risk on working capital financing in low-income IDA countries and incentivize financial institutions to devote part of the proceeds to provide working capital loans to women entrepreneurs.

Under its *Banking on Women* business, IFC has invested, mobilized investment, and provided advisory expertise to 104 financial institutions in 56 countries since 2012. As of the end of 2020, *Banking on Women* had a cumulative committed investment portfolio of $2.8 billion, 100 percent of which is dedicated to financing women and women-led small businesses.

The study detailed in this report seeks to appraise the interventions that have been implemented by both the public and private sectors in Sub-Saharan Africa, and offers financial and non-financial solutions for financial institutions and development partners to consider, with the hope of further strengthening outcomes for micro and small enterprises, especially those led by women.

Manuel Reyes-Retana
Regional Industry Director, Middle East and Africa
IFC

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Dalberg is a global group of businesses working to build a more inclusive and sustainable world where all people everywhere can reach their fullest potential. Dalberg was established in 2001 with the mission of bringing the best of private sector strategy to address global development challenges. Dalberg combines rigorous analytical capabilities with deep knowledge and networks across emerging and frontier markets. Dalberg's clients span the public, private, and philanthropic sectors. They work collaboratively to address pressing global problems and generate positive social impact from programs, investments, and initiatives. For more information visit www.dalberg.com.

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EXECUTIVE SUMMARY

I. The vast majority of micro, small, and medium enterprises (MSMEs) across Sub-Saharan Africa (SSA) are suffering harsh economic impacts due to the COVID-19 pandemic. Women-owned/led MSMEs (W-MSMEs) have been especially hard hit due to their smaller size and concentration in heavily affected sectors.

Across Sub-Saharan Africa, MSMEs[1] face severe business impacts due to the pandemic and the corresponding public health interventions. Over a quarter of all MSMEs were unable to continue operating during the pandemic. Over half needed to adapt their business models to continue operations, and almost 90 percent faced revenue losses, with 40 percent suffering revenue losses greater than 50 percent. In line with the global nature of this crisis, MSMEs encountered these economic impacts across all surveyed countries.

On average, W-MSMEs have experienced worse impacts than men-owned/led MSMEs (M-MSMEs), largely due to their smaller size and higher concentration in heavily affected sectors. This study surveyed 2,207 MSMEs, 34 financial institutions (FIs), and 13 supporting organizations across 13 countries in Sub-Saharan Africa between September and October 2020. This research aimed to understand how COVID-19 has affected W-MSMEs compared to M-MSMEs. Overall, a similar proportion of W-MSMEs and M-MSMEs reported that they could not continue operations, but more W-MSMEs lost more than 50 percent of their revenue and faced pandemic-related cost increases.[2] Across all MSMEs, the hardest-hit sectors were hospitality, trade, education, manufacturing, and construction. W-MSMEs exhibit greater prevalence in three of these five sectors (trade, hospitality, and manufacturing). In addition, W-MSMEs tend to be smaller. Such businesses, on average, showed greater revenue loss and lower ability to capture uptick opportunities.

W-MSMEs also faced greater difficulty securing new orders and inputs. The challenges in securing new orders were particularly prevalent in the trade, hospitality, ICT, and construction sectors. W-MSMEs also struggled more, on average, than M-MSMEs to source and manage the costs of raw materials. Input cost increases exposed particularly pronounced gender gaps in sectors where suppliers were more likely to have stronger bargaining power, such as health, trade, and manufacturing.[3] It is possible that men's broader business networks enabled them to shift their supplier bases more rapidly than women could, thus comparably reducing the impacts they felt.

II. W-MSMEs entered the pandemic with lower rates of financial inclusion than M-MSMEs. The pandemic exacerbated these trends. Among the very small share of W-MSMEs and M-MSMEs that accessed financial support during the crisis, fewer were W-MSMEs.

As the pandemic forced financial institutions into more risk-averse lending positions, few MSMEs could meet the new eligibility requirements for support. W-MSMEs, and smaller businesses more broadly, entered the pandemic with lower financial inclusion rates, including lower uptake of insurance.[4] Even though many FIs offered support during the pandemic, such as debt restructuring, almost 90 percent of MSMEs reported that they had not yet received such assistance. FIs themselves suffered falling revenues and greater burdens from non-performing loans (NPLs). To curb risk, most instituted more cautious approaches to lending. This reduced access to credit for new customers and limited most debt restructuring to collateralized loans.[5] On aggregate, only a small share (~13 percent) of both M-MSMEs and W-MSMEs in the survey accessed pandemic-related financial support,[6] and gender gaps in access to support existed in sectors such as construction, hospitality, and health.[7]

[1] The enterprises in this report are split into four categories: micro, very small, small, and medium. The acronym MSME represents all of these.
[2] About 42 percent of W-MSMEs lost more than 50 percent of revenue, compared to 37 percent of M-MSMEs. About 79 percent of W-MSMEs faced increased operating costs, compared to 76 percent of M-MSMEs.
[3] In contrast, W-MSMEs did not face much greater challenges in sourcing than M-MSMEs in sectors such as agriculture and hospitality.
[4] 29 percent of all W-MSMEs surveyed had business insurance compared to 36 percent of M-MSMEs.
[5] MSMEs that received loan restructuring or new working capital were most concentrated in the manufacturing and construction sectors.
[6] Figure 10 provides additional details.
[7] Gender gaps in receiving some financial support were 14 percent vs 20 percent in construction, 12 percent vs 18 percent in hospitality, and 0 percent vs 14 percent in health for M-MSMEs vs W-MSMEs, respectively.

Business Impact

25%

Over **25%** of all MSMEs surveyed were unable to continue operating during the pandemic.

90%

Over half needed to adapt their business models to continue operations, and almost **90 percent** faced revenue losses, with 40 percent suffering revenue losses greater than 50 percent.

50%

Overall, a similar proportion of W-MSMEs and M-MSMEs reported that they could not continue operations, but a larger proportion of W-MSMEs lost more than **50 percent** of their revenue and faced pandemic related cost increases.

W-MSMEs also faced **greater difficulty securing new orders and inputs**, which was particularly prevalent in the trade, hospitality, ICT, and construction sectors.

Access to Financial Services

90%

Even though many FIs offered support during the pandemic, such as debt restructuring, almost **90 percent** of MSMEs reported that they had not yet received such assistance.

On aggregate, only a small share (~13 percent) of both M-MSMEs and W-MSMEs in the survey accessed pandemic-related **financial support** and gender gaps in access to support existed in sectors such as construction, hospitality, and health.

Need for Financial Services at Post Pandemic Recovery stage

Close to 90 percent of MSMEs expressed a need for **support over the next six to 18 months** as they prepare for a post-pandemic recovery.

Lacking other forms of financial access, MSMEs commonly dipped into personal cash reserves, **sought support from friends and family**, or adjusted business operations in response to the pandemic.

Business development support, including for customer base expansion and new product development, is a top future investment priority for MSMEs of all sizes. Interestingly, W-MSMEs are willing to make this investment at an even greater rate than M-MSMEs.

Gender Dis-aggregated Data Collection

60%

Currently, about **60 percent** of FIs interviewed collect gender-disaggregated data, but only around 10 percent use the data to provide differentiate products.

Many interviewed FIs suggested that W-MSMEs prefer to access loans from informal sources than M-MSMEs. However, the survey shows that an **equal share of surveyed W-MSMEs and M-MSMEs (52 percent)** listed formal FIs as their preferred source for loans.

Digital Tools and Services

W-MSMEs are just as **interested in digital tools and digital training** as M-MSMEs.

25%

To adapt, many firms accelerated digitization efforts during the pandemic. Approximately **25% of MSMEs** expanded their use of digital tools during the pandemic.

Despite a range of programs introduced by governments and development partners, there were substantial gaps between the support available and the needs and program awareness of MSMEs. Most MSMEs (52 percent) did not seek assistance, and a considerable portion (38 percent) did not know assistance was available. Government programs reached only about one-fourth of the surveyed MSMEs, primarily in the form of information provision related to the pandemic. A small share of W-MSMEs and M-MSMEs received fiscal support, such as disaster relief (4 percent) and tax subsidies (7 percent), but these were mainly located in South Africa and Rwanda.[8] Some industry associations also provided access to information and markets, but their efforts reached less than 10 percent of W-MSMEs and M-MSMEs.[9]

Lacking other forms of financial access, MSMEs commonly dipped into personal cash reserves, sought support from friends and family, or adjusted business operations in response to the pandemic. As operational costs rose, W-MSMEs across all business sizes were more likely to increase selling prices and cut non-essential costs than M-MSMEs. However, W-MSMEs, on average, cut permanent staff costs less often than M-MSMEs.

III. Despite challenges posed by the pandemic, both W-MSMEs and M-MSMEs still plan to maintain or expand their businesses. In line with this goal, close to 90 percent of MSMEs expressed the need for support, particularly for growth capital and expansion assistance, during the recovery.

Both W-MSMEs and M-MSMEs are seeking long-term finance to support growth in the next six to 18 months. Respondents most often reported long-term finance (62 percent) as their biggest financial need, followed by loan restructuring (43 percent), and working capital loans (34 percent).[10] Around 80 percent of both W-MSMEs and M-MSMEs expressed a need for investment and/or capital injection. Close to 90 percent of MSMEs expressed a need for support over the next six to 18 months as they prepare for a post-pandemic recovery. The majority prefer to access such loans and services through formal financial institutions.

In addition to finance, MSMEs expressed a desire for business development support and training in financial management and digital tools. Business development support, including for customer base expansion and new product development, is a top future investment priority for MSMEs of all sizes. Interestingly, W-MSMEs are willing to make this investment at an even greater rate than M-MSMEs. It is important to note that training needs vary not by gender but by business size. For example, financial management training is in greater demand among micro and very small businesses, while small and medium businesses are more likely to seek help to overcome challenging scenarios, and larger business express a slightly higher appetite for training in digital marketing, e-commerce, and online financial services. Businesses of all sizes showed similarly strong desires for marketing and market access training.

IV. Today, few FIs offer products or support services designed to fully include women entrepreneurs, and only a minority of financial institutions collect gender-disaggregated data to inform business decisions. Prevailing assumptions about the needs of W-MSMEs—especially that they are less interested in accessing digital products and services—are misguided.

Currently, about 60 percent of FIs interviewed collect gender-disaggregated data, but only around 10 percent use the data to provide differentiated products. This lack of data may explain common misconceptions about W-MSMEs' needs and preferences. Many interviewed FIs suggested that W-MSMEs prefer to access loans from informal sources and are less interested in shifting to digital products and services than M-MSMEs. Contrary to these perceptions, an equal share of surveyed W-MSMEs and M-MSMEs (52 percent) listed formal FIs as their preferred source for loans, and W-MSMEs and M-MSMEs appear to have similar training needs, when controlling for business size. The survey also showed that W-MSMEs are just as interested in digital tools and digital training as M-MSMEs. Furthermore, roughly the same proportion of W-MSMEs and M-MSMEs use online tools for their businesses, including online marketing, online payment systems, digital products, and e-commerce. In fact, a slightly greater share of W-MSMEs (25 percent) than M-MSMEs (23 percent) reported having used additional digital tools during the pandemic. The failure of FI programs to reach W-MSMEs therefore does not likely stem from a lack

8 In South Africa and Rwanda, 24 percent and 22 percent of MSMEs, respectively, reported receiving fiscal support from a government program.

9 The reach of industry association support did not differ materially between W-MSME and M-MSME members. But lower W-MSME participation in associations might have excluded them more from information or opportunities.

10 Percentages of respondents who indicated they needed support.

of interest or willingness on the part of the W-MSMEs. Increased use and collection of gender-disaggregated data could help shed a light on the true challeges and barriers that W-MSMEs face in accessing both financial and non-financial support.

The pandemic has accelerated digital penetration and highlighted the increasing demand for digital finance products. Such products represent a strong area of potential support for W-MSMEs. The ICT sector is one of the few that saw business improve during the pandemic. Among FIs, FinTech and mobile money companies saw their businesses grow while more traditional institutions such as banks, savings, and credit cooperatives (SACCOs) and microfinance institutions (MFIs) experienced downturns. To adapt, many firms accelerated digitization efforts during the pandemic. This aligned well with MSMEs' increasing use of digital tools and finance. Approximately a quarter of MSMEs expanded their use of digital tools during the pandemic. Digital financial services for MSMEs have grown significantly in recent years, and experiences during the pandemic confirm their strong, ongoing potential.

V. In order to fully address the financial and non-financial needs of W-MSMEs, a greater focus can be placed on tailored credit and other financial service offerings, training programs, digitization efforts, and improvements in the dissemination of available support.

Various development partners and DFIs have extended MSME-focused interventions to support their recovery. Across regions, DFIs are beginning to support non-traditional FIs to reach MSMEs better. IFC's new Base of the Pyramid facility will provide up to $400 million to MFIs and NBFIs to deliver funding to MSMEs.[11] Also, IFC's $2 billion COVID-19 response Working Capital Solutions Facility has been supporting FIs to on-lend to small businesses in agribusiness, pharmaceuticals, and healthcare in countries like Uganda and Egypt.[12] DFIs and other investors have also increased support aimed at helping portfolio companies and clients digitize their businesses. The Africa Enterprise Challenge Fund (AECF) has provided knowledge and support to help portfolio companies in the agriculture and energy sectors adopt digital solutions.

Several development partners and DFIs have also strongly encouraged gender-focused economic recovery packages. As a part of its *Banking on Women* response to the COVID-19 pandemic, IFC has offered up to $2.4 million as incentives to financial institutions that agree to earmark a portion of loan proceeds from the Working Capital Solutions Facility to lend to women customers and women-led businesses, an effort supported by the Women Entrepreneurs Opportunity Facility, the Women Entrepreneurs Finance Initiative, and the Global SME Finance Facility.[13] FinDev Canada, the Agence Française de Développment (AFD), and Proparco have announced a capacity-building initiative for women entrepreneurs to develop effective business strategies and investment readiness.[14]

To address financial needs, development partners can work with traditional FIs to strengthen credit and other financial service offerings to W-MSMEs. They can also partner with alternative players poised to reach W-MSMEs immediately, such as FinTechs and non-bank financial institutions (NBFIs). The support to FI efforts to collect and use gender-disaggregated data can go a long way toward alerting the industry to the importance of its W-MSME customer segment. MyBank, a member company of IFC's Digital2Equal Initiative, is an example of an organization that uses gender-disaggregated data and digital credit scoring to better support W-MSMEs through targeted products and services.[15]

In terms of non-financial support, development partners can collaborate with FIs to offer training programs, coaching, legal support, and advance digitization, in order to improve the dissemination of support to W-MSMEs. As FIs develop training and other types of non-financial service programs, they can pay attention to the content type sought by businesses of different sizes. Once they have designed programs appropriate to their clients' scale, they can ensure greater participation by setting training timeframes that accommodate women's household responsibilities. The support in digitizing enterprises' operations or financial management can provide efficiencies in accessing credit in the future. Development partners and FIs can also communicate more extensively the availability of such support to W-MSMEs. Research by IFC *Banking on Women* found that integrating non-financial service offerings for W-MSMEs yields positive returns on investment for banks through increased interest income, a greater share of wallets, loyalty, and reduced risk. [16]

11 "IFC initiative to Help Financial Institutions Support Small Businesses Disrupted by the Pandemic", IFC, February 2021.
12 "Global response, regional impact in the Fight Against COVID-19", IFC.
13 "IFC Offers Incentives for Lending to Small and Medium Enterprises and Women-led Businesses", IFC, June 2020.
14 "French and Canadian development finance institutions launch capacity building project for women entrepreneurs to help respond to the COVID-19 pandemic", FinDev Canada, January 2021.
15 "MyBank's gender-driven approach to lending", IFC, August 2020.
16 "Non-Financial Services: The Key to Unlocking the Growth Potential of Women-led Small and Medium Enterprises for Banks", IFC and FMO.

RESEARCH APPROACH

This study aims to develop a deeper qualitative and quantitative understanding of the business and personal impacts of the pandemic on W-MSMEs, as well as on the FIs and other organizations that support and serve them. Specifically, the study considers the preparedness of these businesses and organizations prior to the crisis and analyzes their ongoing response and lessons learned during the crisis to establish, through a rigorous evidence base, a set of feasible solutions best suited to help W-MSMEs cope with current conditions and thrive going forward. The study will assist development partners in their efforts to share best practices in strategic dialogue with partners and enhance their understanding of and responses to the situation.

The study covered 13 countries across three regions in SSA and sourced insights from MSME surveys, secondary research, and phone interviews with FIs, supporting organizations, and entrepreneurs. The MSMEs surveyed represented a range of different sizes, formality status, and sectors. It selected for a higher representation of W-MSMEs (70 percent) than M-MSMEs (30 percent). The 2,207 MSME surveys completed include 983 from East and Central Africa, 720 from West Africa, and 504 from Southern Africa. The FI outreach connected with a mix of 34 FIs, prioritizing major FIs in each country and focusing on those that service W-MSMEs. Researchers also asked several FIs to complete online surveys and received responses from 22 of them. Additionally, the team drew insight from one-on-one phone interviews with 13 supporting organizations identified as sector agnostic, sector-focused, or W-MSME-focused.

KEY FINDINGS

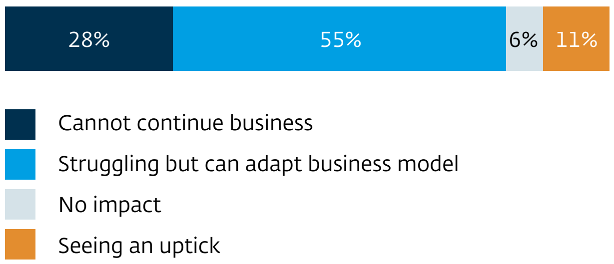
1. Overview of the impact of COVID-19 on women-owned/led MSMEs

The vast majority of micro, small, and medium enterprises across Sub-Saharan Africa are suffering harsh economic impacts due to the COVID-19 pandemic. Women-owned/led MSMEs have been especially hard hit due to their smaller size and concentration in heavily affected sectors.

