Impact of

COVID-19 outbreak

on supply chains, regional trade, markets and food security in East Africa

Regional Bureau Nairobi

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Key messages

While the number of confirmed COVID-19 cases in East Africa so far is relatively low compared to other regions, disruption in supply chains is already affecting the trade and flow of commodities.

Despite the comfortable stock of cereals in the global market, most countries in East Africa are food deficit and thus likely to face challenges.

The pandemic is adding severity to the situation as the region is already facing multiple shocks including severe desert locust infestation and floods since the past few weeks.

WFP estimates that 34 to 43 million people, within the nine countries, are likely to be food insecure during the next three months, an increase from 20 million during March-April.

1. COVID-19 situation overview

1.1 Global trend

Since its emergence in Wuhan, China in December 2019, COVID-19 has developed into a global pandemic with about 4 million confirmed cases and 275,000 deaths as of 8th May. The US has been most affected (about 1.3 million cases, and more than 78,000 deaths), while the European continent has also been widely affected with particularly large spread in Spain (260,000 cases, 26,000 deaths), Italy (217,000 cases, 30,000 deaths), the UK (211,000 cases, 31,000 deaths), and France (175,00 cases, 26,000 deaths).

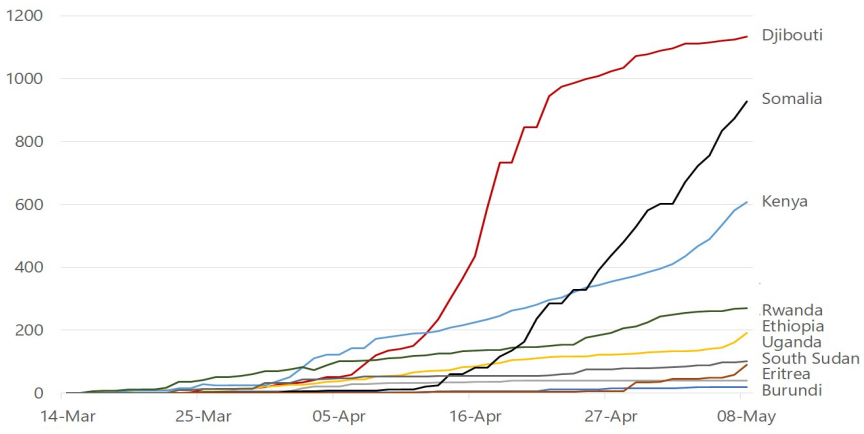
1.2 COVID-19 in East Africa region: Current status and potential spread

The number of cases in the RBN region has been increasing steadily since they were first detected in Ethiopia and Kenya on 14th March; the total number of confirmed cases is 3,379 as of 8th May, as reported by WHO. In the past few weeks, there has been a rapid increase in the number of cases in Somalia and Djibouti, and relatively modest increase in Uganda, Ethiopia, Rwanda and Kenya. South Sudan had a rapid increase from 35 to 90 cases in the past week, while Burundi and Eritrea each have total cases less than 40 (Figure 1). A total of 80 deaths have been reported, most significant being Somalia (44) and Kenya (29).

The spread of the virus in the East African region so far has been relatively modest compared to the very high levels seen in the developed countries in Europe and North America. Also, the region so far has seen lower number of cases compared to other regions in Africa (Figure 2). Globally, developed countries with colder climates are seeing the most severe impact so far, though it is not yet clear how it is going to evolve in the future. Explanations on the variation in severity of pandemic range from climatic differences, differences in the level of globalisation, varying population pyramids, degree and timeliness of preventive measures and policies including implementation of travel bans, curfew and lockdowns, and very different testing rates with possibility of a large number of undetected cases.

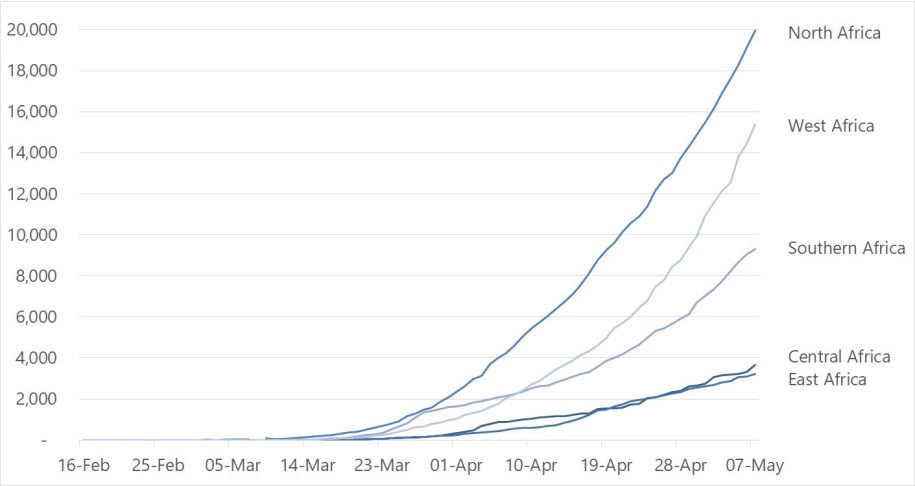
There are suggestions that Africa could be the next epicentre of the pandemic and if that comes true, the impact in the region would be truly devastating. In any case, experts suggest that the COVID-19 is likely to affect significantly until a vaccine is widely available, which could be still a year or more away.

Figure 1: Number of COVID-19 cases in the RBN region



Source: Data from WHO Situation Reports

Figure 2: COVID-19 trends in African regions



Source: Johns Hopkins COVID-19 dashboard

The challenges for the region to respond to the outbreak are numerous; these include weak health systems with limited health care capacity, limited capacity for additional financial and economic stimulus packages, limited availability of Personal Protective Equipment (PPE), millions living in camps and informal settlement making it difficult to follow social distancing, limited access to water and basic services such as latrines, and a high burden of people with other diseases like HIV, TB, diabetes and hypertension (MSF, 2020).

On 30th April, the East African Community published their COVID-19 Response Plan with key interventions including strengthening sensitisation and awareness raising on COVID-19, strengthening the surveillance and reporting capacity at key border points and building local knowledge on existing prevention and control strategies and safety measures. Furthermore, each of the EAC Partner States have received 100 test kits and will receive an addition 500 kits (EAC, 2020).

2. Disruption to global supply chain

2.1 Worst global recession since the Great Depression

On 14th April, the IMF dubbed the current situation 'The worst economic downturn since the Great Depression' and projects it to have economic implications far worse than the 2008 financial crisis. It is the first time since the Great Depression that all economies – both advanced, emerging and developing – are expected to face recession, and income per capita is expected to decrease in more than 170 countries globally. SubSaharan Africa is expected to experience the first recession in 25 years as economic growth is forecasted to fall from 2.4 percent in 2019 to between -2.1 percent and -5.1 percent in 2020 (World Bank, 2020).

At the global level, the World Economic Outlook for April 2020 has adjusted its projections for global growth to decrease to -3 percent in 2020, which is a downgrade of 6.3 percentage points since the forecast published in January 2020. The reason for the adjustment is that the near-global lockdown to contain the pandemic has caused an unprecedented collapse in the economic activity.


WFP/Musa Mahadi

There is extreme uncertainty on the magnitude of the long-term economic consequences and impact on livelihoods. The length of the crisis may depend on many uncertainties including magnitude of future spread, effectiveness of the containment measures put in place by the individual countries, and how fast the development and availability of a global vaccine will happen. This is further exacerbated by the multiple crises policymakers have to manoeuvre – health crisis, financial crisis, corporate sector crisis, unemployment crisis, commodity price crisis, food security crisis and in the case of East Africa trying to avoid a potential desert locust crisis (IMF, 2020). Especially countries relying on the tourism industry and hospitality will be hit hard as well as emerging markets and developing countries that rely on foreign capital inflows (Izvorski, I. et al, 2020).

2.2 Manufacturing sector severely affected

Due to the increasing level of globalisation, the world economy is more embedded and interlinked than during previous crises and thus any disruption along the value chain spills down and amplifies the negative effect on the manufacturing sector (Izvorski, I. et al, 2020). Going from mainly having been optimised for cost-competitiveness, global value chains have been severely challenged by the crisis. Furthermore, global production has been challenged from both the supply and demand side by

major and sudden shutdowns of factories to protect employees, many producing spare parts used in production of other goods, border closures and interruptions to freight, increasing demand for some essential goods while the demand for some other goods has nearly vanished overnight, panic-buying and stockpiling of some goods and sudden shifts in consumer preferences (World Economic Forum, 2020).

Among the economies that have been hit the hardest by COVID-19 are some of the largest economies globally as well as the largest producers of industrial goods and spare parts used in global value chains. The most affected areas of China have suppliers that provide parts for more than 51,000 companies globally if considering tier one suppliers only, and five million companies if also tier two suppliers are included (Dun & Bradstreet, 2020). If adding together, the economies of the US, China, Japan, Germany, Britain, France and Italy, they account for 60 percent of the world's total GDP, 65 percent of the global manufacturing and 41 percent of manufacturing exports. If large scale bankruptcies materialise, this may cause even larger challenges for the manufacturing sector (Baldwin, 2020) (WFP, 2020).

2.3 Comfortable food stock at the international markets

According to FAO, cereal markets are generally well supplied and expected to remain balanced and comfortable, the global cereal stocks-to-use ratio currently being 30.7 percent, despite lingering impacts of COVID-19. Overall, carryover stocks are high, the prospects for the next crop harvests are good while at the same time, expected global food demand is likely to stagnate or even decline given the expected contraction in global GDP (Schmidhuber, 2020).

World production of coarse grains in 2019 stands at 1,445 million tonnes, 36.3 million tonnes higher than in 2018 while the wheat production is at 763 million tonnes, 30.9 million tonnes above the 2018 output. Global milled rice output is expected at 512 million tonnes, the second largest volume on record (FAO, 2020). The world trade of cereals in 2019/20 is still forecast to rebound by 9.5 million tonnes (2.3 percent) and reach 420 million tonnes.

