

Africa's Food Processors in the Face of COVID-19

A SURVEY OF IMPACTS AND RESPONSES FROM THE SECTOR
15 April 2020

INTRODUCTION

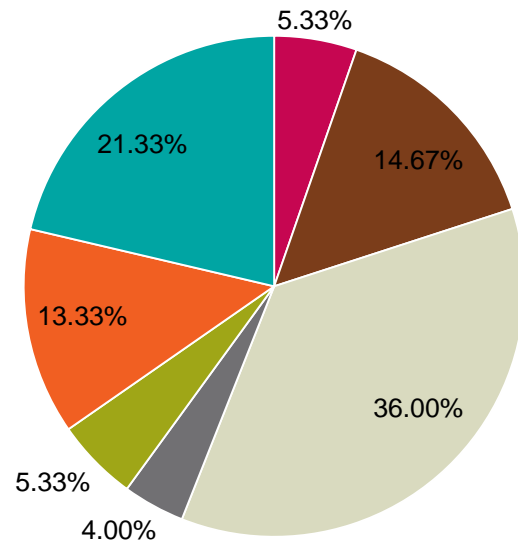
The arrival of COVID-19 has disrupted markets, supply chains, and the ability to process food. To better understand the impact on African food processors, between 7-9 April 2020, TechnoServe conducted a survey with 106 food processors from seven countries: Benin, Ethiopia, Kenya, Malawi, Nigeria, Tanzania, and Zambia.

Disclaimer: This survey is a snapshot in time, intended to give an insight into what the surveyed companies are experiencing at this moment and what similar companies might be facing. The survey results are aggregated here; this is not intended to be a rigorous study, but rather to provide a rapid check in what is a rapidly evolving situation. We hope it will be useful as we develop responses to improve the critical flow of food during this crisis.

METHODOLOGY

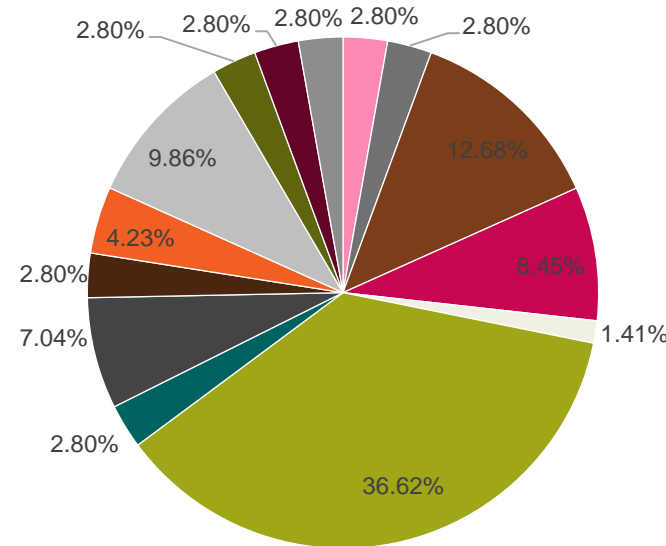
The survey was conducted online, from April 7-9, 2020, with a total of 106 respondents

Country of Operation



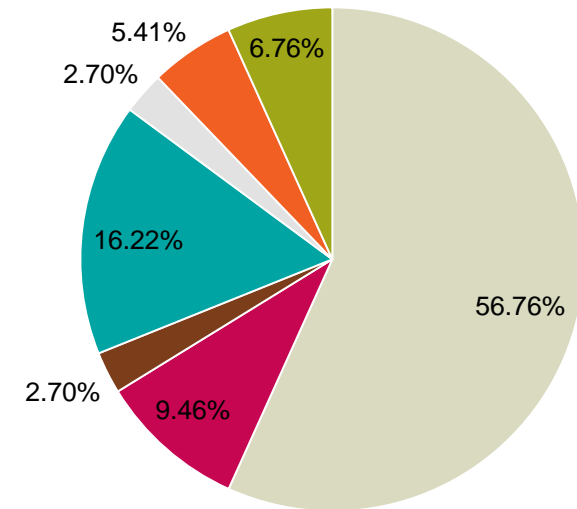
- Benin ■ Ethiopia ■ Kenya ■ Malawi
- Nigeria ■ Tanzania ■ Zambia

Principal Product



- Baked Foods ■ Condiments ■ Dairy
- Edible Oil ■ Feeds ■ Flour
- Juices ■ Meat/Fish ■ Pasta
- Rice/Grain ■ Snacks ■ Spread
- Therapeutic Foods ■ Bottled Water

