



Responding to the Emerging Food Security Crisis

November 26, 2020

ACRONYMS AND ABBREVIATIONS

Fiscal Year (FY) = July 1 to June 30
Calendar Year (CY) = January 1 to December 31

AEA	Anticipatory and Early Action	IDA	International Development Association
AF	Additional Financing	IEG	Independent Evaluation Group
AfDB	African Development Bank	IFAD	International Fund for Agricultural Development
ASFLD	Africa Food Security Leadership Dialogue	IFC	International Finance Corporation
AUC	Africa Union Commission	ILO	International Labour Organization
CAR	Central African Republic	IPF	Investment Project Financing
CERC	Contingency Emergency Response Component	IPC	Integrated Phase Classification
CGIAR	Consultative Group on International Agricultural Research	MIGA	Multilateral Investment Guarantee Agency
CPI	Consumer Price Index	MSME	Micro, Small, and Medium Enterprises
CRW	Crisis Response Window	MTR	Mid-Term Review
CSO	Civil Society Organization	NGO	Non-governmental Organizations
DPF	Development Policy Financing	OCHA	Office for the Co-ordination of Humanitarian Affairs
DRC	Democratic Republic of Congo	OIE	World Organization for Animal Health
ERF	Early Response Financing	PSW	Private Sector Window
EU	European Union	REDISSE	Regional Disease Surveillance Systems Enhancement
FAM	Famine Action Mechanism	SARS	Severe Acute Respiratory Syndrome
FAO	Food and Agriculture Organization	SME	Small and Medium Enterprises
FOLUR	Food Systems, Land Use, and Restoration	SPS	Sanitary and Phyto-Sanitary
FEWSNET	Famine Early Warning System Network	SUN	Scaling Up Nutrition
FCS	Fragile and Conflict-affected Situation	USAID	United States Agency for International Development
FTCP	Fast-Track COVID-19 Facility	UK	United Kingdom
GAFFSP	Global Agriculture and Food Security Program	UN	United Nations
GEF	Global Environmental Facility	VAT	Value Added Tax
GFRP	Global Food Crisis Response Program	WBG	World Bank Group
IBRD	International Bank for Reconstruction and Development	WFP	World Food Programme
		WHO	World Health Organization

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EXECUTIVE SUMMARY

- i. **COVID-19 is projected to dramatically increase the number of people in food crisis in 2020, compounding multiple existing crises, with protracted impacts lasting into 2022.** The World Food Programme (WFP) estimates that due to COVID-19 an additional 96 million people will be acutely food insecure in International Development Association (IDA) countries by end CY2020. This exceeds the worldwide number of COVID-19 cases. Added to the 137 million people (including refugees) that were already acutely food insecure in IDA countries pre-COVID-19, this brings the total to 233 million by end CY2020. Projections suggest this will further increase to about 330 million one year from now, and further increase in 2022. These impacts come on top of a rising trend in hunger in many countries driven by climate change, conflict, and other economic shocks. IDA countries classified as Fragile and Conflict-affected Situations (FCS) are particularly at risk, with the majority being in Sub-Saharan Africa. The compounding effect of COVID-19 is also likely to roll back much of the progress over the last few decades on women and children's nutrition. In addition, increased numbers of stunted children will compromise their future human capital and economic productivity.
- ii. **IDA has provided US\$5.3 billion in new commitments through the six months to the end of Q1FY21 for food security.** This has been through a combination of short-term COVID-19 responses and investments to address the longer-term drivers of food insecurity.
- iii. **IDA's COVID-19 response has focused on meeting the immediate food security needs through a combination of redirecting ongoing programs and making new project commitments.** Based on IDA country requests and IDA availability, COVID-19 food security responses in the six months to the end of Q1FY21 included: US\$2.5 billion in new project commitments across social protection and agriculture and food-related programs; and US\$800 million from pre-existing projects that have been adjusted, restructured, or repurposed across social protection and agricultural and food support programs. The total COVID-19 response between Q4FY20-Q1FY21 is thus US\$3.3 billion in IDA financing. This is double the total financing amount of the World Bank Global Food Crisis Response Program (GFRP) in 2008-2011, in line with a key lesson from the Independent Evaluation Group's (IEG) evaluation of GFRP that significant amounts of financing are needed to limit crisis impacts. A further potential US\$225 million from the IDA Crisis Response Window Early Response Financing (CRW ERF) could be allocated in the near future to support immediate food security responses in countries which may include Democratic Republic of Congo (DRC), Somalia, South Sudan, and Yemen, and pre-allocated funding for Contingent Emergency Response Components (CERCs) in Ethiopia and Afghanistan.
- iv. **IDA's COVID-19 responses to meet immediate food security needs include:** scaling up safety net programs; keeping food moving; distributing and improving access to food; protecting jobs and livelihoods; supporting next season production; supporting agribusinesses and small-scale entrepreneurs; and mitigating the impacts and spread of locusts to reduce compounding effects on households.

v. **While addressing the immediate food security needs, about half of IDA’s new commitments for food security continue to focus on longer-term investments in resilience, in line with IDA’s stepped-up focus on the underlying drivers of food insecurity since 2008.** Without attention to this longer-term agenda, food crises will repeat. During Q4FY20-Q1FY21, about half of IDA’s new commitments for food security, amounting to US\$2.8 billion, continued to focus on longer-term investments that address the underlying drivers of food insecurity. Following the 2008 food price crisis, IDA tripled agriculture-related and social protection support on an annual basis to increasingly target the longer-term underlying drivers of food insecurity, including climate resilience and reducing the risk of conflict and zoonotic diseases—factors that have contributed to the rise in hunger over the past five years. This increased financing since 2008 has delivered value for money with good execution and improved quality of programs as assessed by IEG. But as financing for food security has increased, so has the magnitude of the challenge, buffeted by strongly rising climate headwinds.

vi. **In response to the growing challenge of food insecurity, IDA is working closely with other partners to leverage each other’s comparative advantages.** IDA is working with many partners to deliver a coordinated response, including United Nations (UN) agencies and other humanitarian and development organizations, research institutions, philanthropic foundations, and regional entities. IDA and WFP are the largest sources of complementary financing for the most food insecure countries, with WFP providing emergency assistance and IDA focusing on a blend of short- and longer-term solutions. IDA is delivering its response through: (i) a coordinated, multisectoral response; (ii) program designs grounded in robust analytics, complemented by policy advice that creates the enabling environment for coherent and efficient operational responses; (iii) use of multiple instruments and the CRW; (iv) collaboration with the International Finance Corporation (IFC) to leverage private sector support; (v) maintaining a focus or line-of-sight on sustainable longer-term development solutions while being sensitive to short-term needs; and (vi) reliance on IDA’s country-driven model to ensure government ownership, real time dialogue with country counterparts, and the provision of tailored solutions.

vii. **Going forward, a complementary blend of short-term support measures and longer-term responses is already planned and under preparation at both regional and country level.** About US\$3.7 billion of IDA programs is currently under preparation for social protection and agriculture-related COVID-19 responses for the remainder of FY21, together with additional support envisaged from the CRW ERF. Short-term measures in these programs include: (i) providing fiscal support to lower food import tariffs and taxes; (ii) keeping food moving; (iii) scaling up cash and food transfers; and (iv) investing in next season production. Longer-term measures in these programs include: (i) regenerating and increasing food system incomes; (ii) building early warning systems; (iii) promoting climate-resilient productivity growth; (iv) building capacity for prevention of crop and livestock pests and diseases; (v) improving agricultural markets; and (vi) enhancing natural resource management. In IDA FCS, food security program design will increasingly contribute to addressing the interlocking characteristics constraining development in these situations, including by working to reduce fragility and conflict risks; improving social cohesion; developing the private sector and jobs; and providing livelihoods for displaced people and refugees. These cohere to IDA19 special themes on fragility, conflict, and violence; climate change; governance and institutions; and jobs and economic transformation.

viii. **Immediate needs are significant and growing, well beyond the originally planned financing capacity of IDA19.** Meeting only the short-term replacement cost of a fraction (25 percent) of daily caloric needs of the projected additional acutely food insecure people due to COVID-19 is estimated at US\$6.5 billion in CY2020. For CY2020–22, this could be as high as US\$34.3 billion.ⁱ These costs are additional to the needs of those who were already acutely food insecure pre-COVID-19 and the costs of addressing the longer-term drivers of food insecurity. The CRW ERF has seen higher-than-expected demand for food security responses in its first few months of implementation, with potential demand rising to about US\$800 million over the IDA19 cycle. The proposal to double the ERF aggregate ceiling from US\$500 million to US\$1 billion will be discussed in the context of the overall financing package.

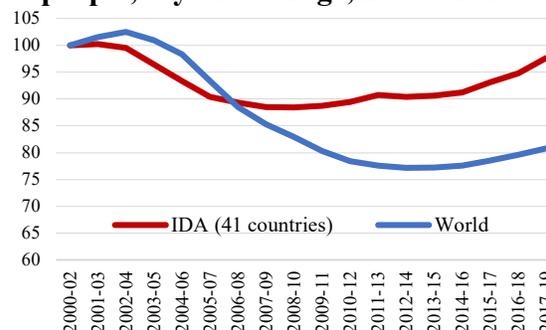
ix. **The longer-term food security agenda has also been deepened and amplified by COVID-19 impacts beyond what was apparent during the IDA19 replenishment and will need urgent attention, but the unexpected need to respond to COVID-19 has reduced the scale of currently planned longer term support to only 60 percent of the FY15-19 average of IDA financing for food security.** Consistent with IDA19 special themes, such a longer-term agenda would include repurposing agricultural policies and support to create the conditions for the transformation of the food system to become more productive, resilient, and sustainable; supporting One Health approaches to reduce the risks of future zoonotic sourced pandemics. It also includes logistics and digital technologies to improve the efficiency, resilience, and inclusion of markets and agricultural value chains, with a particular focus on preserving and enabling micro, small, and medium-sized enterprises. An important long-term food security priority is enhancing nutrition to improve resilience to pandemics and build human capital, especially for women, children, disabled persons, refugees, and other vulnerable populations. Food insecurity can exacerbate longer-term challenges confronting IDA countries. For instance, for each person that faces severe malnutrition, the risk of stunting is increased significantly. Stunting early in a child's life can cause irreversible damage to cognitive development and has educational, income and productivity consequences that reach far into adulthood. The economic costs of undernutrition, in terms of lost national productivity and economic growth, are significant, ranging from 2-3 percent of GDP in some countries and up to 11 percent of GDP in Africa and Asia each year.