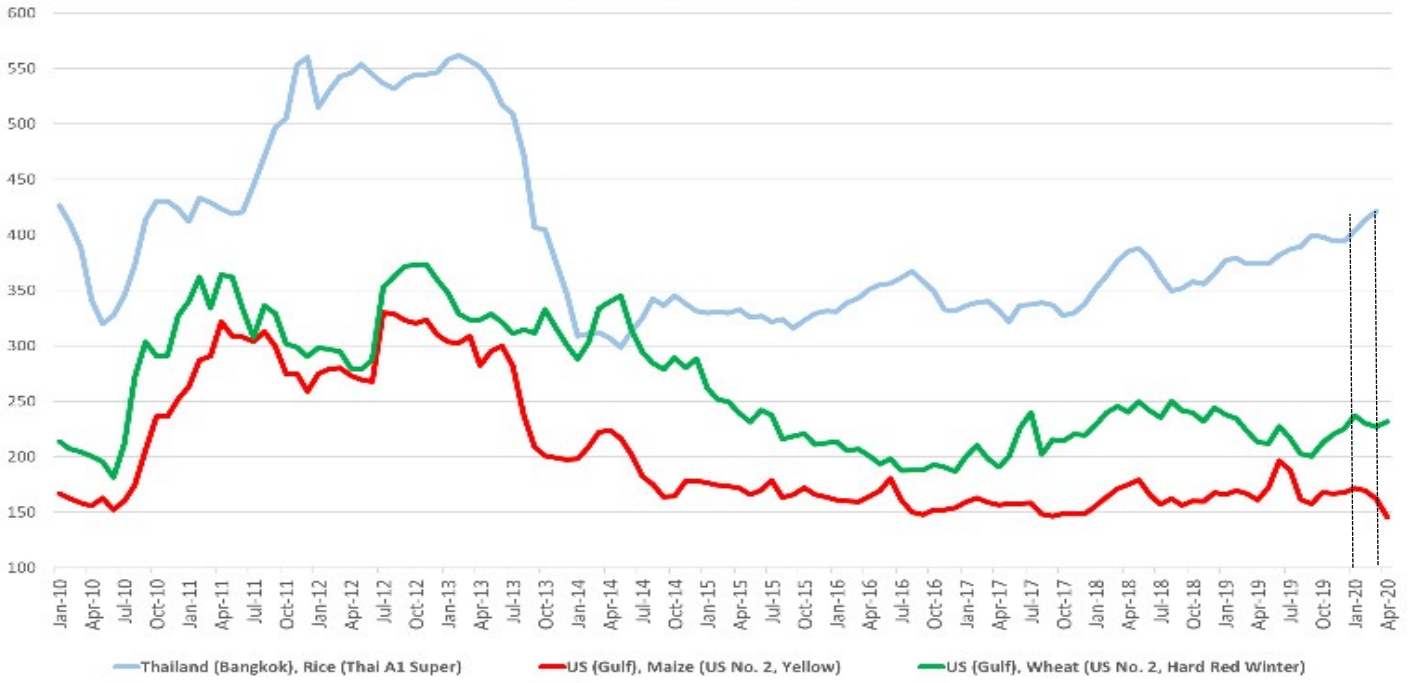
While localized disruptions occasioned by logistical challenges in some countries are likely to result in short-term domestic market food shortages, their anticipated duration and magnitude are unlikely to have a significant effect on global food markets (FAO, 2020). Thus the COVID-19 supply and logistical induced bottlenecks would not support an outlook of a looming global food security crisis arising from supply shortages (Schmidhuber, 2020).

2.4 Stable or declining food prices at the global market

Global cereal prices declined in 2020 Q1 by between 4-6 percentage points (Figure 3). Wheat prices averaged lower in March compared to February despite worries over COVID-19, weighed down by large global supplies and generally favourable crop prospects.

International maize prices registered a further decline in April, largely driven by large supplies and COVID-19 pandemic-demand

Figure 3: Global cereal prices, rice, maize and wheat



Source: FAO

contractions from the biofuel sector stemming from a plunge in crude oil prices. International rice prices on the other hand extended increased trends for three straight months, reaching their highest level since June 2018, caused by stockpiling, export bans and suspension of export contracts by main export countries following concerns over the COVID-19 pandemic.

Global food prices are expected to remain broadly stable in 2020, supported by projected reduced demand, better production prospects and high stock levels. There may however be problems with food availability and price spikes at the local level due to supply chain disruptions and border closures in response to containment strategies (World Bank Group, 2020).

2.5 International trade restrictions could result in localised and short-term negative effects

As the COVID-19 pandemic continues to expand, risks of disruptions to the global food supply chain and trade are increasing, particularly with main food export countries resorting to aggressive protectionist measures including stockpiling, trade restrictions, export bans and quotas in a bid to ease pressure on their domestic food markets and safeguard national food security (Table 1). Further, the global food supply chain is increasingly struggling with quarantines, labour shortages and shipping and freight interruptions.

However, according to the World Bank, despite some Central Asian wheat producers and East Asian rice producers announcing intentions to impose export restrictions during the early phases of the pandemic, the fears that these measures would materialize and spread to other commodities and countries - as they did during 2007-09 and 2010-11 - did not unfold since most food commodity markets today are well-supplied (World Bank Group, 2020).

While these restrictions are likely to result in short-term shortages and price volatilities for rice and wheat in the East African countries, to some extent, the effects could be balanced by consumer substitution to cheaper local and imported cereals, and likely leading to reduced food demand. However, this is also likely to result in a deterioration in the quality of the diet, particularly for the poor households, resulting in increase in undernourishment and micronutrient deficiencies.

The export restrictions are likely to reduce availability of imported wheat and rice in the markets in all the countries except in South Sudan and Kenya for rice (Figure 4).

Unlike the rest of the countries that have high food import exposure to the countries that have imposed export trade restrictions, South Sudan is heavily reliant on regional imports from Uganda, Sudan and Ethiopia while Kenya imports rice mostly from Thailand, UAE and Pakistan.

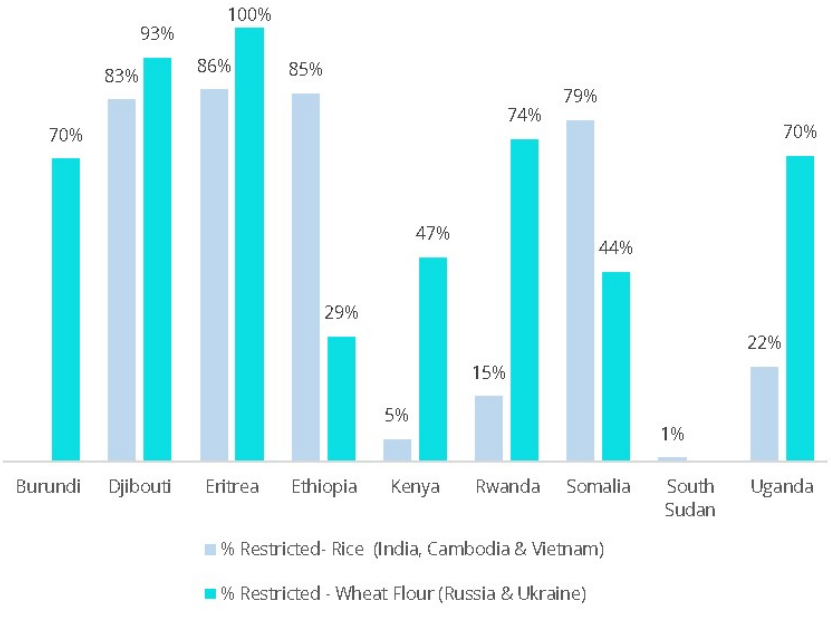
Increased implementation of export restrictions could potentially lead to a rise in wheat and rice prices in the region, given most countries are net food-importers, have weak and depreciated currencies and are facing reduced export earnings in the advent of COVID-19 pandemic. Moreover, panic buying and stockpiling by better-off households in addition to bulk government procurement food programmes to distribute food to vulnerable households during the pandemic could potentially lead to acceleration of food inflation.

Table 1: Recent announcement on restriction of exports

Country	Export trade policy changes
Russia	Limited grain exports to 7 million tonnes from April through June
Kazakhstan	Introduced quotas on exports of buckwheat and wheat flour, sugar, carrots, sugar, sun seeds, and certain vegetables
Eurasian commission (Customs zone of Belarus, Armenia, Kyrgyzstan Russia and Kazakhstan)	Restricted exports of soybeans, onions, sun seeds, buckwheat, rice and rye until June 30
Ukraine	Banned buckwheat exports until July 1 and limit wheat exports to 20.2 million tonnes in 2020
Cambodia	Banned some rice exports effective April 5
Vietnam	Put a moratorium on new rice export contracts as it assesses domestic stocks
India	Rice traders stopped signing new export contracts due to labour shortages and logistics disruptions
Egypt	Halted the export of legumes for three months to preserve local supply, effective April 2020

Source: IFPRI

Figure 4: Share of restricted exports to the region



Source: COMTRADE

3. The regional food situation

Food availability in the region is influenced by several factors such as domestic food production, commercial food imports and exports, the amounts delivered through food assistance programmes and amounts held by governments and other entities as food stocks to be availed in times of need.

3.1 Food balance situation

Generally, there is a lack of reliable information on food balance sheet for countries in the region. However, available information from various sources indicates an overall deficit situation with considerable variation across the countries, with some having surplus and others on deficit.

In the region, the structurally maize deficit producing countries are Kenya, South Sudan, Rwanda, Burundi, and Somalia. Tanzania and Uganda as well as Ethiopia remain the main maize sources in the East African region. Overall, regional deficit between July 2019 and June 2020 is estimated at 757,019 MT, which is well above the last year level and recent 5-year average, due to poor rainfall performance during the year.

The gap in deficit countries is filled mostly by Tanzania and Uganda (because of proximity to the main markets in the deficit countries and higher market integration) as well as by oversea imports.

South Sudan has a significant deficit in crop production compared to its needs. Production in 2019 showed improvement compared to the previous year due to favourable climatic conditions and declining security incidences that allowed for increased area under cultivation, although flooding in the last quarter of the year affected crops in parts of the country. The country achieved a net cereal production of 818,500 metric tonnes in 2019, which is 10 percent above 2018 output, but still four percent below the average of the previous five years. The overall cereal deficit in the January-December 2020 marketing year is estimated at about 482,500 tonnes which needs to be met through food importation and food assistance.

In **Kenya**, a release by the Ministry of Agriculture on 8th April 2020 on food requirements for up-to end June 2020 indicate that the country has surplus supply of major food commodities (460,764 tonnes for cereals 321,861 tonnes of pulses) to meet consumption needs (The Kenyan Ministry of Agriculture, Livestock, Fisheries and Cooperative, 2020). However, the country plans to import from overseas, 2 million bags of white maize for food, and 2 million bags of yellow maize for livestock feed between June and September 2020 equivalent to a total 360,000 MT.

In **Ethiopia**, the USAID/GAIN report on food and feed production estimates cereal production (wheat, teff, corn, sorghum, barley and millet) for the year 2020/21 at 22.23 million metric tonnes against consumption requirement of 24.03 million tonnes.


WFP/Laurent Blime

Uganda is a major food producer and supplier in the region. In 2019, there were expectations of above-average production following favourable rainfall across most of the country (FEWS NET, 2020). However, the atypically heavy rainfall resulted in flooding and landslides, which increased localised crop damages and pre-and post-harvest losses. Although no official statistics are available, production is estimated to be slightly below-average in bimodal areas. In unimodal areas of Karamoja, although sorghum production was average to slightly above-average overall, heavy rains during harvest resulted in pre- and post-harvest losses, especially in Kotido and Kaabong.

