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Impact of the Covid-19 pandemic on food security and food systems

Executive Summary

- a) The combined impacts of COVID-19, its suppression measures and subsequent global recession will make hunger and malnutrition worse, increasing the number of people who are hungry and poor, especially in low-income countries that rely on food import. It is likely to erase a decade of progress on poverty reduction.
- b) FAO has been working on assessing the threat of COVID-19 to food security and nutrition and providing evidence-based policy to Members. Unlike during the 2007-2008 food crisis, today's challenge is not food availability but food access. While the food supply chains are holding together, countries are beginning to experience recession, and this is a serious threat because economic downturn makes hunger worse. According to FAO estimates, as much as 80.3 million people could become hungry because of the reduction in economic growth.
- c) Food demand will fall as the number of unemployed people rises. The extent of the pandemic's impact on food demand depends on the depth and length of economic shock, and access to credit and social safety net programs. This is why economic stimulus measures in all countries should be geared towards meeting the food needs of the most vulnerable people. Without access to food and nutrition, there can be no health.
- d) This document also highlights FAO's efforts to assess the impact of COVID-19 on food and agriculture across the globe and to support policy analyses. FAO has also convened high-level meetings to encourage Members to work in concert to overcome the challenges of the pandemic. FAO is also working with the UN Country Teams and other agencies to boost efforts to improve food security during the pandemic.

Suggested action by the Council

The Council is invited to take note of the progress made and to provide guidance as appropriate.

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Background

1. The combined impacts of the global spread of COVID-19, pandemic suppression measures and global recession are expected to disrupt food systems functioning, with severe damage to health and nutrition. Today, 135 million people in 55 countries are experiencing acute food and livelihood crisis.² Additional 183 million people are borderline food insecure. Seventy-five million children under five years of age are affected by stunting, and 17 million children are suffering from wasting.³

2. Without early interventions to save lives and restore livelihoods, the count of hungry people could grow precipitously. As many as 580 million people who had escaped poverty in the last decade could fall back into poverty, reversing a decade of progress in poverty reduction.⁴ This means the number of people who are acutely food insecure will expand much more rapidly than the world is prepared to handle.

3. Global hunger was already on the rise, even before COVID-19. Despite the abundant availability of food, inequalities in access to healthy diets remain a fundamental problem. The pandemic has exposed the weaknesses of food systems, particularly for the most marginalized populations in all the countries.

I. FAO's assessment of the threat of COVID-19 to food security and nutrition, and recommended actions

A. Why hunger prevention should be at the core of stimulus programmes

4. Today's challenge is not food availability but food access. The pandemic threatens to sabotage the global economy at a level not seen since the Great Depression. This is a serious threat because it means people who must earn a wage to eat could lose their incomes and not be able to buy food. As countries move to strike a balance between keeping people safe and getting the economy back on track by easing lockdown measures, they must protect poor and vulnerable people's access to food and nutrition.

5. Initially, the disruption to the food supply chains was a concern. Some countries hastily put up export restrictions, and ships laden with fruit and vegetables were delayed before docking. Panic buying had consumers hoarding food. But these issues are being resolved, as they come up. Currently, only 10 countries have trade restrictions in place, representing 5 percent of the share of global food trade. In comparison, during the 2007-2008 food crises, 33 countries had trade restrictions, representing 28 percent of the share of global trade. It is essential that countries continue to keep the food supply chains functioning.

6. The COVID-19 pandemic is likely to cause a severe global recession, and economic downturn is one of the key factors undermining efforts to end hunger and malnutrition.⁵ Export demands have fallen and tourism has shut down. This is especially damaging for Small Island Developing States, which are also food-importing countries. Remittances have tumbled. Oil exporters, like Nigeria, Chad, Libya, Algeria and Angola, are facing financial hardship as demand freezes. Tumbling oil prices have weakened local currencies against the dollar, making debt repayments to other countries nearly impossible. Countries that are dependent on cotton and mineral commodities are also facing financial hardship.

