



# COVID-19 Zambia Survey

Inside business:  
impact & responses

**Report**

June 2020



## ABOUT ICA

At Impact Capital Africa (ICA) we focus on supporting African businesses to grow and thrive. We believe that growth businesses in Africa have the ability to drive economic progress, create jobs, and deliver positive and sustainable impacts for the wider community.

The private sector in Zambia, particularly SMEs, is only achieving a fraction of its potential. At ICA, we have listened to Zambian businesses together with motivated investors to understand the challenges faced by both sides of the deal equation, and we've developed a series of bespoke tools to support the deal-making landscape.

Working across the private and third sector to bring together SMEs, investors, donors, and corporates, ICA catalyses the broader impact investment ecosystem – raising Zambia's profile and supporting investors in choosing Zambia as their next investment destination.

ICA provides a complete solution that delivers high impact results. We have developed a holistic approach to investment readiness, starting from identification of high quality SMEs, SME screening, investment readiness assessment, technical assistance, and investment literacy support, all the way through to access to finance.

ICA hosts Zambia's only annual impact investing conference, convening high quality Zambian businesses, motivated impact investors, and the broader impact ecosystem to promote Zambia and do deals. To date, ICA has supported 17 Zambian businesses to close deals with a cumulative value of more than US\$100m. Known amongst both local businesses and investors as the 'go to' Zambian investment event, ICA catalyses the entire ecosystem, supporting business growth.



**[www.impactcapafrica.com](http://www.impactcapafrica.com)**



## COVID-19

---

The COVID-19 crisis is a systemic shock to the global economy that has affected all organisations. The world is likely to be on the edge of a major economic recession.

Early indications show that, best case, Africa's average GDP growth for 2020 will fall 1.4 percentage points, from 3.2% to 1.8%. Zambia has, thus far, seen reports of modest COVID-19 infection rates, however the economic shock has been felt widely and deeply.

This summary report gauges the view of Zambian businesses of the impact of the crisis so far and the measures being undertaken to mitigate that impact, exploring and sharing the sentiment for recovery in a post-COVID-19 Zambia.

The survey supporting this report was issued on 11<sup>th</sup> May and ran to 5<sup>th</sup> June 2020. Over 400 Zambian businesses responded in full to the survey. Further demographic information on the respondent base is available in this report.

### ICA Supporting Recovery

ICA is currently developing a series of insights to support the recovery of Zambian businesses and the investment marketplace. Co-authoring with leading experts, ICA will bring:

- Sector-focused insight series
- Business and financial recovery insight series

More information on our *Insight Series* is provided at the end of this report.



# Contents

<b>01.</b>	<b><u>Executive Summary</u></b> Highlights of the main findings	<b>p. 5</b>
<b>02.</b>	<b><u>Methodology</u></b> How the survey was conducted	<b>p. 8</b>
<b>03.</b>	<b><u>Business profiles</u></b> Demographics of survey participants	<b>p. 9</b>
<b>04.</b>	<b><u>Business and financial impacts</u></b> Overview of the business and financial impacts of COVID-19	<b>p. 12</b>
<b>05.</b>	<b><u>Business response</u></b> Summary of business responses to COVID-19	<b>p. 21</b>
<b>06.</b>	<b><u>Business and financial recovery</u></b> Overview of business optimism and requirement for recovery	<b>p. 26</b>
<b>07.</b>	<b><u>ICA Supporting recovery</u></b> ICA's next steps to inform and support Zambia's COVID-19 recovery	<b>p. 31</b>



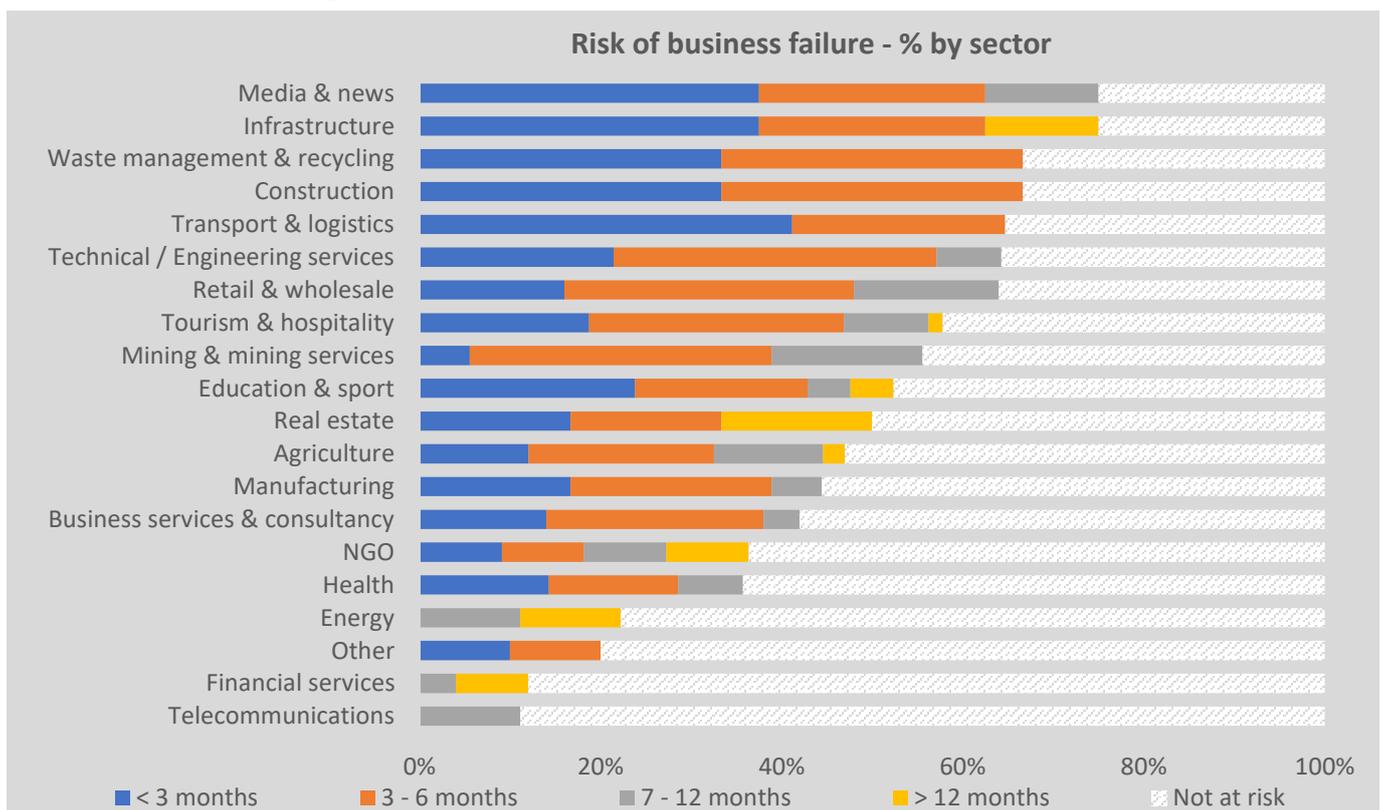
# 01. Executive summary

Zambia, thus far, reports modest COVID-19 infection rates but the economic shock has been felt both widely and deeply. Until now, little firm information has been available as to the nature of this impact. This report gauges the view of Zambian businesses of the impact of the crisis so far and the measures being undertaken by enterprises to mitigate the impact of COVID-19.

- ▶ The survey supporting this report ran from 11<sup>th</sup> May to 5<sup>th</sup> June 2020.
- ▶ 416 Zambian businesses responded in full to the survey.
- ▶ Companies responding are broadly representative of the Zambian formal economy.
- ▶ Responses largely came from senior decision makers in well-established Zambian SMEs who have seen economic volatility in the past. These experienced respondents are an important calibrator of business sentiment and a leading indicator of the country's economic prospects.

## Business and financial impact of COVID-19

- ▶ Businesses, irrespective of size and sector of operation, are affected across all value chains, with **87% of businesses reporting being negatively impacted** by COVID-19.
- ▶ **48% of businesses reported being at risk of business failure** within the next 12 months. Of these the majority are micro and small businesses, with larger businesses having more established resilience.



# 01. Executive summary

- ▶ Loss of revenue has already resulted in **2,378 jobs lost between Feb and May 2020**.
- ▶ **Projected additional job losses could exceed 10,000** in the next 12 months .
- ▶ Challenges presented span the value chain for most sectors, with the main issues highlighted including decrease in revenue, supply chain and logistics challenges, temporary closure, and regulatory uncertainty.
- ▶ Revenue and profit forecasts are being dramatically reduced.
- ▶ 85% of businesses expect revenue to be lower than previous years.
- ▶ 86% of businesses report their growth plans have been negatively impacted.

## Business response to COVID-19

- ▶ Management teams are taking steps to mitigate the effects of the economic downturn, with only 5% of businesses reporting that they have taken no action.
- ▶ Companies are prioritising cash and liquidity preservation.
- ▶ Many companies have reduced their wage bill in a bid to protect business solvency. Preferred measures: reduced working hours and asking workers to take paid and unpaid leave. However 23% of respondents have had to lay off workers.
- ▶ By contrast, 13% of businesses have accelerated growth plans, seeing this as an opportunity to test new markets, push new products and pivot their model.
  - Agriculture businesses capitalising on increased local demand, and online education providers are some of the winners taking advantage of the shift in consumer behaviour.

