

Inclusive Food Systems

Before and After COVID-19

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- **Regional Chapters:** Africa | Middle East and North Africa | Central Asia | South Asia | East and Southeast Asia | Latin America and the Caribbean
- **Indicators:** ASTI | SPEED | Food policy research capacity indicators | Agricultural total factor productivity | IMPACT

Inclusive food systems

- **Promote inclusive economic growth** by better integrating marginalized people (e.g. smallholders, women, youth, refugees and conflict-affected people) into national food systems
- **Reduce poverty** by increasing household incomes and improving access to services
- **Break the cycle** of poverty, hunger, and malnutrition that can persist across generations
- **Reduce global and national inequalities**

Inclusion is a **moral imperative**

What are the instruments, mechanisms, & policies for inclusion?



Inclusive food value chains, especially for smallholders



Social protection



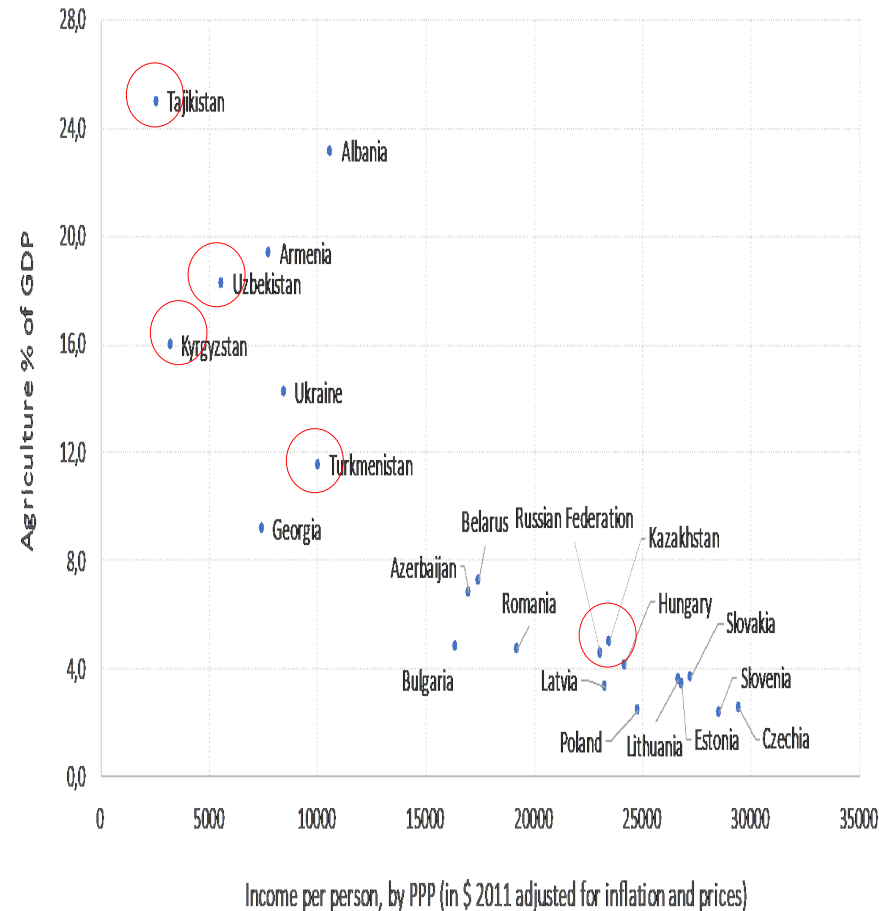
Education and information



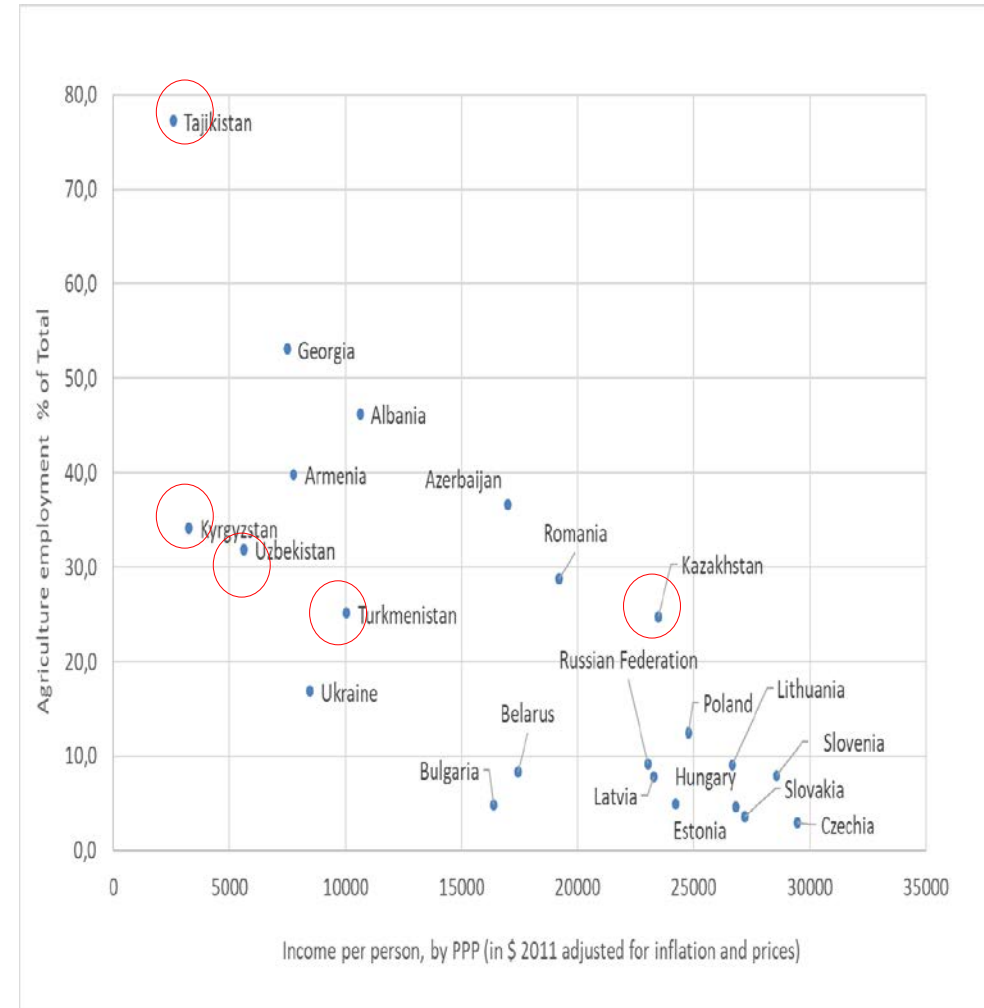
Governance and leadership

Eurasia is a very heterogenous region – Food systems differ

Agriculture % of GDP



Agriculture % of Employment



Eurasia is a very heterogeneous region – food systems differ

- Heterogeneity in
 - Natural resources, geography, culture
 - Income, poverty, and food security
 - Farm structures
 - Export and import of agri-food products
 - ...
- Hence :
 - **Address inclusion at the global policy level**
 - **Take action at the national and local level**
 - **Take into account heterogeneity of the food systems**

How does COVID-19 affect these conclusions ?