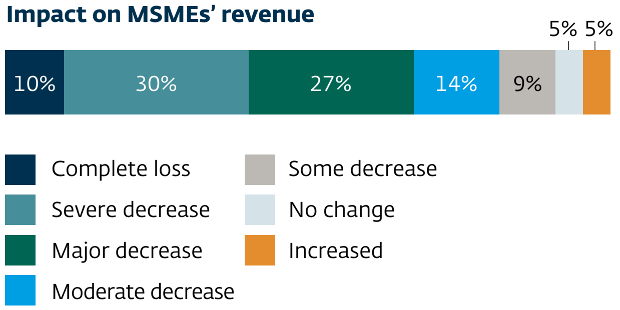
Across all surveyed countries in sub-Saharan Africa, MSMEs[17] encountered severe business impacts due to the pandemic and the corresponding public health interventions. Over a quarter of the businesses could not continue their operations as currently modeled—with a higher proportion in Southern and West Africa (36 percent) and a lower proportion in East Africa (28 percent). Over half needed to adapt their businesses to continue operations, and around 90 percent faced revenue losses, with 40 percent suffering revenue losses of more than 50 percent.

Figure 1: Impact on MSMEs[18]

Overall impact on MSMEs

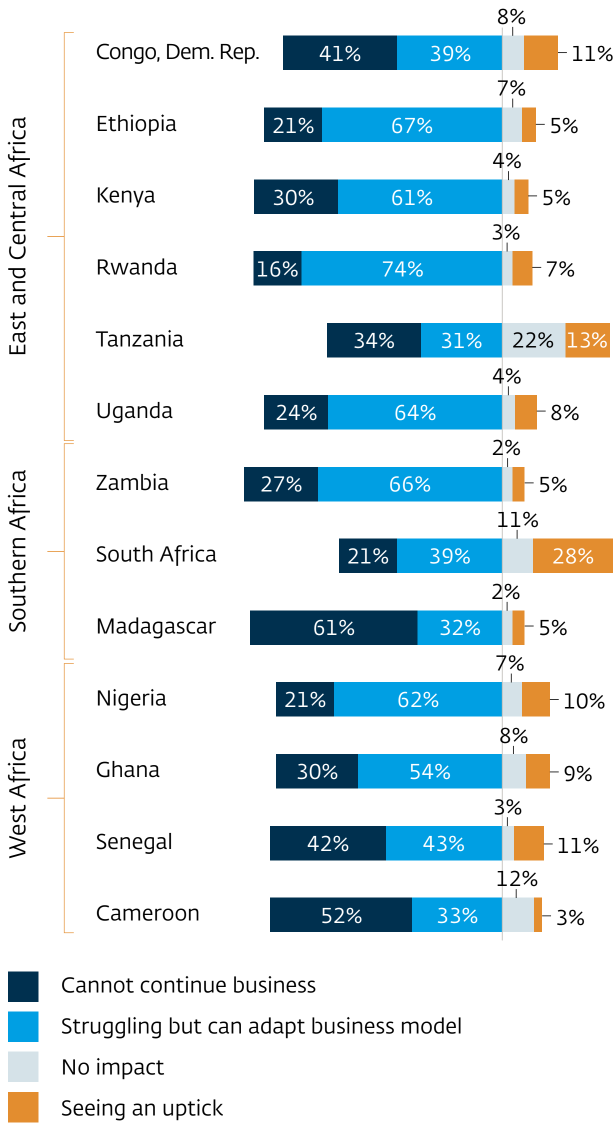


Impact on MSMEs' revenue



Highlighting the global nature of this crisis, the pandemic has negatively impacted MSMEs in every country. Even in Tanzania, where few cases were reported and the country avoided lockdown measures, nearly a third of MSMEs indicated that they could not continue operating or were struggling to adapt. Businesses suffered from global demand shocks such as dramatic reductions in the number of international tourists, and global supply shocks such as disrupted access to imported agricultural inputs.

Figure 2: Impact on MSMEs, by country



[17] The enterprises were split into four categories: micro, very small, small, and medium. We have used the acronym MSME to represent all of these.

[18] The overall impact question (Cannot continue business; Struggling but can adapt business model; No impact; Seeing an uptick) allowed multiple responses. However, most respondents chose only one response. The analysis scales the responses to 100 percent for ease of interpretation. Revenue guidance: Complete loss of revenue is more than 90 percent, severe loss is between 50 percent and 90 percent, major loss is between 25 percent and 50 percent, moderate loss is between 10 percent and 25 percent, some decrease is less than 10 percent.

Some economies have fared particularly badly due in large part to their pandemic responses, caseloads, and exposure to international trade. More restrictive lockdown measures and higher caseloads challenged business operations, supply chains, and demand. In such cases, MSMEs faced reduced labor supply, greater movement restrictions, and increased costs to maintain preventive health measures.[19] In addition, countries with greater exposure to global economic forces—as indicated by their imports and exports as a share of GDP—were more adversely impacted. Table 1 below shows how these factors could have contributed to country-level impact.[20]

Table 1: The impact of COVID-19 on the 13 countries[21]

Region	Country	Lockdown measures	Health impact	International trade[22]		Economic impact[23]	
		COVID-19 Government Response Stringency Index[24] *(0 to 100, where 100 is strictest)*	COVID-19 cumulative caseload (total confirmed cases per million)[25]	Imports % GDP - 2018	Exports % GDP - 2018	GDP 2019 growth	GDP 2020 growth outlook
East and Central Africa	Congo, Dem. Rep.	78.4	11,305 (127)	38%	34%	-0.6%	-2.2%
	Ethiopia	79.9	96,169 (840)	23%	8%	9.0%	1.9%
	Kenya	86.6	55,192 (1,039)	23%	13%	5.4%	1.0%
	Rwanda	72.7	5,137 (397)	30%	19%	9.4%	2.0%
	Tanzania	38.1	509 (9)	17%*	15%*	7.0%	1.9%
	Uganda	86.5	12,495 (279)	22%	15%	6.7%	-0.3%
Southern Africa	Madagascar	73.4	17,111 (618)	34%	29%	4.8%	-3.2%
	South Africa	82.3	725,452 (12,255)	30%	30%	0.2%	-8.0%
	Zambia	50.0	16,432 (896)	36%	37%	1.4%	-4.8%
West Africa	Cameroon	63.2	21,793 (821)	24%	19%	3.9%	-2.8%
	Ghana	61.4	48,055 (1,549)	36%	35%	6.5%	0.9%
	Nigeria	77.8	62,853 (305)	18%	15%	2.2%	-4.3%
	Senegal	63.3	15,616 (933)	38%	23%	5.3%	-0.7%

* As of 2017

Low High

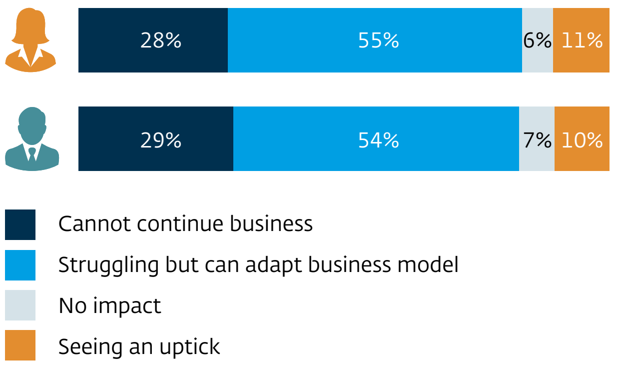
Despite similarities in overall reported impact, on average, W-MSMEs experienced modestly greater financial hardship as a result of the pandemic than their male counterparts. Movement restrictions and lockdown policies severely impacted demand for products and services across economies. Existing orders were cancelled, fewer new orders were placed, and customers demanded reduced prices. Amid this backdrop, slightly more M-MSMEs than W-MSMEs reported that they either could not continue business operations or were struggling due to the pandemic. However, specific questions on revenue and cost reveal that women-owned businesses actually faced somewhat greater challenges, with 42 percent of W-MSMEs reporting a "complete loss" or "severe decrease" in revenue versus 37 percent of M-MSMEs. Additionally, W-MSMEs were more likely than M-MSMEs to report at least one operational cost increase due to the pandemic.

[19] "Impact of COVID-19 on micro, small, and medium businesses in Uganda," Brookings, May 2020.
[20] The pandemic's impact on large enterprises and the government will also have an impact on GDP. Their contribution is dependent on the industry structure in each country.
[21] The table provides the context analysis and does not represent econometric analysis.
[22] World Bank.
[23] IMF.
[24] April–July, 2020 average, Coronavirus Government Response Tracker, University of Oxford.
[25] As of 2 Nov 2020, World Health Organization.

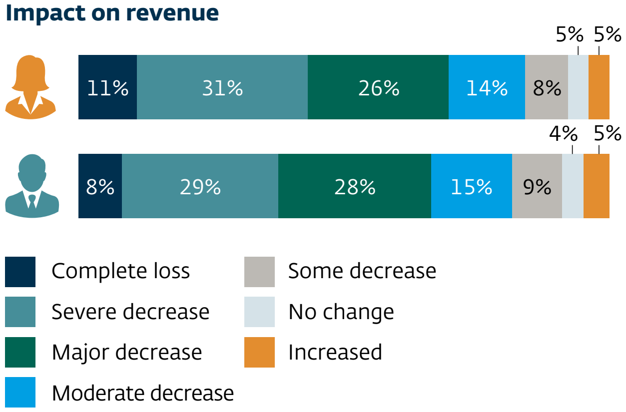
Figure 3: Impact on MSMEs, by gender

Overall impact on MSMEs

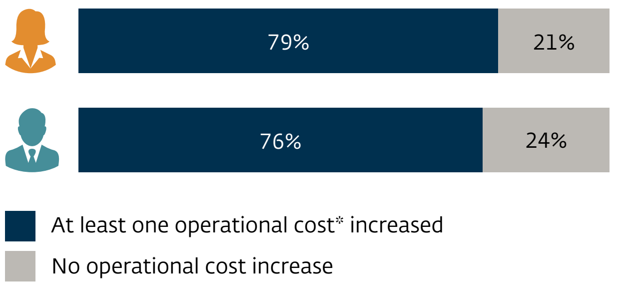
Multiple choice question more than one answer



Impact on revenue



Impact on operating cost



** Operational cost items include production / processing, inputs, staffing, logistics*

When considering size and sector, it becomes apparent that women-owned businesses, which tend to be smaller and are more concentrated in harder hit sectors, fared worse than their male-owned counterparts. As indicated in the figure overleaf, W-MSMEs are overrepresented in certain sectors, as per the dataset. Hospitality (62 percent are W-MSMEs), trade (53 percent are W-MSMEs), and manufacturing (53 percent are W-MSMEs) are three of the five hardest-hit sectors, with overrepresentation of W-MSMEs in the dataset.[26] A higher percentage of respondents in these sectors reported that they could not continue operating their businesses or that their businesses were struggling. Businesses in the hospitality sector suffered from the closures of many cultural sites, arts centers, hotels, restaurants, and theatres due to mobility restrictions and travel bans.[27] Traders in the informal economy and manufacturing and construction businesses saw demand erode as their customers lost discretionary income. MSMEs in the education sector were hit especially hard when most schools and institutions had to shut during and beyond the pandemic's peak.

Many demand-side and operational factors drove change in revenue during the pandemic compared to pre-pandemic levels, as shown in Table 2. MSMEs reported that existing orders were canceled, fewer new orders were placed, and customers demanded reduced prices. Movement restrictions and lockdown policies impacted demand for products and services. Within various demand-related factors, sector-specific differences can be observed between genders. On aggregate, a higher proportion of W-MSMEs cited decrease in new orders as a driver of reduced revenues. This was especially pronounced in trade, construction, and manufacturing. On the operational end, domestic movement restriction was a key factor that led to reduction in revenues. International movement restrictions did not affect MSMEs equally, which indicates the localized nature of most MSMEs.

[26] W-MSMEs were intentionally oversampled in the survey, which has been adjusted for the comparison. The survey is not completely randomized to show the precise gender breakdown among MSME sectors; however, it approximately reflects the actual breakdown.

[27] "Culture in the COVID-19 recovery: Good for the wallet, good for resilience, good for you," World Bank, August 2020.

Figure 4: Impact on MSMEs by sectors, and presence of MSMEs by gender in the dataset

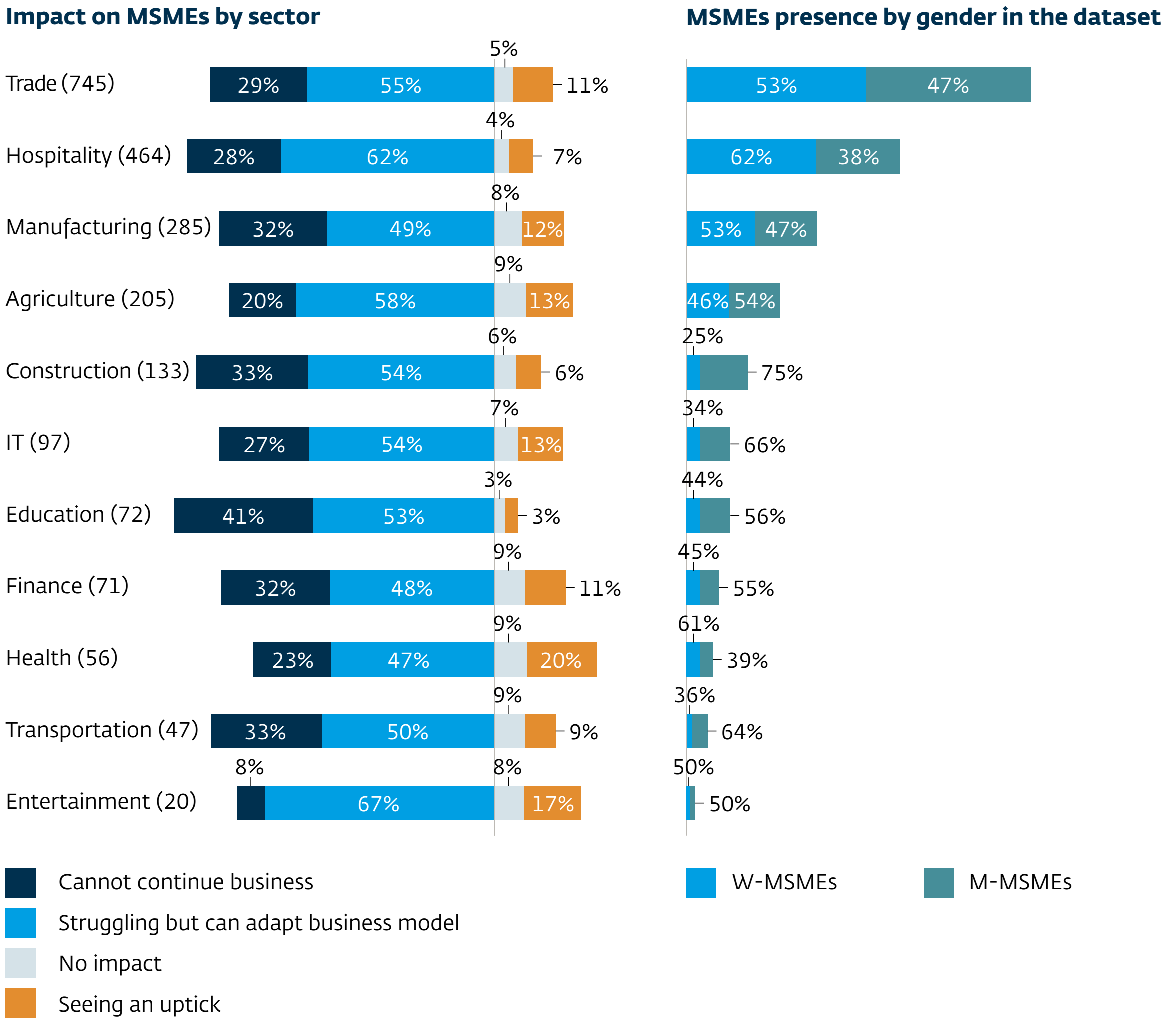


Table 2: Drivers of decline in revenues by sector and gender of MSME owner/leader

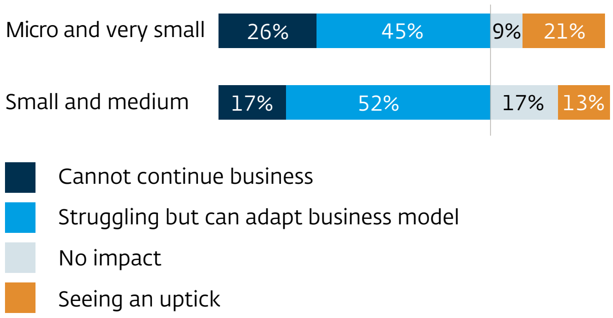
	Demand						Operational									
	Cancellation of existing orders		Reduction in new orders		Demand for discounts		Closure of business		Unable to move online		Domestic movement restriction		International movement restriction		Capacity constraints	
Trade	47%	51%	63%	54%	34%	42%	34%	33%	7%	5%	32%	31%	9%	14%	15%	14%
Hospitality	49%	54%	57%	50%	35%	39%	21%	15%	8%	7%	24%	31%	7%	8%	23%	23%
Agriculture	47%	60%	54%	67%	40%	36%	14%	10%	9%	3%	32%	48%	13%	16%	25%	21%
Construction	61%	53%	70%	57%	32%	26%	14%	14%	0%	6%	20%	38%	7%	10%	23%	36%
Manufacturing	55%	58%	69%	64%	31%	33%	22%	15%	4%	4%	29%	33%	13%	15%	17%	21%
Health	38%	33%	59%	56%	24%	33%	6%	0%	15%	11%	26%	33%	3%	11%	32%	33%
Education	29%	14%	29%	33%	16%	19%	22%	24%	6%	5%	14%	14%	4%	0%	33%	24%
IT	49%	26%	64%	57%	40%	48%	32%	35%	11%	13%	26%	28%	0%	7%	15%	26%
Finance	36%	19%	53%	23%	36%	15%	13%	23%	6%	12%	26%	15%	4%	4%	34%	35%
Transportation	30%	48%	48%	67%	41%	29%	19%	19%	0%	5%	11%	33%	11%	10%	26%	24%
Entertainment	67%	63%	73%	75%	27%	13%	33%	13%	7%	13%	27%	38%	0%	0%	20%	25%
Wt. average	*48%*	*49%*	*60%*	*55%*	*34%*	*35%*	*24%*	*22%*	*7%*	*6%*	*28%*	*32%*	*9%*	*11%*	*20%*	*22%*

