

COMCEC COVID-19 AGRICULTURE  
CONSULTATION MEETING

# COVID-19 Impacts on Food Security and Agriculture in the OIC Member Countries

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## SOCIO-ECONOMIC IMPACTS OF COVID-19 PANDEMIC IN OIC MEMBER COUNTRIES:

*Prospects and Challenges*



ORGANISATION OF ISLAMIC COOPERATION  
STATISTICAL, ECONOMIC AND SOCIAL RESEARCH  
AND TRAINING CENTRE FOR ISLAMIC COUNTRIES



# OUTLINE

## 1. Background

## 2. Demand Side Exposure

## 3. Supply Side Exposure

## 4. Overall Exposure

## 5. Member Countries Measures

## 6. Conclusions & Policy Implications



**BACKGROUND**

# BACKGROUND

## Overall Socio-Economic Impacts in OIC Member Countries

**2020**

**Pre-pandemic  
estimates**

- ❖ GDP growth 3.7%
- ❖ Unemployment 47.7 Million (↑0.6 million)

**2019**

- ❖ GDP growth 2.4%
- ❖ Unemployment 47.1 million

**COVID-19 Impacts:**

- GDP decline by 5.7 ppt
- Unemployment increase by 7.4 million

**2020**

**new  
estimates**

- ❖ GDP shrinks by -2%
- ❖ Unemployment increases to between 53.3 – 55.4 million (↑ 8 million)