COVID-19 impact on food and nutrition security

A combination of impacts of

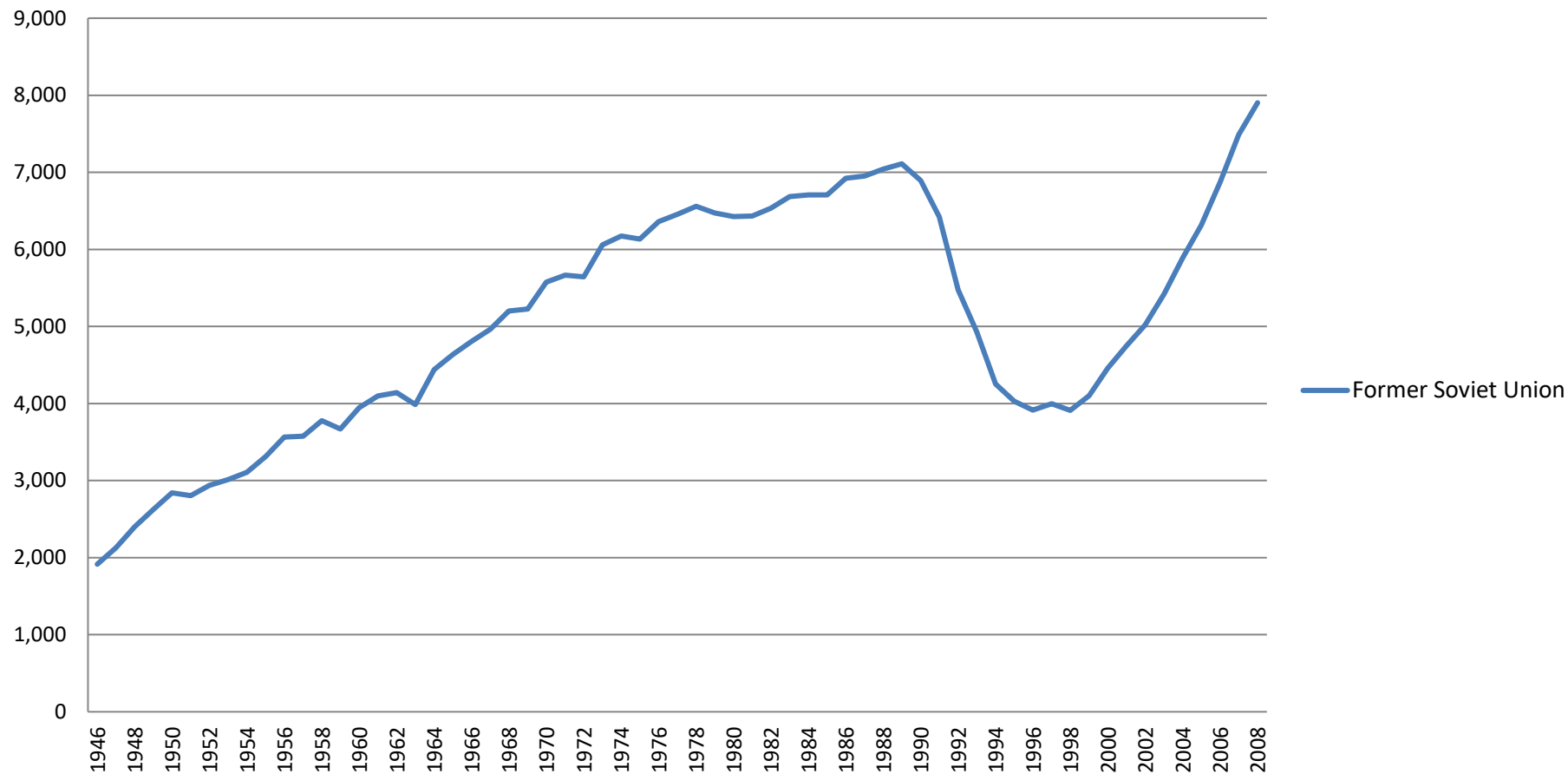
- “standard” economic recession
- food system disruptions

Swinnen, 2020, “*Will COVID-19 Cause Another Food Crisis? An Early Review*”
– on IFPRI Covid Blog Series

Lessons from Eurasia :

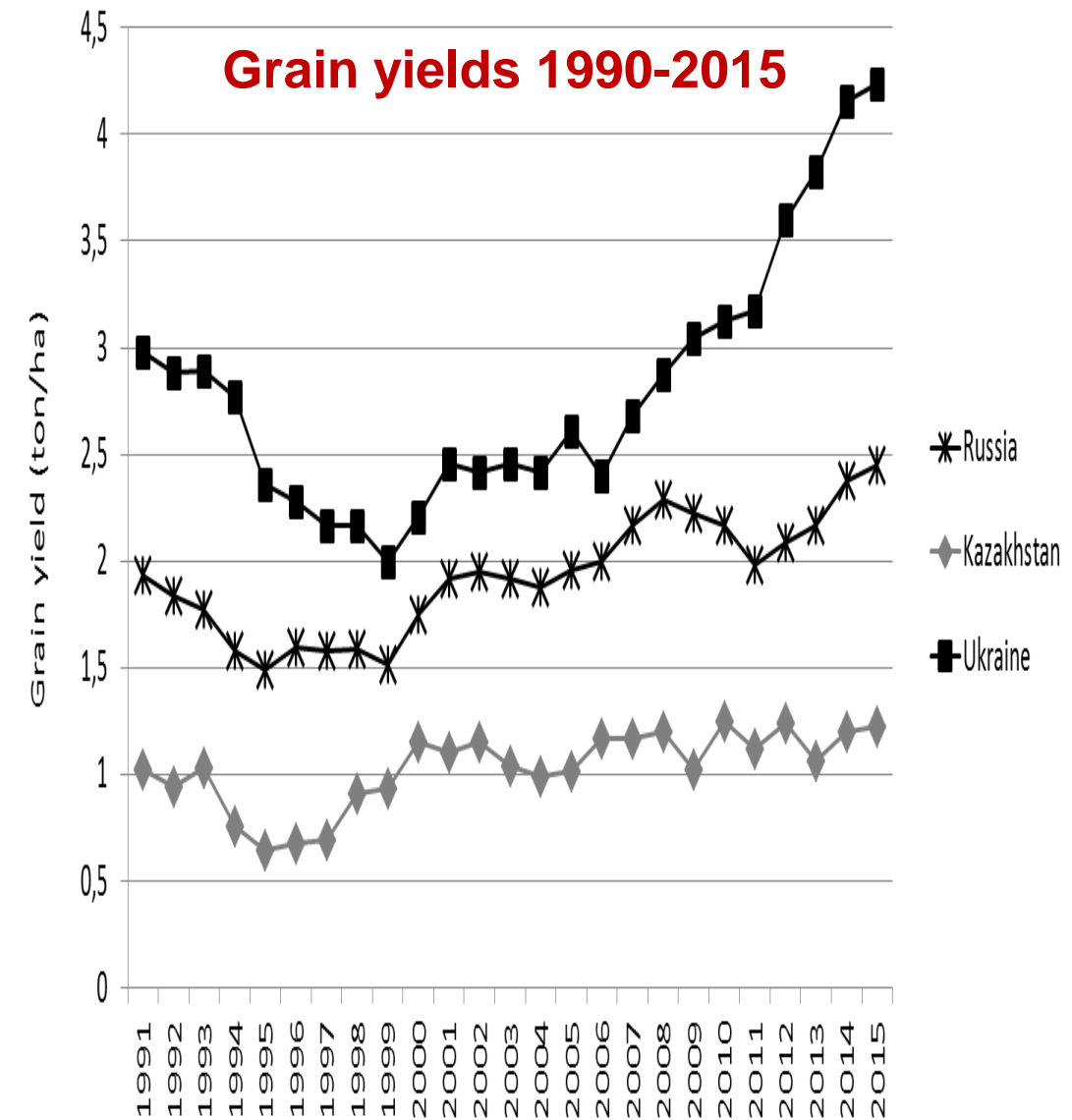
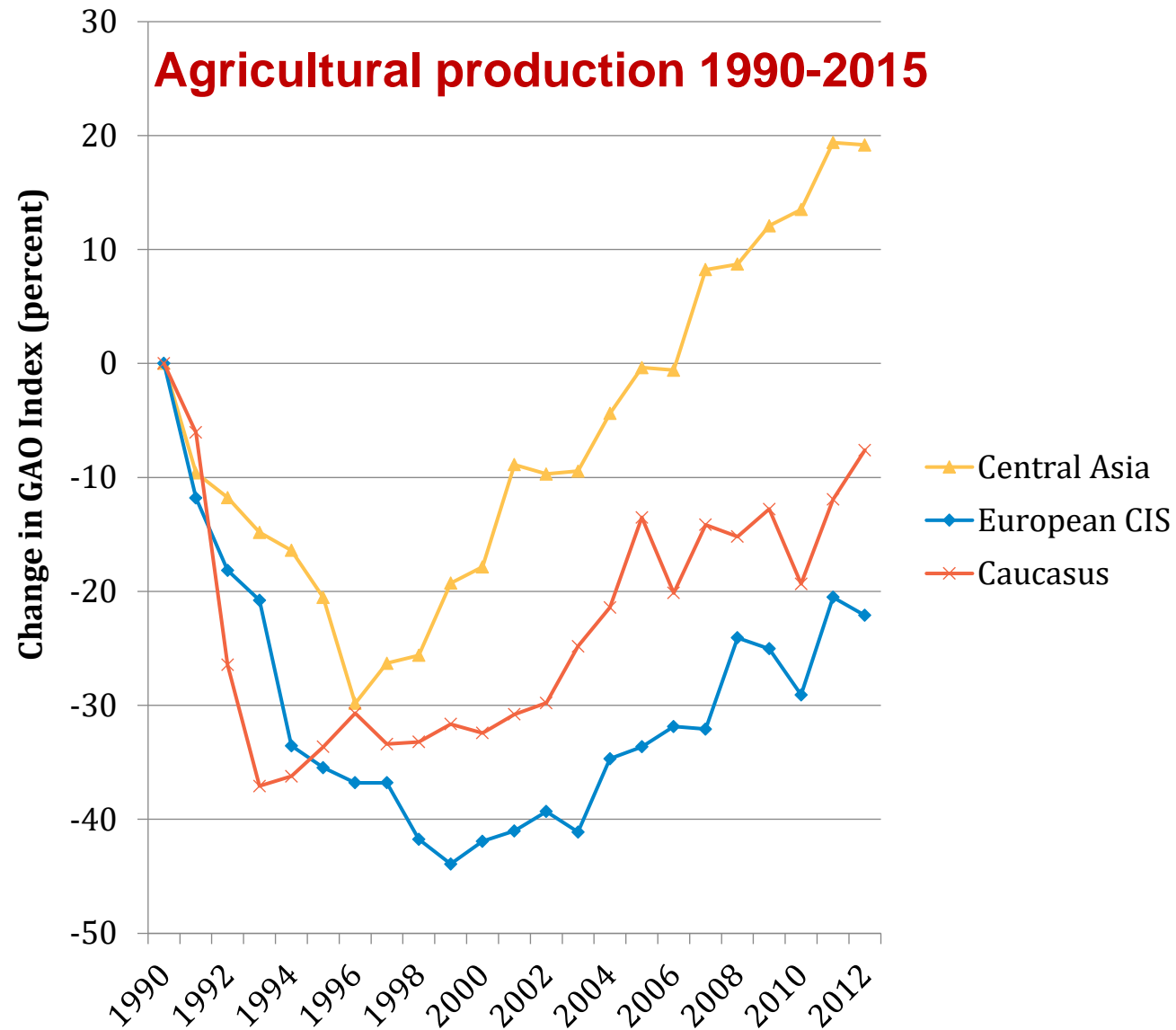
Transition caused recession and systems disruption