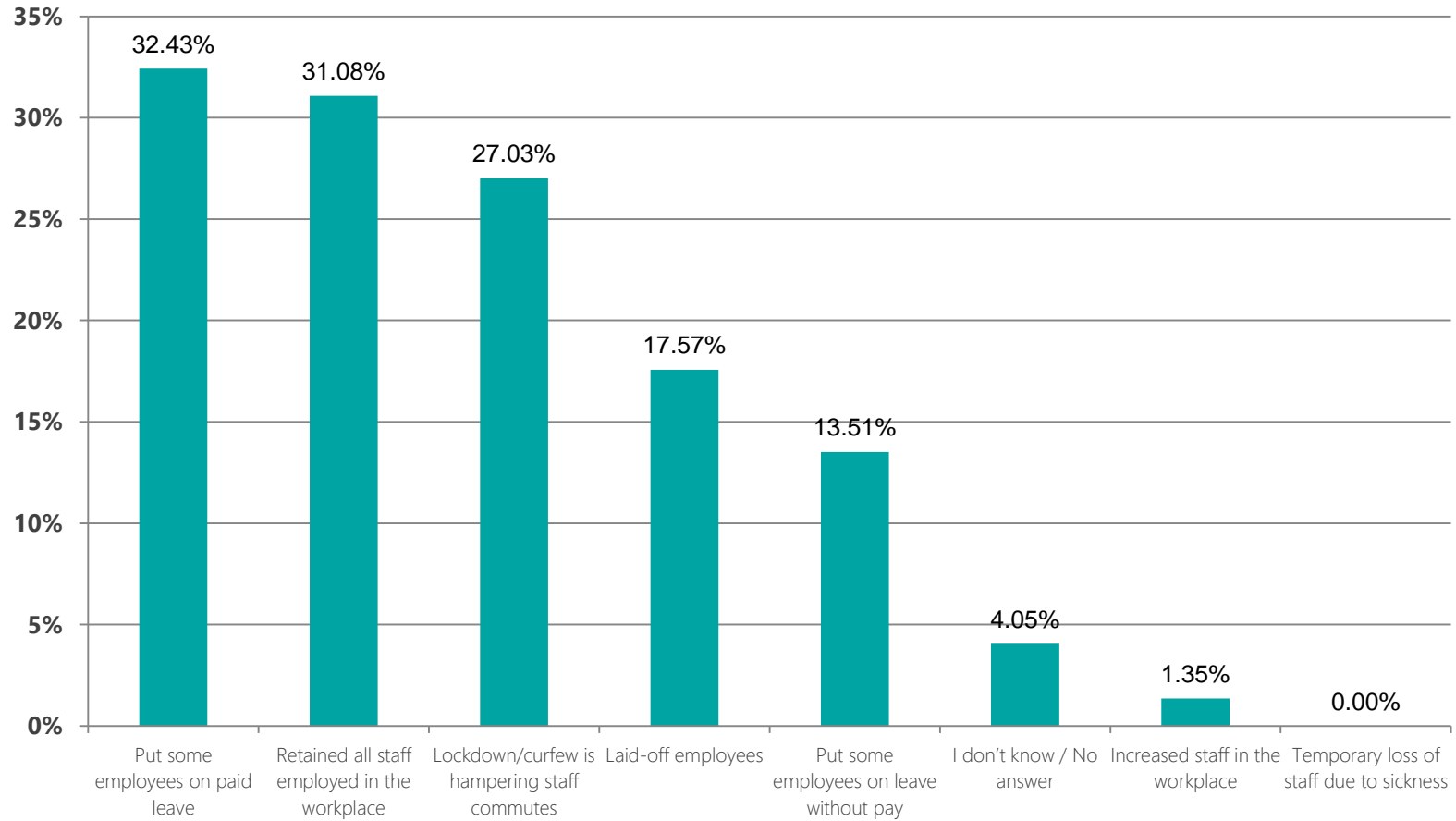
Respondent Job Title



- C.E.O/ Director / MD / Board member/ Top Management Admin
- H.O.D/Sales Manager/Middle Management Admin
- Finance/Account Manager
- QA/QC/Lab personnel/R&D
- Officer/Procurement/Chief Miller/Technician
- Production Manager
- Other (please specify)

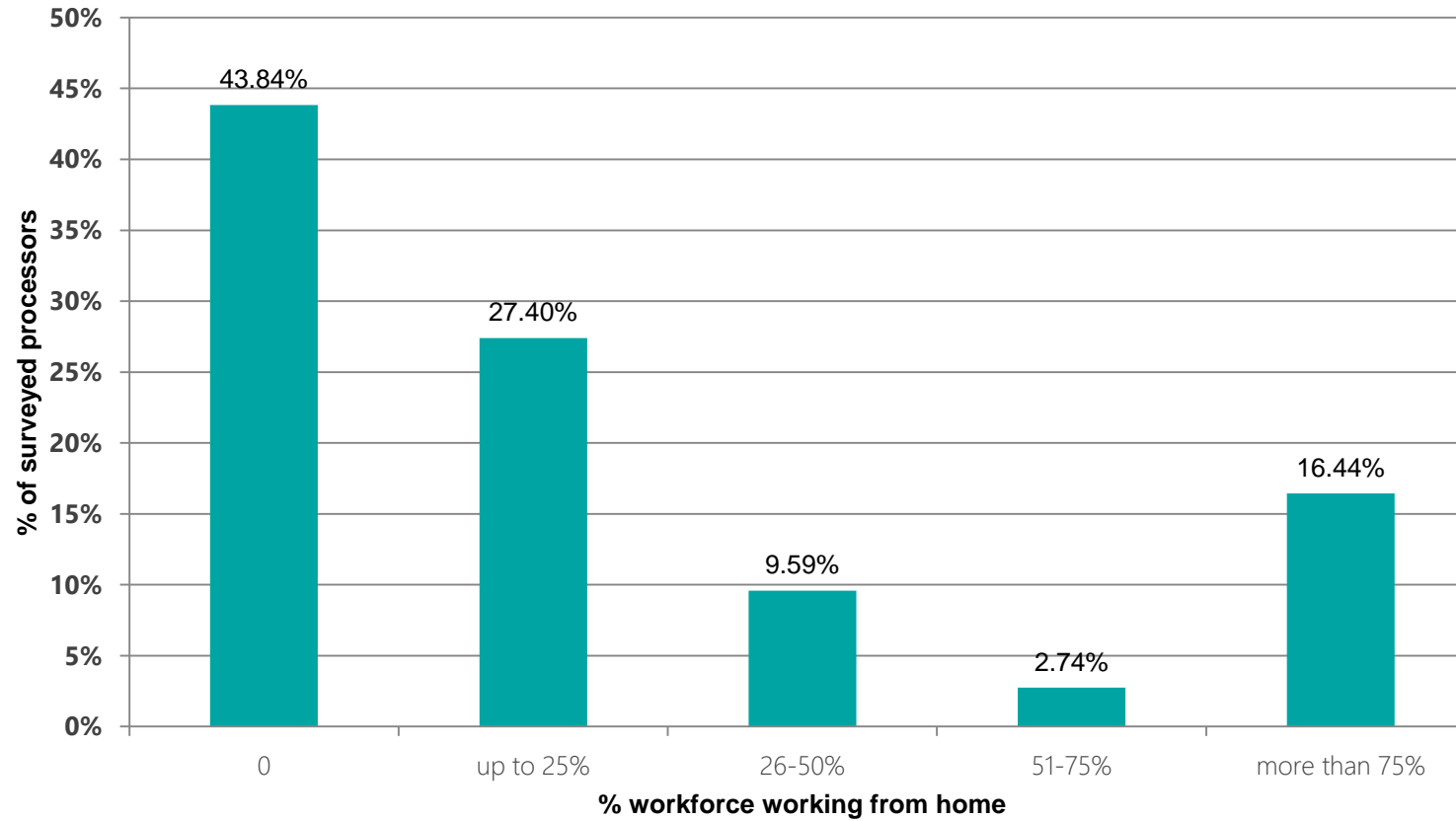
WORKFORCE

As a result of COVID-19, how have your employees been affected?

