



# ***SME Economic Impact of Covid-19, Recovery and Resilience of Cities- Nairobi and Towns in Kenya***

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# Background to Nairobi City, Kenya

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- Capital city of Kenya
- Largest city in Eastern Africa, and regional commercial, industrial and service hub
- Global headquarters for 2 No UN lead agencies – UN-Habitat and UNEP
- Population 2019, 4.4m people
- Nairobi metropolitan region population 2019, 6-7million people
- Area, 697Km<sup>2</sup>
- Contributes 60% National GDP
- Small and medium enterprises(SMEs) major employer and income earner
- Nairobi city and other major towns worst hit by Covid-19 case load - about 70%
- Nairobi and other towns host main medical care facilities for covid-19 patients
- Country does not have specific SME economic statistics for individual towns/cities

# Housing Development – SME (*Residential*)

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- ▶ Pandemic has led to serious job losses and reduced income
- ▶ SMEs are major players in the housing sector in Kenya
- ▶ SMEs major developers/suppliers
- ▶ SMEs major consumers as households
- ▶ Pandemic has hit SME housing development/supply market
- ▶ Pandemic has hit SME uptake/consumer market
- ▶ **Responses** – Mainly by national government and support by county governments
- ▶ Affordable housing scheme, Big4 agenda, KMRC – WB KSh25b
- ▶ Little support, if any, by town/municipal/city boards

# Manufacturing/Commerce/Retail - SME

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- ▶ SME is also major player in manufacturing, commercial/retail sector
- ▶ Micro, small and medium enterprises in Kenya are major player in the economy, 40% of GDP but many are informal, but not registered
- ▶ About 7million MSMEs in Kenya, only 1.5m licenced/registered
- ▶ Pandemic – many SMEs reduced activity, many closed down
- ▶ Pandemic – many workers lost jobs; reduced earnings
- ▶ **Response**
- ▶ Government established SME credit guarantee scheme with local banks, government credit KSh 10b; EU KSh 11b

# Road Public Transport sector - SME

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- ▶ For a long time now, SME leading road public transport – matatu and bus transport in towns/cities
- ▶ Pandemic has had direct, immediate negative impact – reduced passenger traffic, capacity, hours and earnings
- ▶ **Response:** government similar to all SME support
- ▶ - transfer to goods/cargo transport

# Community Services – Education, Health - SME

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- ▶ Good portion of community services like education, health are provided by SME
- ▶ Pandemic – many private primary and secondary schools have scaled down operations and other closed down
- ▶ Pandemic – no students in schools; no fees; no income; staff laid off
- ▶ Private hospitals have reduced general patient load fear of covid; reduced ability to pay medical bills
- ▶ Response: On-line classes for schools
  - ▶ - Expanded and strengthened NHIF contribution

# Professional Services - SME

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- ▶ Many professional consultancy services are really SMEs
- ▶ Pandemic – Building sector 80% reduced business, client
- ▶ Many professional offices laid off workers; working on-line and from home;
- ▶ Pandemic - delays in project delivery,; suspension ongoing works.
- ▶ Consultants - difficult to obtain construction supplies and materials
- ▶ Consultants -difficulty of obtaining development approvals.
- ▶ **Responses:** Investment in on-line approval system in government and counties; working from home



**THANK YOU!**