Low High

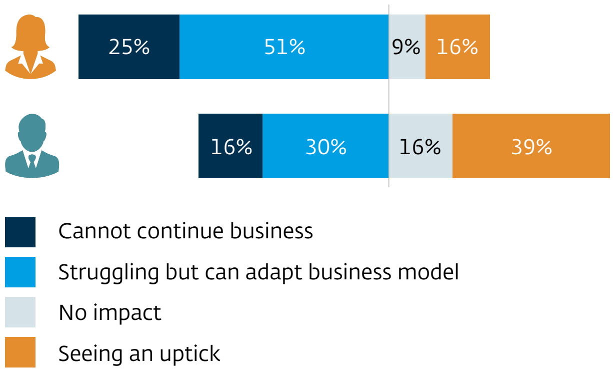
Some sectors such as healthcare and ICT experienced upticks in demand, but men-owned businesses captured most of the benefit from this growth. A fifth of health entrepreneurs reported growth in business during the pandemic.[28] This is to be expected, given the increased demand for health services. Business uptick in the ICT sector is likely attributable to the shift of organizations toward remote work and the need for business continuity processes, aided by zero-rated or low data costs in several countries during this period.[29]

Figure 5: Impact of COVID-19 on the health sector

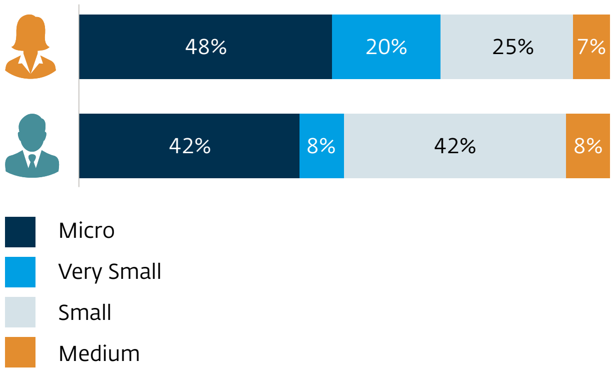
Impact on business by size, health sector

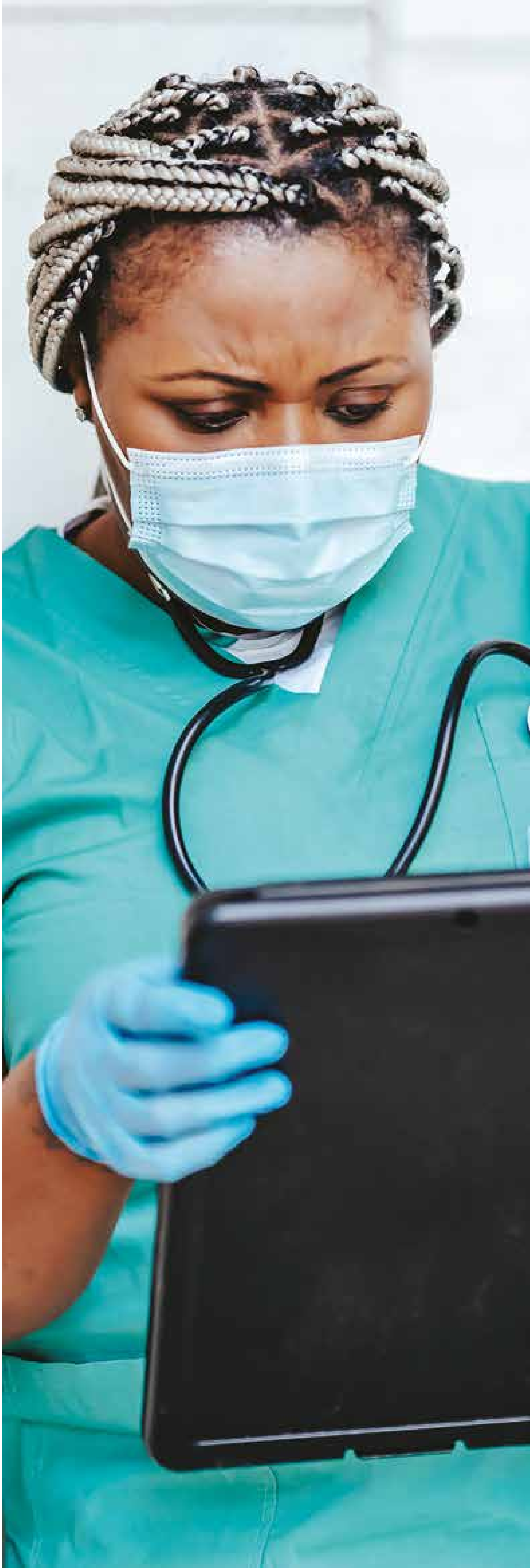


Impact on business by gender, health sector



MSMEs in survey by size of business, health sector



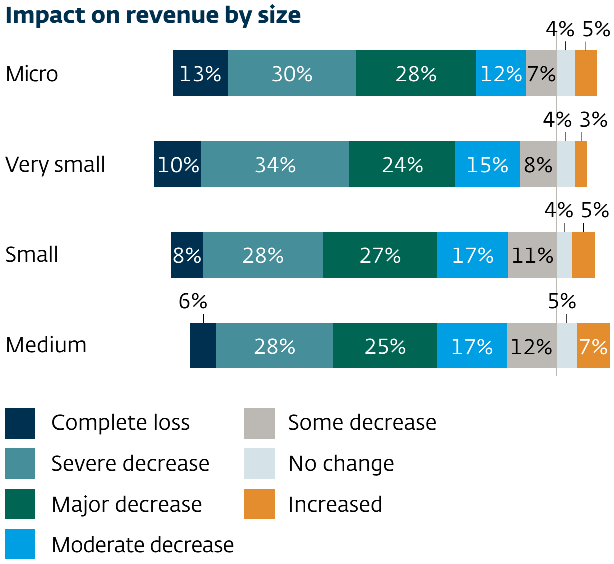


[28] Figure 4 provides details.
[29] "Understanding COVID-19's impact on the technology sectors." Deloitte.

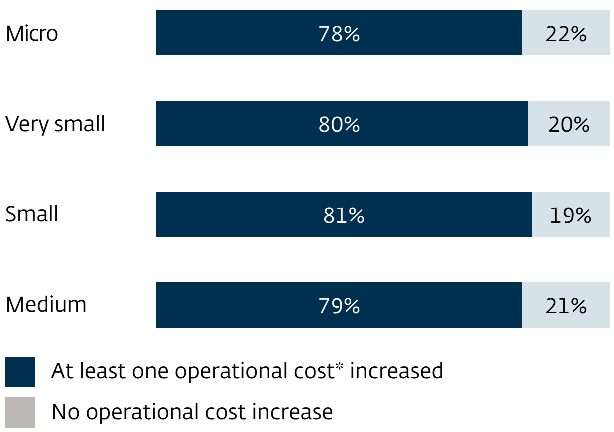
W-MSMEs tend to be smaller and more informal than M-MSMEs, and while MSMEs of all sizes reported similar overall impacts, the smallest businesses faced the greatest revenue losses. Half of W-MSMEs sampled were microenterprises, compared with 43 percent of M-MSMEs.[30] As the figures below illustrate, microenterprises reported the highest proportion of complete revenue loss during the pandemic (13 percent). The enterprises that experienced total losses decreased as their size increased, with 10 percent of very small enterprises, 8 percent of small enterprises, and 6 percent of medium-sized enterprises experiencing total losses. This trend was consistent across most levels of revenue decrease. Meanwhile, a higher proportion of medium-sized MSMEs saw no change or increased revenues. It can be inferred that W-MSMEs' smaller sizes meant that they struggled more and were less able to capture opportunities.

Figure 6: Impact on revenue and cost by size of enterprise

Impact on revenue by size



Impact on cost by size

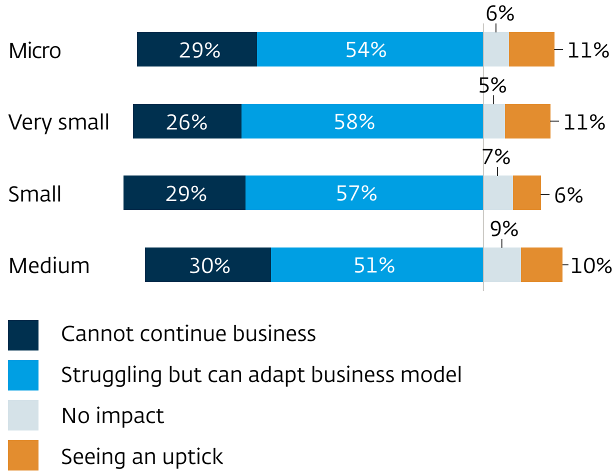


** Operational cost items include production / processing, inputs, staffing, logistics*

[30] Figure 7 provides details.

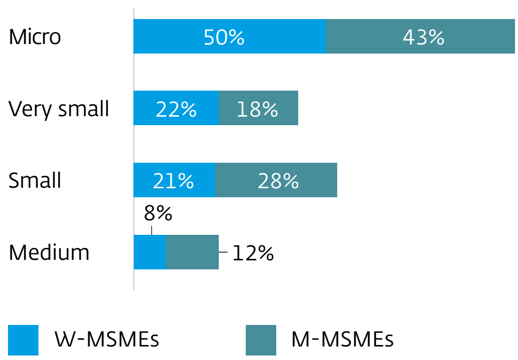
Figure 7: Overall impact by size of business, and distribution of size by gender

Impact on business by size



Distribution of MSMEs in survey dataset

(% of W-and M-MSMEs to total W- and M-MSMEs in dataset)



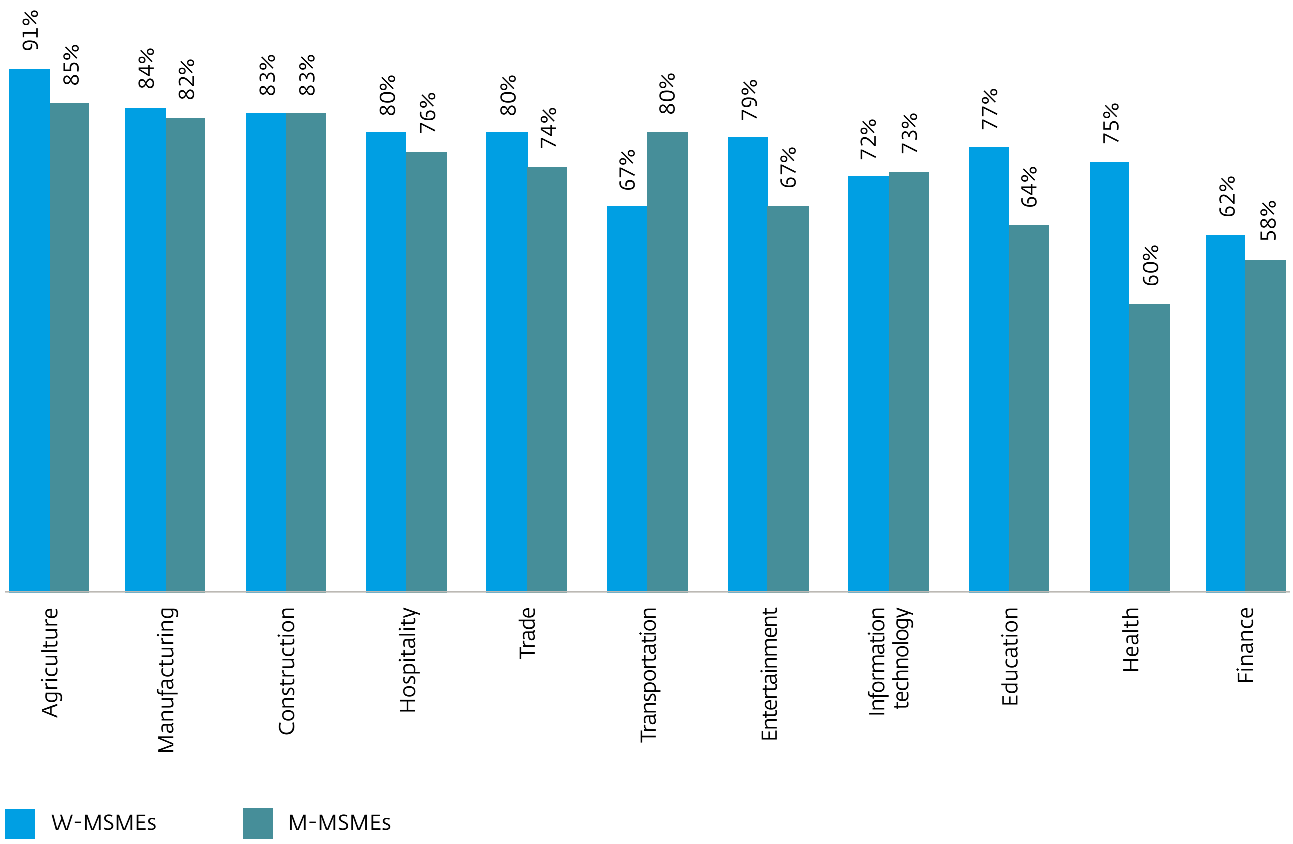
Box 1: How have unregistered enterprises been impacted and how have they coped?

Rates of business registration tend to increase with enterprise size. Unregistered MSMEs comprised 21 percent of the surveyed sample, and 77 percent of these were microenterprises. Almost equal proportions of W-MSMEs and M-MSMEs (~20 percent) were unregistered. The registration status of businesses had no significant impact on revenue outcomes during the pandemic. Impact variations depended more on sector and enterprise size. With regard to financial services, unregistered businesses reported much higher use of mobile money and lower use of insurance than registered businesses. Differences in uptake often align with the amount and type of documentation required to use the service. A higher proportion of unregistered businesses (86 percent) than registered businesses (79 percent) reported receiving no support from financial service providers. Furthermore, unregistered businesses were less able to access tax breaks and disaster relief from their respective governments.

Over three-quarters of all MSMEs surveyed experienced increased operating expenses and input costs due to the pandemic. MSMEs faced several supply chain disruptions, with acute raw materials shortages in the agriculture and manufacturing sectors. Meanwhile, inbound logistics obstacles negatively impacted the trade, hospitality, agriculture, construction, manufacturing, and transportation sectors. Due to increased supply chain-related costs and reduced revenues, almost half of all MSMEs struggled to meet expense commitments such as rents, salaries, and loan payments. Many MSMEs had to use up working capital to meet such expenses, and this put them in a weak position to restart activities once the impacts of the pandemic subside. Small and medium enterprises appear marginally better prepared to meet operational costs and service loans than micro and very small enterprises.[31]

W-MSMEs faced operational cost increases and supply chain challenges at greater rates than M-MSMEs. On average, W-MSMEs were slightly more likely than M-MSMEs to face increased operating costs, as shown in the Figure 8 below.[32] In addition, as shown in Table 3, a greater share of W-MSMEs, on average, faced raw material shortages and increased input prices. Price increase disparities varied by sector, but were strongest in sectors where MSMEs likely faced suppliers with stronger bargaining power, such as trade, manufacturing, and health.[33] By contrast, in sectors such as agriculture, W-MSMEs faced slightly lighter sourcing challenges than M-MSMEs.

Figure 8: Percentage of MSMEs who faced increases in operational costs due to COVID-19



[31] Individual respondents were permitted to offer multiple answers to this question.
[32] About 79 percent of W-MSMEs faced increased operating costs, compared to 76 percent of M-MSMEs.
[33] Within health, the majority of W-MSMEs operate clinics and pharmacies, as opposed to hospitals and diagnostics centers.

