



Thriving Amidst Conflicts

Recognizing the Important Role of Informal Economy Actors in Vegetable Marketing During Times of Conflict in Tigray and Amhara, Ethiopia



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The recurrent conflicts in the Amhara and Tigray regions in Ethiopia affect the food systems in all aspects. The flow of products and goods is seriously impacted. Informal economy actors in the food chain play a crucial role but take many risks to ensure that food still reaches consumers. However, they are perceived as competitors who unfairly gain an advantage over formal actors. Brokers buying from farmers and selling to retailers in Tigray, and pushcart vendors in Amhara are overlooked and misunderstood. Still they thrive in efforts to ensure that inputs reach farmers so that production can continue, and that food products reach retailers and consumers. Even amidst adversity they adapt flexibly to the ever-changing situation. However, tax-paying businesses sometimes face unfair competition, pricing can be unfair, and men increasingly dominate the chain. How can the positive contribution of informal economy actors be nurtured?

The context

The ongoing conflicts and unrest in different parts of Ethiopia have greatly influenced the country's food system. All aspects including the production, distribution, and transportation of commodities and services are affected. Both formal and informal actors in the food system are struggling with the insecurity, the destruction, and failing services. The two-year conflict and siege in the Tigray Region, (2021–2022) between the Tigray regional administration and the Federal Government of Ethiopia heavily affected the production and marketing of (perishable) vegetables. Most of the irrigation infrastructures were severely damaged and may require huge investments to rebuild before smallholder vegetable farmers can access these again. Similarly, the ongoing conflict in the Amhara region is significantly affecting both vegetable production and marketing, with far-reaching consequences for farmers who are grappling with limited access to agro-inputs, agri-finance and market linkages. Consumers find it really challenging to access basic products as open-air markets are regularly closed.

In situations where serious impacts and disputes impede the flow of products and goods, the informal economy actors in the food chain usually play a crucial role in ensuring that food that is still produced, despite challenges, reaches consumers (see for example Bitzer, et al. 2024; Wegerif, 2020 for COVID case). Informal economy actors contribute significantly to the different aspects of the food system, including (pre-)production, transportation, brokering/linking, marketing and overall supply of food. Yet, their contributions often remain unrecognised and misunderstood. The negative roles informal actors play are often highlighted as they are blamed and viewed as competitors who unfairly gain an advantage over formal actors.

During the **Tigray** War the supply of food depended on the informal economy. Collectors or traders often brought products from distant areas, involving many risks, to the main market and consumers. Formal actors could not engage in such kind of risks and 'messy' operations. All banks were closed for two years by the Federal Government, so there was no formal credit to run the vegetable business and there was no legal administration process. Some collectors and traders lost their lives while penetrating through zones with live conflict. In the ongoing conflict in the **Amhara** region, informal actors in the food system continue to play a pivotal role. They ensure that essential inputs and products reach both farmers and consumers despite the challenging circumstances and movement restrictions due to the war and state of emergency.

Did you know?

- Tigray and Amhara regions were not self-sufficient for Onions.
- Tigray covered 1,306 ha (producing 83K quintals)*.
- Amhara covered 14,078 ha (producing 729K quintals)*.
- Most imported Onions came from Sudan and Kenya to the regions.
- During the conflict in Tigray prices first skyrocketed because people were hoarding food.
- As time went by, prices dropped because there was no cash in the market.

*CSA report 2020/21

This case study aims to shed light on the roles that informal traders¹ take up in vegetable value chains as conflicts continue to flare, and how they interact with formal players. It draws on experiences from the authors in the Onion value chains in Tigray and Amhara regions, as it is one of the most widely available vegetables, traded almost everywhere and utilised in almost all local dishes consumed every day.

