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## THE IMPACT OF COVID-19 ON LIVELIHOODS IN THE INFORMAL ECONOMY IN PAPUA NEW GUINEA

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### Key Points

- The State of Emergency (SoE) in response to prevent the spread of COVID-19 is having a devastating impact on the informal economy.
- Restriction of movement is impacting on the supply of fresh food and other goods and services between urban and rural areas resulting in loss of income and livelihoods.
- Loss of income and livelihoods is leading to hunger and starvation; a catalyst for major social problems.
- Implementation and policing of the SoE must be done with a human face facilitating easy access and movement of fresh food and other essential goods and services while observing social distancing, health and hygiene rules.
- Alternative options must be created for those who have lost their livelihoods.

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## THE IMPACT OF COVID-19 ON LIVELIHOODS IN THE INFORMAL ECONOMY IN PAPUA NEW GUINEA

By Elizabeth Kopel

The spread of COVID-19 around the world is causing havoc. Health care systems are stretched to breaking point, bringing many economies to their knees through loss of income from closure of businesses and restrictions imposed by governments to prevent the spread of the virus. Developed countries are better able to cope with the economic downturn caused by COVID-19 through the introduction of generous stimulus packages to cushion the economy and reduce the negative impact on citizens.

About 60 percent of the world's working age population is employed in the informal economy and most of these are in developing and transitional countries (ILO, 2018). As COVID-19 spreads to the developing world, it is having a devastating impact on the majority of citizens whose livelihoods are dependent on income from informal jobs.

### PNG's response to COVID-19

In Papua New Guinea (PNG), with the first confirmed case of COVID-19 on the 20th of March 2020, the government took a decisive step through the National Executive Council to declare a 14-day State of Emergency (SoE) to lockdown the country from the 24th March to the 7th April 2020. During the Parliament's Special Session on 2nd April 2020, the Parliament approved to extend the SoE by two months. The lockdown has brought all businesses associated with non-essential goods and services to a standstill with a major impact on food supply chains.

While some shops and markets were permitted to remain open for people to access food and essential goods and services, the policing part of it appears not to adequately facilitate this. This is having negative effects on the livelihoods of both urban and rural households in various ways. Some of the unintended consequences are briefly discussed below with suggestions of possible ways to reduce these effects.

### Impact of SoE on informal economic activities and livelihoods

PNG does not have a social welfare system to provide emergency assistance. While the jobs and incomes of those in

formal employment are protected, the bulk of the population in the informal economy do not have a secure livelihood. The SoE is having a devastating impact on livelihoods in both rural and urban areas. Most people struggle to put food on their table each day in the best of times, so it is extremely hard for households to cope for weeks and or even months without conducting regular income generation activities.

The main source of income for most rural dwellers is the production and sale of fresh food through open markets. Restrictions on movement imposed by the SoE is severely limiting or preventing fresh producers and farmers from selling their commodities and this is impacting on livelihoods. Similarly, urban supplies are not reaching rural areas. Small and Medium Enterprises and informal businesses such as trade stores are unable to maintain adequate supplies to meet the needs of the rural population at this time. It is a major concern as these businesses are losing income, but even more important is the fact that people do not have access to basic items like soap to wash in order to prevent the spread of the virus.

Low income and unemployed urban households are also highly dependent on the informal economy for livelihoods. At this time, informal market vendors who are engaged in retail sales activities cannot continue to operate their income generation activities without a continuous supply of fresh food and other commodities. This is directly affecting their livelihoods. Families are going without food because they have lost their source of income. This is a catalyst for creating additional social issues such as increased borrowing, domestic violence over household finances and increased theft and petty crime driven by hunger and starvation.

### *Limited supply of fresh food is driving prices up for consumers*

Open markets provide a major source of home grown, organic, fresh food for urban residents. However, the imposition of travel restrictions has limited and in some cases prevented the flow of rural produced fresh food from reaching urban markets in sufficient quantities to meet demand. The limited supply is driving prices up making it too expensive.

The hardest hit are households that depend on informal

income and open markets for food as they do not usually have savings to pay higher prices in emergency situations. These households are either underfed or going without any food at all.

### ***Reduced income and poor health***

Recent guidelines published by the World Health Organisation (WHO, 2020) emphasise on healthy eating and improved nutrition to strengthen the body's natural immune system and maintain good health at this time. In contrast, poor diets and starvation leave vulnerable people with weak immune systems who can fall victim to any disease even before COVID-19 gets to them. For example, the old and sick people.

In developed countries, people often stock up on supplies so they depend on these when they cannot access shops or fresh food markets during self-isolation or quarantine. However, we come from a society where people feed from hand to mouth each day and rarely have food reserves to fall back on. Restricting the movement of people and shutting down of businesses to prevent the spread of COVID-19 has led to the reduction of business activities and drastic drop in incomes. For instance, Clifford Fairparik (2020) reported in *The National* newspaper on the case of a street seller who sells cooked food to workers at the Gordons industrial area. His daily sales have dropped from K700 per day to just K100 per day.

Further, betelnut sale and consumption has always been a contentious issue based on public health and hygiene grounds and it is a grave concern now with the potential to spread COVID-19. Betelnut was banned in Port Moresby a number of times previously during the Pacific Games in 2015 and the APEC Summit in 2018. However, this time, in response to the COVID-19 outbreak, the ban extends to all main urban centres including Port Moresby for another two months in line with extension of the SoE.

It is important that authorities are cognisant of the fact that betelnut income sustains the livelihoods of so many parties along the supply chain from producer, middle person/wholesaler and roadside retailer to the table market owner setting up stall in front of his or her home. All these people have now lost their source of livelihood.

