

# Improving the Functioning of Regional Food Supply Chains and Trade amidst the COVID-19 Pandemic in East and Southern Africa

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## Executive Summary

The COVID-19 pandemic and resultant containment measures which continue to disrupt food supply chains and trade activities have demonstrated the need to expedite the implementation of inclusive trade facilitation policies in order to improve and sustain the functioning of regional food supply chains. The important role of informal and small-scale traders to the functioning of regional food supply chains has also demonstrated the need for trade facilitation policy actions that allow for increased participation of these small-scale traders.

Several lessons on how to achieve inclusive trade facilitation have been noted in this brief and can be adopted by governments amid the COVID-19 pandemic.

These lessons learned include the following:

- i. **Enhance and expand the Simplified Trade Regime.** Enhancing the implementation of the Simplified Trade Regime<sup>3</sup> through expansion of border points where it is being implemented; digitization of clearance systems to reduce human contact; offer temporary waivers for clearance fees and decentralization of other ancillary services such as visas and SPS certification to border points.
- ii. **Introducing remote tracking systems for all conveyances to reduce stoppages and diversions.** For all transporters of food across and within countries, COVID-19 tests are considered by many to be mandatory, and governments may consider introducing remote tracking systems for all conveyances to reduce stoppages and diversion of cargo and persons to undesignated areas.
- iii. **Support and introduce innovations around e-commerce and payments** to reduce human interaction during sourcing and trading of goods including inputs and food products.
- iv. **Develop and publicize market protocols aimed at supporting small businesses.** For domestic market operations, governments should also consider borrowing from the *Kenya Market Protocols* which encourage local governments to facilitate small traders, reduce fees

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<sup>3</sup> The **Simplified Trade Regime (STR)** is an arrangement implemented by Member States of the Common Market for Eastern and Southern Africa (COMESA) to formalize and improve the performance of the small scale cross border traders and enable them to benefit from the regional preferential treatment when importing or exporting goods within the region.

and ensure awareness creation around covid-19 prevention and security is achieved. Publicize all measures and protocols.

- v. **National and regional governments to proactively engage and consult small farmer or business organizations** to understand their unique challenges along food supply chains in designing inclusive trade facilitation measures.
- vi. **Abolish or reduce unnecessary non-tariff barriers including police escorts, roadblocks** and aim to introduce makeshift infrastructure i.e. open grounds to expedite clearance of essential goods including food.

## Background

As the world population continues to grow in line with rapid urbanization, increased wealth, and changing consumption patterns, ensuring sustainable functioning of food supply chains remains imperative to end world hunger and achieve food and nutrition security goals by 2030 (SDGs 2030)<sup>4</sup>. Regional food supply chains play a critical role in achieving this food and nutrition security agenda particularly in Sub-Saharan Africa where most countries are dependent on imports (estimated at \$35 billion annually<sup>5</sup>) of food products for consumption and inputs for food production. For regional supply chains to effectively contribute to this agenda, it is important to ensure that these regional food supply chains are maintained and continue to improve to support the continued and unfettered movement of goods and services across borders. This underlines the important role of trade and trade policies in the functioning of regional food supply chains. Trade policies contribute towards the improved functioning of regional food value chains through:

- Facilitating access to essential inputs and technologies required for the various activities along the supply chain.
- Facilitating the movement of food products from surplus to deficit regions for consumption.

The COVID-19 pandemic which initially started as a health crisis has since seen its secondary impacts begin to impact on various economic sectors including agriculture. The United Nations Economic Commission for Africa (UNECA 2020) estimates that the impact of the COVID-19 pandemic will contribute to a drop in the Gross Domestic Product (GDP) for Africa by at least 1.4% and up to 2.6% in worst case scenario due to slowdown in economic activity as a result of health impacts, disruptions to trade and investments as well as mobility of people affecting a wide variety of sectors. Food insecurity and poverty will be some of the intermediary effects of the pandemic as food production and distribution is expected to be severely affected.

In response to the impact of COVID-19 pandemic on food systems and national food and nutrition security, several governments began implementing various trade policy measures aimed at minimizing the spread of the pandemic while ensuring food security. These measures have had varied impacts on the functioning of regional supply chains. Some, including the closing of borders and export bans have had a disruptive effect, while some open trade policies have had a positive effect on the functioning of regional supply chains.

