

MITIGATING THE IMPACT OF COVID-19

Poverty and food insecurity in the Arab region



Shared Prosperity Dignified Life



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Introduction

The Arab region will witness an additional 8.3 million people falling into poverty. The economic slowdown caused by COVID-19 is expected to negatively impact jobs, incomes, business and the flow of remittances in the Arab region, resulting in a shrinking middle-income class. Consequently, an estimated 8.3 million people will fall into poverty, meaning that a total of 101.4 million people in the region will be classified as poor. The consequences of this crisis could be particularly severe on vulnerable groups, especially women and young adults, and those working in the informal sector who have no access to social protection and unemployment insurance. The challenge is further compounded by a lack of social protection floors and non-inclusive social protection schemes in some Arab countries.

The economic downturn is expected to intensify existing food insecurity in the region, specifically for the poor. Currently, around 50 million people are undernourished in the Arab region. Increased poverty could lead to an additional 1.9 million people becoming undernourished. With the closure of schools in several countries, school feeding programmes that substantially contribute to children's food security have been interrupted.



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The Arab region spends around \$110 billion on food imports, which is about 4 per cent of its GDP. More than 50 per cent of daily calories consumed in the Arab region are from imported food. Wheat is the main consumed cereal in the region, with about 127 kg per capita annually, but 65 per cent of wheat consumption is imported. Rice is another major consumption item among cereals, but the region is a net importer of rice. Wheat and rice together represent around \$11 billion of the region's trade deficit.

The Arab region may witness food shortage and price hikes if a prolonged Corona pandemic disrupts global food supplies.

A protracted worldwide pandemic could disrupt global supply chains, production, transportation and distribution of food products, resulting in lower food exports due to aggressive food stockpiling by food-producing countries. This would impact food security in many Arab countries because of their high dependence on food imports, especially staple and protein-rich foods.

The region is losing around \$60 billion annually owing to food loss and waste. At a per capita of 210 kg per year, total food loss and waste is estimated at around one third of the region's food. In some countries, per capita food loss and waste reaches up to 427 kg per year. By reducing food loss and waste by at least 50 per cent, household income will increase by at least \$20 billion. In addition, the region would significantly improve food availability, reduce its food imports, and improve its trade balance.

The Corona pandemic threatens 55 million people in need of humanitarian aid in the Arab region. Around 26 million of those are forcibly displaced (refugees and internally displaced persons), of which nearly 16 million are moderately to severely food insecure.

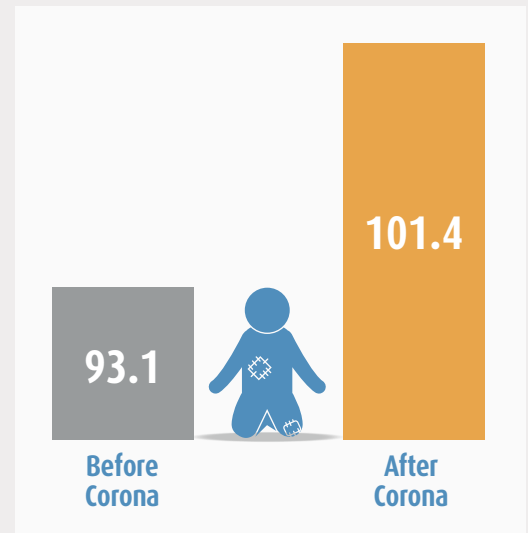
National Policy Measures

Arab Governments must ensure a swift emergency response to protect their people from falling into poverty and food insecurity owing to the impact of COVID-19.

Social protection and support to vulnerable SMEs

- a. Enhancing social protection by extending the coverage of existing schemes, including cash transfers, food aid, unemployment benefits and paid sick leave protection, for an interim period of three to six months to support the poor and vulnerable;
- b. Expand and increase access to food in the framework of existing food voucher schemes and food ration cards to vulnerable populations;

Projected increase in poverty: 8.3 million more



Note: Estimates of poverty are according to nationally defined poverty lines by the Arab countries.



