In an effort to mitigate impacts of COVID-19 on the agriculture and food sector in the regions, ASEAN members committed to the following:

a. Reaffirm commitments in the implementation of the Statement of ASEAN Ministers on Agriculture and Forestry on Food Security and Nutrition to improve storage, preservation, transport and distribution technologies and infrastructure to reduce food insecurity, food nutrient loss and waste;

b. Minimize disruptions in regional food supply chains by keeping markets open and facilitate transportation of agricultural and food products, and ensure that quarantine or other non-tariff measures do not impede or slow down the free flow of agricultural and food products in the region;

c. Ensure that trade lines remain open, including via air, sea and land freight, to facilitate the flow of agricultural and food products, and that critical infrastructure such as our air and seaports remain open to support the viability and integrity of supply chains;

d. In accordance with the rights and obligations under the World Trade Organization (WTO) covered agreements and the ASEAN Trade in Goods Agreement (ATIGA), refrain from imposing new export control, restrictions and prohibitions, tariffs and non-tariff barriers;

e. Strive to reduce excessive price volatility particularly price spikes, ensure adequate emergency food and reserves and provide timely and accurate market information through the effective implementation of the
ASEAN Food Security Information System (AFSIS) and ASEAN Plus Three Rice Emergency Rice Reserve (APTERR);

f. Continue efforts to the implementation of the ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry to increase resilience to, and contribute to the mitigation of and adaptation to climate change, natural disasters and other shocks;

g. Strengthen AMAF’s joint efforts in advocating, facilitating and implementing the ASEAN Food Safety Policy (AFSP) and the ASEAN Food Safety Regulatory Framework (AFSRF) to provide direction to relevant ASEAN Sectoral Bodies and ASEAN Member States with the goal of protecting the health of ASEAN consumers, ensuring fair practices in food trade and facilitating the free movement of safe food products in ASEAN;

h. Reaffirm support towards ensuring food safety by working together in the region, recognizing the importance of risk assessment in developing evidence-based food safety measures, which are coordinated with relevant sectors;

i. Work towards sustaining nutrition security with other relevant sectors to maintain access and utilization of adequate supply of nutrients to ensure healthy living;

j. Strengthen the role of the ASEAN Food Security Reserve Board (AFSRB) to promptly provide periodic exchanges of information on national food and agricultural policies and stocking policies as well as production, consumption and storage programs pertaining to basic food commodities among ASEAN Member States;

k. Undertake a periodic evaluation of the food situation and prospects in the ASEAN region as well as worldwide, including trade, prices, quality and stocks of basic food commodities (such as rice, maize and sugar) through the ASEAN Food Security Reserve Board (AFSRB) as focal point, as well as AFSIS and APTERR in coordinating with relevant Working Groups (food, crops, livestock, fisheries and forestry) under SOM AMAF.

Cambodia

The Prime Minister ordered on April 21 noodle producers and bottled drinking water companies to boost production during the outbreak. The request was to increase daily instant noodle output from 670,000 boxes per day to 700,000 boxes a day. These factories have been required to set up a stockpile of about 150,000 boxes of noodles. Earlier on April 16, Cambodian Minister of Agriculture, Forestry and Fisheries said the government has encouraged local importers to buy pork products for stockpiling with the volume of 130 tons per day in the next three months, as part of efforts to ensure adequate supply of food and foodstuff to people during the outbreak.

China

China's focus is now shifted to boost the economy in the country. A total of 96.6% of China's large and medium-sized enterprises have resumed production. The resume of production in Wuhan province was scheduled in relation to business nature and the risk of area of the business operates. The government also announced that robust measures will be taken to protect businesses, especially the small and medium-sized enterprises (SMEs) which affected by the virus outbreak. With the pandemic caused by
COVID-19, various changes are expected to be observed in the food supply chain. More traditional retail consumers started adopting online purchase for their necessities and groceries during the previous lockdown. Further development to improve the supply chain’s infrastructure are expected to be rolled out in order to enhance existing food supply chain in daily life and during crisis. Stricter food safety requirements will be enforced. In March 2020, The State Administration of Market Regulation published an announcement on the strengthening of quality control of chilled and frozen food products.

**East Timor**

Restrictions on imported goods are holding up seed imports from Indonesia at the land border.

Several assessments by Development Partners are planned or ongoing: 1. Food Price Monitoring (Lead: WFP); 2. Food Market Actors Survey (Lead: Mercy Corps/Oxfam/WFP).

GoTL through the Inter-ministerial Commission to Combat COVID-19 which is led by the Ministry of the Economic Affairs, approved an Economic Stimulus and Response Package to counteract the expected negative effects of coronavirus on the economy: - implement a universal cash transfer system that will provide a monthly basic income to over 214,000 households; - purchase a 3-month emergency supply of rice to offset potential shortages during the pandemic.; - implement a program to increase food supply in the south coast and Viqueque, and ensure the availability of agricultural, livestock and fisheries inputs; - subsidize the payment of wages of formal sector employees who may be quarantined or staying at home during the pandemic, with the Government contributing up to 60% of the wage cost; subsidize the maritime transport of goods to and from Atauro and Oecussi, and it will extend unloading from the port to a 24-hour basis; partially waive the payment of electricity bills and waive the payment of water bills, social security contributions (by both workers and employees), and rent on state properties; - put in place a considerable credit program, featuring reduced interest rates, credit guarantees for importers of essential goods, and emergency loans, to avoid bankruptcies and support households.

Several assessments by Development Partners are planned or ongoing: 1. MAF Rapid Response Assessment (Lead: FAO); 2. HH Food Security Assessment (Lead: Mercy Corps/Oxfam); 3. Fall Army Worm Assessment (Lead: FAO); 4. Commercial Seed Producers Survey (Lead: TOMAK); 5. Socio-Economic Assessment (Lead: UNDP); 6. Municipal-level Rice stockpiles and warehouse capacity (Being discussed by UNRC but not yet a proposal or commitment at this time)

**Indonesia**

The Ministry of Trade has issued Regulation of the Minister of Trade No. 24 of 2020 concerning the Determination of Government Purchase Prices (HPP) for Grain or Rice on March 16, 2020. The regulation came into force on March 19, 2020. The purpose of this regulation is to optimize the absorption of grain and rice at the level the farmer. The Rice Supply Policy is: (a) Encouraging the sustainability of rice mill operations; (b) Providing rice social assistance from the government rice reserves in Bulog (National Logistics Agency) to poor communities to improve resilience; (c) Optimization of the absorption of grain / rice by Bulog to ensure the farmers' harvest markets as an effort to maintain the sustainability of production.

Daily price data from Ministry of Trade on 29 food commodities suggest that yr-o-yr price changes in Jakarta have been on average 7.2% higher than in Medan and Surabaya since the week of March 9th (when
the first official social distancing measures were introduced in Jakarta). The differential with other cities has become slightly less significant in the following weeks possibly as other cities are also starting to introduce social distancing measures and/or as supply chains are starting to adjust to the restrictions. Eliminating or streamlining specific NTMs on food imports would help reduce food prices and ensure food access.

The Ministry of Agriculture (MoA) reallocated budget for 2020 for the following programs: (a) Prevention of Covid 19 - health facilities for offices and staff; (b) Food availability (food distribution cost, buying agricultural products to stabilize food prices - presumably in collaboration with state marketing company BULOG and Ministry of Trade); (c) Social safety net program (cash for work - construction of irrigation facilities, farm road, land preparation, crops pest control).

Laos

Despite the lockdown, the intra-provincial cargo shipments as well as cross-border trade continues without restrictions. Lockdown aims to limit movement of large numbers of people but a cargo trucks are allowed to have two drivers for each journey. The Ministry of Agriculture and Forestry issued guidelines to enhance imports and exports of agricultural products and food items to ensure that Laos has adequately access to food supply. There are no restrictions on export of rice. Supply of food in key urban markets seems to be under control but prices of rice (esp. glutinous rice) and pork have risen in recent months. However, this may reflect partially the upward movement of international prices for these commodities. Prices of glutinous rice in Vientiane were up by about 17 percent in April since December and prices of white rice were up by 9 percent.

There are several measures put in place to support farmers/agri-business to mitigate COVID-19 impacts: (a) commercial banks to defer principal and interest payment and approve loans for affected businesses, especially for tourism, agricultural product export and local production for import substitution; (b) reduction of fuel prices which will reduce agricultural production costs; (c) deferment of tax payments for affected businesses, including agribusinesses; (d) MAF and MOIC to examine affected agricultural exporters who cannot export their products in order to identify measures to support them and to negotiate with China for market access (e) Ministry of Finance and the Bank of the Lao PDR to approve LAK 100 billion for SME promotion as agribusinesses make up a significant share of SMEs in Laos; (f) import tariff cuts and exemptions are to be granted for agricultural products and medical supplies.

Malaysia

The government of Malaysia has imposed price controls on selected essential items, including food products, during the third phase of the movement control order (MOC) from April 15 to April 28, 2020. The Social Welfare Department is in the process of distributing food baskets to 225,871 eligible households.

The Government of Malaysia exempted Agriculture and Fisheries sectors from the purview of ‘Movement Control Order (MCO)’, across all levels of the supply chain including logistics and operations, such as shops selling fertilizers and product packaging factories.

Mongolia
To ensure supply of imported food items, the Parliament temporarily exempted customs duties on imported sugar, vegetable oil, rice and wheat during March 1 – June 30. The parliament is discussing whether to also increase customs duty on imports of vegetables from 20 percent to 30 percent, in order to support domestic production.

**Myanmar**

The Ministry of Commerce announced that the state will buy 50,000 MT rice for reserve from 10% of export. The government allocated kyat 38 billion for the rice reserve plan. Similarly, gov't will buy 12,000 tons of palm oil

**Philippines**

The blueprint of the Philippines COVID-19 response forward planning (known as ‘bounce back plan) is transmitted and endorsed by National Economic Development Agency (NEDA) to IATF: the report commissioned by the Technical Working Group on Anticipatory and Forward Planning (TWG-AFP)

The report focuses on three broad set of recommendations to rebuild consumer and business confidence:

- Reduce uncertainty by the timely provision of right information; right information means that it answers the pressing questions of the general public. A sample dashboard is proposed, along with protocols for data sharing, clearing and reporting.

- Mitigate the losses experienced during the enhanced community quarantine, in addition to cash and in-kind assistance provided to families to help them meet their basic needs. Mitigating the losses will halt the transmission of the adverse impact to the rest of the economy. For the 45-day ECQ, losses are expected to reach at least PhP 800B

- Define the “new normal” and identify policies, programs and projects that will help transition to the new normal. In general terms, we expect the new normal to be defined by the looming threat of the COVID19 pandemic, which means the need for social distancing and intense hygiene and sanitation protocols. Given a detailed characterization of the new normal, the report then recommends how government can help the transition of the country to the new normal.

Agriculture remains central to the Philippine government’s national agenda where policy priority will be targeted towards: (i) Ensuring unhampered movement of A&F goods and services through efficient transport and logistics systems (ii) Intensifying provision of support services and farm machineries and equipment (iii) Strengthening online marketing of agricultural produce (iv) Ensuring safety of food and agricultural products supplied in the market (v) Intensifying research and development (R&D) for agriculture (vi) Promoting adoption of urban agriculture, backyard/household gardening of edibles, and community farming.

**Samoa**

There is an evidence of interruption for supply chains to significant commercial enterprises, e.g. McDonalds’ supply chains have been interrupted since early March. The lingering wet weather conditions in February contributed to significantly decreased supply of crops to local markets. From the month January to February, food volume decreased by 37%, overall value decreased by 32%, vendor numbers
decreased by 13%, and prices increased by 13%. Figures are yet to be released for March. Coconut Rhinoceros Beetle outbreak continues, as well as MAF’s efforts to eradicate it in coordination with villages.

**Thailand**

Permanent Secretary of MOAC informed that they will propose to MOF to provide assistance for 9-10 farmer households. This will cover farmers (6.1 million), Fisheries (1 million) and Livestock (3 million) affecting 16-17 million family members. They expect to provide 5,000 baht per household for three months.

With the stabilization of the number of cases, some provincial governments are thinking about opening more sectors to operate. However, the central government advised to continue to monitor the situation and put on hold the decision to relax existing restrictions. To ease the process of getting the documentations to allow movement of goods and workers who are involved in the exempted sectors, the documents can be issued by manufacturers and there is no need to obtain the documents from the government agencies. The food industry has not faced major challenges in getting products registered as the process can be completed online. Government agencies are opened during this period and businesses can still visit government offices to process documents that require physical submission.

This year the rainy season is expected to start in July. So far, 24 provinces have been declared as drought disaster areas. There is also saltwater intrusion to lower-level area along Chao Phraya River that impact the quality of water supply and health. This, in combination with the COVID-19 impact, will have significant impact on agricultural production, exports, and food security. As a result, cabinet on April 21, 2020 approved a rice insurance scheme for the 2020-21 season worth 2.91 billion baht, aiming to cover 45.7 million rai of farmland and remain insurance coverage as same as the year 2019.

**Vietnam**

Since the beginning of this quarter, there appears to be a slight upswing in rice export prices, including producer and consumer prices. Vietnam 5% broken rice price is at a current level of US$372.58 per ton, about 4.2 percent higher than last month and about 8.7 percent higher, year on year, compared to same time last year (Figure 1). In March 2020, the farm gate price for wet paddy (IR504, middle quality) increased slightly from VND 4,700/kg last year to around VND 5,000/kg this year (US$214/ton). The price of milled rice therefore also increased slightly to around VND 11,500/kg/kg from VND 10,000/kg at retail markets in Ho Chi Minh City). As a result, there is a slight increase in the consumer price index for foodstuffs, estimated at 110.22 in the first quarter of 2020 compared to same period in 2019, according to the data collected by the Governmental Statistical Office (GSO). It is however expected that this slight upswing will roll back when the next rice (and other food) harvest is in during the next two months.

The slight price upswing in the rice market is not due to stock levels or changes in local and global demand but may likely be due to Government’s measures on reviewing rice exports to satisfy local market demand and ensure food security which may have created uncertainty among exporters and producers. As such, the rationale for Government intervention should therefore be to ensure stability and certainty in the food market. Recent actions taken by the Government in response to the Covid-19 may complicate the impact of Covid-19 on the food systems. For example, halting of exports in order to take care of domestic food safety interests hurts the stability of the food system. For instance, at the beginning of March, Government
ordered private traders to keep minimum levels of stocks of rice (5% of the rice shipments made in the past 6 months) to stabilize the domestic market. On March 25, the Prime Minister placed a temporary halt on any new rice export contracts to allow officials of Finance, Trade and Agriculture to take stock of domestic supply level. On March 28, Government announced plans to stockpile 270,000 tons of rice to stabilize domestic market prices amid the COVID-19 outbreak. The temporary export ban was lifted on March 28 allowing rice exports to proceed as normal. The Prime Minister set an export quota of 400,000 tons for April. However, there were complaints by businesses on the lack of transparency in the way this was being implemented because the custom department opened its system to allow registration during the midnight and the whole quota was quickly filled barely after 2 hours. The Prime Minister then instructed Ministry of Finance and Ministry of Trade and Industry to investigate and report back to him by April 20, 2020.

Such inconsistent messages have sent ripple effects to many countries in the region and across the world who depend on Vietnam for their rice and other food imports. Furthermore, due to the positive rice production outlook, there is growing concern among rice producers that halting of exports may hurt producer prices amidst the expectation of a higher harvest and limited space for post-harvest storage. Earlier this month, Government asked the Ministry of Finance to assess the fiscal impact of halting rice exports. The Ministry of Finance has advised that the country can consider halting the export of low-quality rice until the end of June, while continuing with the export of high-quality rice.

**Europe and Central Asia**

**Armenia**

The Government of Armenia introduced measures to support farmers to reduce the current marketing problems anticipated as a result of coronavirus. In a gist, the introduced measures cheapen access to finance for farmers.

**EAEU**

On April 3, the Board of the Eurasian Economic Commission (Armenia, Belarus, Kazakhstan, Kyrgyz Republic, and Russia) approved the list of critical import goods, which will receive the tariff preferences in form of exemption from the import customs duties in the period from April 1 to June 30, 2020, inclusive. The list of the goods includes certain agricultural and food products: rye, long grain rice and buckwheat groats, as well as certain health commodities. It looks like the measure is preventative – to avoid the deficit of these commodities, however, there is no indication that there is a current shortage of them in the market.

**EU**

The European Commission announced a new set of measures to help the agri-food sector in this unparalleled crisis, following the outbreak of the Coronavirus. The Coronavirus response investment initiative plus (CRII+) proposed by the European Commission introduces exceptional flexibility and simplification in the use of the European structural investment funds (ESIF), including the European...
agricultural fund for rural development (EAFRD). Regarding the EAFRD, the CRII+ will support farmers, rural areas and EU countries by increasing flexibility in the use of those funds, including:

- Flexibility in the use of financial instruments: Farmers and other rural development beneficiaries will be able to benefit from loans or guarantees of up to €200,000 at favorable conditions, such as very low interest rates or favorable payment schedules.
- ReAllocation of funds: EU countries will be allowed to use money left unused under their rural development programs (RDP), rather than sending it back into the EU budget. The money will still have to be used in the framework of the respective RDP.
- Postponement for the submission of annual reports: the deadline for EU countries to submit these reports on the implementation of their RDPs is postponed, giving more time to national authorities to put it together.
- No amendments to partnership agreements required: EU countries will not have to amend their partnership agreements to modify their RDPs, lifting some administrative procedures.

In addition to the measures directly linked to the EAFRD under the CRII+, the Commission is proposing further flexibility and simplification of other common agricultural policy (CAP) instruments:

- Extension of deadline for CAP payment applications: the deadline will be extended by a month, from 15 May to 15 June 2020, offering more time to farmers to fill in their application for both direct payments and rural development payments.
- Higher advances of payments: to increase the cash flow of farmers, the Commission will increase the advances of direct payments (from 50% to 70%) and rural development payments (from 75% to 85%). Farmers will start receiving these advances from mid-October.
- Reduction of physical on-the-spot checks and leeway for timing requirements: EU countries have to carry out checks to ensure that eligibility conditions are met. However, in the current exceptional circumstances, it is crucial to minimize physical contact between farmers and the inspectors carrying out the checks. This measure will help reduce administrative burden and avoid unnecessary delays.
- The final legal steps are currently being taken to adopt these measures.

GAIN report on the EU – one of the recurring themes is the shortage of workers in agriculture; nevertheless, the supply chains are still coping well[1].

Georgia

Depreciation of the Georgia’s currency (the Lari) is eroding consumers’ purchasing power. The government is pursuing subsidies to ensure stable prices for nine key food products including flour, rice, buckwheat, sugar, and sunflower oil. The measure is in place for three months[2]. The Ministry of Agriculture will spend 16 million GEL ($4.86 mln/€4.42 mln) to buy 5,000 tonnes of sugar, 500 tonnes of pasta and 1.5 tonnes of sunflower oil. In addition, the government has also created a price restraint mechanism and negotiated with businesses to not increase prices of several products.

Germany
Germany has lifted its ban on seasonal farm workers entering the country, announcing that farms can bring in 80,000 people to avoid a potential hit to food supplies. It highlights growing concern across Europe that the current lockdown measures will have a devastating impact on the agricultural sector and could leave vast amounts of produce to rot in the fields.

Kazakhstan

Kazakhstan continues to apply the export quotas for wheat and flour, introduced in early April, in addition to banning the export of several food products as a member of the Eurasian Economic Union. The export quota for wheat in April was limited to 200,000 tons, while the export quota for flour was 70,000 tons. In mid-April, 51 companies were approved to export wheat by committing to sell about 30 percent of the planned export contracts on domestic market.

Despite the export restrictions, wheat and flour prices in Kazakhstan show a slight upward trend supported by the continued hoarding on domestic and regional markets and the uncertainty over the length and impact of the COVID-19. Despite this upward price pressure, the authorities announced the increase of export quotas in May to 250,000 tons for wheat and 150,000 tons for flour.

Kyrgyz Republic

Kyrgyz Republic is a net importer of many food products and has been hit by the export restrictions imposed by Kazakhstan. Some companies started to import wheat and flour from Russia, which would increase their cost for Kyrgyz consumers.

The declining remittances, projected to fall by 28% in Central Asian countries in 2020, are eroding the purchasing power of consumers and farmers to invest in next planting. Administrative caps on selected food prices, including for wheat and flour, slows down the supply response as Kyrgyz mills face higher import prices for Kazakh wheat, weaker local currency, and higher logistical costs. Earlier problems with restriction on movement of the essential workers of food processing companies have been largely resolved, contributing to the restoration of core food supply.

Romania

Starting April 10, the Government of Romania suspended most exports of grains, oilseeds and related products to non-EU markets. The COVID-19 is driving this reaction, amid growing concerns about Romania’s winter crop, which looks to be hit by drought condition.

Grains export ban was modified by the Government, effective yesterday.