### Response actions by sector

Sector	Reduce capital spend	Reduce offering	Adapt / pivot offering	Diversify sales	Approach new markets	Negotiate supplier terms	Negotiate worker terms	Conduct training	Negotiate lender terms	Increase offering
Agriculture	41%	36%	23%	23%	30%	35%	13%	18%	20%	11%
Business services & consultancy	40%	30%	50%	46%	50%	22%	22%	22%	8%	4%
Construction	33%	33%	33%	100%	33%	33%	33%	67%	33%	0%
Education & sport	38%	33%	43%	38%	29%	5%	24%	19%	5%	5%
Energy	56%	56%	67%	44%	56%	0%	0%	44%	0%	0%
Financial services	44%	20%	60%	44%	24%	16%	12%	16%	20%	4%
Health	36%	36%	43%	29%	21%	29%	14%	7%	7%	0%
Infrastructure	50%	50%	25%	38%	13%	25%	13%	25%	0%	25%
Manufacturing	56%	61%	22%	28%	33%	44%	39%	28%	11%	6%
Media & news	38%	50%	38%	38%	38%	0%	13%	25%	0%	0%
Mining & mining services	50%	50%	28%	39%	22%	28%	17%	39%	17%	0%
NGO	55%	64%	36%	18%	36%	18%	18%	36%	9%	0%
Other	10%	30%	30%	20%	0%	10%	30%	20%	0%	20%
Real estate	50%	0%	33%	33%	0%	33%	50%	0%	0%	0%
Retail & wholesale	60%	36%	32%	24%	32%	32%	12%	8%	4%	0%
Technical / Engineering services	36%	36%	36%	43%	29%	29%	14%	29%	14%	7%
Telecommunications	56%	22%	67%	56%	33%	22%	22%	33%	0%	33%
Tourism & hospitality	55%	55%	23%	23%	30%	30%	48%	34%	14%	0%
Transport & logistics	76%	35%	24%	35%	41%	35%	35%	18%	24%	6%
Waste management & recycling	67%	33%	67%	33%	33%	33%	0%	0%	33%	0%

# 01. Executive summary

## Business and financial recovery: post-COVID challenges

- ▶ Every sector rated cashflow as the most important concern for the coming months, with 82% of respondents citing it as a key issue.
- ▶ Other key concerns include:
  - Downward pressures on market demand.
  - Unstable foreign exchange rates and the devaluation of the Kwacha.
  - Supply chain impacts especially with cross-border trade.
  - Government and regulatory impacts.
- ▶ Access to finance is identified as a widespread need for business recovery.
  - Across the board, businesses are looking for access to affordable finance in the form of grants, low interest loans and Kwacha-based debt instruments.
- ▶ Regulatory policy is highlighted as essential to mitigate long-term impacts, including VAT interventions, employment regulations, and import/export tariffs and trade barriers.
- ▶ A significant minority of respondents highlight the need for technical assistance and training to build resilience.

## Business and financial recovery: post-COVID opportunities

- ▶ Some businesses are struggling to see any light in the current situation but, after the initial shock, others are developing positive responses, including:
  - Consolidating and strengthening local supply chains to take advantage of lack of imports.
  - Developing online and digital platforms and services.
  - Driving leaner and more efficient business practices.
  - Diversification and pivoting business models.
  - Building domestic travel and hospitality.
  - Community engagement and local B2B partnerships.

**‘Zambia’s role in resolving domestic and regional food and services scarcity could be strengthened through policy interventions and technological improvements’**



## 02. Methodology

This report is informed by an online survey conducted from 11<sup>th</sup> May to 6<sup>th</sup> June 2020 by Impact Capital Africa (ICA). The survey of Zambian micro, small, medium and large companies aims to:

1. Gather information on the major impact areas, challenges, and opportunities of Zambian enterprises as a result of the COVID-19 pandemic.
2. Gather sufficient responses from major sectors to get both breadth and depth of understanding of the COVID-19 impact and corresponding business needs in Zambia.
3. Use the data and analysis thereof to provide an evidentiary baseline upon which policymakers, investors, financiers and donors can target their COVID-19 response and recovery plans.

### Data set

ICA and partners shared the survey with businesses spanning multiple sectors and received 416 complete responses across 20 sectors and all business sizes. Only companies registered in Zambia were included in the analysis.

ICA specifically targeted enterprises in the formal sector. No quotas were set for business size or sector, so the respondent data set is representative of the networks of ICA and its distribution partners.

### Business size definition

For the purpose of this study we have defined business size by annual turnover (TO):

Classification	Annual turnover (TO) range
Micro	< US\$ 5K to US\$ 50K
Small	US\$ 51K to US\$ 500K
Medium	US\$ 501K to US\$ 3M
Large	US\$ 3M to > US\$ 10M





Photo: Kazang Zambia

## Who took part: **Business Profiles**

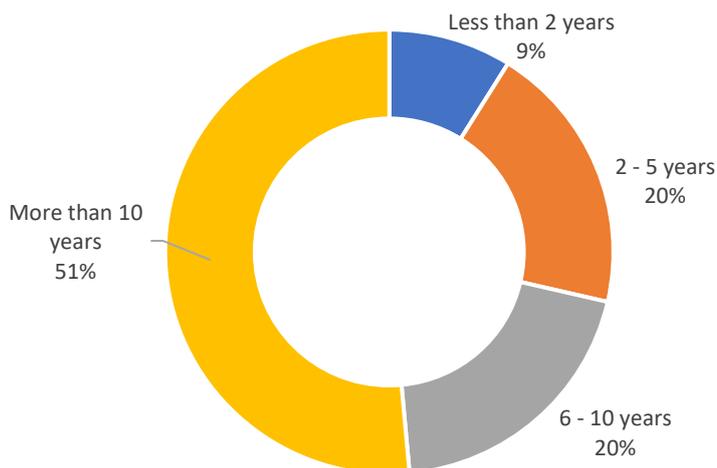


## 03. The survey: Business profiles

The survey received a large number of responses from a wide range of business sectors and company sizes, giving a broadly representative picture

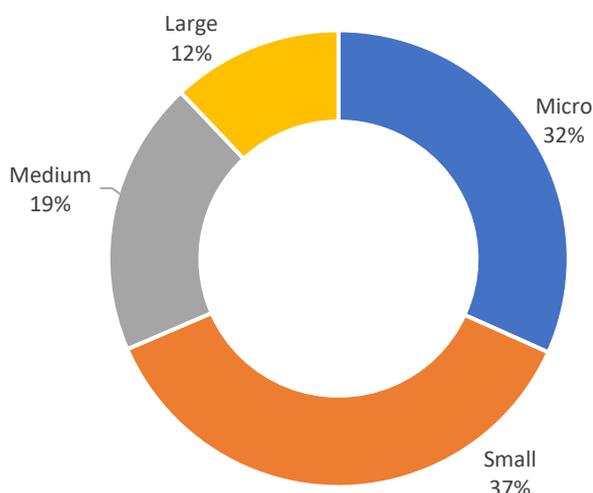
- ▶ 416 companies operating in Zambia completed the survey in full.
- ▶ Three quarters of individuals completing the survey were from the highest levels of business management.
  - 76% of respondents are owners, directors or C-level executives.

### Years in business – % of total respondents



- ▶ Most responding businesses are well-established.
  - 71% have been trading for 6 years or more.
  - 9% are start-ups with less than 2 years trading history.

