

MACRO ANALYSIS OF **COVID-19** THREATS TO FOOD SECURITY AND LIVELIHOODS IN ASIA AND THE PACIFIC

June 2020





A WFP cash distribution site in Afghanistan. Staff now wear protective masks as part of the COVID-19 prevention measures.
©WFP Afghanistan/2020

The report may refer to all countries in Asia and the Pacific region, but focus will be on countries where WFP is operational: South Asia - Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka; Southeast Asia - Cambodia, Democratic People's Republic of Korea, Indonesia, Lao PDR, Myanmar, the Philippines, Timor-Leste; the Pacific: Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu

1. SUMMARY

175 million jobs may be lost¹

52 million more people in Asia could be classified as extreme poor²

The COVID-19 pandemic is set to severely derail development gains in Asian and Pacific nations. It compounds pre-crisis levels of food insecurity and malnutrition with job losses, supply chain disruptions, and declines in revenue from key exports and remittances.

Globally, WFP predicts that the number of people facing acute food insecurity around the world will almost double to 270 million, including 121 million newly food insecure due to COVID-19.³

Afghanistan, Nepal, Timor-Leste and the Pacific Island Countries (PICs) are among the countries most at risk due to high dependency on food imports and remittances as well as a drop in revenue from exports. In Afghanistan alone, nearly 3 million additional people may experience acute food insecurity.

Bangladesh, Myanmar, Pakistan, India, Sri Lanka, Cambodia, and Lao PDR also are likely to be severely affected by lost incomes and livelihoods.

Food production is generally not yet impacted by the pandemic, but supply chains and the availability of labour have been disrupted by measures taken to contain the virus. Common natural hazards in the region, such as drought, floods, landslides and storms may also jeopardize supplies in some places and put further pressure on food security. Conflict and insecurity also compound the risk of hunger in some countries in Asia and the Pacific.

Slum dwellers, informal labourers and low-paid daily wage workers from affected sectors like tourism and export industries are among those most at risk of hunger and malnutrition due to income loss. Very few of these groups have access to national social protection systems.

Many governments across Asia and the Pacific have launched short-term emergency relief programmes to reduce the human, social and economic pain inflicted by COVID-19. But many of the needy families are being left out and require urgent attention.

1 ILO Monitor: COVID-19 and the World of Work. Third Edition Updated Estimates and Analysis: https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_743146.pdf

2 IFPRI Tableau public: COVID-19 Impacts on Global Poverty: https://public.tableau.com/profile/laborde6680#!/vizhome/EconomicImpactEconomicslowdownduetoCovid-19/IFPRIblogApril16th2020/Blog04162020_IFPRI?publish=yes

3 WFP Global Response to COVID-19, June 2020

2. UPDATE ON COVID-19 PANDEMIC IN ASIA AND THE PACIFIC

The COVID-19 pandemic continues to progress in the region. However, making an accurate interpretation of current COVID-19 data is challenging due to the different testing strategies and capacities across the countries.

In South Asia, India has the highest number of cumulative cases and deaths, and the infections are increasingly recorded in rural areas. Afghanistan, Bangladesh and Pakistan also continue to see significant growth in daily new cases. In other countries in the region, the pandemic is progressing relatively more slowly.

In Southeast Asia, the pandemic seems to be more contained at the moment with the exceptions of Indonesia and the Philippines. Timor-Leste last registered a new case on 24 April and hasn't had any new cases since then.

In the Pacific, Fiji recorded the last case on 21 April and no new cases since then. No COVID-19 related deaths have been recorded, and around a dozen countries remain virus-free.



WFP food assistance continues in the camps for the Rohingya refugees living in Cox's Bazar, Bangladesh.
©WFP Bangladesh/Nalifa Mehelin

3. OVERVIEW OF THE ECONOMIC CRISIS

The global economic outlook remains highly uncertain: the vast and rapid spread of COVID-19 is so exceptional that modern economic history provides few precedents from which to draw comparisons. Most forecasts assume containment of the virus within the year and a return to normalcy next year, but outcomes could be far worse if the outbreak continues to spread or in the event of later even more devastating second and third pandemic waves.⁴

- Global GDP is likely to contract by 5.2 percent (baseline forecast) in 2020. Emerging market and developing economies are forecast to contract by 2.5 percent.⁵
- The International Labour Organization estimates that global working hours in the second quarter will be 10.5 percent lower than the last quarter of 2019, equivalent to a loss of 305 million full-time jobs globally, and 175 million jobs in Asia and the Pacific.⁶
- Regional growth for South Asia is projected to be between 1.8 and 2.8 percent for calendar year 2020, down from forecasts of 6.3 percent projected in late 2019.⁷ Southeast Asia growth is forecast at 1 percent, down from 4.4 percent.⁸
- In South Asia and Southeast Asia respectively, 42 and 9.6 million people are projected to become extreme poor due to COVID-19.⁹
- The Pacific economies are expected to be heavily affected by COVID-19 with major GDP contraction projected in 2020 for Fiji, Samoa and Vanuatu.¹⁰

A possible financial crisis could significantly exacerbate the economic pain: March witnessed a surge in capital outflows from emerging Asian markets, and many currencies have depreciated against the US dollar even faster than during recent shocks (including 2008); Indonesia's currency depreciation has been the most severe, at 11.5 percent.¹¹ A recently announced G20 debt relief will ameliorate the situation for several countries across the region.¹²

4 Asian Development Bank, "Asian Development Outlook 2020: What Drives Innovation in Asia?," Asian Development Outlook (Manila, the Philippines: Asian Development Bank, April 2020), <https://doi.org/10.22617/FLS200119-3>.

