

## THE IMPACT OF COVID-19 ON AFRICAN SMES, POSSIBLE REMEDIES AND SOURCE OF FUNDING

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### ABSTRACT

The negative effect of Covid-19 to the world economy is estimated to be \$12 trillion by 2021. During the same period, over 400 million full-time jobs were lost globally by the second quarter of 2020. In Africa, the pandemic led to a negative growth of -5.1% by 2020 thereby plunging the continent into the worst recession in 25 years. For small and medium enterprises (SMEs) which employs between 70% and 90% of the population the effect of the COVID-19 Pandemic has been even more severe with 87% of business owners uncertain the future of their businesses. The biggest challenges to business survival were associated inadequate financing support, uncertainty, lack of government support and numerous measures meant to curb COVID-19 such as lock-downs. In Africa and elsewhere in the world, business survival, growth and sustainability is dependent on a paradigm shift and adoption of innovative business models and strategies. Such strategies include proactive planning, financial boosts, non-financial support and government incentives. For post-COVID-19 period specifically, a new thinking is essential. Such thinking including development of new business models, reshaping and redefining customer bases, an eye on business opportunities and establishment of reliable source of funding.

**Keywords:** COVID-19, SME, SBGs, paradigm, strategies, poor government support, lock-down.