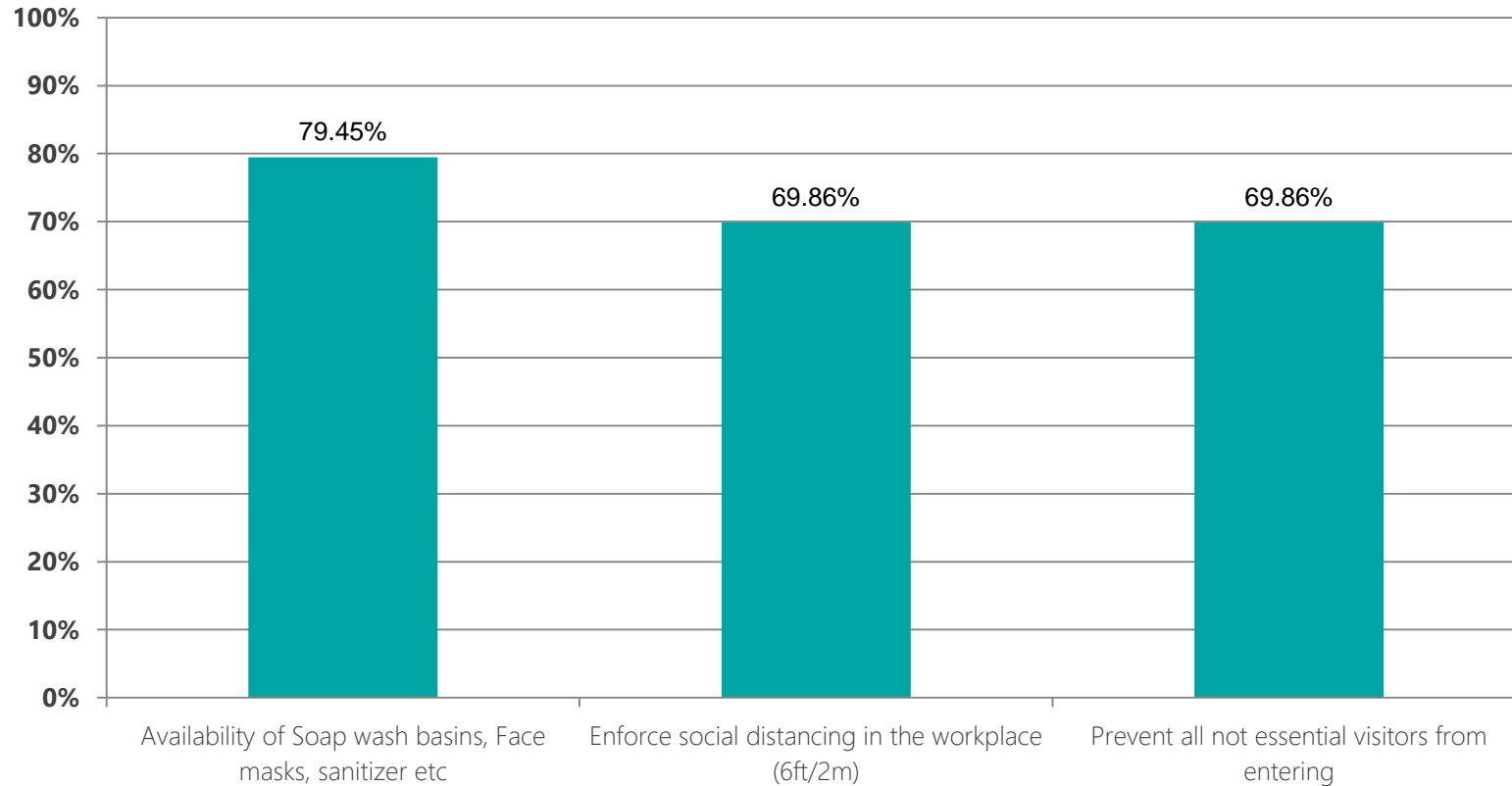


* Respondents could select more than one answer

What percentage of your permanent staff is currently working from home?

