



# IMPACT OF COVID-19 SURVEY ITERATION 6

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## KEY FINDINGS

The second wave of Covid-19 in the Democratic Republic of the Congo (DRC) is going to add further pressure on businesses still recovering from the initial outbreak.<sup>1</sup>

Businesses operations and revenues were feeling its impact even before the announcement of new curfew and social-distancing measures on December 15.

**65%** of firms reported that their monthly revenues had fallen compared to the same period last year, compared to 59% in November

**65%** reported experiencing delays or disruption in their supply chain, up from 60% the month before

**24%** of firms are unsure if they will be able to make their next monthly debt repayments, due in December

Firms in Kinshasa have experienced the largest adverse impact on revenues due to the relatively high number of Covid-19 cases in the city.

**93%** of businesses in the DRC's capital reported a decline in revenues, up from 62% in November

**77%** experienced delays in their supply chains in December, compared to 54% last month

**38%** reported they may struggle to make their next debt repayment, up from 16% who said the same in November

The economic shock of the second wave of the pandemic could derail an already fragile economic recovery through further job losses and reduced investment.

**1/4** Over a quarter of firms employ less people on a permanent contract than this time last year and 1 in 10 firms reduced their head-count in December

**1/3** Around one third of medium and large firms reduced capital spending compared to the same period last year

**96%** said they were still in need of support from the government to help deal with effects of the crisis, however only 2% had actually received such support

For more information on any of the trends mentioned above, please download the full data set, available [here](#).

1. Please note, data collection for the sixth iteration of the business briefing took place largely before further measures to address the second-wave of the virus in the DRC were announced on December 15. The last (sixth) business iteration took place from December 7 to 18 and 211 businesses were interviewed.

## ABOUT THE STUDY

Covid-19 has had economic impacts across the DRC. Restrictions on business operations, disruption at international borders and lower demand for key exports in the first half of 2020 have all negatively affected growth, employment and debt levels. Today, in the third quarter of the Covid-19 crisis, the situation is still evolving. Announcements of rising cases in December forced the government to impose renewed restrictions to try and curb a possible second wave of the virus. In light of these developments, this study aims to track how the pandemic is impacting companies across the country. Data and analysis—complemented by direct inputs from business leaders—provide insight into how the government and other stakeholders can best support businesses at this time.

The project is undertaken jointly by ELAN RDC and the Fédération des Entreprises du Congo (FEC). The survey programme will be run over eight months from July 2020 to February 2021 and speak to around 200 businesses on a regular basis to understand their evolving challenges and what support they require. Results from the latest iteration of the survey, completed between 7th and 18th December, are outlined [here](#). Time series data from all iterations so far is available to download [here](#).

Accompanying the publication of each round of results is a business briefing (see below) that focuses on some of the challenges companies are facing. In this iteration, the team looks at how businesses have adapted to a world with Covid-19 and how their experiences

can help others prepare for the second wave of the pandemic. Faced with the economic disruptions that the second wave of Covid-19 is likely to cause, it is clear that businesses in the DRC will be better prepared to cope than they were during the first wave in March 2020. Approximately nine-in-ten firms reported that they still had measures in place to protect their staff and clients from business disruptions. Three-quarters of those taking precautions said that they could operate at the same level or better with the aforementioned procedures in place. For more information about what companies should do to stop the spread, see advice at [STOPCOVID](#), a public information site about the symptoms of Covid-19.



## BUSINESS BRIEF – HOW BUSINESSES ARE ADAPTING TO A WORLD WITH COVID-19 IN THE DRC

There is little doubt from the data in the 6th iteration of our business survey that a second wave of the Covid-19 pandemic is likely to bring adverse economic impacts. Almost two-thirds of firms are still experiencing a fall in revenues compared to the same month last year and a quarter are struggling to make debt repayments. However, it is also clear that many businesses in the DRC will be better prepared for any new outbreak than they were in March 2020. Almost nine-in-ten businesses in the DRC reported that they already have measures in place to help protect their clients and employees. However the rate is lower for small business, where almost one-third (29%) reported not having procedures in place. For those who were taking precautions, the most cited measure was re-designing the workplace to make space for social distancing and mandating the use of face masks (see below). One-in-three larger companies also reported that they have formally asked employees not to come into work.

In the last month, what are the most significant measures that your company has had in place to adapt to the COVID-19 pandemic?

