

POLICY BRIEF



Strengthening Resilience in Regional Food Trade Systems for Better Food and Nutrition Security in Africa

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Key Messages

The 2020-21 experience in Africa of diverse shocks - most notably Covid-19 - offers lessons for increasing the resilience of regional food trade ahead of the next crisis. It is now clear that food trade needs to grow, and as it grows, it must work better for the poor. Lessons drawn from the period of difficulty can be used to increase the robustness of the region's food security before the next crisis. We now know that:

- Regional food trade overcame initial disruptions fairly rapidly and has largely stabilized;
- Pre-existing regional trade policies and initiatives were important to ensure food trade continued during the pandemic;
- COVID-19 responses by countries that initially disrupted trade provide insights on how to better manage the next crisis, and
- The degree to which regional food trade shapes national food security outcomes depends on its relationship with small and informal food system actors.

This experience provides insights for policy, including the need to:

- Accelerate investments in digital systems and border crossing protocols and processes to ensure the movement of goods during a future

crisis;

- Seek an appropriate balance in food systems between food imports and local production to manage exposure to global disruption while benefitting from regional and global trade;
- Deepen knowledge on how to mitigate the effects of the next crisis on small and informal regional food trade actors, and
- Initiate private-public dialogue to identify problems arising from Covid-19 and from the measures put in place to contain it to develop better responses for the future.

Introduction

At the onset of the COVID-19 pandemic, there was speculation in the media that disruptions to food systems and incomes would result in local and global food shortages. However, Africa's food systems have proven resilient to those challenges even though there have been significant costs to small and informal actors and to poorer segments of the population. A growing body of research has documented these outcomes and impacts on food and nutrition security. This policy brief highlights the lessons on the growing importance of regional food trade and its relationship to national food security. The brief draws on relevant and available

research and policy analysis¹. It particularly draws from a stakeholder landscape analysis completed for AGRA by Wasafiri Consulting in April 2021. It also benefits from substantial analyses by CGIAR and AGRA, which systematically reviewed available literature from across Africa. The literature consulted provides a consistent account of food security consequences during the pandemic and provides insight into how regional food trade in Africa can be made more resilient to better serve all food system actors and segments of the population.

COVID, African Regional Food Trade & Food Security

Faced with an unprecedented global health shock, actions were taken globally to limit the transmission of the COVID-19 virus. Starting early 2020, Africa instituted a wide range of responses, including border closures, curfews, total lockdowns, as well as strict limits to congregation, movement and travel. Many businesses were closed with only essential services operating. Despite the need for urgent, effective public health action, there was awareness and concern for the consequences of these responses for economic, social and health conditions, including predictions of wide-scale food shortages.

At the beginning of the crisis, international trade (between Africa and other continents) and regional trade (within Africa) was disrupted, affecting the flow, demand, supply, and prices of food commodities. Border closures, stricter clearance protocols, including driver testing, led to extreme congestions and delays of up to weeks at border points, with perishable goods being worse affected. Disruptions to global production, transportation/logistics, and demand further disrupted the supply of food and other essential goods, including fuel and agricultural production inputs. Kenya reported a 25 percent decline in domestic imports from March to May 2020. African exports were also affected, as was regional trade in staple, horticultural and other basic commodities, which all reported considerable declines.

Meanwhile, regional re-exports (transit goods) remained volatile, and there is evidence of suppressed international trade. With the depressed global demand and the limiting COVID responses such as flight bans,

Kenya saw a dramatic initial decrease in horticulture and floriculture exports. Sub-Saharan countries dependent on exports of oil, unprocessed raw materials (i.e., cocoa), or minerals/metals were equally affected by the decreased demand and disruptions to global logistics. All these impacts raised concern over the precariousness of long supply chains.

“With so much of Africa’s population dependent on agricultural exports, any trade disruption has serious consequences for the entire continent...”²

By the end of 2020, initial disruptions had dissipated, and stability returned, while the predicted large-scale food shortages had not materialised. The food prices, which had experienced fluctuations, remained stable³. The export of major commercial food crops into regional and global markets resumed after initial disruptions.

Nonetheless, negative food security outcomes were recorded during the lockdown period, but largely amongst poorer segments of society. The poor were found to have been disproportionately affected during the crisis because of local market disruptions, restrictions on their movement and access to food retailers, as well as losses of income. A granular look at regional trade during the crisis indicates how regional trade benefits are distributed among different groups, indicating its role in food security.

