



## COVID-19 AND FOOD SECURITY – MONTHLY UPDATE

June 2020

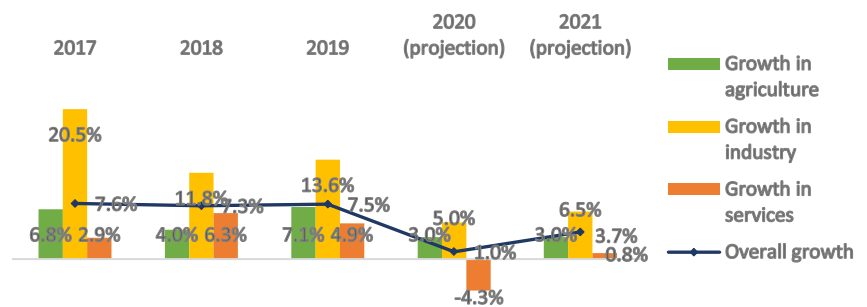
### Key messages

- ❖ **The harvesting of the 2019 cereal crops**, mainly wheat, was completed in September 2019, and the total harvest is estimated at a near-average level of 1.2 million tonnes. **The planting of the 2020 winter wheat** was completed in October/November 2019, to be harvested starting from June to August 2020, the weather conditions have been overall favourable. The planting of the 2021 winter cereal crops, mainly wheat, will start from October.
- ❖ **The planting of the 2020 spring crops**, to be harvested beginning in August, is ongoing. According to data provided by the Tajikistan Agency on Statistics, it is estimated that the total area of planted crops in the first four months of 2020 was almost as large as the area from the same period in 2019.
- ❖ **Cereal imports for 2020 are forecast to be at a near-average level.** Imports account for more than half of the domestic consumption needs of cereals, and wheat represents more than 90 percent of the cereal imports. Given the overall favourable output of the 2019 harvest, import requirements of wheat in 2020 (the 2019/20 marketing year) are forecast at 1.1 million tonnes, close to the five-year average level. According to the Agency on Statistics, wheat imports from January to April 2020 stood at 331 619 metric tonnes, 9 percent more than the average quantity imported during the same period during the past three years.
- ❖ **Prices of wheat flour and potatoes increased in March–May amid strong demand due to COVID-19 concerns.** Retail prices of wheat flour, which remained overall stable until February 2020, rose moderately in March–May 2020 due to increased consumer demand amid concerns over the COVID-19.
- ❖ **Household income was severely constrained** due to losses of or reductions in remittances, the limited availability of wage labour opportunities, and restricted access to credit. Poor and food-insecure households have coped with the situation by rationing food and non-food consumption and, worse, adopting irreversible coping strategies such as the sale of productive assets.

### 1. Socio-economic overview

- ❖ Tajikistan's real **gross domestic product** expanded by 7.5 percent in 2019, up from 7.3 percent growth in 2018. The growth was supported by robust growth in industry (13.6 percent), agriculture (7.1 percent) and services (4.9 percent). Household consumption continued to be financed by **remittances** (32 percent of the 2019 GDP). Demand conditions are expected to significantly worsen in 2020, with the pandemic triggering border closures and limiting Tajikistan's access to the Russian labour market and hence weighing on remittances.

Figure 1.1 Real GDP growth, including contributions by sector



Source: Tajikistan Macro Poverty Outlook – Spring 2020 (World Bank)

