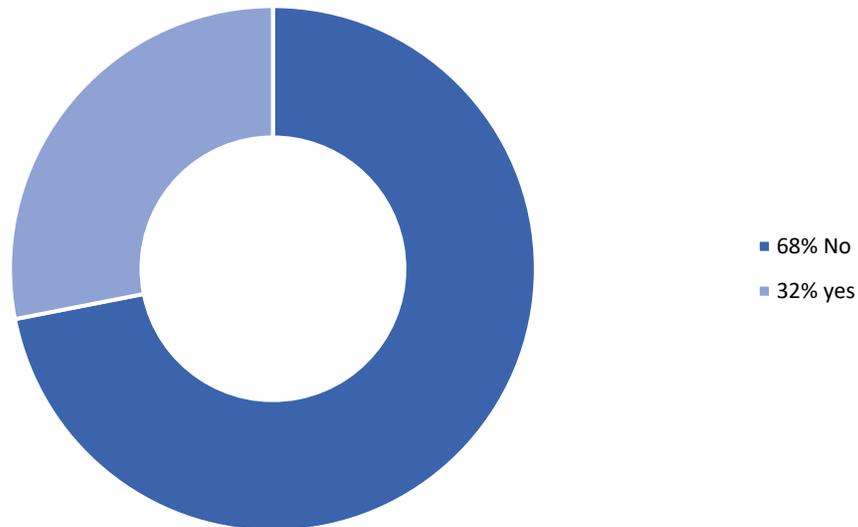




USAID
FROM THE AMERICAN PEOPLE

WEST AFRICA
**TRADE &
INVESTMENT
HUB**

USAID's West Africa Trade and Investment Hub



Has the pandemic changed your investment plans and concept note for a co-investment with the Trade Hub?

COVID-19 IMPACT ON BUSINESS SURVEY REPORT APRIL 2020

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INTRODUCTION

This is a survey report of the impact of the COVID-19 pandemic on the businesses within the West Africa Trade & Investment Hub (the Trade Hub) activity's business pipeline. The businesses surveyed were identified as potential co-investment partners on the Trade Hub who would be integral to the continued success of the program.

The survey was designed to help assess 1) if the Trade Hub's potential co-investment partners are re-evaluating their investment timelines in West Africa, which could impact their willingness to work with the Trade Hub, and 2) how the pandemic is impacting business operations generally, and including their ability to retain and/or create jobs. The survey was also designed to provide the Trade Hub with information to help structure a COVID-19 response fund that would assist the hardest hit businesses to sustain their operations and retain jobs.

EXECUTIVE SUMMARY

A total of 96 businesses from Trade Hub's current pipeline responded to the "COVID 19 Impact on Businesses" survey. The following is a summary of the findings.

As of the end of April 2020:

- **68%** of the companies surveyed indicated they will proceed with their investment plans and will submit their concept notes as initially discussed with the Trade Hub – irrespective of the impact of the pandemic on their businesses and economy.
- **86%** reported that the COVID-19 pandemic had adversely affected their ability to sustain their operations and financial situation, with 28% of the firms indicating that they had partially suspended operations in response to COVID-19.
- While 75% of the companies surveyed did not lay-off staff as of the end of April 2020, of the companies that did, more than 30% of companies laid off at **least a quarter of their workforce**.
- Our survey found that businesses primarily needed financial assistance to support their working capital needs.

SURVEY METHOD

The survey was sent to 333 businesses that the Trade Hub had identified as potential grants applicants as of April 2020. The survey, which was hosted on the Survey Monkey online platform, was administered in English and French for a period of one week (April 21-28).

The Trade Hub recognizes that this survey represents a snapshot of a brief period of in time, and plans to follow up with two additional surveys-- approximately one month apart-- to better understand the long term impact of the pandemic on business operations in West Africa. Future iterations of the survey will also attempt to track the Trade Hub's ability to engage these businesses through its catalytic and R&D grants funds as the impacts of COVID-19 continue to affect businesses in the region.

