



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

Inclusive and Sustainable Industrial Development Working Paper Series  
WP 12 | 2020

# POLICY RESPONSE TO COVID-19 - SUPPORTING AFRICAN INDUSTRY THROUGH THE PANDEMIC

*BASED ON A SURVEY AMONG POLICYMAKERS IN AFRICA*

DEPARTMENT OF POLICY, RESEARCH AND STATISTICS

WORKING PAPER 12/2020

"

Rqrlk { "t gur qpug"vq "EQXIF/3; "/"Uwr r qt vpi "Chkcp  
kpf wut { "yj tqwi j "yj g'r cpf go ke0

"

Dcugf "qp"c"uwtxg { "co qpi "r,qrlk { o cngtu"kp "Chkcp"

Frank Hartwich  
UNIDO

Anders Isaksson  
UNIDO



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna, 2020

## **Acknowledgement**

The authors would like to thank Niki Rodousakis for reviewing and editing this paper. We would also like to thank our colleagues in the Africa Bureau and in the various UNIDO Field Offices in Africa, who assisted us by contacting focal points in ministries and by providing support with the interviews and data entry.

The designations employed, descriptions and classifications of countries, and the presentation of the material in this report do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. The views expressed in this paper do not necessarily reflect the views of the Secretariat of the UNIDO. The responsibility for opinions expressed rests solely with the authors, and publication does not constitute an endorsement by UNIDO. Although great care has been taken to maintain the accuracy of information herein, neither UNIDO nor its member States assume any responsibility for consequences which may arise from the use of the material. Terms such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment. Any indication of, or reference to, a country, institution or other legal entity does not constitute an endorsement. Information contained herein may be freely quoted or reprinted but acknowledgement is requested. This report has been produced without formal United Nations editing.

## **Abstract**

This paper provides empirical evidence on the views of government officials in ministries of industry in Africa about the impact of the COVID-19 pandemic on firms in the industrial sector and their responses to the impact. The pandemic, which reached the African continent relatively late, and its demographics—a predominance of a rather young population—as well as the structure of its economies and the degree of informality in business suggest that the impact of COVID-19 on African manufacturing may be less severe than in the rest of the world. However, indirect impacts such as dropping out of global value chains (GVCs) must also be considered, and their effects could be rather significant. It is therefore not surprising that the surveyed policymakers describe the pandemic's impact on African industry as being severe.

The paper contrasts the chosen policy responses in African countries with those implemented in other parts of the world. The results indicate that African countries have in some cases copied policy measures introduced by peers in more developed countries, without considering the attendant substantial fiscal burden. Meanwhile, state budgets have had to be used for more pressing needs such as direct cash transfers to vulnerable groups and the poor, leaving less scope for the implementation of industry saving measures. The dominance of the informal sector in many parts of the industrial sector has made it even more difficult to channel business support to firms that are not registered. Furthermore, policies that support industrial businesses to move beyond the cashflow crunch and put their business back on solid feet in the new COVID-19 and post-COVID environment are even less prominent, if not to say absent, not only because of tight state budgets, but also because of limited capacities among agencies providing business development services (BDS) to help implement such policies.

Additionally, we explore whether African countries have responded adequately to the pandemic. The survey results reveal that from the governments' perspective, companies could have done more in addition to the policy support provided to them. Firms could have set up a learning mechanism amongst themselves, for example. Furthermore, firms could have modified their product mix in response to the pandemic. As the survey was directed at government representatives, we do not have any insights into the perception of industry as to whether the policy response has been adequate. A UNIDO companion survey directed at industry is currently being rolled out and will provide further information about this particular aspect.

Finally, the survey results suggest that there is scope for additional technical assistance from the international community. Examples given by respondents include capacity development of ministry staff, substantially improving industrial statistics in terms of availability, collection and quality of data, as well as support for general industrial policy and analytical work.

**Keywords:** Industrial policy, policy mix, survey, COVID-19, Africa, GVCs

## Table of Contents

Introduction .....	1
1 Common policy practices around the world to save industry.....	6
2 Methodology.....	12
3 Impact on government activities.....	13
4 Government policy response .....	16
5 Government perception of industry response and the international community .....	24
6 Discussion and concluding remarks .....	26
References .....	30
Annex: questionnaire.....	33

## List of Figures

Figure 1: Trends in monthly records of the Index of Industrial Production.....	2
Figure 2: Relative decline in industrialization in MVA/GDP (in current USD) .....	4
Figure 3: Impact of the pandemic on ministry activities .....	13
Figure 4: Impact of the pandemic on the policymaking process .....	14
Figure 5: Critical issues ministry of industry face .....	15
Figure 6: Expected development of industry revenue in 2020.....	16
Figure 7: Expected recovery period .....	17
Figure 8: Main challenges industry face according to ministries of industry .....	18
Figure 9: Duration of the crisis .....	19
Figure 10: Type of policy measure used to support industry .....	20
Figure 11: Policies designed by ministries of industry .....	22
Figure 12: Expected duration of policies .....	23
Figure 13: Industry actions to mitigate the impact of COVID-19.....	24
Figure 14: Support from the international community.....	25

## Introduction

As the COVID-19 pandemic's epicentre shifted, first from China to Europe, to the Americas and back to Europe, and global economic prospects deteriorated, governments across the world put in place stringent containment measures. The economic downturn triggered by these restrictions hit both the demand and supply side of production around the world and is likely to exacerbate any pre-existing weaknesses in countries' economic structure, unless adequate measures are put in place effectively. Therefore, in recent months, governments have increasingly complemented COVID-19 containment measures with economic policy measures.

Africa's first COVID-19 case was recorded in Egypt on 14 February and with a time lag, hit the rest of Africa. Data from Johns Hopkins University suggest that infection rates are concentrated in six of Africa's 54 countries, and are very low in comparison to the surges in Europe, Asia and the Americas. However, questions have been raised about the reporting systems and testing capacities in most African countries, and it is hitherto not entirely clear how widespread the virus might be on the African continent.

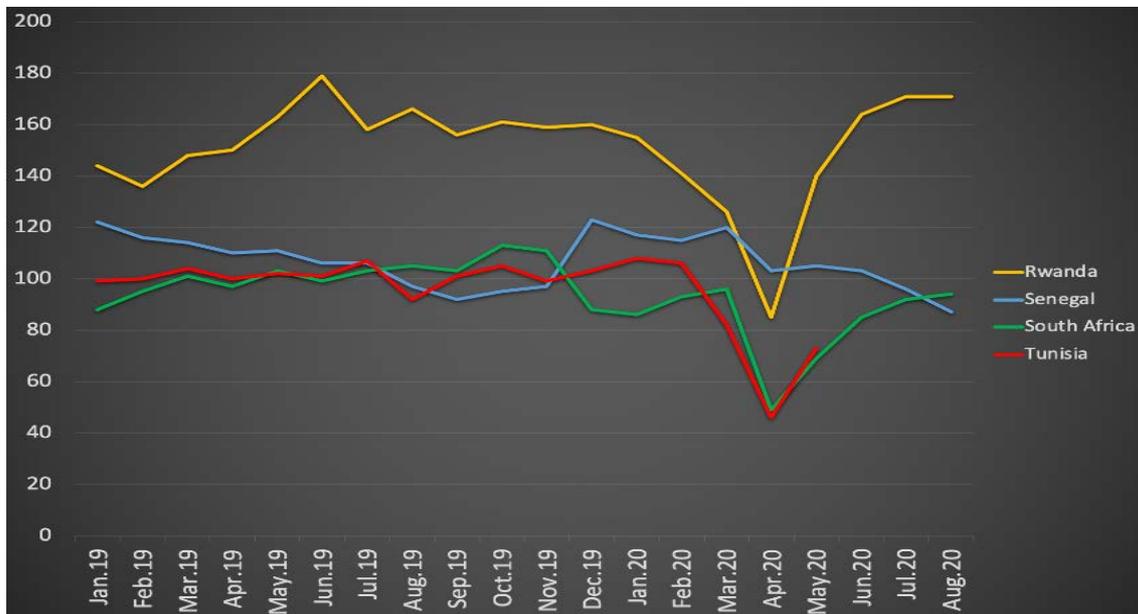
In any case, a low impact of COVID-19 in terms of case numbers and deaths does not necessarily translate into a low **economic impact**, because other effects come into play. Indeed, many countries are experiencing some sort of economic downturn, even though COVID-19 has not yet had a serious effect on their health systems (Noy, 2020). Meanwhile other countries have already embarked on the road of recovery. According to data on the Index of Industrial Production<sup>1</sup> that UNIDO publishes monthly, two out of the four African countries covered by the Index seem to have recovered from the shock of the COVID-19-related restrictions and other supply and demand effects that affected their industries. By July, the economies of Rwanda and South Africa, at least, had returned to pre-COVID levels while some recovery was apparent for Tunisia in June, though data for subsequent months are still missing. Only Senegal seems to have not been able to recover from the shock at all.

---

<sup>1</sup> The index of industrial production (IIP) measures the growth of the volume of industrial production in real terms, free from price fluctuations. The base year is 2015 for which the actual industrial production of every country was set at 100. The current value of the index, therefore, shows how industrial volume has evolved since 2015. While annual industrial growth rates generally refer to changes in manufacturing value added (MVA), i.e. output net of intermediate consumption, the monthly or quarterly indices reflect the growth of gross output. Given the temporal nature of estimates, output growth provides the best approximation of value added growth, assuming that the input-output relationship is relatively stable during the observation period. As of beginning of November 2020, recent (i.e. May to October 2020) IIP data was only available for four African countries.

In this context of uncertainty with regard to the time required for and the scope of recovery from COVID-19 containment measures, it is important to understand the nature of the effects the pandemic may have on the manufacturing sector.

**Figure 1: Trends in monthly records of the Index of Industrial Production**



Source: UNIDO, [Monthly IIP database](#)

The **impact on economies around the world** range from domestic supply constraints—such as labour shortages and consequential decreases in demand, as well as insufficient supply of raw materials—to drastic reductions in demand and indirect effects, such as suppliers dropping out of global value chains (GVCs)<sup>2</sup>. The latter may, at times, lead to a decrease in exports of both final goods and intermediaries, as well as of raw materials. Production may also be constrained by supply shortages from other countries or by consignments being stuck at ports and at customs clearance offices due to staff shortages as a result of containment measures. Furthermore, the economic consequences of companies collapsing under the weight of dwindling revenues have implied a loss of jobs and more generally, a step backwards from years of economic progress and reduced poverty, not to mention the direct health effects. Interestingly, the latter has been mitigated by a favourable demographic picture, with populations dominated by relatively young cohorts.

