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## COUNCIL

### Hundred and Sixty-fifth Session

30 November – 4 December 2020

### FAO's response to COVID-19: Building to Transform

#### Executive Summary

The coronavirus pandemic and measures to contain it have plunged the global economy into the worst recession since World War II, worsening food insecurity and malnutrition. Even before the pandemic, nearly 690 million people were undernourished; 2 billion people did not have regular access to safe, nutritious and sufficient food; and 3 billion people could not afford healthy diets. The challenge of food security continues to be one of access to food, rather than availability of food.

Food markets continue to face uncertainties due to prospects of weak economic growth and unstable energy and currency markets. African swine fever and a catastrophic desert locust outbreak constitute major challenges, in addition to the threats and shocks of climate change. A major increase in acute and chronic food insecurity and malnutrition has already been observed. Still, near-term prospects point to generally well-supplied food markets at global level. Beyond the response to the current pandemic and mitigation efforts, agriculture can be a driver of rapid, inclusive recovery and should be made more resilient to future shocks.

More boldly, the current crisis presents an opportunity to “build to transform”, as recommended by the UN Secretary-General’s June 2020 Policy Brief on The Impact of COVID-19 on Food Security and Transformation. There is an urgent need to accelerate the transformation of food systems to end hunger and all forms of malnutrition, to address the inequalities that deny access to healthy diets, and to reduce the impact of food systems on biodiversity, natural resources, ecosystems and the climate.

This document presents a concise summary of the FAO COVID-19 Response and Recovery Programme, highlighting the key actions that are being undertaken in seven areas following a bottom-up process to identify and prioritize country needs. It also describes FAO’s work to support the Food Coalition, as proposed by the Government of Italy and enabled by FAO. Finally, it discusses FAO’s engagement in the development of the UN Framework for the Socio-Economic Response to COVID-19.

#### **Suggested action by the Joint Meeting of the Programme and Finance Committees, and by the Council**

The Joint Meeting and the Council are invited to take note of the progress made and to provide guidance, as deemed appropriate.

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## I. Background

1. The coronavirus pandemic and social distancing measures to contain it have plunged the global economy into the worst recession since World War II. With a projected contraction of 5.2 percent this year<sup>1</sup>, the pandemic may add between 83 million and 132 million people to the total number of undernourished in 2020.<sup>2</sup>
2. Food systems, which directly employ over 1 billion people and provide livelihoods to another 3.5 billion, are experiencing disruptions that could at least temporarily disrupt the incomes and, by extension, food access of 1.5 billion people.<sup>3</sup> Without interventions to save lives and restore livelihoods, the count of hungry people could grow precipitously, especially as the pandemic stretches well into 2021.
3. Even before the onset of the pandemic, global hunger had already been on the rise for a number of years. Despite the abundant availability of food, unequal access to food remains a fundamental problem. Nearly 690 million people are undernourished today; 2 billion people do not have regular access to safe, nutritious and sufficient food; and 3 billion people cannot afford healthy diets.<sup>4</sup>

## II. FAO's Assessment of Developments in Food Markets and Recommended Actions

### A. *The State of Food Markets*

4. The challenge of food security continues to be one of access, rather than availability of food. Food markets remain stable thanks to the gradual relaxation of lockdown measures and conducive policies targeting the agri-food sector. Nonetheless, a major increase in acute and chronic food insecurity and malnutrition has been observed in many countries, including the Democratic Republic of the Congo, Burkina Faso, Eswatini, Nigeria, Somalia, Sudan and Honduras. Even temporary market disruptions or reduced economic activity has devastating effects on poor and vulnerable people.
5. At the beginning of the outbreak, the primary concern was to contain the multiple risks of disruption to the food supply chains. Countries hastily put up export restrictions and consumers were hoarding food. Today, the number of countries with trade barriers has come down from 22 to almost none. In comparison, during the 2007-2008 food crises 33 countries had trade restrictions.
6. While trade barriers are not a major concern today, the global supply chains could still be disrupted locally. Restrictions on movement of people continue to cause farm labor shortages and impede farmers' access to markets. Food processing facilities are running at lower capacity due to shutdowns and partial closures. More than 120 countries and territories have banned or limited access to ships to prevent the spread of the coronavirus. It resulted in the worst shipping crisis in decades, putting lives and global trade at risk, with 300,000 seafarers stranded at sea in deteriorating conditions. This has been a major issue in Argentina, Peru, Colombia and in North Africa's net food-importing countries.<sup>5</sup>
7. Food markets continue to face uncertainties due to prospects of weak economic growth and unstable energy and currency markets. African swine fever and a catastrophic locust outbreak constitute major challenges, in addition to the impact of climate change. In the absence of a proven

