



# COVID-19 Response Program

## Vital Supply Chains Project

### Food Systems Security

RAPID RESPONSE PLATFORM • ACTION UPDATE & PRIORITIES • May 2020

#### Summary

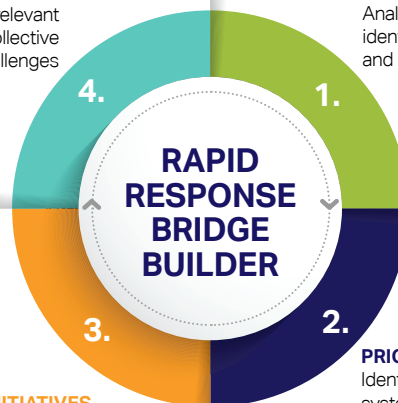
- COVID-19 presents **significant and complex food system risks for business and society.**
- As part of the Vital Supply Chains – Food System Security COVID-19 response project, the Rapid Response Platform sets monthly priorities for collective action using input from members and partners. May 2020 priorities are:
  - o **Systemic challenges:** nutrition security, food prices, smallholder farmer financing
  - o **Food value chain stage:** production, transportation and logistics, retail and consumption
  - o **Geography:** Sub-Saharan Africa, South Asia
  - o **Commodities:** fruits and vegetables, rice
- We invite members and partners to engage in agile, coordinated action and information sharing with next steps focused on targeted initiatives in which collective action will help address these priorities.

#### Introduction & context

The number of acutely hungry people is projected to double globally as a result of COVID-19.<sup>1</sup> Half a billion more people could fall into poverty, including many farmers and laborers.<sup>2</sup> Vital food supply chains are strained and breaking, with profound consequences for business and societies. COVID-19 compels us to act in urgent, coordinated and creative ways to address these risks. We have established a Rapid Response Platform for vital food supply chains using a seven-step process to define collective monthly action priorities based on timely evidence and input from members and partners.<sup>3</sup>

**TAKE COLLECTIVE ACTION**  
Connect business with relevant response platforms to take collective action on priority challenges

**STRENGTHEN THE RESPONSE**  
Analyze business responses and identify ensure effective practices and principles



**MAP RESPONSE INITIATIVES**  
Map response initiatives and assess the need for business actions/contribution

**PRIORITIZE STRESS POINTS**  
Identify stress-points in the food system and establish priority areas and urgent challenges

## The challenge

### Systemic challenges

**Nutrition security:** COVID-19 threatens nutritional outcomes across the world. Hunger and malnutrition are rising, especially in low-income countries, due to income losses, reduced food accessibility and/or food price increases. The pandemic exacerbates humanitarian crises such as the locusts predicted to cause USD \$8.5B in economic losses in East Africa this year.<sup>4</sup>

**Food prices:** Food prices are rising in many regions and value chains due to losses, supply constraints, hoarding and stockpiling. Even small changes in the price of food can significantly impact its accessibility; a 20% increase could push 211 million additional people under USD \$3.20/day, globally.<sup>5</sup> Countries with a high percentage of food imports, which are most vulnerable to price fluctuations, are home to over 1.5 billion people.<sup>6</sup>

**Smallholder farmers financing:** Amidst physical distancing and COVID-19 disruptions, ensuring financial flows to farmers is critical to ensure business continuity, household nutrition security, and long-term resilience. Members and partners have prioritized such support to farmers and small businesses, urging flexible financing mechanisms like credit guarantee schemes, mobile payment systems, warehouse receipt systems and e-commerce models.

### Food value chain stage

**Production:** COVID-19 has exacerbated food production challenges including health risks and labor shortages due to mobility restrictions. Farmers need education on context-specific social distancing. Such producers bear many supply chain risks; decreased access to inputs and increased on-farm food spoilage, both due to transportation and market constraints, signal a potentially harrowing next crop season.

**Transportation and logistics:** Logistics across air, sea, rail and trucking have been impacted by the crisis. Challenges include border and port delays, high demand for storage and cold chains, and last mile delivery gaps. These have significant economic impacts: for instance, though Africa's horticulture exports had surged ~350% in the last 15 years, COVID-19 has stopped most of these flows to the European Union.

**Retail and consumption:** Food availability, affordability and household purchasing power are among the priorities signaled for attention by the WBCSD community. In a recent survey, 45% of Indians reported reductions in meal size or frequency.<sup>7</sup> Globally, over 350 million school children may have lost access to regular school feeding.<sup>8</sup>

### Geography

**Sub-Saharan Africa:** Africa's import dependence makes many of its nations particularly vulnerable to the pandemic: net-importing low- and medium-income countries are most susceptible to trade shocks, and currency devaluations reduce such countries' purchasing power.<sup>9</sup> Parts of the continent are already impacted by droughts and conflict, and East Africa is facing a "triple threat" of COVID-related impacts atop locusts and floods.

**South and Southeast Asia:** Across the region, migrant labor shortages are likely to constrain supply of vital foods. India is among the hardest-hit nations, with 114 million job losses in April, a three-month -4% currency depreciation, and broad-scale income loss.<sup>10</sup>

### Commodities

**Fruits and vegetables:** Fruits and vegetables are critical to nutrition security and economic resilience. Ethiopia is undergoing a horticultural value chain crisis.<sup>11</sup> India's fruit and vegetable market, valued at USD \$42B, is also experiencing significant disruptions.<sup>12</sup> Such shocks create a dangerous reinforcing cycle, driving up perishable food prices, decreasing demand and income and increasing waste, resulting in decreased nutrition security and depressed supply incentives.

