

Pan African Chamber of
Commerce and Industry

Perception Survey: **IMPACT OF COVID-19 ON BUSINESSES IN AFRICA**

May 2020

EXECUTIVE SUMMARY

Representing the interests of approximately 2 million businesses of all sizes, sectors, and regions, the Pan African Chamber of Commerce and Industry (PACCI) is Africa's largest Business Association.

To assess the impact of Covid-19 on the state of business and industry, PACCI asked leaders of chambers of commerce and industry associations to complete a survey to help understand the impact of the ongoing global pandemic on business. This survey, which took place from 28 April 2020 to 12 May 2020, reflects the view of 112 presidents and senior officials of chambers of commerce and industry (City/Regional and national chambers), and Business Membership Associations, out of which 21 were women business leaders.

This is the first edition of the survey that will be a ***quarterly tracking poll*** on the impact of the Covid-19 pandemic on businesses for the duration of this pandemic, so that we can track the impacts over time.



ABOUT PACCI

The Pan African Chamber of Commerce and Industry (PACCI) is an independent, non-profit and non-partisan organization established in 2009 to serve Africa's businesses by advocating for public policies that will foster continental economic integration, competitiveness, and sustainable growth.

PACCI offers its constituents a wide range of services including representing the unified voice of business, ensuring future prosperity via the implementation of the African Economic Community spearheaded by the African Continental Free Trade Agreement (AfCFTA), building productive capacity of members, and promoting business networking. With more than 50 national chambers of commerce acting as its local focal point, PACCI is an influential private sector representative.



Image: Prosperity Africa Conference

METHODOLOGY

The survey was administered online between 28 April 2020 to 12 May 2020; 112 executives of Chambers of Commerce including members of the Pan African Chamber of Commerce and Industry (PACCI) and leaders of Business Membership Organizations in 42 countries completed the majority of the questions.

Respondents were contacted first by email; those that did not respond were contacted by phone; 76% of those interviewed are small and medium business owners, representing a broad range of industries that we have categorized into ten sectors.

The results of this survey are only representative for the time period surveyed but it provides a valuable snapshot of pandemic impacts faced by businesses across Africa.