² They are at level 3 of the Integrated Food Security Phase Classification (IPC), a common global scale for classifying the severity and magnitude of food insecurity and malnutrition:

www.ipcinfo.org/manual/overview/en/

³ Global Report on Food Crisis 2020: [GRFC 2020 ONLINE 200420.pdf](#)

⁴ Estimates of the impact of COVID-19 on global poverty:

www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2020-43.pdf

⁵ SOFI 2019: [state-of-food-security-nutrition](#)

7. Low- and middle-income countries, especially those with the lowest income levels and have the highest numbers of hungry and poor people, are seriously affected. These countries lack the capacity and funds to stimulate the economy and protect the livelihoods of the most vulnerable people, so they will require a large amount of funding from international creditors. Both the IMF and the World Bank have requested bilateral loans to be put on hold and have made emergency financing available to these countries.⁶

8. FAO has estimated that reduction in GDP growth would result in the rise in undernourishment, especially in low-income, food-deficit countries and net food-importing countries. Based on three scenarios, FAO estimates that 2 percentage point GDP growth reduction would result in 14.4 million people joining the ranks of the hungry; 5 percentage point reduction would result in additional 38.2 million people becoming hungry; and 10 percentage point reduction would add an additional 80.3 million people to the hungry count.⁷ These estimates do not consider the long-term effect of inequality in accessing food for vulnerable people in high-income countries and net food-exporting countries.

9. Stimulus measures in all countries should meet the needs of the most vulnerable people by improving emergency food assistance. Without access to nutritional food, there can be no health. With massive layoffs, families are struggling to eat. Worldwide school closures mean that countless children are missing on crucial school meals.

10. Global trade channels must stay open. Without open trade, global food markets cannot function. Countries that depend on imported food are vulnerable as shipments slow and their currencies plunge. Most countries are likely to experience food price increases. Enhanced market transparency, coordination among trade partners, and avoiding trade restrictions are mechanisms to stimulate consumption and production, and keep the food supply chains functioning.⁸

11. Resources should be allocated to key sectors and businesses, especially small- and medium-sized enterprises. Ensuring smallholders have access to markets is critical. They also need cash subsidies and access to finance to maintain food production. Onsite healthcare professionals can ensure workers are not sick. All workers need protective gear. Warehouses and processing plants should be retrofitted to enable workers to practice social distancing. Migrant workers should be given visas, so that they can work on farm and at plants.

12. The coronavirus pandemic is an urgent call to address a longstanding issue of inequality. One way of tackling this is to expand social protection programmes, so that vulnerable households can receive cash and moratoriums on tax and mortgage payments. Those who did not previously have coverage need coverage. Africa is the only region where social protection programmes have been absent. The region will face an economic slowdown and disruptions in demand and supply, as well as a grave health crisis as the coronavirus spreads.

13. In the long term, stimulus measures to address the current threats to food security should be designed with a view to building resilience of food systems to be better prepared for future pandemics. This means transforming food systems, so that they can be more conducive to the nutritional health of small producers, fishers and pastoralists and sustainable use of natural resources, biodiversity and ecosystems services.

B. Assessing COVID-19's ongoing impact to develop interventions

14. COVID-19 is unique in that it is delivering a dual shock to both supply and demand, which are felt at different points in time. On the supply side, there are widely different views on how long the shocks would last, how they would affect the international and domestic markets, and what remedial actions could best soften the impact of shocks. On the demand side, there is a general agreement that

⁶ Reuters: www.reuters.com/article/us-health-coronavirus-aid-factbox/factbox-imf-world-bank-disburse-funds-to-help-countries-battle-pandemic-idUSKBN22002G

⁷ COVID-19 global economic recession: www.fao.org/3/ca8800en/CA8800EN.pdf

⁸ COVID-19 and the risks to food supply chains: www.fao.org/documents/card/en/c/ca8388en

agricultural demand and trade would slow down due to contraction in economic activity and rising unemployment.

15. FAO has assessed countries' exposure to several channels of transmission through which the pandemic can affect food and agricultural markets.⁹ On the supply side, FAO has examined intermediate inputs, fixed capital, labour and agricultural exports. On the demand side, it has looked into the impacts on food expenditures and agricultural imports. It has classified countries based on the degrees of exposure.

