COVID-19 Impact on Small and Micro-enterprises

Support Economic Growth and Sustainable, Diversified Income Creation in Jordan

June 2022

With funding from the US Government

Presentation Agenda

- Introduction and Methodology
- Sample Demographics
- Financial Impact of COVID-19
- Operational Impact of COVID-19
- Needs and Knowledge Gaps
- Future Prospects

Introduction and Methodology

Objectives

Research Background and Objectives

This study was designed with the same scope as the IMPACT HBB 2019 assessment. This round was designed as part of ACTED's livelihood programming to assess the short and longer-term impact and implications of COVID-19 and the economic downturn on agricultural microenterprises, Income Generating Activities (IGAs), and income diversification activities practised by both Jordanian and Syrian refugees in Jordan. This quantitative data collection took place in March 2022 followed by a qualitative component conducted in May 2022.

Two research objectives:

1. To analyse the COVID-19-related challenges on micro-enterprises and livelihoods in 4 target sectors in all 12 governorates of Jordan

- Farmers
- Food processors
- Artisans
- Landless labourers

2. To strengthen humanitarian and development stakeholders' capacity to respond to the changing COVID-19 context and current needs among the 4 business sectors

Research Questions

1) What are the key characteristics, socioeconomic situation, education level, and work sector of Syrian refugees and Jordanians who operate micro-businesses or work as landless labourers in the micro-businesses established in Jordan?

2) What is the short and longer-term impact of the COVID-19 pandemic on micro-businesses in terms of their sustainability and durability, and to what extent have the micro-businesses managed to overcome the COVID-19 resulting economic downturn impact and the on their business activities?

3) What forms of mitigation can humanitarian and development stakeholders take to support the sustainability and durability of micro-businesses in the future?

Data Collection Methods

Quantitative Component

1554 structured interviews were conducted with micro-business owners/operators from all 4 business sectors

Qualitative Component

31 semi-structured interviews were conducted with livelihood stakeholders and subject matter experts from, NGOs, INGOs and CBOs. The Qualitative component also included **8** in-depth case studies

Systematic Desk Review

A systematic desk review of the available literature on the impact of COVID-19 on small and micro-businesses and their markets

Sampling

Structured Purposive Survey Sampling Framework, by Population Group and Business Sector

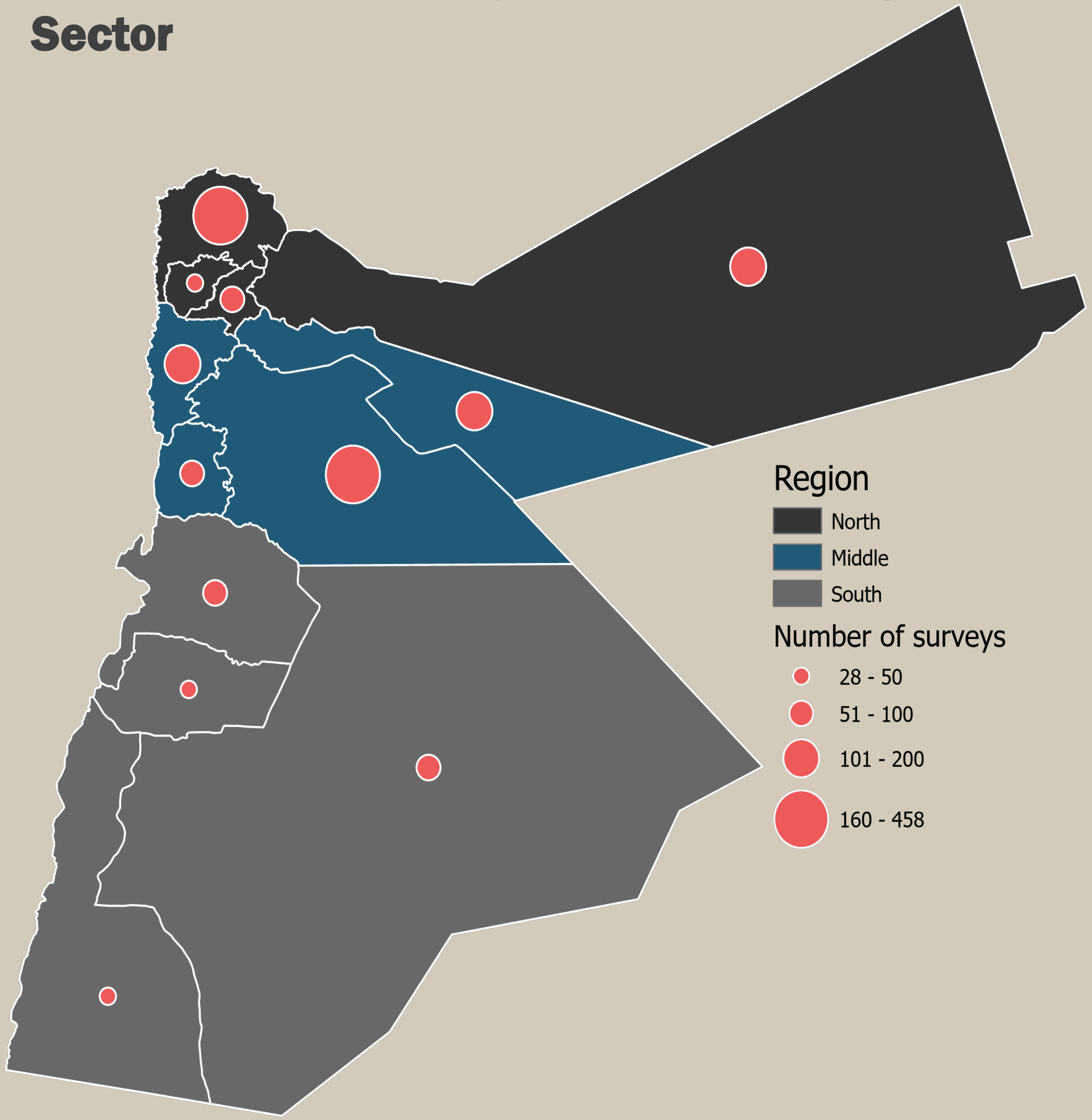
	Jordanians	Syrian Refugees	Total
Artisan	235	174	409
Farmer	233	157	390
Food Processor	209	164	373
Landless Labourers	35	347	382
Total	**712**	**842**	**1554**

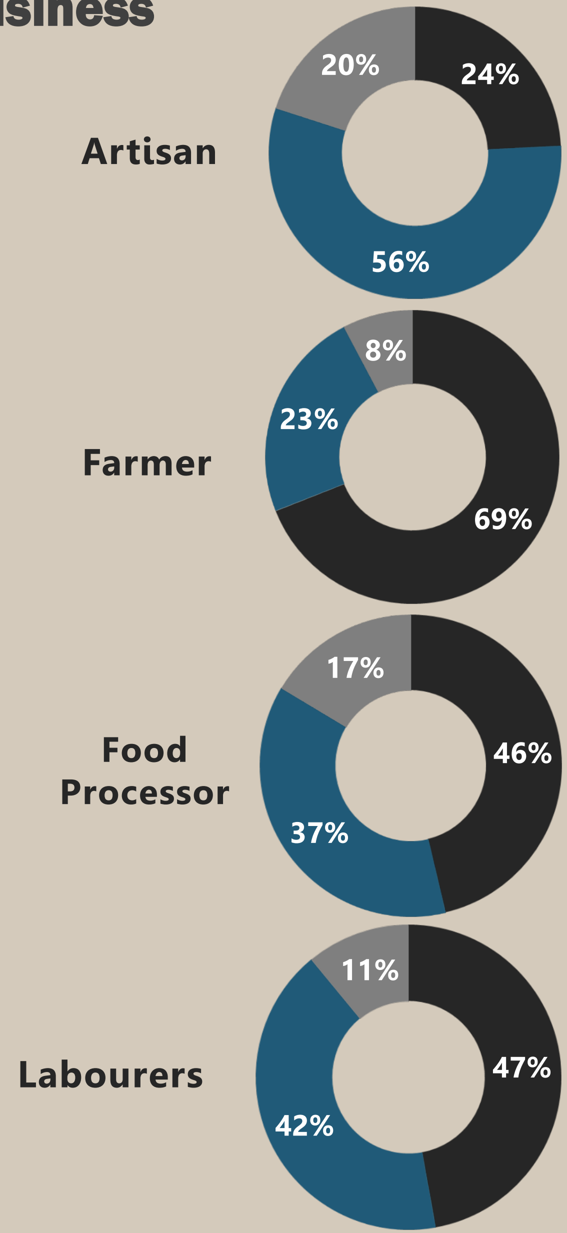
Semi-structured Purposive KIIs Sampling Framework, by Region and Business Sector

		North	Middle	South
Agricultural Sector	Farmers	1	2	2
	Landless Labourers	2	1	2
	Both	1	1	0
Other Sectors	Artisans	2	2	2
	Food Processors	3	4	2
	Total	**9**	**10**	**8**

Sample Distribution

Sample distribution by Governorate, Region and Business Sector





Assessment Findings

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Demographics

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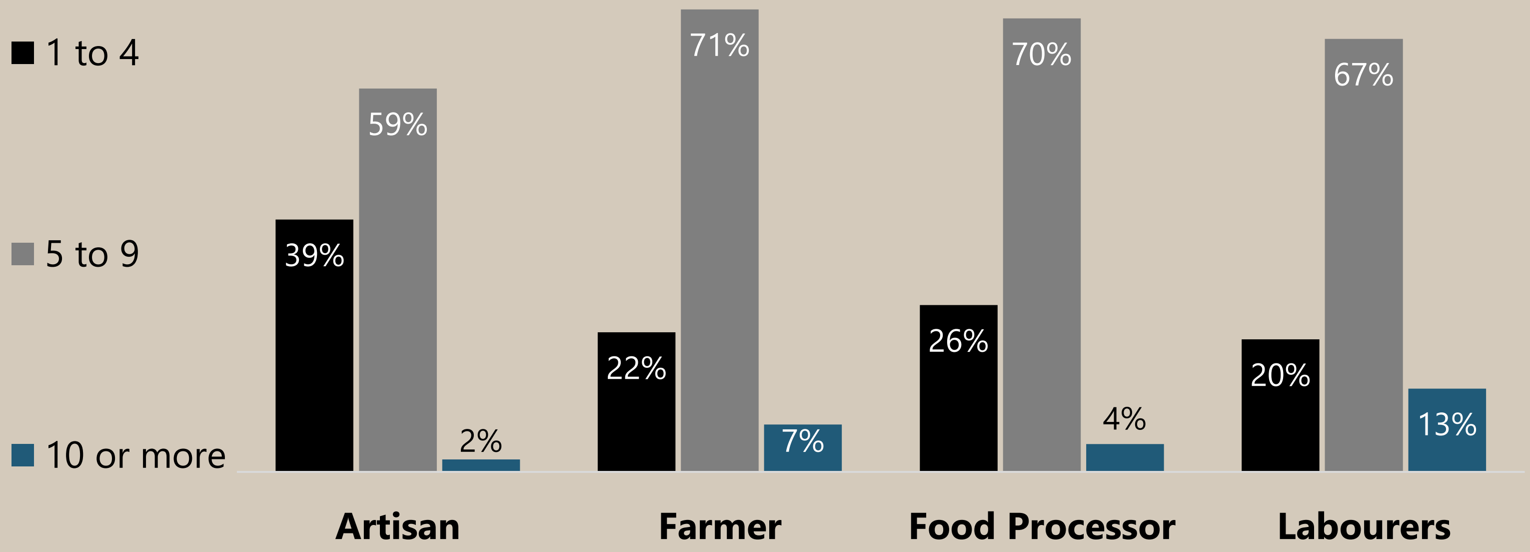
HH Size and HoHH Gender

% of Respondents by respective HH Size and Business Sector

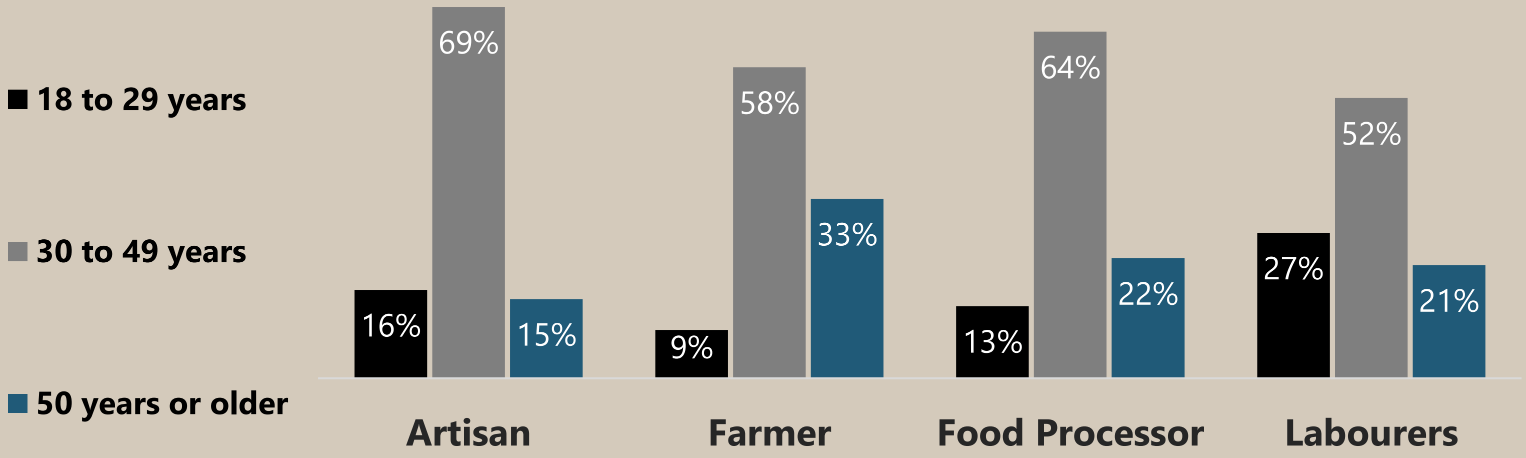


% of Respondents by respective HoHH Gender and Business Sector

	Artisan	Farmer	Food Processor	Labourer
Female	12%	13%	60%	8%
Male	88%	87%	41%	92%