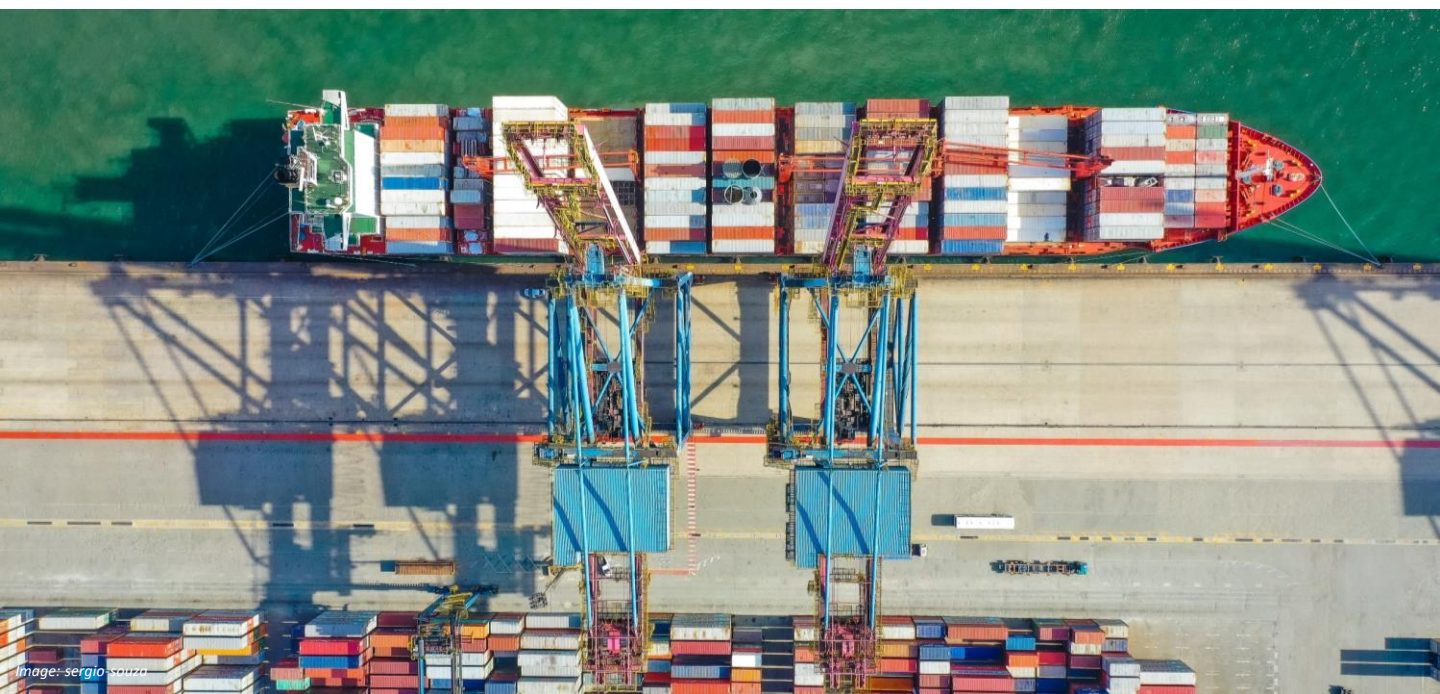
Major Findings

The PACCI survey shows:

- Approximately **82%** of business leaders expect Covid-19 to produce a serious recession in their market area.
- Only **9%** of business leaders do not see the immediate impacts of the pandemic on their business but remain pessimistic of the long- term effects.
- **70%** of business leaders say more than a quarter of small businesses will be at great risk of closing permanently if the crisis persists for another three months.
- A majority of business leaders say most small businesses will have run out of cash flow for materials, payroll and other costs by end of May 2020.
- Plans for investment, invention and growth have been replaced by the urgent need to survive.
- **44%** of business leaders say their government is doing enough while **39%** disagree.

POLICY IMPLICATIONS FOR GOVERNMENTS AND BUSINESSES

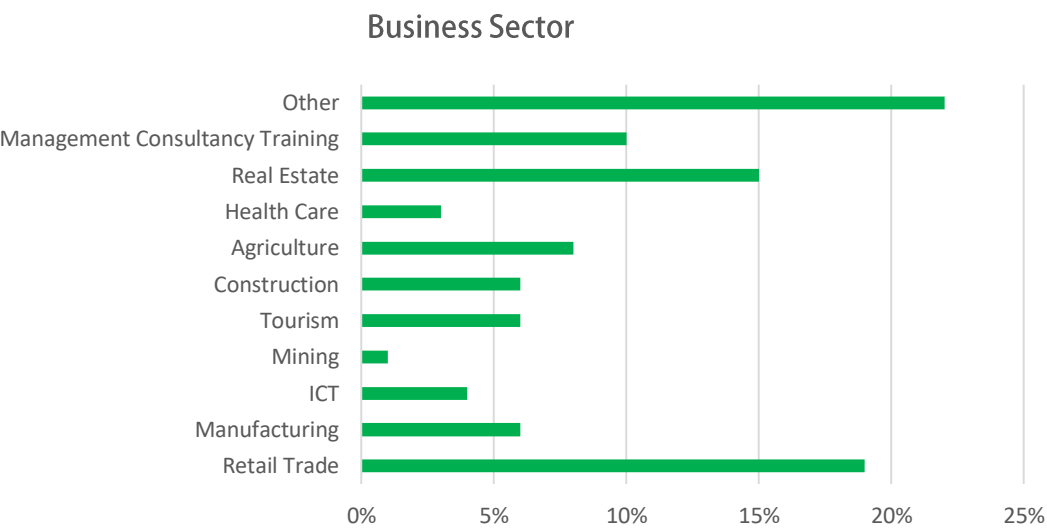
- Businesses should unite to articulate their needs and follow closely government assistance programs and policies.
- Business should be ready and be able to communicate clearly and frequently with their stakeholders (employees, customers, public officials, NGOs etc.) at a time when there is so much unpredictability.
- Governments should respond quickly to the demands for assistance of lower margin industries and less mature companies.
- Governments should prioritize providing cash assistance in the hands of small businesses quickly, and incentivize business owners to keep employees i.e. direct grant assistance to small businesses with less than 20 employees. These are the businesses that make up the backbone of Africa's economy but can vanish overnight.
- Funding support should address the expense side of small businesses i.e. rent support, loan relief, utility payments.



