



RAPID ASSESSMENT

Possible Impact of COVID-19 on Livelihoods, Food
Security, Nutrition and Agricultural Supply Chain in
Pakistan

April 2020



Rapid Assessment – Possible Impact of the Novel Coronavirus Pandemic (COVID-19) on Livelihoods, Food Security, Nutrition and Agricultural Supply Chain in Pakistan¹

Highlights

- The COVID-19 pandemic is spreading fast in Pakistan like many other countries across the globe, with over 7,000 confirmed cases and 134 deaths reported as of April 16. It came at a time when the country is already going through high inflation and slow economic growth.
- **A quarter of the population (around 53 million people)** lives below the national poverty line and around **two-fifth (around 84 million people)** are multi-dimensionally poor
- Similarly, food insecurity is also very high and between **20-30% population (40 to 62 million people)** is in some form of food insecurity in Pakistan. Given the scale of this emergency, while the situation is still evolving, there is strong likelihood that number of food insecure people will rise especially in areas already affected by high recurrence of food insecurity and hit hard by the COVID.
- The prevalence of acute malnutrition among children under five in all provinces/regions excluding ICT and GB exceeds the emergency threshold (15%). The reduced immunity of malnourished children will make them vulnerable to dying from COVID.
- The most vulnerable are the poorest already facing acute hunger and malnutrition - the daily wage class in both agriculture and non-agriculture sectors, low income urban households, small scale farmers, market dependent rural households, internally displaced persons and refugees, elderly people, those already suffering from medical conditions, women and child headed poor households.
- Though in general, the market mechanisms in Pakistan are strong enough and well-integrated to a greater extent, but market prices of food items have risen overall and in regional markets during March, due to supply disruptions and local unavailability in some areas, and likely to affect vulnerable population in both urban and rural areas. Majority (79%) of households are dependent on the markets for food procurement. These households are likely the worst sufferers due to the prevailing lock-down situation in the country which would lead to severe food access issues.
- The COVID-19 and lock down would also affect the population in already vulnerable areas such as drought affected areas of Sindh and Balochistan, locust affected areas of four provinces, Newly Merged Areas of Khyber Pakhtunkhwa, and AJK and GB who have suffered natural disasters and conflict in recent time and mostly dependent on unsustainable livelihood sources.
- With few exceptions, as of now disruptions in supply chain are minimal as food supply has been adequate and markets have been stable so far.
- It is necessary to safeguard agriculture production, with focus on small holder farmers, and ensure that food value chains are not disrupted, and continue to function so as to promote the availability, access, utilization and stability of diversified, safe and nutritious food for all, while safeguarding vulnerable people in rural and urban areas.

Introduction

The COVID-19 pandemic has turned into a global crisis which is already affecting the livelihoods and food security of millions of people in Pakistan. If measures to keep the food chain alive and protect the food consumption are not taken urgently, the pandemic will have a considerable impact on everybody, especially on the poor and the most vulnerable.

The restrictions on movement of goods and people and lockdown are likely to cause adverse impacts on livelihood and food and nutrition security of people if not accompanied by well thought policy measures.

The restrictions and lock down, though necessary to control the spread of the coronavirus, may lead to the disruption of market chains and trade of agricultural goods and services (labour flows), with significant potential impacts on the populations that depend on them for their livelihoods and food and nutrition needs.

The spread of the virus is relatively moderate in Pakistan so far, but potential massive spread is likely to have profound and devastating effect, as the country is not well prepared to cope with this pandemic due to poor public health infrastructure.

Border closures, quarantines, and market, supply chain and trade disruptions could restrict people's access to sufficient/diverse and nutritious sources of food, especially in areas hit hard by the virus or already affected by high recurrences of food insecurity.

The current lock-down of cities and markets across the country is heavily impacting the livelihoods of poor people who are becoming increasingly vulnerable with every passing day. The daily wagers and workers associated with the informal sector are finding it hard to earn daily living due to the prevailing situation which might lead to negative irreversible coping strategies on their part such as selling of productive assets, less diverse diets etc.

