

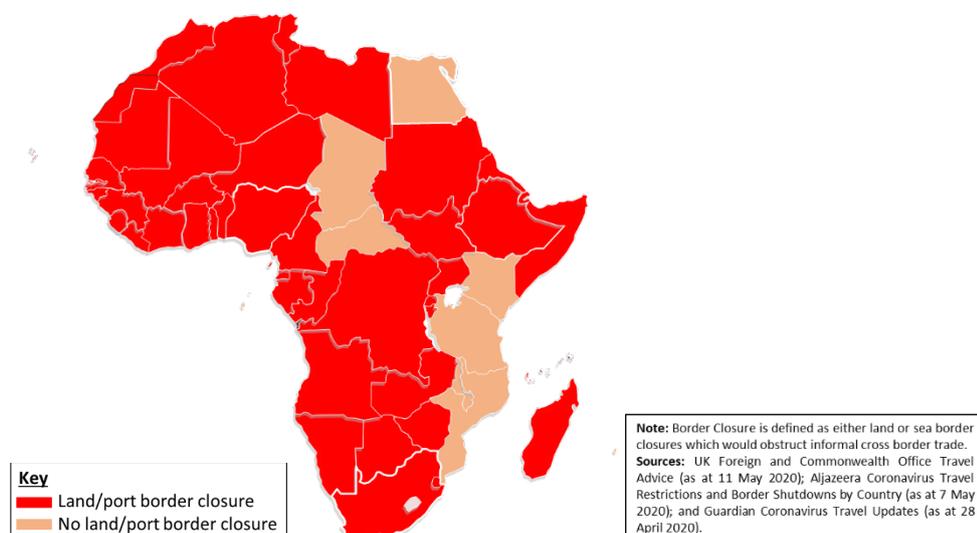
Informal traders: A balancing act of survival

David Luke, Gerald Masila and Lily Sommer*

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Africa's informal cross border traders have been hit hard by Covid-19

Informal cross border trade, by definition, requires traders to cross the border to sell their goods and services on the other side. Much of this trade takes place between border communities with strong and indestructible linkages. For instance, the Ewe language is spoken by many informal traders in both Ghana and Togo, with roots dating back to the late seventeenth century when the Ewe people originally migrated to Ghana from Togo. In the fight against the coronavirus, almost all African countries, to a differing degree, have now suspended international flights, introduced 14-day quarantine for entrants into the country, and closed land borders. As demonstrated in the map below, 44 of Africa's 54 countries have now announced land or port closures of some form. In order to keep economies alive, cargo trade is typically still allowed by air, sea and vehicles, under very strict conditions. But trade across physical border posts, much of which is small-scale and informal, requires the movement of people, and has come to an abrupt halt. Some of this trade has been diverted to less safe unofficial routes. The widely spoken of Seme-Krake border closure between Nigeria and Benin, has become the status quo across the continent.



Map of COVID-19 border closures in Africa, highlighting the pervasiveness of outright border closures that obstruct road and maritime informal cross border trade.

The usually chaotic and congested Aflao-Kodjoviakope border between Ghana and Togo is now a shadow of its former self. Almost two months ago, on 21 March, the Ghanaian and Togolese authorities closed borders between the two countries. The closure is targeted at curtailing all movement of persons across borders, including small-scale traders. Large trucks and vehicles used for the transport of bulky consignments are allowed to cross the border outside of curfew hours (8pm-6am), on the condition that they follow strict hygiene measures. According to sources at the border, since Covid-19, there has been an increasing trend of small-scale traders joining forces, aggregating their goods, and paying a bundle of fees to truck drivers for transportation and clearance. For this reason, prices of key staples such as rice, tomatoes and peppers, have jumped by about 50 percent in local border towns in Ghana. Branded supermarkets are not an option in these towns, which is why they rely heavily on agricultural produce from Togo. As demonstrated by the 2007-08 food crisis, food price spikes can spark mass protests, which would present yet another public health problem.