One-month ban for sunflower (seed and oil) is renewed for additional 30 days, while sugar and wheat flour are exempted from the ban and are on free trade regime again. Additionally, Government introduced maize quota of 400,000 tons.

Russian Federation

Minister of Agriculture of the Russian Federation, Dmitry Patrushev specified a list of Russian agricultural enterprises that must continue their activities during the lockdown. In particular, the list includes the organizations involved in the seasonal field works as well as those that sell and store agricultural products and its by-products, fertilizers, crop protection products, animal feed and feed additives, seeds and
planting material; the organizations which form commodity stocks of agricultural products and food; livestock enterprises; the organizations which sell agricultural machinery, its maintenance or repairing; the companies engaged in transportation, loading and unloading works, providing logistics services in the reporting spheres.

According to the forecasts, in 2020, Russia is expected to have a very good (and possibly even a record) harvest of grains - the general harvest of grain crops in Russia will vary within frames of 115-130 mln tones, and in terms of several favorable factors the figures can even exceed the previous record result of 2017 (135.5 millions tones). Sources: https://www.apk-inform.com/en/news/1510230

The Minister of Agriculture noted that despite the COVID-19, there are no significant issues with spring campaign and it is well ahead of its scheduled. Nevertheless, several risk factors are in place: 1) Due to the pandemic, many migrant workers had to return to their countries, creating the shortage of workers, that is likely to increase in the future. The Ministry is trying to resolve this situation by attracting people who lost employment during the crisis as well as students; and 2) Due to the deficit of moisture in the soil, agricultural production in the main producing regions of Southern, Central and Volga region may be negatively affected, particularly in case of sunflower, rapeseed and sugar beet GAIN report

The physical volumes of wheat exports from Russia are only about 4 million tons as of now. Russian exporters have claimed with the authorities their ‘right to export’ the entire volume of the allocated quota of 7 million tons, but the actual wheat exports will still be taking place in May and June. Sources:https://www.agroinvestor.ru/markets/news/33612-eksportery-vybrali-vsyu-kvotu-na-vyvoz-zerna/

Serbia

Introduced temporary export ban on wheat flour, sunflower seed, oil, and sugar. Ban on wheat flour was lifted on March 21, but for other commodities remains in place.

Turkey

In addition, to maintain food supply security in the face of COVID pandemic, on April, 10, Turkish government announced opening up to 9,700 thousand square meters of untapped agricultural land of the Treasury for cultivating "strategic products" such as cereals, pulses, oilseeds, and animal feed. This seems to be a precautionary measure, and is not driven by the existing shortages of these products[4].

Ukraine

On April 2, Ukraine imposed the ban on export of buckwheat to be effective until July 1 to ‘protect the domestic market’. Recently buckwheat prices have increased by 50 percent. It should be noted that buckwheat is a very popular grain in the post-Soviet diet, hence, so much attention to it from the governments in the region. This restriction should not have a major impact on the international markets as Ukraine is a tiny exporter (less than 1 percent of total world exports of buckwheat).

According to the Ukrainian hydrometeorological center, Ukraine faces an ‘extreme’ drought throughout most of its territory that can lead to decreasing of the harvest volumes by 20 percent, potentially affecting global supplies of grains.
Uzbekistan

Uzbekistan kept the food trade flowing, refraining from imposing export restrictions. Instead, it temporarily nullified import tariffs for 20 food products, scaled up safety nets to mitigate the impact of rising food prices, and made more flour available from the state-owned mills on domestic market. The country has the sufficient stocks of wheat and flours to keep domestic prices stable until June, when the new wheat harvest will arrive and further stabilize prices. The upcoming wheat harvest is projected to exceed the 2019 harvest.

From early on, Uzbekistan has made agriculture, food processing, and food retail ‘essential’ during the crisis, facilitating the movement of people and commodities while others are largely quarantined. It kept supermarkets, small shops, and open bazars open during the quarantine period and established ‘green corridors’ for smooth movement of products from farm fields and storage facilities to consumers.

The declining remittances and the currency devaluation are eroding the purchasing power of consumers. The weaker currency, however, enhances the export competitiveness of Uzbek horticulture products, which has been affected by the sharp decline in the demand from Russia and Kazakhstan, its largest buyers, and logistical hurdles by borders’ crossings.

Tajikistan

Tajikistan has allocated more funding for spring agricultural planting campaign and began preparations for next summer and fall planting campaigns to ensure access for farmers to essential inputs. Being heavily dependent on food imports, the authorities encourage to allocate more resources to domestic production of essential agricultural products, especially potatoes and horticulture. The purchasing power of consumers is eroding due to the sharp fall in remittances and the return of many migrant workers from Russia and Kazakhstan. Remittances are projected to fall by 28% in Central Asian countries in 2020.


Latin America and the Caribbean

1. Status of local food supply (potential food shortages, price increases, etc.).
Price increases:
• **Argentina:** Certain vegetables are showing crisis related price hikes. Pursuant to an agreement with stakeholders, the Central Market of Buenos Aires has launched the “Social Commitment for Supply” initiative, to avoid speculation and excessive consumer prices.

• **Uruguay:** Beef export prices, which reached extraordinarily high levels at the end of 2019, are expected to return to levels closer to the average of the past 3 years. For the year 2020/2021, depending on the duration of the suspension of activity, the contraction of slaughter could range from 3% to 14%. A shutdown of activity for 6-12 months could depress meat product exports by between 7% and 23% (US$110-360 million). Source: OPYPA

• **Paraguay:** Increase in price of fruits and vegetables. Paraguay is dependent on food imports, especially from Argentina and Brazil. Products like carrots, cassava or oranges registered a % average increase of retail prices (week of April 13-17th 2020 with respect to the average price registered on the month of April 2019) of more than 40%.

• **Honduras:** there has been a surge in prices for rice, beans and corn, due to speculation. The government sells basic foodstuffs at regulated prices to the population through the National Supplier of Basic Products (Banasupro). (IICA)

2. **Emerging issues in domestic supply chains:**

   a. Are food supply chains disrupted? What’s the status of internal trade channels?

   b. Restrictions on commodity flows and their actual/perceived impacts

   c. Problems facing wholesale markets/retail markets

   • **Jamaica:** Government puts hold on importation of chicken to consume local surplus. Jamaica has a surplus of chicken meat and the government is aiming to prioritize the consumption of local products. According to industry analysts, of the total amount of chicken meat available in the country, approximately 30-35 percent is in storage by small farmers, who would regularly supply schools, restaurants and stores.

   d. Commodity-specific problems (for example, what’s happening in the vegetable value chain, livestock, etc.?)

   e. FLW?

   f. Other issues

• **Argentina:** **Machinery manufacturers request government credit funds to reactivate production.** Following the government's issuance of an emergency decree for the sector, manufacturers of agricultural machinery are resuming production. However, they have been facing difficulties in accessing credit facilities; for the past two years, the sector has only had access to
funding opportunities with interest rates of over 40%. The only type of funding currently available for
the sector is that which public banks have made available to SMEs: a credit facility with a 24% interest
rate, to cover liquidity shortfalls in the payment of salaries.

3. Emerging issues in international trade/supply chains/cross-border trade (formal/informal)

- **Chile**: Despite a drop in grape exports, table grape sales to Europe and Russia are growing.
  According to a report by ASOEX, as at week 15, exports of fresh grapes from Chile were down 6.4%
  compared to the same period in 2018-2019. North America (the U.S. and Canada) remains the top
destination for grape exports: it currently accounts for 52% of total exports, which represents a
variation of -4.7%. A 15% reduction in grape exports to Asia, which ranks as the second destination,
has been reported, while sales to Europe and Russia have increased by more than 10%.

- **El Salvador**: Exports fall in March, but coffee and sugar sales rise. According to data from the Central
  Reserve Bank, the country’s exports in March decreased by 14.8% compared to the same month last
  year. Traditional products like coffee and sugar increased their sales abroad, reaching USD 37.6 million
  and USD 85.2 million, respectively.

- **Mexico/Uruguay**: The Mexican market for Uruguayan rice reopened after closing in 2019. The
  Ministry of Agriculture and Rural Development of Mexico reported that the market for rice produced
  and exported by Uruguay is reopening after the Khapra weevil, a quarantine pest, was detected in
  September 2019. The cancellation of rice exports in Vietnam due to the coronavirus and logistical
  constraints in other Asian countries have benefited Uruguayan producers. The country formalized
  negotiations with Panama and sold rice to Haiti, Africa and the European Union; there is also a
  possibility that it could sell to Middle Eastern markets. During the first two months of the year, sales
  of Uruguayan rice increased by 6.25%. Peru, Mexico, Iraq and Brazil are the countries that purchase
  the largest amounts.

4. Emerging policy responses: export bans/tariffs/VAT?

- **Colombia**: On 9 April 2020, the Government eliminated with immediate effect its import tariffs on
  maize, sorghum and soybeans until 30 June 2020, with the possibility of an additional three-month
  extension. This measure aims to reduce the production costs for the poultry and porcine industries.
  The country depends on imports of these products to meet its needs for animal feed, which makes up
to 60 percent of the total production costs. The measure follows a strong depreciation of the country’s
  currency, which lost more than 10 percent of its value month on month in March. In an effort to
  promote the cereal sector, the Ministry of Agriculture and Rural Development plans to implement a
  number of support measures to boost production.

- **El Salvador**: In late March 2020, the Government of El Salvador purchased around 50,000 tonnes of
  white maize, 7,000 tonnes of rice and 5,000 tonnes of beans to boost its national strategic reserves.
  The purchase, worth USD 30 million, aims to guarantee supplies of the country’s staple foods amid
  the COVID-19 pandemic and will be released only in case of need. As an additional effort to boost
domestic supplies, the Ministry of Agriculture and Livestock announced a 30 percent increase in the
number of beneficiaries of the agricultural input packages, which will be distributed for the soon-to-be planted 2020 first season crops. A temporary export ban on red beans was also put in place from 26 March to 31 December 2020.

- Honduras: With the aim to ensure adequate domestic supplies, the Government of Honduras announced, on 31 March 2020, the ban on exports of red beans.

5. Emerging solutions and innovations to mitigate the impact of COVID on markets and food security:
   a. Social protection measures (informal/formal sector)
      - Paraguay: The Ministry of Education and Science (MEC) is delivering food kits to replace the school lunch in several educational institutions in Asuncion.
      - Paraguay: the Ministry of Agriculture launched a self-sufficiency campaign involving 150,000 farms in the country for self-sufficiency in primary food basket products. The Credito Agricola de Habilitacion (CAH) bank launched 4 credit lines to support service and consumption MSMEs to help small producers in their food purchase.
      - Peru: The government provides vulnerable rural farming families with an agricultural subsidy of 760 soles. The grant was approved to support over 1 million farming families in rural areas across the country that have been affected by Covid-19 and the country’s movement restrictions. The payment will be made in the last week of April and only once, given the distance between rural and banking areas.
   b. Community-based initiatives
      - Ecuador: Farmers donate and receive support for their products. According to El Comercio, products like plantain, oranges, cassava, limes, lemons, coconut and other fruits and vegetables were donated by producers in Orellana to the most vulnerable families in that province, who are experiencing economic difficulties in the midst of the health emergency. In Napo, the Municipality purchased products directly from small-scale farmers to deliver them to families who need them most.
   c. E-commerce/digital innovations
      - IICA reports that in Panama, E-commerce is booming, and produce purchases via Internet platforms or WhatsApp are being promoted. In Costa Rica, E-trade in agricultural products both on the internet and social networking sites is on the rise.
   d. Guidelines for farmers/retailers/etc.
   e. Regional-level coordination and information efforts
      - Ministers and secretaries of agriculture of 34 countries of the Americas coordinate actions to guarantee food supplies amidst the Covid-19 pandemic. Ministers and Secretaries of Agriculture of 34 countries of the Americas attended an online meeting on 22 April to share information on policies, actions and plans to deal with the impact of the Covid-19 pandemic on their countries’ food security, agriculture, food systems and the rural environment. Authorities from North, South and Central America, as well as the Caribbean shared experiences and measures that they are implementing to safeguard production and the food supply. The ministers stressed the importance of ensuring that
food is available at affordable prices and that the production, distribution and sale of food is undertaken with the lowest level of risk to the health of workers in the food chain. They also emphasized the need to foster intra-regional trading of food.

- The U.S, EU and 20 other WTO countries pledge to keep food channels open. The United States, the EU, Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Hong Kong, Japan, South Korea, Malawi, Mexico, New Zealand, Paraguay, Peru, Qatar, Singapore, Switzerland, Taiwan, Ukraine and Uruguay agreed to keep the trade of food and agricultural products open, as well as to ensure that supply chains remain open. They also agreed that emergency measures must be targeted, proportionate, transparent and temporary.

6. Other issues

Drought compounding COVID impacts

- Uruguay: In addition to the impacts of COVID-19, Uruguay has experienced a crippling drought. According to estimates by the Agricultural Programming and Policy Office of MGAP, crop losses due to drought will amount to a minimum of USD 27 million and may reach as high as USD 45 million (due to reduced soybean, corn and sorghum yields). Approximately 25% of its agricultural production land having been declared under a state of emergency, due to the drought conditions. This has led the Ministry of Livestock and Agriculture (MGAP) to declare an emergency in the agriculture sector. Yet, cattle activity and business in the market are beginning to normalize. For the first time, cattle activity during the last week surpassed equivalent levels in the same week last year. Therefore, the greatest concern is what impact the drought will have on available forage in the winter.

- Argentina: Low water levels in the Paraná river forces companies to reduce the load volume of agricultural shipments from Rosario. Agro-export companies have had to reduce the loading of goods in Rosario at a time when soybean and corn harvests are intensifying. The situation has worsened in the Paraná riverbed, as a result of droughts in Brazil, where the river begins. The foreign ministries of Argentina and Brazil agreed to release water from the Itapú hydroelectric dam, but an improvement in water levels could take weeks, and the drought is severe. The Paraná river serves as the exit route for about 80% of Argentina's agricultural and agro-industrial shipments.

Social unrest

- Haiti: Haitians protest as food and fuel prices continue to increase.

- Honduras: At least 83 citizen protests have been registered in Honduras in recent weeks, following COVID-19 emergency measures implemented by the Government. Citizens demanded food, and street vendors, laid-off workers and trash collectors blocked roads protesting a strict curfew that worsened their already precarious living conditions.

Regional macro-economy

- A new ECLAC report estimates that Covid-19 will trigger the greatest contraction in economic activity in the history of the LAC region - 5.3% in 2020. According to new ECLAC projections, in the medium-
term, the pandemic will create structural changes in the organization of production, international trade and the current globalization model. The contraction in economic activity will be the greatest in the region’s history, surpassing periods such as the Great Depression of 1930 (-5%) and the decline in 1914 (-4%). The report forecasts that it will produce a major impact on unemployment and poverty in the region. From a sub-regional perspective, it estimates that economic activity in South America will fall by 5.2% (resulting from the fall-off in activity in China), in Central America by 2.3% (due to the decline in tourism and a less dynamic U.S. market) and in the Caribbean by 2.5% (also as a result of the decline in tourism).

7. Activation of the CERC in Haiti
The activation of the CERC of the Resilient Productive Landscape project (P162908) will directly benefit 21,500 family farmers (more than 100,000 people including family members). A total of 14,200ha is being impacted with half of this area representing lands equipped for irrigation in the Southern area of the country. The cost of the proposed activities is USD 9.5 million, as detailed in the Emergency Action Plan (EAP) prepared by the Government of Haiti. The main objective is to safeguard production for the next two cropping seasons, given that a reduction in remittances (35% of GDP prior to COVID-19) will affect the capacities of the farmers to finance their costs of production.

The overall objective of this initiative is to mitigate the risk of adding a food crisis to the ongoing sanitary crisis. To that end, the CERC will be financing: (i) seeds, fertilizers, support to land preparation through plowing; (ii) small works respecting social distancing, including inter alia rehabilitation and cleaning of irrigation schemes; and (iii) communications campaigns to promote social distancing and personal sanitation and the application of mitigation measures against the pandemic COVID-19 to properly implement field activities. The implementation arrangements include use of vouchers or cheques to avoid cash transfer to the farmers and mitigate the risk of fund misuse. This mechanism (called subsidy scheme in Haiti) have been used successfully following 2016 Hurricane Matthew.

Middle East and North Africa

Egypt

The government is working to increase the country’s strategic commodity reserves to be sufficient for a six-month period to protect against possible food supply shortages. The government is seeking to purchase 100 thousand tons of Brazilian raw sugar (by April 11). Export Restrictions remain unchanged since last week. Current restriction on pulses is still running till the 28th of June 2020. Share of pulses in total country food exports (in USD) is approximately 3.08%, and the country’s global market share (USD) is 1.36%.

Key policy responses reported last week include: (i) a USD 6.4 billion stimulus package (EGP 100 billion, 2 percent of GDP) to mitigate the economic impact of COVID-19; (ii) a moratorium on the tax law on agricultural land has been extended for 2 years; (iii) the Central Bank reducing the policy rate by 300bps. The preferential interest rate on loans to SMES, industry, tourism and housing for low-income and middle-class families, has been reduced from 10 percent to 8 percent, and agri-food manufacturing services have been included. This comes in addition to the preferential 5 percent SME loans – also extended to the agri-
food sector. In addition, EGP 15 billion (US$952 million) will be allocated to finance the purchase of local
of wheat from local farmers since the beginning of this harvest season.

**Jordan**

Ensuring adequate stock levels of staples and imported foods is an item of high priority for the King. In
terms of availability, the government announced that freights of land, air and sea freight for goods, food
and medicine will continue, stressing that there will be no shortage of food and medicine in Jordan. The
King and Crown Prince checked on strategic grain reserves at Ghabawi bunker silos. According to the
Ministry of Industry, Trade, and Supply, storage capacities around the Kingdom total of 1.1 million tons
and are expected to reach 1.45 million tons by the yearend. Exports have been allowed by Jordan
authorities for essential and non-essential produce. However, there are logistical difficulties which still
have not been resolved. Exports have been allowed by Jordan authorities for essential and non-essential
produce. However, there are logistical difficulties which still have not been resolved.

Overall, food production on farms is at good levels although farmers are faced with several challenges.
Food production at farm level is constrained by the travel ban for farmers and for farm workers and by
the limited availability of input supplies due to business closure during the lockdown. Farm production is
constrained by lack of inputs and unavailability of fertilizers, medicines and other materials. Input
suppliers do not have permission to open their stores as yet. Presumably, they will be provided travel
permits through the new electronic system of MoA although it may take another week to register this
category.

From before the COVID crisis, farmers had protested as work permits for Egyptians became more
expensive and more difficult to obtain. Hence, there was already a lack of workers to start with. There are
reports of laborers going to the farms within walking distance and there are reports that the government
allow a limited number of workers on a farm at any one time. The shortage of workers and the limited
time for farmers and workers to work on the farm result in 1) late harvesting of produce and sometimes
unfit for sale (size is undesirably big) and rejected by consumers and thrown away, 2) planting activities
may be delayed or compromised, and 3) other farm activities such as pollination may be delayed or carried
out in a simplified way due to limited labor.

Government will support farmers affected by COVID virus and by the recent storms with JOD 10 million
zero-interest loans through the Agricultural Credit Corporation (ACC). Farmers will have a grace period of
5 years. The ACC is working to define the terms and conditions of the loan fund.

In general, people continue to have access to food, with price hikes experienced for a short period after
the lockdown and curfew was announced. Government of Jordan enacted various economic measures to
combat the anticipated unfavourable consequences of the virus such as the introduction of price ceilings
on essential products for consumers. Enforcing agents control the stores and supermarkets to ensure
adherence to set prices, and sanctions are given to violators.

As for food systems for refugees in camps and vulnerable people, WFP ensured to work with partners and
service providers to guarantee that beneficiaries have access to food given the lockdown and curfew being
enforced by the government. Cash assistance for the month of April was provided to beneficiaries’
accounts ahead of the originally planned dates. This was coordinated with contracted shops and suppliers
to make sure that a stock of Six to eight months of dry commodities are available and stocked for camps.
WFP also made arrangements to facilitate access to cash assistance provided to beneficiaries living in host communities.

**Iraq**

Food supply (production primarily on-farm). Farmers continue to be able to access their fields and herds despite the continued curfews in both federal Iraq and KR-I. In southern Iraq, the Ministry of Agriculture (MoA) has informed FAO that they have begun harvesting more than 3.25 million hectares of wheat and barley. The Government of Iraq (GoI) announced that they will buy wheat grain from farmers at the same prices as previous years; depending on the quality, prices range from around 420,000 to 520,000 IQD per ton. Rafidain Bank, a government-owned bank, also announced that branches will be open and able to cash-out farmers for deliveries. On April 15th, the Thi Qar Department of Agriculture announced a lifting of the two-month fishing ban which was put in place not due to COVID-19 mitigation measures. The Desert Locust swarms in central and southern Iraq appear to be under control due to the measures undertaken by the Ministry of Agriculture.