Table 3: Supply chain disruptions due to COVID-19 by sector and gender of MSME owner/leader

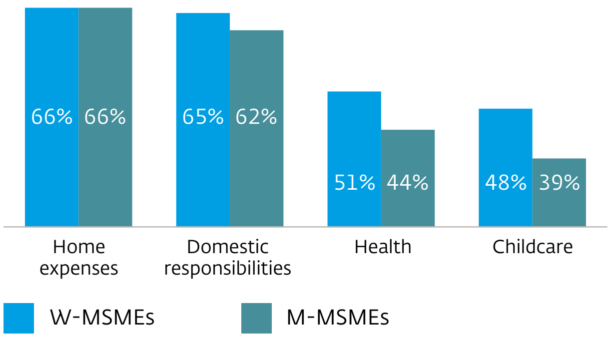
	Raw material shortages		Price increases on inputs		Transportation challenges - inbound logistics		Transportation challenges - outbound logistics	
	Women	Men	Women	Men	Women	Men	Women	Men
Trade	43%	38%	60%	55%	46%	40%	27%	27%
Hospitality	48%	44%	68%	59%	32%	45%	21%	25%
Agriculture	54%	59%	70%	71%	43%	60%	37%	41%
Construction	38%	56%	48%	56%	41%	41%	17%	25%
Manufacturing	70%	62%	74%	67%	42%	42%	26%	29%
Health	50%	25%	73%	17%	36%	25%	32%	17%
Education	17%	24%	34%	20%	19%	8%	17%	4%
IT	26%	43%	55%	70%	36%	52%	30%	34%
Finance	19%	21%	38%	46%	26%	8%	21%	4%
Transportation	19%	50%	22%	45%	41%	40%	19%	25%
Entertainment	43%	17%	64%	50%	36%	67%	29%	67%
Wt. average	*46%*	*45%*	*62%*	*57%*	*40%*	*42%*	*26%*	*27%*

Low High

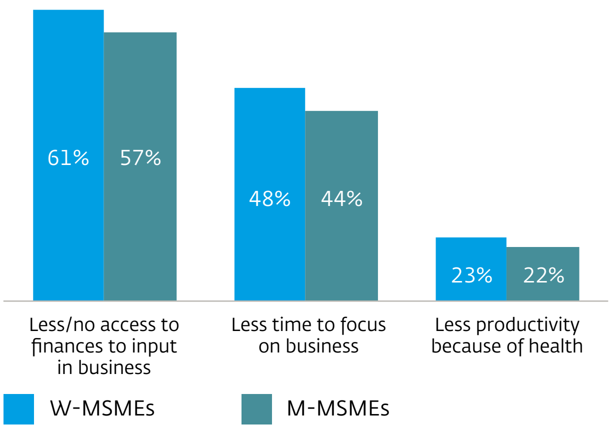
Women entrepreneurs experienced slightly higher time poverty due to their greater household commitments and childcare responsibilities. As shown in the figure on the right, both women and men reported substantial increases in household commitments due to the pandemic; however, women started from a much higher baseline. Women entered the pandemic doing three times more caregiving and domestic work than men, on average.[34] In the context of the pandemic, women are faced with shouldering a higher proportion of unpaid care work, with reduced time available for paid work, prompting women to leave their jobs and women entrepreneurs to close their businesses.[35] In the survey dataset, female entrepreneurs reported greater increases in time commitments due to domestic responsibilities, health, and childcare than their male peers.[36] As illustrated in Figure 9, these increased commitments at home translated into less time to focus on business, lower productivity at work, and fewer finances to put toward their businesses.

Figure 9: Increase in demand from household commitments and their business impact

Increased demand from household commitments



Business impact of increased demand from household commitments



[34] Global figures. Source: Dalberg: Time Poverty: Why it Matters and What To Do About it.
[35] "COVID-19 and Gender Equality: Six Actions for the Private Sector." IFC, 2020.
[36] The survey did not explore the amount of additional or total time spent on household activities, which might show gendered differences compared to the perception of increased household commitments felt by W-MSMEs and M-MSMEs.

2. Support provided to and received by W-MSMEs during the pandemic

W-MSMEs entered the pandemic with lower rates of financial inclusion than M-MSMEs. The pandemic exacerbated these trends. Among the very small share of MSMEs that accessed financial support during the crisis, fewer were owned or led by women.

The pandemic-related financial support offered by FIs and governments reached very few of the surveyed MSMEs overall. Several FIs provided support, such as debt restructuring, but over 90 percent of MSMEs reported not having received any such assistance. W-MSMEs and smaller businesses in general already experience lower financial inclusion, including lower uptake of debt and insurance products. The pandemic only exacerbated these trends by constraining lending overall, especially among businesses with already lower use of financial services and more limited access to collateral.[37]

Many traditional FIs such as banks, SACCOs, and MFIs took more cautious approaches to lending after suffering reduced revenue and greater burdens from non-performing loans.[38] As a result, new customers were less able to get credit, and could not access debt restructuring except in the form of collateralized loans.[39] For example, in South Africa, private sector credit in September 2020 grew at 3.1 percent year-over-year, compared to 6.2 percent year-over-year in September 2019.[40] In a survey conducted by the Central Bank of Kenya in December 2020, 34 percent of credit officers stated that they have tightened credit standards, compared with 17 percent who stated the same in December 2019.[41] These risk-averse positions disproportionately excluded W-MSMEs, given their lower financial inclusion and lack of sufficient collateral. In contrast to banks, SACCOs, and MFIs, digitally-based FIs such as FinTechs and mobile money companies saw their businesses grow during the pandemic. The FinTech market in SSA grew by 21 percent over the year, with increases in transaction volumes and number of users for digital payments and InsurTech services.[42]

FIs offered financial support in the form of restructured loans and, where applicable, new loans to minimize the pandemic's negative impact on their MSME clients. As described in greater detail in the Annex, loan restructuring efforts included deferred loan repayments, waived default charges, and in some cases, reduced interest rates. FIs also increased limits on and access to working capital loans to help MSMEs meet day-to-day expenses during times of low consumption. Furthermore, institutions participated in various other initiatives, including the provision of interest-free loans to cover salaries, the extension of new loan offerings to businesses with high repayment histories, and the issuance of microcredit loans targeting micro-W-MSMEs.

FIs also provided MSMEs with several forms of non-financial support. Specifically, digital efforts included, among other things, the provision of mobile phones on credit and the establishment of online, phone-based, and app-based banking and financial transaction services. At the same time, FIs disseminated information about available support, conducted webinars to assist with risk management and share effective response measures, created online financial training programs and instructional videos, and offered technical assistance. The Annex outlines these efforts in greater detail.

A higher proportion of SMEs reported accessing FI support than micro and very small enterprises. Overall, 9 percent of MSMEs received restructured loans. Within the sizes, just 6 percent of micro and 7 percent of very small enterprises received restructured loan terms, compared to 11 percent of small and 13 percent of medium-sized enterprises. This disparity may have been due to the greater tendency of SMEs to have existing long-term, collateralized loans that could be restructured. More SMEs also reported having accessed mentoring/coaching and webinars from their financial service providers. This could be attributable to the fact that larger businesses tend to receive beneficial treatment from FIs. FIs may have catered to larger customers in an effort to reduce portfolio risk. More W-MSMEs than M-MSMEs reported receiving informational support (9 percent vs. 7 percent), while M-MSMEs more often reported receiving short-term working capital loans (5 percent vs. 2 percent).

37 29 percent of W-MSMEs surveyed had business insurance compared to 36 percent of M-MSMEs, per the survey. Women tend to have lower collateral compared to men, per FI interviewees.
38 The section "Impact on financial institutions and supporting organizations and their response" in the Annex has further details.
39 MSMEs that received loan restructuring or new working capital were mostly concentrated in manufacturing and construction sectors.
40 South Africa Private Sector Credit dataset is from Trading Economics and South Africa Reserve Bank.
41 Credit Officer Surveys conducted quarterly by the Central Bank of Kenya.
42 "The Global COVID-19 FinTech Market Rapid Assessment Study," University of Cambridge, World Bank Group and the World Economic Forum.


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Figure 10: Support received by MSMEs from FIs

90% MSMEs, on average, across all sectors reported not receiving any support from their FIs

Types of financial support

On aggregate both M- and W-MSMEs were almost equally likely to receive some kind of financial support (~13%), though gender gaps exist in sectors such as construction, hospitality and health*

9% received **restructured loans**

4% received **long term financing**

3% received **short term financing**

Types of non-financial support

On aggregate W-MSMEs were marginally more likely to receive some kind of non-financial support (~7%) than M-MSMEs (~5%)

7% received **information**

4% received **support to improve digital tools**

2% received **webinars**

2% received **coaching**

Despite a range of programs introduced by governments and development partners, only a minority of MSMEs accessed this support. Most MSMEs (52 percent) did not seek assistance and a substantial amount (38 percent) were unaware that assistance was available. Government programs reached only about one-fourth of MSMEs, primarily in the form of information provision. Few MSMEs received fiscal support such as disaster relief (4 percent on average) and loan guarantees (1 percent on average), and these businesses were mainly located in South Africa and Rwanda.[43] A slightly greater number of MSMEs (7 percent on average) received tax breaks, but microenterprises were significantly less likely to see such relief. In addition to government programs, some industry associations provided access to information and markets, but their efforts reached less than 10 percent of MSMEs.[44]

Structural barriers have limited the uptake of available emergency funds—with the end result that few MSMEs have been able to tap into emergency relief provisions. Over the past months in several countries, governments, development finance institutions, and multilateral organizations have introduced emergency funds and credit guarantee schemes to address MSMEs' liquidity challenges. The uptake among banks for on-lending to businesses, however, has been limited and halting.[45] As of January 2021, less than 20 percent of the $34 million allocated in the South African loan guarantee scheme have been accessed by businesses.[46] And 46 percent of applications for the South African guarantee scheme were rejected for not meeting eligibility criteria set by the Treasury and the Reserve Bank, or because they did not meet the banks' risk criteria. In Senegal, the uptake of the partial credit guarantee scheme (of $368 million) was low, leading the government to redesign the program in context of the 2020-21 recovery plan.[47] This is primarily due to existing systemic issues concerning regulated traditional FIs' inability to close funding gaps for smaller firms. Traditional FIs use current forms of risk assessment and due diligence, which do not allow for flexible, tailored products for W-MSMEs who run smaller businesses and may not have access to traditional collateral or good credit history. Deployment of public credit guarantee schemes was limited as the risk modeling and transaction structures did not account for the fluid economic environment due to COVID-19. They amounted to $1.8 trillion through May of 2020. As most commercial banks undertake restructuring activities to support clients during the pandemic, it affects their liquidity and Non-Performing Loans/Portfolio-at-Risk (NPL/PAR) ratios, increasing the hesitation to take an additional risk by on-lending.

[43] In South Africa and Rwanda, 24 percent and 22 percent of MSMEs, respectively, reported receiving fiscal support from a government program.
[44] The reach of industry association support did not differ materially between W-MSME and M-MSME members. But lower W-MSME participation in associations might have resulted in their greater overall exclusion from such information or opportunities.
[45] "Non-bank lenders need capital to finance African small businesses rejected by banks," ImpactAlpha, October 2020.
[46] COVID-19 Loan Guarantee Scheme Update, The Banking Association of South Africa.
[47] COVID-19 Policy Tracker, IMF.
[48] "Boosting credit: Public guarantees can help mitigate risk during COVID-19," World Bank, May 2020.

Table 4: Support received by MSMEs from respective governments

	Micro		Very Small		Small		Medium		Average
Disaster relief	2%	2%	2%	4%	6%	3%	8%	5%	4%
Loan guarantees	1%	0%	1%	0%	3%	2%	4%	0%	1%
Tax breaks	5%	3%	6%	10%	7%	8%	10%	8%	7%
Information	18%	12%	15%	15%	18%	21%	26%	13%	17%
Wage subsidies	0%	0%	2%	1%	2%	3%	3%	3%	2%
Loan payment deferrals	1%	0%	1%	3%	1%	2%	3%	1%	2%
None	76%	83%	76%	77%	68%	71%	60%	81%	74%

Low High

Lacking strong financial safety nets, W-MSMEs more commonly dipped into personal reserves and adjusted business operations in response to the pandemic. W-MSMEs and smaller MSMEs were more likely than M-MSMEs and larger MSMEs to cover excess business expenses with personal cash reserves during the pandemic, as shown in the Figure 11. As operational costs rose across nearly all sectors, W-MSMEs across business sizes undertook various actions to repurpose operations or pivot businesses to survive through the pandemic's impact. In the survey dataset W-MSMEs more commonly increased selling prices and cut non-essential costs (Figure 12). Some women entrepreneurs pivoted business models to cater to new target markets in the context of the crisis (see Case 1 for more details). Within the survey dataset, 61 percent of W-MSMEs responded that they changed the way their businesses operate as a consequence of COVID-19, compared to 56 percent M-MSMEs.[49] W-MSMEs were also more likely to adopt digital tools during the pandemic to operate businesses and interact with customers and suppliers (see Chapter 4 for more details). Also, 29 percent of W-MSMEs mentioned changing the products and services they provided to respond to the pandemic, compared to 25 percent of M-MSMEs. Among W-MSMEs this response was largely in the transportation, health, and education sectors. Among micro and medium-sized enterprises, W-MSMEs more often cut staff costs; but among very small and small enterprises, M-MSMEs more often made such cuts. However, W-MSMEs on average cut permanent staff costs less often than M-MSMEs.

Figure 11: Diverted personal savings to business

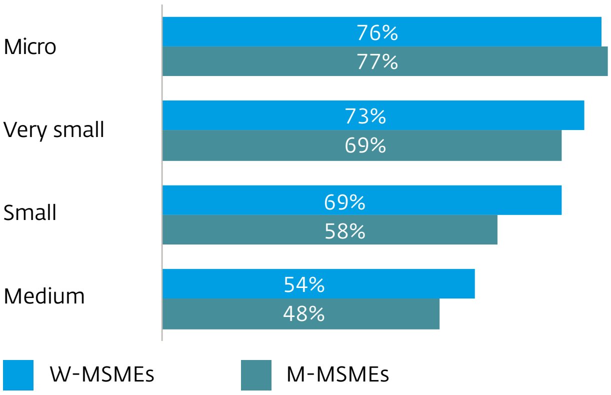
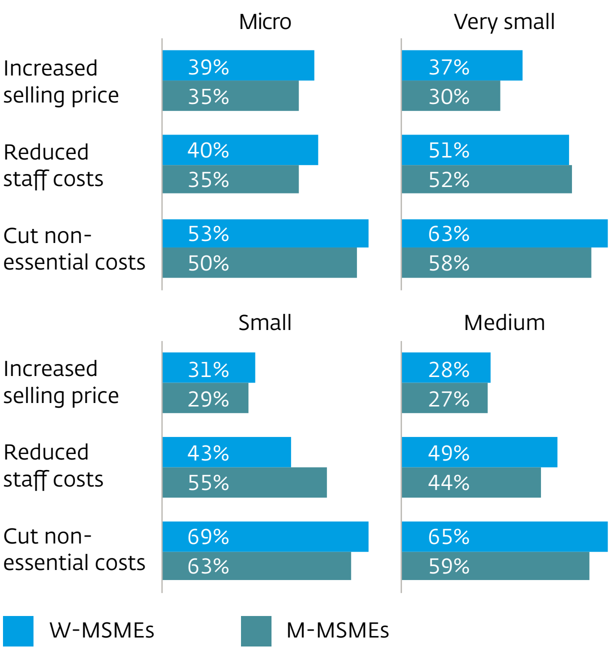


Figure 12: Actions taken to manage operational costs



[49] Impact on business operations question was a yes/no question, with several options if yes was selected.

3. W-MSMEs' plan for recovery and the support they seek

Despite challenges posed by the pandemic, both W-MSMEs and M-MSMEs still plan to maintain or expand their businesses. In line with this goal, close to 90 percent of MSMEs expressed the need for support, particularly for growth capital and expansion assistance, during the recovery.

Both W-MSMEs and M-MSMEs are seeking long-term finance to support growth in the next 6-18 months. Respondents most often reported long-term finance (62 percent) as their biggest financial priority, followed by loan restructuring (43 percent), and working capital loans (34 percent). Around 80 percent of both W-MSMEs and M-MSMEs expressed a need for investment and/or capital injection. Most of these needs are timebound. Close to 90 percent of MSMEs expressed a need for support over the next 6–18 months as they prepare for a post-pandemic recovery. The majority prefer to access such loans and services through formal financial institutions.

Figure 13: MSMEs' business outlook

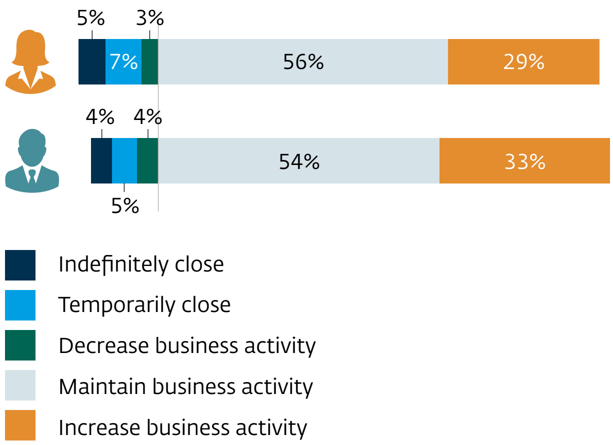
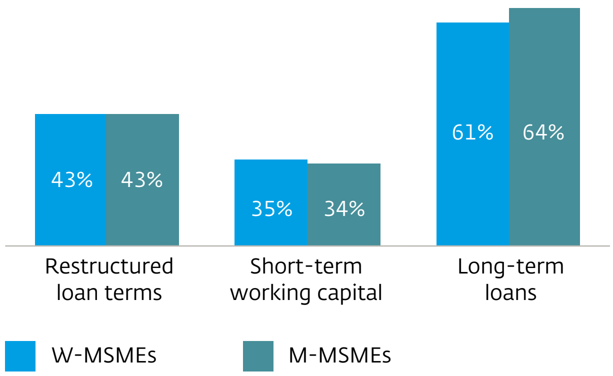


Figure 14: Financing support required



In addition to finance, MSMEs expressed a desire for business development support and training support in financial management and digital tools. Business development support, including for customer base expansion (30 percent of respondents) and product development (22 percent of respondents), is a top future investment priority for MSMEs of all sizes. Interestingly, W-MSMEs are willing to make this investment at an even greater rate than M-MSMEs. It is important to note that training needs vary not by gender, but by business size. For example, financial management training is in greater demand among micro and very small businesses, while small and medium businesses are more likely to seek help overcoming challenging scenarios, and larger business express a slightly higher appetite for training in digital marketing, e-commerce, and online financial services. Businesses of all scales showed similarly strong desire for marketing and market access training. There were also some variations by sector. Analyzing sector-specific data, all MSMEs in agriculture and W-MSMEs in education were most likely to request informational support, while MSMEs in trade, finance, and IT were most likely to request support with digital tools (training on digital marketing, e-commerce, and online financial services).