FINDINGS

Question 1:

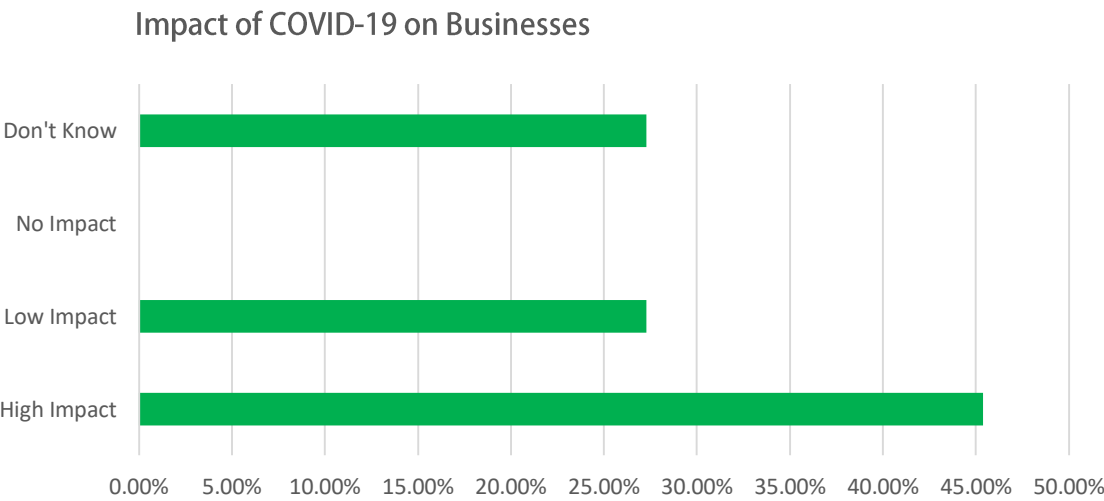
Which of the following best describes the sector your business operates in?



Question 2:

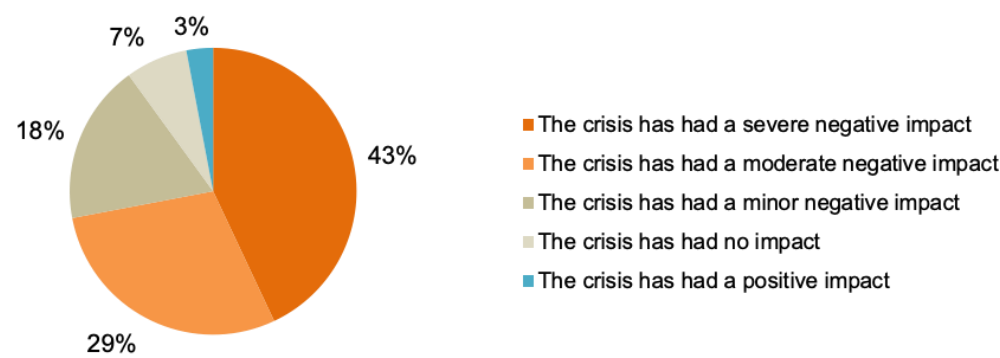
In light of COVID-19, what possible impacts could this have on business?

45.4% of business leaders responding to the survey indicated that business had slowed down significantly. Highlighting a high impact of COVID-19 on day-to-day operations of business. **27.3%** indicate low impact and do not know how badly will they be impacted in this pandemic.