Income Per Person, in 1990 US Dollars: 1945-2010



Lessons from Eurasia:

Agricultural production and yields 1990-2015

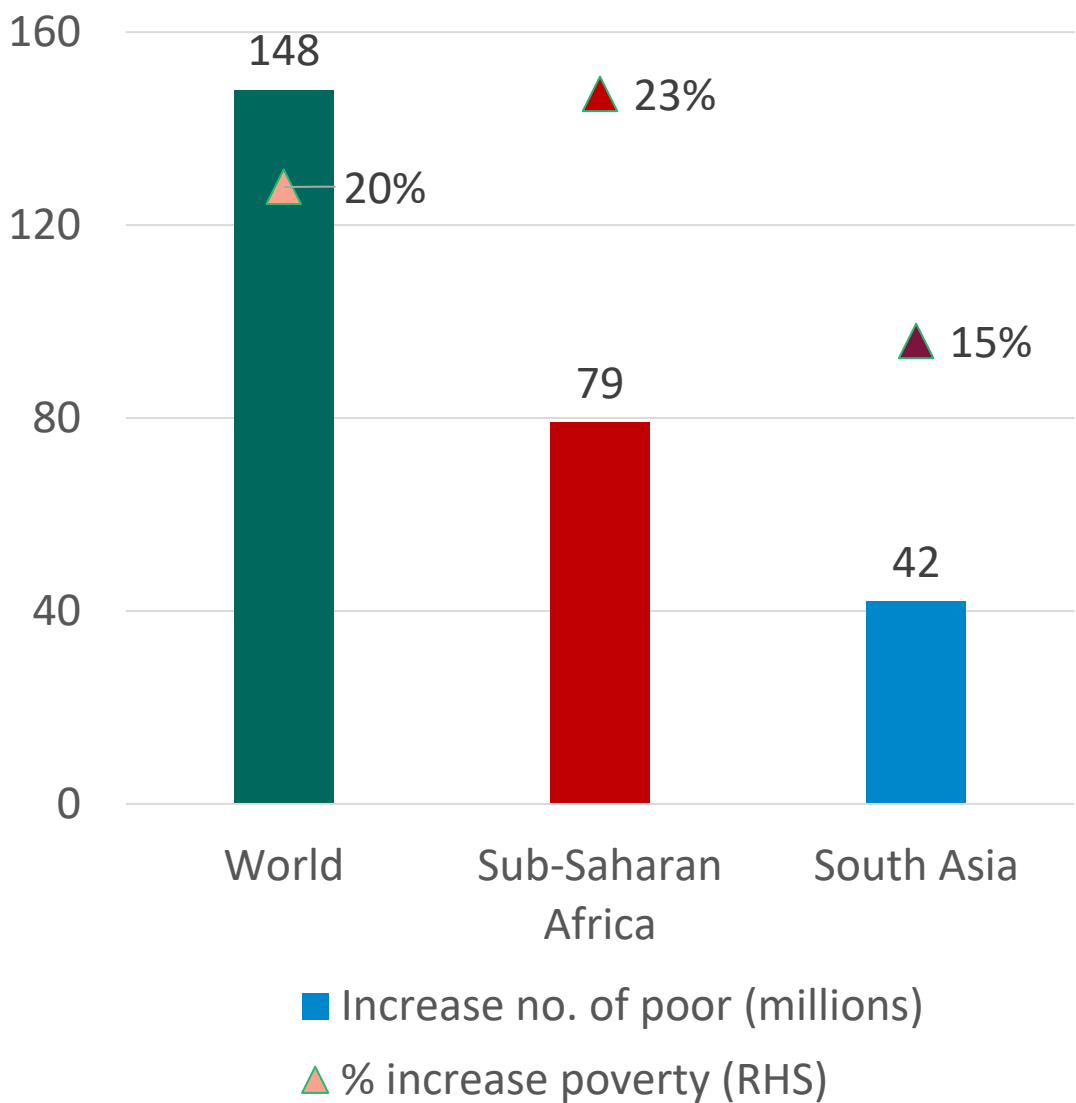


Economic recession

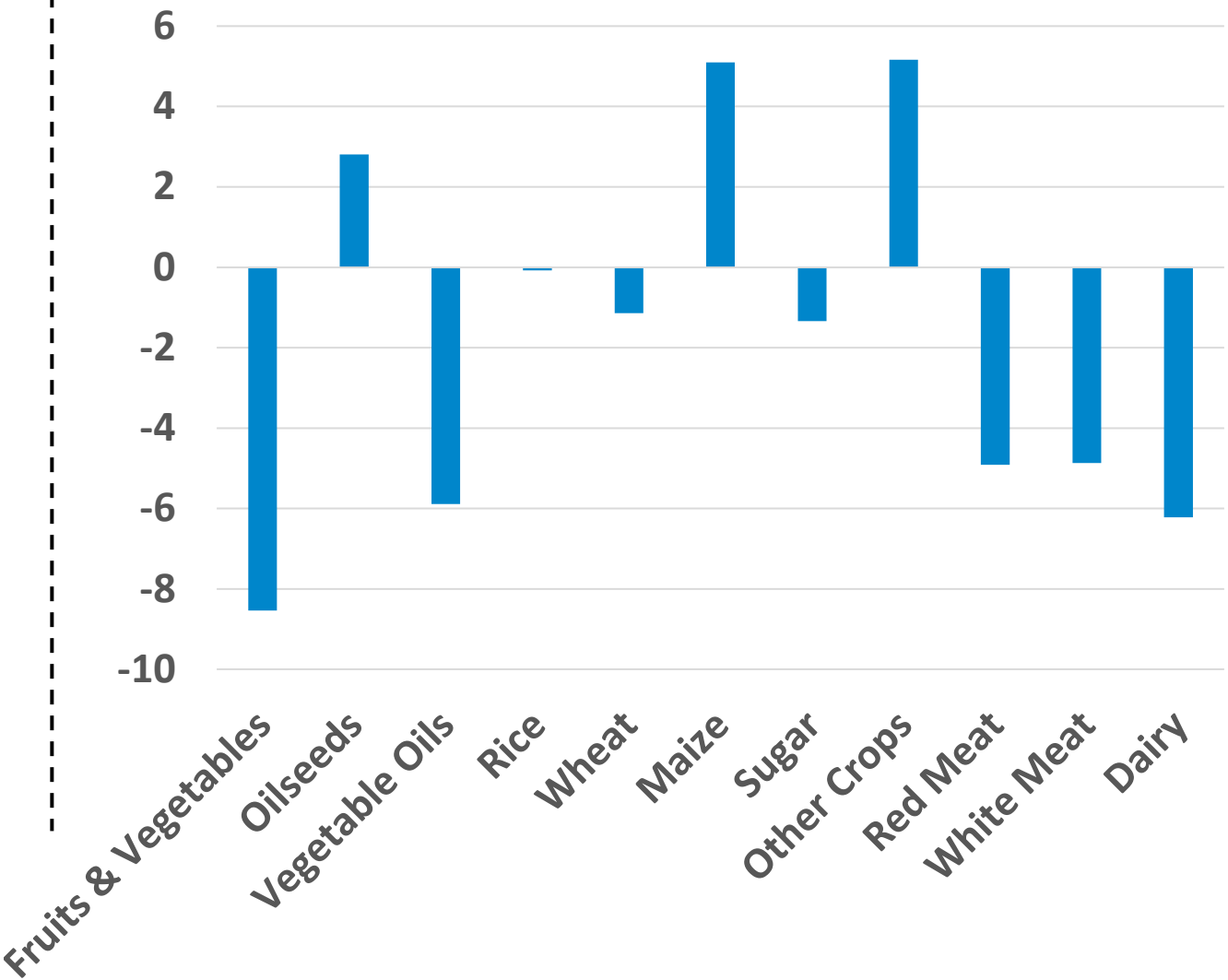
- Declines in income and increases in **poverty**
- Negative impacts on
 - **food security (quantity)** and
 - **nutrition (quality)**
- For **food consumers** “real effect” similar to the 2007-11 food price spikes
 - (now incomes decline – then prices went up)
- For **food producers**: very different
 - more similar to the transition processes in Eastern Europe and Asia in 1990s or structural adjustment processes in 1980s in Africa

