This is the second comprehensive survey on the COVID-19 pandemic and its economic impacts across Africa. It takes stock of the consequences for businesses and identifies the challenges they face as well as their responses. The survey was jointly developed and carried out by the United Nations Economic Commission for Africa (ECA) and International Economics Consulting Ltd.

<table>
<thead>
<tr>
<th>Period:</th>
<th>Mode:</th>
<th>Questionnaires:</th>
</tr>
</thead>
<tbody>
<tr>
<td>16th June – 20th July 2020</td>
<td>Online</td>
<td>206</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coverage:</th>
<th>Topics:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa (all 54 countries)</td>
<td>• Top Challenges Faced by Companies</td>
</tr>
<tr>
<td></td>
<td>• Supply Shortage and Market Distortions</td>
</tr>
<tr>
<td></td>
<td>• Support and Financial Needs</td>
</tr>
<tr>
<td></td>
<td>• Company Performance</td>
</tr>
<tr>
<td></td>
<td>• Outlook</td>
</tr>
<tr>
<td></td>
<td>• E-commerce and Partnerships for Innovation</td>
</tr>
<tr>
<td></td>
<td>• Business Opportunities and Innovation</td>
</tr>
</tbody>
</table>

**DISCLAIMER:**

We endeavour to report accurate information. All content is intended for information purposes only and thus shall not serve as or be deemed professional advice or services. By using the content on this release, you agree that you shall remain solely responsible for the use of and reliance upon all content at your sole discretion and risk.

The designations employed in this report and the material presented in it do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Economic Commission for Africa concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

© 2020 Economic Commission for Africa/International Economics Consulting Ltd. All Rights Reserved
**Coverage Overview**

**Operation area**
- Nationally: 90%
- Regionally: 8%
- Continentially: 2%

**Company Size**
- Micro (1 – 10): 45%
- Small (11 – 50): 24%
- Medium (51 – 250): 17%
- Large (>250): 14%

**Sectors**
- Goods: 46%
- Services: 54%

**Regional Coverage**
- Central Africa
- Eastern Africa
- Northern Africa
- Southern Africa
- Western Africa

**Gender Focus**

**Head of business**
- Head Male: 67%
- Head Female: 33%

**Employees**
- Male: 63%
- Female: 37%

---

**Sectors & Company Size by gender**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>58%</td>
<td>58%</td>
<td>67%</td>
<td>66%</td>
<td></td>
<td>71%</td>
</tr>
<tr>
<td></td>
<td>42%</td>
<td>42%</td>
<td>33%</td>
<td>34%</td>
<td></td>
<td>29%</td>
</tr>
<tr>
<td>Female</td>
<td>49%</td>
<td>57%</td>
<td>51%</td>
<td>51%</td>
<td>63%</td>
<td>55%</td>
</tr>
<tr>
<td></td>
<td>51%</td>
<td>43%</td>
<td>49%</td>
<td>49%</td>
<td>37%</td>
<td>44%</td>
</tr>
</tbody>
</table>

**DISCLAIMER:**
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.

Top Challenges Faced by Companies

In our April 2020 survey, business closure was reported as the major challenge faced. 3 months later, in July 2020, the perceived number one challenge is the reduced opportunities to meet new customers. While this can be seen as a rather positive change (attesting that some companies have resumed operations), drop in demand and lack of cash flow remain high challenges.

**JULY 2020 SURVEY RESULTS**

| #1. | Reduced opportunities to meet new customers |
| #2. | Drop in demand for products/services |
| #3. | Lack of operational cash flow |

**APRIL 2020 SURVEY RESULTS**

| #1. | Business is Closed |
| #2. | Lack of operational cash flow |
| #3. | Drop in demand for products/services |
Top Challenges Faced by Companies

Breaking down top challenges by type of operation (i.e. goods vs. services), top 5 challenges are the same but the order and importance differ substantially.

For example, drop in demand comes back as a key challenge faced for over 68% of interviewed companies whose primary business is goods, whereas the most frequently mentioned by services companies is the struggle to meet new customers.

Cash flow is the top challenge for micro-sized enterprises (attesting of their difficulties to operate), while for other company sizes it is either reduced opportunities to meet new customers or drop in demand.