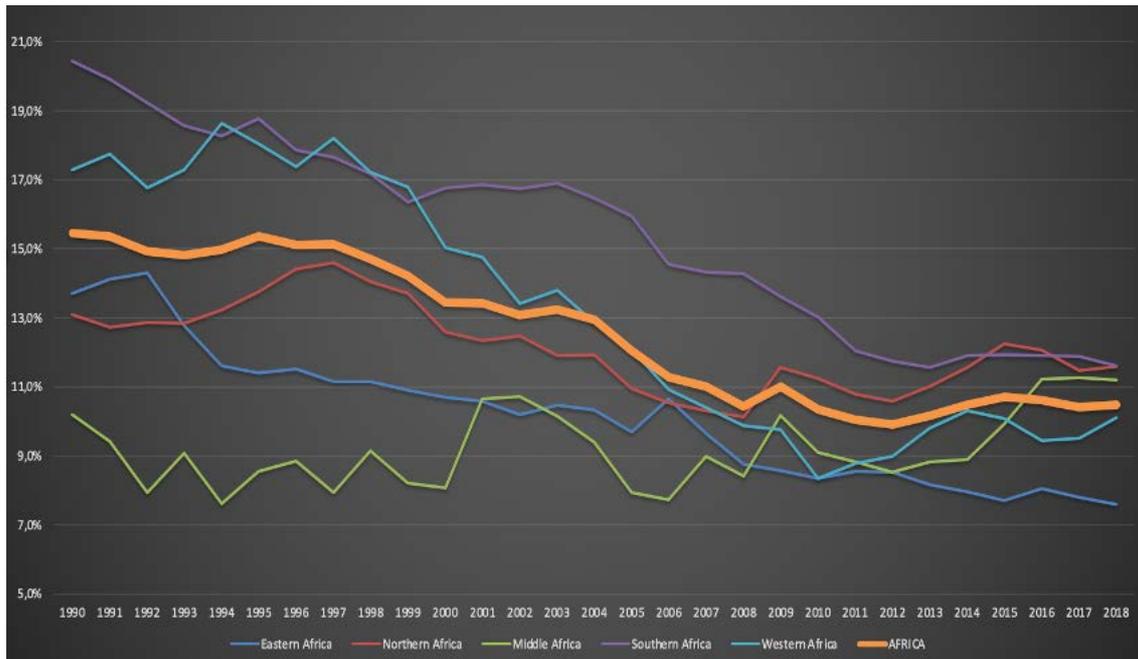
<sup>2</sup> Hartwich and Isaksson (2020) discuss this specific effect of COVID-19 and its possible link to the phenomenon and risk of pre-mature deindustrialization.

While **African economies** did not per se intensify the stay-at-home policies and lockdown protocols, they were still hit with a double whammy effect that has played out both on the supply and demand side for manufacturing goods (Hartwich and Hedeshi, 2020). An African Union report (AU, 2020, p. 5) states that “Africa, because of its openness to international trade and migration, is not immune to the harmful effects of COVID-19, which are of two kinds: endogenous and exogenous”. UNECA (2020) expects that losses related to the fall of the global oil price as a consequence of the pandemic are in the order of USD 65 billion. Losses amounting to USD 19 billion are expected in Nigeria alone. The crisis will also affect manufacturing firms, according to the UNECA report; the automotive industry (-44 per cent), airlines (-42 per cent) and energy and basic materials industries (-13 per cent) face heavy losses in the short term.

UNCTAD (2020) in their effort to model the economic effect in the medium to long run find that mainly commodity exporters are affected, especially those engaged in key GVCs such as fuel and horticulture exporters. In a conservative scenario, UNCTAD predicts a decline of -1.4 per cent in Africa’s income, with the most severe slump expected in smaller Least Developed Countries (LDCs) and Small Island Developing States (SIDS) economies. Under the extreme scenario of a severe global recession, the paper projects a significant decline in total exports (-16.7 per cent), on average. The losses are not equally distributed; more serious losses are expected, for example, in Nigeria (-11.4 per cent), Egypt (-10.6 per cent), Malawi (-10.2 per cent), Eswatini (-9.3 per cent) and Ethiopia (-8.5 per cent).

The negative effects on industry come on top of a **general trend** that has not favoured industrialization in Africa. According to UNIDO, the share of Africa’s manufacturing value added (MVA) in world MVA is but 1.6 per cent, and there are indications of deindustrialization in most countries in the region, particularly LDCs (UNIDO, 2020). Figure 1 illustrates that the share of manufacturing in overall gross domestic product (GDP) has been continuously declining in most African regions, with some signs of consolidation in recent years. The coronavirus is unlikely to reverse this trend.

**Figure 2: Relative decline in industrialization in MVA/GDP (in current USD)**



Source: UNIDO, INDSTAT 2 2020, ISIC Revision 3

**Policy responses** by governments around the world to the pandemic have been swift and strong. Public expenditure on industries has surged to keep companies afloat and unemployment at bay, but the type of support firms are receiving varies across countries, with tax deferrals being the most widespread measure (Bulman and Koirala, 2020), while cuts in utility costs, deferment of loan obligations, concessional financing for firms that do not lay off workers and other types of financial assistance are also common. Meanwhile, while the pandemic lingers on and many countries are facing a possible 2<sup>nd</sup> lockdown, conditionality (e.g. orientation towards sustainability) and sector- and industry-specific policies have become more prominent.

But what has the **policy response in Africa** been? Have African governments followed suit and emulated policies and actions introduced in Europe and elsewhere? Or have they developed their own policy responses and policy mixes, possibly more suitable to their stage of economic development and environment? To find out, UNIDO designed a policy survey that was rolled out across the African continent targeting policymakers in ministries of industry. This policymaker survey complements the organization's longstanding industrial policy packages, allowing governments to pursue industrial development goals while simultaneously crafting ad hoc policy measures to mitigate the COVID-19 impacts on their industries.

The remainder of the report is organized as follows: Section 1 explores policy responses and policy mixes around the globe, which will subsequently be contrasted with those introduced in African countries. Section 2 briefly describes the methodology. In Section 3, we examine how the pandemic has impacted the policy work of ministries of industry in different countries. Section 4 reviews the measures African governments have introduced to mitigate the impact of the pandemic on Africa's manufacturing sector. How governments perceive the industrial sector's response to the COVID-19 situation is presented in Section 5. The report is rounded off with a discussion on how international organizations such as UNIDO can better assist African countries through these difficult times, while Section 7 concludes the report with a lengthy policy discussion.

## 1 Common policy practices around the world to save industry

Recent trends in industrial growth (UNIDO, 2020b) indicate that businesses may not be able to weather the economic downturn effects of the COVID-19 pandemic on their own, suggesting that **policy actions are necessary** to mitigate the crisis' impacts. As the COVID-19 pandemic spreads across the world, hitting industry particularly hard, many governments are compelled to take action by designing support packages and mitigation strategies or by implementing “life-saving” industrial policies. Many governments took immediate action, other governments reacted with a considerable time lag, while yet others seemed to adopt a “laissez faire” approach.

A **wide array of policies** has been adopted to support industry, including exchange rate adjustments and balance of payments measures, monetary policies as well as fiscal measures. Solutions at the microeconomic “firm” level have also come into the picture as the scale of the current supply shock— a general forced shutdown of economic activity— is unprecedented, and adequate policy responses may in part lie outside the traditional mix of interventions. In some cases, it has gone so far that supply chain shocks and other economic dislocations precipitated by the COVID-19 pandemic have pushed ostensibly market-oriented countries to consider dirigiste policies that would have seemed inconceivable prior to the pandemic.

The majority of policy responses are **cross-sectoral** and aim to help all existing businesses, regardless of the sector they are engaged in. Measures such as debt referral and additional credit improve the manufacturing sector's situation as much as any other sector. However, uncertainty remains as to sectors' capacity to absorb aid and use it to their best advantage. ILO (2020), for example, discusses the likely impact of macroeconomic policies on industries, noting that it will depend on whether and how SMEs in supply chains will be able to access financial assistance.

Furthermore, **sector- and industry-specific policies** have become more prominent recently, because not all firms in all sectors are affected by COVID-19 the same way. Differences have been observed across countries, industries and firm size; the policy responses implemented by governments to support firms in their recovery efforts should be tailored to account for these differences. A UNIDO (2020c) survey among manufacturing sector firms in selected Asian countries reveals that larger manufacturing firms seem to be the primary beneficiaries of government support.

Most policy analyses in the current literature on economic responses to the COVID-19 pandemic differentiate between **short-term targets and medium- to long-term goals**. In the former case, the objectives are to address the immediate health situation, to protect income-generating opportunities and to safeguard the operation of critical supply chains, i.e. essential goods and

health supplies. In the latter cases, interventions to cushion the economic fallout seek to restore supply chains, recover demand and incentivize productive investment. Based on the criteria “time horizon” and “degree to which change in business is propagated”, the policy measures most commonly adopted around the world can be grouped into four categories:

- 1. Measures to keep businesses afloat during the COVID-19 containment efforts.** Such measures have included the introduction of actions to ensure liquidity for businesses to tackle immediate cashflow challenges and to support business continuity. This might include subsidizing publicly provided inputs, temporary debt relief and compensation through special credit lines and guarantees, deferral of financial obligations and, where possible, revisiting the conditions for firms to file for bankruptcy. Partial closures to accommodate fluctuations in demand may also be an option. Governments can defer the payment of taxes, duties and other government fees.
- 2. Measures to maintain employment during the COVID-19 containment efforts:** These measures have been aimed at supporting job retention. For instance, public health care systems have covered the wages of workers and employees who have to quarantine. Furthermore, temporary regulations have been introduced to prevent large-scale layoffs and alternative work arrangements, including short-term leave, telecommuting and cost sharing through partial salary adjustments.
- 3. Measures to adapt businesses during the COVID-19 containment efforts:** Efforts to incentivize firms to shift to other means of doing business have been undertaken, for example, by improving their web presence, advertising via social media, enhancing customer service functions via phone and online, and engaging in e-commerce. Policies have supported companies in the provision of higher workplace safety standards and better protection for workers. Moreover, governments have supported the private sector by increasing the procurement capacity of the health care system, its service delivery and its ability to conduct research. To this end, funds have been established that provide grants and loans to businesses that produce the goods and services necessary to curb COVID-19 and to support the development of COVID-19-related (virtual) industrial clusters.
- 4. Measures to reorient businesses after COVID-19 containment efforts:** Governments have also implemented measures that prepare businesses for the new post-COVID-19 economic conditions and realities. Industrial development may follow a path of increased risk aversion to protect the foundations of domestic industries and be inclined to promote the production of essential goods (including food products, health care products,

telecommunications technology and inputs for local manufacturing). Medium-term policies have included promotion of initiatives to secure the supply of such products in view of possible disruptions in global value chains. Firms will need to invest in new business processes and in technological innovation. Governments can support these efforts by monitoring market conditions and developing indicators, allowing firms to quickly identify emerging market needs and changes in consumer behaviour. Governments could also provide public funding schemes to facilitate investment in internalizing production and establishing new supplier networks.

Policy measures can further be categorized according to the policy area they relate to, such as macroeconomic conditions, trade, employment, procurement and industry. Some examples of policy measures in these policy areas are subsumed in Table 1.