Respondents Age and Gender

% of Respondents by Age and Business Sector

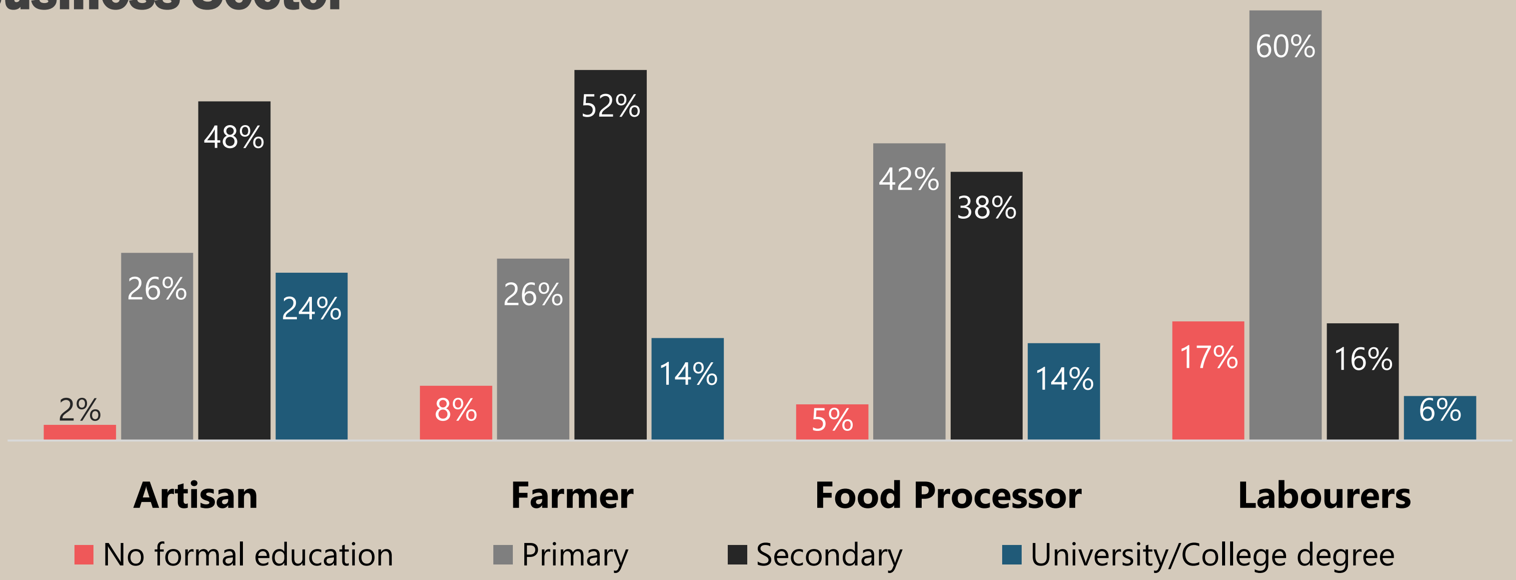


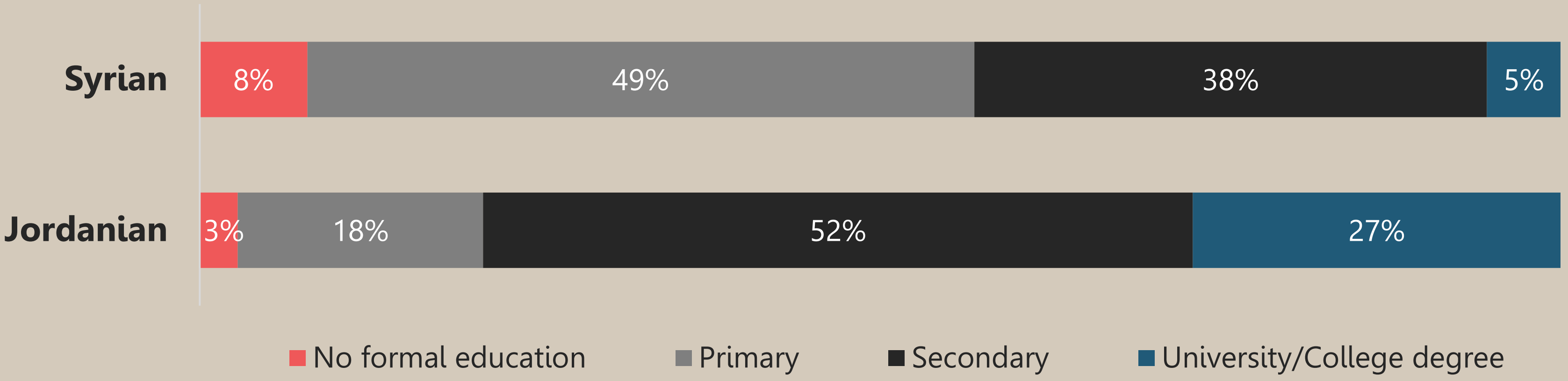
% of Respondents by Gender and Business Sector

	Artisan	Farmer	Food Processor	Labourer
	51%	42%	91%	14%
	49%	58%	9%	86%

Respondents Level of Education

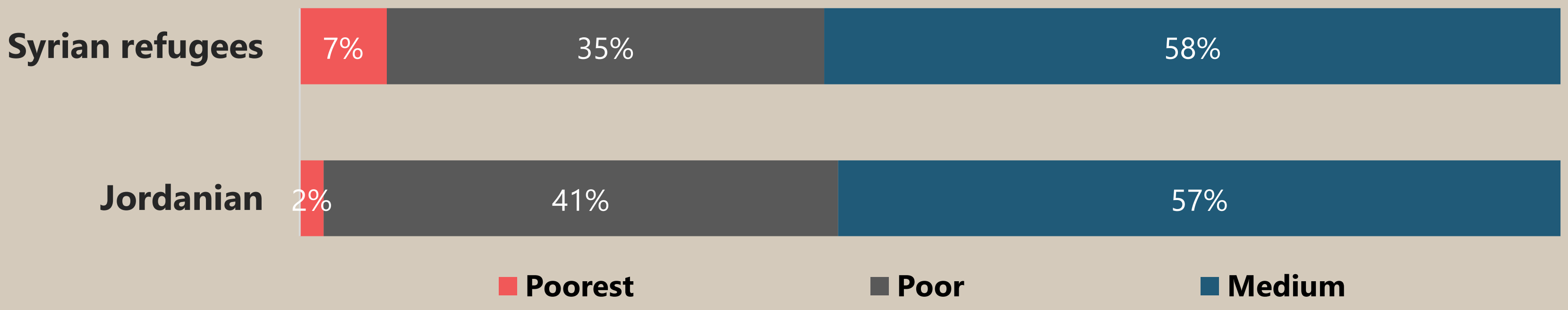
% of Respondents by their highest Level of Education by Population Group and Business Sector



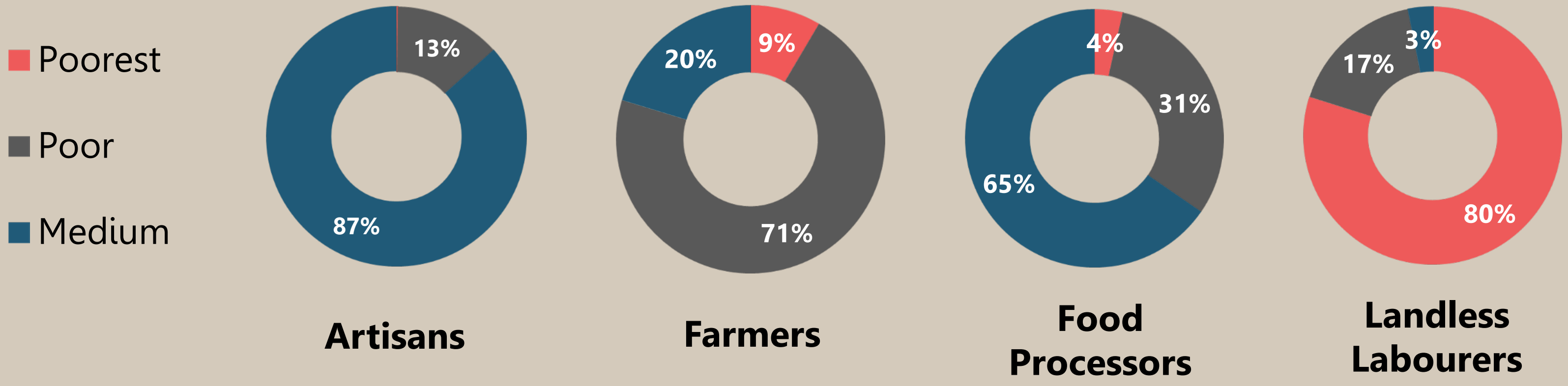


Wealth Scores and Quintiles

% of Respondents by respective HH Wealth Score and Population Group



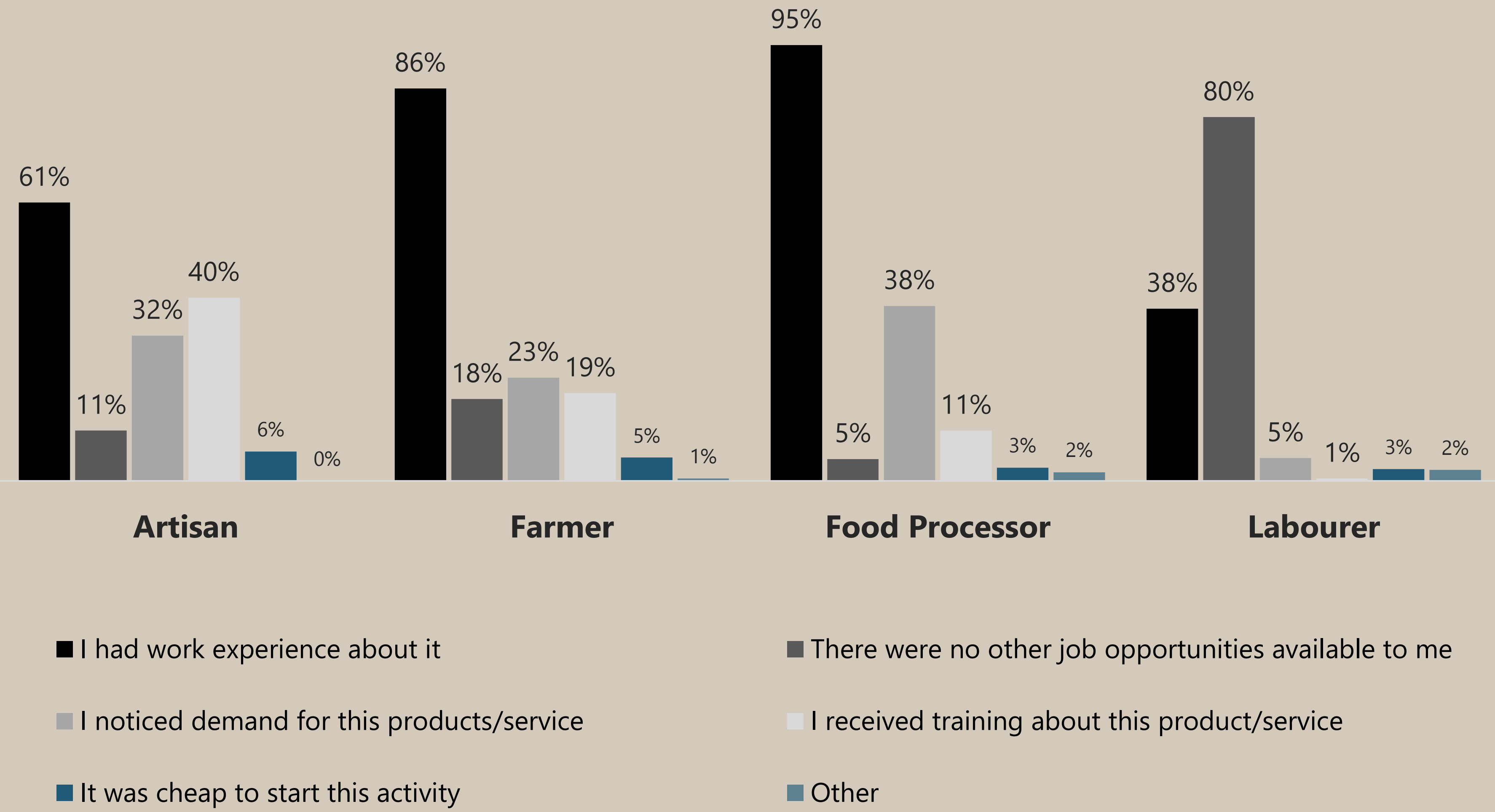
% of Respondents by respective HH Wealth Score and Business Sector



Note: Wealth scores and quantiles were calculated using the EquityTool, which is a country-specific composite measure of HH living standards based on ownership of assets, housing type and materials, sanitation facilities, and ownership of a bank account. Respondents are assigned a wealth quantile based on 20% of the population, (1 representing the poorest, 5 the wealthiest) on the national quantiles.