16. Agricultural systems both in high- and low-income countries are exposed to impacts from credit markets. North America, whose agriculture system is more capital intensive, could benefit from low interest rates. Lack of inputs, including low supply of pesticides, is hampering efforts to contain pest outbreaks, including the locust outbreak in East Africa. Lack of domestic labour and seasonal migrant workers has become a ubiquitous problem. It has exposed low-income countries to direct disruptions in labour supply. It has also affected the production of fruit and vegetables, meat and dairy products, which are labour intensive. A sharp drop in oil and metal prices has weakened local currencies of commodity-exporting countries, prompting some of them to impose export restrictions to protect domestic supplies.

17. The current supply-and-demand situation is very different from when the global food crisis occurred in 2007-2008. Stockpiles of cereals are significantly higher today and this year's harvests are favourable. But given the contraction in global GDP, food demand is likely to stagnate or decline. Demand in the non-food sector will be limited given the lower prices for oil. Despite possible logistical bottlenecks, it is not likely that a global food crisis will be caused by supply shortages. Deep recession could cause people in low-income countries to experience a food crisis induced by lack of income, rather than high food prices.

18. Most important, food demand will dip as the number of unemployed people rises. The extent of the pandemic's impact on food demand depends on the depth and length of economic shock, the availability of savings and access to credit and social safety net programmes.

II. FAO's response to COVID-19 to date

19. FAO has implemented an array of tools to assess the impact of COVID-19 on food and agriculture across the globe and to support policy analyses. It has also convened high-level meetings to encourage Members to work in concert to overcome the challenges of the pandemic.

A. Briefs for evidence-based policymaking

20. To date, FAO has published 38 policy briefs presenting both quantitative and qualitative assessment of the pandemic's impact on food supply chains, food trade and markets, smallholder producers and resilient food systems.¹⁰

B. Data management and analytics

21. Using big data, FAO monitors trade and collects information on logistical issues, assesses how problems have been resolved and signals the market to reduce uncertainty.¹¹ For example, the main delay in shipping has been happening during cargo unloading. Now it takes three days instead of one because of labour restrictions at ports. The delay is expensive for exporters, but they have been able to make up for it with the gains from exchange rates. Global shipping functions, notwithstanding the delay.

22. To boost food supply, FAO works with countries to analyse their agro-ecological conditions and advises them when and where to plant and harvest their key commodities.¹² FAO's Crop Calendars, which show critical periods during which planting and harvesting must take place, can be

⁹ Channels of transmission to food and agriculture: <http://www.fao.org/3/ca8430en/CA8430EN.pdf>

¹⁰ <http://www.fao.org/2019-ncov/resources/policy-briefs/en/>

¹¹ FAO's big data tool on food chains: <https://datalab.review.fao.org>

¹² FAO Crop Calendars: www.fao.org/2019-ncov/covid-19-crop-calendars/en/

overlaid with information on COVID-19 outbreaks at the subnational level. This can help countries to strategically plan sowing, planting and harvesting tasks to ensure continued food supply before, during and after lockdowns.

23. By hosting the Agricultural Market Information System, a G20 initiative, FAO provides more transparency and information on market conditions — from production and consumption to stocks and prices — to countries and investors.¹³ Such market information has encouraged countries to not resort to the misguided policies of 2007-2008. FAO also uses Food and Agriculture Policy Decision Analysis to help ensure global markets function smoothly.¹⁴

C. High-level meetings

24. FAO has been part of the G20 leaders meeting, and the G20 Agricultural Ministers meeting. FAO has convened a number of meetings with Ministers to ensure countries designate food and agriculture as essential services during lockdowns. One such virtual meeting took place on 16 April with 45 Ministers of the African Union members, culminating in a declaration to protect Africa's most vulnerable population.¹⁵ Also in April, FAO assisted the Agriculture Ministers of 25 Latin American and Caribbean countries sign an agreement to join forces to protect food supply for the region's 620 million people.¹⁶

D. Joint statements

25. On 31 March, FAO Director-General Qu Dongyu published a joint statement with the Directors General of World Health Organization and World Trade Organization on mitigating the impact of COVID-19 on food trade and markets.¹⁷ In the statement, the Directors General urged countries to work together and refrain from imposing trade restrictions to avoid food shortages during the pandemic.

