



A YEAR INTO THE COVID-19 PANDEMIC: WHERE ARE WE NOW?

The April 2021 CASA Breakthrough Webinar explored the reality on the ground after a year of COVID-19. The panel drew on examples from Africa to unpack the impact of the pandemic on investment and discussed the next challenges on the horizon. There was a strong focus on the information needs of investors and how appropriate investment strategies can be applied now in relation to agricultural value chains.



Sami Khan - CDC Group: The impact of the pandemic on investment by direct finance institutions and the performance of agricultural value chains

CDC Group has had a large focus on food security, climate change, and nutrition, but the intensity and urgency of these goals were dramatically increased during the initial months of the pandemic. In CDC Group's core geographies, the pandemic led to a much larger food security issue, which required innovative, bold and non-conventional approaches to manage the interim challenges moving forward ([preserving, strengthening, and rebuilding](#)).

Through the lens of resilience and agility, CDC Group developed a three-tiered response: 1) During the first 12 months the focus was to improve liquidity in portfolio companies and ride out COVID impact; 2) Focusing on strengthening supply chains or portfolio companies and promote smooth trade flows; 3) Focusing on agility, rebuilding, and recovery. CDC's overarching goal was to ensure that local supply chains advocate to support domestic demand, and keep food supply moving smoothly and affordably in the event of future trade disruptions taking place. The role of agri-tech in providing a market-building mechanism, addressing some of the structural market issues and creating equitability in the system, especially for SMEs and smallholder farmers, has been accelerated and amplified by the pandemic.

Sheila K Mugenyi - Uganda Investment Authority: The impact of the pandemic on the performance of and investment in the agricultural sector in Uganda

During the initial months of the pandemic, the government of Uganda imposed a series of mobility restrictions. This affected the volumes of agricultural goods traded internally and externally and restricted movement of people. This led to a decline in demand for food because schools and hotels were closed. The transportation of agricultural produce was more affected than the production of food.

The market disruptions in Uganda accelerated the emergence of innovative approaches to cope with and address these challenges. Agri-tech has been adopted that better connects farmers and markets, whilst facilitating financial and information flows. There has been newfound innovation in Uganda. For instance, enterprises now are able to utilize online marketing and deliveries. Another positive impact was that farmers diversified their sources of inputs and used their skills to respond to demand. New investors entered the agricultural space.

Ms Mugenyi was hopeful that Uganda will pass their biotechnology bill, the Genetic Engineering Regulatory Bill, which she believed would positively impact on available inputs.

Philip Boahen - African Development Bank: The impact of the pandemic on agricultural value chains in Africa and the appropriateness of investors' responses

The African Development Bank needed to respond in a way that provided immediate relief, but also built resilience now and into the future. They implemented a program called Feed Africa Response to COVID-19 (FAREC) to address specific issues faced by the agriculture sector. Their focused response addressed food systems: stabilization of food prices, support services, promoting localized food production optimizing food processing and storage capacity, provision of policy support, establishing food security task forces, and supporting regional initiatives. The bank highlighted a need for building integrated agriculture value chains. Moving forward, the African Development Bank will prioritise the provision of policy support, working more with the private sector and putting into place more innovative financing instruments.

QUESTIONS INVESTORS SHOULD BE ASKING THEMSELVES IN LIGHT OF THESE CONSIDERATIONS:

- *What is the role of international finance institutions in supporting a more integrated food system approach to improve the future of agriculture financing?*
- *How can impact investors and development finance institutions continue to encourage and support portfolio businesses to be adaptable, diversified and resilient?*
- *Is there a role for commercial lenders to invest in agricultural support services and technologies, which can in turn help improve resilience of food systems and de-risk direct investments in agribusinesses sourcing from smallholders?*

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