Markets. In collaboration with the Organized Crime Department, the Ministry of Agriculture has installed cameras and established field inspection teams to monitor local food prices. WFP has also established a system called mVAM to monitor food security and market functionality in the context of COVID-19 using household and retailer telephone interviews.

Imports and Exports. Businesses with valid licenses continue to be able to import food, agricultural products and medical goods. Iraq also announced that is aims to import 1 million tons of wheat and 250,000 tons of rice in order to increase their strategic food reserves. Although Iraq is anticipating an above average 2019/2020 season wheat yield, Iraq will continue to import high volumes of wheat in order to increase stockpiles. Wheat imports are primarily sourced from Australia, Canada and the United States, countries who continue to export globally and retain relatively high stocks.

Food Reserves. The Iraq Ministry of Trade (MoT) reported that they currently have two months of supplies for the Public Distribution System (PDS).

Food Demand (Markets to Consumers). Markets and food commodity prices have been generally stable this week. According to WFP weekly price monitoring data, basic food items did not witness any significant increase at the national level.

Food Supply Chain for Vulnerable Populations Ongoing Response. The Supreme Committee for National Health and Safety, in collaboration with the Ministry of Labour and Social Affairs (MoLSA), launched an assistance package of 30,000 IQD per person. This program, called Minha, aims to support the most vulnerable people who have been impacted by the COVID-19 curfew and lockdown measures.

**Morocco**

The agricultural sector represents 33% of national workforce and 13% of GDP. With a year of drought farmers debt might increase. In 2019, drought caused the agricultural sector to lose more than 85,000 jobs according to HCP, Covid-19 might induce an additional shortage of cereal and threat for informal rural workers with no social security.
A Crisis cell has been set up at the Ministry of Agriculture to monitor and communicate on the agricultural production and on the development of the supply and prices of food products. As part of the daily monitoring of the market situation across all regions of the Kingdom and in the context of the state of health emergency, the Ministry of Agriculture, Maritime Fisheries specified that agricultural production will continue normally in accordance with the pre-established calendar. The rotations put in place during the winter season and in particular for large vegetables consumption (tomato, onion and potato), whose production is in progress, will cover largely the consumption needs for these products during the months of April and May.

Planting of the spring crops is proceeding normally and the achievements at the end of March have reached overall 50% of the established program; the rest will be sown in April. The expected production of spring and summer sowing will largely cover the consumption needs of these products for the period June-December 2020.

**Exportations**

Prices of exported agricultural commodities are significantly higher than normal market conditions. The cost of logistics increased and land and sea transport flux are impacted.

**Supply level**

Based on the daily monitoring of the market situation across all regions of the Kingdom and in the context of the state of health emergency, the Ministry of Agriculture, Maritime Fisheries confirmed that supply of agricultural products is sustainable and in sufficient quantities. The prices of some food products that have seen occasional increases are returning to normal, while those of mass consumption agri-food products remain stable. Operators in the sector at the level of production, packaging, processing and distribution maintain a normal rate of activity.

The country's supply of cereals and pulses is proceeding under good conditions. Measures taken by the ministry in collaboration with operators in the sector have made it possible to secure supply the country and meet the needs. Indeed, imports of cereals and pulses have strengthened stocks and kept them continuously at a level which ensures coverage of 3 to 4 months depending on the product, particularly for wheat, corn, barley and legumes. It should be noted that the cyclical increase in consumer demand for these products, particularly in flour and semolina, is largely satisfied thanks to the increase in levels crushing by industrialists. The flour mills responded quickly to demand by increasing their operating and distribution rate, specifies the ministry.

In addition, the health status of the national herd is good and close monitoring is ensured throughout the territory by the provincial and prefectural services of the National Sanitary Office (ONSSA), with the support of private veterinary surgeons.

**Other measures**

The World bank, IFAD and FAO, joined their effort in order to get more information on the impact of the COVID-19 on the current supply of the food products and prices and to set up a panel of farmers to monitor the impact on farmer’s livelihoods;
Ministry of Interior and Ministry of Interior published a joint circular, allowing the supermarket to get their fruit and vegetables supply directly from the producers, starting March 18, 2020, for one month.

South Asia

Bangladesh

**GAFSP/MMI Project in Bangladesh**

**Producer Organizations Mitigating COVID-19 Induced Supply Chain Shocks in Bangladesh**

Bangladesh declared a 10-day COVID-19 induced shutdown effective from March 26. The COVID-19 pandemic has impacted local agriculture supply chains in the country and consequently the livelihoods of crop, vegetable and livestock farmers, fishermen and agricultural laborers.

Missing Middle Initiative (MMI) is an innovative flagship of Global Agriculture and Food Security Program (GAFSP) for more directly supporting producer organizations. Under this Initiative, MMI-Bangladesh project supports 55 Producer Organizations (POs) in eight districts in the country targeting 10,000 small-scale farmers, 50 percent of whom are women.

In response to the COVID-19 shutdown, the MMI POs in Bangladesh with technical support from the Food and Agriculture Organization (FAO) launched COVID-19 Emergency Response on April 4 to mitigate the pandemic’s impact on local agriculture supply chains. 57 Virtual Call Centers (VCCs) have been established across the country. Volunteer VCC operators collect relevant information about daily agriculture input requirements and type of produce for selling in the market from PO members via mobile phones. The VCC operators then use hired rickshaw vans to pick-up and deliver aggregated inputs and produce. This has resulted in stopping multiple transactions by PO members and reducing the risk of Coronavirus transmission. The VCC operators maintain records of transactions and share information daily using a digital social platform.

Over the past three weeks the COVID-19 Emergency Response has enabled more than 2000 farmers to: (a) aggregate and sell produce to buyers including private companies; and (b) purchase essential agriculture inputs and services both from public and private sector. The PO members are using mobile money (BKash or MobiCash) to avoid paper currency transactions as these are potential vectors for spreading Coronavirus. Data shows that the prices of produce received by PO members have been on average higher in the VCC approach.

Access to markets is one of the success factors of MMI. The VCC approach by the MMI-Bangladesh project has demonstrated how producer organizations can swiftly respond in mitigating COVID-19 induced shocks to local agriculture supply chains and helping small-scale farmers during the pandemic.

Bhutan

**Background**

**COVID-19, the spread and lockdown**
As of April 24, there was a cumulative total of 7 positive cases of COVID-19 in Bhutan, of which 3 have recovered. The first positive case was recorded on March 5. All confirmed cases in the country are imported, two migrated. There were 1,979 people currently in quarantine, with a total of 3,728 people discharged from quarantine, with all those discharged testing negative. Bhutan does not have any confirmed case of community transmission to date.

**COVID-19 Summary as of April 17, 2020**

| Number of confirmed case(s) / recovered | 7*/3 |
| Number of confirmed new cases | 0 |
| Total samples tested / last 24hrs | 9,475/101 |
| Rapid tests / last 24hrs | 7,505/24 |
| RT-PCR tests / last 24hrs | 1,968/77 |
| Number of people in quarantine / discharged | 1,979/3,728 |

*Two migrated, all imported cases.

As per the National Preparedness and Response Plan (NPRP) for COVID-19, the country remains in code orange (moderate disruption). Under code orange, isolation is triggered for confirmed cases, suspected cases are quarantined, schools are closed as well as institutions and public gatherings in affected localities. All schools and educational institutes across the country are closed until further notice, and public and private institutions are advised to implement home-based work.

As of March 23, the government had closed all borders, except for movement of essential goods. Bhutanese will not be allowed to leave the country. Bhutanese citizens returning to the country will be issued a quarantine order. There is no restriction on movement of goods, and the supply of essential goods (food, drugs, fuel) will be secured. A temporary import ban on vegetables and fruits was lifted (while the import ban on meat remains).

Additional preventive measures have since been announced. On March 27, including social distancing. On March 30, the mandatory quarantine period was extended from two to three weeks. Also, then, the Royal Civil Service Commission (RCSC) started to implement work from home strategy. The measure is a part of the civil service’s continuing service delivery plan, which will ensure that critical and essential services are not interrupted in the event of a major or extended situation caused by COVID-19. On April 14, further measures were announced, including reduced business hours for shops (all businesses to close shops by 7pm), and gatherings in groups of three or more were discouraged.

**Food security and potential impacts of COVID-19**

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1 There are four levels of the NPRP: green zone (no disruption), yellow zone (minimal disruption), orange zone (no local transmission, with moderate disruption and partial lockdown), and red zone (local transmission, with major disruption and complete lockdown).
Bhutan imports most of its national food requirement from India, and food importation continues to function well. The country imports its rice and pulses (i.e. beans), almost all of which from India. It imports some vegetables (i.e. chili), but is self-sufficient in others (i.e. cabbage). The country is stockpiling its National Food Security Reserve (NFSR) on rice, pulses, and edible oils, with imports from India. The current NFSR stock can last up to four months (for 50% of the population), with stockpiling ongoing. A 15-month agriculture stimulus plan (April 2020 to June 2021) is expected to enhance domestic production.

Households in Bhutan have been generally food secure, but price increases and the loss of jobs and livelihoods can compound existing spatial disparities and malnutrition. Bhutan is largely a food-secure country, where almost all households have enough to eat throughout the year. In 2007 an average household had enough food for 11.6 months of the year, and in 2017 it had enough for 11.9 months, according to the BLSS. The proportion of households reporting difficulty in having enough food in the past year declined from 10.8 percent in 2010 to 2.2 percent in 2015 (Nutrition Program 2015). However, food insecurity and poor nutrition outcomes are pressing issues in the least agriculturally commercialized lagging regions. COVID-19 can restrict household access to nutritious food as prices of vegetables are increasing and many have lost their jobs and livelihoods.

Food availability

Food stocks
The National Food Security Reserve (NFSR) emergency action plan was developed and implemented to stockpile three essential non-perishable commodities: rice, pulses, and edible oils. The objective of the action plan is to maintain the food stock reserve and ensure its equitable distribution under an emergency. The action plan stipulates under code orange maintaining a stockpile of food for 50 percent of the population for a 3-month period. The assumption is that the need for those aged 5-79 would be 274 grams per person for rice, 11 grams per person of pulses, and 27 grams per person for oil. The total stockpile to be maintained would be 8,407 MT of rice, 337 MT of pulses, and 828 MT of edible oil. Under code red, the stockpile maintained would be extended to a 6-month stock, doubling the size of the stock (for the same 50 percent of the population).

Food Corporation of Bhutan (FCBL) manages the NFSR. Food is procured from nine Indian suppliers, transported by suppliers, stored in district facilities, and distributed to local retailers. The initial larger stockpiling was to be completed over a four-week period to April 12, with continuous smaller restocking in the following weeks to maintain the total stockpile. The nine Indian suppliers are the same FCBL suppliers from Assam and West Bengal. As per the action plan, these suppliers would transport the food items directly to warehouse locations. The stockpile will be stored in district-level FCBL storage facilities and school facilities (i.e. national and regional warehouses, depots, auction yards, and central school halls) and under code red the storage facilities will be expanded to cover alternative facilities (i.e. including gewog centers). The storage capacity is almost enough for the proposed NFSR, with a capacity of 8,285 MT under code orange (against a need of 9,573 MT), and an additional capacity of 15,565 MT under code red (against an additional need of 9,844 MT). WFP has provided additional two additional mobile storage units (MSUs) of total 1,000 MT to fill the code orange storage gap. The food is then distributed to local retailers to ensure availability of the three essential commodities.
Private wholesalers will fill some of the gap in stocking other essentials. The government has identified eight major wholesalers to stock up on all items including daily necessities like soap, detergents, diapers and other items. These wholesalers are being provided with low interest working capital from the banks so that they can stock up (see notices from MoEA and MoF on the request to supply and distribute 16 essential commodities).

**Food supply from production**

Among cereals and starchy staples, the country is more self-sufficient in maize and potatoes than in rice, with a self-sufficiency ratio (SSR) of 37% for rice, 72% for maize in 2018, and 185% for potatoes in 2018. The SSR is defined as the share of production to the sum of production and net imports (imports minus exports). In 2018, the country produced 42,806 MT of rice and imported 71,511 MT of rice (exports are negligible). The NFSR stock of 8,407 MT is therefore about 7 percent of the annual need in 2018 (the sum of production and net imports). This is roughly consistent with the intended design of the NFSR as an emergency stock for 50% of the population for a 3-month period, or about 12 percent of the annual need for the full population. In 2018, the production of maize was 55,259 MT and potatoes 44,278 (with 24,983 MT of potato exports).

Among vegetables and fruits, rich in micronutrients, there are some domestic production gaps particularly in chili with an SSR for 71%—an essential vegetable in the country for which demand is high. Another 2,977 MT of chili was imported. In 2018, the SSR for cabbage, another vegetable typically consumed, was 98%. Vegetables are typically produced locally, given the focus on organic production and the difficulties in the transport and storage of such perishables. For the same reason, the NFSR focuses on procurement and storage of non-perishables. The country also produces and exports relatively large volumes of fruit, with an SSR of 149% for apples and 169% for oranges.

For non-meat protein sources, similar to vegetables, there are only minor production gaps. The SSR for beans in 2018 was 67% and for dairy 80%. For beans, 2,274 MT was produced, and 1,179 MT was imported. Pulses are included in the NFSR, and the 337 MT stockpile is equivalent to about 10 percent of the annual need in 2018 for beans (the sum of production and net imports). For milk 52,816 MT was produced and 14,067 MT imported. The country is least self-sufficient in meat products, for which demand is low, as it has traditionally and culturally been excluded from diets. The SSR for meat (beef) was 12%, with 2,910 MT imported in 2018.

The transplanting season for paddy typically takes place in May with harvesting in October, while the season varies for different vegetables. Different vegetables are grown at different seasons depending on the altitude of the production area. Given the variety in agroecological zones (following the different altitude), vegetable production can be grown in various seasons.
The immediate impact of COVID on the constraints to agricultural production are mixed. Prior to COVID, the constraints in agricultural production included a continuing decline in farm labor as people migrate to urban areas, an inherent scarcity of productive agricultural land given the country’s topography, and an insufficient amount of investments in mechanization and irrigation. The impact of COVID on these constraints are mixed. Some reports indicate that a few producers are able to respond to increased demand, for example a milk production unit in Trongsa, and chili farmers in Samtse. On one hand, labor is moving back into agriculture given the partial lockdown which more likely impacts urban activities and the shortage of jobs in tourism. Youth takes up commercial agriculture activities and entrepreneurship in the wake of COVID-19. This includes reviving mustard cultivation (Dogar gewog) and dairy production (Maenbi Gewog). The number of local groups taking up farming activities is growing, including resort staff and tourist guides. On the other hand, there are some shortages in inputs. For example, farming in Ngawang Dramtoe had come to a standstill due to water shortages as they await new water pipelines.

Meanwhile, COVID is also disrupting distribution platforms, such as schools. While schools can be used as storage facilities for the NFSR during the partial lockdown, the shutdown of schools also implies that the primary distribution platform for feeding children is unavailable. In 2019, the demand for school feeding included 263 schools, 78,953 students, needing 8,008 MT of cereals and pulses, 4,915 MT of vegetables, as well as the need for potato, fruits, animal source foods such as dairy, meat, and eggs.
## Table. Self-sufficiency levels of selected food products, 2015-18

<table>
<thead>
<tr>
<th>BTC code</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>Cereals</strong></td>
<td></td>
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<tr>
<td>1006 Rice</td>
<td>53,775</td>
<td>55,832</td>
<td>57,878</td>
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<td>Production (mt)</td>
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<td>6</td>
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<tr>
<td>Export (mt)</td>
<td>39%</td>
<td>39%</td>
<td>42%</td>
<td>37%</td>
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<tr>
<td>SSR, in percent</td>
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<td></td>
<td></td>
<td></td>
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<td>1005 Maize</td>
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<td>SSR, in percent</td>
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</tr>
<tr>
<td>0709 Chili</td>
<td>7,073</td>
<td>9,907</td>
<td>13,606</td>
<td>7,133</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>4,032</td>
<td>4,253</td>
<td>3,169</td>
<td>2,977</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>24</td>
<td>26</td>
<td>68</td>
<td>26</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>64%</td>
<td>70%</td>
<td>81%</td>
<td>71%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0705 Cabbage</td>
<td>5,209</td>
<td>6,685</td>
<td>10,562</td>
<td>4,036</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>1,518</td>
<td>1,382</td>
<td>1,663</td>
<td>1,347</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>1,194</td>
<td>1,545</td>
<td>2,096</td>
<td>1,247</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>94%</td>
<td>103%</td>
<td>104%</td>
<td>98%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0701 Patatas</td>
<td>49,359</td>
<td>58,820</td>
<td>57,223</td>
<td>44,278</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>6,010</td>
<td>5,469</td>
<td>5,282</td>
<td>4,698</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>19,908</td>
<td>24,443</td>
<td>24,068</td>
<td>24,983</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>139%</td>
<td>148%</td>
<td>149%</td>
<td>185%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fruits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0805 Orange/Mandarin</td>
<td>15,977</td>
<td>42,700</td>
<td>28,017</td>
<td>26,527</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>235</td>
<td>202</td>
<td>263</td>
<td>241</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>-993%</td>
<td>102%</td>
<td>100%</td>
<td>169%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0808 Apple</td>
<td>5,308</td>
<td>6,587</td>
<td>8,039</td>
<td>3,684</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>91</td>
<td>147</td>
<td>227</td>
<td>79</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>3,488</td>
<td>2,614</td>
<td>2,046</td>
<td>1,295</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>278%</td>
<td>160%</td>
<td>129%</td>
<td>149%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Live animals, animal products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0402 Milk and cream; concentrated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0401</td>
<td>39,844</td>
<td>47,270</td>
<td>50,251</td>
<td>52,816</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>7,019</td>
<td>7,442</td>
<td>10,023</td>
<td>14,067</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>124</td>
<td>276</td>
<td>419</td>
<td>1,156</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>85%</td>
<td>87%</td>
<td>84%</td>
<td>80%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0406 Cheese and curd</td>
<td>3,471</td>
<td>3,667</td>
<td>4,298</td>
<td>4,298</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>1,265</td>
<td>1,545</td>
<td>1,482</td>
<td>3,913</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>73%</td>
<td>70%</td>
<td>74%</td>
<td>52%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0201 Meat of bovine animals (beef)</td>
<td>637</td>
<td>537</td>
<td>501</td>
<td>410</td>
</tr>
<tr>
<td>Production (mt)</td>
<td>3,869</td>
<td>3,169</td>
<td>2,765</td>
<td>2,910</td>
</tr>
<tr>
<td>Import (mt)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Export (mt)</td>
<td>14%</td>
<td>14%</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>SSR, in percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: MoF trade data 2019, MoAF RNR 2018 report, WB staff calculations
**Food supply from importation**

Excluding electricity, Bhutan has a sizeable trade imbalance, and trade in agriculture and food forms about one-fifth of the deficit. In 2019, the trade deficit (excluding electricity sales to India) was Nu 38 billion, and the trade deficit in agriculture and food was Nu 7 billion, equivalent to 19% of the trade deficit. The majority of the food trade deficit is from live animals or animal products (of Nu 3 billion), followed by prepared foodstuffs, beverages and tobacco (of Nu 2 billion). Animals or vegetable fats and oils and vegetable products (including cereals and all crops) each contribute another Nu 1.3 billion and Nu 1 billion, respectively, to the deficit.

**Figure. Trade balance, Nu billion (LHS), 2015–19**

**Figure. Trade deficit, food products (sections I–IV), Nu billion, 2015-19**

**Figure. Trade balance food products, Nu billion (LHS), 2015–19**

**Figure. Food imports from India, Nu billion, 2015-19**
Almost all of the trade in food products is with India, with imports in 2019 amounting to Nu 10.6 billion and exports Nu 2.9 billion. Imports from India in 2019 were worth Nu 4 billion for vegetable products (including cereals and all crops), Nu 2.9 billion for live animal or animal products, Nu 2.5 billion for prepared foodstuffs, beverages and tobacco, and Nu 1.2 billion for animal or vegetable fats and oils.

Bhutan’s top food imports, by value, are rice, soybean oil, and animal source foods, including milk, cheese, and meat. In 2019, rice imports were 19 percent of the value of food imports, soybean oil 7 percent, milk and cream (concentrated and not concentrated) 8 percent, cheese and curd 4 percent, and meat of bovine animals’ 5 percent. Apart from rice, other cereals are included in the top ten food imports, including pasta, bread (pastry, cakes, biscuits), and maize.

