

# Analyzing Food Security Risks at CMCs



UNDP, United Group provide food support to 5000 vulnerable women in Bangladesh (Photo: UNB)

## Introduction:

Even though the food market is appeared to be fairly stable in recent times, the uncertainty alarmed the countries as they expect an increased food insecurity due to unprecedented threats causing by Covid-19. The incessant disruption in the supply chain induced by social distancing measures, shortage of labor and other factors surging the tension especially in the food-importing countries as the export restriction measures may follow owing to a panic attack. As per the findings of UNCTAD, the low-income economies bestow around 37% share of their export revenue to food import, more than 5 times higher than a share of developed country, using the most recent data on food import dependence. Governments all over the world, have been working to secure themselves against all sorts of instability in the food market. Vietnam and Kazakhstan have already suspended the export of wheat flour and rice, two major food products around the world. Any uncertainty in the food market may lead to panic attack causing to impose export bans or tariff hike making the food market unstable which will have deadly impact on the food importing countries. Meanwhile, the locust infestation in the Middle East, South Asia and Africa fanning flames of the tension further causing the panic attack more severe. Therefore, the food security situation in CMCs critically depends both on how Covid-19 is handled in these countries as well as the spread of locust attack in the region.

### **Global concern about food shortages:**

World Bank analysis demonstrated that the production of three widely consumed staples (rice, wheat and maize) are at or near all-time highs albeit the prices of some crops plummeted slightly. In contrast to the World Bank findings, the State of Food Security and Nutrition in the World 2019, a flagship report intended to apprise on progress concerning ending hunger, found that the trend in world hunger stagnated around 11 percent with the number of hungry people going-up by a small margin. The estimates of Food Insecurity Experience Scale (FIES), an impressive way to monitor hunger, exerts that hunger has been slowly escalating in all sub-regions of Africa, Latin America and the Caribbean, and Western Asia. The report also maintains that the prevalence of suffering from moderate food insecurity corresponds to a much higher number than those who suffer from hunger. Amidst all these troubles, Covid-19 pours the water on the drowned mouse. The global lockdown to curb the spread of Covid-19 caused to hinder almost all the economic activities. As a result, supply chain disrupted, world trade volume declined and employment and other economic indicators encountered a precipitous fall.

In developing countries, the scenario is far more critical as most of the developing countries hinge upon remittance or export of a single good. Bangladesh is a sterling example of a country which is utterly dependent on the garment exports comprising of 83% of its total exports. Because of worldwide recession, a large fall in the remittance or export income owing to both export prices and volumes can expose the country to currency depreciation triggering uncertainties in the balance of payments. Contrary to export prices, currency depreciation will increase the import prices including food items making those unaffordable. A worldwide economic recession brings about higher unemployment, fall in real wages and others causing income to fall. All these catalysts drag down the demand side of food commodities forcing people to move towards less nutritious food.

Adding to the crisis, supply side of the food market is also facing difficulties due to shortage of labor and inadequacy of raw materials leading to curb in production, quarantine measures and transport interruptions limiting producers' access to the both and input and output markets. As a consequence, in some part of the world food will be wasted whereas in the other part people may starve. Another cardinal factor, panic buying, also have serious consequences. History has shown us the implication of panic attack notably in 2007-08 economic crisis. Despite having a sufficient food supply, country level panic attack lead to hike in tariffs in food commodities and even in some extreme cases embargo on food export causing the food market to become unstable. Food price swung up rapidly making it impossible to access for the low-income people.

### **Impact of locust attack on food security:**

Locust attack, another major hazard against agricultural production, took over some parts of Asia and Africa. A small swarm of locust can consist of 80 million pests which can devour the food for 35,000 people in a single day while a large swarm can consume the food of 81 million people. The more than usual rain in the March and April assisted these pests to grow enormously and if left unchecked, they grow 400 times by June. Measures to reduce the spread of Covid-19 hinders cleansing of locusts broadly. Kenya, India and Pakistan reported that the attack is the worst one in 70, 27, and 20 years respectively. The infestation can cost an estimated damage of 6.3 billion dollar



worth of wheat and crops production in Pakistan. In India, it has already damaged 25,000 hectares of farmland only in the Rajasthan province.



