

COVID-19 and the Maritime and Logistics Sector in Africa

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Introduction

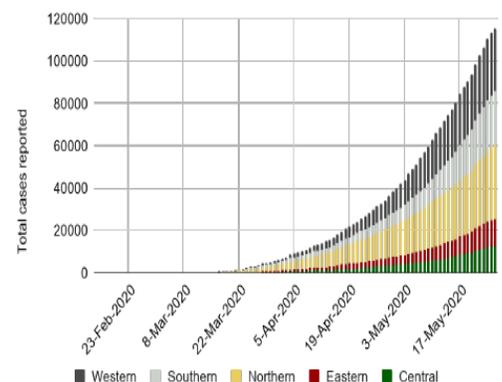
The COVID-19 pandemic has taken a toll on human life and brought major disruption to economic activity across the world, precipitating an unprecedented global health and economic crisis. Although it is too early for a full assessment of the impact of the pandemic in Africa, it is clear that COVID-19 has already brought severe hardship, especially to the landlocked and least developed countries, and poor and vulnerable communities. Vulnerable sectors (e.g. tourism, oil and gas industry, maritime, air and road transport, freight forwarding, logistics, and wholesale and retail sectors) have been hard hit and some will not recover. The demand for, and price of many commodities has declined sharply, increasing the vulnerability of many commodity-dependent African countries.

The forecast challenges include food insecurity, lack of medical supplies, loss of income and livelihood, difficulties in applying sanitary and physical distancing measures, a looming debt crisis, as well as related political and security risks. The World Bank projected that economic growth will decline to between -2.1 and -5.1% in 2020 from 2.4% in 2019, leading to the first African recession in 25 years.¹ This short note summarizes the current evidence of the impact on the maritime and logistics sector in African countries and defines a three pillared response for countries to both mitigate the impact of the pandemic and increase the resilience of the sectors going forward. It ends by discussing potential areas of co-operation with the World Bank to those ends.

The Impact of COVID-19 on Africa

Despite a late arrival, the COVID-19 virus has spread rapidly across Sub-Saharan Africa in recent weeks, and as at May 26, 2020, the number of confirmed cases that had been reported amounted to just over 115,000, with 3471 reported deaths,² with a regional distribution as illustrated in Figure 1. This is about 2% of all cases reported globally. Since the last brief (19 May 2020), 27,164 new COVID-19 cases have been reported, which is a 31% increase in new cases reported compared to what was reported in the previous week (13 to 19 May 2020). Amongst reported cases, those countries hardest hit are South Africa (24,000 cases), Egypt (19,000 cases), Nigeria (8,300 cases) and Ghana (7,500 cases). Sub-Saharan Africa and landlocked countries in West and Central Africa report fewer cases, although under-reporting is a major issue.

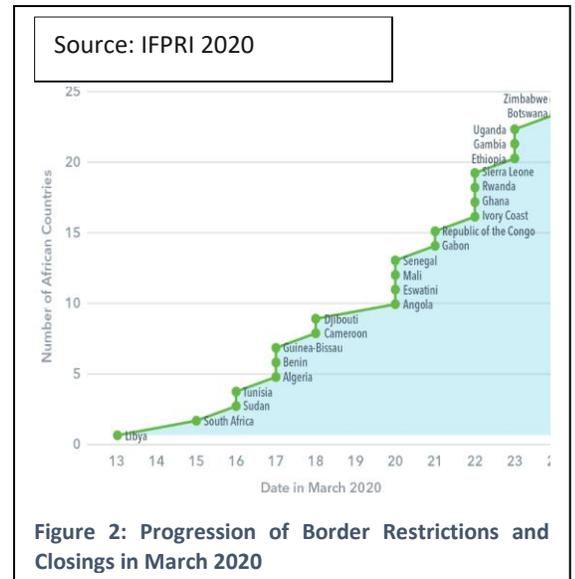
Figure 1: Number of confirmed COVID-19 case, by region (May 26, 2020)



¹ World Bank. 2020a. *Africa's Pulse. An Analysis of Issues Shaping Africa's Economic Future*. Volume 21, April 2020, World Bank, Washington, DC.