Somalia is a food deficit country, though a national food balance sheet is not available since 2012. The 2019 Deyr season cereal production in southern Somalia was 113,800 tons, including 9,100 tons of off-season harvests that was expected in late March/ early April 2020 (FSNAU & FEWS NET, 2020). That was the largest Deyr harvest in southern Somalia since 2016 and was 16 percent higher than the 1995-2018 long-term average. In the northwest, cereal production was 33,800 tons, 19 percent below the 2010-2018 average. A deficit of 15-25 percent in cereal production is forecasted for the current Gu 2020 season due to expected losses from the desert locust infestation and riverine flooding, which will negatively impact on food availability in 2020 (FSNAU, 2020).

In **Rwanda,** the 2020 season A production was near normal except in localized areas affected by heavy rainfall in late 2019

(National Institute of Statistics of Rwanda, 2020). This included 454,522 tonnes of cereals, 1,726,436 tonnes of roots and tubers, and 252,550 tonnes of legumes and pulses. Any anticipated food gap will be catered for using imports.

Djibouti is a net food importer with more than 90 percent of its food requirements coming from external sources. Local production is generally very low due to unfavourable climatic conditions and underdeveloped agricultural and fishery resources (Breuil & Grima, 2014). The country will continue relying on food import to meet its consumption requirements for 2020.

Table 2: Cereal availability and import requirements in the region

Country	Year	Period	Availability (000 MT)	Utilisation (000 MT)	Import requirements (000 MT)
Burundi	2019	Jan-Dec	317	497	180
Djibouti	2019	Jan-Dec	0	86	86
Eritrea	2019	Jan-Dec	196	644	448
Ethiopia	2019	Jan-Dec	27703	29567	1864
Kenya	2019-20	Oct-Sep	4144	7802	3658
Rwanda	2019	Jan-Dec	675	865	190
Somalia	2019-20	Aug-Jul	245	1110	865
South Sudan	2019-20	Nov-Oct	818	1498	680
Uganda	2019	Jan-Dec	3473	3991	518

Source: FAO (2020)

Overall, the GIEWS report on cereals supply and demand balances for 2019/2020 indicates continued need for cereal import to meet production gaps as shown in Table 1 (FAO, 2020). While data for 2020 is lacking for some countries, chances are that cereal import could increase in 2020 due to impact on production due to effects of locusts, climatic conditions and COVID-19. It should be noted that for some countries, while they may be exporting come cereals, they may also import other cereal (such as rice) whose production is not sufficient to meet domestic demand.

3.2 Crop production outlook for 2020

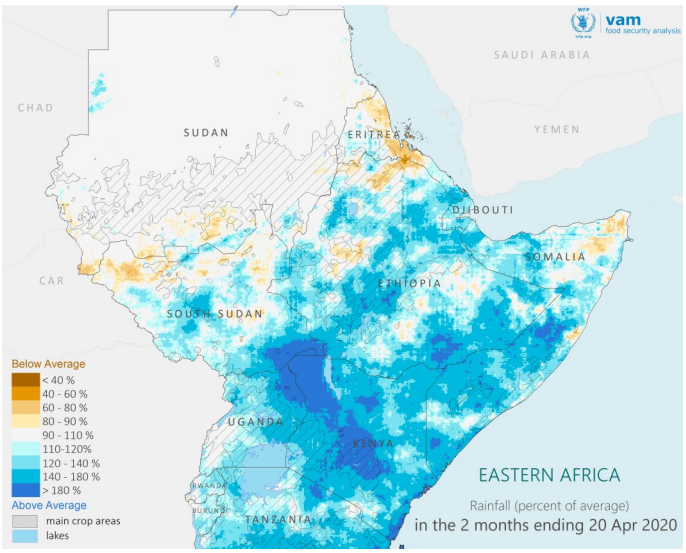
Despite a favourable rainfall so far, the production in 2020 could suffer due to the impact of desert locust infestations, COVID-19 impacts and floods in a number of areas.

Favourable long rains

The performance of the on-going 2020 long-rains presents an opportunity for favourable crop production in the main agricultural areas of Kenya, Uganda, Burundi, Rwanda, equatorial South Sudan, Somalia and southern Ethiopia. The season was forecasted to have average to above-average rainfall, and with an early onset (Greater Horn of Africa Climate Outlook Forum, 2020). By 20th April, most areas had received average to above-average rains following the February off-season rains in parts of the south and intense rains in March except in isolated areas in northeast Somalia and Oromiya, Ethiopia (Map 1).

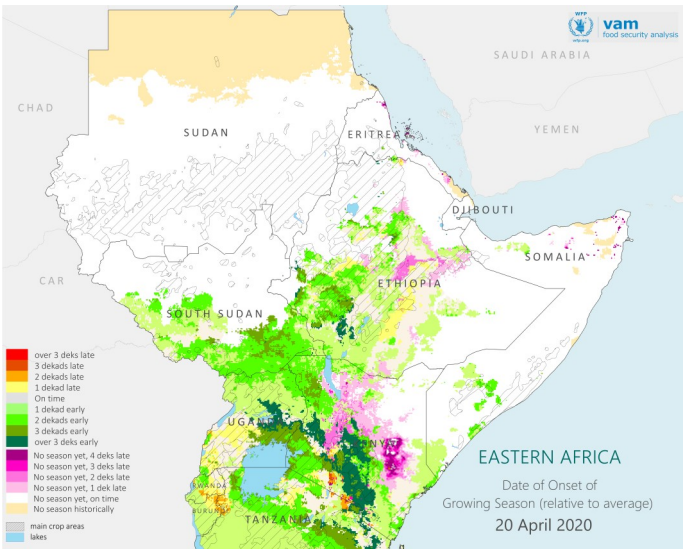
The season started earlier than normal in most agricultural areas except in parts of western Uganda, eastern Rwanda, northwest Burundi, and southern Oromiya in Ethiopia where it delayed by about 10-20 days (Map 2). The above implies that most agricultural areas had attained the necessary conditions for crop planting and development.

Map 1: Rainfall performance for 2 months ending 20th April 2020



Source: WFP RBN seasonal monitor, April 2020

Map 2: Estimated start of season as of 20th April 2020



Source: WFP RBN seasonal monitor, April 2020

Rainfall forecasts (NMME and IRI) further show a high likelihood of above-average rains continuing in northwest Kenya, southwest Ethiopia, eastern South Sudan, the Karamoja region in Uganda, and parts of central Somalia during the May-July period. This will be instrumental in ensuring crop development to maturity in main growing areas.

Impact of floods

Excessive rains have caused flooding and inundation of crops in recent weeks. Preliminary analysis indicates that more than 700 km^2 of cropland areas have been inundated with the floods detected during the period between 21st April and 4th May 2020, affecting all countries of the region in various degrees. The details of the flood extent and its likely impacts are provided in section 5.

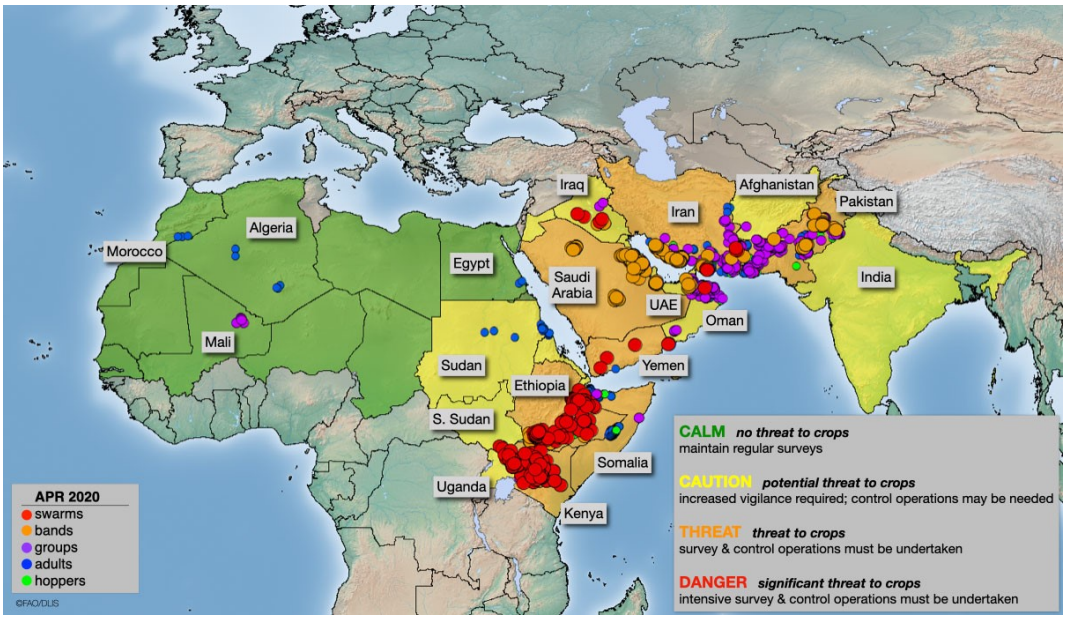
Impact of desert locust

The East African region has been facing a major challenge due to desert locust upsurge. This has now become a major threat to production (crops and pastures) due to desert locust infestation (swarms and hopper bands) that have continued to breed in northern and central Kenya, southern Ethiopia, and central and north-eastern Somalia, which have now spread to Karamoja (Uganda) and equatorial South Sudan (FAO Desert Locust Watch, 2020). According to FAO, the current upsurge in East Africa is the worst in 25 years in Ethiopia and Somalia and the worst in 70 years in Kenya.

The abundant rains have created a conducive environment for the persistence of the desert locust outbreak, which is posing significant threat to crops.

The locust infestation poses an unprecedented threat to food production since it coincides with the beginning of the main cropping season. For example, in South Sudan where they arrived in early April, they have caused damage to vegetation and recently planted crops especially maize, sorghum and vegetables.

Map 3: Desert locusts infestation as of 4th May 2020



Source: FAO

COVID-19 impact on farming

Additionally, the outbreak of COVID-19 in the region could potentially affect production in 2020. The restrictions in movement imposed by governments are having implications on input supply chains and acquisition by farmers, and labour availability that could affect normal agricultural activities.

In the western and Rift Valley areas of Kenya, transportation challenges have led to inadequate supplies of fertiliser pushing prices up, and farmers are opting for substitutes. Similarly, in lower eastern areas of Kenya, supply of post-harvest handling equipment has been affected. This could potentially compromise the seasonal production.

WFP/Peter Louis

In Uganda, informal cross-border trading of food commodities such as maize is critical in promoting production. With the current travel restrictions, it is likely that the disruption will translate into reduced production.