COVID-19 recession impact

Impact on Global POVERTY



Impact on NUTRITION



Source: IFPRI; Laborde, Martin and Vos, 2020

<https://www.ifpri.org/blog/poverty-and-food-insecurity-could-grow-dramatically-covid-19-spreads>

Major disruptions of food systems

- Extreme **constraints on key input factor causes systems to collapse**
 - Very different from the global food price spikes in 2007-2011 period
 - Similar to the transition processes or structural adjustment processes
 - Different: constrained factor then was capital – with COVID-19 it is **LABOR**
- **Heterogeneity** of impacts are due to **factor-intensity**: labor-intensive systems are more disrupted
 - **Traditional supply chains** (both harvesting, processing, transport and retailing) in **poor** countries
 - **Labor-intensive activities in rich** countries (e.g. some F&V harvests (migrants) and meat processing)
 - Less: e.g. large-scale staple crops (eg grain) farms & supply chains
- (*) In 1990s, capital-intensive systems (Eastern Europe) collapsed while labor-intensive systems (China) were much less affected

Disruptions in private food value chains

- Disruptions in **harvesting, planting, transport, market exchange, etc.**
- **Capital-intensive food value chains** (mostly in rich countries, or in richer parts of poor countries) are much **less affected than labor-intensive value chains** (mostly in poor countries)
- Greatest impact likely on **informal-sector small and medium-sized enterprises**
 - More labor-intensive with high densities of workers in small spaces

Stages of food supply chains and prevalence in food economy

	Traditional FSC	Transitional FSC	Modern FSC
Approximate prevalence in Africa & South Asia as share of food economy	10%	70%	20%
Approximate prevalence in Southeast Asia & Latin America	5%	50%	45%
Main enterprise type	Home microenterprise	SMEs, wetmarkets	Supermarkets, large processors
Length	Short, local	Long, rural-urban	Long, rural-urban, international
Use of Arrangements	No contracts, no standards	No contracts, public standards	Emerging contracts, private standards
Technology	Labor-intensive	Labor-intensive	Capital-intensive

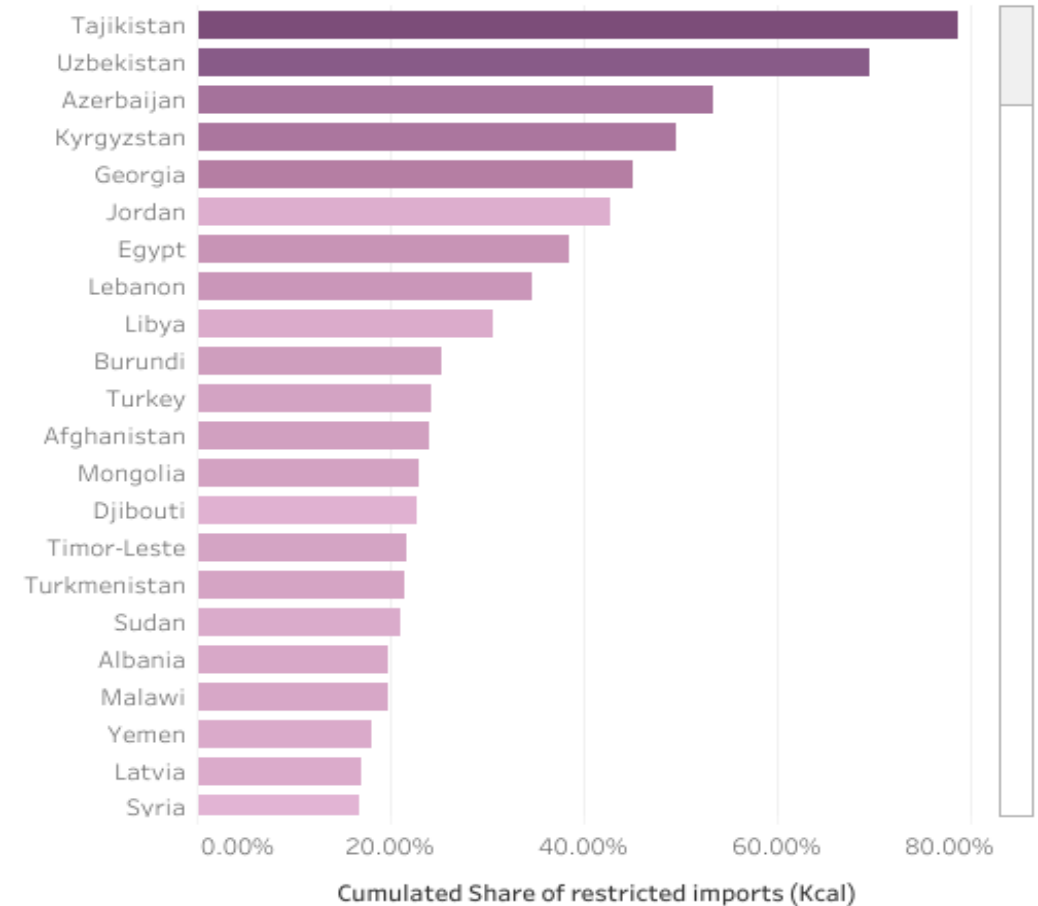
Source: Reardon et al. 2020

Panics and hoarding

- Countries have responded with export restrictions
- Rice market most affected
- G20 ministers and WTO have called for open trade to avoid repeating the problems of 2007-2008—skyrocketing world prices
- IFPRI trade policy tracker

Food importing countries affected by export restrictions (% of imports in Kcal)

Share of Restriction by Importer

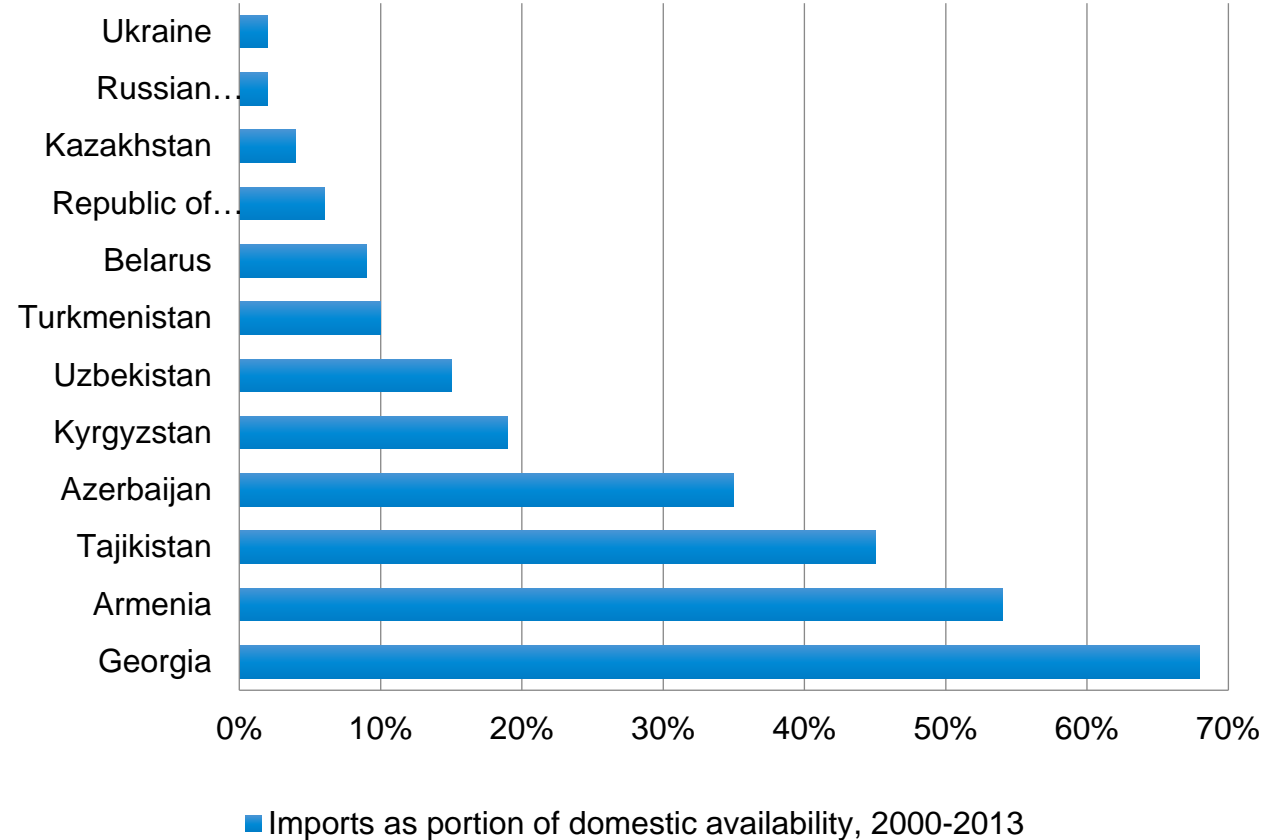


1 imports in Kcal (currently active)



