

The Challenge of Compounding Crises on Hunger

HOW CONFLICT, CLIMATE CHANGE, COVID-19 AND RISING COSTS ARE DRIVING ACUTE FOOD INSECURITY

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Over the past two years, threats to food security have been evident at all levels – <u>soaring food prices</u> and lower purchasing power have increased household food insecurity, while <u>supply chain shocks</u> have impeded humanitarian operations and disrupted local and regional market conditions. Further, <u>already indebted governments have had to divert resources and funding</u> to combat the impacts of COVID-19 on livelihoods or other needs. The global context has grown more complex, given the increasing frequency and intensity of conflict and climate change-related weather shocks, economic crises and the knock-on effects of the COVID-19 pandemic. The war in Ukraine is further straining an already fragile global food system, as many smaller emerging market and developing economies depend heavily on key commodities from Russia and Ukraine, such as <u>energy</u>; fertilizers; and food commodities, like wheat and sunflower oil. The <u>global community has raised urgent concerns</u> about near and longer-term impacts of the war on food and agricultural production, economic conditions, and humanitarian operations. Disrupted export of fertilizer could drive fertilizer prices even higher and <u>lead to lower agricultural production</u>, while reduced cereal exports and rising food and energy prices could reduce food aid rations for <u>ongoing crises like Yemen</u>. <u>Conflict and instability could also increase</u> as prices skyrocket.



Costs are soaring while many crises are underfunded

These challenges continue to beleaguer some of the world's poorest countries, where people tend to be more dependent on food imports, and households must devote up to half of their total expenditures on food. Surging energy, transportation and food costs are lowering household purchasing power and worsening food security outcomes in many countries. The World Bank forecasts most commodity prices will remain higher this year and could continue to be elevated through 2024, which could have devastating consequences on the poorest households. Higher prices also constrain humanitarian operations; because of rising fuel costs and food prices, USAID's purchasing power for food commodities has dropped 11.4 percent in one year, which could lead to 10 million fewer people reached by U.S. government food assistance. Further, many humanitarian situations across various countries remain underfunded, whether from donor fatigue; cessation of support, such as in Sudan; the liquidity crisis in Afghanistan; or diversion of resources from ongoing, 'lower profile' crises to more recent ones, like Ukraine. To help illustrate this point, Figure 1 shows recent humanitarian funding levels¹ for this policy brief's countries of concern – Afghanistan, Madagascar, Nigeria, South Sudan, and Sudan – with up 63 percent of requirements unmet in Sudan or 35 percent in Nigeria in 2021. As such, increased commitment, coordination and contextually appropriate responses with a focus on building food systems' resilience are urgently needed to prevent the cycle of food crises.

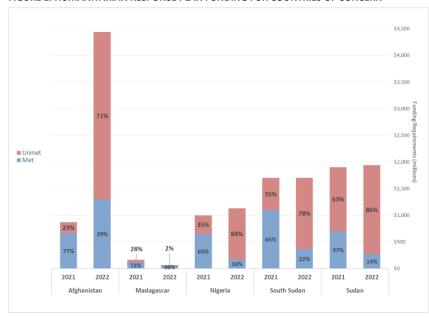


FIGURE 1. HUMANITARIAN RESPONSE PLAN FUNDING FOR COUNTRIES OF CONCERN

Sources: GHO Results 2021; UNOCHA FTS

Select Countries of Concern

Trends in acute food security levels are concerning. In 2021, 193 million people across 53 countries faced Crisis or worse (IPC 3+) food security outcomes, up 24 percent from 2020. The number of people projected to face Crisis or worse (IPC 3+) outcomes this year has nearly doubled from 5 years ago – from 94 million to 181 million; and WFP estimates nearly 49 million people are currently facing Emergency (IPC 4) or worse food security outcomes. Highlighted below are various countries of concern, or 'hot spots', given their high burdens of acute food insecurity, political instability, and complex emergencies to inform response planning and advocacy efforts. Additionally, not all food crises are covered in this brief for brevity; for example, CRS has recently raised the alarm on the "oncein-a-generation" hunger crisis in East Africa.