26. The Agriculture Ministers of G20 adopted a statement on 21 April, pledging to enhance global cooperation and facilitate trade flows of agricultural products to safeguard global food security and nutrition.¹⁸ The statement comes a month after FAO Director-General urged the Ministers to protect access to safe food and nutrition as an essential part of the health response to COVID-19. In addition FAO, World Food Programme (WFP), International Fund for Agricultural Development (IFAD) and the World Bank issued a joint statement just before the G20 Agriculture Ministers' meeting.

III. FAO's role in the UN system's COVID-19 response

27. FAO is part of the Global Humanitarian Response Plan and is currently collaborating with the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) to finalize the revised appeal. FAO anticipates an increased need of up to 30 percent for agriculture-based livelihood support in the 30 countries included in the revised humanitarian response.

28. FAO is engaged in several United Nations humanitarian communication initiatives and collective advocacy highlighting the potential for a crisis within the COVID crisis.

29. FAO is working with the UN Country Teams and other agencies on data collection and analysis, reprogramming and scaling up assistance. In the Democratic Republic of the Congo, for example, FAO is closely collaborating with WFP and the United Nations Children's Fund (UNICEF) in the framework of the Global Network against Food Crises.

¹³ Agricultural Market Information System (AMIS): <http://www.amis-outlook.org/>

¹⁴ Food and Agriculture Policy Decision Analysis (FAPDA): www.fao.org/news/story/en/item/1270266/icode/

¹⁵ African Union meeting : www.fao.org/news/story/en/item/1271446/icode/

¹⁶ Latin America and the Caribbean (LAC) ministers:

www.fao.org/fileadmin/user_upload/rlc/docs/covid19/statement_ministers_of_agriculture_25_countries.pdf

¹⁷ FAO, World Health Organization (WHO), World Trade Organization (WTO) joint statement:

www.fao.org/news/story/en/item/1268719/icode/

¹⁸ G20 Ministerial Statement:

G20.org/en/media/Documents/G20_Agriculture%20Ministers%20Meeting_Statement_EN.pdf

30. FAO is active in the Global Food Security Cluster's Technical Working Group on COVID-19 where it is providing technical advice to maintain livelihoods assistance during the COVID-related restrictions and to meet emerging needs.
31. FAO and WFP are collaborating on data collection and analysis, which will provide real-time update on the situation on the ground concerning acute food insecurity as a result of COVID-19-related restrictions. This analysis can guide rapid response to avert food crises.
32. FAO and OCHA conducted member briefings in New York, Rome, Geneva and Nairobi on the UN's efforts to mitigate the desert locust outbreak. The briefing included Intergovernmental Authority on Development (IGAD) Food Security and Nutrition Working Group.
33. With FAO's support to government-led desert locust response, 720,000 tonnes of cereal have been saved, which could feed almost 5 million people for one year. Damage to rangeland and livestock tropical units was prevented, helping an additional 350,000 pastoral households not lose their livelihoods.
34. FAO is revising its locust appeal, as a new generation of locusts expected in East Africa and further spread into Yemen, Iran, and Pakistan towards India, while the risk to West Africa is being monitored.
35. FAO and the UN need to create a link between a health emergency, a food emergency and development. At least ten entities have been working together to come up with a common understanding of how a link between humanitarian response and resilience and development efforts can be established.
36. FAO and the UN system should prepare for the probability of a second wave of COVID-19. FAO and the UN system should increase resilience and identify ways in which health measures can be implemented without affecting people's incomes.
37. FAO and the UN system need to coordinate efforts. A clear division of labour, by the expertise of agencies and specialized agencies can help to avoid duplication of efforts.

IV. Guidance sought from the Council

38. The Council is invited to take note of the progress made and to provide such guidance as deemed appropriate.