COVID-19
Emergency Briefing Series

Pathway 2

High-risk households dependent on, and critical for, food supply chains

In this emergency briefing series, ISF Advisors and the RAF Learning Lab will look at how the COVID-19 crisis is likely to affect different types of rural households in emerging markets and what the cascading effects may be on markets, food security, and national security.

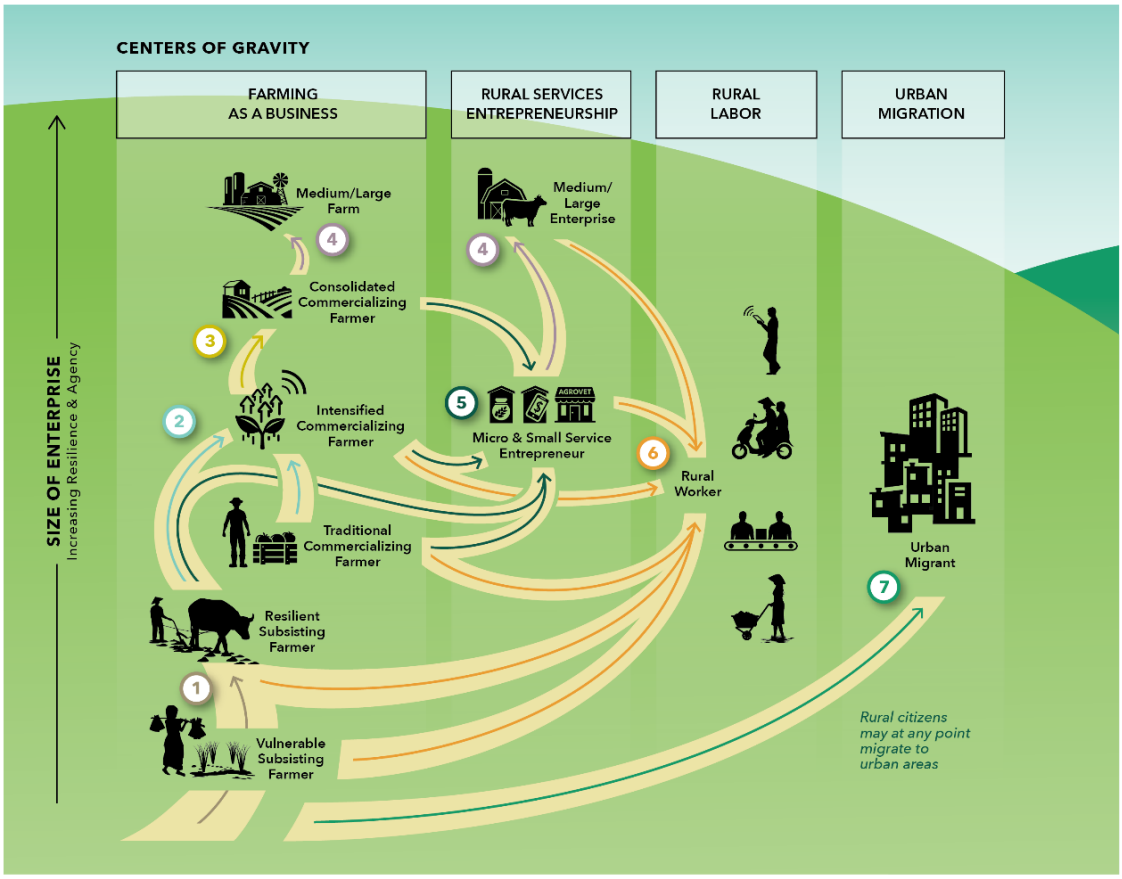
This briefing series seeks to be pragmatic and elevate the real experiences of smallholders and service providers who are most impacted by ripple effects in the economy. The series builds on the 2019 Pathways to Prosperity report, and provides tangible recommendations to critical decision makers on how rural agricultural livelihoods can be supported. In this brief, we look at how the COVID-19 crisis will impact commercializing farmers who are at the heart of many countries' food supply chains, and who depend on vulnerable ecosystems to survive.