5 The Global Economic Outlook During the COVID-19 Pandemic: A Changed World. <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>.

6 ILO Monitor: COVID-19 and the world of work. Third Edition Updated Estimates and Analysis https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_743146.pdf

7 World Bank, South Asia Economic Focus, Spring 2020: The Cursed Blessing of Public Banks (The World Bank, 2020), <https://doi.org/10.1596/978-1-4648-1566-9>.

8 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

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

10 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

11 Asian Development Bank, "Asian Development Outlook 2020."

12 [https://g20.org/en/media/Documents/G20_FMCBG_Communicu%C3%A9_EN%20\(2\).pdf](https://g20.org/en/media/Documents/G20_FMCBG_Communicu%C3%A9_EN%20(2).pdf)

Countries of concern

The WFP Regional Bureau in Asia and the Pacific undertook an analysis to identify countries that are highly vulnerable to COVID-19-induced negative economic shocks, which may aggravate food insecurity and nutrition levels. The analysis examined each country's: GDP performance and economic stability; dependence on commodity export revenue; food imports; income from international tourism; remittances; overall security; and pre-crisis levels of food insecurity and malnutrition, which could exacerbate the impacts of COVID-19.

- 1. Afghanistan is at high risk of increased food insecurity** due to its extensive levels of poverty, poor health services, ongoing insecurity, and high dependence on food imports.
- 2. Nepal faces significant risk of increased poverty and food insecurity**, due to its high dependence on tourism and overseas remittances.
- 3. Timor-Leste and the Pacific Islands Countries** are also at risk due to their high dependency on tourism, remittances and food imports. In addition, Timor-Leste's reliance on oil export revenue makes it especially vulnerable due to collapsing oil prices.
- 4. Certain sectors within countries are more vulnerable.** Countries with economies heavily dependent on sectors such as tourism, commodity and manufacturing exports, and remittances are at higher risk than others in countries that may be resilient as a whole: India, Pakistan, Bangladesh, Sri Lanka, Myanmar, Cambodia, Lao PDR and Viet Nam.

Regional updates

South Asia

The situation in Afghanistan is dire; some estimates project its GDP to contract by as much as 4 percent this year.¹³ Due to border closures with Pakistan, Afghanistan has also suffered soaring prices for numerous imported food items such as onions, potatoes and flour. The price of wheat, for example, which accounts for around 67 percent of daily food consumption,¹⁴ increased by 72 percent in a single day in April.¹⁵ Most of the local markets have seen double-digit increase in retail prices of wheat in the last 6 months (Oct-Mar), with the highest increase in Kandahar, where prices increased by 32 percent. Prices continued to increase in April and slightly increased or stabilized in May but are overall much higher than in March. Due to the lockdown measures, unemployment is increasing, with estimates from the Biruni Institute, a local think tank, predicting that 6 million Afghans have lost their jobs. Remittances are expected to halve due to the return of Afghan migrant workers from host countries.¹⁶ WFP estimates that the number of people who are severely food insecure will have grown from 12.6 million to nearly 15.4 million as a result of the lockdown.¹⁷

Nepal's local economy relies heavily on remittance inflows (which comprised 29 percent of GDP in 2018¹⁸). Remittances have been forecast to fall by 14 percent in 2020 due to the global shutdown measures. The impact has also been seen on the tourism and manufacturing sectors due to travel restrictions and decreases in supplies of raw materials from China and India. About 31 percent of the

13 World Bank, South Asia Economic Focus, Spring 2020.

14 "FAOSTAT," accessed April 25, 2020, <http://www.fao.org/faostat/en/#data/FBS>.

15 ODI, "Economic Impacts of and Policy Responses to the Coronavirus Pandemic: Early Evidence from Afghanistan," n.d., 2.

16 IMF Policy Paper, April 2020: <https://www.imf.org/en/Publications/Policy-Papers/Issues/2020/04/16/Catastrophe-Containment-And-Relief-Trust-Approval-Of-Grant-Assistance-For-Debt-Service-Relief-49330>

17 WFP estimates.

18 World Bank, Personal remittances received (% of GDP): <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?end=2018&locations=NP&start=2006>

population who earn between US\$ 1.90 and 3.20 a day are at significant risk of falling into extreme poverty.¹⁹ Annual inflation is set to rise to 6 percent in 2020 largely as a result of food prices which have increased because of a delayed monsoon, supply chain disruptions and border closures.²⁰

Pakistan's economic growth is expected to contract by 1.5 percent in 2020, with particularly bad implications for the country's informal workers, who account for roughly 72 percent of the workforce.²¹ Pakistan will also see double-digit inflation fuelled by escalating food prices, hikes in utility charges and currency depreciation.²² Remittances (which make up 6.7 percent of GDP) are expected to decline by 23 percent. The textiles sector is highly exposed to disruptions and labour shortages caused by the shutdown. Pakistan's recent application to the G20 for US\$ 1.8 billion debt relief was approved, allowing the country to use the savings to fight the COVID-19 pandemic.²³

Bangladesh will suffer from the decline in global and domestic demand for manufactured goods, particularly garments, where 81 percent of total exports come from. According to the Bangladesh Garment Manufacturers and Exporters Association, cancelled orders will account for about US\$ 3 billion in lost revenue and affect more than 2 million workers. This will substantially increase poverty levels, since 1 in 4 employees in the manufacturing sector are already poor and 1 in 4 households living in poverty derive income from informal activities.²⁴