**Table 1: Policies and measures to support firms in response to COVID-19**

Policy area	Focus /policy goal	Examples of concrete policy measures
Macro-economic policy (incl. business environment)	Keeping businesses afloat in response to COVID-19 containment measures	<ul style="list-style-type: none"> <li>• Debt payment delay and extended credit lines / guarantees</li> <li>• Easing regulations that govern companies</li> <li>• Tax deregulation and deferral of government fees and payment of services</li> </ul>
	Preparing businesses for the post-COVID era	<ul style="list-style-type: none"> <li>• Subsidies to businesses</li> <li>• Firm support to improve access to credit schemes</li> </ul>
Trade policy	Promoting exports and imports of crucial supplies	<ul style="list-style-type: none"> <li>• Giving preference to specific imports and exports at ports during lockdown</li> <li>• Adjusting tariffary and non-tariffary import regulations to ensure critical supplies</li> <li>• Easing export control measures (e.g. at ports) so local products can compete better in global markets</li> </ul>
	Limiting the import of products that compete with local industry	<ul style="list-style-type: none"> <li>• Promoting exports by supporting new product and market development</li> <li>• Promoting exports by building quality compliance capacities</li> </ul>
Employment policy	Maintaining employment during and after the COVID-19 containment measures	<ul style="list-style-type: none"> <li>• Subsidies to retain workers</li> <li>• Legislation to retain jobs in firms in general</li> <li>• Legislation to retain jobs in critical sectors and industries</li> </ul>

Policy area	Focus /policy goal	Examples of concrete policy measures
Public procurement policy	Boosting domestic demand	<ul style="list-style-type: none"> <li>Expanding government procurement</li> <li>Expanding public works</li> </ul>
	Mobilizing industry to produce critical supplies	<ul style="list-style-type: none"> <li>Subsidizing firms' manufacturing repurposing towards critical supplies (masks, ventilators, food, etc.)</li> <li>Direct government involvement in the production and distribution of critical supplies</li> <li>Financial incentives to engage in COVID-relevant products and equipment</li> </ul>
Industrial development policy	Saving industry and specific industrial sub-sectors (short term)	<ul style="list-style-type: none"> <li>Financial and fiscal support (loans, guarantees, subsidies, insurance, tax breaks, etc.)</li> <li>Guidance for business resumption, including workers' health and safety</li> <li>Support to identify future markets and sale channels</li> </ul>
	Supporting business resumption (short to medium term)	<ul style="list-style-type: none"> <li>Support for investments in innovation and local production</li> <li>Supporting firms in reorganizing their supply chains / change</li> </ul>
	Adapting industrial businesses during containment (short to medium term)	<ul style="list-style-type: none"> <li>Supporting firms in exploring and accessing new domestic and international markets</li> <li>Supporting firms in developing new products / product mixes</li> </ul>
	Reorienting industrial businesses for the post-COVID era	<ul style="list-style-type: none"> <li>Supporting firms in developing new business models</li> <li>Supporting firms in developing new and different skills</li> <li>Supporting firms in attracting investments</li> <li>R&amp;D or innovation subsidies/grants</li> </ul>

Source: The authors

Another way of looking at the economic responses to the COVID-19 containment measures is according to their degree of “**conditionality**”. The pandemic has prompted many governments to explore the option of making businesses more conducive to sustainable growth and other social goals. Richer countries are already supporting efforts to restructure and reorient businesses towards such goals. Such policy measures are increasingly taking the spotlight as short-term measures begin to dwindle due to budgetary constraints or because traditional business models have started losing their viability. McKinsey (2020) calls for a “great reset” to “make big moves fast”, i.e. for businesses to quickly redeploy talent, launch new business models, enhance

productivity, develop new products and shift their operations. However, in Africa, fewer signs are evident for such conditionality; rather, COVID-19-induced policies lean towards measures that will keep businesses afloat and maintain employment.

Governments that make business support conditional on specific requirements want to ensure that firms are **restructuring in the right direction**. For example, according to the EU Recovery Plan for Europe, the EU Recovery and Resilience Facility, together with the Just Transition Mechanism, will focus on investments that are in line with green and digital transitions. The IMF (2020) is calling on countries to implement green recovery plans when elaborating the necessary structural reforms for further macroeconomic development. Individual countries are following a similar path: the Republic of Korea, Germany and the United States, for example, are promoting the greening of the construction sector (IISD, 2020).

New Zealand's recharged **industrial strategy in response to COVID-19**, for example, aims to 'reset' international education and the tourism industry, to strengthen the resilience of the energy, transport and logistics industries, and to move away from volume to value in the construction, advanced manufacturing and agro-industries while strengthening digitalization in all industries. Others are using state funds allocated for COVID-19 recovery to build more resilient healthcare systems (WHO, 2020) or to reduce their dependence on imports of essential goods. All these policies indicate that policies to mitigate COVID-19 impacts are becoming more conditional, and might eventually lead to a healthier, more resilient and productive economy (Mazzucato and Andreoni, 2020).

One indication that the **post-crisis situation will differ** from the pre-crisis one are the results of a survey conducted by KPMG (2020) in the early days of the pandemic involving 1,300 CEOs of large companies worldwide, and a follow up of 315 CEOs during summer 2020 by KPMG, which identify three key developments: first, the increased incidence of remote working will widen the geographic search for workers; second, talent risk is now the biggest threat to the growth of businesses; and third, digital transformation is gaining speed. We mention these developments because they represent potential policy areas for African governments as well, areas in which they could support industry.

The OECD (2020), based on an SME survey in OECD countries, concludes that in addition to short-term policy measures such as tax deferrals, debt payment, loan guarantees and direct lending, governments are **increasingly adopting structural policies** to help firms identify new markets and new sales channels to effectively continue their operations under the prevailing restrictions. These policies aim to reinforce the structural resilience of industrial firms and foster their growth.

In conclusion, as economies gradually resume manufacturing activities after economic lockdowns have been lifted but are likely to be imposed again, it could be argued that the policy mix to adequately respond to the COVID-19 crisis has to reach **beyond traditional means** for economic recovery. For example, policies could include measures that bolster supply and demand for industrial products, including support for the development of new business models in specific sub-sectors, the upgrading of technologies, innovation, the exploration of new sources for inputs and the identification of new markets for products.

In this context, the question arises whether the actual measures to save industry could be transformed into **long-lasting policy measures** and whether they could pave the way towards more structural reforms. To future-proof industry, governments may need to promote initiatives that ensure that production stands on more solid ground in case of supply chain disruptions. The mix of policy support has to be a new one, and must creatively make use of very different types of measures for the specific country context. This may include reorientation towards sourcing from less distant suppliers and emphasizing domestic supply chain development as well as local content management. A large part of the support industrial firms need to reorient their business and reshape their business models can come in the form of knowledge and technology exchange, but must be matched by credit schemes and investment promotion.

How much of this weight can African countries lift on their own? In the light of the uneven government capacities and capabilities to respond to the COVID-19 crisis, calls for the **international community to coordinate efforts** and provide effective support measures, especially for LDC, have increased. For example, the UN has called for solidarity and widespread cooperation as a means to building more equitable, inclusive and resilient societies that are better prepared to tackle pandemics, climate change and other challenges. Given that such coordinated efforts have yet to materialize, businesses and governments in both developed and developing countries have been leading initiatives to mobilize productive and technological capacities; policies need to continue to accompany such measures.

## **2 Methodology**

The survey was short and contained 16 questions. It was deliberately kept short to ensure maximum response rates from focal points in ministries of industry, a group of stakeholders that is usually too busy to answer lengthy questionnaires. The questions ranged from how the government's policymaking process has been affected (if at all) to descriptions of policies put in place in response to the pandemic and their perceived impact. The survey also questioned respondents about how government views the industrial sector's own response and actions, and whether these have been sufficient – arguably, it is more common to ask industry about its perception of government actions (or inaction). The survey's final section simply asks how international organizations such as UNIDO can best support African governments.

Given the brevity of the survey and the objective of effective communication during the COVID-19-related lockdown, it was conducted online. The target respondents were ministry of industry (and similar) officials in all 54 African countries, including North Africa. UNIDO's Field Offices were tasked to reach out to the ministries in "their" countries and follow up until a response was received while supporting the respondent in case clarifications were needed.

In total, we were able to obtain complete responses from 22 countries. For reasons of confidentiality, we do not list the responding countries here. However, our sample represents Anglophone, Arab, Francophone and Lusophone Africa. LDCs and SIDS are among the responding countries as are landlocked countries. Some of the countries in our sample are rich in natural resources, while others rely on imports of raw materials. In terms of manufacturing, the range of our sample encompasses economies with a relatively developed industrial sector to more agrarian economies engaged in light manufacturing activities. In sum, the final sample is fairly balanced and features several of the many facets that Africa as a continent displays.

We will continue to extend our database with adding more answers to the survey; soon we proceed with organizing another round of interviews of policy makers on the basis of an adjusted questionnaire, in Africa and beyond.

### 3 Impact on government activities

The first part of the survey focused on the effect of the pandemic on government activities. Had the pandemic caused a significant change in the government’s activities or was it business as usual? We were particularly interested in the process of policymaking. Figure 3 suggests that the pandemic has had a major impact on an overwhelming majority of ministries and their activities. The question then arises *how* the work of the ministries has been affected.

**Figure 3: Impact of the pandemic on ministry activities**

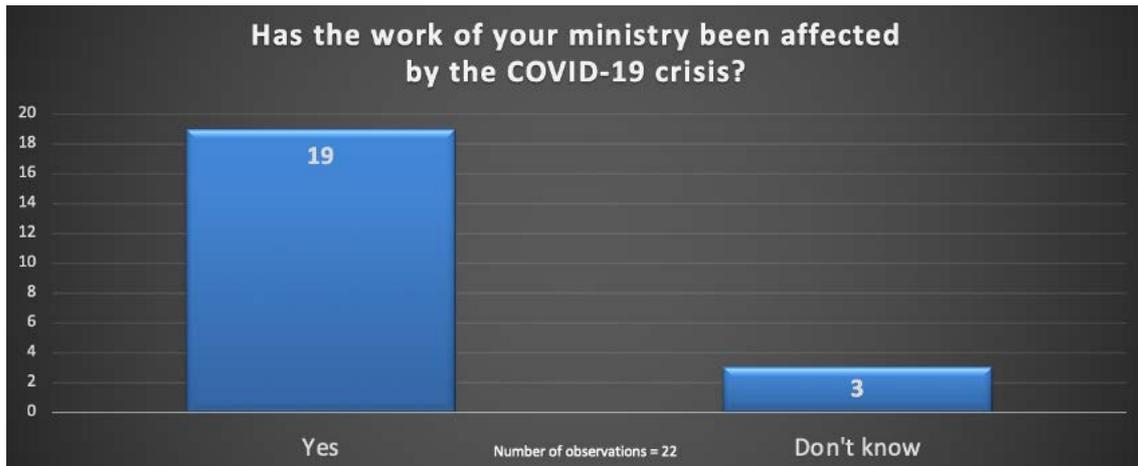
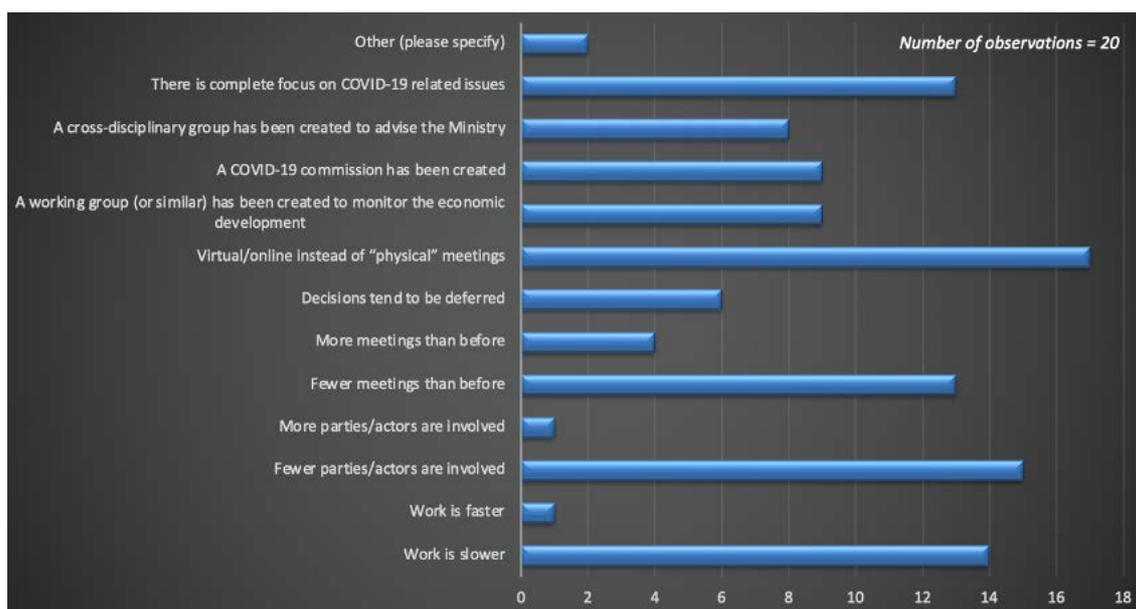