Figure 15: Preferred non-financial support

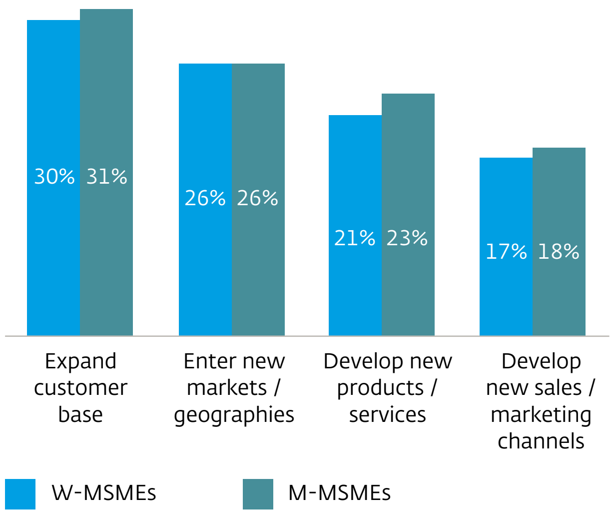
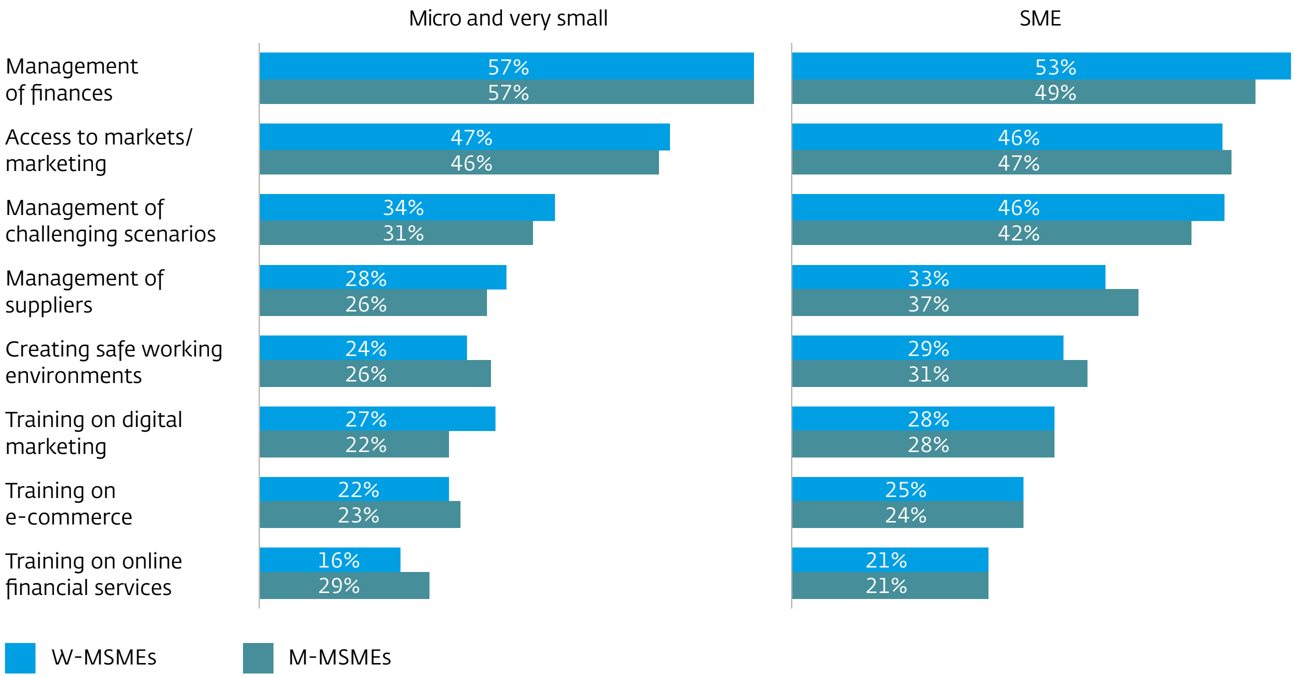


Figure 16: Preferred training support



Case 1: Despite challenges, Kenyan entrepreneur adapts to continue business

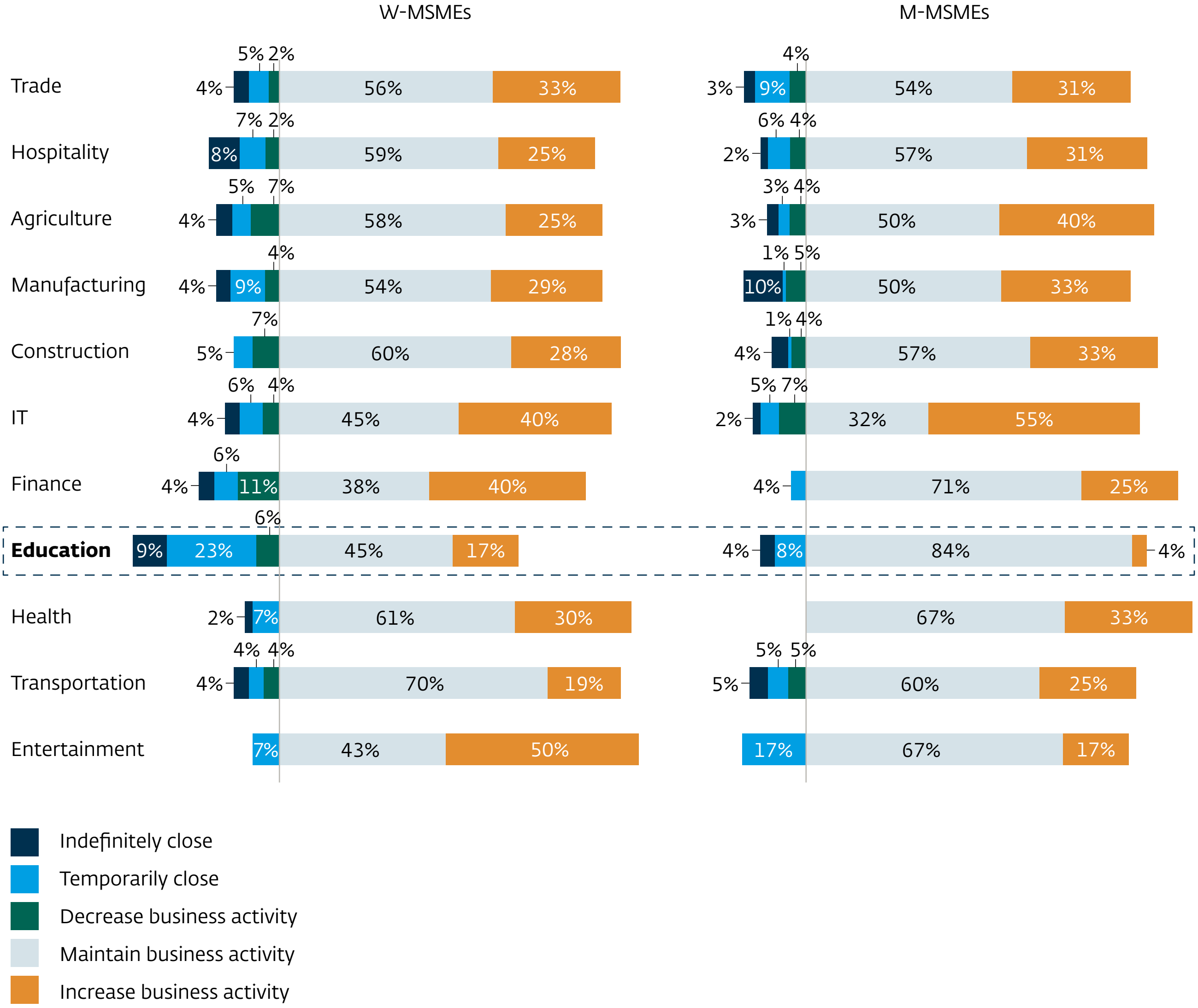
"...business froze with school closures; we started a new subsidiary..."

Ciiru Waithaka
Co-Founder and CEO, FunKidz

Ciiru's primary business involves creating fun and safe furniture for young children, and before the pandemic her main clients were schools. As schools across Kenya shut down during the pandemic, her business came to a complete standstill. She had to shut her shop for nearly three months but continued paying salaries to all employees. To deal with this difficult situation she introduced a new product line of home furnishings and has been selling to home clients since June 2020. She has utilized social media to advertise her products and has been delivering goods to her clients' homes.

W-MSMEs in education, one of the hardest hit sectors, are less optimistic about the future. A significantly higher share of these W-MSMEs is considering indefinitely or temporarily closing than in any other sector. Many of these enterprises are childcare centers or kindergartens, essential businesses for the whole economy and particularly for working women. For this reason, the education sector requires and deserves special support, such as bridge funding in the form of grants and capital to restart operations during the recovery.

Figure 17: Outlook by sector and gender



4. Financial institutions' understanding and perceptions of W-MSMEs

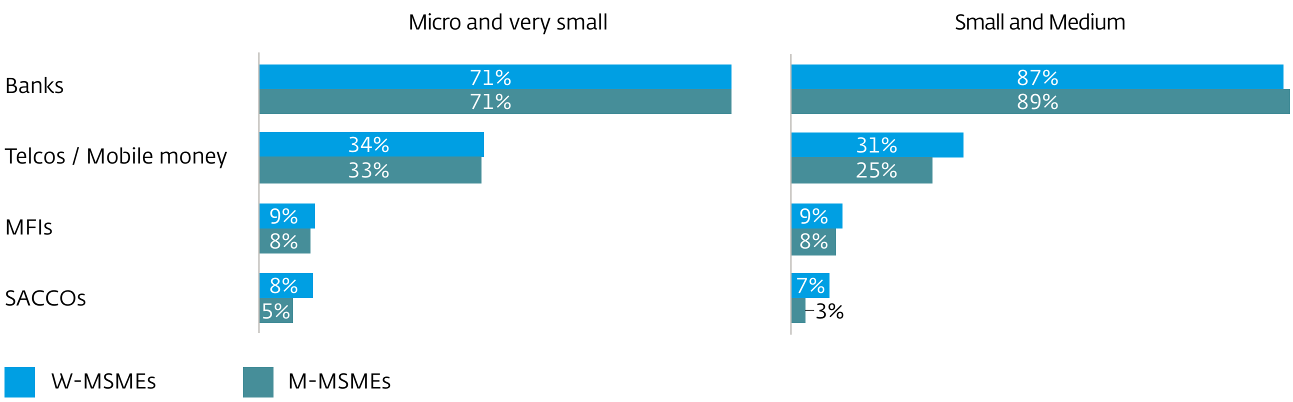
Today, few financial institutions offer products or support services designed to fully include women entrepreneurs, and only a minority of financial institutions collect gender-disaggregated data to inform business decisions. Prevailing assumptions about the needs of W-MSMEs—especially the notion that they are less interested in accessing digital products and services—are misguided.

The pandemic has accelerated digital penetration and boosted demand for digitial finance products, including among MSMEs. Information and communications technology is one of the few sectors that saw business improve during the pandemic. Among FIs, FinTech and mobile money companies saw their businesses grow, while more traditional institutions such as banks, SACCOs, and MFIs experienced downturns. To adapt, many firms accelerated digitization efforts during the pandemic. For example, a West African MFI introduced a new digital platform to facilitate customer access. Other FIs that already had digital platforms expanded service by raising their daily limits on digital transactions.

Use of digital tools such as online marketing, online payment systems, digital products, and e-commerce platforms is becoming more common among MSMEs. Roughly 24 percent reported engaging one or more new digital tools to manage their businesses during the COVID-19 crisis, and demand is high for ICT-related training in areas such as digital marketing. This confirms that the appetite for digitization will likely continue to grow.

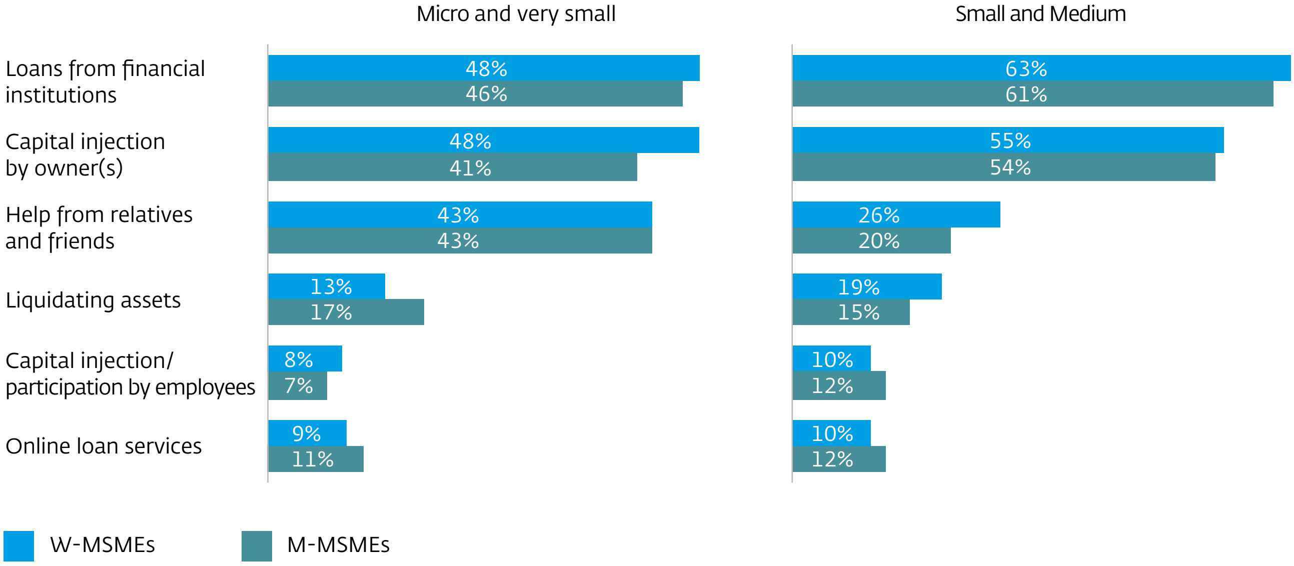
Contrary to commonly held perceptions, W-MSMEs are just as interested in formal finance, digital tools, and digital training as M-MSMEs. Many interviewed FIs suggested that W-MSMEs prefer to access loans from informal sources and are less interested in shifting to digital products and services than M-MSMEs. However, survey results told a different story. An equal share of surveyed W- and M-MSMEs (52 percent) listed formal FIs as their preferred source for loans,[50] and both W-MSMEs and M-MSMEs reported similar training needs, when controlling for business size. Furthermore, roughly the same proportion of W-MSMEs and M-MSMEs use online tools for their businesses, including online marketing, online payment systems, digital products, and e-commerce. In fact, a slightly greater share of W-MSMEs (25 percent) than M-MSMEs (23 percent) transitioned toward greater use of digital tools during the pandemic. The failure of FI programs to reach W-MSMEs therefore does not likely stem from a lack of interest or willingness on the part of the W-MSMEs.

Figure 18: Preferred financial service providers



[50] These are average numbers, details in Figure 19.

Figure 19: Preferred channels for additional funding

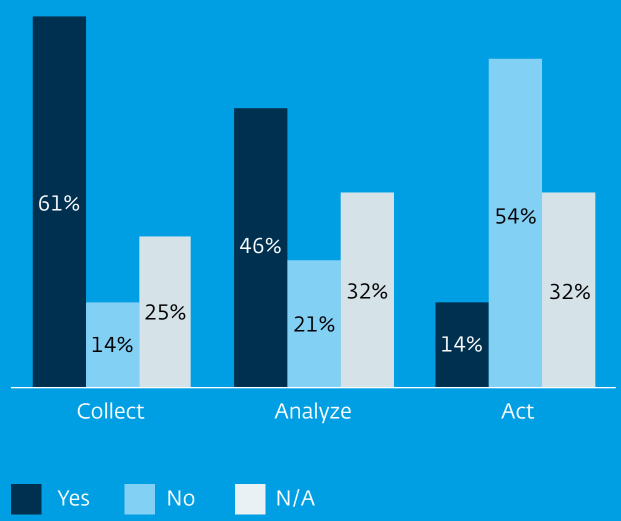


Insufficient data may explain misunderstandings about the needs and preferences of W-MSMEs. Few FIs currently use or collect gender-disaggregated data or offer products and services designed to be fully inclusive of women. Of the FIs interviewed for this study, close to 40 percent did not collect any gender-disaggregated data, and only four stated that they provide differentiated products catered to W-MSMEs. Most FIs are not entirely convinced that W-MSMEs need customized products, or have otherwise failed to prioritize such accommodation. This might explain the scarcity of gender-disaggregated data collection. Such data could help address some of the barriers that W-MSMEs face in trying to access both financial and non-financial support.

Box 2: Do FIs tailor their products and services for women?

While 60 percent of the organizations surveyed collected some form of gender-related data, only 14 percent actually acted on it. A bank in Ghana has found that women tend to save more and is developing an investment product tailored specifically to women. Additionally, a number of MFIs and small banks have women as their primary clientele. These MFIs did not categorically seek to create women-focused products because their current products were already well-suited for women. FIs that acted on gendered data often developed focused communication and marketing efforts to attract more women as customers.

Share of banks that track, analyze and act on sex-disaggregated data.



5. Recommendations for financial institutions and development partners to support W-MSME recovery

In order to fully address the financial and non-financial needs of W-MSMEs, FIs can place greater focus on providing tailored credit offerings, training programs, and digitization support, and on improving the dissemination of available support.

To address the financial needs of W-MSMEs, DFIs and development partners can work with non-traditional FIs such as FinTechs and non-bank financial institutions to increase reach during the pandemic. By doing so, they can also foster partnership between traditional and non-traditional FIs. Furthermore, they can support FI efforts to collect and use gender-disaggregated data. This can help alert the industry to the importance of its W-MSME customer segment.

Development partners can work with FIs to offer training and other non-financial service programs, advance digitization, and improve the dissemination of support to W-MSMEs. As FIs develop training programs, they can pay special attention to the specific kinds of content sought by businesses of different sizes. Once they have chosen or designed programs appropriate to their clients' varied sizes, they can expand their reach by adapting training timeframes to accommodate the heavier household work burdens of W-MSMEs.[51] As relationships with W-MSMEs grow, FIs will be able to view their support for digitization not only as a form of upskilling but also as an investment.