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<sup>1</sup> The World Bank: <https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii>

<sup>2</sup> COVID-19 global economic recession: [www.fao.org/3/ca8800en/CA8800EN.pdf](http://www.fao.org/3/ca8800en/CA8800EN.pdf)

<sup>3</sup> FAO/IFPRI unpublished estimates, based on ILO 2020 – ILO extrapolation scenario. Not annualized. Jobs represent formal employment; livelihoods cover a broad array of self-employed, informal, migrant and seasonal labour.

<sup>4</sup> SOFI 2020: <http://www.fao.org/publications/flagships/en/>

<sup>5</sup> Bloomberg news: <https://www.bloomberg.com/features/2020-pandemic-shipping-labor-violations/>

vaccine or treatment for COVID-19 and with widespread warnings of a second peak of COVID-19 infections across the globe in the late fall and winter of 2020-21, the strength of recovery remains uncertain. It is possible that instead of finding the bottom of the recession followed by a sharp recovery, low global demand could lead, through a variety of different pathways, to local food supply and food access disruptions.

8. Nonetheless, prospects point to generally well-supplied markets, at least for basic foodstuffs. Prices are likely to remain stable, if at higher levels. The major challenges are likely to be more local in nature, reflecting the loss of key export and tourism markets for many developing countries, resulting in the loss of income at both national and household levels, and the compounding risks of extreme weather events, pest and disease outbreaks, and intensified social crises and conflicts.

9. Going beyond the coronavirus pandemic, there will continue to be unknown risks and uncertainties facing the agriculture sector. Farmers are already struggling to deal with the impact of climate change and diminishing natural resources. However, they were not prepared for a shock like a pandemic, which could occur again in the future. .

### *B. Recommended Policy Responses*

10. The current crisis should be taken as an opportunity to build back better. There will not be a better time to meet the urgent need to accelerate the transformation of food systems.

11. It is imperative that Members and development organizations continue supporting vulnerable groups through social protection programmes and cash distribution, even though it has not been enough to compensate for the devastating effects of the recession. Members must work together to ensure that the poorest and most vulnerable populations in all countries receive help.

12. Countries must ensure that subsidies to increase production translate into better access to food and nutrition for the poor. For example, using temporary subsidies to invest in storage facilities should yield profit in the long-term. Countries should deploy smart policy tools to avoid inadvertently creating distortions. Policy tools should seek to increase competitiveness, efficiency, reduction of food losses, which in turn will make agriculture more resilient.

13. Trade is central in increasing resilience. This is due to the fact that exports can mitigate losses in revenues and imports can improve food availability and stabilize local food prices. Across the globe, the pandemic has crippled economies, especially for countries with large informal sectors and a heavy reliance on commodities exports, remittances and tourism. Trade can improve access to various markets to boost producers' productivity and income in both exporting and importing countries. The importance of intra-regional trade cannot be overstated, especially for Africa, as it can create a new source of demand and compensate for the diminished demand from Europe. Improving food safety (to reduce non-tariff trade barriers) could help accelerate Africa's intra-regional trade.

14. Another way to build resilience is to improve infrastructure, including better access to markets, airports and cold storage facilities. Storage facilities should be linked to warehouse receipts and other similar financial systems, so that producers can get paid for their deposit. In this regard, information and communications technologies play an important role.

15. The coronavirus pandemic has accelerated the automation of the agriculture and food sector. The integration of robotics and big data in agriculture is already playing a key role in sustainably meeting the growing food demand. It is critical that technology, innovation and data are inclusive and are used to spur development. Investments in human capital as well as regulations that minimize the risks of unequal access and exclusion are needed.

### **III. The FAO COVID-19 Response and Recovery Programme**

16. Anticipating the possibility of a prolonged COVID-19 crisis with potentially large impacts on incomes, lives and livelihoods, as well as food security and nutrition, in the second quarter of 2020 FAO conducted a comprehensive, bottom-up assessment to identify, country by country and region by region, the most likely or most dangerous threats to food availability and accessibility and to food and

agriculture production and distribution systems in the very near term and through the period of recovery. The result of this review has been the development of a costed, flexible and modular plan of action that offers FAO Members an array of supports to contain the impacts of COVID-19 on people and on the food and agriculture value chains that they depend on.