**A man in India spraying pesticides Chlorpyrifos and Malathion to protect crops (Photo: Reuters)**

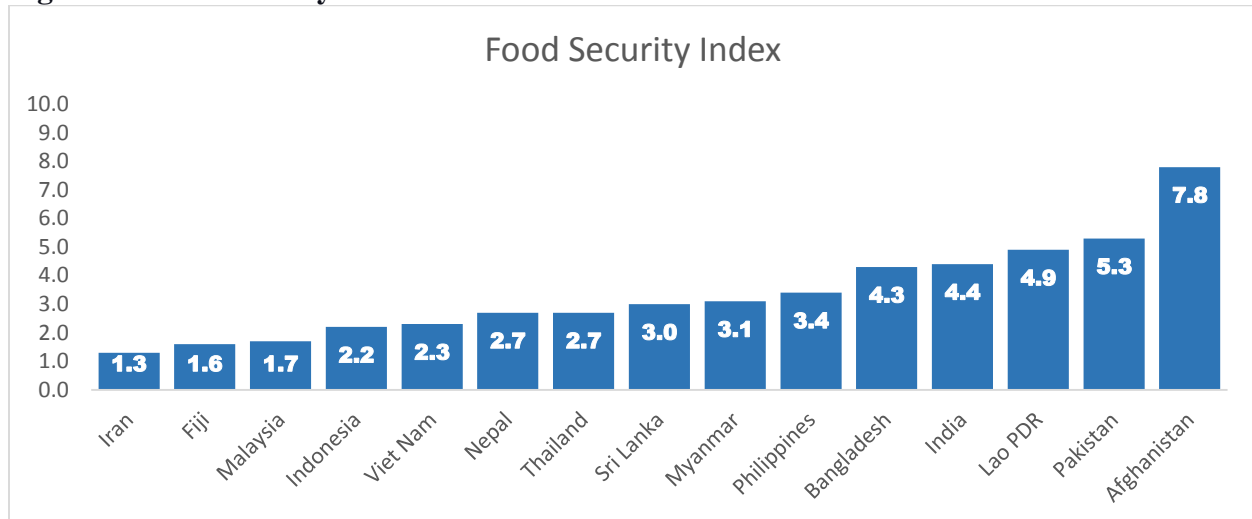
The 1993 locust attack, which was less severe than this one, caused to damage 88% of 168,548 hectares farmland in India said Pan Singh Tomar, union agriculture minister of India. The alarming news is that the 2<sup>nd</sup> wave of the locust invasion may hit in the late July which will be far scarier than this. Both the locusts and the Covid-19 engendered a strong threat against the food security of the globe. All these analyses, uncertainty and imminent threats elevated the concerns among world leaders forcing them to reevaluate the existing policies.

Surrounding by all these existing insecurities, Covid-19 and the locust infestation exacerbated the situation to a greater extent leading to greater uncertainty. Given the impending unpredictability in food production and setbacks in world trade, governments all over the world have no other option but to contingent upon internal production. Contiguous interference in the supply chain and world trade is also working as a catalyst to become self-dependent as importing necessary food may not be an option in the forthcoming days. As countries may impose export restrictions causing the food prices to escalate which can further deteriorate the situation forcing people to live out of almost nothing. However, to prevent the export restrictions, the World Bank has joined other organizations in calling for collective action to keep the flow of food trade going especially among vulnerable countries.

## Food production and storage situation across CMCs

Inform Covid-19 risk index provides a measure of vulnerability taking into account multifarious indicators of a country. Food security is one of them which have two constituents namely 'Food Availability Score' and 'Food Utilization Score'. According to this index, Africa is most vulnerable to food insecurity having a score ranging from 9.6 to 7 in most of the cases. Europe and South America reside in the safer part but most of the Asian countries suffer from moderate to severe insecurity.