¹ Data reflects what percent of multilateral humanitarian response plan (HRP) requirements were met in 2021 and have been funded to-date in 2022. Further, 2022 funding data for Madagascar reflects funding to date for the Grand Sud Flash Appeal.



Dire circumstances are driving migration in Afghanistan

Afghanistan

Nearly half of the population (19.7 million people) in Afghanistan is currently suffering from high levels of acute food insecurity (IPC 3+) due to drought, conflict, economic decline and increased food prices. Of this population, nearly 6.6 million are facing Emergency (IPC 4) levels of acute food insecurity. The International Labor Organization estimates nearly half a million people lost their jobs in the third quarter of 2021, and the availability of income-generating opportunities are seasonally low. This is coupled with an increased reliance on market purchases given food stocks have been exhausted in rural households. Afghanistan continues to have challenges with banking operations and liquidity, on whose functioning <a href="https://doi.org/10.1016/journal.org/10.1016/

Prior to the Ukraine crisis, rapid assessments conducted January and February 2022 in provinces where CRS operates confirmed a dire humanitarian situation. In Ghor, for example, staple food prices tripled. Sales from one sheep that could previously cover the purchase of three or four bags of flour could now only cover one. Households were forced to use credit with interest to buy food and other basic items, but shopkeepers have become hesitant to continue allowing credit given decreasing household incomes, and lack of employment opportunities have led to migration to slums and camps at the edges of cities.² Anne Bousquet, Country Representative for CRS Afghanistan, says of the current situation:

The drought is so severe this year that underage boys and men are migrating to Iran for work so that they can send money back for food. One family admitted selling their 5-year-old daughter to provide food for the rest of the family. Even the livestock, which is a main livelihood for many families, are dying due to shortage of food and water. The situation is dire for so many families and they have expressed that without the support of NGOs and the Government they will have to leave their villages in search of more fertile land or die.

The crisis in Ukraine will likely put <u>additional pressure on Afghanistan's wheat supply</u>; FEWS NET forecasts below average precipitation between March to May 2022 will lead to <u>below average wheat production—the second year in a row</u>. As a result, Afghanistan will be <u>more reliant on cereal imports than usual</u>, and households will rely on markets for their cereal needs at the same time prices are rising. For example, wheat flour prices in March 2022 were <u>31 percent higher</u> than in the previous year. Further increases in food prices, in addition to <u>higher fuel and fertilizer prices</u>, could drive lower purchasing power and exacerbate food insecurity across the country.

Madagascar

Madagascar has had <u>multiple</u>, <u>consecutive years of drought</u> as a result of unpredictable and limited rainfall, high winds and pests, leading to <u>significant decreases in food production</u>. Madagascar continues to rely on humanitarian food assistance, while <u>wheat and sunflower oil imports</u>, fertilizer, petrol and diesel costs have risen. An unprecedented five cyclones in three months add to the shocks the country faces by damaging large portions of manioc and rice crops: anywhere between 18 to 96 percent of manioc crops and 20 to 91 percent of rice crops, depending on the commune.³ The back-to-back cyclones also led to the displacement of <u>172,000 people</u> in early 2022. Southern Madagascar has remained the area of highest concern, with 1.64 million people estimated to be currently facing Crisis or higher levels of acute food insecurity (IPC 3+).

² CRS Afghanistan Drought/Economic Instability Situation Report, April 22, 2022.

³ Virtual discussion with CRS country staff.



Climate change is a harsh reality in Madagascar.

Data collected through CRS' Monthly Interval Resilience Analysis (MIRA) approach has shown the deteriorating condition of people coping with the COVID-19 lockdown, fuel and price hikes and continued drought. Dietary diversity worsened among households throughout the recent lean season, while use of extreme coping strategies – such as going all day without eating - has lessened compared to 2020. However, food insecurity consistently remains an issue throughout MIRA's data collection periods, and households face diverse shocks at different times of year, whether pests and crop destruction or drought. Says one CRS program participant, Gaston, "if it would rain, we wouldn't need you, but it hasn't rained in two