Actions by which relevant actors can support traditional and non-traditional FIs in their efforts to provide financial assistance to W-MSMEs are detailed below.

Leverage alternative channels through non-traditional FIs to reach more W-MSMEs with financial assistance.

- **Help NBFIs and FinTechs develop into major channels of support to W-MSMEs, working with them to advance the uptake of emergency funds and credit enhancements introduced by governments and development partners.** In several countries, the use of traditional FIs for the on-lending of funds to MSMEs has been limited.[52] Many FIs in interviews pointed out a gap between the capital provided by the government and its actual disbursement. Only about 13 percent of MSMEs reported receiving any kind of financing support despite efforts made by governments. Many traditional banks struggle to provide the appropriate financing to MSMEs, as their current forms of risk assessment, due diligence, and internal workflows and processes are not well-adapted to the flexible products required. This was substantiated in conversations with FIs: a bank in East Africa stated that emergency guarantee funds by governments are not sufficient to increase the confidence of FIs to on-lend to MSMEs in an increased risk environment. Non-bank financial institutions that have a track record of working with W-MSMEs are often better suited to disburse immediate support. They tend to provide supplemental advisory services and are digitally savvier. In addition, many successful NBFIs already collect and use gender-disaggregated data. Hence, they better understand W-MSMEs' lending risks and are accustomed to supporting them with customized products. Among the FIs interviewed, non-traditional FIs (like MFIs) were ahead of the curve in collecting gender-disaggregated data, focusing on sectors with a higher presence of women entrepreneurs, and on providing products and services designed for W-MSMEs. A Kenyan SACCO interviewed mentioned developing microcredit products specifically for W-MSMEs, and the need for support from DFIs to continue servicing women entrepreneurs. Across regions, DFIs are beginning to support non-traditional FIs in an effort to better reach MSMEs. IFC's new Base of the Pyramid program will provide up to $400 million to MFIs and NBFIs to deliver funding to MSMEs.[53]

- **Develop collaborations between traditional and non-traditional FIs to advance digitization, and use data to assess creditworthiness and issue loans.** Competition between traditional and non-traditional FIs need not be treated as a zero-sum game. In fact, their collaboration may be instrumental to the survival of MSMEs during the pandemic and their recovery post-pandemic. Traditional FIs can offer non-traditional FIs such as Mobile Network Operators (MNOs) a stronger capital base and credit assessment system with which to leverage their agility and reach MSMEs. Such partnerships have already begun to form in various countries and could benefit from additional support from development partners. In India, for example, some B2B FinTechs have started working with banks to accelerate digitization and introduce digital compliance measures.[54]

[51] Details of personal impacts of the pandemic on W-MSMEs are on page 21.
[52] "Non-bank lenders need capital to finance African small businesses rejected by banks," ImpactAlpha, October 2020.
[53] "IFC initiative to Help Financial Institutions Support Small Businesses Disrupted by the Pandemic", IFC, February 2021.
[54] "Rapid Innovation: How Fintechs are Adopting Under COVID-19," Centre for Financial Inclusion Accion, October 2020.

Help FIs and intermediaries extend the range and depth of financial services to W-MSMEs.

- **FIs can extend financial services such as restructured terms and credit lines to negatively impacted W-MSMEs in fundamentally strong and essential sectors like agriculture and health.** Such sectors are expected to recover faster than those that depend on discretionary spending. Such initiatives are already underway in some countries. For example, in Liberia, the Ministry of Agriculture is supporting Agri-SMEs through its Smallholder Agriculture Transformation and Revitalization Project, funded by the World Bank.[55] IFC's $2 billion COVID-19 response Working Capital Solutions Facility has been supporting FIs to on-lend to small businesses in agribusiness, pharmaceuticals, and healthcare in countries such as Uganda and Egypt.[56] The survey results indicate that, similar to M-MSMEs, W-MSMEs prefer accessing services from formal FIs. Such trends can be supported by providing them with various financial services and products, especially to those operating in essential sectors.
- **For traditional financial service providers (banks, etc.), explore new ways of collateral discounting to support W-MSMEs' access to credit.** Limited access to traditional collateral negatively affects the perceived creditworthiness of W-MSMEs and inhibits their ability to receive credit. FIs could use non-traditional collateral such as moveable assets, receivables discounts, savings accounts, and deposits to more fairly assess W-MSMEs' creditworthiness. In China, FIs are developing systems for non-traditional collateral discounting based on business orders and potential revenue to increase credit to SMEs.[57]
- **Development partners can create low-cost, back-up credit lines for FIs that serve higher proportions of W-MSMEs.** Such credit lines can support FIs that are more "at-risk" and enable them to access additional capital as required. As a part of its response to the COVID-19 pandemic, IFC's *Banking on Women* business has provided up to $2.4 million in incentives to financial institutions that agree to earmark at least 20 percent of working capital loan proceeds for lending to women customers and women-led businesses.[58] The Gender Finance Collaborative and the 2X Challenge, as a part of the rapid crisis response, recommend providing liquidity and capital support to FIs and intermediaries that incorporate a gender lens.[59] The European Investment Bank provided the Uganda Development Bank a €15 million credit line to support women entrepreneurs.[60] Partners can regulate this capital with guardrails and monitor FIs' on-lending to W-MSMEs to ensure interest rates remain low. Additionally, FIs can revise their key performance indicators or key covenants (such as payment periods and NPLs) to lower financial pressure and help W-MSMEs borrow.
- **Development partners can explore the provision of credit insurance to FIs for W-MSME loans.** Such an effort could increase the financial security of FIs and boost their confidence in lending to W-MSMEs. Pre-pandemic uptake of insurance by W-MSMEs and smaller sized businesses was low due to a poor understanding of the value proposition that insurance products offer. The survey and interviews revealed that almost 85 percent of microenterprises did not have insurance. As per IFC's report "She for Shield: Insure Women to Better Protect All," women represent a $1.7 trillion opportunity for the insurance industry globally by 2030. Half of this growth is expected to come from emerging markets.[61] To enhance uptake, development partners can encourage FIs and insurers to work together to create packages that offer MSME clients insurance products alongside lines of credit. For example, in Côte d'Ivoire, IFC partnered with Leadway Vie to increase access to life insurance for women and create jobs for women as insurance brokers in the country. Siam Commercial Bank in Thailand has begun offering a COVID-19 insurance package along with its low interest loans to SME clients.[62]

[55] MOA gives stimulus grants to 109 agro-enterprises to boost their capacity and improve food security", Front Page Africa, January 2021.
[56] "Global response, regional impact in the Fight Against COVID-19", IFC.
[57] Coronavirus (COVID-19): SME policy responses, OECD, July 2020.
[58] "IFC Offers Incentives for Lending to Small and Medium Enterprises and Women-led Businesses," IFC, June 2020.
[59] 2X Challenge and Gender Finance Collaborative response to the COVID-19 pandemic, CDC Group, April 2020.
[60] "Uganda Development Bank (UDB)'s first dedicated credit line to women entrepreneurs in partnership with EIB," 2X Challenge, May 2020.
[61] "IFC and Leadway Vie Partner to Expand Access to Life Insurance to Women in Côte d'Ivoire," IFC, January 2021.
[62] "How can insurers support women entrepreneurs in extraordinary times," Women Entrepreneurs Finance Initiative, June 2020.

Box 3: Supporting FinTechs to shape finance

Social distancing measures enacted to combat the spread of COVID-19 have accelerated the global movement toward digitization. Digital solutions now penetrate almost every aspect of daily life. Grocery delivery, fitness technology, streaming content, and online retail are just a few of the digital trends that have grown considerably during this period. The transactions behind all of these products are powered by financial technology companies, or FinTechs.

Brick-and-mortar banks are becoming passé, while neo-banks, payment technologies, and plastic money are increasingly commonplace. The world's largest FinTech, Alipay, boasts 1.3 billion active users, while Paytm has 300 million mobile wallet users in India alone. Now, traditional banking institutions are offering more and more services digitally in order to compete with FinTech. KCB Bank in Kenya saw e-banking users double since COVID-19 struck. Customers there moved K Sh 35 billion ($329 million) from mobile wallets to bank accounts in June alone—six times more than in January.

FinTech offers an ecosystem of financial services for both consumers and businesses. Merchants commonly accept payment from digital wallets like M-PESA, a mobile-money service ubiquitous in Kenya. Services such as Paystack have created tools to facilitate offline and online payments with cards, mobile money, USSD, and a host of other options. To expand into Africa, Stripe bought Paystack for $200 million. This will only strengthen the continent's broader financial technology infrastructure.

From a support services standpoint, insurers who relied on agents to sell policies are also adapting to the digital world. Manulife, a Canadian multinational insurance company, claims 97 percent of its products can now be bought online in Asia. Digital finance can be a key enabler of financial inclusion. Recently, the Brazilian government reported its increasing use of mobile technologies to extend aid and services to the 60 million people living in the Amazon.

The following longer-term, non-financial actions can aid recovery and improve the resilience of W-MSMEs.

- **Upskill W-MSMEs and provide them with digitization facilities through partners like innovation hubs and technology companies.** W-MSMEs can use digital services to increase efficiency across all organizational functions. Specifically, digital administrative systems and processes can add speed and convenience, while online customer interfaces and digital outreach tools can transform sales and marketing, and digital payment capacity can strengthen finance. DFIs and other investors have increased support aimed at helping portfolio companies and clients digitize their businesses. For example, the Africa Enterprise Challenge Fund (ACEF) has been providing knowledge support to help portfolio companies in the agriculture and energy sectors adopt digital solutions. During the pandemic, Ecobank began partnering with Google to provide businesses with the necessary digital skills to navigate the new online environment. Scaling up such initiatives could help W-MSMEs expand their markets and offer more diverse payment channels. This would increase the demand for their products and allow them to continue operating in a cashless manner. As described elsewhere in this study, the uptake of online tools and solutions was higher among W-MSMEs than M-MSMEs during the pandemic. Various actors can build upon this momentum to provide W-MSMEs with an expanded suite of digital business tools.
- **Help W-MSMEs build capacity through tailored business and financial education and increased access to mentorship and advisory support.** Technical assistance and training could help W-MSMEs expand their representation in more capital-intensive sectors like construction, and decrease their concentration in lower capital sectors like trade. It could also help W-MSMEs overcome their reluctance to seek external finance. W-MSME trainings need to show cognizance of gender inequalities, such as women's higher time poverty, and should reflect this understanding in modes of delivery that ensure continued access to programs and benefits. Research by IFC's *Banking on Women* found that integrating non-financial service offerings (including training, mentioning, capacity building) for W-MSMEs yields positive returns on investment for banks through increased interest income, higher share of wallet, loyalty, and reduced risk.[63] In the survey, W-MSMEs have displayed business acumen through management of operational costs and revenues during the pandemic, and they can be supported further through capacity building. Some DFIs have announced capacity building projects for women entrepreneurs to help W-MSMEs repond to the challenges of the pandemic. FinDev Canada, the Agence Française de Développment (AFD), and Proparco have anounced a capacity building initiative for entrepreneurs to develop effective business strategies and investment readiness.[64]

[63] "Non-Financial Services: The Key to Unlocking the Growth Potential of Women-led Small and Medium Enterprises for Banks," IFC and FMO.

[64] "French and Canadian development finance institutions launch capacity building project for women entrepreneurs to help respond to the COVID-19 pandemic," FinDev Canada, January 2021.

Case 2: A Nigerian entrepreneur stresses the need for non-financial services support

"...an ecosystem which provides continuous training, mentorship, useful networks, access to finance and value creation is needed, with these elements operating seamlessly together, not in siloes..."

Ada Osakwe
Founder and CEO, Agrolay Ventures

As lockdown measures were implemented across Nigeria, Ada's business, like others in the agriculture sector, faced significant supply chain issues. Despite policies and promises of support for W-MSMEs, she received little financial assistance from banks or the government. This made short-term cash flow management difficult. Ada successfully raised money from her personal networks to support her business and is now lobbying to gain support for other women entrepreneurs. She stressed the need to create an ecosystem where women entrepreneurs who have "made it" can act as role models for those beginning their entrepreneurial journeys. She also urged continued training and education programs for women, noting that sporadic trainings were less effective.

- **Support the development of women entrepreneurship networks to facilitate more significant interaction between W-MSMEs and increase their access and exposure to markets.** Almost 30 percent of W-MSMEs surveyed were not a part of an industry association or business network and could not access any pandemic-related support from such institutions. Increased networking opportunities would enable W-MSMEs to receive information on various support channels and allow them to share and learn from one another's experiences. This could help women connect with visible role models within their sectors and leverage common networks to expand their business markets and customer bases.
- **Continue working with FIs to provide non-financial support and communicate this support to a wider range of W-MSMEs.** Many FIs extended various non-financial support to MSMEs both before and during the pandemic. Such efforts can be expanded or increasingly tailored to W-MSMEs. For example, an interviewed West African bank described setting up an e-commerce platform along with its partners, and it planned to allow its MSME customers to place products on the platform at a discount. FIs can also support MSMEs by connecting them with other customers in the same industry, e.g., introducing suppliers of textiles to apparel manufacturers. They could also act as channels to other pertinent industries, e.g., legal service providers who are willing to provide discounted remote services.

ANNEX

Impact on financial institutions and supporting organizations and their response

Impacts on FIs

The pandemic negatively affected FIs' financial performances, reducing revenues and profits while increasing NPLs. The products offered by FIs generated mixed impacts, with variations among different types of FIs.

While FIs experienced impacts throughout the pandemic, their financial performances fluctuated with the infection waves and the corresponding lockdowns, showing improvement in August and September (2020) over the earlier March–July period. For instance, a West African MFI that was unable to disburse loans in April saw an increase of 30 percent in August after lockdown measures lightened and the first wave of infections passed. In East Africa, an MFI followed a similar trajectory reaching pre-pandemic performance levels in August with $13 million in loans. Many FIs closed select branches and reduced the number of employees in operational units. Most also invested more heavily in the digitization of their product offerings and internal operations. The impacts felt among different types of financial institutions are outlined in the table below.

Table 5: Impact on FI types

Type of FI	Overall impact	Description
Commercial banks	Negative	**Commercial banks saw reduced revenue due to limited payment of existing loans and slow uptake of new loans.** Current interest rates did not adequately price the risk of issuing loans, which left banks disadvantaged. Banks relied on their digital platforms to engage existing customers.
MFIs/SACCOs	Negative	**Because most of their clients are micro and small enterprises, MFIs and SACCOS were more exposed,** and many experienced higher NPL rates than banks.
Insurance companies	Mixed	Insurance companies faced high demand for products initially due to increased uncertainty, but subsequently saw **an increase in loss of profits claims.**
FinTechs/ Mobile Money	Positive	**FinTechs and mobile money companies experienced an increase in demand for payment** and services from businesses of all sizes and in all sectors. **Government support enhanced high growth in mobile money** during the pandemic.
Incubators/ Accelerators/ Venture capital	Mixed	Investors with short- to medium-term investment horizons were negatively affected, but **firms with long-term horizons could buy businesses at significantly lower valuations.**

Negative   Mixed   Positive

Financial impact

Most financial service providers experienced reduced revenue, weakened liquidity, and heightened portfolio risk. The economic downturn reduced businesses' ability to stay afloat and honor loan repayments, increasing FIs' liquidity and portfolio risks. Banks and microfinance institutions experienced a loss of revenue and profits due to client interest relief packages. The impact on products and services varied, depending on their characteristics and the nature of the clients served. Deposits for some FIs increased as clients curtailed spending, but clients in highly impacted sectors drew down savings at higher rates. FIs met increased demand for credit with cautious and reduced disbursals. Meanwhile, FinTechs saw more digital transactions than banks and MFIs.

Figure 20: Financial impacts faced by FIs during the pandemic

Reduced revenues and profits due to reduced demand in the economy which affected the business activity of MSMEs.

- A South African bank lost **USD $ 6M** due to interest relief packages.
- An East African incubator saw **50%** of their incubatees close down.
- Some Central and West Africa MFIs saw annual profits decline by a **third**.
- A South African fund manager saw revenues decline **75%** due to load impairment.

Increased NPLs and PAR due to clients being unable to follow through on loan repayments.

- An East African MFI saw PAR increase to **17%** (from 5%) with **80%** of their micro-enterprise clients unable to meet loan obligations.
- A Central African MFI had **20%** of the total portfolio at risk.
- A Nigerian MFI witnessed PAR increase from 4% to **20%**.

FSPs saw mixed impact on deposits and transactions, and low credit provision.

- A South African bank saw **19%** growth in deposits and an East African bank **35%**, as households and businesses postponed unnecessary expenses. Some FSPs saw no change as some clients drew down savings and liquidated investments.
- Overall, both banks and MFIs reduced loan disbursement during this period. A South African fund manager **halted long-term loans entirely** and a West African MFI reduced loan disbursement by **50%**.
- An East African mobile money platform **doubled** transactions from last year and a South African fintech saw an increase in revenue by **30%**.

Operational impact

Due to the pandemic's all-pervasive nature, FIs followed directions from governments, impacting operations across organizations similarly despite some differences between countries. The following are the operational impacts experienced by FIs.

Figure 21: Operational impacts faced by FIs during the pandemic

FSPs made increased investments in online tools to support remote work environments to adapt to remote operations. Banks also stated delays in the implementation of non-digitization initiatives. A bank in Ghana claimed that several vital initiatives were in the works before the pandemic struck, but the implementation has now been postponed. A bank in Rwanda introduced a digital platform for client repayments, and an MFI in Nigeria introduced a digital platform for customers to access funds and services.

Due to lockdowns in effect across several countries, physical branches were closed where possible. Lack of digitization makes physical banking an essential service, and therefore, FSPs took adequate steps to minimize risk to employees and customers.