It is necessary to ensure that food value chains are not disrupted and continue to function well and promote the availability, access, stability and utilization of diversified, safe and nutritious food for all, while safeguarding small holder farmers and vulnerable people in rural and urban areas.

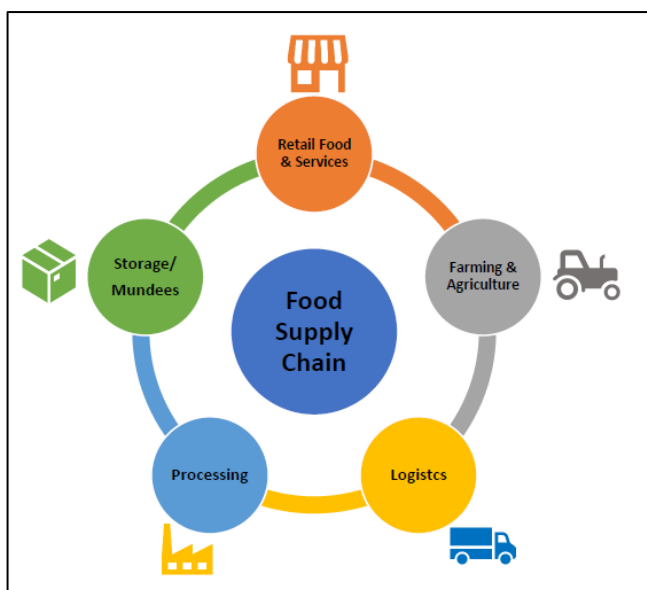
Therefore, it is important to timely look into the main aspects of the food value chain to identify vulnerabilities and based on other countries' experiences of COVID19 and other previous crises to anticipate and avoid any possible disruption with serious implications on food security and nutrition of all the sections of society, particularly livelihoods of small holder farmers and other vulnerable population.

¹ Draft joint assessment report of FAO and WFP

The food value chain is a complex web of interactions and actors such as producers, transportation, inputs, processing plants, shipping, etc.

As the COVID-19 spreads and infected cases mount and lockdowns increase there are seemingly countless ways the food system will be tested and strained in the coming weeks and months.

The precautionary measures by the federal and provincial governments in order to prevent the spread of COVID-19 are also affecting the food value chain in Pakistan, starting from the supply chain. As of today, there is no major supply shock in terms of



availability but there is starting to be a supply shock in terms of logistics of movement of food and of people associated with the production of food. Short, medium and long-term negative impacts are expected in the absence of specific measures on food supply, livelihoods and food security and nutrition.

Lockdowns and restrictions on movement could disrupt food production, processing, distribution and sales, both at national level, within provinces and globally, with the potential to have an "immediate and severe" impact on those restricted by mobility, and the risk that the poor and the vulnerable would be the hardest hit. Food supply chains can be disrupted, or start being under stress after 3 weeks of lockdown.

Global food markets are well supplied but there is growing concern and that measures should be taken to ensure that both national food markets and the world market continue to be a transparent, stable and reliable source of food supply.

Referring to the 2007-08 global food price crisis, FAO noted that the uncertainty at that time triggered a wave of export restrictions by some countries, while others started importing food aggressively. These national-oriented short term actions contributed to excessive price volatility, which was damaging for low-income food-deficit countries.

As economic activities slow down due to the COVID-19 pandemic, access to food will be negatively affected by income reductions and loss of employment. There is need to ensure that agricultural trade continues to play its important role in contributing to global food security and better nutrition. So, it will be important now, more than ever before, to reduce uncertainty and strengthen market transparency through timely and reliable information, to ensure trade movements, from farmers to markets and consumers. In order to avoid food shortages, it is imperative that countries keep the food supply chains going.

