



RAAGSAN

Socio-Economic
Implications of COVID-19
on Micro, Small and Medium
Women-owned Enterprises

A case of Mogadishu

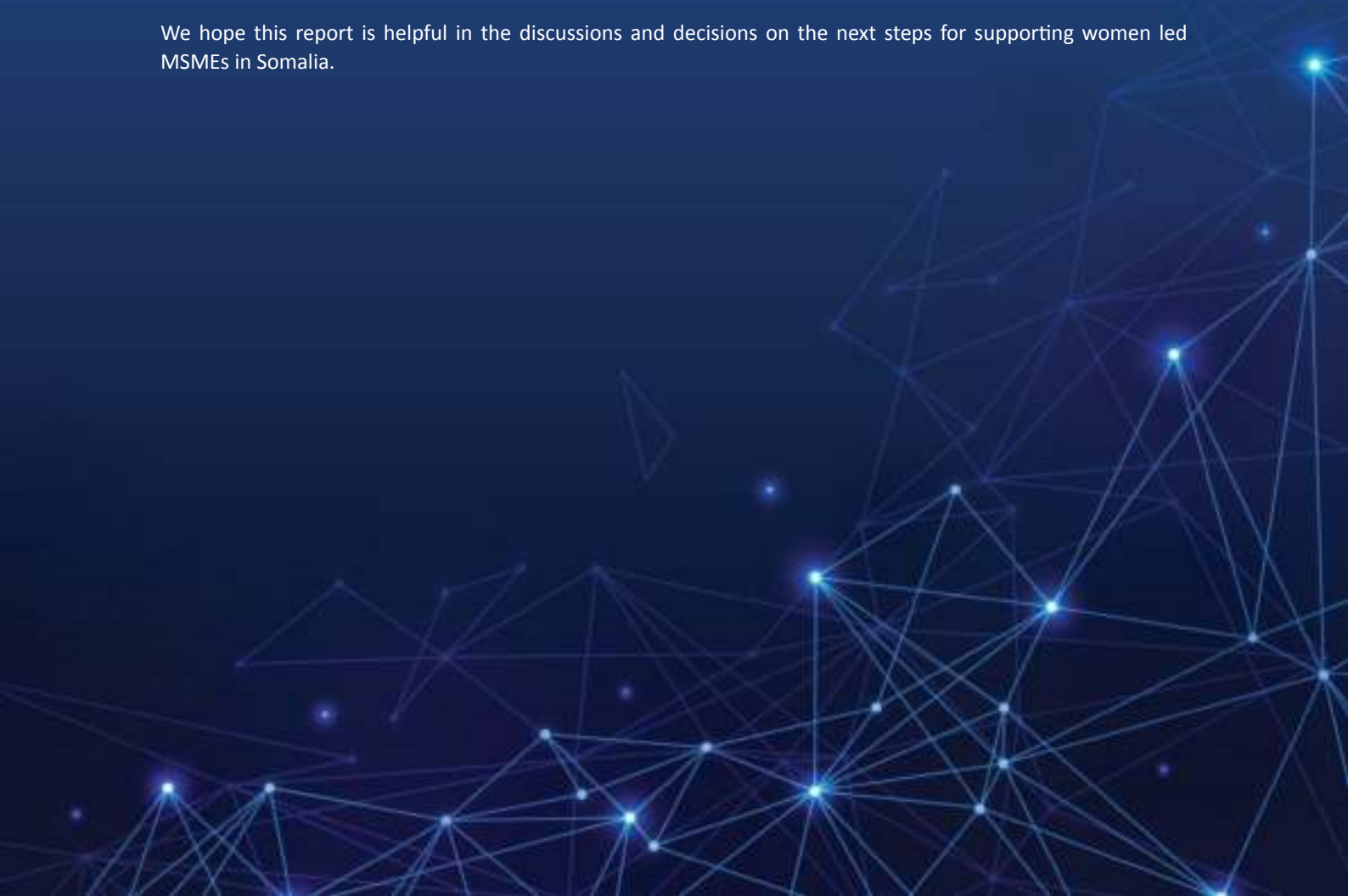
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We hope this report is helpful in the discussions and decisions on the next steps for supporting women led MSMEs in Somalia.



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RAAGSAN is a female led social enterprise providing strategic and analytical consulting services across Somalia. We collect real time data to inform policies and programs. Our aim is to connect communities and policy makers. We work through a network of young professionals based across the country supported by senior consultants with strong post-conflict environment experience.

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GLOSSARY








Cash Flow	The total amount of money and money-equivalents being transferred into and out of a business, especially as affecting liquidity
COVID-19	An infectious disease caused by a newly discovered coronavirus.
Economic Migrant	A person who travels from one area to another to improve their standard of living
Expenses	Money spent, or costs incurred, by a business in their effort to generate revenues
MSME	Micro Small and Medium Enterprise (MSME) are formal or informal businesses with 2-9 employees (Micro), 10-49 employees (Small) and 50 or more employees (Medium)
Revenue	Income generated from normal business transactions, including discounts and deductions for returned merchandise
Revolving fund	An amount of money that exists in order to finance something, but from which any loans must be replaced in order that the full amount is available again
SME	Small and Medium Enterprise
Social Media	Websites and computer programs that allow people to communicate and share information on the internet using a computer or mobile phone





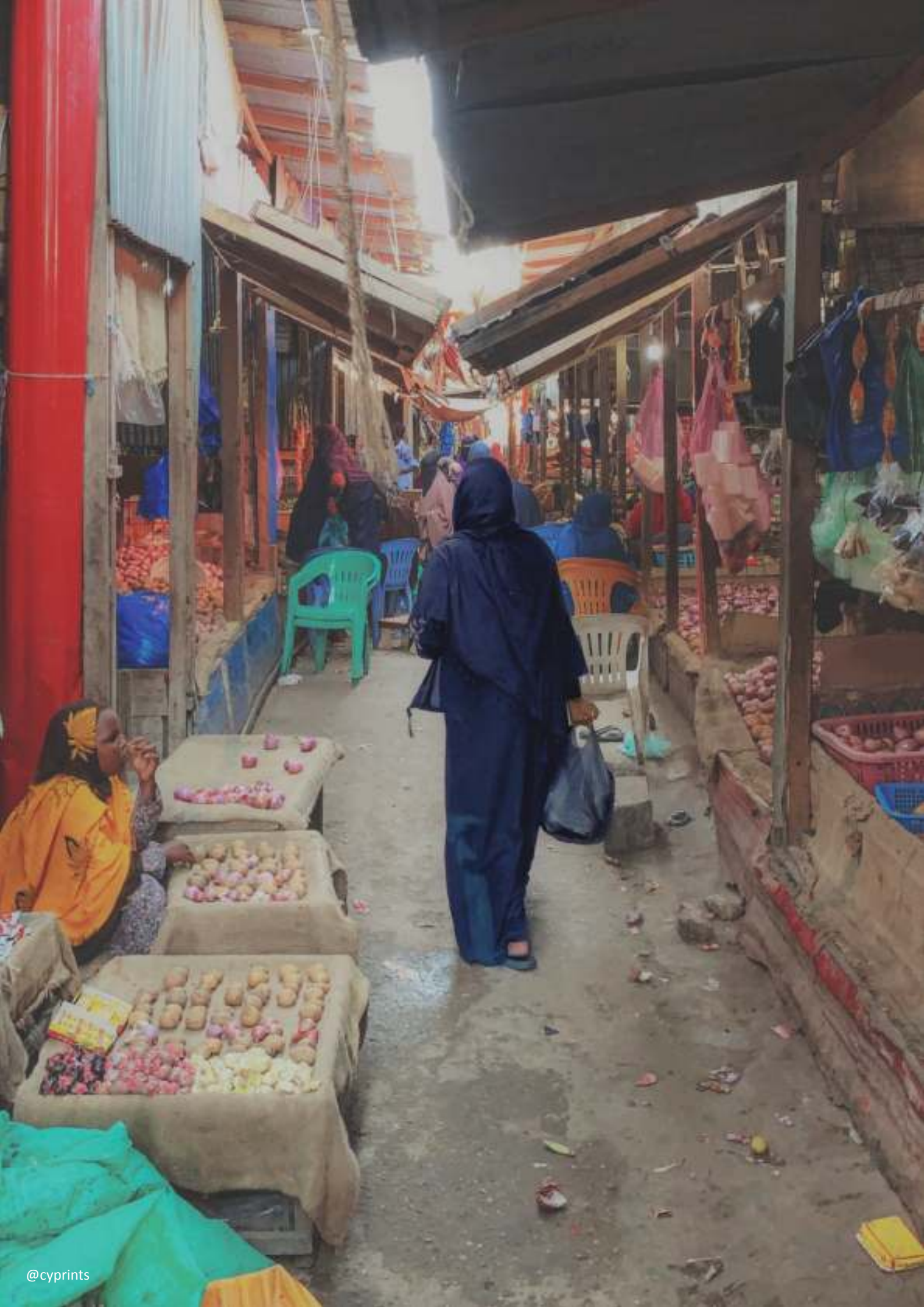
LIST OF ACRONYMS

COVID-19	Coronavirus disease 2019
FGS	Federal Government of Somalia
FMS	Federal Member States
WHO	World Health Organization
FOREX	Foreign exchange, or forex, is the conversion of one country's currency into another. In a free economy, a country's currency is valued according to the laws of supply and demand.

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EXECUTIVE SUMMARY

Somalia's capacity to deal with and react to COVID-19 is undermined by factors such as widespread poverty and inequality, a persistent humanitarian crisis, protracted conflict, fragile health care system, and a weak economy. COVID-19 has had a devastating impact on the economy leading to a crisis compared to the global recession. The Federal Government of Somalia (FGS), in its March 25 publication, expected -11% drop on Gross Domestic Product (GDP), as the pandemic hit the countries livestock export market and witnessed nearly 50% decrease on remittance from Somalis living abroad.

RAAGSAN Consulting conducted this research to understand the socio-economic impact of COVID-19 on women-led micro, small to medium-sized enterprises in Somalia.

The specific objectives of the research were:

- To assess the challenges faced by female-led MSMEs due to the COVID-19 outbreak and lockdown.
- Assess the implications of COVID-19 related restrictions on demand, supply, movement, and availability of goods and services sold by women traders in Mogadishu.
- To understand the current socio-economic and cultural environment under COVID-19 times and how women traders conduct their businesses in Mogadishu
- Assess women traders coping mechanisms related to dealing with the effects of COVID-19.
- To assess the current government response on COVID-19 and how it affects women-led businesses in Mogadishu.

The survey focused on the main markets of Mogadishu: Hamarweyne, Medina, Banadir, Suuq Ba'ad, Makal-mukaram street, and IDPs small markets (KM13-17). The study methodology involved a small-scale survey reaching 160 women-owned business owners, key informant interviews with stakeholders and experts in the field of public policy, governance, economics and entrepreneurship, and literature review.

Findings of the Research

1. **The characteristics of women MSMEs in Mogadishu reflect historic systemic cultural and socio-economic barriers. These businesses are unlikely to survive without support and policy interventions.**

Women-owned MSMEs in Mogadishu consists of mostly sole proprietors aged between 24-65 years. Only 35% of surveyed businesses were registered with local administrations. The characteristics of women MSMEs are fundamental in the development of policies and design of interventions to support businesses. Important considerations are:

- Women MSMEs are less likely to pivot into tech-based innovations that potentially save businesses during the pandemic¹. Only 32% of respondents had access to the internet, and even fewer used it for business.
- Low levels of business registration, particularly for micro and small businesses will significantly impact access to support.
- Over 80% have no access to loan facilities, and 71% are not actively participating in savings schemes, which limits options for resilience. With the lack of collateral and barriers to ownership of assets, compounded by dwindling revenues, women MSMEs face difficulty accessing loans.
- Nearly half of the businesses closed temporarily responding to those infected with the virus, or fear infection. Over 45% of respondents report that they do not have cashflows to last them a month.
- Women play a critical role as caregivers. Over 70% of respondents were sole proprietors, few affording to hire employees. They would have to put the business on hold to respond to domestic obligations – 70% of the women were married and had an average of seven dependents.



¹OECD. (n.d.). *Coronavirus (COVID-19): SME policy responses*. Retrieved June 24, 2020, from <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#tablegrp-d1e299>

2. High awareness levels of COVID-19 but socio-cultural and business environments impede prevention practices.

Despite high rates of awareness on COVID-19, prevention practices remain minimal among respondent groups in their homes and much lower in their businesses. Influences from cultural habits such as social gatherings, business physical environments such as crowded streets, and market areas make social distancing impossible, limited social protection and safety nets, increase the difficulty of protecting oneself and others. Poor access to clean water and sanitation exacerbates the situation.

Respondents received COVID-related information mainly through radio and phone text messaging (SMS); 42% heard through word of mouth from relatives and friends. Presumably, an influence of high illiteracy rates in the country, and a culture that promotes oral communication. Community leaders, government, and aid organizations were considered the least prominent sources of information, making up below 4%.

3. Respondents expressed anxiety and concern; generally disagree with common misconceptions about COVID-19

Overall, 87% of respondents felt COVID-19 presented a threat to the public and expressed anxiety and concern; 43% were pessimistic about the future effects of the pandemic on their businesses.

While respondents have a mostly positive attitude (avg. 57.3%) surrounding misconceptions about COVID-19 and government intentions, a significant number remain neutral (avg. 28.9%).

4. Nearly half of MSMEs have closed the business due to COVID-19; with a high risk of never recovering

In the survey, 57.5% of businesses were still operating; 43% were affected by COVID-19 and had to stop operations temporarily. With nearly half of businesses reporting insufficient cashflow to last a month, a substantial number of MSMEs will go out of business and are unlikely to recover. In the study, 3.1% of business that had stopped, reopened during the pandemic.

5. Government restrictions had varying influence on business continuity

Half of the businesses were operational with 89.3% reporting challenges with the night curfews. Social distancing had the least impact – as most businesses were not observing this. Business owners prioritized policies around loan term adjustments and debt relief, reduction of operational costs including rent and electricity, and reduced tax rates to help mitigate secondary effects of COVID-19 on their businesses.

Conclusions

Indeed, globally and in Somalia, the secondary impact of COVID-19 on the socio-economic landscape has been devastating, with millions losing their jobs and nearly half of MSMEs shutting down in several countries. Government reaction to COVID-19 significantly impacts on citizens – and requires an understanding of how different groups are affected – including women-owned MSMEs, as financial and health policies affect their businesses.

Socio-cultural environment and economic implications: COVID-19 pandemic has magnified the existing systemic issues that traditionally marginalize women. Women-owned MSMEs are ill-equipped to survive a pandemic such as COVID-19, with their characterizations making it difficult to design and deliver interventions to shield the businesses from collapse.