Survey questions included:

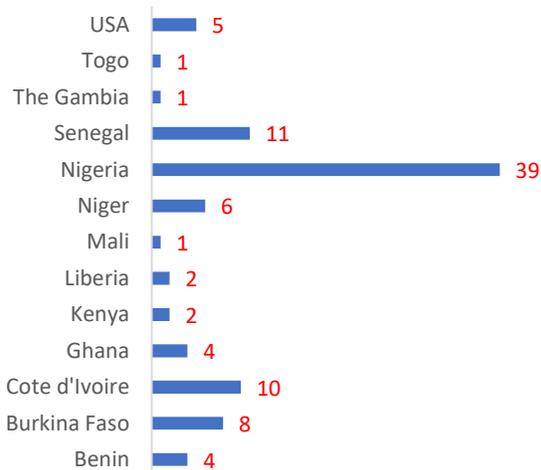
1. What is your name, name of organization, country of operations, contact email and sector of operations?

2. Has the pandemic changed your investment plans and concept note for co-investment with West Africa Trade and Investment Hub?
3. If you answered 'Yes' above, please check the appropriate box or explain briefly
4. Has your ability to operate and your financial situation been adversely affected by the pandemic?
5. If you answered 'Yes' above, please check the appropriate options below or explain
6. Has the pandemic impacted your ability to retain your employees?
7. If you answered 'Yes' above, please check the appropriate box
8. What support would be most useful for your business if you are not proceeding with your planned investments and operations? Please check the areas that are most relevant for your business.

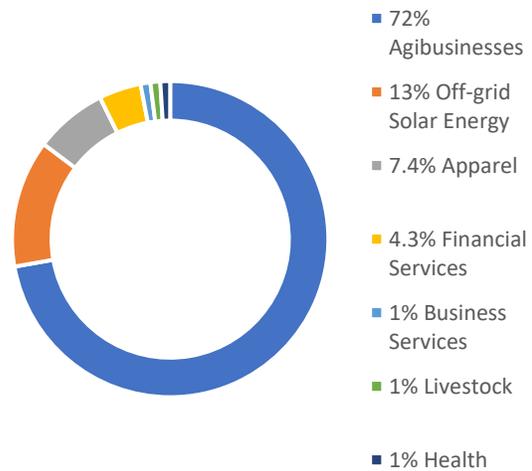
RESULTS AND FINDINGS

There were 96 respondents to the survey out of 333 businesses, representing a response rate of 29%. As shown below, respondents came from 11 countries in West Africa, plus the the United States and Kenya, with 72% of those respondents representing businesses from the agricultural sector.

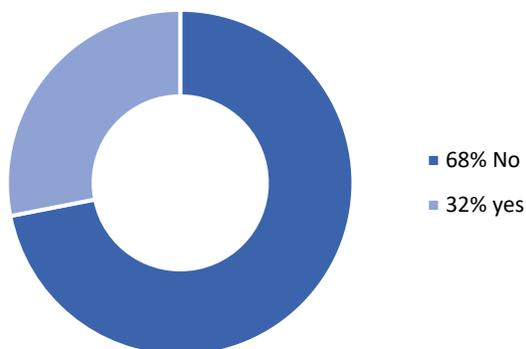
Survey Response by Country



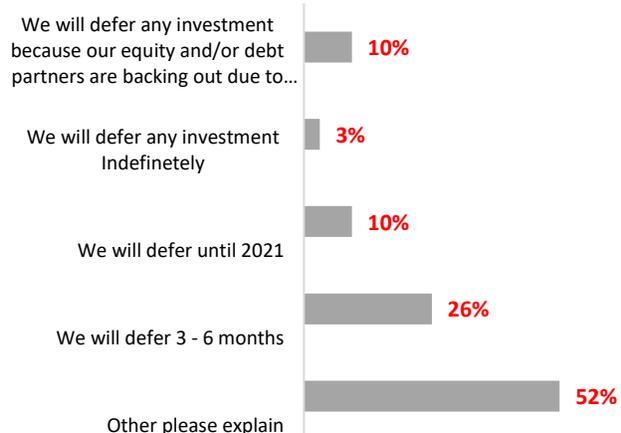
Sectors of Operation



Has the pandemic changed your investment plans and concept note for a co-investment with the Trade Hub?