This policy brief looks at some these trade policy measures that were implemented by countries in East and Southern Africa and how these policy measures have impacted the functioning of regional food supply chains. The brief looks at the efficacy of these policy measures in sustaining the functioning of regional supply chains and offers recommendations on some trade facilitation policy measures that can be adopted to improve the sustainable functioning of regional supply chains.

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<sup>4</sup> <https://sdgs.un.org>

<sup>5</sup> Africa Development Bank Feed Africa Strategy 2016

# Food Trade Policy Implementation in East and Southern Africa during COVID-19

## Restrictive Trade Policies

Restrictive trade policies were implemented mostly through export bans and strict border controls. Food export restrictions affect the functioning of regional food supply chains by disrupting the movement of food products to areas of deficit and consumption. Consumption and end markets form an essential component of regional food supply chains as they create a market and demand for various value chain functions needed to produce these food products. Although export bans were not widely implemented in East and Southern Africa some countries - namely Zambia - imposed export restrictions on maize to ensure national food security. The Zambian government announced an export ban on maize to allow the country to purchase 1 million metric tons for the country's strategic grain reserve, the Food Reserve Agency.

Efforts to contain the spread of the pandemic saw several countries implementing stringent health screening measures at various border posts to mitigate the spread of COVID-19. This added to the already costly and lengthy border processes at various posts on the continent. These customs and border control measures delay distribution of food and other critical imported production inputs which resulted in seasonal food shortages in parts of East Africa and food price spikes (i.e. in Kenya and Rwanda capital cities) that affect food consumption (AGRA 2020<sup>6</sup>). Some of the notable border control measures that were noted in Zambia and Uganda include:

- In Uganda, the blocking of entry by truck drivers who had tested positive for COVID-19 at the border restricted the movement of goods into and through the country. Trademark East Africa (TMEA)<sup>7</sup> estimates that transit times rose sharply from 4 to 12 days on the Mombasa-Busia corridor.
- Similarly, according to SADC<sup>8</sup>, in Zambia, several reports and complaints about lengthy and costly custom clearance procedures due to COVID-19 testing at the Chirundu and Livingstone border post delayed the movement of goods into and through the country. This potentially contributed to seasonal food shortages and price hikes in the destination countries thus impacting on food consumption<sup>9</sup>.

## Open Trade Policies

Open trade policies are key for addressing the likely negative effects of COVID-19 on the functioning of regional food supply chains. Maintaining an open trade policy ensures that the movement of goods and services critical for the functioning of regional food supply chains can continue. At the national level, several countries maintained a generally open trade policy aimed at facilitating movement of goods and services across borders by keeping their borders open to the movement of goods and services. Most of these open trade policies have integrated stipulated health guidelines that comply with measures to minimize the spread of the pandemic. This was being done mostly through enforcing COVID-19 tests at border posts.

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<sup>6</sup> AGRA Food Security Monitor: May-June 2020

<sup>7</sup> TMEA, May, 2020. Impact of Covid-19 on Eastern and Southern African Trade.

<sup>8</sup> SADC 4<sup>th</sup> Report on the Covid-19 Pandemic in the SADC region for the week of 20-25 April 2020

<sup>9</sup> AGRA Food Security Monitor: June 2020

Other open trade policies included implementation of trade facilitation policies aimed at increasing imports and exports. For example, in Ethiopia, the government put a tax waiver on essential food commodity imports and called on private sector companies to bid for importing sugar and various edible oils to increase supplies in order to mitigate rising food prices<sup>10</sup>.

At the regional level, Regional Economic Communities have developed several trade policy guidelines that can be adopted to facilitate intra-regional trade focusing mostly on keeping borders open for trade. The East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) made a joint effort to harmonize guidelines for trade and transport facilitation during the COVID-19 period<sup>11</sup>.