Both Tigray and Amhara regions are known for producing Onions, especially Amhara (see Box on page 3). However, both regions have not been self-sufficient. A report by Getu et al. (2018) indicates the strong competition with imported Onion from Sudan in terms of quality, shelf life and price. Yet the war in Sudan that erupted in April 2023 also affects the export of Onions to Ethiopia. Even before the conflict there were challenges in the Onion supply chain in both regions. For example, seed and fertiliser shortages and low-quality cultivars, agronomic practices, pests and diseases, scarcity of input finance, market linkages, climate fluctuations, stakeholder linkages, and limited or weak extension support. Storage issues and poor or inadequate post-harvest handling practices were also common for this perishable crop. Due to a lack of viable market options, producers and traders have sometimes been forced to dump a sizable amount of their produce. The recurrent conflicts profoundly exacerbate an already precarious situation.

In the first year of conflict in Tigray, the price of vegetables and some other food items was highly inflated. People purchased more food items to store and hide anticipating dangerous times ahead. Later on, the price of vegetables (especially Tomatoes and Onions) decreased due to the low level of purchasing power of the people. Very little cash circulated in the market. Even though the supply of onion was very low, people used small amounts of vegetables to sustain their families, as no one was sure when the war would end. Onion production dropped when initially there was no input supply to farmers by formal nor informal actors. The little that was produced was not transported to towns due to a lack of transport means. Prices were low near the farm gate and high in towns. **Value chain actor linkages collapsed.** For example, the value chain platform run by the Ethiopian Agricultural Transformation Institute (ATI) every quarter among producers, traders, buyers, and agro-processors; stopped for about two-years during the war.

Similarly in the Amhara region, the ongoing conflict disrupts Onion production and market dynamics, affecting farmers, traders and consumers. After August 2023, when the state of emergency was declared by the Federal Government, prices of goods went up, notably daily essentials including teff. Onion prices increased more than three-fold. Large **disparities between Onion prices** at the source and in relatively big towns started to show, pointing at high and perhaps disproportionate margins at the level of traders and minimal benefits for farmers. However, it can also be explained by the movement restrictions and the shortage of or high cost of fuel. Traders face hurdles in crossing various checkpoints both by the Ethiopian National Defence Forces and local militias and protesters and other outlaws along the way, which incur additional costs. Curfews that are sometimes imposed also limit movement. In order to recover their additional costs, traders first buy Onions from farmers for a low price and sell them for a very high price to retailers in the towns. These retailers pass on the additional costs to consumers, resulting in higher prices. Yet without these traders there would be no connection to the market.



Figure 1: Vegetables transported from rural and ready to distribute to retailers and street vendors.

1 'Traders' is used in a broad sense: These can be village collectors who sell to other traders, brokers or aggregators who buy from village collectors and sell to retailers, or traders who simultaneously collect, aggregate and retail.

Formal and informal actor networks

The actor network in the onion value chain (see Figure 2) shows a shift from formality to informality due to the conflict. Operational or not, most Onion farmers in both regions are members of cooperatives and their unions, rural saving and credit cooperatives or other. For example there are water associations and cooperatives in Tigray to ease equal access to scarce irrigation water due to the destruction of infrastructure. Farmers are expecting continuous support from governmental and non-governmental actors for the distribution of agricultural inputs, good agricultural practices, access to credit, and market linkages.