Regional and international food trade varied and changed food needs, stabilising food prices and foreign exchange earnings. During 2020-21, the benefits of regional food trade – import and export – may have accrued primarily to larger, formal actors and better-off segments of the market. Supermarkets and grocery stores remained well-stocked with diverse local, regional, and global commodities throughout the pandemic in response to a sustained demand by their clientele.

In contrast, poorer households experienced job or income losses, disruptions to their access to food (because of restrictions or closures) and decreased diversity in food items available (particularly perishable goods)⁴. Equally, the food system that normally supplied them was disrupted as the retail food outlets – vendors in open-air or informal markets, smaller shops, stalls, kiosks, or street-side vendors – were either closed or had limited operations⁵. The mid-

1 Béné, C. et al., 2021. Impacts of COVID-19 on People’s Food Security: Foundations for a more Resilient Food System, Montpellier: CGIAR, IFPRI and ReNAPRI: Impacts of the Covid-19 Pandemic and Associated Policy Responses on Food Systems in Sub-Saharan Africa - A Synthesis of Evidence, April 2021 Policy Brief: United Nations, Impact of Covid-19 in Africa, Updated, 20 May 2020

2 Jane Nalunga, Executive Director of the Southern and Eastern Trade Information and Negotiation Institute (SEANTIN) in Uganda. SOURCE : <https://www.ifpri.org/blog/policy-seminar-covid-19-impacts-african-agricultural-trade-and-food-security>

3 World Economic Situation and Prospects 2020, joint product of the United Nations Department of Economic and Social Affairs (UN DESA), the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions.

4 <https://www.wfp.org/publications/east-africa-impact-covid-19-livelihoods-food-security-nutrition-urban-august-2020> and <https://unctad.org/news/covid-19-threat-food-security-africa>

5 Alongside WFP’s analyses, anecdotal human stories are common in the media for example in Uganda <https://www.aa.com.tr/en/africa/shutdown-in-uganda-over-covid-19-hits-poor-hard/1787526>

stream actors supplying them reported disruptions and closures and a loss of connectivity with their business partners. Similar difficulties were reported by smaller and informal cross border producers and traders. Local small producers reported disruptions in their input and supply chains, revenue declines, reduced availability of farm labour, and reduced demand for their products. These disruptions occurred primarily amongst small and informal actors who are responsible for up to 90 percent of food systems in low-income countries⁶. The role of regional trade on food security appears to be contingent on the level and type of connectivity between it and small and informal actors supplying poorer consumers.

This insight is important because -it indicates an important feature about the food security context that is insufficiently understood or prioritised. Food security in Africa is often framed in the ebb and flow of traditional, subsistence, rural agrarian life with a particular focus on managing the effects on livelihoods from too much or too little rain and the effects of the local food prices. Rural society was generally reported to have fared better during COVID-19. On the other hand, in 2020-21, food insecurity was experienced in new devastating ways by the daily wage-earning poor – employed and self-employed people who depend on their daily labour to earn the required finances for daily market visits to sustain their food needs⁷. The devastating gap in understanding the COVID-19 and establishing the appropriate responses has been and continues to be primarily an urban food insecurity experience, even though wage-earning labourers in rural locations (who are typically amongst the poorest) are also affected. Addressing the range of impacts on the changing face of food security speaks to equity of access, movement, employment, and social policy. While many of these issues are beyond regional food trade, they do underscore the importance of making markets work for the poor.

Building back better

Regional trade has delivered important resilience within regional food systems through the COVID-19 pandemic for many Africans, even though the disruptions caused highlighted a heavy reliance on imports to sustain domestic food needs and exports for income. The fact that regional food trade recovered quickly underscores that robustness in regional food trade exists and can be strengthened to serve national growth and developmental aspirations better. Commitments by African nations to the Africa Continental Free Trade Agreement (AfCTA) are also increasingly relevant. Beyond making the trade systems resilient for large

and medium-size actors, the COVID-19 experience emphasises that regional trade must also effectively interface with small food system actors, many of whom work in the informal economy. Only by doing this can a resilient food system benefit the lower socio-economic groups. Regional food trade, too, has navigated an initial period of COVID-19 responses and market re-openings to now provide an opportunity to reset or to build back better. The COVID-19 experience highlights five elements to consider while resetting regional food trade policy and cooperation:

Advancing a balanced regional trade policy

The COVID-19 experience points towards a need for balance within national food trade policies between local production and the opportunities and risks of international trade - regional and global connectivity can reduce risk and promote growth. The COVID-19 pandemic also highlighted the gaps in national food supplies and the precariousness of long-value chains related to global price fluctuations or external shocks with limited buffer stocks. Alternately, international trade is important to countries that cannot produce certain foods in environmentally or economically sustainable ways. Ghana, for example, normally relies on imported rice and wheat and had to suffer supply problems in 2020. This was as Uganda, an important food exporter to the East African region, experienced a drop in export revenue in 2020 and an increase in domestic food availability. Striking the right balance must now include the food security of small formal and informal food system actors operating locally and across borders.

