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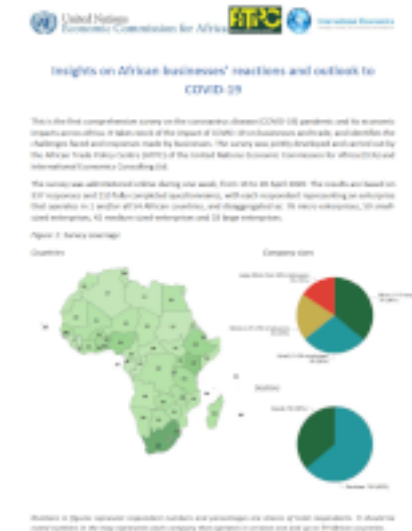
Insights on African businesses' reactions and outlook to COVID-19

The African Trade Policy Centre (ATPC) of the United Nations Economic Commission for Africa (ECA) and International Economics Consulting Ltd., jointly carried out the first comprehensive survey on the COVID-19 pandemic and its economic impacts across Africa in mid-April. There were 210 respondents, made up of a mix of micro, small, medium and large enterprises from across the 54 African countries. The results have highlighted the major challenges that firms are facing due to the current crisis.

Many companies have expressed their concern about the direct impact on company turnover, with the smallest firms expecting to be hit the hardest. The lack of operational cash flow, lower capacity utilisation, disruption in supply chains and decrease in demand may force some businesses to close down, with obvious adverse effect on workers, finds the survey.

The survey also finds that access to credit is elusive to businesses of all size, with less than two fifths of requests being granted, while one to two thirds of loan requests are not even offered a response. The hardest hit, again, being the smallest companies. Across the board, enterprises have also signalled their disappointment with their own government responses to the crisis.

However, the lack of external support has forced companies to come up with novel ways of conducting business. A number of effective measures have been adopted by businesses to mitigate the effects of operating in this new environment, such as adopting technology, working remotely and using e-commerce. Generally, while firms judge the short-term outlook on revenues to be severe, they are more optimistic over a longer time horizon (one year or more).



TOP 3 Challenges by Company Size

	Micro (1 - 10)	Small (11 - 50)	Medium (51 - 250)	Large (> 250)
1	Lack of operational cash flow	Lack of operational cash flow	Business is closed	Reduction of opportunities to meet new customers
2	Business is closed	Drop in demand for products/services	Drop in demand for products/services	Issues with changing business strategies and offering alternative products/services
3	Reduction of opportunities to meet new customers	Reduction of opportunities to meet new customers	Reduction of opportunities to meet new customers	Drop in demand for products/services
	N = 76	N = 69	N = 42	N = 33

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