Livelihoods of Rural and Urban Population

The Coronavirus, lockdown and closure of a wide range of businesses in both urban and rural areas are adversely affecting the hundreds of thousands of workers and daily wagers and their families, particularly those without any financial resources to arrange even for essential daily food/non-food items required for their survival. The rising prices of basic food items is further adding to their stress and vulnerability. In the current context the groups engaged in the following livelihood activities are particularly vulnerable:

1. Around half (51%) of the households in Pakistan are agricultural households, of which 68% are engaged in farming and 32% are livestock holders². The recent outbreak of COVID-19, resulting restricted movements and lock down would affect the livelihoods of smallholder farmers³ who are around 90% of the total farmers in Pakistan, in particular those who complement farming (in these cases done by women) with off farm or on-farm employment based on daily wages. The pandemic is restricting the farmers' access to paid work (albeit in majority 'informal'), and with the reduced opportunities from the off-farm employment such as food supply/ business, transportation, services, buildings. Small-scale farmers' income generating opportunities have suffered due to less sale of their produce, high transportation cost, loss of income from other sources.
2. In Pakistan, out of a total 61.71 million employed population⁴, 23.8 million (38.5%) is engaged in the agriculture sector, 14.6 million (23.7%) in industry (manufacturing and construction) and 23.3 million (37.8%) in the services sector. The agriculture and services sectors have the largest shares of women in employment (67%) and men in employment (44%) respectively. According to PBS, about 55.6% of total employment (around 34.7 million) in Pakistan is vulnerable⁵ and the agriculture sector has the largest proportion (87.8%; 20.3 million) of vulnerable employment (12.4 million men and 7.9 million women). Among the other sectors, wholesale and retail trade has 69.6%; 6.49 million in vulnerable employment, real estate and business activities (63%; 0.20 million), transport and communication (49.4%; 1.95 million), hotels and restaurants (48.6%; 0.60 million), manufacturing (32.9%; 3.3 million) and other social, community and personal service (53.2%; 0.43 million).
3. Across the provinces, Punjab has the highest proportion of vulnerable employment (58%; 21.84 million) followed by Balochistan (57.7%; 1.44 million), KP (54%; 3.89 million) and Sindh (49.5%; 7.15 million). Majority of the employment in agriculture sector is informal. In addition, of total non-agriculture employment, 72% are working in the informal sector and 28% in formal sector. The vulnerable employees and those working in informal sectors will suffer the most due to movement restrictions and lock down in the country.
4. According to the Comprehensive Food Security and Livelihood Assessment (CFSLA) Report 2019, the majority (65%) of the households of NMDs are dependent on unsustainable livelihood strategies (daily wagers), while the remaining (35%) depend on somewhat sustainable sources.

The longer lockdown situation will also adversely affect smallholder farmers in terms of reduced purchasing power for daily food items, inputs for kharif plantation and feed for livestock. Most of the farmers store wheat for the household consumptions for the rest of the year. However, due to losses of income from reduced sale of livestock and livestock products and vegetables/fruits produce and other non-farm work, they may sell their wheat stocks.

As a coping strategy in these times of despair, the farmers would soon be turning to liquidate their assets; mainly poultry, livestock and other valuable assets, to meet the food supplies and other essentiality of life. The non-functionality of markets and slower economic activity have directly affected the income of the farmers and hence has disrupted the supply chain of food commodities.

² Agriculture Census, 2010, Pakistan Bureau of Statistics

³ Farmers who cultivate less than 12.5 acres of land. The proportion of small farmers is 95% in KP, 90% in Punjab, 83% in Sindh and 68% in Balochistan.

⁴ Age 15 and above; Pakistan Bureau of Statistics, 2017-18

⁵ Vulnerable employment is measured as the proportion of own-account workers and contributing family workers in total employment (PBS).

Similarly, small entrepreneurs, shopkeepers and small factories owners and laborers who are directly dependent on income sources from daily trade and economic activities in rural and urban areas will also experience a sharp decrease in their earnings. The population with unsustainable sources of livelihood, are potentially more vulnerable to food insecurity.

Food Security and Nutrition

COVID-19 is likely to have serious implications on availability and household access to food thereby reducing food intake and compromise on quality. Several factors determine access to food of an individual or a household. Poverty is the most important limiting factor of a household's access to food in Pakistan. If the pandemic spreads widely and prolongs, it will have devastating effect in the country affecting everybody, however, will have serious implications on those who are already below the poverty line.

In Pakistan, a quarter of the population (**around 53 million people**) lives below the national poverty line⁶. Additionally, **39%** of the population (around **84.03 million people**) is multi-dimensionally poor⁷. Districts with extreme poverty are mostly found in Balochistan, Sindh, Khyber Pakhtunkhwa (KP) and Southern Punjab.