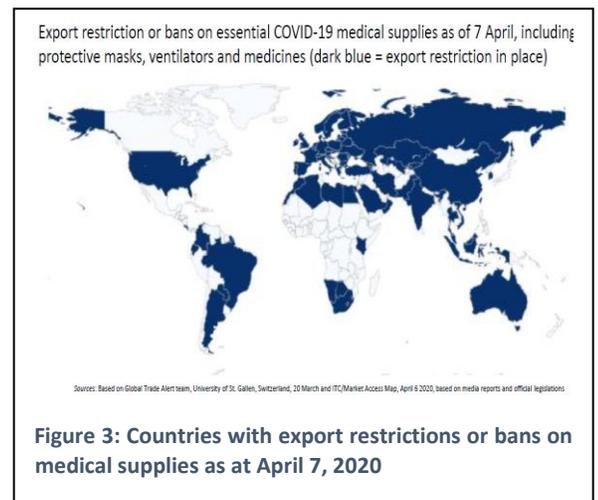
² Africa Center for Disease Control and Prevention (2020) Outbreak Brief #19: Coronavirus Disease 2019 (COVID-19) Pandemic, Addis Ababa, Ethiopia.

Fortunately, Governments across Africa responded quickly to the potential risk of the pandemic and introduced public health measures to prevent the spread of the virus. South Africa declared a national state of disaster on March 15, 2020 and implemented a nationwide lockdown on March 26, 2020 before reporting its first death from COVID-19. Uganda suspended public gatherings before the first documented case in the country, and Nigeria began screening passengers at international airports nearly one month before the first case was detected. Figure 2 illustrates the stepped introduction of partial or complete closure of borders, with 43 of the 54 states implementing such measures by early April. These measures formed part of a package of measures to protect public health including lockdowns, bans on public gatherings, increased health screening at ports, including testing of drivers at border crossings, restrictions on ship berthing and crew access to shore, and quarantine enforcement.



These measures are having a severe effect on sectors and communities that rely both on global and cross-border value chains and trade, transport services as well as on migrant workers. Around 80 percent of global trade is transported by commercial shipping³, and on the landside, excluding South Africa, 90 percent of all freight on the continent is carried by road transport. Containment measures can also lead to return movement of migrant workers, potentially accelerating infection rates. For example, migrant mine-workers in South Africa sought to return to their home countries such as Mozambique, when the lockdown was announced there, acted as vectors of transmission of the Covid-19 virus. Increasingly, evidence is emerging that truck drivers are also acting as similar transmission agents (of the 122 cases of covid-19 in Uganda, 51 are truck drivers from Kenya and Tanzania)⁴ along the main trading routes, in a manner similar as in the transmission of HIV and STIs earlier.

In addition, some Governments introduced additional restrictions on trade, such as prohibiting the export of essential medical supplies (71 countries worldwide have introduced a ban on the export of critical medical supplies, including 3 in SSA – South Africa, Namibia and Botswana – see Figure 3). The majority of African countries are entirely dependent on the import of medical supplies. Earlier this month, the Global Alliance for Vaccines and Immunization (GAVI), of which the WBG is a partner, warned that vaccines are running out in some African countries due to border closures and restricted air traffic. Although GAVI says the problem has now been resolved, the example shows how much health care on the continent is dependent on porous borders.