Figure 4 indicates that ministries have had to adapt their mode of operation in many ways. One of the most common solutions has been a shift from “physical” to virtual or online meetings, a common change seen across many occupations in both the private and public sectors around the world. A more serious consequence from a stakeholder involvement point of view, is that there seems to be a tendency to involve fewer parties or actors in the policymaking process. This has a potentially negative impact on the quality and buy-in of policies, especially those policies that introduce important changes that would affect many stakeholders. While such policies may prove crucial for containing the pandemic, they may be difficult to sustain unless broad agreement across actors has been achieved.

Another finding is that the pandemic has monopolized governments’ attention and other policy areas have consequently been neglected. While this is consistent with short-term priorities, the question is for how long this can continue. One would expect that as restrictions ease, the focus would return to other pertinent policy issues to ensure that many important policy projects do not get significantly delayed with attendant economic consequences for industry. One example are infrastructure projects, which must continue to improve basic access to transport, water, electricity and communication. Ministries also reported that work is slower, which may be related to various areas of work including attendance of work at the workplace, efficiency of meetings,

delegation of work, etc. They also reported fewer meetings, which could imply that the decision process has either slowed down or that decisions are being taken with fewer consultations, which would be consistent with the point made above about less stakeholder engagement. One-third of respondents also reported that decisions tend to be deferred. About half of the respondents had set up a working group and/or a commission, at times of an interdisciplinary nature, to advise the ministry and deal with issues relating to COVID-19.

**Figure 4: Impact of the pandemic on the policymaking process**

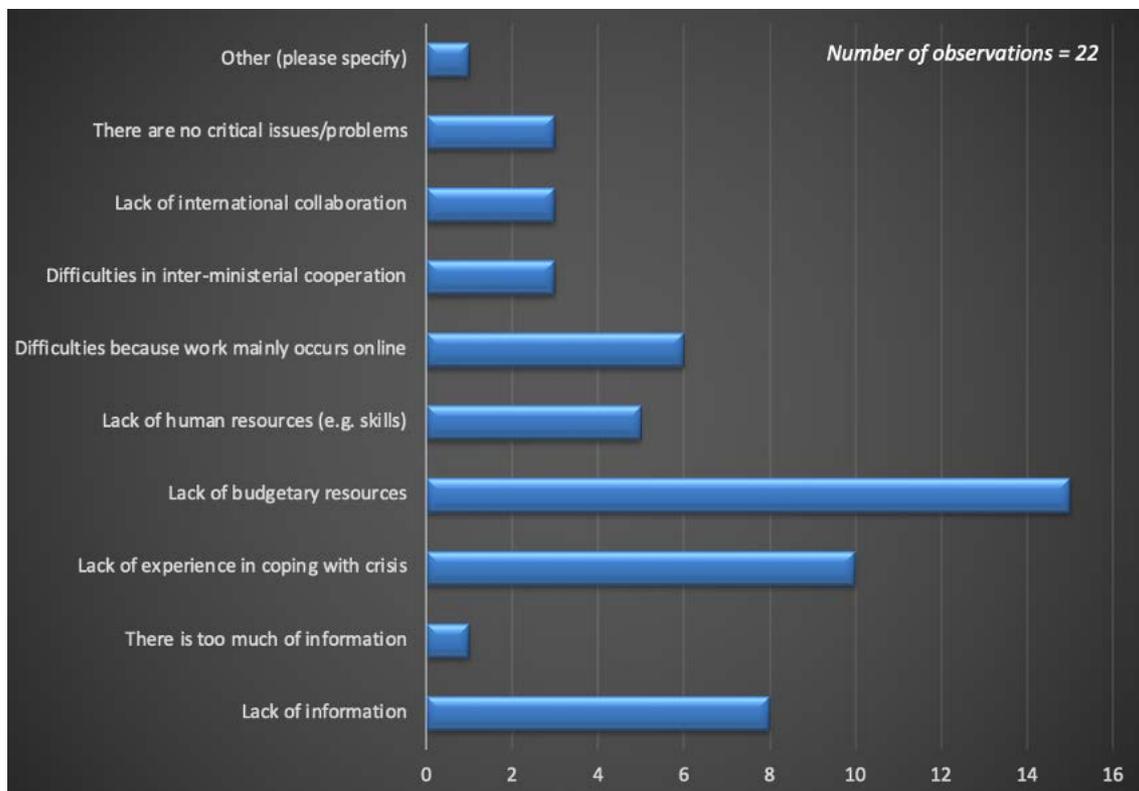


We also asked the ministry representatives about the most critical issues they are currently facing in the performance of their work (Figure 5). Apparently, the biggest challenge by far was the lack of budgetary resources. This should not come as a surprise, as funding represents a major challenge for most, if not all, state budgets in Africa, regardless whether the country is impacted by COVID or not. This is not to denigrate the importance of financial resources available for a ministry trying to mitigate the impact of COVID on the industrial sector. In rich countries, governments have spent about 10 per cent of GDP on mitigation measures, while the corresponding figures in emerging economies and the poorest nations are 3 per cent and 1 per cent of GDP, respectively. The industrial sector generally requires various types of support, and the pandemic has added yet another dimension to companies' needs. The short-term COVID-related needs could potentially crowd out all other support for the development of industries. Another interesting finding of our survey is that policymakers report that ministries seem to lack the necessary experience to cope with the crisis. While crisis management is not new to Africa, clearly this crisis is different and deeper than previous ones, and ministries may lack the capacity

to adequately respond to it. This would also explain why ministries have set up working groups and called on other disciplines for advice (see the argument made above in relation to Figure 3).

A potentially serious challenge is the lack of information, as indicated by about one-third of the ministries included in the survey. This could suggest that ministries are not sufficiently connected to industry within the eco-system and that those linkages need to be further strengthened. One would, however, expect industry to turn to the ministry of industry for assistance and in doing so, articulate how the pandemic is affecting companies, be it a lack of intermediate inputs and labour shortages due to lockdown measures, dropping out of value chains, or a general reduction of demand for products and services.

**Figure 5: Critical issues ministry of industry face**

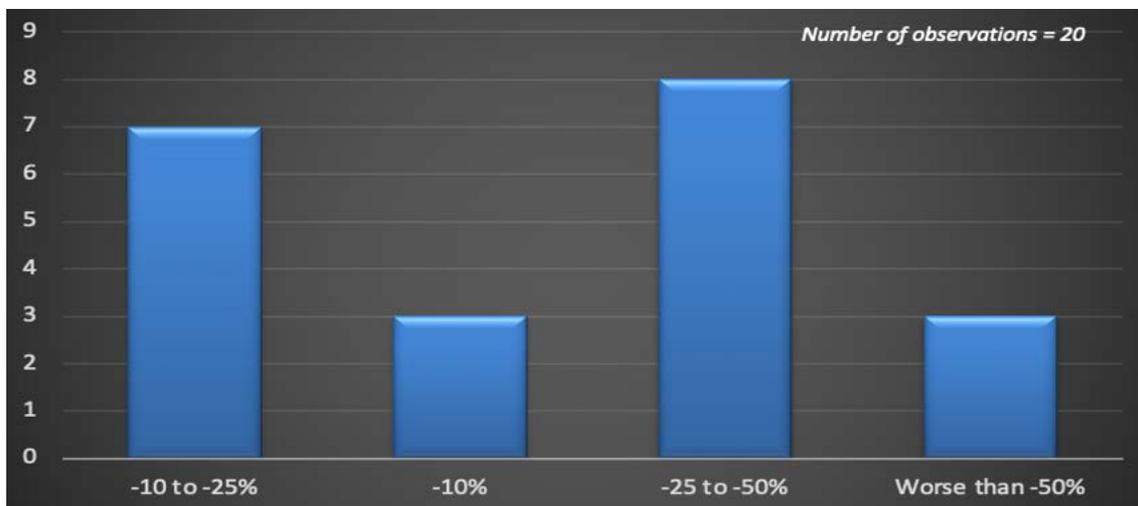


We conclude that the COVID pandemic has severely impacted ministries' work. On the flip side, we find that ministries are seeking advice from across disciplines, but the risk of a more "centralized" and less consultative policymaking process seems to be growing, which in the longer term could result in a backlash and call into the question the sustenance of necessary and important policies. Ministries would benefit from more budgetary resources in their attempts to support industry; they would also need to build up capacities and knowledge to design policy measures to respond to the crisis.