3.3 Status of food grain reserved in the region

Food reserves are food stocks held by a public entity (national or local), comprising products with a content in calories or nutrients that makes them important for food and nutrition security (European Commission, 2018). They influence food security through four pathways: availing food for transfers to chronically food insecure households, minimising food shortages or mitigating price surges through sales into the national market or emergency transfers to households in crisis, stimulating production by providing markets to farm produce, and supporting cross-border trade through imports/exports from surplus to deficit countries.

In **Ethiopia**, grain storage is normally done by farmers, cooperatives, private traders, government organizations and food aid relief agencies. Although the country has an estimated storage capacity of about 29 million tonnes bulk of which is by farmers and cooperatives while the Ethiopia Business Corporation (ETBC), the main grain importer, has 700,000 MT storage capacity and the Ethiopian Food Security Reserve administration 460,000 MT capacity, the 2019/20 estimated cereal stocks by USAID/GAIN stands at 1.7 million tonnes (World Bank, 2018). The current ETBC reserves stand at 130,00 MT out of which mainly wheat and the ongoing wheat tenders (600,000MT).


WFP/Laurent Blime

In **Kenya**, Strategic Food Reserve (SFR) has sold all its stock and is yet to restock because it has not been given a go-ahead by the oversight board to buy maize (PD Online, 2020). This follows the decision of the Government of Kenya, to stop purchasing maize from local farmers, as they embarked on restructuring both the National Cereal and Produce Board (NCPB) and the Strategic Food Reserves (SFR). The exit of GOK from the purchase of corn from farmers is expected to accentuate volatility of corn prices in Marketing Year July 2020 – June 2021 (USDA & GAIN, 2020). In early March, the SFR provided an advisory for the importation of four million bags of white and yellow maize before May to cater for food and livestock feeds (Food Business Africa, 2020).

Rwanda has publicly managed food reserves for stabilising prices and/or meeting emergency needs of the population, though quantities currently under these reserves is not known to our team yet.

Uganda lacks publicly managed food reserves and the privately-owned ones are small (National Planning Authority of Uganda, 2017). Both **Somalia** and **Djibouti** are highly dependent on food import and have no food reserves. In Somalia, the imported foods are kept in Bakara Market in Mogadishu before they are transported to other regions especially southern Somalia. The ports of Bossaso and Berbera on the other hand handle imported food items destined for central and northwest regions, respectively.

3.4 Export restrictions within the region

Export restrictions are normally imposed to arrest price rises or to cap price increase by limiting the transmission to domestic prices of an out-of-ordinary inflationary pressure in the international markets, or to reduce seasonal shortages, especially when there are significant lapses in time between successive harvests (ICTSD, 2014). While such restrictions are meant to protect food security concerns of the source country, such measures could adversely affect the countries at the receiving end. Such measures and counter measures could adversely affect populations at large in the region and beyond.

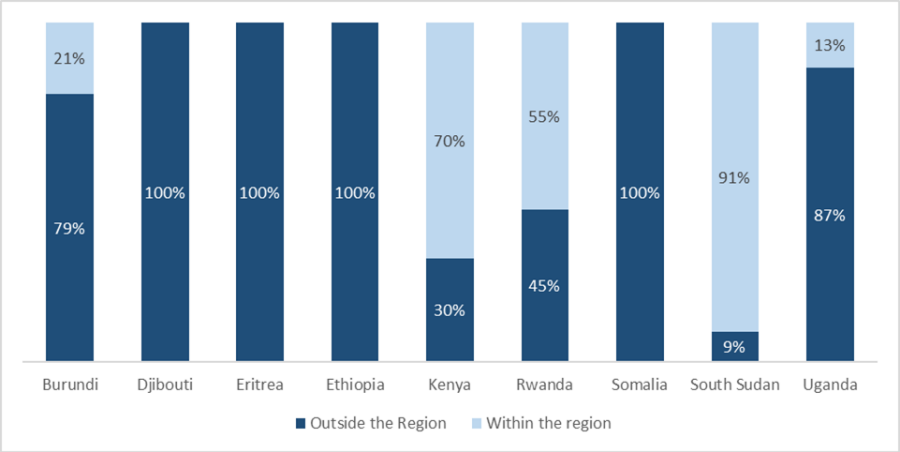
Within the region, the use of export regulations and restrictions mainly target cash crop based agricultural products such as tea, coffee, sisal, horticulture, floriculture among other products and rarely on food commodities. However, from time to time, some governments do impose temporary trade restrictions to safeguard local consumers and markets. For instance, despite Ethiopia being a major maize producer, maize exports are banned or not officially allowed unless there is a bumper harvest, or when it is supporting a neighbouring country during an emergency (World Bank, 2018). Nevertheless, some informal cross border trade takes place. Similarly, Tanzania applies similar measures from time to time to minimise maize exports and safeguard consumer interests, which has been documented to demotivate production among producing households (Makombe & Kropp, 2016). Uganda is a major food producer and exporter to South Sudan, Kenya, Rwanda and DRC.

4. Regional food supply network

4.1 Trade within and from outside the region

Except for South Sudan, countries in the region have high dependence on food imports from the rest of the world (WFP, April 2020) - as high as 100 percent for Djibouti, Eritrea, Ethiopia and Somalia - making them susceptible to global supply chain disruptions emerging from COVID-19. There are already signs of such disruptions. For instance, there is a notable scarcity of trucks transporting food from Djibouti port to Ethiopia due to spike in demand, these supply risks could potentially result from reduced regional and country transport capacity, clogged ports and storage facilities, or limited discharge capacities due to reduced personnel working at ports and critical cross-border crossing points for cargo trucks.

Figure 5: Cereal trade (maize, rice, wheat), 2018-19 average



Source: COMTRADE

South Sudan is heavily reliant on Uganda and trade disruptions has the potential to lead to food price increases should Uganda ban exports of food. Conversely, the global economic slump points to a significant decline in overall food demand and lower international food prices, benefitting net cereal importing countries and easing possible reduction in purchasing power that may arise from domestic economic contractions. However, reduced export and tourism earnings, income and employment in the affected sectors for countries like South Sudan, Kenya, Rwanda and Ethiopia are likely to outweigh these gains.

4.2 Regional cross-border trade stable since Q1 2020

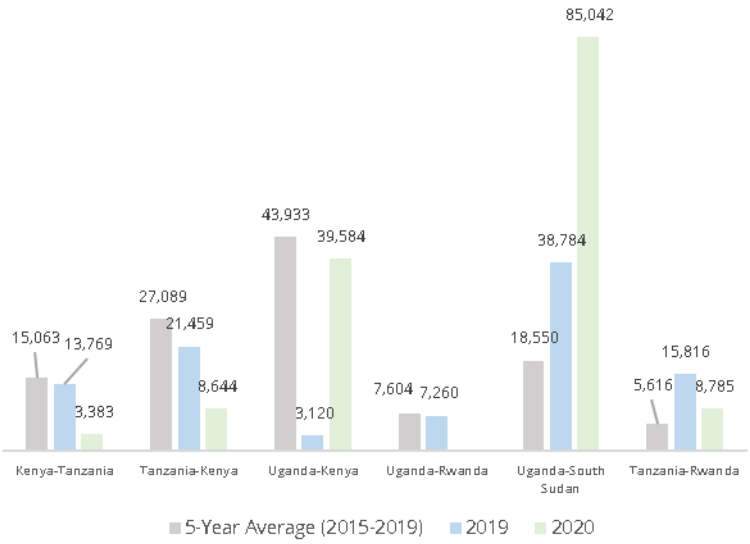
Regional trade volumes from Uganda in the first quarter of 2020 were not affected as the COVID-19 control measures were implemented towards the end of March. The lagged effects may however be noticeable from April onwards. This may be reflected in the data for the next quarter, as there have been significant slowdown in the movement of commodity trucks across different borders immediately after the different border control measures took effect and into May 2020. Trade volumes from Tanzania to Kenya and Rwanda were, however, reduced when compared to the same period last year, exacerbated by high levels of rejection due to aflatoxins in maize that is not yet dry enough due to early harvests and ongoing rains (Figure 6).

4.3 Regional supply, trade corridors, border watch and market functioning

There have been concerted efforts and goodwill by different governments to ensure domestic and regional cross-border trade continues uninterrupted. However, enhanced cargo screening and truck drivers' testing procedures as well as temporary market closures, speculative trading, and panic buying have contributed to supply chain disruptions and price increases, slowdown of economic activity and reduced market functioning in nearly all the countries. Notably, all countries in the region have suspended passenger air travel resulting partly to reduced air cargo.

In **Kenya**, cross-border supplies and in-country commodity flows have been disrupted by the movement restrictions and night curfew, though food is available, and the national balance sheet is positive (Kenyan Ministry of Agriculture, Livestock, Fisheries and Cooperative, 2020). The Ministry of Agriculture current Food Balance Sheet data indicates that the country has enough stocks to sustain the demand until end of June. There is a plan

Figure 6: Cross-border maize trade volumes in Q1 2020, MT

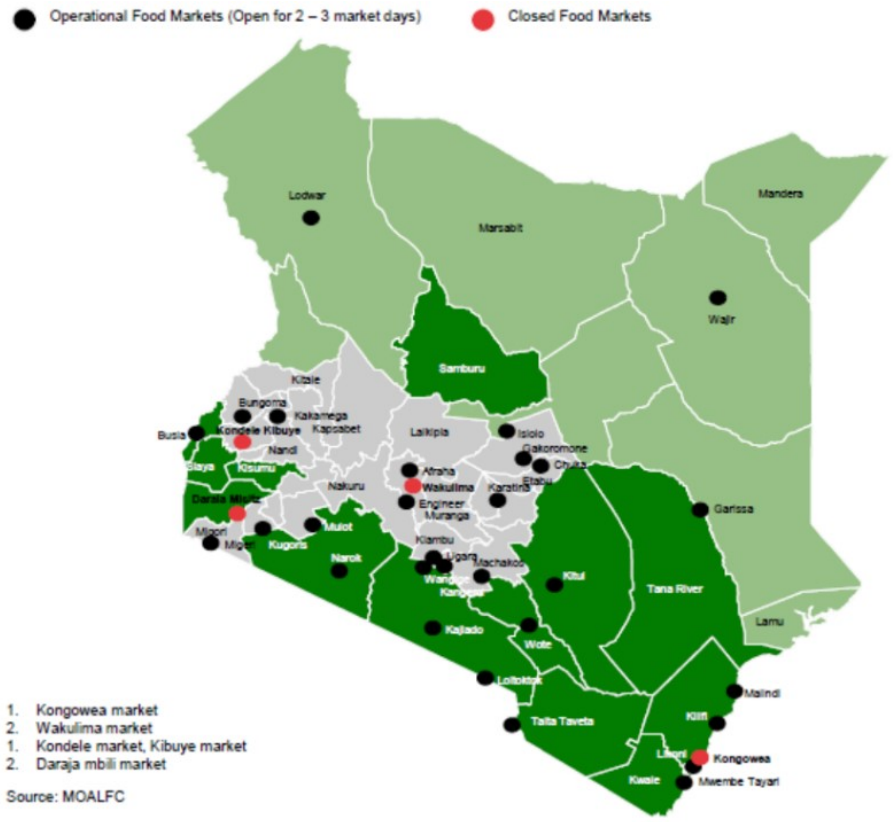


Source: IGAD Market Analysis Subgroup

to import 2 million bags of maize to supplement local production and spur farmers to release their hoarded maize stocks. Operations at Busia border slowed down following introduction of new measures to test drivers before proceeding into Uganda. Lorry drivers are complaining of being stuck with long tailbacks stretching kilometres at the Kenyan-Ugandan border following decision by both nations to carry out mandatory coronavirus testing at the border (BBC, 2020).