ⁱ This estimate is based on conservative assumptions of transferring 25 percent of the average cost of a calorie-sufficient diet for the 54 countries included in the analysis (estimated by FAO as US\$0.75 per capita per day, see FAO State of Food Security and Nutrition in the World 2020).

I. CURRENT SITUATION

1. **Global hunger has been increasing since 2014, more rapidly in IDA countries than elsewhere.** The long-term downward trend in global hunger was reversed in 2014, with the number of hungry people increasing from 629 million in 2014 to 688 million in 2019—an increase of 59 million people. The increase has been appreciably higher across IDA countries compared to the global increase (Figure 1). One in 6 people in IDA countries were undernourished in 2019, compared to 1 in 10 worldwide.¹

Figure 1: Trends in the number of hungry people, 3-year average, 2000-02=100



2. **COVID-19 is expected to dramatically increase the number of people in food crisis in 2020.** WFP estimates that 137 million people (including refugees) were acutely food insecure (i.e., facing food crisis conditions or worse—Integrated Phase Classification or IPC Phase 3 or higher) in 2019.² COVID-19 is projected to add an additional 96 million people, bringing the total number of acutely food insecure people to 233 million by the end of 2020 across the 54 IDA countries included in the WFP analysis.³

3. **Further, COVID-19 is expected to have a protracted impact, with the number of acutely food insecure people continuing to rise in 2021 and 2022.** The World Bank’s preliminary analysis of 12 IDA countries in Sub-Saharan Africa (using FEWSNET)⁴ indicates that COVID-19 will have protracted food insecurity impacts into 2021 and 2022. Applying this increase to the 54 IDA countries gives similar estimates to WFP for CY2020. Extrapolating the projections for 2021 and 2022 to the 54 IDA countries indicates that the additional 96 million people in acute food insecurity by end of CY2020 could double to 192 million people in CY2021 and continue to rise to 212 million in CY2022.

4. **Disruptions to health systems and decreased access to nutrient-rich foods have increased the risk of mortality and human capital losses, rolling back much of the progress**

¹ The measure for hunger compiled by FAO, defined as undernourishment, refers to the proportion of the population whose dietary energy consumption is less than a pre-determined threshold. This threshold is country specific and is measured in terms of the number of kilocalories required to conduct sedentary or light activities. The undernourished are also referred to as suffering from food deprivation.

² The Integrated Phase Classification (IPC) system for food security conditions defines phase 3 as a food security ‘crisis’, phase 4 as a food ‘emergency’, and phase 5 as ‘famine’ or humanitarian ‘catastrophe’.

³ FAO estimates an increase in global hunger of 132 million people between 2019 and 2020, and the World Bank estimates an increase in global poverty of 88 million to 115 million people between 2019 and 2020.

⁴ B. Andres, A. Chamorro, A. Kraay, P. Spencer, D. Wang. “Predicting Food Crises.” *World Bank Policy Research Working Paper* no. 9412. (Washington DC: World Bank, 2020). And D. Wang, B. Andree, A. Elizondo, and P. Spencer. “Stochastic Modeling of Food Insecurity.” *World Bank Policy Research Working Paper* no 9413. (Washington DC: World Bank, 2020).

made over the last few decades on women and children’s nutrition in 65 IDA countries. Assuming a moderate impact, the rates of child wasting are expected to increase by about 11 percent (7 percent in 2020, 4 percent in 2021), translating to 2.6 million additional wasted children. In a worst-case scenario, these increases may be up to 3.6 million children, all of whom will be more susceptible to death in the shorter term. In addition, longer-term impacts are anticipated with an increase in the number of stunted children, compromising their future human capital and economic productivity. At the other end of the scale, a regression to unhealthier but cheaper and more storable foods is likely to exacerbate the crisis of obesity, in turn increasing the risk of COVID-related mortality by about 50 percent.

5. **IDA FCS are particularly at risk.** Food insecurity “hotspots”, geographical areas at greatest risk of food insecurity crises, over the coming 12 months are concentrated in 12 IDA countries: Afghanistan, Burkina Faso, Democratic Republic of Congo, Ethiopia, Haiti, Niger, Nigeria, Somalia, South Sudan, Sudan, Yemen, and Zimbabwe.⁵ All but one of these countries are in the World Bank’s FY21 list of FCS. These conditions can force people to abandon their livelihoods, sell animals and livestock, eat their seeds, abandon fisheries, and/or migrate. Furthermore, humanitarian aid—vital resources for many IDA FCS—could be impacted by border closures as reported by WFP in South Sudan—and lead to further displacement and heightened social tensions as populations leave their homes in search of assistance.

6. **COVID-19 impacts are adding to the multiple drivers underlying the pre-COVID-19 rising trend in food insecurity.** These drivers include climate, conflict, and other shocks to economic opportunities. The locust outbreak is further compounding impacts and other zoonotic diseases remain a threat.

A. Climate

7. **The frequency of severe droughts and floods has increased, as have their impacts.** Over the 25-year period from 1982 to 2006, per capita food production in Sub-Saharan Africa declined by more than 2.5 percent in only 2 years (1983 and 1992 due to El Niño induced droughts). From 2007 to 2016, however, there were 4 years in which per capita food production declined more than 2.5 percent (2007, 2009, 2011, 2016), with drought and floods playing a significant role. In other words, the frequency of climate shocks increased from once every 12.5 years (1982-2006) to once every 2.5 years (2007-2016). In recent years, climate shocks to food production have continued (droughts in Southern Africa; floods in East Africa; hurricanes in Central America and the Caribbean; heavy rains and localized flooding in South Asia; periodic drier-than-normal conditions across large swaths of Africa, East Asia, and the Pacific). Over the coming year, La Niña weather events pose a major threat, with effects already being felt across several regions. Maintaining long-term per capita food production growth is becoming increasingly harder with more frequent weather-induced setbacks.

⁵ There was strong consensus among the Famine Action Mechanism (FAM) partners that these 12 countries were at greatest risk of experiencing food security crises over the next 12 months.

B. Conflict

8. **Violent conflict has surged since 2010, with food insecurity both a consequence and a cause of conflict.** Physical insecurity reduces investment incentives and violence disrupts transportation to markets and destroys infrastructure and other capital stocks essential for income growth.⁶ As violence intensifies, it shifts agricultural production from market-orientation to meeting subsistence needs, and ultimately to forced displacement of people. Food insecurity can be a cause of conflict. Extreme volatility in food prices and acute food shortages have triggered incidents of conflict.⁷ Sharp increases in food price levels raise the risk of socioeconomic unrest.⁸ Climate anomalies in rural areas increase the risk of violence and conflict, ranging from interpersonal to national intergroup levels.^{9, 10} Exclusion and large horizontal inequalities (between groups of individuals sharing a common identity) raise the risk of civil and communal conflict.¹¹ Increased competition for land and water, particularly among and between pastoralists and crop producers, is a significant source of conflict risk.¹² Economic opportunities also matter—youth unemployment is consistently cited in citizen perception surveys as a motive for joining both rebel movements and urban gangs.¹³

C. COVID-19

9. **COVID-19 is having an unprecedented effect on food insecurity, with protracted impacts expected to extend to 2022, incurring significant costs to meet the needs of additional acutely food insecure people.** The food crisis induced by COVID-19 is unlike any previous food crisis, including the food price crisis of 2008 (Box 1). The broad-based economic impacts of COVID-19 are driving food insecurity through myriad channels across IDA countries—from demand collapse facing commodity exporters, currency depreciations raising the cost of food for importers, to local labor and food market disruptions. As noted, the preliminary analysis of 12 IDA countries in Sub-Saharan Africa by the World Bank indicates that COVID-19 will have protracted impacts on food insecurity through 2021 and 2022. Based on the projections for the 54 IDA countries noted earlier, applying a conservative estimate for meeting the short-term replacement

⁶ N. Andrimihaja, M. Cinyabuguma, and S. Devarajan. “Avoiding the Fragility Trap in Africa.” *World Bank Policy Research Working Paper* no 5884. (Washington DC: World Bank, 2011).

⁷ T. Brück and M. d’Errico. “Food security and violent conflict: Introduction to the special issue.” *World Development*, 117 no. 5 (2019): 167-171.

⁸ T. Smith. “Feeding unrest: Disentangling the causal relationship between food price shocks and sociopolitical conflict in urban Africa.” *Journal of Peace Research*, 51 no. 6 (2014): 679-695

⁹ C.S. Hendrix and I. Salehyan. “Climate change, rainfall, and social conflict in Africa.” *Journal of Peace Research*, 49 no. 1 (2012): 35-50.

¹⁰ M.S. Hsiang, K.C. Meng, and M.A. Cane. “Civil conflicts are associated with the global climate.” *Nature*, 476 (7361) (2011): 438-441.

¹¹ S. Hillesund. “Choosing Whom to Target: Horizontal Inequality and the Risk of Civil and Communal Violence.” *Journal of Conflict Resolution* 13 (2017): 528–554

¹² “Pastoralism and Conflict in the Horn of Africa and the Sahel.” *Population and Development Review* 44 no 4 (2018): 857-860.