Southeast Asia

Decline in domestic demand is likely to be the most significant economic impact in Southeast Asian countries, where consumption represents about 60 percent of GDP.²⁵ Many Southeast Asian economies, which are highly open to trade, will also see their primary exports badly hit, whether palm oil and metals from Indonesia, manufactured components from Viet Nam and the Philippines, or textiles from Cambodia.²⁶

Countries that are heavily reliant on tourism are also vulnerable, particularly Cambodia and Lao PDR. In the Philippines, overseas worker remittances, which constitute 10 percent of GDP, are expected to decline by 20 to 30 percent.²⁷ Several countries are highly indebted, with low foreign currency reserves, which increases their risk of financial crisis. G20 debt relief will ameliorate the situation in Lao PDR and Cambodia, which have high debt/GDP ratios. Despite this, GDP in Lao PDR, Myanmar and the Philippines is still projected to grow in both best- and worst-case scenarios for 2020, albeit at significantly lower levels than in 2019.²⁸

Timor-Leste's economic growth is expected to contract by 2-3 percent in 2020 due to the decline in economic activities and sharp fall in oil prices. The country significantly relies on imports of food staples, particularly rice and cereals, as local production levels are insufficient. This imposes high risks of food insecurity if food supply chains are disrupted. In addition, recent heavy rains in March have caused severe floods in parts of Timor-Leste that affected thousands of people.²⁹

19 World Bank, South Asia Economic Focus, Spring 2020.

20 ODI, "Economic Impacts of and Policy Responses to the Coronavirus Pandemic: Early Evidence from Nepal," n.d., 2.

21 World Bank, South Asia Economic Focus, Spring 2020.

22 Asian Development Bank, "Asian Development Outlook 2020": <https://www.adb.org/publications/asian-development-outlook-2020-innovation-asia>

23 <https://www.thenews.com.pk/print/654402-pakistan-seeks-1-87-bn-debt-relief-from-g20-countries>

24 World Bank, South Asia Economic Focus, Spring 2020.

25 Asian Development Bank, "Asian Development Outlook 2020."

26 "The Economic Toll of Covid-19 on Southeast Asia: Recession Looms as Growth Prospects Dim," accessed April 25, 2020, <https://www.csis.org/analysis/economic-toll-covid-19-southeast-asia-recession-looms-growth-prospects-dim>.

27 https://www.knomad.org/sites/default/files/2020-04/Migration%20and%20Development%20Brief%2032_0.pdf

28 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

29 World Bank, Timor-Leste Economic Report: A Nation under Pressure, April 2020: <https://openknowledge.worldbank.org/bitstream/handle/10986/33749/Timor-Leste-Economic-Report-A-Nation-Under-Pressure.pdf?sequence=1&isAllowed=y>

The Pacific Island Countries (PICs)

Economies in the Pacific are among the most vulnerable in the region due to their heavy reliance on tourism, remittances and food imports. In Palau, GDP growth is projected to fall by nearly 12 percent in 2020 due to the negative impacts on the tourism sector, which contributes 20 percent to GDP. This also implies a loss of jobs of nearly 1000 Palauans, equivalent to 18 percent of the total number of Palauans employed.³⁰ Vanuatu's economy could contract by as much as 8 percent due to decline in tourism revenues.³¹

Papua New Guinea's GDP growth is expected to slow year-on-year due to downward pressure on mining and petrochemical exports, which account for 28 percent of the country's economic output. Though the national economy will take a significant hit, these extractive industries employ just 0.4 percent of the labour force, compared with 66 percent in agriculture, forestry and fishing, which are expected to be better insulated from the crisis.³²

In addition to losing remittances and tourism income, Vanuatu and Fiji are contending with the damage caused recently by Tropical Cyclone Harold. The storm hit Vanuatu's main agricultural islands, causing up to US\$ 600 million³³ in damage with major implications for Vanuatu's agricultural exports. Around 159,000 people (some 54 percent of the population) are estimated to have been affected³⁴ with 90 percent of homes damaged³⁵. In the worst-case scenario, 2020 GDP growth could contract by 8 percent.³⁶ In Fiji, the storm caused an estimated US\$ 11 million of damage to the agricultural sector³⁷ and rendered 10,000 people (around 1 percent of the population) in need of immediate assistance. The severe weather coupled with lockdown-induced panic buying recently triggered temporary price increases of 250 percent in taro and 54 percent in cassava, both key root crops.³⁸ Furthermore, the shutdown of international tourism puts 118,500 people at risk of unemployment, equivalent to 13 percent of the population. As a result of COVID-19 and cyclone Harold, Fiji's GDP is now expected to contract by about 6 percent in 2020.³⁹ Micronesia and the Marshall Islands will also experience sharp contractions.⁴⁰

30 EconMap, Technical Note, March 2020: https://piti.viti.org/news/wp-content/uploads/downloads/2020/04/EconFiscImpact_COVID-19_Mar2020_Web.pdf

31 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

32 ODI, "Economic Impacts of and Policy Responses to the Coronavirus Pandemic: Early Evidence from Fiji, Papua New Guinea and Vanuatu," n.d., 3. <https://set.odi.org/wp-content/uploads/2020/04/Economic-impacts-of-and-policy-responses-to-the-coronavirus-pandemic-early-evidence-from-Fiji-Papua-New-Guinea-and-Vanuatu.pdf>

33 "Vanuatu Faces 12-Month Recovery as Cyclone Harold Heads for Fiji - ABC News," April 8, 2020, <https://www.abc.net.au/news/2020-04-08/cyclone-harold-batters-vanuatu-heads-for-fiji/12131814>.