#### 4 Government policy response

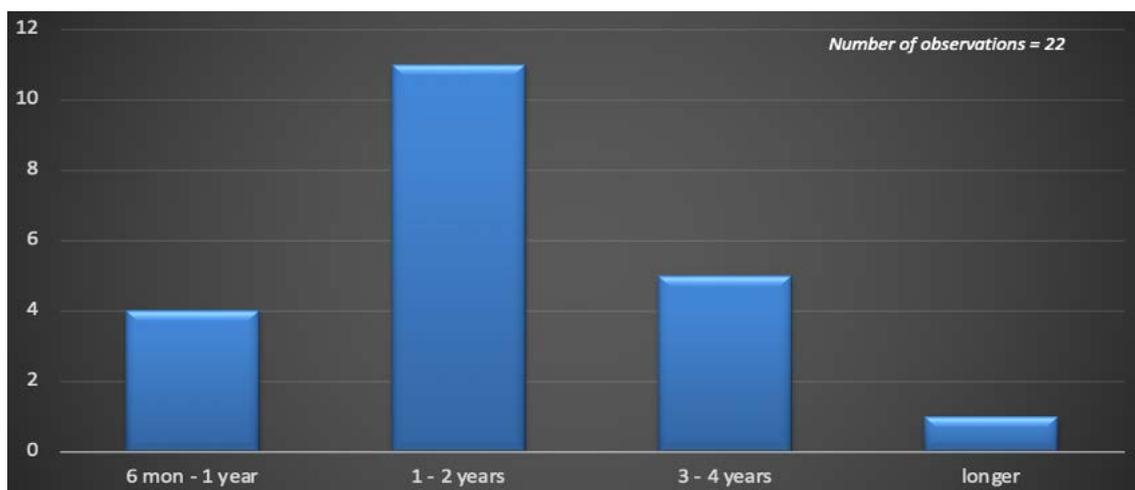
Next, we turn our attention to the policy measures taken by African governments to respond to the COVID-19 crisis, the main focus of this report. We first asked the respondents how industry would fare until the end of 2020. The result is that expectations amongst African policymakers are clearly bleak (Figure 6). All respondents expect industry revenue to shrink by at least 10 per cent to 25 per cent. More than half of the respondents expect revenues to drop by more than 25 per cent, and some even suggest that industry revenue could plummet by 50 per cent. In light of such expectations—and if they in fact materialize—African policymakers will play an important role in keeping industry afloat.

**Figure 6: Expected development of industry revenue in 2020**



On a more positive note, Figure 7 illustrates expectations of a relatively rapid recovery. Just above 50 per cent of respondents reported that recovery would take up to one year; the remaining respondents expect a slower recovery, but within two years, 75 per cent of industries should have recovered according to the policymakers' expectations.

**Figure 7: Expected recovery period**



What are the reasons for policymakers' dire expectations for industry revenue? Figure 8 clearly indicates that shortages of inputs such as raw materials are perceived to be the main bottleneck. This, in turn, suggests that African industries may have become more disconnected from international markets and value chains (including domestic ones) due to COVID. Could it be that supply chains involving African markets are more vulnerable or weaker than other markets elsewhere around the world? An alternative take on this is that African companies were severely hit from the demand side and could no longer afford the necessary inputs for production, particularly those that are imported. There is, however, anecdotal evidence from some countries and regions (e.g. Mold, M. and A. Mveyange, 2020) that imports have declined but that exports have actually increased over the last 6 months. Interestingly, supply shortages are considered to be more problematic than the general decrease in demand for goods and services. Furthermore, nearly half of respondents stated that factories had to close down due to stringent restrictions (curfew regulations). As a follow up to this question, it would be interesting to learn whether policies were adapted (read: eased) to address this problem.

**Figure 8: Main challenges industry face according to ministries of industry**



With regard to the duration of the crisis, over 75 per cent of respondents expected the crisis to last for more than 1 year; 25 per cent stated that it would continue for 3-4 years, and one policymaker claimed that the crisis would last even longer (Figure 9). This situation will seriously harm already vulnerable economies. The crisis abruptly interrupted the promising growth path of several countries in Africa, and some of the progress made in development will surely be reversed should the more negative expectations materialize.

Having discussed the situation as perceived by policymakers and its consequences for industry, we turn our attention to the remedies, that is, to the policies that have been put in place. Of the 22 countries in our sample, a vast majority (20) responded to the COVID pandemic by implementing policy measures; only three countries claimed that they have yet to take some kind of policy response. In fact, it is surprising that not all ministries of industry in the sample at least contend that they are supporting industry through the current crisis.

**Figure 9: Duration of the crisis**

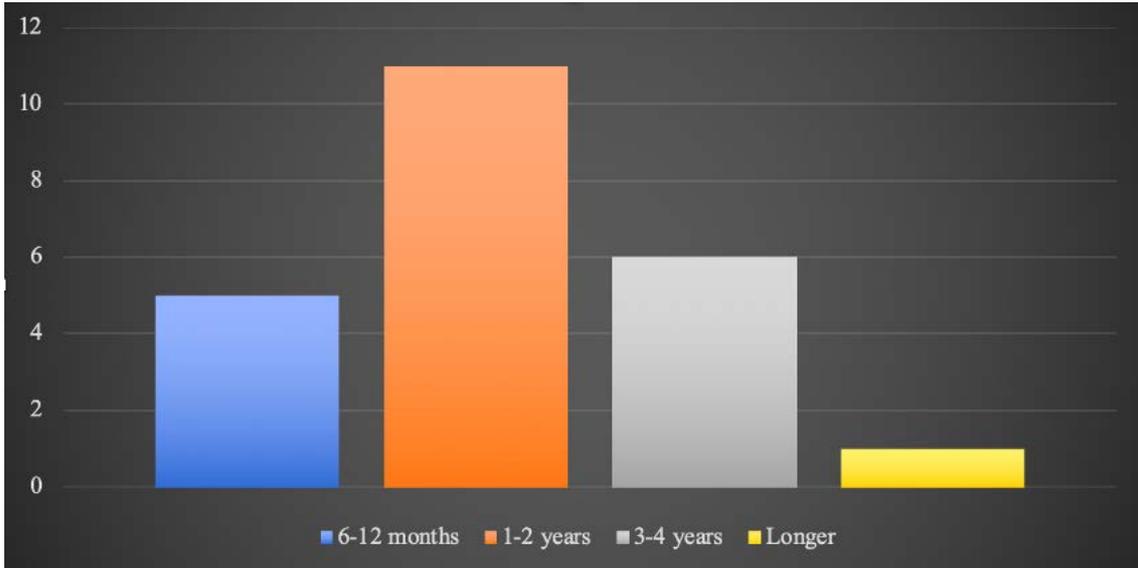
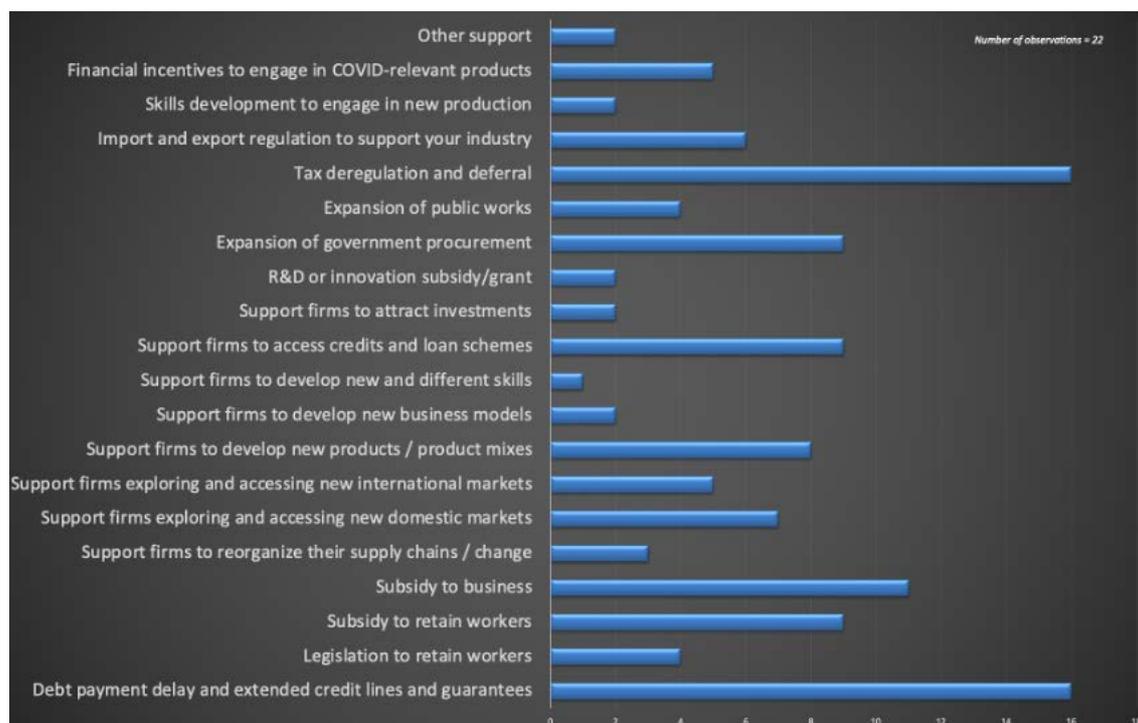


Figure 10 illustrates the type of policy measures governments have put in place to support industry in response to COVID-19. According to Cantore et al. (2020), the first month following the outbreak of the COVID-19 pandemic, governments focused primarily on short-term policy measures to keep businesses afloat during the lockdown, retained employment and supported the adaptation of industrial firms to the new realities. These policy measures aimed to increase risk aversion and prevent flight-to-liquidity, among others, thus curtailing access to much needed resources to manage the anticipated economic consequences of COVID-19. Government policies also concentrated on providing quick financial assistance for businesses to address debt and cash flow problems. On the supply side, policy measures ensured continued protection of workers and promoted a rapid rebooting of domestic supply. On the demand side, governments implemented public procurement policies and introduced subsidies for consumption.

**Figure 10: Type of policy measure used to support industry**



In any case, at the time of the policy survey, several months with COVID-19 had already lapsed and the revealed policy mix was likely to include not only short-term policies but medium- to long-term policies as well. The survey results, however, suggest that there seems to be a bias towards the former. Various reasons could explain this bias, including the delay with which COVID-19 reached Africa compared to other parts of the world, the lack of awareness and capacity to design longer-term measures and/or the simple fact that short-term needs were all-encompassing.

Amongst the few measures African countries have implemented to support industry, two stand out: 1) tax regulation and deferral of tax payments, and 2) delay in debt repayment and extended credit lines and guarantees; these have been used in 17 of the 22 countries in our sample (Figure 9). One commonality between these two measures is their financial implication, i.e., companies can postpone their costs to a later date, possibly until revenues have recovered. These policies are seemingly relatively easy and quick to design and put in place. Moreover, it is not surprising that financial relief is the most effective and important means for companies to cope with the effects of the crisis, and the most popular government support measure in the short term. One may expect that as the pandemic lingers on, medium- to long-term policy measures that go beyond financial relief will become more common. In a second round of this survey with African policymakers, we will follow up on the development of policy mixes in response to COVID-19.

Subsidies to businesses is the third most frequently used policy, which has been implemented by about half of the countries participating in our survey. Governments have also extended subsidies to retain workers, with a view to helping firms prepare for better days. Two additional policies are the expansion of government procurement (to keep demand up) and support to access credit by way of guarantee schemes and by helping businesses connect with finance institutions.

In Section 2 we showed that there is increasing evidence that medium- to long-term measures are playing an increasingly important role in the COVID-19 policy mix, with the aim of reorientation of businesses to better prepare them for the ‘new normal’ in the post-COVID world. The underlying rationale is that recovery from this shock will not allow for a return to pre-crisis ‘business as usual’. This survey confirms that policymakers in Africa consider that structural changes in value chains, such as a decrease in the demand for goods and services and a shortage of supplies, are expected to have an impact on industrial firms. Hence, in the near future, one would expect to see policies that help identify alternatives for the organization of global production networks and that building, diversifying and reorienting productive capabilities will become more important components of strategies to build resilience against similar future disruptions.