**Rice:** More than half of the global population depends on rice as a staple food.<sup>13</sup> Access is becoming constrained. Protectionist policies have decreased global trade. Prices on rice from Thailand, the world's second-largest exporter, recently reached a seven-year high. Over 500,000 tons of rice have been stuck in Indian ports, and labor shortages may prompt a shift from rice to cotton, an easier crop to produce.

## Critical next steps for business action

Businesses have the opportunity, and indeed the imperative, to step up. Society is looking to CEOs for collective leadership.<sup>14</sup> Our members and partners are already setting proactive examples through advocacy<sup>15</sup> and direct action.<sup>16</sup> Additional priorities under further consideration this month include:

- **Regional responses:** In-depth conversations are being held within several regions and platforms, including India and sub-Saharan Africa, for example, where digital initiatives play important roles for smallholder

farmer financing and securing supply of inputs.

- **Connecting corporate actions:** Ensuring collective resources from companies (for example, new financing, resources, technologies and knowledge) are provided to support and strengthen regional responses.
- **Information and resources:** There is the strong potential to use several important assets identified through dialogue, including social distancing resources for farmers (education via WhatsApp<sup>17</sup> and practical

advice such as from the VOICE Network);<sup>18</sup> context-specific guidance from Special Advisor Dr. David Nabarro;<sup>19</sup> UNDP Economic Impact Assessments<sup>20</sup> and FAO models showing COVID-19 impacts on different supply chains.<sup>21</sup>

We thank members already providing support via secondment, financial support and/or data.

To become involved, or to learn more, contact us: Tony Siantonas at [siantonas@wbcsd.org](mailto:siantonas@wbcsd.org)

### COVID-19 Response Program

WBCSD has initiated a special call to action for our members, leveraging our combined business expertise to address the COVID-19 crisis and support the critical role of business. As part of this [program](#), three new projects – vital supply chains, return to “normal” scenarios and long-term impacts – are underway with regular updates provided through our channels.

### About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies. Our member companies come from all business sectors and all major economies, representing a combined revenue of more than \$8.5 trillion and 19 million employees. Our Global Network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues. Together, we are the leading voice of business for sustainability: united by our vision of a world where more than nine billion people are all living well and within the boundaries of our planet, by 2050.

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[www.wbcsd.org](http://www.wbcsd.org)

<sup>1</sup> UN WFP. <https://www.wfp.org/publications/2020-global-report-food-crises>

<sup>2</sup> Oxfam International. <https://www.oxfam.org/en/research/dignity-not-destitution>

<sup>3</sup> Monthly priorities were identified by gathering evidence and literature, inviting advice from our community via webinar chat boxes and Q&A, and quantifying online polling input.

<sup>4</sup> McKinsey.

<sup>5</sup> The World Bank, ILO Monitor, FAO AMIS.

<sup>6</sup> FAOSTAT.

<sup>7</sup> GAIN. <https://www.gainhealth.org/resources/reports-and-publications/impact-covid-19-food-systems-situation-report>

<sup>8</sup> UNICEF. <https://www.unicef.org/media/68291/file/Mitigating-the-Effects-of-the-COVID-19-Pandemic-on-Food-and-Nutrition-of-school-children.pdf>

<sup>9</sup> World Bank, FAOSTAT.

<sup>10</sup> McKinsey.

<sup>11</sup> IFPRI. <https://www.ifpri.org/blog/impacts-covid-19-crisis-vegetable-value-chains-ethiopia>

<sup>12</sup> McKinsey. Disruptions include disruptions such as a 30% reduction in farmgate banana prices in Andhra Pradesh, 100,000 tons of apples at risk of spoilage in Kashmir, and a halving of the perishables export volume from Bengaluru airport.

<sup>13</sup> IRRI. <https://www.irri.org/news-and-events/news/irri-committed-working-partners-governments-ensure-continued-food-and-nutrition>

<sup>14</sup> Edelman. <https://www.edelman.com/research/trust-2020-spring-update>

<sup>15</sup> Actions include advocacy to the G20 and other world leaders: <https://www.wbcsd.org/Overview/News-Insights/General/News/Call-to-Action-for-world-leaders-preventing-a-global-food-security-crisis-while-combating-COVID-19>

<sup>16</sup> Examples of WBCSD Member Company action: <https://www.wbcsd.org/COVID-19/Member-companies>

<sup>17</sup> UNDP/WHO/WhatsApp partnership. [https://www.undp.org/content/undp/en/home/news-centre/news/2020/COVID-19\\_WHO\\_UNICEF\\_UNDP\\_Partner\\_with\\_WhatsApp\\_to\\_Get\\_Real\\_Time\\_Health\\_Information\\_to\\_Billions\\_around\\_the\\_World.html](https://www.undp.org/content/undp/en/home/news-centre/news/2020/COVID-19_WHO_UNICEF_UNDP_Partner_with_WhatsApp_to_Get_Real_Time_Health_Information_to_Billions_around_the_World.html)

<sup>18</sup> Voice Network. <https://www.voicenetwork.eu/2020/04/covid-19-response-for-cocoa-farmers/>

<sup>19</sup> David Nabarro – COVID Narratives. [www.4sd.info/covid-19-narratives](http://www.4sd.info/covid-19-narratives)

<sup>20</sup> UNDP. <https://www.undp.org/content/undp/en/home/coronavirus/socio-economic-impact-of-covid-19.html>

<sup>21</sup> FAOSTAT. <http://www.fao.org/faostat/en/#home>