



National Policy Dialogue on Informal Cross-Border Trade in Tanzania: Implications for Food Security and Resilience October 15, 2020 Summary Note

With support from the [European Commission](#), the International Food Policy Research Institute ([IFPRI](#)) and [REPOA](#), a nongovernmental organization that conducts policy research for development, jointly organized a virtual national policy dialogue event on *Informal Cross-Border Trade in Tanzania: Implications for Food Security and Resilience* on October 15, 2020. This event was organized as part of the Food Security Portal (FSP) project¹, which is currently in its third phase, and was attended by 96 participants from around the world.

The theme chosen for this virtual regional policy dialogue was informal cross-border trade (ICBT). Within Africa, ICBT is quite prevalent, with some studies suggesting that ICBT for certain products and countries may meet or even exceed the value of formal trade. Accurate data on ICBT is lacking, however, due to multiple factors, including smuggling, non-registering of formal trade, under-reporting, and weak data collection systems.² The International Labour Organization estimates that approximately 80% of workers in Africa South of the Sahara are employed in the informal economy.³ Beyond providing employment, particularly to society's more vulnerable or marginalized groups – especially women, informal trading plays a critical role in ensuring the food security of both the urban and rural poor.⁴ It has been estimated that over 70% of households in Africa south of the Sahara rely on informal vendors and traders for food access.⁵

¹ The IFPRI-led, European Commission-funded Food Security Portal (III) project aims to contribute to better informed actions to improve food security and nutrition as well as resilience to shocks. The specific objective of the project is to strengthen capacity for improved timely food security information, policy research, and analysis, particularly in Africa south of the Sahara. Through its online portals — the [Food Security Portal](#) (FSP) and the [Africa south of the Sahara Food Security Portal](#) (FSP-SSA) — FSP III seeks to help improve the ability of governments and decisionmakers to respond to and prevent food crises by bringing together policy-relevant tools and information in one place.

² Bouet, Antoine; Pace, Kathryn; and Glauber, Joseph W. 2018. Informal cross-border trade in Africa: How much? Why? And what impact? IFPRI Discussion Paper 1783. Washington, DC: International Food Policy Research Institute (IFPRI).

³ International Labor Organisation (ILO). 2018. Women and men in the Informal Economy: A statistical picture. Geneva, Switzerland: ILO.

⁴ Resnick, Danielle; Spencer, Ella; and Siwale, Twivwe. 2020. Informal traders and COVID-19 in Africa: An opportunity to strengthen the social contract. Policy Brief. London, UK: International Growth Centre (IGC).

⁵ Battersby, J and Watson, V. 2018. Urban food systems governance and poverty in African cities. London and New York: Routledge.



The outbreak of the COVID-19 pandemic has unleashed a global health crisis causing deep disruptions to and widespread impacts on food systems, social systems, and economic development.⁶ The scale of the pandemic's expected impact on poverty, food security, nutrition, and the world economy is unprecedented. The closing of borders further exacerbates the vulnerability of and risks to informal traders and the populations that rely heavily on food items and staples supplied through informal trading. Particularly during this time of crisis, access to up-to-date and quality data and information is critical to developing informed actions to support the livelihoods, food security, and resilience of the poor and those being pushed toward the poverty line.

The virtual policy dialogue held on October 15, 2020 looked at ICBT across the Tanzania border, while drawing on research and information from the continent as a whole, with the overall aim of better understanding country-specific demands for coherent policy support to address food security and nutrition. More specifically, this event was organized to learn more about ICBT in Tanzania, including its importance for Tanzania's economy and its implications on food security; the impact of COVID-19 on ICBT; and needed policy reforms to support informal traders, particularly in times of crisis.

The event program included two presentations – the first on *The Importance of Informal Trade in Africa for Food Security and the Implications of COVID-19* by Dr. Antoine Bouet, Senior Research Fellow at IFPRI, and the second on *ICBT in Tanzania* by Dr. Lucas Katera, Director of Commission Works at REPOA – and a brief reflection provided Dr. Samuel Wangwe, Board Chairman of the Eastern Africa Grain Council. Dr. Donald Mmari, Executive Director of REPOA, and Dr. ir. Teunis van Rheenen, Director of Business Development and External Relations at IFPRI, provided welcoming and closing remarks.

Several key messages emerged from the virtual policy dialogue. These included the following.

- Tanzania is mostly an exporter, vis a vis an importer, of grains to the rest of East African Countries.
- Like other forms of trade, ICBT helps to bridge the gap between production and demand.
- Studies and literature have shown that ICBT provides livelihoods to participating communities as it offers employment opportunities and incomes, that have been vital in addressing poverty.

⁶ Swinnen, Johan, ed.; and McDermott, John, ed. 2020. COVID-19 and global food security. Washington, DC: International Food Policy Research Institute (IFPRI).



- More importantly, ICBT has been an essential instrument for empowerment, as the most significant proportion of participants are women.
- The volume of informal trade is greater than formal trade because of challenges emanating from trading through formal channels. These include high costs of formal trade and a lack of awareness of border requirements by traders.
- Additional challenges associated with ICBT include:
 - Potential revenues that a country would have received if the trade went through formal channels is lost.
 - Food safety is an important issue that typically goes unmonitored in informal trade.
 - If ICBT is associated with selling agriculture products immediately after harvest, it may have little or no impact to poverty reduction.
- Policies are needed to overcome these challenges.
- More research and better statistics are needed to better inform policy decisions.
- Key questions for further research include:
 - How much government revenue is lost as a result of ICBT?
 - How can the costs of formal trade be reduced?
 - Would traders add value to agriculture commodities were they to trade formally?
 - What role does informal trade play in overcoming the challenges of seasonality?
 - Given the timing of trade, would ICBT contribute to food insecurity?

Questions were raised concerning the impact that COVID-19 will have on both formal and informal trade. Here too, greater research is needed to fully understand the impact the pandemic has had on formal trade and ICBT, and how this will influence trade in the aftermath of the pandemic as countries work to rebuild. This topic is extremely relevant as we approach 2030 and strive to make gains toward the Sustainable Development Goals amidst a global health crisis and climate change challenges, among other planetary stressors and social and economic setbacks. In closing, REPOA and IFPRI reaffirmed their commitment to work together to continue the vital research needed to inform policy solutions to sustainably improve rural development, reduce poverty, and end hunger and malnutrition in developing countries.