¹³ World Bank. *World Development Report 2011: Conflict, Security, and Development*. (Washington, DC: World Bank, 2011).

cost for only a fraction (25 percent) of the daily caloric diet per person gives an appreciation of the scale of the urgent financing needs facing these countries: the cost for meeting the basic food needs of the *additional* acutely food insecure people due to COVID-19 is US\$6.5 billion in CY2020. For CY2020–22, this could be as high as US\$34.3 billion.¹⁴

Box 1: The Emerging Food Crisis is Different from 2008

The main difference between the food crisis IDA countries face today and that of 2008 is that the latter was driven by disruptions in global markets, while the current crisis is driven by income shocks due to COVID-19 lockdowns and food price increases from domestic market disruptions.

The global food price increases in 2007-08 had five main drivers. Three supply-side factors affected food availability: climate impacts in major grain-exporting countries, such as Australia and Canada; low global grain stocks relative to use; and policy responses such as export bans and the timing of food procurement from international markets by major importers to replenish stocks. In addition, high global fertilizer prices threatened local production. The two demand-side factors included: high demand for maize-based ethanol, due to rising oil prices, particularly in the United States, a major maize exporter; and financial speculation with increased participation by non-commercial actors in agricultural commodity markets that amplified price increases.

The situation with COVID-19 is significantly different. Global grain production, including from major exporters, is near an all-time high, as are global grain stocks. With a few exceptions, countries have refrained from imposing food export restrictions. The sharp decline in oil prices reduces costs of production with lower energy and fertilizer costs, and lower demand for maize-based ethanol. Financial speculation is less of an issue as global food prices have remained relatively stable. The main drivers of rising food insecurity under COVID-19 are income and remittance reductions due to lockdowns, and rising food inflation driven by domestic market disruptions and currency depreciation.

10. **COVID-19 lockdowns are having simultaneous impacts on food demand and supply.** Demand effects are through income and remittance losses than have reduced household’s ability to purchase food, and supply effects are through disruptions to local markets that have reduced food availability. These disruptions include: movement restriction on food trade, closing of ‘wet markets’; slow adjustments of supply chains; lower availability of labor; lack of liquidity, particularly for large food traders, and closure of some firms in agricultural value chains; and limited access to agricultural input for next season’s production.

i. Income and Remittance Losses have Reduced Households’ Ability to Purchase Food

11. **Massive and sustained job losses and remittance reductions have reduced household incomes.** The evidence from the World Bank High Frequency Phone Surveys shows widespread income shocks, across all sources of incomes, both in rural and urban areas (Figure A1.1 in Annex 1). For example, 256 million people, or 77 percent of the population across Malawi, Nigeria,

¹⁴ This estimate is based on conservative assumptions of transferring 25 percent of the average cost of a calorie-sufficient diet for the 54 countries included in the analysis (estimated by FAO as US\$0.75 per capita per day, see FAO State of Food Security and Nutrition in the World 2020).

Ethiopia, and Uganda, lost income in the first four months of the pandemic.¹⁵ Even as markets and supply chains have resumed functionality, income shocks persist. Recovery has not been even—for example, income losses seem to have bottomed out in Ethiopia, but lower year-on-year incomes were reported by 67 percent of households in Nigeria in August 2020. Migrants and their families and informal sector and low-skilled workers have been disproportionately impacted by lost jobs and earnings. IDA-only countries are expected to see remittances decline to US\$68 billion and US\$63 billion in 2020 and 2021, respectively, from US\$71 billion in 2019.¹⁶

12. **Commodity-exporting countries have seen large farm income and job losses due to reduced demand.** Many IDA countries rely on agricultural and primary exports but face significantly reduced demand due to the economic impacts of the pandemic in importing countries, despite currency depreciations making exports more attractive. The World Bank Agricultural Export Price Index remains about 10 percent below its March 2020 level, having fallen as much as 20 percent early in the pandemic. Second wave lockdowns in Europe and elsewhere may again constrain demand. An example of these impacts is livestock exports from Somalia. Traders were unable to ship goats and sheep to Saudi Arabia for the annual Muslim pilgrimage to the holy city of Mecca, typically an active season that earns Somali traders up to half a billion dollars. Livestock account for 75 percent of the country’s export earnings and 40 percent of its gross domestic product. Border closures are expected to result in tens of thousands of people losing their livelihoods.

13. **COVID-19 is having outsized food insecurity impacts on women.** Women play a key role in the food system in IDA countries, making up a large percentage of smallholder farmers, food vendors, and cross-border food traders.¹⁷ About 45 percent of female employment is in agriculture, and 79 percent of nonagricultural employment is informal,¹⁸ limiting women's access to employment-based social protection, finance, and inputs. In IDA countries, the crisis has forced businesses owned by women to close at higher rates than those owned by men (Figure A1.2, Annex 1). The pandemic has also exacerbated existing gender inequalities, resulting in income losses and negative impacts on households' food security. Female-headed households have a significantly higher prevalence of moderate and/or severe food insecurity than male-headed households across Ethiopia, Malawi, Nigeria, and Uganda as a result of the pandemic.¹⁹

ii. Disruption to Local Markets have Reduced Food Availability

14. **Domestic and sub-regional logistics disruptions have led to higher local food prices.** Food price inflation²⁰ spiked in many countries immediately after the outbreak of COVID-19,

¹⁵ Josephson, A., Kilic, T., and Michler, J. D. “Socioeconomic Impacts of COVID-19 in Four African Countries.” *World Bank Policy Research Working Paper* No. 9466. (Washington DC: World Bank, 2020).

¹⁶ COVID-19 Crisis through a Migration Lens. *Migration and Development Brief* 33, 2020

¹⁷ Roever, S., & Skinner, C. Street vendors and cities. *Environment and Urbanization*, 28(2) (2016): 359-374.

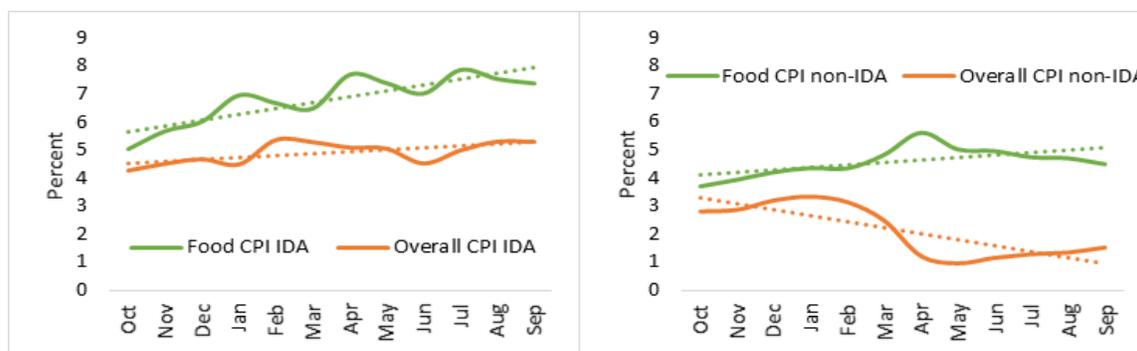
¹⁸ ILO 2020.

¹⁹ Josephson, A., Kilic, T. & Michler, J (2020). “Socioeconomic Impacts of COVID-19 in Four African Countries.” *World Bank Policy Research Working Paper* No. 9466. (Washington DC: World Bank, 2020).

²⁰ Food price inflation is defined as year-on-year change in the food component of national CPI indices.

rising significantly faster than the change in overall inflation, and has persisted since (Figure 2). IDA countries have experienced higher increases in food prices than non-IDA countries. Currency depreciations increased the cost of food and other essential imports in import-dependent economies; and domestic food market disruptions, inefficient logistics, a slowdown in processing of transactions, and continued border closures in some countries disrupting food trade have also been important factors driving food inflation. Faster increases in the price of perishable and more nutritious foods relative to grains, combined with income declines, are also reducing the diversity of foods consumed, which will likely worsen nutritional outcomes.

Figure 2: Food Price Inflation Compared to Overall Inflation, Oct. 2019 to Sep. 2020



Source: Derived from International Monetary Fund data

Notes: Inflation defined as year on year change in food component of Consumer Price Index (CPI). Only countries with complete CPI data from October 2019 to September 2020 retained for analysis.

15. **While the severe early disruptions in food logistics have generally improved, border closures remain in some countries, and food supply chains are at risk as new outbreaks emerge across regions.** Domestic food supply chain disruptions emerged as a key driver of food security in most IDA countries. Movement restrictions, the closing of “wet” markets, lower availability of labor, and inefficient and obsolete logistics fractured fragile and largely informal food supply chains. Trade in high-value commodities was also severely impacted as air freight was decimated by global air travel shutdowns and airport closures. Many countries adapted quickly to these early impacts of containment measures and delays along value chains to keep food channels functioning, albeit with some delays. The disruptions have persisted despite food distribution deemed essential in most countries. Unhygienic and congested traditional “wet” markets remain a health risk. Border closures remain in some countries, and inefficient procedures in others are slowing trade. The ability to return to pre-pandemic activity has varied across countries; while retail outlets and supply chains have opened up, sales remain depressed—due to a combination of income losses and restrained mobility of buyers.

16. **The impact of the pandemic on agribusinesses, particularly informal micro, small, and medium-sized enterprises (MSMEs), has been deep and protracted.** Food and input supply chains across the vast majority of IDA countries are dominated by informal MSMEs. The

World Bank's COVID-19 Business Pulse Survey (COV-BPS)²¹ in 46 countries confirms the widespread shock of COVID-19, with four out of every five firms closing in the near term, and severe and persistent drops in sales. The main concern of agribusinesses is access to liquidity to maintain operations. MSMEs are more constrained as banks prefer larger clients with better credit standing. Liquidity is particularly critical for large traders in food and input supply chains in IDA countries, impacting small producers' access to inputs, extension, and marketing services. Even among formal businesses, IFC clients in IDA countries report difficulties in accessing finance and are increasingly turning to development finance institutions to fill the gap. Insufficient financing, persistent supply-side limitations, and slack demand are expected to continue to constrain major commodity exports—such as cotton, cashew, vanilla, and cocoa—out of Sub-Saharan Africa over the next 12 months.