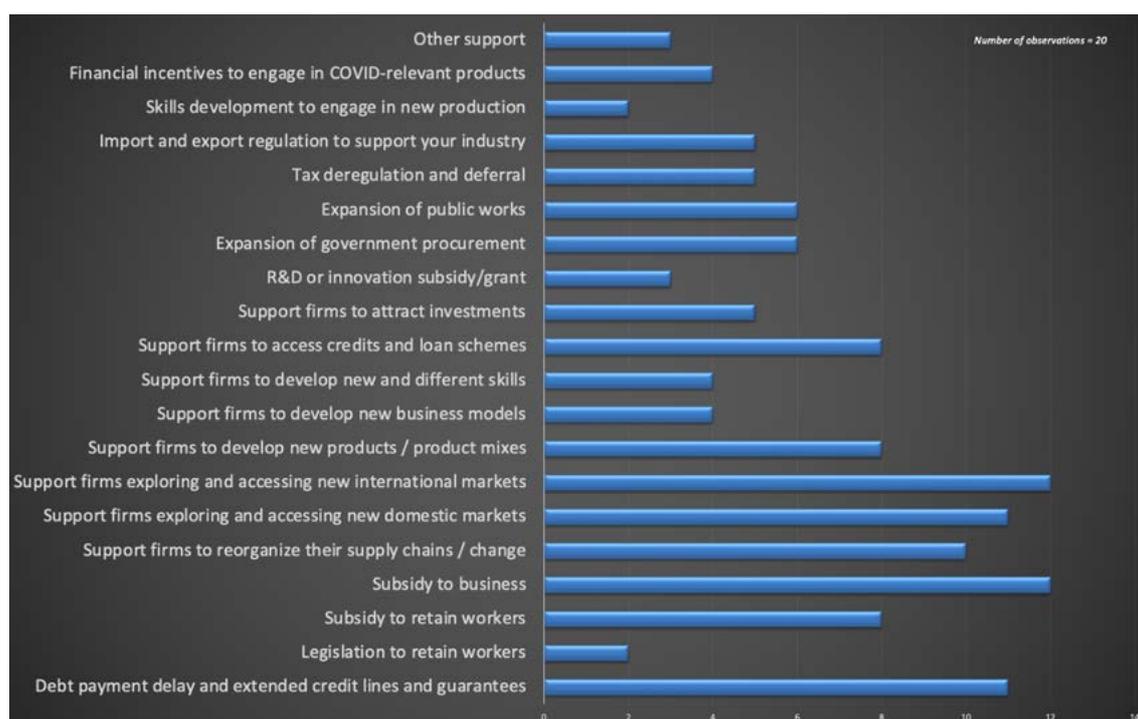
However, looking at the flipside of Figure 10, surprisingly few governments have put in place measures to train workers, nor have they taken a longer-term perspective in terms of supporting various innovation-oriented activities. For instance, only few governments have used R&D subsidies or grants, or helped firms develop new business models. This might not reflect unwillingness on the part of governments but could instead be related to “stage of development” factors, where innovation has yet to top the policy priority list. There is one exception, however; about 40 per cent of ministries have supported the improvement of products and processes, that is, innovation activities. Also, as stated earlier, it is possible that Africa is lagging behind the rest of the world in terms of development of the policy mix simply because the pandemic reached Africa with a time lag.

Finally, about one-third of the countries have extended support related to international markets and value chains. It is surprisingly low considering that inputs such as raw materials were perceived as representing a major bottleneck for industry. This, for instance, could indicate that African firms source their inputs domestically, that they do not extensively engage in international trade or that ministries’ perceptions about the challenges industry faces are misinformed.

It is conceivable that some of these policies were designed by other ministries or as joint policies with the ministry of industry. For instance, purely financial schemes could be the remit of the ministry of finance, even if the policy targets industry. Figure 11 looks into this issue by asking the respondents to identify which policies were designed exclusively by the ministry of industry and for which policies it was the lead ministry to help us better understand the extent to which it has been able to provide policy responses most sought after by industry.

Indeed, a different picture emerges in this regard. Support for firms to exploit and access international markets together with direct subsidies for businesses are the most common policies designed by the ministries of industry. These measures are closely followed by supply chain policies and help to access domestic markets. About half of the countries in our sample implemented those policies. This indicates that the perceived input supply challenge is indeed what has been communicated by industry to the ministries of industry. However, it also signals demarcation lines between different ministries.

**Figure 11: Policies designed by ministries of industry**

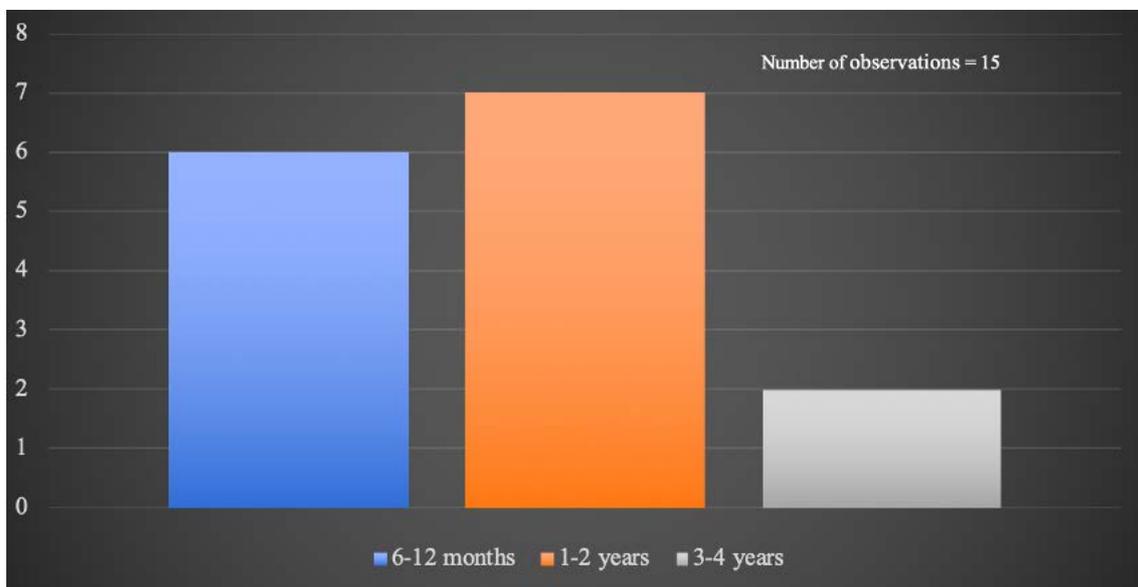


Having said that, delay in debt repayment and extended credit lines are policies initiated by the ministry of industry. This might suggest that the ministry of industry also provides credit and other types of financing in times of crisis or at least brokers the connection of businesses with such institutions, even if not on a regular basis. It could also be that the ministry has taken the lead in designing such policies, but that these are joint initiatives. There are also instances where,

for example, legal policies to retain workers or innovation policies, seem to have been initiated by the ministry of industry, although they appear to be the remit of other ministries such as the ministry of justice or of science and technology. We can still conclude, however, that medium- to long-term oriented policies such as innovation policies appear are in the minority.

With these presumably temporary mitigation policies in place, the question of their expected duration arises. The majority of respondents to this question (7) expect these policies to be in place for up to two years, and some (2) take a more negative view and expect the current situation to continue for another 3-4 years (Figure 12). In Section 4 we argued that there is a serious opportunity cost associated with COVID-19 related policy measures crowding out other necessary policy support for the development of industries. This will become even more pronounced the longer it lasts, in that COVID-19 related policies are likely to crowd out other planned projects and policy support to industry. If this turns out to be the case, it could imply a significant setback for industrial and overall development. A paper by Isaksson (2020) discusses the close association between industrial development and productivity, on the one hand, and industrialization and poverty reduction, on the other. Hence, if COVID-related policies imply a delay in industrialization and a slowing down of productivity, we can expect to see a regression of some of the advances in development experienced hitherto in Africa.

**Figure 12: Expected duration of policies**



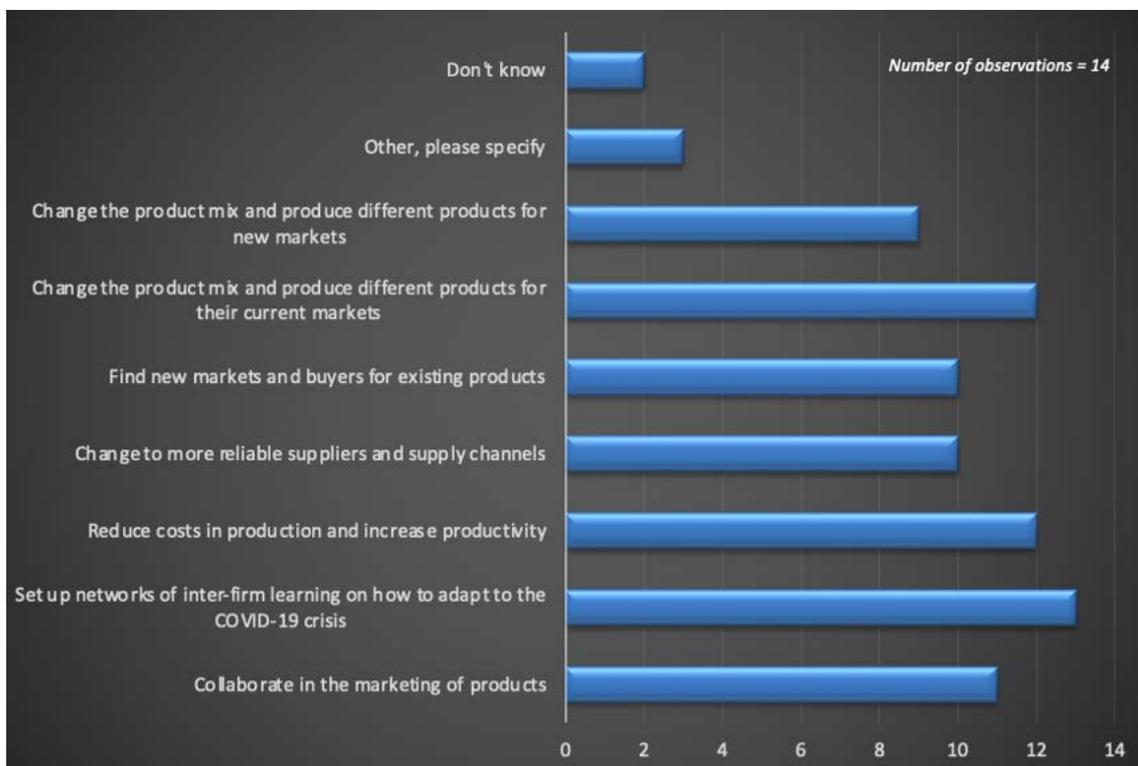
The final question in this section was a general one, namely, whether the ministries think that the current set of policies is sufficient. Eleven out of 15 respondents indicated that more policy action is required, suggesting that there is a wider scope for more policy action to mitigate the effects of the COVID-19 pandemic on industry in Africa.

