

Report on the Quick Action Economic Response Programme (QAERP)

Impact of restrictions on the private sector

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The opinions expressed in this report are those of the authors and do not necessarily represent the views of the aforementioned organisations.



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Abbreviations and acronyms

GoSL	Government of Sierra Leone
ISL	Invest Salone
MOF	Ministry of Finance
PSP	Private Sector Platform
QAERP	Government's Quick Action Economic Response Programme



Introduction

As part of its facilitation of the Private Sector Platform (PSP) established by the Ministry of Finance (MOF), Government of Sierra Leone as part of its COVID-19 Quick Action Economic Response Programme, Invest Salone (ISL) undertook rapid research in order to assess the impact of lockdown measures on segments of the private sector. The aim of the assignment was to identify areas for concerted action on the part of both public and private sector actors, including to support the Government of Sierra Leone's efforts to ensure the continued availability of essential commodities at affordable prices during the COVID-19 crisis. This is one of several just-in-time surveys undertaken by ISL on behalf of the Private Sector Platform.

The report is based on a survey undertaken between 6 and 15 May via telephone interviews and comprises of 20 businesses representing four sectors, including both importers and exporters. The sample comprised of medium and large scale-businesses.

Planting, harvesting and processing

- The restrictions are delaying planting for some crops which risks impacting yields and hence the availability of crops later in the year. The current quarter of the year (April–June) is the planting season for crucial crops like rice (upland and boli land farming), maize, groundnuts, and cassava.
- Constraints on harvesting and processing lead time leading to spoilage of perishable produce resulting from lockdown.

If delays and restrictions persist:

- Prolonged travel restrictions and lockdowns could affect firms' ability to deliver inputs such as training to agents and farmers. Trainings before the planting season are mostly delivered physically to agents and farmers. This is an ongoing effort especially through cultivation as well as harvest seasons (currently oil palm, pineapples, mangoes, avocados and a wide range of other fruits are in their harvest season), and any break in flow due to lockdowns without exemptions will be very challenging.

Port and air freight

- The restrictions and social distancing measures currently in force have created extra delays at the ports increasing freight costs and lead times. Several businesses surveyed reported that they are unable to transport products to Freetown and the Port for export or can do so only with long delays.
- Restrictions on air freight has constrained access to spare parts as well as transfer of experts for new projects.
- Companies relying on airfreighted supplies of perishable produce are particularly badly hit. One such company surveyed had to shut down completely. A business in the poultry sector reported that they and others in the sector may not be able to replenish their chicken stock

(day old chickens or eggs for hatcheries). Most of the layer chickens in the country will need to be replenished in the next twelve months. The problem for the sector is compounded by challenges accessing feed from abroad, especially maize.

- The poultry sector is at a particularly high risk of complete shutdown as farms will eventually have to close if current travel restrictions continue, as they cannot continue without replacing chicken stocks through airfreighting of day-old-chickens from Europe.

Staffing

- Business costs are raised by having to pay staff during lockdowns, even when businesses are not earning revenue.

If delays and restrictions persist:

- Longer lockdown periods will mean businesses will not be able to retain staff, and in some cases will not be legally obliged to do so.

Electronic passes

- Most companies surveyed reported that it is difficult securing passes to go to Freetown which makes it almost impossible to prepare for an extended lockdown. Delays issuing passes mean that in some cases they are issued after their expiry dates.

Banking

- Businesses are experiencing long delays with their banking operations and are also being impacted by their customers experiencing such delays. Those surveyed reported that it can take up to ten days for interbank transfers. Banks in turn report that central bank regulations are part of the issue.
- Businesses relying on exports to access forex are particularly badly hit by the current crisis.

Cost and availability of inputs

- Extra costs for some firms: travel restrictions mean some firms need to build new facilities or expand existing ones to store their products. It may also result in fuel shortages, leading to higher prices, especially in the provinces. Companies are considering stockpiling fuel as a precautionary move, as they do not trust the reliability of fuel supply and anticipate shortages down the line.
- A manufacturer reported that the prices of his upholstery and spraying materials have increased because of increased lead time resulting from travel restrictions and lockdowns in China and Europe.
- Demand fluctuations: firms continue to experience huge demand in the days leading to every lockdown – people buy lots of food to stock in their homes for the lockdown, and

some buy in anticipation of shortage in supply of both local and imported substitutes. This pattern is very prominent in sectors like poultry, for example.

Recommendations

Businesses surveyed had a number of suggestions for further exploration:

- Consider additional tax and other measures to help offset some of the impact of the crisis on business.
- Expedite the pass issuing process and make producer companies a preference.
- Make every effort to keep the port open so companies can move logistics and supplies.
- Certain companies need concessions to operate indefinitely under lockdown within a controlled environment. Lessons can be drawn from companies which already have such permissions.
- Employee protection: agribusinesses could minimise exposure of employees by ensuring social distancing in the workplace and farms and by isolating their employees from contacts outside of the immediate work environment. If this is done effectively, they should be allowed to operate indefinitely even in lockdown periods.
- Ways should be found to help ensure that agricultural activities continue to function as normal. Agricultural activities are seasonal, and their activities cannot be postponed, or these risks impacting not only jobs and incomes but food security. This can be done effectively through coordination among health officials, response teams, community authorities and the related companies.
- Expedite the process of accessing government support facilities to businesses. Businesses are aware about the facilities announced, but most of their financial institutions through which they can access it don't have access to it yet.

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