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Survey reveals 95 percent of African SMEs did not receive government aid during COVID-19 pandemic

Following the World Health Organization's (WHO) declaration of the COVID-19 outbreak a global pandemic, , the African Union, UNDP and AfriLabs worked together to create the Rollo Africa Business Simulation Programme to support SMEs and the informal sector in the post COVID-19 recovery process.

The simulation monitors businesses affected by the shutdown in five African countries (Egypt, Cameroon, Senegal, Sudan and Zimbabwe). The application process attempted to trace the challenges faced by small and medium-sized enterprises (SMEs), with a specific focus on how these SMEs perceive challenges in light of the COVID-19 pandemic.

Of the 490 businesses that applied to the simulation programme, the following findings emerged:

- 60% are formal businesses
- The average number of employees per business is 8
- 12% have African Diaspora on their team
- 80% employ full time employees
- 29% are women-led businesses
- 66% employ women on their team
- 17% employ marginalized communities

Data from the responses revealed the major challenges faced by businesses due to the pandemic: 93 percent reported their business was heavily impacted by the pandemic and 95 percent testified they never received any government support to combat the economic downturn. The few respondents who benefitted from government aid received amounts totalling \$40-\$50 in local currency.

Government support, corruption, taxes and access to finance were the major challenges faced by African SMEs before the COVID-19 pandemic. After the outbreak, corruption was no longer viewed as one of the most worrying challenges for African businesses; instead, clarity of confinement measures, hours of functioning, and curfews became more challenging.

The survey also found that the most affected businesses were founded in 2019, possibly an outcome of high instability and risks associated with the first year of operations, as well as the spread of COVID-19 and associated lockdowns. The application process indicates that early stage businesses are avid users of capacity building programmes that stand to benefit from developing their capabilities and consequently growing their businesses.

The Rollo Africa Business Simulation Programme

Following a 4-week recruitment and outreach campaign, 30 businesses were shortlisted in each of the five eligible countries. The simulation uses real life policies and events to create an understanding of how SMEs, including the informal sector, make decisions during the COVID-19 outbreak. The simulation exercise will translate into understanding responses and behaviours during COVID-19, allow businesses to encapsulate the implications of different policies on the ground, and document good practices to harness these policies. The simulation is currently underway in collaboration with District spaces, Cesim in Finland, AfriLabs: Kmt house in Egypt, ActiveSpaces in Cameroon, JokkoLabs in Senegal, Savannah in Sudan, and Izone hub in Zimbabwe.

UNDP and the African Union will extract learning from the simulation exercise to provide evidence-based policy recommendations to governments on business stimulus packages.

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