**Figure 1: Food Security Index in CMCs**



Source: INFORM Covid-19 Risk Index

Among CMCs, Afghanistan is the most vulnerable country with a score of 7.8 in the food security index. Global Information and Early Warning System (GIEWS) has listed Afghanistan as one of the highly vulnerable countries in terms of food security for last couple of years. However, the situation worsened in recent months as informal labor opportunities and remittance declined followed by the lockdown measures. Pakistan, though have stable food security in general, is particularly insecure in the province of Baluchistan and Sindh province following recurrent drought causing to significant loss in crops and livestock production. Government has responded to Covid-19 threat impeccably on the way to preventing severe food insecurity. Inclement weather negatively impacted the production of the country last year. Quarantine measures, and the low food production, high food price caused to panic buying in some cases leaving the vulnerable people highly insecure. Bangladesh and India, also suffer from moderate insecurities whereas Iran, Fiji, Malaysia, and Indonesia reside in the green zone. In most of the cases, Covid-19 has push these countries towards a worse position compare to the pre-covid-19 scenario. Two components of the index 'Food Availability' and 'Food Utilization' scores also follow almost the same trajectory with the highest susceptibility for Afghanistan and lowest for Iran.

According to FAO, countries in the region of Asia and the Pacific need to increase food production substantially as it contains more than 550 million hungry people. The unexpected attack of both Covid-19 and swarm of locust may stymie the food production extensively which can aggravate the already depreciated nutrition condition in the region. Although, favorable weather facilitated Afghanistan, Sri Lanka, and Nepal to harvest more than near five-year average crop production,

Lao PDR and Thailand faced adverse weather causing them to produce below the average production level. Luckily, lockdown measures could not affect the production by a large margin as most of the crops were harvested prior to spread of Covid-19. However, for some countries like Afghanistan, a volume of more than average production is not enough as it has to depend on the food import extensively. Having said that, it is redundant to say that, a negatively impacted country by the weather prior to spread of Covid-19 will have to face more insecurity if international market for food become unstable. While Iran, Fiji, Malaysia, Indonesia, and Viet Nam contrived to produce a considerable amount of food, other countries especially Afghanistan, Pakistan, Lao PDR, and India had to count on the imports conspicuously.

### **A greater dependence on internal production**

GIEWS has developed a list of countries requiring external assistance for food which is being updated four times in a year. As of March 2020, the latest update, Bangladesh, Afghanistan, Pakistan and Myanmar has been listed under 'Severe Localized Food Insecurity' group. FAO has forecasted that, in 2020, Lao PDR will require to import rice well above the average level of 260,000. Iran, even though, is highly dependent on imported food, the ability to pay for the food from exports income helped to mark her as safe in terms of food insecurity. However, an unstable food market can still cause some issues making the country partially unsecured as it has to import almost 30% of its food consumption. Nepal and Sri Lanka will need to import slightly below the average level reflecting the high domestic production followed by complementary weather.

Nevertheless, the volume is still noticeable which means trade facilities still must not be interrupted by a large margin to be able to mark them as secured. Though, Afghanistan machinates to produce higher volume of food than average, 2.8 million tons of wheat will still be required to meet the domestic demand. The restriction in the Pakistan border, if not terminated, can cost the Afghan people a lot as they primarily rely on the wheat flour imported from Pakistan. Other countries in the CMCs also need substantial foreign support to make them fully secured against foods. An unstable food market can cause severe damage to these countries particularly to the marginalized people of the countries.

### **Renewed focus on rural development and agriculture**

There are two issues in this regard –availability of adequate food domestically and the support for the marginalized people. To ensure adequate food domestically requires renewed focus on rural development and agricultural production. This will require, in turn, the alignment of market incentives toward agriculture which is against agriculture favoring non-agriculture in many CMCs. Bangladesh has focused on this issue but the policies to attract agricultural production is not in place. Returning migrants are expected to get support from this sector too. Indonesia has been prioritizing self- sufficiency in food providing substantial support to five specially identified food commodities namely, rice, maize, sugar, beef and soybean. In Thailand, government have moved to a more open market strategy to bolster value chain lowering the tariff rate. It has also invested in research to improve seed qualities, infrastructure to facilitate communication and so on. Nevertheless, the funding was not sufficient to compensate for the low private investment in both infrastructure and research. Notwithstanding the policies such as input subsidies and incentive for product diversification, India faces several issues i.e. scanty of land, small farm size lacking economies of scale, inefficiencies in water use and vulnerability to climate change which are



shrinking the output growth in agricultural sector widely. The other CMCs have also been fostering agriculture, but not to the extent to become self-dependent.