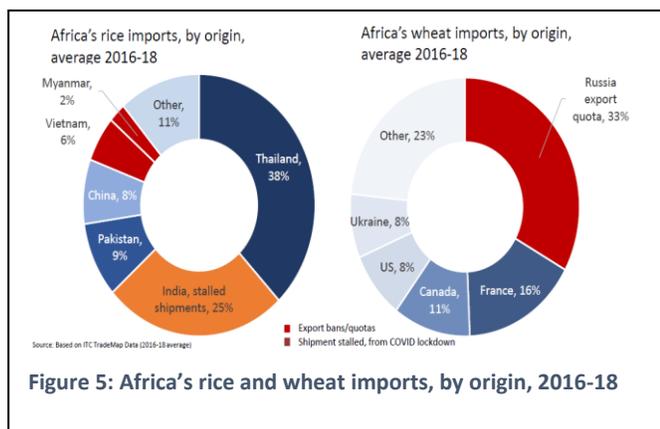


Food insecurity is rising, exacerbated by trade restrictions being imposed by many countries which have also introduced a ban on the export of critical foodstuffs: Figure 4 illustrates the source of rice and wheat imports to African countries over the period 2016-2018. Of these major exporters, India, Vietnam and Myanmar have all either imposed an export ban on rice, or rice exports have stalled because of the national lockdowns. Russia, Kazakhstan, Ukraine, and a number of other wheat exporters, have similarly introduced quotas or restrictions on exports, posing a

³ UNCTAD (2019) The Review of Maritime Shipping, Geneva.

⁴ Business Day (2019) Truck drivers spread coronavirus along East Africa’s transport corridors, Nairobi, May 13, 2020.

major risk to major wheat importers (Egypt, Algeria, and Morocco). A recent survey in Ethiopia suggests that this may already be happening.⁵

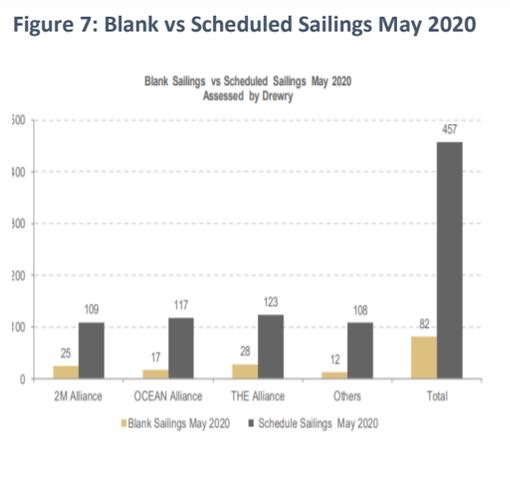
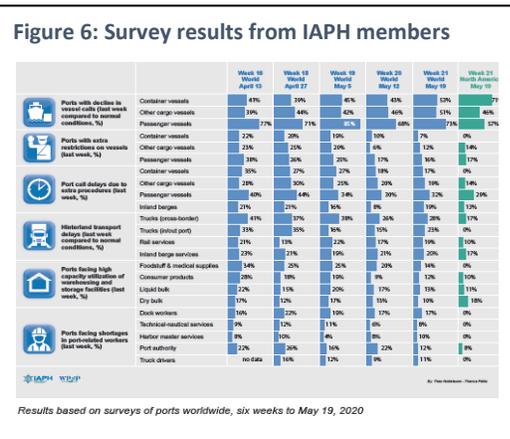


Just to provide an indication of the risk, on average the import of food by African countries amounts to approximately 14 percent of their merchandise trade. For Land locked Development countries, that proportion increases to just over 22 percent, and for the lowest income countries 37 percent of their total merchandise imports.⁶ In the Global Financial Crisis of 2007/08, similar restrictions led to increases of as much as 45 percent to world rice prices and 30 percent to world wheat prices, and severe shortages in some countries. IFPRI is already reporting increases in prices of most key foodstuffs by 15 percent in markets in Uganda since mid-March.⁷

The Impact of COVID-19 on the Maritime and Logistics Sector

This section summarizes the current evidence, as it is emerging, of the impact on the maritime and logistics sector in African countries, starting with the maritime sector: Figure 6 presents the latest results of a weekly worldwide survey undertaken by the International Association of Ports and Harbors (IAPH) and the World Ports Sustainability Program (WPSP) of their members. Overall, volumes through the ports are currently holding up, with declines of between 10-15 percent. Anecdotal evidence suggests this is also the case for some African ports.