### Size of company by annual turnover – % of total respondents



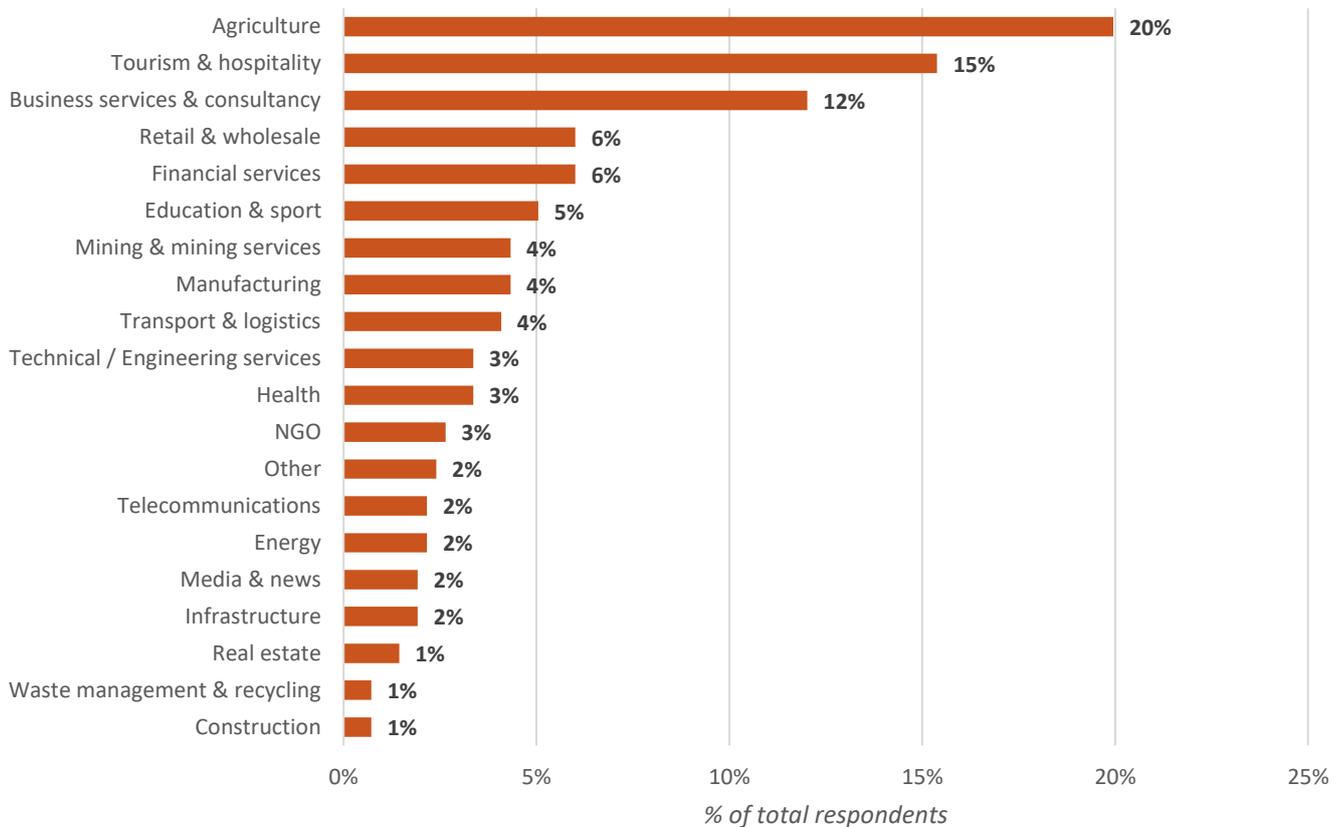
- ▶ The size of respondent companies reflects the importance of micro and small businesses in Zambia
  - **32% micro businesses** with TO < US\$ 50,000
  - **37% small businesses** with TO up to US\$ 500,000
  - **19% medium businesses** with TO up to US\$ 3 million
  - **12% large businesses** with TO > US\$ 10 million

### 03. The survey: Business profiles

Industry response was broad and varied, with 20 sectors represented. Most respondents were from the agriculture, agro-processing and agriculture supply chain (20%), tourism and hospitality (15%), and business services and consultancy (12%).

**'Agriculture, tourism, and the services sectors are critical for Zambia's economic diversification and role in regional and global economy...'**

#### Businesses by sector of operation



Note that:

'Agriculture' includes Agriculture, agro processing & agricultural supply chain  
 'Manufacturing' includes all manufacturing except agro processing





Photo: Good Nature Agro

## Business and financial impact of COVID-19



## 04. Business and financial impact of COVID-19

Businesses, irrespective of size and sector of operation, are affected across all value chains

**87% of businesses reported being negatively affected by COVID-19**

Our data shows that the impact of COVID-19 is extensive across the business ecosystem, irrespective of size and sector of operation.

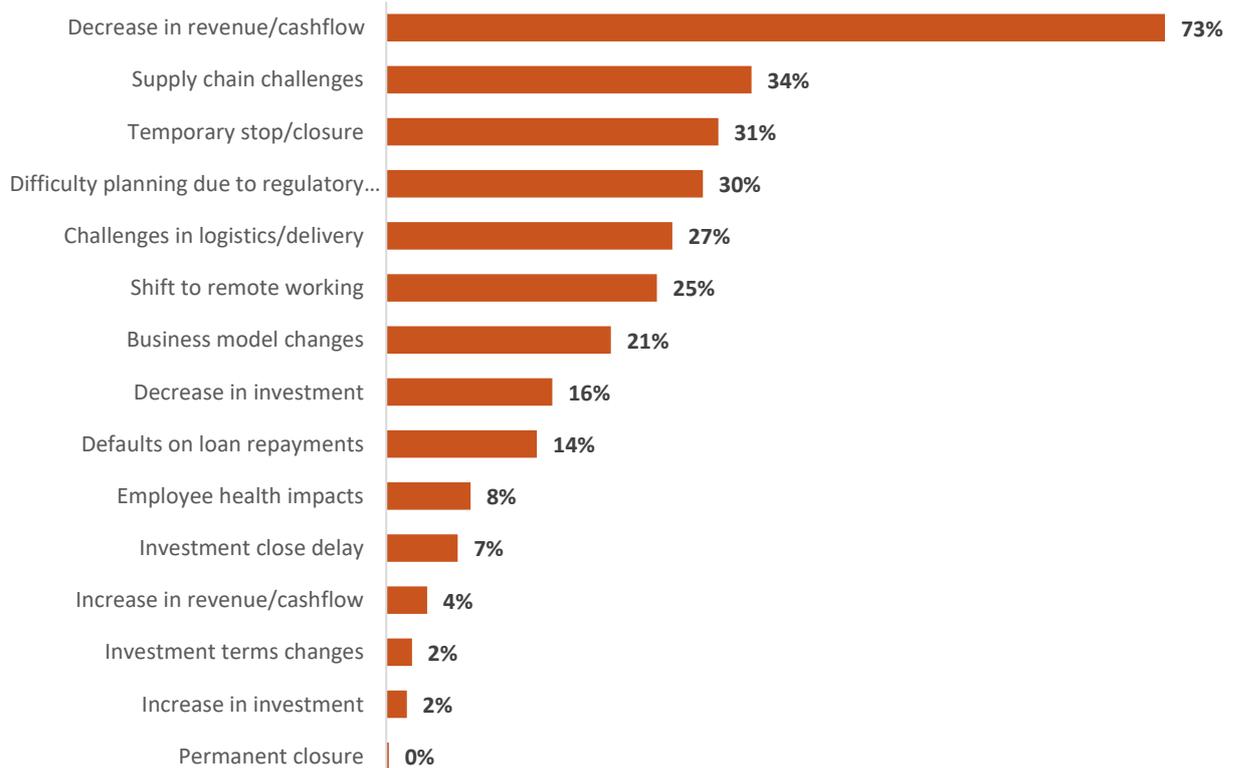
Businesses are facing a wide range of challenges that are, crucially, interconnected and present right across the value chain.

Falling customer demand due to lockdown restrictions and a national economic downturn, coupled with supply chain disruption as logistics are severely impaired, are resulting in challenges in fulfilling any residual consumer demand.

Uncertainty around the regulatory environment and temporary business closures have caused many enterprises to delay planned capital expenditure or fundraising rounds.

Remote working and online sales have provided a third of businesses with a lifeline for operational continuity.

### Business impacts felt as a result of COVID-19



*% of total respondents*

# 04. Business and financial impact of COVID-19

## Revenue and profit forecasts are being dramatically reduced

**85% of businesses expect revenue to be lower than previous years**

Given the situation, it is no surprise that revenue and profit forecasts are being dramatically reduced.

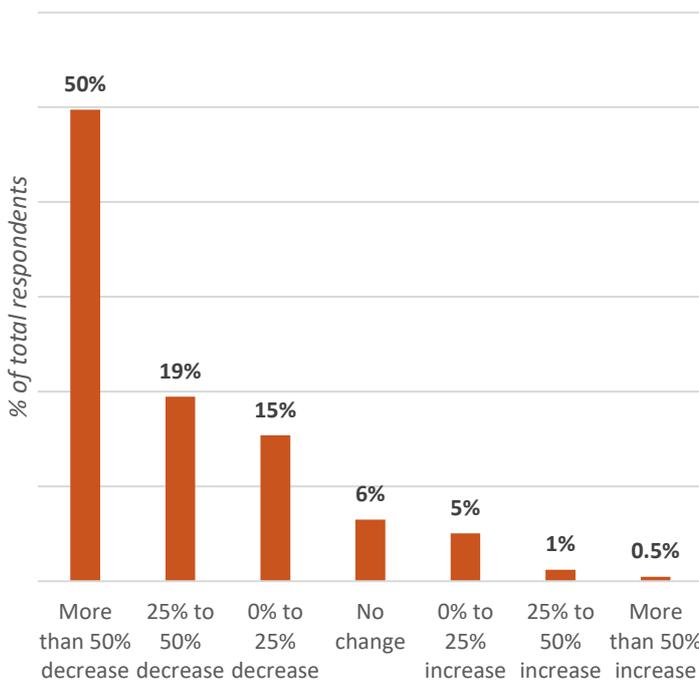
Among businesses surveyed, 85% expect year-on-year revenue and profit this year to be significantly below the previous year.

Just over half of businesses hardest hit are predicting more than a 50% reduction in revenue, while 19% expect a 25-50% reduction and 15% expect to see up to 25% reduction in revenue.

The tourism and hospitality sector has been particularly impacted with 63% of businesses surveyed under temporary closure and 92% of respondents in this sector reporting more than 50% reduction in revenue.

For a minority there are small but growing concerns about debt obligations due to such unexpected and severe reductions in revenue. Businesses in financial services report that 36% of clients have already defaulted on loan repayments.