17. The COVID-19 Response and Recovery Programme has been developed to address seven priority themes, as follows:

- a) ***The Global Humanitarian Response Plan: Addressing the impacts of COVID-19 and safeguarding livelihoods in food-crisis contexts.***

As many as 80 percent of people living in food crisis contexts rely on some form of agricultural production for survival. Their food security is inextricably linked to local production and often informal markets. Unless we act quickly to pre-empt further deterioration and protect livelihoods, the humanitarian implications will be enormous.

Actions in this area include: (1) rolling out data collection and analysis; (2) ensuring availability of and stabilizing access to food for the most acutely food-insecure populations; (3) ensuring continuity of the critical food supply chain for the most vulnerable populations; and (4) ensuring food supply chain actors are not at risk of virus transmission.

- b) ***Data for Decision-making: Ensuring quality data and analysis for effective policy support to food-systems and Zero Hunger.***

Data collection methods need to be urgently adapted and enhanced, as national data collection processes are disrupted by physical distancing measures to contain the pandemic. Using big data, FAO monitors trade and collects information on logistical issues, assesses how problems have been resolved and signals the market to reduce uncertainty.<sup>6</sup>

Actions in this area include: (1) rapid, repeated assessments of the impact of COVID-19 on food insecurity, using the Food Insecurity Experience Scale (FIES); (2) leveraging innovative data sources to monitor the impact of COVID-19; (3) adapting agricultural data collection methods to meet new demands, while maintaining the continuity of technical assistance on agricultural surveys; and (4) evidence-based policy support for post-COVID-19 economic and social recovery.

- c) ***Economic Inclusion and Social Protection to Reduce Poverty: Pro-poor COVID-19 responses for an inclusive post-pandemic economic recovery.***

Considering that approximately 80 percent of the 734 million extreme poor live in rural areas and that approximately 70 percent of the Sustainable Development Goals (SDGs) targets relate to rural areas, the socio-economic impacts of the COVID-19 pandemic add urgency to the call to eradicate poverty, particularly in rural areas. FAO is promoting pro-poor COVID-19 responses for an inclusive post-pandemic economic recovery.

Actions in this area include: (1) expanding social protection to better reach underserved groups, integrate rural areas into risk-informed and shock-responsive protection components, and scale up nutrition-sensitive social protection; (2) strengthening the sustainable economic inclusion of small-scale producers; (3) strengthening rural women's economic empowerment; and (4) protecting and empowering rural workers and entrepreneurs.

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<sup>6</sup> FAO's big data tool on food chains: <https://datalab.review.fao.org>

- d) ***Trade and Food Safety Standards: Facilitating and accelerating food and agricultural trade during COVID-19 and beyond.***

According to the World Trade Organization (WTO), world merchandise trade in 2020 could fall by as much as 32 percent. Labour shortages due to curtailed mobility are affecting all aspects of the food and agriculture supply chains, from production, to processing and retailing, leading to both immediate and longer-term risks for food production and availability.

Actions in this area include: (1) conducting country-specific agricultural trade and trade-policy assessments, comprehensive regional trade assessments, and “deep dive” analyses as needed for specific value chains and thematic areas; (2) strengthening regional multistakeholder trade networks and platforms to promote trade policy coordination, deter *ad hoc* policy responses, advance regulatory cooperation and foster private sector engagement; (3) facilitating trade through technical assistance to implement reforms and address obstacles to trade; (4) establishing or strengthening market intelligence and early warning systems based on regional and country specificities; and (5) supporting capacity development of national and regional institutions.

- e) ***Boosting Smallholder Resilience for Recovery: Protecting the most vulnerable, promoting economic recovery and enhancing risk management capacities.***

The full-scale effects of the COVID-19 pandemic and associated containment measures are eroding the livelihoods and resilience of vulnerable groups, including small-scale farmers, herders, fishers and forest-dependent communities and food workers in both rural and urban areas. Particular cause for concern is that the pandemic has aggravated existing gender inequalities in terms of reducing access to basic services, increasing domestic and work responsibilities, escalating gender-based violence and the loss of working opportunities in the informal sector (on average women make up 43 percent of the agricultural labour force).