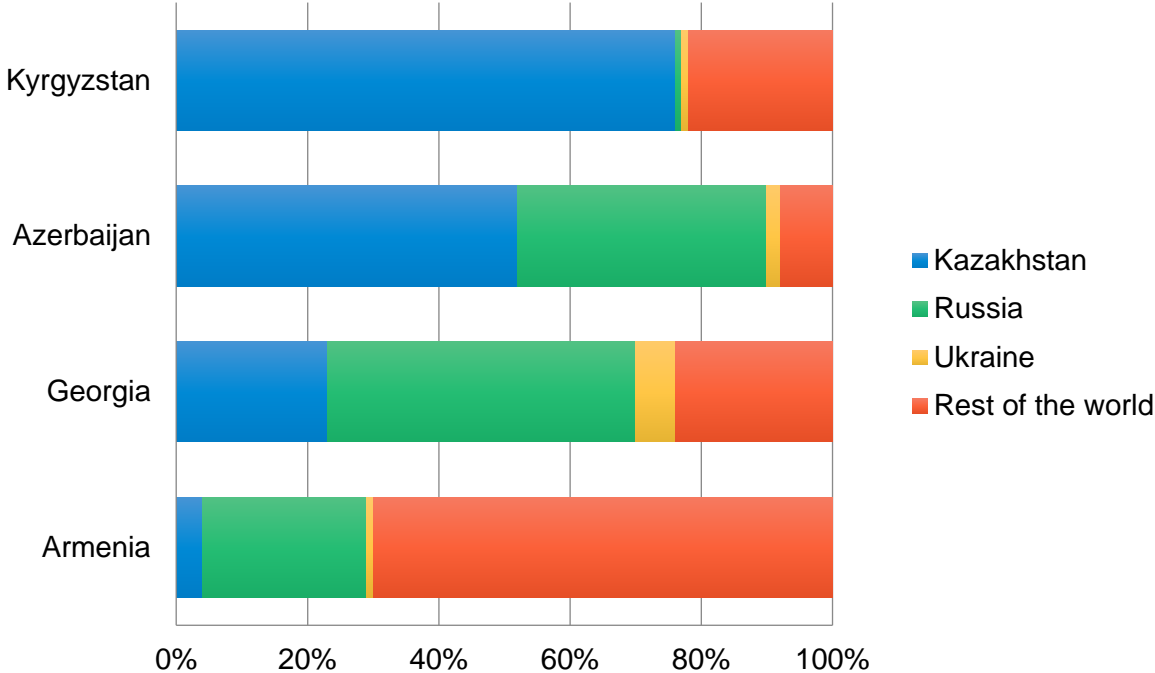
Grain import dependency

Imports as portion of domestic availability, 2000-2013



Source: FAOstat

Share of grain imports from source countries



Poor people's food and nutrition security is disproportionately affected by COVID-19

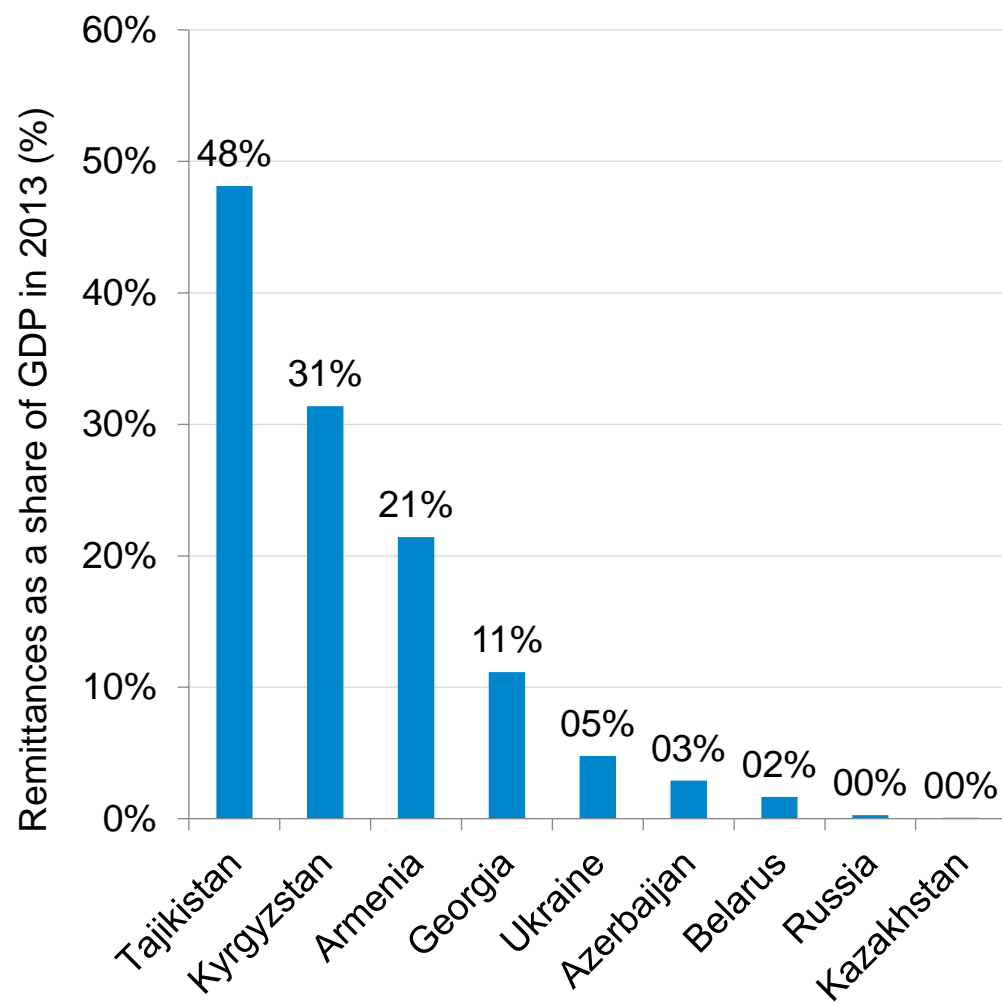
1. Economic recession affects their incomes strong
2. They spend a large share of their income on food
3. Their main production factor and asset is physical labor
4. COVID causes more disruptions in their (private) food value chains – since more labor-intensive
5. Public food and nutrition programs are disrupted (more important for them)
6. Fiscal capacity of governments to fund support programs is lower in poor countries

Public food and nutrition programs are disrupted

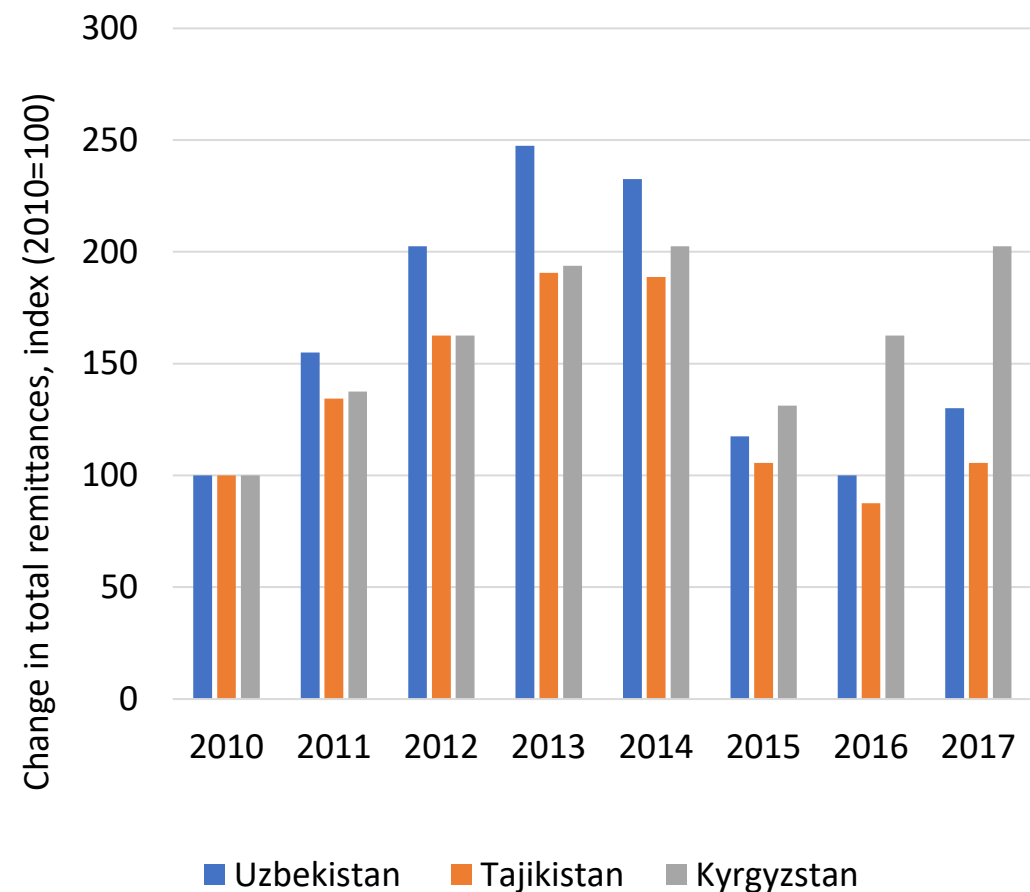
- **COVID-19 will disrupt public sector programs** on food, nutrition, health, and poverty that poor people depend on
- **E.g. Major public programs suspended in India** under national lockdown regulations
 - **School feeding programs** due to school closures
 - **Community nutrition programs** for pregnant women and lactating mothers
 - Key health programs, such as **child immunization**
 - **Public food relief programs** also face risk of exposing more people to the virus at distribution points



