

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



Policy Response for Tanzania

The government of Tanzania confirmed the first case of COVID-19 in Arusha on March 16, 2020, and recorded the first death on March 31, 2020. The country's coronavirus cases have increased from just 20 recorded on April 1 to 509 by May 10, 2020. Regardless of the policy responses that the country is announcing, the effect of the pandemic will undoubtedly affect many sectors of the economy.

Impact of COVID-19 in Tanzania

Unlike neighboring countries, the government of Tanzania did not implement lockdowns, curfews, or a COVID-19 fiscal monetary policy response to support businesses. The President stated that COVID-19 should not stop the country from working as normal. Disruptions to food production and market systems and food security have been limited. Nonetheless, the COVID-19 crisis is having an impact on the functioning of government ministries, departments, and agencies as a result of restriction on travel. This is affecting service delivery and implementation of government plans at different levels.

Impact on GDP and economic growth

Analysis of the likely impact of COVID-19 on the economy in Tanzania has been limited. The IMF predicted that economic growth is set to slow from 6.3% in 2019 to 2% in 2020. Based on the Economic Commission for Africa's (ECA) average decline for East Africa as a result of the impact of the COVID-19 pandemic, this is likely to push Tanzania into - 6% growth in GDP in 2020.

Impact on agriculture and food security

There are conflicting reports that COVID-19 is increasing food insecurity throughout the country. In Tanzania, more than 66 percent of the total population live in rural areas and earn livelihood incomes through agriculture. Disruption in sectors of the economy that have linkages with the rural sector is likely to affect agriculture and food security.

The Famine Early Warning Systems Network (FEWS NET) reports that the restrictions on internal and cross-border trade movement, population movements, and measures on social distancing are resulting in delays in commodity supply chains and reducing household food access, including physical market access and effective demand. In addition, the global economic downturn attributed to COVID-19 is resulting in reductions in foreign exchange reserves generated through export earnings (from cash crops, livestock, and metals) and remittances. This is resulting in depreciation of the Tanzania Shilling, contributing to increased prices for imported commodities and local substitutes and increasing food insecurity. Household food availability from mid to late 2020 will be affected if access to seeds and agricultural inputs becomes constrained.

An Agricultural Advisory Committee, that operates under the Agricultural Council of Tanzania has been assessing the impact to agriculture and specifically; (a) the effect on agriculture value chains to inform formulation and enforcement of risk mitigating measures; (b) to provide a focal platform for engagement with the government and development partners on support mechanisms to agriculture responding to the shocks and risks to cushion the agriculture sector; (c) develop, inform, and advise

agriculture private sector best practices to implement in response to the situation; and (d) prepare COVID-19 shock recovery proposals for the agriculture sector in Tanzania, especially for the badly hit sectors and build a case to the government, financiers and other regulatory bodies on how to jointly allay the shocks and revitalize the sector. The preliminary report of the Committee has made recommendations to the Ministry of Agriculture and the Ministry of Industry and Trade. The key actions and response packages include:

A. Food Security at the Household Level

- Farmers' education on the need to store adequate food for household consumption.
- Education to farmers not to sell surplus produce during the harvest period but to save for sale at a higher price - November 2020 to March 2021. If farmers sell their produce at once and during the harvest, the beneficiary will be the trader.
- Strengthening of Warehouse Receipts System to increase crop value, reduce damage and enable farmers to access credit while waiting for prices to pick up.

B. National Food Security

- The Ministry of Agriculture in collaboration with AGRA will distribute 25,000 tons of maize seeds (25kg/ha or \$20/ha) to farmers and encourage planting immediately after harvest.
- Preparation for the 2020/21 season should begin soon as *Vuli* (autumn) season begins in late October. Cereal prices tend to peak during November to March and by then further maize stocks could be released to the market if rainfall projection is optimal.
- Since 80 percent of fertilizers and 60 percent of seeds are imported, the process of importing these inputs should begin soon.
- There is a potential for fertilizer prices to decline as the global oil price plummets.
- It is recommended to relax the bulk fertilizer procurement to allow free importation of farm inputs. It might be risky to rely on a single importer as some of the global corporations are on the verge of bankruptcy as the global economic crisis unfolds.