- c. Deferring individual loans and mortgages, temporarily suspending government fees, and providing tax relief to those in need to safeguard the middle-income class from falling into poverty;
- d. Extending credit support and providing interest free loans to small and medium enterprises (SMEs) and the self-employed to promote small businesses and protect them from falling into poverty.

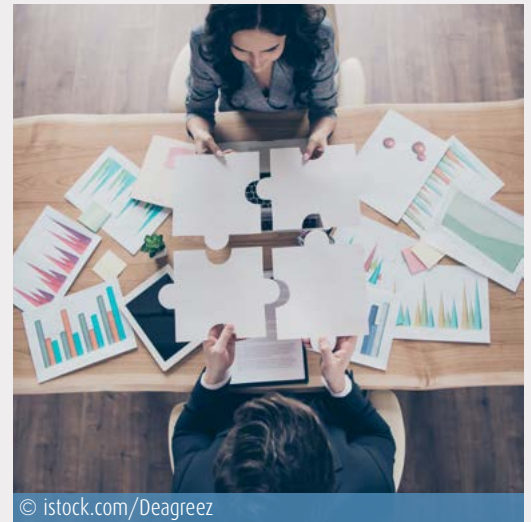
Food security

- a. Ensuring uninterrupted access to affordable food staples and basic necessities by importing and stocking additional strategic staple crops and food supplies in the short term;
- b. Undertaking measures towards efficient and effective food distribution to facilitate access to the most vulnerable;
- c. Establishing mechanisms to regularly monitor food prices, and preventing hoarding and price gouging to support poor and vulnerable consumers;
- d. Ensuring continued and expanded agricultural production, especially for wheat and cereals, to address potential national food shortages by extending access to credit and soft loans, facilitating access to production inputs, leasing public land areas to cultivate, and removing barriers to trade;
- e. Allowing exemptions in labour regulations to extend working hours in farms and food processing firms to increase food production;
- f. Promoting contact-free deliveries through existing e-applications, and promoting the combined delivery of ready meals and groceries to keep people at home;
- g. Promoting behavioural change, rationalizing, improving storage facilities, and encouraging people to reduce food loss and waste dramatically.



Private sector solidarity

- a. Establishing a dedicated **emergency fund** sponsored by the private sector to support government actions in enhancing social protection and ensuring food security;
- b. Encouraging large corporations to limit layoffs and integrate SMEs in their value chains to safeguard the jobs and income of workers, entrepreneurs and middle-income class;
- c. Recommending that private banks provide relief from interest payments during the crisis, and temporarily suspend collection of principals from SMEs and the self-employed so that small businesses and professionals can withstand the economic shock.



