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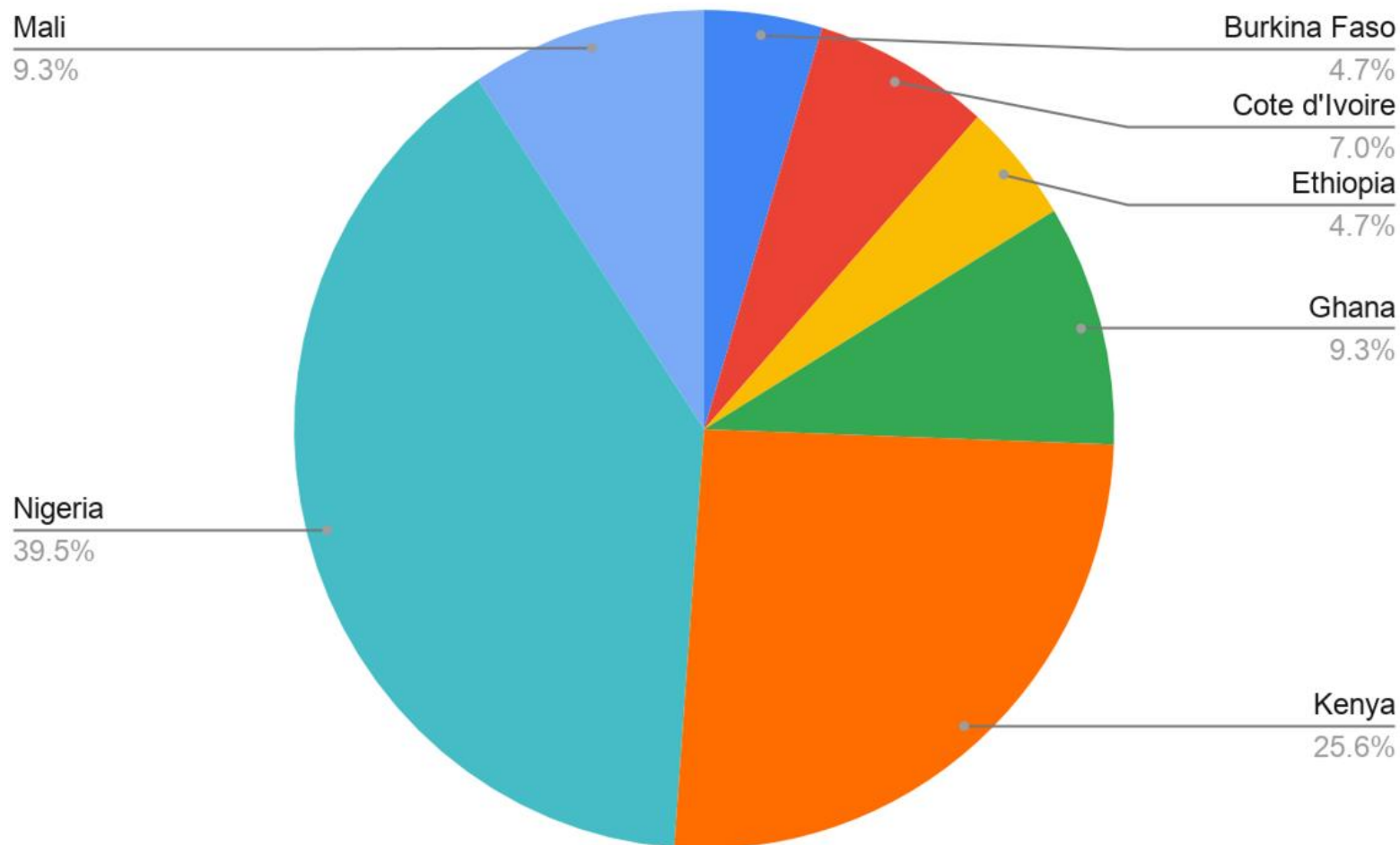
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Impact of COVID-19 on 2SCALE private sector partners

How 2SCALE's partners are affected by COVID-19, and
how they are dealing with it

Respondents geography



43 respondents out of 8 of the 9 2SCALE countries.

All respondents are private sector partners active in 2SCALE partnerships.

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How are you affected?

We asked respondents how the COVID-19 crisis is affecting their business, and how they expect this will develop in the next two months?