FINDINGS

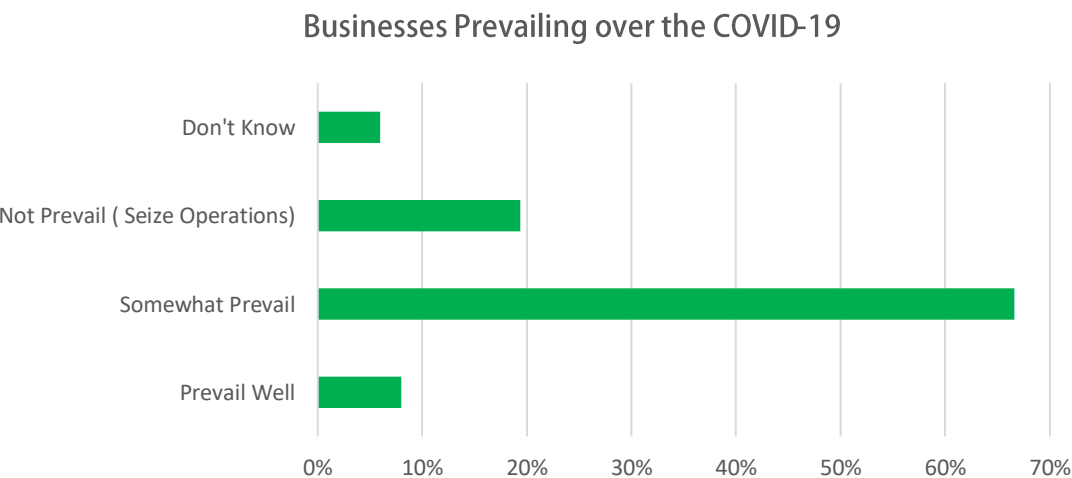
Additionally most business leaders report they have been informed of negative impacts on SMEs because of the coronavirus crisis.



Question 3:

Do you see most businesses prevail over the Covid-19 pandemic?

Nearly **20%** of business leaders responding to the survey say that it is high probability that most businesses may not prevail, **66%** of respondents indicated that businesses will prevail. These figures paint a worrisome picture of the economic impact of the pandemic.

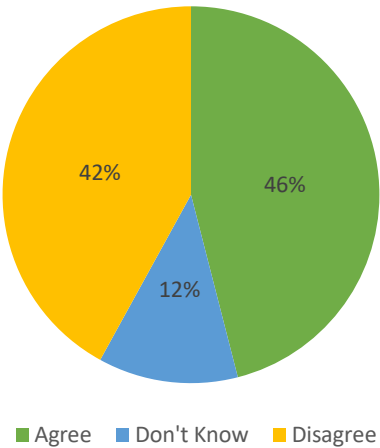


FINDINGS

Question 4a:

Are governments doing enough to support businesses?

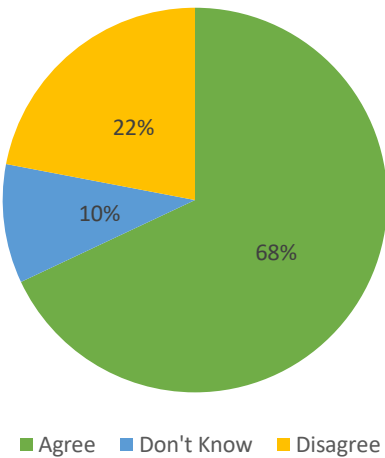
4a. Government Support



Question 4b:

Are businesses doing enough to tackle COVID-19?

4b. Businesses Tackling COVID-19



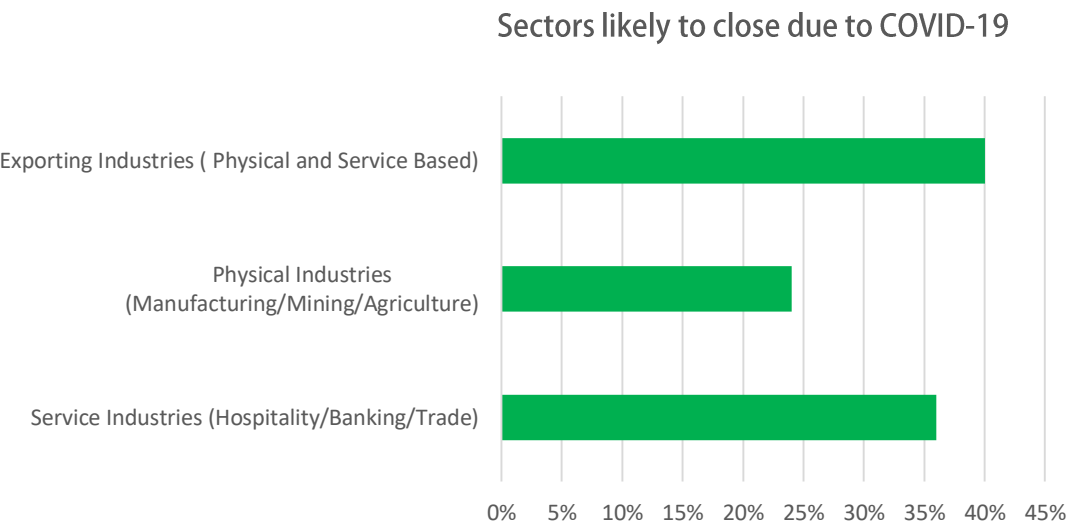
Business leaders are divided as to whether their governments are doing enough to support businesses during COVID-19. **46%** say their governments are doing enough, while **42%** disagree. Similarly **68%** of business leaders say businesses are doing all they can in this period and **22%** disagree.