34 ODI, "Economic Impacts of and Policy Responses to the Coronavirus Pandemic: Early Evidence from Fiji, Papua New Guinea and Vanuatu," n.d., 3. <https://set.odi.org/wp-content/uploads/2020/04/Economic-impacts-of-and-policy-responses-to-the-coronavirus-pandemic-early-evidence-from-Fiji-Papua-New-Guinea-and-Vanuatu.pdf>

35 Yvette Tan, "How Do You Stay at Home If Your Home Is Destroyed?," BBC News, April 15, 2020, sec. Asia, <https://www.bbc.com/news/world-asia-52268119>.

36 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

37 "Fiji Still Counting Cost of Cyclone Harold," RNZ, April 21, 2020, <https://www.rnz.co.nz/international/pacific-news/414748/fiji-still-counting-cost-of-cyclone-harold>.

38 ODI, "Economic Impacts of and Policy Responses to the Coronavirus Pandemic: Early Evidence from Fiji, Papua New Guinea and Vanuatu."

39 IMF, Fiji Country Data: <https://www.imf.org/en/Countries/FJI>

40 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

GDP forecasts for all countries in the region ^{41,42,43,44}

Country	2018-2019 GDP growth	Projected GDP growth (2020) - ADB	Projected GDP growth (2020) - World Bank	Projected GDP growth (2020) - IMF
Fiji	0.7%	-4.9%	1.5%	-5.8%
Palau	-3.1%	-4.5%	-6.0%	-11.9%
Samoa	-2.2%	-3.0%	-5.0%	-3.7%
Timor-Leste	2.8%	-2.0%	-2.8%	-3.0%
Vanuatu	3.2%	-1.0%	-8.0%	-3.3%
Tonga	0.3%	0.0%	0.5%	-1.2%
Nauru	5.7%	0.4%	-2.0%	-1.7%
PNG	-0.8%	0.8%	0.0%	-1.0%
Solomon Islands	3.9%	1.5%	2.5%	-2.1%
Micronesia	0.2%	1.6%	-3.0%	-0.4%
Philippines	5.9%	2.0%	0.5%	0.6%
Cambodia	7.1%	2.3%	1.0%	-1.6%
Indonesia	5.0%	2.5%	-3.5%	0.5%
Marshall Islands	3.6%	2.5%	-3.0%	-0.2%
Pakistan	5.8%	2.6%	-1.3%	-1.5%
Sri Lanka	3.2%	2.6%	-0.5%	-0.5%
Tuvalu	4.1%	2.7%	1.6%	-1.0%
Afghanistan	1.0%	3.0%	-3.8%	-3.0%
Lao PDR	5.0%	3.5%	2.2%	0.7%
India	4.2%	4.0%	2.8%	1.9%
Myanmar	6.2%	4.2%	3.0%	1.8%
Bhutan	3.0%	4.4%	2.9%	2.7%
Viet Nam	7.0%	4.8%	1.5%	2.7%
Nepal	6.7%	5.3%	2.8%	2.5%
Bangladesh	7.9%	7.8%	3.0%	2.0%

41 https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/WEO_WORLD/AFG/IDN

42 World Bank, World Bank East Asia and Pacific Economic Update, April 2020.

43 <https://openknowledge.worldbank.org/handle/10986/33478>

44 <https://www.adb.org/publications/asian-development-outlook-2020-innovation-asia>

Remittances and migration

Remittances are an important contributor to GDP in several countries in the Asia-Pacific region, particularly in low-income and small island developing states. During times of natural disaster or other crises, remittances from migrant workers to relatives at home provide a significant form of social protection. However, as seen during the 2008-2009 financial crisis, when crises affect host countries, migrants face disproportionate challenges and the amount of money they can send back home declines. Given the significant impact of COVID-19 on the United States' economy, the Gulf States as well as European economies, countries in Asia and the Pacific region that are dependent on remittances from those regions will likely see a pronounced drop in remittances received. The unprecedented drop in oil prices is also expected to negatively impact demand for labour in Gulf countries, undermining a significant source of remittances for South and Southeast Asia. Movement restrictions further exacerbate the issue as many of the recipients in countries of origin may not be able to access digital payments.⁴⁵

The World Bank projects remittance flows to South Asia to decline by 22 percent in 2020, while those to East Asia and the Pacific will decline by 13 percent. Remittances are a major contributor to GDP in Tonga (37.6%), Nepal (27.3%), Samoa (16.2%), the Marshall Islands (14.3%), and the Philippines (9.9%). Projections by the Government of the Philippines suggest remittances may decline by between 20 and 30 percent in 2020, while Nepal is projected to see a 14 percent decrease. In Pakistan, remittances are expected to decline by 23 percent. Similarly, Bangladesh is projected to see a 22 percent decline, and Sri Lanka by 19 percent. India, the largest receiver of remittances globally in terms of volume, is expected to see a 23 percent decline – equating to a loss of US\$ 19 billion. Much less is known about the impact of COVID-19 on domestic remittances from urban to rural areas. With many urban workers losing jobs and moving back to rural areas, domestic remittances are likely to decrease with damaging repercussions for many rural households.

Faced with loss of income, the cost and potential risks of returning home, returning migrants are highly vulnerable. The International Organization for Migration estimates that 193,000 migrants have left Thailand to return to Myanmar, Cambodia and Lao PDR. An estimated 177,000 have left Iran, and another 60,000 have left Pakistan to return to Afghanistan. Some migrants have to deal with border closures such as those between Nepal and India, and between Thailand and Myanmar. Internal migration is also impacted due to travel restrictions, posing real challenges for those who have migrated to urban centres for informal employment and who have lost their already low income. Their return may also pose an additional drain on the scarce economic resources of their countries of origin.