Table. Top 10 food imports, 2019

<table>
<thead>
<tr>
<th>BTC code</th>
<th>BTC description</th>
<th>Import value, Nu, 2019 (Jan-Sep)</th>
<th>% of food import</th>
<th>Self-sufficiency ratio, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1006</td>
<td>Rice</td>
<td>2,156,303,094</td>
<td>18.6%</td>
<td>37%</td>
</tr>
<tr>
<td>1507</td>
<td>Soya-bean oil</td>
<td>852,930,907</td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>0402</td>
<td>Milk and cream; concentrated</td>
<td>610,104,867</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>0201</td>
<td>Meat of bovine animals</td>
<td>553,773,449</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>0406</td>
<td>Cheese and curd</td>
<td>474,416,111</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>1902</td>
<td>Pasta</td>
<td>432,162,166</td>
<td>3.7%</td>
<td></td>
</tr>
<tr>
<td>1905</td>
<td>Bread, pastry, cakes, biscuits</td>
<td>404,725,508</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>0401</td>
<td>Milk and cream; not concentrated</td>
<td>398,638,911</td>
<td>3.4%</td>
<td>80%</td>
</tr>
<tr>
<td>1701</td>
<td>Cane or beet sugar</td>
<td>384,842,016</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>1005</td>
<td>Maize (corn)</td>
<td>331,842,563</td>
<td>2.9%</td>
<td></td>
</tr>
</tbody>
</table>

Food demand in urban and rural areas. In 2017, most of the food consumed by urban households consisted of purchased imported products—less so for vegetables but more so for meat, fish, tea, coffee, and oils. (Update).

Trade routes. Phuentsholing and Gelephu are two of the four major overland customs stations in Bhutan along the Indian border, making them key conduits to trade with India, but Phuentsholing is much more of a conduit than Gelephu. The Phuentsholing Gate border point accounted for 64 percent of exports to India and a similar share of exports to third countries, as well as 80 percent of imports from India and 82 percent of imports from third countries. Fifty-five percent of trucks transit through the Phuentsholing border crossing every day. In contrast, Gelephu Gate in Chhuka accounted for 3 percent of exports to India and 5 percent of exports to third countries. Geographically closer to Phuentsholing in Sarpang District, the other border district of Samtse accounts for 21 percent of exports to India and 18 percent of exports to third countries. Paro airport accounts for 16 percent of the value of imports. (KPMG 2017)

Following COVID, there is a standing ban on imports of meat and meat products, but none for fruits and vegetables. On March 25, the MoAF initially announced a ban on import of fruits, vegetables, Doma, and Pani. The ban on imports of fruits and vegetables was recalled on March 27. The contradicting announcements during the week on fruits and vegetable imports led to panic buying. Despite the open
trade on fruits and vegetables, there are reports of increase in trucking costs and disruptions in the border
town Phuentsholing due to labor shortages. These difficulties in importation and distribution of fruits and
vegetables are likely to persist as higher transport costs and labor shortages in logistics persist.

**The lockdown and constraints to labor mobility in India may have implications for Bhutan’s food supply,**
**but trade flows between India and Bhutan are yet unaffected.** The free trade agreement between
Bhutan and India allows Bhutan exemption from any India export bans on (non-basmati) rice, wheat,
edible oil, pulses, and milk powder. But, constraints to labor and logistics may hamper trade. First, the
labor constraints in India may lead to difficulties in importation of food products, as transport and logistics
costs increase. Second, imports of raw material and supplies from India may face the same constraints,
thereby restricting activities intended to enhance domestic production. To date, however, there are no
large-scale disruptions in trade of essentials. Around 400 vehicles carrying essential goods and supplies
enter Bhutan on a daily basis, a figure that is comparable to the number of vehicles prior to the lockdown
in India.

**While much of the Bhutan food supply relies on imports, many rely on export markets for their**
**livelihoods and incomes.** Cardamom is 29 percent of the value of Bhutan’s food exports, citrus 12 percent,
potatoes 12 percent, and plants (and parts of plants) 5 percent. Many rely on these niche high-value
commodities for their livelihoods and incomes. The collection and trade of Cordyceps (*Ophiocordyceps
sinensis*), a caterpillar fungus, makes up 50 percent of the income of people living in the highlands (MoAF
Forest Facts & Figures 2016), and accounts for 5 percent of the value of total food exports (under plants
and parts of plants). Given the importance of these livelihoods, the government has given a go ahead for
the collection and trade of cordyceps. The MoAF is setting up checkpoints to carry out flu screening and
to monitor illegal collectors. The government is concerned that collectors might import COVID-19 through
the northern borders as foreigners also come for collection along the border.²

<table>
<thead>
<tr>
<th>BTC code</th>
<th>BTC description</th>
<th>Export value, Nu, 2019</th>
<th>% of food export</th>
</tr>
</thead>
<tbody>
<tr>
<td>0908</td>
<td>Nutmeg, mace and cardamoms</td>
<td>1,247,160,701</td>
<td>29%</td>
</tr>
<tr>
<td>0805</td>
<td>Citrus fruit</td>
<td>530,046,763</td>
<td>12%</td>
</tr>
<tr>
<td>0701</td>
<td>Potatoes</td>
<td>521,074,099</td>
<td>12%</td>
</tr>
<tr>
<td>2202</td>
<td>Waters, incl. sugar</td>
<td>341,023,226</td>
<td>8%</td>
</tr>
<tr>
<td>1211</td>
<td>Plants and parts of plants</td>
<td>203,784,055</td>
<td>5%</td>
</tr>
<tr>
<td>2207</td>
<td>Ethyl alcohol</td>
<td>201,633,750</td>
<td>5%</td>
</tr>
<tr>
<td>2009</td>
<td>Fruit and vegetable juices</td>
<td>199,012,453</td>
<td>5%</td>
</tr>
<tr>
<td>1511</td>
<td>Palm oil and its fractions</td>
<td>146,246,861</td>
<td>3%</td>
</tr>
<tr>
<td>2201</td>
<td>Waters, excl. sugar</td>
<td>126,455,949</td>
<td>3%</td>
</tr>
</tbody>
</table>

² With the Cordyceps collection season about to start, the Bumthang Dzongkhag Administration has introduced **stringent waste management rules** to deal with the growing amount of trash in Cordyceps collection sites. From this season, Cordyceps collectors will have to pay an additional Nu.1,000 as security deposit on top of the usual permit fee of Nu. 510.
Demand and rising food prices
There is careful attention to resolving any disruptions on food supply, storage, and distribution at the district level, particularly for remote areas. Groceries and shops were reportedly well stocked in Mongar, in the east, despite rush for essentials. Meanwhile, in Trongsa, despite the National Food Security Reserve (NF SR) and FCBL stocking all basic necessities, the town was reportedly running short of chili on April 1. Another report later on April 10 noted that food security will not be a problem in Trongsa if the country enters into a complete lockdown, citing that 50 percent of households in Trongsa have enough food grains to last for 6 months or more (according to the District Agriculture Sector’s quick survey). Jomotshangkha Dungkhag is cut off from the rest of the country. The Dungkhag is connected to other parts of the country via the Indian highway and shares a border with the Indian state of Assam. FCBL currently has a stock of 27 MT of rice, 3 MT of oil and 1 MT of pulses in the Dungkhag. Food security was achievable in Zhemgang Dzongkhag says Dzongkhag administration. The Dzongkhag is known as one of the least developed and a largely inaccessible district in the country with a high poverty rate.

Overall, some combination of supply disruptions and increased (or abnormal) food demand, is leading to rising food prices particularly for vegetables. On March 27, the price of chili more than doubled from Nu 100-200 to 400-500 per kilogram yesterday, and the Office of Consumer Protection (OCP) had then received 36 complaints in the span of two days. On April 3, commodity prices continued to rise in Samdrup Jongkhar, a town located in the south-eastern part of Bhutan. Shopkeepers have increased the price of rice despite the government’s announcement not to do so. Wholesalers said that the price for the rice has increased because the transporters charge double given the risk and illegal tax collection along the Indian highways. Pan shops in Thimphu have run out of imported doma (areca nut) and paney (betel leaves). On April 7, increasing prices of essential commodities in Mongar were reported, particularly for vegetables. Many shopkeepers blame increased transportation costs.

While availability of food nationally and at districts is fundamental to food security, access to food and nutrition are also important food security pillars. As noted by the WFP, under the access pillar, COVID-19 can lead to lack of (physical) access to markets, price spikes (particularly for high-value commodities), job loss, reduced incomes, and lack of access to food-based social safety nets. Under the nutrition pillar, the interactions with COVID-19 include inadequate intake of nutrients which can reduce the immune system’s ability to fight infections, and nutritionally vulnerable individuals (such as young children) who are more vulnerable to infections from compromised immune functions.

Response from government and development partners

The Economic Stimulus Plan (ESP) takes the form of a National Resilience Fund with a budget of Nu30 billion (US$396 million, around 16 percent of GDP). Contributions to the fund will be sourced from the public, organizations, and international organizations. The plan includes three major initiatives, as well as additional fiscal and monetary measures. Druk Gyalpo’s Relief Kidu. Immediate financial support for people who have been laid off or placed on reduced salaries, or whose livelihood has been impacted. Interest payment relief. Deferment of loan repayment and waiver on interest payments for 3 months. Fast
track the implementation of the 12th Five Year Plan (FYP). The focus sectors will include tourism, agriculture and infrastructure.

Securing food stocks
Stockpiling is currently underway, exceeding the initial 3-month stockpile target under the NFSR action plan. As part of the ESP, an additional budget for FCBL is provided for the stockpiling of the NFSR. As of April 23, the government had already stocked 9,765 MT of rice (worth around Nu 200 million), 530 MT of pulses, and 991 MT of edible oil. The current stock will last up to four months, and by mid-May the stockpile would satisfy the need for six months. Within the month, the country will also procure 14,000 MT of rice from the SAARC food security reserve. The ongoing efforts on stockpiling and procurement should last for about 10-12 months.

Apart from the MSUs provided to meet storage gaps and pallets for safe storage, the WFP will provide technical guidance for NFSR management. WFP support could include: i) targeting using a rapid assessment database developed from census data (PHCB 2017) with criteria at the Chiwog level on demographics and food insufficiency, ii) storage capacity mapping, iii) and distribution and transport planning and leveraging the school feeding MIS to possibly manage and monitor the flow for NFSR. WFP is providing food safety and quality assistance to prepositioning of food to the NFSR including development of guidance document on implementation of food safety management system at warehouse level; on-site assessments; guidance note on ensuring food safety and quality during transportation, distribution and at retail level; purchase of storage equipment to ensure food safety and quality.3

Boosting domestic production and distribution
As part of the ESP, The MoAF has put forward a 15-month agriculture stimulus plan with a budget of Nu944 million (US$12.5 million). The 15-month plan aims to strengthen food security and create employment opportunities. The indicative plan includes a Nu520 million buyback scheme to be managed by DAMC and RNR-Enterprise Development Coordination Unit (EDCU). The plan also includes a frontloading of 12th FYP activities. The activities would prioritize the production of foods imported in large quantities and engaging the workforce in farming and food production. The focus commodities include cereals (maize, wheat, paddy), pulses (lentils and beans), oilseed, vegetables (chili, tomato, onion, cauliflower, eggplant), and animal source foods (i.e. milk, eggs, and meat). The indicative budgets include Nu 100 million for the Department of Agriculture (DoA), Nu 50.5 million for the Farm Machinery Corporation (FMCL), Nu 247m for the Department of Livestock (DoL), and Nu 247 million for the Bhutan Livestock Development Corporation (BLDC).

The targeted production under the agriculture stimulus plan is 92,109 MT for cereals and 24,089 MT for vegetables. For the DoA, the key activities for the first 3 months (April to June 2020) include input support

3 WFP is also supporting the implementation of the Government’s Agriculture Stimulus Plan with support for enhanced production; farmer linkage to viable markets and farmer enterprises; setting up a national farmer monitoring system; setting-up a nutrition community outreach/sensitization on healthy during the pandemic; documenting lesson learned/successful models for national scale-up.
in the form of seeds, fertilizer (manure and biocompost), machinery, fencing, irrigation materials (sprinkler and drip irrigation), protected agriculture materials (greenhouses and shade nets). The largest costs are for protected agriculture and irrigation materials.

The EU released Euro 8.5 million to support the Renewable Natural Resources (RNR), including to increase food self-sufficiency (Euro 4.5 million). The release also includes support to local governance and fiscal decentralization (Euro 4 million). The tranche release is a part of a larger budget support initiative for a total value of Euro 48.8 million for 2017-2022. The EU will continue to work together with the government also in the framework of the current global COVID-19 crisis, assessing the medium and long-term impact of the pandemic in the country.

Existing production enhancement projects of MoAF with support from the World Bank and IFAD are crucial to the response. Irrigation scheme to boost agricultural activities in Norbugang, Samtse. The irrigation scheme – part of the Food Security and Agriculture Productive Project (FSAPP) by the WB – will be crucial in bringing agricultural development to the gewog. Radhi farmers in Trashigang begin large scale vegetable farming to minimize import and supply to other gewogs in the dzongkhag. The project is supported by the Commercial Agricultural and Resilient Livelihoods Enhancement Program (CARLEP) from IFAD and the government.

An initiative on urban food production was announced, but then soon after putting on hold. On April 2, MoAF in collaboration with the National Land Commission (NLC) and Thimphu Thromde announced the process of mobilizing land for urban agriculture. Groups of 5-7 members could apply. MoAF would initiate some land development, compound fencing, irrigation provisions, seeds/seedlings and demo plots. On April 6, the MoAF put this initiative on hold. More than 100 interested groups registered for the initiative after the from MoAF last week. Since government land in core town areas is not suitable for cultivation, alternatives are being sought by MoAF in the Dogar Gewog in Paro and Mewang Gewog in Thimphu. (update). On April 6, the MoAF put this initiative on hold. MoAF discontinues leasing government land related to the urban agriculture initiative announced earlier this month. The ministry has asked applicants to identify private fallow land and negotiate with private landowners before approaching the ministry for land development, input support, and loans from the FIs. Land remains fallow in most of the gewogs in Thimphu. Thimphu dzongkhag has been helping communities to carry out commercial agriculture.

The MoEA is supporting distributors, wholesalers, and large retailers with working capital. The Ministry of Economic Affairs (MoEA) is providing working capital at a 5 percent interest for wholesale distributors, authorized for a period of 3 months, extendable by 3 months to enable distributors to procure adequate stocks and ensure uninterrupted supply of essential items at reasonable prices. MoEA issued the notice on March 25, inviting wholesale and large retailers to supply and distribute 16 essential commodities: milk (milk powder), butter, cheese, tea and spices, sugar, cereals (including flour, baby food), noodles, soup items, salt, soap, toiletries, sanitary napkins, biscuits, batteries, chips, chocolate. As of April 9, a total of Nu217 million (US$2.9 million) had been released to wholesalers and large retailers to complement FCBL reserves and stockpiling and to supply to retailers across the country. Concessional working capital has been provided to 16 wholesalers and large retailers to stockpile essential commodities for six months. As of April 9, the total stock of wholesalers and large retailers amounts to 13,360 MT. The stock, which
excludes FCBL stock, is estimated to last for 37 days. Under the National Resilience Fund, a total of Nu1 billion is allocated to this fund. (update)

The National Cottage and Small Industry (CSI) Bank Limited approved 36 projects worth Nu25.8 million (US$342,000) to enhance food security. Approved projects are in agriculture and livestock-related activities including vegetable production and distribution, agriculture equipment, aquaculture farming, and dairy production. Under the National Resilience Fund, the National CSI bank will provide Microloans (up to Nu 500,000) at 2 percent concessional interest for activities in the rural and agricultural sector for a period of 3 months, and working capital at 4 percent concessional interest for CSI for a period of 3 months (update)

Enhancing trade flows
Keeping trade flows open. Both India and Bhutan are committed to keeping trade flows on essential goods open between the two countries.

Increasing safety in trade. Customs officials are working on safety measures at a mini dry port in Phuentsholing to ensure continuous supply of essential goods.

Containing rising prices and supporting vulnerable consumers
The government and development partners have put in place efforts to monitor and contain rising prices. Sales tax and customs duty on essential items has been deferred for March to June 2020 (as part of Economic Stimulus Plan). Indian exports are zero rated under GST introduction in India, and rebates of Indian excise duties will end in FY20; hence imports from India ‘cheaper’. MoEA and Office of Consumer Protection issued market price information of essential commodities in 20 Dzonghangs. To avoid price escalation and hoarding of essential commodities in the market, OCP is carrying out regular market surveillance and monitoring. The MoAF also established the National Vegetable Management Taskforce (NVMT). NVMT will ensure constant supply of affordable vegetables during the COVID-19 emergency or beyond. An app will connect local farmers with buyers, while the private sector will source and distribute the vegetables.

The National Statistics Bureau (NSB) and UNDP are conducting a COVID-19 rapid socio-economic impact survey. The rapid assessment will focus on people working in tourism and allied sectors in Thimphu, Paro, Punakha, Bumthang and Phuentsholing Thromde. The findings will guide the design and implementation of targeted interventions for the most affected and vulnerable. The data collection started today and will last until April 16. Also see here. And here.

In addition, the government and development partners are supporting poor consumers. Domestic food aid under National Food Security Emergency Action Plan for COVID-19 (Rationing to customers). The SAARC Development Fund (SDF) had allocated US$ 5 million for COVID-19 projects under its social window to support Member States in responding to COVID-19. The social window would primarily fund projects on poverty alleviation, social development focusing on education, health, human resource development, and support to vulnerable and disadvantaged segment of the society.

Druk Gyalpo’s Relief Kidu provides immediate financial support for the vulnerable. This includes i) people who have been laid off, or placed on unpaid leave or reduced salary from businesses affected by
COVID-19, ii) those who have returned home and do not have any other source of income, and iii) self-employed individuals who have lost their earning partially or completely (i.e. taxi drivers, truck drivers, freelance guides etc.). The Kidu would be provided for three months (April to June 2020). As of April 19, about 15,093 application have been received.

Priority Issues and Actions Needed to Maintain Agricultural Production, Food Security Livelihoods, and One Health: Potential World Bank Ag-GP Interventions

Short term response (0-6 months)

The WB-AGF priority actions in the short-term can include:

- Food and grants transfer in collaboration with humanitarian organizations, using the FSAPP farmer groups as a platform for delivery in southwest Bhutan.
- Support to agricultural and food production, leveraging existing FSAPP interventions on increased and year-round food production: irrigation, seeds, other non-production input distribution (i.e. crates), with a focus on both fruit/vegetable production and cereal production.

a. Medium term response (6 months +)

The WB-AGF priority actions in the medium-term will include:

- Support to food distribution and local storage, leveraging existing FSAPP interventions: farmer shops and other smaller outlets being constructed in FSAPP districts (for food storage and distribution, and non-farm livelihoods).
- Grants to support rural non-farm livelihoods via YERE.
- Working capital and finance to support processors, wholesalers, distributors, logistics services (agribusinesses). (Under proposed new operation)
- Support to strengthen border control, regulatory systems, animal veterinary services, and labs. This will leverage the ASA on Organic Roadmap and STDF support for project preparation. (Under proposed new operation).

FSAPP covers 5 southwestern districts, most of which are key border districts for trade with India.

Annex Table: Matrix on Proposed Measures on COVID-19 Response

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Food Security</th>
<th>Livelihoods</th>
<th>One Health</th>
<th>Cost estimate</th>
<th>Time Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSAPP (GAFSP) P155513</td>
<td>Irrigation, seeds, other input distribution</td>
<td>Training; non-farm opportunities (rural food distribution)</td>
<td></td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td>YERE (JSDF) P143795</td>
<td></td>
<td>Grants for community-based rural entrepreneurship</td>
<td></td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td>New Proposed Operations (IDA)</td>
<td>New operation on agribusinesses and regulatory systems</td>
<td>New operation on agribusinesses and regulatory systems</td>
<td>New operation on agribusinesses and regulatory systems</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
India

The COVID-19 lockdown has disrupted labor availability and supply chains, across the food security framework: harvest, procurement and distribution. While impacts at national, state and portfolio level vary, India is facing common risks, albeit differing in magnitude and extent. At the same time, there are many examples of innovative response. Nonetheless, the overall situation has yet to hit a new normal, demanding creative measures to counter deep impacts and these variable risks.

Social distancing, labor shortage and transport restrictions continue to create varied impact across the country. As India enters the last week of the countrywide lockdown, the situation remains dynamic with new challenges emerging every other day. While food grain supplies across the country have been satisfactory, perishable produce has faced shrinking demand and restricted supplies. A large number of primary producers face large losses on perishable produce, while middlemen in many areas are making profit amidst a demand surge.

There is continued uncertainty as to how the virus will impact agriculture in the coming days. Containing infection while protecting lives continues to pose administrative challenges of feeding migrant workers whose movements have been restricted.\(^1\) On April 19, 325 of 736 districts were reported Corona-free, with 46% of all infections\(^2\) reported from only 18 districts. While this picture may change following increased testing for the infection, it has prompted state governments to initiate inter-district movement of perishable supplies.