Small commercializing farmers are at the heart of food supply chains, but rely on fragile ecosystems for survival

Commercializing farmers operate on one to two hectares of land, and perceive their agricultural activities as a business and their main source of income. They are able to generate a surplus and increase production value through improved inputs, better farming practices, and regular sales to buyers and traders. They invest in farm intensification, resulting in an increase in volume and/or an increase in production value (e.g., through higher quality or price realization). These farmers are more likely than subsistence farmers to access financing, and depend on ecosystems of financial service providers, extension services, input providers, and markets. They produce for local, regional, and export markets, often through cooperatives or outgrower schemes. Despite integration into more formal systems, these farmers remain vulnerable. With insurance and savings rates still low, they may be only one or two bad harvests away from moving back to Pathway 1 (subsistence farming).

Additionally, farmers operate along a spectrum of commercialization that varies across countries—from more traditional commercializing farmers who sell into local markets with some access to finance to more intensified commercializing farmers who are more likely to have formal financing and offtake contracts.

Pathways to Prosperity



PATHWAYS

1 Developing a Resilience Buffer

2 Farm Intensification

3 Land Consolidation

4 Transition to Formal Enterprise

5 Transition to Service Provision

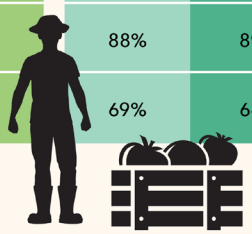
6 Conversion to Rural Employment

7 Migration to Urban Areas

Illustrative snapshot of commercializing farmers

	NIGERIA		BANGLADESH		TANZANIA	
Number of smallholder households (Mn)	8.28 (13%)	10.50 (16%)	9.48 (10%)	16.64 (18%)	2.44 (10%)	2.28 (9%)
HH below poverty line	75%	67%	80%	76%	85%	78%
Illiteracy rate	43%	32%	54%	55%	20%	14%
Access to offtake contract	5%	13%	1.2%	4.1%	2.5%	8.4%
Access to formal financial services	14%	27%	45%	52%	51%	64%
Access to mobile phone	68%	83%	82%	86%	88%	89%
Female or joint decision in agriculture	37%	32%	31%	31%	69%	64%

Traditional commercializing farmer → Intensified commercializing farmer



CGAP nationally representative surveys of smallholder households in Bangladesh, Côte D'Ivoire, Nigeria, Mozambique, and Tanzania, 2016 and 2017. While the surveys are nationally representative overall, sample sizes become small when broken by subsegments. Therefore data should be interpreted with caution and under the recognition that these are illustrative examples of relative and self reported measures of poverty.

Commercializing farmers are highly dependent on their surrounding ecosystems to continue to operate farming as their primary livelihood source. These ecosystems have proven highly vulnerable to the effects of COVID-19, differing in severity depending on the value chain.

Commercializing farmers work on a variety of value chains, from local staple foods, such as cassava and maize, to high-value export crops, such as cocoa and coffee. The level of dependence and contracts within those value chains, and how they are financed, create a number of potential vulnerabilities and disruptions from COVID-19.

Potential disruptions from COVID-19 across actors in three different types of value chains

Short value chain example: rice in Nigeria

For rice farmers in Nigeria, April to July is typically the "lean season" where they are waiting for new crops of rice to be harvested. The country's food security therefore relies on stores or imports. Usually rice is a straightforward crop, with farmers selling to wholesale buyers or directly to millers who in turn sell to markets. The government's response to COVID-19 has restricted movements within and across states for all but essential services, making the transport of rice from farms to millers much more difficult. The situation has led to higher transport prices and unclear security regulations, limiting the transport of rice and creating shortages on the market. These local shortages are exacerbated by export restrictions from Vietnam and India, countries that supply up to 30% of Nigeria's consumed rice[1]. This has, in turn, increased the local price of rice by 6-8%[2]. This seems favorable for the farmers, but it is unclear whether this price increase offsets the additional costs of transport or the long-term impact of COVID-19 on farmer livelihoods. Crucially, the price increase also puts additional strains on food security for the rest of the population.