**Box 1: The *Rwandan government has introduced new measures* to control the spread of COVID-19 by truck drivers. Drivers are now required to either opt for 14-day quarantine or hand over their cargo (or vehicle) to a local Rwandese driver who will take the cargo inland. The government has waived parking and storage fees at borders, but traders are expected to cover the additional costs of goods transfer.**

## Improving Functioning of Regional Food Supply Chains through Trade Facilitation

With the COVID-19 pandemic and its effects likely to last for some time, keeping trade open and ensuring trade facilitation during this period is central to the functioning of regional food supply chains and ultimately achieving food and nutrition security and economic recovery goals. Trade facilitation is important for the swift movement of essential food commodities and goods and services required for the functioning of regional supply chains at various stages. Several trade facilitation policy actions can be implemented during the COVID-19 pandemic. These include the following:

### Implementing Green Channels

A few countries<sup>12</sup> have implemented trade facilitation for faster clearance of essential goods and services through green channels<sup>13</sup> or green corridors at borders. Green channels have an essential role to play in trade facilitation and ultimately the functioning of regional supply chains by allowing for a more simplified, easier, and quicker trade process. These channels are especially important in agricultural trade given the perishability of most agricultural products which require quicker border clearances to help preserve product quality. The common features of the green channels include but are not limited to the following:

- a. Allow distribution of essential goods through approved conveyances i.e. road transport, rail, air, or water
- b. Restrictions on the maximum number of persons accompanying the conveyance or goods

<sup>10</sup> AGRA Food Security Monitor, May 2020.

<sup>11</sup> <https://www.tralac.org/news/article/14685-sadc-regional-response-to-covid-19-transport-and-trade-facilitation-climate-change-and-the-environment.html>

<sup>12</sup> Kenya, Rwanda, and Uganda are now implementing various forms of trade facilitation including accepting digital covid certificates, reduced check points and relay driver arrangement to reduce covid-19 spread

<sup>13</sup> Green Channels refer to trade corridors that have been designated by governments as channels where essential goods/foods will use with minimum disruption and regulations to expedite trade.

- c. Installation of digital tracking system<sup>14</sup> for the conveyance.
- d. Development and popularization of digital trading platforms<sup>15</sup> for foodstuffs
- e. Reduction of check points and regulations<sup>16</sup> along key corridors of food i.e. perishables, foods and other essential products
- f. Proof of certification of COVID-19 clearance by the persons accompanying the goods. East African Community (EAC) partner states i.e. Kenya, Rwanda and Uganda are accepting digital Covid-19 certificates.
- g. Compliance with all preventative measures imposed by government, some which attract a cost incurred by the transporter or owner of goods i.e. protective gear, sanitization, disinfecting conveyance etc.
- h. Police escorts (SADC 2020<sup>17</sup>) and re-introduction of police check points are mandatory for some countries at the cost of the trader or transporter.
- i. Some countries (OECD, 2020) have designated specific border points as places where these essential goods will be cleared and processed to control traffic based on availability of infrastructure and human capacities.

## Harmonizing and Streamlining Border Processes Through Digital Solutions

Using digital infrastructure to process paperwork for the movement of goods including declarations, assessment and payment of duties, and release and clearance of goods can help make border processes faster and safer<sup>18</sup>. The use of digital solutions has become increasingly important amid the COVID-19 pandemic to ensure social distancing.. In addition, digital solutions can help make trade more inclusive allowing for small and medium enterprises to participate in trade by accessing useful information through these platforms. This is especially important in Sub-Saharan Africa where small and medium enterprises form an essential part<sup>19</sup> of trade activities. Notable examples include Côte d'Ivoire where the implementation of the Trade Obstacles Alert Mechanism (TOAM), an online platform designed to facilitate trade and business opportunities for companies, has been reported to increase transparency and communication between traders and local authorities<sup>20</sup>. TMEA<sup>21</sup> (2019) has also been involved in trade facilitation through single customs territory and electronic cargo tracking systems which have lowered cost of trading in east Africa although more needs to be done to leverage these innovations for small traders. Across Europe and Central Asia, North America, Asia-Pacific, and Latin America and the Caribbean, several countries have also adopted digital mechanisms that limit physical interaction through lodging of documents in advance electronically for processing, using electronic payments, issuing digital trade certificates, as well automating trade declarations.<sup>22</sup>

<sup>14</sup> Rwanda implementing tracking system with support from Trademark East Africa

<sup>15</sup> <http://www.fao.org/in-action/food-for-cities-programme/news/detail/en/c/1270350/>

<sup>16</sup> [ibid](#)

<sup>17</sup> 4<sup>th</sup> Report on the Covid-19 Pandemic in the SADC Region for the week of 20-25 April 2020

<sup>18</sup> <http://www.oecd.org/coronavirus/policy-responses/trade-facilitation-and-the-covid-19-pandemic-094306d2/>

<sup>19</sup> AGRA Annual Status Report 2019 estimates that at least 60% of all agri-business activity is carried out by Small and Medium Enterprises

<sup>20</sup> <https://www.intracen.org/Developing-new-trade-opportunities-through-digital-channels/>

<sup>21</sup> Culver, K., Cook, A., Spilsbury, J., Akkurt, O., and Rasulova, S. (2019) Independent Evaluation of Trade Mark East Africa.