Food insecurity is also quite high and ranges between **20-30%**, depending upon the indicator used to measure food insecurity and data source. The Prevalence of Undernourishment (PoU) and the Prevalence of Moderate or Severe Food Insecurity based on Food Insecurity Experience Scale (FIES) are two core indicators of SDG2-Zero Hunger for monitoring of food insecurity. According to Pakistan Overview of Food Security and Nutrition (POFI) Report⁸, **between 20-30% of population (between 40-62 million people)** in Pakistan is estimated to be undernourished⁹.

Around one-quarter of the households (**around 49 million people**) in Pakistan are estimated to be moderately or severely food insecure based on FIES, whereas 10.1% of the households (**around 21 million people**) are severely food insecure¹⁰.

There also exists regional disparity in prevalence of undernourishment as around 36.4 million people are estimated to be undernourished in rural areas compared to 26.0 million in urban areas. In case of prevalence of moderate or severe food insecurity based on FIES indicator, 26.3% and 18.9% households (34.8 and 14.3 million people) are estimated to be moderate or severe food insecure in rural and urban areas respectively, whereas 11.6% and 7.7% households (15.3 million and 5.8 million people) are severely food insecure in rural and urban areas respectively.

Table: Prevalence of Undernourishment in Pakistan

Pakistan, Province/Regions	Prevalence of Undernourishment (PoU) (%)	Estimated Number of Undernourished People (Million)	Estimated Number of Households with Undernourished People (Million)
Pakistan	29.9	62.12	9.63
Rural	27.5	36.35	5.50

⁶ Poverty in Pakistan: raising the bar, Ministry of Planning, Development and Reforms and Ministry of Finance, April 2016.

⁷ Multidimensional poverty in Pakistan, Government of Pakistan, UNDP Pakistan and OPHI, 2016.

⁸ POFI report is a joint report of UN organizations (FAO, WFP, UNICEF and WHO)

⁹ Pakistan Overview of Food Security and Nutrition Report 2019; using data of Household Integrated Economic Survey (HIES 2015-16).

¹⁰ Pakistan Overview of Food Security and Nutrition Report 2019 using data of National Nutrition Survey 2018

Table: Prevalence of Moderate and Severe Food Insecurity based on Food Insecurity Experience Scale (FIES) in Pakistan and Provinces/Regions

Pakistan, Province/Regions	Percentage of Households Moderately or Severely Food Insecure	Percentage of Households Severely Food Insecure	Estimated Number of Households Moderately or Severely Food Insecure (Million)	Estimated Number of Households Severely Food Insecure (Million)	Estimated Number of People Moderately or Severely Food Insecure (Million)	Estimated Number of People Severely Food Insecure (Million)
Pakistan	23.5	10.1	7.56	3.25	48.81	20.96
Rural	26.3	11.6	5.27	2.31	34.82	15.28
Urban	18.9	7.7	2.30	0.94	14.26	5.82
Punjab	19.0	7.6	3.26	1.30	20.95	8.35
Rural	20.5	8.0	2.19	0.86	14.24	5.60
Urban	16.7	6.9	1.07	0.44	6.74	2.77
Sindh	33.3	14.7	2.86	1.26	15.93	7.04
Rural	46.3	21.6	1.94	0.91	10.63	4.97
Urban	21.5	8.4	0.95	0.37	5.35	2.10
KP	15.5	5.8	0.59	0.22	4.72	1.78
Rural	15.2	5.8	0.47	0.18	3.77	1.44
Urban	16.6	5.9	0.12	0.04	0.95	0.34
Balochistan	38.4	21.4	0.68	0.38	4.74	2.64
Rural	42.1	23.7	0.55	0.31	3.76	2.12
Urban	29.1	15.5	0.14	0.07	0.99	0.53
ICT	19.7	7.5	0.07	0.03	0.40	0.15
Rural	20.1	6.8	0.03	0.01	0.20	0.07
Urban	19.3	8.1	0.03	0.01	0.20	0.08

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