Financial Implications and MSMEs Business Continuity: To enable financial institutions to extend lifelines to women entrepreneurs, there is a need for some formalization. In the short term, businesses will have to undergo some form of registration to increase accountability and better support delivery.

Identification of MSMEs to support: Secondary literature review and key informant interviews expressed concerns over women MSMEs being left out of support programs as the focus will be on, for instance, displaced populations, and traditionally marginalized groups. The fact that the businesses are mostly informal, also makes them difficult to identify. Informal networks, business associations, business registry (only a few are registered in the informal economy), most of the entrepreneurs own mobile phone SIM Cards which could be used as a start towards some form of registration.

Innovation, technology, and policy measures:

Migration to use of technology and digital platforms will be difficult as the majority of MSME owners are challenged in using technology, have no access to the internet and digital platforms. Cultural and technological barriers impede quick results. There is a critical need to involve all stakeholders, and particularly representatives of women MSMEs in policy discussions to critically analyze how any COVID-19 related measures potentially affect their businesses and what policy measures can be taken to relieve the effects of the pandemic on women MSMEs.

Recommendations

The current situation with COVID-19 will drag out, alternating between waves of re-infection and explosions until a vaccine or cure is found and widely distributed. This necessitates a rethinking in the approach of dealing with a new set of circumstances and increasing the agility of businesses to survive.

Short term recommendations**Invest in quality data that enables the proper design of support interventions:**

The number of surveys conducted touching on secondary effects of COVID-19 is still minimal but on an upward trend. The extent to which these give a picture of the statistics in Somalia may be limited but contribute anecdotal evidence of the situation. Investments in strengthening data collection and availability in the lack of a central repository in Somalia goes a long way in enabling proper response.

The first focus should be on operational health and safety for MSMEs:

Create an enabling environment for MSMEs to be able to deliver on their businesses safely. This includes access to water, sanitation, and protective equipment. The stigma surrounding the disease in Somalia requires concerted efforts and inclusion of influencers such as religious leaders. In Somalia, the health impact of COVID-19 seems to have affected women-owned MSMEs just as much as secondary implications.

Build stronger linkages between financial institutions:

Including financial institutions, telecom companies, Hawala, and money transfer agents. The focus should be on assistance such as resourcing financial flows, loans, cash relief in the shorter term. In the long run, preventing business closure will cost less than attempting recovery in an uncertain COVID-19 timeline.

Skills development and business support:

Target small businesses that are likely to bear the immediate implication of COVID-19. Support could cover businesses that lack proper documents, lack access to the internet, have no business registration, and access to business information. The majority have low levels of education, which determines the approach to coaching and mentorship. Immediate support could include, financial accessibility, business planning, short term income support, free health care, reduction of tax, loan term adjustment, and debt relief.

Medium and long term recommendations**Launch interventions that address structural issues that affect women MSMEs:**

Cultural expectations of women in Somalia have led to endemic gender inequalities that require to be faced out or minimized before women MSMEs in Somalia can extensively benefit and flourish. Major factors include gender-based discrimination, limited access to information, inadequate education and training, lack of communal support, and limited access to resources. Mindset is an important factor in advancing the shift of business models to more innovative tech-enabled enterprises.

Establish peer to peer networks:

Forming women-owned MSME peer groups will contribute significantly in the way MSMEs can mobilize and advocate for their interests, whether policy or support. Local solutions will be critical during and after the pandemic.

Address accountability and transparency in stakeholder response:

This is pivotal to any support intervention that the government and stakeholders engage in. It is advisable to reinforce mechanisms towards accountability and transparency starting in the shorter term and increasing efforts in the medium and longer-term. Stakeholders should aim to continuously improve communication, collaboration, and coordination efforts, reducing redundancies and replications.

Strengthen safety nets and social protection mechanisms:

for women MSMEs with a view to building resilience through similar hardships. This could include savings schemes, investing in regulations protecting casual and temporary workers, informal businesses, and other vulnerable sectors, insurance options, and others.

Establish a revolving fund for women start-ups: In liaison with financing institutions that focuses on the special needs of women in businesses. This should reflect easy access to financing, increased options of different financing sources such as banks, social investors. It should also include elements of knowledge transfer and skills development, mentorship, and coaching.

Infrastructure investment and building a conducive business environment: There is a need for significant investment in infrastructure that enables business. These include tech-enabled trading, such as the use of mobile payments, online trading, advanced supply chain innovations.

Study the impact of COVID-19 pandemic on MSMEs, collect lessons, and share: Capture lessons and make recommendations for action. A comparative study of both women and men-owned businesses would provide insightful analysis and recommendations including for policy.

1. INTRODUCTION

The World Health Organization (WHO) announced a new virus strain COVID-19 which broke out in Wuhan, China on March 11, 2020, declaring it a pandemic. As of April 2020 when this study was designed, the virus had infected 3,018,952 people globally, with a death toll of 207,973. While 85% of those infected develop mild symptoms, the virus is deadly for the elderly, and those with underlying cardiovascular, diabetic, and cancerous conditions. In Somalia, the first cases were announced on March 17, 2020, rising to 1,000 by May 2020.

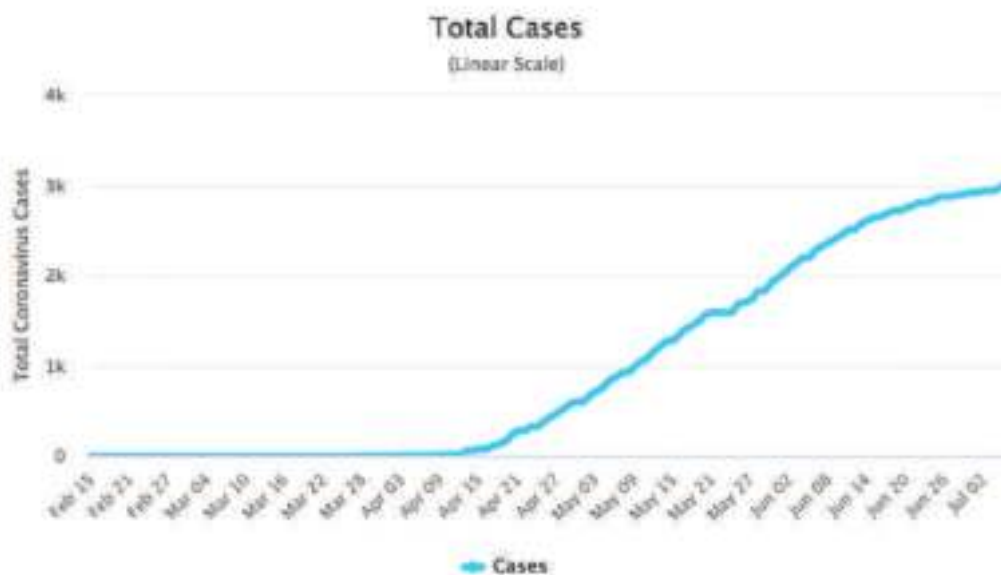
Authorities around the world implemented several measures to curb the spread of the coronavirus. Most of these measures have brought much of global economic activity to a halt. Lockdown measures including closing pubs, restaurants, and non-essential shops, have especially hurt businesses, many of which have been forced to reduce operations or shut down. An increasing number of people have lost their jobs as well. According to the BBC media, more than 30m people in the US have filed for unemployment benefits in six weeks and close to one million people in the United Kingdom also applied for benefits in just two weeks at the end of March 2020.

Somalia has some of the lowest rankings amongst most global development indices, coming top of the INFORM Global Risk Index as the most vulnerable country. The country's capacity to deal with and react to COVID-19 is undermined by factors such as widespread poverty and inequality, a persistent humanitarian crisis, protracted conflict, and a weak economy. Developing stories on the containment of COVID-19 reveals strong cultural influences contributing to increased infections amongst the Somali, in both diaspora and in-country. A recent publication by the International Crisis Group, highlights Somalia's fragile health care systems, limited access to basic services including health and sanitation as critical barriers to an effective response to COVID-19.

1.1 Background of the study

The economic consequences of global restrictions including on air travel, trade, and employment already have a substantial negative economic impact on Somalia². The UK accounts for 26% of Somalia's remittances dropped by 50% in March 2020. This is the first time in 29 years that remittances have experienced a threat of large magnitude. Remittances play a critical role in the provision of food, education, and health care to many families in Somalia.

Figure 1: Total COVID-19 virus cases in Somalia as at May 09, 2020



Source: <https://www.worldometers.info/coronavirus/country/somalia/>



² Socio-economic Impact and Required Response for COVID-19, Federal Government of Somalia, March 25, 2020 (Internal Document)

The Federal Government of Somalia (FGS) predicted in its March 25, 2020 publication on socioeconomic impact and required response, that they expected the Somalia economy to plummet by 5.3% in 2020, with 95% probability that it falls between -11% and 0.55%. Economic sectors will be impacted differently, among them, Somalia's retail sector. The sector, particularly small and medium-sized businesses, was estimated to face declining demand, liquidity, and working capital constraints because of COVID-19 related restrictions. Other sectors including accommodation, transportation, and food services were also affected.

FGS along with Federal Member States (FMS) have imposed several restrictions to curb the spread of the virus. Restrictions have included travel bans, local transportation restrictions, school closure among other guidance.

Millions of SMEs across the world face uncertainty. How governments, banks, and development institutions respond will be essential to the survival of SMEs – especially women-owned businesses, that comprise more than a third of all SMEs in emerging markets³. Somali private sector is dominated by micro, small and medium enterprises (MSMEs) and women are the main drivers of the micro sector, making up 60% of business owners in Somalia⁴.

MSMEs will face threats including collapsing demand, disrupted supply chains, and uncertainty due to policy measures taken by the governments. Women in Somalia make up a large proportion of people in vulnerable employment.

For instance, women's participation in wage employment in the non-agricultural sector is the highest in Puntland at 40%, followed by Somaliland at 36%, and 33% in South Central.⁵

As more women assume responsibility for household income, they have expanded into livelihood sectors traditionally held by men. In Somalia's patriarchal society, women face substantial amounts of inequality – the situation is exacerbated for women traders, especially in

the absence of social safety nets and emergency support.

This research aims to understand the socio-economic impact of COVID-19 on women-led micro, small to medium-sized enterprises in Somalia. It builds on existing related research, with the view to guide interested stakeholders respond more appropriately to the needs of Somali private sector SMEs and particularly women-led enterprises.

1.2 Objective and scope of the study

The objective of the study was to conduct a socio-economic implications survey of COVID-19 on the women-owned micro, small and medium enterprises in Somalia, and assess the effects of the social-cultural and business environment on women in business, identify gaps and challenges and make appropriate recommendations.

The research focused mainly on trades most commonly run by women including retails, wholesales, milk, khat, hospitality, travels, restaurants, selling fruits/vegetables, food processing, jewelry, and services industry.

The specific objectives of the research were:

- To assess the challenges faced by female-led MSMEs due to the COVID-19 outbreak and lockdown.
- Assess the implications of COVID-19 related restrictions on demand, supply, movement, and availability of goods and services sold by women traders in Mogadishu.
- To understand the current socio-economic and cultural environment under COVID-19 times and how women traders conduct their businesses in Mogadishu
- Assess women traders coping mechanisms related to dealing with the effects of COVID-19.
- To assess the current government response on COVID-19 and how it affects women-led businesses in Mogadishu.

The survey focused on Banadir region, with a particular interest in the main markets of Mogadishu.



³ IFC. (2018). *Women owned SMEs: A business opportunity for financial institutions*. Retrieved from <https://www.ifc.org/wps/wcm/connect/44b004b2-ed46-48fc-8ade-aa0f485069a1/WomenOwnedSMEs+Report-Final.pdf?MOD=AJPERES&CVID=kiiZZDZ>

⁴ UNDP. (2014). *The Role of Somali Women in the Private Sector*.

⁵ UNDP Somalia. (2016). *Gender in Somalia*. 11.

2. METHODOLOGY

The main methodology adopted for the study was a survey reaching 160 women-owned businesses. Key informant interviews were held with various stakeholders including experts in the field of public policy, governance, economics, and entrepreneurship. A total of fourteen key informant interviews were held. The study benefited from literature review to further understand key findings, assess causal relationships, and strengthen recommendations.

2.1 Methods adopted

2.1.1 Survey

A survey was conducted over five days covering eight districts in Banadir. The survey planned to reach 160 women MSMEs, at a confidence level of 80%, 50% choice or response, and the confidence interval ± 5 . We reached 160 women-led businesses.

Sampling

The current population of women traders in Mogadishu is unknown. Where the population is unknown, the sample size can be derived by computing the minimum sample size required for accuracy in estimating proportions by considering the standard normal deviation set at 80% confidence level (1.28), percentage picking a choice or response (50% = 0.5) and the confidence interval (0.05 = ± 5). This gave a total sample size of approximately 160. We achieved a 100% response rate.

Respondents were selected mainly through systematic random sampling, as described in the table below.

Table 1: Sampling methods

Criteria / Characteristic	Inclusion criteria	Recruitment Methods
Registration Status	Formal company registration Individual Entrepreneur Informal (Hawkers etc.)	
Sector of Operation	Retail/Wholesale/ Service/ Agri/ Other .	
Ownership and Management	Self-employed businesswomen A woman is a major shareholder or has a controlling stake.	Systematic random sampling; Snowballing or convenience
Scale of Operations	Measured by no. of employees Located in major and small markets	Purposive sampling
Innovation	The ability of the business to adapt to changes e.g. using ICT, etc.	
Financial characteristics	Accessibility to credit facilities Forms of savings/ Loans	

A survey tool was entered into an online data collection platform. Field enumerators were trained on the tool before fieldwork. Data was collected centrally, cleaned, and analyzed based on survey objectives. Data is represented in graphs and tabular formats to interpret findings within the report.

2.1.2 Key informant interviews

A total of 14 key informant interviews were held with stakeholders and experts in the sector. Key informant interviews were used to further scrutinize trends from the survey and explore suggestions for meeting gaps identified. Statements from key informant interviews are paraphrased or quoted within the report in relevant sections.

The study team additionally held round tables with key stakeholders and peer review groups. These have significantly contributed to the quality and focus of analysis, and directed recommendations presented in later sections.

2.1.3 Literature review

The literature review was guided by study objectives, stressing socio-economic effects of COVID-19 pandemic globally and in Somalia. The study specifically examined relevant materials from media sources, governments, expert opinions and related research. The review considered how government reactions to control the pandemic impacted women-owned MSMEs and businesses broadly, how policy helped mitigate any initial secondary effects, attitudes, and beliefs and how these shaped practices and business continuity. The types of documents reviewed included:

- Papers and research reports related to the study objectives.
- Media reports covering the secondary effects of COVID-19 in Somalia, beliefs, attitudes, and practices.
- Government publications on COVID-19 and measures taken.
- Social media conversations surrounding COVID-19 in Somalia.
- Independent research on secondary effects of COVID-19 and policies that have worked or not worked in other countries.