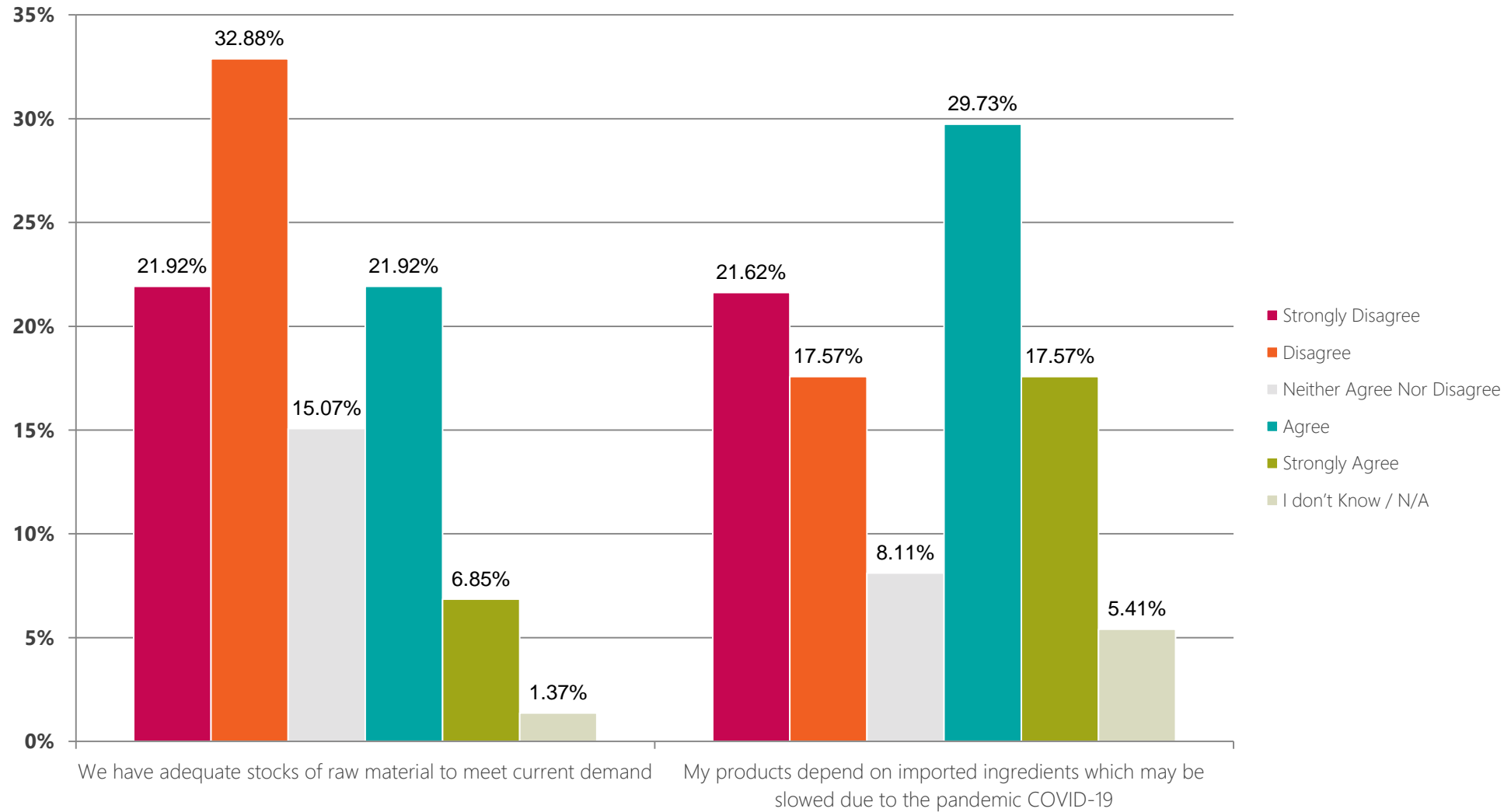


Which preventative health measures has your company taken to prevent the spread of COVID-19?

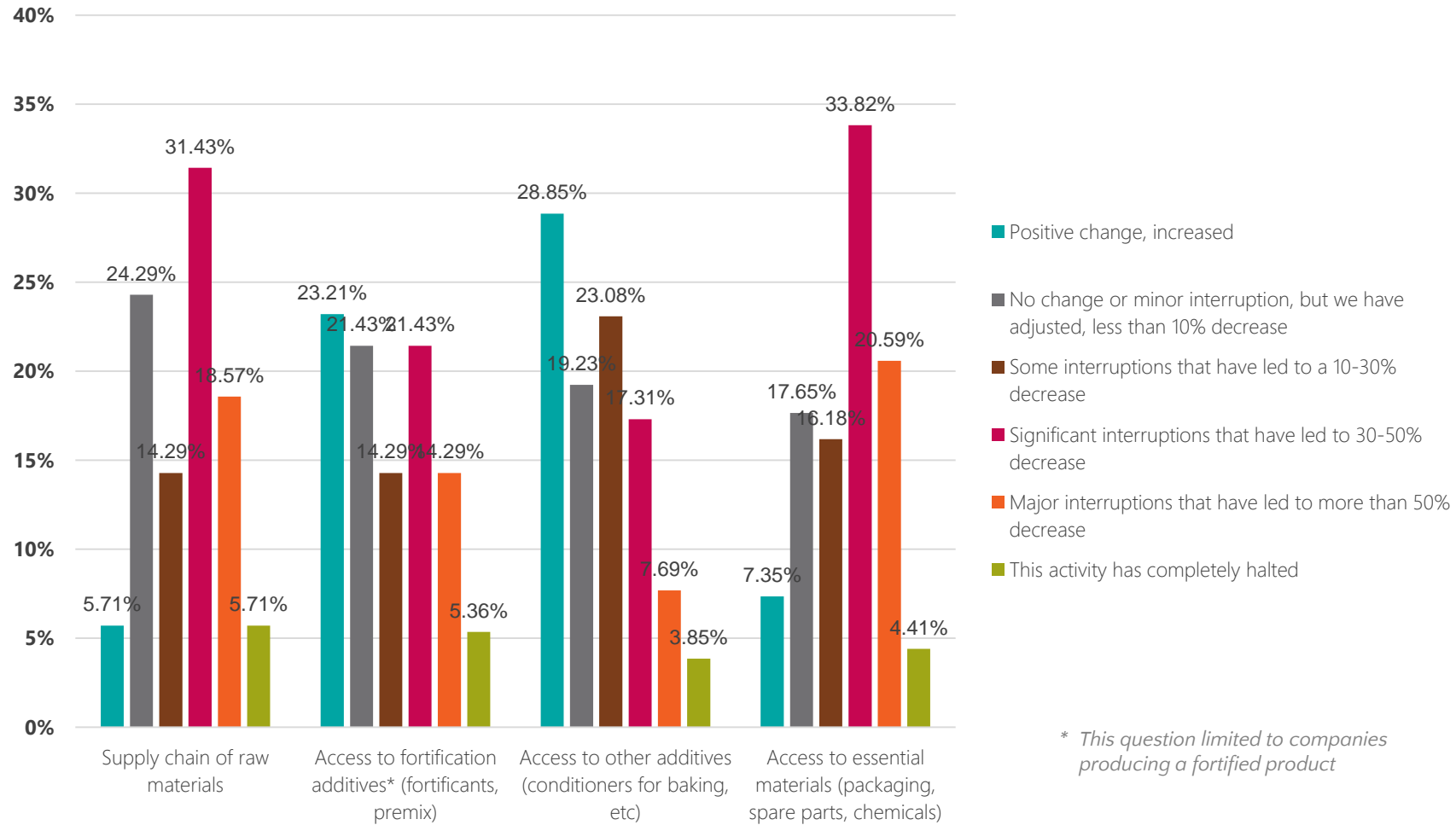


SUPPLY

How strongly do you agree with the following statements?