An increase in costs due to enhanced sanitization procedures was typical across those operating with physical infrastructure. Additional measures such as expanding customer services to assist with phone banking and agency banking networks were adopted to reduce customer visits to physical branches.

As customers were also cautious and minimized non-essential tasks, banks reduced employees in branches and adopted social distancing practices. Shorter working hours and shift arrangements were standard.

Impacts on supporting organizations

The pandemic negatively impacted industry associations, women entrepreneur associations, business development service providers, and other MSME supporting organizations. In addition to seeking funding from donors and development partners, these organizations charge membership or subscription fees to maintain revenue. A supporting organization in East Africa saw revenues drop by 60 percent due to losses in membership fees and attendance charges for its events. Some donor-funded organizations have also seen funding dry up. With across-the-board cuts to non-essential spending, all organizations have suffered. Many organizations, including business associations and advisors that give access to networks and are modeled on physical interaction, have tried to pivot to digital operations.

Response from FIs and supporting organizations

Financial Response from FIs

Most commonly, FIs provided financial support in the form of restructured loan terms. Where applicable, they also provided access to new loans to minimize the pandemic's negative impact on their clients. In addition, they digitized services and took other actions to adapt to the physical and economic conditions.

Table 6: Various financial responses by FIs

New issuances	Working capital loans	• A West African bank **increased limits on working capital loans** to allow MSMEs to access capital in times of low consumption. • A Southern African fund manager instituted financial relief which gave **access to concessionary working capital loans** to meet the day-to-day expense needs of MSMEs.
	Others	• A Southern African bank participated in an industry initiative and offered over $65 million in **interest-free loans to enable businesses to pay salaries**. • An MFI in West Africa provided the option of a **new loan to those that had reached repayment rates of 70%**. • A SACCO in East Africa introduced a **microcredit loan product mainly tailored to women owned/led microenterprises**.
Restructured loans	Deferred loan repayments	• A Southern African bank provided payment holidays to all MSMEs with a turnover below $1.2 million, **benefitting 60% of its customers**. • A West African MFI offered **two-month grace periods to MSMEs** and saw 70% of its MSME clients participate. • An East African bank offered **grace periods on a systematic basis to clients who could not meet their loan obligations**. This impacted 60% of their portfolio during the lockdown. • A Southern African fintech provided its customers with payment holidays and restructured loan repayments.
	Reduction in interest rates	• **Discounted interest rates have been less common**. Only three FIs among those interviewed provided reduced interest rates. • An East African bank offered loans at reduced rates to businesses in the hospitality (hotels and restaurants) and floriculture sectors. • A West African bank reduced interest rates by 2%.
	Waived default charges	• A West African bank **waived default charges**. • A Southern African bank instituted "COVID Relief," which **waived interest** for clients for a period and gave past defaulters three months to clear their arrears and take advantage of this product.

Non-financial Response from FIs

The pandemic has incentivized the creation of new ways of operating for FIs and customers. Travel bans and lockdowns have impaired the ability of FIs—especially MFIs and SACCOs, which mostly serve customers in peri-urban and rural settings—to communicate with specific customers who are not on digital platforms. With limited Internet penetration and low levels of digital education, many of these customers have remained unbanked for months.

Table 7: Various forms of non-financial responses provided by FIs

Digitization of operations	• A West African MFI provided a **digital platform to access funds and make repayments**. It also partnered with a payment processing company to introduce USSD codes and enable access to cards. • An East African MFI partnered with mobile phone companies to **provide phones on credit to customers**, mainly women, and improve digital service access. • An East African bank made investments in customer service centers and agency networks to allow customers easier access to services and the ability to move away from branch banking. • A Southern African insurance provider implemented a USSD line through which customers could request a callback. It linked its claim verification process to government agencies and **paid out claims without any physical interaction with the clients**. • A SACCO in East Africa introduced a WhatsApp line for banking. • A bank in West Africa **increased the limit on digital transactions**, allowing customers to make more withdrawals using e-channels. • A mobile money provider in East Africa introduced zero-rated peer-to-peer (P2P) transfers during the peak of the lockdown, which increased transactions.
Dissemination of information and capacity building training	• A Southern African bank and a West African bank organized webinars to inform customers about available support, new regulations, and compliance requirements. • A West African and an East African bank conducted webinars to provide technical assistance in risk management in order to minimize the pandemic's impact on business operations and business remodeling. A Kenyan bank brought in specialist consultants from an international development institution to facilitate conversations with women about managing family obligations. • In West Africa, an MFI conducted biweekly webinars to share effective response measures and information about available support with customers. On a given day, 200-500 customers attended these training sessions. The MFI also introduced a phone line to share information on managing business, health, sectoral trends, etc. Additionally, the MFI has helped businesses, such as small restaurants, adopt new operating models and grow their business through food delivery. • An MFI in Southern Africa created an online program that primarily focuses on financial education. • In West Africa, an MFI sent a prerecorded video to each of its clients with advice on managing business during the crisis. Client relationship officers reinforced this video with follow-up phone calls to share further advice and answer questions.
Provision of business advisory services and support	• A Southern African bank offered technical assistance to MSMEs through a specialized CSR consulting firm. • A West African FI helped MSMEs develop their digital presence through a website and other online customer engagement tools. A Ghanaian bank allowed customers to advertise their products and services on the bank's phone app to increase new customer participation.
Creation of new marketing channels	• An East African bank introduced a referral system to reduce on-the-ground marketing.
Investments in heightened safety procedures	• A West African bank provided agents with biometric devices (for fingerprinting), PPE, and sanitizer to support customers. • An East African bank allotted motorbikes to loan recovery officers so they could avoid the use of public transport. • A SACCO in East Africa increased its number of loan officers to help meet with customers who were unable to travel to branches due to the risk of COVID-19.
Development of internal resilience plans	• An East African bank halted lending to businesses in the tourism sector because it was one of the most negatively impacted by the pandemic.

Scope and methodology details

Geographic scope

The study covered 13 countries across three regions in Sub-Saharan Africa.

Figure 22: Geographic scope for data collection

Region	Country
East and Central Africa	Democratic Republic of Congo (DRC)
	Ethiopia
	Kenya
	Rwanda
	Tanzania
	Uganda
Southern Africa	Madagascar
	South Africa
	Zambia
West Africa	Cameroon
	Ghana
	Nigeria
	Senegal

Methodology

The study sourced insights from MSME surveys and phone interviews with financial service providers, supporting organizations, and entrepreneurs, and was complemented by secondary research.

MSME surveys

The MSMEs surveyed represented a range of different sizes, formality status, and sectors in 13 countries. The study selected for a higher representation of W-MSMEs (70 percent) than M-MSMEs (30 percent). The 2,207 MSME surveys completed include 983 from East and Central Africa, 720 from West Africa, and 504 from Southern Africa. The table on the right details the sample, split by size and sector representation.

Table 8: MSME sample split

Region	Country	Completed
East and Central Africa	Democratic Republic of Congo (DRC)	157
	Ethiopia	182
	Kenya	163
	Rwanda	156
	Tanzania	157
	Uganda	168
Southern Africa	Madagascar	174
	South Africa	157
	Zambia	173
West Africa	Cameroon	180
	Ghana	170
	Nigeria	188
	Senegal	182
	Total	**2207**

MSME definitions

MSME definitions across countries

Across the 13 countries, MSMEs are defined using various combinations of employee numbers, sales, and/or assets. The table below provides an overview of the criteria used by the countries. The data are based on official definitions found in each country's MSME policy or Act.

Table 9: MSME definitions across 13 countries

Number of employees	**All 13 countries** use the number of employees to define MSMEs
Annual sales	**Nine countries** use annual revenues to define MSMEs
Assets	**Four countries** use assets to define MSMEs

Figure 23 shows the average number of employees for micro, small, and medium enterprises. These represent country-level definitions that were used as guidelines for developing the survey definition.

Figure 23: MSME definition using country-level and IFC definitions, based on number of employees

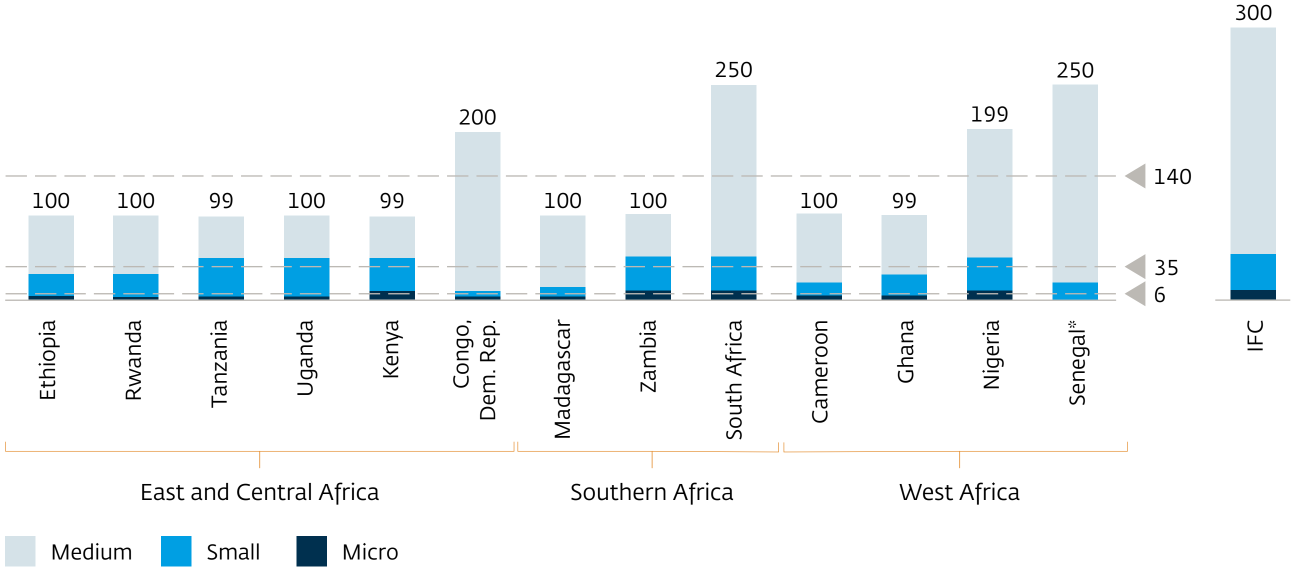
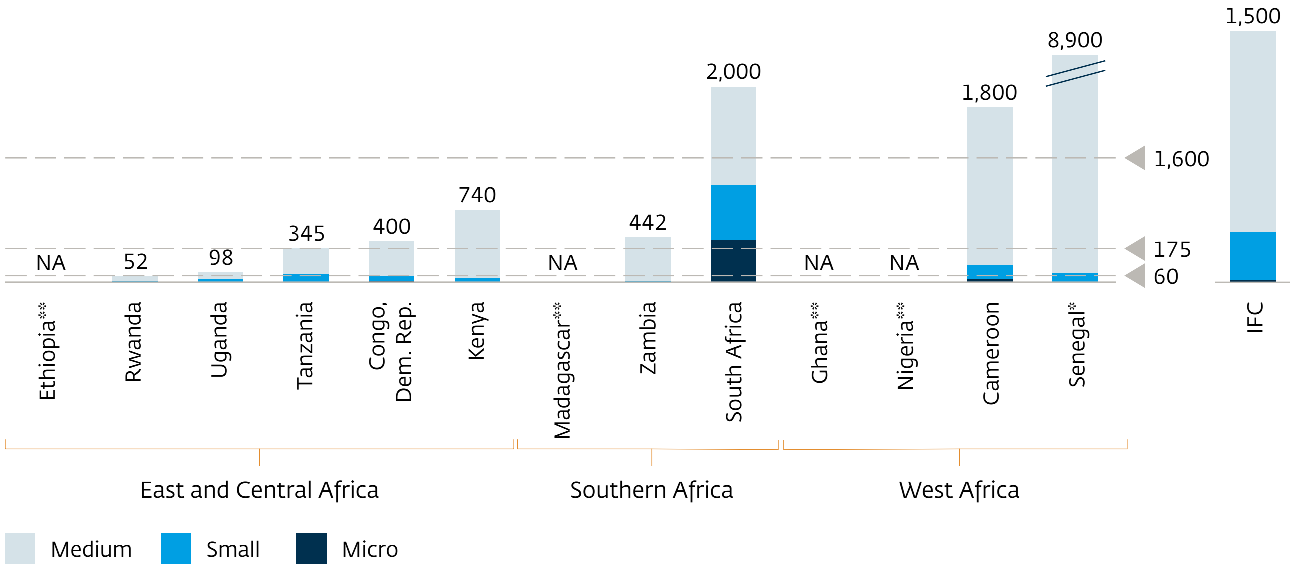


Figure 24 indicates average annual sales for micro, small, and medium enterprises. These represent country-level definitions and the IFC definition.

Figure 24: MSME definition using country-level and IFC definitions, based on annual sales ('00 USD$)



Standard MSME definition for this study

The primary definition used across the 13 countries was based on the average number of employees. The thresholds are as follows.

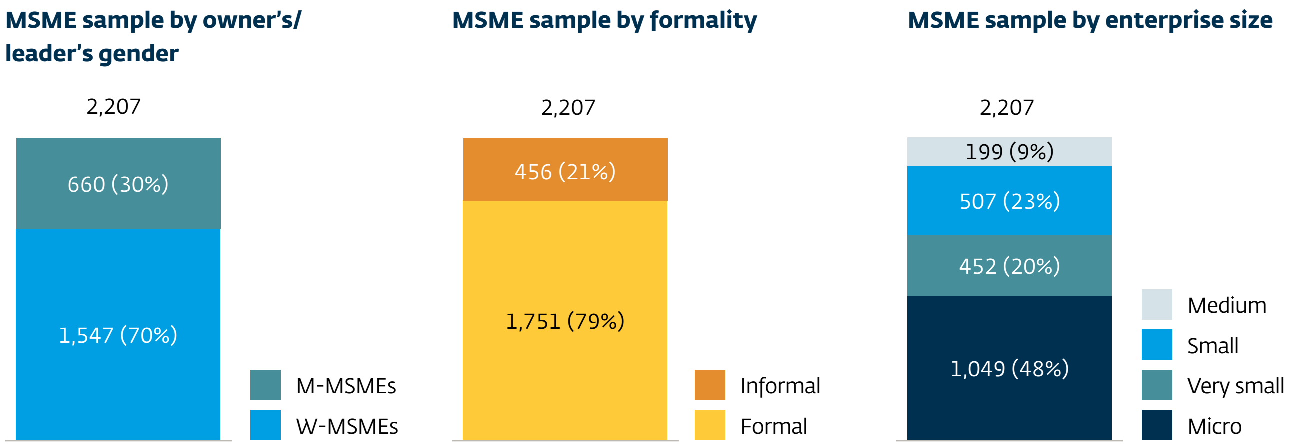
- Micro: <6
- Very Small Enterprises (VSE): 6-10
- Small: 11–35
- Medium: 36–140

The choice of this definition was informed by (i) IFC's insights into the MSME space and target groups, and (ii) each country's definition. The study uses annual sales as a secondary definition in exceptional cases, e.g., when enterprises are micro based on the number of employees, but medium based on annual sales. We categorized such businesses into the appropriate buckets on a case-by-case basis.

MSME survey sample split

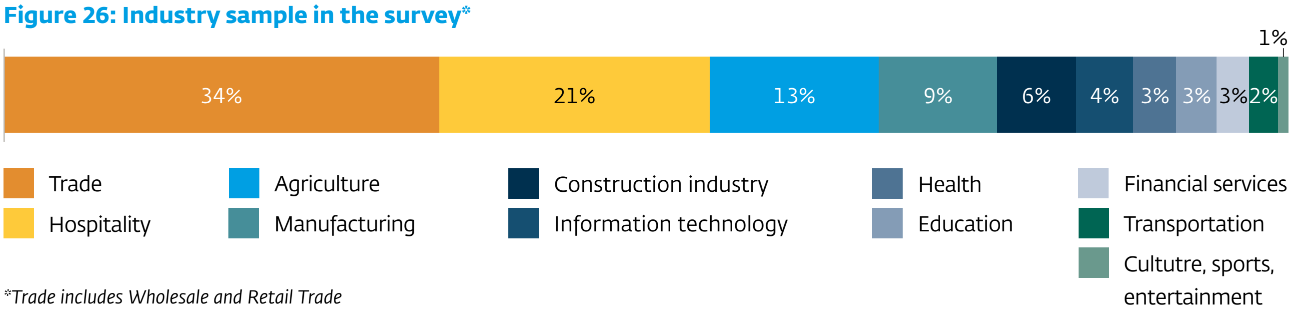
The gender, formality, and size distribution of the sampled MSMEs are as follows:

Figure 25: Survey sample split



The study was designed to survey women from all 11 sectors, but some sectors had minimal female representation. Among the sectors surveyed, W-MSMEs were most prevalent in trade, agriculture, and hospitality, as seen in Figure 26:

Figure 26: Industry sample in the survey*



**Trade includes Wholesale and Retail Trade*
Hospitality includes Accommodation, Tourism, Catering and Beauty businesses
Agriculture includes Agriculture, Forestry, Animal husbandry and fisheries
Entertainment includes Culture, Sports and Entertainment industries

Financial institutions

The sample of 34 FIs included a mix of different types of institutions that work with MSMEs, particularly W-MSMEs. The outreach prioritized major FIs in each country, focusing on those servicing women-led MSMEs. Additionally, we reached out to several FIs for online surveys and received responses from 22 of them.

Table 10: FI sample split

Type of FI	Completed
Commercial bank	15
MFI	8
SACCO	1
Insurance company	1
Fintech	4
Other	2
Mobile Money	1
Incubators/Accelerators/VCs	2
Total	**34**

Supporting organizations

The team drew additional insights from one-on-one phone interviews with 13 supporting organizations identified as sector agnostic, sector-focused, or W-MSME-focused.

