Covid19 Impact on Performance of Micro and Small Businesses in Egypt
May 2020
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1. Report methodology

In light of the situation across the country, SMEs are up against exceptional challenges whose effects will be felt for a long time to come.

The following report outlines the impact of the crisis on Micro and Small businesses as well as their readiness to address the current crisis and its aftermath. Furthermore, this study will shed light on response measures adopted by businesses as well as identifying needs and expectations of SMEs moving forward.

Sample Recruited: Participants were targeted from CHF’s Database

Sample Profile: SME owners

Date conducted: Mid May (During covid-19 growing curve)

Sample size: 283

Area covered: All across Egypt

Methodology: 10 min Phone interviews
2. Data about participants

Number of employees
- Less than 10: 11%
- From 11 to 50: 87%
- From 51 to 250: 1%
- More than 250: 1%

Economic Activity
- Manufacturing: 25%
- Trading: 38%
- Servicing: 37%

Region
- Alexandria & delta: 17%
- Greater cairo: 31%
- Upper Egypt: 45%
- Canal & Red Sea: 7%

Exporter?
- Yes: 91%
- No: 9%

Importer?
- Yes: 91%
- No: 9%

**Business shutdown?**
- Yes, Temporary shutdown, because of COVID 19 Cases: 30%
- Yes, Temporary shutdown, because of lack of demand: 15%
- No, Still Running: 32%
- Other: 7%
- Yes, Stopped permanently: 4%
- Yes, Temporary shutdown, because of authorities Instructions: 13%
- Yes, Previous shutdown, Now back to normal: 4%

**Will Revenues Cover Cost next 3 Months?**
- Yes: 29%
- No: 46%
- Can't tell: 25%

**Curfew impact**
- Huge impact: 2%
- Minimal impact: 14%
- No impact: 14%
- Can't tell: 70%
4. Current and future impact on companies and affected activities

- **Expected Revenue Impact 2020**: 36%
- **Expected Cost Impact 2020**: 29%
- **Expected Workers Impact 2020**: 18%

- **Revenue Decrease impact by sector**: 36%
- **Cost Increase impact by sector**: 24%
- **Workers Decrease impact by sector**: 47%

- Manufacturing: 26%, Trading: 50%, Servicing: 24%
- Revenue: 36%, Cost: 25%, Workers: 39%
- Decreased: 4%, Increased: 24%, Fixed: 25%, Can't tell: 15%
5. Types of workers and reasons for workers shortage

**Workers types**
- Annual contracts: 1%
- Daily workers: 21%
- Both: 36%
- Other: 15%
- Annual contracts, other: 1%
- Daily workers, other: 26%

**Idle workers**
- Yes: 40%
- No: 60%

**Workers shortage reasons**
- LOW-workers are infected: 2%
- LOW-workers are afraid of infection: 18%
- LOW-workers restricted to curfew: 19%
- LOW-workers taking cares of their families: 13%

*LOW: Lack of Workers*
6. Operations Management and infection reduction measures

**Measures taken to reduce infection**

- Decreased production: 20%
- Increase production due to surge in demand: 11%
- Products diversification, responding to new market needs: 11%
- Diversification of marketing channels: 4%
- Negotiate credit terms with banks and suppliers: 2%
- Negotiate with workers: 1%
- Making use of resting time to rehabilitate workers: 1%
- No measures taken: 27%
- Other: 26%

**Encountered lack of inputs comparing to sectors**

- Alexandria & delta: 16%
- Greater Cairo: 48%
- Upper Egypt: 31%
- Canal & Red Sea: 5%

**Encountered challenges in (Marketing, shipping or sale) comparing to sectors**

- Alexandria & delta: 7%
- Greater Cairo: 28%
- Upper Egypt: 52%
- Canal & Red Sea: 13%
7. Required Business Development Services (BDS) and Government Support (GS)

**BDS**

- BDS-Advice on how to prevent infection: 40% 15% 17% 28%
- BDS-Business Continuity: 46% 28% 13% 12%
- BDS-Distribution channels: 36% 24% 20% 20%
- BDS-Worker’s online training: 19% 10% 13% 58%

**Government support**

- GS-More clarity on the formal measures taken to contain the crisis: 43% 20% 13% 23%
- GS-Provision of personal protection equipments: 46% 20% 21% 12%
- GS-Short-term finance: 37% 15% 13% 15%
- GS-Postponing the payment of public goods: 44% 15% 11% 30%

Legend:
- 1st priority
- 2nd priority
- 3rd priority
- 4th priority
8. Unemployment and year 2020 revenue expectations

The percentage of stopping work due to the current crisis in relation to region:
- Alexandria & delta: 19%
- Greater Cairo: 37%
- Upper Egypt: 37%
- Canal & Red Sea: 8%

The percentage of stopping work due to the current crisis in relation to the economic activity:
- Manufacturing: 42%
- Trading: 32%
- Servicing: 26%

Expected Revenue Impact 2020 comparing to the Regions:
- Manufacturing: Decreased 38%, Fixed 34%
- Trading: Increased 27%, Decreased 32%, Fixed 35%
- Servicing: Decreased 44%, Fixed 30%, Increased 22%
9. Executive summary

All the activities of small and micro enterprises were affected by the crisis the world is going through, especially Egypt. The severity of these effects varied according to economic activity and geographical location.

The report pointed out that more than 70% of the projects had caused the crisis to close, whether complete or temporary closure, and this effect was concentrated in Greater Cairo and Upper Egypt governorates, while service activity was the most affected among all activities.

The service activity was the most affected by the high cost, low revenues and skilled workers.

On the other hand, the skilled work force was affected the most by the crisis. Where the report indicated that 60% of the participating companies faced a shortage of workers due to fear of infection in addition to adherence to the quarantine and curfews that affected 70% of the participants.

In this context, most of the participants expected that revenues will not be covered by expenses during the next three months, so the participants demanded the necessity of providing advice on business continuity as a priority for business development services expected to be obtained.

Participants noted the need to provide government support, foremost of which is the provision of personal protection equipment for workers in small and micro companies.