### COVID-19 Impact on Revenue



#### Closures hit revenue hard, but create opportunity for e-business

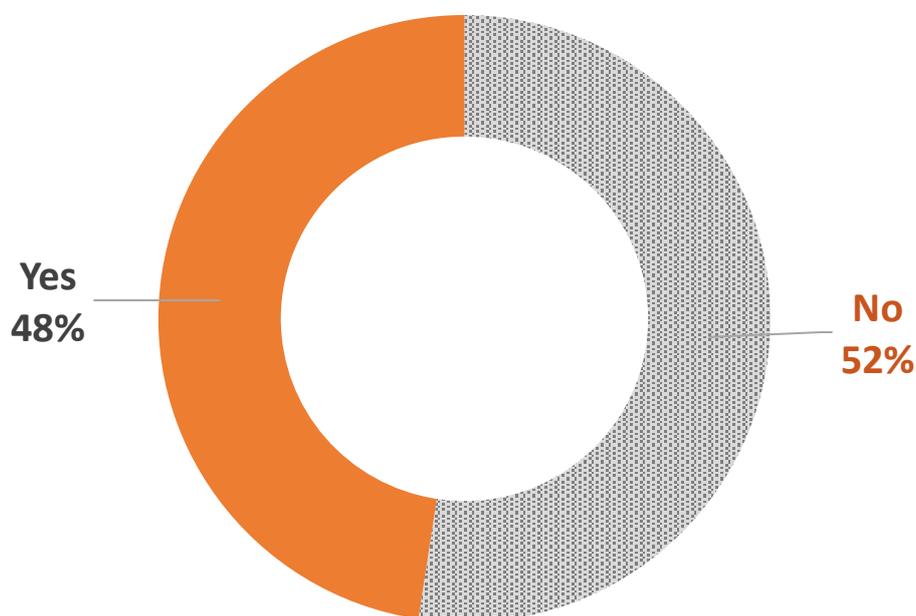
- ▶ Shop, retail outlets and school closures have resulted in 68% of retail and wholesale businesses and 71% of education providers reporting more than a 50% reduction in revenue.
- ▶ Over 20% of businesses have amended or pivoted their business model in response to COVID-19.
- ▶ A small number of businesses (6.5%) report an increase in revenue compared to the same period last year. These are peppered across multiple sectors.
- ▶ E-commerce and online education platforms have seen a huge increase in subscriptions and consumer activity.



## 04. Business and financial impact of COVID-19

Temporary business closure and collapse of many markets are putting businesses at risk of failure

### Businesses at risk of bankruptcy



#### 48% of respondents at risk of bankruptcy within 12 months

With significant revenue challenges and severe cashflow issues, nearly half of businesses reported being at risk of bankruptcy in the next 12 months.

Of those at risk of failure, 33% of operations have less than a 6-month runway. The worst affected sectors include Construction and Infrastructure, Media and News, Transport and Logistics, and Waste Management Services.

Resilience within certain sectors is apparent, with energy, financial services and telecommunications sectors all reporting a much lower risk of business failure.

**‘Unemployment could be mitigated by investments in the SME sector, to support a domestic multiplier effect’**



# 04. Business and financial impact of COVID-19

## The next 6 months is crucial for business recovery

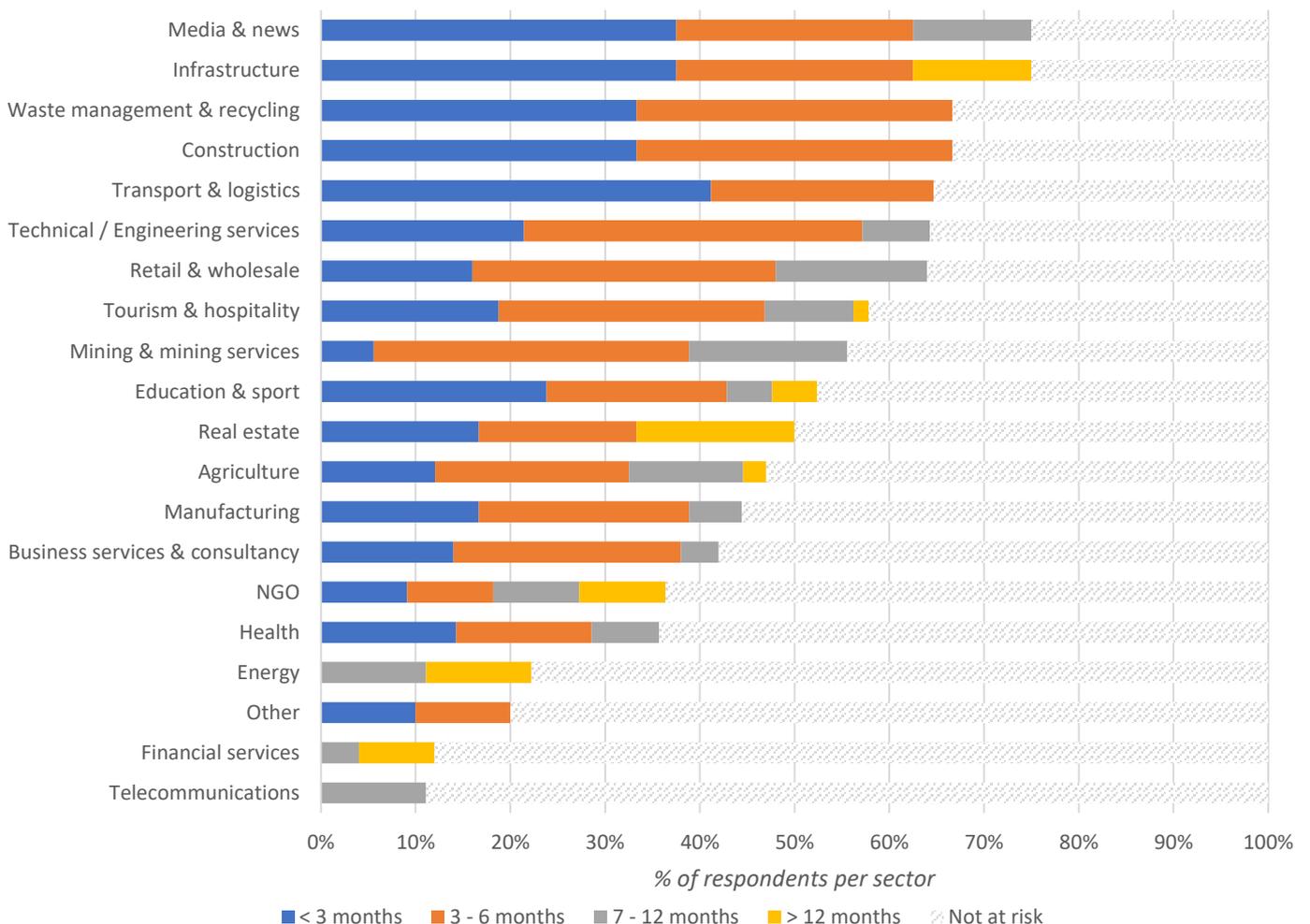
The next 3-6 months will be crucial for many businesses at risk of failure. For many, without access to the necessary support and affordable finance, their operations face serious questions on their long-term viability.

Easing lockdown restrictions will have some immediate impact on the local market, but many businesses are concerned about the medium- and long-term implications of global travel bans and restrictions.

Businesses report that tariff and VAT interventions, adjustment of employment regulations, and lowering trade barriers are key to business survival and recovery.

Many businesses also report that affordable and long-term finance options will be equally important, supported by government policy and sector-relevant loan schemes.