Motivations to Start the Business Activity Before COVID-19

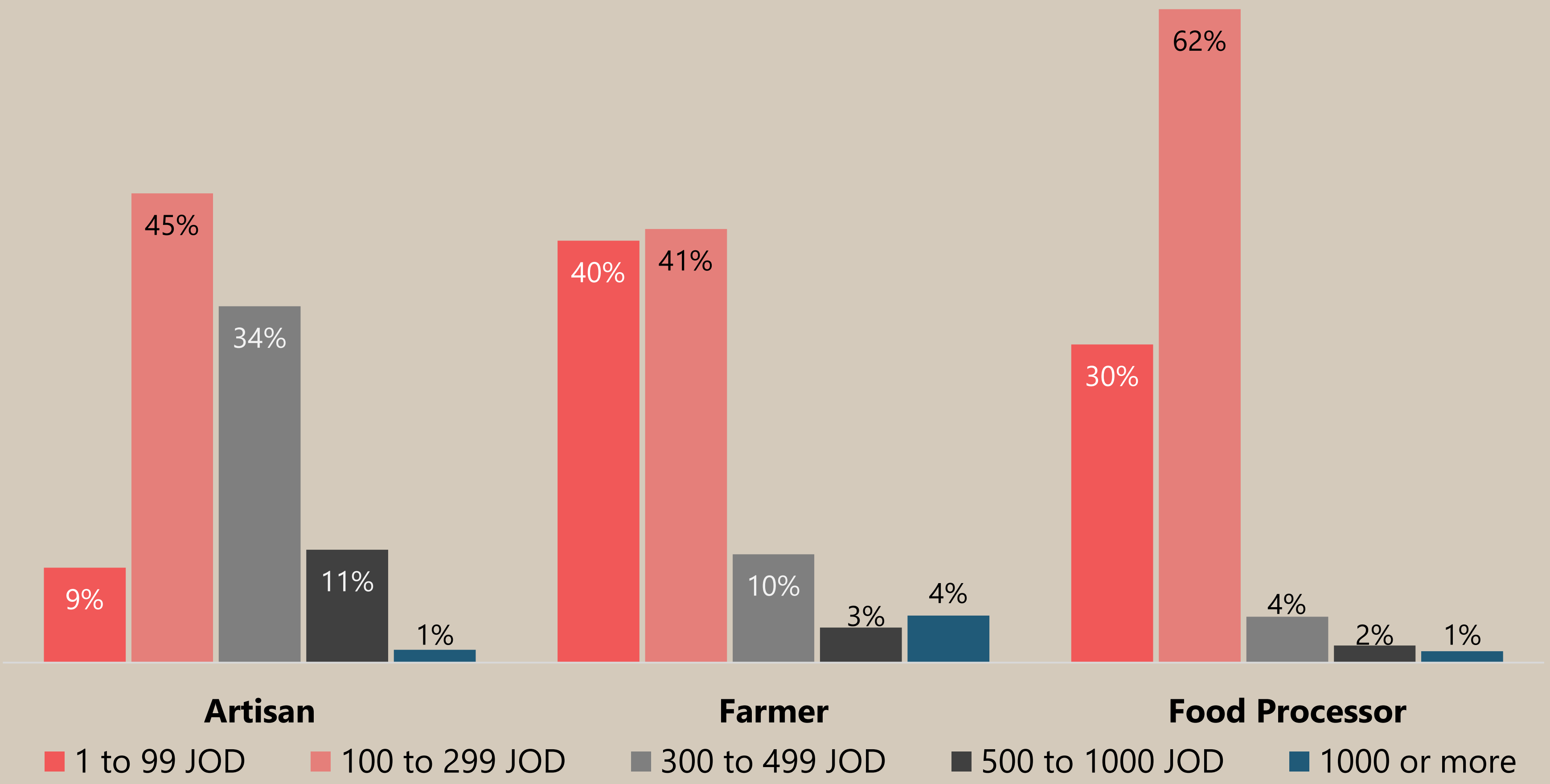
% of Respondents by the reported Motivation for starting their Business Activity, by Business Sector



COVID-19 Short and Long-Term Financial Impact

Pre-COVID Income

% of Respondents by respective Average Monthly Income from the Business Activity before COVID-19 and by Business Sector



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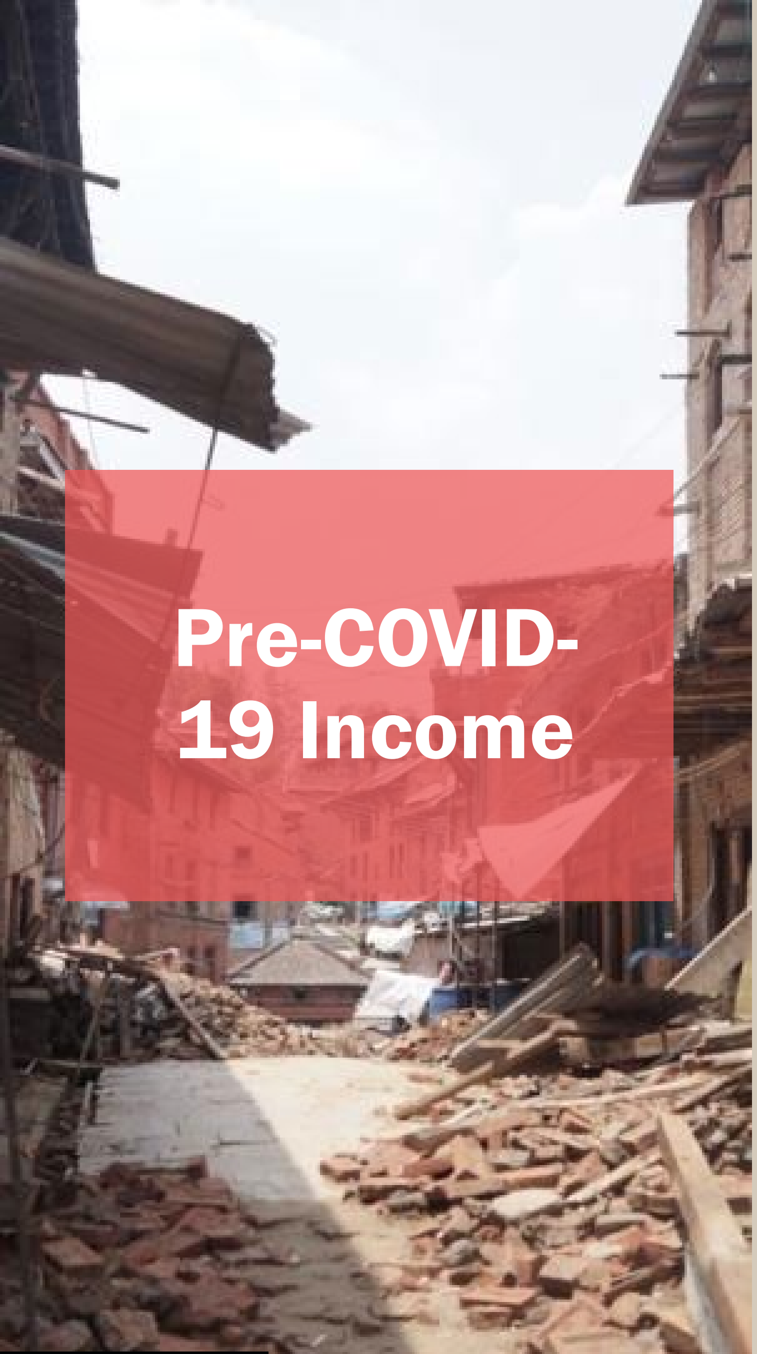
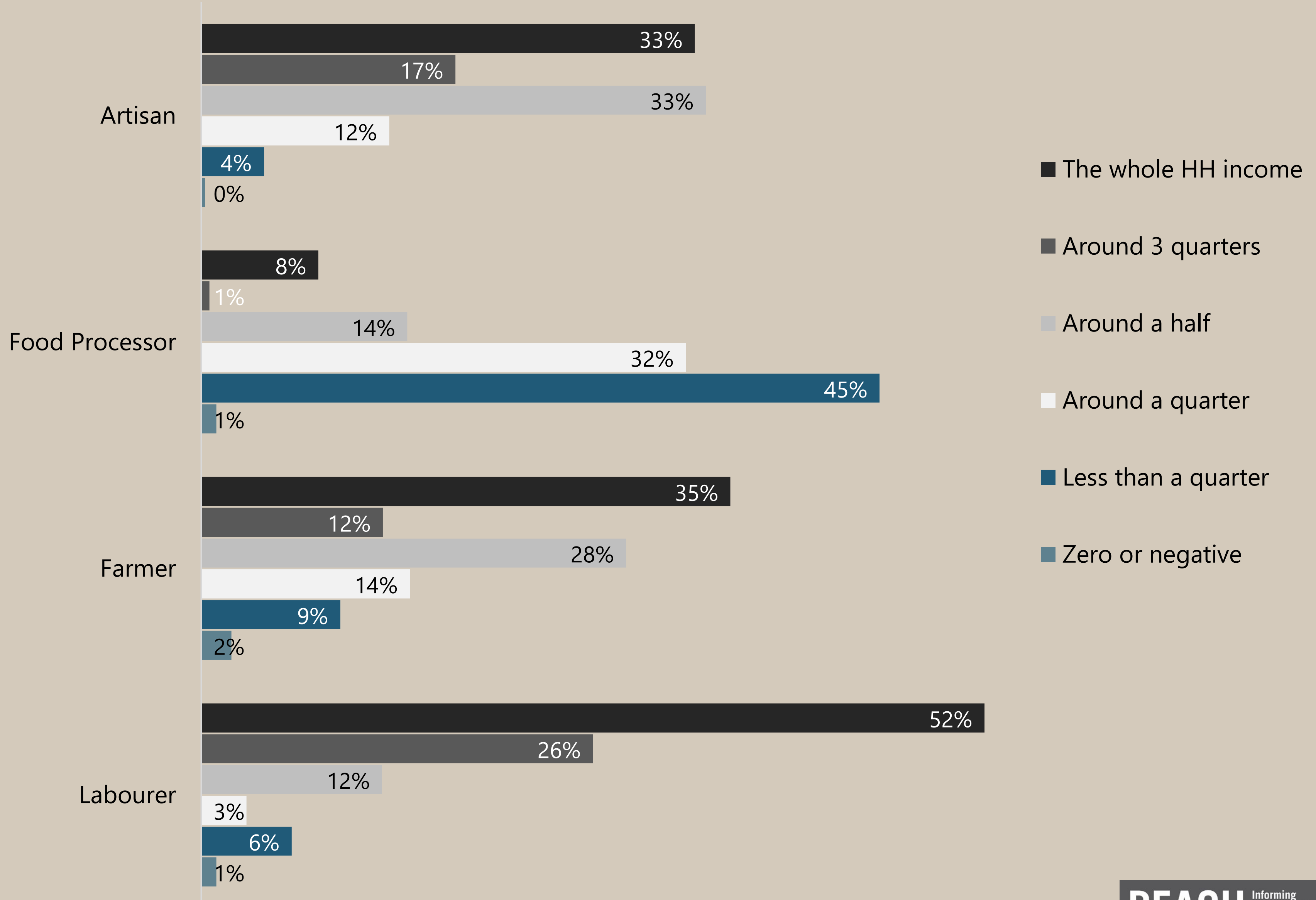
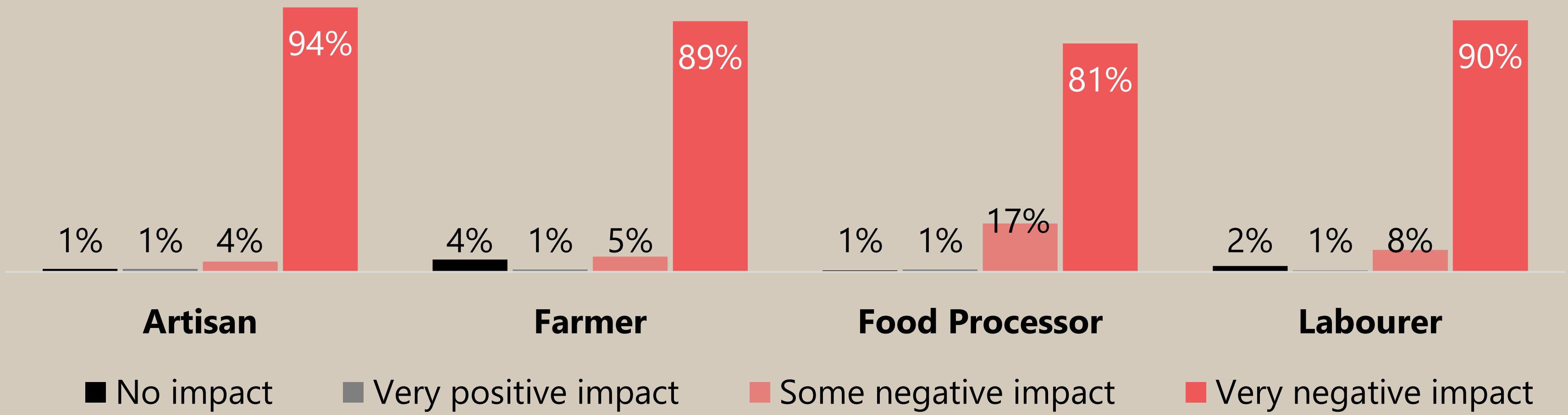


Share of Income from the Business Activity over the Total respective HH Income before COVID-19

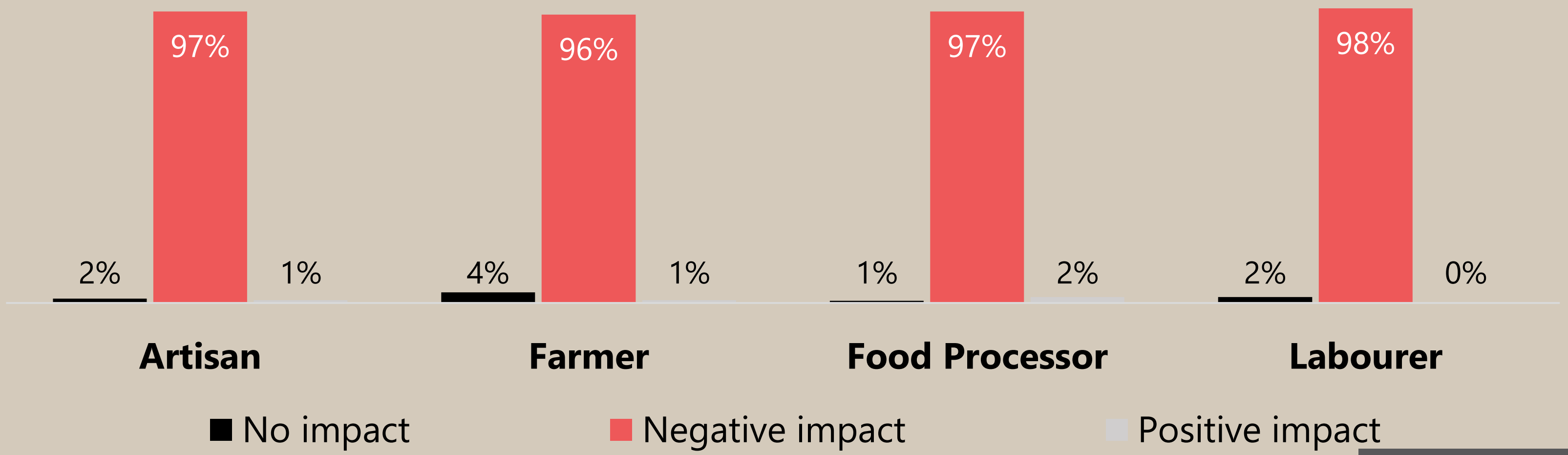


COVID-19 Short-term Impact

% of Respondents by the reported Impact of Movement Restrictions and Economic Downturn on HH Income