FINDINGS

Question 5:

Which sectors are the most likely to close due to COVID-19?

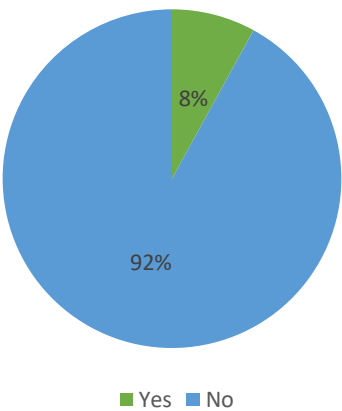
Interviewed business leaders indicated that **36%** of the service industries are likely to close, while **24%** indicated physical industries, and **40%** highlighted that the exporting industries are the most likely to close due to the on-going pandemic.



Question 6:

Have you ever sold goods/services to a customer in Africa?

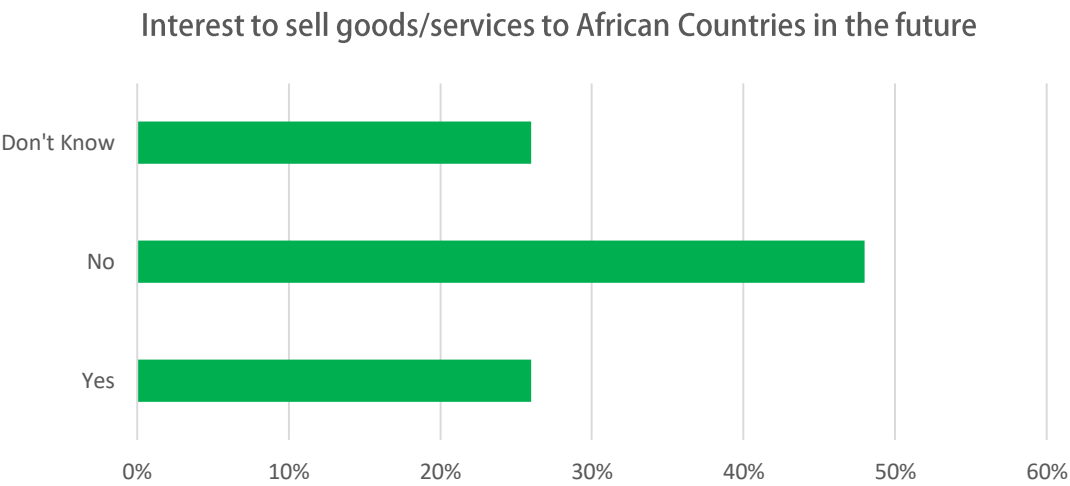
Goods/Services sold to Customers in Africa



FINDINGS

Question 7:

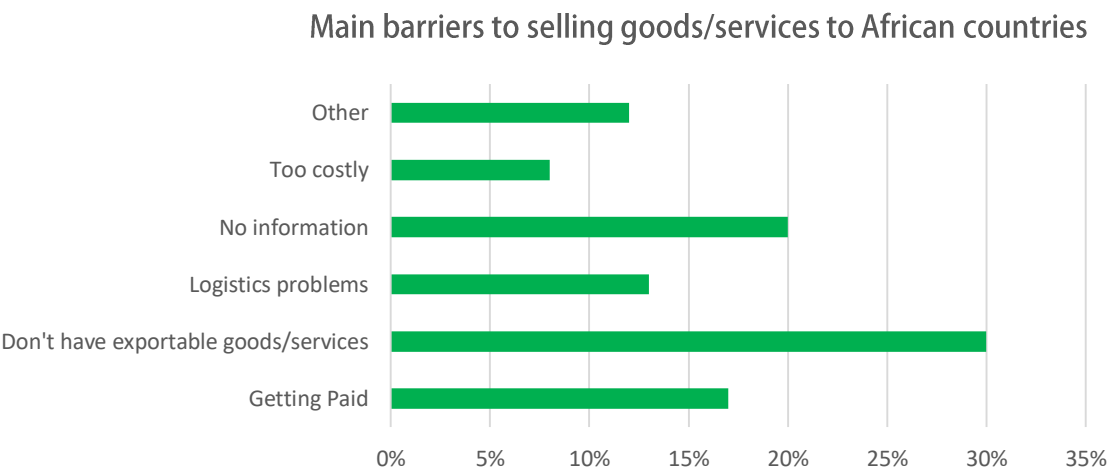
Would you be interested in selling goods/services to African Countries in the future?