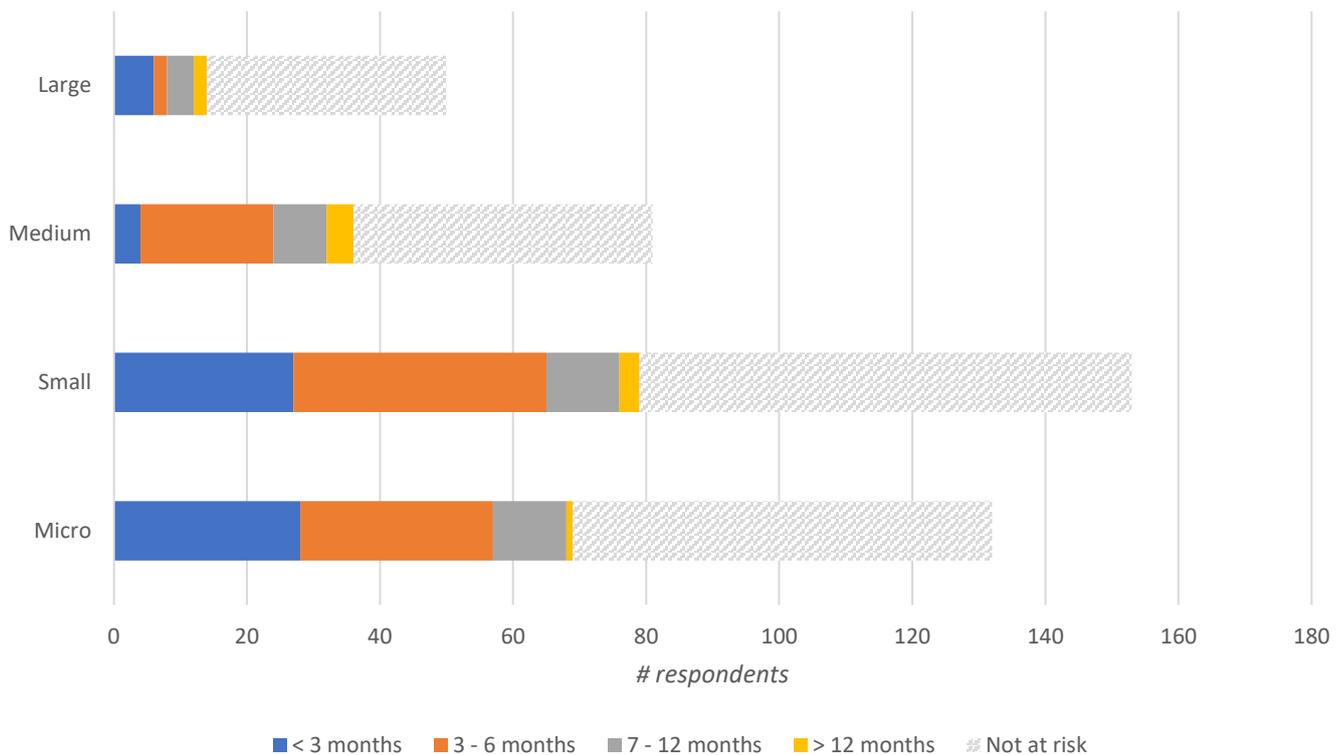
### Business risk of failure by sector



# 04. Business and financial impact of COVID-19

## Smaller businesses are at greatest risk of failure

**Business risk of failure by size and runway before failure**



- ▶ Across all sectors, macro and small businesses reported being at greatest risk of bankruptcy, with the most medium size businesses being at risk reported in Agri, Tourism, Retail, and Infrastructure.
- ▶ Despite global travel restrictions and almost total closure of the tourism sector, most medium and large-scale tourism businesses report the resilience to navigate the current closures and associated reduced revenues.
- ▶ However, without the cash reserves, micro and small tourism businesses are hit harder, with close to 58% reporting that these issues present significant challenges to the viability of their organisation over the next 3 to 12 months.



## 04. Business and financial impact of COVID-19

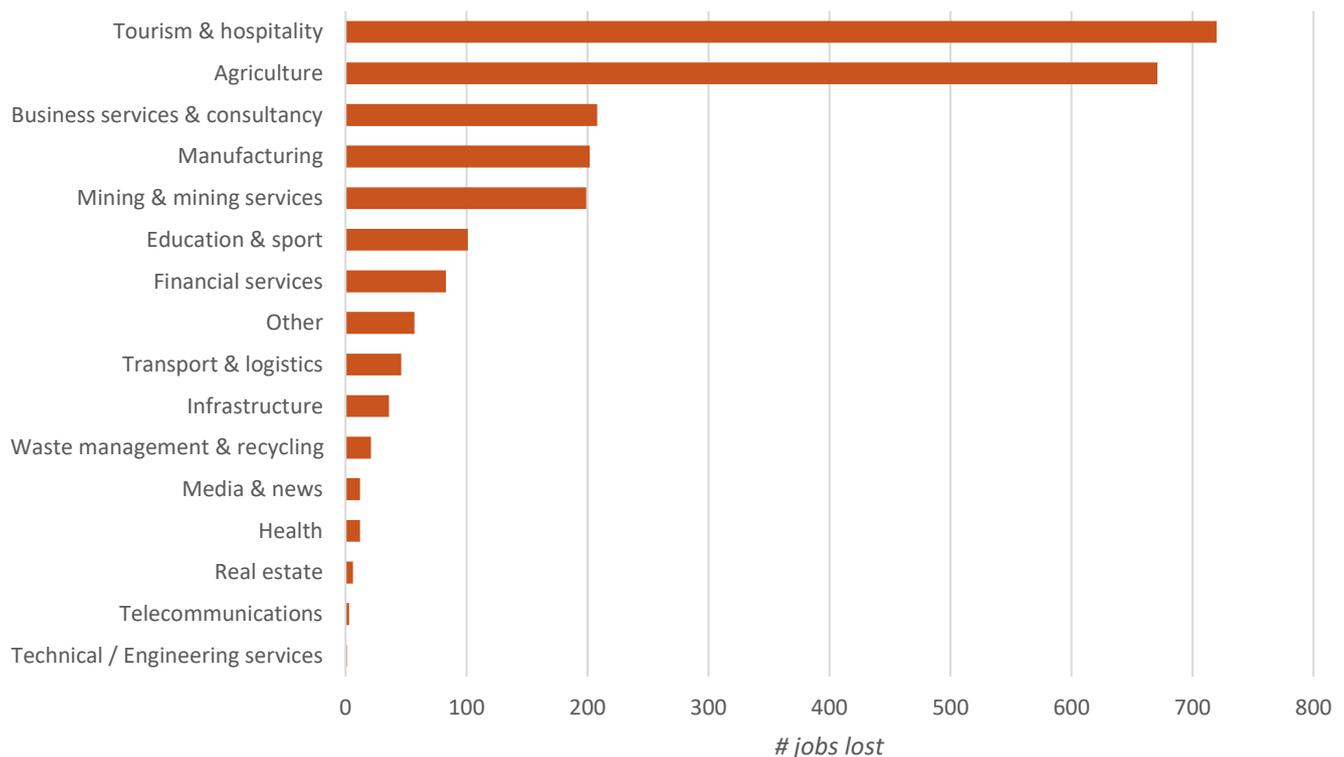
### COVID-19 has caused sector-wide job losses with projections for many more

Almost all sectors reported having to lay off staff as a result of COVID-19. A total of 2,378 jobs were lost between February and May 2020. Sectors worst hit include Tourism, Agriculture and agro-processing, and Manufacturing.

Unsurprisingly the Health sector reported one of the lowest levels of immediate job losses along with Telecommunications.

Forecast job losses in the 416 companies surveyed as a result of business failure could reach over 10,000 additional jobs in the next 12 months.

### Jobs lost as a result of COVID-19 – Feb to May 2020



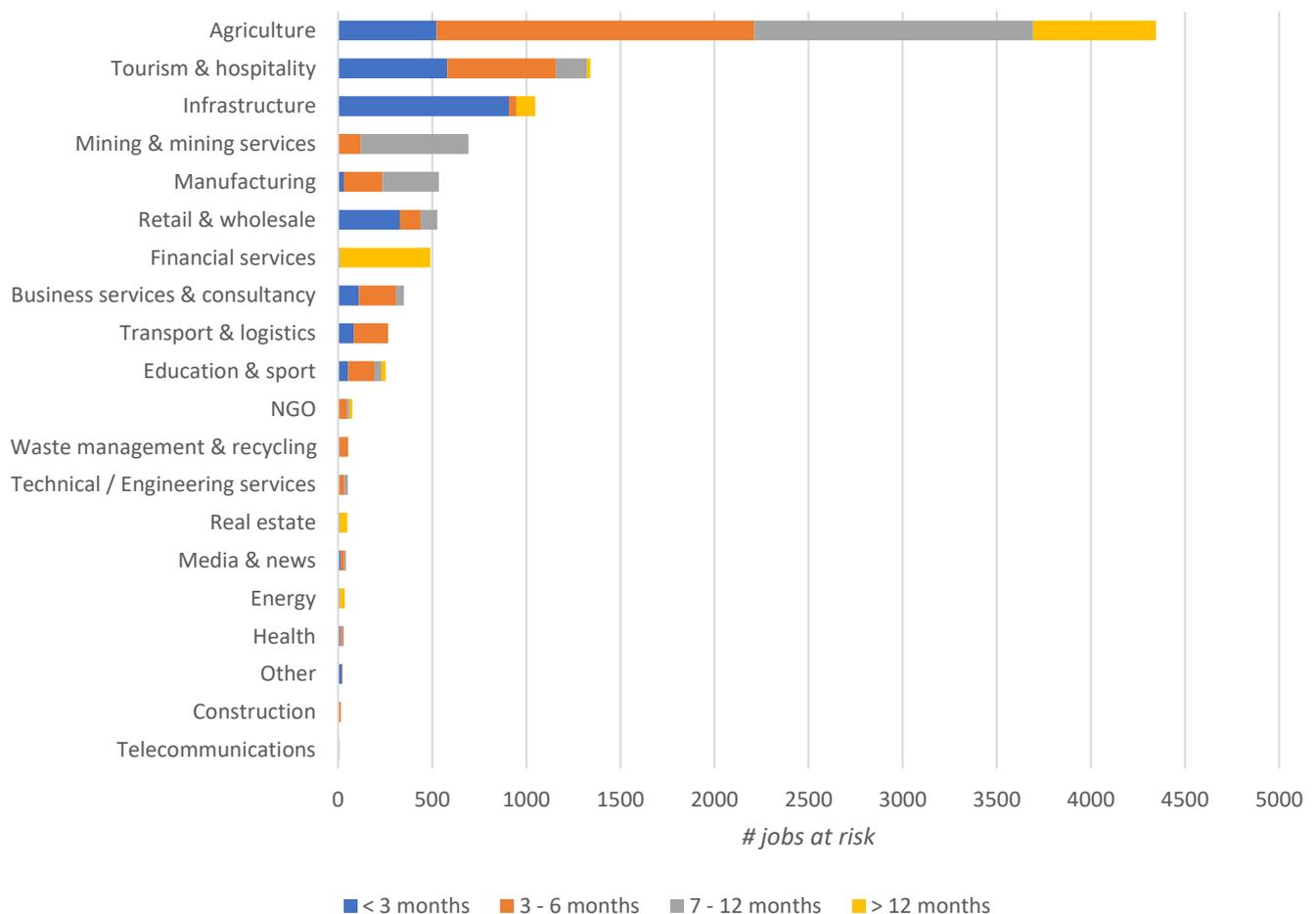
- ▶ Between February and May 2020, **2,378 jobs were lost**, and through the businesses at risk of failure this could increase to over **10,000 additional job losses within 12 months**
- ▶ 720 of these jobs were in the Tourism sector and 671 in the Agriculture and agro-processing sector.
- ▶ Manufacturing, Mining and Mining supply, and Business Services sectors also report high job losses.