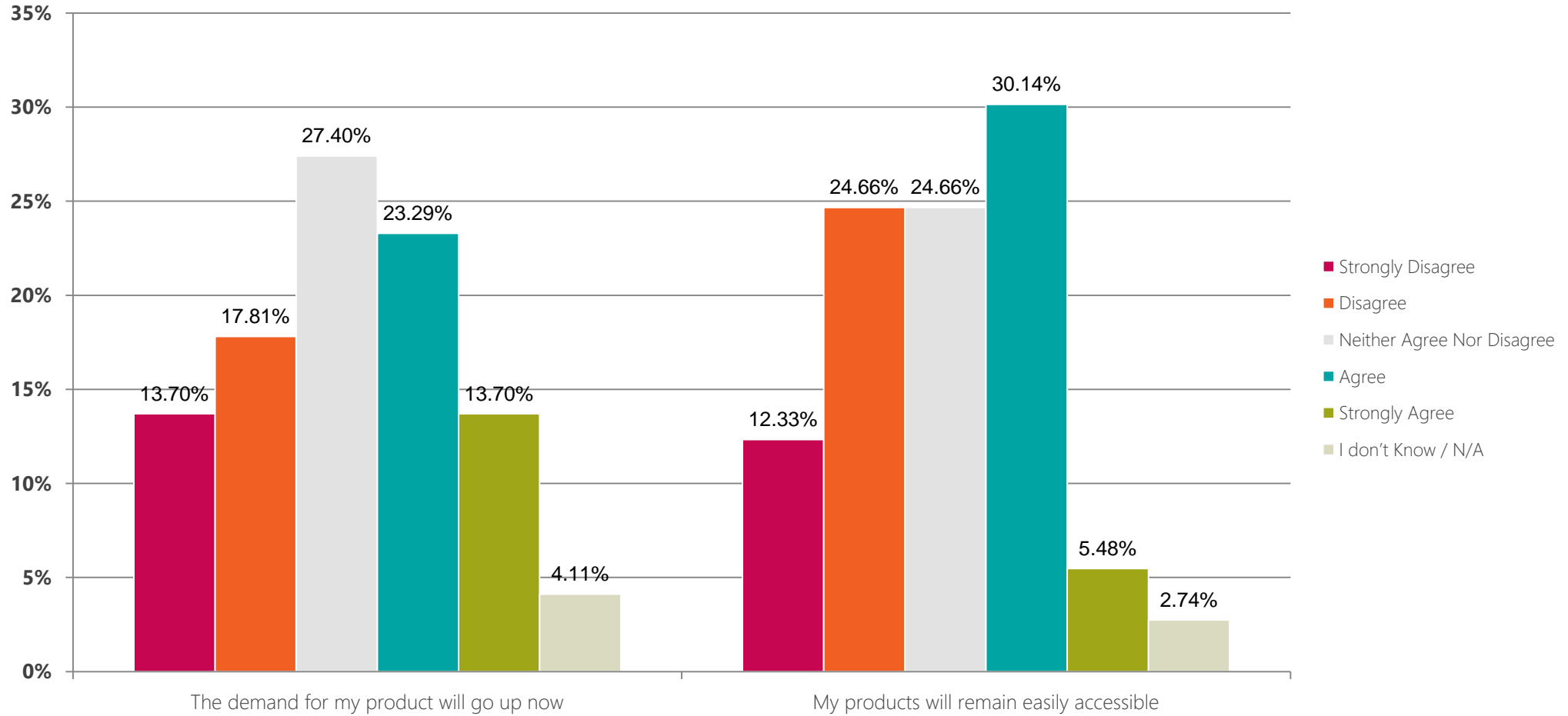
For each of the following supply aspects of your operations, indicate to what degree they have been interrupted by COVID-19