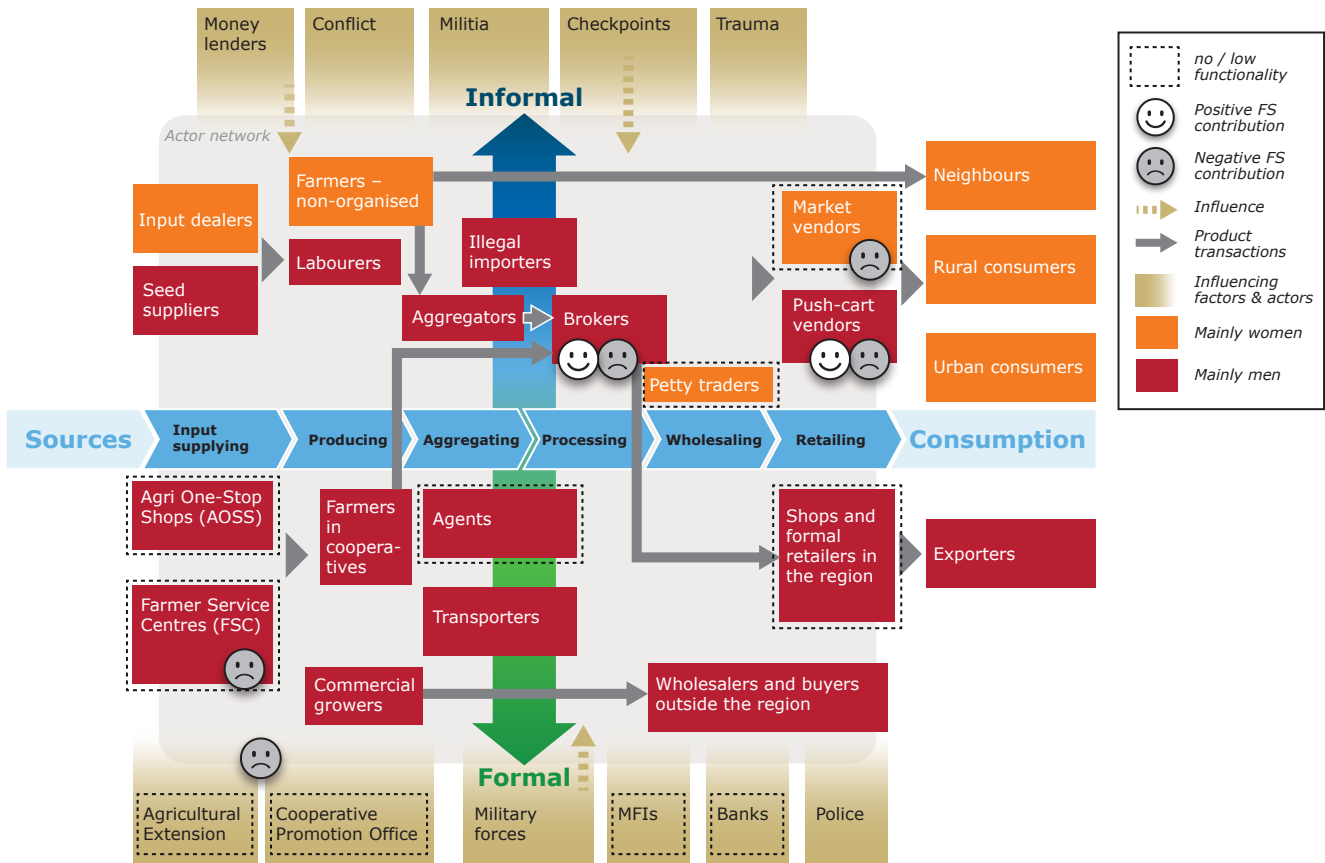


Figure 2: Formal and informal actor map of the Onion value chains in Tigray and Amhara regions.

The breakdown of formally organised services

Before the conflict, institutional capacities in most farmer organisations and also the private sector were already very weak (Yeshiwas et al., 2023). The conflict in both regions added fuel to the already burning fire. During the war formal cooperatives, registered private input suppliers, extension providers, banks and one-stop shops were either shut down or not functioning well. Staff of these organisations migrated to different areas and their offices and properties were damaged and looted by different war actors. In Tigray since the conflict ended, these formal institutions are trying to start operations with limited financial and human resources, but in Amhara an active war is still going on.

Formal actors like NGOs and Government programmes try to support vegetable farmers and farmer organisations. For example, ATI in Tigray supports Onion value chain development through farmer-field schools, demonstration of improved production technologies and organisation of multi-stakeholder platforms for actors to discuss the challenges and possible solutions. In Amhara, a project called AGRO-BIG² played similar roles. Recently BASF and SNV also started supporting farmers in both regions by supplying quality Onion seeds. Still, linkages are very weak in both regions.