17. COVID-19 further puts at risk future food production due to shortages of seeds, fertilizer, and labor. Transport and quarantine restrictions in cross-border movements raise prices of critical inputs, limiting farmers' access. Labor supply is a challenge to the upcoming production cycle as migrant labor is constrained from traveling across agriculture-producing zones. In the Central Rift Valley, for example, vegetable production usually attracts a large number of daily laborers from across southern Ethiopia. With restrictions on gatherings and travel, however, they are increasingly returning to their home areas.

D. Other Zoonotic Diseases Beyond COVID-19

18. As COVID-19 has demonstrated, zoonotic diseases—which infect both livestock and humans—can have dramatic and far-reaching impacts. Most farmers have at least some livestock, and together with wildlife, these provide an essential source of food for hundreds of millions of rural people living in poverty. Food insecurity is often a corollary to increased use of wildlife as a source of food, increasing contamination and spillover risks through contact with infected wild animals. The way food is produced, moved, and consumed plays a major role in the emergence and spread of diseases. The mapping of risk for emergence of infectious diseases shows that most IDA countries are “hotspots” at the human-animal-ecosystem interface.

E. Locusts and Other Crop Pests

19. Compounding COVID-19 impacts in many countries is the worst-in-a-generation locust outbreak that spread across Africa, the Middle East, and North Africa in 2020. The outgoing El Niño and cyclones were key contributors to the severity of the outbreak. Locusts are the world's most destructive pest, with swarms infesting 23 countries in 2020. The epicenter is Ethiopia, Kenya, Somalia, and Uganda, but locusts are also having significant impacts in Yemen and reached as far as Pakistan. Over 2 million hectares have been affected in the Horn of Africa, Yemen,

²¹ The COVID-19 Business Pulse Survey (COV-BPS) is a rapid survey to collect high frequency data from enterprises to better understand the impact of the COVID-19 pandemic on businesses across countries, with a particular focus on SMEs. The results of the survey will be used to inform government responses aiming to support businesses during the crisis, as well as tracking the recovery process. The survey has so far been conducted across 46 countries.

and Pakistan. In addition to locust outbreaks, several IDA countries have suffered from other major pest outbreaks such as the fall Army Worm.

II. IDA'S RESPONSE TO DATE

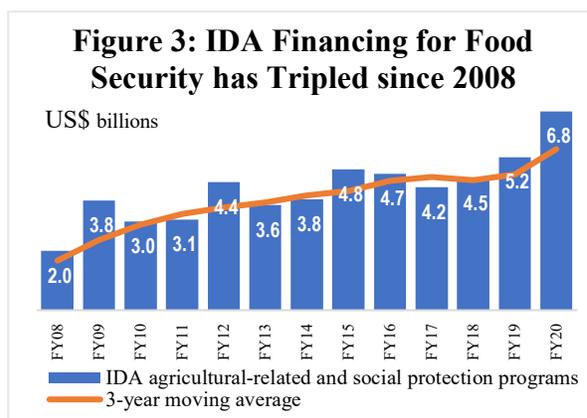
20. **IDA has steadily increased its focus on addressing the longer-term drivers of food insecurity since the 2008 food price crisis.** In addition to the longer-term focus on increasing economic opportunities and incomes, particularly in rural areas, IDA has given more attention to the increasingly strong food security headwinds from climate change and conflict—the main drivers of the rising trend in hunger in the most vulnerable countries. Recognizing these growing challenges to food security, compounded frequently by zoonotic outbreaks and other pests and diseases, IDA started to adapt its strategy and programs early to be able to better support countries in dealing with these drivers following the 2008 food price crisis, well before the COVID-19 pandemic. These included more attention to:

- a. ***Increasing climate-resilience:*** Recognized in strategic documents such as the World Bank Group Agriculture Action Plan FY2010-2012, and the Africa Climate-Business Plan in 2015, IDA scaled up support for climate-smart agriculture to help countries increase their resilience to climate shocks. The World Bank is a founding member of the Global Alliance for Climate-Smart Agriculture in 2014, and the associated Africa Climate-Smart Agriculture Alliance. Working with the Consultative Group on International Agricultural Research (CGIAR), IDA's analytical work helped develop climate-smart agriculture country profiles for many countries to help inform their investment decisions. Climate-smart agriculture investment plans were developed for 10 countries as part of the IDA18 policy commitments. These efforts have contributed to rapidly increase the share of climate co-benefits in IDA agricultural projects from 24 percent of project financing in 2011 to 59 percent in 2019, with the dominant focus on adaptation to improve climate resilience.
- b. ***Reducing conflict and violence:*** IDA has also given more attention in its agricultural programs to reducing conflict risk. This includes: (i) improving land and water resource management, such as through the Regional Sahel Pastoralism Support Project covering six countries—Burkina Faso, Chad, Mali, Mauritania, Niger, and Senegal; (ii) reducing the likelihood of food price spikes which were a source of increased social tension in 2008 through support to strengthen early warning systems for early action and the functioning of markets. Support for agricultural markets increased from 7 percent of IDA's agriculture-related portfolio in 2008 to 24 percent in 2017-2019; and (iii) enhancing inclusion, such as through the Multi-sectoral Crisis Recovery Project in North Eastern Nigeria aiming to help improve livelihoods of conflict-affected and displaced communities, and strengthen social cohesion of northeastern participating states; gender inclusion, with over 80 percent of agriculture projects being "gender tagged" in 2017-2020 (far exceeding the World Bank target of 55); and support for improving inclusion and jobs in agricultural value chains.
- c. ***Reducing the risk of zoonotic diseases:*** With the increased incidence of zoonotic diseases—well before the COVID-19 pandemic—such as Avian Influenza, SARS, and Ebola, IDA has focused on both short-term responses to address the immediate impacts

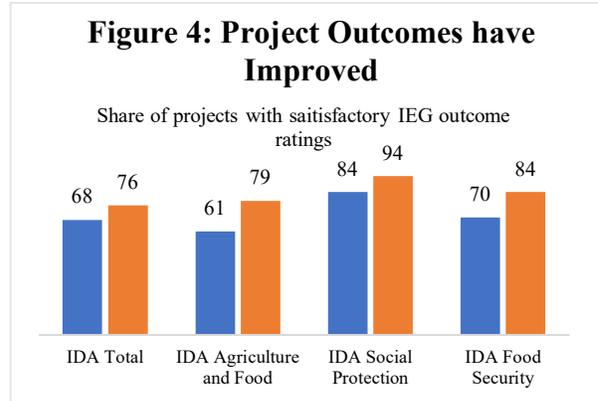
(such as the 2006 Global Program on Avian Influenza Control and Human Pandemic Preparedness and Response) and long-term needs to strengthen health systems through a One Health approach. One Health recognizes the interdependence of the health of people, animals, and ecosystems and strives for the health of all. The post-Ebola IDA-financed Regional Disease Surveillance Systems Enhancement (REDISSE) project in West and Central Africa is an example of a One Health approach to strengthening surveillance, epidemic preparedness, and veterinary and public health capacity. The One Health approach proactively engages different disciplines, such as human medicine, veterinary medicine, and environmental health sciences to attain optimal health for people, animals, and the environment. It provides an integrated approach to manage zoonotic risk and shifts from a response mode to a prevention and risk reduction approach, as reflected in the World Bank's 2018 One Health Operational Framework.

21. **To maintain alignment of its strategic engagement on emerging priorities, IDA has selectively focused its upstream knowledge and analytical work to inform the design of short-term responses, as well as to better address long-term drivers of food insecurity.** A key finding of the IEG evaluation of GFRP was the importance of analytical work in ensuring the effectiveness of financial support. To inform its COVID-19 responses, IDA is undertaking food price monitoring; conducting high frequency phone surveys, business pulse surveys, real-time monitoring of international trade and trade policies, weekly updates on COVID-19 and food security; developing models of key drivers of food insecurity to better predict food crises with sufficient lead time for preventative action; and geo-mapping to monitor weather anomalies through the World Bank Agriculture Observatory. To address the long-term drivers, the World Bank's analytical program, with other partners, has helped identify the spectrum of investments to improve resilience in Africa's drylands, climate-smart agricultural technologies, public actions to improve food safety and reduce food loss and waste, and entry points for action in food systems to contribute to addressing the interlocking characteristics constraining sustained development in IDA FCS. Other recent knowledge flagships include agricultural technology and productivity; digital agriculture; nutrition; food safety; sustainable livestock development; and realigning public policies and expenditures toward more sustainable food systems.

22. **Focus on food security has been backed up with increased financial support.** IDA agriculture-related and social protection annual support has more than tripled since the 2008 food crisis, from an annual average of US\$1.7 billion in FY2006-08 to US\$5.5 billion in FY2018-2020 (Figure 3). Since 2008, a cumulative US\$54 billion in IDA support has been provided through agriculture-related and social protection programs to address a combination of short and long-term needs to address food security.



23. **These investments are delivering value for money, with good execution and improved quality of programs as assessed by IEG.** Despite the increase in lending, implying a lower US\$ weighted average project age, following the 2008-09 peak, the disbursement ratio has been maintained at about 20 percent for agriculture-related programs, in line with the IDA average, while the average disbursement ratio for social protection programs has been even higher. At the same time, IEG outcome ratings for IDA food security-related programs have improved over time. For example, the share of projects with satisfactory outcomes as determined by IEG increased from an average of 70 percent from FY2009-14 to an average of 84 percent from FY2015-20, higher than the IDA averages of 68 percent and 76 percent, respectively (Figure 4). Both the agriculture and food projects and social protection projects show improvements over time.