On the other side of the continent, in East Africa, most trade crossing borders is of a formal nature, since movement across borders is restricted for people on foot. Large consignments can cross in vehicles under strict clearance protocols, but drivers are complaining of long tailbacks at the Kenyan-Ugandan border due to mandatory coronavirus testing. A couple of weeks ago, at the Malaba border, the queue of trucks entering Uganda stretched to Mayanja market in Bungoma, a distance of over 35 kilometers from the border post. Many farmers are not able to move their produce to border markets, which has cut off a vital source of cross-border trade. Much of the food crossing borders informally typically ends up in East Africa's cities, which are now experiencing worrying price hikes, which threaten nutrition and food security. For example, the average price of maize in Nairobi for April 2020 was 343 USD/MT compared to 312 USD/MT the same month in 2019, and the average price of rice in Kampala for April 2020 was 1013 USD/MT compared to just 950 USD/MT a year earlier. The flow of goods along unofficial routes has also almost entirely dried up, owing to the strict enforcement of lockdowns in Kenya and Uganda. Just like in West Africa, informal traders in East Africa



Photo taken on 18 April 2020. The chaotic and congested Aflao-Kodjoviakope border crossing between Ghana and Togo is now closed to informal cross border trade.

are innovating to aggregate their produce. Use of the Eastern Africa Grain Council's Grain Trade Business Hub (GHuB) application, which assists farmers to consolidate demand for inputs (such as seeds and fertilizers) and connect to manufacturers that extend quantity discounts, increased significantly following Covid-19.

Cushioning the blow: easing restrictions and introducing concessions

According to the IMF, the size of the informal sector ranges between 25 and 65 percent of GDP for all African countries. Informal traders typically have minimal or zero savings, limited access to finance and digital platforms, and reside in overcrowded slum dwellings. These traders do not have the privilege or means to social distance or work from home. For businesses that require daily activity to earn an income, even a few-days hiatus from work can translate to financial peril. Emerging survey data from about 2,000 residents living under lockdown in five slums in Nairobi indicates that over 75 percent have left their homes an average of three times in 24 hours, despite lockdown. Though 95 percent have access to public handwashing stations, 32 percent cannot afford extra soap for hand washing. 81 percent have suffered complete or partial loss of income, and 70 percent report skipping meals due to Covid-19

The reality facing most African governments is a difficult one: risk losing lives to Covid-19 or risk losing lives to hunger. For many Africans, not earning a living means not putting a meal on the table.

Two out of three Africans now live above the poverty line, but many are hovering just above the \$1.25 a day threshold, and these figures could rapidly change. According to World Vision, the number of Africans suffering from hunger has declined to 20 percent, but Covid-19 risks reversing these gains, through compounding other adverse shocks such as drought, extreme weather, and the locust invasion in East Africa.

The World Health Organization has urged caution in easing Covid-19 restrictions too quickly. Yet Africa is set to enter its first recession in 25 years this year, social unrest is brewing, and severe hardship is kicking in as food relief becomes strained. In view of this, African governments, just like others across the globe, are now grappling with how to best go about slowly easing restrictions and getting business going again, without exposing their economies and people to mass devastation from the virus. The United Nations Economic Commission for Africa estimate that one-month full lockdown across Africa would cost the continent about 2.5 percent of its annual GDP (\$65 billion).

South Africa has extended a complete lockdown, which started on 26 March, until the end of April, but the President has signaled that key sectors could be reopened gradually under "strictly controlled conditions". Ghana partially lifted a 3-week lockdown of its economy, allowing both formal and informal sector businesses to operate under "safe" conditions, but has kept in place a ban on gatherings including schools and places of worship.

Countries across Africa have also started to grant concessions, in recognition of the economic vulnerability of informal businesses and traders, and their role as the sole provider of food consumed by the majority of poor people. In Lagos, the famously congested heart of Nigeria, the local government has permitted trade every 48 hours, allowing for two days in-between for disinfecting the marketplace. Mauritius introduced a calendar allocating market shopping days to citizens based on the first letter of their surname. The Ugandan authorities announced that petty traders can continue to work on the condition that they don't return home for fourteen days, which effectively forces informal traders to stay at or close by to the market. In South Africa, spaza shops, including informal food traders, can now operate from 6am to 6pm if they obtain a permit from their local councilor or municipality. The South African government has also introduced a relief scheme to provide informal traders and spaza shops with seed capital and money to buy stock. Next door in Zimbabwe, as supermarkets began to run out of fresh produce, the capital Harare reopened its largest market Mbare, to a capped number of informal traders, subject to strict monitoring and supervision by the Health Department.