Medium value chain example: dairy in Kenya

Dairy is a relatively structured agricultural value chain in Kenya, with farmers primarily supplying to large dairy processors (e.g., Brookside) who make up 80% of the dairy market, either directly or via cooperatives and aggregators. For dairy farmers, the arrival of COVID-19 has affected both their production and sales. First, animal feed is becoming difficult to procure and more expensive as people buy up maize for their own consumption. Farmers able to continue producing milk find their options for transport to their cooperative or aggregation centre constrained. As milk is a perishable good, and most farmers do not have on-site cooling facilities, transport is critical for their income. The cooperatives themselves are also less likely to operate at full capacity, due to the need to implement social distancing measures within their facilities. Demand for milk is expected to decline as families' purchasing power declines and they prioritize buying staples and non-perishables, and as large institutional buyers such as hotels and schools remain closed. The large processors have slightly increased prices to encourage continued production; however, this will be increasingly difficult if the decline in consumer demand continues[3]. If large processors stop buying milk, dairy farmers will have no way to sell their main agricultural output, causing declines in income and savings. This could lead farmers to sell their cows for short-term income, endangering their long-term income potential when the market stabilizes.

Long value chain example: cocoa in Côte d'Ivoire

Cocoa farmers in Côte d'Ivoire typically operate through cooperatives that connect them to larger buyer networks primarily serving European markets. In some areas, farmers have benefitted from COVID-19 resources provided by large buyers (e.g. Barry Callebaut, Cargill) that are deploying technology to educate about the health risks and deploying PPE for farm agents[4]. The risk for these farmers will be more in the long term, with the anticipated recession in Europe affecting consumer spending on confectionary products. As cocoa farmers have limited land to grow subsistence crops, they are particularly at risk of food insecurity when their revenues from cocoa decline. This was seen in 2016-2017 when cocoa prices dropped up to 40%. With cocoa households earning only 37% of a living income in rural Côte d'Ivoire, any demand and price fluctuations will have significant consequences on poverty levels and food security[5].

SHORT VALUE CHAINS *(e.g. maize, rice, beans)*

Producer	Last mile transport / aggregator	Processor	Retailer	Consumer
Lack of input availability, and shortage of labor for harvesting makes regular operations difficult	Government restrictions make transport scarce and expensive limiting access to market	Unpredictable inputs as farmers hoard their crops due to market uncertainty and changing prices	Many local markets closed or relocated to comply with social distancing	Volatile consumer demand as people and governments initially stock up on staple goods

MEDIUM VALUE CHAINS *(e.g. vegetables, fruit, meat, dairy)*

Producer	Last mile transport	Aggregator	Processor	Retailer	Consumer
Lack of inputs, especially affordable animal feed, severely impede operations	Government restrictions make transport scarce and expensive, limiting timely access to market	Squeezed between less inputs from farmers and less demand from retailers	Government restrictions decrease capacity of processing plant and increase cost of operations	Many local markets closed or relocated; modern retail operating with reduced hours	Decrease in consumer demand, with "luxury: perishable goods deprioritized and institutional buyers (e.g., hotels, schools) closed

LONG VALUE CHAINS *(e.g. tea, coffee, cashews, horticulture, cocoa)*

Producer	Last mile transport / aggregator	Processor / packer	International trader	Manufacturer	Retailer	Consumer
Lack of input availability and need to produce additional food for family security	Government restrictions make transport scarce and expensive limiting access to market	Capacity decreased due to social distancing regulations	Unfavorable foreign exchange movements make buying more expensive, and cargo flights / shipments more scarce	Unpredictable orders and difficult operating conditions with social distancing constraints and disrupted supply of packaging and other inputs	High volumes and changing purchasing patterns	Unpredictable consumer demand as consumption shifts from service industry to homes

In some value chains these are consolidated

The effect of COVID-19 on commercializing farmers is highly dependent on the season during which the virus and social distancing measures arrived.

Countries that are in peak harvest seasons for staple crops, like Malawi, feel the impact of movement restrictions more acutely than countries whose harvests will come later, where farmers will struggle to get sufficient labor to support their harvest. In East Africa, for example, the initial impact of the crisis has arrived during the lean season, when there is limited farm activity for maize farmers and therefore less immediate impact on production.

The likely disruptions across different types of value chains are an important basis for considering the impact of COVID-19 on Pathway 2 livelihoods.

The majority of Pathway 2 farmers rely on short value chains, serving local markets, as their primary source of income. These farmers' activities don't just affect their own families' livelihoods, but also their country and region's broader food security. If these commercializing farmers are not supported, they may be pushed out of commercially viable livelihoods into subsistence farming, no longer providing food to consumers in urban and peri-urban areas. Farmers who have begun to intensify, or have been connected into value chains through cooperatives and other service providers, are more likely to produce for medium or long value chains.

