



# REACTIONS AND OUTLOOK TO COVID-19 IN SOUTHERN AFRICA OCTOBER 2020

This report focuses on the economic impact of the COVID-19 pandemic on the 11 member states (Angola, Botswana, Lesotho, Eswatini, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe) covered by the United Nations Economic Commission for Africa (ECA) Subregional Office for Southern 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 ECA and International Economics Consulting Ltd.

**Survey Period:**

16<sup>th</sup> June – 20<sup>th</sup> July 2020

**Mode:**

Online

**Respondents:**

104

**Coverage:**

Southern Africa (11 countries)

**Topics:**

- Top Challenges Faced by Companies & Sector
- Supply Shortage
- Market Distortions and Competitive Issues
- Support and Financial Needs
- Business Continuity
- Outlook
- Business Opportunities and Priorities
- E-commerce and other Technology-based Solutions for Innovation

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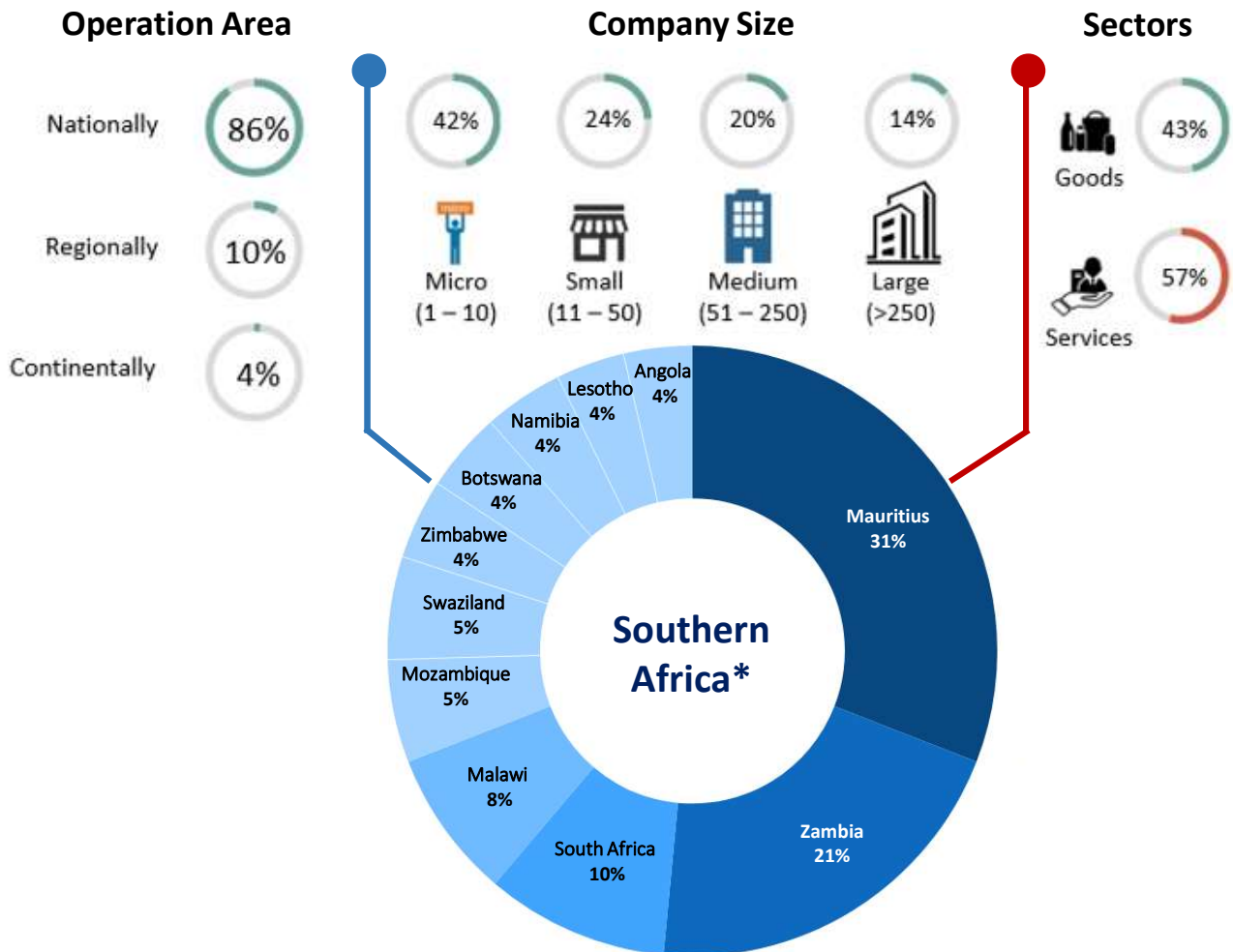
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## Coverage Overview