Nearly **50%** of business leaders responding to the survey indicated there is very little appetite to do business in Africa. Only a quarter of responded are enthused of doing business in Africa. Most business leaders reported the absence of goods/services to export as the main reason (**30%**), followed by the lack of information of how things work (**20%**), getting paid (**17%**), logistics constraints (**18%**) and too costly (**8%**).

Question 8:

What do you consider the main barriers to selling your goods/services to African countries?



POLICY IMPLICATIONS FOR GOVERNMENTS AND BUSINESSES EXPOUNDED

Through the survey answers we identify several patterns and implications for the design of public policies in the context of the COVID-19 pandemic.

Governments should implement a unified and central system for publication of information on the current and future actions relating to business and industry programs.

Making available regularly updated information to help business and industry is critical. With potentially millions of small businesses severely impacted by COVID-19, Governments should avail relevant information resources for businesses to help them understand how to take advantage of assistance and support programs designed to help them and their employees during the COVID-19 outbreak.

Given the potential for closures and the need to encourage entrepreneurship during the recovery, this seems woefully underfunded. To truly address the needs of small businesses, governments need to expand resources to Chambers of Commerce and local economic development organizations as integral players to both sustaining small businesses and ultimately the needed recovery.

Government should take rapid measures to help business sustain themselves during such tough times. The relief and assistance plan should be designed in collaboration with the private sector representatives.

As the government is set to deploy various relief and assistance support to businesses the natural inclination is to go on its own, without much consultation with business leaders and operators. This is exactly the wrong approach. As we look ahead to a recovery, it's valuable for governments to form, say, a **Business Recovery Advisory Committee** that will work together with private sector and civic organizations to create a pathway and recommendations on how to channel rapidly support to the private sector and re-open businesses. The committee can be comprised of business owners and leaders, members of business associations, members of the Chambers of Commerce and, trade and industry responsible officials.

POLICY IMPLICATIONS FOR GOVERNMENTS AND BUSINESSES EXPOUNDED

At a time of so much uncertainty and fear, and with so many restrictions, it is important that Governments put forth policies that provide flexibility and options for businesses.

As this outbreak continues to wreak havoc across the continent, social distancing and following government recommendations are key to curb the outbreak and get Africans back on track. Government leaders can aid in these efforts by expanding flexibility and taking advantage of innovation and technological advancements in many sectors. By reviewing and removing unnecessary regulations to get permits to do business, governments accelerate the economy after the COVID-19 pandemic ends.

Policies need to safeguard the web of relations among workers and employers, lenders and borrowers, producers and consumers, so that business can resume when the medical emergency abates.

Company closures would cause loss of organizational know-how and termination of productive long-term projects. Disruptions in the financial sector would also amplify economic distress. Governments need to work closely with the private sector to provide exceptional support to private firms, including wage subsidies, with appropriate conditions, loans and guarantees, and other financial and non-financial support to protect business from COVID-19. They should do this rapidly and with minimal bureaucracy.



CONCLUSIONS AND FUTURE WORK

The COVID-19 pandemic is undoubtedly impacting the lives of citizens. While there is abundant data regarding the number of reported cases, hospitalizations and intensive care patients and deaths, there is a scarcity of data about the business experiences, financial and labor situations. This paper reports the first results of analyzing the perception of business leaders from across Africa.