Potential impact of COVID-19 on commercializing farmers as virus spreads to rural areas (1-4 months after virus arrives in country)

Around the world, governments are trying to stop the spread of the virus and protect health systems, guarantee the provision of essential services, and ensure food and economic security. After the initial lockdown measures, governments are likely to adjust regulations to protect agricultural supply chains and businesses that are important to aggregating, transporting, processing, and selling agricultural goods. Even with these exemptions, commercializing farmers are likely to face numerous challenges to generating adequate income from their farms. These farmers are also likely to be impacted by any government decisions to support food security, such as changes to trade restrictions and/or release of strategic reserves of staple crops. These vulnerabilities must be considered across the types of value chains.

SHORT VALUE CHAINS

Market dependencies: Farmers in staple food value chains will benefit from steady demand for their crops. However, constraints on market access and disrupted access to services may expose these households to reduced incomes and food insecurity. In Ghana, staple food prices increased by 20-33% after the lockdown order[6]. However, declining activity from traders may make it difficult for farmers to sell produce even while demand remains steady. While many commercializing farmers have previously invested in technology and better inputs for their farms, they may now be more hesitant to invest in their farms due to uncertainty.

Financial access: Short value chain households are highly exposed to financial shocks, with limited savings and fewer options for financing. Farmers in staple crop value chains, for example, typically do not have connections to formal financing[7]. Informal financing, the most accessible for these farmers, tends to be less available and more expensive than formal financing. Globally, about $51 billion in financing is supplied by value chain actors and formal financial institutions, while only $17 billion is supplied by informal financial institutions, such as local money lenders and loan associations[8]. Farmers who have access to more formal channels, such as microfinance institutions (MFIs), are also likely to experience disruptions as financial service providers face operational and potential liquidity problems that impede their ability to lend. Increased healthcare bills and potentially funeral costs from COVID-19 could also quickly deplete farmer savings, further reducing their ability to invest in their farms.

Nutrition: Households of farmers in short value chains will be exposed to decreased nutritional diversity, but may avoid the worst of food shortages. Families growing staple crops are able to rely on those crops as a food source and store food for later consumption. While the farmers themselves may not suffer from severe food shortages, if their products are not able to reach markets there will be broader consequences on national food security.

The longer term: In the long term, farmers in staple crop value chains are likely to suffer from lower yields next season, due to reduced access to inputs, less training, and a reprioritization of household spending. For example, a survey conducted by AFEX Nigeria, a private sector commodity exchange firm, reported that Nigeria has enough inputs for only 1 million out of 30 million hectares that are typically farmed[9]. These constraints will have a severe cascading impact on national food security.