Literature review sources are quoted within the text and referenced.

2.2 Limitations of the study

Geographical scope: The study is a pilot solely funded by Raagsan Consulting and only covered Banadir region. The intention was to shed light on women-owned MSMEs, that few stakeholders were looking into, despite the potential threat COVID-19 posed to this vulnerable group.

Difficulty reaching key informants: While the study team believes KII reached were sufficient for triangulation of data. It was difficult finding people who were knowledgeable about the effects of COVID-19 on women-owned MSMEs in Somalia. People tended to be more conversant around issues of traditionally marginalized groups such as IDPs.

Limited secondary data: Secondary data in this area of research, while growing, is still minimal, limiting triangulation and validations with our primary data. It is too early to fully understand how the economy is affected and there is not enough empirical data to illustrate the

cross-sectoral impact of COVID-19 pandemic in Somalia.

Field data collection related challenges:

The majority of MSMEs are not registered with the government or any legal bodies. In this sense, there was no ready sampling frame. The team relied on operational businesses situated in targeted markets and their knowledge of those who had closed business due to C-19. Study respondents were selected mainly through systematic random sampling and snowballing.

3 SURVEY RESPONDENT DEMOGRAPHICS

The survey found that women-owned MSMEs in Mogadishu are characterized by majority sole proprietors, making up 85.6% of respondents. There was a relatively equal spread of youth 24-35 years and a mature population of 36-65 years. Very few were elderly. The businesses have mostly existed under five years, with only 35% of them registered with local administrations. A vast majority of entrepreneurs owned phones, over 98%. Only 32% had access to the internet with only one third using the internet for business.

Figure 2: Summary of characteristics of women traders in Mogadishu

Business Characteristics

Staffing: 50% of businesses had no employees; 46.3% had between 1-10 employees.

Other sources of income: 91.1% had no other sources of income.

Business ownership and registration with local authority: 85.6% were sole entrepreneurs; 13.1% were partnerships.

Registration with local authority: 36.5% are registered with local administration.

Taxation: 71.3% pay government tax.

Access to loans: 86.9% have no access to bank loans.

Savings: 71.7% are not part of a savings group.

The characteristics of women MSMEs are fundamental in the design of interventions to support businesses to survive the secondary effects of the pandemic and continue to play an important role in driving development through the private sector, post-COVID.

3.1 Respondent Region

The survey mainly covered Banadir region as a case study, selecting 160 respondents across eight districts. All respondents were from Banadir Region, distributed in the following districts:

Figure 3: Representation of respondents by districts

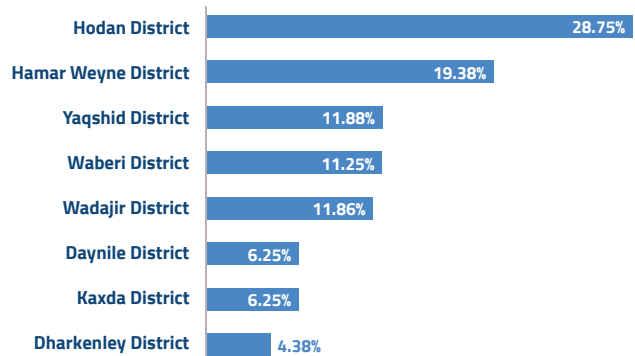


Table 2: Market locations

Name	Area
Hamarweyne Market	South East
Medina Market	West
Banadir Market	North West
Suuq Ba'ad Market	North
Makal-mukaram Street Market	Centre
IDPs small markets- scattered (KM13-KM17)	North West

The majority of respondents were street vendors and shop owners. It was more difficult to sample furniture, stationery, hotels, and transportation businesses where women are marginally represented. Over 85% of respondents were sole entrepreneurs; 50% of all respondents had no employees.

Respondents did not have other sources of income, as affirmed by over 90% of respondents. Only 6.3% of respondents received some cash support from their relatives living abroad. Remittances contribute significantly to household incomes. Key informant interviews and a review of secondary sources pointed decline in remittances as Somalis in the diaspora are impacted health-wise, accounting for substantial proportions of infected population and death rates abroad, as well as, economically bearing the brunt of the secondary effects of the disease.

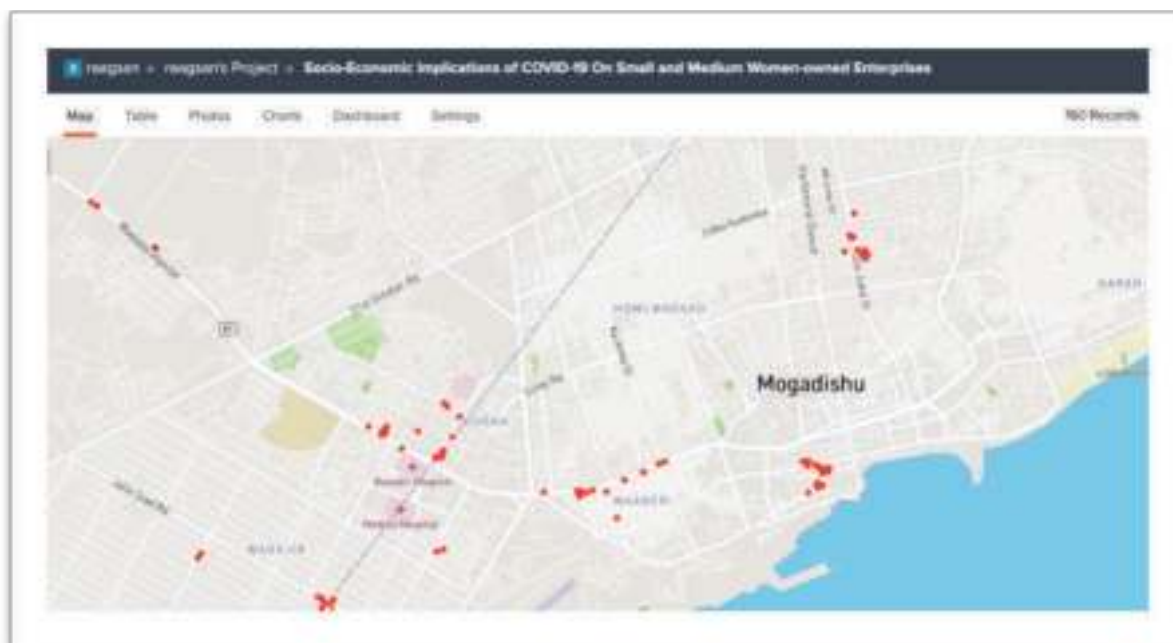


Table 3. Types of businesses

Business Type	Categories	No of respondents
1. Shops	Groceryshops, small shops & Utensils shops	32
2. Street Vendors	Khat dealers, Milk sellers, Tea kiosk, Fruits & Vegetables	54
3. Clothing & Fashion	Cloth Stalls (new and second hand), Fashion & Beauty shops	22
4. Beautification	Salon & Henna	10
5. Hospitality	Restaurants, Hotels & Event Management Centre	14
6. Jewelry		4
7. Furniture		6
8. Stationery		1
9. Food Processing	Bakery, Meat & Dairy Products	11
10. Transportation		6

3.2 Age and Marital Status

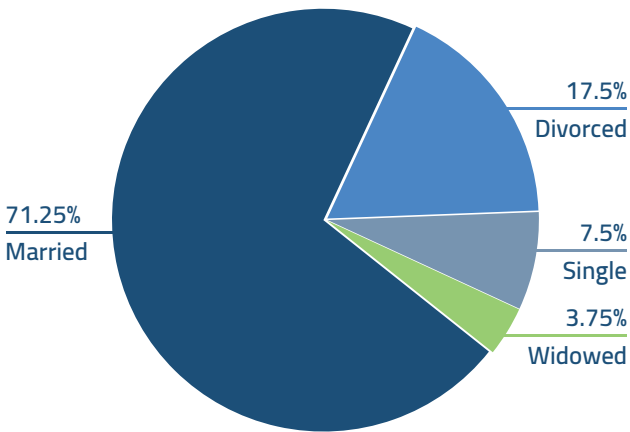
The study targeted mainly women, which reflects 93% of women respondents. There were 7% of men who responded on behalf of the women business owners.

71.3% of the respondents in the survey were married women. The rest, about a third, 29.7% of the respondents were either single, divorced, or widowed.

A key informant interview respondent explained that it is difficult for women to access capital in Somalia. While the barriers affect all women, married women have a marginal advantage with access to their husbands' support, acting as a guarantor, or providing collateral for loans. A 2020 study of women businesses in Somalia by the Ministry of women and human rights development, found that most women businesses were financed through a loan, in cash or products, from the importers (Khat from traders at the airport and second-hand clothes from the seaport).

Some women also borrowed money from friends to start businesses according to the report. The situation is exacerbated for single women, divorced or widowed women.

Figure 4: Marital Status



Most respondents were Mogadishu residents, 11% were internally displaced (IDP), economic migrants⁶ were just 2.5%, refugees 1.9% and just one respondent was a returnee. The majority of respondents were within age brackets 24 to 65 years, with youth (24 to 35 years) less by 8.7 percentage points. Most of the businesses were operational for under 5 years. A quarter of the respondents never attended any form of schooling, 33% attended Quranic Madrasah, followed by the elementary level at 12.5% and intermediate level at 11.3%.

Figure 5: Age of respondents

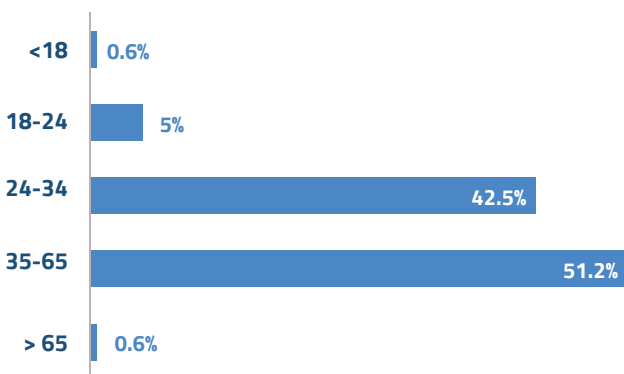


Figure 6: Residential Status

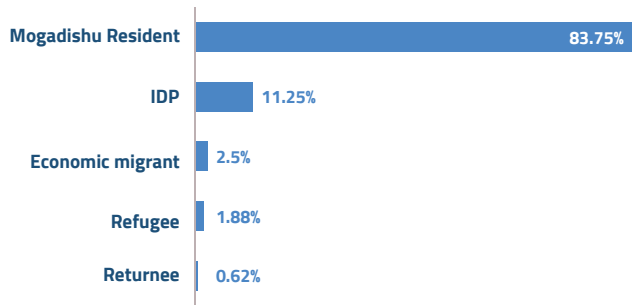


Figure 7: The highest level of education attained

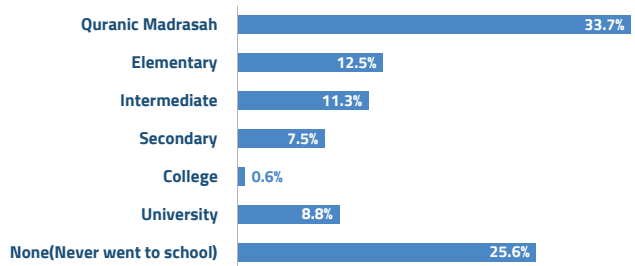
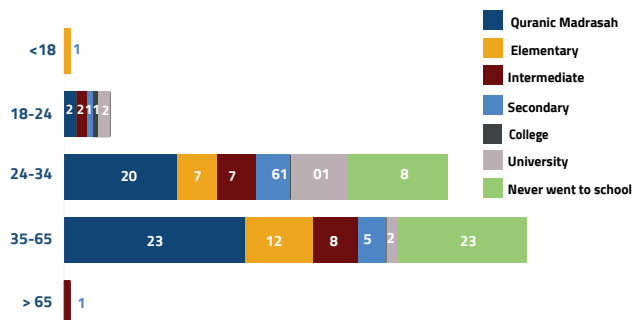


Figure 8: Education against the age of the respondent



The younger the respondent the likely that they had received higher levels of education – which also had an impact on important aspects as business registration with local authorities as expounded in section 3.3.



⁶ An economic migrant is a person who travels from one area to another to improve their standard of living

3.3 Business-related Demographics

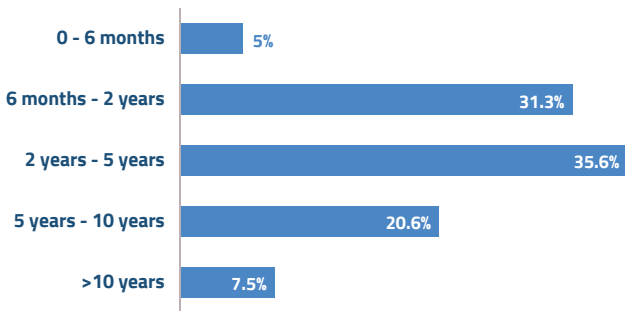
3.3.1 Type of business ownership

Due to the nature of the businesses we focused on in the study, 85.6% are sole-proprietors, while 13.1% were partnerships. We did not find any particular distinguishing factor related to age, marital status, or residential status connected to the type of ownership

3.3.2 Length of operations

The bulk of the businesses sampled, 71.9%, were in operations under 5 years. Start-ups face different challenges from established businesses, implying varied sets of support required. Risks and uncertainty are just a few factors start-ups worry about. Apart from business-related advisory support, access to working capital, and maintaining cash flows are critical for these business' success.

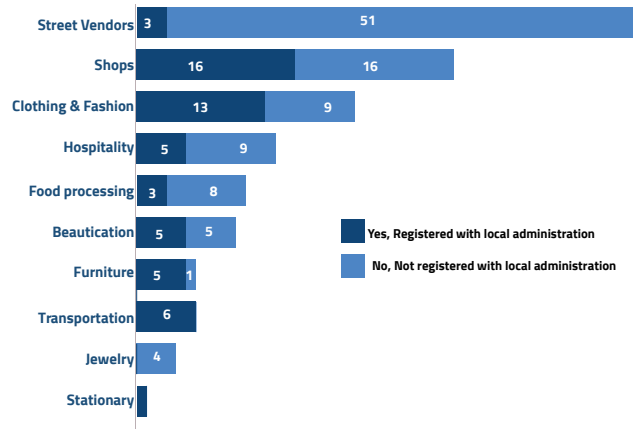
Figure 9: Length of operation



3.3.3 Registration with local administration

Only 36.5% of businesses were registered with local authorities. Businesses involved in the food industry were least likely to be registered, these include restaurants, small tea kiosks, fruits and vegetables, and food processing. Medium-size businesses like furniture, events management, hospitality (hotels), transportation were likely to be registered.

