

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



Policy Response for Mozambique

In Mozambique, the first case of coronavirus COVID-19 was confirmed on March 22, 2020 and by May 11, 2020 there were 103 cumulative confirmed cases. The timing of COVID-19 in Mozambique is troubling since the country is not yet recovered from the 2019 cyclones Idai and Kenneth, which left nearly 2.2 million Mozambicans in need of humanitarian assistance. Many homes, schools, and crops were ravaged by the cyclones, rendering hundreds of thousands of Mozambicans displaced and at risk of losing their livelihoods.

Impact of COVID-19 in Mozambique

The COVID-19 pandemic has reached the country during a period of excessive rainfall in northern and central Mozambique. In the south, rainfall deficits have resulted in a third consecutive poor agricultural season. The pandemic will without doubt cause both economic and social challenges in the country.

Impact on GDP

There is limited analysis on the likely impact of COVID-19 on the major parts of the economy. As the country emerged from the climate cyclone crisis of 2019, the economy was projected to grow faster. Quoting government sources, the IMF had projected the Mozambican economy to grow at 6% in 2020, with medium term projections reaching 9% and above after 2023. Different analyses point to a likely decline of about 5% based on the Africa average projected by the Economic Commission for Africa (ECA, April 2020). The United Nations Office in Mozambique¹ notes that the government has projected a rise in the unemployment rate from the current 20% rate to 27-30%.

Impact on exports and imports

Disruptions from global and regional supply chains will affect the imports of both investment and consumption goods especially given the high dependence of Mozambique on South Africa for both manufactured goods and agricultural produce. This is particularly important in the Mozambican context, given the country's strong reliance on imported products that have strong links to agriculture such as fertilizer.

Impact on agriculture and food security

More than 64% of the population lives in rural areas and earns their livelihood incomes through farming. The 2018 Poverty Assessment by the World Bank reports that the participation by farmers in commercial markets is low. As few as 13% of smallholder farmers sell their production in the market. Most farmers retain their production for self-consumption within the household. Consequently, the exposure of these households to global market dynamics and the impact of COVID-19 on food insecurity in rural areas is limited. However, living standards in rural areas are low, and people living there are extremely vulnerable to changes in weather patterns, natural disasters, ill health of household members, and macroeconomic shocks. COVID-19 can increase

¹ UN, March 2020) Unpacking the potential socioeconomic impact of the coronavirus pandemic in Mozambique. A United Nations Situation analysis and policy recommendations.



food insecurity through its impact on ill-health, inflation due to reduced food and producer goods, limited availability of basic consumption goods, and remittances of family members living and working in urban areas. Lockdown policies implemented in South Africa, restrictions on cross-border movements and cross-border trade can result in a shortage of food and other basic consumption goods, and increase food insecurity. COVID-19 may result in the disruption of global and regional logistics and supply chains which could lead to food shortages during this public health emergency. Because of the restrictions on gathering in public, and restrictions on non-essential trade and work, income earning opportunities for urban households have been negatively impacted. Poor households in urban areas are highly food insecure.

Government Response

To avoid pressure on the country's health system, the President declared a state of emergency on April 1, 2020 for 30 days and then extended it for another 30 days until May 30, 2020 (Presidential Decree No.12/2020). To minimize the spread of COVID-19, the government has closed the borders of Mozambique except for goods and cargo, and suspended non-essential travel. The government put in place quarantine measures for people arriving from abroad and those suspected of carrying infection, and restrictions on the number of people gathering in public. The government restricted non-essential trade and work. The government is monitoring the prices of essential goods to control price gouging. Face masks are also mandatory in public. The government responded to COVID-19 in the agricultural sector by developing five key objectives and planned strategic interventions to achieve these objectives. The key areas include:

- Health protection in the agricultural sector: Measures to protect workers that allow the regular operation of productive units in the sector, through subsidies for masks and soap for workers in the agriculture and food sector in the amount equivalent to \$3.67 per worker.
- Food availability and access (food security): ensuring the functioning of production chains through provision of a subsidized credit line for the various players in the agricultural sector for the following value chains: rice, maize, beans, soybean, peanuts, poultry and red meat.
- Safeguarding family income and employment in rural development sectors (agricultural production, fisheries, tourism, transport, forests): Ensuring subsidized commercial financing lines for companies in these strategic sectors.
- Reducing the impact of the pandemic on the 2020/21 agrarian campaign: Ensure the supply of inputs for strategic crops for the 2020/21 cropping season through purchase of surplus certified seed produced locally during the last cropping season (2019/20). Main crops: maize, rice, beans, soybean, sesame, peanut.
- Adapt the national production network to the new dynamics of COVID-19 in the short, medium and long term: Ensure credit lines dedicated to smallholder farmers in peri-urban areas by financing hub/agro-dealers through credit transfers of subsidized vegetable kits (seeds, fertilizers and other inputs) for smallholder farmers cultivating 0.25ha.

The response prioritizes the upcoming 2020/21 cropping season as, following the current harvesting season, the farmers need to prepare for planting in terms of input distribution and extension services.

Policy Response Package for Mozambique

The government requires support to provide technical assistance to the secretariat of the Agricultural Sector Coordination Committee (CCSA) in the Ministry of Agriculture and Rural Development (MADER) CCSA to cover COVID-19 response; to put in place a food balance sheet to enable policy predictability and evidence-based investments in the food subsector; implement



strategic grain reserves and silos that the government has built but are not being used because there is not currently a policy developed on food reserves; support the Cereal Marketing Board (ICM) and a Commodity Exchange to implement silos for food reserves; build capacity of the Ministry of Agriculture and Rural Development Market Information System (SIMA) to provide trend price analysis to inform market dynamics and policies; and develop a framework for the Policy Department of the Ministry of Agriculture and Rural Development to communicate its policies, including those related to COVID-19.

The proposed interventions are:

1. Support to the Agricultural Sector Coordination Committee (CCSA) in the Ministry of Agriculture and Rural Development (MADER) to include government sector response to COVID-19;
2. Development of the country's food balance sheet;
3. Operationalize and extend strategic grain reserves, beyond emergencies;
4. Support for rehabilitation of built silos for food reserves;
5. Strengthen market price information system (SIMA) and build analytical capacity;
6. Develop policy communication briefs about COVID-19 impacts.

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