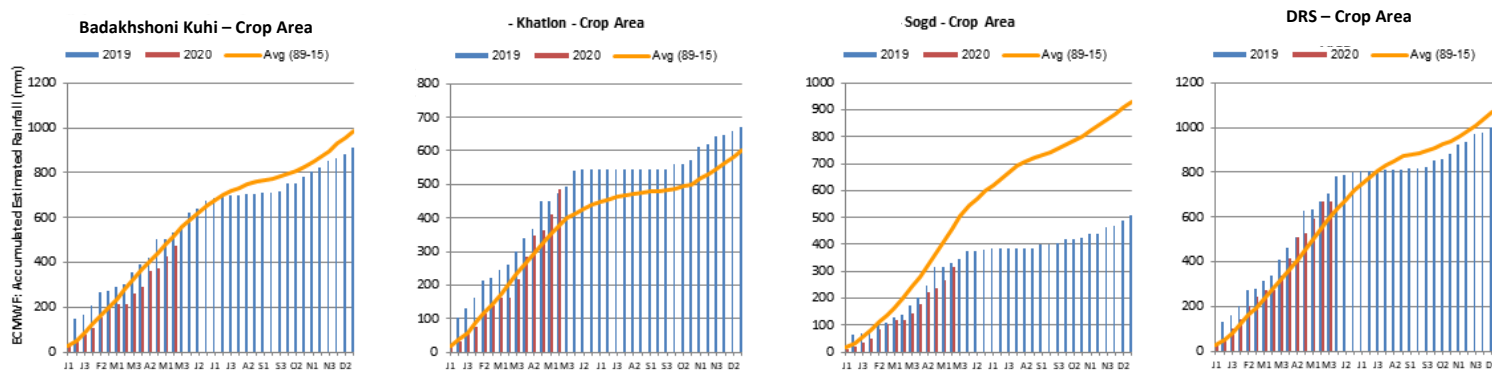
- ❖ It is estimated that the **remittance inflow** will fall in 2020 due to the combined effect of the coronavirus pandemic and the slowed economy in the Russian Federation. Remittances amounted to nearly one-third of the country's GDP in 2019, and the inflow of remittances has steadily grown for the past several years due to increase labour migration, mainly to the Russian Federation. Increases in remittances have contributed to increased household consumption, a reduction in poverty, rising wages and a narrowing national deficit.
- ❖ **The national currency** has been devaluated by around 6 percent since the beginning of 2020.

- ❖ **The consumer price index** for foodstuffs increased sharply in April 2020, up 5 percent from the previous month. This was mainly due to increased prices of wheat flour, potatoes and eggs. The CPI for non-food items and services during the same period both went down by 0.1 percent.

## 2. Food availability

- ❖ **The planting of the 2020 winter crops** has been finalized, and crops will be harvested beginning in June 2020. **Weather conditions for crop production** have been overall favourable throughout the growing season for winter crops. According to remote sensing analysis and information, precipitation conditions were good through May 2020 across the crop lands (Figure 2.1). **The harvesting of the 2019 cereal crops**, mainly wheat, was completed in September 2019, and the total harvest is estimated at a near-average level of 1.2 million tonnes.
- ❖ **The planting of the 2020 spring crops**, to be harvested beginning in August, is ongoing. According to data provided by the Agency on Statistics, it is estimated that the total area of planted crops in the first four months of 2020 was almost as large as the area from the same period in 2019 (Figure 2.2).

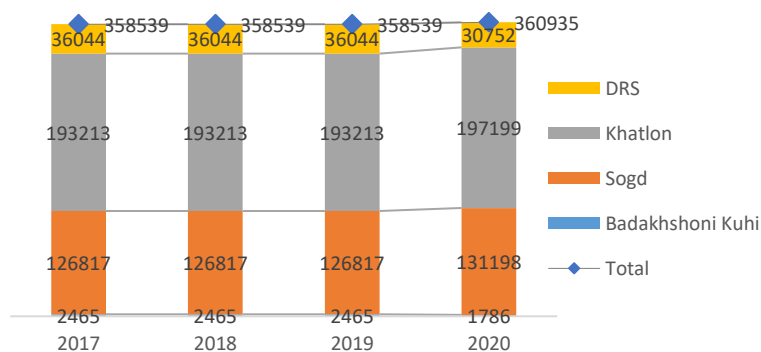
Figure 2.1 Accumulated estimated precipitation, by region, 2019–2020



Source: FAO GIEWS Earth Observation, European Centre for Medium-Range Weather Forecasts