Figure 10: Is your business registered with the local authority?



The education levels of the business owner had a strong relationship with the likelihood of business registration. More educated entrepreneurs registered their businesses.

3.3.4 Access to phone and internet

Nearly all respondents who participated in the survey had access to a mobile phone. Only 32.5% of these respondents had access to the internet. Only 35% of those who accessed the internet used their mobile phones for business purposes to advertise their business (16 respondents), gauge market (14 respondents), sell products (7 respondents), and research competition (9 respondents).

Figure 11: If yes, do you have access to internet?

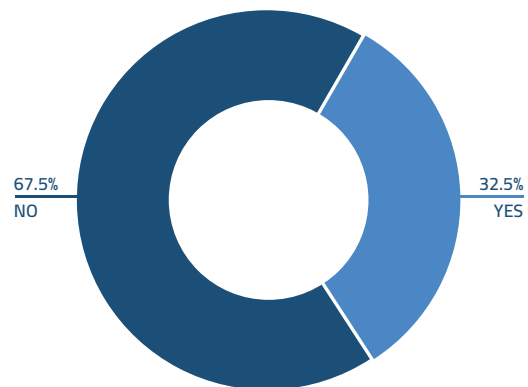


Figure 12: Do you have access to a mobile phone?

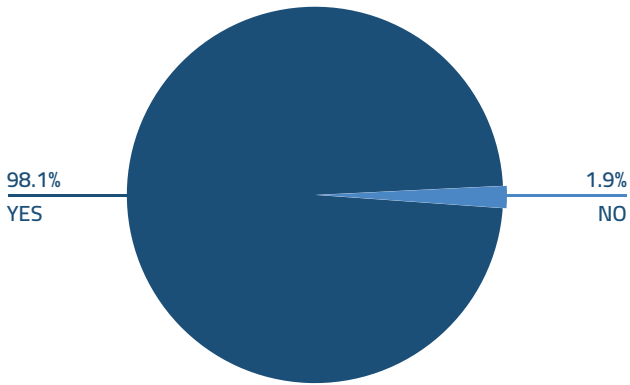


Figure 13: If yes, do you use that for your business?

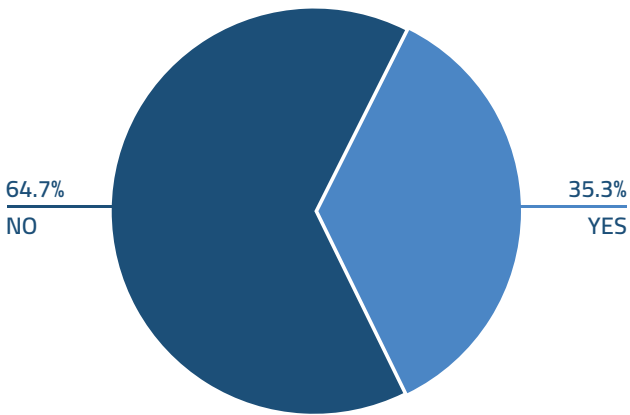


Figure 14: Advise on online business establishment

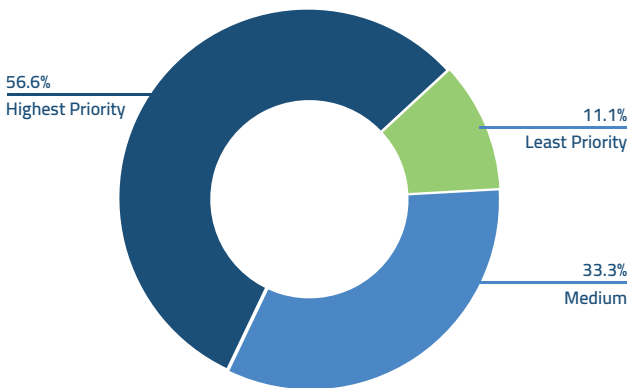
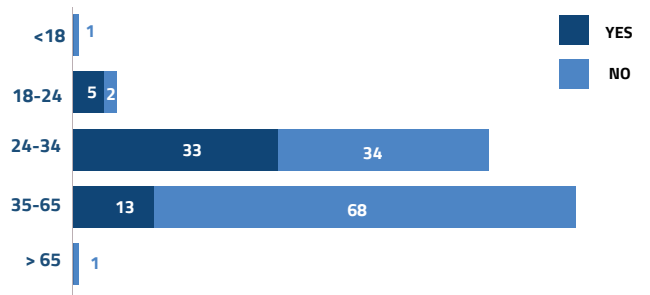


Figure 15: Access to the internet by respondent age group



Expectedly, younger business entrepreneurs were likely to have access to the internet through their mobile phones, declining with an increase in age.

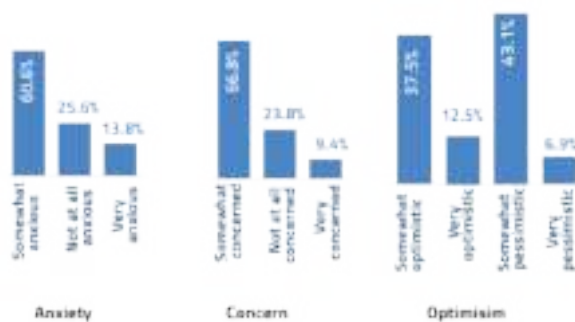
Entrepreneurs aged 35-65 years had no access to the internet and were less likely to use their phones for the business. This is the bulk of entrepreneurs in Mogadishu which has implications for the ability to assist businesses to adopt technological innovations that have proved effective in ensuring business survival through the COVID-19 pandemic, for instance, pivoting to online business models.



4. MSMEs Awareness of COVID-19

Over 90% of respondents were aware of COVID-19, its symptoms, and ways of contracting the disease. Two-thirds of the respondent group, 71.3%, take it seriously. Most of the women received messages through the radio at 77.5%, relatives and friends, and phone SMS. While respondents have a mostly positive attitude (avg. 57.3%) surrounding misconceptions about COVID-19 and government intentions, a significant number remain neutral (avg. 28.9%). A third of the respondents expressed anxiety and concern over the pandemic. Just under half of women entrepreneurs, 43%, were pessimistic and oblique about the future effects of the pandemic on their businesses.

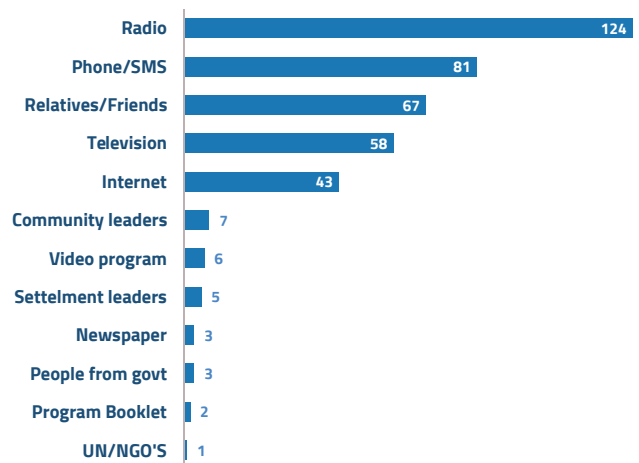
Figure 16: Respondent levels of anxiety, concern, and optimism related to COVID-19



4.1 Level of awareness and information sources

Respondents' main source of information on COVID-19 is through radio and phone text messaging (SMS). A significant proportion of respondents, 42%, heard through word of mouth from relatives and friends. Presumably, this is an influence of high illiteracy rates in the country, as well as a culture that promotes oral communication. Community leaders, government, and aid organizations were the least prominent direct sources of information, making up below 4%. Print media was the least preferred source with newspapers and program booklets accounting for just five respondents having read them. A third of the respondents received information through television and the internet.

Figure 17: How did you hear about COVID-19?



In April 2020, A Somali-led volunteer initiative was launched in a bot (automated) WhatsApp account (+27634444350) to provide people with WHO guidance-based advice on Covid-19 and to tackle common myths/misinformation. According to the founders of the Program, the bot was visited by 700 users by the first day. The bot is designed in an accessible format, and its content is solid and culturally appropriate, available both in Somali and English. There is a trigger word "Somali" meant to send that number to obtain the information from the bot. This initiative had taken part in the awareness of the public since the service is in Somali and includes both written and audio content.

Ninety percent of respondents were aware of COVID-19 symptoms. The most listed symptoms included fever, cough, breathing difficulties, shortness of breath, and headache. Eighty-seven percent of respondents felt that the disease posed a threat to the public, with over half feeling the threat was high or very high.

Figure 18: I believe that the virus is a hoax

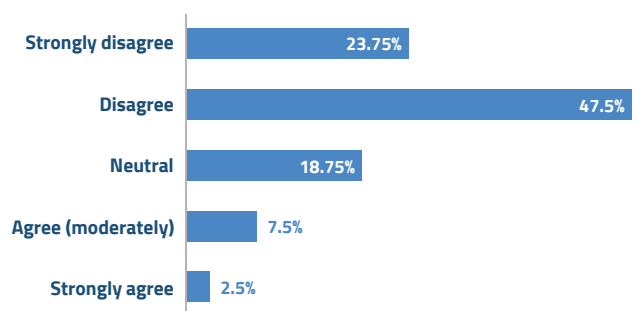


Figure 19: Do you know the main symptoms of COVID-19?

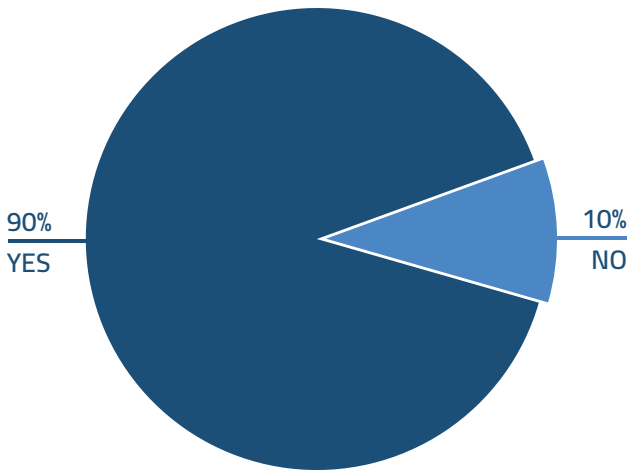


Figure 20: If yes, please mention COVID-19 symptoms

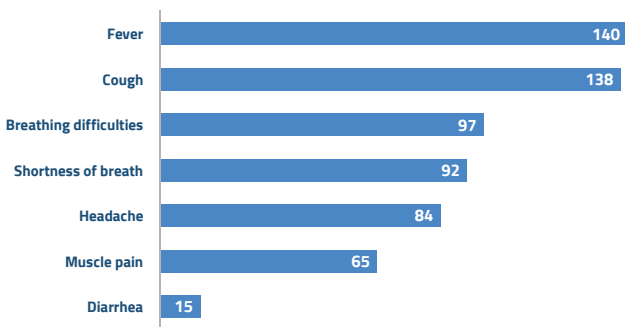
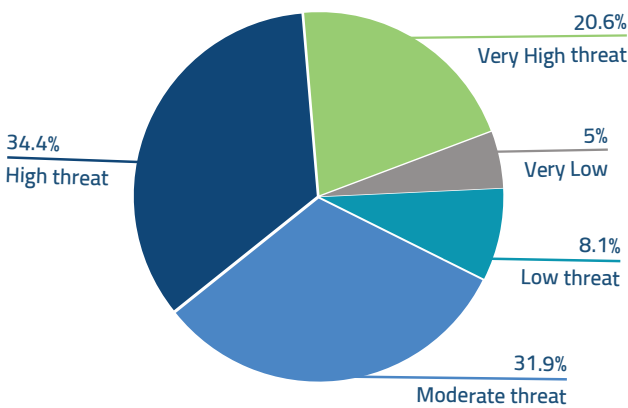


Figure 21: What level of threat do you think C-19 poses to the public?

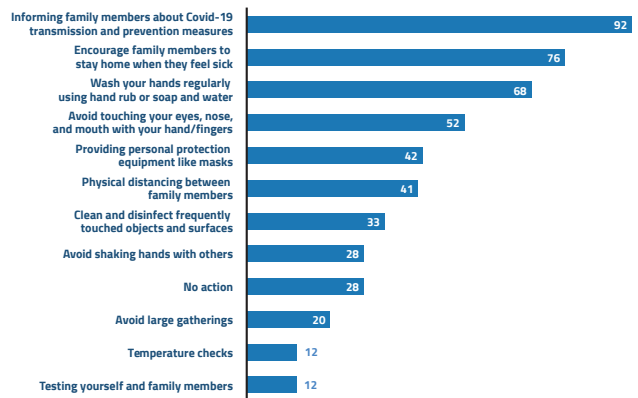


4.2 MSMEs attitudes and practices related to prevention

While respondents have a mostly positive attitude (avg. 57.3%) surrounding misconceptions about COVID-19 and government intentions, a significant number remain neutral (avg. 28.9%). Preventive measures within business setups remain very low. Especially for innovations that have proved pivotal during the Covid-19 pandemic such as teleworking, expanded paid sick leave, staggered shift work. Three in every five respondents expressed anxiety and concern over the virus.

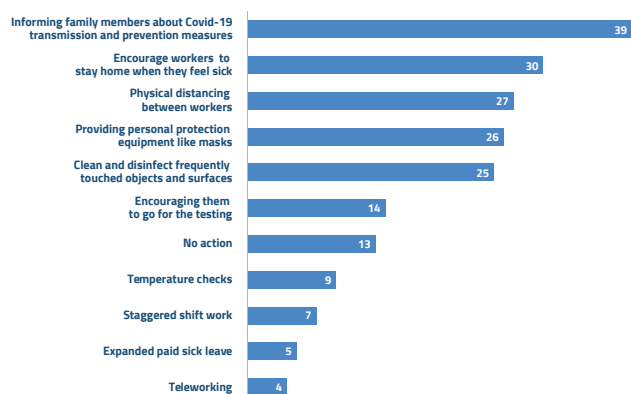
78% percent of respondents were aware of how COVID-19 spreads and took the following measures to protect themselves and family members:

Figure 22: What are you doing to protect yourself and your family from being infected?



Despite high rates of awareness on disease spread, prevention practices remain minimal among respondent groups in their homes, and much lower in their businesses. Especially for innovations that have proved pivotal during the Covid-19 pandemic such as teleworking, expanded paid sick leave, staggered shift work. Respondents said they required support in accessing protection equipment like masks and advice on how to prevent spread while conducting business.