Actions in this area include: (1) safeguarding the most vulnerable in rural and urban settings; (2) promoting transformative and inclusive economic recovery; and (3) building capacities and institutions for resilience.

- f) ***Preventing the Next Zoonotic Pandemic: Strengthening and extending the One Health approach to avert animal-origin pandemics.***

The Coronavirus disease 2019 (COVID-19) originated from an animal source, as have an estimated 60 percent of human infectious diseases. The pandemic emphasizes the need to prepare for, prevent, detect and respond to such diseases in areas where the next pandemic is likely to take hold. The risk is highest where there is close interaction between wildlife and intensifying livestock or agricultural production, and is often exacerbated where agriculture has encroached upon or put pressure on natural ecosystems.

Actions in this area include: (1) enhancing national and international preparedness and performance during the emergency response; (2) developing policies for spillover containment through the foresight approach; (3) mainstreaming a One Health approach in environment and natural resource agencies at every level; (4) improving national capacity to apply an extended One Health approach to prevent and manage spillovers; and (5) strengthening policy implementation.

g) ***Food Systems Transformation: “Building to transform”<sup>7</sup> during response and recovery.***

The disruptions resulting from the COVID-19 crisis have highlighted many of the fragilities of contemporary food systems. Those engaged in high-value, labour-intensive, perishable commodities essential to good nutrition (such as fruits and vegetables, fish and aquaculture products, meat and dairy products) have been disproportionately affected. The pandemic has also sharpened the focus on many other contemporary issues, such as antimicrobial resistance, zoonotic diseases, climate change, food fraud and the safety of food, and, equally, the importance of preserving and protecting environmental resources and biodiversity to maintain a natural buffer against diseases. However, disruptions to food systems also create opportunities to drive longer-term transformation. In this area, FAO will lead efforts to stimulate investments to improve market functioning, foster inclusive and sustainable recovery and accelerate progress toward the 2030 Agenda and the SDGs.

Actions in this area include: (1) fostering innovations for increased efficiency, inclusiveness and resilience of food supply chains; (2) ensuring food safety and nutritional quality of diets; (3) reducing food loss and waste; (4) sustaining and strengthening agri-food enterprises; and (5) fostering investment in the green recovery of food value chains.

18. Although most of the seven areas of work in this framework were developed with specific country requirements in mind, they are understood to be complements that can be combined in ways that support a programme of COVID-19 response that ranges from immediate crisis mitigation to accelerated recovery and transformation. The intended approach draws upon the data and analytical platform and also the match-making approach to partnership-building that have been introduced initially to support the Hand-in-Hand Initiative, but that are intended to become foundational for all of FAO's work in support of national and regional programming.

19. Consistent with this vision, and to strengthen resource mobilization and maintain holistic oversight and coordination, the COVID-19 Response and Recovery Programme has been established as an umbrella programme. Such a funding modality provides FAO with the means to effectively communicate and fundraise for the overall programmatic requirements, and also to manage the programme with the greater than usual flexibility to integrate diverse actions as needed in response to shifting requirements. As of 20 October 2020, a total project portfolio of USD 171 million, equal to 14 percent of the USD 1.2 billion appeal, has been approved or is under negotiation for the Program. Given the early stage of the resource mobilization effort, this is a strong indication of Members' support, reflecting a combination of end of the year donor funds and FAO's Technical Cooperation Programme (TCP) funds.

#### **IV. The Food Coalition**

20. Global and multi-stakeholder policy dialogues and exchange of experience can do much to identify emerging challenges and build support for responses and approaches that avoid unilateral measures that may worsen the situation through unintended consequences. Effective policy support and opportune expertise needs to be made available to countries without delay.

21. The COVID-19 crisis will have long-term effects on food security through multiple disruptions in food systems that affect food production, health of farmers, access to agricultural inputs, access to markets, rural jobs and livelihoods, and a decrease in both rural and urban demand of food due to loss of jobs and incomes, among others. Farmers are already reporting a stark increase in food losses as a result of reduced demand and marketing disruptions. Family farmers will be particularly affected through disruptions in government public procurement and school feeding

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<sup>7</sup> United Nations. *Policy Brief: The Impact of COVID-19 on Food Security and Nutrition*. June 2020.

programmes in addition to other food system disruptions. People's access to diverse and nutritional diets will also be affected around the globe, especially in countries with high levels of food insecurity.