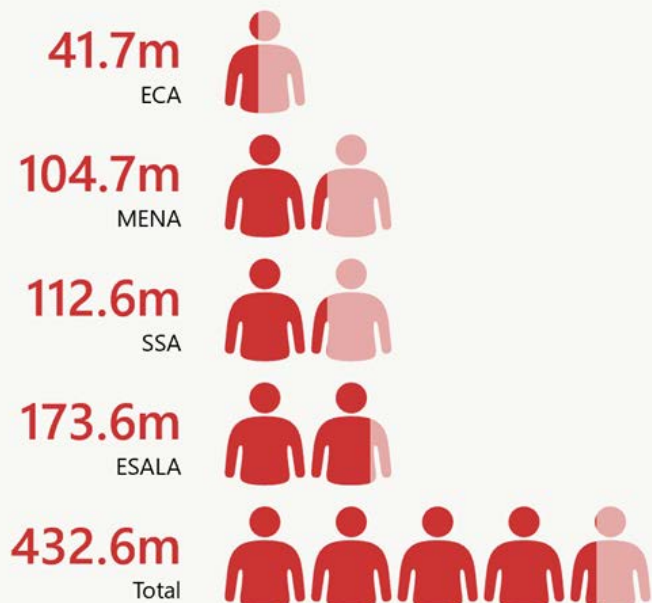


# BACKGROUND

## Overall Socio-Economic Impacts in OIC Member Countries

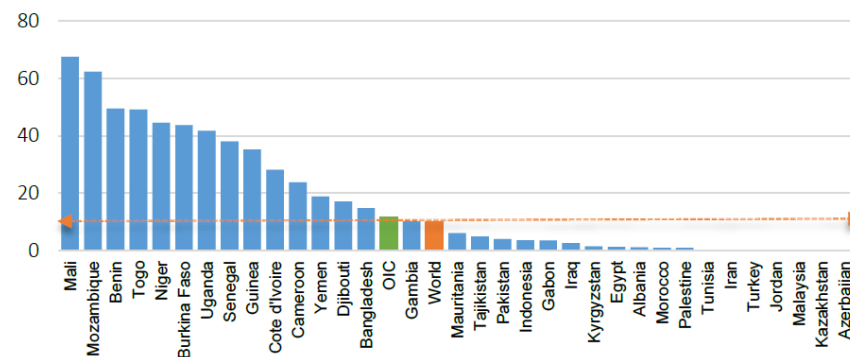
### Education

#### Total Learners Affected



### Poverty

Figure 2.18: Proportion of Population Below International Poverty Line, %, 2018



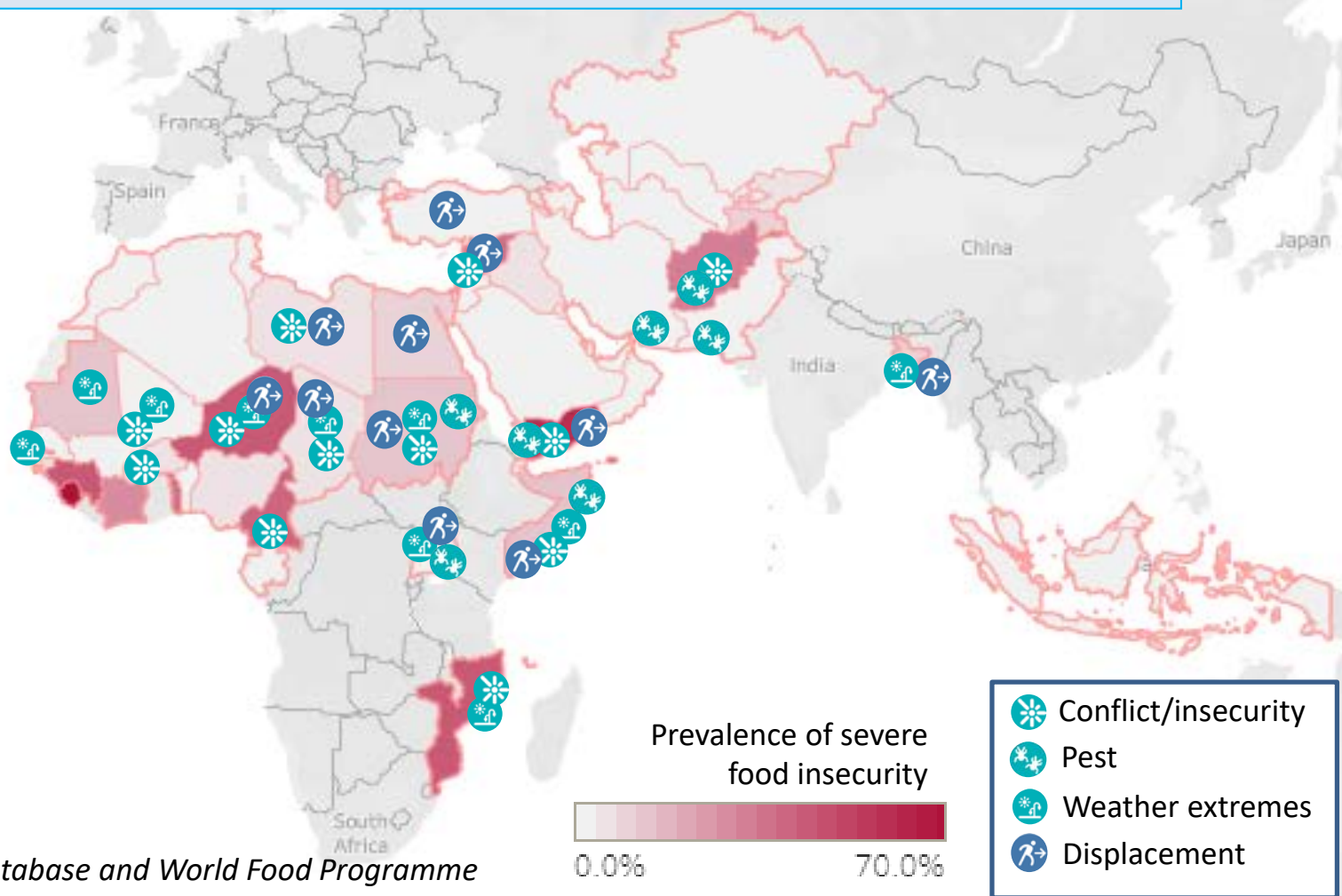
### Refugees

7.90 out of 10 refugees are hosted by OIC countries



# BACKGROUND

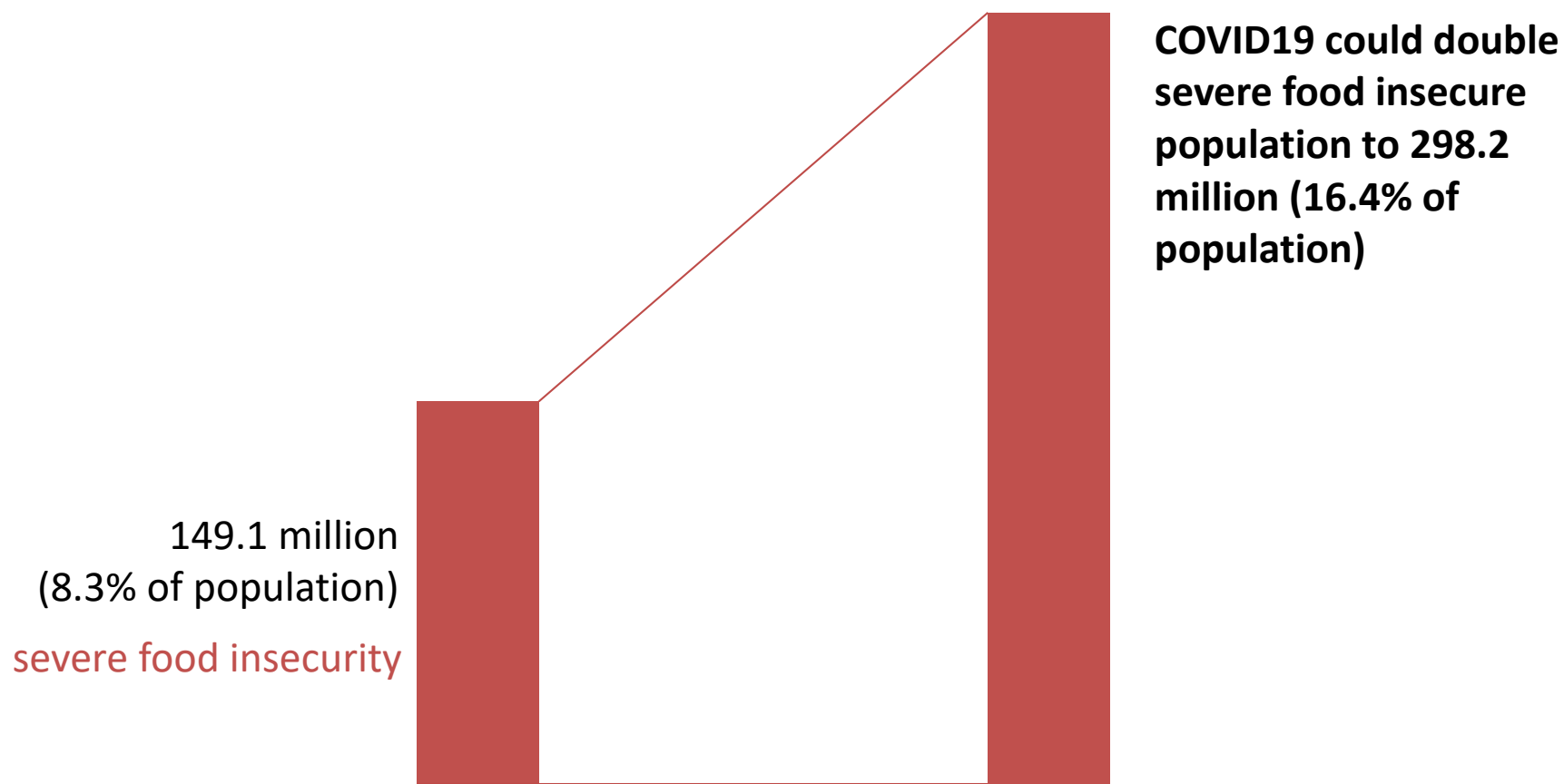
## Multiple Threats to Already-Severe Food Insecurity



Source: Based on FAO Database and World Food Programme

## BACKGROUND

### COVID-19 Could Double Severe Food Insecure Population



## BACKGROUND

### COVID-19 Risks

- COVID19 has decreased both demand and supply of food and agriculture products owing to shock on logistics and trade.
- The degree of impacts depend on the severity of the epidemic in the region as well as the level of measures taken by the government to handle the crisis.
- The impacts hit the hardest on the poorest and most vulnerable groups, including the displaced.
- In general, there are 2 channels of impacts: Supply side and Demand side.





**DEMAND SIDE EXPOSURE**

## DEMAND SIDE EXPOSURE

### Disturbance on Consumption of Agri-Food Products

- Population suffers from loss of income unable to afford food for their daily needs.
- Vulnerable groups are the most at risk.
- Amplified by possible increase in the price of food.
- In the country level, food importer country pose greater risk due to shock in international trade and currency exchange fluctuation.
- Proxies to estimate the risks of exposure: **share of food expenditures per capita** and **share of agricultural imports**.