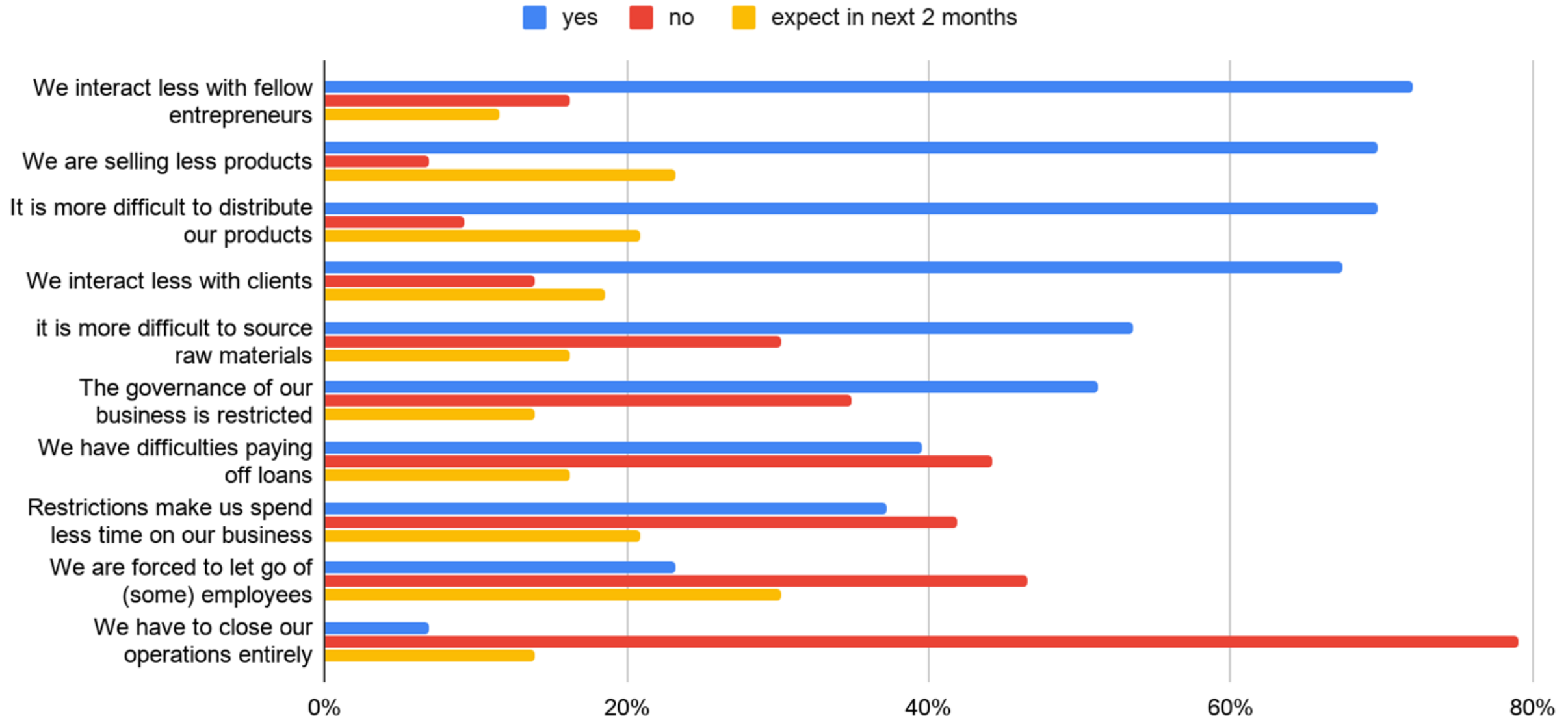


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How COVID-19 is affecting my business



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How COVID-19 is affecting my business: Dealing with farmers

It is difficult for farmers to supply companies, movement is restricted, and where raw materials are still available, prices have gone up significantly. It is also leading to spoilage on farm and during transport

“Due to the curfew imposed by the government, our farmers, aggregators, and agents are finding it difficult moving raw materials from the farms to our factory” / “overzealous security personnel delay our vehicles, which leads to spoilage.”

Companies are putting outreach activities (field training, etc.) on hold

“We have temporarily put on hold the training of farmers even though the initial clusters already started planting.”