According to Trademark East Africa, the different measures taken by governments have affected road transport sector- by curfews, increased roadblocks and checks resulting in delays in delivery of goods within the region. Slowdown and reduced cargo traffic were also observed at the Malaba border. Moyale border remains closed while Namanga border has no major challenges reported. The night curfew has affected supply of perishable vegetables and fruits. The closure of the Kenya-Uganda border at Moroto has also affected fresh produce supply to Turkana county. The closure of open-air markets in some counties has affected market operations and led to shortages.

Map 4: Market functioning in Kenya, March 2020



Source: Kenyan Ministry of Agriculture, Livestock, Fisheries and Cooperative

Operations at Mombasa port, the lifeline of the landlocked Uganda, South, Sudan, Rwanda, Burundi and eastern DRC have continued at near normal levels despite the stringent measures that have been put in place to mitigate the COVID-19 pandemic. There have been some reports of slight delays in cargo clearances and dwindling cargo ships calling at the port following measures to minimise physical presence of port staff in some offices (Movinon-Lab, 2020). Reduced demand for imports has resulted in some shipping lines suspending and rescheduling or adjusting sailing frequency and arrival of ships at Mombasa and Dar es Salaam Ports (Maersk, 2020).

The Somalia-Kenya border is fully closed. In-country main markets are functional with the exception of some markets in the coast, Nairobi and Nyanza regions. However, most small rural markets serving farmers and livestock keepers remain closed (Map 4). Travel times overland and inland have increased due to border crossing requirements, COVID-19 screening and testing as well as numerous roadblocks in respect to the curfew and the direction on cessation of movement in and out of Mombasa and Nairobi.

Rwanda imposed nationwide lockdown and even stricter restrictive measures which led to reduced market functioning. These included closure of all borders, only cargo and Rwandan nationals being exempt, with a mandatory 14-day quarantine; closure of non-essential shops and markets, prohibiting non-essential travels between cities and districts and also unnecessary movement outside the home and closure of public transportation. However, effective 4th May 2020, in a bid to open up the economy, the Government loosened part of the restrictions after 45 days of lockdown, allowing businesses, eateries and markets to resume operations. The nationwide night-time curfew will remain in force and movement in and out of the capital, Kigali, is also prohibited.

The ban of border crossing for human traffic was extended and commodity flows between Rwanda and Tanzania at Rusumo border continues albeit at a slow pace following new tough measures requiring testing of drivers, sanitization and fumigation of cargo trucks at the border and ceding of trucks to Rwandan drivers to drive them hinterland. The border crossing between Burundi and Rwanda was recently reopened for cargo while the trade flows between Uganda and Rwanda at Gatuna is affected by restrictions on both side of the border.

After 45 days of strict lockdown, **Uganda** started to gradually ease the stringent containment and lockdown measures effective 4th May 2020, allowing farming and some businesses, including wholesalers, hardware shops and restaurants to reopen. At the same time, the attendant border clearance protocols following introduction of mandatory testing for COVID-19 for lorry drivers led to huge traffic snarl-ups on the border crossings between Uganda and its neighbours Kenya, South Sudan and Rwanda. Consequently, the number of commercial trucks entering South Sudan daily has drastically reduced, resulting in reduced maize im-

ports from Uganda to South Sudan by between 30 to 50 percent during the last week of March 2020 (WFP, 2020). Transportation of food into the remote markets inside South Sudan have also been hampered by impassable roads following intensified seasonal rains.

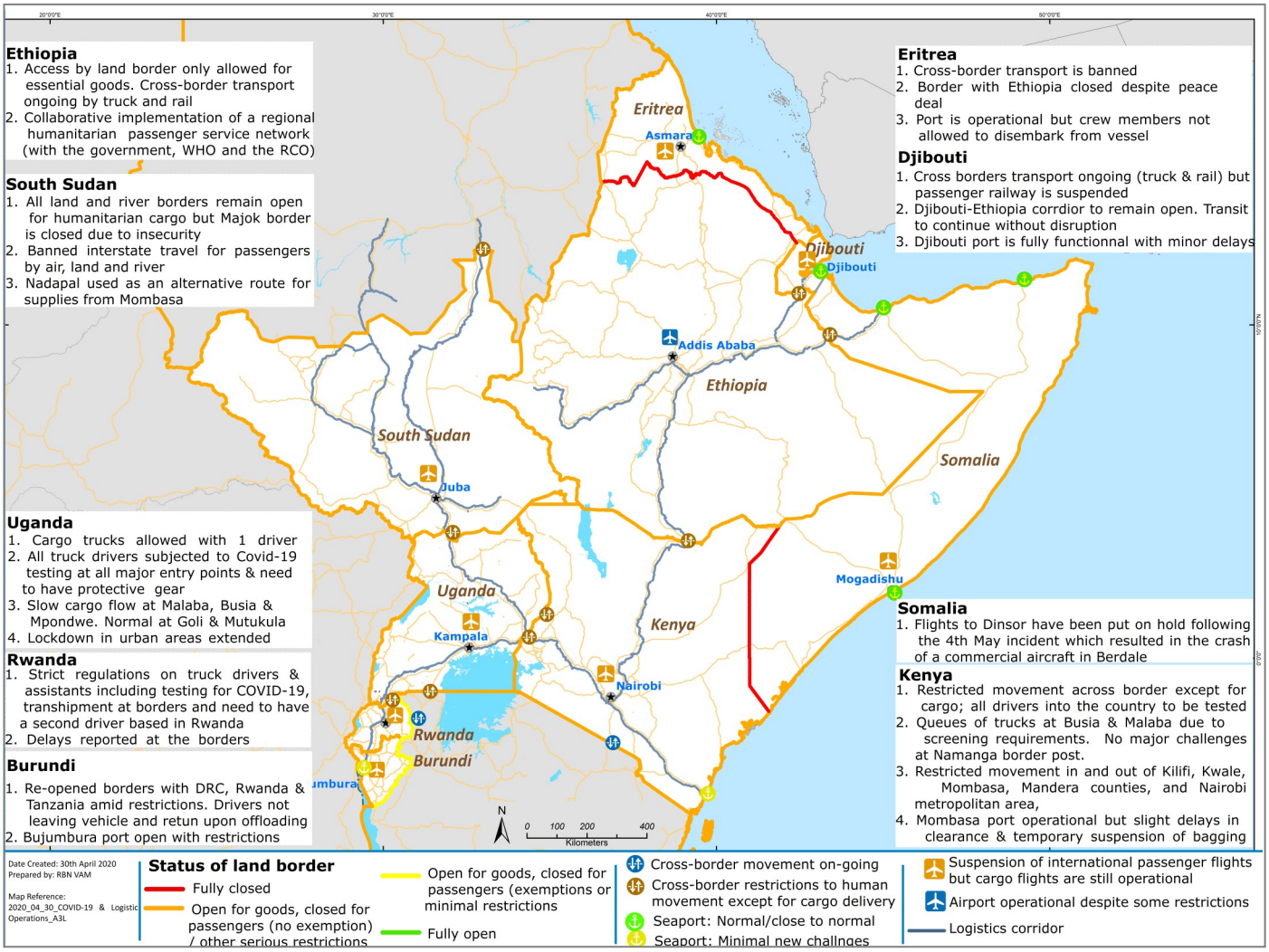
Across **South Sudan**, shops selling food commodities are open while those dealing in non-food commodities are closed. There have been reports of reduced demand of food items in Juba following initial panic buying and bulk purchases in anticipation of stricter lockdown measures. Traders had also accelerated stockpiling of food items before the restriction of movement was effected. Livestock markets in many counties in Kapoeta have been suspended in a bid to control the spread of COVID-19 pandemic. Supply challenges have been reported in Kuajok where there have been reduced supply from Sudan through Amiet border market where arrival of trucks have reduced by more than 50 percent.

The border crossing point between Sudan and South Sudan at Warwar and Gok Machar was closed by Sudan due to COVID-19 pandemic. However, increased illegal smuggling of food commodities continued into Northern Bhar el Gazal. Food supply challenges and low trade stocks have been reported in Bor and Malakal following supply disruption from Juba and Renk, thus slowing down trade and economic activity (WFP, 2020).

Ethiopian land borders are open only to essential cargo while the national state of emergency remains in place, limiting market functioning. In **Djibouti** Port, the key entry point of imported food to Ethiopia, cargo ships are operational but at reduced capacity due to congestion and slow clearance processes. Cross-border trucking is ongoing but at limited capacity because of truck shortage from spike in demand.

Scarcity of teff has been reported in many parts of Ethiopia because traders are hoarding the commodity. Rice supply has been reduced due to Djibouti Government's new ban on exports to avoid food shortages in case of imposition of a lockdown. At the same time, many markets at local levels remain closed in Ethiopia, food scarcity is mounting and prices starting to go up. The **Ethiopia-Eritrea** border is fully closed while rail services in Djibouti have been suspended. The trade corridor to Ethiopia via road access is open although with some delay and long queues due to screening of drivers.

Map 5: Overview of cross-border movement status and closures due to COVID-19, situation as of 6th May 2020



Source: WFP

Inside **Somalia**, Gu rains and heavy floods temporarily paralyzed supply corridors and movement on the main tarmac road linking Garowe and Bossaso, Gedo and Baidoa, and Central region towns and Southern Somalia (Jowhar-Mogadishu road), affecting commodity supplies from the ports to the mainland, increasing commodity transportation costs and leading to food scarcity. Puntland regional government issued a restriction on the movement of local transport vehicles operating within the region due to COVID-19 which may lead to increased cost of imported food.

Since the reporting of first cases of COVID 19 in **Burundi** in early April, a number of measures have been taken in connection with the movement of goods and people. These included closure of the airport, temporary closure of the borders with DRC and Rwanda, which was later reopened only for cargo trucks with tight control measures and quarantine for few people still entering the country. After these measures, there have been limited informal exchanges with neighbouring countries, often by taxis, motorbikes, bicycles and porters- resulting in shortages of sugar and cheese in cross-border markets (provinces bordering Tanzania, provinces bordering the DRC and the city of Bujumbura) and sharp increase in prices, including a 80 percent increase in price of cheese from the DRC.