24. **But as support for food security has increased, so has the magnitude of the challenge.** The underlying drivers of food insecurity—climate change, conflict, and zoonotic disease outbreaks—are growing in strength, posing ever stronger headwinds to progress, with the most serious setbacks in already vulnerable countries. Maintaining long-term per capita food production growth is becoming difficult as countries are more frequently beset with debilitating weather-induced production setbacks, rising conflict and violence, and/or zoonotic outbreaks such as COVID-19.

25. **IDA’s response to COVID-19-induced food insecurity in the six months leading up to the end of Q1FY21 was double the total financing amount of the Global Food Crisis Response Program (GFRP) in 2008-11, with responses primarily focused on urgent short-term measures, redirecting funds from the medium- to longer-term agenda.** Based on IDA country requests and IDA availability, about US\$2.5 billion in new commitments in Q4FY20 and Q1FY21 across social protection and agricultural-related programs have been approved for COVID-19 response (via both development policy and investment lending operations). Additionally, about US\$800 million of pre-existing projects have been adjusted, restructured, or repurposed in social protection and agricultural programs to support urgent short-term measures. This response is double the total of \$1.4 billion provided to IDA countries through the GFRP in 2008-11.²² An example of redirected resources for COVID-19 response is the Livestock Dairy Development project in Bangladesh, which activated a US\$96.2 million CERC to provide, among other things, cash transfers to 620,000 small-scale vulnerable dairy and poultry farming households. The funds were redirected from medium to longer-term investments (e.g., productivity improvement, value chain development, and risk management) to meet pressing needs to keep existing enterprises afloat. Additionally, potentially US\$225 million from the IDA CRW could be allocated to finance

²² Final Report on Global Food Crisis Response Program (GFRP): Progress and Lessons Learned, that was circulated for information to the World Bank Executive Directors in December 2012.

early responses to food insecurity events which may escalate into major crisis in several countries, which may include DRC, Somalia, South Sudan, and Yemen.

26. **IDA short-term responses are targeting a broad array of efforts**, including scaling up safety net programs; keeping food moving; distributing and improving access to food; protecting jobs and livelihoods; supporting next season production; supporting agribusinesses and small-scale entrepreneurs and the financial institutions that support them; and mitigating the impacts and spread of locusts to reduce compounding effects on households (Table 1 and Annex 2).

27. **While significant resources have been redirected to short-term measures, a large share of IDA's support has continued to focus on medium- and longer-term investments in resilience to address the underlying drivers of food insecurity and building back better.** COVID-19 responses accounted for about one-half of IDA's new commitments for food security in Q4FY20-Q1FY21, with the remaining half maintaining focus on the medium- to long-term drivers of food insecurity. These investments support recovery and resilience building, including human capital and productivity enhancements by: improving resilience and preparedness to mitigate climate and pest-outbreak shocks; supporting sustainable livestock production; investing to strengthen value chain infrastructure, coordination, and management; rehabilitating rural roads and improving market access; promoting and sustaining irrigation and climate-smart agriculture; enhancing livelihoods; promoting food safety; and supporting rural enterprises and agribusiness.

28. **IDA is working closely with IFC and Multilateral Investment Guarantee Agency (MIGA) to mobilize finance for food security improvement via several mechanisms**, as production, trade, processing, and delivery of food to final consumers is in the hands of the private sector. One of these mechanisms is an Agribusiness Sector Working Group, comprising IDA, IFC, and MIGA, which is working to develop and implement scalable public and private sector development solutions along the full value chain from farm to fork.²³ Another is IDA's Private Sector Window (IDA-PSW) financing under IDA18 and IDA19 to help mitigate extraordinary private sector investment risks and facilitate achievement of IFC's target of having 30 percent of overall support going to IDA FCS.

²³ The solutions seek to address a broad range of issues including: SME financing, via working to establish a Global SME Agribusiness Financing Facility; agricultural technology; commercializing smallholder farmers; food safety; food loss and waste; irrigation; sustainable livestock (included poultry); and aquaculture.

Table 1: IDA Actions Taken and Planned to Address Food Insecurity

Drivers of food insecurity (some are interrelated)	IDA Actions Taken and Planned	
	Short-term Addressing impacts of COVID-19 and the Locust Outbreak	Medium- to longer-term Addressing underlying drivers of food insecurity
	US\$800m in repurposed/redirected programs US\$2.5bn in new commitments Q4FY20-Q1FY21 US\$3.7bn currently planned Q2FY21-Q4FY21 US\$225m in potential ERF support	US\$2.8bn in new commitment Q4FY20-Q1FY21 US\$2.4bn in disbursement from ongoing operations in Q4FY20-Q1FY21 US\$2.9bn in currently planned Q2FY21-Q4FY21
COVID-19	<p>Improving food access</p> <ul style="list-style-type: none"> • Scaling up safety net programs • Distributing and improving access to food • Protecting jobs and livelihoods <p>Improving food availability</p> <ul style="list-style-type: none"> • Keeping international & domestic food trade moving • Support for agribusiness & small-scale entrepreneurs • Support for next season production 	<p>Reducing risk of zoonotic diseases / supporting One Health</p> <ul style="list-style-type: none"> • Ongoing support for One Health activities in 37 IDA countries, through regional programs (most prominently the REDISSE in West and Central Africa encompassing 13 countries), and through individual country projects, as well as the COVID-19 Strategic Preparedness and Response Program that uses a Multiphase Programmatic Approach. • Ongoing analytical work: e.g., Building Animal Health and Wildlife Systems for One Health in East Asia and the Pacific.
Crop pests	<p>Mitigating the impacts of the locust outbreak and building capacity to reduce future upsurges</p> <ul style="list-style-type: none"> • US\$500m Emergency Locust Response Program to provide immediate support to affected households in Africa and the Middle East through targeted social safety nets, while investing in medium-term recovery of agricultural and livestock production systems and rural livelihoods in affected countries. Plus, an emergency locust response project in Pakistan. 	
Climate change		<p>Improving climate resilience</p> <ul style="list-style-type: none"> • Improving climate co-benefits from 24 percent of new IDA commitments for agriculture projects in FY2011 to 59 percent in FY2019, with a dominant focus on adaptation to improve climate resilience. The FY2020 target is 60 percent. This includes explicit climate-smart agriculture projects, and improved water management, including irrigation projects and drylands development.
Conflict		<p>Reducing conflict risk</p> <ul style="list-style-type: none"> • Improving land management • Strengthening early warning systems for early action • Improving the functioning of markets • Enhancing inclusion • Supporting refugees, displaced people and host communities
Lack of Economic Opportunity		<p>Improving economic opportunities and incomes in agricultural value chains</p> <ul style="list-style-type: none"> • Supporting agricultural value chain development [IDA19 policy commitment] • Enhancing inclusion • Strengthening productive safety nets

Table 2: Food Security-Related Support in 11 “Hotspot” Countries

Project Name / ID	Active/Pipeline	Amount (US\$ millions)
Q4FY20-Q4FY21 (approved or in pipeline)		
Afghanistan Emergency Agriculture and Food Security Supply (P174348)	Active [approved Aug. 4, 2020]	55.0
Afghanistan Early Warning for Early Action (P173387)	Pipeline [estimate Board date Feb. 2021]	97.5
Burkina Faso Development Policy Operation (P170934)	Active [approved June 5, 2020]	27.0
DRC Eastern Recovery – Additional Financing (P171821)	Active [approved May 20, 2020]	445.0
Ethiopia Second Agricultural Growth – Additional Financing (P168074)	Approved, 2015; Sep. 15, 2020]	80.0
Ethiopia Urban Safety Nets and Jobs (P169943)	Active [approved Sep. 30, 2020]	400.0
Ethiopia Strengthen Ethiopia’s Adaptive Safety Nets (P172479)	Pipeline [estimated Board date Nov. 2020]	512.5
Ethiopia Emergency Locust Response Program (P173702)	Active [approved May 20, 2020]	63.0
Haiti Adaptive Social Protection for Increased Resilience (P174111)	Pipeline [estimated Board date Feb. 2021]	75.0
Haiti Resilient Productive Landscapes – Additional Financing (P175176)	Pipeline [estimated Board date Nov. 2020]	7.8
Niger Adaptive Safety Nets - Additional Financing (P173013)	Pipeline [estimates Board date Feb. 2021]	100.0
Nigeria Multisectoral Crisis Recovery Project for North East Nigeria – AF (P173104)	Active [approved May 26, 2020]	56.0
Nigeria COVID-19 Action Recovery and Economic Stimulus (P174114)	Pipeline [estimate Board date Dec. 2020]	750.0
Somalia Crisis Recovery (P173315)	Active [approved May 15, 2020]	43.0
Somalia Shock Responsive Safety Net for Locust Response (P174065)	Active [approved June 29, 2020]	40.0
South Sudan Safety Net (P169274)	Active [approved Apr 28, 2020]	40.0
South Sudan Emergency Locust Response (P174546)	Pipeline [estimated Board date Jan. 2021]	13.2
South Sudan Resilient Agricultural Livelihoods (P169120)	Pipeline [estimated Board date Feb. 2021]	50.0
Sudan Family Support (P173521)	Active [approved Oct 8, 2020]	200.0
Yemen Desert Locust Response (P174170)	Active [approved Jun 17, 2020]	25.0
Yemen Social Protection and COVID-19 Response (P173582)	Pipeline [estimated Board date Dec. 2020]	203.9
Total approved or in pipeline: Q4FY20-Q4FY21		3,283.9
Total approved		1,474.0
Total pipeline		1,809.9
Ongoing projects approved prior to Q4FY20*		
Commitments		7,612.8
Undisbursed balance		2,820.8

* Table A2.1 in Annex 2 provides the list of ongoing projects for this set of countries.