However, the results reveal an increasing decline in the number of port calls, particularly from container ships: The decline is explained by blank sailings (as illustrated in Figure 7), scheduled container services that either do not run at all, or do not call at particular ports on a scheduled route, due to insufficient traffic. About 45% of the ports that responded are reporting that the number of container vessel calls fell by 5 to 25% compared to a normal situation (34% last week), while the share of ports facing a significant drop (in excess of 25%) in container vessels calls reaches 8%, a figure that is about 2 percent below the results of weeks 17, 18 and 20, but much higher than what we could observed in weeks 15 and 16. Overall, blank sailings are running at around 20 percent of the total.



⁵ IFPRI (2020) Survey suggests rising risk of food and nutrition insecurity in Addis Ababa, Ethiopia, as COVID-19 restrictions continue. (see <https://www.ifpri.org/blog/survey-suggests-rising-risk-food-and-nutrition-insecurity-addis-ababa-ethiopia-covid-19>)

⁶ UNCTAD (2020) COVID-19 and food security in vulnerable countries, Geneva.

⁷ <https://www.ifpri.org/blog/ifpris-new-covid-19-food-price-monitor-tracks-warning-signs-stress-local-markets>

Figure 8 illustrates ports in Africa that have restrictions in place currently, and those that either allow with or without conditions, or do not allow crew changes, for reasons related to the COVID-19 pandemic. This is a humanitarian issue, in the sense that at any given time despite the current downturn, there are approximately 50,000 commercial vessels and 1.2 million seafarers working the maritime fleet on the high sea. At the end of a tour of duty, they disembark and return to their home countries – and approximately 100,000 individuals do this monthly. This did not happen in April, and it is unclear whether it will happen in May, as many countries/ports are reluctant to let seafarers even disembark into the port area currently.

In the IAPH survey, 28 percent of respondents note delays on cross border road transport, both due to the shortage of drivers, reduced utilization of trucks, and delays and stoppages on route. Anecdotal evidence reported in the press reports⁸ major delays at some border crossings, were long queues reported at some borders (e.g. *inter alia* Malaba on the Kenya/Uganda border, Beitbridge on the South African/Zimbabwe border, Kazungula on the Zimbabwe/Zambia border). These disruptions reflected the new health requirement introduced by different countries, but also different restrictions on the cargo types, that, if any, are allowed through.⁹ Rwanda requires all trucks to be offloaded and sanitized before being handed over to truck drivers from their own countries, with Uganda considering similar measures.