22. The COVID-19 Food Coalition ("Food Coalition") is a multi-stakeholder, multi-sectoral mechanism that will be activating and mobilizing support for a unified global action for COVID-19. The Food Coalition aims to mobilize both resources and technical expertise, promote advocacy initiatives to prevent the health crisis from becoming a food crisis, and establish a space for dialogue among diverse stakeholders.

23. It will support efforts to help countries get back on track to meet SDG 2 and other related SDGs, and in particular, work to ensure sustainable food systems, improve nutrition, increase agricultural productivity and incomes of small-scale and family farmers, especially women, youth, indigenous peoples, raise rural living standards and address disruptions caused by COVID-19.

24. The Food Coalition will promote also the establishment of a web-based platform that provides access to country needs, necessary actions and desired results, with respect to COVID-19 and its impacts, in the form of "Action Sheets" being developed by FAO's thematic working groups. This would serve as a "Basket" of country-specific needs where Members and other partners could easily access project-focused information and data as well as the funding gap on the ground, the type of assistance that would be required in order to facilitate mobilization of resources and expertise. The "Action Sheets" and their indicated project requirements would continually be updated from information collected through FAO's decentralized offices. In addition, this platform will promote innovation, and a space for dialogue among diverse stakeholders.

## **V. FAO's contribution to the UN system's COVID-19 response: "Building to transform"**

25. Faithful to the letter and spirit of the UN development system reform, FAO has been an active contributor in all phases of the UN's comprehensive response to the COVID-19 Crisis.

26. FAO has undertaken a large and active role in shaping and supporting the UN's Global Humanitarian Response Plan and has collaborated closely with the World Food Programme (WFP) and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) to fashion the revised appeal. FAO anticipates an increased need of up to 30 percent over previous estimates for agriculture-based livelihood support in the 30 countries included in the revised humanitarian response.

27. FAO is engaged in several United Nations humanitarian communication initiatives and collective advocacy highlighting the persisting potential for a crisis within the COVID crisis, and is working with the UN Country Teams and other agencies on data collection and analysis, reprogramming and scaling up assistance. As one of the core founders of the Global Network Against Food Crises, FAO is closely collaborating with WFP and the United Nations Children's Fund (UNICEF) in countries experiencing food crises within the Global Network framework.

28. FAO is active in the Global Food Security Cluster's Technical Working Group on COVID-19 where it provides technical advice to maintain livelihoods assistance during the COVID-related restrictions and to meet other emerging needs. FAO and WFP are collaborating on data collection and analysis, which will provide real-time updates on the situation on the ground concerning acute food insecurity as a result of COVID-19 related restrictions. This analysis can guide rapid response to avert food crises.

29. With FAO's support to government-led desert locust response, 1.7 million tonnes of cereal have been saved, which could feed almost 11.4 million people for one year. Damage to rangeland and livestock tropical units was prevented, helping an additional 792,900 pastoral households not to lose their livelihoods.<sup>8</sup> FAO is revising its locust appeal, as a new generation of locusts expected in East

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<sup>8</sup> FAO Desert Locust Response Dashboard: <http://www.fao.org/locusts/response-overview-dashboard/en/>



Africa and further spread into Yemen, Iran (Islamic Republic of), and Pakistan towards India, while the risk to West Africa is being monitored.

30. FAO, WFP and the International Fund for Agricultural Development (IFAD) joined forces with six other UN entities and the International Food Policy Research Institute (IFPRI) to develop the system-wide perspective that informs the Secretary-General's Policy Brief on the Impact of COVID-19 and Food Security and Nutrition. The policy brief complements the *UN Framework for the immediate socio-economic response to COVID-19*<sup>9</sup> and served as the basis for developing UN system indicators for the measurement of food and agriculture objectives under the Framework.

31. FAO and the UN have recognized the links between the health emergency, the food emergency and development. FAO has joined at least nine other entities to come up with a common understanding of how a link between humanitarian response and resilience and development efforts can be established. As FAO and the UN system now prepare for a possible second wave of the COVID-19 pandemic, the task of building a unified, multidimensional and effective global response remains a matter of utmost urgency.

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<sup>9</sup> United Nations. [A UN framework for the immediate socio-economic response to COVID-19](#). (April 2020)