Weather forecasts point to a second bumper crop (Kharif) following the bumper Rabi harvest, provided adequate input supplies and labour availability. The 2020 Southwest monsoon (June-September) is forecast to be 100% of the Long Period Average,\(^3\) and the rainfall is forecast to be greater than 104%\(^4\).
Crop Procurement

- Slow procurement due to labor shortage for crop harvesting
- Disruptions in grain movement to mandi, collection centers
- Lack of primary storage facilities at cluster level
- Farmers loss due to slow procurement may impact next crop sowing

Labor Availability

- Labor unavailable due to quarantine in relief camps
- Vegetables, fruits and flower harvesting/marketing suffer losses
- Distress sales of perishables by farmers, high price for consumers
- Kharif (paddy) transplantation below normal
- Rabi losses discourage Kharif planting

Infection Zone esp. Red Zone districts

- Maintaining supplies in red zone a concern
- Post-lockdown zonation to impact procurement and movement
- Inter-district movement of produce to suffer due to zonation
- Farmers and farm operations to suffer

Stakeholder Coordination

- Lack of coordination between govt. and private agencies
- Inadequate engagement with civil society
- Disruptive technology uses yet to pick up
- Strategic gaps in GO-NGO-CBO coordination
- Role of tech start-ups to be explored

Farmers’ Plight

- Farmers’ losses not fully assessed, lack of trust building in farmers
- Food and cash transfers suffer due to Aadhar cards/Jan Dhan accounts
- Glitches in PDS distribution & cash transfers
- Issue of loans and liquidity for meeting losses/upcoming farm operations

- All are high risks; within each risk are several location-specific sub-risks

Slow Procurement

Wheat harvest and procurement is expected to be delayed on account of labor shortage, social distancing, and transport restrictions. Procurement status as on April 27, 2020 indicates that 88.61 lakh tons of wheat has been procured so far, against an estimated harvest of more than 1060 lakh tons. As expected, procurement will extend well into mid-June or thereabout. It isn’t clear yet if delayed harvesting will impact sowing of the Kharif crop - the government seems to have made all preparations for timely input supplies to the farmers.

Expanded/upgrading storage infrastructure is crucial to address COVID supply chain impacts. Food Corporation of India (FCI) procures cereals from surplus states for onward distribution to deficit states in the country. With consistent bumper harvests, the country hasn’t imported food grains since 2008-09. However, limited storage facilities have been a recurring concern resulting in over 60 per cent of procured grains held by the states for which FCI has to pay storage charges.

Export Surplus
Overall, there has been a slump in domestic demand amidst likely glut (for perishables) on account of lockdown and supply chain disruption. Asia’s biggest mandi at Azadpur in Delhi will remain open 24x7 to help farmers bring their produce while observing social distancing. Some 2,728 consignments have been released for exporting rice, dairy products and processed food products. However, full data on exports is not currently available.

Despite recent efforts to increase India agricultural trade balance, surplus high value fruit crops are expected to glut the local market, realising lower prices for farmers. India agricultural export basket accounts for a little over 2.15 per cent of the world agricultural trade ($38 billion in 2018-19), with major export destinations being USA, Saudi Arabia, Iran, Nepal and Bangladesh. The 2019-20 Economic Survey emphasised increased focus on exploring global markets for agricultural commodities and Agriculture Cells in many Indian embassies have been set-up to promote agriculture. Mid-way through the lockdown, India’s Minister of Agriculture (Narendra Singh Tomar) stressed the need to facilitate exports by taking advantage of the trade restrictions against Chinese goods.

However, the impact seems to vary across crops:

- Fruit production is expected to be lower by 2.27 per cent (at 97.97 million tons) than last year, mainly due to loss in production of Grapes, Banana, Mango, Citrus, Papaya and Pomegranate.
- There are numerous reports of distress selling of fruits (mango, watermelon etc.) by farmers through direct sales and via social media.
- Mango prices, especially of premier alphonso variety, has already crashed in Maharashtra. Farmers in Sindhudurg are distress selling the fruit whereas prices have skyrocketed in Pune.
- Grape farmers are facing loss of labor, reduced local demand, and closure of wineries. A report from southern Karnataka indicates that nearly 3,500 tons of Bangalore Blue variety (which is widely grown in Kerala, Andhra Pradesh, Maharashtra and Odisha) has still to be harvested.

Only state-wise assessment of production and supply of fruits and flowers will provide a clear and comprehensive picture on the gains/losses incurred by farmers. For example, in Telangana, the sector contributes 40 per cent of Agriculture Gross State Domestic Product. These crops are grown on 12.40 lakh acres in the state, of which flower crop comprises 11,000 acres. However, flower market has suffered gross losses on account of low demand due to lockdown and cessation of cultural activities.

Given the emerging supply-demand scenario, there is a need to develop methods for periodic assessment of intra-state and inter-state demand for perishables for determining the domestic and export market demands.

### Agri-Logistic - Port Operations

As on April 07, 2020, all the ports were operational with major ports having around 79 vessels on berth, and 93 waiting to be berthed. The essential commodities like edible oil is being handled through pipelines and thus effect of labour shortage is seen to be limited. All the ports have reported issues pertaining to reduced manpower from port users, aggregators, transport services providers which is affecting evacuation from the port. Apart from manpower, non-availability of trucks, equipment...
Migrant Crises

1. A petition was recently filed in the Supreme Court of India to allow migrants to return home by providing them safe passage. It has been argued that the migrants cannot be forced to stay away from their families under unpredictable and arduous living conditions, as this is unreasonable and inconsistent with what is envisaged under Article 19(5) of the Constitution. The petition has sought to restore the fundamental right of migrant workers to move freely throughout India (Article 19(1d)) and right to reside and settle in any part of India (Article 19(1e)).

2. Whatever be the outcome of the petition, it is evident that urban areas have acted like magnets by attracting rural workforce for potential employment opportunities. The unanticipated numbers of migrants have brought to light not only the abysmal economic conditions in the countryside but have exposed the illicit trade of labor by construction and other industries. The very foundation of informal economy for once has come to impinge upon the formal economy.

3. It is an opportune time to address social protection for migrants, by formalising their identities (through Aadhar cards); their entitlements (through ration cards); and their liquidity (through activation of Jan Dhan accounts). As a large majority of migrants continue to remain unregistered, their presence in relief camps should be seized as an opportunity to formalise their migrant identity as well.

4. Not only the absence of economic opportunities but lack of liquidity too adds to peoples’ woes in abandoning villages. Many World Bank projects reveal that even the piece of agriculture land in the village is not considered a collateral for bank loans. Such structural inequalities need to be identified and addressed as a sizeable number of return migrants may stay back in the villages.

Agricultural Labor

Agricultural labor constitutes a large share of the total migrant work force, an estimated 91.4 million. More than half of them do not own farmland but work on others’ farm for wages, harvest crops and support the sale of the crops at the agricultural markets. It is estimated that about 9 million of this workforce – almost 10 per cent of agricultural labor could be seasonal migrants.

The labor requirement in agriculture varies according to the season, crop, and cropping activity. Being high labor intensive, crops like Paddy, Maize, Cotton, Wheat, Sugarcane and Groundnut are impacted the most on account of labor shortages. Unsustainable rural livelihoods have produced high rates of seasonal and circular migrants, with economic and socially backward communities constituting a significant share of seasonal and circular migrants (who return to their villages during sowing/harvesting times) season. However, disruptions in labor movement has seriously impacted harvesting and procurement of Rabi harvest. What impact it has on the sowing and transplantation of the labour-intensive paddy in Kharif has yet to be assessed.
### Trends on labor impact on agricultural activities (collated from news reports)

<table>
<thead>
<tr>
<th>Destination State</th>
<th>Implications of Covid-19 due to shortage of agricultural laborer</th>
<th>Source of Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihar</td>
<td>More than 1.50 lakh laborer returned to Bihar from urban areas.</td>
<td>Within Bihar</td>
</tr>
<tr>
<td>Kerala</td>
<td>Paddy arrival has been hit for lack of labor in harvesting and transport.</td>
<td>West Bengal, Assam, Tamil Nadu and AP</td>
</tr>
<tr>
<td></td>
<td>Most milk processing plants are currently operating with half of the labor force, as many workers are not reporting for work or have returned home.</td>
<td></td>
</tr>
<tr>
<td>Karnataka</td>
<td>Harvesting of tomatoes, grapes, watermelons and muskmelons, and lack of transport affects arrival in AMPC mandis.</td>
<td>Maharashtra and Goa</td>
</tr>
<tr>
<td>Punjab and Haryana</td>
<td>Punjab and Haryana rely on nearly 16 lakh farm hands for harvesting and procurement, scarcity of labor has resulted in slow procurement.</td>
<td>Uttar Pradesh and Bihar.</td>
</tr>
<tr>
<td>Gujarat</td>
<td>Harvesting of Chilies, Banana, Chiku (Sapodilla), Cumin, watermelon and Brinjal has been disrupted.</td>
<td>Rajasthan, MP, Maharashtra</td>
</tr>
<tr>
<td>Andhra Pradesh and Telangana</td>
<td>Lack of labor and gunny bags impact harvesting and procurement of crops like green, red gram and black gram, turmeric, sesame, Bengal gram and millets.</td>
<td>Other states and within AP (Kurnool)</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>Marginal farmers have started retailing their vegetable produce directly to the consumers. Lockdown impacted wage labor are contributing to it.</td>
<td>Within HP</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>Market yards were not open for vegetable and fruit growers. Harvesting, loading/transporting is impacted as most labor come from other states.</td>
<td>Rajasthan</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>Cumin and mustard are leading crops in the state. Cumin farmers in Barmer and other areas in the state are unable to find buyers</td>
<td>Within state, UP, MP, Bihar and Jharkhand</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>Lack of manual labor has affected wheat and mustard harvesting. Even those relying on mechanized farming are struggling as there are no operators for combine harvesters.</td>
<td>Other states including Punjab</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Supply chain of Onion is affected for lack of labor for loading and transportation in Asia’s biggest largest market in Lasalgaon in the state. Fewer sugar mills are currently operating in the state (16 out of 143). Mills have been asked to prepare an evacuation plan for the migrants.</td>
<td>Konkan in Karnataka, Beed in Maharashtra, AP, Rajasthan</td>
</tr>
</tbody>
</table>

**Background**

Nepal
The emergence of new Corona virus, currently named as SARS-COV-2, from Wuhan city of Hubei province, China since the last week of December 2019 has crippled the global health system. In Nepal, the first case of COVID-19 was confirmed on January 23, 2020 in a student who returned from Wuhan, China. The Government of Nepal introduced a lock down on March 24, 2020 in response to the increased threat of COVID-19 in Nepal amidst increasing cases and deaths across the world, though there were not many confirmed cases and evidence of community transmission in Nepal. Though an effective public health measure to slow the progress of COVID-19, the implementation of lockdown has affected all sectors of economy including agriculture and livestock. As can be seen from the table below as of April 17, 2020 a total of 7,688 tests have been carried out with 16 people testing positive and one death.

Covid-19 Update

<table>
<thead>
<tr>
<th>Total Test Administered</th>
<th>Negative 7672</th>
<th>Positive 16</th>
<th>Death 0</th>
<th>Recovered 1</th>
</tr>
</thead>
</table>


While the lock down has contributed to contain the spread of the virus, it has also resulted in (i) poor harvesting of wheat crop due to the lack of labor and the fear of working in groups, (ii) and restriction of the returnees from India to enter Nepal. Many of them are stranded at the Nepal-India border.

4 Local news reported 40 positive cases on April 21, 2020
Impact of Covid-19 and the shut down

- **Lack of labor** to harvest wheat crop, milling, storage and transportation. Similarly, the **disruption in supply chain** is already creating problems in terms of marketing the produce, supply of inputs (seeds and fertilizers) for the next planting season.

- This is likely to create **food shortage**: Likely shortage of staple, particularly rice as India halts all rice exports but Nepal will be fine, say officials. According to WFP (2020), Nepal imported an average of 62,600 MT of rice and 49,000MT of maize per month, imports from mid-February to mid-March were 52,352 MT for rice and 30,594 MT for maize. National food stocks in markets are reportedly sufficient to last 3 months overall (see map for a by-district breakdown of market food stocks while the Nepal Food Management and Trading Company stand at 23,675 MT with procurement planned for another 10,000 MT.
With the return of expatriate workers, many families especially in rural Nepal are likely to face financial crisis with no remittances coming.
Lockdown also saw revenue collection at Birgunj Integrated Check Post go into a steep dive as commerce passing through the country’s busiest customs slowed to a trickle.

**Big blow to Agro-entrepreneurs.** For example, four million chicks had to be dumped each week after the start of lockdown as there is no market for the day-old chicks at this moment. The daily transaction of the day-old chicks used to be NPR 3 Crore. This means that every week, hatcheries are losing NPRs 21 Crore (around USD 1.75 million per week). The production of broiler meat has decreased by 6,000 metric ton per week as per Tika Pokharel, Chairperson of Nepal Poultry Federation (link). Similarly, poultry entrepreneurs are facing a loss of nearly NPR 220 million per day due to the nationwide lockdown due to reduced price and market loss. There is an investment of over Rs 115 billion in the poultry industry over the years. There are 350 million commercial broiler chickens and 8 million commercial layer chickens in the country. The feed deficit has created a huge problem. Breeder farm and hatchery industries are facing a daily loss worth NPRs 30 million to NPR 45 million (link).

**Lack of market:** Dairy farmers are also suffering from this lockdown due to the lack of market and difficulty in getting inputs such as feed and its ingredients. A case study from Tanahun, one of the

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5 The report is in Nepali and title reads “40,000 chicks buried due to the lack of chick feed”.
districts of Nepal, showed that milk production of a dairy herd raising 200 cows has decreased from 1200 liters per day to 800 liters per day due to restricted feeding because of the unavailability of feed and fodders (link). Butchers shop selling meat are closing due to low consumers and less supply of meat. Livestock traders said meat sales were down 35 percent across the country, with the price of chicken meat seeing a steep decline of Rs 70-80 per kg (link).

- **Milk holiday:** In Province 5 of Nepal, dairy farmers from Rupandehi, Kapivastu and Dang districts have either drained their milk in the road due to loss of market (normally referred to as milk holiday) while some of the farmers distributed the milk for free. The main consumers of milk local tea and coffee shops and sweet factories and shops are closed due to which dairy cooperatives are not collecting milks due to which farmers are forced to discard their products. A dairy cooperative at Banganga municipality, Kapilvastu drained 16,000 liters of milk within 2 days due to loss of market. Both Sujal Dairy industry and Milk collection center of Dairy Development Corporation (DDC) declined to buy their milk (link).

- **Rumors associated with virus:** Rumor that it is not safe to eat meat has been spreading due to the warning from the government and the WHO to always cook meat properly before eating, stay away from wild animals and wash hands after touching animals. Though these messages are well-intended, it has caused negative effect in the sale of livestock products including meat. As a result, farmers are dumping their products (link).

**Government response**

Government of Nepal is currently preparing a Relief, Resilience and Recovery Plan to address the impact of covid-19. This is being carried out in collaboration with the Donors Food Security Group.

**Immediate (1 to 3 months)**

- Provide seeds and fertilizers for spring and summer plantation FANSEP
- Livelihood Support (FANSEP, NLSIP and REED)
- Support Palikas (municipalities) in distribution of relief packages to the affected farmers and agri-entrepreneurs (FANSEP, already engaged in this but will accelerate this support further).
- Accelerate implementation of One Health activities (NLSIP)

**Short term**

- Strengthen quarantines centers and facilities, NLSIP
- Build capacity to assess, diagnose, respond to and contain zoonotic diseases NLSIP
- Boost and sustain supply chain – NLSIP, FANEP and REED
- Rapid assessment on impact of COVID 19 in the agriculture sector., including identification of vulnerable households and affected agri-enterprises -NLSIP
- Support local levels on identification of vulnerable households and ensure food supply (FANSEP)

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6 Again, article in Nagarik News (Nepali) which reports the “plights of livestock farmers following the lockdown”.
• Engage the returnee youth in agriculture (REED and NLSIP)
• Agro based SMEs promotion, start up support and supply chain modernization (REED and NLSIP).
• Support local level planning and implementation of activities to increase production and marketing of agriculture produce (FANDEP and REED)
• Identify appropriate financial products to revitalizing agri-business (REED)
• Establish community grain stores in feasible areas (FANSEP)
• Boost agriculture production (MRJKSII)

Long Term
• Resume agriculture trade and supply chains (REED)
• Support local level planning and implementation of activities to increase production and marketing of agriculture produce (REED and FANSEP)
• Establish market centers in each Palika and promote local food system (FANSEP for sure)
• Capacity building of local level agriculture extension system (REED, NLSIP, FANSEP, MRJKSII)

Donor Food Security Group and Covid-19 response
• Following the request from the Ministry of Finance, WB funded projects with at least two-year before closure are undergoing restructuring to create Contingency Emergency Response Component (CERC) to support the government of Nepal to fund the Risk, Recover and Resilience Plan.
• Donor Food Security Group, comprised of WB, ADB, USAID, GIZ, SDC, KOICA, EU, JICA, UNDP, FAO, WFP, SNV and have been meeting on regular basis to support the Ministry of Agriculture and Livestock Development to implement Agriculture Development Strategy and prepare action plan to address the impact of Covid-19. Some of the key recommendations include the inclusion of emergency activities in the workplan for FY 21 which is now under preparation. The Ministry has developed and shared activity matrix requesting the key donors to identify activities they would support. The activities outlined above are already included in the matrix and have been proposed in the workplan for the next FY beginning July 2020.

Next Steps
• Restructuring of Nepal Livestock Sector Innovation Project (NLSIP) and Food and Nutrition Security Enhancement Project (FANSEP) to create CERC.
• Advise MoALD to ensure that activities identified under their immediate plans to mitigate the impact of Covid-19 are included in the national plan to be funded under CERC.
• Continue to be engaged in the donor food security working group to help the government in advancing covid-19 action plans
• Review the workplan for the next FY to identify and accelerate activities that will support in mitigating the impact of covid-19 and activities that will boost agriculture production and mitigate food insecurity.

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<th>One Health</th>
<th>Cost estimate</th>
<th>Time Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing operations</td>
<td>FANSEP, NLSIP</td>
<td>FANSEP, NLSIP</td>
<td>NLSIP</td>
<td>US$ 102.7M</td>
<td>Up to June 2023</td>
</tr>
<tr>
<td>New Operations</td>
<td>REED&lt;sup&gt;8&lt;/sup&gt;CPI&lt;sup&gt;10&lt;/sup&gt;</td>
<td>REED</td>
<td>x</td>
<td>US$ 80M&lt;sup&gt;10&lt;/sup&gt;</td>
<td>5-36 months</td>
</tr>
<tr>
<td>Partner Operations</td>
<td>FAD, KOIKA, WFP</td>
<td>ADB, IFAD, FAO, KOIKA</td>
<td>x</td>
<td>-NA-</td>
<td>5-24 months</td>
</tr>
<tr>
<td>Others; allocation for CERC</td>
<td>FANSEP, NLSIP</td>
<td>US$ 2M, US$ 15M (estimate only)</td>
<td>Approve One Health Action Plan</td>
<td>24 months</td>
<td></td>
</tr>
</tbody>
</table>

**Sri-Lanka**

**Background**

Sri Lanka’s first case of COVID-19 was confirmed on January 27, 2020. The government introduced a nationwide curfew on March 20, 2020 and it continues till May 04, 2020. As of April 27, 2020, 523 people tested positive, 471 people are under medical care and seven people have died.<sup>xiv</sup> The shock to Sri Lanka’s economy from the coronavirus pandemic – predicted to contract by 3% this year versus 2.4% estimated growth last year<sup>xv</sup> – is expected to exacerbate already-rising public and external debt sustainability challenges following tax cuts and an associated shift in fiscal policy late last year. The Sri Lankan rupee has fallen to a historical low against the US dollar. The Government of Sri Lanka (GoSL) will enter into an agreement with the Reserve Bank of India for a Bilateral Currency Swap Arrangement worth $400 million to strengthen the country’s foreign reserves. The GoSL, Asian Development Bank and Asian Infrastructure Investment Bank are discussing budgetary support.

**Government Response**

<sup>7</sup> This is the combined budget for two projects (FANSEP US$ 22.7M plus NLSIP US$ 80M)

<sup>8</sup> Rural Economic and Enterprise Development Project (pipeline)

<sup>9</sup> Climate Smart Investment Plan (planned study that will help in identifying vulnerable communities)

<sup>10</sup> Total estimated budget for REED.
The GoSL formed a special **Presidential Task Force** on March 19, 2020. One of the main activities of the Task Force was to provide support to farmers for producing strategic crops including grams, vegetables, fish, dairy and egg and export crops including tea, cinnamon and pepper.

The government has also undertaken:
- aggressive “social distancing” through a nationwide curfew;
- travel ban to in-coming passengers from all countries;
- closure of ports and airports;
- assistance to households for emergency supplies;
- economic relief for the poorest segments of society and the most vulnerable sectors of business; and a ban on non-essential exports;
- temporary restrictions on imports across a number of consumer and industrial goods; and
- an appeal to the Sri Lankan expatriate community to remit foreign currency to ease the pressure off the local currency.

