COVID-19
HOW TO STOP HUNGER FROM BECOMING MORE DEADLY THAN THE VIRUS

For many, the COVID 19 lockdown has meant more interest in food. Google searches for sourdough starters are up 3000%. YouTube Chefs are becoming super stars. For others, the devastating effects of a collapsing economy, job losses, and lost incomes are hitting hard: without a safety net, hunger could be fatal.

Even before the virus hit, a population more than twice the size of the United States regularly went to bed hungry. 113 million were experiencing hunger so severe that it threatened their lives and livelihoods.

As COVID-19 hits the economies of poorer countries, millions of people will see their main source of income – physical labour – restricted by social distancing measures. Remittances from family members abroad will fall.

Exchange rates mean food importers face higher bills and food imports could fall by a quarter this year. Individuals and whole countries are hoarding, driving up prices for rice and wheat. All of this adds up to a situation where an additional 419 million people could be pushed to live under US$1.90 a day.

But if governments and businesses take action now, they can prevent the COVID-19 pandemic from spilling over into a hunger epidemic. They must:

- Expand and improve food assistance and social protection programs to protect the most vulnerable.
- Reduce remittance costs to close to 0% for the duration of the pandemic and thereafter ensure they do not exceed 3%.
- Create ‘grain corridors’ to enable the free flow of food supplies.
- Resist protectionist measures in exporting and importing food.
- Fully fund the UN’s Global Humanitarian Response Plan ($2.01 bn) and the Global Agriculture and Food Security Programme ($1.5 bn).
- Monitor and act to stabilise food prices.

“Rich people can stay home because they have a store well stocked with food...for a survivor on the street your store is your stomach.”

-Timothy, a teenager living on the streets of Mombasa, Kenya.
Key Facts

- For every ten people on the globe, one person went hungry last year.
- In sub-Saharan Africa, 1 in every 5 people are undernourished.
- The 2014 Ebola pandemic pushed 750,000 additional people into food insecurity.
- China’s food prices soared by 20% in the wake of COVID-19.
- Since COVID-19, prices of staples have increased 30% in Nigeria.
- Agricultural production is set to shrink by up to 7%. Food imports could fall by 13-25% in 2020.
- In Ethiopia and Nigeria, nearly 60% of incomes are spent on food compared to 8% in rich countries.
- The urban poor spend up to 75% of their income on food.
- Sub-Saharan Africa imports more than 40 million tons of cereal.
- Export restrictions in 2007/08 increased prices for rice by 45% and wheat by 30%.
- Food riots have been reported in Colombia, Nigeria, Ukraine, Algeria, Kenya, Ethiopia and South Africa.
- The 2007/08 food price crisis sparked riots in 48 countries.
- 300 million children receive meals at school - equivalent to 10% of monthly income for poorest families.
- In Nigeria remittances are the size of the federal government’s budget.
- 10% of people who lose their formal jobs in developing countries are covered by unemployment insurance.
- Rwanda has led the way introducing fixed prices on food and placing a limit on individual purchases of certain food items.
- Nigeria has ordered the release of 70,000 metric tonnes of grains to vulnerable people.
WHAT DOES A VIRUS HAVE TO DO WITH HUNGER?

COVID-19 is a health crisis. Without a solution to it, in the form of a treatment or a vaccine, the containment measures necessary to flatten the curve are having devastating economic effects, which, for the most vulnerable, means hunger.

In Nigeria and Ethiopia, nearly 60% of incomes are spent on food compared to 8% in rich countries. The urban poor spend 75% of their income on food. Basic arithmetic tells us that even modest price increases can push the cost of the week’s food basket to over 100% of incomes. That means people eat less and turn to cheaper less nutritious food.\textsuperscript{vii}

In fact, food security concerns go hand in hand with pandemics.\textsuperscript{viii} The SARS and MERS outbreaks led to food price hikes and market panics in affected areas, leaving the poorest groups without access to essentials foods, especially staples.\textsuperscript{ix}

The Ebola outbreak in West Africa between 2014-16 started as a health crisis and turned into a livelihood and food security crisis, affecting almost the entire population of the region and pushing 750,000 people into food insecurity.\textsuperscript{xvi}

Land borders of Guinea, Liberia, and Sierra Leone were closed, the movement of goods and people was restricted, and airlines suspended flights.\textsuperscript{xii} As a result, agricultural market supply chains were disrupted, farmers couldn’t grow or sell crops, and labour shortages were common.\textsuperscript{xiii}

In 2014, half the farmers in Liberia (47%) were unable to cultivate due to disruptions in agricultural market supply chains and labor shortages. Shortages of goods led to increases in prices;\textsuperscript{xxiii} rice went up 30%, cassava rose 150%.\textsuperscript{xv} In Guinea, rice production fell by one-fifth, corn by a quarter, coffee by half and cocoa by a third.\textsuperscript{xvi} In Sierra Leone, over two-thirds of households said they had to undertake coping strategies to ward off hunger.\textsuperscript{xvii}