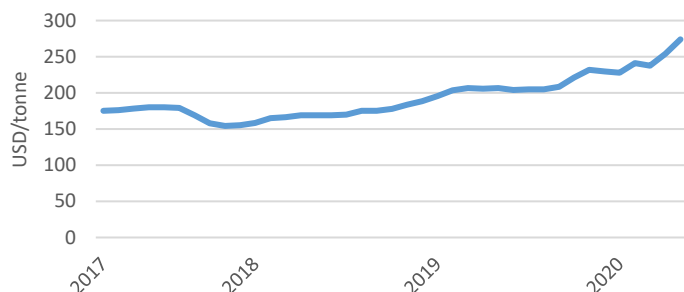
- ❖ **The import requirements of wheat in 2020** are forecast to be close to the five-year average level (1.1 million tonnes), given the overall favourable output of the harvest in 2019/20. Imports still account for more than half of the domestic consumption needs of cereals, and wheat represents more than 90 percent of the cereal imports.
- ❖ **The export prices of wheat from Kazakhstan**, the main supplier of wheat to Tajikistan, increased sharply in February–May 2020, and the price in May 2020 was about 30 percent higher than in May 2019 (Figure 2.3). The higher year-on-year prices are mainly due to a reduced harvest of wheat in 2019. Figure 2.4 shows that the recent increases in export prices in Kazakhstan have been directly transferred to import prices in Tajikistan. The price in January–March 2020 was about 12 percent higher than a year earlier. The price continued to increase in April 2020; it was USD 244 per tonne in April 2020, up by 4 percent compared to March 2020.

Figure 2.2 Area of spring crops in agriculture enterprises and dehqan farms as of 30 April 2020, hectares



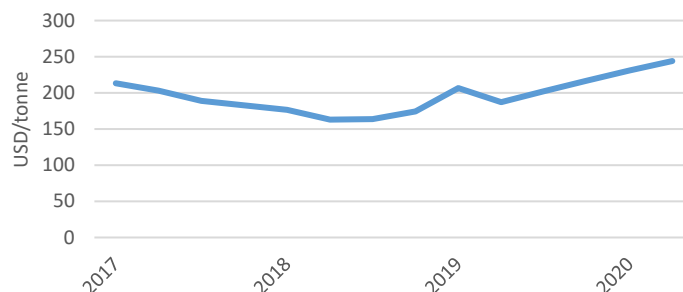
Source: Tajikistan Agency on Statistics

**Figure 2.3** Wheat export prices in Kazakhstan (milling, Saryagash station), USD/tonne



Source: FAO GIEWS Food Price Monitoring and Analysis

**Figure 2.4** Wheat import prices in Tajikistan (USD/tonne)



Source: Tajikistan Agency on Statistics

- ❖ **Wheat imports have increased.** The cumulative quantity of imports from January to April 2020 totalled 331 619 metric tonnes, 9 percent more than the average quantity imported during the period for the past three years (2017–2019).
- ❖ According to World Food Programme supply chain monitoring, **milling companies have been operational.** In April and May, production was reportedly increased from previous months due to high demand.

- ❖ **Agricultural inputs** such as fertilizers, seeds and pesticides are largely imported, mainly from China, Kazakhstan, Kyrgyzstan, Russian Federation, Turkey and Uzbekistan. The use of agricultural inputs, particularly fertilizers for wheat production, is price sensitive. Farmers often use less fertilizers even with only slight increases in prices, leading to decreased yields and a consequent reduction of available food stocks. However, there is no established system for the monitoring of agricultural input prices. According to interviews with farmers in the Tajikistan Districts of Republican Subordination, the prices of mineral fertilizers have increased by 50–60 percent (based on 50 kg compound bags) since the beginning of the year. Similarly, the prices of biological additives have increased by 35–40 percent.