### Leaders by Gender

Head male    Head female



### Sectors by Gender

Head male    Head female

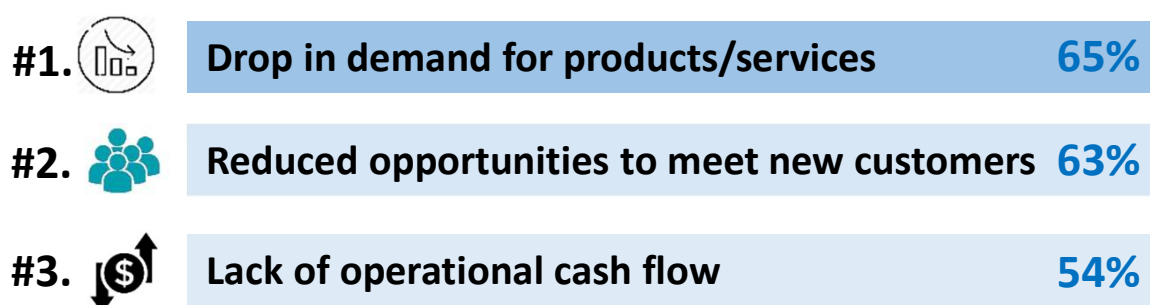


\* Where businesses of respondents operate

## Top Challenges Faced by Companies

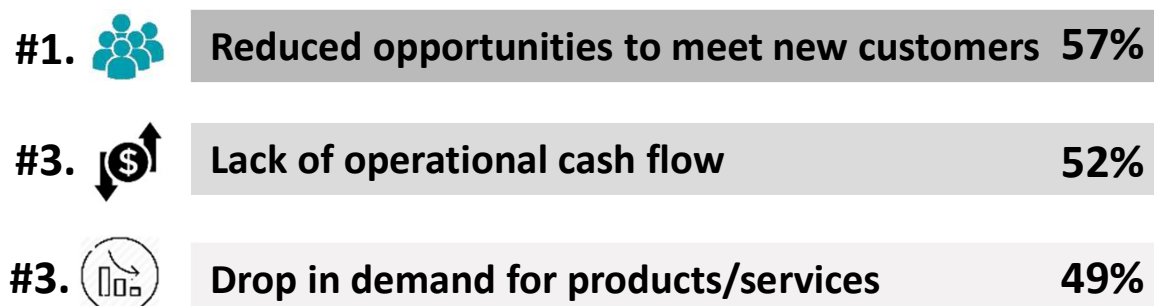
### Southern African region - Top 3 challenges

In our April 2020 survey, businesses from the Southern African region reported that a **lack of operational cash flow** was the major challenge faced. 3 months later, in July 2020, the perceived number one challenge, by **65%** of respondents, is the **drop in demand** followed closely by the **reduction in opportunities to meet new customers**.



### Rest of Africa - Top 3 challenges

Whereas the top 3 perceived challenges for the rest of Africa are the same as for Southern African region, both the order and importance of those challenges change significantly; with "**Reduced opportunities to meet new customers**" dominating with **57%** of responses.