Reduced incomes will have the biggest impact on food access

The IMF forecasts global economic growth to fall to -3% of gross domestic product (GDP) in 2020, a downgrade of 6.3 percentage points from the January 2020 projection. This will make it the worst recession since the Great Depression.\textsuperscript{xviii} For every percentage point of global economic slowdown, the number of people living in poverty increases by 2-3%, or by about 14-23 million people worldwide.\textsuperscript{xix}

When faced with an income shock, poorer households are more likely to reduce consumption, while wealthier households can sell other assets and have better credit access.\textsuperscript{xv} Early studies from the impact of COVID-19 in rural China confirm that in order to ensure adequate food, families substituted high nutrition foods such as meat and produce, for lower nutrition items like grains and staples, significantly impacting nutrition.\textsuperscript{xvi}

The main productive asset of the poor, physical labor, will be greatly affected by social distancing measures making efforts to contain the virus much more challenging.\textsuperscript{xvii} Vulnerable citizens in Tunisia have disobeyed lockdown measures to protest over hunger.\textsuperscript{xxiii} In Zimbabwe, where extreme hunger debilitates 30% of the population, many are willing to risk contracting COVID-19 if it means they can eat.\textsuperscript{xxiv xxv xxvi}

Over 300 million children receive meals at school, but school closures have resulted in 1.5 billion children out of school.\textsuperscript{xviii xxvii xxviii} For lower-income families, the value of school meals is equivalent to 10% of their monthly income.\textsuperscript{xxix}
As family members lose jobs abroad due to COVID-19, they have less money to send home. Annual cross-border remittances exceeded $700 billion in 2019 - more than four times greater than total aid. In fact, for low-and-middle-income countries, remittances were more than aid and foreign investment flows put together. In The Gambia, remittances account for 14% of GDP, and in Nigeria, they are equivalent to the size of Nigeria’s federal government budget. In 2017, $30 billion (5%) was collected in remittance fees. Because of volatility in foreign exchange markets and operational disruptions, these fees are likely to be higher.

**Exchange rates increase costs for those reliant on food imports**

Imports are a critical source of food, particularly for countries with local production shortfalls. In Zimbabwe, food prices have increased by 8% in the last three months alone owing to currency losses and tight food supply. Sub-Saharan Africa imports more than 40 million tons of cereal, which include, among others, wheat, maize, and rice, from around the world.

Commodity exporters face a triple whammy; oil prices have reduced by more than half since the beginning of the crisis leaving governments with less income; these countries have debt in foreign currencies that often exceeds foreign currency reserves so their currency falls against the US dollar; this in turn increases the cost of debt repayments.

In Angola, the oil sector accounts for one-third of GDP and more than 90% of exports, while in Nigeria oil makes up 90% of export earnings and over half of total government revenue.

Both have experienced their currencies decline against the US dollar since the beginning of 2020: in Nigeria by 15% and in Angola by 17%. Angola imports over half of their overall food and Nigeria is the third largest rice importer in the world.

**Agricultural production and supply chains are disrupted**

Agricultural production could decline 7% in 2020. Recruiting seasonal on-farm and off-farm workers is hard under lockdown, and access to productive input such as fertilizers and quality seeds has become a nightmare, especially for farmers in African countries that are now in their planting season. During the 2014 Ebola outbreak, quarantine meant farmers could not grow their crops. In Liberia, 47% of farmers were unable to produce.

Getting produce to market is also a challenge. Regional trade of food in developing countries is largely dominated by informal poor traders, who are mostly women. During lockdown, these traders could be prevented from selling and exposed to theft and social unrest, particularly in poorly secured and conflict prone African countries. This would reduce food accessibility and increase domestic food prices, especially for perishable high value and nutritious foods like meat and vegetables that cannot be easily stored.
Protectionist measures and hoarding drive up prices

Currently, global markets are well supplied, there are relatively high food stocks, and the production of key staples is unlikely to be disrupted. But at times of crisis, some families panic and hoard food. In response, countries impose export restrictions in a misguided effort to protect domestic prices.

G20 members collectively accounted for 81% of global cereal exports in 2017; countries like Australia, Argentina and Canada export half their crop. But at the time of writing, 15 countries have introduced binding export restrictions. Vietnam, the third largest rice exporter and Russia, the largest exporter of wheat, have introduced export quotas.

This will substantially impact African countries: for instance, Egypt imported 72% of its wheat from Russia in 2018 alone. Rice prices globally have already increased by 20%, impacting the poorest who will find it more difficult to afford food when it becomes more costly.