Informal cross border traders: vital to food security and supply chains

Informal traders in Africa's urban cities and towns have saluted the easing of restrictions and introduction of relief schemes. The eagerness to persist with business amid the COVID-19 pandemic captures a desperate survival strategy.

The policy measures introduced so far, however, seem to have overlooked a large section of informal traders. Many informal traders reside in cross-border communities or travel long distances to trade across borders. These informal cross border traders are not eligible to concessions targeted at domestic informal trading. Unlike in Harare, in Mutare, a border town close to the border with Mozambique, many informal vendors have had their produce confiscated and set on fire by Zimbabwe Republic Police.

Yet, informal cross border trade is a significant phenomenon in Africa. Several studies suggest that the value of informal trade may even exceed the value of formal trade with neighboring countries. This trade not only serves border communities, but also provides a lifeline for urban cities spanning entire corridors. Along the Abidjan-Lagos corridor in West Africa, traders refer to this as a "chain effect" resulting from the interconnectedness of ECOWAS economies.

Informal cross border traders are also acutely vulnerable to COVID-19, both in health terms and economically.

Unlike formal trade, which can continue to operate virtually through online payments, informal cross border trade involves close person-to-person contact and cash-based transactions. Along the busy and congested Abidjan-Lagos corridor, the entirety of informal cross border trade transactions take place on a cash basis. Most border towns typically share one bore hole or community tap, and most do not have access to basic

sanitary conditions, let alone anti-bacterial sanitizing products. These factors put informal cross border traders at serious risk of being infected with and spreading COVID-19.

Most cross border communities live subsistence existences and require weekly trade across the border in order to purchase essentials to survive. Border closures represent a substantial threat to these communities. At the same time, the majority of informal cross border trade consists of perishable agricultural products such as tomatoes, peppers, cassava, fish and eggs. Since informal traders only received a couple of days notice to prepare for border closures, much of their stocks have spoiled, resulting in hefty losses. For instance, in Kenya, the cessation of movements in and out of cities was abruptly announced as farmers were en-route to markets with truckloads of produce. These farmers were not allowed to pass police barriers and were forced to abandon their harvest of a full season and return home.

Most traders are unbanked and rely on expensive informal loan sharks for bulk stock purchases, such as “mashonisas” in South Africa and “shylocks” in Kenya. Many of these traders borrow money early in the morning to acquire merchandise and pay back in the evening of the same day once they have sold their goods. Losses from unsold stock due to Covid-19 home directives and travel restrictions may quickly escalate into hikes in interest and a spiral of debt.

The large share of these informal cross border traders are women. Informal cross border trade offers these women with an independent source of income, which can further their empowerment in traditionally male-driven households and communities. Removing this income source, coupled with increased confinement at home, risks raising the rate of gender-based domestic violence. This concern is being raised by women’s rights organizations across the continent.

A customized response for Africa’s informal cross border traders

Africa has attracted attention from across the globe for its rapid and bold response in the fight against coronavirus. The swift introduction of travel restrictions and lockdowns reflects a recognition of weak health care systems and fragilities underpinning African economies. These actions are commendable and have helped to contain infections and deaths across the continent, which as of 9 May had a total of 58,918 confirmed cases and only 2,172 deaths.

We are now almost two months into Africa’s COVID-19 combat, and now is the time to reflect. Africa has thus far managed to somewhat contain the virus, save lives and avoid a massive blow to its health systems. But it has become increasingly clear that, for now, COVID-19 is here to stay. The question then is: how can African governments strike the right balance between curbing the long-term spread of the virus and supporting the short-term realities of survival?

The remainder of this opinion piece tables five priority short-term interventions needed to “optimize” the COVID-19 impact on informal cross border traders. These traders are

the heart of African food systems, providing incomes for farmers, nutrition for poor consumers, and supplies for urban cities. It is therefore crucial that African governments reflect them in their COVID-19 responses.

First, any partial reopening of informal cross border trade must be executed in a manner that avoids reverting to the status quo of overcrowded and congested borders. One way to reduce density could be by alternating the days traders can cross the border. Alternatively, Mondays and Fridays could be for trading vegetables and fruit, Tuesdays and Thursdays for fish, meat and dairy, and Wednesdays and Saturdays for sanitary and medicinal products, such as soap and protective masks. Another option could be to allow trading around the clock in order to reduce trader congestion.