The Central Bank of Sri Lanka allocated an LKR 50 billion Re-financing Facility to support business and the economy. A special COVID-19 Healthcare & Social Security Fund was initiated by the President on March 23, 2020 with LKR 100 million allocated from the President’s Fund, which has currently exceeded LKR 850 million.

A Presidential **Task Force in charge of Economic Revival and Poverty Eradication** was established on April 23, 2020, responsible for reviving the economy and eradication of poverty while paying special attention to the challenges posed and opportunities emerged in Sri Lanka in the wake of COVID-19 pandemic. As per the “Saubhagya Dekma” policy statement, the Task Force will steer relevant institutions to increase production in innovative ways. It will also take measures to distribute products in liaising with all institutions while paying attention to the activities undertaken by the health and education task forces to maintain normalcy in the civilian life. The scope and the responsibilities of the Task Force in charge of Economic Revival and Poverty Eradication will be announced soon.

**Impact of COVID-19 and Curfew**

The implementation of the curfew has affected all sectors of the economy including food and agriculture. It has impacted both supply and demand for essential products in the market:

- **Food Security**: Sri Lanka’s current paddy/rice stock is sufficient for another 7-8 months (excluding the Yala 2020 harvest, for which the planting season is on-going). The total annual maize requirement for poultry is adequate for a couple of months. Broiler chicken meat production in April will be drastically dropped up to 12,000 MT from 19,500 MT, while broiler chicks have been destroyed and broiler parents have been culled prematurely. Farmers are selling layers due to high price of raw materials and the stock of eggs is getting reduced. Sri Lanka annually imports USD1.3 billion in food items, including wheat and wheat flour, sugar, edible oil, milk powder, cereals, fish and meat products. Shortages of red lentils and turmeric is visible while price ceilings and controls on essential food items are in force. Border closures and/or logistics breakdowns can significantly impact food security.

- **Access to food**: The immediate impact of the curfew has been to threaten economic hardship for many vulnerable groups in Sri Lanka, including women and youth. Employment levels especially in the informal sector have dropped, leaving many without access to income. On the supply side, the rapid imposition of the curfew to prevent further spread of the virus has disrupted supply chains and
lowered access to basic essentials. Government has stepped in to support the distribution of food and to increase cash and food transfers to the most needy.

- **Perishable Goods:** Demand for milk, curd, sugar and branded oils have increased, caused both by disruptions to supply chains and households buying more in anticipation of shortages. The movement restrictions among districts have resulted in serious challenges for farmers to dispense with their stock of vegetables and fish, even though curfew permits are given to traders. Although reliable production data is not available, reduction in availability of casual labor (on account of lockdown and return of workers to their villages) for harvesting and transport has resulted in spiking demand and some price escalation. Home gardens are being promoted wherever possible nationwide.

- **E-commerce:** Prior to COVID, several of the larger supermarket chains had online purchasing / home delivery systems, though this represented only a very small (<5%) of their trade, and furthermore, purchases of produce from supermarkets nationwide only makes up 20 percent of all food purchases which is typically from open markets or small stores. The imposition of the curfew led to a massive increase in the demand for online/home delivery services which far exceeded the capacity of existing systems. The online demand for essential commodities remains high. The capacity of systems has been improved, plus numerous semi-formal systems have emerged (eg via WhatsApp, SMS and phone ordering).

- **Primary Designated Economic Centers:** On April 6, it was announced that designated Economic Centers, which serve as regional wholesale markets for trade in agricultural produce, would be closed. An alternative system has been functioning, with Sri Lanka’s Civil Defense Force buying produce directly from farmers, then distributing it across the country, based on demands from Divisional Secretaries.

- **Food prices:** There has been a two-fold impact due to supply chain disruption: a crash in the farm-gate prices affecting farmers, and a surge in consumer demand leading to increase in prices. The prices of major food products increased by between 0.4% to 31.2% between February 14 and April 4, 2020 (Table 2).

*Actions Needed*

**Immediate term (over the next 3 months):**

- Gradual restoring the functioning of various marketing channels through selected relaxation of curfew measures while maintaining social distancing, with possible financial support to enable traders and other market participants to resume activities;

- Financial support to farmers / fishers to recoup losses and plan/invest for Yala 2020 season and reorient production towards critical food crops identified by government: green gram, black gram, maize, kollu, onion (big/red), green chilies, potato, cowpea, finger millet, soya bean, ground nut, ginger, and turmeric; and
• Support to private sector including Farmer Producer Organizations to organize purchase and sales. SMEs in the sector, both those oriented towards domestic and international markets, made need additional financial support to reduce cashflow constraints.

Medium term

• **Policy push for food security.** Driven by concerns of possible trade restrictions imposed by exporting countries for a number of critical foods that Sri Lanka currently imports, the Government is promoting a policy to increase domestic food production for import substitution. A package of policy measures, including free or subsidized seeds and fertilizer, guaranteed purchase prices and subsidized insurance, are being implemented to incentivize farmers to grow a list of 14 strategic crops. The land required for this will largely come from land currently under paddy production, which will require the amendment of the Paddy Lands Act (which currently restricts certain arable lands for paddy). Seed production will also need to be ramped up to meet increased demand. Irrespective of COVID-19 and as per the President’s manifesto, there is push for Sri Lanka to move towards food self-sufficiency. This is longer term agenda which will require a package of policy measures and investments, including improved capacity and management of strategic reserves, improved research and extension capacity for specific crops. At the same time, the government remains committed to promoting export agriculture and increased agriculture productivity, which will require further investment in productive infrastructure (local roads, irrigation etc.) and a prominent role for the private sector to support development of robust value chains.

• **Home based food crop cultivation program.** Related to moving towards increased production of food, the “One million Home Gardens” program has been launched by Government in the wake of the COVID-19 crisis. This program will be implemented by MOA jointly with the other relevant agencies and ongoing projects recognizing the household as the primary economic unit. The focus is to improve backyard economy with crops, animal husbandry and fisheries. Provision of seed and planting materials with an advisory package is promoted under this program.

Strengthening value chains:

- **E-marketing.** Support online decentralized purchase/procurement; and dedicated economic centers will need to take up counterparty risks (the responsibility of covering for any default by either by the buyer/seller), to reinforce the confidence of buyers and sellers in this e-platform.

- **Enhanced market information and intelligence services.** The capacity of the DOA and HKARTI to undertake improved market information and intelligence activities must be augmented. The support will help the government to (i) make frequent and systematic monitoring of crops production and yield, (ii) strengthen mechanisms for improved short to medium term production and price forecasts across a range of commodities, and (iii) disseminate the market information and intelligence widely to project beneficiaries and to other value chain participants.

- **Strengthen agri-logistics.** A more comprehensive approach to agri-logistics needs to be developed, including for domestic supply chains and for import/export facilitation. The country lacks adequate warehousing and logistics infrastructure to facilitate efficient supply
chain services for its key exports including perishable products. It is highlighted that for perishable fruits, vegetables, processed food and other products which require special conditions, storage and transportation facilities are limited. The lack of a cold chain management system in the country has hindered the opportunities for export expansion – particularly in the fisheries sector.

- **Strengthen Farmer Producer Organizations.** Apart from providing immediate mobility support for agri-logistics, there is a need to strengthen the human capital of the FPOs to improve their competitiveness, facilitate market access, and integration with formal value chains.

- **Livestock and Fisheries:** One Health approaches to zoonotic diseases need to be implemented including improved surveillance, detection and responses to zoonotic diseases in both livestock and wild animal populations. Fund was included under the COVID-19 Emergency Response and Health Systems Preparedness Project to work with the Animal Production and Health department to improve capacity in this respect. In the fisheries sector, which provides employment to 580,000 people and contribute to the livelihoods of some two million people, fishing and marketing activities have been impacted. Therefore, it is essential that fish production be resumed and constraints along the supply chain be removed.

**World Bank Response**

**The Bank is re-aligning its portfolio to support the food system in the short term and medium term through input supply, SME revival and infrastructure development.** The Bank’s specific response to address priorities such as food security, livelihoods and One Health and to deal with the current crisis as well as reducing the probability/impact of future crises includes:

- Regional monitoring, data collection, and analysis on food security (with FAO);
- Design of new activities/components and potential prior actions on One Health under the Bank’s COVID-19 Strategic Preparedness and Response Program;
- Prioritization and scale up of existing project components focused on food security, economic impact mitigation (livelihoods/income generation) and/or One Health support; and
- Deploy CERCs and / or partial cancellations as necessary.

Maintaining food security will require special attention to: (i) ensure functioning food markets and value chains (locally and nationally); (ii) security of farmers; (iii) on the supply side, safeguard production of the next agricultural season (input and labor supply); and (iv) on the demand side, maintain purchasing power, through incomes and social protection measures of the rural and urban poor, including the large informal sector. As evidenced during past outbreaks (Ebola, SARS, and MERS), vulnerable populations – including children, women, the elderly, and the poor – face the deepest impacts in terms of food and nutrition security.

In Sri Lanka two of the World Bank investment projects in agriculture focus on sustaining diversified production portfolio of smallholders alongside building market-linkages for agri-business promotion. Addressing the supply-chain disruptions will be critical for influencing policy shifts to address challenges triggered by the COVID-19 pandemic.
• **Climate Smart Irrigated Agriculture Project (CSIAP) – Restructuring is not required**

The objective of the project is to improve the productivity and climate resilience of smallholder agriculture in selected climatically vulnerable hotspot areas. A recent Bank mission recommended the Project Management Unit ramp up the project support for food security (food supply chains, farm inputs through production to consumer market); and incomes/livelihoods of over 50,000 farm families through the Yala 2020 cultivation that will commence in April 2020. The total cost will amount to $6 million which could be absorbed under Component 1 of CSIAP. Additional Financing could be done at the planned MTR in May 2021. CSIAP also has CERC component which the GoSL is expected to trigger soon for health priorities.

The following activities are proposed:

**Short-Term.**

• To ensure smooth operation of agriculture and food supply chain, Farmer Organizations in the hotspot areas could supply their production to dedicated economic centers on behalf of their members and assist the traders with farmers as laborers to distribute them offline to houses. Project could maintain a database of farmers and the delivery system to ensure safety and security. Effects on farm including cost of transporting produce to selling points and sales loss, impact on the availability of farm workers, access to farm inputs needed for next season are being discussed with PTF. This proposal is also being discussed at district level.

• 11 villages have been identified under this program to cultivate 1,200 ha of groundnut, maize, mung bean, sesame, red onion, big onion, chili and ginger and more than 1,100 home gardens will be developed in late April 2020, where these farm families are not benefited under existing government programs.

**Medium-Term**

• Extend the project support to start CSA techniques and practices, in addition to the government incentives, cultivate 1,600 ha of groundnut, maize, mung bean, sesame, red onion, big onion, chili and ginger in the Yala 2020 in all tanks in the hotspot areas where water is available. Such an acceleration of project activities is expected to produce additional supply of food grains, pulses, and oilseeds in the medium term. Besides Food security is ensured through encouraging farmers to grow more short-term vegetables in their homestead gardening as well wherever the water is available. Production details are being collected by provincial Deputy Project Directors of CSIAP.

• Support construction/establishment of about 6 modern food storage facilities, as per the completed Hotspot Area Agriculture Development Plans:
  o support both on-farm and off-farm storage facilities and cold storage facilities, mainly for fruits, vegetables and fish.
  o Encourage these facilities to use modern/long-term grain quality preservation methods without the use of any chemical/pesticides to increase their shelf life.
  o Support smaller village level storage facilities to meet needs of improvised households, women-headed vulnerable households, which can be in the form of a food-based social safety net program.
- provide training in the design / proper management of storage facilities and explore the private sector investments through Public-Private Partnership models to fund/operate these storage facilities.

- **Agriculture Sector Modernization Project (ASMP). – restructuring on-going**

Pre-COVID19, the implementing agencies had requested the Ministry of Finance for a restructuring of the project following the MTR completed in October 2019. On April 27, 2020, the National Planning Department gave the approval in principle for the restructuring however with a request to focus more specifically on both crops which either have export potential or are import substitutes. This complements the actions that are already been taken under the project to support the country’s COVID-19 response as below.

The project will support Government focus on 14 important crops with some funds already redirected to meet costs of Yala season planting with existing smallholder farmer groups. This has been targeted at land which is under rotation (for example in the cucumber production scheme in Batticaloa) and also maximizing the use of intercropping in the farmer clusters supporting perennials. Support to participating agricultural SMEs is also under discussion to enable them to maintain business activities and ensure that the project investments in SMEs can quickly recover once restrictions on production and marketing are eased. The project also includes an infrastructure component, which can be accelerated based on Cluster Development Plans which are due to be finalized by June 2020. Funding under the policy sub-component can also be mobilized quickly to support government to develop approaches for meeting new priorities, including on development of strategic reserves, developing warehousing and enhancing research and development capacities.

**Risk/impacts in SAR**

**Food Stocks**

- **No current issues ... stocks may deplete as supply chains are disrupted**

*Domestic Production.* Farm activities/labor designated essential across region, but health risks discouraging farm labor

- **Bangladesh** - labor shortages for Boro rice harvest exacerbated - GoB investing in emergency mechanization
- **India** - significant reverse migration affecting availability of farm labor; social distancing, leading to staggered harvest (extended period) may cause machinery shortages and will exacerbate labor shortages in key producing states
- **Bhutan** - facing farm input shortages
- **Pakistan** - while harvest predictions favorable, risk due to desert locust plague

*Supply Chains & Domestic Logistics.* Movement of goods and people (traders) to farms (inputs) and markets (food) curtailed:

- **Bangladesh** - 14% of low-income people do not have food (from survey) while half of daily produce not getting to market, bringing huge loss for dairy farmers

*Public Food Distribution Enhanced across region*
• **Bhutan** - Food Corporation started stocking food in multipurpose halls of schools and institutions, but remoteness of localities will likely impact local food distribution.

• **India** - already extended access by 3 months. Issues of coverage: eligibility determined by 2011 census, inclusion of new poor/near-poor including COVID impacted; and fiscal space/impact: union and state governments Media reports of "hunger" hotspots - migrant workers without food (loss of livelihood, no PDS card etc...).

*International Trade & Logistics*

• India - no export restrictions, but ~500,000MT of rice exports stuck at ports/pipeline due to labor & domestic supply chain disruptions. Affects Nepal, Bangladesh (Senegal, Benin, Middle East).

• Afghanistan - imports ~ 2.5 million mt wheat/yr = 40% of its domestic needs, at risk due to border/logistics challenges

• Pakistan - Hatchery operators unable to import brood stock for shrimp, tilapia or groupers

• Bhutan - close of border will soon affect availability of meat and meat products.

*Wholesale Markets*

• India - Supply bottlenecks, with partial & full closure of APMC markets has farmgate and wholesale prices (ie Punjab: vegetable prices fell from Rs 15 to 1 /kg)

• Bangladesh - Dairy and Poultry price of feed but demand from processors/consumers market access

*Retail Markets*

• Sri Lanka - panic buying, online retail collapse and issues with offline supply of perishables

• Nepal - shortages (esp. poor HHs living on daily wages) due to hoarding, supply disruptions

• Afghanistan - Wheat, wheat flour and sugar prices increased significantly

• India - offline markets closed / online markets thriving, with consumer preference shifting to e-commerce. However, overall, access to food reduced. Staple prices: wheat ↑15 –30%; Pulses ↑20–55%; Onion/Potato ↑80–100%; poultry/eggs/fish steep ↓ due to unfounded COVID rumors

*Key Country Messages*

• **Afghanistan** - Bank portfolio re-aligning to address the immediate food security challenge, however, the risk is enormous. Further actions are needed to arrange for wheat importation, provide inputs to the farmers, address pest infestation and support agribusiness firms

• **Bangladesh** – Bank portfolio realignment to provide food and grants transfer, subsidized inputs and support the animal health for the country. Further provision should be made to support the dairy industry through subsidized feed, grants to local off-takers

• **Bhutan** – Bank portfolio re-aligned to support food distribution in the short term and enhance food production in the medium term through inputs supply and irrigation
• **Nepal** – Bank portfolio/pipeline well positioned to support the Government addressing immediate and long-term needs. Planned support includes animal health under one health, livestock breed improvement and inputs supply.

• **Pakistan** – Repurposing existing portfolio, plus actions to safeguard overall positive food security position including monitoring risks; swift action on locust plague & operational room for additional rural and food system actions not currently covered by repurposing. This includes support to farmers for productive inputs, market access management, rural infrastructure (especially for sanitation) and strengthening federal coordination and monitoring.

• **Sri Lanka** – Supporting GoSL’s accelerated food production program to overcome potential food shortages. Bank portfolio re-aligned to support food distribution and enhance food production through input supply, SME revival and irrigation infrastructure development.

• **India. Pipeline.** Welcome inclusion of food security aspects in all three Emergency COVID operations:
  
  o **Health** Ready to work with health team to design joint human/animal health component “One Health”. Also exploring standalone pipeline project to build animal health system capacity.
  
  o **SP** Public food distribution: discrepancy in views on current coverage of PDS (2011 census versus current poor and new COVID poor); we are ready to help activate collectives (SHGs, etc.) to monitor/expand (?) eligibility. Also, can support go beyond farmers that are landowners?
  
  o **MSEs** – welcome inclusion in project team... exploring support for food supply MSEs (farmers, rural non-farm, feed supply MSEs, urban food, etc).
  
  o **Portfolio: 16 projects** ($3.3B; $2.5B undisbursed). Refocusing implementation on COVID priorities: production, access to labor and inputs, community storage, marketing, livestock health.
  
  o **14 state projects.** Proposing state-wide portfolio approach, led by state partnership coordinator, or CMU-endorsed state focal point; welcome DEA views on priority COVID activities for “wholesale” approach to use of advances/CERCs/etc.
  
  o **Livelihoods projects** (1 national, 4 state) Already refocusing and ramping up to respond to COVID: SHGs do rural finance, food kitchens, PPE production, micro agri, etc. Given project flexibility; formal restructuring not currently required - proposing to keep existing project resources intact.
1. **What the countries with the most critical food security needs?**

The recent meeting of the Food Crisis Prevention Network (RPCA) in West Africa identified the following food insecurity hotspots in SAFA 1 countries: Nigeria, Sierra Leone, Liberia.

In addition, the SAFA1 team considers the food security situation also critical in Cameroon (which is not considered by RPCA).

2. **What is the food security situation in the countries?**
3. Does the government have a plan?
In Liberia, the Government has implemented measures to ensure that food supply chains are kept alive domestically, to mitigate the risk of large shocks that would have a considerable impact on the population, especially on the poor and the most vulnerable. Although disruptions in the food supply chain are still minimal so far, challenges have been already experienced in terms of logistics. The declaration of State of Emergency by the Government of Liberia (GoL) has further put pressure on food supply. GoL has embarked on a national mitigation plan to protect livelihoods, enhance national food security, enable faster recovery and lay the foundation for agriculture value chains to generate more and better jobs. GoL is developing a mitigation mechanism to reduce the impact on local communities, especially farmers. A contingency plan of US$19.5 million has been proposed by GoL to ensure continuous livelihood activities bearing in mind the implementation of health protocols including social distancing.

In Sierra Leone, movement restrictions did not exempt the food sector, food markets have been closed and it is unclear whether input distribution for the current growing seasons are reaching their destinations. The Government has developed a preparedness plan for food security under COVID19 crisis of approximatively US$1 million to: (i) Strengthen the Agricultural Market Information System (AMIS) for a real-time food supply chain and price monitoring system for key food items and (ii) support domestic production of rice and other staple crops (through distribution of inputs to farmers and support to land preparation via mechanization).

In Nigeria, the general government response consists of a range of actions that have strived to take the food security context into account. Commercial establishments involved in food processing, food distribution and retailing are exempted from the movement restrictions. However, it’s not clear whether important informal wet markets and non-commercial supply chains are offered the same protections and it is not clear whether the input supply chain for seeds, fertilizers, and agro-chemicals – critical for the upcoming planting season – gets the same protections. The government announced a 3-month moratorium suspending repayment of loans offered through its special credit programs to assist farmers and micro-borrowers in agribusiness (traders, cooperatives, enterprising youth, agricultural workers) – the “Farmermoni” program. The moratorium also applies to all loans funded by the federal government through the Bank of Agriculture, Bank of Industry, and Export Import Bank.

In Cameroon, businesses involved in food production and distribution were largely exempted from the restrictions of movements with some restrictions (max 50 people in one place). The formulation of a response strategy by the government is ongoing. The WB AG team us engaged in dialogue and expects more clarity by end of week (April 17).

4. Do you have information on what the other donors are doing?
In Liberia, the Minister of Agriculture is coordinating Donor support to the agriculture component of COVID19 response program in Liberia. Active Donors include World Bank, IFAD, WFP, FAO, EU and US Embassy. Specifically, the U.S. Embassy in Liberia has provided approximately US$40 million this year for
assistance to Liberia’s health sector to support Liberia’s response to the COVID-19 pandemic. IFAD is committed to using a share of the US$23 million of Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) funds to support Government response to the COVID crisis.