2 <https://www.agrobig.org/>

Informal economy actors stepping in

Most rural farmers and urban dwellers turned to the services of informal economy actors: in the vegetable value chain brokers / middle-traders, village collectors, illegal importers, local traders, street vendors, transporters, and money-lenders, among others, play essential roles in the food system. They stepped in quickly at the start of the conflict in both regions, where formal mechanisms stopped functioning. Despite all the challenges they face, informal traders in particular contribute to both the production system and the supply chain. For example by collecting and transporting from the producer areas to the consumers' places, urban markets or even to the consumers' gates during conflict periods. They are able to overcome and pass through war zones, curfews, checkpoints, law enforcement bodies, muggers, and all other possible challenges they might face.



Figure 3: Farmers in Tigray storing their Onions in the field due to lack of storage facilities and market linkages.

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Even at this time of serious internal conflicts both in the Amhara region and in the neighbouring Sudan, Onions from Sudan are available in the markets of Bahir Dar and other towns of the region.”

Extending trade across borders

Illegal traders and brokers penetrated the war zone to bring consumer goods, including fruits that were not found in the Tigray region, through the Afar and Amhara regions. They even passed through Eritrea using their established contacts with collectors and other traders. In Amhara they bring vegetables and fruits from the Central-, Southern- and Eastern regions of the country, and also import from Sudan.

The following section zooms into the specific case of brokers from the Tigray side and push cart vendors from the Amhara side.

The case of illegal³ brokers in Tigray

Before the war in Tigray, when farmers produced Onions in bulk, there was a lack of appropriate storage and market linkage for their produce. They were obliged to store their yields on the field (see Figure 3). To address this, the local government and development partners decided to link the producers with formally registered traders in Mekelle and organise field visits to the production areas. The platform was thought to be a good opportunity to meet producers and buyers to have better transactions and negotiation on price based on the quality and quantity. Nevertheless, all the efforts by the local government and partners failed, because illegal brokers had more power in marketing activities.

The illegal brokers disseminated fake information. They made farmers believe that legal traders brought by the Government or partners were buying below the market price. They offered better prices and cash in hand. Farmers, therefore, refused to agree and the negotiation was aborted. Brokers bought a few products at relatively better prices to convince the farmers, yet later they reduced the prices again for most products. The brokers could only buy all the products when receiving commissions from both producers and buyers.

Government agents and legal buyers from Mekelle, producers, and local traders saw the power of the illegal brokers in the market, and realised that without them access to the market was difficult. The local administration was finally convinced that the illegal brokers had more buyer networks than any others. They also started appreciating their fast response to farmers' needs such as on cash credit provision for inputs (such as seed, fertilisers, agrochemicals) and labour required during production. Their effective linkages with transporters also added to a more positive perception. The local administration therefore decided to bring the brokers to a common platform to agree on fair commissioning. Transactions in the field among producers and buyers, therefore, continued to be carried out by illegal brokers. The local administration started seeing that:



Figure 4: Farmers discussing with buyers in Tigray.

1. Many farmers get credit for inputs without a guarantee from the traders to repay them after harvest.
2. Most local traders and brokers have better linkages with legal entities that support them with business-related bureaucratic issues in a very short period of time.
3. Brokers and traders also invest and plant crops by renting farmers' land and they have good relations with the owners.
4. Many brokers and traders use recent ICT technologies and have better access to market information than ordinary producers/farmers. Thus, brokers or traders can be very convincing that their price information is more trusted.
5. Finally, most of the traders and brokers are residents or relatives of the community and are easily trusted by the farmers in the locality than businesses/traders from outside.

³ 'Illegal' is the term used by the local government and development partners. This can also be read as 'informal'.

The case of push cart vendors in Amhara

The informal economy is everywhere, yet the majority of informal traders and brokers concentrate their activities in relatively big cities, such as Bahir Dar, Gondar and Dessie. These actors, through their diverse networks spanning both Onion production areas and urban centres, play an important role in the collecting and transporting of Onions. They engage in the retailing after receiving Onions and other vegetables from the wholesalers, or source from production areas and engage in distribution. While some retailers distribute or sell formally from their permanent shops or stores, many others adopt a more informal approach.