	SHORT VALUE CHAINS *(e.g. rice, beans, cassava, maize)*	MEDIUM VALUE CHAINS *(e.g. dairy, meat, local horticulture)*	LONG VALUE CHAINS *(e.g. coffee, cocoa, cashew, tea, export horticulture)*
Health	Commercializing farmers more at risk of being in contact with virus-carriers from urban areas; Rural clinics not equipped to cope with COVID-19; Prevalence of underlying conditions (e.g., HIV, TB)	Commercializing farmers more at risk of being in contact with virus-carriers from urban areas; Rural clinics not equipped to cope with COVID-19; Prevalence of underlying conditions (e.g., HIV, TB)	Commercializing farmers more at risk of being in contact with virus-carriers from urban areas; Rural clinics not equipped to cope with COVID-19; Prevalence of underlying conditions (e.g., HIV, TB)
Production	Minimal medium-term disruption for farmers not in harvesting season as demand will remain steady; For farmers in harvest periods, potential smaller harvest due to difficulties in hiring labor; Farmers may reduce quantity sold to market due to decrease in traders collecting goods or to save for family consumption; Households may reprioritize spending and allocate less for agricultural needs (e.g., inputs, insurance); Farmer groups and other organizations may reduce delivery of services	Significant decrease in demand as consumers purchase fewer perishable goods and hotels/ restaurants close; Farmers unable to store food for later sale, potentially leading to large on-farm losses; Decline in spending on agricultural needs (e.g., inputs, insurance) as other household spending takes precedence and inputs become more expensive; Aggregators and processors may reduce their services, such as financing or input provision, as they face their own liquidity challenges	Support from cooperatives may provide some relief in the short term; Production likely to suffer in the medium and long term from disrupted demand due to market volatility, delays in moving goods from farm to market, reduced availability of labor for sorting, and reduced investment in inputs; Increase in side selling as farmers prioritize quick cash over non-financial support typically provided by institutional buyers
Resilience	Farmers may benefit in the short term by increased farmgate prices as demand increases, particularly in areas where governments are increasing food reserves; Farmers likely to deplete savings faster than usual to meet urgent needs (e.g., medical bills, funeral costs, children at home); Farmers may have access to informal finance, but it is likely to be limited, costly, and disrupted as entire communities are affected	Farmers likely to deplete savings faster than usual to meet urgent needs (e.g., medical bills, funeral costs, children at home); Farmers may have access to loans from aggregators and off-takers (particularly for dairy), however off-takers will also be significantly affected by the crisis and are likely to reduce their services	Farmers may be able to access financing from cooperatives or financial service providers; Farmers that are part of strong and well-established cooperatives are likely to be supported by large institutional buyers, especially if they have FairTrade or similar certifications; Farmers likely to deplete savings to meet urgent needs (e.g., medical bills, funerals), but start with more savings than non-cash crop farmers
Employment	Likely decrease in on-farm employment opportunities as labor gets more expensive and farmers rely more on family labor	Farmers are likely to either rely on family labor or, in the case of labor-intensive crops (e.g., fruits, vegetables) pay higher prices for hired labor	Cash crops are labor-intensive at various points of production, farmers may need to rely solely on family or local workers who are potentially more expensive
Nutrition and Food Security	Farmers can stock staple foods to protect family's food supply; Families are likely to buy less food from markets, impacting nutritional diversity	Households cannot rely on perishable foods as family's only food source; Families will face difficulties selling perishable foods at markets, resulting in lower income to purchase food	Households cannot rely on many export crops for food source; Farmers may face difficulties or delays exporting goods due to restrictions, resulting in lower income to purchase food

Low **SEVERITY OF IMPACT** High

	SHORT VALUE CHAINS *(e.g. rice, beans, cassava, maize)*	MEDIUM VALUE CHAINS *(e.g. dairy, meat, local horticulture)*	LONG VALUE CHAINS *(e.g. coffee, cocoa, cashew, tea, export horticulture)*
Gender	Likely to be caring for elderly relatives or in health facilities, women may be at higher risk of contracting the virus; May experience loss of economic power due to increased responsibilities at home and less time to invest in on-farm activities; Health resources are likely to be diverted from women's health to COVID-19	Likely to be caring for elderly relatives or in health facilities, women may be at higher risk of contracting the virus; May experience loss of economic power due to increased responsibilities at home and less time to invest in on-farm activities; Health resources are likely to be diverted from women's health to COVID-19; Financial service providers that typically serve this segment are more likely to exclude them from lending, prioritizing more traditional, collateral-based finance that is viewed as lower risk	Women are disproportionately involved in many cash crop value chain steps, especially around sorting and packing, making it more difficult for them to socially distance; Likely to be caring for elderly relatives or in health facilities, women may be at higher risk of contracting the virus, impacting their ability to complete on-farm activities; Health resources are likely to be diverted from women's health to COVID-19
Youth (ages 15-24)	Young farmers are likely to continue to face even greater challenges in accessing services, particularly loans; Off-farm income options will continue to be limited, especially with disrupted education; Young women may not return to formal education as household spending is reprioritized	Young farmers are likely to continue to face even greater challenges in accessing services, particularly loans; They may be discouraged from seeing farming as a viable business opportunities; Off-farm income options will continue to be limited, especially with disrupted education; Young women may not return to formal education as household spending is reprioritized	Starting a cash crop farm will continue to be difficult for youth (due to high investment costs needed, declining demand); Financial shocks may impact ability to transfer of land/assets to youth or interest of youth in farming; Young farmers who already receive programmatic support, such as access to financial and non-financial services, may be more resilient to the crisis
	Low	**SEVERITY OF IMPACT**	High

Women are likely to see a significant increase in unpaid care workload at home, as school-aged children are unable to go to school and adult family members become unemployed.

