COVID 19- CHALLENGES AND OPPORTUNITIES ON LIVESTOCK FOR AFRICA

PRIVATE SECTOR’S PERSPECTIVE – CASE STUDY – AKM GLITTERS COMPANY

Elizabeth Christopher Swai, CEO, AKM Glitters Company Limited
African countries and its governments largely unprepared to face the COVID 19 pandemic. All are struggling to contain its spread to its people and also not forgetting the fear of it spreading to livestock. Spreading beyond human will cause more socioeconomic challenges such as:

- **Disruption of food systems**: direct impact on small and medium sized companies critical to the functioning of food systems
- **Disruption of Investments and Financing**: direct impact on economy, incomes of small, medium, large businesses and millions of small holders and the urban poor not forgetting women and youth

**What can we do:**

- **Investments on digital agriculture**: Communication, Finance, Extension service, Information Sharing, Training, Data Base and related programs
- **Policy Reviews and budgetary concerns**: A number of innovations, good practices and policy reviews are necessary for addressing the challenge for a quick recovery
# THE CASE STUDY - AKM GLITTERS BEFORE AND AFTER COVID 19

<table>
<thead>
<tr>
<th>AREA</th>
<th>BEFORE COVID 19</th>
<th>DURING COVID 19</th>
<th>MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td>US$ 160,000/MONTH</td>
<td>US$ 25,000/MONTH</td>
<td>COMMERCIAL LOAN 24% INTEREST</td>
</tr>
<tr>
<td>EMPLOYMENT</td>
<td>120</td>
<td>64</td>
<td>INVESTED IN DIGITAL COMMUNICATION AND MOBILE VETERINARY SERVICE</td>
</tr>
<tr>
<td>FRANCHISES</td>
<td>420</td>
<td>188</td>
<td>INVESTED IN REVIVING THE RURAL BASED FRANCHISES</td>
</tr>
<tr>
<td>SMALL HOLDER FARMERS</td>
<td>614,000</td>
<td>5000</td>
<td>REVIVING CUSTOMER BASE</td>
</tr>
<tr>
<td>NEW INVESTMENT</td>
<td></td>
<td></td>
<td>NEW ANIMAL FEED MILL CONSTRUCTION WAS STOPPED DUE TO BORDER CLOSURES WHICH AFFECTED THE ARRIVAL OF ENGINEERS FROM CHINA. COMMISSIONING IS NOT DONE TO DATE</td>
</tr>
<tr>
<td>FOREIGN EXPERTS</td>
<td></td>
<td></td>
<td>RETURNED TO THEIR COUNTRIES AND NEVER RETURNED</td>
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</tr>
</thead>
<tbody>
<tr>
<td>PARENT STOCK IMPORTATION</td>
<td>100%</td>
<td>40%</td>
<td>IMPORTATION OF PARENT STOCK HAS NOT BEEN POSSIBLE HENCE DROP OF DAY OLD CHICKS PRODUCTION RESULTING TO SCARCITY OF DAY OLD CHICKS IN TANZANIA</td>
</tr>
<tr>
<td>POLICY</td>
<td></td>
<td></td>
<td>AKM GLITTERS HAS BEEN REQUESTED BY GOVERNMENT TO INVEST ON GRAND PARENTS TO MITIGATE. THIS WILL NEED INVESTMENT FOR RESEARCH AND PRODUCT DEVELOPMENT</td>
</tr>
<tr>
<td>BANK INTERESTS</td>
<td></td>
<td></td>
<td>COMMERCIAL RATES ARE STILL HIGH 24%</td>
</tr>
<tr>
<td>TAXES</td>
<td></td>
<td></td>
<td>NO TAX HOLIDAYS, NEITHER STIMULUS PACKAGE TO RESUSCITATE THE BUSINESS</td>
</tr>
<tr>
<td>UTILITIES</td>
<td></td>
<td></td>
<td>SAME COSTS</td>
</tr>
<tr>
<td>DONOR FUND/INVESTORS</td>
<td></td>
<td></td>
<td>DELAYED AND LIQUIDITY LEVEL IS LOW</td>
</tr>
</tbody>
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EVIDENCED OF COVID 19 IMPACT – AKMG’S PERSPECTIVE

- Border Closures effects and lockdown measures:
  - Cross border trade became complicated
- International trade was affected i.e.
  - Importation of poultry parent stocks or hatching eggs
- Disruption of input supplies: Scarcity
  - Of vaccines, drugs and animal feed additives
- Controlled movement of experts
  - From one country to the other has become impossible,
  - Movement of extension personnel to the rural areas is more challenged.
- Raise in cost of production due to raise in buying prices:
  - The suppliers are not willing to supply on credit for fear of defaulting
  - Working capital increasingly difficult to access
- Policy Review and Innovation: Effects on rural markets
  - Small holder farmers increasingly excluded in participation
  - Disruption of food systems and market.
  - Drop in sales
EVIDENCE OF COVID 19 IMPACT MY PERSPECTIVE

- **Staff Management and salary cost**
  - Staff are demanding to stay home due to COVID-19 scare. Impossible to manage production and distribution from home
  - Losses as salaries remain the same hence more accrued salary cost on the company.
  - Small or medium enterprise is left with responsibility ensuring staff safety hence increase in administrative costs
  - In the worst scenario leave without pay which needs to be recovered after pandemic

**AKMG Contingency Plan**

- **AKMG** has decided to invest on call centre to continue contacting the farmers through calls and continue supporting farmers from the office. This call centre share updates on COVID-19

- **AKMG** has decided to invest on mobile (vehicles) for veterinary services for extension and treating services while taking all COVID 19 precautions

- **AKMG** is establishing an IT platform to access real time information and contact farmers even during the COVID-19
SOLUTIONS TO ADDRESS CHALLENGES

1. **Regulatory reforms**: i.e. Seed Policy, education Systems should consider Agriculture, Extension policies to allow access to knowledge and appropriate agronomy and livestock husbandry

2. **Labor law reviews**: to allow for greater flexibility to both employer and employees

3. **Support access** to both domestic and foreign market

4. **Invest in Technology**
   - Online Farmer Training, Online Farmer Advisory Services,
   - Digitalization of financial services – Crowd funding and alternative policy to enhance access to financial services
   - Establishment of Digital Platforms which allow transparency, record keeping, data management
   - Digitization of Agribusiness – Data Program, Production Programs, Research.
IF SUSTAINABLE LIVESTOCK IS NOT PART OF THE SOLUTION

- Encourage Investment deals to revive the production of inputs, investments on breeding facilities, grain and feed and cold chain storage (storage and logistics)

- Supporting small holder farmers and agribusinesses both small and medium through support programs, debt relief and other financial supports

- Invest in digitalization in livestock sector

- Smart policy reviews and ensure predictable investment climate
It has been a pleasure