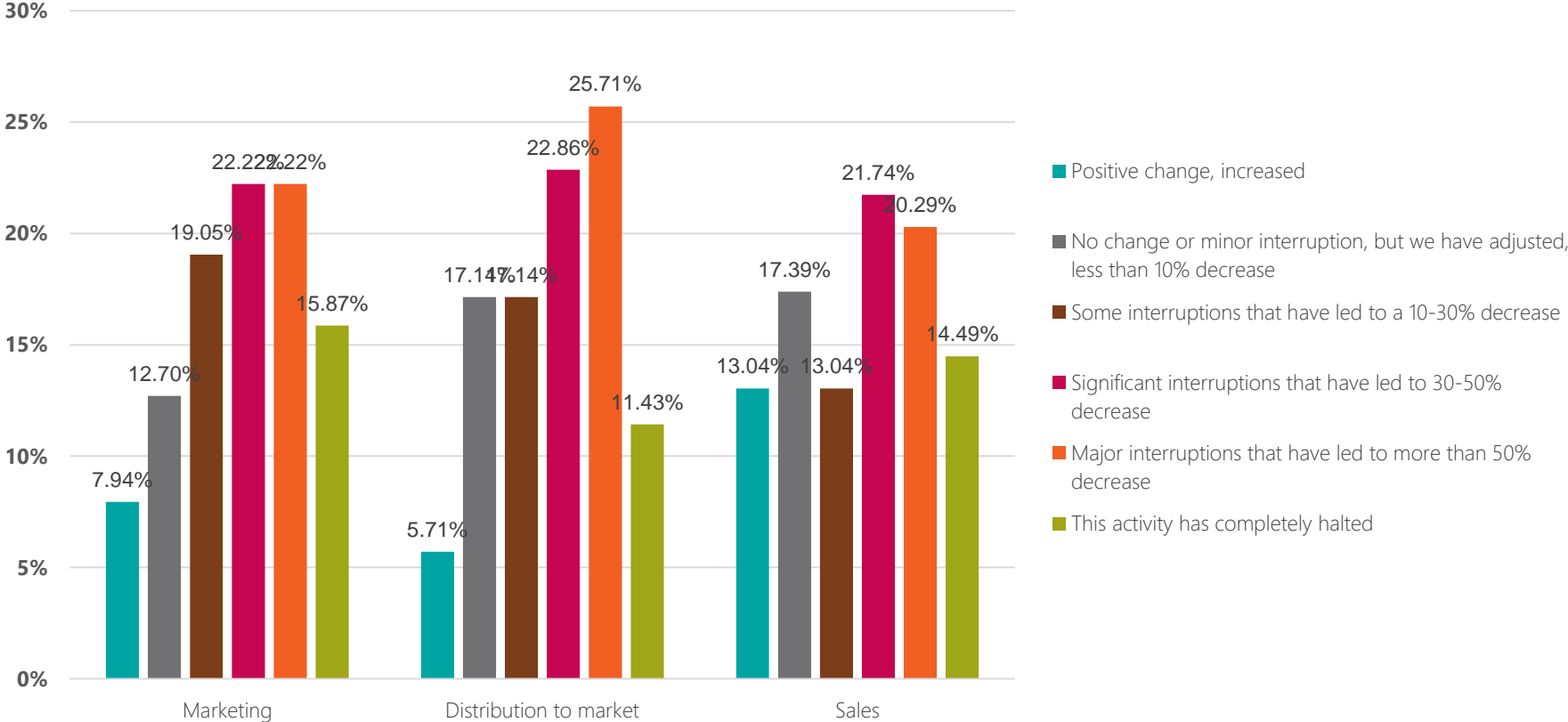
* This question limited to companies producing a fortified product

MARKETS

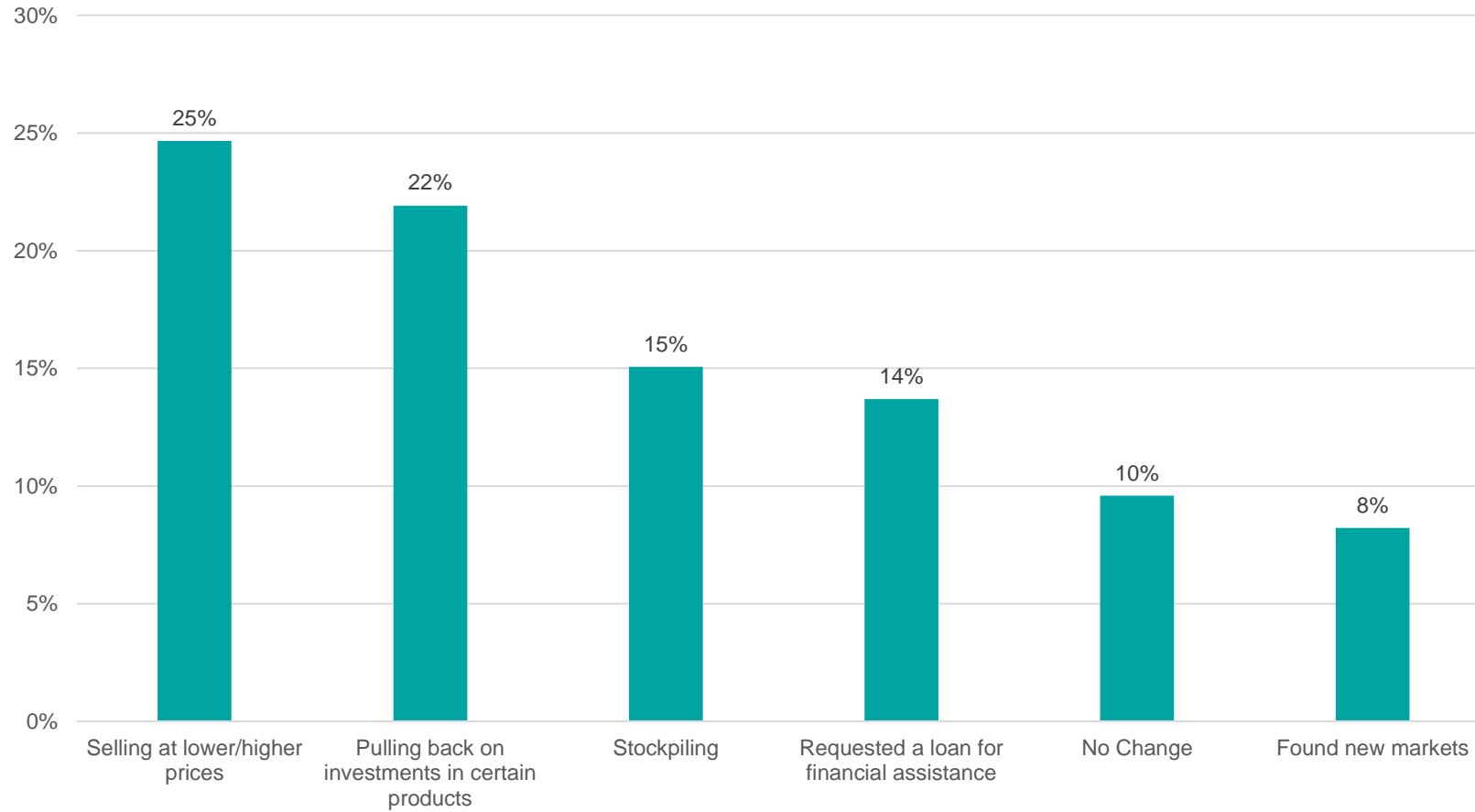
How strongly do you agree with the following statements?