4. THREAT OF COVID-19 RESTRICTIONS TO SECURITY

As the pandemic has spread, countries in Asia and the Pacific have responded by implementing quarantine provisions, restrictions on activities and lockdowns. Restrictions include border closures; bans on domestic travel; bans or limits on international travel (except return of nationals in some cases); movement restrictions within cities; closures of educational facilities and businesses; restrictions on access to certain populations (e.g. refugees in the Cox's Bazar camps).

In April, Pakistan and India have eased some restrictions in order to revive the local economy and minimize the impact on vulnerable informal labourers, and on sectors or parts of the country less affected by the pandemic. The easing has covered people working in agriculture and the food supply chain in order to guarantee adequate availability of food in the local markets.

Security and conflict

Gender-based violence has been on the rise during the pandemic as security, health and financial worries heighten tensions, and strains are accentuated by confined living conditions.⁴⁶ Occasional incidents of civil unrest and violence linked to the pandemic have been recorded in six countries: Pakistan, India, Indonesia, Lao PDR, the Philippines and Bangladesh. Curbs on religious freedoms and loss of livelihood appear to be the main drivers behind the unrest, which security forces have largely kept in check. Should the impact of the pandemic continue to erode livelihoods, civil unrest could mount.

5. THREAT TO FOOD SUPPLY, TRADE, MARKET AND PRICES (GLOBAL, REGIONAL AND LOCAL)

Supply Chain

Due to the pandemic, the short-term risks for the supply chain include demand uncertainty, uncertain input availability, labour shortages, plant shutdowns and slowdowns, unavailability of freight and logistics, bottlenecks at ports and warehouses, storage facility shutdowns or limited storage capacity. International imports and exports fell in May to their lowest level in the last four years, according to World Trade Organization figures.

Many governments have started to import unusually high quantity purchases in one go. This has resulted in the disruption of the markets and proportional increase in the demand of cereals, something that producing/exporting countries are finding it difficult to fulfil.

As per Hellenic Shipping News⁴⁷, globally and in Asia, container and bulk carrier shipping are experiencing major downturns in demand. More than 10 percent of the global container fleet is now anchored as markets fall. Demand for dry bulk shipping is also down due to disrupted commodity

⁴⁶ <https://news.un.org/en/story/2020/04/1061052>

⁴⁷ <https://www.hellenicshippingnews.com/covid-19-makes-waves-for-international-shipping/>

supply and economic problems in major destinations. However, demand for tankers is soaring as countries and oil companies seek to contract large vessels to use as floating storage facilities.

International prices

The world food commodity prices overall declined for the third month in a row during April (with the notable exception for cereal prices). The FAO Food Price Index (FFPI) has been on a downward trend for four consecutive months. The latest drop in May reflects falling values of all the sub-indices except for sugar, which rose for the first time in three months. The FAO Cereal Price Index was down in May but very close to its level in the corresponding month last year. Among major cereals, only rice prices rose in May. In wheat markets, after a rise in April, export prices fell under downward pressure.

In Asia in particular, prices of rice in Thailand, Cambodia, China and Bangladesh decreased in May thanks to new supplies from harvesting season and export declines, while the prices in India and Indonesia were stable. In Viet Nam, rice prices continued to increase in the first weeks of May, although at a slower pace than in the previous months. This overall stabilization followed a surge in demand and COVID-19-related market disruptions that had triggered price spikes in the March-April period.

The recent easing of the upward price pressure reflects a return to more normal levels of demand amid the relaxation of lockdown measures and the onset of the 2020 harvests. The lift of trade limitations⁴⁸ in the exporting countries of the sub-region also eased concerns on supply constraints. Prices, however, remained overall above their 2019 levels in most countries. Prices of wheat flour in Pakistan and India decreased due to improved supplies from the 2020 harvest while they were relatively stable in Indonesia and Bangladesh.

Retail prices

In local markets throughout the region, there is evidence of price increases and volatility resulting from supply chain disruptions. In Afghanistan, for example, the price of cooking oil was 36 percent higher in May as compared to March. In Cambodia, there was a substantial increase in the prices of vegetables – some by 60 percent – in March and April. In Nepal, the prices of basic food commodities in May increased only marginally as compared to March and April. However, a notable rise was recorded in vegetable and fruit prices – between 30 to 60 percent – in some hilly districts. In Timor-Leste, prices of grains – rice, maize, flour – increased the most compared to other food items. Local rice prices are now almost five times higher than imported rice. Vegetable prices, such as chili and beans, also increased due to failed harvests which were affected by recent heavy rain and floods. Domestic demand of food commodities has reduced overall in the producing countries and this has already impacted the prices of the staple commodities in these countries. For example, in Myanmar, WFP monitoring showed that there was a decline in the average prices of the four main food commodities in May compared to April.

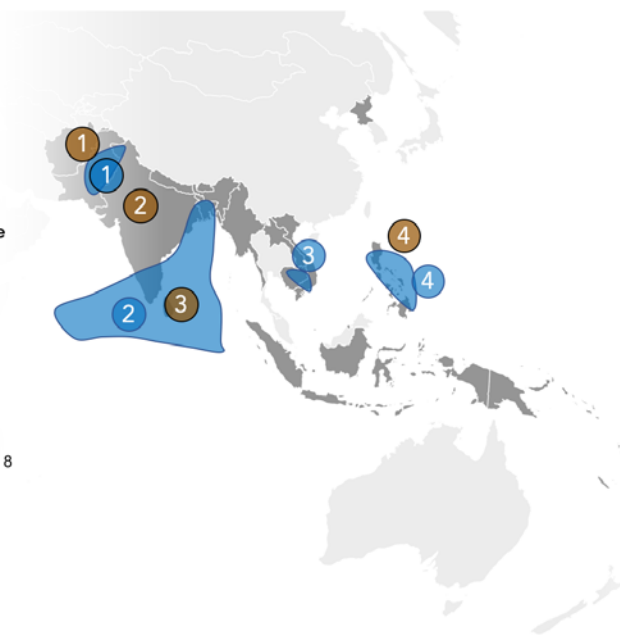
48 Following the joint statement by the ASEAN Ministers on Agriculture and Forestry (AMAF), Vietnam and Myanmar lifted rice restrictions in May.