As women's alternative sources of income – such as remittances, part-time work in the informal economy, and payouts from informal savings groups – dry up, their already limited agency and decision-making power within the household will erode. The decrease in availability of off-farm income sources, coupled with increased demand for food within the household, will place enormous amounts of pressure on women to ensure their households are fed. As resources are diverted away from preventative healthcare (especially reproductive health services), there is likely to be an increase in rates of pregnancy among young women, which has significant long-term consequences for their ability to transition out of poverty.

MEDIUM VALUE CHAINS

Market dependencies: Farmers in medium value chains, typically perishable crops, will be significantly impacted by the COVID-19 crisis. These farmers rely on accessible markets, many of which have closed or been significantly reduced due to social distancing measures. As markets are less accessible, the retail price of these perishable goods has increased, putting further pressure on consumers already facing economic hardship. Medium value chain farmers are also more likely to supply the service industry (e.g., hotels, restaurants) that have been severely affected by the pandemic. These shifts in market access and demand have had immediate consequences, with vegetable farmers in India already abandoning up to 30% of their crops[10].

Medium value chains are more likely to include aggregators or processors, who will also be affected by COVID-19. The demand for their products may decrease, as consumers re-prioritize spending on staple goods. They are also likely to face difficulties in procuring imported inputs,

such as packaging. This is in addition to higher operating costs from social distancing measures and PPE requirements. These significant constraints on their business will have a knock-on effect on the farmers who supply them, drying up significant revenue streams.

Some farmers and innovators have found ways to accelerate their access to markets despite COVID-19 lockdowns.

In India for example, Harvesting Farmer Network (HFN), an existing virtual support mechanism for farmers, found that its usual customers were unable to find markets for their products. They set up a Twitter handle and posted details of the produce their farmers needed to sell. Within 2 weeks they had been able to connect 200 farmers with buyers. These types of direct to customer solutions are appearing in many communities, and are likely to keep growing as transport remains challenging and markets remain partly closed.

Financial access: Farmers in medium value chains will be highly exposed to financial shocks from both their decreased income and disrupted financial services. The decreased income from lack of market access will be felt quickly given a lack of significant savings, especially in the case of unforeseen health or funeral costs from COVID-19. In some countries, farmers may have access to more formal financial channels (e.g., from their aggregators/cooperatives or from MFIs). But these institutions may see disruptions of their operations from social distancing regulations, and potential decreases in their liquidity due to reduced consumer demand and changes in risk appetite.

Food security: Farmers in medium value chains are more exposed to food insecurity because the perishable nature of their product means they cannot always rely on their own crops for long-term consumption. Decreased income and savings, as well as movement restrictions, may make it difficult for families to purchase staple food from markets. Some farmers – such as those in the dairy value chain – may have more guaranteed local markets, while others who rely on market vendors or processors to buy their products will have sharp income decreases that will significantly affect their ability to purchase food. Some farmers may move to plant more subsistence crops to enable longer-term food security, reducing the overall income potential of their land.

The longer term: In the long term, farmers' yields in these value chains are likely to be lower due to limited farm investment during the crisis. Demand may also be slow to recover for perishable goods, causing farmers to seek alternative income streams. In China, fruit farmers have switched crops, planted less produce, and found employment off-farm because demand has been slow to recover[11]. For countries where there is limited large-scale commercial farming, these medium value chain commercializing farmers are critical to national food systems.

LONG VALUE CHAINS

Market dependencies: The commercializing farmers in long value chains may have some resilience to the COVID-19 pandemic in the short term because of support from cooperatives, businesses, and financial service providers. For example, Cargill has used its Farmforce application to amplify government sanitation measures to its cooperative members in Côte d'Ivôire, while Barry Callebaut is providing soap for the farmers it buys from. And some industries, such as coffee, have seen a spike in demand due to increased home consumption in Europe and the US, increasing international trading prices[12].