Challenges in logistics & shipping of products are significantly higher for goods (that need to physically move) than services, particularly for MSMEs (as opposed to large-sized companies).
Supply Shortages and Market Distortions

Companies have faced serious disruptions in both supply and demand due to COVID-19. Interesting to note how price has been a major concern during the pandemic. *Whether on the supply-side or the market-side, businesses have suffered due to higher/unfair pricing.*

**SUPPLY SHORTAGE**

56%
Companies facing supply shortage

**MAIN REASONS SUPPLY SHORTAGES ARE**

Border Closure
High Freight Cost
Shipment Delay

As a result companies switched suppliers, favoring national suppliers first, before African ones and even before non-African ones.

Though in 56% of cases equivalent products have been found, 87% would switch back to original suppliers mostly due to higher price with new suppliers.

**MARKET DISTORTIONS**

Market distortions are felt by the majority of respondents (64%) with price fixing between competitors as the most recurrent issue.

Market allocation for sale of products and exclusive contracts offered to competitors come as next important distortions for companies operating in goods and services, respectively.

Surprisingly, less than 1/3rd of respondents have raised concerns with government agencies dealing with competition issues.
Feedback from companies about governments’ assistance so far is mixed with nearly about 2/3rd of the respondents divided between moderate and no satisfaction.

Interventions companies wish to see from the Government?

As a consequence, 50% of the respondents did approach financial institutions.

DISTRIBUTION OF THE REQUESTS

<table>
<thead>
<tr>
<th>Services</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Bank</td>
<td>44%</td>
</tr>
<tr>
<td>State/Public Sector</td>
<td>29%</td>
</tr>
<tr>
<td>Microcredit Agency</td>
<td>16%</td>
</tr>
<tr>
<td>Others</td>
<td>11%</td>
</tr>
</tbody>
</table>

SERVICES FOR WHICH FINANCIAL INSTITUTIONS WERE APPROACHED

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>56%</td>
</tr>
<tr>
<td>Asset Financing</td>
<td>19%</td>
</tr>
<tr>
<td>Debt recovery</td>
<td>12%</td>
</tr>
<tr>
<td>New Products</td>
<td>11%</td>
</tr>
</tbody>
</table>

ONLY 25% GOT POSITIVE ANSWERS SO FAR AMONG THOSE, 42% ARE NOT SATISFIED

Not Satisfied 42%

Because of high interest rates, delays and collateral requirements

Satisfied 58%
Company Performance

During the lockdown, many companies managed to maintain operations and revenues as well as limiting lay-offs, thanks, in particular, to employees able to work remotely.

**CAPACITY UTILISATION**

Companies are operating at 40-50% of their capacity.

**REVENUES**

Drop by 18% in 2020 as compared to 2019. Goods sector twice as much impacted as services (25% vs 12% drop). MSMEs to suffer most with 21% drop in revenues against 17% for large-sized companies.

**EMPLOYEES WORKING REMOTELY**

Over 27% of employees working remotely. With as much as a 35% in services but under 17% in goods. Remote work is more widespread in large companies (37%) than MSMEs (23%).

Outlook

Though many companies are limiting lay-offs, still 20% of employees might lose their jobs in the next 3 months.

It is worth noting that companies with more women employed are expecting to lay-off larger share of employees (19%) as compared to companies with more men employed (11%). Moreover, companies with women leaders have higher expectations of laying-offs employees (21%) as compared to companies headed by men (16%).

If the perceived outlook for the next 6 months is relatively negative, it is more positive after a year, with interviewed micro and large companies even expecting growth.

![Net Sentiment Chart](chart.png)
Business Opportunities and Innovation

On a positive note, nearly $\frac{2}{3}$ of the companies have identified new opportunities in reaction to the crisis, with interestingly higher shares for those firms primarily involved in goods and MSMEs.

With a clear objective of growth in markets and shift towards new technologies, including online selling

Setting-up Online Platforms is seen as the top priority
Interestingly, nearly half (i.e. **47%**) of the companies are moving or planning to move towards innovative solutions through collaboration/partnerships. It is worth noting that cooperation for innovation would be most pronounced for MSMEs (**50%**) – having less capacity to innovate on their own – than large-sized companies (**40%**).