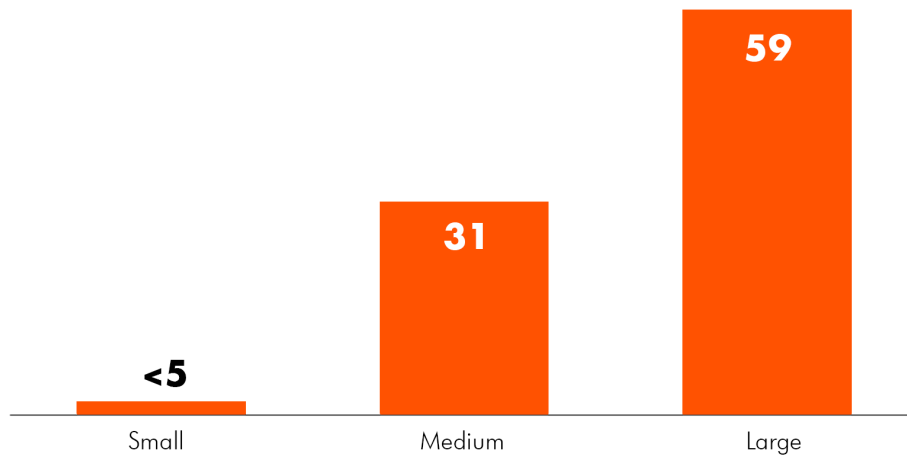
**% of firms who answered - multiple selection**



Companies in the DRC seem to be adapting well to these new measures. Two-thirds of those with precautionary procedures in place said the measures had a neutral impact on their business, and almost 10% said the impact had been positive. However, here too experiences vary based on the size of the company. Over 50% of large businesses and 25% of medium businesses reported that introducing measures to cope with the effects of Covid-19 had had a negative impact on their operations – compared to less than 5% of small businesses.

**Percentage of firms who say COVID-19 measures negatively impacted their business operations. Q: What impact have these measures had on your business?**

**% of firms who answered - single selection**



In the face of the second-wave of the virus, business leaders need to make sure that they have sufficient measures in place to keep their clients and employees safe. To delve deeper into some of these measures, in this month’s interview we speak with Jean-Louis Mbaka, the co-founder of Kinshasa Digital, a software company based in Kinshasa. His role at the company includes leading Kinshasa Digital’s Academy, which trains people to become globally competitive software engineers in DRC’s capital. In mid-December, Jean-Louis spoke to Beth Warne from the Economist Intelligence Unit about how his company has adapted to Covid-19 and what lessons he has learnt as the company prepares for the second wave of the virus.

## INTERVIEW

JEAN-LOUIS MBAKA, CO-FOUNDER OF KINSHASA DIGITAL  
INTERVIEWED BY BETH WARNE.

### **What did Kinshasa Digital do when the pandemic first hit – how did you keep your employees, clients and students safe?**

When Covid-19 first hit in Kinshasa, we had to send everyone home to work remotely. This was mid-way through teaching our first cohort of 40 students at the Academy and many of their homes didn't have reliable internet or electricity to continue activities remotely. We reached out to our partners, Orange, who provided each student with a remote 4G connection. For our staff, we went as far as giving them solar panels to help with electricity supply. We have always tried to be agile as a company and [Covid-19] provided us with an extreme test.

However, even with these measures in place, progress at the Academy did slow. Therefore, we had to be flexible – extending the timeline allocated for teaching by a month. It was also important to us to offer extra support – both on the learning side but also psychologically to staff and students to help them deal with such a challenging situation.

### **When you wanted to bring people back to the workplace, how did you keep them safe?**

One of the largest changes we made is having the students and staff back at Kinshasa Digital's office in rotation, as trying to get 40 Academy students as well as our normal staff in one space at the same time would be unsafe. Staff and students are divided into two groups that come in on alternate days. Furthermore, everyone wears masks when moving around inside and there are sanitation stations around the office.

### **Did you have to shift your business's priorities in the face of Covid-19 disruptions?**

Yes, the safety of our staff, employees and students was obviously our top concern – however, we also wanted to help the wider population where we could. Training at the Academy is project based, so we were able to get all the students and staff working on a number of initiatives with the Ministry of Health to support the [pandemic] response. Our public-facing site [STOPCOVID](#) provides people with public health information and a chat function that provides automated responses to set questions. We also provided the government with analytics on how to track mobility, hospital capacity and fake news during the crisis. We are very proud of this work and how we could help.