## 5 Government perception of industry response and the international community

The mitigation of the pandemic's effects is not only the responsibility of the government. Without doubt, industry itself has taken actions to ensure its survival, for instance, by cutting costs on the input side and shedding labour (temporarily and permanently), adjusting raw material purchases to dwindling demand, and by raising firms' technical efficiency levels by another notch, and many more. But have industry's efforts been sufficient or should industry have done more? We asked the respondents about their views and, in particular, what else industry could have done.

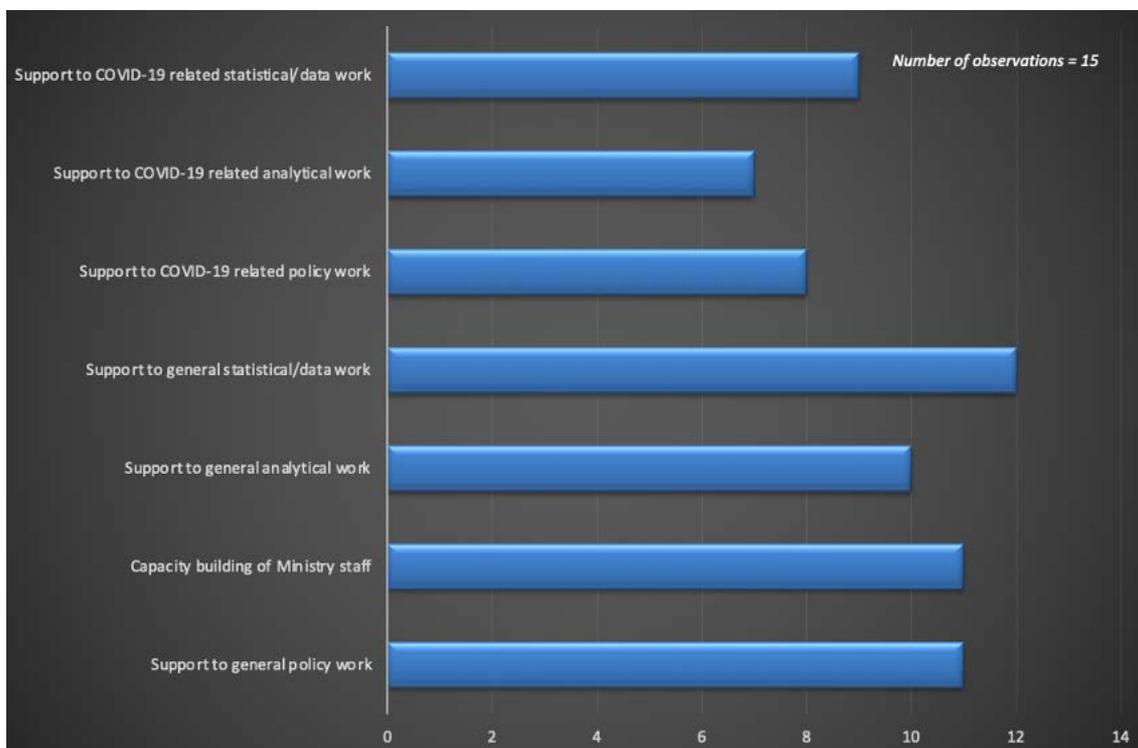
Figure 13 suggests that two options industry should have considered are setting up inter-firm networks to learn from one another on how to better cope with COVID; and adapting their product mix in view of shifting and alternative markets. While the first option is laudable, it is more difficult for firms to identify new markets in the short run once they discover that traditional buyers are placing fewer orders. On the other hand, production could be repurposed, that is, firms could start producing goods for which demand has grown in response to COVID-19, say, health products. It should be noted that Figure 13 presents only measures firms have implemented and that the surveyed policymakers were aware of. The results from a separate UNIDO firm-level survey will shed more light on this issue and will be published soon.

**Figure 13: Industry actions to mitigate the impact of COVID-19**



Finally, the survey looked at third parties that could get involved in the design and implementation of mitigation measures are international development agencies, including, for example, UNIDO and others. The respondents were asked to indicate how the international community could assist their governments. Figure 14 shows that around half of the respondents advocated long-term activities, such as capacity development of ministry staff, and the substantial improvement of industrial statistics in terms of availability, collection and quality of data, which in many instances is on the weaker side. Many ministries would in addition like to see general support for industrial policy work overall and that related to COVID-19, as well as for analytical work.

**Figure 14: Support from the international community**



## **6 Discussion and concluding remarks**

The African continent was not exempted from the COVID-19 pandemic, although it arrived with a time lag and the health impact has not been as serious as elsewhere. Just like other governments around the world, African governments have undertaken substantive measures to mitigate and neutralize the impact of the pandemic on industry and, by default, on the economy and population as much as possible.

Around the world, predominantly short-term policy measures were put in place to offset increased risk aversion and prevent flight-to-liquidity, which would exacerbate financial stress and thus curtail access to the much-needed resources to manage the anticipated consequences of COVID-19 on businesses in industry. On the supply side, policies sought to ensure continued protection of workers, a quick rebooting of domestic supply as well as restoring—and eventually reshaping—the functioning of global value chains. On the demand side, public procurement to some extent provided much needed help.

During the summer it looked like the pandemic had been brought under control in the northern hemisphere, but at the time of writing, it is clear that the pandemic has gained new momentum and is raging on with equal force as it did in spring. The pause in the pandemic was not long enough to allow for large roll backs of support policies.

At present, it remains to be seen how quickly economies around the world will be able to resume their operations and what recovery will look like. The longer the COVID-19 containment measures remain in place or the longer the second wave of lockdowns lasts, the more challenging and taxing the recovery process will be, only magnifying the need for public support. Public support, however, requires fiscal resources, which unfortunately are not boundless.

There is also limited evidence as of yet about which of the short-, medium- and long-term policy measures—be they focused on relief measures or on more structural reorientation—effectively promote industrial development. Here, the economic research community needs to continue evaluating countries' economic performance based on recent policy reforms. Most likely, the results of such research will be available in the medium term; they are urgently required to further inform the policy-making process in response to the COVID-19 pandemic.

This paper has primarily been interested in how African governments have responded to the COVID-19 pandemic and its impact on industry. We asked policymakers whether their governments' policy response and policy mix has differed from that of other countries around the world. We found that African countries copied some policy measures that were implemented by

peers in more developed regions, without considering the associated substantial fiscal burden which their countries eventually are not able to carry. Meanwhile, state budgets had to be used for more pressing needs, such as direct cash transfers to vulnerable groups and the poor, leaving less scope for the implementation of actual industry-saving measures. The dominance of the informal sector in many parts of industry makes it even more difficult to channel business support to firms that are not registered.

Survey responses clearly indicate that African ministries of industry no longer operate under the premise of “business as usual”. For instance, processes are slower and fewer stakeholders are being consulted in the policy process. In terms of policies, the survey detects a bias towards short-term measures, with few ministries focusing on longer-term measures such as support for product and process innovation. Indeed, policies that support industrial businesses to move beyond the ad-hoc cashflow crunch and put their businesses on solid feet in the new COVID and post-COVID environment are even less prominent, if not to say absent, not only because of tight state budgets but also because of limited capacities among agencies providing BDS. Meanwhile, participation in or dropping out of GVCs appears to be a concern, and there is some evidence that industrial policy is focusing on this policy area. Connected to this is the importance of maintaining the supply of raw materials and other inputs.

According to the African policymakers who participated in the survey, the policy measures implemented by their governments so far will not save industry: Three quarters of the policymakers stated that the policy measures introduced by their governments were insufficient. The main reason for their insufficiency is the dire budgetary situation of African governments, as reported by nearly all policymakers. In addition to that, there seems to be a general attitude that companies themselves could have done more and that, as such, reliance on government support is too high. However, it is not unlikely that the onus would fall on the government if companies were asked a similar question.

The findings of the policymaker survey are consistent with those of other surveys, such as UEMOA (2020), which concludes that private sector bodies view government support for industrial transformation as crucial to mitigating the impacts of COVID-19. According to UEMOA, such a transformation entails import substitution of products that are more difficult to procure internationally and the export of products that are more difficult to sell on global markets. Industrial firms in Western Africa, in particular, lack the capacity to master such a transformation.

The limited state budgets in developing countries do not allow for additional expensive debt and cashflow relief measures, and governments are starting to realize that they have to develop a new

set of policy measures to ensure a smooth post-COVID-19 transition. Sustainable long-term recovery in many developing countries will hinge on measures for business reorientation.

For economies to reopen as soon as COVID-19 has been contained, flexibility and close monitoring will be key to ensure an orderly phasing out of interventions, to incentivize business restructuring and avoid policy capture or free-riding behaviours. The recovery from the shock of COVID-19 will likely not allow a return to pre-crisis normality. Policies to identify new alternatives for the organization of global production networks and to build, diversify and reorient productive capabilities will be an important component of the strategies to build resilience against future disruptions.

Sustainable long-term recovery will furthermore require a commitment to bridge capability gaps and improve the performance of local health care systems, including links to local manufacturing capacities.<sup>3</sup> UNIDO, together with the UN system, has the necessary competencies to take the lead by developing an agenda for the coordination of efforts to support the most vulnerable and the most severely affected industries worldwide. This view is corroborated by the survey, which shows that a vast majority of governments believe that international organizations such as UNIDO have an important role to play, for example, in terms of analysis and evidence for policy support.

UNIDO's policymaker survey in Africa highlights the capacity constraints of government support for businesses in their efforts to mitigate the impacts of COVID-19. The majority of policymakers interviewed, for example, mentioned that their government faces a number of challenges when it comes to helping companies find new sources of supply and outlets for their products. This suggests that the post-COVID risks for industries in developing countries are very real, and the countries could experience a severe backlash in terms of their development performance. In these unprecedented times, business continuity in industry is key. This calls for a prudent response to the supply- and demand-side effects of the COVID-19 aftermath as soon as the containment measures are lifted.

In addition to cross-cutting economic measures, industry-specific actions need to be introduced for the more severely affected industries. Such policy measures include support for the development of new business models, the upgrading of technologies, innovation, the exploration of new sources for inputs and the identification of new markets for products. A large part of this

support can come in the form of knowledge and technology exchange, but must be matched by credit schemes and investment promotion.

To future-proof industry, governments need to implement initiatives that ensure that production can stand on more solid ground in case of supply chain disruptions. This may include reorientation towards sourcing locally, emphasizing domestic supply chain development and the exploration of new products and markets. In this context, a novel and more diverse policy mix should enter the industrial development rationale. For industries to recover post-COVID-19, flexibility and close monitoring of policy outputs will be necessary to ensure a smooth phasing out of interventions, to incentivize business restructuring and to avoid policy capture or free-riding behaviour.