In Cameroon, coordination among donors on COVID19 response is not well organized in the AG sector. The WB team is engaging with FAO (donor working group lead) to set next steps to improve the situation.

No information is currently available on other donors’ involvement in Sierra Leone and Nigeria.

5. What are the options for the World Bank to provide support?

In Liberia, the Bank is responding through two windows under the on-going Smallholder Transformation and Agricultural Restoration Project (STAR-P). The first is by fast tracking activities under the current Financing Agreement and the second window through activation of the Contingency Emergency Response Component to the tune of about $7.5 million. This support aims to support GoL to meet the immediate food needs of her vulnerable populations, keep the domestic supply chain gears moving and support smallholder farmers’ ability to increase food production.

In Sierra Leone, the ongoing Smallholder Commercialization and agribusiness Development Project (SCADEp – P153437 – US$40 million) is aligned with the GoSL response plan and has already supported the government with the distribution of large quantities of improved rice. The project is in discussion with the GoSL to realign its interventions to address the pressing challenges, through the activation of the CERC if need be. The planned input voucher scheme could also be fast-tracked and piloted under the emergency support program to facilitate the distribution of inputs. 3 Prior actions on Agriculture have been included in the emergency DPO (P169498) to facilitate access to (i) seeds and (ii) fertilizers and (iii) support local rice production.

In Nigeria, the agricultural team will be involved in a multisectoral PforR (with SP, FCI, and Water) to protect livelihoods and support local economic activity (between $500m and $700m, September Board date). The ag interventions would heavily build on the FADAMA project that closed in December 2019. It’s been proven to deliver livelihoods support for over 2 decades, it’s well understood by the states and federal government, and it has the confidence of the target people whose livelihoods we are protecting.

In Cameroon, two Agriculture related responses are being discussed to tackle the combined COVID-19 and food insecurity challenges: (i) Crops: Accelerate implementation of existing operations and possibly modifying/scaling up to support SMEs and improve food security. Candidate for potential additional finance includes the ongoing Agriculture Investment and Market Development Project to support key agriculture value chain for food security and nutrition (sorghum, maize and cassava). (ii) Livestock response. Activation of the CERC of the Livestock Development Project and reallocation of funds (amount to be determined, possibly $50 million) to finance emergency activities related to the COVID19 outbreak, to ensure availability of food security and nutrition at household level, and to support the private sector operators in optimizing key value chains for food security.

The agriculture team in Côte d’Ivoire is considering emergency actions in three key value chains: cashew, poultry and rice. Support to the cashew value chain will be carried out by supporting the Cotton and Cashew Council for the purchase from small producers of 200,000 tons of Raw Cashew Nuts for local
processors and exporters through a restructuring of the Cashew VC Competitiveness Project (P158810). The support to the poultry and rice value chains will be ensured through an acceleration in the preparation of the Agri-food Sector Development Project (P171613). The activities will include: (i) the promotion of local rice production through improved access to inputs, finance and commercialization; (ii) the support to poultry production systems; and (iii) an overall strengthening of the national food safety system. Part of this proposed financing will be retroactive to address urgent needs in the targeted value chains. Overall, an allocation of $70 million for this COVID plan will secure the revenues of 320,000 farmers and maintain 5,000 jobs in local processing units.

To complement immediate support to the agri-food sector in Guinea provided by the ongoing Guinea Integrated Agricultural Development Project (PDAIG-P164326), the Commercial Agriculture Development Project (PDAC - P164184) will be refocused during negotiations to support livelihoods and protect jobs in the agri-food sector. The project will contribute (US$7 million) to a guarantee system established under PRECOP (P164283) to facilitate access to finance for SMEs in the agri-food sector, supporting business continuity along the agri-food supply chains. An additional allocation of US$10 million under the CERC component will complement activities implemented under the PDAIG to support farmers and farmers associations in ensuring production and marketing of agricultural products. Others activities of the PDAC will also contribute to protecting households such as: (i) the rehabilitation of rural roads through Labor Intensive Public Works estimated to create 4 million days of work and allow distribution of about US$ 1.2 million to participants in the first year; (ii) support to agribusinesses along the value-chains through the Dedicated Financing Facility expected to support at least 1,200 businesses and 25,000 direct agricultural and agro-industrial jobs.
Updates from SAFA2

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<tr>
<th>Country</th>
<th>Price / quantity impacts</th>
<th>Policy measures</th>
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<tr>
<td>Burundi</td>
<td>Staple food (maize, rice and beans) is mainly affected with price hikes since the Covid-19 spread in East Africa.</td>
<td>As in several parts of the world, food security in Burundi, a landlocked country, will be at significant risk. This risk stems mainly from the containment efforts being put in place globally and in neighboring countries and could materialize through three channels: (i) negative impacts on incomes as economic activity is paralyzed; (ii) decline in labor productivity and earnings as workers are unable to work normally; and (iii) trade disruptions that interrupt food or input supply chains (lower access to market, price hikes, etc). The WBG will be assisting the government of the Republic of Burundi in improving local food systems, food security and nutrition in triggering CERCs of some ongoing operations among which the Social Safety Net Project (P158835, under SPJ G.P) as well as in refocusing two ongoing agricultural operations (The Great Lakes Region Integrated Agricultural Development Project, GLRIADP-P16178, and the Coffee Sector Competitiveness Support Project CSCSP-P151869) that seek to improve food security in terms of quantity and quality of food produced and/or by providing incomes to the farmers to enable them to meet essential needs and services like food, health and education. So, attention needs to be given to protect or restore well-functioning food supply chains. In addition to the Covid-19 impact, the Western and South Western areas of the country have been hit hard by abundant rainfall causing multiple flooding. The slower pace of imports than usual (due to sanitary controls) from Tanzania (rice and livestock) and from Uganda and Zambia (maize) may also lead to shortages of essential commodities imported from these countries. Thus, the following short-term measures could be proposed: (a) social safety nets, primarily income transfers and possibly also direct food support for the most vulnerable (b) partnership with the private sector to devise mechanisms and protocols to transport agriculture commodities to market and deliver food where needed, in order to address supply chain disruptions; (c) arrange for supply of critical</td>
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agricultural inputs, particularly mineral fertilizers, vegetable and maize seeds, including critical imports such as small agricultural machinery.

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<th>Country</th>
<th>Description</th>
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<td><strong>CAR</strong></td>
<td>Three consecutive weeks of price increases for imported food products, following the border closure. Local food commodities, which previously had stable prices, saw a price increase this week. 60% increase in urban transport costs. See attached WFP bulletin for more details.</td>
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| | Border closure
Central African Republic (CAR), affected by the Covid-19 will be a victim of the recession of international and sub-regional trade since it depends on imports up to 80 percent of which 1/5 consists of food products: rice, edible oil, sugar, milk, fish, chicken, eggs. In order to face this looming food shortage in perspective, the Ministry of Agriculture and Rural Development (MADR) has drawn up an emergency plan with the aim of increasing food production during the current 2020/2021 agricultural campaign. The Plan includes the following three areas of intervention:
- Providing advice and technical training to family farms and monitor the progress of the agricultural campaign;
- Providing family farms with the agricultural inputs necessary to revive and increase the production of food products;
- Facilitating land development and access to agricultural equipment for farmers engaged in a partnership with the private sector and development actors. |
| **Comoros** | Vanilla association has requested the Bank's assistance with finding buyers for unsold cured vanilla. The ongoing decline in vanilla demand is expected to intensify with demand from the US and EU – the two |
| | Border closure for commercial flights;
Mobility limits with evening curfew (8pm – 5am) and passenger limits on public transport buses and taxis (since April 24); |
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<th>Largest markets – sharply dropping due to economic slowdown. Prices of food commodities have increased in local markets over the last two weeks due to COVID-19 restrictions. High prices are expected to continue for the next one month due to seasonal demand spikes due to Ramadan (started April 25). Compliance with government restrictions is incomplete. Restrictions on intra-island transport and wet markets are expected to cause shortages of domestic food products in local markets (bananas, cassava, potatoes, etc.).</th>
<th>Masks have been made mandatory for food sellers on markets since April 24, but difficulties in procuring masks at local level. Green channel being proposed in the Bank’s Emergency DPO to transport food and medicine from the mainland and across islands (inter-island) In order to restrict the prices of basic imported products, the Government issued an order on April 4, placing restrictions on maximum wholesale and retail prices of the following products: sugar, wheat flour, oil, rice, chicken, beef, mineral water, onions, garlic, condensed milk, and tomato paste</th>
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<td><strong>DRC</strong></td>
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<td>The main impact on the food system is the food prices increase in main urban centers (especially Kinshasa) due to the establishment of checkpoints at the entrances / exits of the affected cities. Such checkpoints allow food products to go through, but often requiring informal fees which increase the final food prices and has created volatility in the food supply. The prices increase affects both imported and local foods.</td>
<td>To mitigate the food price increase and avoid a crisis, the government has taken a number of measures including the suspension of taxes on food (local and imported). Food flows (local and imported) will be tax free during the pandemic period. The Bank is currently working on a DPO. The agriculture team has proposed a number of prior actions to avoid a food crisis during this period of crisis due to the coronavirus. Here below are the 2 Policy Actions will be included in the DPO. - To support the lowering of domestic food prices during the pandemic, by exempting, for the duration of the crisis, all agriculture inputs and food products from national taxes Provincial taxes and fees, including those informal fees collected at road checkpoints. - To support the well-functioning of food systems during the pandemic, by declaring all workers of the food system (including farmers, drivers,</td>
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</table>
warehouse employees, food industry employees, food processors, food sellers operating in approved markets, agri-input suppliers, agriculture extension workers, etc.), as essential workers, allowing for them to receive any additional benefits (as the case may be) and to move freely to and from their work place.

**In the context of PARRSA and PICAGL, the following short-term measures as part of the COVID 19 response will be put in place.** These are to: (i) add more resources to the matching grant subcomponent to help generate jobs for women and youth in particular and support MSMEs in the transformation of key value chains such as cassava and milk, (ii) expand and accelerate the distribution of improved seeds and planting material to beneficiaries as well as other inputs in line with good agricultural practices. The 50/50 share in the matching grant will move to 80/20 to reduce the beneficiaries’ contribution.; (iii) (finance an awareness campaign in the areas of intervention of the projects notably through radio, media, churches, markets on COVID19 so the population is aware of the risks, social distancing, and (iv) launch a study which will cover the measures to be taken concerning the post-harvest and the of the production to the markets for each actor concerned.

<table>
<thead>
<tr>
<th>Kenya</th>
<th>The COVID and the Locust Attack put together pose a big threat to the food security situation in the country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>While the impact of the locust is likely to be felt more in the medium to long term (next 3 to 6 months) since it might impact the production and yields in the current</td>
</tr>
<tr>
<td></td>
<td>The increase in prices has been largely due to the constraint in undertaking logistics as a result of the 7 p.m. to 5 a.m curfew imposed by the Government.</td>
</tr>
<tr>
<td></td>
<td>In some cases, it is also taking place due to the closure of some wholesale markets as a precautionary measure by some of the county governments.</td>
</tr>
</tbody>
</table>
cropping season, the COVID crises has contributed to short-term increase in prices of staples like Maize and fresh fruits and vegetables.

<table>
<thead>
<tr>
<th>The Government of Kenya has constituted a County Government Co-ordination and Food Supply Working Group to monitor food supply and target food-insecure households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Group has taken decisions:</td>
</tr>
<tr>
<td>o Agriculture markets to remain open to the extent that they comply with social distancing, provision of water and soap for hand washing or sanitizers (<a href="https://kilimonews.co.ke/agriculture-policy/munya-assures-of-enough-food-and-unrestricted-farm-produce-transport/">https://kilimonews.co.ke/agriculture-policy/munya-assures-of-enough-food-and-unrestricted-farm-produce-transport/</a>).</td>
</tr>
<tr>
<td>o Transportation of all food stuff had been included as part of essential services and it has been agreed with the Ministry of Interior that despite the curfew, farm produce should be transported any time whether during the day or at night.</td>
</tr>
<tr>
<td>o All counties have also suspended payment of cess on food stuff and transportation of the same</td>
</tr>
<tr>
<td>Working Group planned actions:</td>
</tr>
<tr>
<td>o The Ministry of Agriculture is creating a “War Room” to monitor and track the food security situation in the country on a day to day basis. They are working with closely with the county governments to make sure that they have the most reliable and updated data regarding the supply side situation in terms of the availability of key staples like Maize, Millets, Sugar and other key food items</td>
</tr>
<tr>
<td>o They plan to identify and build the database of 1 million households or 5 million people that constitute 36 % of the population that have been classified as below poverty line and are “food insecure”. They plan to map them to 6 key locations – Nairobi, Mombasa, Siaya, Kilifi, Kwale and Kajiado and be prepared for roll out of the support programs if needed</td>
</tr>
<tr>
<td>Working Group challenges:</td>
</tr>
</tbody>
</table>
- Ensuring that the food supply chain including the agriculture markets function normally given the night curfew and other restrictions continues to be a big challenge. This would mean that ensuring that the food prices are stable will be very tough.
- Tracking the Food Supply/Food stock for key commodities like Maize, Wheat, Rice and Millets would be a huge challenge given the almost non-existent Agriculture Statistics capacity within the Government. The government has often not been able to track the exact status of food stocks as a result and thus creating a robust mechanism to track such data in short span of time will be a big challenge.
- Identifying the “food insecure” households in a short span of time would be a challenge for the Government. Similarly, trying to distribute food instead of cash would be even more difficult in this context.

### Madagascar

<table>
<thead>
<tr>
<th>Government estimates production gap at 160 000 tons of milled rice, to be produced on 300 000 ha of land.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to lockdown, transport restriction, perishable products (milk, eggs, fishes, chicken) could not be transported to urban cities, this significantly impacted small producers and SMEs in agribusiness (no clear data to date)</td>
</tr>
<tr>
<td>No clear data but due to urban exodus, the food system in rural area could be affected negatively.</td>
</tr>
</tbody>
</table>

Ministry of Agriculture currently conducting a needs assessment by collecting data; we expect to receive the results next week.

**Measures taken include:**

- Ad-hoc measure, a state structure purchased directly perishable products (milk, eggs, fishes) to cope with the loss of producers due to lockdown
- Boost rice local production by promoting high-yield improved varieties coupled with the use of mineral fertilizers. All rural development donors and partners were requested to contribute to these two specific actions.
- For the other agriculture value chains, the government response will be channeled through a structure of certified input providers that will be subsidized with use of digital payment “e-voucher”.
- Promote alternative source of income for rural people, including temporary cash for work type of activities.
A more detailed response action plan will be shared with rural development donors and partners next week.

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
<th>Recommendation</th>
</tr>
</thead>
</table>
| Mozambique       | Rainy season was reasonable in the central and northern parts of the country – which should lead to a good harvest
                  | Food shortages may be severe in areas with low rainfall, especially drought prone areas such as Mabalone, Chigubo, Chicualacuila, etc. Where lack of good roads and possible water scarcity may pose additional challenges
                  | Food-corridor through the border with South Africa remains operational, protecting Maputo from food shortages
                  | In general, major cities should suffer less if the corridors continue functioning, with Lichinga, Montepuez and possibly Tete being the only bigger ones with additional challenges due to transport and location |
| Republic of Congo| Sixty percent of cases are in urban areas. Disruption in imports of key food products and intermediary goods is adding to inflationary pressures and threatening food security. According to the World Food Program, there are pressures on retail prices for basic food items. The COVID-19 outbreak has disrupted cross-border trade, especially products imported from
                  | **Government response:** Several measures have been put in place including the state of emergency, confinement of people, and border closures. A task force convened by the Prime Minister provided recommendations to address food security. The government has agreed to accelerate customs clearance procedures for basic food items. The ministry of Commerce relaxed on April 15, 2020 the social distance restriction measures on state-owned markets, allowing traders of shops and stores to sell each day essential and non-essential products. This decision is in conflict with an earlier decision by the Prime Minister to reduce
Cameroon. Normal supply of markets is hampered by restrictions on the movement of people and goods and the tightening of controls at the country’s borders. Taxis are no longer available to transport food to and from markets. Informal checkpoints have become more burdensome to market actors. The purchasing power of households in Brazzaville has significantly dropped. Sellers report a sharp drop in the number of customers at food markets. By decree, markets are now open 3 days out of 7. The biggest constraint for sellers is the weak demand and the change in its structure (shift between essential and non-essential products). One of the consequences is a low profit margin. The proportion of people living below the international poverty line is expected to increase from 40 percent to 43 percent over 2020-2022, if the social and economic crisis is not contained.

**World Bank and partners:** WFP and UNICEF are investing in food coupons and child nutrition programs. The WB Commercial Agriculture Project is implementing 2 special matching grant financing rounds geared at MSMEs and producer organizations impacted by the crisis. The first of these rounds will reach over 700 producer organizations. The project is also financing labor-intensive rural roads rehabilitation and food safety measures targeted at large urban markets. The government has requested activation of the CERC to address further food security concerns.

| Rwanda | Cameroon. Normal supply of markets is hampered by restrictions on the movement of people and goods and the tightening of controls at the country’s borders. Taxis are no longer available to transport food to and from markets. Informal checkpoints have become more burdensome to market actors. The purchasing power of households in Brazzaville has significantly dropped. Sellers report a sharp drop in the number of customers at food markets. By decree, markets are now open 3 days out of 7. The biggest constraint for sellers is the weak demand and the change in its structure (shift between essential and non-essential products). One of the consequences is a low profit margin. The proportion of people living below the international poverty line is expected to increase from 40 percent to 43 percent over 2020-2022, if the social and economic crisis is not contained. | Borders and airports closure, only open to Rwandans and residents returning home, and foreigners returning to their home countries. Those returning in Rwanda go into a 14-day institutional quarantine upon arrival. Full lockdown observed in all Rwanda since March 21st (current planned end is April 30th, extension or not will be announced by the Government close to that date). Agriculture related activities have been included among allowed essential services. These include farming, agriculture inputs shops (agro-dealer shops),... |
traders/buyers have relatively unrestricted movement and are able to buy grain from cooperatives/larger farmers freely, this is not the case for informal vegetable producers and sellers in Kigali and other urban areas.

transport of farm-produce, food markets and provision of agriculture extension services. Social distancing is to be complied with.

- The Government is considering expansion of its social protection programs to cover additional vulnerable people, and has already started distributing food from its strategic food reserves and sanitary items to support the most vulnerable because of the covid-19 pandemic, and
- Since mid-April, the Government owned airline, RwandAir is operating one cargo flight every week to facilitate exports to Europe (Belgium and UK), including fresh horticulture produce. However, the flight capacity varies from 35 to 45 tons of horticulture products compared the current weekly demand of over 90 tons (expected to increase to around 140 tons from end of May), and airfreight cost has increased by over 50%.
  - Government is negotiating with Ethiopian Airlines to add at least one additional weekly flight to satisfy the demand.
- A Development Partners (DP) expert group, including the Bank, is supporting the Ministry of Agriculture to develop a post COVID-19 strategy for the agriculture sector.

- The WBG response:
  - Through the Sustainable Agricultural Intensification and Food Security Project (SAIP) will provide support to the National Agency in charge of agriculture export (NAEB) to maintain current levels of exports and to help cooperatives of horticulture growers to face increased airfreight and other logistics costs as a result of covid-19 and lockdown.
  - The Bank existing Social Protection project is being adjusted to be Covid-19 responsive

The Bank has also approved a $14.25 million funding to implement the covid-19 emergency response project. Additionally, to help cushion covid-19’s fiscal and macro-economic impact; a DPO of $100 million (supplemental energy program) is being processed and an emergency DPO of about the same amount ($100 million) is being discussed.

1. The COVID-19 pandemic has impacted on several sectors. In the Agriculture sector, significant effects will be in the food systems (cost and availability) and production. While food may be available, getting it to the market, and the diminishing purchasing power to meet household food needs will be a challenge. Average households in SSA spend 50 percent of their expenditure on food purchase. A recent assessment by BRAC International indicated that in Uganda, the main sources of food for households are purchase (51 percent); own production (17 percent); and own production and purchase (30 percent). Through the lockdown that has significantly affected informal businesses and employment, COVID-19 has significantly impacted household incomes. Government has responded to this by distributing food to affected households mainly in Kampala and other urban areas as a short-term measure.

2. The associated containment measures for COVID-19 including transport restrictions, night curfews and restrictions in labor movements are impeding farmers’ access to input and output markets, curbing productive capacities and denying points of sale for produce. Already, farm gate prices especially for perishable agricultural products such as milk and poultry products have dropped. Poultry farmers are stuck with broiler chicken and eggs. This status-quo applies to all other perishable products such as vegetables and fruits. Transport of produce such as maize from aggregation points, and repatriation of produce from production areas have become costlier because trailers which would normally ferry goods such as cement in one direction travel back empty. To maintain social distancing, food processors have laid off staff and only a few are operating with a full staff. Others have been hit by disrupted supplies of raw materials, packaging and spares, and are facing distribution problems.