If you answered 'Yes', please check the appropriate box or explain briefly



As of April 28, 2020, 65 companies in Trade Hub’s current pipeline of potential co-investment partners indicated that they will proceed as initially scheduled in engaging with the Trade Hub, while 31 companies indicated that they have revised their investment timeline for the rest of the year. Only 3% of businesses who have had to change their investment plans because of the COVID-19 pandemic indicated that they have indefinitely delayed their investment plans, which is a good sign for the Trade Hub’s ability to continue investment activities in the region.

A large percentage of respondents (52%) did not indicate that their timelines would change, but rather that the scope and/or size of their investments were likely to change. Some comments included:

“Project timelines delayed, and pipeline investments dampened”

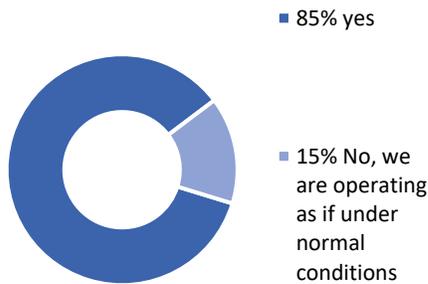
“For the most part, Covid-19 has not changed our investment plans. However, we will adjust our concept note, as we are taking part in the Covid-19 response efforts in Sierra Leone (and Liberia), through the provision of specific solar products to the affected communities and the design, supply and installation of solar systems for health facilities. We have also decided to accelerate our submission to WATIH, to align it with our conversations with potential Equity partners.”

“We plan to proceed as scheduled. However, we had to invest some of our proposed Hub proposal funds to sustain operations, but we are actively seeking other private investors to make up for this shortfall.”

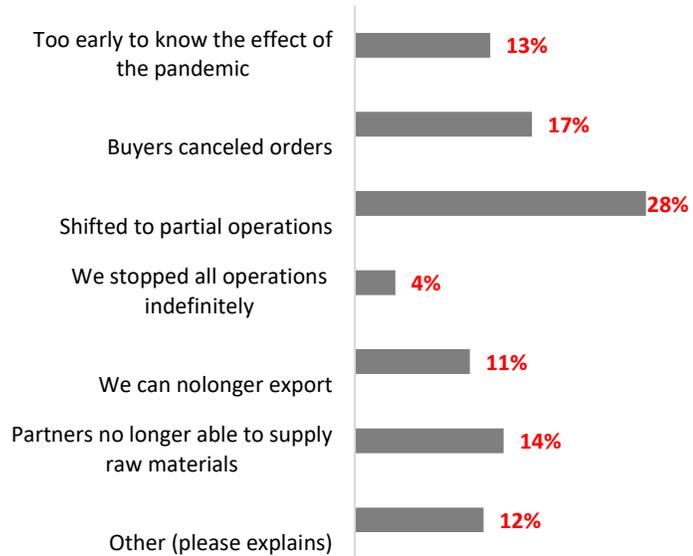
“We will still apply, but it may be a slightly reduced concept”

“We would like to fast-track the project and the support from Trade Hub, as insecure land tenure will likely exacerbate social unrest in Côte d'Ivoire. Our funders are supportive of this”

Has your ability to operate and your financial situation been adversely affected by the pandemic?



If you answered 'Yes' above, please check the appropriate options below or explain



Unsurprisingly, 85% of the respondents indicated that their ability to operate their businesses and their financial situation had deteriorated because of COVID-19. However, reactions and outcomes for each business were quite varied. 13% percent of respondents cautioned that it was too early to know the exact effect the pandemic will have on their business, while 28% had already resized and restructured some of their operations to adapt. It was clear that a large impact is being made by the lack of both supply and demand for goods, as 14% of respondents indicated that their operations were being affected because their vendor partners were no longer able to supply raw materials, while 17% indicated that their buyers had canceled orders. Another 11% suggested they could no longer export their products because of the border closure regulations that various governments had instituted to curb the spread of COVID-19.