Before the conflict in Amhara, informal retailing in these towns was mostly found in open-air market places with petty traders plying their trade on the streets. Women and girls carried out the majority of this type of informal retailing, until open air markets in Bahir Dar were closed due to security reasons. To meet the urgent needs of customers, young boys pushing carts started to deliver Onions and other vegetables right to customers' gates. Push cart vendors became active participants in the business, as they largely dominate the vegetable market during conflict times.



Figure 5: Informal push cart vendors on the streets and villages of Bahir Dar.



Life of a push cart vendor in Amhara

Asres Mare is 33 years old, married and has two children. Since the conflict started, his work as a daily labourer stopped. He saw the limited mobility especially for people in vulnerable situations. *"I venture into this push cart business due to lack of labour work. Now I am living a subsistent life by doing this retailer business"*. He and his fellow pushcart vendors sell vegetables including Onions, preferably per kg. For people that cannot afford it, he sorts out the smallest onions to sell in small quantities. Prices fluctuate. Currently, he buys Onions at 40 ETB per kg* and sells them at 45 ETB per kg*. *"Bargaining is our culture and sometimes, we make only a two-birr profit from a kg because of a hard-fought bargain."* He and his fellows try to stay away from shopkeepers who complain about the competition because they pay taxes. *"The community likes us. They value and appreciate our work. We specifically serve those who struggle to visit the market due to safety concerns."* The work is, however, backbreaking and physically exhausting for little income.

* 5 Ethiopian Birr = 0.08 Eur (Oanda.com 1/5/24)

They operate irregularly depending on their sources: farms, informal collectors, or formal shops and stores who have no other choice when consumers are not able to freely move to markets due to fear of being hurt during conflicts. Push cart vendors face many different challenges. They mostly operate on a very low budget, and they are sometimes forced to sell non-fresh vegetables at lower costs if they get buyers, who of course complain. Competition is stiff with other informal petty traders who sell from small markets and shops or kiosks in different villages, especially when the conflict is perceived to be less. Carts are locally built using two relatively big size car wheels and metal parts with heavy weight. Pushing the cart from one village to another is an arduous and backbreaking task, especially with goods loaded on the cart on uneven and bumpy roads. The weather is sometimes not a 'good friend' to them. One young man pushing a cart from village to village to sell Onions and other vegetables mentioned that he and his fellow street sellers suffer from the cold weather in the morning and strong sunshine in the afternoon. He also said that certain local retailers in small kiosks in the villages do not like them since his and his friend's business negatively affects the business of these shopkeepers.

Push cart vendor's interaction and communication with other actors is somewhat limited, and very informal. They communicate with the wholesalers, illegal traders or collectors and occasionally farmers they source from, and sometimes with other retailers.

Contributions to food system outcomes

Both the informal brokers in Tigray and the push cart vendors in Amhara play key roles in ensuring that vegetables reach consumers in times of conflict and during the recovery from conflict, when the formal sector is still rebuilding their operations. The young push cart vendors provide access to Onions and other vegetables at a relatively affordable cost to people who are restricting their movements due to serious security problems. The same holds true for the informal brokers in Tigray. Informal actors also contribute significantly to supporting the formal dealers by purchasing produce from them and distributing it to villages before it gets spoiled. They, thus, contribute positively to food and nutrition security. On the other hand, at times there are serious concerns about the quality and safety of the food the push cart vendors deliver, especially when exposure to dirt and sunlight is obvious. For the most part, these pushcart vendors lack sufficient shade to shield the vegetables from the sun and dust, as they lack a permanent place for their business. In terms of economic outcomes, both push cart vendors and informal brokers play their part in ensuring that the onion and vegetable supply chains can continue functioning.

On the other hand, they can have a negative impact on formal and registered traders and retailers who pay taxes. For example some consumers may rely on push cart vendors bringing the Onions to their gates, even when it is safe to go out. In terms of social outcomes, the informal trading creates job opportunities for young people and it also saves time and money for consumer households. Men already dominated the brokering business, yet the conflict triggers a shift in informal retail: young men with push carts take over from young women who used to sell in open air markets and the streets.