<sup>22</sup> <http://www.oecd.org/coronavirus/policy-responses/trade-facilitation-and-the-covid-19-pandemic-094306d2/>

## Facilitating Small Scale Cross Border Trade

Informal and small-scale cross border trade forms an essential component of agricultural trade in Africa and hence has a critical role to play in improving the functioning of regional food supply chains. According to a study conducted by the FAO (2017), informal trade contributes to approximately 40% of GDP in Africa and contributes to 55.7% of total employment on the continent. Other estimates suggest that informal cross border trade (ICBT) contributes approximately 30-40% to total intra-regional trade in the SADC region and 40% in the COMESA region. Women and youth form a disproportionate number of informal cross border agricultural traders with studies by USAID (2012) showing that women conduct approximately 60-90% of agricultural production and trade activities in West Africa. The study also shows that 79.3% of cross-border traders rely solely on the trade as their source of income.

The OECD, 2020<sup>23</sup> notes that trade facilitation is particularly important for the micro and small and medium enterprises (MSMEs) who were hit hardest by the crisis. Reforms that digitize and streamline border procedures, simplify fees, and foster inclusion of MSMEs in consultation processes are some of the important measures that can be adopted to promote informal and small-scale cross border trade.

### Box 2: The Simplified Trade Regime

This is a set of measures and procedures that have been agreed by Member States of COMESA, SADC, EAC to facilitate small scale trade in goods that meet the Rules of Origin of the Tripartite Free Trade Area. The system allows for goods i.e. valued under \$1-2000 or less to be traded free of duty without necessarily requiring a Certificate of Origin and by filling out a simplified customs document.

In the East and Southern Africa region, several Regional Economic Communities (RECs), including COMESA, SADC and the EAC are already piloting the implementation of Simplified Trade Regimes as a form of trade facilitation for small traders at selected border points. The system which is described in Box 2 aims to simplify customs procedures for small and semi-illiterate traders while extending the benefits of the Free Trade Area preferences. As noted earlier, the need for enhancing trade facilitation for MSMEs i.e. Simplified Trade Regime (STR) during the COVID-19 pandemic is critical, however the fact that this system is only being implemented in select borders means that not many traders are benefiting from it. In addition, there is a need for revisiting the STR procedures to make them COVID-19-friendly for individual and rural based traders who are using conveyance methods such as buses, oxcarts, motorcycles or bicycles and small trucks. Integrating digital solutions into these STRs can also help further the inclusion of these small-scale traders by increasing access to information as noted earlier.

At the national level, the Government of Kenya (GoK, 2020) through the Cabinet Secretary for Agriculture announced a Market Protocol<sup>24</sup> for supporting small traders and transporters of food within the country to encourage their businesses while limiting the spread of the virus. Some of the measures taken by the GoK include waiver of fees charged to transporters, market fees, promoting e-commerce and payments and awareness creation on COVID-19 prevention, among others.

<sup>23</sup> OECD 2020, Trade Facilitation and the COVID-19 Pandemic

<sup>24</sup> Guidelines for traders & operationalization of food supply chain markets, 2020



## Conclusion

The COVID-19 pandemic and resultant containment measures which continue to disrupt food supply chains and trade activities have demonstrated the need to expedite the implementation of inclusive trade facilitation policies in order to improve and sustain the functioning of regional food supply chains. The important role of informal and small-scale traders to the functioning of regional food supply chains has also demonstrated the need for trade facilitation policy actions that allow for increased participation of these small-scale traders.

## About the Authors

Daniel Njiwa has played leadership roles in the formulation and implementation of country and regional CAADP investment programs and agriculture trade related projects in over 12 countries of the Eastern and Southern Africa sub-region. Daniel has spearheaded public-private investments and critical policy reforms in regional food trade initiatives affording wide participation of small businesses and farmers in regional agriculture value chains boosting incomes and food security. He is AGRA's Head of Regional Food Trade & Resilience under the Policy & State Capability Division.

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