For those respondents whose situations did not fit into the categories that the Trade Hub thought would have the largest effect, it became clear that a major concern for many companies if the uncertainty in national and global supply chains caused by COVID-19. Comments included:

“Supply chain interruptions in China have resulted in delays in the shipping of our inventory. Partial lockdown has restricted movements between cities and towns. However, Easy Solar has been identified as an essential service, so we are still able to do minimum movements. We are working on alternative supply routes to ensure that we have enough inventory to participate in the Covid-19 response efforts.”

“Customer visits and customer contracts could not be carried out because the covid19 fell at the beginning of the campaign”

“Too many uncertainties, especially with regards to finances, supply chain, customers, projects etc.”

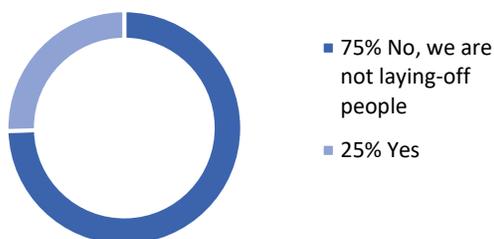
“We are concern about the impact of the Pandemic on Farmers ability to produce paddy rice”

“We have lost many of our onion and tomato production, because of the weekly farmers markets were suspended and we lack storage capacity.

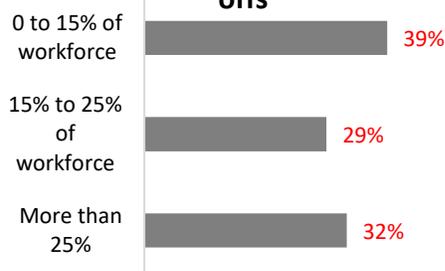
“We suspended the acquisition of equipment, and the construction of the plant since Burkina Faso went on lockdown and the government instituted restrictions on movements of people”

“Many of our clients are postponing or canceling orders. We have difficulties covering the cost of our operations”

Has the pandemic impacted your ability to retain your employees?



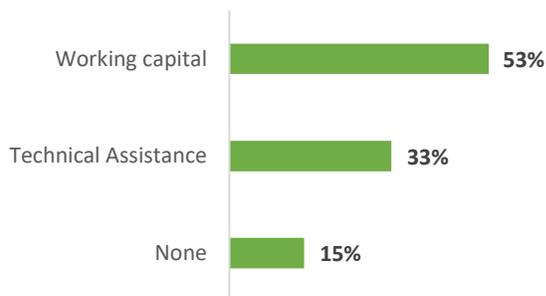
If yes, please indicate size of lay-offs



As of the end of April 2020, 75% of our respondents indicated that they had not laid-off any member of their staff. However, of the companies that did report lay-offs, over 60% reduced their workforce by 15% or more, constituting large parts of their individual businesses.

In terms of needed support to address the effects of COVID-19, 53% of respondents indicated that working capital would be the most useful to ensuring long-term viability, as sales and revenue are expected to continue to decline. Interestingly, 33% of businesses expressed interest in receiving financial advisory services to help them in restructuring their businesses and access commercial lending, indicating a larger than expected desire to receive targeted technical assistance.

What support would be most useful to your business to help weather the effect of COVID-19?



CONCLUSIONS AND RECOMMENDATIONS

Conclusion

While many of Trade Hub’s potential grantees communicated that they intend to proceed with their investment activities as planned with the Trade Hub, it is clear that as of the end of April 2020 -- only about one and a half months after West African countries closed their borders – many of Trade Hub’s potential co-investment partners are being adversely affected by the

pandemic. Many have reported that they have reduced their business operations because of sales

postponements and cancellations, difficulties accessing raw materials, and difficulties exporting regionally and internationally. While job losses were less numerable than expected as of April 2020 among the companies surveyed, those that did lay off staff reduced their workforce in significant ratios. This trend could accelerate in the coming months.

Recommendations

- The Trade Hub should release a rapid-response fund focused on injecting funds into hard-hit businesses in the pipeline in the form of working capital which will improve cashflow and help retain jobs.
- The Trade Hub should set aside special Technical Assistance funds to provide advisory services to companies on financial restructuring specifically in response to COVID-related needs.