Dependence on Remittances (% of GDP)



Remittances from Russia 2010-2017 (index 2010=100)



Nigeria study: Economic costs of the 5-week lockdown

Lockdowns impose substantial economic costs

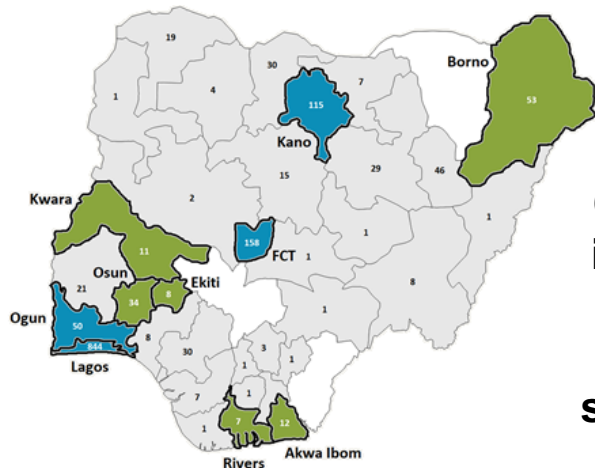
- GDP falls 38% during the 5-week lockdown (≈ \$18 bil.)

Food supply is exempt from lockdown restrictions, but food system is not immune to economic costs

- **Agri-food GDP falls 18%** mainly due to supply chain disruptions & decline in consumer demand

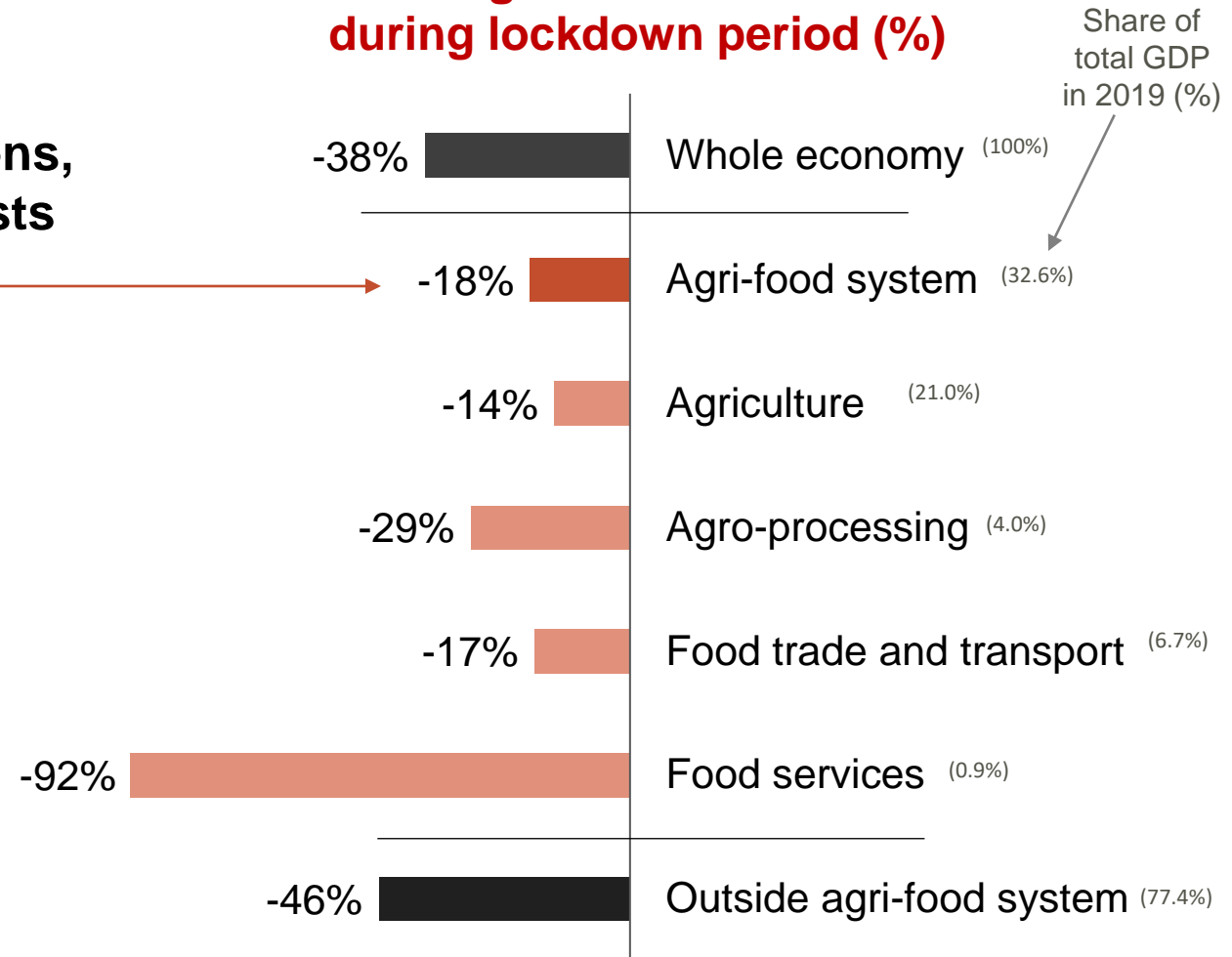
Poverty rises sharply during the lockdown

- 15%-point spike in poverty rate (≈ 30 mil. people)



60% of Nigeria's GDP is generated in states with **Federal** or **State** government sanctioned lockdowns

Change in national GDP during lockdown period (%)



Policy Actions on COVID-19

- Social protection programs must safeguard the food security and nutrition of the most vulnerable
- Coordinate efficient management of food reserves
- Provide transparent information on reserves and market situations
 - – both domestically and globally
- Facilitate food trade
 - Globally: refrain from imposing trade restrictions
 - Locally : try to balance health of workers/farmers with keeping logistics functional
 - “green channels”, food as essential commodity, etc
- Similar for agricultural inputs and migrant labor

More general : We need inclusive food systems now more than ever



**Inclusive food value
chains, especially for
smallholders**



Social protection



**Education and
information**



**Governance and
leadership**

Inclusive value chains: Leveraging the “hidden middle”

- **Promote inclusive agribusiness models** and help smallholders adapt to changing food demand and higher quality standards of modern supply chains
- **Provide adequate basic infrastructure** (roads, electricity, ICT connectivity)
- **Create the right market incentives** and food standard regulation
- **Facilitate skills development**, especially for entrepreneurship and adoption of quality standard and use of ICT



Social protection can safeguard food and nutrition security for marginalized people

- In desperate situations, food and cash transfers can fulfill basic caloric needs and prevent malnutrition
- Free up resources to use for healthcare and education, and allow poor and excluded people to take up more profitable, nonfarm entrepreneurial ventures within the food system



Education is perhaps the greatest driver of inclusion

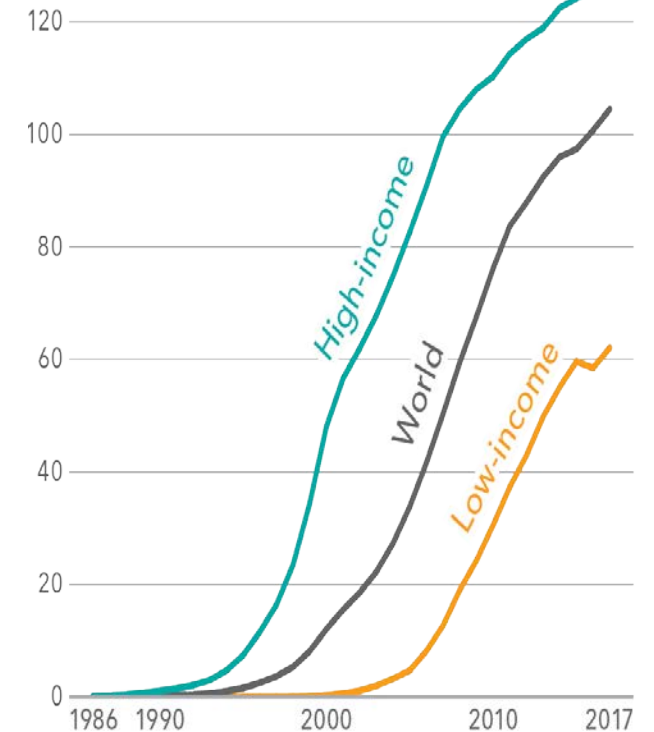
- **Education** improves lifelong income, nutrition, health, civic engagement, and gender equality
- Vocational training can create a well-trained labor force that can seize opportunities in higher-productivity food-related sectors, **especially youth**