It is worth noting that food supply to Burundi was already facing challenges prior to COVID-19; increase in prices of food and manufactured products was observed due to reduced seasonal harvest, depreciation of the local currency, and low foreign exchange reserves. This was further aggravated with COVID-19 consequences. Port Bujumbura is operational but at reduced level due to decline in cargo ships arriving from Southern Africa following COVID-19 pandemic.

4.4 Nutritious food and supply chain: High vulnerability to malnutrition and the role of specialised nutritious foods

Children under 5, adolescent, pregnant and lactating women and people living with HIV (PLHIV) have elevated nutrient needs, making them particularly vulnerable to malnutrition during times of food and nutrition insecurity. Once malnourished, their nutrient needs become even higher. Specialized nutritious foods (SNFs) are lifesaving products formulated to provide specific amounts of energy, macronutrients and micronutrients needed to prevent and treat malnutrition.


WFP/Gabriela Vivaqua

While a healthy diet is the best way to avoid malnutrition, however, for the populations WFP serves in the East Africa, meeting nutritional requirements is often hard, due to lack of availability and affordability of nutritious food or conflict and displacement cutting people off from their normal sources of food. SNFs allow humanitarian agencies to provide the right nutrition at the right time and are often more cost effective than food bought on the market in contexts where available or accessible nutrient dense foods are low. Research carried out by WFP's nutrition division in Burundi, DRC, Ecuador and the Philippines found the cost of Super Cereal to be up to 20 times cheaper than the cost of fresh foods bought on the local market for the equivalent content of nutrients (WFP, 2019).

The RBN region is characterized by high levels of both chronic and acute malnutrition, with 4 of the 7 countries where data is available having stunting levels exceeding the WHO threshold for public health significance (>30 percent), including Burundi where national stunting rates are at 56 percent, making it amongst the highest worldwide. Kenya, Uganda, Somalia and South Sudan having pockets where GAM rates are continuous or during lean season exceed the emergency threshold of 15 percent. Micronutrient deficiencies are also a concern throughout the region. In 4 of the 6 countries where anemia data is available, the anemia rates exceed WHO threshold for high public health significance (>40 percent) for children under 5. Data is collected more frequently among the refugee population who are showing even higher rates of anemia with most camps or settlements exceeding 40 percent among both children and non-pregnant women.

Moreover, East Africa is second hardest affected region by HIV globally: with the national HIV prevalence ranging from 5.7 percent in Uganda to 0.1 percent in Somalia, it is estimated that more than 4.2 million people are living with HIV across the RBN region. Food security and nutrition vulnerability assessments among PLHIV conducted in the region, found HIV-affected households to be more vulnerable to food insecurity than non-affected households (WFP, KERMI & MOH, 2015) (WFP & RBC, 2015) (WFP, UNAIDS, MOH, 2015). This is further enhanced during emergencies, where a worsening of food and nutrition security might undermine effective treatment outcomes and negatively impact food and nutrition outcomes of both PLHIV and their households (NASCOP, UNICEF, UNAIDS & WFP, 2018) (WHO/FANTA, 2001). Furthermore, the economic and food security impact of the COVID-19 outbreak in the region is increasing the likelihood of risky behaviours, exposing households to HIV risks and vulnerabilities.

The poor nutrition situation is largely caused by low consumption of nutrient dense foods and poor dietary diversity driven by inadequate availability and poor access to nutritious SNFs an important tool for WFP to support vulnerable populations in meeting their nutrient needs.

COVID-19 implications on the production capacity and movement of specialized nutritious products

The anticipated impact of COVID19 on food and nutrition insecurity is likely to increase WFP's needs for SNF to prevent and treat malnutrition. At the same time, even prior to the COVID-19 pandemic, the global SNF pipeline was facing inadequate capacity to meet the global requirements, particularly for fortified blended food such as Super Cereal and Super Cereal Plus due to the limited supplier base. As a result of the pandemic the global and regional SNF pipeline is expected to be negatively affected caused by reduced production capacity due to lockdowns and challenges in accessing imported raw materials, e.g. micronutrient pre-mix, combined with increased logistical concerns, border closures and disrupted delivery models.

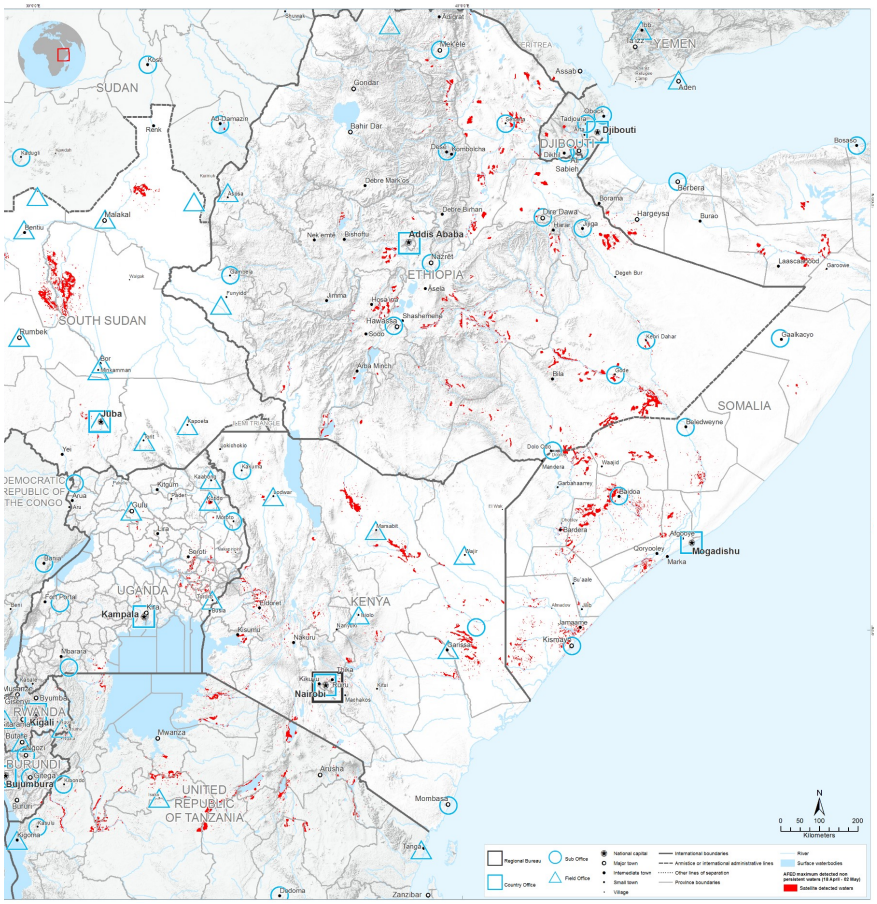
To minimize the negative impacts, attention needs to be given to the monitoring of the SNF pipeline to ensure the that shipping lines are closely monitored, the production of SNF is fully utilized, available buffer stock is allocated to the region, and SNF is prioritized for the most vulnerable and rations are adjusted if required. At the same time, recognizing that the fragile SNF pipeline is a result of a limited product- and supplier base, efforts need to be put towards expanding the supplier base and exploring new local food and modality solution such as locally produced SNFs or complementary foods as well as cash for prevention in contexts where markets are functional with adequate availability of nutritious foods.

5. Floods affecting supply chain, livelihoods and household food security

In a region already facing multiple shocks, including outbreak of the desert locust in addition to COVID-19 pandemic, floods caused by heavy rains in the past few weeks have dealt further blow to supply chain, livelihoods of the populations.

Preliminary analysis of satellite data indicates that a total of 702 km^2 of cropland areas have been inundated with the floods detected during the period between 21st April and 4th May 2020, affecting all countries of the region in various degrees. Ethiopia, Kenya and Somalia are the most affected in terms of total area of cropland inundated. Though the estimate of these potentially inundated cropland areas does not necessarily mean that there are actually crops at the time of the floods, it gives an indication of the severity of the floods, and given the rainfall forecast, more floods are likely in the season. The devastation caused by floods have also been confirmed from field reports from locations in various countries, and the full scale shall be more clear after further analysis.

Map 6: Flood affected areas in East Africa, status as of 4th May 2020



Source: WFP

(full resolution map available though the link, areas in red represent satellite detected water)

In **Ethiopia**, as per the OCHA flash flood report of 5th May, some 219,000 people have been affected while 107,000 have been displaced due to floods in Somali, Afar, SNNP, Dier Dawa and Harari. Over 90 percent of the flood affected are people from the Somali region. At least 14 persons have reportedly died due to flash floods, while it has also damaged infrastructure and affected livestock. According to the weather outlook by the National Meteorological Agency (NMA), belg/gu rain will increase in May and heavy rainfall is likely to occur in some places of eastern, southern, southeastern, and southwestern parts of the country.

In **Kenya,** heavy rains and flash floods caused 194 deaths, displacement of 100,000 people and caused 8,000 acres of crops as well as some vital infrastructure to wash away. **Rwanda** has reported 72 deaths, while five bridges, hundreds of houses and plantations have been destroyed due to flash floods. Following heavy rains and flooding in **Uganda**, six people have reportedly died and 5,000 people have been displaced. In Bujumbura province of **Burundi**, a reported 27,000 people have been affected by flooding after receiving above-average rain (BBC, 2020).

PDO/Mohamud

In **Somalia**, the river levels of Juba and Shabelle have been increasing since 21st April, as Gu rains intensified in the country. As of 7th May, 16 deaths have been reported, while the floods caused significant damage to infrastructure and community assets. With continued rains, further floods are likely during the month.

In **Djibouti**, heavy rains have caused widespread floods and damages in Djibouti city, Arta and Sabieh provinces. Initial estimates indicate that some 18,000 households (approximately 110,000 persons) were affected across Djibouti city and its suburb of Balbala, causing death of eight persons including three children and two women. In rural area of Dikhil, while the smallholders farmers were expected to harvest during this month of May, the flash floods reportedly destryoed the standing crops.

In **South Sudan**, preliminary rainfall data indicate higher than normal rainfall in Equatoria region, and above normal rains will likely result in flooding given that the water table levels are higher in 2020 following the 2019 floods and that the wet lands in the Sabot Pibor and Sudd areas have expanded compared to normal.

The seasonal rains and floods in various places are also posing additional challenge for supply chain. For example, the rains have hindered transportation of supplies leading to limited availability and increased costs of farm inputs in parts of western Kenya, which will prevent farming households from exploiting the favourable rains for crop production.

In South Sudan, many of the areas are inaccessible by roads during the rainy season, thus constraining access for humanitarian assistance. The situation could be further exacerbated with the floods.