Figure 23: What are you doing to protect workers from being infected?



Several factors affect the ability of women MSMEs in Mogadishu – and Somalia in general, ineffectively practicing WHO recommended preventive measures. Firstly, because of the family-oriented nature of Somalis, public distancing is difficult to adhere to. There are still reports of crowded markets, mosques, and large gatherings. Moreover, Somalia is short of critical resources, including testing kits, quarantine centres, handwashing stations, sanitation facilities, and personal protective equipment.

The stigma associated with the disease inhibits wearing masks in public. The society views mask wearers as ‘either carrier of the virus or not believing in predestination’. This kind of stigma and ostracism discourages many people to self-protect, exposing them to infection.⁷ Data collectors in this study faced a similar stigma during fieldwork.

Staff were likely to stay home because they contracted the virus or were fearing contraction than they were because of government restrictions.

Street vendors and businesses located in markets are often in crowded spaces, which makes social distancing impossible. With inadequate access to water and sanitation facilities, it is not practical to wash hands as frequently as required.⁸

Table 6: Opinions towards the virus

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
The public is being misled about the health impact of the virus	21.3%	35%	28.1%	11.3%	4.4%
The spread of the virus is a deliberate attempt by powerful people to gain control	19.4%	38.8%	30%	9.4%	2.5%
I believe to some extent that the virus is a hoax	23.8%	47.5%	18.8%	7.5%	2.5%
I believe the virus affects the Western and Asian community only	25.6%	40%	15%	15%	4.4%
Politicians have faked the coronavirus spread and impact	21.3%	36.3%	28.7%	13.1%	0.6%



⁷ Irbad, M. (2020, May 2). How stigma is holding back the fight against Coronavirus in Somalia. Somali Public Agenda. <https://somalipublicagenda.org/how-stigma-is-holding-back-the-fight-against-coronavirus-in-somalia/>

⁸ WIEGO. (n.d.). Street Vendors: Essential goods and urgent needs. Retrieved from www.wiego.org website: <https://www.wiego.org/street-vendors-essential-goods-and-urgent-needs> 5.



5. Implications of COV-19 crisis on MSMEs

5.1 Socio-Economic and Cultural Environment under COV-19

5.1.1 Global, FGS and FMS restrictions on COV-19 and implications for MSMEs

Women-owned businesses are exposed to economic shocks and unexpected risks hailing from the pandemic. Factors such as limited access to financial services, ICT, and disrupted access to national and international value chains have heavily affected women MSMEs not just in Somalia, but across the globe.⁹

A survey conducted in Uganda on the impact of COVID-19 on micro, small, and medium businesses identified that micro and small businesses experienced a larger decline in business activity compared to medium and large firms. Most of the micro and small businesses stopped operations due to their inability to implement preventive health measures which increased operating expenses. COVID-19 has worsened the already pre-existing credit and liquidity constraints among MSMEs. Small and medium businesses in the service sector are reporting declines in access to credit and financial liquidity, as compared to large businesses. This is because the businesses are already considered high risk by financial institutions and are more likely to become insolvent if COVID-19 persists and restrictions are maintained.¹⁰

Initial evidence from a worldwide survey conducted on 40 SMEs indicates that more than half of the SMEs face severe losses in revenue with one-third of them fearing going out of business within a month, and 50% within three months. In another survey of 5,800 small businesses in the United States, 43% of businesses were already temporarily closed with 60% reporting they only have two months or less in cash in reserve. On average, these US-based businesses reduced their employees by 40%.



⁹ UN Women. (2020). *The first 100 days of COVID-19 in Asia and the Pacific: A gender lens*. Retrieved from <https://asiapacific.unwomen.org/en/digital-library/publications/2020/04/the-first-100-days-of-the-covid-19-outbreak-in-asia-and-the-pacific>

¹⁰ Sunday, C. P. L. and N. (2020, May 19). *Impact of COVID-19 on micro, small, and medium businesses in Uganda*. Retrieved from Brookings website: <https://www.brookings.edu/blog/africa-in-focus/2020/05/19/impact-of-covid-19-on-micro-small-and-medium-businesses-in-uganda/7>. (Women Make Somalia Stronger, 2020)

¹¹ OECD. (n.d.). *Coronavirus (COVID-19): SME policy responses*. Retrieved June 24, 2020, from <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#tablegrp-d1e299>

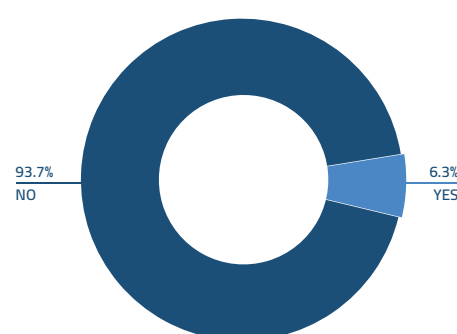
¹³ AGRA News Centre. (n.d.). *COVID-19 AND WOMEN IN AGRICULTURE CALL TO ACTION*. Retrieved June 24, 2020, from <https://agra.org/news/press-release-covid-19-and-women-in-agriculture/>

In Somalia, the current COVID-19 pandemic¹¹ deeply impacts Women-led MSMEs and poses huge challenges in their business operations and many of them are in the sectors that are directly hit by social distancing and night curfew such as small grocery shops and utensils shops, small tea kiosks, fruit and vegetable sellers. Businesses also report supply chain disruptions because of measures restricting movement, such as bans on international and local flights. Closure of airports and seaports means that the goods being sold by the women-led MSMEs are no longer available as they are imported.¹²

The government restrictions affected the whole economy; particularly small and medium-sized who will face the longer-term decline in purchasing power and disruptions of supply chains. Women's agribusinesses are also faced with threats such as cash flow crisis and liquidity challenges which result in disruptions in operations. The disruptions include loss of sales revenue, cancellation of the supply contracts, and fear of spreading the virus among workers.¹³

The remittance which makes a vital contribution to the household income in Somalia have been affected by the current pandemic and experienced a significant decline. Ninety-three percent of the respondents do not receive any support from relatives abroad. Those who did, 90%, reported reductions with the money agents because relatives either lost their jobs due to COVID-19 lockdowns or were experiencing reduced income.

Figure 24: Respondents receiving remittance from abroad



The Impact of COVID-19 on Restaurants in Mogadishu- The Case Study of Beydan Coffee Shop



“We had high expectations from our newly rented place but instead, we had to pay rent for two shops and pay our 13 employees without operating for a month,” Amal, Co-founder of Beydan Coffee Shop

The measures enforced by the government to curb the spread of COVID-19 had huge impact on the restaurants in Mogadishu. Canadian born Amal Mohamed Dirie, a young aspiring entrepreneur and the co-founder of Beydan, a coffee and pastry company in Mogadishu narrates how this affected their business.

“The outbreak of COVID-19 negatively affected our business. When the social gatherings were banned we decided to alter the business operations and concentrate solely on takeaways in order to practice social distancing and flow regulations, this brought a 60% decrease of our sales and an increment on expenses when we bought disinfectant and personal protective equipment like masks and gloves” says Amal. She adds *“Our revenue has consequently dropped by more than 50%. Additionally, because of the night curfew imposed by the government, we had to stop operations temporarily”*.

Beydan officially opened its doors on the 1st of July 2019 in a rented place. Since then, they have added coffee and tea services to their business and hired three employees. *“It was very tough at the beginning since we did not have any prior business experience. However, we have learned a lot over time through trial and error. Within 6 months we were able to expand our business and rent a new place to cater to the increasing demand.”* said Amal.

“We had high expectations from our newly rented place but instead, we had to pay rent for two shops and pay our 13 workers without operating for a month,” She remarked. Beydan is currently trying to recover from the effects of COVID-19 by trying to make more sales through high demand products. They are also doing a lot of research on how to be more efficient. *“All we can ask during this crisis is the electricity costs to be lowered”*, stated the co-founder.

5.1.2 Implications of COV-19 on culture and women's way of doing business

During and after the conflict, Somali women stepped in to meet the increased needs in their communities. Due to death and/or displacement of male relatives, women head about half of all households and generate around 70% of household income.¹⁴ Additionally, women make up the majority of the health care workers, solely responsible for providing care at home – expected they will fulfill this role in the prevailing COVID-19 situation.¹⁵ This will affect how they run and operate their businesses, as the majority of their time will be taken up by the additional responsibility of caring for the sick.

Since the collapse of the central government in 1990, the Somali women have played a substantial role in economic and social revitalization. In Somali culture, there is a negative perception that women are incapable to deal with the crisis and taking an immediate decision, but Somali women are active in economic sectors and have created many jobs for youth.

Somali's strong cultural influence on managing the spread of the disease has somewhat impeded preventive practices. Large families, overcrowding, and a culture of social gathering make it difficult to observe social distancing. Somalis still visit their sick kinship and to show compassion with those who have been bereaved. Meeting in large gatherings in markets, mosques, and other public spaces also likely contribute to the spread of the virus. Traditionally, Somali families live together. In our study sample, families had an average of eight dependents. Women businesses recorded low prevention and control practices.

“Businesses that embraced online models, will have the likely chance of adhering to the preventive measures of the virus. For instance, if the space is small and the customers are coming to the place, it's hard to maintain social distancing measures... many can't afford to put in place this kind of measures in their business. Therefore, the use of technology and advising them on ways of

changing their business model that can match with the change in technology will be a great advantage.” Key informant interview with private sector stakeholder

5.2 Implications on MSMEs Business Continuity

5.2.1 Business operations-continuity

In the survey, 57.5% of businesses were still operating; 43% were affected by C-19 and had to stop operations temporarily which reflects similar global trends reported in section 5.1.1. The highest percentage of those who temporarily closed business, 21.9% did so because of reported COVID-19 cases in their business. Only 3.1% of the business that had stopped, were able to reopen during the pandemic. Literature review suggests that without intervention and support, a substantial number of MSMEs will go out of business and are unlikely to recover.

“This pandemic has affected both small and large businesses. Before COVID-19 businesses were affected by Forex, all the cash was invested in Forex—this has disrupted the conventional way of doing business. The cash flow of the business had dramatically decreased. So, I can say before the COVID-19 business in Somalia was in bad shape, and this pandemic has exacerbated the problem.” Key informant interview with private sector stakeholder



¹⁴ Devex. (2020). Opinion: In the battle against COVID-19, women make Somalia stronger. Retrieved from Devex website: <https://www.devex.com/news/opinion-in-the-battle-against-covid-19-women-make-somalia-stronger-973458>.

¹⁵ Devex. (2020). Opinion: In the battle against COVID-19, women make Somalia stronger. Retrieved from Devex website: <https://www.devex.com/news/opinion-in-the-battle-against-covid-19-women-make-somalia-stronger-973458>.

The effects of the ban on social gatherings on Service Industries – A Case Study of Sara Event Management



Amina Badri Khalif, a mother of three, is the founder of Sara Events Management, a company that provides a one-stop solution for all events in Mogadishu and in other regions. Amina started the company in 2018 through her savings and a loan from her friends. Within a year the demand for the company's services increased and the number of staff increased to 24 employees, mostly young graduates.

Ms. Amina explains that before COVID-19, they used to manage four to eight events in a month. When the government issued a ban on public events to control the spread of the virus, it affected the company directly as all their upcoming events were canceled and their operations ceased. Even though they had temporarily stopped their business operations, they still had to pay salaries to retain some of their employees and still pay rent for both their warehouse and office.

"If the pandemic continues longer, the business will not perform as usual and it will take longer to recover financially. So far we had to lay off 79% of our workers and we fear if the situation does not improve we might be forced to downsize again", she lamented.

Sara Event Management is doing all they can to recover from this crisis by diversifying their service and modifying their business model to stay relevant in the market. ***"It would be great if we could receive support sustain our business until we get back to operations",*** she added.

The FGS, Puntland and Somaliland authorities banned khat to prevent the spread of COVID-19. Following an increase of violent incidents and tensions, Somaliland and Puntland lifted the ban on 16 May, four weeks after its implementation.

An interesting lesson drawn from a study conducted by the Rift Valley Institute on Khat business, is that the difficulty faced in enforcing the khat ban, signifies difficulties with enforcing any C-19 related government restrictions that have secondary effects - social and economic in Somalia.

Figure 25: Have you stopped operations because of COVID-19?

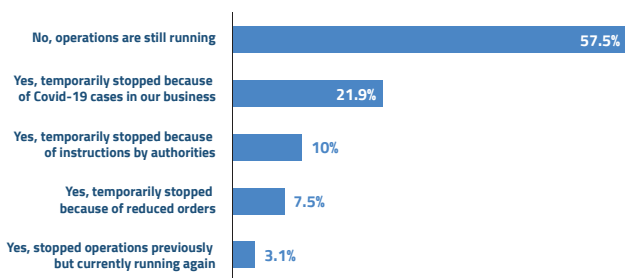
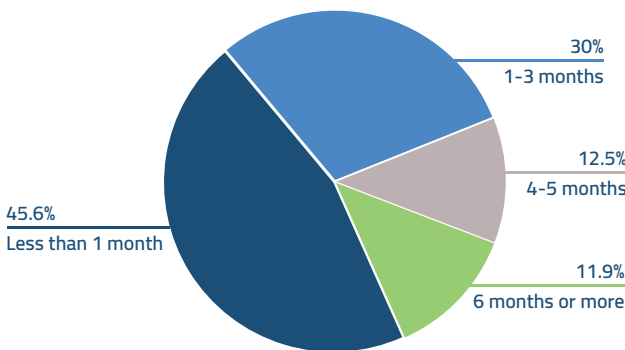


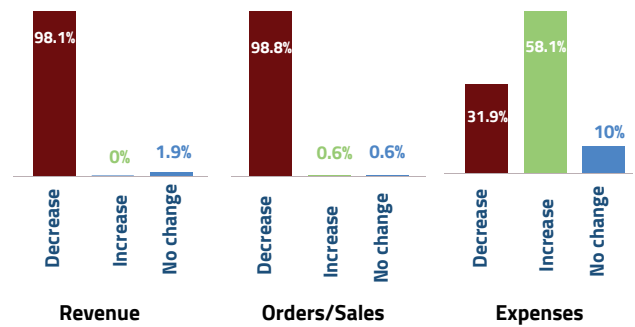
Figure 26: How long can your company's current cash flow maintain the company operations?



Over 98% of businesses registered decreased revenue and sales. Operational costs (expenses) increased for 58.1% of businesses. Businesses struggle most with cash flow and cost of sales; rent and repaying loans. Additionally, 45.6% of businesses said they did not have enough cash flow to last them a month.