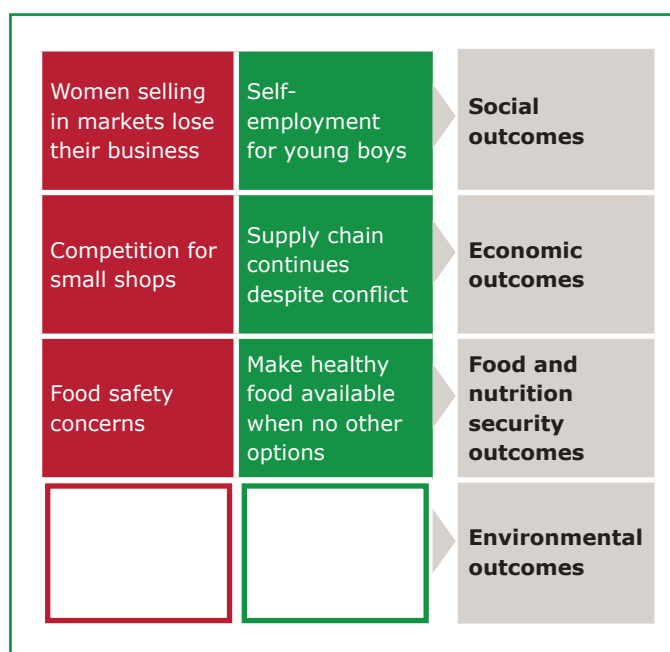


Figure 6: Summary example of positive and negative contributions of push cart vendors to food system outcomes

What if?

The presence of the informal actors is crucial in ensuring that food is available to customers at a reasonable price, especially during conflict times. Consumers would otherwise be unable to bear the rising inflation of commodities. As the informal actors in the Onion business step in, especially during conflict times, farmers gain better access to essential inputs they need for their production. Had the informal actors been absent, consumers would face more food scarcity and farmers might struggle to obtain the necessary resources, potentially leading to reduced crop yields.

What if the Government would step up dedication and commitment in capacitating and strengthening formal actors in the supply chain, could this replace informal actors? Considering the weak functioning of formal actors at the time of conflict and recovery the informal sector can play better roles in providing input credit, transport facilities, and access to a better market.

The case of Onions in Tigray shows that reciprocal collaboration between formal and informal actors is possible: agreements on fair commissioning with brokers brought some degree of fair pricing. What if the important roles of informal actors would be further recognised, could the negative behaviour of unfair pricing, unfair competition for those who pay taxes, male domination of trading and retail and provision of unsafe foods also be addressed?

Anticipating the rehabilitation (that already started in Tigray): What if informal brokers, vendors and credit providers that stepped up during the conflict would be ignored by authorities and other formal players? Would the negative behaviour increase, and how would this influence Government efforts to develop the vegetable value chains?

What can be done?

Without the involvement of informal actors the Onion value chains in Tigray and Amhara would be inflexible to adapt to the ever-changing conflict and post-conflict situation (see also Vorley, 2023, Benjamin, 2023 and Hiller et al., 2014). Although especially the Onion value chain is serving its purpose during conflict times, the positive and negative side of informality provide leverage points for improvement. Even in conflict times the formal sector can function to some degree. Therefore, efforts should be made to identify which parts of the value chain can function with regulation and formal actors, to strengthen and bring the informal actors into a more formal system. Thus 'formalising' the informal actors, for example by bringing them into associations and cooperatives, can contribute a lot to creating a level playing field for the various actors in the food system. Issues such as the unfair pricing and competition, male domination in the chain and food safety can, thus, be addressed more easily to ensure the resilience and effectiveness of the value chain.

A balance needs to be sought between rebuilding formal structures in the chain and engaging informal actors in multi-stakeholder platforms, as this can play a vital role in supporting the various actors in the Onion value chains to thrive.

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