### **How has this disruption impacted Kinshasa Digital and the Academy overall?**

Thankfully, we have still been able to achieve our objectives for 2020 – even if it took a little longer. Every one of the 40 students has found an internship or work where they can apply their new skills, with some even joining the team at Kinshasa Digital. Now we are onboarding the second cohort of students who will start in mid-January. Although we hope the second wave may have passed by then, we are now much more prepared and ready to adapt if we have to go online again. The course will still take longer, but safety has to be our priority.

### **A lot of your Covid-19 measures relied on digitalisation, what advice do you have for other companies on how they can use technology to help adapt in the face of the second wave?**

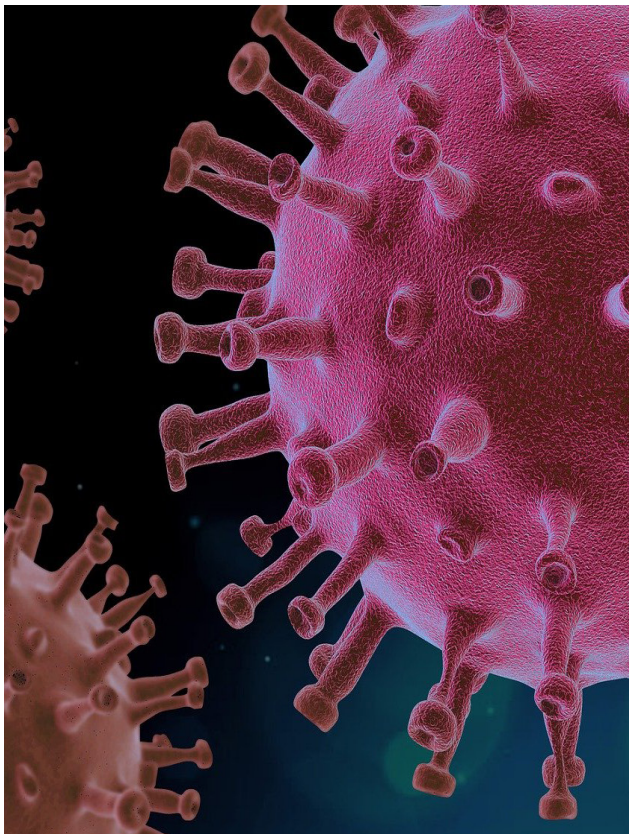
It is important not to think about digitalisation as an 'all-or-nothing process'. A business leader's first step should be to map out all their processes and identify the ones best suited to digitalisation. In this way, companies can learn from each technology upgrade and move on to more complex operations and processes when they already have some digital infrastructure and experience in place.

With online communications, e.g. video conferencing, it's important to set rules and guidelines for staff to follow – just as you would for normal meetings. This was an important lesson we learnt when we first moved online and, having established our own procedures, we now find that communication is often more efficient than when we were working in person.

Lastly, especially if companies are moving to working partly remotely, leadership needs to have strong communication – the mission of the project has to be clear. This is the only way to get teams on board. When people work remotely they need to know what they're working towards, so they have a better chance of working out what's best to do in situations where they have access to less support.

## MACRO-ECONOMIC UPDATES

The Monetary Policy Committee held its most recent meeting on Friday 6th November 2020 under the chairmanship of Mr Déogratias Mutombo Mwana Nyembo, Governor of the Banque Centrale du Congo (BCC). The minutes of the meeting reflect the BCC's most recent analysis and forecasts for the Congolese economy. In the latest statistical release from December 11th, weekly inflation was at 0.32%. Annual inflation stood at 20.5%, and is now projected at around 21.5% annualised for 2020. When last reported on in November, the fiscal deficit had risen to CDF86 billion (US\$43 million) in October, as fiscal expenditure increased from CDF520 billion (US\$265 million) in August to just over CDF600 billion (US\$304 million).



For more information on the survey methodology, or if you would like to contribute to this study, please contact Mr. Bertin Muderhwa:

E-mail : [b.muderhwa@fec-rdc.com](mailto:b.muderhwa@fec-rdc.com)

Phone : +243823678354

This research programme is supported by UKAID through the Elan RDC private sector development programme.