WFP/Saada Hoche

6. Impact of COVID-19 outbreak on food systems

As previously reported, what began as a health crisis and global pandemic has the potential to metastasize into a social, economic and political crisis. The nature and magnitude of these developments will largely depend on how the threats to the food system are managed by governments. Movement restrictions linked to the COVID-19 outbreak are having multiple impacts on the food system, all occurring concurrently, but experienced in different ways by the different systemic actors. Food systems across the African continent are responding to rapid urbanization, climate change, rising incomes and changing diets. While agricultural value chains are becoming more urbanized and consumer driven, today's food systems are not helping consumers to make food choices consistent with optimal nutrition outcomes.

Agricultural systems in East Africa are mainly rainfed and highly vulnerable to climate change and variability. Climate variability is one of the main drivers of food insecurity in the region. The COVID-19 pandemic is affecting the region at a time when the region is already facing multiple shocks such as desert locust infestation and floods challenging the food systems.

For the purposes of this analysis, the food system is broadly represented by a division as follows: producers, processors and consumers. Producers include all farmers, large and small-scale, as well as pastoralists and the keepers of shoats, chickens, fish and pigs. Processors include all parties involved with the transformation of oils, grains and animal products: millers, aggregators, butchers. It also includes retail actors such as market women and food traders and vendors, and the transport sector, who play

a critical role in keeping the food system functioning. Finally, given that consumption happens primarily at the household level, the unit of analysis here is the family or the individual.

The virus outbreak, and the mitigation measures that have accompanied it, have only served to amplify weaknesses in the food system that existed before the appearance of COVID-19 on a troubled regional landscape. This is not the first time that the food system has been negatively affected by shocks linked to disease outbreaks, but this time the effect has been global, rather than regional and local, and has generated movement restrictions unprecedented to date.

Impact on producers

Movement restrictions have reached their most stringent point at a time when many are returning to farms for the planting season. In addition to limited access to the farms themselves, access to inputs such as seeds and fertilizer may be reduced or compromised due to higher prices and/or supply chain issues. The closure of open-air markets for health reasons will deprive many smallholder farmers of critical outlets for their produce. Regulations prohibiting the free movement of people may limit their ability of very poor households and individuals to sell their labor at a time when it is in most demand on farms. In the arid areas of Kenya, Ethiopia and Somalia, these COVID-19 related impacts could further aggravate the situation in areas which are affected by the desert locust infestations.

In Kenya, mitigation and adaptation measures include improving access to digital information and networking for smallholders, providing information about prices, market outlets and financing options. New platforms have been created to allow for innovation on distribution of fresh produce. Countries with strong digital networks and high cell phone penetration (such as Rwanda) may follow suit. Providing quality extension services, though not without challenge in COVID-19 context, becomes vital in maintaining and enhancing production to the extent possible.

WFP/Emma Raven

Impact on processors

The volatility of markets means that the appetite for risk is low amongst all value chain actors. Panic buying and hoarding behaviors linked to new movement restrictions create an artificial demand that may be difficult for producers to predict and/or meet. As governments in the region restrict access to and participation in open markets, many retailers will find themselves having to adapt to new regulations about hygiene and social distancing or lose their livelihoods. Wholesalers of perishable goods will be challenged by sporadic purchases from smaller retailers who will seek to limit their losses. Restrictions at borders for both individuals and commercial vehicles will cause price increases and difficulties with maintaining production levels, especially at specialized agro-processing facilities. Increased transaction costs will be experienced all along the value chain of many varied commodities and passed on to consumers, thereby nullifying the value of tax exemptions governments have put in place to limit rises in the cost of food for households.

Concern about the health of factory workers and farm workers may increase, depending on the epidemiological trends in the region. This requires that systems of risk management must be put in place to avoid a total shutdown of activity if one worker is exposed to the virus, but concurrently, systems must be put in place to allow for the smooth transaction of day-to-day business. There is also a need coordinated approach by the Government and partners for safe functioning of processors and transporters, and lower income countries usually lack the desired capacity for this.

Impact on consumers

Movement restrictions linked to the virus outbreak will impact low-income households in specific ways, as a result of frequent food purchase and preparation. Many low-income households do not have the capacity to store food at home and will continue to rely on frequent travel to small and medium size markets to meet household food needs. Additionally, urban households whose members frequently eat outside the home will no longer be able to do so. Within households, there will be more cooking in the home - with large families this may create a sizable time burden, which will leave less time for childcare. This will happen just when children are home full-time due to closure of schools.

Income shocks linked to the loss of livelihood opportunities will likely lead many families to switch their purchases to staples rather than perishable foods. Nutritious foods that may already have been out of reach for low-income households will definitely become so, raising the question of how to maintain adequate access to nutrition, especially for groups with special needs, such as young children and pregnant or breastfeeding women. Thus it becomes important to provide interventions and measures to support the food and nutrition security of the vulnerable populations.

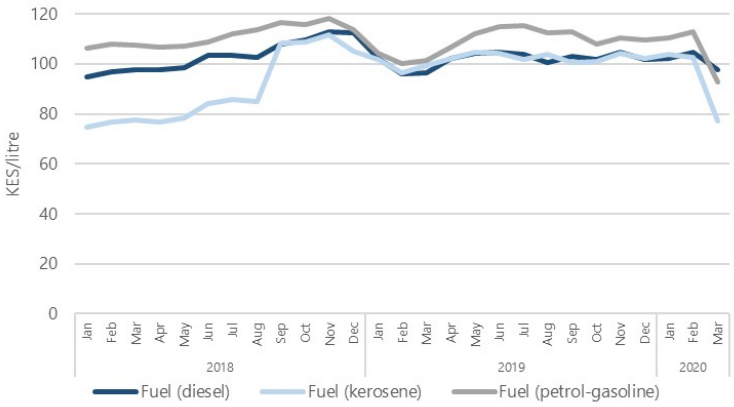
7. Markets and price development

7.1 Fuel prices and currency exchange rates

The steep decline in global crude oil prices triggered fuel price decrease in most countries in the region. Fuel prices in **Nairobi** reached their lowest level in three years, benefiting motorists and truck operators. With the reduction of fuel prices, consumers could potentially benefit with reduced prices of food and other commodities due to lower transportation costs. The fuel supply chain has remained relatively stable in the region while lockdowns across several countries have led to reduced overall consumption.

In **South Sudan**, markets in Equatoria showed stable to moderate drop in prices while prices increased in the northern part of the country, the later trend attributed to the tight border control coupled with difficulty in transportation (WFP, 2020). Declining fuel prices were reported in **Mogadishu's** main Bakara Market.

Figure 7: Fuel price trends in Nairobi, Kenyan shilling



Source: WFP

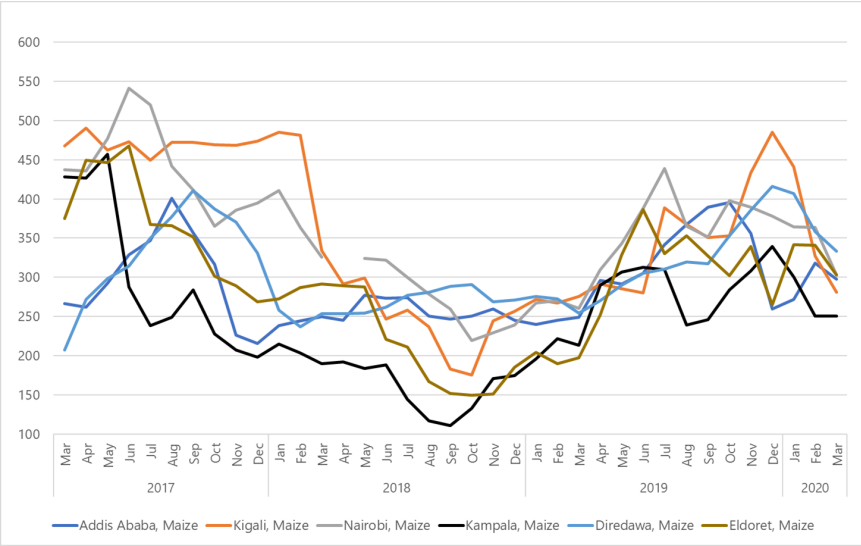
The local currencies started to weaken against the US Dollar in many capitals in the region in March amid economic uncertainty and reduced export earnings. This adds further pressure on prices of imported food given countries like Rwanda, Burundi, Ethiopia and South Sudan were already faced with weaker currencies prior to COVID-19 pandemic.

7.2 Cereal prices

Overall, cereal prices followed seasonal trends in the first three months except for localized increases and price volatilities in Somalia, Burundi and South Sudan since the start of the COVID-19 restrictive measures. Short-term weekly price volatilities were more pronounced in localised markets following the restrictive measures.

In **South Sudan**, the localized price increases were mainly attributable to panic buying, speculative trader hoarding practices in anticipation of severe lock-down measures, and transport inefficiencies occasioned by COVID-related restrictions and seasonal rains.

Figure 8: Wholesale maize prices, USD/MT



Source: WFP

In **Kenya**, rains have disrupted food supplies in Baringo and western Kenya that have experienced severe floods. Food prices increased in northern counties caused by reduced supplies largely due to the suspension of the public vehicle transport commonly used by small traders to deliver food commodities (WFP, 2020).

In Mogadishu, and many markets in South-Central **Somalia**, supply disruptions by Gu rains and increase in demand for food following the onset of Ramadhan has led to soaring prices in key markets for rice, wheat flour and sugar.

In **Ethiopia**, teff prices increased in Addis Ababa month-on-month on the backdrop of widespread shortages. Panic buying of food items amid the COVID-19 pandemic, movement restrictions and limited transport services is causing supply shortage in most of the monitored markets, even though the Government has put in place price control measures to counter over-pricing of essential food commodities. The situation has been further exacerbated by the suspension of the weekly Market Bazar, preventing farmers from bringing their produces to the markets. In food deficit areas of East and West Hararghe, a substantial month-on-month price increase was reported particularly for grains like maize, sorghum, and wheat. The markets also experienced modest price increase of imported items like spaghetti and wheat flour. Preliminary infor-

mation from in-country price monitoring suggest that traders and transporters in food business from surplus producing areas to deficit areas have reduced their operations to avoid the risk of COVID-19 infections. Regional Governments are also imposing own restrictions of movements from one area to another, disrupting markets through reduced availability, increased lead times and costs.