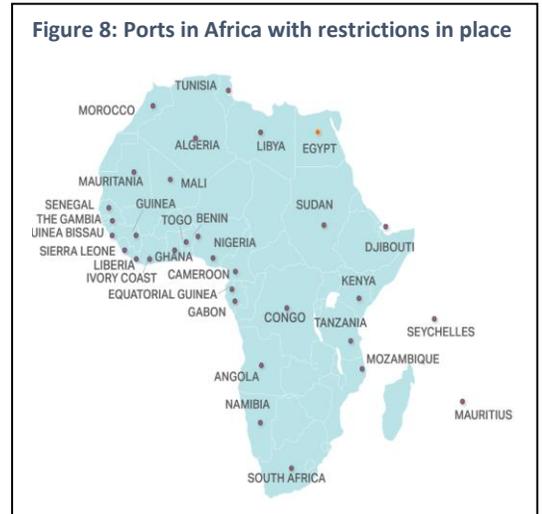
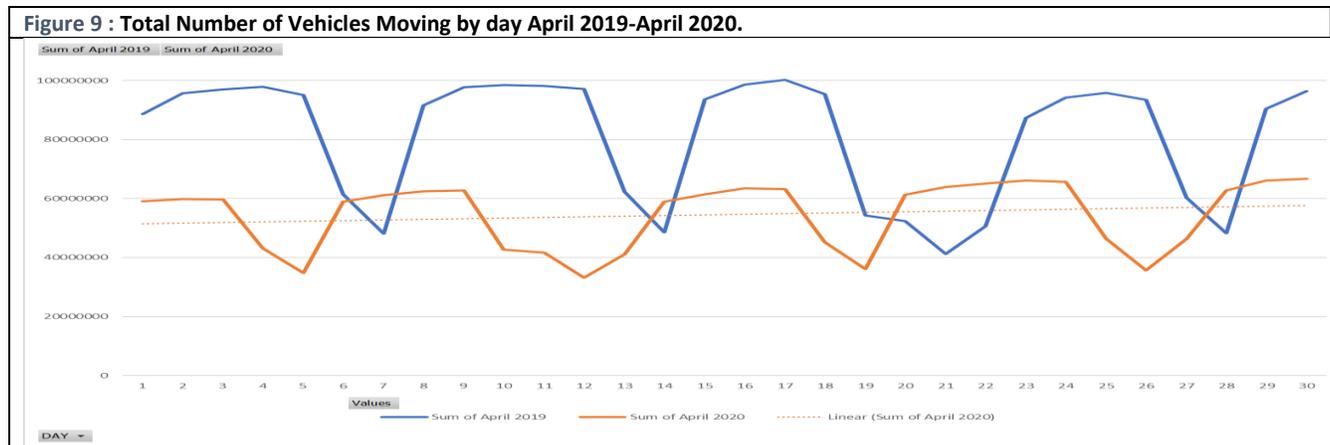


Figure 8: Ports in Africa with restrictions in place

Haphazard implementation, poor communication, and confusion have characterized the introduction of many of these restrictions, as epitomized by the imposition and then removal of the closure of the border between Tanzania and Zambia at Nakonde, all within the period of 5 days.¹⁰ However, hard evidence is difficult to find: One way is to collect and collate the GPS signals from trucks to try and see the impact on volumes, journey times, route choice, and border crossing times, from crossing defining geo-fences. Figure 9 illustrate the picture year-on-year (April 2019-April 2020) in Eastern and Southern Africa from a sample of logistic providers, which remains a work in progress at this time:



The data, which need to be treated with a degree of caution, are indicative of a 40 percent decline in truck traffic in the region, year on year. The stepped decline caused by the Easter weekend is mirrored in both data sets,

⁸ The Brussels Times, Intra-African trade during the Covid-19 pandemic, May 6, 2020.

⁹ <https://www.washingtonpost.com/world/2020/05/22/kenya-tanzania-coronavirus-borders/?arc404=true>

¹⁰ <https://www.reuters.com/article/us-health-coronavirus-zambia/zambia-reopens-border-with-tanzania-to-cargo-after-covid-19-closure-idUSKBN22R1XT>

albeit on different dates. Although, a degree of corroboration is provided by the traffic count data from the N1 highway in South Africa over the period March 6- April 30, 2020, illustrated in Figure 10.

Figure 10 : Average Daily Truck Traffic, Heavy Vehicles per day N1 Northbound March 6 – April 30, 2020.