## References

- African Union (2020). Impact of the Coronavirus on the African Economy. African Union, Abidjan, Cote d'Ivoire. Available from: [https://au.int/sites/default/files/documents/38326-doc-covid-19\\_impact\\_on\\_african\\_economy.pdf](https://au.int/sites/default/files/documents/38326-doc-covid-19_impact_on_african_economy.pdf).
- Hartwich, F and M. Hedeshi (2020). COVID-19 effects in sub-Saharan Africa and what local industry and governments can do. UNIDO. Available from <https://www.unido.org/news/covid-19-effects-sub-saharan-africa-and-what-local-industry-and-governments-can-do>.
- Hartwich, F. and A. Isaksson (2020). Managing COVID-19: Why poorer countries may drop out of industrialization. UNIDO. Available from <https://www.unido.org/stories/managing-covid-19-why-poorer-countries-may-drop-out-industrialization>.
- Cantore, N.; F. Hartwich, A. Laplane, J. Larsen, A. Lavopa and N. Rodousakis (2020) Coronavirus: the economic impact – 21 October 2020 - Recovery or protracted economic downturn? The role of policies based on evidence. UNIDO, Austria, Vienna. Available from: <https://www.unido.org/stories/coronavirus-economic-impact-21-october-2020>.
- IISD (2020). COVID-19 Stimulus Spending for Green Construction Means Building Back Better. International Institute for Sustainable Development. Available from: <https://sdg.iisd.org/commentary/guest-articles/covid-19-stimulus-spending-for-green-construction-means-building-back-better>.
- Isaksson, A. (2020), COVID-19, poverty and why rescuing industry is a good strategy. UNIDO. Available from <https://www.unido.org/news/covid-19-poverty-and-why-rescuing-industry-good-strategy>.
- KPMG (2020). CEO Outlook: COVID-19 Special Edition. Available from: <https://home.kpmg/content/dam/kpmg/xx/pdf/2020/09/kpmg-2020-ceo-outlook.pdf>.
- Mazzucato, M. and A. Andreoni (2020). Project Syndicate. No More Free-Lunch Bailouts. Available from: <https://www.project-syndicate.org/commentary/conditional-bailouts-of-private-companies-2020-crisis-by-mariana-mazzucato-and-antonio-andreoni-2020-06?>
- McKinsey (2020). Ready, set, go: Reinventing the organization for speed in the post-COVID-19 era. Available from <https://www.mckinsey.com/business-functions/organization/our-insights/ready-set-go-reinventing-the-organization-for-speed-in-the-post-covid-19-era>.
- Mold, M. and A. Mveyange (2020) The impact of the COVID-19 crisis on trade: Recent evidence from East Africa. Brookings Institute. Available from <https://www.brookings.edu/research/the-impact-of-the-covid-19-crisis-on-trade-recent-evidence-from-east-africa/>.
- Noy, I.; N. Doan, B. Ferrarini and D. Park (2020). The economic risk from COVID-19 is not where COVID-19 is. Available from <https://voxeu.org/article/economic-risk-covid-19-not-where-covid-19>.

- OECD (2020). Coronavirus (COVID-19): SME policy responses. Available from: <https://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/>
- UEMOA (2020). Rapport de l'étude sur l'impact de la pandémie du COVID-19 sur le secteur privé de l'UEMOA. Union Economique y Monétaire Ouest Africaine. Available from: <http://www.uemoa.int/fr/rapport-de-l-etude-sur-l-impact-de-la-pandemie-du-covid-19-sur-le-secteur-prive-de-l-uemoa>.
- UNECA (2020). Economic Impact of the Covid19 on Africa, Economic Commission for Africa, Addis Ababa, Ethiopia.
- UNCTAD (2020). Assessing the Impact of COVID-19 on Africa's Economic Development. UNCTAD, Geneva, Switzerland. Available from [https://unctad.org/system/files/official-document/aldcmisc2020d3\\_en.pdf](https://unctad.org/system/files/official-document/aldcmisc2020d3_en.pdf).
- UNIDO (2020). Industrial Statistics Yearbook, 2020. UNIDO, Vienna, Austria. Available from <https://www.unido.org/news/global-manufacturing-slowdown-poses-serious-challenges-achieving-sustainable-development-goal-9-unido-report>.



## **Annex: Questionnaire**

### **COVID-19: Survey on industrial policy responses**

#### *To respondent in the Government:*

The United Nations Industrial Development Organization (UNIDO) is carrying out a survey among policymakers in developing countries to inform the design and delivery of the organization's policy services related to COVID-19. The collated information and subsequent analysis of the data aim at developing policy advice for industry development that explicitly responds to the COVID-19 crisis. The results will be published and shared with all the respondents and policy makers in general with the aim to support policy making processes in developing countries.

This short questionnaire contains a set of questions related to country-specific Government actions/policies to support industry in view of the impacts of the COVID-19 pandemic on the economy. Respondents are assured that all data will be treated with confidentiality and no country or government or representative of government will be mentioned by name in any publications.

Responding to the survey will not take more than 30 minutes. We trust that the foreseeable usefulness of the work is sufficiently compelling to ensure your crucial involvement.

---

---

For additional information or clarifications on the survey, please contact UNIDO  
EPR/PRS/RPA,

Anders Isaksson ([a.isaksson@unido.org](mailto:a.isaksson@unido.org))

---

---

## **A. Current impact of COVID-19 on the work of the Ministry of Industry**

1. Has the work of your ministry been affected by the COVID-19 crisis, especially the process of policy making?

- Yes
- No → Skip to question 3
- Don't know → Skip to question 3

2. ***How*** has the work of your ministry been affected by the COVID-19 crisis, especially the process of policy making? (Please check all that apply)

- Work is slower
  - Work is faster
  - Fewer parties/actors are involved
  - More parties/actors are involved
  - Fewer meetings than before
  - More meetings than before
  - Decisions tend to be deferred
  - Virtual/online instead of “physical” meetings
  - A working group (or similar) has been created to monitor the economic development
  - A COVID-19 commission has been created
  - A cross-disciplinary group has been created to advise the Ministry
  - There is complete focus on COVID-19 related issues
  - Other (please describe):
- 

3. **What are the most critical issues/problems faced by the Ministry of Industry to do its work?** (Please check up to the 3 the most important problems / issues)

- Lack of information
  - There is too much of information
  - Lack of experience in coping with crisis
  - Lack of budgetary resources
  - Lack of human resources (e.g. skills)
  - Difficulties because work mainly occurs online
  - Difficulties in inter-ministerial cooperation
  - Lack of international collaboration
  - There are no critical issues/problems
  - Other (please describe):
-

## **B. Perception of the current impact of COVID-19 on Industry**

**4. Which three (3) industrial sectors have been most affected by the Covid-19 pandemic and how (please mention if the impact has been positive or negative)**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**5. For industries negatively impacted by the COVID-19 crisis, what are the main critical issues/problems faced by industry? (please check all that apply)**

- Shortage in supplies (e.g. raw material and other inputs)
- Decrease in demand for goods and services
- Factories had to close due to curfew regulations
- Workers cannot come to work
- Don't know
- Other (please describe):  
\_\_\_\_\_

**6. By the end of 2020, how do you think that average industry revenues will have been impacted by the COVID-19 crisis?**

- Improved
- No effect
- 10%
- 10 to -25%
- 25 to -50%
- Worse than -50%

**7. If the impact on industry is negative, how long do you think it will take to recover to the pre-crisis level?**

- Less than 6 months
- 6 months to 1 year
- 1~2 years
- 3~4 years
- Longer

## C. Addressing COVID-19

**8. Has the Government put in place any policy measures to support industry because of the pandemic?**

- Yes
- No → Skip to question 15
- Don't know → Skip to question 15

**9. Indicate the three (3) most important policy measures that the Government has put in place to support industry in the COVID crisis. (please briefly describe)**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**10. Indicate the type of policy measures the Government has put in place to support industry because of the pandemic. (please check all that apply)**

- Debt payment delay and extended credit lines and guarantees.
  - Legislation to retain workers.
  - Subsidy to retain workers.
  - Subsidy to business.
  - Support firms to reorganize their supply chains / change
  - Support firms exploring and accessing new domestic markets
  - Support firms exploring and accessing new international markets
  - Support firms to develop new products / product mixes
  - Support firms to develop new business models
  - Support firms to develop new and different skills
  - Support firms to access credits and loan schemes
  - Support firms to attract investments
  - R&D or innovation subsidy/grant.
  - Expansion of government procurement.
  - Expansion of public works.
  - Tax deregulation and deferral.
  - Import and export regulation to support your industry.
  - Human skills development for engagement in new production.
  - Financial incentives to engagement in COVID-relevant products and equipment
  - Other support (e.g. technology, business planning, etc.) to reorient the production towards better and more resilient businesses. (Please briefly describe or provide the title of the measure)
  - Other (please specify)
- 

**11. Which of these policy measures were developed/designed by the Ministry of Industry as the lead Ministry? (Please check all that apply)**

- Debt payment delay and extended credit lines and guarantees.
- Legislation to retain workers.
- Subsidy to retain workers.
- Subsidy to business.
- Support firms to reorganize their supply chains / change
- Support firms exploring and accessing new domestic markets
- Support firms exploring and accessing new international markets

- Support firms to develop new products / product mixes
  - Support firms to develop new business models
  - Support firms to develop new and different skills
  - Support firms to access credits and loan schemes
  - Support firms to attract investments
  - R&D or innovation subsidy/grant.
  - Expansion of government procurement.
  - Expansion of public works.
  - Tax deregulation and deferral.
  - Import and export regulation to support your industry.
  - Human skills development for engagement in new production.
  - Financial incentives to engagement in COVID-relevant products and equipment
  - Other support (e.g. technology, business planning, etc.) to reorient the production towards better and more resilient businesses. (Please briefly describe or provide the title of the measure)
  - Other (please specify)
- 

**12. On average, for how long for do you think these policy measures will need to be in place?**

- Less than 6 months
- 6 months to 1 year
- 1~2 years
- 3~4 years
- Longer

**13. On average, do you think the policy measures currently in place are sufficiently effective in supporting industry?**

- Yes → Skip to question 15
- No

**14. If not, what additional policy measures do you think the Ministry of Industry should still develop in order to mitigate the impact of COVID-19 on industry? Please explain.**

---

**15. Are there actions that a firm itself can or should take to mitigate the impact of COVID-19 on their businesses (if any)? (please check all that apply)**

- Collaborate in the marketing of products
  - Set up networks of inter-firm learning on how to adapt to the COVID-19 crisis
  - Reduce costs in production and increase productivity
  - Change to more reliable suppliers and supply channels
  - Find new markets and buyers for existing products
  - Change the product mix and produce different products for their current markets
  - Change the product mix and produce different products for new markets
  - Don't know
  - Other, please specify
-

## **D. Support from the International Community**

**16. What kind of support do you believe would be useful to your Government from international organizations including UNIDO? (Check all that apply)**

- Support to general policy work
  - Capacity building of Ministry staff
  - Support to general analytical work
  - Support to general statistical/data work
  - Support to COVID-19 related policy work
  - Support to COVID-19 related analytical work
  - Support to COVID-19 related statistical/data work
  - Don't know
  - Other, please specify
-



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre · P.O. Box 300 9 · 1400 Vienna · Austria  
Tel.: (+43-1) 26026-0 · E-mail: [info@unido.org](mailto:info@unido.org)  
[www.unido.org](http://www.unido.org)