For each of the following sales aspects of your operation, indicate to what degree they have been interrupted by COVID-19

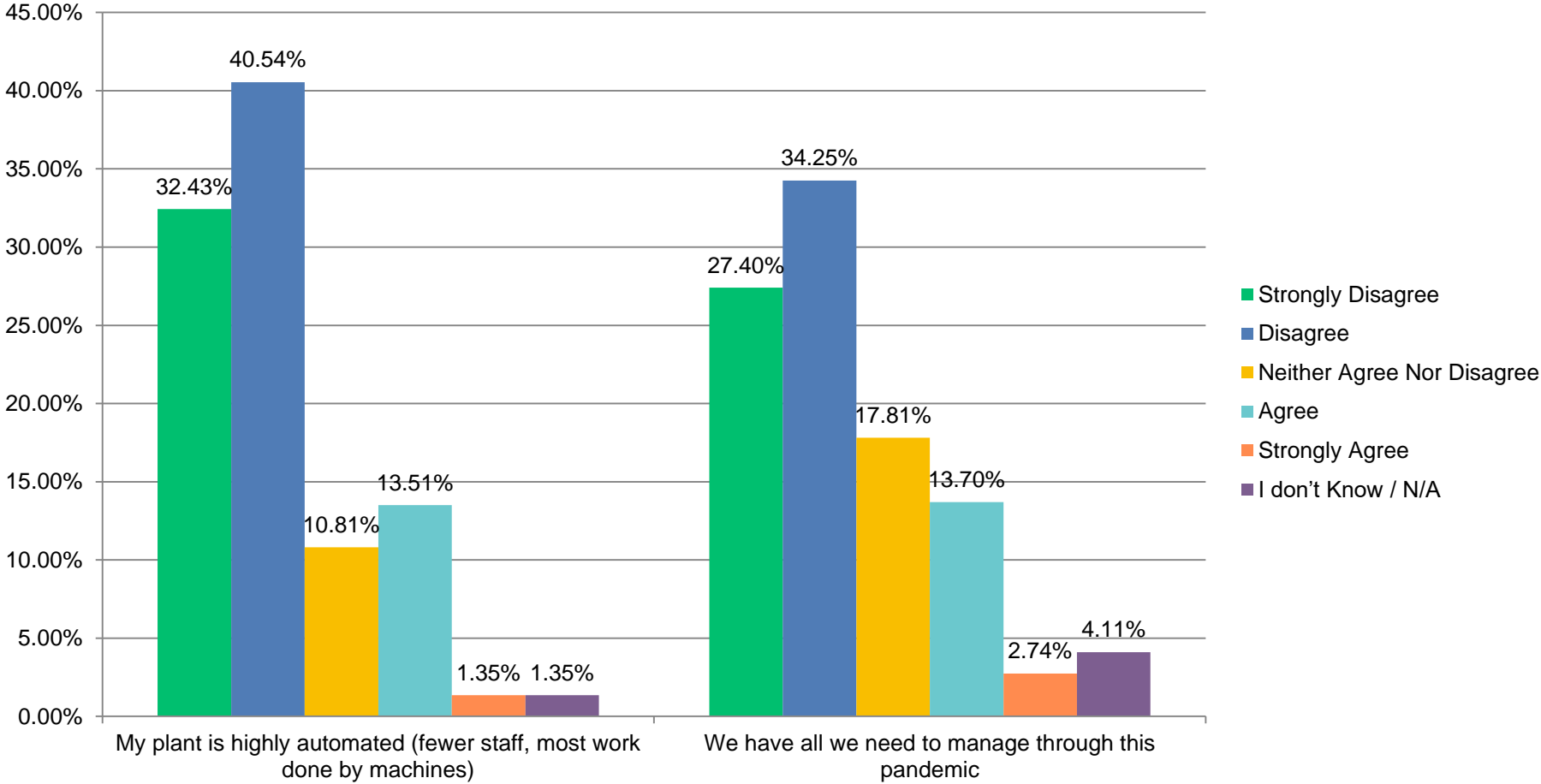


How is your business dealing with the challenge of COVID-19?