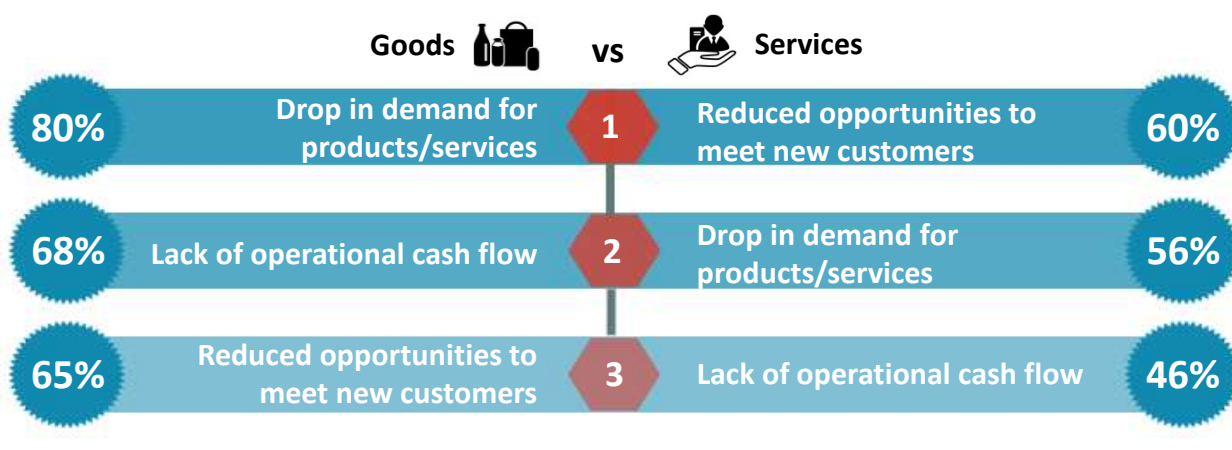


## Top Challenges by Sectors

Comparing our April 2020 and July 2020 survey results, we observe that while some of the top challenges such as **lack of operational cash flow** and **drop in demand** persisted from April to July, **business is closed** is no more one of the main challenges faced by companies in July.

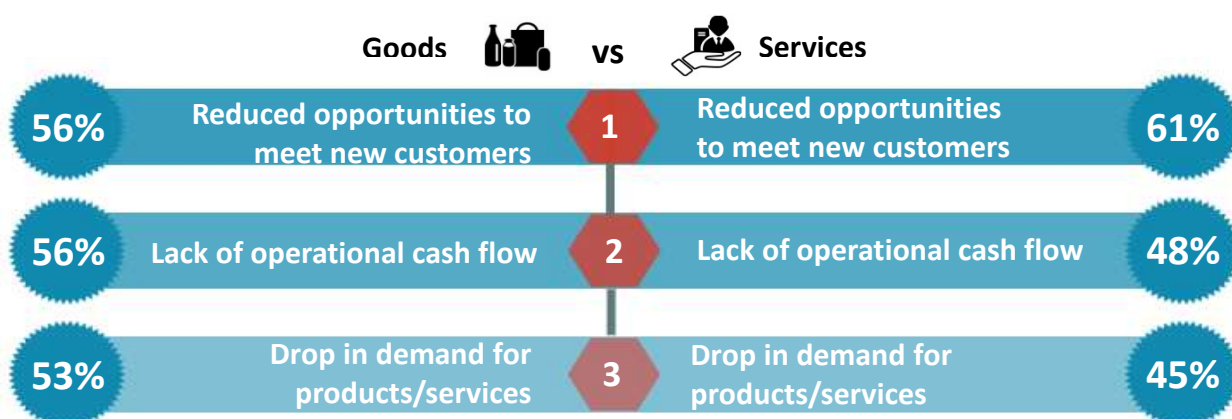
### Southern African region - Top 3 challenges for goods and services

There seem to be more concern in the goods sector with all the top three challenges having higher percentages than the services sector. **Drop in demand** is a notable worry for the goods sector (**80%**) as compared to the services sector (**56%**).



In the rest of Africa, **reduced opportunities to meet new customers** is the topmost concern for both the goods and services sector, followed by **lack of operational cash flow** and **drop in demand**.