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Regional Policy Measures

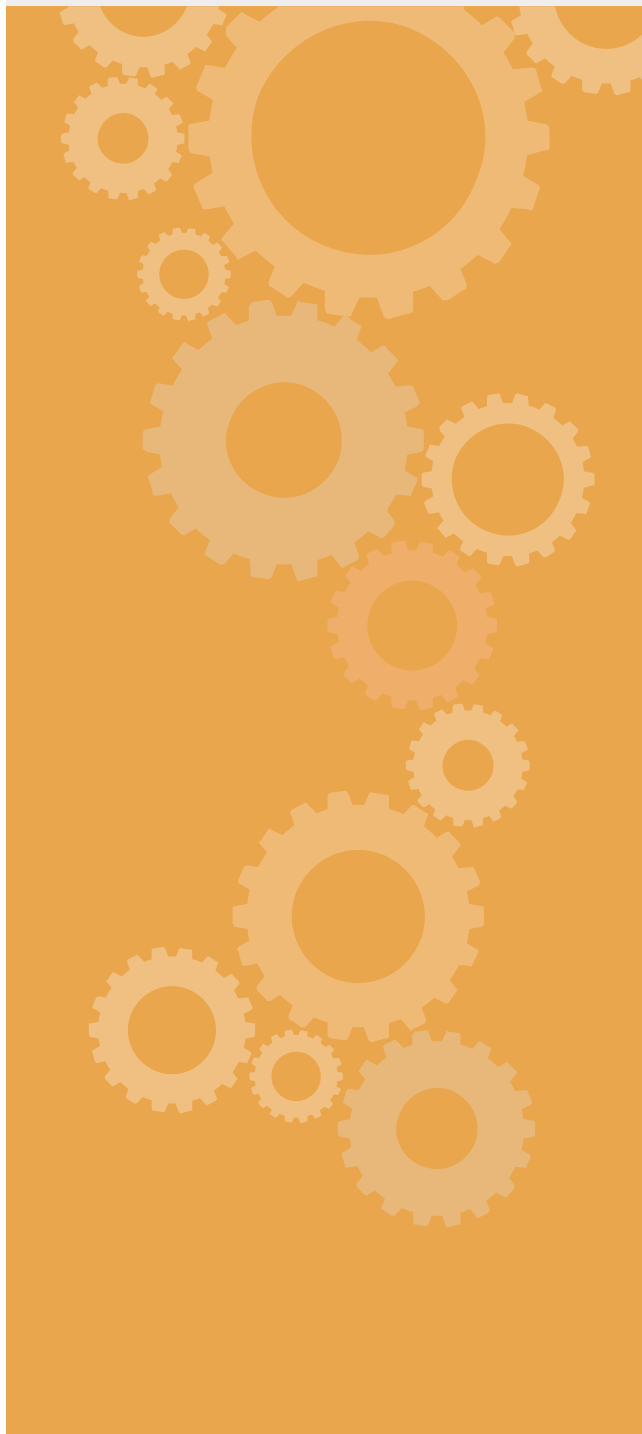
The regional emergency response must support national efforts and mobilize resources and expertise to protect the poor and vulnerable against the impact of the Corona pandemic.

- a. Arab Governments are called upon to establish a regional **social solidarity fund** that supports vulnerable countries, including the Arab least developed countries. The fund should target the poor and vulnerable, ensure a rapid response, and provide relief during food shortages or health emergencies. For example, Arab Governments could declare the religious tithes (zakat) this year, both for Eid and for personal savings (zakat al-mal) payable to this fund;
- b. Coordinated actions by Arab Governments are needed to remove all barriers on imports and exports, mainly on food, medical



products and inputs for industries producing essential goods. Arab Governments should consider removing all remaining barriers to the Pan Arab Free Trade Agreement (PAFTA) to boost intraregional trade;

- c. Arab Governments are called upon to coordinate their actions on keeping cross-border logistics flows open for essential goods like medical supplies and food. Allow maximum flexibility on the interpretation of driving rules and driving restrictions, communicate regularly changes on enforcement procedures for vehicles, especially in quarantine areas, and encourage using the United Nations TIR Convention (Customs Convention on the International Transport of Goods under Cover of TIR Carnets), to ensure swift movement of goods, prioritizing food and medical supplies;
- d. Humanitarian actors and donors in the region are called upon to review food aid modalities to address newly developed market and logistical dynamics, and identify safe corridors to provide food aid for countries in conflict. Sanctions on several countries and the blockade of the Gaza Strip should be lifted, with no restrictions imposed on the material necessary to fight the pandemic and protect livelihoods;
- e. Call for a 'Code of Conduct' on public stockpiling and revisit the related ministerial declaration of the World Trade Organization (WTO). The WTO 'peace clause' on public stockpiling needs to be implemented in a manner that ensures that such practices do not distort trade, affect food prices, or undermine other countries' food security exposures. WTO must monitor and disseminate timely information of the different public stockholding programmes maintained, and take action accordingly;
- f. Call for a swift decision to allow Arab net food importing countries to be exempt from export restrictions on foodstuffs imposed by food producers and suppliers;
- g. Governments across the region should coordinate their actions to operationalize the Arab food security fund - a resolution by the League of Arab States, with support from different Arab development funds. The fund is designed exclusively to provide relief during food shortages or emergencies, similar to the Corona pandemic, and ensure a regional rapid response.



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