PRESS RELEASE


19th May 2020

KAMPALA, UGANDA – Private Sector Foundation Uganda (PSFU) consulted its membership to analyse the impact of COVID-19 on their enterprises through a survey dubbed PSFU Business Barometer. The business barometer looked at the overall business performance including operations, and employment status. The feedback from the analysis formed the proposed interventions to Government to resuscitate the economy. The recommendations on what businesses should be thinking about now and, in the coming months as the country looks to reopen business operations.

The objectives for this survey include;

1. Establishing the actual impact of COVID-19 on the members business operations
2. Provide feedback for the development of policy recommendations and a business relief and recovery proposals to Government to alleviate the negative impact of COVID-19 on the private sector and accelerate economic recovery.

Details of the report are highlighted below;

The respondents were targeted PSFU members, and the responses where companies of all sizes in the Private Sector as shown in the figure 1 below. 74% of the respondents represented MSMEs and the large companies contributed to 26% of total number of respondents.

Fig. 1 Size of Company

Source: Field Data

Contact Information: Kathryn Lindoha-Musoke: klmusoke@psfuganda.org.ug 0785-464-282
www.psfuganda.org Twitter: @PSF_UG
Overall Perception of Business Performance
From the perception survey results, 31% of the members mentioned that the business situation for the Period Mar-Apr 2020 was good to operate in than before while 69% mentioned that the business situation was worse than before.

However, when asked to predict the business performance for the next 6 months, 50% of the respondents mentioned that the business situation for the next 6 months will be better, while another 50% expected the business situation to worsen in the next 6 months if the situation remains the same. This will not look good for the operating businesses in the economy.

Fig. 2 Overall Business Performance Evaluation

![Graph showing overall business performance evaluation](image)

Source: Field Data

Employment Evaluation
The results from figure 3 below show that 90%, of the companies stated that they were un-certain about employment if the current situation will not improve in the next 6 (six) months while 10% of the companies where really certain about the employment in the next 6 (six) months.
Fig. 3 Overall Evaluation of Employment

Source: Field Data

Employment Evaluation by Company Size

From the graph below (figure 4), it shows that 42% of small companies will decrease their employment, 67% of the medium companies will also decrease, from the large category, 57% of them will decrease their employment and finally form the African Giants, 55% by in the employments considering all risks remain the same for the next 6 months.

This means that if all the conditions remain the same as the current, 42% of small sized companies, 67% of Medium sized companies, 57% from the Large size and 55% from the African Giants will be reducing their staffing manpower in the next 6 (six) months beginning in May 2020.

Fig. 4 Employment evaluation by company size

Source: Field Data
Overall Challenges

The Covid 19 Pandemic was highlighted as the top key challenge that has affected all the sectors and sizes of the companies with 80% of the indicating it as the biggest that has affected business performance.

The other 7 challenges following the Covid 19 Pandemic are; 1) Delayed payments, 2) Low local purchasing power, 3) Cost of credit, 4) Delays in policy implementations, 5) Current Tax regime, 6) Shilling depreciation and finally 7) Poor Skills of labour productivity.

Fig. 5 Overall Challenges to the Businesses

<table>
<thead>
<tr>
<th>Sectors</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Agribusiness</td>
<td>Covid 19 Pandemic</td>
<td>Cost of Credit</td>
<td>High Cost of Utility</td>
</tr>
<tr>
<td>Construction and Real Estate</td>
<td>Covid 19 Pandemic</td>
<td>Delayed Payments</td>
<td>Corruption</td>
</tr>
<tr>
<td>Education</td>
<td>Poor skills for labour</td>
<td>Covid 19 Pandemic</td>
<td>Cost of Credit</td>
</tr>
<tr>
<td>Energy, Mining, Petroleum, Oil and Gas</td>
<td>Covid 19 Pandemic</td>
<td>Cost of Credit</td>
<td>Delays in policy implementation</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Shilling depreciation</td>
<td>Current Tax Regime</td>
<td>Covid 19 Pandemic</td>
</tr>
</tbody>
</table>

Source: Field Data

Challenges by Sector

Table. 1 Challenges by Sector
Challenges by Company Size

Looking at the challenges by size of the company, it can be agreed that Covid 19 Pandemic has affected all company sizes.

The African Giants, delays in policy implementation, followed by high cost of utility (electricity) and finally Current Tax regime have been mentioned as their key business challenges.

The large companies mentioned delayed payments, low local purchasing power and shilling depreciation/exchange rate volatility as key challenges to the already covid 19 Pandemic. For the medium companies, they mentioned cost of credit, poor skills for labour productivity and low local purchasing power.

Finally, the small companies, mentioned delayed payments, low local purchasing power and the cost of credit.

These are the top 4 key challenges that have affected each company size during this last Period.

Table 2: Challenges by Sector

<table>
<thead>
<tr>
<th>Company Sizes</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Giants (More than 500)</td>
<td>The Current Covid 19 Pandemic</td>
<td>Delays in policy implementation</td>
<td>High cost of utility (electricity)</td>
<td>Current tax regime</td>
</tr>
<tr>
<td>Large (from 101 to 500)</td>
<td>The Current Covid 19 Pandemic</td>
<td>Delayed payments</td>
<td>Low local purchasing power</td>
<td>Shilling depreciation/</td>
</tr>
</tbody>
</table>
Impact of the Covid 19 Pandemic

On the impact of the Covid 19 virus has had on the business operations, figure 4 below shows that 94% of the respondents mentioned that it has had a negative impact, 3% mentioned it had had and positive impact while 3% were not sure.

Fig. 6 Impact of the Covid 19 Pandemic

Covid 19 Impact by Company Size

Looking at Figure 7 below it shows that all the sizes right form the Small to African Giant have been hit negatively hard by the impact of the Covid 19 in this business period. 96% of the Small companies indicated they had a negative impact, 87% from the Medium companies, 93% from the large companies and 91% of the African Giants all indicated that they had been hit negatively by the Covid 19 Pandemic.

However, some companies from the Small, Medium and African Giants with percentages of 2%, 7% and 9% respectively indicated they got a positive impact during this period.

Fig. 7 Impact by company size
Notes to the Editor

The Business Barometer is a PSFU tool to capture the current perception of business climate in Uganda. This allows appreciating the current and short-term forecast of the business operating ecosystem. That is aimed at providing and update to the Private Sector, Government and other stakeholders. This is based on the Private Sectors’ current economic conditions, perceptions and expectations of business performance in the next short term period.

Source: Field Data