Note: There was strong consensus among the Famine Action Mechanism (FAM) partners that these 11 countries, plus Zimbabwe, were at greatest risk of food insecurity crises over the coming 12 months. A further potential US\$225 million from the IDA Crisis Response Window Early Response Financing (CRW ERF) could be allocated in the near future to support the immediate food security responses in countries which may include DRC, Somalia, South Sudan, and Yemen, and pre-allocated funding for CERCs in Afghanistan and Ethiopia.

A. CRW Early Response Financing

29. For IDA19, the CRW's mandate was extended to support early responses to slow onset crises, specifically disease outbreaks and food insecurity events that are at early stages of progression and have the potential to escalate into major crises. The CRW Early Response Financing (ERF) modality comprises up to US\$500 million of the US\$2.5 billion IDA19 CRW envelope.²⁵ All ERF requests must undergo a technical assessment by cross-sectoral World Bank teams prior to consultation with and approval by the World Bank's Board of Executive Directors.

III. PARTNER COLLABORATION AND IDA'S COMPARATIVE ADVANTAGE

A. Partnerships to Address Food and Nutrition Insecurity

30. IDA is working with a diverse coalition of partners on food security, including UN agencies, other humanitarian and development organizations, research institutions, and regional entities. Such joint work includes: collaborating on knowledge and analytics, and short- and medium- to long-term investments to help governments transition from emergency humanitarian responses to more durable social protection approaches; undertaking food security crisis risk analytics, anticipatory early action financing and programming; convening governments and partners to galvanize action to address the medium- to longer-term food security agenda; hosting a multi-partner global agriculture and food security program that focuses on IDA-only countries; leveraging knowledge and technologies from the CGIAR; and building partnerships on nutrition (Table 3 and Annex 3).

B. IDA's Value-Added and Comparative Advantage

31. The value-added of IDA includes:

- a. **Multisectoral coordinated response.** IDA's multisectoral expertise enables tackling food insecurity and malnutrition across multiple fronts, from agriculture to social safety nets to health to water to macroeconomic stability. This is illustrated in the 2008 multisectoral GFRP, and in the current response to COVID-19.
- b. **Knowledge, analytics, and attention to policies that draw upon country, regional, and global experience to help underpin operational responses across an array of instrument.** Financial support is designed and implemented with technical assistance and cross-country experience. In addition, IDA's ability to inform and support improvements

²⁴ The ERF offers up to US\$50 million per country per IDA cycle on IDA country terms. To access the ERF, IDA countries must meet specific requirements. For food security crises, an eligible event is identified by crossing a globally established quantitative threshold, i.e., "trigger-based activation", or by utilizing country-level quantitative and qualitative evidence, i.e., "local activation".

in national policies (such as taxation and marketing regulations) and programs, through multiple and fit-for-purpose instruments—such as Development Policy Operations, Program for Results operations, Emergency Response operations, and traditional Investment Project Financing—is unique and can deliver customized support for long-term impacts on national economies, as well as grow fiscal space in constrained economies.

- c. **Timely and significant financing for countries at risk, including adaptation of ongoing programs to provide additional support.** IDA has improved its capacity to respond in a timely manner to crises, including in IDA FCS. This is demonstrated both from the GFRP experience in 2008-11, and now with COVID-19 food security-related response, which to date is twice as large as total GFRP financial support. The current response reflects a key lesson from the IEG evaluation of GFRP, that significant amounts of financing are needed to limit crisis impacts.²⁶ GFRP lessons also guided the design of IDA’s CRW. IDA’s COVID-19 response is being provided through an array of instruments: CERC activations, the CRW ERF, the Emergency Locust Response Program, and stand-alone emergency response projects (e.g., Afghanistan and Guinea-Bissau). IDA and WFP are also the largest source of financing in some of the most food insecure countries (e.g., Yemen), with WFP providing humanitarian assistance and IDA focusing on a blend of short- and medium- to longer-term solutions.
- d. **Attention to both short-term measures and the long-term underlying drivers of food and nutrition insecurity.** Short- and longer-term food security challenges are interconnected. Aspects of the food system itself contribute to the drivers of rising food insecurity—conflict, climate change, and pandemics. Encroachment on natural habitats and poorly functioning “wet” markets increase zoonotic risk and is the source of the COVID-19 pandemic. Compromised access to land and water resources is a major source of conflict. Agriculture and land use change account for about 25 percent of global greenhouse gas (GHG) emissions, which contribute to climate change. Without investment in stronger, healthier, and more resilient food systems, IDA countries will face repeated and increasingly costly crises. While IDA provides support for short-term measures during crises, its main focus is a line of sight to longer-term development priorities, such as sustained productivity and income growth, resilience, and contributions to health and human capital, which needs to be maintained (Annex 3 provides examples of how IDA is supporting both short- and long-term interventions to enhance food security).
- e. **Unique ability to effectively leverage the different arms of the World Bank Group to maximize finance for food and nutrition security.** For example, a recently established Agribusiness Working Group serves as a mechanism to drive operational connections between IDA, IFC, and MIGA and increase private capital mobilization. And support from the International Bank for Reconstruction and Development (IBRD) support can address externalities from IBRD countries that also impact food insecurity in IDA countries, such as climate change and zoonotic diseases

²⁵ IEG. *The World Bank Group and the Global Food Crisis: An Evaluation of the World Bank Group Response*. (Washington DC. World Bank, 2013)

Table 3: Partnerships to Address Food Insecurity

Drivers of food insecurity	Short-term Addressing short-term impacts	Medium- to longer-term Addressing underlying drivers of food insecurity
Cross-cutting	<ul style="list-style-type: none"> • Famine Action Mechanism (FAM): Led by the World Bank, is a global partnership that includes donors, UN agencies (FAO, IFAD, OCHA, UNDP, UNICEF, WFP, WHO), NGOs, and data institutions to focus on three areas of collaboration—food security crisis risk analytics, anticipatory early action financing, and programming. • Social Protection Interagency Cooperation Board: The World Bank is co-Chair of the Board, an interagency coordination mechanism including 20 international organizations and bilateral institutions, is enhancing global coordination and advocacy on social protection issues and to coordinate international cooperation in country demand-driven actions. 	<ul style="list-style-type: none"> • Africa Food Security Leadership Dialogue (AFSLD): A partnership with the African Union Commission (AUC), International Fund for Agricultural Development (IFAD), FAO, and the African Development Bank (AfDB) to galvanize action and mobilize financing to address Africa’s food security challenges. • Global Agriculture and Food Security Program (GAFSP): The World Bank hosts the GAFSP Secretariat and is the program trustee. IDA is one of GAFSP’s seven implementing partners (with regional multilateral development Banks and Rome-based Agencies). GAFSP focuses on reducing poverty and improving food security through agricultural development in IDA-only countries. • Nutrition: The World Bank Group is the founding partner of the Scaling Up Nutrition (SUN) movement and has strong nutrition partnerships with bilaterals (UK, Japan, USAID, Irish, Canada), CSOs, foundations, and the UN agencies.
COVID-19 (and other zoonotic diseases)	<p>Implementation partnerships with UN agencies: Examples are recent IDA-financed CERC activation.</p> <ul style="list-style-type: none"> • In Mali (US\$12.5m) to provide emergency food assistance to 650,000 people, implemented by WFP. • In Chad, (US\$7m) to distribute food kits, implemented by WFP; and (US\$8m) to provide agriculture inputs (seeds and small agricultural equipment), implemented by FAO. 	<ul style="list-style-type: none"> • One Health country guidance: The World Bank is working with the World Organization for Animal Health (OIE), the World Health Organization (WHO), and FAO and other UN agencies on the One Health agenda, including improvements to ‘wet markets’, to help guide country investments.
Crop pests	<ul style="list-style-type: none"> • FAO: Monitoring, forecasting, and control information from FAO is being used to inform IDA country operations. • Working with regional organizations, such as the Intergovernmental Association for Development for pest and vector management to ensure food security in nine countries in East Africa. 	
Climate		<ul style="list-style-type: none"> • CGIAR: IDA project design and implementation have drawn on CGIAR experts and technologies. A regional program is under preparation through which IDA funds provided to CGIAR, in an amount of US\$60 million, will help accelerate the impacts of CGIAR climate research in IDA countries in Africa. • FAO: Technical support to operations, including the EX-ACT model to estimate the impact of agricultural programs on the carbon balance.
Lack of economic opportunity		<ul style="list-style-type: none"> • IFC and MIGA: Working jointly to increase private investment and jobs in agricultural value chains in IDA countries.

IV. HOW CAN IDA DO EVEN MORE?

32. **A complementary blend of short-term support measures and longer-term responses is already planned and under preparation at both regional and country level.** About US\$3.7 billion of IDA programs is currently under preparation for social protection and agriculture-related COVID-19 responses in FY21, including potentially US\$225 million from the IDA CRW ERF to support urgent food security needs in several countries. This broad response, however, remains far below the additional cost estimate of US\$13.1 billion to address the immediate needs of the 192 million additional acutely food insecure people in IDA countries due to COVID-19 projected by June 2021, on top of the US\$14.1 billion cost of addressing the needs of those who were already acutely food insecure prior to COVID-19. In addition, food security impacts of COVID-19 are likely to be protracted, lasting into the coming years, posing an exceptional challenge for countries already fiscally stressed and heavily indebted. Beyond these short-term needs, it is critical to prevent food insecurity episodes from recurring, at least at the scales seen now (or even prior to COVID-19), which means the urgent short-term responses need to be complemented with longer-term solutions that give attention to raising resilient farm incomes; increasing the availability, stability and nutritional diversity of food; and building human capital.