3. In view of the current agricultural production season, the impact of COVID-19 has been exacerbated by the threat of the Desert Locust (DL) invasion of several production areas in the east and north, and the fall army worm (FAW) infestation in several areas of the country. The impact of COVID-19 on incomes means many farmers are cautious and agro-inputs markets have been affected significantly with marked reductions in purchases. Some of the major suppliers of inputs such as seeds report sales as low as 20 percent. With the reported drop in agricultural production of three (3) percent reported in the first quarter of this financial year, agricultural production has already drastically slowed down and yet the demand for food continues to increase.
4. To jerk-up agricultural production and effective demand deliberate steps are needed. Investments in stallholder farmers can help revive food production and create jobs following a crisis and enable rural communities to recover. Increasing agricultural production through technology driven productivity will ensure food and nutrition security. The resultant increases in household incomes will be key in improving livelihoods of most rural and farming communities; create employment opportunities for people engaged in various economic activities along the agricultural value chains; supply raw materials to Uganda’s agro-industries; and increase export earnings for both individuals and the country. To achieve the following actions will be critical:

a. Implementing adequate social protection measures, such as cash transfers, and investing in early recovery efforts in response to COVID-19 is critical to assure food security by providing purchasing power thereby putting money in the economy;

b. Expand the coverage of the e-voucher scheme beyond the districts currently participating in the Agriculture Cluster Development Project (ACDP) to improve targeting of government support to provide agro-inputs to farmers for increased productivity at the farm level;

c. Establish an integrated Pest Management Plan with implementation structures at the local government level, and its dedicated financing in Government’s annual budget for the control of climate-change driven migratory pests such as the DL and FAW whose infestations reverse agricultural productivity gains achieved; and

d. Identify blockages to internal trade in agricultural produce which are hampering smallholder access to wholesale/retail markets, recommending action to remove them. While agriculture and its food-related logistic services are considered as essential services in the current lockdown, increased efforts are needed to ensure that food value chains function well and promote production.
Food Security Situation in Senegal, Mauritania, Cabo Verde, The Gambia and Bissau Guinea - SAFA4 Countries

1. Food Security Situation in the Countries

Population falling under food insecurity following last harvest deficit

- In Senegal CMU (Senegal, Mauritania, Cabo Verde, The Gambia and Bissau Guinea), the population affected by food insecurity is estimated at 1.7 million by the Food Crisis Prevention Network from March to August 2020 because last harvest deficit (table 1). Adding to COVID-19 pandemic impact, the number of people to be affected by food insecurity will be much higher given particularly households driving their income from informal sector (small trade, tourism related activities like craft, restauration, transport etc.), agro-processing and remittance may face a decrease of income and consequently a lower purchasing power.

Table 1: Estimation of population affected by food insecurity risk

<table>
<thead>
<tr>
<th>Countries</th>
<th>From March to May 2020</th>
<th>From June to August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Crisis</td>
<td>Emergency</td>
</tr>
<tr>
<td>Senegal</td>
<td>436,650</td>
<td>-</td>
</tr>
<tr>
<td>Mauritania</td>
<td>-</td>
<td>542,194</td>
</tr>
<tr>
<td>The Gambia</td>
<td>81,976</td>
<td>-</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>-</td>
<td>10,012</td>
</tr>
<tr>
<td>Guinea Bissau</td>
<td>-</td>
<td>67,767</td>
</tr>
<tr>
<td>Total</td>
<td>518,626</td>
<td>518,626</td>
</tr>
</tbody>
</table>

Source: Food Crisis Prevention Network, April 2020

Food stocks available in countries

- In Senegal
  - According to country statistic, total cereals production amounted at 2,889,022 MT, a 15% increase compared to 2018. Groundnut production was estimated at 1,502,174 MT, a 7% increase compared to previous year.
  - With 140,000 MT of imported rice in stock, 250,000 MT imported received on April 20, 2020; 17,000 MT of domestic rice on stock and 180,000 MT of local irrigated rice to be harvested by June, the country has a sufficient stock of rice that could cover needs up to end September 2020 with an average consumption of 85,000 MT per month. However, current Government food distribution program in response to COVID-19 may create some market disruption.
Imports of major consumed horticultural crops including onion, potatoes and carrot were banned since January and up to September 2020, to promote consumption of local production being harvested estimated at 140,000 MT for potatoes, 500,000 MT for onion and 18,600 MT for carrot. These domestic horticultural productions are enough to cover country consumption needs estimated at 100,000 MT for potatoes, and 300,000 MT for onion. However, because of lack of proper storage facilities, smallholders face post-harvest losses estimated at 20-25%. Securing horticultural production through provision of adequate storage facilities could be a good response to the pandemic crisis to cover the country needs over the year and prevent any need for import.

### Table: Senegal food stock in rice and horticultural crops

<table>
<thead>
<tr>
<th>Food</th>
<th>Stock MT</th>
<th>Consumption (000MT/month)</th>
<th>Coverage (months)</th>
<th>Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td>390 =140+250</td>
<td>85</td>
<td>7 (March-Sep.)</td>
<td>Shortage by food distribution program</td>
</tr>
<tr>
<td>Domestic</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>180</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onion</td>
<td>500</td>
<td>25</td>
<td>20</td>
<td>Post-harvest losses: 20-25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lack of storage</td>
</tr>
<tr>
<td>Potatoes</td>
<td>140</td>
<td>8</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Carrots</td>
<td>19</td>
<td></td>
<td>9 (Jan-Sept)</td>
<td></td>
</tr>
</tbody>
</table>

### In The Gambia
- Rice stock available estimated at 39,565 MT, enough to cover country needs for 3 months, up to end June 2020.
- On-going domestic production to be harvested by June

### Table: The Gambia food stock

<table>
<thead>
<tr>
<th>COMMODITIES</th>
<th>STOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td>RICE (MTS)</td>
<td>30-Mar-20</td>
</tr>
<tr>
<td>SUGAR (MTS)</td>
<td>39,565</td>
</tr>
<tr>
<td>MILK (SINGLE/48tins/CTNS)</td>
<td>29,243</td>
</tr>
<tr>
<td>MILK (SINGLE/48tins/CTNS)</td>
<td>15,638</td>
</tr>
<tr>
<td>EDIBLE OIL (LTRS)</td>
<td>70,000</td>
</tr>
<tr>
<td>WHOLE CHICKEN (CTNS)</td>
<td>6,750</td>
</tr>
<tr>
<td>CHICKEN LEGS(CTNS)</td>
<td>8,000</td>
</tr>
</tbody>
</table>
In Mauritania

- Food stocks or reserves themselves for primary commodities are adequate as reflected in the following table.
- Stock in rice and milk enough to cover country consumption needs for six months (March-August)

Table: Mauritania food stock situation

<table>
<thead>
<tr>
<th>Food stock situation in March 2020 (metric tons)</th>
<th>Consumption needs for 6 months (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>42,622</td>
</tr>
<tr>
<td>Wheat</td>
<td>147,370</td>
</tr>
<tr>
<td>Sugar</td>
<td>49,310</td>
</tr>
<tr>
<td>Oil</td>
<td>7,159</td>
</tr>
<tr>
<td>Milk powder</td>
<td>93,109</td>
</tr>
</tbody>
</table>

2. Government responses to COVID-19 and food insecurity

Senegal

- Government elaborated a social and economic resilience program in response to COVID-19 of FCFA 1,000 billion (USD 1.6 billion) including a food distribution program of FCFA 69 billion (USD 115 million) for 1 million households of which about 500,000 beneficiaries of existing social safety net program, and Koranic schools. Each household will receive a food kit consisting of 100 kg of rice, 10 kg of sugar, 10 l of oil and 10 kg of pasta, as well as a box of 18 soap. A total of 100,000 MT of rice, 10,000 MT of sugar and 10,000 liters will be distributed.
- The Executive Secretariat of the National Council of Food Security (SE-CNSA) is prepared a Food Security Emergency Plan and Resilience to COVID-19 Effects (PUSA) to support 530,000 vulnerable households. PUSA budget is estimated at FCFA 43 billion (USD 72 million) and consist of:
  - Cash transfer: FCFA 22 billion (USD 36 Million) on a basis of FCFA 41,000 (USD 68) per household
  - Food voucher: FCFA 21 billion (USD 35 Million) on a basis of FCFA 40,000 (USD 67) per household
- Furthermore, in response to COVID-19 outbreak and to get prepared for the locust evasion and plant disease like armyworm caterpillars, the Ministry of Agriculture prepared and sent a request to donors, a program amounting to FCFA 38,881 million (USD 65 million) and focusing on:
  - Certified rice seeds for a budget of FCFA 10,947 million (USD 18 million) to improve sufficiency in rice;
  - Fertilizer for a budget of FCFA 15,300 million (USD 25 million);
  - Agricultural machinery for FCFA 5,000 million (USD 8 million);
  - Phytosanitary products for a budget of FCFA 7,634 million (USD 13 million).
The Ministry of Livestock and Animal Production prepared a COVID-19 Riposte Plan including:

- Short term plan of FCFA 8.25 billion (USD 14 million) for animal feed subsidy to safeguard livestock and for support to pastoralists (income losses due to live market closures)
- Medium to longer term plan: FCFA 63.8 billion (US 100M) for a wide range of systems and interventions envisaged

**The Gambia**

- Government is finalizing a program to support and protect the population in crisis estimated at 176,586 people, approximately 22,073 households and build resilience of those under pressure of about 555,988 people, approximately 69,499 households. The support will be in food assistance (in-kind/cash) and agricultural inputs (seeds, fertilizers, veterinary drugs and farm implements).
- The Government has purchased 11,000 metric tons of fertilizers to be subsidized to farmers for the coming rainy season.

**Cabo Verde**

- Social safety net program for 8,000 families in extreme poverty of which 68% live in rural areas. It represents a monthly investment of CVE 44 000 000 (440.000 USD).
- Government response to the COVID-19 pandemic potential adverse effects in the sector is an immediate food assistance to 22,500 families, corresponding to about 90,000 people, whose income is below the minimum wage or without any source of income. It represents an investment of CV 21,000,000 CVE (US$ 210.000). Food security will continue to be guaranteed to some 30,000 children in the education system from more vulnerable households.
- Households and firms that borrow from banks will, according to a decision announced by the Central Bank of Cabo Verde, have a three-month moratorium on payment of debt instalments

**Mauritania**

- Fiscal and social solidarity measures implemented: food supply and purchasing capacities, especially for the poorest, have been ensured
- Creation (March 26, 2020) of a National Fund for social solidarity and the fight against the Coronavirus endowed with public funds > 60 M USD
- State will assume for the rest of the year all taxes and duties on imports of wheat, oil, milk powder, vegetables and fruit
- Stock reserved for national consumption of 20,000 tons of fish
- Artisanal fishermen will benefit from an exemption from taxes and duties for the year 2020
- Shortage of animal feed and forage deficit: emergency purchase of ~ 80k tons of feed/fodder
**Guinea Bissau**
- No Government response plan to our knowledge. However, there is a UN emergency plan that encompasses food distribution through WFP as well as inputs supplies through FAO. No actor of the Food Assistance sector has a food stock for emergency response. FAO has a contingency stock for inputs delivery.

3. **Other donors responses to COVID-19 and food insecurity**

**Senegal**
- No specific activity to support people affected with food insecurity but donors contributed to the “Riposte and Solidarity Funds: Force COVID-19” to fund the Senegal Social and Economic Resilience Program with USD 360 million of IMF, USD 230 million of WB, USD 160 million of IDB, USD 100 million of AfDB, USD 40 million of WADB and Euro 150 million of EU.
- Donors associated in the on-going preparation of the emergency food security plan.

**The Gambia**
- A national rapid assessment conducted by a multi-sectoral team from Government with participation of donors is under finalization.
- FAO plan supporting targeted vulnerable farming communities with inputs (certified seeds of rice, groundnut, maize, cowpea, and findo). A total of 314 MT of certified seeds will be procured by FAO and will be deposited at the regional agriculture stores for Government delivering to the over 14,000 targeted beneficiaries.
- Availability of certified seeds have been confirmed by the National Seed Secretariat. However, we are targeting to support about 50% of the people in the database prioritizing the one in crisis zone.

**Mauritania**
- The WFP is working with government on a program that will restock the 1700 EMEL shops that provide highly subsidized foodstuff, food distribution of wheat and rice to some 146,900 households, cash transfers to the 610,000 people identified in the “cadre harmonize” and supplements distribution to children. The government itself has launched a solidarity fund of sixty million dollars to assist the poor with food and. The Ministry of Rural Development (MDR) is also organizing fodder and feed purchase of some 89,000 tons to supply pastoralists who have been prevented from moving across borders due to shutting of border traffic. MDR is also replacing seeds that did not produce as a result of the drought in 2019. All these measures are primarily to protect rural incomes.
- **Guinea Bissau**
  - FAO and WFP are preparing response to deliver food and inputs. IFAD working on an emergency operation on the current cashew campaign that is the main income for 80% of the rural population.

4. **Options for World Bank Responses to COVID-19 and food insecurity**

- **Short term**
  - Support countries to set up quickly digital register to target and enroll electronically the needy rural population already identified for transparency in the distribution of food using e-voucher or for cash transfer using mobile banking.
  - Provide targeted vulnerable rural households with agricultural insurance to mitigate any upcoming weather shock that may affect their production and food security. The insurance premium could be subsidized by 50-80 percent and degressively over the years when these households improved their food security status.
  - Fund certified seed multiplication program for new improved climate-smart seed varieties (high-yielding, early maturing and drought resistant) recently generated under WAAPP and through smart subsidy target these vulnerable households to allow them to get these improved varieties.
  - Contribute to fund Government emergency plan using a streamlined P4R instrument.
  - Particularly, for horticultural value chains:
    - Urgent investment in storage facilities for domestic horticultural crops being harvested in order (i) to improve conservation, (ii) to reduce post-harvest losses estimated at 20-25%, (iii) cover countries or region needs over the year, and (iv) to reduce imports and dependency.
    - “Social distancing” guidelines for food processing plants and horticultural perishable food services
    - Provide financial support for producers, exporters and agribusiness SMEs working on horticultural value chains: tax exemption, direct income support, loan grace periods, guarantee funds etc.

- Moreover, in relation with the COVID-19 outbreak, a strong and constructive policy dialogue at country and regional level with Governments to allow the traffic of agricultural products, to make the agricultural regional trade work and free from the borders closure, country lockdown and transport restrictions.

- **WB support from existing portfolio and operations in pipeline**
  - Reorientation, adjustment or speeding up ongoing activities as much possible:
    - Regional Sahel Pastoralism Support Project (PRAPS): Provision of veterinary products, animal feed / fodder to preserve the assets and productive capacities of rural households; Development of income-generating activities in agricultural value chains
    - Sahel Irrigation Initiative Regional Support Project (PARIIS): speed up as much as possible rehabilitation of rice and horticultural irrigated schemes to contribute
increase domestic production and reduce import dependency in line with Government programs. Look for additional financing from WB and other donors to increase irrigated areas.

- Mauritania Integrated Agricultural and Livestock Development Project in Rain-fed Areas (PDI EZP): possibility to increase the amount and number of activities to be supported by the PPA. The current project amount (40 MUSD) could also be revised upwards (60 MUSD) to allow the extension of project intervention area (21 communes targeted so far).

- Senegal Agriculture and Livestock Competitiveness Program (P4R) of USD 150 million to be approved in May will provide Government with USD 37 million that could be disbursed once program became effective. This could Government COVID responses plans.

- Start and streamline preparation of Gambia and Guinea Bissau value chain development projects and include COVID-19 responses

### Medium and Long Term

- Invest in irrigation to improve water control to (i) increase domestic rice supply and reduce dependence to imports, (ii) promote agricultural diversification and (iii) reduce dependence to weather conditions and improve resilience to climate change.

- Promote in country-wide agricultural insurance as mitigation measure to weather shock in this context of climate change.

- Support regional agricultural research system building on WAAPP Regional centers of Excellence and of Specialization for the generation and transfer over the region of improved climate smart-varieties and other innovations and best practices.

### Food Security Situation in Eastern and Southern Africa – SAFA3 Countries

1. **Consistent increase in the number of people in IPC Phase 3 or above**
   - We are concerned about the emergency outcomes that require urgent action to avoid loss of lives, livelihoods, and irreversible child development outcomes.
   - Deepening of food crisis prevalence; the number of acute food insecure could **double** as the crises deepens warn WFP and others.

   **25.1 million people with acute food insecurity** (IPC phase 3 or above) in Eastern and Southern Africa of March 2020.

   - **FCV countries face potential famine: 13.4 million** people in IPC phase 3 or above in Sudan, South Sudan, and Zimbabwe; with no or limited IDA
     - Sudan (6.2m), South Sudan (6.1m), Zimbabwe (1.1m) (WFP 2020)

   - **Countries heading for a food emergency: 11.7 million** people in IPC phase 3 or above Malawi, Zambia, Ethiopia, Lesotho
     - Ethiopia (8.1m), Lesotho (0.5), Malawi (1.9m), and Zambia (1.2m).

   - More than 46 million people are chronic food insecure in Eastern and Southern Africa of March 2020.
• Some countries already in food deficit, e.g. South Sudan.

2. **COVID-19 caused global turmoil and affects imports of food and ag input**
   • High level of volatility because of uncertainty in global markets (and locust spread adding to regional uncertainty)
   • Globally some countries launched export ban; wheat and rice prices have increased even though global supplies are at record levels (UDSA WASDE, 9 April 2020)
   • Reduced access to inputs such fertilizers and seeds that impact near-future food access.

3. **Food security and food systems are affected through both demand and supply shocks**
   • lockdowns and value-chain disruption lead to lost labor incomes, livelihoods, and jobs and reduced earnings in MSMEs
   • Prices are at exceptionally high levels in March due to production shortfalls, a difficult macro-economic situation (and the lingering impact of conflict in FCVs)
   o E.g. S.S experience significant inflationary effects (3x increase in last 3 weeks) as a result of delays in transport of essential goods, a movement of many traders back to Uganda, and price speculation
   o The price increase for 14 categories of food are among the highest worldwide in East and Southern Africa since Feb. 14, 2020 (FAO).

4. **Reduced purchasing power due to food price hikes come on top of triple emergency**
   • Triple emergency - COVID-19, locust emergency, climate (cyclone Idai) - has already eaten away assets and livelihoods
   • Food prices are racing in some of the poorest and most fragile economies, e.g. Sudan, South Sudan, and Zimbabwe
   • Lead to devastating impacts on livelihoods, food security, and have long-term development of children and economies.

5. **Food prices respond to external shock that led to exchange rate depreciations.**
   • Food prices continue to rise driven by the significant loss of value of the currencies and overall tight food supplies
   • Economies experience: dried up flow of remittances, commodity price collapse, investors withdrew billions of dollars in AFR, which forced currency depreciations.

6. **Foreign currency reserves are dwindling and so are grain reserves**
   • Public food security/reserve management is not in place in most countries and those that have such as Zimbabwe, is of concern due to macro-economic constraints
   • For the countries with functioning strategic reserves the national budgets towards the restocking are declining, e.g. in Malawi and Zambia
   • Low foreign currency reserves and debt impact destocking of cereal reserves, e.g. South Sudan and Zimbabwe have one-month worth of foreign currency and Zimbabwe’s currency has devaluated around 50%.

ii With 80% of infections asymptomatic in the country, a new crisis may unfold in the days ahead.

iii From the Indian Meteorological Department’s first stage forecast in the month of April.

iv Source: MMCFS model.

v Source: Agricultural and Processed Food Products Export Development Authority (APEDA).

vi India has remained consistently a net exporter of agri-products, touching Rs 2.7 lakh crore exports and imports at Rs 1.37 lakh crore in 2018-19.

vi According to advance estimates by the Department of Agriculture, Cooperation and Farmers Welfare.

https://www.thehindu.com/news/national/karnataka/bangalore-blue-grapes-turn-sour-for-their-growers/article31376513.ece

ix Source: Telangana Horticulture Department.

ix Paddy requires more labor during sowing than other crops (Prabhakar et al, 2011).

x NSS 66th Round, 2009-2010.

xi Seasonal migrants migrate alone (male only, female only, or child only) or quite often in family units (husband, wife, children).

xii Some studies quantify the amount of labor (in hours or days) in the agricultural field to produce a certain amount of crop and indicate the obtained crop yields. Ibarrola-Rivas et al (2016) provides a widely accepted formula to calculate the labor requirement for crops at the farm scale.

xii Circular migration has been explained in the development literature as a contract of mutual cooperation and insurance between sending families and the migrants themselves, which occurs due to failures in urban and rural markets (see Kuhn’s 2000 study on Matlab in Bangladesh). The logic is that urban markets do not offer high quality employment because the contracts are usually informal and do not carry social security/insurance. Rural areas do not offer access to much needed capital and therefore circular migration enables the household to access urban capital while maintaining rural security by maintaining the option of farming.


xv Source: World Bank