Information, evidence & data

- Harness the **information revolution** and information communication technologies (ICTs). **Technological innovations** (mobile market information, open data, etc.) contribute to inclusion – both economic and political
 - *COVID-19 reinforces the importance*
 - *Youth can play an important role*
- Continue to provide and communicate **evidence and research-based options** using reliable and credible data
- Ensure greater **government transparency**
 - Well-informed citizens can better differentiate good from bad policies
- Enhance monitoring and accountability with **data**

Mobile subscriptions (per 100 people)



Governance and leadership are key for inclusive food systems

- Include marginalized people in the **process** of policymaking, program design, M&E
- Representation of excluded people in positions of leadership



IFPRI blog series on COVID-19 and food security

<https://www.ifpri.org/covid-19>

- Impacts of COVID-19 on global poverty and food security
- Disruptions of food supply chains in developing countries
- Threats to Africa's vital informal urban food trade
- Preventing global food crises
- Nutrition and gender effects
- Trade restrictions are worst possible response to safeguard food security
-



GLOBAL
FOOD POLICY
REPORT

2020

BUILDING
INCLUSIVE
FOOD
SYSTEMS

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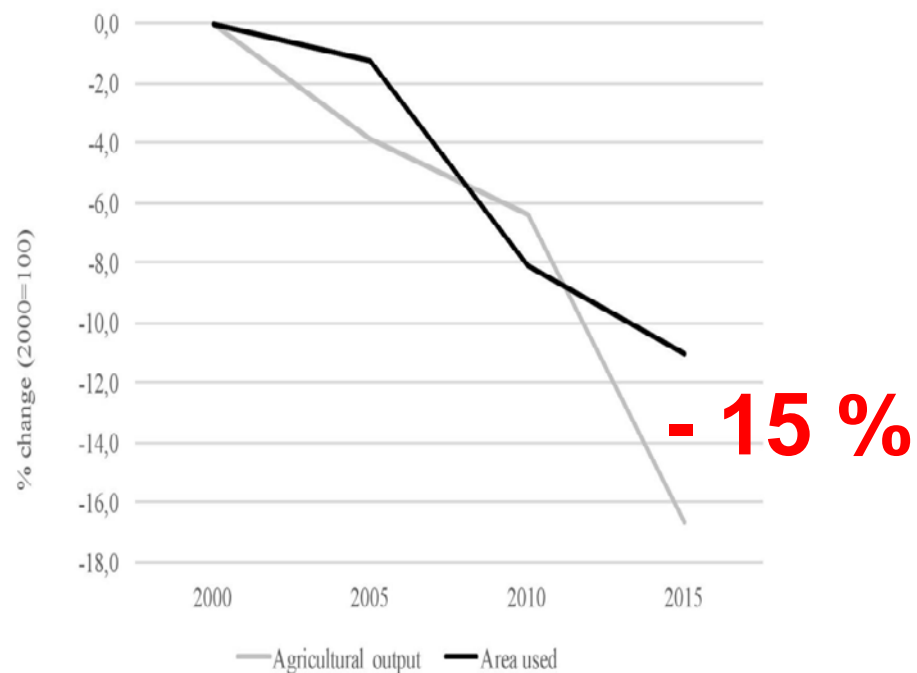


APPENDIX

Smallholders: Decline since 2005

CIS

Figure 2 Evolution of the Share of Smallholders* in Land Use and Production in CIS 2000 – 2015
(CIS Average % Change with 2000 = 0)

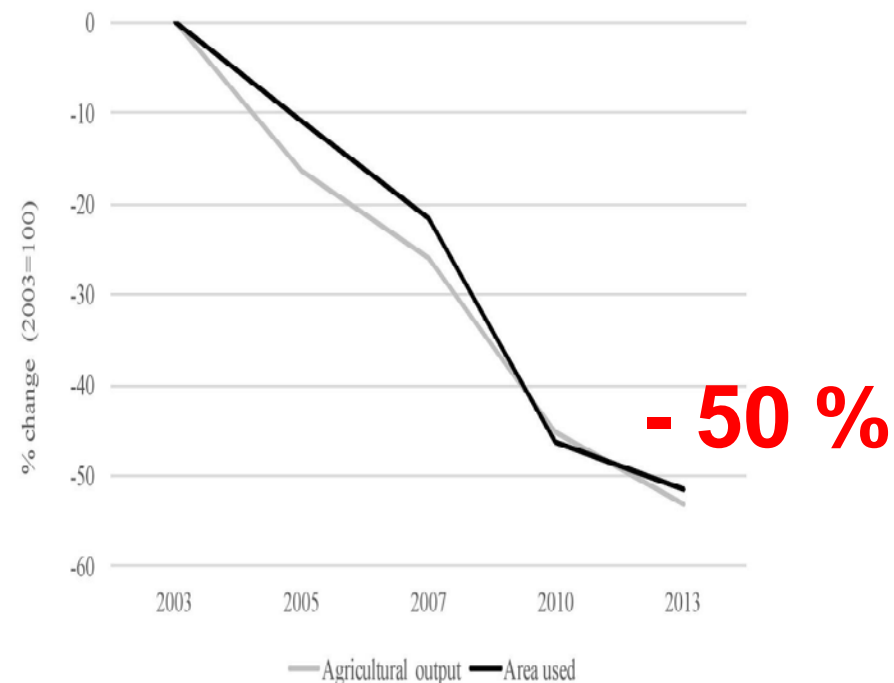


Source: Own calculations based on National Statistics

* For definition of 'smallholders': see Table 1.

CEE

Figure 3 Evolution of the Share of Smallholders* in Land Use and Production in CEE 2003 – 2013
(CEE Average % Change with 2003 = 0)