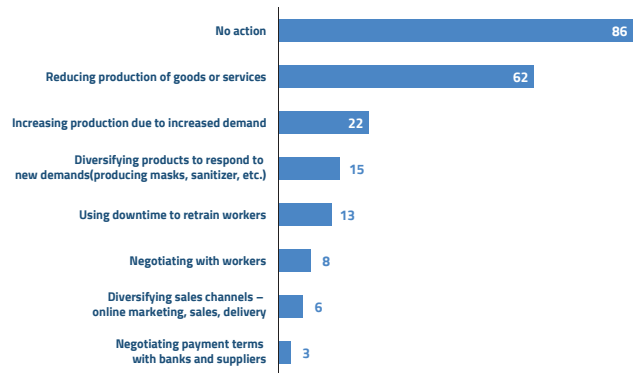
To cope with the decreased demand and shortage of supply goods, businesses opted to reduce the production of goods and service products.

Figure 27: What has been the implications of COVID-19 on your business until now?



Expenses decreased for entrepreneurs in cloth and fashion business, street vendors, and fruit and vegetables as they were purchasing fewer inputs.

Figure 28: What actions are you currently taking



As in the graph above, the majority of MSMEs have not taken any action so far. A substantial number, 62 out of 160 respondents have reduced the production of goods and services. Below is a case study of a tea kiosk owner affected by the pandemic.

The double impact of reducing sales, revenues and lack of assistance can drive small business owners out of the market- The case of Mama Nora, owner of small tea kiosk (biibito shaax) in Mogadishu



Nora awaits anxiously for customers at her tea kiosk

Mrs. Nora Yusuf Dhiblawe, 45, is a mother of 10 and lives with her unemployed husband. She left her family home in the rural suburbs due to chronic poverty and in search of a better life. Even though she never went to school, when she came to the city, she set up a tea and snack kiosk at the side of the road near her house. She has been running the business for 10 years but has never registered it with the local government albeit being a regular taxpayer.

Nora is the only breadwinner and the whole family depends on the income from her kiosk. She also sends part of the money she makes to close family members back home in the rural suburbs.

Nora's business was badly affected by the outbreak of COVID-19, especially when the government announced the night curfew measures. Half of her customers disappeared, and her sales diminished. This is because most of her regular customers would come in the evening.

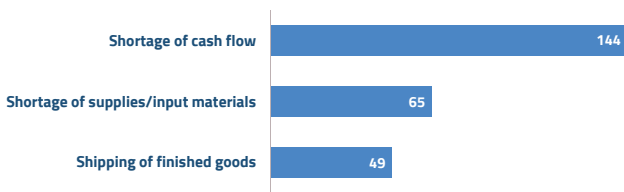
Additionally, men who used to chew khat, also her regular customers, stopped coming following the ban on khat usage. Others stopped coming for fear of contracting the virus. Nora's income has since dropped to half and she can barely feed her children, let alone send some money to her relatives and parents as before.

She consequently had to cut on the amount of tea she used to make and tries very hard to survive with the few customers that show up. Since she is not a part of any saving group and with no access to loans, her only hope is for business to resume as normal when the spread reduces. She also fears for her family's health.

5.2.3 Supply and logistics

While the great majority of businesses were experiencing difficulties with cash flow, 40% experienced a shortage of supplies and input materials, these were particularly utensil shops, cloth and fashion businesses, furniture, grocery shops, and beautification businesses which rely mostly on imports or movement of goods from other areas.

Figure 29: Have you faced challenges with cashflow, supplies and finished goods?



5.2.3 Staff

More than half of responding businesses, 54%, reported that they had not done anything in response to the effects of COVID-19 on their businesses. Two out of every five entrepreneurs responded by reducing the production of goods and services. Those who had employees either laid off temporary workers or reduced the number of casual laborers. Globally, statistics show job loss as a result of COVID-19 secondary effects are rampant among the youth who hold casual and temporary job postings, for instance in restaurants, travel, and tours industry among others.

Figure 30: Do you have idle workers due to reduced operations

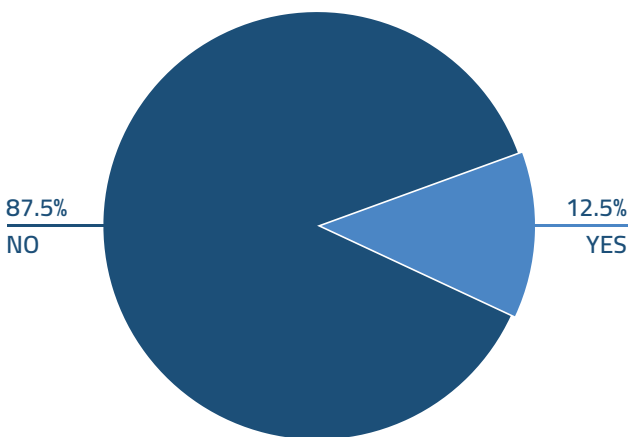


Figure 31: If yes, I have taken the following actions

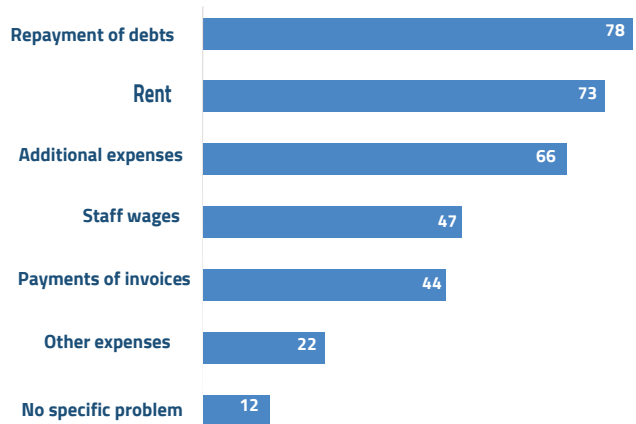


5.2.4 Cost of Business

Respondents listed business-related financial problems they were facing; 48.8% were struggling with repayments to their creditors. A small percentage of the respondents took loans from the banks, with a significant number of them reporting that their banks had not extended their loan terms. Twenty-seven percent were facing difficulties with paying other invoices, while 29.3% could barely meet staff wages.

As mentioned, 54% of respondents experienced an increase in the cost of business-related expenses. Those who experienced decreasing expenses had scaled down to deal with decreasing demand and difficulties faced about supplies and inputs.

Figure 32: Significant financial problems during outbreak



“Sales have dramatically dropped, people don’t have money to buy things, this is compounded by the decrease of the remittance from the diaspora. Covering the daily expenses is becoming hard for small businesses.” Key informant interview with an expert in the education sector.

Despite facing dwindling revenue, the owner of SOMFRESH Fruits and Vegetables provides peer to peer support to tackle the effects of COVID-19 on small vendors



Mrs. Hersio Abdulle Siad, a high school graduate with 30 years of experience in business management, is the founder of Somfresh Fruits and Vegetables, a company distributing and exporting fruits in the local and international markets. The company operates from its two branches in Mogadishu.

When the government of Somalia took measures to curb the spread of the COVID-19 virus, not only were Somfresh's operations directly affected but the night curfew, closure of hotels, and restaurants also affected severely the other small vendors. The spread of the virus had also health implications on the vendors and in response to this effects, Somfresh together with GEEL Somali donated fruit vending stalls, stocked with fruits and vegetables to 50 women with the aim to improve hygiene standards of fruit vendors and help them continue or resume their business operations.

"A peer to peer support is critical at times like this when it's hard to get immediate support from others. Women know how difficult it is for other women to start a business in Somalia where there is very limited internal and external support available" says Hersio.

Hersio's entrepreneurship journey started in 1991 when the civil war erupted and many Somali mothers were forced to work in order to feed their families. She first started her business in 2010 investing a small capital on purchasing a bulk of unripe bananas from the local market and reselling them to hotels and restaurants. She officially registered the company in 2013 with the local government. Somfresh operations were halted several times due to a lack of sufficient capital and prolonged conflict. ***"I had to sell my jewelry in order to keep the business going most of the time"***, said the founder.

In 2018, with a loan from the bank, the business was able to purchase a farm in Middle Shabelle. ***"We were growing our own fruits this time and that enabled us to expand our business to other regions in Somalia. We also started exploring the international market"***, said Mrs. Hersio. The expansion of the business created jobs for over 215 people. Mrs. Hersio also owns warehouses that she rents out to others to boost her company's revenue.

The business had a high expectations for 2020 as they exported their famous yellow banana to Saudi Arabia at the end of 2019. They also planned to expand export into Qatar among other countries. Mrs. Hersio reported that the Covid-19 pandemic contributed to a 30% decrease in her sales. Her business expenses also increased by 45%. Somfresh had to reduce the number of temporary workers. Temporary workers made up 35% of their employees. ***"I fear our current cash flow might not be able to maintain the company's operation more than 3 months"***, added Mrs. Hersio.

5.3 MSMEs response gaps and priority needs

5.3.1 Business response gaps

a) Access to finance and favourable terms:

90.6% of respondents did not take loans from the banks. Of these groups, an overwhelming 86.9% said that they did not have access to loans from the bank. COVID-19 pandemic, in this case, magnifies structural barriers that have faced MSMEs and the informal sector; especially for women. Financing options that require guarantors, collateral, or long history of healthy accounts lockout start-ups and women in countries like Somalia, where women do not own property as compared to men.

Additionally, 60% of those who took loans reported that the banks did not extend their loan period in the wake of the pandemic although they were facing reduced revenue and sales. Only 36.8% who could access bank loans were planning to ask for loans. On the other hand, the banks halted the loan payment process due to cash flow challenges.

Figure 34: Did you take any loan from the bank?

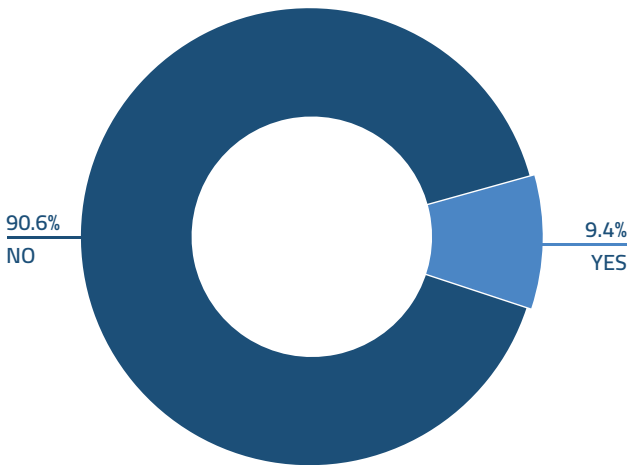


Figure 33: If yes, is the bank allowing you to extend payments of the loan period?

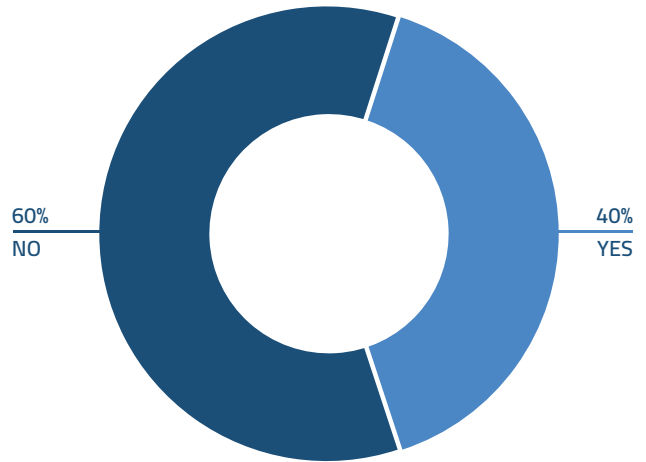


Figure 35: If no, do you have access from the bank?

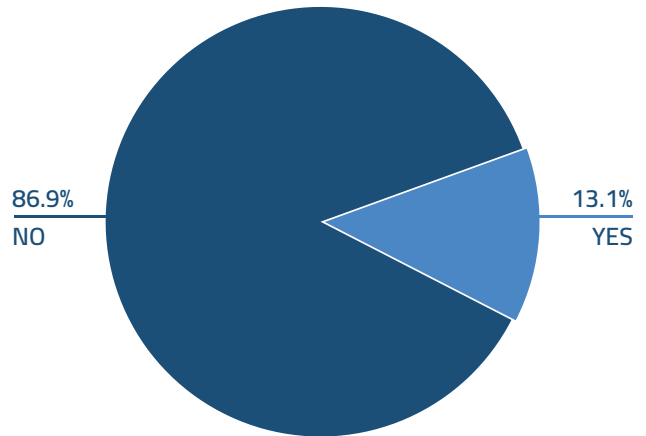
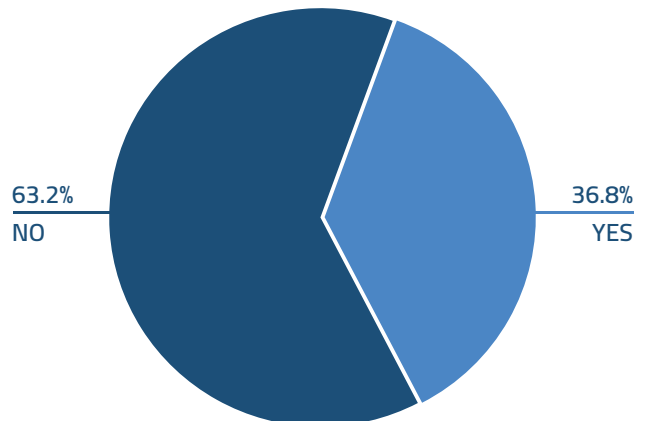


Figure 36: If yes, are you planning to seek a loan?



b) Tax relief: 71.3% of businesses said they were tax compliant; although only 36.5% of businesses were registered with the local administration. 87.7% of businesses did not benefit from FGS government tax relief declarations. The government tax exemption aimed only at basic commodities to ease the burden on families and mitigate the impact of the various measures taken due to COV-19. The tax process especially for undocumented micro and small businesses is generally ad-hoc and not regular or documented. This makes benefiting from tax relief complex in its enforcement.

Figure 37: Do you pay government tax?

