



COVID-19
RESPONSE



International
Labour
Organization



UN EGYPT COVID-19 INSIGHTS SERIES

SURVEY OF WOMEN LEADING MICRO, SMALL AND MEDIUM BUSINESSES ABOUT THE MAIN CHALLENGES THEY FACE AS A RESULT OF THE CORONAVIRUS CRISIS

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1. Overview

The International Labour Organization (ILO) in Cairo, in partnership with the National Council for Women (NCW) and the Egyptian Micro, Small and Medium Enterprises Development Agency (MSMEDA), conducted an online opinion poll for women leading micro, small and medium enterprises (formal or informal) to identify the most important challenges they face as a result of the coronavirus crisis, and the support needed to overcome them and sustain their businesses. This collaboration happened in the framework of the ILO's *Decent Work for Women in Egypt and Tunisia* project, financed by the Ministry for Foreign Affairs of Finland

2. Key vulnerable groups or sectors in focus

The survey focused on women entrepreneurs operating in both formal and informal settings, due to the fact that the COVID-19 pandemic had a disproportionate impact on women enterprises and employment in higher-risks sectors, put women informal workers under a greater threat of losing income, and exacerbated poor working conditions of women working in essential services. Over 50% of employment in informal sector in Egypt, most of which are women.¹ 43.10% of the working poor are employed in informal sector.²

Massive disruption in livelihoods for informal workers has happened as a direct result of COVID-19, due to reduced demand in the economy due to social distancing measures. Working in the informal sector makes households particularly vulnerable to shocks and pushes them consumption rationing—reduced spending on health, food or education—and depleting their social capital as a coping strategy, bringing them also the last resort the irregular migration abroad be exposed to the risk of exploitation.³ This would have particular effects on women sole bearers of their households. Women are more likely to deprive themselves of food and resort to negative coping strategies.⁴

¹ CAPMAS, HIECS, 2017/2018 (Published June 2019).

² Ibid.

³ Leaving No One Behind in the Time of COVID-19, Preliminary Mapping of Potential Socio-economic Impacts of COVID-19 and Guidance for Policy Responses in Egypt through a Vulnerability Lens. UN System in collaboration with Development Partners, April 2020.

⁴ Ibid.

3. Key insights from the knowledge product

- **79%** of the participating women leading MSMEs see that impact of the coronavirus crisis on their businesses was negative, 2% said it was positive, while 12% said that some of the impact was negative and some was positive.
- **52%** out of those who said that the impact was negative mentioned both the complete shutdown of business, and the decline in revenues/sales, followed by ceasing some activities/services/programs (29%), and the inability to pay salaries (24%).
- **65%** out of those who said that the impact was positive mentioned launching some activities/services/programs, followed by a large difference by the increase in their revenues/sales (24%), and having the time and opportunity for self-development and business development (13%).
- **31%** of the respondents viewed some opportunities in the current situation they can benefit from to develop their businesses, 79% mentioned people's movement towards buying local products, and 28% mentioned the availability of a trained workforce in the labour market they can hire since many other businesses closed.
- **60%** said that the unavailability of cash flow is among the challenges they face due to the crisis and hinder their usual business activity, followed by both the curfew and its effect on suspending movement (46%), and the lack of marketing outlets, including internal and external exhibitions (45%)
- **44%** of the respondents closed their businesses till the situation ends, while 36% mentioned that they have provided their products and services through online platforms.
- **65%** said that they did not follow any practices with respect to staffing and personnel, while 16% said they laid off some of the workers, and 13% said they laid off all of the workers, and 9% decreased salaries. It is worth mentioning that 47% of the participating businesses do not hire any workers other than the business owner.
- **34%** of the respondents decreased their products and services' prices, 9% of them said that they increased them, and 8% reconsidered and negotiated current contracts.
- Almost **two thirds** of the respondents said they need marketing/promotion support (68%) and financial support (67%) from the different support entities.
- **55%** of the respondents said they need e-marketing training, followed by financial crisis management training (42%), then training and support with regard to e-commerce (37%), new product/service development (36%), and mentoring and coaching (36%).
- Providing marketing support and financial support were on the top of interventions women leading MSMEs need the Egyptian government to take to support them during and after the crises, as mentioned by 22% and 19% of the respondents respectively, followed by giving them loans and indulgence in the payment of the installments (12%), and provide technical support and training (11%).

4. Policy Implications

Based on the survey results, some recommendations have been reached in order to support women leading MSMEs during/after the coronavirus crisis. These recommendations are as follows:

- **Providing training and technical support:**

- Providing training and technical support in general to women leading businesses with special focus on training related to dealings through the internet (e-commerce, e-marketing, and holding training/events through the internet), and training related to business management during crisis. The NCW and the ILO are currently exploring the possibility of d
- Providing mentoring and guidance from established women entrepreneurs to women leading MSMEs, especially those who are still in the beginning of their work.
- Providing training on how to take and follow the required precautionary measures in order to help those women return back normally to their work, while maintaining protection and safety for them and their workers.

- **Providing financial support whether directly or indirectly through exemptions and discounts and facilitating government procedures, and providing government services through the internet for registering new enterprises, or providing services for currently working enterprises**

- Providing financial support/grants to women leading MSMEs, especially those working in the sectors and activities that have competitive advantage abroad, or essential in the domestic market.
- Providing loans with low interests to women leading businesses who were hit by the crisis. Make it possible to postpone loans' installments, and decrease interests on loans that was taken before the crisis.
- Providing co-working spaces with low rent for women leading MSMEs,
- Offering tax exemptions, or decreasing taxes on women-led MSMEs.
- Reducing the expenses related to registering businesses and facilitating the process to women leading businesses.
- Establishing a market for selling raw material for women leading business with discounted prices.
- Providing sanitizers and protection equipment with discounted prices for women leading businesses to alleviate the financial burden related to following the precautionary measures for business return.

- **Providing marketing and promotion support to women leading businesses:**

- Providing an electronic platform to market the products and services of women leading MSMEs. The ILO and NCW are working on joining the Alex Bank Initiative on Ebda3 men masr online store, which will lead to providing support to 38 women entrepreneurs marketing their products on Jumia's website.
 - Organizing free exhibitions in different governorates and places or with low participation fees while taking the precautionary measures, in order to provide marketing support for women leading businesses.
- **Continuous communication with women leading businesses:**
 - Setting up an online community/platform for gathering women leading MSMEs to communicate with them and connect them and allow them to network together.
 - Building partnerships between different support entities for women leading businesses to provide them with distinguished services and communicate with them through one communication channel.

5. Programmatic relevance

Based on the key recommendations, the three partners, the ILO, the NCW and MSMEDA will continue to design and implement actions related to women entrepreneurship development in Egypt that are guided by the findings and recommendations of the report.

6. Partners and Donors

The survey was the result of a joint collaboration between the ILO, the National Council for Women (NCW) and the Micro, small and medium enterprises development Agency (MSMEDA), in the framework of the Decent work for Women in Egypt and Tunisia Project, funded by the Ministry for Foreign Affairs of Finland.

7. Link to the full knowledge product:

English:

https://www.ilo.org/africa/countries-covered/egypt/WCMS_755027/lang--en/index.htm

Arabic:

https://www.ilo.org/africa/countries-covered/egypt/WCMS_755024/lang--ar/index.htm

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