6. UPDATES ON CLIMATE OUTLOOK

Climate outlook

RECENT CLIMATE HAZARDS

- 1 **Afghanistan – Floods**
May 2020
Flash floods triggered by heavy rainfall in Baghlan province
- 2 **India/Bangladesh – Cyclone**
May 2020
Initial estimates suggest that 60 million people were affected by Cyclone Amphan, with over 300,000 households damaged. Over USD 130 million of losses have been reported.
- 3 **Sri Lanka – Drought**
May 2020
Over 320,000 people affected in 8 provinces
- 4 **Philippines – Typhoon**
May 2020
More than 60,000 people affected in Bicol, Eastern Visayas and Southern Luzon following Typhoon Vongfong



SEASONAL OUTLOOK (JUNE-AUGUST)

- 1 **Pakistan – above-normal rainfall**
May-July 2020
High probability for above normal rainfall in the early part of the monsoon over large areas of Pakistan
- 2 **South Asia – Cyclone risk**
May-July 2020
High moisture accumulation and higher temperatures suggest the potential for an early cyclone season in South Asia exacerbate this trend
- 3 **Southeast Asia - recovery**
June-July 2020
Following a period of dryness, near-normal or above-normal rainfall is projected for parts of Cambodia and Viet Nam.
- 3 **Philippines – Dryness**
June-July 2020
Increasing temperatures and anomalously low precipitation will likely contribute to drought risk in the Philippines

Figure 1. Food security impacts associated with the COVID-19 crisis might be exacerbated by both recent climate events (brown) as well as future climate events (blue).

Climate events

In Afghanistan, heavy rain and flash floods in May destroyed more than 1,000 homes in the northern region of the country.⁴⁹ In Sri Lanka, 312,235 people across all 14 provinces were affected by the drought from January to May.⁵⁰ According to the Asian Specialized Meteorological Center (ASMC),⁵¹ Southeast Asia experienced below-average rainfall in May. In Indonesia, over 50,000 people in West Java were affected by flooding and landslides in April.⁵² More intense rainfall was observed in May in parts of Java, Sumatra and Indonesian Borneo. In the Philippines, Typhoon Vongfong destroyed thousands of hectares of agricultural land, forcing 200,000 people to evacuate to shelters, which was complicated by COVID-19 physical distancing rules.⁵³ In Fiji, 53,000 farmers were affected by tropical cyclones from April to early May, costing approximately FJD 29 million⁵⁴ due to damaged/lost crops and livestock. The southwest monsoon across the Mekong sub-region started in late May with rainfall predicted in many countries.⁵⁵

49 <http://floodlist.com/asia/afghanistan-floods-baghlan-samangan-may-2020>

50 https://reliefweb.int/sites/reliefweb.int/files/resources/Drought_Situation_Report_on_2020__1589095373.pdf

51 <http://asmc.asean.org/subseasonal-weather-review-of-regional-weather-conditions-for-may-2020/>

52 <http://floodlist.com/asia/indonesia-floods-bandung-westjava-may-2020>

53 <https://news.un.org/en/story/2020/05/1064202>

54 <https://reliefweb.int/report/philippines/asia-and-pacific-weekly-regional-humanitarian-snapshot-5-11-may-2020>

55 <https://asmc.asean.org/asmc-seasonal-outlook/>

Seasonal forecasts

Projections from multi-model ensembles (NMME⁵⁶ and IRI forecasts⁵⁷) point towards four key trends for the period of June to August. First, there is a high probability for above-normal precipitation in the early part of the monsoon in Pakistan, with potential implications for future flood risk. Second, high temperatures and moisture levels in South Asia are already contributing to early storm activities in the Indian Ocean. The first cyclone of the season, Amphan, made landfall near the border between Bangladesh and India on 20 May. It is too early to tell how severe storms will be for the remainder of the season. The third major trend is the beginning of near-normal or above-normal rainfall conditions over the Mekong sub-region, which will alleviate dryness over the past few months in Cambodia, Myanmar and Viet Nam. As a result, near-normal agricultural production is projected. Fourth, increasing temperatures and low rainfall will contribute to dryness in parts of the Philippines. With the Philippines already being impacted by Typhoon Vongfong, dry conditions are likely to place additional stress on paddy-dependent livelihoods.

Cropping activities

With the main cropping season approaching in several countries in Southeast and South Asia, there is significant concern that cropping activities will be impacted by both climate events and movement restrictions due to COVID-19. In Cambodia, Lao PDR, Myanmar and the Philippines, activities like preparing land and sowing take place in April-May just before the rainy season.⁵⁸ Anomalous dryness is likely to impact some of these activities. In addition, social distancing requirements and movement restrictions introduced as part of the strategy to contain COVID-19 might limit these activities, but the effect of this is not known as no guidance has been given by governments.