33. **The immediate priority is to tackle the food security crisis conditions in many IDA countries, which may result in significantly elevated demand for CRW ERF resources over the remaining IDA19 cycle.** In addition to the countries currently seeking ERF support for immediate response, others could potentially cross the ERF food security trigger based on historical analysis, namely: Afghanistan, Chad, Ethiopia, Kenya, Malawi, Mozambique, Niger, and Nigeria. Many of these countries already face significant food insecurity situations, and while they have not yet triggered the ERF (as doing so requires both crossing a threshold level of food insecurity and a worsening of such conditions), such a deterioration may occur in the months ahead. Based on current developments, discussions with country teams and external food security experts indicate ERF support may soon be needed for Burkina Faso, Haiti, and Mali.²⁷ To be clear, meeting the ERF trigger is a first step in determining eligibility—an ERF allocation requires passing a World Bank expert group assessment, as well as obtaining internal clearances and Board approval. That said, the sizable number of countries that could potentially access ERF resources suggests elevated demand ahead. Should the impacts of COVID-19 materialize as expected over IDA19, the ERF will be an important source of support for these countries. Assuming that each country requests up to the US\$50 million cap, potential ERF needs for food security crises could reach as high as US\$800 million over the IDA cycle.

34. **Demand for CRW resources has increased and the likelihood of depleting the ERF is growing with the increased risks of food insecurity.** The response to IDA countries' financing needs—including by doubling the ERF ceiling—is being considered in the context of the overall COVID-19 Emergency Financing (CEF) package presented in the paper, *“Closing the COVID-19 Financing Gap in IDA Countries”*. Increasing the ERF ceiling would enable increased support to

²⁶ Based on discussions with World Bank Country Management Units and Global Practices, as well as partner consultations, including as part of the Famine Action Mechanism (FAM), Global Network Against Food Security Crises, UN agencies (FAO, OCHA and WFP) and food security early warning systems (FEWSNET, IPC).

clients whose populations face heightened food insecurity to be able to start implementing mitigation measures before full-blown famine develops. While there is limited scope to reallocate within the current IDA19 envelope to channel additional funds towards the ERF, as explained in the paper, “*COVID-19 Emergency Financing Package: Financing Options and Scenarios*”), additional resources from the CEF could be a viable source of funding. Further, while the ERF is meant to cater to both food insecurity and disease outbreaks²⁸, it is expected that near-term ERF demand will be mainly for food insecurity. Further adjustments to the ERF will be discussed at the December IDA meetings.

A. Short-Term Support

35. **Further short-term support is planned and under preparation**, including support to manage the impacts on local food prices through lower import tariffs/taxes, cash and food transfers, increased focus on nutritionally balanced rations for food distribution programs, and investment in next season production to avoid further worsening food and nutrition insecurity (Table 1 and Annex 4). Attention will continue to be given to keeping trade moving.

B. Longer-Term Resilience and Sustainability

36. **IDA support is also planned and under preparation to address the medium- to longer-term agenda to build more productive, resilient and sustainable food systems to target the underlying causes of food and nutrition insecurity, which is an important part of building back better.** Key elements include: (i) regenerating jobs and increasing incomes in food systems following COVID-19-related declines; and (ii) addressing compounding vulnerabilities and stresses that are exacerbating COVID-19 impacts, including: building effective early-warning-for-early-action systems for impending crises; promoting climate-resilient productivity growth; building capacity for prevention of crop and livestock pests and disease; strengthening agricultural markets; and improving natural resource management. Knowledge and analytics can help inform this agenda and digital technologies provide new implementation tools. Food security program design also needs to increasingly address the interlocking characteristics constraining development in IDA FCS, including reducing conflict risks; improving social cohesion, and state legitimacy to citizens; developing the private sector and jobs; and providing livelihoods for displaced people and refugees (Table 1, Annex 4). These aspects cohere well with the IDA special themes on fragility, conflict, and violence; climate change; governance and institutions; and jobs and economic transformation.

C. Areas Amplified by COVID-19 that Need More Attention and Provide Opportunities for “Building Back Better”

37. **The COVID-19 impacts have amplified the importance of areas beyond those apparent at the time of IDA19 replenishment.** While IDA is scaling up its technical support for countries to review and repurpose their agricultural policies and public expenditures to maximize

²⁷ The CRW is already deploying up to \$1.3 billion for health responses under the Fast Track COVID-19 Facility (FTCF).

value for public money, the fiscal strains facing governments place the “building back better” agenda at a very high risk. Priority areas for building back better include: scaling up One Health approaches; providing social protection for informal workers who get neither employment-based social protection nor noncontributory social assistance; improving logistics and scaling up digital technologies to improve the efficiency of production systems and value chains; capacity strengthening of traders and other actors along value chains; and establishing infrastructure, management, and Sanitary and Phyto-Sanitary (SPS) standards in “wet” food markets and value chains, with a particular focus on preserving and enabling MSMEs that dominate the food system landscape in IDA countries. Food insecurity can have far reaching long-term consequences. For instance, for each person that faces severe malnutrition, the risk of stunting is increased significantly. Stunting early in a child’s life can cause irreversible damage to cognitive development and has educational, income and productivity consequences that reach far into adulthood. The economic costs of undernutrition, in terms of lost national productivity and economic growth, are significant, ranging from 2-3 percent of GDP in some countries and up to 11 percent of GDP in Africa and Asia each year. An important long-term food security priority is thus enhancing nutrition to improve resilience to pandemics and build human capital, especially for women, children, disabled persons, refugees, and other vulnerable populations. These aspects cohere well with the IDA special themes on gender, jobs, and economic transformation; and with the IDA crosscutting issues of human capital and technology

V. CONCLUSION

38. **COVID-19 is likely to push 96 million more people in IDA countries into food crisis conditions in 2020, with this number continuing to rise in 2021 and 2022.** These impacts come on top of a rising trend in hunger in many countries driven by climate change, conflict, and other economic shocks. IDA FCS are particularly at risk. Meeting only the short-term replacement cost of a fraction (25 percent) of daily caloric needs of the *additional* acutely food insecure people due to COVID-19 is US\$6.5 billion in CY2020 alone. For CY2020–22, this could be as high as US\$34.3 billion.²⁹ These costs are additional to the needs of the 137 million people (including refugees) who were already acutely food insecure before COVID-19 and to the costs of addressing the longer-term drivers of food insecurity.

39. **IDA has responded with significant financing to address the short and longer term food security needs of IDA countries, but the unexpected needs to respond to COVID-19, has reduced the scale of currently planned longer term support to only 60 percent of the FY15-19 average for food security.** Responses in the six months to the end of Q1FY21 were double the total financing amount of GFRP in 2008-11, in line with a key lesson from GFRP that significant amounts of financing are needed to limit crisis impacts. IDA COVID-19 responses so far have primarily focused on rapid short-term support, with a sizeable reprogramming of IDA funds from the medium- to longer-term agenda. And while IDA’s support for medium- to longer-term

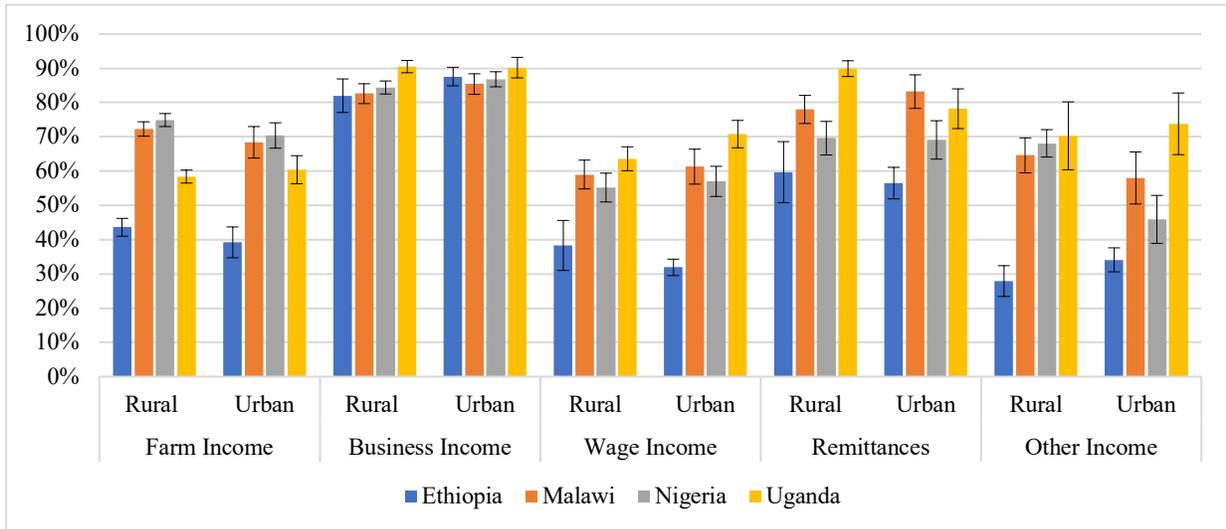
²⁸ This estimate is based on conservative assumptions of transferring 25 percent of the average cost of a calorie-sufficient diet for the 54 countries included in the analysis (estimated by FAO as US\$0.75 per capita per day, see FAO State of Food Security and Nutrition in the World 2020).

investments to address the underlying drivers of food insecurity has continued, the scale of this support is now significantly below the FY15-19 average.

40. **Looking forward, IDA’s pipeline of support for food security continues to comprise a blend of short- and longer-term investments which can be expanded and scaled up with additional financing channeled through IDA country allocations, and/or CRW (ERF) financing.** Climate change and conflict are adding strong headwinds to the food security challenge in IDA countries, requiring stepped up efforts. The World Bank will also increasingly work with IDA countries to help improve sustainable food security impacts of their public spending and to mobilize more private investment in food systems.