% of Respondents by the reported Impact of Movement Restrictions and Economic Downturn on Cashflow and Access to Cash



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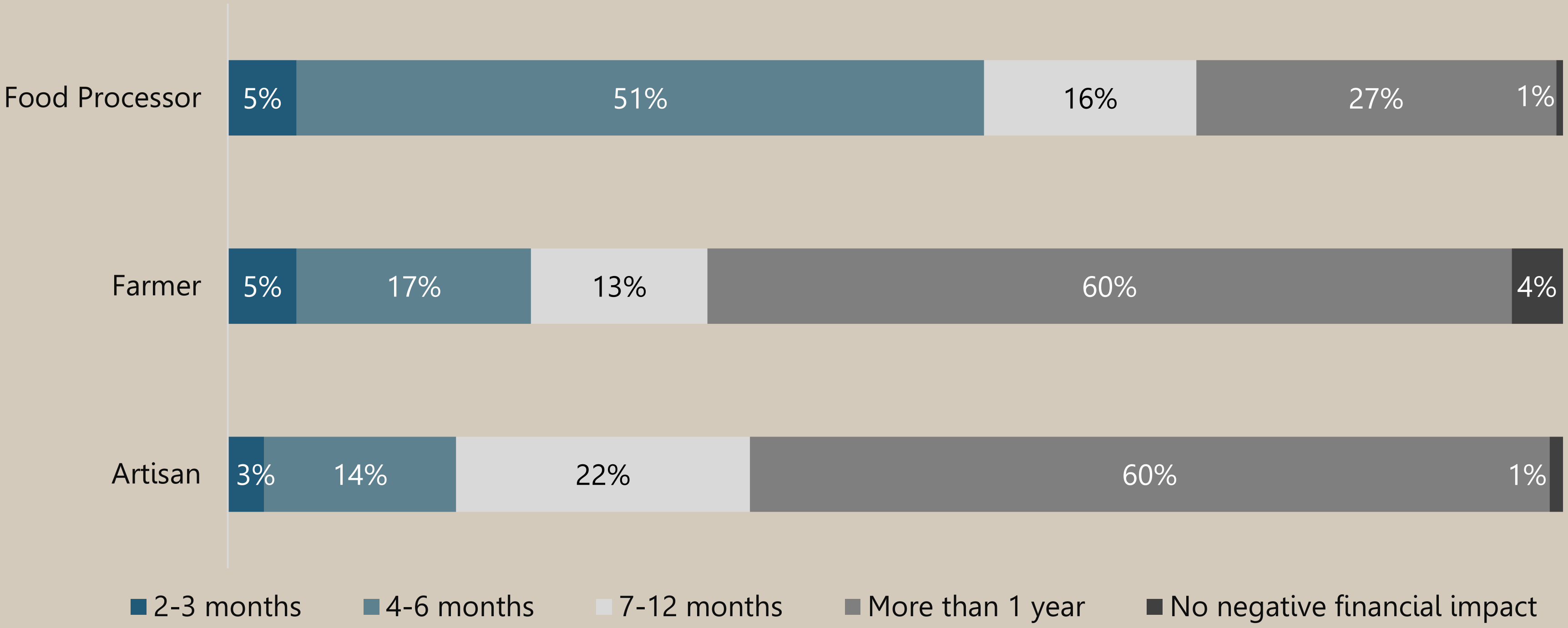
COVID-19 Long-term Impact

% of Respondents by the reported Duration of the COVID-19 negative Impact Effect on the their respective HHs’ Financial Situation

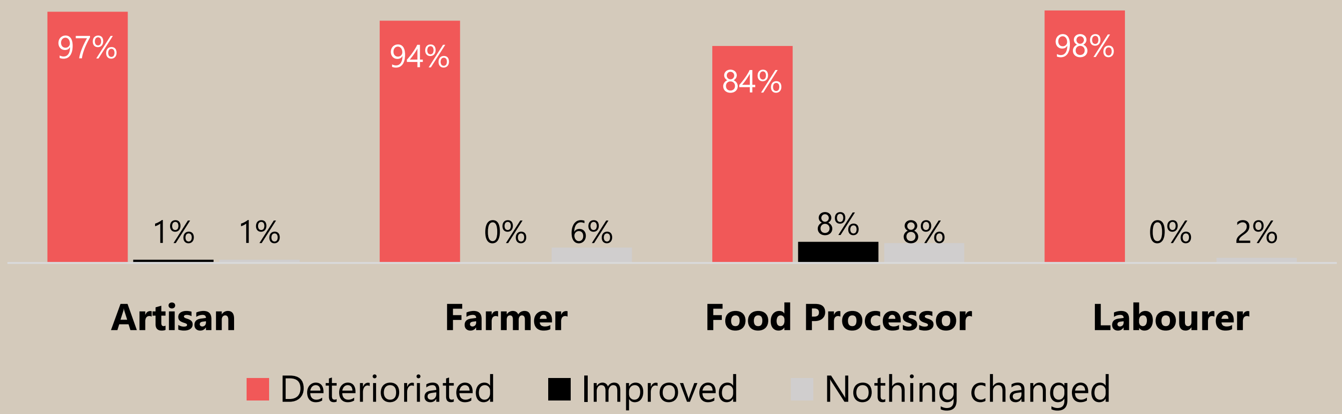


Seventy-five per cent **(75%)** of the respondents who have experienced negative financial impact due to COVID-19 reported taking loans or borrowing money to cope with such a negative financial impact.

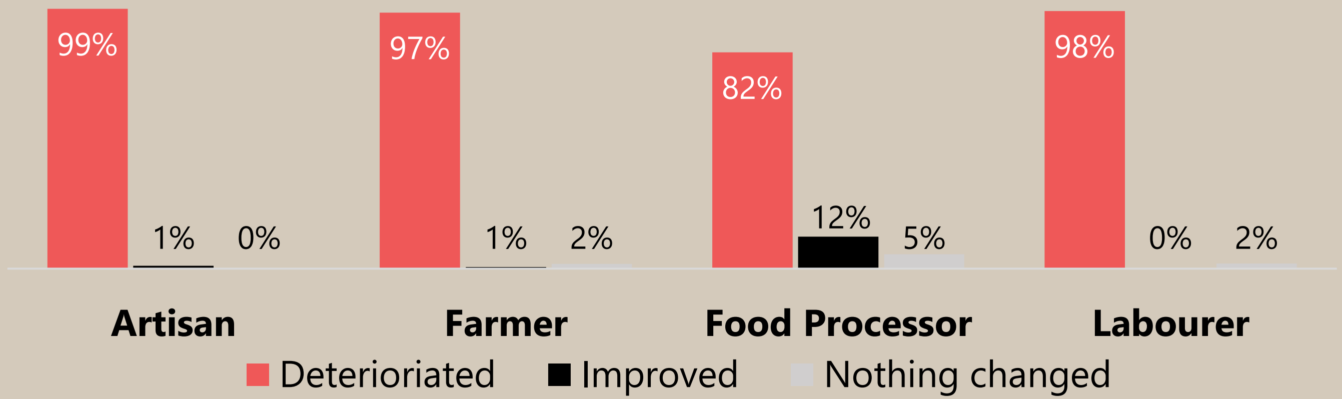
COVID-19 Longer-term Impact

Current Perceptions of COVID-19: Impact on Respondents' HHs Financial Situation (by Population Group and Business Sector)

Jordanian



Syrian



These charts illustrate the respondents' perceptions of the longer-term impact of COVID-19 on the HHs' financial situation and to what extent it was affected until the moment of the interview.

COVID-19 Short and Long-Term Financial Impact

- Generally, a very negative short-term impact of COVID-19 was reported by the majority of the respondents from both population groups (Jordanian and Syrian refugees) among all four assessed business sectors.

- As illustrated in slide 17, the generated profit from the micro-business and labouring activities makes half or more of the total HH income. As a consequence, the negative impact on these business activities had a direct impact on the overall HHs' income.

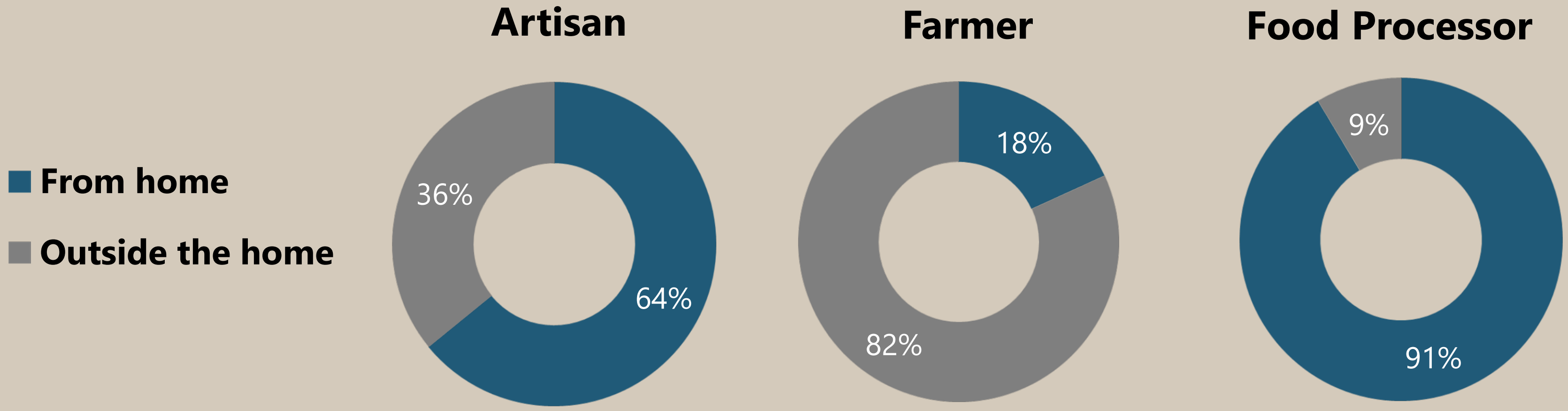
- The vast majority of the respondents from all 4 business sectors reported negative long-term impacts of COVID-19 on their HHs' financial situation.

- The majority of the respondents reported resorting to taking loans or borrowing money to cope with the negative financial impact resulting from COVID-19.

Operational Impact of COVID-19

Current Legal Status of the Business Activity

% of Respondents by Workplace where they operate their Business Activity and by Business Sector

