



SID Event Notes

The Devastating and Enormous Impact of the Food Security Crisis: Looking at an Urgent Need for Solutions from all Sectors

July 28, 2022

Moderator:

- **Sylvia Megret**, President and CEO, ACDI/VOCA

Speakers:

- **Maura Barry Boyle**, Senior Deputy Assistant Administrator, USAID's Bureau for Resilience and Food Security and Interim USAID Global Water Coordinator
 - **Paul A. Dorosh**, Director of Development Strategy and Governance Division, International Food Policy Research Institute (IFPRI)
 - **Joanna Veltri**, Chief, Americas Liaison Office, International Fund for Agricultural Development (IFAD)
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Sylvia Megret:

- Introduction of the panelists
- Global Hunger levels are at a new high – more than 276 million people are severely food insecure (a number which has doubled in the past 2 years)
- We have asked our speakers to discuss the situation from their agencies and experiences, focusing on the global food security crisis' magnitude and multidimensionality

Maura Barry Boyle

- It was just a few years ago that we thought a world without extreme poverty and hunger was possible
 - Between 2005 and 2013, the number of people going to bed hungry each night decreased from 828 million to 571 million
- We started seeing a sharp increase in this number in 2019
 - Causes include: Covid's impact on supply chains and economies, climate change, disruption of growing and planting seasons
 - Now, Russia's invasion of Ukraine is having far reaching effects on food prices and the availability of key inputs such as fertilizer
- **By the end of 2021, the number of people living in food insecurity was more than 828 million – a number which is set to keep increasing**
- **"This is a historic crisis ... we need to meet it with an equally historic response"**
- The Biden-Harris administration has stepped up efforts to mitigate food insecurity and hunger



- Latest supplemental funding from Congress received in June includes a commitment of an additional \$2 billion in humanitarian assistance
- Also \$760 million in economic assistance to strengthen food systems and mitigate medium-term impacts of food insecurity
- Feed the Future Initiative
 - The Feed the Future Initiative is a long-term investment by the government toward global food security
 - Focused on building local resilience to mitigate increases in poverty, hunger and malnutrition
 - Has expanded from 12 to 20 target countries
 - New target countries include Democratic Republic of the Congo, Liberia, Madagascar, Kuwait, Tanzania, and Zambia
- Focus is now on the Horn of Africa
 - \$90 million is currently subject to Congressional approval
- Important to mention that more than 600 million students around the world are still affected by partial or full school closures due to covid-19
 - We must consider how we can ensure that children's' education isn't further set back by the impact of the latest food crisis

Paul Dorosh

- IFPRI has done some work to understand how the war in Ukraine has led to shocks in global welfare (in terms of household incomes, poverty, nutrition, etc.)
 - This is done through a series of country case studies

Phase I included analyses of 19 different countries and their economies

- Shocks
 - Measuring shocks by looking at changes in food, fuels, and fertilizer
 - The impact of these shocks in each country depends on the share of affected commodities in total trade
- Poverty head count
 - In terms of poverty head count, most of the countries analyzed have suffered about 1 to 3 percentage points
 - The food price increase is a major factor in driving poverty in many countries, but in others (such as Myanmar) the prices of fuel and fertilizer are causing an increase in poverty
- Prevalence of under-nourishment (shortage of calorie consumption) has also increased by 1 to 2 percentage points
- Welfare of rural households is more likely to be affected by these shocks
 - **Rural populations are facing lower incomes and higher prices**



Phase II includes a modeling of policy responses on a one-year time horizon – Some policies have immediate effects, though we're also looking at medium-term policies

- **Potential Policy Responses:**
 - Food Tax Relief
 - Fertilizer Subsidies
 - Fertilizer Use Efficiency
 - Fertilizer Supply Chains
 - Cash Transfers
- **Returns on Policy Interventions:**
 - Some interventions are more effective than others at improving certain outcomes
 - **Poverty:** Cash transfers are the most effective
 - **Hunger:** Improving fertilizer use efficiency and food tax relief become more effective
 - **Diet Quality:** Food tax relief is more effective, followed by improving fertilizer use efficiency
- The fiscal cost of these policy interventions is high, and would fall on country governments
- **Summary**
 - Estimated effects of the Ukraine war-related shocks in the absence of policy interventions are significant
 - The combined effect for food, fertilizer, and fuel price shocks on poverty ranges from 1-3 percentage points for each country
 - Various policy instruments are available to lessen the adverse impacts on specific policy targets related to poverty, hunger and/or nutrition (diet quality)
 - The magnitude of the interventions required to meet policy objectives vary by country because of differences in their structures of production, consumption, trade and other factors