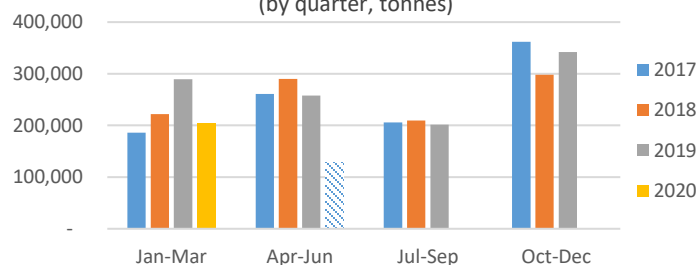
- ❖ To date, **local cargo transport disruptions** have been reportedly minimal, though the transport cost between Dushanbe and Khorog went up by 25 percent compared to the pre-pandemic period. Since the first COVID-19 case was reported in the country in late April, there has been no official lockdown imposed in the country. **The food market** has been operational, though with a reduced capacity in the month of May mainly due to self-quarantine among traders.

- ❖ **The major concerns of operators along the food supply chain** in Tajikistan have been 1) increased prices of agricultural inputs for producers; 2) weak capacity of storage; 3) reduced quality of fruits due to cold weather in spring; and 4) reduced purchasing power of consumers, according to an FAO rapid survey on the food supply chain. Some smallholder farmers have been adopting negative livelihood strategies to cope with these shocks, such as borrowing money and reducing household expenditures. This indicates that mechanisms to ease cash flow problems for farmers could be important to help them keep their intentions for production.

### 3. Food access

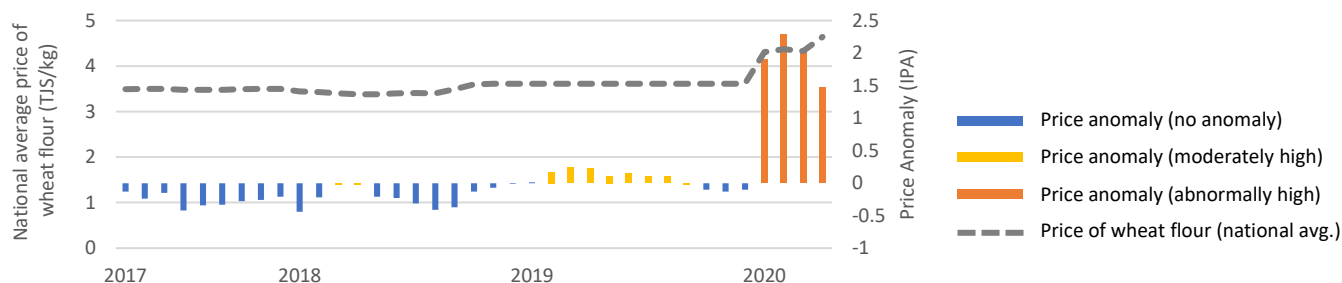
- ❖ **Market prices of wheat flour**, which had remained overall stable for the past three years, started to rise in March due to increased consumer demand amid concerns over the COVID-19 pandemic, export quotas introduced by Kazakhstan, and the depreciation of the national currency. The **national currency** has been devaluated by around 6 percent since the beginning of 2020. On average, imports account for more than half of the country's domestic consumption of wheat.
- ❖ **Market prices of potatoes**, another important food staple, seasonally increased between November 2019 and March 2020. Prices have increased particularly since March 2020 – reaching levels twice as high as 12 months before – due to strong demand from consumers who feared supply shortages due to the pandemic. The prices went down in May.
- ❖ **Prices of beef meat** also have been increasing gradually since mid-2019. The price in April 2020 was 26 percent higher than the same month in 2019.