Although the data remain somewhat sparse, with limitations i.e. number of women respondents or sourced from an imperfect source. We feel it still provides the pulse of business across Africa as a consequence of reporting on the initial impact that the COVID-19 public health crisis.

Business would need to look into adaptive modes as the future of work will evidently be transformed. A prime time for businesses and governments, with the capability, to delve into technology for team management, finance and trade facilitation.

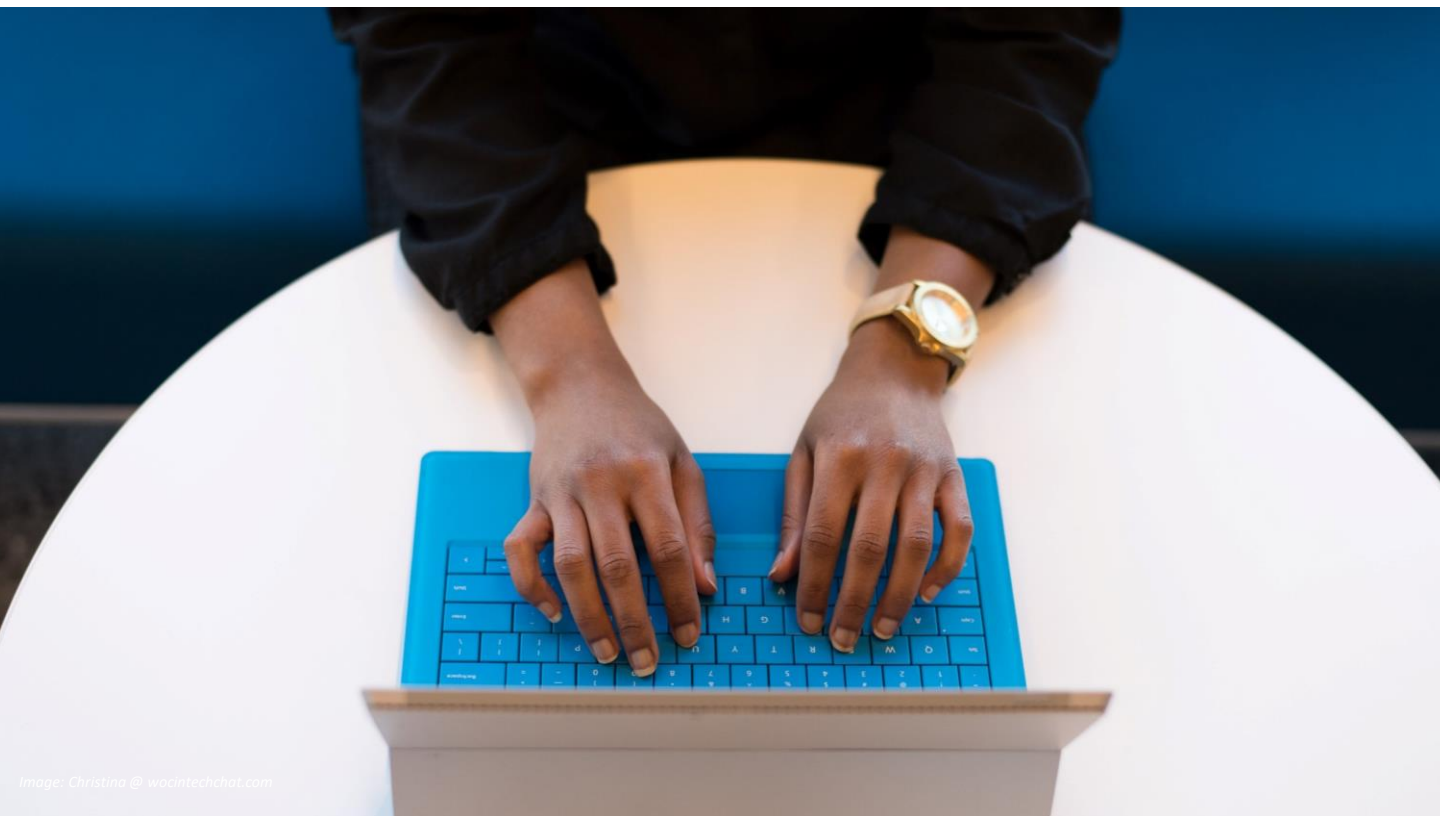


Image: Christina @ wocintechchat.com



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