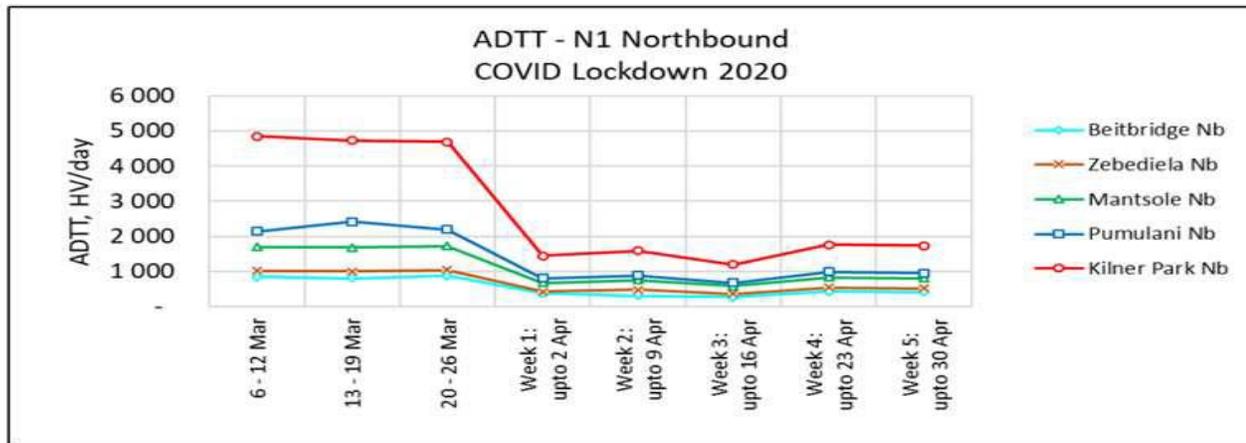


Figure 11 illustrates the difference in the number of vehicles¹¹ crossing the defined geo-fence for the named ports year on year, April 2019 to April 2020. The data suggests a decline in truck traffic, sometimes significant, for all points. The exceptions are Beira, Maputo in Mozambique, which is seen as an indication of the diversion of traffic from South African ports to Mozambique’s ports, reflecting the less stringent lock-down in the latter country.

Figure 11 : Number of Vehicles crossing the defined port boundary April 2019-April 2020.