# DEMAND SIDE EXPOSURE

## Countries with Highest Demand Exposure

Country Name	Share of Food Expenses	Share of Agri Import	Overall Demand Exposure	Severe Food Insecurity Prevalence
Sierra Leone	Int. High	High	High	68.8%
Yemen	Int. High	High	High	56.3%
Guinea	High	High	High	41.7%
Niger	Int. High	High	High	41.0%
Mozambique	High	Int. High	High	40.8%
Cameroon	High	Int. High	High	39.9%
Palestine	Int. High	High	High	34.5%
Gambia	Int. High	High	High	28.6%
Côte d'Ivoire	High	Int. High	High	28.0%
Sudan	High	High	High	14.6%

Source: Based on Schmidhuber et al. (2020)





**SUPPLY SIDE EXPOSURE**

## SUPPLY SIDE EXPOSURE

### Disturbance on Agri-Food Productions

- Shock on production factors -> low availability and/or high prices of the agriculture inputs -> lower yield/decrease supply
- Shock on production factors, e.g.: closure of factory producing fertilizer, farmers get sick, logistics bottleneck, etc.
- Proxies to estimate the risks of exposure: **share of intermediate inputs, consumption of fixed capital per agricultural worker, gross output per agricultural worker, and share of agricultural exports.**



# SUPPLY SIDE EXPOSURE

## Countries with Highest Supply Exposure

Country	Share of Intermediate Inputs	Consumption of Fixed Capital per Worker	Gross Output per Worker	Share of Agri Export	Overall Supply Exposure	Severe Food Insecurity Prevalence
Guinea-Bissau	Int. Low	Int. Low	High	High	High	5.4%
Syrian Arab Republic	Int. Low	Int. High	Int. High	High	High	36.1%
Djibouti	High	Low	High	Int. High	High	0.0%
Jordan	High	Int. High	Int. Low	Int. High	High	0.0%
Afghanistan	Low	Int. Low	High	High	Int. High	31.8%
Uganda	Int. Low	Low	High	High	Int. High	3.5%
Benin	Int. Low	Low	High	High	Int. High	0.0%
Palestine	Int. High	Int. Low	Int. Low	High	Int. High	34.5%
Yemen	Int. High	Int. Low	Int. High	Int. High	Int. High	56.3%
Maldives	Int. High	Int. Low	Int. High	Int. High	Int. High	0.0%