Despite these measures, producers in long value chains remain vulnerable to any changes in prices or operational costs, both of which are increasingly volatile due to COVID-19. Operational costs, notably transport, are likely to increase due to disruptions both within countries and across borders. For example, the turnaround time to transport goods from Mombasa to Kampala has increased from an average of 4 days to 10 days[13]. Since 80% of global trade occurs through commercial shipping, landlocked countries such as Burundi, DR Congo, Rwanda, South Sudan, and Uganda face additional difficulties in importing and exporting goods through key regional ports[14]. Demand, and consequently price, will also be volatile due to changing consumer behavior precipitated by significant economic contractions around the world. The Ghana Cocoa Board (COCOBOD) projects a $1 billion loss in cocoa revenue[15].

Financial access: Commercializing farmers will experience financial shocks from these changes in market dynamics, but may be more resilient. Commercializing farmers in export value chains have more formal sources of financing through their connection to businesses and/or cooperatives that allow farmers to access needed services during the crisis. In Kenya, cooperatives represent 14 million members and account for 35% of national savings[16]. This resilience, however, is highly dependent on cooperatives, traders, and exporters continuing to operate and to support their farmers. And even if they do have a better safety net through these institutions, farmers are likely to invest less in their farm and prioritize food and health expenses during this period.

Food security: Despite some safety nets, commercializing farmers in export value chains are more exposed to food insecurity because most grow inedible crops. Household exposure to food security will depend on the strength of the farmer safety net and resilience of the commodity markets. If farmers are not able to sell their crops due to transport disruptions and market volatility, then households are likely to suffer from food shortages.

The longer term: In the long term, commercializing farmers in export value chains are likely to experience significant impacts on income and savings. Yields may be much lower due to the lag effects of decreased on-farm investment and potential shifting of some land to household food production. Changes in purchasing behavior could shift prices and/or volumes demanded in international markets long term. As a result, these farmers may be more likely than others to change value chains or reduce the portion of their farm dedicated to cash crops post-crisis. Decline in production and farmer participation in these crops could have detrimental impacts on countries' economies. Ghana and Côte d'Ivoire produce about half of the global cocoa supply, which contributes an estimated 3% and 7%, respectively, to GDP[17]. Impacts on these farmers can have significant effects on the financial liquidity of economies and their access to foreign currency.

The World Bank predicts that agricultural production in Africa could contract between 2.6% and 7% due to trade blockages, and food imports could decline between 13% and 25% due to high transaction costs and reduced domestic demand[18].

These figures would be devastating for food security in the region, and would have significant knock-on effects on broader development outcomes and national stability. The commercializing farmers at the heart of Pathway 2 are critical in mitigating the risk of these effects. They produce staple crops that are the backbone of national food security, as well as cash crops that, in some countries, are some of the largest contributors to GDP and foreign exchange. They are also the driving force of most rural economies, creating employment and spending in local retail. Supporting this pathway is crucial to ensure local rural economies continue to thrive, national food security is protected, and longer-term economic earnings for a country are maintained.

How governments, donors, and service providers can best support this pathway

Commercializing farmers are at the heart of rural ecosystems and national food security, and their businesses and livelihoods must be protected throughout the COVID-19 pandemic. At the same time rural COVID-19 transmission needs to be avoided AND national food security needs to be protected. Achieving these three, interconnected objectives creates a real challenge for governments to manage, with the involvement of donors and private sector service providers.

While there are no one-size-fits-all blueprints, we believe governments, donors, and service providers should consider five major pitfalls in developing the right approach:

Pitfall #1

Not accounting for key value chain impact differences from COVID-19.

Many countries have prioritized agriculture in their COVID-19 response, recognizing it as an "essential service" that is exempt from regulations. However, the execution of this on a local level has had mixed results. As responses continue, and the pandemic becomes more protracted, more attention must be given to the difference between value chains and how regulations and responses must be tailored to address those differences. Governments are in a position to provide incentives for the private sector around critical value chains, especially to mitigate challenges around access to inputs and markets. Donors and service providers must also avoid this pitfall, thinking clearly about the impacts of COVID-19 on different value chains and broader potential impact of their actions on national food security.

Action Needed

Creating differentiated agricultural support policies by types of value chains, with considerations for planting and harvest timings and farmer impact. An effective policy response MUST seek to manage any rural restrictions, market support and social safety net programs in a way that acknowledges the differences between value chains. This sort of planning will likely need to involve the Ministries of Health, Agriculture and Planning (at a minimum) to balance different policy objectives but the Ministry of Agriculture is in a unique position to articulate key value chain differences and requirements in the first instance. All other actions should flow from this point of consideration.