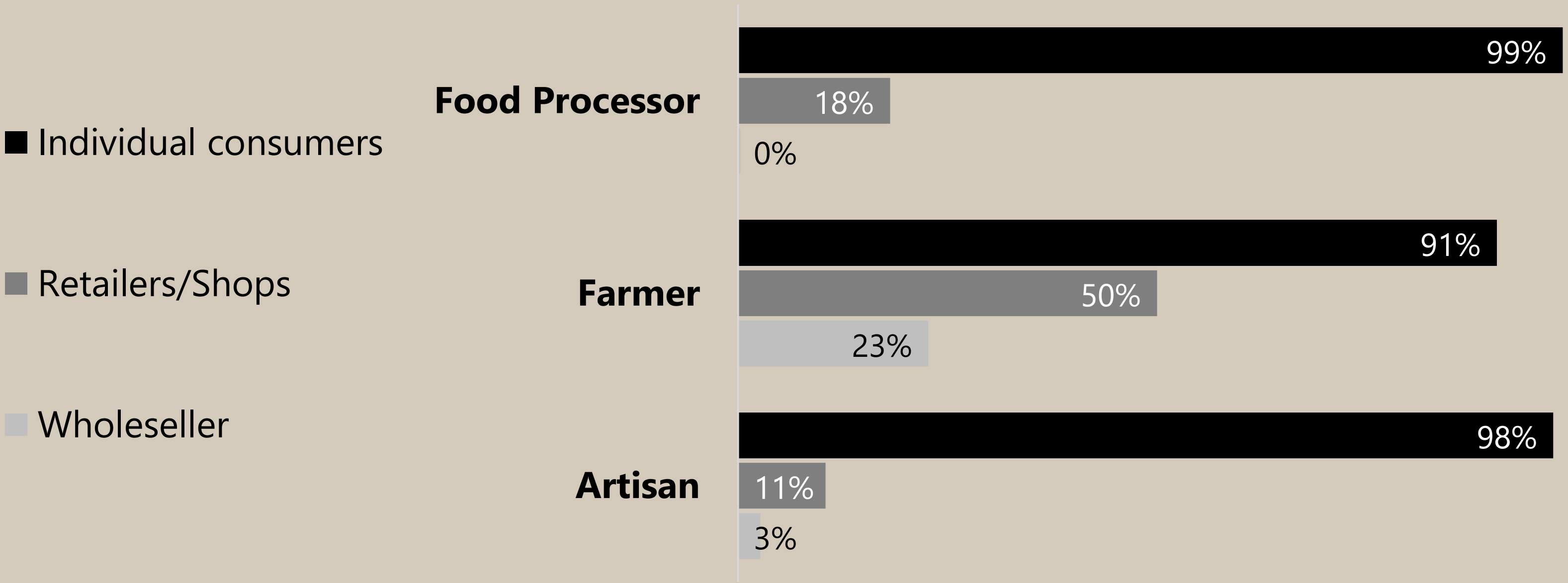


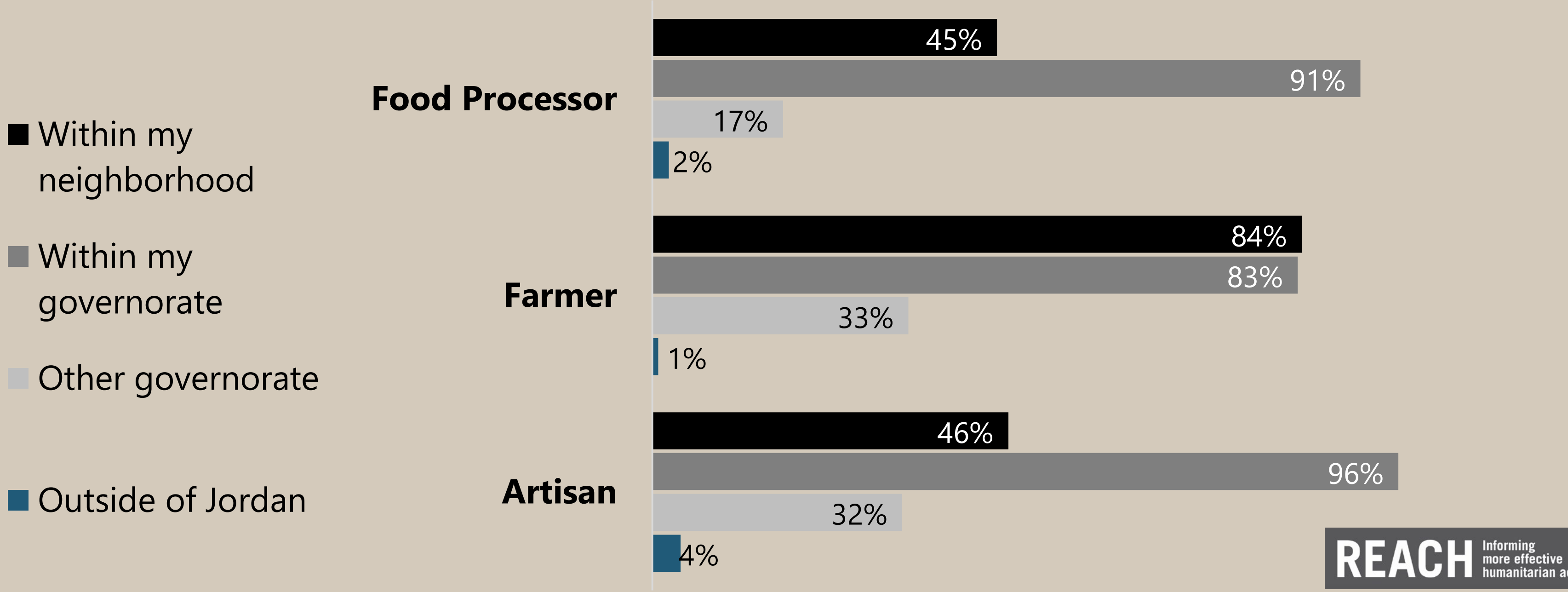
% of Respondents with a Valid Permission/Registration to practice their Business Activities by Business Sector

	Artisan	Farmer	Food Processor	Labourers
Yes	5%	6%	3%	26%
No	95%	94%	97%	74%

Customers Profiles and Locations

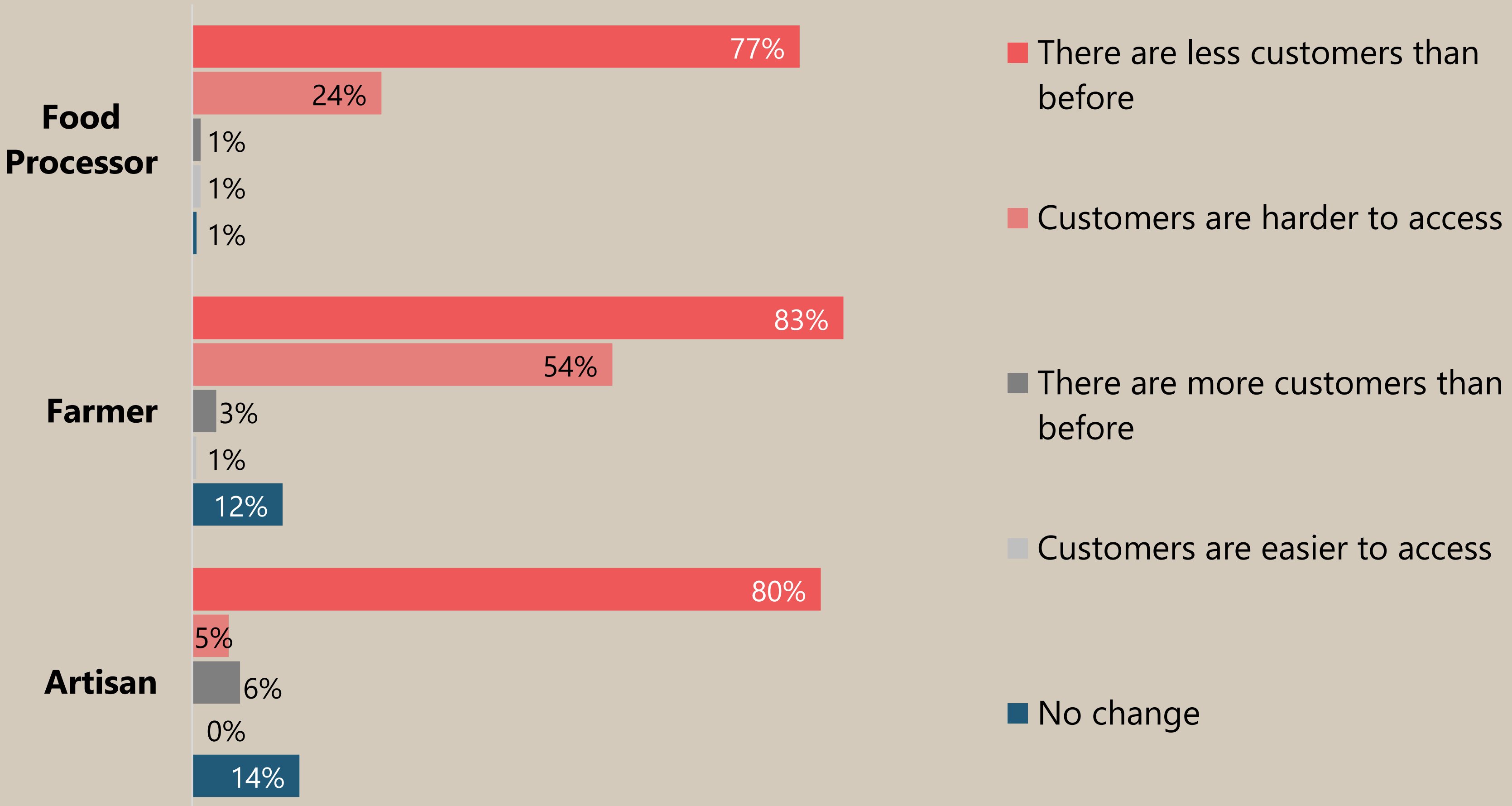
Reported Business Customers' Characteristics Before COVID-19





Reported Impact of COVID-19 on the Customers' Base

Current Customer Base Compared to pre-COVID



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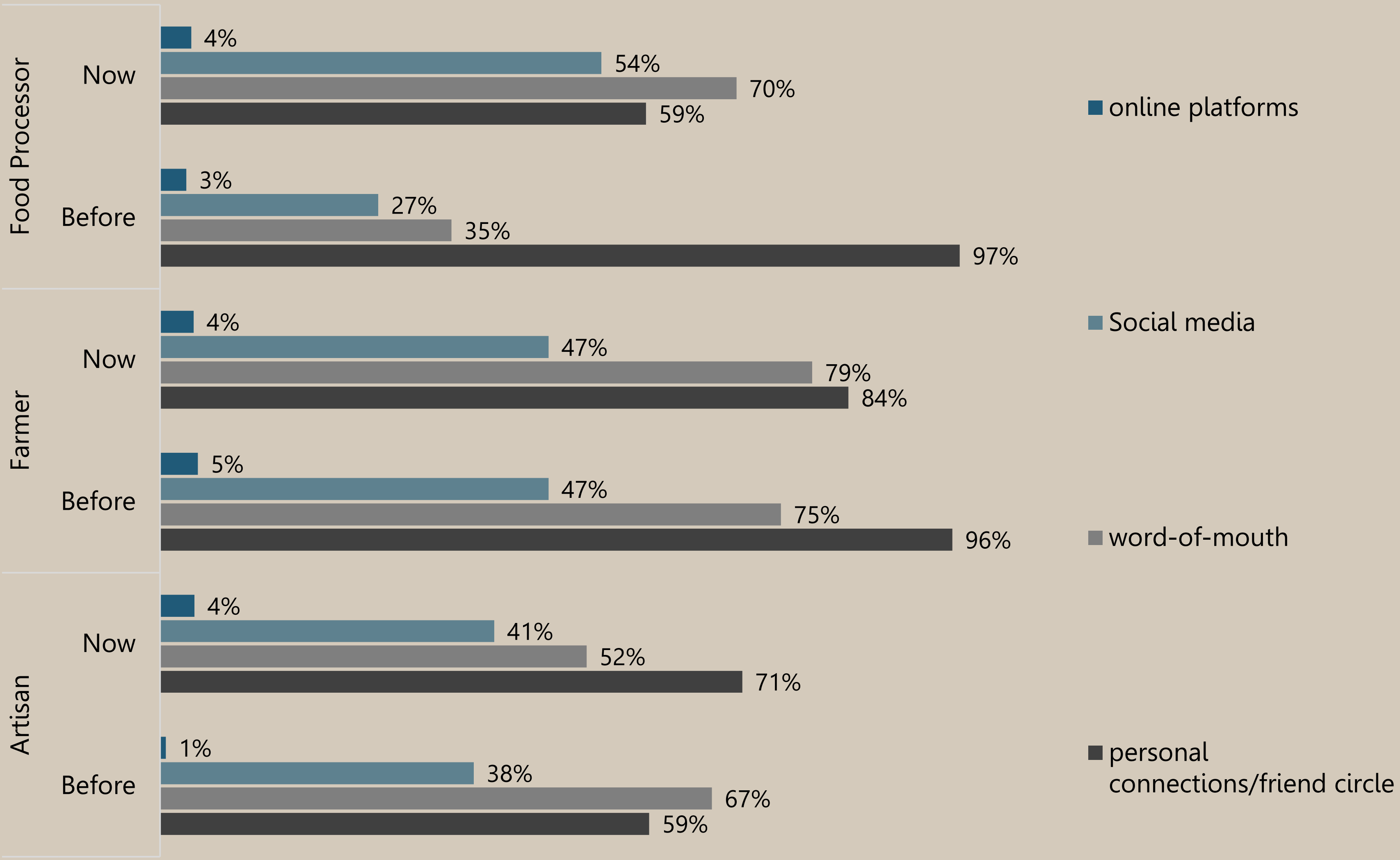
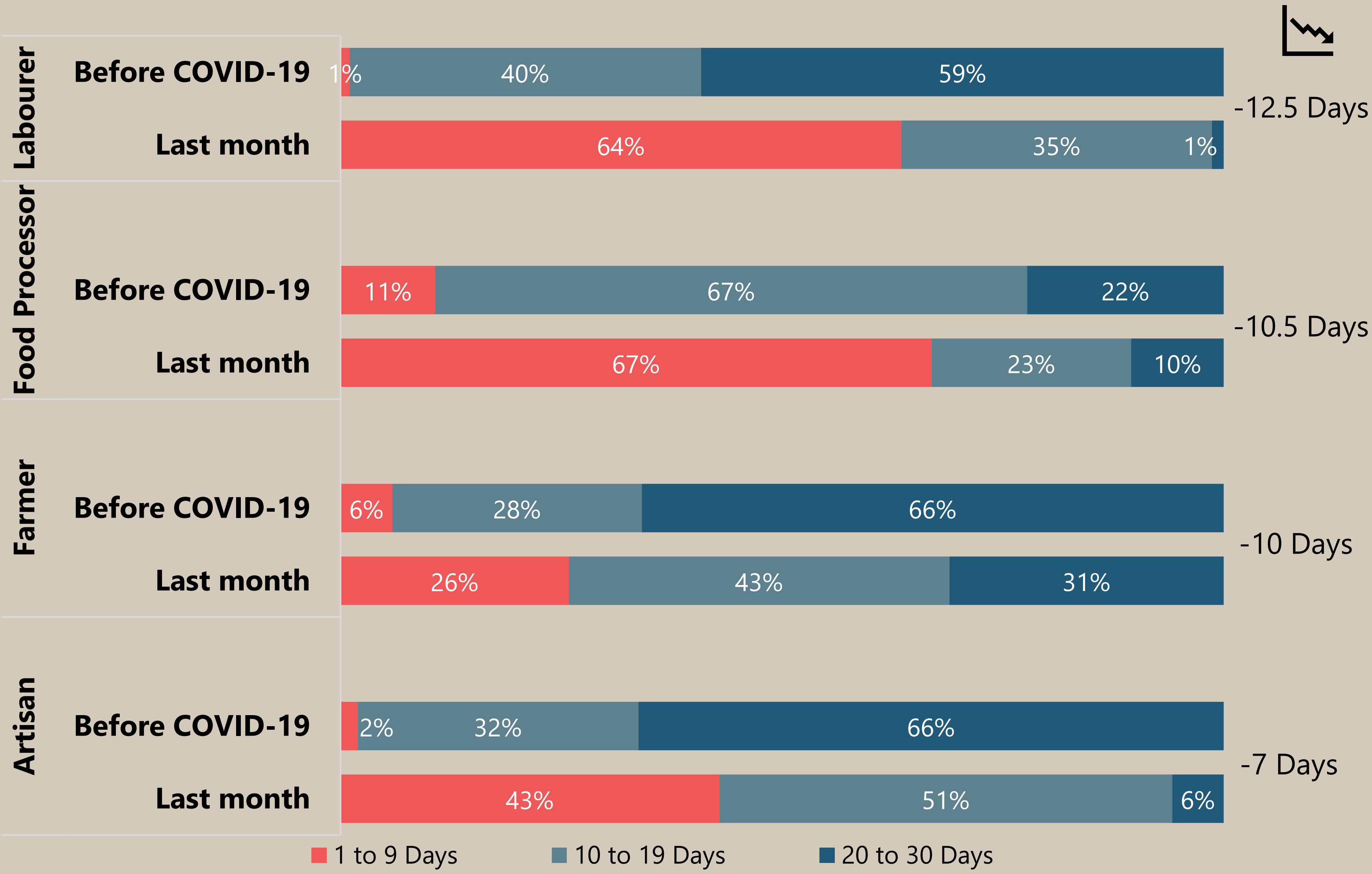
Sales Techniques before and After COVID-19