In the last decade, to accommodate with the world's industrial revolution, most countries largely focused on the policies to expand the industrial production making the rural agriculture sector relatively less profitable. Most of the CMCs, though had some plans to rejuvenate the agricultural sector of the country, lacked enough concentrations as the focal point of development has shifted to industry sector from agriculture. As a result, people have been migrating to the non-agricultural sector by a large number. However, following the threat of food insecurity instigated by Covid-19, countries have announced special measures to reanimate the agriculture sector. Stimulus packages, low-interest loan, input subsidies and many more have been promulgated by the governments all over the world including CMCs. These measures, though not enough, can uplift the agriculture sector which in turn can facilitate marginalized people securing the partially against food crisis. Government must introduce new enchanting policies supplementing the current policies to encourage people to pursue agriculture to be marked as shielded against food insecurity.

### **Support for marginalized people at CMCs**

The impact of both Covid-19 and locust attack will be much more severe among the marginalized people compared to the other people. Covid-19 forced governments all over the world to halt all sorts of economic activities by imposing strict lockdown. The people below and just above the poverty line usually have zero savings. Having said that, it is obvious that a stringent lock-down hinders their daily income on which they live. On the other hand, the agricultural sector, a communal profession for the marginal people, has also been disrupted by a shortage of labor, interrupted supply chain, and most importantly attack by a swarm of locusts. The remittance, another common source of income for these people, is also expected to plummet by a large margin. Government support seemed to be the only option to protect these people.

Afghanistan decided to allocate 21 billion (1.4 percent of GDP) primarily to bolster the short-time employment program, agricultural production, and vulnerable households. Bangladesh has also promulgated the allocation of Tk. 7.6 billion for poor people, low-interest loans for the farmers, and 21.3 billion under a housing scheme for homeless people. Indian prime minister announced RS. 1200 billion (0.8% of GDP) worth of support in the form of both cash and in-kind dedicated to lower income people. Pakistan plans to disburse 225 billion PKR among 6.2 million workers and the low-income families. Vietnam approved 36 trillion VND (0.5% of GDP) cash transfer for the affected workers and household securing more than 10% of the population for 3 months. Thailand also proposed to bolster 24 million workers through paying 5000 THB per month per person for three months along with soft loans for entrepreneurs and other measures amounting to 1.5 trillion THB (9.6% of GDP).

An Agricultural Response Package was launched by Fiji to ensure the food security especially among the marginalized people. Iran, facing a compounding problem due to US sanctions, decided to employ almost 11% of its GDP to recover from the economic downturn of which 4.7% goes to badly distressed households. Malaysia promulgated RM 41 billion (2.9% of GDP) of stimulus packages in three different phases. After two consequent stimulus packages worth IDR 33.2 trillion, Indonesia announced another package worth 677.2 trillion IDR (4.2 % of GDP) comprising of support to the low-income group along with other measures to pull the economy out

of the negative growth of 2.4% it experienced in the last quarter. All the other CMCs have announced some packages to revive the economy, buttress marginalized people, and ameliorate the health sector. However, Thailand, Iran, Pakistan, and Malaysia have announced larger stimulus packages compared to other countries. Despite these large fiscal expenses, some countries especially Sri Lanka, India, and Afghanistan may not be able to lift the economy up as the expenditures seem to be not up to the mark commensurate to the losses.

The advent of Covid-19 plunged the world into an economic crisis akin to the great depression of 1933. The locusts' attack magnified the crisis pushing a legion of people on the brink of starvation. The greatest way to fight this double-edged crisis is to work collectively. Global leaders and development organizations have to work together to vanquish this powerful duo. Helping each other specifically in terms of food simply by keeping the food market stable can save millions of lives. Hopefully, the world will be able to mend the holes through unity.

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