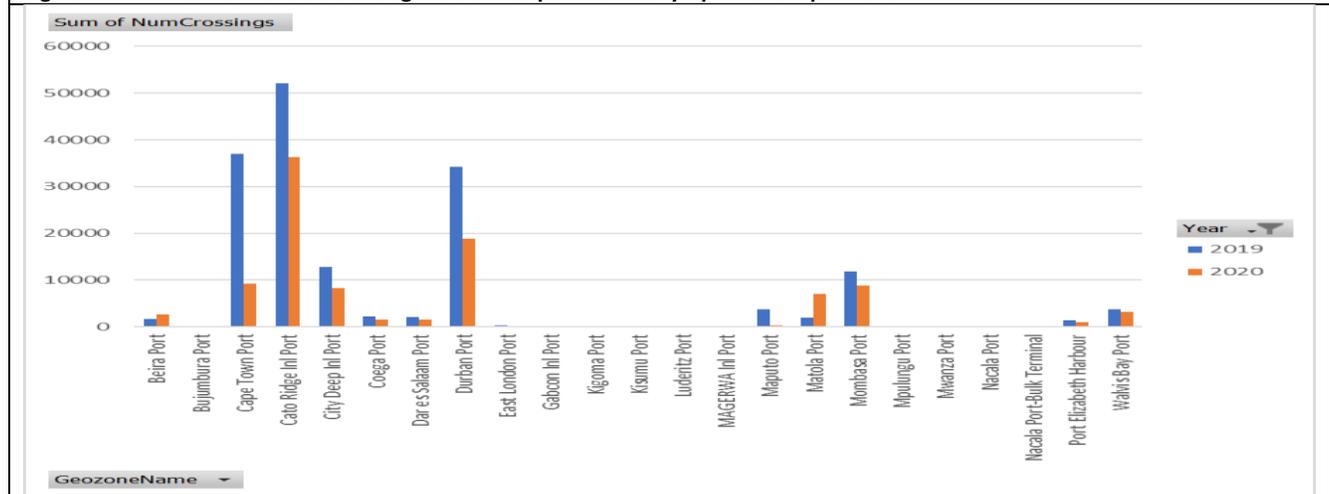
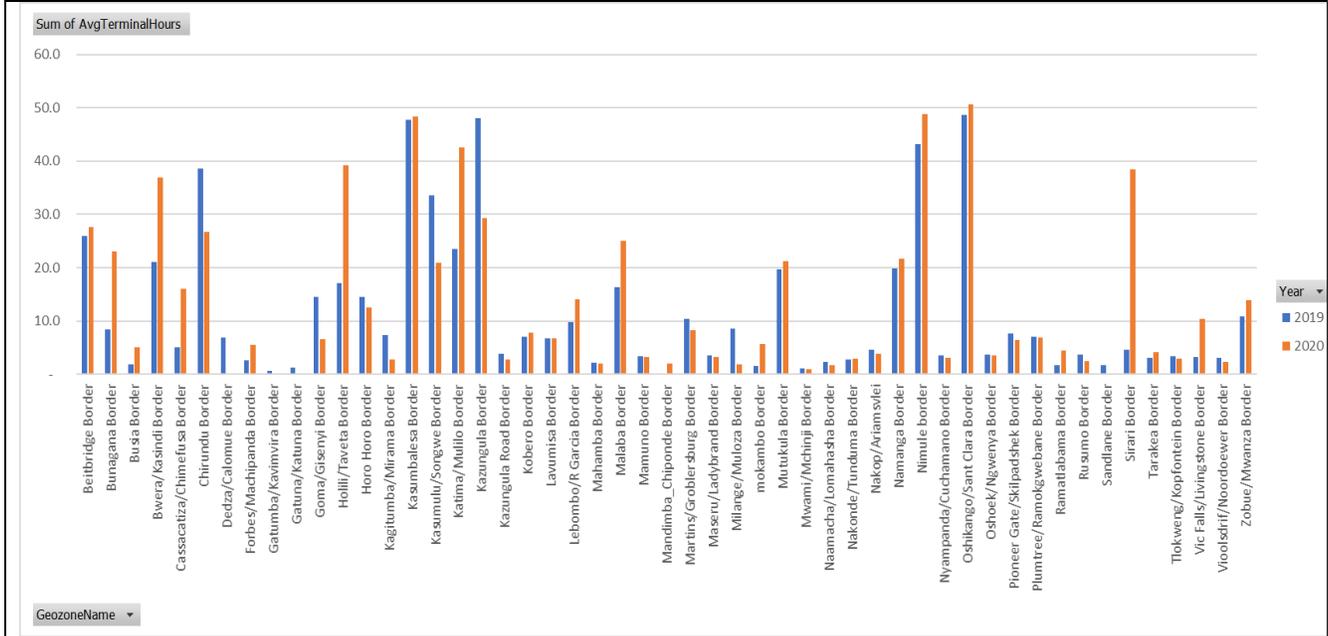


Figure 12 provides the number of trucks crossing the geo-fence of the named border crossing point over the same year on year period. The picture is a little more mixed here, with some Border Crossing Points (BCPs) showing declines, some increases. Overall, the data suggest that journey speeds between defined Origin Destination (OD) points seem to be unaffected, but the time required to cross the border has increased on average.

¹¹ Note this is not every truck, merely those trucks whose signal is collected by the data provider. However, it is considered to be indicative of actual patterns.

Figure 12 : Number of Trucks crossing the defined Border Crossing Point April 2019-April 2020



Key recommendations for the Maritime and Logistics Sector

This section outlines a three pillared response for countries to both mitigate the impact of the pandemic and ensure business continuity both currently, and over the short term as the lockdowns and restrictions are slowly lifted. This is followed by some medium-term priorities to increase the resilience of these sectors going forward.