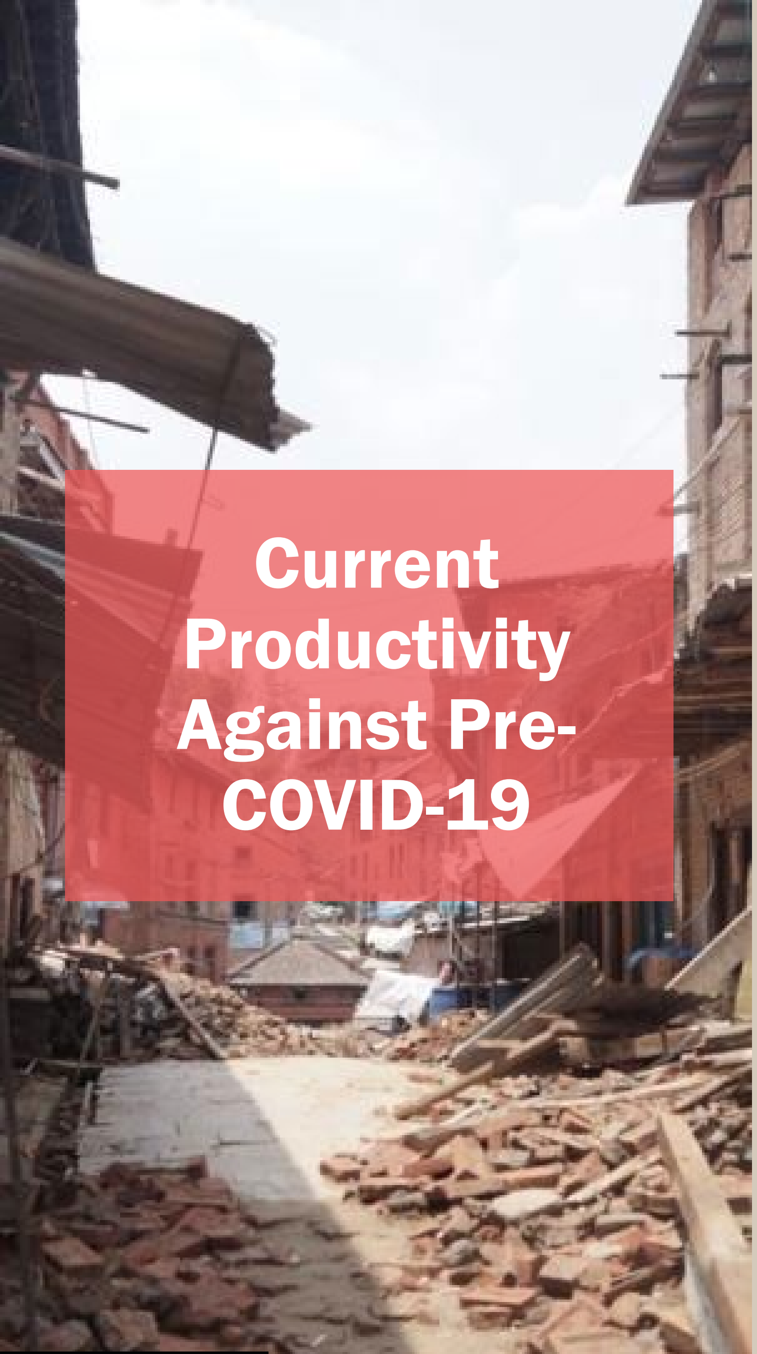
% of Respondents by the most reported Marketing and Sales Techniques Before COVID-19 and Now by Business Sector



Current Productivity Against Pre-COVID

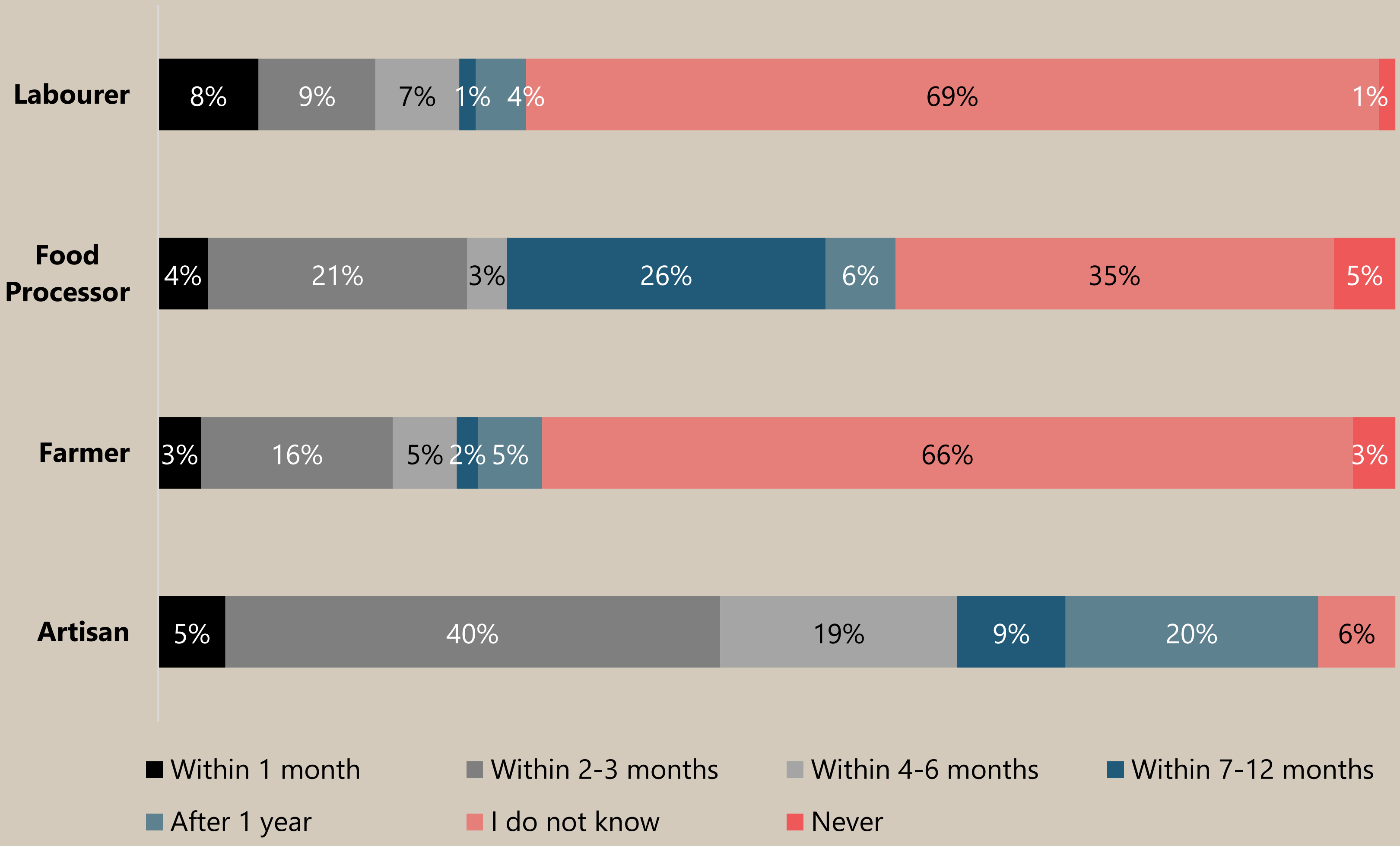
Number of Days Respondents engaged in Business Activities: Mean Difference between before COVID-19 and Month prior to Data Collection





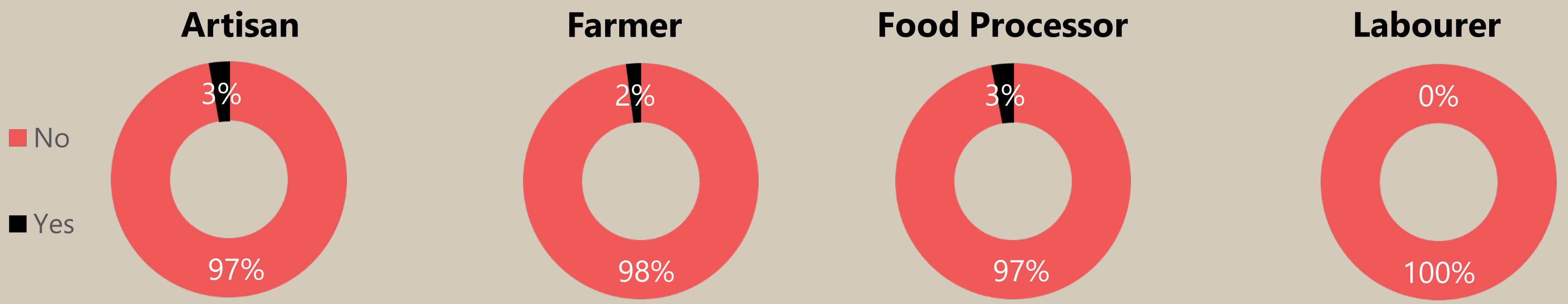
Current Productivity Against Pre-COVID-19

Respondents' perceived Period of Time necessary to resume the same Level of Productivity as before COVID-19



Positive Impact

% of Respondents reporting any Positive Impact that COVID-19 brought to their Business Activities by Business Sector

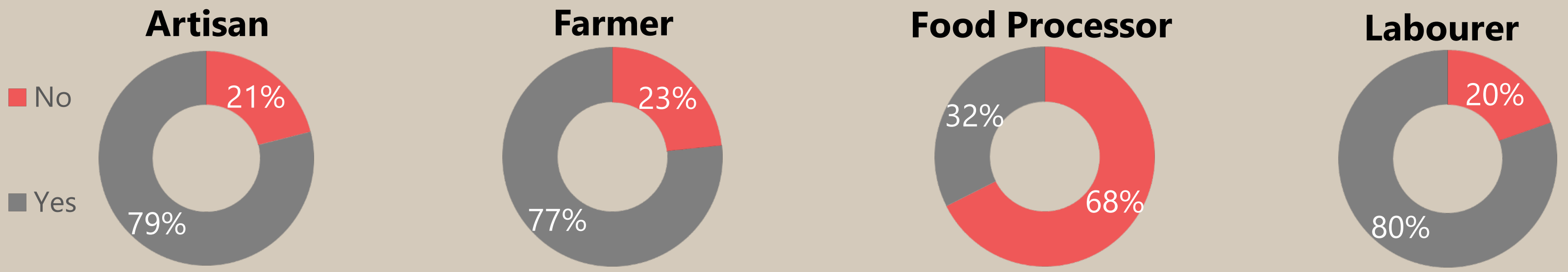


The below listed are examples of the reported forms of Positive Impact brought by COVID-19

- Found new customers
- Introduced to new marketing and sales techniques
- Started producing more diverse products or offering new services
- Received non-financial support from family, friends and neighbours
- Had free time to learn new skills and make new plans for the business

Overcome Challenges

% of Respondents reported that at least one COVID-19 related Challenge has been overcome since the Outbreak by the Business Sector



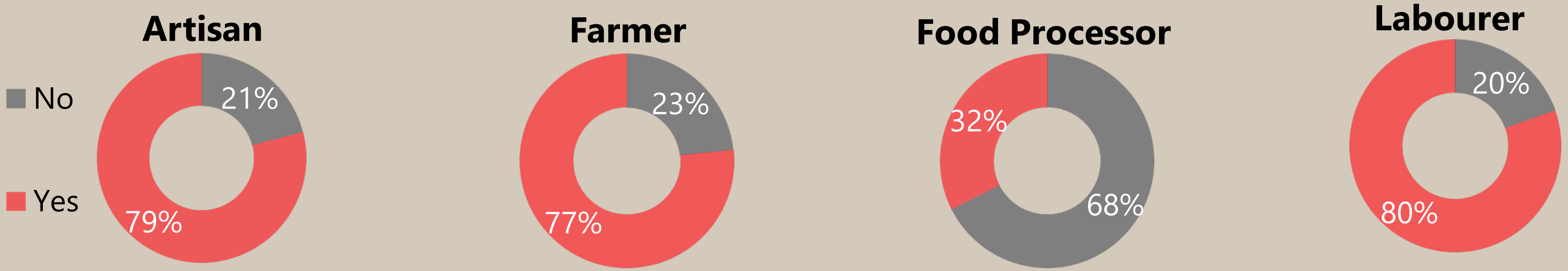
% of Respondents by Challenges brought by the COVID-19 outbreak that have been reportedly overcome

Challenge	Artisans	Farmers	Food Processors
Suppliers are hard to find / refused to work with me	62%	54%	2%
A lack of demand for the products/services	17%	46%	10%
Cost of transportation	16%	37%	3%
Lack of money / unexpected costs	14%	12%	7%
Difficult to reach more customers	10%	10%	6%
Unreliable water access/electricity access	1%	18%	0%
Lack of equipment/Asset	5%	10%	2%
Competition with other business owners	6%	4%	2%