**Figure 2.5** Volume of imported wheat (by quarter, tonnes)



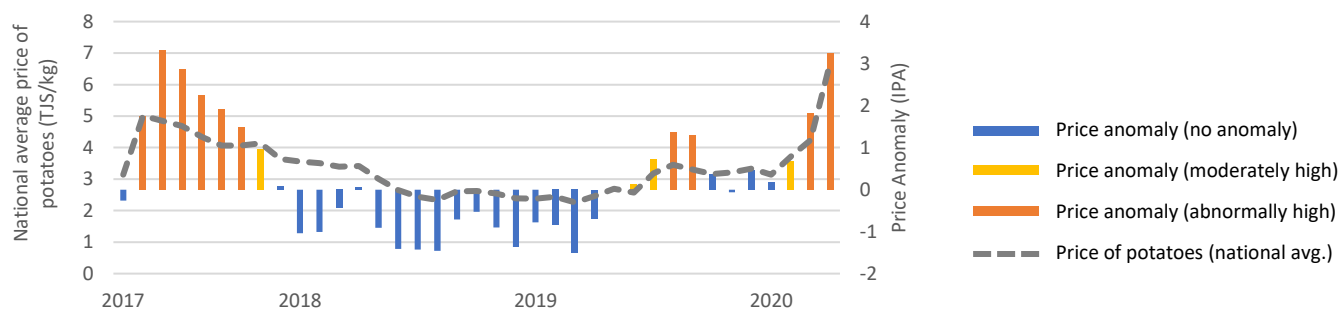
Note: The amount presented in the second quarter of 2020 covers the quantity for April only  
Source: Tajikistan Agency on Statistics

**Figure 3.1** Retail prices of wheat flour and price anomalies indicated by IFPA (see Box 1 for the methodology)



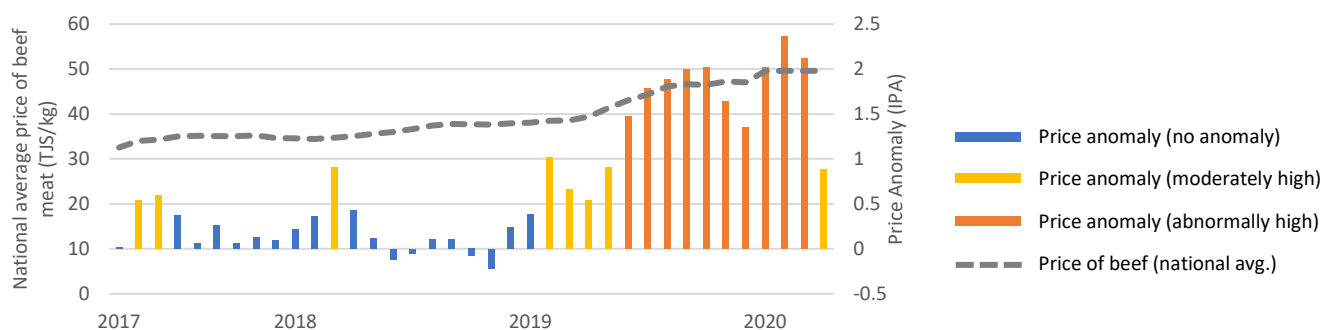
Source: FAO GIEWS Food Price Monitoring and Analysis

**Figure 3.2** Retail prices of potatoes and price anomalies indicated by IFPA (see Box 1 for the methodology)



Source: FAO GIEWS Food Price Monitoring and Analysis

**Figure 3.3** Retail prices of beef and price anomalies indicated by IFPA (see Box 1 for the methodology)



Source: FAO GIEWS Food Price Monitoring and Analysis

#### Box 1: The indicator of food price anomalies

The indicator of food price anomalies (IFPA) is a global indicator for measuring the progress towards Target 2.c of the Sustainability Development Goals to adopt measures to ensure the proper functioning of food commodity markets. IFPA can be used to understand whether a change in price is abnormal for any particular period.

The thresholds for the IFPA are expressed as the normalized difference of the compound growth rate of prices from their historical mean for the predefined period of time. Three ranges are established:

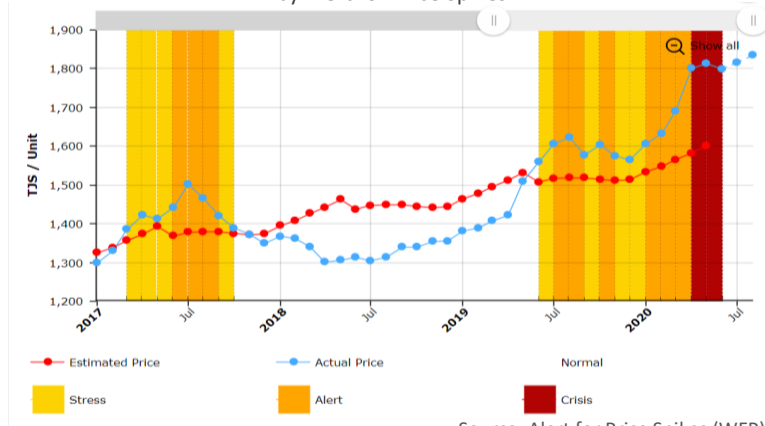
- 1) a difference from the historical mean of less than half of a standard deviation is considered normal;
- 2) a difference that is at least half but less than one standard deviation is considered moderately high; and
- 3) a difference that is at least one standard deviation greater than the historical mean is considered abnormally high.

IFPA is regularly disseminated through FAO's Food Price Monitoring and Analysis Tool. The indicator feeds into FAO's Global Information and Early Warning System. The indicator is calculated based on statistical price information provided by national governments.

For more information on the methodology, see the metadata of **SDG indicator 2.c.1**: <https://unstats.un.org/sdgs/metadata/files/Metadata-02-0C-01.pdf>

❖ **The food basket cost** has shown a significant increase during recent months. According to the World Food Programme Alert for Price Spikes (see the methodology in Box 2), the food basket cost has been rated as “crisis” for three consecutive months: March, April and May 2020. By region, the food basket cost is the highest in Khorog market, the remote region of the country, where it is 14 percent higher than the national average. The increased rates in the basket cost in May 2020 compared to May 2019 were higher in Bokhtar and Khujand markets, at 28 percent and 29 percent, respectively.

**Figure 3.4** Cost of food basket and price anomalies indicated by Alert for Price Spikes



**Box 2: Alert for Price Spikes**

Food Prices Early Warning is performed using Alert for Price Spikes (ALPS) indicators that monitor the extent to which local food prices are at abnormally high levels. ALPS provides a sense of the intensity of the price difference between the trend and the market price. The higher the difference, the more severe the alert. In Figure 3.4, estimated prices are shown as a seasonally adjusted trend line (red line) against which actual price values (collected prices, blue line) are compared.

The five Food Prices Early Warning categories are calculated with the ALPS indicators and are defined as follows:

- **Crisis:** A market is considered to be in a crisis phase at a given time if the gap between the observed price and the trend value is greater than two standard deviations of the error terms.
- **Alert:** A market is considered to be in an alert phase at a given time if the gap between the observed price and the trend value is between one and two standard deviations of the error terms.
- **Stress:** A market is considered to be in a stress phase at a given time if the gap between the observed price and the trend value is between a quarter and one standard deviation of the error terms.
- **Normal:** A market is considered to be in a normal phase at a given time if the gap between the observed price and the trend value is less than a quarter of a standard deviation of the error terms.

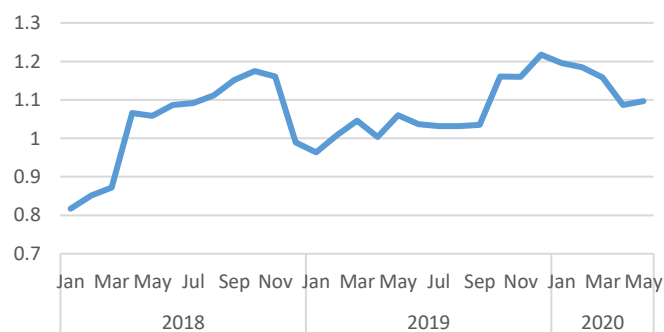
The ALPS indicator was developed by the World Food Programme based on empirical work undertaken at the Centre for Studies and Research on Economic Development (CERDI). For details on methodology and price data/analysis, see the WFP’s Safety Nets Alert Platform (SNAP) website at <https://snap.vam.wfp.org/main/>.

❖ **Household income**, especially among the vulnerable, has been affected. Remittances have been reduced, if not lost, and wage labour opportunities reportedly have been limited as economic activities have slowed because of the COVID-19 pandemic. In addition, in some districts, the payment of teacher salaries and pension benefits reportedly have been delayed in recent months.