## 04. Business and financial impact of COVID-19

Future job losses could dwarf those seen so far.

- ▶ Respondents indicated that additional **10,230 jobs are at risk** in the next 12 months as a result of reduced operations and potential business failure
- ▶ The **next 6 months** will be critical for business survival with around **60%** of the jobs at risk during this period.
- ▶ Almost **half** of jobs at risk in the next 12 months are in the **agriculture and agro-processing sector**.

### Jobs at risk over next 12 months (by sector and runway)



# 04. Business and financial impact of COVID-19

## Businesses put growth plans on hold as capital expenditure plummets

**86% of businesses report their growth plans have been negatively impacted**

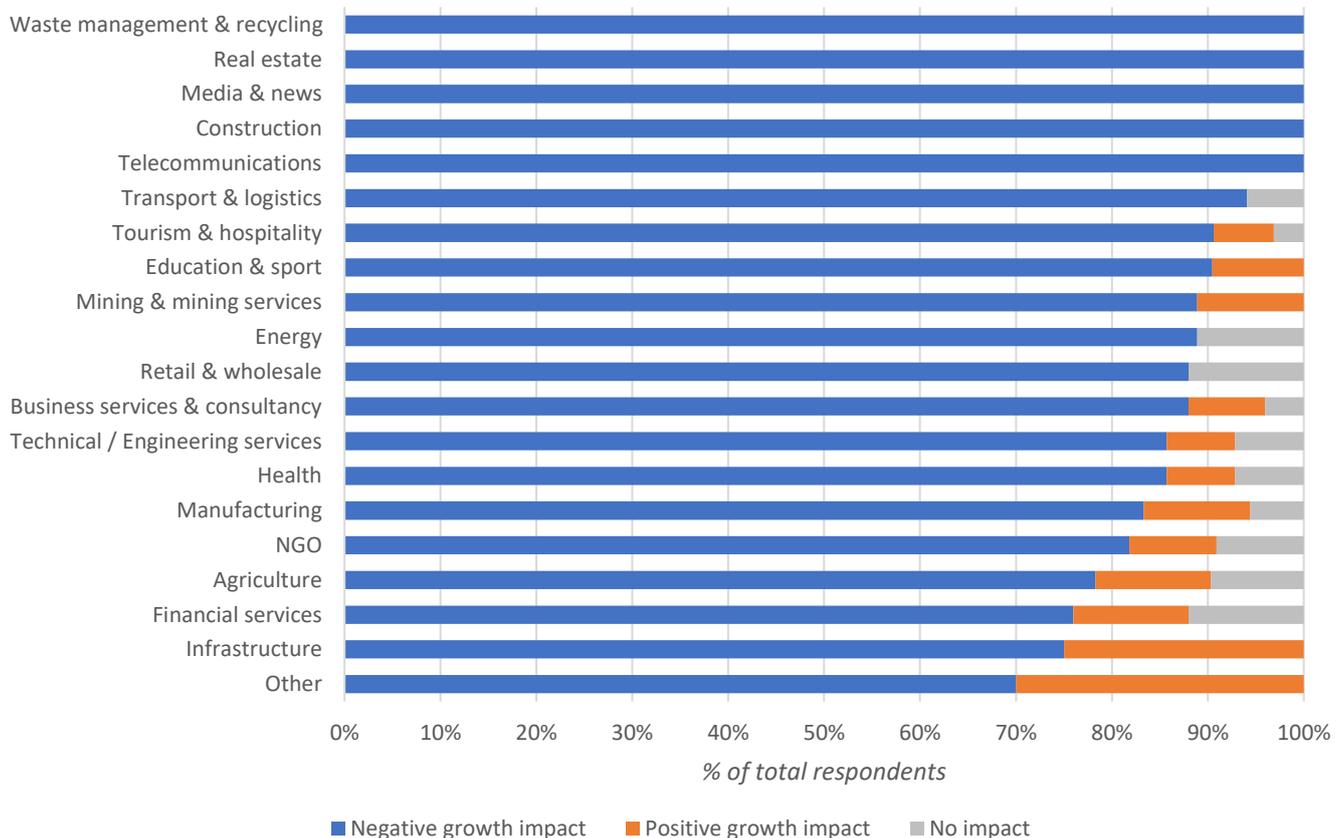
Businesses have put growth plans on hold and suspended capital expenditure in response to COVID-19. Expanding new products and markets, purchasing new equipment, research and development and recruiting top talent have been hit across sectors, as 86% of businesses stall growth plans.

While in business survival mode, 13% of businesses have accelerated growth plans,

seeing COVID-19 as an opportunity to test new markets, push new products and pivot their model.

Agriculture businesses capitalising on increased local demand, and online education providers are some of the winners taking advantage of the shift in consumer behaviour.

### Impact of COVID-19 on business growth plans





## Business response to COVID-19



# 05. Business response to COVID-19

Companies of all sizes and across all sectors are taking active steps to weather the COVID-19 storm

## Firms prioritise cash and liquidity

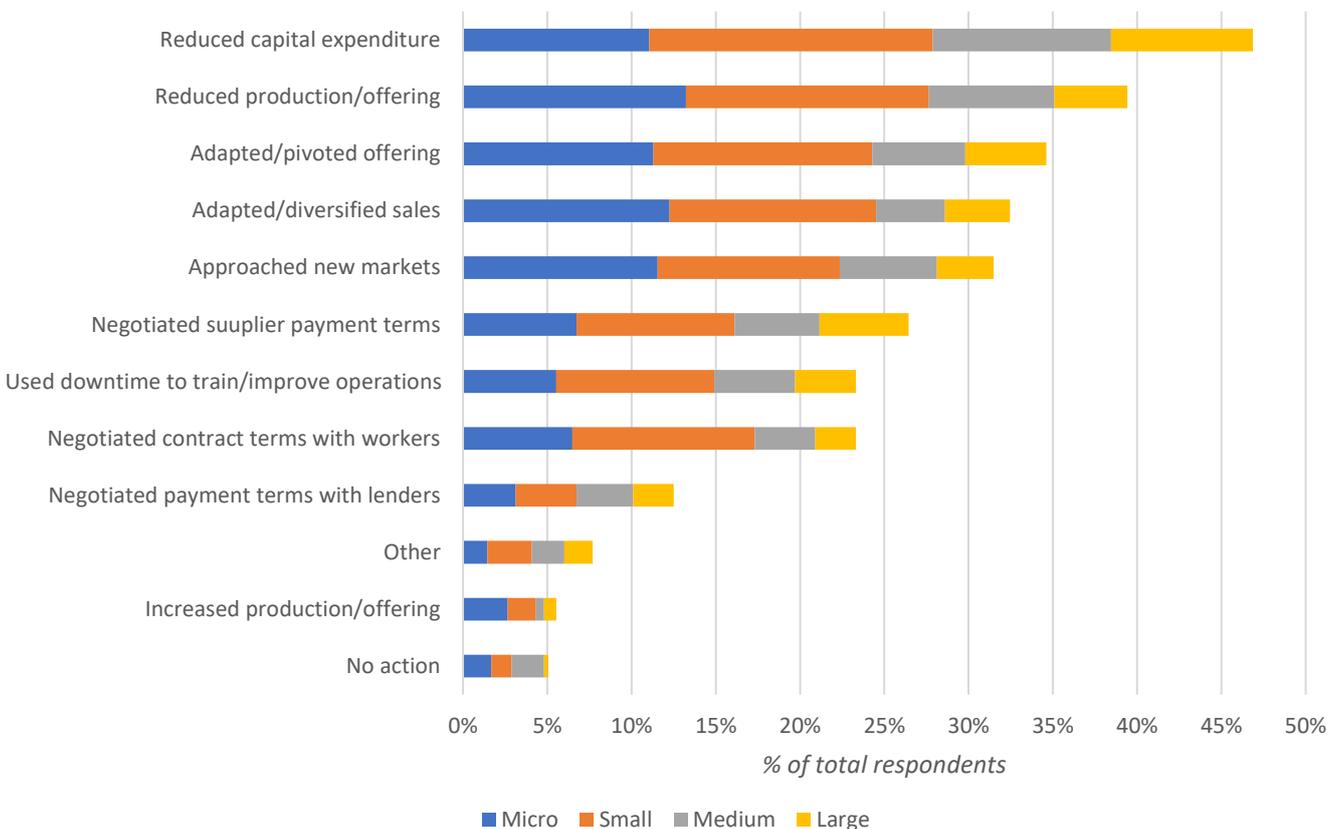
Data gathered through the survey demonstrate that Zambian management teams are taking active steps wherever possible to mitigate the effects of the economic downturn and market restrictions.

There is clear evidence that many companies have **understood the need to hold onto cash as a number one priority**: reducing capital expenditure; negotiating payment

terms with suppliers, lenders and workforce; and reducing production and offerings of goods and services.

Only 5% of businesses report that they have taken no action.