Less disposable income makes it harder to afford food for survival. We, as a responsible nation cannot say; "Eat well and look after yourselves", when we know very well that such households may be going to bed each night without any food.

### ***Impact of heavy-handed policing in the administration of the SoE***

While the SoE was to have some flexibility for the movement of essential goods, services and for people to access basic services under strict guidelines from the controller, the practice has been quite the opposite. There have been ongoing complaints on social media and the newspapers that police in some areas have not permitted transportation of fresh food and other goods, destroy, confiscate goods or even collect fees for allowing access through check points (*The National*, 2020). Such bad treatment to people who are meant to be protected defeats the purpose and function of policing. Having said that, it must be acknowledged that the majority of police and the SoE staff are dedicated and diligent service men and women, however, the heavy-handed style of a minority has tarnished the reputation for the majority. The initiatives of the current SoE controller and Police Commissioner, David Manning to set up a direct phone line for the public to report any incidence or allegation of police misconduct during the SoE is a welcome change (*The National*, 2020).

### ***Impact of COVID-19 on urban settlement communities***

Unlike rural communities where kinship groups with shared customs, values and identity inhabit land with common boundaries, this is not the case in urban settlements where people from different parts of the country reside in crowded and poor living conditions. Most of these people work in the informal economy. Given the way current trend of events are unfolding: dwelling in poor housing conditions, lack of water, hygiene and sanitation combined with loss of livelihoods and poor diets will make it very easy for COVID-19 to spread in settlement communities.

### **Strategies to reduce the impact of COVID-19 on the informal economy**

While interventions have been introduced to prevent the spread of COVID-19, these come with adverse effects. Therefore, we need to take proactive steps to minimise those risks to maintain and improve the welfare of our people without compromising their health and safety and that of everyone else. The following section suggests some strategies which can facilitate positive actions to reduce negative impacts:

#### ***Ensure that shops and markets open for access to essential goods and services***

Informal markets provide the lifeline for the majority of people. It provides income for rural and peri-urban fresh food producers, middle persons and retailers; and for consumers, it is a source of cheaper and healthy, locally grown food. It

is crucial to ensure that fresh food from rural producers is aggregated and safely enters urban markets and supermarkets. If rural produce is purchased by wholesalers, retailers or local transport operators at the farm gate or along the main roads it would save vendors considerable time spent on making the entire journey to towns for selling their produce.

In the same way, essential supplies from urban centres can be transported to rural areas at ease and dropped off at local trade stores in the districts; avoiding the need for people to travel into town. This requires enabling the private sector easy access to loans for establishing local commercial infrastructure and services in the districts. Continuous supply of both fresh food and store goods will push down the prices to pre COVID-19 levels in urban and rural areas making it more affordable.

### ***The importance of sensible policing***

The SoE controller and COVID-19 response team will need to be tactful and demonstrate understanding in facilitating and permitting easy movement of fresh food and people to access markets and shops for essential goods and services, of course, with observation of strict social distancing and hygiene rules. The bad style of policing will create division, resentment and conflict. We need a united front to continue the war against the virus; the invisible enemy, not among ourselves.

### ***Provide betelnut sellers with opportunities for alternative income generation activities***

It is critical that options of alternative livelihood strategies are made available for people who depend on income from betelnut. In the interim those who are at most risk are urban unemployed households. A good starting point may be for city authorities to give priority to these people to clean and beautify the suburbs or areas where they would normally be selling betelnut so that they can contribute to keep the city clean and at the same time earn an income. Providing incentives for betelnut growers to start planting crops other than betelnut would provide a steady flow of income for them. Innovative strategies for income generation activities also need to be considered and made available for middle persons. A long-term initiative, to reduce the demand for betelnut would be to include health and hygiene in the school curriculum with a broader focus to cover the effects of consuming betelnut, smoking and alcohol.

### ***Work with market management and vendor groups on decisions affecting vendors***

Decisions regarding which markets to open, working out social distancing and supervision of markets need to be

made in consultation with key stakeholders; market vendor representatives, market managers and municipal authorities. Permit market vendors to continue buying from wholesale suppliers and do retail sales in small residential markets while observing strict social distancing rules. Only allow market goers to be people who are either buying or selling and no unnecessary people roaming the streets.

### ***Work through existing community networks for public education and awareness raising in settlements***

Conducting public awareness raising is vital to mass educate the bulk of the population that are dependent on the informal economy; both producers, sellers and customers to practice social distancing and adopt healthy, clean and hygiene practices in the conduct of their income generation activities.

There are existing social systems, networks and organisations in place with village courts, church and women's groups or ethnic group leaders. These are important in facilitating and enabling communities to live together in harmony. Awareness activities to reach out to urban settlement communities on the prevention of COVID-19 need to be conducted through these existing networks. This will improve ownership and sustainability.

### ***Enable churches to play a bigger role in addressing COVID-19 to reach rural communities***

Churches play a key role across the country, even in locations where state agencies are not actively represented. Allocation of resources to churches for conducting education and awareness activities on social distancing, health and hygiene would achieve much in terms of reaching the length and breadth of the country. So much can be achieved with less.

## **Conclusion**

Adoption of the SoE in response to COVID-19 is an important measure to prevent the spread of the virus. However, implementation of the SoE is having devastating impacts on livelihoods of the majority of people, especially those whose livelihoods are strongly linked to informal activities. It is important for the SoE controller and COVID-19 team to ensure that appropriate actions are taken to minimise the adverse effects of implementing the SoE in the short term. A concerted effort by all stakeholders in the search for long term sustainable interventions for improving livelihoods as well as adopting good health and hygiene practices is equally important.

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## About the Author

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