Measures like this are wrong-headed: in 2007/08 when governments restricted food exports, it had little impact on domestic prices but led to more hoarding and further price spikes on international markets. Rice and wheat prices increased by 45% and 30% respectively plunging 100 million people into food insecurity and sparking riots in 48 countries. When export restrictions do work, the benefits accrue to wealthier households; they depress local farmers’ income; countries do not benefit from higher prices in international markets; and in the long-run, they can further increase food prices as they distort incentives for farmers to expand production.

Limited capacity to respond to food insecurity

A times of crisis, extending cash transfers to vulnerable people, stabilizing food supply, and using monetary policies to support businesses is the smart thing to do. Rwanda has led the way introducing fixed prices on food and placing a limit on individual purchases of certain food items. Nigeria ordered the release of 70,000 metric tonnes of grains to vulnerable people.

But with limited resources, and economic headwinds, many governments’ ability to respond effectively will, at best, be limited. While richer countries have committed 10-15% of their annual economic output on stimulus measures, poorer countries can only afford to spend 1-3%. Some African governments, for example, are forced to cut agricultural expenses in order to prioritize health-related expenditures.

In the US, at the time of writing, 22 million Americans have filed for unemployment benefits and in developed countries, 60% of workers who lose their jobs are covered by unemployment insurance. But in poorer countries, 2 billion people are employed in the informal sector and therefore are much more vulnerable to unemployment without benefits. Only 10% of people who lose their formal jobs are covered by unemployment insurance.

Emergency food reserves are also limited. West Africa would have to triple its estimated grain reserves to effectively respond to emergency situations. Only Burkina Faso, Mali, Niger and Nigeria have significant
food reserves in the region, but this is inadequate. Nigeria’s storage capacity is only 5% filled.\textsuperscript{[xxxii]} In contrast, China’s grain storage is large enough to sustain its domestic consumption for almost a year and the US, India, Canada, and Australia, have enough to meet domestic needs for three months.\textsuperscript{[xxxix]}

Food insecurity has been on the rise with almost 212 million chronically food insecure in Africa even before COVID-19. In Sierra Leone, over 90% of the population and 83% in the Sahel experienced moderate and severe food insecurity.\textsuperscript{[xxxvii]} Ongoing conflicts in the Sahel regions; a locust invasion in East Africa; and widespread drought and flood compound these challenges.\textsuperscript{[xxxvi]} The extra burden of COVID-19 will put the governments of these countries in a difficult position.\textsuperscript{[xxviii]}

The 2014 Ebola crisis taught us that epidemics and pandemics require attention to food security. COVID-19 could be worse than Ebola as extended lockdowns are affecting both the domestic and imported supply of food throughout the continent.

**What should governments and businesses do?**

- Governments should expand and improve food assistance and social protection programs to protect the most vulnerable including cash-based transfers as the primary safety net, which can largely be distributed through contactless solutions.\textsuperscript{[xxxii]} in-kind food assistance such as take-home rations, food package delivery, and food vouchers where necessary.\textsuperscript{[xxxi]}

- Governments and businesses should introduce measures to reduce remittance costs to close to 0% until July 2021 (or until the pandemic ends), and thereafter ensure remittance costs do not exceed 3%.

- The IMF Board should act to create US$500bn in Special Drawing Rights and create an immediate debt moratorium for 2020 and 2021. Special Drawing Rights should be transferred to poorer countries, providing them with immediate liquidity to respond to the crisis.

- All governments should create ‘grain corridors’ to enable the free flow of food supplies. African governments should allow farmers, food processors, and traders, port staff, seafarers and other maritime workers to work safely during lockdown.\textsuperscript{[xxvii]} They should temporarily reduce or suspend tariffs on staples, scale-up distributions of agricultural inputs, develop affordable loan packages for farmers and small business holders and suspend interest and debt payments on existing loans for farmers and agribusinesses in 2020.

- G20 governments should resist protectionist measures in exporting and importing food.\textsuperscript{[xxxii]} This includes export taxes, quotas, and bans.\textsuperscript{[xxviii]} They should take measures to reduce hoarding, including limiting purchases by domestic consumers of food items, reducing taxes on food grains, and tapping into food reserves, and effective sharing of real-time information on food prices.\textsuperscript{[x]}  

- Donors should fully fund the US$2.01 billion requested for the Global Humanitarian Response Plan\textsuperscript{[xiii]} and the $1.5 billion requested by the Global Agriculture and Food Security Programme (GAFSP) which channels funds to the private sector, government, and directly to farmers as required at a time of crisis.\textsuperscript{[xii]} \textsuperscript{xiii} \textsuperscript{xiv}

- All countries should monitor and act to stabilise food prices. Should prices in global markets rise rapidly, governments should release physical stocks and implement virtual grain reserves through short-selling until prices stabilise.\textsuperscript{[xv]}


xxv Quartz, 2020, These are the countries most affected by the falling remittances sparked by the Covid-19 pandemic, viewed April 15 2020, https://qz.com/1834586/falling-remittances-will-hit-tonga-haiti-and-kyrgyzstan-hardest/.


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