Table 11: Supporting organizations sample split

Type supporting organizations	Completed
SME Associations	4
Women Associations	4
Industry Bodies	1
Private Sector Agencies	4
Total	**13**

COUNTRY SNAPSHOTS

Impact of COVID-19 on Women-owned/led MSMEs

West Africa - Cameroon

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
Women	52%	32%	13%	2%
Men	50%	34%	11%	5%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
Women	7%	25%	27%	21%	9%	6%	3%
Men	4%	29%	39%	16%	4%	2%	2%

Responses

58% W-MSMEs cut non-essential costs, vs. **57%** M-MSMEs

73% W-MSME diverted personal savings to business, vs. **75%** M-MSMEs

26% W-MSMEs used some form of digital tools during the pandemic, vs. **16%** M-MSMEs

Level of support received from FIs

No support received

90% W-MSMEs
91% M-MSMEs

Financing support*

Short term financing
3% W-MSMEs
5% M-MSMEs

Restructured loan terms
6% W-MSMEs
4% M-MSMEs

Non-financial support*

Information
1% W-MSMEs
4% M-MSMEs

Mentoring and coaching
1% W-MSMEs
4% M-MSMEs

Support required

Financial needs of W-MSMEs

60% long term financing
32% restructured loans
19% short term financing

(For M-MSMEs, figures are 57%, 43%, 20% respectively)

Non-financial needs of W-MSMEs

27% expand customer base
20% enter new markets
17% new products/services
8% new sales channels

(For M-MSMEs, figures are 27%, 20%, 16%, 4% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

West Africa - Ghana

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → Best

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	32%	58%	8%	2%
M-MSMEs	41%	46%	11%	2%

Impact on revenues (all sectors and sizes)

Worst ← → Best

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	4%	25%	47%	12%	7%	4%	2%
M-MSMEs	3%	22%	52%	10%	8%	5%	0%

Responses

- **63%** W-MSMEs cut non-essential costs, vs. **67%** M-MSMEs
- **75%** W-MSME diverted personal savings to business, vs. **79%** M-MSMEs
- **15%** W-MSMEs used some form of digital tools during the pandemic, vs. **22%** M-MSMEs

Level of support received from FIs

No support received

84% W-MSMEs
81% M-MSMEs

Financing support*

Short term financing
7% W-MSMEs
3% M-MSMEs

Restructured loan terms
4% W-MSMEs
10% M-MSMEs

Non-financial support*

Information
7% W-MSMEs
5% M-MSMEs

Support in improving digital tools
3% W-MSMEs
0% M-MSMEs

Support required

Financial needs of W-MSMEs

- **79%** long term financing
- **45%** restructured loans
- **29%** short term financing

(For M-MSMEs, figures are 67%, 57%, 30% respectively)

Non-financial needs of W-MSMEs

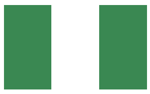
- **53%** expand customer base
- **42%** enter new markets
- **39%** new sales channels
- **38%** new products/services

(For M-MSMEs, figures are 60%, 48%, 46%, 35% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

West Africa - Nigeria

Examining ongoing effects, support received, and needed support



Impact

Impact on business activity (all sectors and sizes)

Worst ← → Best

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	21%	61%	8%	10%
M-MSMEs	19%	67%	4%	10%

Impact on revenues (all sectors and sizes)

Worst ← → Best

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	1%	10%	20%	26%	21%	9%	14%
M-MSMEs	0%	19%	21%	21%	15%	8%	15%

Responses

- **58%** W-MSMEs cut non-essential costs, vs. **54%** M-MSMEs
- **74%** W-MSME diverted personal savings to business, vs. **67%** M-MSMEs
- **46%** W-MSMEs used some form of digital tools during the pandemic, vs. **46%** M-MSMEs

Level of support received from FIs

No support received

65% W-MSMEs
69% M-MSMEs

Financing support*

Long term financing
4% W-MSMEs
4% M-MSMEs

Restructured loan terms
6% W-MSMEs
10% M-MSMEs

Non-financial support*

Information
24% W-MSMEs
12% M-MSMEs

Support in improving digital tools
7% W-MSMEs
13% M-MSMEs

Support required

Financial needs of W-MSMEs

- **49%** long term financing
- **49%** restructured loans
- **33%** short term financing

(For M-MSMEs, figures are 52%, 42%, 21% respectively)

Non-financial needs of W-MSMEs

- **28%** expand customer base
- **22%** new sales channels
- **19%** enter new markets
- **15%** new products/services

(For M-MSMEs, figures are 37%, 23%, 23%, 19% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

West Africa - Senegal

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	43%	42%	1%	14%
M-MSMEs	41%	45%	8%	6%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	38%	47%	8%	3%	3%	1%	1%
M-MSMEs	25%	55%	8%	2%	5%	2%	5%

Responses

41% W-MSMEs cut non-essential costs, vs. 50% M-MSMEs

85% W-MSME diverted personal savings to business, vs. 86% M-MSMEs

14% W-MSMEs used some form of digital tools during the pandemic, vs. 27% M-MSMEs

Level of support received from FIs

No support received

89% W-MSMEs
91% M-MSMEs

Financing support*

Long term financing
4% W-MSMEs
3% M-MSMEs

Short term working capital loan
4% W-MSMEs
0% M-MSMEs

Non-financial support*

Support in improving digital tools
1% W-MSMEs
5% M-MSMEs

Mentoring and coaching
1% W-MSMEs
0% M-MSMEs

Support required

Financial needs of W-MSMEs

- 55% long term financing
- 37% short term financing
- 16% restructured loans

(For M-MSMEs, figures are 50%, 31%, 13% respectively)

Non-financial needs of W-MSMEs

- 30% expand customer base
- 28% enter new markets
- 20% new products/services
- 14% new sales channels

(For M-MSMEs, figures are 28%, 28%, 23%, 14% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

East and Central Africa - DRC

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	38%	41%	7%	15%
M-MSMEs	49%	35%	12%	4%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	7%	26%	27%	9%	11%	3%	13%
M-MSMEs	6%	22%	35%	8%	10%	2%	8%

Responses

27% W-MSMEs cut non-essential costs, vs. 35% M-MSMEs

81% W-MSME diverted personal savings to business, vs. 63% M-MSMEs

9% W-MSMEs used some form of digital tools during the pandemic, vs. 2% M-MSMEs

Level of support received from FIs

No support received

97% W-MSMEs
100% M-MSMEs

Financing support*

Long term financing
2% W-MSMEs
0% M-MSMEs

Restructured loan terms
1% W-MSMEs
0% M-MSMEs

Non-financial support*

Information
2% W-MSMEs
0% M-MSMEs

Support required

Financial needs of W-MSMEs

- 59% long term financing
- 34% short term financing
- 25% restructured loans

(For M-MSMEs, figures are 59%, 41%, 29% respectively)

Non-financial needs of W-MSMEs

- 29% expand customer base
- 25% new products/services
- 25% enter new markets
- 10% new sales channels

(For M-MSMEs, figures are 22%, 27%, 29%, 8% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

East and Central Africa - Ethiopia

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → Best

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	19%	71%	8%	2%
M-MSMEs	26%	56%	5%	14%

Impact on revenues (all sectors and sizes)

Worst ← → Best

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	13%	44%	17%	9%	6%	6%	4%
M-MSMEs	14%	44%	12%	14%	2%	5%	9%

Responses

- 60% W-MSMEs cut non-essential costs, vs. 53% M-MSMEs
- 79% W-MSME diverted personal savings to business, vs. 81% M-MSMEs
- 12% W-MSMEs used some form of digital tools during the pandemic, vs. 2% M-MSMEs

Level of support received from FIs

No support received

89% W-MSMEs
86% M-MSMEs

Financing support*

Long term financing
1% W-MSMEs
5% M-MSMEs

Short term working capital loan
6% W-MSMEs
5% M-MSMEs

Non-financial support*

Information
4% W-MSMEs
7% M-MSMEs

Courses and webinars
1% W-MSMEs
2% M-MSMEs

Support required

Financial needs of W-MSMEs

- 52% long term financing
- 31% short term financing
- 29% restructured loans

(For M-MSMEs, figures are 63%, 23%, 28% respectively)

Non-financial needs of W-MSMEs

- 40% enter new markets
- 39% expand customer base
- 29% new product/service
- 12% new sales channels

(For M-MSMEs, figures are 42%, 40%, 40%, 14% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

East and Central Africa - Kenya

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → Best

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	34%	61%	2%	3%
M-MSMEs	20%	63%	9%	9%

Impact on revenues (all sectors and sizes)

Worst ← → Best

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	7%	45%	28%	14%	2%	3%	2%
M-MSMEs	4%	35%	39%	11%	0%	2%	7%

Responses

- 85% W-MSMEs cut non-essential costs, vs. 63% M-MSMEs
- 81% W-MSME diverted personal savings to business, vs. 57% M-MSMEs
- 51% W-MSMEs used some form of digital tools during the pandemic, vs. 41% M-MSMEs

Level of support received from FIs

No support received

62% W-MSMEs
70% M-MSMEs

Financing support*

Long term financing
6% W-MSMEs
2% M-MSMEs

Restructured loan terms
21% W-MSMEs
22% M-MSMEs

Non-financial support*

Information
14% W-MSMEs
2% M-MSMEs

Support in improving digital tools
7% W-MSMEs
7% M-MSMEs

Support required

Financial needs of W-MSMEs

- 64% restructured loans
- 63% long term financing
- 36% short term financing

(For M-MSMEs, figures are 41%, 65%, 30% respectively)

Non-financial needs of W-MSMEs

- 33% enter new markets
- 32% expand customer base
- 21% new product/service
- 15% new sales channels

(For M-MSMEs, figures are 39%, 30%, 24%, 30% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

East and Central Africa - Rwanda

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → Best

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	15%	71%	5%	9%
M-MSMEs	18%	80%	0%	2%

Impact on revenues (all sectors and sizes)

Worst ← → Best

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	2%	36%	30%	17%	6%	7%	3%
M-MSMEs	4%	29%	27%	20%	12%	8%	0%

Responses

70% W-MSMEs cut non-essential costs, vs. **84%** M-MSMEs

62% W-MSME diverted personal savings to business, vs. **63%** M-MSMEs

16% W-MSMEs used some form of digital tools during the pandemic, vs. **31%** M-MSMEs

Level of support received from FIs

No support received

67% W-MSMEs
67% M-MSMEs

Financing support*

Long term financing
8% W-MSMEs
12% M-MSMEs

Restructured loan terms
16% W-MSMEs
22% M-MSMEs

Non-financial support*

Information
20% W-MSMEs
6% M-MSMEs

Courses and webinars
1% W-MSMEs
10% M-MSMEs

Support required

Financial needs of W-MSMEs

- **39%** long term financing
- **32%** short term financing
- **21%** restructured loans

(For M-MSMEs, figures are 45%, 45%, 31% respectively)

Non-financial needs of W-MSMEs

- **21%** expand customer base
- **17%** new products/services
- **15%** enter new markets
- **13%** new sales channels

(For M-MSMEs, figures are 29%, 16%, 10%, 18% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

East and Central Africa - Tanzania

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → Best

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	31%	32%	22%	15%
M-MSMEs	40%	29%	21%	10%

Impact on revenues (all sectors and sizes)

Worst ← → Best

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	6%	35%	38%	15%	4%	3%	0%
M-MSMEs	4%	15%	27%	33%	10%	2%	8%

Responses

60% W-MSMEs cut non-essential costs, vs. **52%** M-MSMEs

68% W-MSME diverted personal savings to business, vs. **58%** M-MSMEs

15% W-MSMEs used some form of digital tools during the pandemic, vs. **17%** M-MSMEs

Level of support received from FIs

No support received

82% W-MSMEs
79% M-MSMEs

Financing support*

Long term financing
6% W-MSMEs
8% M-MSMEs

Restructured loan terms
6% W-MSMEs
10% M-MSMEs

Non-financial support*

Information
6% W-MSMEs
2% M-MSMEs

Mentoring and coaching
6% W-MSMEs
6% M-MSMEs

Support required

Financial needs of W-MSMEs

- **45%** restructured loans
- **44%** long term financing
- **32%** short term financing

(For M-MSMEs, figures are 48%, 35%, 25% respectively)

Non-financial needs of W-MSMEs

- **34%** expand customer base
- **28%** enter new markets
- **25%** new product/service
- **9%** new sales channels

(For M-MSMEs, figures are 25%, 25%, 27%, 6% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

East and Central Africa - Uganda

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	25%	63%	4%	7%
M-MSMEs	20%	69%	2%	9%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	17%	33%	25%	11%	4%	6%	4%
M-MSMEs	20%	31%	24%	11%	9%	2%	2%

Responses

59% W-MSMEs cut non-essential costs, vs. **53%** M-MSMEs

59% W-MSME diverted personal savings to business, vs. **56%** M-MSMEs

25% W-MSMEs used some form of digital tools during the pandemic, vs. **29%** M-MSMEs

Level of support received from FIs

No support received

85% W-MSMEs
80% M-MSMEs

Financing support*

Long term financing
5% W-MSMEs
2% M-MSMEs

Restructured loan terms
10% W-MSMEs
7% M-MSMEs

Non-financial support*

Information
5% W-MSMEs
7% M-MSMEs

Courses and webinars
2% W-MSMEs
0% M-MSMEs

Support required

Financial needs of W-MSMEs

37% long term financing
33% restructured loans
30% short term financing

(For M-MSMEs, figures are 31%, 29%, 27% respectively)

Non-financial needs of W-MSMEs

17% expand customer base
17% new sales channels
15% enter new markets
13% new products/services

(For M-MSMEs, figures are 11%, 13%, 9%, 11% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

Southern Africa - Madagascar

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	61%	31%	2%	6%
M-MSMEs	60%	34%	4%	2%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	23%	31%	29%	8%	2%	2%	3%
M-MSMEs	8%	46%	30%	4%	6%	0%	6%

Responses

57% W-MSMEs cut non-essential costs, vs. **56%** M-MSMEs

73% W-MSME diverted personal savings to business, vs. **46%** M-MSMEs

27% W-MSMEs used some form of digital tools during the pandemic, vs. **16%** M-MSMEs

Level of support received from FIs

No support received

95% W-MSMEs
94% M-MSMEs

Financing support*

Long term financing
0% W-MSMEs
2% M-MSMEs

Restructured loan terms
4% W-MSMEs
2% M-MSMEs

Non-financial support*

Support in improving digital tools
1% W-MSMEs
6% M-MSMEs

Mentoring and coaching
1% W-MSMEs
0% M-MSMEs

Support required

Financial needs of W-MSMEs

39% restructured loans
37% long term financing
20% short term financing

(For M-MSMEs, figures are 28%, 48%, 10% respectively)

Non-financial needs of W-MSMEs

31% expand customer base
23% new products/services
19% new sales channels
16% enter new markets

(For M-MSMEs, figures are 26%, 22%, 22%, 16% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

Southern Africa - South Africa

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	21%	40%	10%	29%
M-MSMEs	20%	38%	16%	27%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	13%	14%	17%	21%	20%	7%	8%
M-MSMEs	16%	11%	13%	20%	29%	9%	2%

Responses

69% W-MSMEs cut non-essential costs, vs. **49%** M-MSMEs

50% W-MSME diverted personal savings to business, vs. **64%** M-MSMEs

31% W-MSMEs used some form of digital tools during the pandemic, vs. **16%** M-MSMEs

Level of support received from FIs

No support received

63% W-MSMEs
71% M-MSMEs

Financing support*

Long term financing
9% W-MSMEs
2% M-MSMEs

Restructured loan terms
19% W-MSMEs
16% M-MSMEs

Non-financial support*

Information
10% W-MSMEs
7% M-MSMEs

Support in improving digital tools
8% W-MSMEs
7% M-MSMEs

Support required

Financial needs of W-MSMEs

- **37%** restructured loans
- **30%** long term financing
- **27%** short term financing

(For M-MSMEs, figures are 38%, 40%, 24% respectively)

Non-financial needs of W-MSMEs

- **21%** expand customer base
- **19%** enter new markets
- **15%** new sales channels
- **10%** new products/services

(For M-MSMEs, figures are 36%, 18%, 16%, 7% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

Southern Africa - Zambia

Examining ongoing effects, support received, and needed support

Impact

Impact on business activity (all sectors and sizes)

Worst ← → **Best**

	Cannot continue	Struggling	No impact	Uptick
W-MSMEs	26%	67%	2%	5%
M-MSMEs	29%	67%	0%	4%

Impact on revenues (all sectors and sizes)

Worst ← → **Best**

	>90% loss	50-90% loss	25-50% loss	10-25% loss	<10% loss	No change	Increase
W-MSMEs	7%	30%	30%	11%	16%	2%	3%
M-MSMEs	2%	19%	35%	25%	10%	2%	6%

Responses

74% W-MSMEs cut non-essential costs, vs. **63%** M-MSMEs

78% W-MSME diverted personal savings to business, vs. **67%** M-MSMEs

33% W-MSMEs used some form of digital tools during the pandemic, vs. **35%** M-MSMEs

Level of support received from FIs

No support received

75% W-MSMEs
83% M-MSMEs

Financing support*

Long term financing
6% W-MSMEs
4% M-MSMEs

Restructured loan terms
10% W-MSMEs
4% M-MSMEs

Non-financial support*

Information
13% W-MSMEs
8% M-MSMEs

Support in improving digital tools
3% W-MSMEs
4% M-MSMEs

Support required

Financial needs of W-MSMEs

- **61%** long term financing
- **38%** restructured loans
- **18%** short term financing

(For M-MSMEs, figures are 58%, 27%, 29% respectively)

Non-financial needs of W-MSMEs

- **35%** expand customer base
- **34%** enter new markets
- **26%** new sales channels
- **26%** new products/services

(For M-MSMEs, figures are 31%, 29%, 13%, 27% respectively)

Top two types of financing and non-financing support received by MSMEs, varies by country

International Finance Corporation
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Creating Markets, Creating Opportunities

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