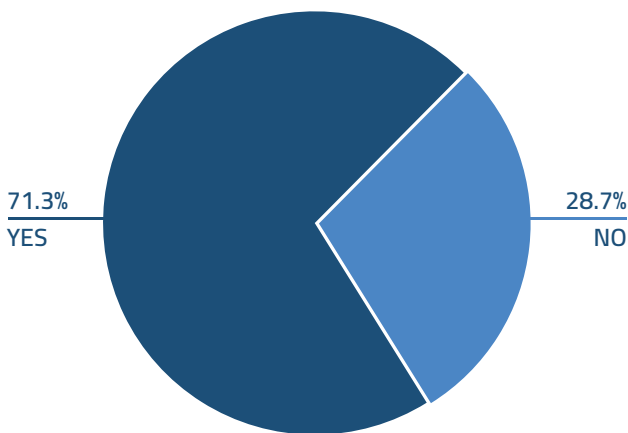
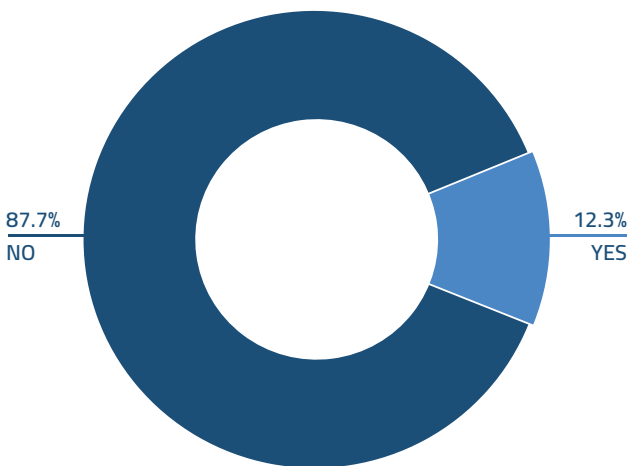
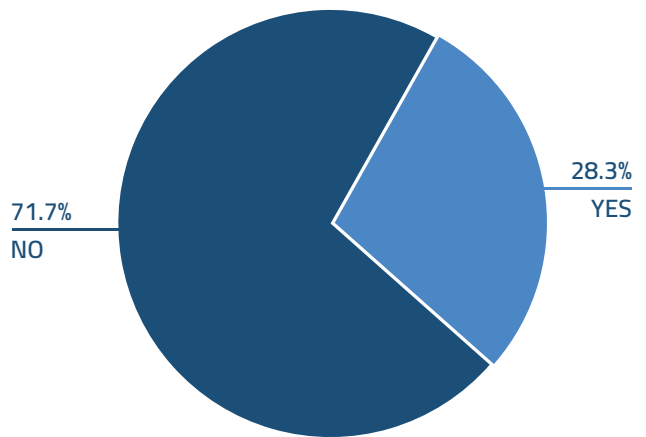


Figure 38: If yes, did the government reduce the amount of tax paid?



c) Low participation in savings groups: Further, businesses were not part of savings schemes, and those who were, reported that they were affected by the pandemic. This significantly reduces access to alternative financing and businesses' capacity for resilience.

Figure 39: Are you part of a savings group?



Secondary effects of COVID-19 on MSMEs

Business continuity: Nearly half of businesses temporarily closed with only 3.1% able to reopen within the ongoing pandemic.

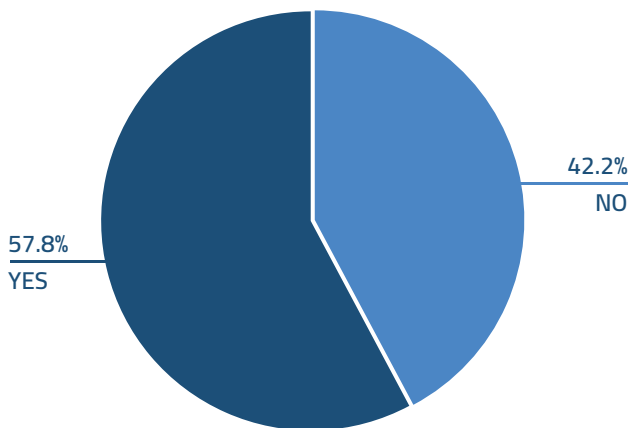
Cashflow: 45.6% of businesses do not have enough cashflow to cover a month's operations.

Revenue and sales: 98% reported decreased revenue and sales as consumer purchasing power declined.

Adapting to the pandemic: 54% have not done anything to adapt to the challenges of the pandemic. 41% reduced production.

Financial challenges: 48.8% were struggling with repayment of debts. 27% percent were facing difficulties with paying other invoices, while 29.3% could barely meet staff wages.

Figure 40: If yes, was this disrupted during the COVID-19 crises?



Peer to peer support is critical for women-owned MSMEs. They provide some extent of cushioning from economic shocks and increase bargaining power and access to loans from more formal financial institutions through guarantee.

5.3.2 MSMEs priority needs, current support, and gaps

A huge gap remains in business-related advisory support provided. Over 100 respondents had not received any business advice. The pressing information needs according to respondents were:

- Advice on business continuity planning.
- Advice on how to maintain prevent infections while working.

Figure 42: What business support do you need?

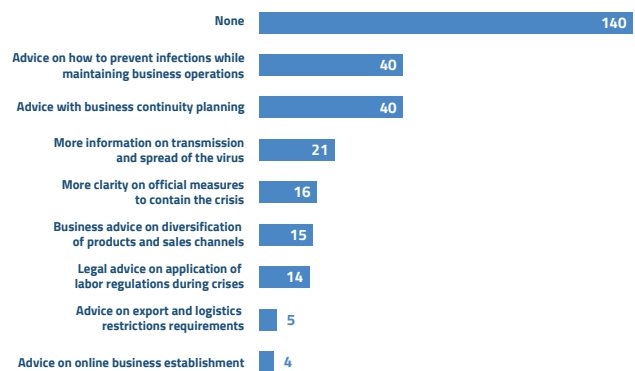
What Support do you need?	Highest Priority	Medium	Least Price
Supplies of personal protection equipment like masks, hand sanitizers / wash supplies	69.8%	22.6%	7.5%
Access to cash assistance	66.7%	21.4%	11.9%
Price controls of critical goods	51.5%	36.4%	12.1%
Access to loan / short term finance	56.5%	35.5%	8.1%
Advanced sales channels	45.5%	45.5%	9.1%
Trainings on business sustainability	60.9%	35.9%	3.1%
Diversification of products	33.3%	60%	6.7%

Respondents prioritized the following assistance, in order of most preferred:

- Training on business sustainability.
- Access to loan/short-term finance.
- Supplies of personal protection equipment.
- Access to cash assistance.

MSMEs were not receiving any assistance from the government or non-governmental stakeholders at the timing of the survey.

Figure 41: What business-related advices did you receive?



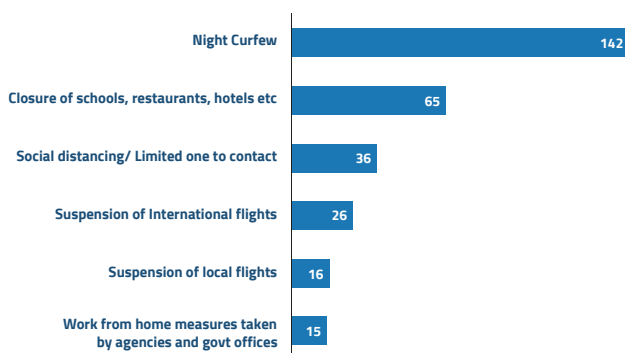


6. POLICY ANALYSIS IN RESPONSE TO COV-19 AND RECOMMENDATIONS

The COVID-19 pandemic has profoundly affected women in small-scale businesses. Respondents said that the check-in time in the city has altogether decreased the time they needed to sell their tea and milk. For instance, they could not sell tea around evening time, which is their peak. Diminished human versatility in Mogadishu has additionally restricted their volume of business exchange. Some tea vendors reported that they quit selling tea in Mogadishu. Those retailing Khat and confections, and generally rely upon the airport and seaport for their provisions, confirmed that the ban on local and international flights, had a significant impact on their businesses. Many of them closed their businesses either due to the ban or because the smuggled khat became very expensive that they could not afford to get supply.

Government restrictions had varying influence on business continuity. Half of the businesses were still continuing operations with 89.3% reporting challenges with the night curfews. Social distancing had the least impact – as most businesses were not observing this.

Figure 43: Which policy measure negatively affected your business?

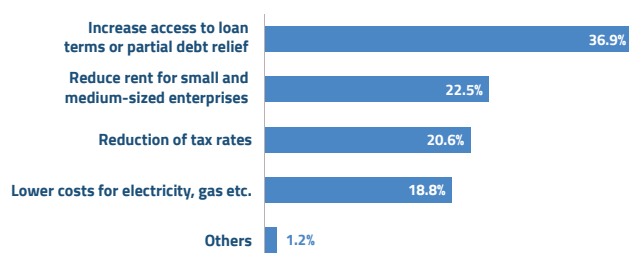


Business owners prioritized policies around loan term adjustments and debt relief, reduction of operational costs including rent and electricity, and reduced tax rates to help mitigate secondary effects of COVID-19 on their businesses.

As mentioned, the night curfew in place in Mogadishu has reduced the time that street vendors and other traders have to hawk their goods. Reduced human mobility in Mogadishu has led to declining demand.

Indeed, globally and in Somalia, the secondary impact of COVID-19 on the socio-economic landscape has been devastating, with millions losing their jobs and nearly half of MSMEs shutting down in several countries. Government reaction to COVID-19 significantly impacts on citizens – and requires an understanding of how different groups are affected – including women-owned MSMEs, as financial and health policies affect their businesses.

Figure 44: Which policy measure do you believe is most effective for your business?



Which policy measure negatively affected your business?	Highest impact	Medium	Least impact
Night Curfew	83.1%	12.7%	4.2%
Closure of schools, restaurants, hotels, etc	69.2%	30.8%	0%
Work from home measures taken by agencies and government offices	46.7%	53.3%	0%
Social distancing/ Limited one to contact (saving groups)	47.2%	50%	2.8%
Suspension of local flights	75%	25%	0%
Suspension of International flights Suspension of local flights	73.1%	15.4%	11.5%

Effects of COVID-19 on imports and exports – a case of Aragsan styles



“We were hoping to receive a lot of goods from Dubai for Eid Sales which is among the best period of sales in Mogadishu clothing markets but because of the COVID-19 we couldn’t get the supply and that affected severely our shops in Mogadishu and other regions” remarked Sadia.

The story of Sadia Elmi Abdulle is not different from that of many young graduates in Somalia who are faced with the high unemployment rate in the country. Sadia studied Information technology in 2017 but couldn’t find a job that suits her qualifications. With no prior experience in business, Sadia decided to explore the entrepreneurship journey after two years of unemployment. She started Aragsan styles, a company that sells cloth and other fashion, with her elder sister who was based in China. *“We wanted to bring home the latest women’s fashion trends from China and Dubai”*. said the co-founder.

With time Aragsan Style expanded to other regions of Somalia. Unfortunately, the COVID-19 has severely disrupted the business. Since late March, Sadia was not able to import goods from abroad due to the suspension of international flights which caused 40% of decreased sales. The suspension of local flights also contributed to a 33% decrease in their revenues since they could not supply goods to their clients from other regions of the country. Sadia expressed her concern that they might not survive more than 5 months with their current cash flow if there’s no improvement in the situation.

Their business was not only affected by the suspension of flights but also the night curfew imposed by the Federal State Government in Mogadishu that forced them to stop operations temporarily. **Small business owners like Sadia wish to be supported by the government and other business associations with tax cuts, extended loans, and cash assistance.**

Abdulle Shop



7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Observations and Conclusions

7.1.1 Socio-Cultural Environment and Economic Implications

COVID-19 pandemic has magnified the existing systemic issues that traditionally marginalize women. As the world focuses on the health implications of the pandemic, in recent times a spotlight has been placed on secondary effects of the pandemic on economic implications, and mildly, on socio-cultural influences. Attention is on developing and underdeveloped countries, with Somalia taking particular interest in the talks of an ailing Somali diaspora, and majority displaced populations in-country, the plight of the food insecure and impoverished. Women entrepreneurs have received less attention, a group that is gravely affected by the pandemic, and are at the brink of collapse.

A few highlights from the study demonstrate how women MSMEs are affected differently by the pandemic:

- Women MSMEs are less likely to pivot into tech-based innovations that potentially save businesses during the pandemic, as only 32% had access to the internet, and even fewer used it for business.
- Low levels of business registration, particularly for micro and small businesses will significantly affect access to support.
- Over 80% have no access to loan facilities, and 71% are not actively participating in savings schemes, which limits options for resilience. With the lack of collateral and barriers to ownership of assets, compounded by dwindling revenues, women MSMEs face difficulty accessing loans.
- Nearly half of the businesses closed temporarily responding to those infected with the virus, or fear infection. Over 45% report that they do not have cashflows to last them a month.
- Women play the critical role of caregivers, over 70% were sole proprietors, few affording to hire employees. They would have to put the business on hold to respond to domestic obligations – 70% of the women were married and had an average of seven dependents.

As hard-hit nations in Europe and the rest of the world loosen stringent COVID-19 related restrictions, the realization that the virus will go on for longer without a vaccine or cure is settling in. The world is slowly shifting into models that allow them to live safely with the virus.

The narrative will likely be the same for Somalia – but a strong culture that impedes any measures to curb the spread of the disease will prove challenging. It will be a long time before Somalia is rid of the COVID-19 virus. This shifts the conversation to ‘not a post-COVID’ recovery phase, but how to co-exist and minimize the effects of the virus on health, economy, and social fabric.

“It will take time (to control the pandemic), but the possible steps can be, the government has to lift for the ban on local flights followed by international flights. The number of (COVID) cases are dramatically decreasing in Somalia and eventually, people will adapt to live with the virus, change of attitude will happen and adaptation strategies will be necessary to even counter for the possible second wave of the COVID-19 pandemic.” Key informant interview with INGO stakeholders.

7.1.2 Financial Implications and MSMEs Business Continuity

“We can’t divorce the business from the personal effect and how it’s affecting the entire economic ecosystem. The pandemic has disrupted the social relation, physical condition, and attitude of the people. But certainly, the most challenging aspect that the businesses will face will be liquidity, businesses will run out of cash and this will cause its crises to the businesses.” Key informant interview with an expert in the business sector.

Seemingly, there has not been enough incentive for businesses to register, nor communication on benefits of registration. Our survey reported that only 25% of businesses that were operational over 10 years were registered with a local administration, 39% of businesses operating 5 to 10 years were registered, 25% of businesses operating for the last 2 years were registered. 50% of businesses operational under 6 months were likely to be registered. Overall, this accounted for only 35% of businesses.

Registration was strongly correlated with the level of education. Over 80% of those whose highest level of education was secondary school and above, had registered their businesses. 44% of those who went to intermediate

school also registered. On the other hand, 27% of those who attended Quranic school registered their business. The lowest was those who attended elementary school at 3%, followed by 12% who had never attended school. Businesswomen younger than 24 years were likely to register their business (63% were registered) compared to those aged 24 – 65 years (32-36% registered).

These statistics have significant implications on the support models adapted and the focus of business support. To begin, to enable financial institutions to extend lifelines to women entrepreneurs, there is a need for some formalization. In the short term, businesses will have to undergo some form of registration to increase accountability and better support delivery.

