1. Title: Mapping the impact of COVID-19 on the distribution of youth-led businesses in Kenya

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3. Abstract:
   The COVID-19 pandemic is expected to impact economic activity in Kenya in many ways. Currently, there is a national curfew from 7 pm to 5 am with only essential services permitted to be open and extremely limited mobility. These conditions are likely to affect businesses operating in sectors across the country in significant ways. At the time COVID-19 hit, we were in the midst of implementing two large-scale randomized control trials on the distribution of youth-led businesses in Kenya, in collaboration with the Government of Kenya – one RCT aimed at studying the impact of entrepreneurship support and business grants on Kenyan youth, many of whom were just starting out in business; the second RCT was aimed at studying the impact of a nationwide business plan competition for more established youth-owned businesses. Over 10,000 businesses at different stages of growth were surveyed across the country in early 2020 as part of the study baseline.

   The proposed study is interested in two main questions: (a) tracing the impact of COVID-19 shock among the distribution of youth-owned businesses to understand if differences in response is related to the stage and size of the business; and (b) how well do cash grants and psychological nudges help business cope with the consequences of the crisis.

   On the first question, the study will base its results on high-frequency phone surveys of a sub-sample of 1,000 youth participating in the Kenya evaluations, ensuring a distribution of firms of different sizes and at different stages of growth. The outcomes of interest are several-folds: first, we would like to precisely quantify the impact of the crisis on businesses in terms of revenue losses, cash flow shortages, and worker retention. Second, we would like to understand coping strategies that businesses are adopting, including staying open with a skeleton staff, reorienting their businesses to reduce direct customer interaction, and other potential responses. Finally, we would like to record expectations and level of optimism among business owners and their understanding and expectations of external assistance from government and non-government agencies.

   On the second question, as per the original study design, a randomly selected set of youth were assigned business grants to be handed out in next month or so. We plan to maintain this design but additionally randomly vary messaging to go along with the grants – half the recipients will receive a psychological nudge in terms of direct messaging to use the grant to ensure their business survives the crisis, while the other half will simply receive the grant. Ultimately, we
will be able to study the impact of receiving a grant vs. not receiving a grant, and further the marginal impact of the psychological nudge.

4. Data description: Phone survey of 1,000 youth-owned businesses in Kenya

5. JEL codes: M21, O12, O17

6. Keywords: Microenterprises, SMEs, Business Development Services, Business Grants, Business Plan Competition, Youth Entrepreneurship