Table 3: Changes in key commodity prices in Burundi, April 2020

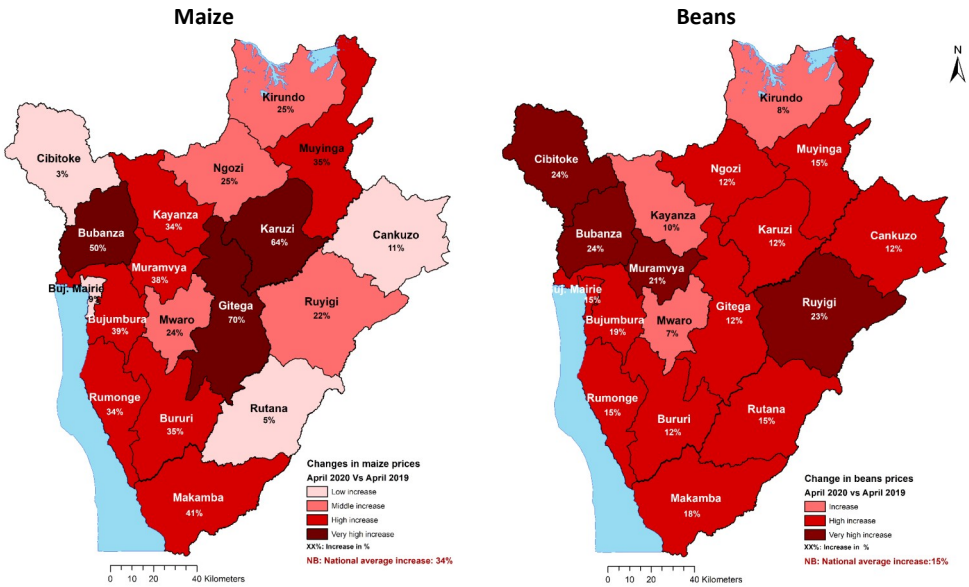
	Beans	Rice	Maize flour	Cassava flour	Sweet potato	Tomato	Irish potato	Oil	Onion	Salt
Change since last month	12%	-2%	3%	9%	6%	-2%	7%	4%	9%	22%
Change since last year	15%	11%	28%	29%	36%	28%	32%	4%	70%	31%
Change compared to 5-year average	36%	12%	11%	-7%	22%	35%	31%	3%	54%	38%

Source: WFP

In **Burundi**, the purchasing power of market dependant households that rely on cross-border trade opportunities has been compromised by reduced economic opportunities and decline in activity of small petty traders and transporters. By mid-April, barely a month after COVID-19 measures, food prices increased by between up to 20 percent to 58 percent for cassava flour, tomatoes, Irish potatoes and onions (Table 3).

Compared to the same month in 2019, medium to very high price increase for maize and beans, the key staples for Burundian households, was observed in nearly all markets across the country (Map 7).

Map 7: Annual maize and bean price increases in Burundi from April 2019 to April 2020



Source: WFP

7.3 Food price outlook

Whilst the Governments in the region have indicated their willingness to facilitate the free flow of commercial and food aid cargo across the borders, different screening measures at the border crossings have caused slow down in commodity movement, and this is expected to continue affecting the cross-border trade volumes and availability of imported and perishable fresh foods. This could lead to increase in price of imports, and further to this, increased demand from Government purchases for COVID-19 social food assistance programmes could potentially lead to increased food prices.

While there are reports of localized price increases, price monitoring data from April onwards will provide clearer insights into this. Closure of borders will also adversely affect the livestock trade from Ethiopia and Somalia to the Arabian Gulf and from Uganda to South Sudan. This could lead to further deterioration of household food security, given that households in many livelihoods are in bi-modal agricultural areas are approaching the peak of the lean season in May/June.

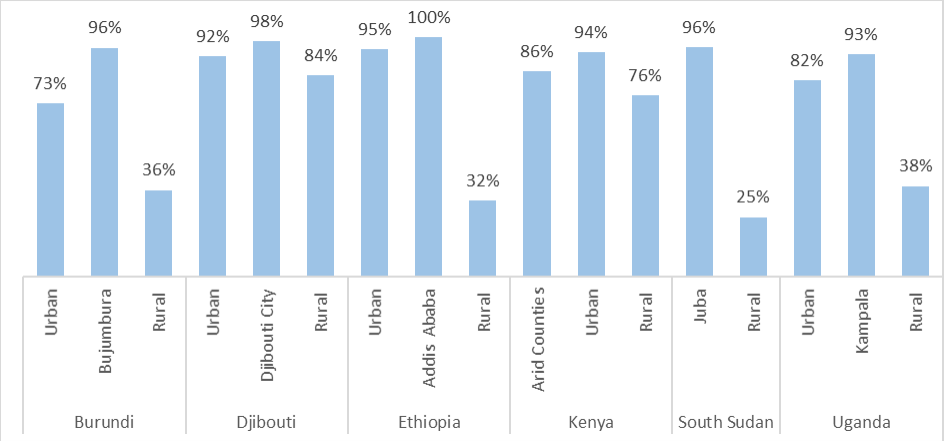
On the other hand, price control measures in Rwanda, increased exports of cereals from Uganda to South Sudan and Kenya and tax exemptions on key essential commodities by different governments are likely to help reduce or stabilize food prices. The lifting of the livestock import ban by Saudi Arabia is likely to enhance access to much needed foreign currency , required for food imports into Somalia and the Somali Region of Ethiopia.

Projected economic contraction in countries in the region will result in reduced income and lower overall purchasing power, which may lead to reduced demand for commodities including for food. Therefore, there is a need to monitor closely how food prices evolve in the next few months.

7.4 Household dependency on markets for food

A higher dependence on market food purchases makes households vulnerable to price increases or lower food availability in the market, particularly at a time when the incomes are likely to decrease. Available data indicate that a high proportion of households in the region rely on markets for their food needs - disproportionally high in urban areas and particularly bigger cities with large informal settlements (Figure 9). The poor are usually the first in-line to be hit by high food prices as they tend to spend a significant proportion of their income on food. In addition, the urban poor have suffered income, job losses and purchasing power as a result of COVID-19 pandemic and will most likely not be able to afford nutritious diet.

Figure 9: Household reliance on market food purchase



Source: WFP

Rural households will also be significantly affected by high food prices, and the proportion of rural households depending on market for food is particularly high for Djibouti, Kenya and Burundi. In general, rural livelihoods are more likely to meet their needs through own production, but this also varies geographically within each country as well as seasonally - there is usually increased reliance on markets during lean seasons and by pastoralists as opposed to post-harvest periods for farmers. As the lean season is approaching for many rural households in the region, they will be more reliant on markets for their food needs, which makes the poor households particularly vulnerable.

8. Impact on household food security

Impact on regional food availability

The season has started well with favourable rainfall for the crops. However, recent heavy rains and the floods have also caused damages to croplands and given the forecast of continued heavy rains further floods are also likely. In addition, ongoing desert locust infestation is likely to cause considerable damage, especially in Kenya, Somalia and Ethiopia, and to some extent in Uganda and South Sudan. There could also be challenges with the availability of farm labour, and the agricultural inputs, given the current supply chain disruptions. Temporary closures of local markets pose an additional challenge to producers' income generation as especially perishable goods can be difficult to sell in time.

WFP/Emma Raven

Food security outcomes are still largely dependent on import of food as the countries throughout the region are largely net importers as the majority of the countries are expected to face domestic cereal gaps during 2020. Generally, UNCTAD finds that the food import dependency is five times higher in low-income countries than in developed economies, as they spend an average of 37 percent of merchandise export revenue on food imports, leaving them very vulnerable to external shocks (UNCTAD, 2020). Further, weakened and depreciating currencies and low foreign reserves due to lower levels of export revenues, remittances and tourism are lowering the economic capacity for the vital food imports.

Impact of supply chain disruptions on food imports into the region

Despite the abundant availability of cereals globally, the general increase in quarantine procedures, market closures, and increased demand as a consequence of hoarding has already showed disrupted supply chains, hampered market functioning and caused localized price increases, which is negatively impacting food access (UNCTAD, 2020). Further increases can happen with stockpiling by the better-off households and bulk procurement from government food programmes. Other potential disruptions

to supply chains are numerous, including lack of workers affecting the harvest or transport sector, lack of seeds or fertilisers disrupting planting, and lockdowns and social distancing disrupting markets and selling.

Impact on household purchasing power

As the economic consequences of the months long restriction measures to contain the spread are already spilling down negatively on household food security and nutrition outcomes, these will undeniably be more impacted as the crisis advances. An immediate effect is the widespread loss of livelihoods, deteriorating household purchasing power and an increase in extreme poverty. This is further exacerbated when countries experience challenges to food availability or access causing bottlenecks, price increases and unavailability – or unaffordability - of essential food items. In this way, the impact on food security will happen either through increasing food prices, decreasing incomes or a combination of both. The smaller the income and capacity to cope with shocks, the larger the effect, meaning that the already vulnerable households will experience the most hardship (IFPRI, 2020).

The World Bank estimates a global increase in people living in extreme poverty of between 40 to 60 million in the coming months (World Bank, 2020), while the UN has suggested a more pessimistic 84-132 million people in the risk of being pushed into extreme poverty (United Nations, 2020). Sub Saharan Africa is expected to be disproportionally hit as the economies are mainly depending on labour intensive sectors that are suffering from lockdowns and restrictions, in combination with a larger proportion of people already living close to the poverty line, depending on casual day-to-day labour as their main livelihood source (World Bank, 2020) (Pangestu, 2020).

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Overall, poor households, especially in urban areas, are likely to be disproportionally impacted due to a larger effect on their livelihood and income. The labour-intensive nature of the work primarily carried out by the poorer population, poorer countries are expected to experience more disruptions to their supply chains, lower capacity to compensate with lower incomes.

Another expected impact of the decreasing purchasing capacity is a shift to a more monotonous, nutrient-poor diet that can increase an already high malnutrition level in the region. An early COVID-19 study from rural China conducted by IFPRI found that as travel restrictions prevented job mobility and people started losing their livelihood opportunities, they experienced very large income losses that made them cut back significantly on nutritious food (IFPRI, 2020). With the increasing economic constraints, the freedom to buy fresh and nutritious food items becomes very limited, forcing many households to have a diet of mainly staple, non-perishable foods. Furthermore, COVID-19 is causing a negative impact on the availability of specialised nutritious food items due to lockdowns causing reduced production capacity, availability of raw materials and challenging the supply chain.

Impact on food security outcomes in coming months

The region was already facing a burden of 20 million food insecure people prior to the COVID-19 impact, which is likely to increase towards July as the lean season peaks. The region is now facing challenges due to desert locust infestations and recent floods. Further to this, the effects of COVID-19 is expected to cause additional hardship especially to urban poor households, and that are usually not calculated into current food insecurity figures, as well as likely deterioration in situation of some proportion of households that are already facing *stressed* food security outcomes (IPC Phase 2). Thus, the number of people facing acute food insecurity can increase to an estimated 34 to 43 million people during the coming months (WFP, 2020). Without a concerted effort to contain the evolving livelihood and food security crisis, it is likely that COVID-19 pandemic could very well turn into a hunger pandemic (WFP, 2020).

WFP is closely monitoring the evolving situation with a variety of methods including near-real time food security monitoring with mVAM, market and price monitoring and engagement with partners on desert locust assessment.

For further information

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