Reduced sales as customers fear night curfews – a case of cloth, fashion and beauty business

Mrs. Falis Mohammed, 39, a single mother of five recently closed one of her business outlets due to COVID-19 secondary implications on demand and supply of her cosmetic and beauty products.

Just like many Somali mothers, Mrs. Falis had to work to feed her family following the civil war. She is a high school graduate with almost 15 years of experience in the business. She started small, selling garlic, tomatoes, and spices. Her passion for business drove the entrepreneurial ambitions that saw her expanding into the sale of perfumes and becoming the founder of Shopping and Cosmetic, a brand with three outlets in the city, and a jewelry store. The income she gets from her business pays school fees for her children and sustains her household's needs.

The spread of COVID-19 has negatively impacted her business. The government-imposed curfew measures have instilled fear in many, slowing down the flow of customers into her stores. **Her revenue dropped by half owing to the decrease in demand and inaccessibility to ports, forcing her to close one of her outlets.**

The ban on the Khat import shuts down Ruqiya's business and the only source of income for a family of Eight.



Ms. Ruqiya Ali left her family home in the rural suburbs of Mogadishu at a young age in search of a better life. When she came to the city she started a school, unfortunately, the civil war broke out while she was in grade six so Ruqiya wasn't able to continue her studies.

With nothing else to do, Ruqia decided to settle and marry. Her husband was the only breadwinner and he eventually lost his business so the only option left for Ruqiya was to start her own small Khat business at the roadside near her house. Ruqiya's business was running for 6 years but she never registered it with the local government even though she pays a regular tax to the local authority.

Ruqiya, a 47 years old housewife with 6 kids, is living with her husband who is unemployed. She is the only breadwinner and the whole family depended on the income she gets from the khat business.

Ruqiya's business was successful and profitable until the outbreak of the COVID-19 virus especially when the government announced the suspension of the international flight that was crying the khat, this has had a negative effect on Khat supply. Half of Ruqiya customers disappeared and her sales diminished which forced Ruqiya to close the business. Men who often used to come and chew khat nearby on a regular basis weren't able to come because of the night curfew.

Ruqiya's income dropped to zero and she couldn't feed her children let alone pay the other family bills. Ruqiya was not part of a saving group she could borrow money neither did she had access to loans. Her options were limited to only the hope of resuming the business when the spread of the disease reduces.

At a glance: Barriers to women's financial inclusion

In Somalia women represent 49.3 percent of the total population, according to the latest population estimation survey. Women also constitute a higher percentage of the labour force with 53.1 percent females falling at working age of 15-64 years (UNFPA, 2014). Women remain main drivers of the micro sector, making up 60% of all business owners in Somalia (UNDP, 2014).

Access to finance is key to improve economic conditions and resilience for women led MSMEs. However, women are disproportionately excluded from the formal financial system due to the cultural and discriminatory barriers. Below are some of the significant constraints observed during the study:

- 86.9% of the women interviewed during the survey reported that they had no access to loans. Some of them believed that there was no available loan schemes while others didn't know how to access it or assumed, they could not meet the required conditions.
- Female entrepreneurs often use personal loans – from family and friends and are less likely to raise capital from external sources due to the conditions placed in front of them. Preventive fear is common and women are often reluctant to turn to banks for loans with the notion that that there is little chance of their requests being accepted.
- Structural dissimilarities between male and female owned business also bring a taste based discrimination. For example; Women invested in more retails and service business and less on industries and other sectors where most of the banks showed high interest.
- In this study we found that most of the women business interviewed were operating less than 5years and had either a shorter banking history or none. The banks preferred customers who are more known to them with financial records that can be traced.
- 91% of the women interviewed were dependent on their business as the only source of income. This in fact challenged the ability of women to access loans to enhance their businesses as banks preferred to give credit to those who had other income sources, they could rely to pay back the money.
- The collateral requirement and historical higher risk perceptions that banks had towards women owned businesses also prevent women from seeking loans for fear of being turned down.
- Other constraints included female entrepreneurs lack sufficient financial literacy and have limited administrative experience. Inadequate capacity or knowledge on business proposal development process is another factor impeding women access to finance.

Keeping in mind the financial, cultural and other structural limitations and circumstances, it seems as if direct or indirect involvement of financing actors will be crucial in putting in place favorable policies and strategies towards improving access to loans for women MSMEs.

“Most of the business owners don't have national papers/documents which is a prerequisite of opening bank accounts. People have to be uplifted in terms of capacity then we can think of changing their business model, otherwise, it will be just wastage of time.” Key informant interview

The observations from the study also highlight the need to better understand barriers to women's financial inclusion. Disaggregated data is required to determine gender gap and inform programs, policies and strategies towards enhancing women's financial inclusion.

“The MSMEs are the most affected people in this crisis, mothers selling small kinds of stuffs along the roads. In my opinion, they need advice on credit, banking access and how to manage business transaction.” Key informant interview.

7.1.3 Leveraging immediate support to MSMEs

As highlighted earlier, close to half of the businesses closed temporarily, leaving women without any form of income, further, businesses are hardly making profits and may miss out on cash transfer programs, excluded by selection criteria that regard these women as less vulnerable.

The survey suggests cash grants to struggling businesses to protect them from the sale of assets, that are needed to restart their businesses. Local solutions, such as peer to peer initiatives, would be a more sustainable means of establishing emergency programs targeting women MSMEs.

7.1.4 Identification of MSME's to support

Secondary literature review and key informant interviews expressed concerns over women MSMEs being left out of support programs and the focus will be on, for instance, displaced populations, and traditionally marginalized groups. The fact that the businesses are mostly informal, also makes them difficult to identify. Following suggestions may contribute to identifying businesses in need of critical assistance to avoid shutting down:

- Informal networks
- Business associations
- Business registry bearing in mind that only few businesses are registered within the large informal economy.
- Use other forms of registration such as registration against mobile phone SIM Card ownership.

7.1.5 Innovation, technology and policy measures

In the opinions of key informants who participated in the study, migration to use of technology and digital platforms will be difficult as the majority of MSME owners are challenged in using technology, have no access to internet and digital platforms. Cultural and technological barriers impede quick results.

“Lockdown affected HANO Academy because the school is closed. The learning mode has shifted to online, unfortunately, lots of students cannot afford or have no access to the internet... Our work with INGOs has significantly decreased due to COVID-19 and there is no new registration to the courses of the Academy. It's a really tough time. Despite all these, we have no idea when the imposed measures of the government will be eased or lifted.” HANO Academy

Key informants in the study strongly advocated for practical training and mentorship on business management, e-commerce, and accessing online resources for those already showing interest in using internet as marketing and sales platform. None of the respondents were receiving any form of support at the time of the survey.

“I think they should be trained on e-commerce... Moreover, we have to think of local specific solutions that can match the needs of the people, Somalis have a good sense of entrepreneurship, a pathway to self-employment. Therefore, any training or changing the business modalities of the MSMEs should be clearly in line with the culture and the needs of the nature of their business.” Key informant interview.

Policy measures can be placed to relieve the effects of the pandemic on women MSMEs, some of which include extended, income support, and free/subsidized health care. There is a critical need to involve all stakeholders, and particularly representatives of women MSMEs in policy discussions to critically analyze how any COVID-19 related measures potentially affect these businesses.

7.2 Recommendations

The current situation with COVID-19 is likely to last, alternating between waves of re-infection and explosions until a vaccine or cure is found and widely distributed. This necessitates a rethinking in the approach of dealing with a new set of circumstances and increasing the agility of their businesses to survive through similar unpredictable times. Our recommendations are based on:

- **Women in business have been left out of the conversation on the impact of the C-19 pandemic.** As the world reports primarily on new cases, recoveries and, fatalities of the disease, financial data is just starting to trickle in, and we see very little attention on this special category of the society.
- **Women entrepreneurs historically experience fundamental structural challenges.** These impede their ability to deal with a pandemic that has left the world's economies struggling to remain afloat. C-19 has exposed these historical gaps, increasing the vulnerability of women-led MSMEs.
- **Not a one cut fits all approach – women MSMEs are not homogenous.** For instance, there is a need to identify why single women are fewer in business than married women. What are the special needs of young women entrepreneur's vs an older generation?

To address gaps and challenges faced by MSMEs in Somalia, the study advocates immediate government and stakeholder support and proposes short term – during C-19, medium, and longer-term solutions – post-C-19.

7.2.1 Short term recommendations

Invest in quality data that enables the proper design of support interventions: The number of surveys conducted touching on secondary effects of COVID-19 is still minimal but on an upward trend. The extent to which these give a picture of the statistics in Somalia may be limited but contribute anecdotal evidence of the situation. Stakeholders wishing to implement various types of support intervention will benefit from the anecdotal data and require collecting descriptive data around intended beneficiaries. For instance, while in our study, the focus on MSMEs, we felt the impact of restrictions on movement did not affect the study group as much as it may have affected larger businesses – with more employees, leading to significant job losses than those reported here.

This includes mapping and registering MSMEs to provide a foundation for targeted support. While only 35% of businesses were formally registered, that over 98% have access to mobile phones and SIM Cards, it already provides an 'informal' platform of registration.

The first focus should be on operational health and safety for MSMEs: Create an enabling environment for MSMEs to be able to deliver on their businesses safely. This includes access to water, sanitation, and protective equipment. The stigma surrounding the disease in Somalia requires concerted efforts and the inclusion of influencers such as religious leaders. As long as the cultural barriers and misconceptions exist, it is difficult to practice safety and prevention. In Somalia, the health impact of COVID-19 seems to have affected women-owned MSMEs just as much as secondary implications.

Build stronger linkages between stakeholders: Including financial institutions, telecom companies, Hawala, and money transfer agents will strengthen efforts towards shielding businesses from the effects of the pandemic. This will enable the rollout of assistance such as resourcing financial flows, loans, cash relief in the shorter term. In the long run, preventing business closure will cost less than attempting recovery in an uncertain COVID-19 timeline.

"I would suggest for kind of informal policy that the private sectors, the government, business associations, and MSMEs to synergies their capabilities and resources. This will help to recover the economy and ensure the continuity of MSMEs. Some sort of leadership will be very important in this stage presumably from the Ministries of Commerce and women affairs." Key informant interview with an expert in the business.

Skills development and business support: Considering the challenges facing the SMEs and their lack of accessibility to financial services, assistance could be targeted to those types of small businesses that are likely to bear the immediate implication of COVID-19. Certain approaches can be taken to identify the most vulnerable ones; this might include, introducing start-up fund packages and grantees for the existing SMEs but on the brink of going out the market for "good" if immediate assistance is not given. Consideration of various characteristics of women-owned MSMEs in developing solutions includes for instance, that some of the businesses lack proper documents, lack access to the internet, have no business registration, and access to business information.

The majority have low levels of education, which determines an approach to coaching and mentorship. Immediate support could include:

- Financial accessibility.
- Support of start-up business plan.
- Strengthening MSMEs' business continuity through small grants support.
- Short term income support, free health care.
- Reduction of tax, loan term adjustment, and debt relief.

7.2.3 Medium and long term recommendations

Launch interventions that address structural issues that affect women MSMEs: this will continue into the long term. Major factors that negatively affect women entrepreneurs include gender-based discrimination, limited access to information, inadequate education and training, lack of communal support, and limited access to resources. Mindset is also an important factor to consider especially in advancing shift of business models to more innovative tech-enabled enterprises. Cultural expectations of women in Somalia have led to endemic gender inequalities that require to be faced out or minimized before women MSMEs in Somalia can extensively benefit and flourish.

Establish peer to peer networks: Peer to peer networks are critical to surviving uncertain economic times and countering social disruptions. Forming women-owned MSME, peer groups, whether structured around revolving funds, table banking, or a business community, will contribute significantly to the way MSMEs can mobilize and advocate for their interests, whether policy or support. They will also strengthen their ability to tackle issues and support each other through transitions. Peer to peer networks invigorate and open-up trading opportunities across different businesses, strengthening the value chain in different sectors and fostering partnerships.

Address accountability and transparency in stakeholder response: This is pivotal to any support intervention that the government and stakeholders engage in. While it should ideally be considered in the short term, because initially, interventions will be pilots with possibilities of shifting delivery models substantially, it is advisable to reinforce mechanisms towards accountability and transparency starting in the shorter term and increasing efforts in the medium and longer-term. Stakeholders

should aim to continuously improve communication, collaboration, and coordination efforts, reducing redundancies and replications.

Strengthen safety nets and social protection mechanisms: for women MSMEs with a view to building resilience through similar hardships. This could include savings schemes, investing in regulations protecting casual and temporary workers, informal businesses, and other vulnerable sectors, insurance options, and others.

“...the inclusivity of the social protection policy will play a great role in Uplifting and supporting the micro-entrepreneurs who the very backbone of the informal economy.” A key informant interview with social protection expert.

Establish a revolving fund for women start-ups: In liaison with financing institutions that focuses on the special needs of women in businesses. This should reflect easy access to financing, increased options of different financing sources such as banks, social investors. It should also include elements of knowledge transfer and skills development, mentorship, and coaching. It should also advance mindset shifts enabling women to venture into leveraging ICT to scale up their businesses.

“They should be allocated a specific budget without any fees to be incurred by businesswomen.” Key informant interview with an expert in women business development sector.

Infrastructure investment and building a conducive business environment: There is a need for significant investment in infrastructure that enables business. These include the technological capacity to enables efficient tech-enabled trading, such as the use of mobile payments, online trading, advanced supply chain innovations.

“For the economy of the country to grow and SMEs to have a conducive environment to conduct their business, infrastructures of the country should be invested, industries zones to be identified and business owners to be helped in terms of coaching and building their capacities. For instance, new methods such as drop shipping which is a supply chain management method in which the retailer does not keep goods in stock but instead transfers its customer's orders and shipment details to either the manufacturer, another retailer, or a wholesaler, who then ships the goods directly to the customer.” Key informant interview with expert.

Study the impact of COVID-19 pandemic on MSMEs, collect lessons and share: Somalia has become a country of interest, given the constant crisis it experiences, weak systems, and conflict it is dealing with, along with the presence of terrorists and extremist groups, that compound the added challenges of dealing with a health pandemic. Lessons from Somalia will benefit, not only the country itself, but other nations considered fragile and in a state of conflict in dealing with and overcoming future similar challenges. A comparative study of both women and men-owned businesses would provide insightful recommendations for medium and long term actions, including policy.

Further areas of research:

- Comparative Analysis looking into the socio-economic impact of Cov-19 considering gender, different age groups, education background, Urban vs v Rural and other categories like business types and length of operation
- Mapping existing financial services and develop business modelling and ideation process for MSMEs
- Developing policies and strategies towards increasing access to finance for women led MSMEs
- Establish learning platforms for dialogue and evidence based deliberation