A woman walking in Manakara, Madagascar after Cyclone Batsirai [Tofy Rabenandrasana for CRS]

years." Water prices are also increasing, likely because of water scarcity and increasing fuel prices.4

Of particular concern are the transoceanic commodity delays of in-kind assistance to Madagascar, currently delayed by two months (taking nine months in total). To avoid worsening food insecurity in households, CRS pivoted to using more market-based assistance, such as cash transfers and local procurement, and in two instances borrowed in-kind food assistance from its resilience food security activity, Maharo, for emergency use. Carla Fajardo, Country Representative for CRS Madagascar, states, "Madagascar is a last mile country, we are away from any main marine transport route. The country relies on one company to import goods and food to the island. This fact makes it difficult for food to arrive on time and in good condition." Continued commodity delays and any pipeline breaks in food assistance could exacerbate already high levels of acute food insecurity.

Nigeria

Nearly 14.5 million people across Nigeria are currently Crisis or higher levels of acute food insecurity (IPC 3+) because of conflict and disruptions to the agricultural season, decreased access to food and income, and increased food prices and lower household purchasing power. In particular, the Northeast states of Borno, Adamawa and Yobe, having faced 12 years of ongoing conflict, are home to 3.1 million people experiencing Crisis or higher levels of acute food insecurity (IPC 3+). Households in inaccessible areas of Northeast Nigeria are experiencing wide food consumption gaps and higher levels of malnutrition given limited production or unavailable food stocks, indicating Emergency (IPC 4) levels of food security.

Acute food insecurity is expected to rise to 19.5 million people acutely food insecure (IPC 3+) through August 2022. Petrol, diesel and aviation fuel prices have increased significantly, driving higher transportation costs, while staple crop prices currently remain atypically high (e.g., rice, maize, millet, and sorghum). Further, humanitarian assistance has recently declined in Northeast Nigeria because of limited funding, with 30 percent fewer people reached in January 2022 compared to December 2021. Funding levels are expected to continue to decline. Increasing food and transportation prices and reduced food availability could lower household purchasing power, while reductions in humanitarian funding could result in fewer people in need being reached by humanitarian assistance, worsening food security outcomes.

⁴ CRS, April 2022 Madagascar MIRA data.

⁵ Virtual discussion with CRS project staff.



South Sudan

Over <u>half the population of South Sudan</u> (6.8 million people) is facing Crisis or higher (IPC 3+) levels of acute food insecurity, with nearly 20 percent facing Emergency (IPC 4) or higher outcomes. This number expected to rise to nearly <u>two-thirds of the population</u> (7.7 million people) with the upcoming



Project participants receive food following completion of work on a road in Jonglei State, South Sudan [Will Baxter for CRS]

lean season through July. Severe flooding and drought have led to a cereal deficit, with some parts of the country experiencing their third or fourth consecutive year of flooding, which is harming farmland, destroying livelihoods, contaminating water sources and causing displacement. Above-average rainfall is predicted to continue. Downstream impacts of the COVID-19 pandemic, currency depreciation and rising food prices are lowering households' purchasing power and ultimately their access to food, while conflict continues to drive displacement and disrupt livelihoods and access to food sources. Again, reduced humanitarian funding has led to reduced coverage of people in need. WFP had to reduce rations and duration of support in 2021. And cuts to rations continue: currently, WFP can only aid people in areas with Emergency or higher levels of food insecurity (IPC 4+), and their rations have been reduced by

50 percent. Further, counties most impacted by conflict depend the most on food assistance, and their situations will continue to decline as humanitarian funding for food assistance declines.

Sudan

Humanitarian needs have accelerated in Sudan, with rising civil conflict adding to ongoing macroeconomic issues after the government's overthrow in October 2021 and the cessation of international economic support to the country. WFP estimates more than 18 million people in Sudan may face acute hunger by September 2022. Harvests have been below average given the increased cost of production (i.e., higher fertilizer and energy costs) and crop damage. For example, Sudan only grows about 15 percent of wheat consumed, and this proportion is likely to decrease given increased production costs. This followed the government's abandonment of wheat subsidies prior to the Ukraine invasion, which caused higher wheat prices. As such, Sudan will likely face a cereal supply gap, which it would normally cover with cereal imported from Russia and humanitarian assistance. However, with ongoing depreciation issues and increasing prices, Sudan will likely not be able to cover this gap. Further, prices of substitute cereals like sorghum and millet are very high, limiting households' purchasing power. Rising fuel and food prices could further escalate civilian-state tensions; for example, higher bread prices sparked protests that led to the downfall of the military government in Sudan in 2019.