Challenge	Labourers
A lack of jobs / limited working hours	62%
Cost of transportation	11%
Lack of money / unexpected costs	8%
Competition with others	2%
Environmental challenges (e.g. drought)	1%
Seasonal production	3%

Challenges were made worse

% of Respondents reporting that at least one COVID-19 related Challenge has worsened since the Outbreak, by Business Sector

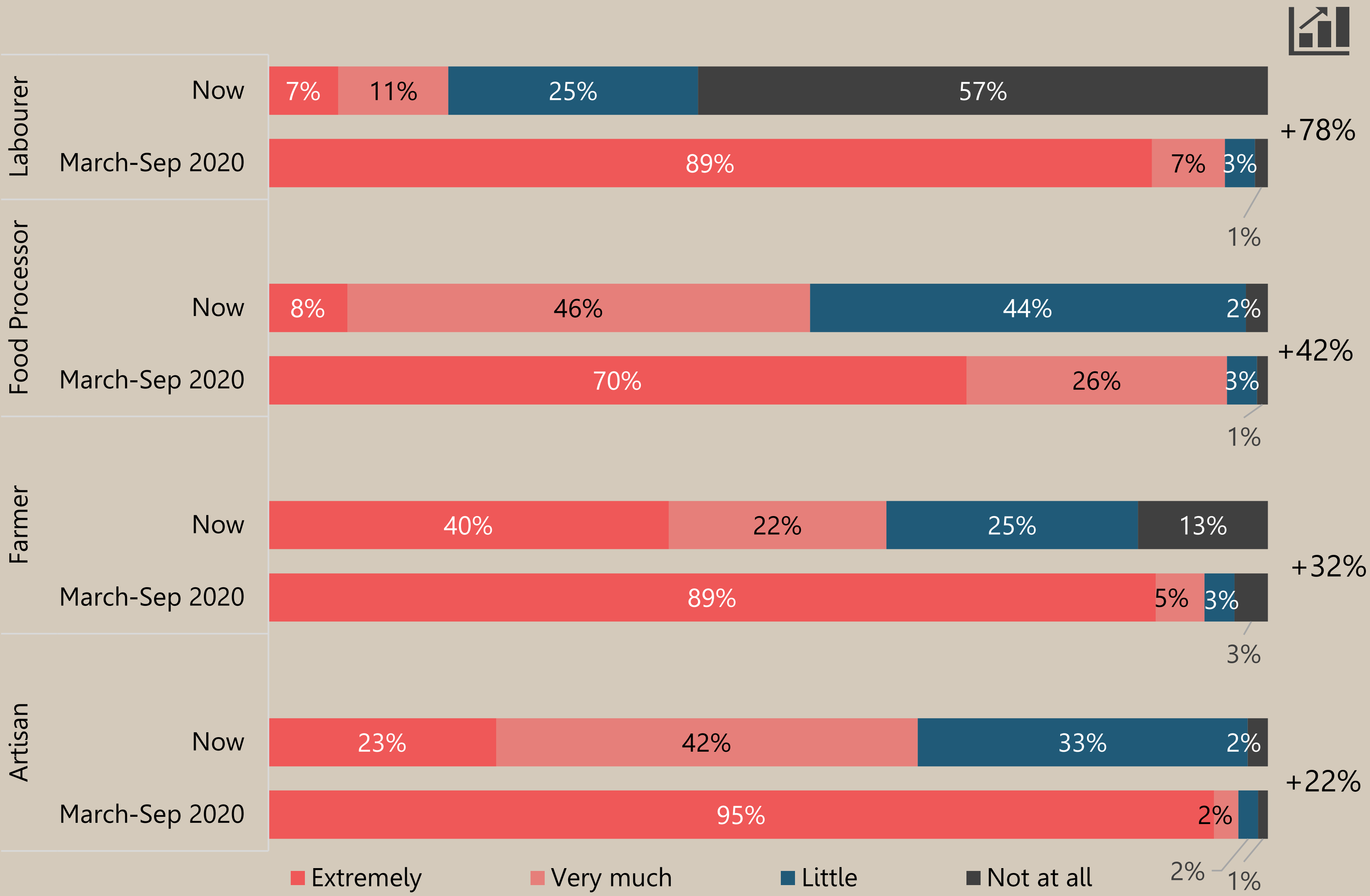


% of Respondents by Challenges brought by the COVID-19 outbreak that have reportedly worsened

Challenge	Artisan	Farmer	Food Processor
Lack of money / unexpected costs	72%	75%	88%
Lack of equipment/Asset	54%	35%	49%
A lack of demand for the products/services	30%	20%	41%
Difficult to reach more customers	45%	18%	14%
Environmental challenges (e.g. drought)	0%	46%	2%
Competition with other business owners	17%	24%	12%

Challenge	Labourer
A lack of jobs / limited working hours	30%
I do not face any challenge	27%
Lack of money / unexpected costs	26%
None have been made worse	18%
Seasonal production	13%
Competition with others	12%
Cost of transportation	8%

Extent to which COVID-19 Impact is disrupting Business Activities now compared to the Period of March-September 2020



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Conclusion

COVID-19 Short and Long-Term Operational Impact

- Generally, **COVID-19 has had a wide range of negative short- and long-term operational impacts** on the majority of the respondents from both population groups (Jordanian and Syrian refugees) and across all four assessed business sectors.
- Respondents reported **several changes in the customer base** as well as the used marketing and sales techniques due to COVID-19 both in the short and longer terms.
- In terms of the longer-term impact on the micro-businesses and labouring activities' productivity, there was **a notable decrease in the number of days respondents were engaged in business activities** during the month prior to data collection compared to before the outbreak of COVID-19.
- COVID-19 is **extremely** disrupting business and labouring activities **to a much lower extent now**, compared to the first 6 months of the COVID-19 outbreak (March-Sep 2020).
- Apart from food processors, the majority of the respondents from the other 3 business sectors **were reportedly able to overcome one or more of the COVID-19-related challenges,** while only 32% of food processors reported so.

Needs and Knowledge Gaps

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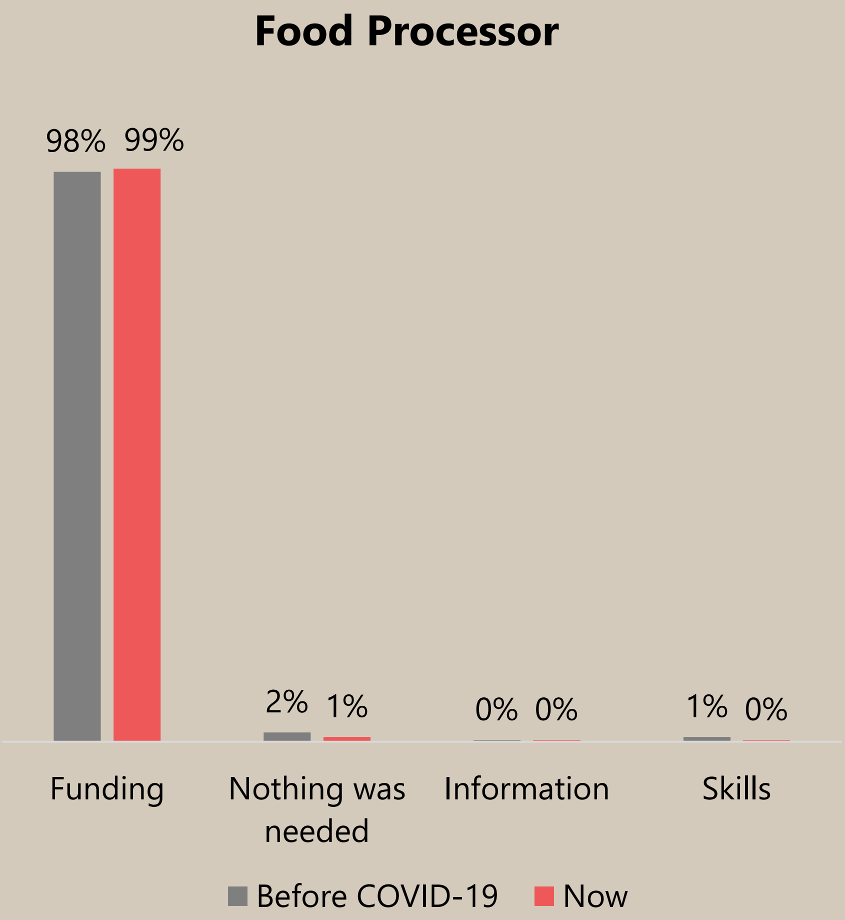
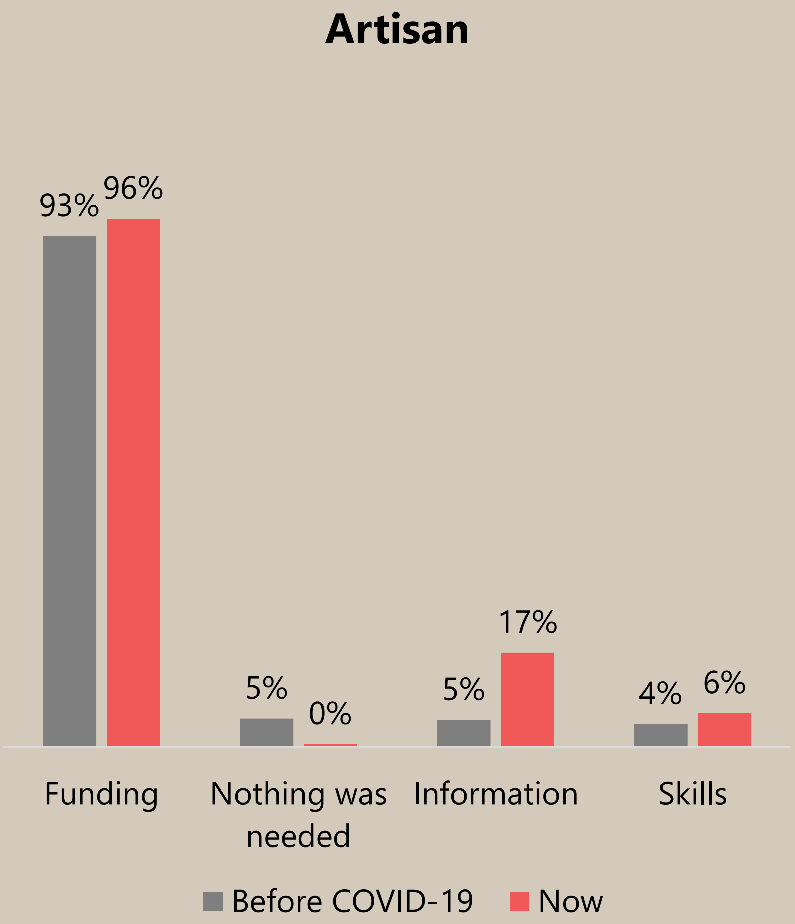
Business Needs Before COVID-19 And Current Needs

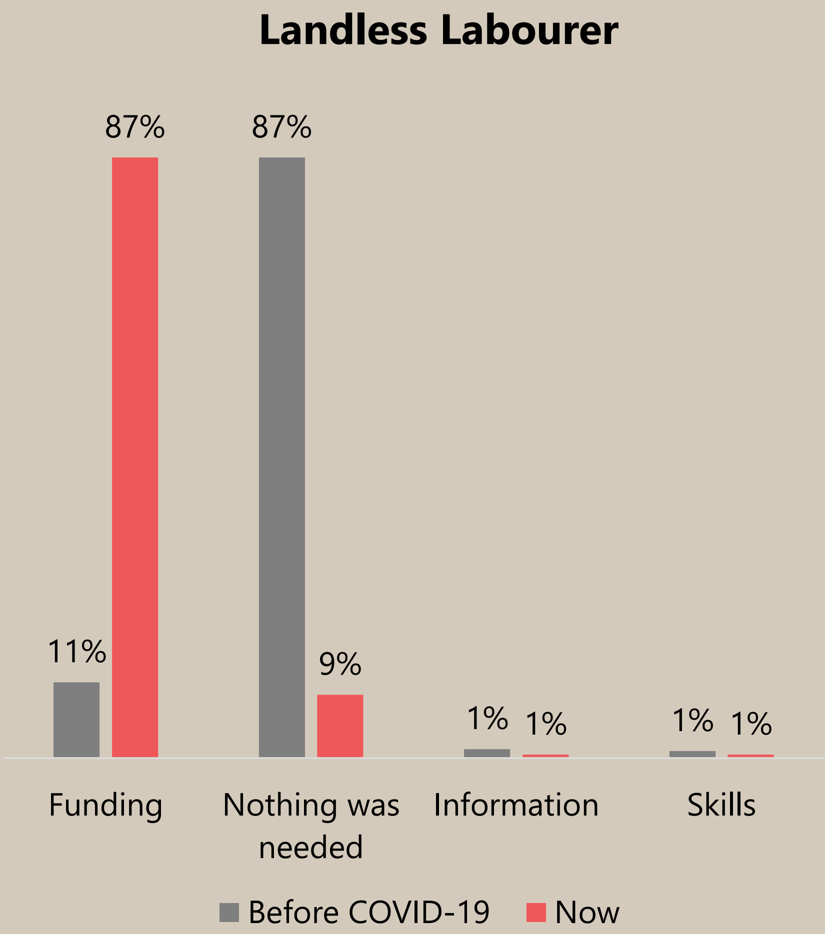
% of Respondents by the reported Needs for the Business Activities before COVID-19 and Current Needs