❖ **Unskilled wage labour**, which is among the main sources of income of the poor, is limited in its availability, and wage rates have remained low. Figure 3.5 shows the trend of the ratio of the daily unskilled wage terms of trade to the daily cost of a household food basket. Typically, beginning in March, wage rates increase as more wage labour opportunities become available. This year, however, rates dropped and remained low from March onwards. As of May 2020, the wage for one day’s labour would be just enough to purchase a nutritious food basket for a family for a day.

❖ **Poor and vulnerable households** have coped with the situation by adopting various strategies, as follows: consuming seed stock; selling livestock; resorting to bartering due to cash shortages; harvesting premature crops to sell in markets for immediate cash; and borrowing food from shops, neighbours and relatives. These observations indicate severe food insecurity among the affected population, as some of the reported coping strategies – such as the sale of productive assets – have longer-term implications regarding households’ resilience to food insecurity.

**Figure 3.5** Terms of Trade daily wage (unskilled) to the daily cost of household food basket



Source: WFP Market Monitoring

## 4. Policy responses (trade restriction/facilitation, agricultural production, social protection)

- ❖ **A temporary export ban** on a number of food staples, including wheat grain and wheat flour, legumes, rice, eggs, potatoes and all kinds of meat, was introduced by the Government of Tajikistan in April 2020. The ban is meant to ensure adequate domestic supplies and curb price increases.
- ❖ **Kazakhstan** introduced temporary export quotas on such staple food products as wheat, wheat flour, seed potatoes and sunflower seed oil in April. The Government of Kazakhstan announced that it plans to remove the export quotas on 1 June 2020.
- ❖ **Russian Federation** also imposed a quota in the amount of 7 million tonnes to limit the export of certain grains. The quota began on 1 April 2020 and will be in place until 30 June 2020. Russian Federation added cucumbers and tomatoes to the list of products specified by Decree No. 832 “On restricting access of some food products from foreign states (other than the EAEU states) to procurement for state and municipal needs.”
- ❖ **Price stabilization** measures by the government have been observed, including releasing staple foods from strategic reserves to be sold in markets throughout the country at cheaper prices and setting purchase quotas to mitigate panic purchases. In remote districts, however, retailers face increasing levels of cash shortages and restricted access to credit due to high default rates. Meanwhile, their clients are purchasing food on credit because they too are facing reductions in cash income, which limits the retailers’ capacity to purchase and foods from the main markets for sale.
- ❖ **Two action plans** were issued by the Government of Tajikistan in March 2020. “Tajikistan COVID-19 Country preparedness and Response Plan” was issued by the Ministry of Health and Social Protection, and “Action Plan for prevention and reducing the national economy’s exposure to potential risks of COVID-19” was issued by the Ministry of Economic Development and Trade. These plans outline 23 priority actions to be implemented by various ministries, agencies and departments, out of which five are related to agriculture, food security and nutrition.
- ❖ **The social protection system’s preparedness and response plan to COVID-19**, which has been endorsed by the government, includes three key areas of support: 1) cash-based transfers; 2) social services; and 3) in-kind support, with a total budget of USD 115 million.



This Update has been prepared by FAO Representation Office and WFP Country Office in Tajikistan, with information from official and unofficial sources. None of the information in this Update should be regarded as statements of governmental views. The Update provides short description on potential effects of COVID-19 on food security developing in Tajikistan. This also alerts the international community on measures to be taken. Since conditions may change rapidly, please contact the undersigned for further information if required.

Monthly updates and more reports on COVID 19 and food security are available at:

<http://www.fao.org/2019-ncov/en/> FAO and Coronavirus pandemic

<http://www.fao.org/europe/en/> FAO Regional Office for Europe and Central Asia

<https://www.wfp.org/publications/covid-19-situation-reports> WFP COVID-19 Situation reports

[https://dataviz.vam.wfp.org/Reports\\_Explorer](https://dataviz.vam.wfp.org/Reports_Explorer) WFP Tajikistan Weekly Market Situation Update

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