Recommendations

In response to the worsening food security situation around the world and based on our experiences responding to acute food insecurity needs, CRS provides the following recommendations to relevant stakeholders

In the near term, to provide a robust and rapid response to combat rising food insecurity around the world:

- 1. The administration should allow for response modalities that are most effective for the local context and market conditions, whether in-kind assistance, cash and voucher assistance, local and regional procurement, or mixed modalities. Additionally, the administration should:
 - provide clear guidance for Missions and field offices to avoid delays and support changes in project activities;



- include buffers for programming costs given the potential volatility in food and energy prices; and
- enhance and/or scale up market monitoring infrastructure and knowledge sharing opportunities to increase access to quality market monitoring data on food and commodity prices to allow rapid adaptations in programming responses (e.g., increasing cash or voucher assistance amounts).
- 2. The President or Secretary of Defense should grant the waiver for current U.S. cargo preference requirements through February 2025 to alleviate increasing ocean freight costs that have financially constrained international food aid programs over the years but have risen even further because of the war in Ukraine. While CRS applauds the recent drawdown of the Bill Emerson Humanitarian Trust, the cost of shipping now supersedes the price of the food commodities. As such, rising transportation costs could reduce the purchasing power of implementing partners who procure and transport in-kind food assistance, and fewer hungry people will be reached. A 2021 American Enterprise Institute analysis estimated that cargo preference requirements added \$47.5 million to shipping costs annually, reducing the ability of Title II to reach two million additional people every year.
- 3. The administration should increase funding to local actors to carry out responses to acute food crises and meet the needs of local communities. Local actors have been shown to provide for people's needs more holistically, rather than siloed by sector or along the humanitarian/ development divide. As part of its commitment for 25 percent of USAID funding to go to local partners in the next four years, the administration should build on existing funding mechanisms that frontline and local actors already access to move quickly, including topping up existing multi-year grants, adding to existing rapid response mechanisms, and utilizing country/regional pooled funding and other umbrella mechanisms to address acute food insecurity needs.

Longer term, to address root causes of hunger and strengthen the inclusiveness, resilience and sustainability of the global food system:

- 4. The administration should further invest in <u>strengthening local production</u> of diverse, nutrient-dense food sources using climate-smart approaches and supporting agri-food systems to diversify food supply, decrease reliance on food imports and minimize interruptions to food chains. This could include supporting smallholder farmers to diversify their crops; providing support for food storage, processing, marketing, and/or transport; supporting producers' groups, etc.
- 5. The administration should streamline and accelerate approval processes to use seeds for food security activities funded by BHA to help scale up agricultural activities in response to food crises.
- 6. The administration and other multilateral organizations should fund and scale up social protection mechanisms to protect the most vulnerable households against the effects of shocks and stressors on food security, such as cash transfers, vouchers, and school feeding programs. These should be complemented by graduation programs to help participants diversify their assets, minimize negative coping strategies and support local economies.
- 7. The administration should continue to target the most vulnerable to food insecurity, such as those forcibly displaced, women and children, people with disabilities and the elderly; and address fragility and conflict by integrating social cohesion and peacebuilding into food security programming, as feasible.



8. The administration should work with global systems and multilateral structure to advocate for debt cancellation for poorer countries that are struggling with food import bills and COVID-19 related spending to prevent them from falling into further economic crises. Similarly, efforts to reduce food-related restrictions during food crises can allow markets to flow and thus get food to those who need it most. We also encourage the administration to influence the World Trade Organization to strengthen global trade rules to stop export restrictions and take the necessary steps to update the WTO rulebook on agriculture. Exceptions should be made for countries that face their own food security crises.