Pitfall #2

Restricting land-based transportation and cross-border movement at the expense of resilient food systems.

While most governments have included agriculture as an exception to general lockdowns, many transport linkages – particularly last mile – have slowed significantly. This is primarily due to fears of repercussions from local security forces, and increases in price of transport. These transportation restrictions are critical levers in access to inputs and markets for commercializing farmers in different value chains (see point above).

Action Needed

Prioritize the safe operation of agricultural transportation, with training of security officers and distribution of PPE/testing, particularly at the last mile. Innovate new ways to use transport efficiently, both with regulations and technology.

Pitfall #3

Distorting local food markets through unclear stocking and distribution strategy of food reserves, and short-sighted export restrictions.

The pandemic is causing a food security crisis not because there is not enough food, but because the food is not in the right places. These issues of distribution are leading to significant food waste as farmers are forced to leave crops in their fields, and this may worsen as the pandemic continues into new seasons. Some countries have quickly moved into action to manage these areas of waste through government procurement or specific management of offtake markets. In some countries that means stocking up on more staple crops while in others, banning exports of these crops. These knee-jerk reactions risk distorting local food markets, and putting the food security of specific segments of the population (including commercialising farmers) more at risk. National food reserves should be evaluated in the context of a potential 12-18 month pandemic, and decoupled from short term political motivations as much as possible. This "food security balance" is going to be unique to each country but there are very real pitfalls to blanket bans on staple exports (impacts on regional food security and FOREX reserves) and flooding the market with government food reserves (impacts on farm gate prices for small producers and long term food security).

Action Needed

Governments should plan the management of national food reserves and staple markets early, with a long term view and considering all the impacts of major policy decisions. Distribution of food will be one of the most critical success factors in mitigating the food security risk of COVID-19 by reducing food waste and getting it to the people that need it most.

Pitfall #4

Relying on service providers to continue lending to commercializing farmers who are perceived as less vulnerable than subsistence farmers.

Commercializing farmers are served by a range of financial service providers, from MFIs to cooperatives to digital lenders. This financing is often accompanied by input provision, training, and off-taking. As these service providers suffer the consequences of COVID-19 – from operational impacts to disruption of their own credit lines – there could be devastating results in some markets for commercializing farmers. Blanket decrees and regulations targeting the formal, commercial financial sector, and therefore geared towards consumer protection of primarily urban customers, are not adapted to the realities of the lenders serving commercializing farmers. These measures are focused on short-term mitigation – and as the pandemic continues, they risk destroying incentives for private sector lenders to serve commercializing farmers, who tend to have a limited asset base and are already considered "high risk."

Action Needed

Governments and donors should work with service providers to ensure that policies enable them to continue servicing commercializing farmers with both loans and other services. Donors and governments can provide risk management tools such as bridge loans and first-loss guarantees to ensure credit markets continue to support the ongoing operation of service providers. Donors should also support service providers with technical assistance and grants to help them make the necessary changes to their operations to comply with social distancing and mobility restrictions.

Pitfall #5

Overestimating the resilience of commercializing farmers and underestimating their importance in national food security.

Most commercializing farmers are one to two bad harvests away from going back to subsistence farming. With access to both inputs and markets affected by COVID-19, these farmers are at risk of having significantly smaller harvests and generating less income in the next season. Commercializing farmers in short value chains are critical to staple food production, farmers in medium value chains are at the heart of rural economies, and farmers in longer value chains are important contributors to foreign exchange earnings. While these farmers may be more resilient than vulnerable subsistence farmers, their important place in national and international economies makes their success critical to recovering from COVID-19 and preventing widespread food insecurity.

Action Needed

Commercializing farmers should not be excluded from social security and aid systems (where needed) that are activated as part of the pandemic. While they may be more resilient due to their market connections, this also makes this income source more vulnerable. Some will need support—particularly in the form of direct cash transfers to allow them to balance their business and livelihood needs.

Footnotes

[1] FAO. 2020. Cereal supply and demand balance for sub-Saharan African countries – Situation as of March 2020. Rome. https://doi.org/10.4060/ca8841en

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We want to hear from you!

As new information about COVID-19 emerges on a daily basis, we hope this series will serve as an opportunity to open dialogues and share perspectives.

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