Second, it is critical that informal cross border trade, just like other forms of trade, takes place in as safe an environment as possible. This requires daily sanitization of border crossings and facilities, handwashing stations, protective wear for border authorities, and the presence of medical and quarantine officers at the borders. TradeMark East Africa recently announced the launch of a US\$ 20 million “Safe Trade Emergency Facility” to provide short to medium-term measures in support of continued trade, including informal cross border trade. More initiatives like this are needed across the continent, to help contain COVID-19, whilst simultaneously enabling trade to flow. The Ugandan government has begun disinfecting all trucks that are entering the country and recently introduced designated places where cargo drivers in transit from neighboring countries can stay before continuing to their final destinations. In the interest of transparency and fairness, border authorities should also develop and display a simple visual step-by-step guide for cross border traders, to enhance understanding of COVID-19 border regulations and how to conduct safe trade.

Third, digital solutions can be deployed to combat the spread of COVID-19 along trade corridors. For instance, all truck drivers driving into Uganda are required to present themselves to the Ministry of Health officials for testing, before customs and immigration clearance. The Uganda Revenue Authority Electronic Cargo Tracking System has been used to trace the movement of drivers, so that when the results come in, those who test positive are immediately intercepted and quarantined. Many informal traders now have smart phones with built-in GPS, which can be similarly used to trace positive cases of COVID-19. Mobile banking and payment systems, known as mobile wallets in East Africa, can play a key role in facilitating a reduction in risky cash-based payments, at the same time as supporting the scaling of informal cross border trade through mobile lending solutions. In fact, the Kenyan government has issued guidelines to discourage the use of cash transactions, and in response outlets are increasingly adopting cashless policies and receive payments only via M-Pesa. Even public transport popularly known as “dala dala” in Tanzania, “matatu” in Kenya and “taxis” in Uganda, have shifted to mobile-based payments. Mobile companies are promoting this shift by reducing fees, and eliminating fees for small amounts below Ksh 1000 (USD10). To complement such efforts, and reduce costs of social media – an important form of communication to facilitate cross border trade - a reduction in costs of internet data bundles or duties on social media platforms is needed.

Fourth, for authorities less comfortable with the idea of partially reopening borders to informal trade on foot, another option would be to facilitate the aggregation of small-scale traders' goods. Well-governed cross border trade associations, or regional agencies already involved in monitoring or facilitating ICBT such as EAGC, FEWS-NET, WFP and CILSS, could assist with coordination, certification, clearance, payment and transport. This could help to avoid significant price escalation for end consumers, as has been the case in Ghanaian border towns, as earlier mentioned. Cross border trade associations hold a lot of local legitimacy and traders trust their leaders, which makes them a natural partner for facilitating effective cooperation amongst traders. Even better, governments could consider subsidizing transport costs as a form of relief. Expanding warehouse facilities at the borders would also help informal traders to scale their own cross border trade. This could facilitate a reduction in the number of cross-border trips per trader, and hence congestion at borders, and make transport costs more affordable.

Fifth, with a systemic shock like Covid-19, it will be critical to find ways to extend social protection and relief to vulnerable informal cross border traders, even if borders are partially reopened. These traders have typically been excluded from traditional safety nets enjoyed by the formal sector, due to their unregistered status. South Africa has introduced admirable measures to extend relief to informal traders, but many have complained that these measures are impractical since they require informal traders to be registered, which is more than often not the case. In recent years, East Africa has proved that transferring cash to those most in need is possible with the use of mobile money and sim card identification systems. We can learn a lot from these efforts in the fight against COVID-19. In the absence of technology, cross border trade associations can also play a key role in securely distributing cash or food transfers to their members.

Some combination of the above responses need to happen as soon as possible. There is no time to wait to see how the COVID-19 pandemic unfolds. Informal cross border traders are amongst the most vulnerable in Africa. Delaying action risks detrimental and irreversible damage to these communities, perhaps much larger than the risk of COVID-19 itself.

** David Luke is Coordinator of the African Trade Policy Centre (ATPC) at the United Nations Economic Commission for Africa (ECA), Gerald Masila is Executive Director of the Eastern Africa Grain Council (EAGC), and Lily Sommer is a Trade Policy Expert of ATPC at ECA.*



African Trade Policy Centre
United Nations Economic Commission for Africa
Menelik II Ave., P.O. Box 3001, Addis Ababa, Ethiopia
E-mail: luke@un.org • www.uneca.org/atpc