C. Mitigating Price Shocks in Food Markets

- The marketing section at the Ministry of Agriculture should be strengthened to monitor marketing trends locally, regionally and internationally.
- The private sector should be involved so both public and private grain stocks are monitored.
- National Food Reserve Agency (NFRA) should maintain modest but strategic stocks for import substitutes such as sugar and edible oil to mitigate price shocks as supply chains are disrupted and consumers make panic purchases.
- The Ministry of Agriculture needs to initiate negotiations with neighboring countries such as Kenya, Uganda, Rwanda, Burundi, Zambia, and the DRC to create an enabling environment for food trucks to cross borders.

Government Policy Response

The Government has taken measures to control the outbreak in the country. These include mandatory self-quarantine for all visitors and citizens returning from high-risk areas at their own cost; a ban on outbound travel by Government officials to high-risk countries; discouraging non-essential travel by citizens to countries at risk; closing schools and universities; directing local government authorities to implement appropriate measures in response to the outbreak including public awareness; and establishing a National Committee led by the Prime Minister.

Key Policy Response Package for Tanzania

The Government requires support to ensure continuity in government functioning in order increase agricultural productivity and profitability especially by smallholder farmers, generate marketable food surpluses, increase food availability, incomes and lift households out of poverty. The proposed interventions are:

1. **Putting in place an Agricultural Sector Response Plan that is robust to ensure quality of response** (strategies, plans and actions by the public and private sectors): This will involve
 - a. Establish a coordination framework to enable aggregation and synthesis of analytical studies completed, initiated and planned to enable better recommendations through cross-referencing and triangulations.
 - b. Provide technical support in translating those emerging recommendations into viable and well-coordinated Action Plans and Policies in response to COVID-19.
 - c. Enable future analytical initiatives to focus on remaining information gaps and avoid duplication of efforts.
2. **Ensuring food and income security at household level** (for producers of food)
 - a. Support putting in place improved and loss reduction storage of food reserves by government, private sector and farmers for ensuring enough supplies in the country without compromising trade.
 - b. Develop and implement food-marketing extension to support farmers to market their surplus strategically in ways that bring them maximum profits possible.
 - c. Support private and cooperatively owned silos and warehouses to provide warehouse receipt system¹-based food storage services for farmers.
3. **National food security and trade promotion**
 - a. Enhance buffer stocks, by supporting the National Food Reserve Agency (NFRA) to procure and store at least 200,000 MTs of food. This will require, for example adequate funding for the NFRA.
 - b. Implement forward contracts between NFRA and WFP and other regional buyers to enable the offloading of stock held before the next harvest season in March/April 2021.
 - c. Support effective inputs delivery to increased food production by enabling a “2020–3rd Season” by growing early-maturing crops and varieties, immediately after harvest. The focus will be on irrigation schemes, which can also use excess water now available in adjacent dams. This will increase 2020 surplus food available in Tanzania to 50%, enabling free trading into the regional markets without having to worry about causing food shortages; and utilize about 465,000 hectares of irrigation schemes and another 535,000 Ha in lowlands with adequate residual moisture to support early maturing crops/varieties. Additional land under cultivation (@1 million hectares) due to the irrigation scheme will lead to an additional 2 million MTs of crops, and potentially \$400 million in food export trade earnings. Putting this additional land under cultivation will require fast and well-coordinated heavy lifting, especially with respect to a campaign to motivate farmers, using radio and television to raise awareness and readiness for this opportunity; and rapid mobilization and supply of seed and other inputs for those early maturing crops/varieties for planting immediately after harvest (in June 2020).

¹ A warehouse receipt system (WRS) allows farmers to access credit against receipts issued for the **food** products they have **stored** in the warehouses. Through the **WRS**, farmers have the flexibility to **store** produce until prices are favorable.

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- d. **Prepare early for the next (2020/21) main seasons starting late October 2020.** Since 80 percent of fertilizers and 60 percent of chemicals are imported, the process of importing these inputs should begin soon, to take advantage of the potential decline in prices of fertilizer due to the very low price of oil.
 - e. **Relax the bulky fertilizer procurement model to allow free importation.** This is because it might be risky to rely on a single importer as some global corporations are on the verge of bankruptcy as the global economic crisis unfolds.
 - f. **Mitigate price shocks in food markets.** This requires strengthening the marketing section at the Ministry of Agriculture to enhance monitoring of marketing trends locally, regionally and internationally. It also requires working with the private sector to obtain a better picture of stocks held by them. NFRA should maintain modest but strategic stocks for import substitutes such as sugar and edible oil to mitigate price shocks as supply chains are disrupted and consumers make panic purchases.
 - g. Negotiate with neighboring countries such as Kenya, Uganda, Zambia, and the DRC to create an enabling environment for regional food trade.

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