

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



# Policy Response for Rwanda

The first confirmed case of COVID-19 was announced on March 14, 2020 in Rwanda. Since then, the number of cases has increased to 646 as of June 19, 2020. The country has been able to contain the pandemic with the number of reported fatalities low (2 people). On March 20, the government instituted a nationwide lockdown and all non-essential transport outside homes was banned. The government has steadily monitored the situation and on May 4 announced new policy measures to ease the lockdown to allow businesses to provide essential services.

## Impact of COVID-19 in Rwanda

The COVID-19 pandemic has in many ways disrupted normal businesses and, just like in other countries, has affected many sectors of the economy. Rwanda's Ministry of Finance noted that a growing number of small and medium enterprises have been affected by the lockdowns and many workers are losing jobs. The government has estimated that mitigating the economic impact of the COVID-19 pandemic could cost the Rwandan government over Rwf800 billion (\$860.2million) over two fiscal years.

### Impact on GDP

Preliminary analysis from the International Food Policy Research Institute (IFPRI) indicated that National Gross Domestic Product (GDP) was estimated to fall by 39% during the six-week lockdown amounting to \$489 million lost in GDP. For the same reasons, the food system was adversely affected by falling consumer and export demand estimated at a 16% decline in agri-food systems GDP. With the effects on GDP, jobs and other critical areas of the economy, COVID-19 is estimated to increase the national poverty rate by 21 percentage points during the lockdown – estimated at 2.5 million more people temporarily living below the US\$1.90-a-day poverty line.

### Impact on exports and balance of payments

The Rwanda Revenue Authority has noted a decline in exports of some major commodities (including horticulture) affecting foreign exchange that could signify other multiplier effects in the economy such as exchange rate fluctuation and inflation.

### Impact on agriculture

Agriculture is among the affected sectors of the economy in Rwanda. Although the current impact may be low, there are concerns that more severe impact may be felt in the near term to the long term. The movement restrictions to and from districts did not affect agriculture but the general effects of the lockdown disrupted some of the supply chains and resulted in reduced demand for different agricultural products and reduced exports for various products mainly horticulture. The good rains resulted in increased production and the Ministry of Agriculture reported bumper harvest of grains such as maize. The Ministry of Agriculture noted that there is a surplus in the government strategic grain reserve – estimated at 8.16 million MT - and is working with other agencies to ensure vulnerable people are supported with food during and post lockdown as the situation normalizes.



## Government Policy Response

The Government has developed a comprehensive Economic Recovery Plan to mitigate the impact of COVID-19; the plan is expected to be in place until the end of 2021. The plan looks to ensure social protection, support businesses recovery and at the same time, takes into account the decline in tax revenue. The government noted that in the second week of April 2020, total turnover and transactions declared by VAT registered companies fell by 77%. To offset the impact of a decline in tax revenue, the government has prioritized the most critical sectors – including agriculture – and is reducing unnecessary expenditure. The plan covers economic as well as social protection pillars and agriculture is in the economic pillar. The main government responses during the lockdown period included:

- a. Ensuring that there was no disruption to the supply chains for animal feed and the animal feed industry and included it as an essential service.
- b. Ensuring the availability of fertilizer and seeds by requesting retail shops, distributors and importers of fertilizers and seeds to continue production while the ministry facilitated permits to allow for movement of trucks moving seeds, fertilizers and other agro-chemicals.
- c. Measures to continue with the harvesting and collection of last farming season which ended in March, and post-harvest and handling in order not to suffer shortages of food in the market.
- d. Facilitate movement of agricultural workers with the security agencies and other agencies to enable them to move and support the production, processing and distribution of food. To also sensitize and inform farmers of how to cope with COVID-19, how to keep safe, and ensure there is no shortage of food in the market or in storage.

## Policy Response Package for Rwanda

In line with the proposed investments and packages planned by the government in the short and medium term and as outlined in the comprehensive recovery plan, the government of Rwanda will require resources of a different nature to cover the following;

- a. **Support for containment measures that have a negative impact on domestic food systems, cross border, regional and international trade.** For the season that is now ending, the government will need to support the planting of sweet potatoes and cassava, which are resilient to drought.
- b. **Support to ensure increased availability, access and use of inputs (improved seed, fertilizers, lime and water).** This will ensure affordable and sufficient quantities of affordable hybrid maize, wheat and soybean seed. Some farmers in Ubudehe who are in the “need” category will be provided with seeds under Rwanda’s social protection program to improve their food security situation. Resources will be needed to support the Rwanda Agriculture Board to continue producing early generation seeds, support to local seed producers to acquire seed, post-harvest handling, processing and storage facilities to guarantee quality seeds. In the area of fertilizer, support is needed to ensure that orders for the upcoming seasons can be met, to ensure preparations for shipments are made on time, and to consider providing inputs to farmers of Ubudehe who are under social protection programs to improve their food security situation. Efforts are also needed to ensure there are no delays in procurement and delivery of lime to farmers in need. The government also needs to support small-scale irrigation programs including encouraging youth to become small-scale irrigation service providers.
- c. **Support to strengthening government and private sector Strategic Food Reserves.** It is projected that the food reserve should store an equivalent of maize and beans for 10% of the population at 2,500Kcal per person per day. The government plans to achieve this by



increasing resources for National Strategic Reserves to stock food, by supporting the districts to establish their own district food reserves and mobilizing farmers to hold community stores as well as storage facilities at the household-level.

- d. **Support to horticulture exports.** 40% of vegetables and fruits, and 99% of flowers are exported to Europe. Since the COVID-19 outbreak, only 30-34 MT are exported on weekly basis – though the volume has been picking up. However, although Rwandair stepped in to ship Rwanda’s horticulture products to the international market using passenger aircraft, the cost of airfreight is currently high, 1.8 USD/Kg compared to 1.4 USD/Kg before. The government’s support will be needed to increase the competitiveness of Rwanda’s horticulture produce, facilitate exporters to access working capital and support horticulture farmers with basic inputs such as seeds, fertilizers, and pests and diseases control products. This support will allow the exporters to continue growing the crops for export, ensure the supply consistency and save jobs.
- e. **Support to data systems and analytics** to enable governments to have quality evidence to appropriately adjust existing sector strategies and plans to respond to challenges brought by COVID-19 and other shocks (such as floods, droughts and locusts);
- f. **Support the government to design, upscale and sustain investments on social protection and resilience building initiatives focusing on the vulnerable social groups** in the rural areas (such as, the smallholder vulnerable farmers, herders, the elderly, landless youth and women, people living with disabilities and seasonal workers). Specific interventions could include provision of support to the government to develop flagship projects to mobilize resources to support public funding of social protection and resilience building interventions in the rural areas.
- g. **Institutional strengthening in the agriculture sector** by supporting enhanced capacity for coordination, monitoring and evaluation, resource mobilization and skills for disaster response.

**For further information about costs, please contact:**

Apollos Nwafor, Vice President, Policy and State Capability on [anwafor\[at\]jagra.org](mailto:anwafor@jagra.org)