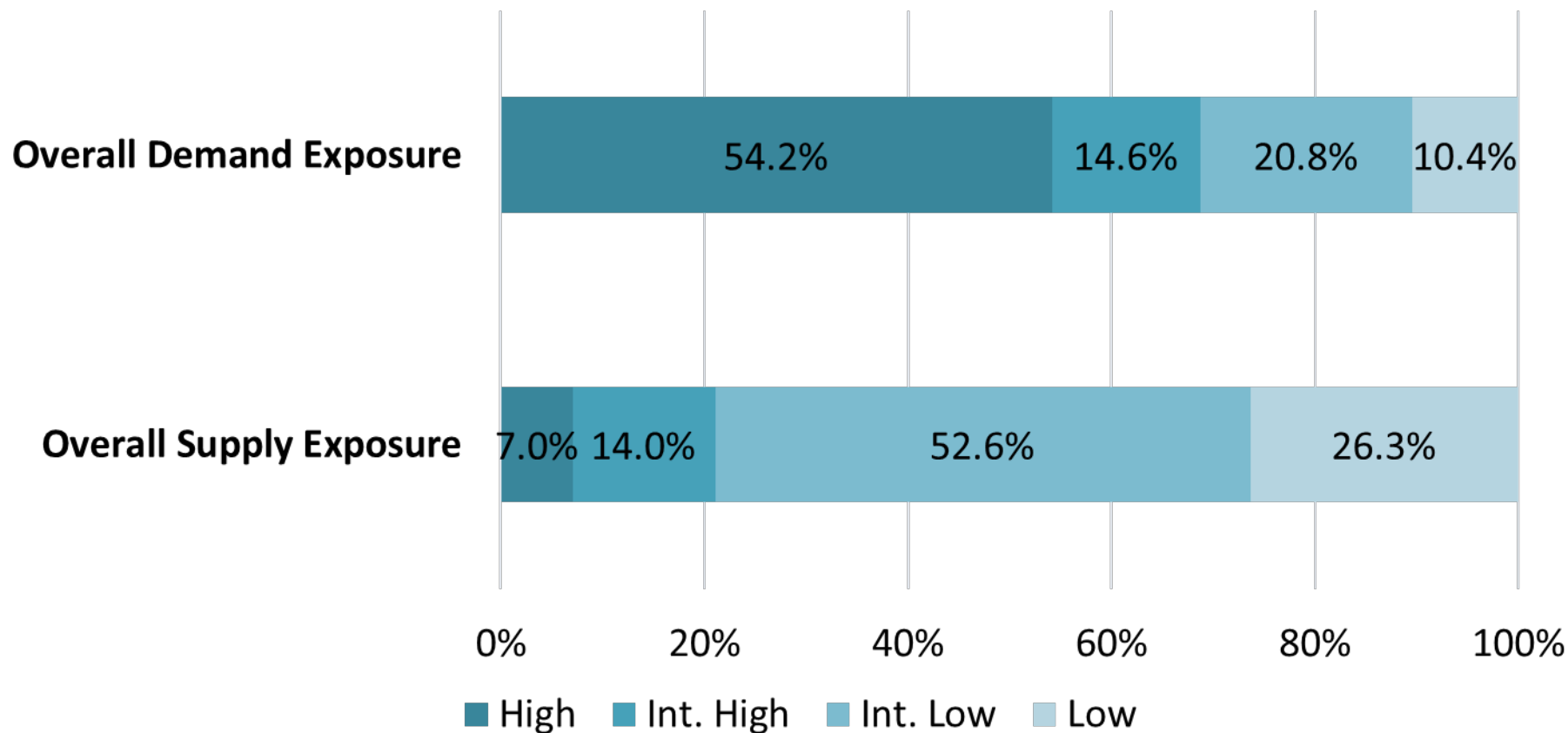
Source: Based on Schmidhuber et al. (2020)



**OVERALL EXPOSURE**

# OVERALL EXPOSURE

Most OIC Countries are Susceptible to Demand Side Exposure



Source: SESRIC staff calculations based on data from Schmidhuber et al. (2020)





## MEMBER COUNTRIES MEASURES

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### Keeping Food Value Chain Alive

- **UAE:** Passed a law aiming at organising the food supplies in the event of crises as well as achieving food sustainability.
- **Kazakhstan:** Temporarily reduce VAT for agricultural and food products and allow zero custom duties on essentially important imports.
- **Pakistan, Indonesia, etc.:** Keeping agriculture-related sector exempted from lockdown.



## MEMBER COUNTRIES MEASURES

### Provide Support to Farmers

- **Kazakhstan, Egypt:** Land tax exemptions.
- **Turkey:** Postponement of debt payments of farmers for 6 months.
- **Burkina Faso, Cote d'Ivoire:** Financial support to agricultural sector.

## MEMBER COUNTRIES MEASURES

### Social Protection Programs

- **Malaysia, Indonesia, Egypt, Tunisia, etc.:** Direct cash payment to poor households.
- **Kazakhstan:** Wage subsidies to employees of SMEs on unpaid leave, compensation to employees who got laid off.



# **CONCLUSIONS AND POLICY IMPLICATIONS**

## CONCLUSIONS & POLICY IMPLICATIONS

### Concluding Remarks

- COVID19 pandemic has threatened agriculture and food insecurity in OIC countries.
- The number of severe food insecure population could double.
- The channel of exposure from COVID19 impacts are mostly through demand/consumption side.

# CONCLUSIONS & POLICY IMPLICATIONS

## National Level Policy

- Keep domestic food supply-chains functioning.
- Protect the food needs of most vulnerable groups.
- Mobilize local communities to implement social protection schemes.



## CONCLUSIONS & POLICY IMPLICATIONS

### Intra-OIC Cooperation Level

- Enhancing international cooperation to keep international food trade open.
- Forming an OIC Economic Policy Coordination Committee on COVID-19 to have joint concerted efforts.
- Considering debt relief and restructuring for OIC countries with Least Developed Country (LDC) status.
- Extending mechanisms to harness Islamic social finance for funding COVID-19 Response.





**THANK YOU  
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