Ease of Doing Business

The high costs of border closures to imports and exports in 2020 led to relatively quick reactions by governments, regional economic communities and businesses. Prior investments to improve trade proved enormously valuable in the crisis period. For example, African governments' operational mechanisms and processes, including digitalisation, which allows for less encumbered flows of goods and services, were particularly valuable. These mechanisms included cooperation between customs and border control authorities, which allow for the efficient clearing of goods, payment of customs, certifications, and/or permissions. The One-Stop border arrangements among Uganda, Kenya and Rwanda is an example. While the arrangement was established to promote regional economic growth and cooperation, they were valuable in the safe and efficient processing of

6 Béné, C. et al., 2021. Impacts of COVID-19 on People's Food Security: Foundations for a more Resilient Food System, Montpellier: CGIAR.

7 <https://www.iied.org/how-covid-19-impacting-changing-east-africas-agri-food-systems>

goods safely within the parameters of the COVID sanitary controls. Digital processes in the One-Stop arrangements were the foundation upon which the Regional Electronic Cargo and Driver Tracking System was anchored. That system was a credible digital resource for providing customs and immigration officials with COVID-19 test results for cross-border transporters, improving border-crossing efficiency and safety.

At the regional level, responses reflect a spectrum of cooperation and complexity – rising from information sharing to ‘nudging’ and guiding to the active coordination of state responses and collective action.⁸ Experiences from the impacts of the pandemic shook regional food trade systems as well as food and nutrition security, demonstrating the need for strengthening the ease of doing business across borders. To address logistical challenges that impacted the free movement of food and other essential products, governments and regional economic communities implemented different measures to facilitate cross-border movements. For example, some COMESA countries (Somalia, Zambia and Egypt) abolished or reduced tariffs and taxes on imported food stuffs whilst others (Egypt and Sudan) imposed export restrictions on staples such as beans, peas and maize and sorghum. Eventually, to coordinate efforts, COMESA developed guidelines for the movement of goods and services during the Covid-19 pandemic. These guidelines facilitated the flow of essential goods such as food. In most SADC member states, agriculture and food security sectors were designated “Essential” under COVID-19 response initiatives. Similar to COMESA, SADC also developed Guidelines On Harmonisation and Facilitation of Movement of Essential Goods and Services across borders, which were adopted in the region and have made a significant contribution in the horticultural export business in some countries such as Zimbabwe. Most ECOWAS countries had exemptions in place to allow the movement of agricultural produce and food, although import-dependent countries such as Liberia⁹ experienced food shortages due to reduced exports by the main agricultural exporters (China, the European Union). Also united towards a pre-existing common goal of building the Regional Food Security Reserve¹⁰ and the rapid deployment of the ECOWAS Interconnected Goods and Transit Management System popularly termed SIGMAT¹¹. All this was in a bid to ensure the speedy and safer clearance of transit goods at the borders, while minimizing physical contact in customs, cross-border trade transactions. EAC, on its part,

launched the Regional Electronic Cargo and Driver Tracking System in an effort to promote safe trade by tracking and tracing cargo and crew movement along major transit corridors in the region.

Information, coordination, and collaboration across public and private actors

There is an opportunity to reset relationships between regional food trade businesses and the public sector. COVID-19 has highlighted how different responses and procedures alternately constrained and enabled trade. The pandemic may have compelled public and private interests to engage, but that relationship can be extended to deliver a responsive, enabling trade policy environment. The inclusion of small and informal actors in key dialogue will maximise the food security potential of regional trade. This engagement might also include a review of the innovations and solutions that served regional traders and the public interest during the COVID crisis.

Linking regional trade to small and mid-stream actors and informal market

There is little good quality information to inform national policy about small and mid-stream actors trading locally (formally and informally) as part of Africa’s food systems. The COVID-19 experience has emphasised the crucial role they play to make food available to the majority who operate in poorer market segments. Although delayed by the COVID-19 Pandemic, the African Continental Free Trade Area (AfCFTA) is still regarded as a turning point for Africa’s regional and international trade. The AfCFTA will accord small, mid-stream, and informal traders access to one of the largest free trade areas established since the World Trade Organization (WTO), with the potential of increasing intra-African trade by over 50 percent.¹² Ensuring regional food trade translates into sub-national food security requires research to understand the roles and relationships of small formal and informal actors in national and regional trade.

