

COVID-19 PANDEMIC AND ITS IMPACT ON AGRICULTURE AND FOOD SECURITY



Policy Response for Ethiopia

The first COVID-19 case was confirmed in Ethiopia on March 13, 2020. Three days later, the government closed schools, banned all public gatherings and sporting activities, and recommended social distancing. Several other measures to contain the spread of the virus were implemented by the government. For example, all passengers arriving from outside the country were put into a 14-day mandatory quarantine, and travel through land borders was prohibited. Several regional governments banned public transportation and imposed restrictions on movement between cities and rural areas. As of June 7, there were 2,020 confirmed cases of COVID-19.

Impact of COVID-19 in Ethiopia

Impact on food security and livelihoods

The COVID-19 pandemic is beginning to disrupt food value chains in Ethiopia, impacting the livelihoods of farmers and the diets of rural and urban households. The travel bans have reduced the volume and frequency of trucks coming to Addis Ababa, disrupting the rural and urban agriculture food business. The government estimates that this disruption will affect over 20 million people, and will also decrease access to essential grains and horticulture related foods. These effects are likely to hit the poorest and most vulnerable farmers and consumers the hardest. Estimates by the Ethiopia Strategy Support Program (ESSP) show that without large-scale and immediate interventions, the current economic situation could place 100-150 million people back into extreme poverty, reversing progress of the past decades. If current patterns in food consumption continue, involving the undersupply and under purchasing of affordable, nutrient-dense food, it could lead to a **significant increase in malnutrition and nutrient deficiencies**, with the largest risks being borne by mothers and children¹.

Impact on GDP and economic growth

Initial estimates from the Ethiopian Economic Policy Research Institute (EEPRI) and Addis Ababa University are predicting that overall GDP growth is likely to decline by 11% while agriculture will fall by 1.6%. Reports from the Ministry of Agriculture indicate that crop production could decline by 8%. The industry sector is predicted to be the most affected sector, with industrial growth likely to decline by 17% while services are likely to be affected with a decline of growth of about 15%.

Impacts on trade

Imports and exports are likely to be the most vulnerable areas to the economic impact of COVID-19. This will have significant knock-on effects to the national economy because Ethiopia is overly dependent on imports and capital inflows for day-to-day survival. The sector's vulnerability is a result of the effect of COVID-19 on global commodity prices, volume of exports and imports, as well as the disruption on global trade logistics and the global supply chain. With the decline in exports, the implication is that the country will suffer acute forex shortages which will impact the import of

¹ Itcovitz, H. 2020. The impact of COVID-19 on agri-food systems and value chains in Ethiopia



food and other essential items, exacerbating the balance of payments and food availability - especially foods that are imported.

Impact on agriculture

Agriculture is among many sectors of the economy that are affected by the COVID-19 pandemic mainly due to potential disruption of farming activities as well as harvest and postharvest activities including possible disruptions of input supplies for the planting season, the supply chains from farms to markets, as well as regional trade - mainly of food imports and exports. Analysis shows that the effect of COVID-19 on agriculture will be felt in two ways. First, prices producers can get for their crops will be lower than usual, but input prices will remain relatively high due to the pandemic. In some cases, inputs are not even available due to disruptions in transport. Secondly, with lower prices, farmers have less incentive to produce their crops, likely leading to lower yields and production in the near future. Information from the exporters' association indicate that coffee, sesame and cut flower exports, Ethiopia's major export items, have reduced to zero. Analysis done by the ESSP indicates that in the first half of April, coffee trade on the Ethiopian Coffee Exchange (ECX) declined by about 30% compared to the same period in previous years.

Direct effect on farmers

Producer prices for vegetables are falling

There are reported fewer traders traveling to rural areas because of the travel bans and other measures. With reduced urban demand and oversupply, producer prices are falling.

Farm losses seem to be increasing

Several farmers we contacted indicated that they had to leave some vegetables on the field to rot due to the lack of buyers.

There is shortage of farm inputs and their prices are increasing

Prices of important inputs crucial to production—including fungicides, insecticides, herbicides, fertilizers, and improved seeds—are increasing due to shortages. These seem to be linked to land border closings, which have blocked (sometimes illegal) imports from neighbouring countries, and to reduced imports from China.

Labor is becoming scarce

Agriculture in Ethiopia is labor intensive and many daily workers travel for work from southern Ethiopia. However, with restrictions on travel and gatherings sometimes imposed by the regional police, these workers are increasingly returning to their home areas. This lack of access to labor has hit the agriculture sector hard.

Policy Response Package for Ethiopia

Avoiding further disruptions to the food supply will necessitate ensuring the availability of agricultural inputs to farmers at low prices, while assuring incentives for production. These areas should be a priority for the government in the next few months. The following response interventions are proposed.

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- a. **Support input provision.** Support and resources are required to address transport and logistics inefficiencies and shortage of labor for delivering inputs to farmers, including loading and unloading fertilizer. There are also shortages in pesticides, seeds, animal feeds and animal medicines. As a result, the prices of these items are expected to increase.
 - b. **Support to agriculture extension services.** COVID-19 is already affecting up to 60,000 extension agents and over 11,000 subject-matter specialists are at increased risk. Resources are required to support digital communication and modern technological tools for extension. Already, more than 20 million households are directly affected by lack of inputs and missing extension services. Support is also required to help provide protective equipment for extension workers and provision of alternative extension and communication technology including increased use of 8028 toll-free short code hotline, printed media, posters and leaflets, megaphones for awareness raising and campaigns, as well as interactive radio productions and broadcasts.
 - c. **Support coordination of interventions** to implement the government's comprehensive COVID-19 response plan for agriculture and food security.
 - d. **Provide technical and financial support to the National COVID-19 response governance framework** comprised of the cabinet, a steering committee, technical teams and sub-teams.

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