Emergency and Short-term Recommendations (1-3 months)

1. Secure continuity of domestic supply chains

- Mandate emergency health and security measures in the transportation/logistics sectors (provision of latex gloves, hygiene, social distancing, testing, quarantining);
- Prepare contingency plans to introduce rationing and prioritize the continuity of supply chain services for all essential goods (including pharmaceutical, fuel, foodstuffs) through a lifeline network of public storage and collection points in co-ordination with the traders (in the event commercial retail outlets close);
- Facilitate usage of online ordering and remote delivery to avoid public gatherings at collection points/retailers; and
- Consider the provision of financial support to road haulage operators and logistics companies, to ensure provision of adequate storage facilities and supply, including provision of short-term emergency support for redundant workers.

2. Secure continuity of critical maritime transport supply chains

- Mandate emergency health and security measures in the port sector (provision of latex gloves, hygiene, social distancing, frequent testing of all workers and, quarantining where necessary);
- Prepare contingency plans to maintain business continuity for essential food and fuel stuffs for lifeline operations at the port and associated marine, customs clearance and logistics services;
- Prepare contingency plans and business risk assessments to ensure maritime connectivity of lifeline imports for essential fuel and food stuffs;

- Mandating the introduction of Gate Management Schemes, with scheduled appointments for trucks, to minimize exposure time in the port; and.
- Make financial arrangements for short term emergency support for redundant workers.

3. Measures to facilitate safe Cross-Border Trade

- Mandate emergency health and security measures and provide sufficient equipment at all border crossing points (provision of latex gloves, hygiene, social distancing, testing, quarantining) in a coordinated manner between agencies on both sides of the border;
- Consider single window clearance, enhanced use of pre-arrival processing and post-clearance audit methods in order to achieve higher level of release for low risk consignments, and a green lane for medical supplies and essential foodstuffs;
- Establish accredited importers and exporters (such as Authorized Economic Operators) based on compliance records to allow critical products to be expedited (establish audit procedures that validate ongoing compliance); and
- Increase the use of risk management approaches and reduce levels of inspection in view of lower workplace attendance.
- **DO NOT CLOSE BORDERS**

Medium-term Recommendations (3-12 months)

In the medium term (3-12 months), the recommended measures to strengthen the resilience of the sectors going forward:

1. Strengthen resilience and governance of maritime sector

- Increase the digitization of the port sector to reduce the number of paper based and people based contacts (e.g. the establishment of port community systems, and their integration with national single windows);
- Improve cybersecurity in light of the above;
- Review the structure and scale of port tariffs to incentivize off-peak working;
- Prepare a green port strategy to reduce energy consumption and costs in the port sector; and
- Increased automation in cargo operations complemented with employee training could be considered.

2. Improve quality and efficiency of road freight logistics

- Allow entry through gradual liberalization of access to the profession and the market, including removal of national ownership restrictions;
- Facilitate movement of truck drivers by adopting multiple-entry or visa-free entry for truck drivers to increase flexibility of cargo operations;
- Adopt regional harmonization of trucking regulations, vehicle standards and licensing arrangements to promote cross-border integration;
- Introduce quality-based competitive licensing, considering the financial, legal, and ethical status of the companies, as well as the quality of the trucks, and the skills and training of the drivers.

3. Increasing internal and external border agency collaboration

- Using information technology tools to stimulate workplace collaboration and electronic single window clearance to minimize physical contact
- Customs and Sanitary and Phytosanitary (SPS) agencies should work together to design special regimes for expedited clearance of critical commodities (e.g. medicines, medical equipment, perishable or key foodstuffs, quarantine testing kits, clothing, etc.);
- Introduce a transit guarantee scheme to reduce the cost and improve the efficiency of cross-border traffic; and
- Border agencies and the private sector should work together to undertake pre-assessment of imports through advance screening of documentation to identify and prioritize import activities prior to commodity arrival; and
- Government authorities should work closely with the private sector (via the National Trade Facilitation Committees) to identify service standards and precise inspection procedures for critically needed items.

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