### Rest of Africa - Top 3 challenges for goods and services

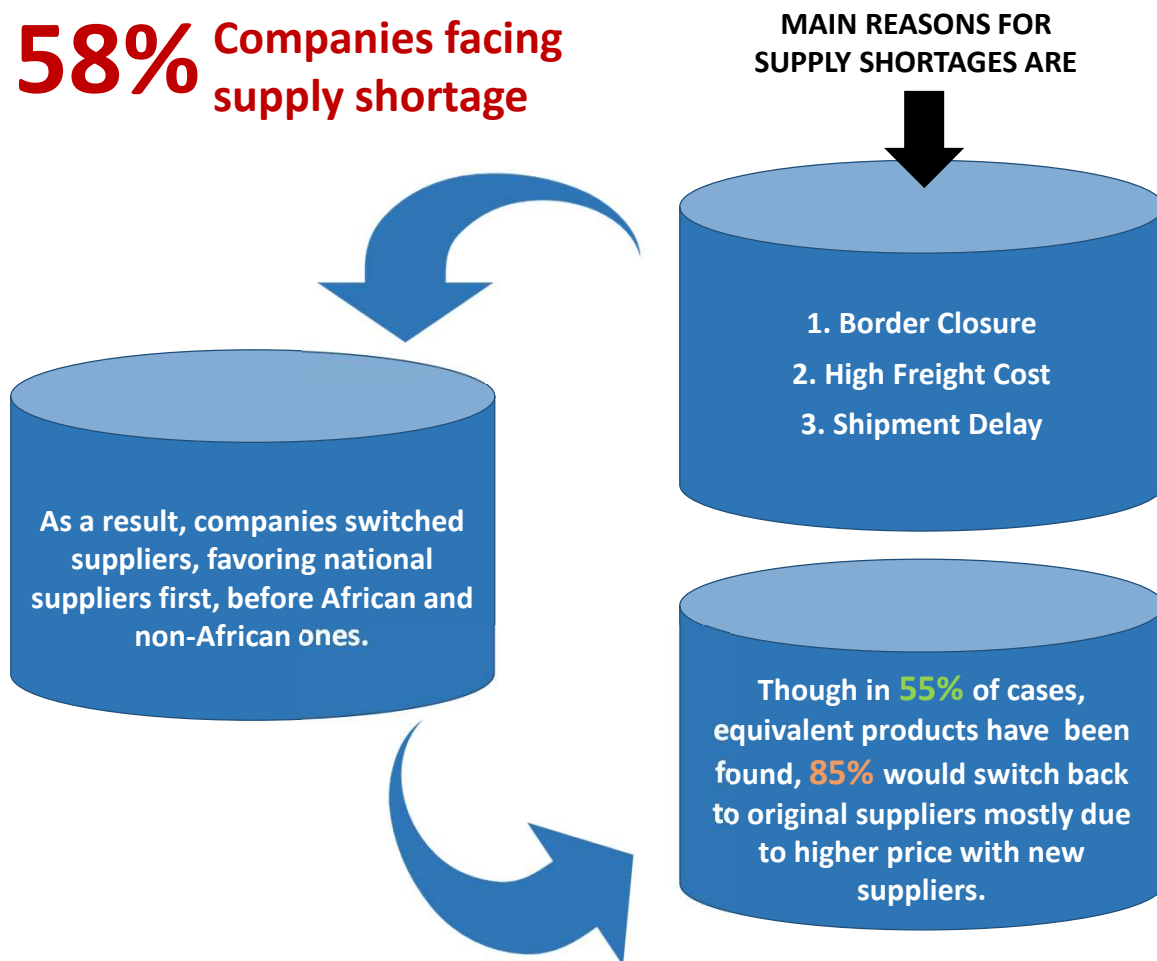






## Supply Shortages

Companies have faced serious disruptions in supply due to COVID-19.

**58%** Companies facing supply shortage



In terms of supply sources, we note that across Africa, businesses led by women are relatively more reliant on domestic suppliers than international suppliers. On the other hand, male headed businesses have relatively comparable reliance on domestic and international suppliers.

	Rely on domestic suppliers		Rely on international suppliers	
	Southern Africa	Rest of Africa	Southern Africa	Rest of Africa
Head Female 	84%	87%	63%	63%
Head Male 	67%	61%	67%	57%

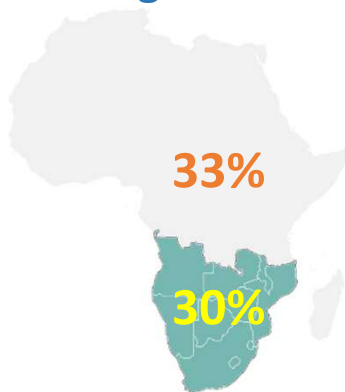


## Market Distortions and Competitive Issues

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.*

In the Southern African region market distortions with the main issue being **price fixing between competitors** has been felt by the majority of respondents (**72%**), much more than the **58%** claimed by the rest of Africa.

### Raising concerns with Government on competition matters



The share of businesses who have raised concerns with their Government on competition matters in Southern Africa (**30%**) is relatively comparable, although slightly higher in the rest of Africa (**33%**).

Women business leaders in the Southern African region have been more active with **56%** of the responses raising their concerns with the Government vs **21%** for the men.