Joanna Veltri

- Poor rural smallholder farmers and food producers are the ones who are being hit hardest by the current global food crisis
- The War in Ukraine is just the latest in a string of global shocks that has exacerbated the food crisis
 - The region plays a major role in the global food fertilizer and energy markets
- IFAD is working to ensure that small-scale farmers, fishers, and livestock producers have affordable access to the inputs they need
- **IFAD's Crisis Response Initiative (CRI)**
 - CRI is a financing facility dedicated to supporting small-scale producers who are most affected by the war in Ukraine



- The response aims to protect the livelihoods of poor rural producers, to build resilience to this and future shocks, and to provide access to essential agricultural inputs and financing for the coming planting season
 - CRI utilizes a modular support structure that identifies 3 countries at a time in which to expand and deepen programming
 - Currently in Somalia, Afghanistan, and Yemen
 - Next: Mozambique, Haiti, and Ethiopia
 - We have a priority list of 22 countries, and with current funding can only spend \$3 million in each country
 - **“The lesson that we, the international community, should be learning is that these crises and shocks are increasingly frequent and increasingly severe because of their compounding nature”**
 - Despite the rhetoric changing around food insecurity, we're not seeing the commensurate financing for the short medium and long-term development interventions needed to prepare for these crises compared the humanitarian side of things
 - Finance dedicated to climate adaptation is only one eighteenth of the funding for mitigation
 - IFAD has a program called the Enhanced Adaptation for Smallholder Agriculture Program (ASAP+) that is a 100% climate financing mechanism
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Q&A

Q: Hunger is raising worldwide, for every \$1 invested in resilience, \$3 is invested in humanitarian assistance down the line. How can we better align the humanitarian and development programs to increase the focus on adaptation and resilience?

Maura Barry Boyle: I think really we're talking about making investments in areas that are more vulnerable to repetitive humanitarian crises. With the help of our partners, including the World Bank, we were able to do this in Uganda and Malawi through the Feed the Future funding.

Paul Dorosh: Investments in economic growth and resilience of households have a big payoff. In many places, a huge amount of the population of the poor live in rural areas. Their incomes are linked to agriculture. Investments in agriculture have big downstream effects on rural households. Investment in labor-intensive smallholders and economic growth in rural areas has a big benefit for reducing poverty and raising overall GDP and food security.



Q: What can this group do immediately in terms of action steps?

Paul Dorosh: Some of these things like removing taxes or maintaining fertilizer subsidies are straightforward things that can be done, but they're not enough to totally offset the negative effects of these shocks. Governments need to remove barriers to trade, such as lowering tariffs. Countries need to be able to maintain wheat imports from India – meaning that government to government deals right now are essential. There are not many “easy” options to solve this. The longer-term solutions will take a lot of work.

Maura Barry Boyle: USAID has focused on humanitarian response and saving lives. We're also looking at things we can do right now by asking ourselves, 'How do we mitigate the fertilizer shortage and price hikes?' and 'How do we support fertilizer efficiency use?'. We have been working with the private sector to transfer important knowledge to farmers. We are working on mobilizing investments in agricultural capacity and resilience. Also, we must consider how to cushion these vulnerable populations from macroeconomic shocks?

Joanna Veltri: We have talked a lot about managing global trade, which is important, but we also need to learn how to strengthen domestic production. Additionally, in the context of food and fuel price spikes, there is also a more generalized inflationary effect. This means that people have a hard time affording the goods that they need to survive. It also means that our development interventions oftentimes don't go as far as we wish they would, because our inputs are now more expensive. We're in a crunch situation and I also want to stress the debt vulnerability crisis that is accompanying all of this, and that the “fiscal envelope” that a country has to play with is considerably constrained.