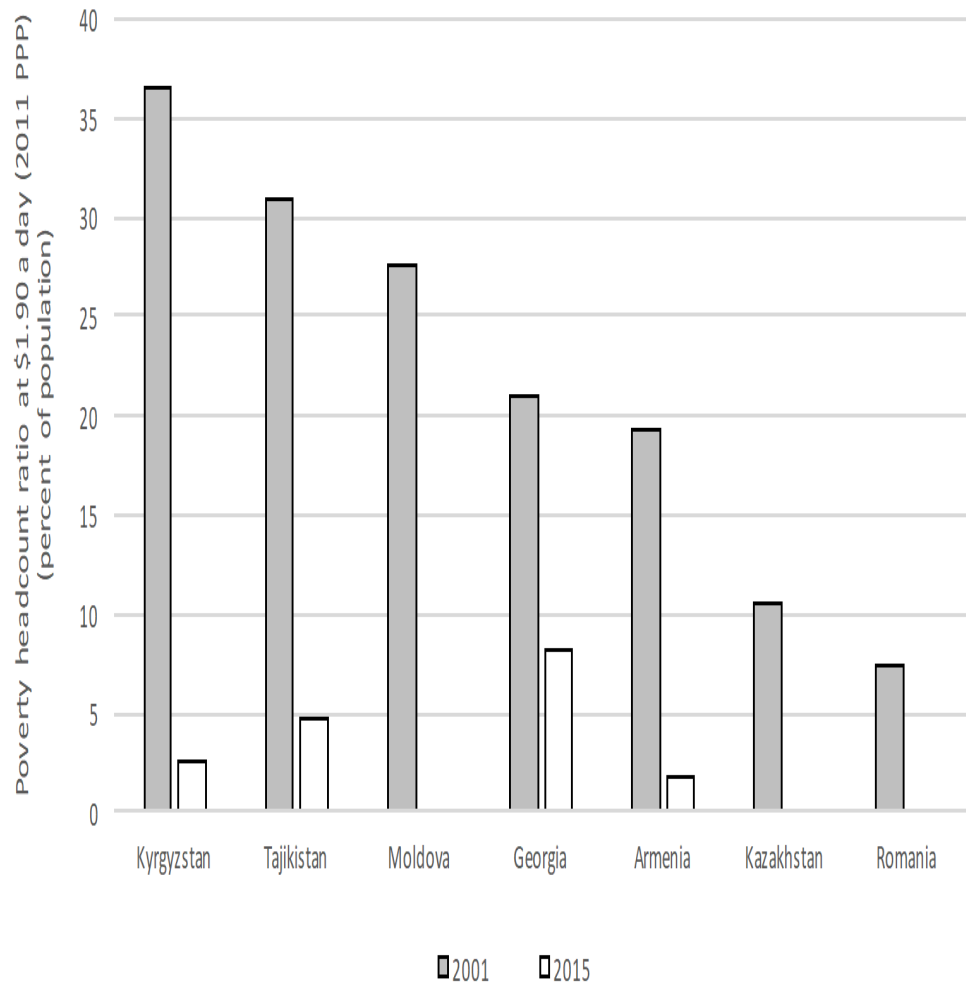


Source: Own calculations based on Eurostat data

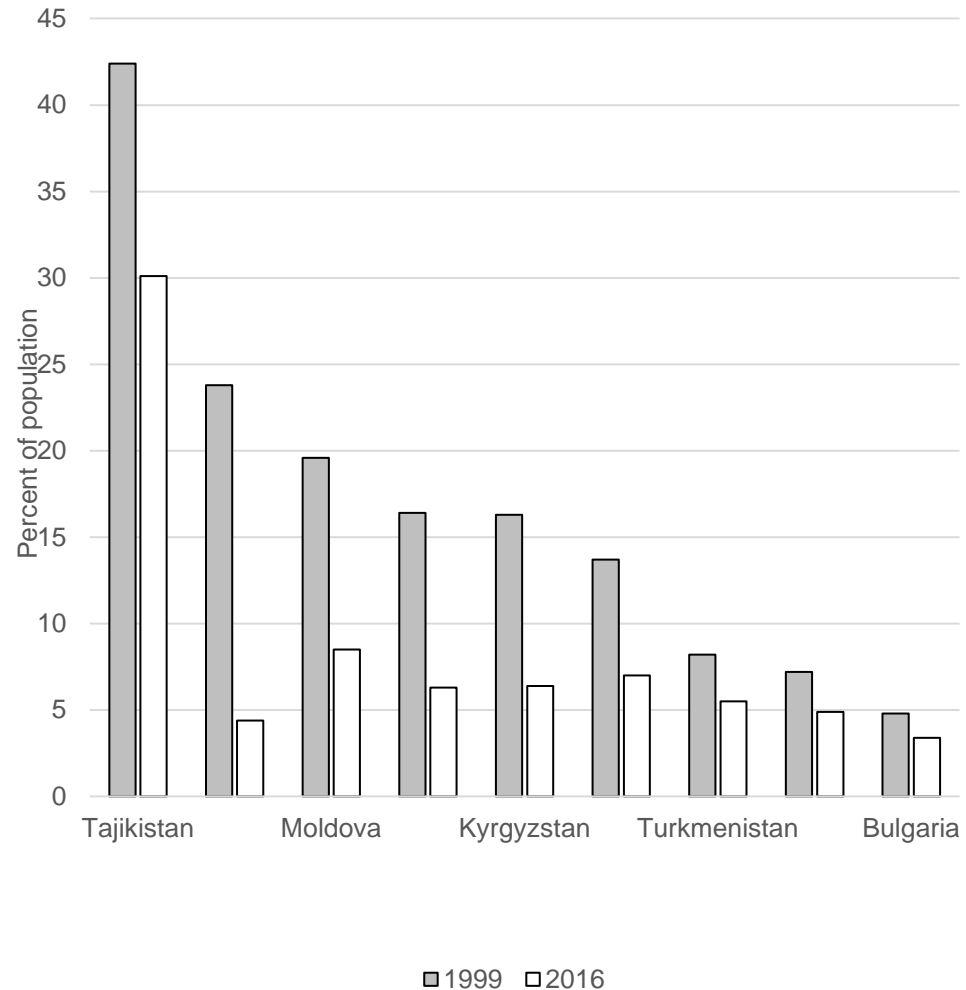
* For definition of 'smallholders': see Table 1

Poverty and Undernourishment declined strongly (2000 vs 2015)

Poverty



Undernourishment



State of Food Security – Summary

- Over the past 15 years, on **average**: poverty, undernourishment, and micronutrient deficiency have strongly **improved**.
- Large **regional** differences in food and nutrition security within the countries.
- **Micronutrient** deficiencies (“hidden hunger”) remain serious problems: Anemia, vitamin A and zinc deficiency.
 - Especially : **anemia for women**. In Russia, Kyrgyzstan and Armenia, anemia among woman have increased since 2002.
- Increasing challenge : **over-nutrition**

Food and nutrition security indicators

	Poverty ratio at \$1.90 a day (2011 PPP) (%)		Prevalence of undernourishment (%)		Stunting (% of children <5 y.o.)	Wasting (% of children <5 y.o.)	Prevalence of anemia (% of children <5 y.o.)		Prevalence of anemia in women of reproductive age (%)	
	in 2016	change from 2002	in 2016	change from 2002	latest years available*	latest years available*	in 2016	change from 2002	in 2016	change from 2002
Russian Federation	0.0	-0.7	<2.5	-1.9			25.7	-0.3	23.3	2.2
Kazakhstan	0.0	-6.9	<2.5	-3.2	8.0	4.1	29.3	-8.0	30.7	-2.1
Kyrgyzstan	1.4	-32.8	6.4	-9.4	12.9	2.8	38.3	-0.6	36.2	3.3
Tajikistan	4.8	-28.1	30.1	-13.1	26.8	9.9	31.3	-6.9	30.5	-6.6
Uzbekistan	27.1	-39.5	6.3	-12.6	19.6	4.5	36.6	-16.2	36.2	-9.1
Armenia	1.8	-13.3	4.4	-19.2	9.4	4.2	31.5	4.5	29.4	9.3

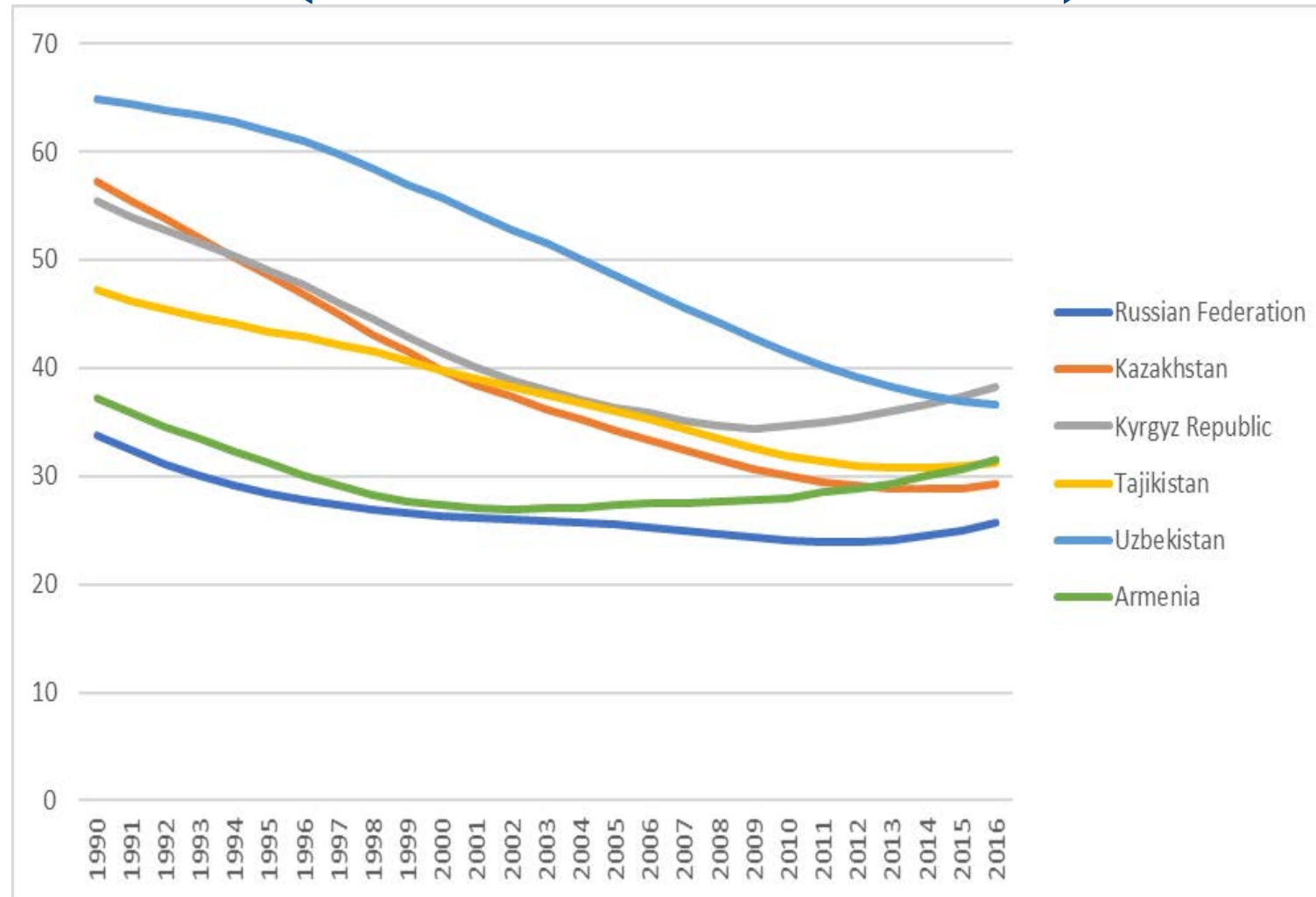
Note: Poverty data for Uzbekistan is for 2012; Data for stunting: Kazakhstan 2015, Kyrgyzstan 2014, Tajikistan 2012, Uzbekistan 2006, Armenia 2016;

Data for wasting: Kazakhstan 2010, Kyrgyzstan 2014, Tajikistan 2012, Uzbekistan 2006, Armenia 2010.

Source: FAOstat: Food Security Indicators, FAO (2016), World Bank: World Development Indicators.

Childhood anaemia prevalence 1990-2016

(% children below 5)



Source: World Development Indicators