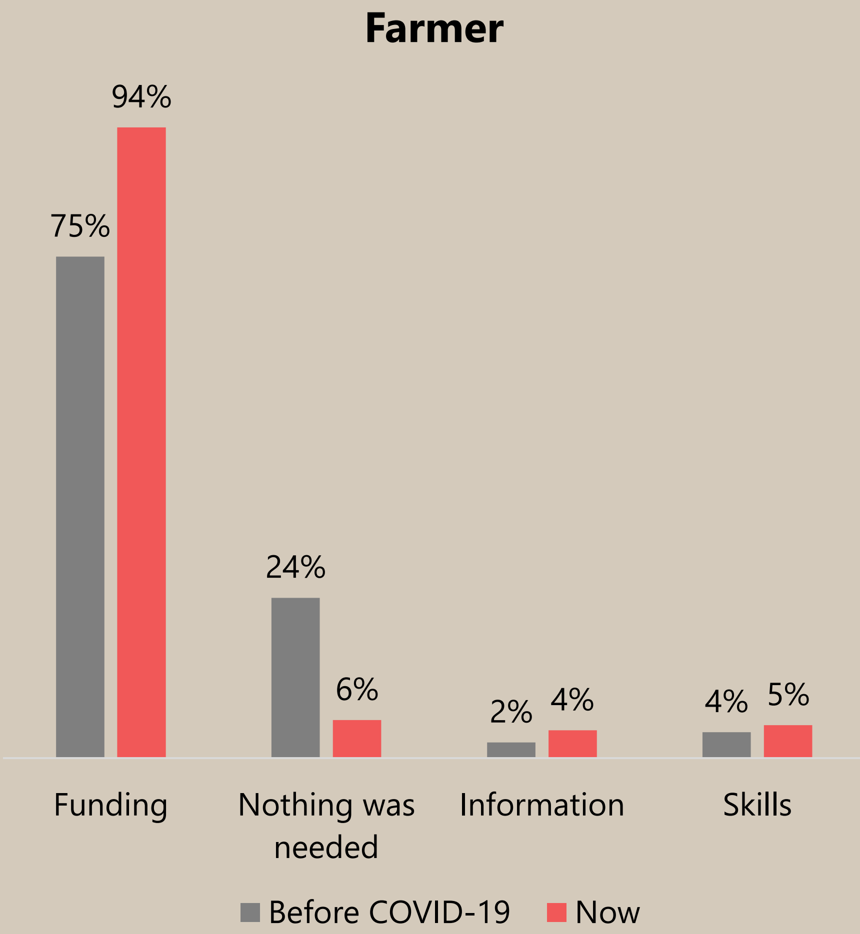




Business Needs Before COVID-19 And Current Needs

% of Respondents by the reported Needs for the Business Activities before COVID-19 and Current Needs





Areas of Needed Information

% of Respondents by the reported Area of Information needed for the Business Activities

	Artisan	Farmer	Food Processor	Labourer
Potential new customers (employers if labourers) (how to find/reach/make deals with them)	70%	63%	100%	100%
Potential new marketing ways to sell	34%	56%	100%	0%
Funding sources, from NGOs, government or loans	49%	50%	100%	50%

% of Respondents by the reported Areas of Expanses where they need Financial Support

	Artisan	Farmer	Food Processor	Labourer
To buy equipment/tools	85%	89%	96%	8%
To buy new supplies / raw materials	76%	92%	97%	0%
To cover household needs / debts	16%	26%	46%	98%
To satisfy health and safety procedures / food safety standards / HACCP standards	6%	28%	2%	0%
For marketing	13%	10%	11%	0%
For transportation	4%	8%	18%	3%

Business Needs Before the Outbreak of COVID-19 Compared to Current Needs

- Findings indicate that there were pending needs before the outbreak of COVID-19. However, respondents across all 4 business sectors reported **financial support as the most pressing need** at the moment for their basic needs as well as for their business activities.

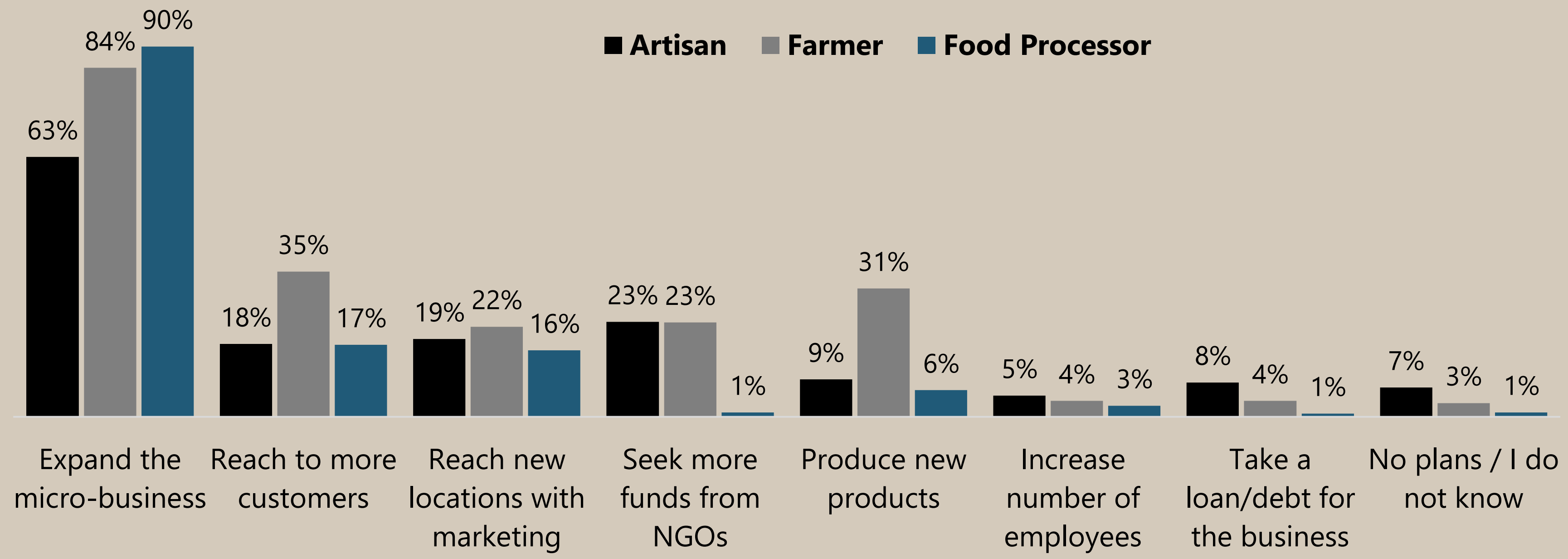
- The vast majority of the landless labourers (87%) were reportedly **in need of financial support at the time of the interview** compared to 11% before the COVID-19 outbreak.

- The most commonly reported area of information needed at the time of the interview **related to finding and interacting with potential new customers (employers if labourers),** which indicates a need for providing mentoring support.

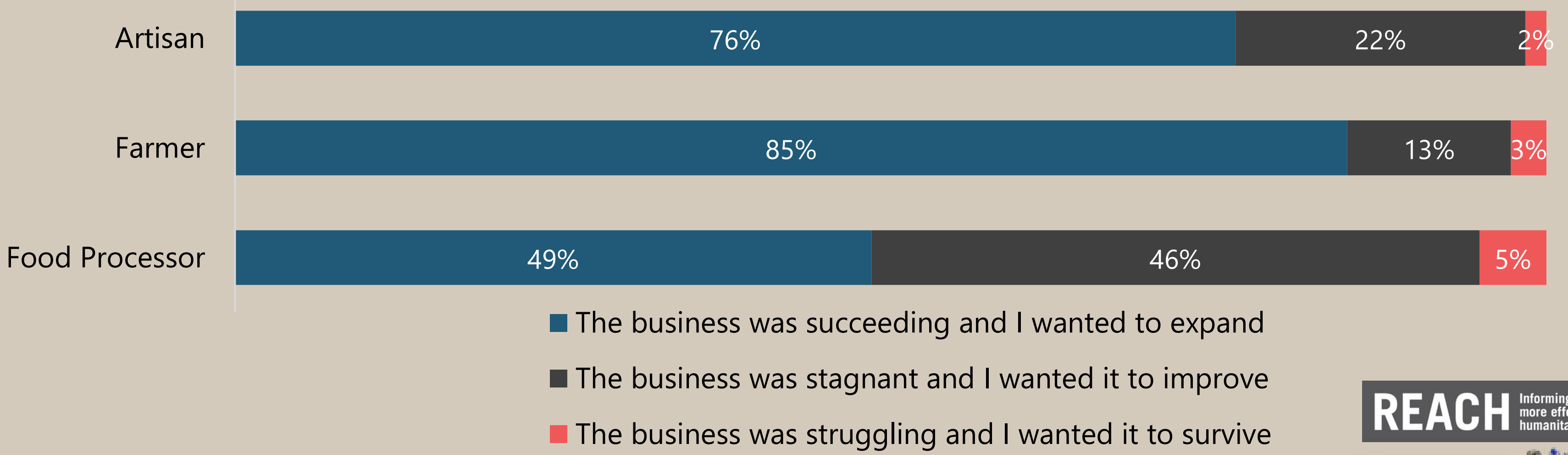
Future Prospects

Future Plans were Set Before COVID-19

% of Respondents by the reported Future Plans for the Business Activities by Business Sector

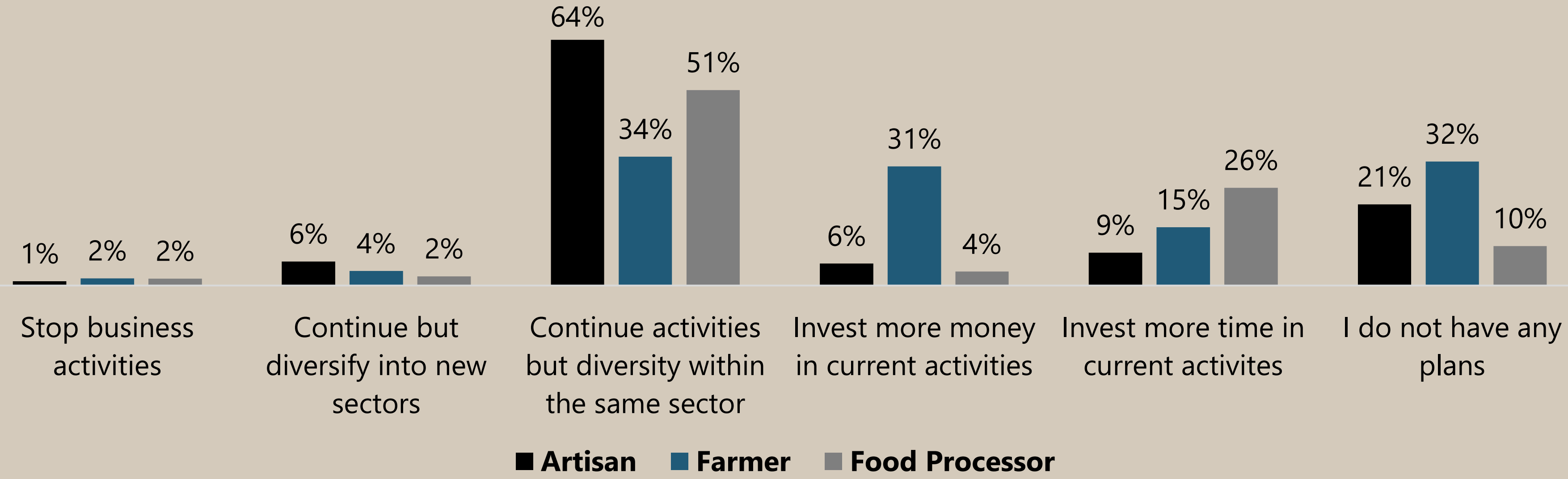


% of Respondents by the reported Motivations to make future plans for the business activities by Business Sector

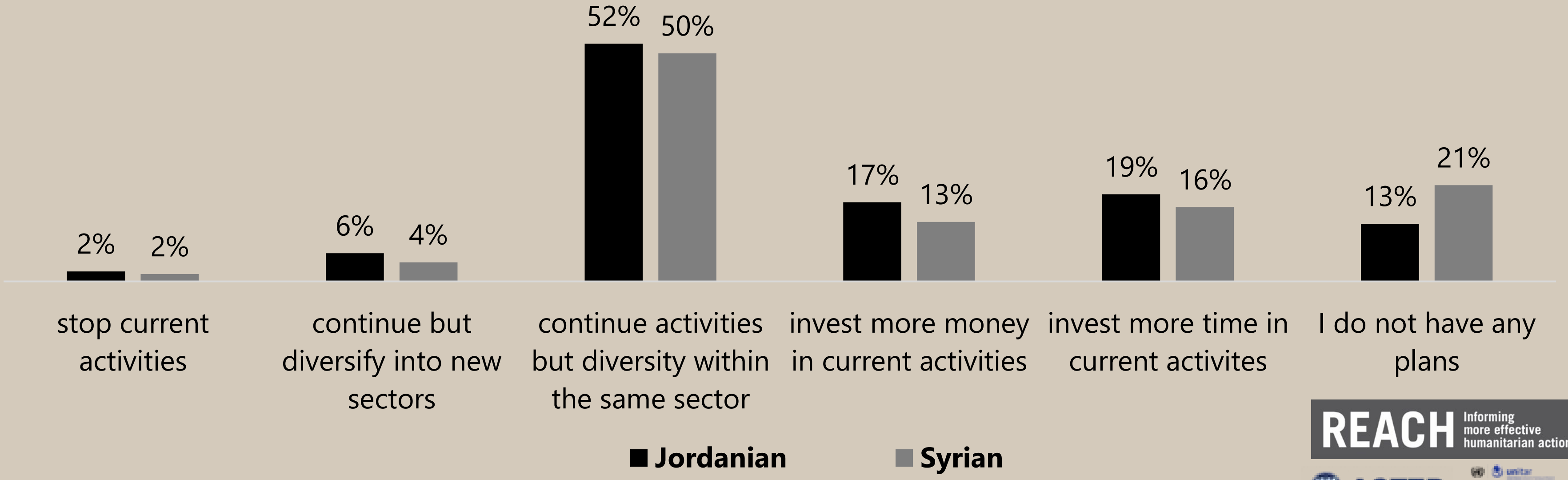


Current Future Plans for the Next 6 Months

Reported Future Plans set by the Respondents for the next 6 months By Business Sector



Reported Future Plans set by the Respondents for the next 6 months by Population Group



THANKS FOR YOUR ATTENTION

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