### How businesses are responding to the impact of COVID-19



## 05. Business response to COVID-19

### Remuneration and employment terms reviewed to protect liquidity

With depressed market demand for many companies and pressures on liquidity, there are impacts for workers at all levels in Zambian businesses.

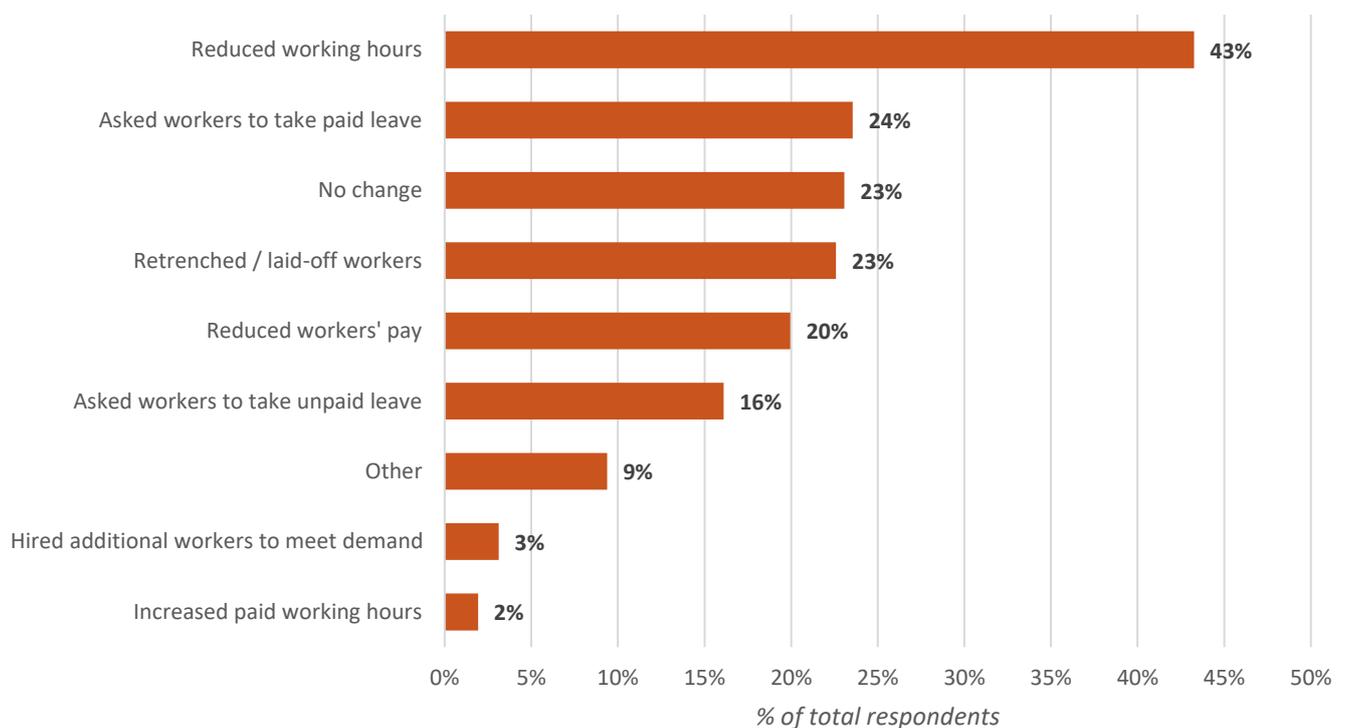
The preferred approach has been to reduce expenditure in the short-term by adapting working approaches and using means short of laying people off.

Many companies have had to take strong measures to reduce their wage bill in a bid to protect business solvency.

However, jobs have already been lost and are threatened in the future.

- ▶ The total workforce of the 416 businesses surveyed has dropped by significantly more than 2,000 since January 2020 (5.4%)
- ▶ Workers are experiencing reduced income through a mixture of interventions
  - Reduced working hours, reduced pay, taking unpaid leave
- ▶ However 3% of respondents report recruiting more staff and 2% report increasing paid working hours to meet increased demand

### Business employment responses



## 05. Business response to COVID-19

### Responses vary between sectors

Although reducing hours has been a preferred response across a large number of businesses there is some degree of variation between sectors.

Some sectors are clearly having to seriously reduce their workforce even more than others, in particular construction, tourism and transport and logistics.

In contrast, fewer respondents in sectors such as agriculture and financial services have had to take such measures although, because of the significant number of people employed in these important sectors, the number of individuals impacted is significant.

- ▶ Respondents in the construction sector have already reduced hours (67%), retrenched workers (33%) and asked workers to take leave (67%).
- ▶ In transport and logistics and tourism, it is a similar picture.

### Business employment responses – by sector

Sector	Reduced working hours	Asked workers to take paid leave	No change	Retrenched / laid-off workers	Reduced workers' pay	Asked workers to take unpaid leave	Hired additional workers to meet demand	Increased paid working hours
Agriculture	22%	14%	36%	19%	14%	13%	5%	4%
Business services & consultancy	52%	16%	24%	28%	24%	12%	2%	2%
Construction	67%	67%		33%				
Education & sport	38%	10%	29%	10%	19%	14%		
Energy	33%	33%	44%	11%				
Financial services	24%	32%	40%	8%	8%	12%		4%
Health	50%	29%	29%	21%	21%	14%		
Infrastructure	50%	13%		25%	25%	13%	25%	
Manufacturing	44%	50%	11%	33%	17%	22%	6%	6%
Media & news	38%	25%	13%	13%	25%	25%		
Mining & mining services	61%	39%	17%	11%	17%	11%	11%	
NGO	27%	9%	36%	27%	9%	9%	9%	
Other	40%	30%	30%	20%	10%		10%	10%
Real estate	33%		33%		17%	17%		
Retail & wholesale	48%	12%	24%	24%	20%	24%		
Technical / Engineering services	57%	14%	14%	21%	21%	7%		
Telecommunications	56%		33%			11%		
Tourism & hospitality	59%	38%	5%	34%	39%	33%	2%	
Transport & logistics	65%	41%	6%	47%	18%	12%		6%
Waste management & recycling	33%				33%			

## 05. Business response to COVID-19

Companies are taking positive steps to adapt and adjust to new market conditions

### COVID-19 impacts are driving innovation and change

While conditions are clearly very difficult, companies report taking positive steps to **adapt to the 'new normal'**: pivoting their business models; approaching new markets; and diversification of sales and communications channels.

Some businesses, albeit a relatively small number, are actually benefiting from the pandemic because of the nature of their businesses.

- ▶ Innovation includes:
  - Pivoting or adapting their offering in the light of new demands (35% of respondents).
  - Approaching new markets (31% of respondents).
  - Adapting and diversifying sales and communications channels (32% of respondents).
  - Using downtime to train workers and improve operations (23% of respondents).
- ▶ 5% of respondents report increased demand for products and services resulting in higher production and sales.

**'Despite Zambia ostensibly having a lower infection rate than many other countries, the survey suggests Zambia will be particularly hard hit by the pandemic, reflecting the fact that it is a relatively open economy with a small public sector that has limited capacity to stabilise the impact through fiscal levers.'**





Photo: Eric Miller

## Business and financial recovery: post-COVID-19



## 06. Business and financial recovery: post-COVID-19

Asked to name their top 3 concerns for the next 6 months, there was consensus across all sectors on the main issue

**82% of firms identify cashflow pressures to be the No. 1 short-term concern**

- ▶ **Every sector** rated cashflow as the most important concern for their businesses over the next 6 months.
  - Concerns over cashflow and working capital have dominated the responses of businesses to the COVID-19-related economic crisis.
- ▶ The next 3 most important concerns all directly relate to cashflow:
  - Market demand (53% of respondents).
  - The precarious Kwacha exchange rate (46% of respondents).
  - Access to affordable and discretionary finance and investment (36% of respondents).
- ▶ Supply chain and logistics issues are cited by nearly a third (31%) of respondents, especially with regard to cross-border shipments.
- ▶ Three in ten companies highlight issues revolving around government policy and regulatory impacts which are adding to the burden.

### Major challenges, across all sectors, in the next 6 months

Top 6 challenges	% of total respondents
Cashflow	82%
Market / demand fluctuations	53%
Unstable foreign exchange rates / devaluation of the Kwacha	46%
Access to finance	36%
Supply chain challenges	31%
Government / regulatory impacts	30%

## 06. Business and financial recovery: post-COVID-19

Firms identify access to finance and grants as well as fiscal support from government as vital for business recovery

**Supporting cashflow through access to cash and reduced costs seen as key**

- ▶ Across the board, businesses are looking for access to affordable finance
  - In the form of grants (57%), low interest loans (47%) and Kwacha-based debt instruments (25%).
- ▶ Businesses also are seeking financial help from Government
  - In the form of income tax holidays (45%), zero VAT (40%), 6-month removal of import duties (33%).
- ▶ A significant minority are also looking for technical assistance (22%) and training programmes (16%) to build resilience through improved internal business skills and knowledge.