Farmers are engaging in immediate coping mechanisms to respond to restricted movements of goods and people

“we have surprisingly witnessed increase demand for inputs and services. We think this is because farmers foresee increased financial need in the near future and want to invest in something that will guarantee them income. We also experience more farmers intending to sell of their produce. We believe this is because most of them need cash to meet (family) obligations”

Seasonality is important for how companies see relations with farmers (positively or negatively) affected

“Activities with farmer groups may be difficult to implement since the rainy season has started and yet we don't know when Covid-19 will end / Fortunately we started entering our off season. So, we hope the total lockdown won't enter July when we will enter season to be in full operation.”

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How COVID-19 is affecting my business: Access to markets

Companies supplying other businesses or institutional markets see a dramatic drop in demand for food products

Our main customer is located in locked down areas, and may experience production challenges. We are worried that this will reduce demand”/ “We supply school canteens, and with schools closed, our sales are strongly affected; they are also one of few customers who paid us cash, so our cash flow is also heavily affected”

Companies also struggle to buy necessary inputs or machinery

“We can’t access machinery parts from our suppliers in China” / “The protective apparels such as masks, sanitizers and hand wash are very expensive.”

However, there also seem to be 1 or 2 “positive” exceptions

“It has a positive effect on our business since many inquiries are coming with consumers looking for affordable dried vegetables that they can store for long.”

More direct sales to consumers is also negatively affected, also with companies themselves restricting movement of sales staff to prevent infection

“one of our milk ATM’s has been closed until further notice, while the other milk bars are selling less” / “To avoid contact between our sales team and potentially contaminated people, we have stopped selling products to individuals and resellers.”

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How COVID-19 is affecting my business: Staff, finance and other

Some companies are forced to let go of staff, not able to pay salaries, or send staff on leave

"We have released the administration office team to go for their annual leave."/ "Due to low sales we are not able to pay staff and we are seeking to pay some off."

Staff of companies have difficulty coming to work and getting work done because of lockdowns

"It will also be difficult for staff to get to the workplace."/ "Our organization is less efficient now we are working from home."

Companies foresee not to be able to pay off loans, and also have more difficulty getting access to finance

"Difficulties to get hard currency since attention is given Corona related interventions only" / "Our members have difficulties meeting their loan obligations and even are requesting for waiver or grace period within which not to make payment."

It is almost impossible to do acquisition of new business/clients without face to face contact

"Acquiring new clients (especially big ones) is hard without face-to-face meetings."/ "The development of the sales department is under pressure since we obviously stop prospecting for new customers."

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Mitigation

We asked respondents whether they have developed a to deal with these (potentially) negative effects of COVID-19 for your company, and what the main elements in the plans are?

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How companies plan to deal with COVID-19

There is a lot of variation here. Some companies have created detailed plans while others are not yet ready to oversee the full implications and come up with a plan, or hoping that others will come with solutions

"We are still developing a plan to deal with the negative effects of Covid-19"

"We hope our loan outstanding will be deferred for a period of 6 months with no interest"

"...basically that's the only thing we're trying to do right hoping to see this problem gone"

Common answers on how companies plan to deal with the situation can be summarized as:

- Developing digital communication, sales and service provision towards farmers and clients/consumers, and for making the best out of working from home
- Shrinking the staff base to only a "skeleton" to keep cost low, also to keep staff on as long as possible.
- Using courier services for targeted delivery instead of trucks for mass delivery
- Diversify the market approach, in terms of geographies and products
- Stocking up on product with long shelf life to be ready for when restrictions are lifted, and investing in storage facilities
- Lobbying government to minimize the effect of restrictions on food transportation
- Tightening hygienic measures at the workplace

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Support

We asked respondents what support they would need to help them deal with the evolving COVID-19 crisis?



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What support companies are looking for to deal with COVID-19

The request for financial support/compensation is clearly stipulated by most respondents, but beyond that several other suggestions for support programs are made:

- Technical support on how to digitize client, farmer and worker engagement - also digitization of finance (payments) and administration to minimize the need for manual work/contact
- Government programs procuring foodstuffs from the companies to address potential in-country food shortages
- Government support to minimize the restrictions on farming activities and related transport.
- More general (digital) awareness creation with value chain actors on importance of sanitary measures, and support to live up to sanitary measures (provision of instruction cards, sanitary products, etc) also for farmers
- Support in expanding storage capacities, also because excess stock has been bought from farmers to prevent spoilage on farm.
- Easing of conditions for financial products, mostly loans, such as temporarily lower interest rates, longer grace periods, and/or payment deferral
- Support in getting inputs to farmers, organizing extension activities, and in planning for next season

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