Crop yield forecasts

Extreme climate events and COVID-19 restrictions are disrupting agricultural production in some areas of the region through labour supply shortages and farmers' access to inputs, resulting in declines in crop yields and production. However, as governments begin to ease movement restrictions, it is unlikely that physical distancing requirements will have a major impact on agricultural production.

However, key climate trends over the coming months might affect overall crop yields and should be monitored closely. In Lao PDR, rice production in year 2020/21 is forecast to recover to 1.7 million metric tons as current precipitation levels are on a normal trajectory.⁵⁹ In Bangladesh, tens of thousands of acres of farmland, fruit plantations and farms have been devastated by the saltwater caused by Cyclone Amphan in May 2020.⁶⁰ In Sri Lanka, the harvesting of the main Maha rice was delayed due to COVID-19 physical distancing regulations. The planting of the minor Yala rice crop in May is delayed due to ongoing dry conditions and low water availability.⁶¹ In Pakistan, abundant rain in March and April damaged wheat crops, and overall wheat production is expected to be lower than 2020 projection.

56 https://www.cpc.ncep.noaa.gov/products/international/nmme/plots_seasonal/global_nmme_prec_anom_AprC_May2020-Jul2020.png

57 <https://iri.columbia.edu/our-expertise/climate/forecasts/seasonal-climate-forecasts/>

58 <http://www.fao.org/gjews/country-analysis/en/>

59 https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Laos%20Rice%20Report%20Annual_Bangkok_Laos_06-08-2020

60 <https://phys.org/news/2020-05-bangladesh-week-cyclone.html>

61 https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Annual_New%20Delhi_Sri%20Lanka_03-27-2020

In addition, the desert locust infestation is likely to impact food production in South Asia. In Pakistan, the Government reported that crops in over 60 districts across the country have already been lost to the desert locusts.⁶² FAO projections highlighted the major threat from locusts to food security for the wet winter period considering up to 38 percent of agricultural areas used for its breeding grounds. In Afghanistan, the desert locusts have reportedly entered from Iran since April and the authorities have treated 20 ha of farms in southwest provinces of Nimrus and northeast of Zaranj⁶³. Afghanistan had the worst locust outbreak in 2002 when more than 200,000 ha of wheat became infested.⁶⁴ The anti-locust campaign will be delayed this year because of pandemic restrictions and insecurity in the country. In India, around 35,000 ha of agricultural areas (wheat, cumin, mustard) in seven of India's states have been engulfed by locusts.⁶⁵

7. THREAT TO HOUSEHOLDS' FOOD SECURITY AND LIVELIHOODS

WFP global projections indicate the lives and livelihoods of 270 million people in low and middle-income countries will be under severe threat unless swift action is taken. This includes 149 million already in acute hunger in 2019 and an additional 121 million⁶⁶ due to COVID-19.

In the short-term, those most likely to be affected are poor households in urban and slum areas where high population density puts people at direct risk of becoming infected. In addition, households may face impacts including:

- Loss of jobs and incomes in urban areas due to quarantine (especially for daily wage labourers, sub-contracting workers, traders, those dependent on remittances) and general economic slowdown;
- Increased food prices due to trade restrictions and supply chain disruptions;
- Constrained government finances which reduce the amount of resources available for existing social assistance/insurance schemes to support the increasing number of vulnerable/food insecure.

Some governments in Asia and the Pacific have undertaken prompt strategic planning for the short-, medium- and longer-term responses through existing social protection schemes to reduce the human, social and economic impact of the COVID-19 outbreak. In immediate response, seven countries – Bangladesh, Fiji, India, Indonesia, the Philippines, Pakistan and Sri Lanka – have allocated additional government budget for social protection programmes to respond to COVID-19. Indonesia and the Philippines have increased financial support to the healthcare sector by US\$ 184 million and US\$ 583 million respectively. In India, Bangladesh and Indonesia, the governments provided extra funding to maintain food-based programmes for low-income households to mitigate impact. Several governments have provided fiscal measures to support job and income security. In Pakistan, nearly US\$ 1.2 billion was allocated to labourers across the country.

62 <https://asia.nikkei.com/Economy/Natural-disasters/India-and-Pakistan-brace-for-worst-locust-attack-in-27-years>

63 <https://reliefweb.int/sites/reliefweb.int/files/resources/DL499e.pdf>

64 <http://www.fao.org/english/newsroom/news/2002/5000-en.html>

65 <https://www.firstpost.com/india/india-braces-for-worst-locust-attack-in-three-decades-authorities-procure-drones-pesticides-but-financial-damage-from-crop-loss-to-be-huge-8412881.html>

66 WFP Global Response to COVID-19, June 2020

For the medium-term, governments are exploring options to redesign or adapt existing social protection systems. The Bangladesh Government has provided assistance to the homeless and people who have lost their jobs as a result of the COVID-19 pandemic. In Myanmar, households without a regular income are receiving assistance for food and electricity costs. Cambodia's Government distributed take-home rations and cash stipends to nearly 283,000 school children.

While these measures are important to mitigate the impact of COVID-19, many urban poor (including those newly poor due to the pandemic) may not be covered under existing social protection systems or cannot access public services. A large majority work in the informal sector, usually without contracts, and are therefore ineligible for schemes such as unemployment insurance.

Findings from recent COVID-19 assessments

With support from WFP and other UN agencies, some governments have assessed the economic and food security implications of the COVID-19 outbreak. These have included socioeconomic analysis, macro and micro impact, vulnerability assessment and food security assessment, often relying on remote assessment capabilities (mobile phone, web-based surveys).