Risk Informed Planning

The COVID-19 experience underscores several issues to support the resilience of regional food trade throughout the next crisis. First, food trade should be considered an “essential service” derived from both

8 ECDPM Discussion Paper No. 272, African regional responses to COVID-19, May 2020

9 National agrifood systems and COVID-19 in ECOWAS: Effects, policy responses, and long-term implications, October 2020

10 The Regional Food Security Reserve was created by the ECOWAS Heads of State and Government in Yamoussoukro, Côte d’Ivoire on 28 February 2013. In particular, the reserve aims to complement the work carried out by the member States and provides quick and diversified food and nutritional aid.

11 FAO, COVID-19: ECOWAS Ministerial Coordinating Committee Recommends Gradual and Coordinated Opening of Borders, June 2021

12 Worldbank, The African Continental Free Trade Area: Economic and Distributional Effects, 2020; UNECA, 2019. African Continental Free Trade Area - Questions & Answers.

formal and informal actors; and secondly, there is a necessity to reset the regional food trade system within a robust, progressive trade environment and one that connects to formal and informal actors. Lastly, is to review and learn from, and advance the following pro-food trade agenda, which have emerged since the start of 2020:

- Facilitating relevant evidence generation and data systems that are real-time or near-realtime;
- Simplified, expedited emergency procedures for clearing critical goods;
- Lifting tariffs on inputs critical for agriculture, such as basic staples, fodder, and fertilizers;
- Expedited licensing and certification processes related to sanitary and phytosanitary standards;
- Non-intrusive control mechanisms to fast-track the release of goods, with specific channels for perishable and cold-sensitive items;
- Ensure the unhindered movement of regional food trade personnel such as Trusted Traveler or Regional Electronic Cargo and Driver Tracking System or government-provided exemptions;
- Collaborate with reliable, certified importers that frequently trade essential goods to facilitate import and export processes;
- Regular communication across public and private logistics actors to share new processes and adjustments to an evolving emergency, and
- Ensure demand is enabled through financial or economic policy as well as social instruments.

Conclusion

Significant and immediate disruptions to food trade were experienced as containment measures for the COVID-19 pandemic were implemented. The restrictions on the exportation and importation of staple food items such as wheat and rice made many import-dependent African countries vulnerable. However, regional trade soon bounced back, particularly where pre-existing arrangements between countries had been agreed and could be adapted to new circumstances. Food security was assured for the most part, particularly for higher socio-economic wealth groups, as trade resumed among large and medium-sized food system actors, who proved their agility and resilience in the face of unprecedented circumstances.

The food system's resilience depends on all sizes of actors, and it became clear that small formal and informal food system actors were very negatively affected by local and regional market closures. They

could not adapt and influence a fast-evolving policy landscape.

The 2020-21 pandemic experience offers lessons to guide us on how regional food trade can be made more resilient and agile ahead of the next crisis. That can be done by strengthening and growing trade, taking measures to ensure that food markets work for the poor, and identifying options to ensure regional food trade better supports food security in the next crisis. Some lessons we can draw include:

- Pre-existing regional trade policies and initiatives were key to enabling existing regimes to rapidly adapt and allow trade to re-establish rapidly during the pandemic. For example, border closures and restricted contact expedited the launch of digital trade facilitation tools such as the EAC's Regional Electronic Cargo and Driver Tracking System (RECDTS) and ECOWAS' Interconnected Goods and Transit Management System (SIGMAT)¹³. This was in a bid to ensure the speedy and safer clearance of transit goods at the borders by minimizing physical contact in customs, cross-border trade transactions.
- Specific analyses of COVID-19 responses by national governments, which initially disrupted trade, are helpful guides on managing the next crisis better. For example, mobility restrictions imposed on transporters resulted in RECs developing guidelines on harmonising and facilitating the movement of essential goods and services across borders.
- The degree to which regional food trade shapes national food security and nutrition outcomes depends on its relationship with small formal and informal food system actors. This needs to be better understood.
- The need to fast-track trade facilitation arrangements at REC level and adopt coordinated ICT systems to expedite the elimination of tariff and non-tariff barriers for facilitating agricultural trade and greater integration. The effective implementation of the African Continental Free Trade Area (AFCFTA) can help create jobs, income, food availability, dietary diversification and supply chain inclusivity through intra-African trade.
- There is an opportunity to reset relationships between regional food trade businesses and the public sector. COVID-19 has highlighted how different responses and procedures constrained or enabled trade. With better coordination and information flows – and learning from what worked – a future crisis can be managed even better.



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