#### Southern Africa Region

Head Male  **21%**

Head Female  **56%**

#### Rest of Africa

Head Male  **39%**

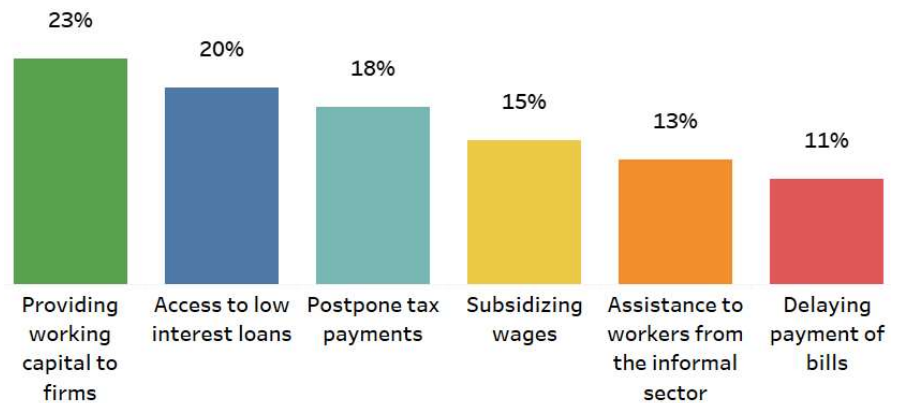
Head Female  **27%**



## Support and Financial Needs

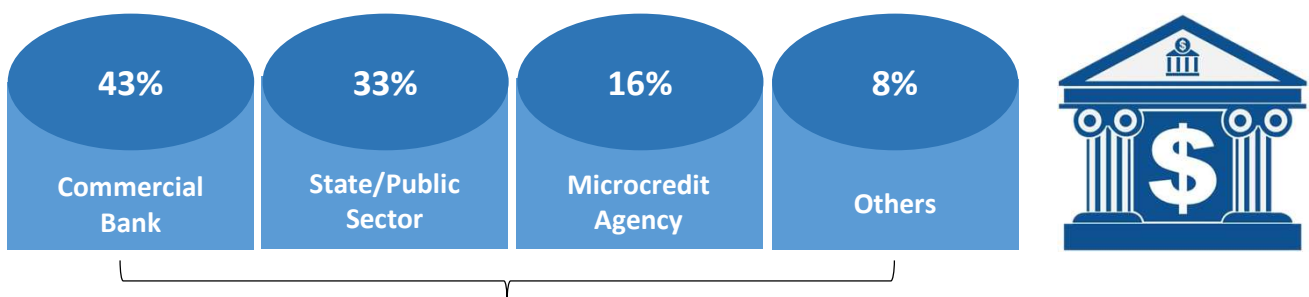
Only **17%** of the companies are satisfied or very satisfied from the government interventions, so far.

### Interventions companies wish to see from the Government ?

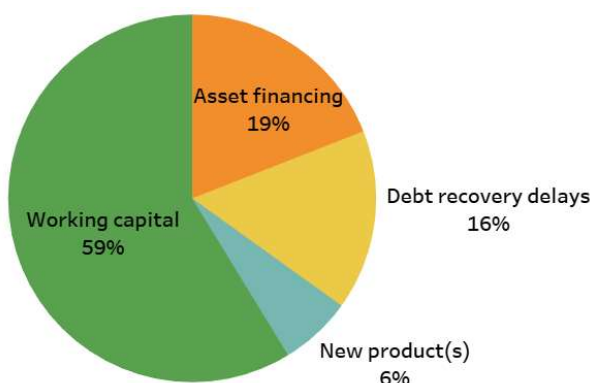


This could be the reason why **56%** of the respondents in the Southern African region did approach financial institutions (**15%** more than the rest of Africa). Interesting to note that **68%** of the women business leaders contacted the institutions as compared to **53%** for men.

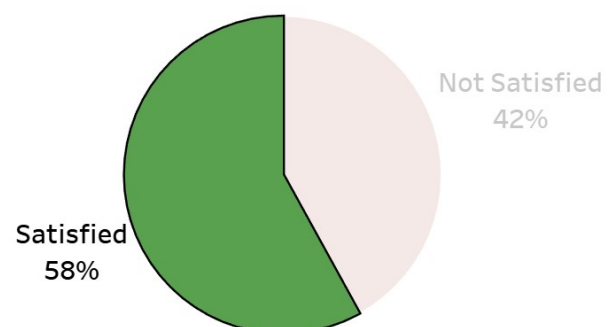
### DISTRIBUTION OF THE REQUESTS



### SERVICES FOR WHICH FINANCIAL INSTITUTIONS WERE APPROACHED



### AMONG THOSE, 58% ARE SATISFIED





## Business Continuity

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

### CAPACITY UTILISATION



Companies in the Southern African region are operating at **41-50%** of their capacity.



### EMPLOYEES WORKING REMOTELY



**21-30%** of employees are working remotely. With as much as a **31-40%** in services but under **20%** in goods sector.

### LIMITING LAY-OFFS



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