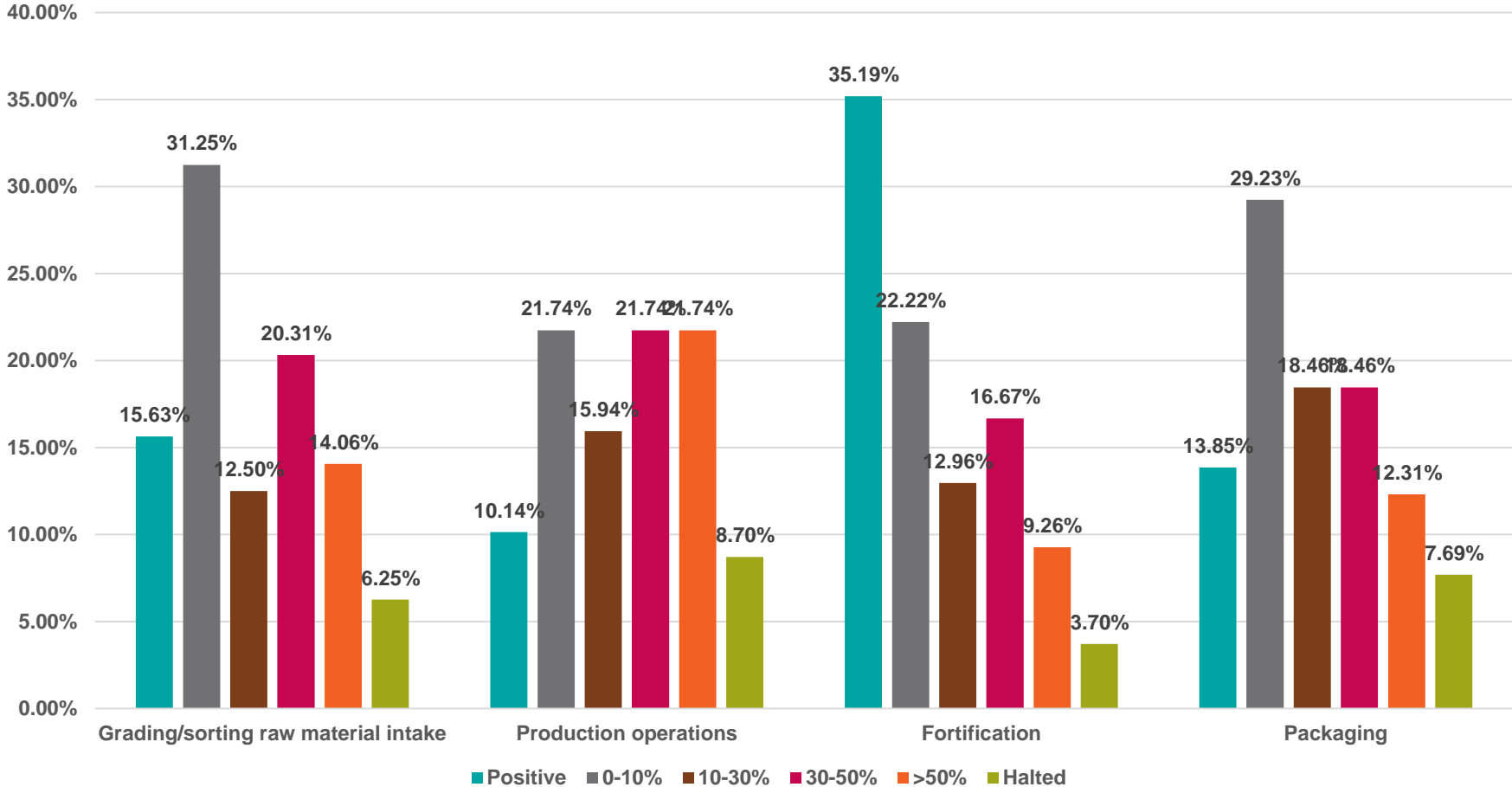


PROCESSES

How strongly do you agree with the following statements?



For each of the following aspects of your operations, please indicate to what degree they have been interrupted due to COVID-19



Quotes from survey

“A lot of information is needed in the community; there is a lot of ignorance in the village [and] so many myths.”- Dairy processor, Kenya

“This has now been exacerbated by a rapid devaluation of the currency (40%). This has seriously impacted on bulk purchases of soya beans from commodity trading companies who quote in USD” - Processor, Zambia

“Our business has not [been] affected yet, but we are taking all the necessary precautions to prevent infections by ensuring all management teams, employees and visitors wash their hands with hand sanitizer before getting in the factory.” - Flour mill, Tanzania

“We closed for the month of April, we opened up around \$40,000 USD to provide food for our workers and their families for the month of April. Hoping to restart May. Looking for opportunities to receive help with food and lost wages for our workers.” - Cashew processor, Benin

“We [are] worrying [about] premix or fortifications issues, when this [situation carries on] for long, [we] will lack premix... Also...[we will] run out of machine spares due to lockdown in some countries which we depend on for equipment. In addition to that, our animal feed industry have delayed now for four month since the outbreak of COVID-19. Technicians can not come due to presence of coronavirus and lockdowns in their locations.” - Flour mill, Tanzania

“Social distancing is proving [to be] a failure at our workplace, may we think of an alternative way.” - Bakery, Tanzania

“Our current supply is way below the market demand.” - Maize flour mill, Kenya

“Food safety systems are in place and we have taken lot of precautions at our workplace to safeguard our staff/workers /visitors, etc..” - Cashew processor, Benin

“Assigned special team to monitor all work activity from input, process and output related with coronavirus, to give awareness [to] employees, follow all entrance door hand wash activity.” - Baked goods producer, Ethiopia

“We are building the new facility for fortified instant porridge and hope to start production soon. Not sure yet how to install the processing line, as we would require a technician from the manufacturer of the equipment in China.” - Fortified porridge processor, Zambia

Our Interpretations

Survey by TechnoServe

- **Approximately 62% of processors do not feel adequately prepared to manage through the crisis**, showing the urgency for greater guidance and support.
- **Sales and distribution of finished products have already been significantly impacted**, while the supply of raw materials has not yet faced widespread disruption. This is understandable with closures in hospitality markets (tourism, restaurants, hotels), lockdowns on consumers, and changing product demand, and the general knowledge that farm yields are already in, and processors and their traders are working through existing stocks.
- **Most plants are not highly automated, making them vulnerable to workforce risks**. Smaller, less automated plants will face greater challenges to maintain production levels if staff are unavailable due to sickness, family care responsibilities, or difficulties in travelling to work.
- **Only 31% of processors have retained all of their staff in the workplace**; the majority have reacted by putting staff on paid or unpaid leave and in 17% of cases, laid off employees. This can be seen as a direct response to cost-saving measures caused by declining demand in some products, as well as efforts to reduce exposure to the virus. **Further disruption is expected the longer the pandemic persists**.
- **Enhanced hygiene and social distancing practices to protect staff are being widely practiced**, but are **challenged by shortages** of sanitizer and personal protective equipment.
- **Over half the companies surveyed have additionally asked at least some of their staff to work from home**, assisting to implement social distancing.
- **55% of processors are concerned about the current level of stocks**. This is particularly acute for those dependent on **imports of ingredients and supplies**. **Supply anxiety is likely to grow** the longer the pandemic persists and influences farm production, handling, and transport.
- **Approximately 25% of processors changed their prices**, indicating a reaction to volatility in demand.
- **A slowdown in business growth is expected**, as approximately 22% of firms cut back in growth investments and 14% requested financial assistance due to COVID-19, which is likely to increase as pandemic continues.

Closing

TechnoServe works with food processors across Africa helping to build competitive businesses, support markets for farmers, and get safer, more nutritious foods to consumers.

For more information about this survey or TechnoServe's work in the sector, please contact Brent Wibberley, director for food processing and nutrition, at bwibberley@tns.org.