**Top measures to mitigate COVID-19 impacts – % of respondents per sector**

Sector	Grants	Low interest loans	Income tax holiday	Zero VAT	No import duties for 6 months	Kwacha-based debt facilities	Technical assistance	Training
Agriculture	57%	55%	37%	46%	43%	20%	24%	10%
Business services & consultancy	56%	46%	56%	28%	16%	18%	30%	24%
Construction	67%	67%		33%	33%			
Education & sport	81%	38%	38%	29%	14%	19%	24%	33%
Energy	67%	44%	44%	33%	33%	11%		11%
Financial services	44%	48%	44%	16%	8%	56%	28%	12%
Health	79%	36%	29%	29%	36%	36%	36%	29%
Infrastructure	75%	38%	38%	38%	38%	13%	25%	13%
Manufacturing	50%	44%	78%	44%	56%	33%	22%	11%
Media & news	75%	50%	50%	38%		13%	13%	13%
Mining & mining services	50%	50%	50%	50%	33%	22%	11%	17%
NGO	64%	27%	27%	45%	27%	27%	36%	27%
Other	30%	30%	40%	30%	60%	10%	30%	10%
Real estate	17%	67%	83%	50%		17%		
Retail & wholesale	52%	44%	32%	48%	68%	48%	12%	12%
Technical / Engineering services	57%	36%	71%	29%	36%	29%	29%	7%
Telecommunications	56%	44%	67%	56%	56%	67%	11%	
Tourism & hospitality	66%	41%	41%	53%	23%	16%	16%	14%
Transport & logistics	47%	71%	59%	41%	53%	35%	24%	6%
Waste management & recycling	33%	100%	33%	33%	33%			

## 06. Business and financial recovery: post-COVID-19

Even with clear challenges and some facing the possibility of bankruptcy, businesses are recognising opportunities

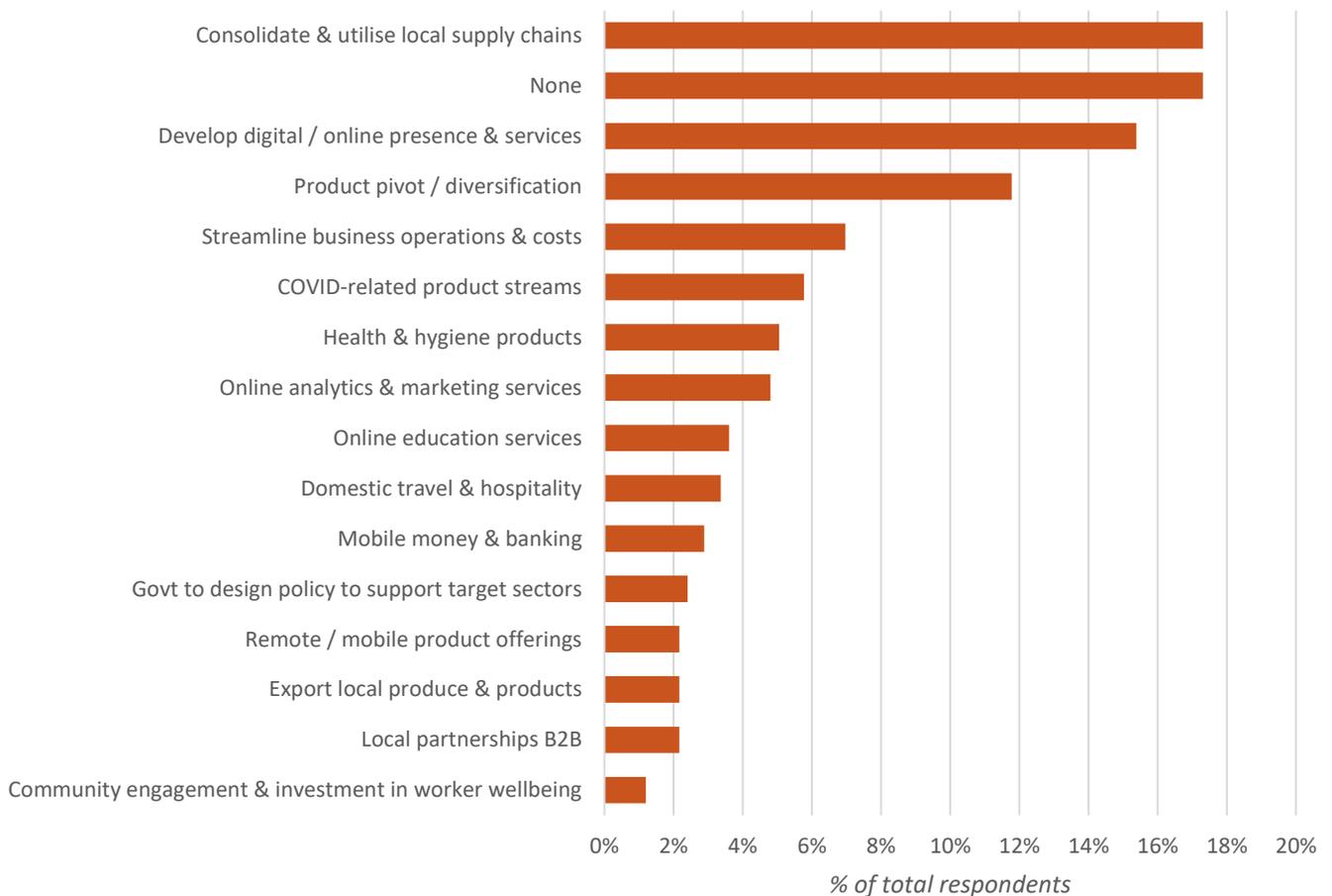
### Survey reveals clear themes of business resilience and growth potential

Some businesses are struggling to see any positives or opportunities in COVID-19.

However, after the initial shock of the COVID-19-linked economic crisis, many businesses have started to develop positive approaches in response to the 'new normal'.

When asked about opportunities arising as a result of COVID-19, several key themes became apparent.

### Key opportunities as a result of COVID-19



## 06. Business and financial recovery: post-COVID-19

Even with clear challenges and some firms facing possible bankruptcy, businesses are recognising future opportunities

- ▶ **Consolidating and strengthening local supply chains**
  - With cross-border trade difficult, as well as the poor exchange rate for the Kwacha, this is a great opportunity to increase penetration for local goods and services, displacing expensive and difficult-to-access imports.
  - When cross-border trade relaxes, an opportunity arises to build exports to bring in hard currency revenues.
  - With sufficient supporting policy, Zambia can maximise its land-linked location to become a major player in regional food systems.
- ▶ **A major incentive to develop online and digital platforms and services, including:**
  - Online and digital sales, analytics and marketing.
  - Online education services.
  - Expanded availability and use of mobile money and banking.
  - Expanded mobile money penetration to propel use of agriculture and energy products in rural Zambia.
  - Increased agricultural performance and efficiency through improved connectivity.
- ▶ **Driving leaner, more efficient and better business practices**
  - With current downtime and expected revenue downturn, some business are focusing on staff upskilling, trimming overheads, and streamlining operations.
  - Some businesses see the chance to revitalize their workforce through training, promoting best business practices, and focusing on worker wellbeing.
- ▶ **Diversification**
  - Pivoting business models, and targeting new markets for existing products and services
  - Adapting products to different market demands and opportunities.
  - COVID-19-related product supply including health and hygiene products.
- ▶ **Build domestic travel and hospitality**
  - Both for tourism and business travel: promoting domestic options and laying groundwork for when international travel reopens.
- ▶ **Community engagement and local B2B partnerships**
  - Identifying and leveraging domestic supply chain partners.
  - Engaging with local communities and B2B partners to share experiences, identify best practice, and promote community wellbeing.
- ▶ **Government policy could support target sectors**
  - VAT interventions.
  - Adaptation of employment regulations to allow businesses to better balance survival with supporting their workers.
  - Supporting domestic production and usage, and establishing policy that will promote international trade, including import/export tariffs and management of trade barriers.





## Next steps: ICA supporting recovery



## 07. Next Steps: ICA supporting recovery

ICA is developing a series of insight to support the recovery of Zambian businesses and the investment marketplace. Co-authoring with leading experts, ICA will bring:

### Sector Series

- ▶ **Digital integration and technology** *partnered with Kazang Zambia*
- ▶ **Food Systems** *partnered with Good Nature Agro*
- ▶ **Energy** *partnered with Triskel Global*
- ▶ **Tourism and Conservation**
- ▶ **E-commerce and online sales** *partnered with Best of Zambia*

### Business and Financial Recovery Series

- ▶ **Alternative debt finance in COVID-19 recovery**
- ▶ **COVID-19: An opportunity for local production**
- ▶ **Access to capital: the role of DFIs**
- ▶ **How trade can support in COVID-19 recovery**
- ▶ **Building long-term resilience in MSMEs** *partnered with Agova*

To learn more on how to access the ICA insights contact [emma@impactcapafrica.com](mailto:emma@impactcapafrica.com)



## Distribution Partners

With thanks to our distribution partners for sharing the COVID-19 Zambian business impact survey with their networks.





## Can the ICA team help you?

---

Contact us for details about  
consultancy services, partnerships  
and sponsorship opportunities

Contact [emma@impactcapafrica.com](mailto:emma@impactcapafrica.com)

---

[www.impactcapafrica.com](http://www.impactcapafrica.com)



[@impactcapafrica](https://twitter.com/impactcapafrica)





**Emma Parker**  
Director  
emma@impactcapafrica.com

**Tiffany Moore**  
Director  
tiffany@impactcapafrica.com

**Deb Worton**  
Director  
deb@impactcapafrica.com

[www.impactcapafrica.com](http://www.impactcapafrica.com)

June 2020