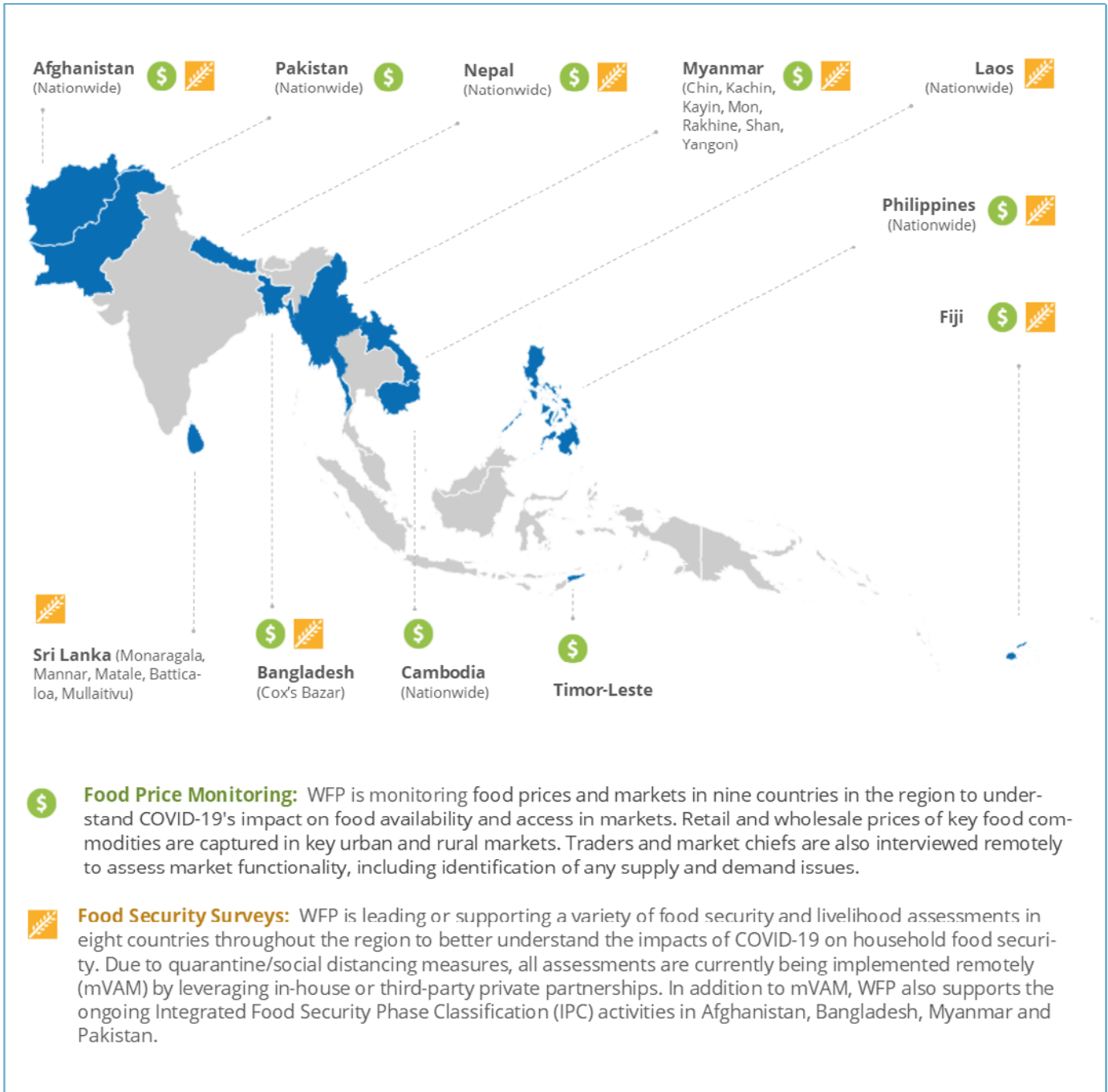
In Cox's Bazar, Bangladesh, monitoring reports show that household income levels have been significantly impacted by livelihood disruptions for both refugees and host communities. The prices of key staples have increased, affecting consumers' purchasing power, with a drop of 80 percent in the average terms-of-trade between daily wage earned and retail price of rice. Only 4 out of 10 host community households reported an acceptable diet whereas, before the crisis, nearly 8 out of 10 households had an adequate diet. Food consumption of refugee households are found to be stable with nearly 7 out of 10 families in the refugee camps had an acceptable diet.

In Nepal, where 1 in 10 households is experiencing a loss of livelihood and 3 out of 10 a reduction in income, food insecurity has increased slightly across the country as indicated by a WFP nationwide assessment. Some 23 percent of households now have inadequate food consumption; 7.2 percent adopted at least one negative coping strategy; and 6 percent having insufficient food stocks. Households with low education levels, a chronically ill member, and headed by a female were found to be more food insecure.

In Lao PDR, WFP conducted a rapid assessment on food security and agriculture in April across all 17 provinces and the capital. The findings indicate that food availability and prices have been visibly affected, largely due to the restriction of movements. The overall income of farmer households has decreased as a result of both reduced volume of sales and lower prices, and coupled with reduced remittances, this has negatively impacted households' access to food.

Summary of WFP forthcoming assessments and analyses

In addition to the recent assessment findings highlighted above, WFP will support or lead a more comprehensive set of assessments and analyses to provide insights into the impact of COVID-19 on country-level food security, market prices and related outcomes. The map below provides an overview of the ongoing assessments and analyses. Findings will be presented in a report scheduled for release in August 2020.





In the Bangsamoro region, the Philippines, WFP helped register more than 350,000 vulnerable families to enable them receive a government cash subsidy in support of population affected by COVID-19.
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