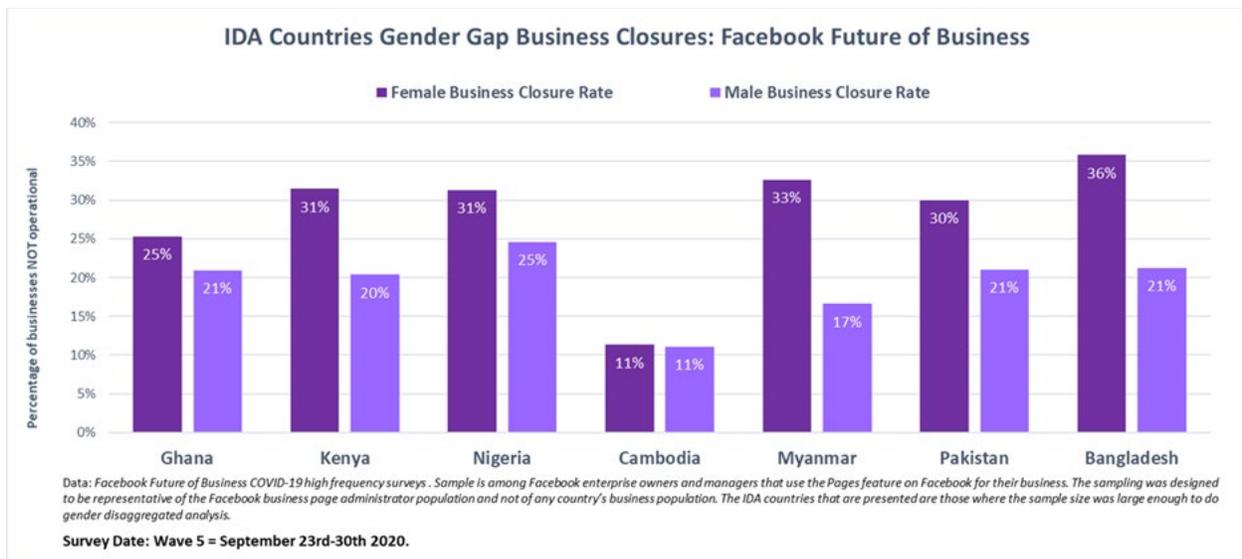
Annex 1. Households Reporting Loss of Income and IDA Countries Gender Gap Business Closure

Figure A1. 1. Percentage of Households Reporting Loss of Income by Source and Residence
(conditional on having received a given income source in the last 12 months)



Source: Josephson, A., Kilic, T., and Michler, J. D. (2020). "Socioeconomic Impacts of COVID-19 in Four African Countries." World Bank Policy Research Working Paper No. 9466. <http://documents.worldbank.org/curated/en/955251604433596591/Socioeconomic-Impacts-of-COVID-19-in-Four-African-Countries>

Figure A1. 2. Businesses Owned by Women have Closed at Higher Rates than those Owned by Men



Annex 2. IDA's Response to Date

1. **Scaling up safety net programs.** Social protection programs in IDA countries have been adjusted to: (i) ensure they continue reaching the already poor and vulnerable even during restrictions on movement (e.g., using digital payments, suspending work conditions, making consolidated upfront payments, and remote monitoring); and (ii) reach new target groups, such as women and young children who are among the most vulnerable and the urban poor who are neither poor enough to be included in non-contributory social assistance programs, nor wealthy or formal enough to have employment-based social insurance. In addition, US\$1.5 billion in new financing has been approved for new social protection operations in IDA countries, including seven IPFs and two DPF operations. Cash transfers usually equate to about 15-20 percent of consumption for a duration of 2-4 years. However, under COVID-19 responses, the duration of cash transfers for new beneficiaries has usually been shorter-term (3 to 12 months), and transfers on average have been a higher share of consumption.

2. **Agriculture program restructuring/repurposing has been extensive, together with new operational support.** About US\$300 million across pre-existing IDA agriculture programs has been restructured or repurposed for food security responses. New commitments of US\$1 billion have been provided so far for COVID-19 food security responses via both development policy financing and investment project lending. Support is being provided for distributing and improving access to food, protecting jobs and livelihoods, supporting next season's food production, and supporting agribusiness and small-scale entrepreneurs:

- a. **Distributing and improving access to food.** An example is Comoros, with development policy financing support, the government has agreed to issuing fast track clearances (green lanes) to facilitate cross-border trade of designated food imports. In Madagascar, funds were made available to provide access to food targeting 244,000 poor and vulnerable households. In Chad, funds were redirected through CERC activation to provide food assistance via free distribution of food kits to 437,000 vulnerable people experiencing severe food and nutritional insecurity located in both urban and rural areas. Support has also been provided in Afghanistan, Bhutan, Guinea-Bissau, Lesotho, and Myanmar.
- b. **Protecting jobs and livelihoods.** An example is support being provided in Afghanistan to generate short-term employment of five million person-days through rehabilitation and improvements of irrigation schemes, and construction activities to improve water management for rainfed agriculture. In Nigeria, support is being provided for labor-intensive agriculture infrastructure development to help create short-term jobs in rural areas. In Guinea, financing is being provided for labor-intensive public works to support livelihoods while providing communities with productive infrastructure that is also helping strengthen resilience to future shocks. These examples blend short-term support measures with the long-term agenda of climate-resilient productivity growth and lays the foundation for recovery of agricultural production. Support has also been provided to protect jobs and livelihoods in Mongolia, Ghana, Bangladesh and Dominica.
- c. **Supporting next season's production.** This has been done through provision of seeds and other agricultural inputs to address input supply disruptions and food security concerns

caused by the COVID-19 crisis across eleven countries,¹ and boosting domestic crop and livestock production in another eight countries.²

- d. **Supporting agribusiness and small-scale entrepreneurs.** An example is Guinea where a matching grant scheme for SMEs is being implemented with IFC to mitigate the impact of COVID-19 on SMEs in agricultural value chains. A matching grant scheme for SMEs involved in key value chains is also being provided in DRC and Mozambique. Furthermore, support is being provided to agribusiness and small-scale entrepreneurs in Cote d'Ivoire, Ghana, Guinea, Kosovo, Nigeria, and Rwanda.

3. **Additional efforts are helping to mitigate the impacts and control the spread of locusts.** In May 2020, the World Bank Board of Directors approved the US\$500 million Emergency Locust Response Program that uses the Multiphase Programmatic Approach. The program aims to help governments and affected communities safeguard their livelihoods and cope with the economic and food security impacts of locust damage on crops, livestock, and related assets while strengthening national systems for preparedness. To date, five countries (Djibouti, Ethiopia, Kenya, Uganda, Somalia) have been included in the program with commitments totaling US\$200 million, and another two projects are under preparation for Chad and South Sudan. The Bank has also approved US\$225 million in financing to support the locust crisis in hard-hit Pakistan and Yemen.

4. **IDA's private sector window investments have been a key part of IFC's COVID relief package.** IFC is providing immediate relief—protecting jobs and supporting supply and distributions chains—by extending liquidity where needed most. By the end of October 2020, IFC had provided US\$2 billion in COVID relief to the private sector in IDA FCS. As part of this package, risk mitigation support via IDA-PSW as well as GAFSP have also been instituted to facilitate IFC financing in higher risk IDA country operations. For example, IDA-PSW risk mitigation has been deployed to allow IFC to finance local exporters of vanilla from Madagascar and expand blueberry production in Mozambique, whereas GAFSP support has been crucial to deploy IFC financing for sustainable cocoa sourcing from West Africa as well as sustainable coffee exports from Nicaragua, with both contributing to enhance food security among local farmers linked to these export value chains. Also, in Nicaragua, IFC is supporting the operations of a leading, competitive sugar producer by helping to close a financing gap through the provision of working capital thus preserving employment and limiting disruptions along the supply chain. Complementing the on-going investments, IFC's agribusiness advisory service activities continue to engage proactively with smallholders and solidify their linkages with lead firms and processors by strengthening the competencies of the smallholders and promoting the deployment of digital technologies to improve transparency and efficiency (e.g., Olam in Asia, Puratos in Africa, Soufflet in Ethiopia). Discussions are also ongoing with IFC to make their agri-business portfolio more “nutrition-sensitive” through measures such as commercial food fortification and reduction of ultra-processed foods.

¹ Afghanistan, Chad, Dominica, Ghana, Guinea, Guinea-Bissau, Kyrgyz Republic, Timor-Leste, Myanmar, Sierra Leone, and Uzbekistan.

² Burundi, Cote d'Ivoire, DRC, Guinea-Bissau, Haiti, Kyrgyz Republic, Lesotho, Sierra Leone.

5. **In addition to new commitments, IDA has a large ongoing portfolio of food security-related projects** as demonstrated by the list of these projects approved pre-COVID-19 in food security “hotspot” countries, as reflected in Table A2.1.

Table A2. 1. Food Security-Related Projects Approved Pre-COVID-19 in “Hotspot” Countries

Project Name / ID	Active	Commitment	Undisbursed balance
Afghanistan			
Women’s Economic Empowerment Rural Development (P164443)	Active [approved Sept 28, 2018]	25.0	18.6
Irrigation Restoration and Development (P122235)	Active [approved April 28, 2011]	95.8	3.5
Burkina Faso			
Social Safety Net (P124015)	Active [approved April 23, 2014]	150.0	88.5
Livestock Sector Development (P159476)	Active [approved July 20, 2017]	60.0	41.5
Health Services Reinforcement (P164696)	Active [approved July 6, 2018]	4.8	4.1
Agricultural Resilience and Competitiveness (P167945)	Active [approved Aug 30, 2019]	151.9	145.9
DRC			
DRC Eastern Recovery (P145196)	Active [approved Feb 27, 2014]	79.1	29.7
Regional Great Lakes Integrated Agriculture Development (P143307)	Active [approved Jun 21, 2016]	150.0	114.5
Agricultural Rehabilitation and Recovery Support - AF (P092724)	Active [approved March 30, 2010]	194.9	16.4
DRC Western Growth Poles (P124720)	Active [approved June 11, 2013]	110.0	1.3
SME Development and Growth (P160806)	Active [approved July 6, 2018]	5.0	4.5
Ethiopia			
Second Agricultural Growth (P148591)	Active [approved Mar 31, 2015]	350.0	43.3
Urban Productive Safety Nets (P151712)	Active [approve Dec 16, 2015]	300.0	56.5
Resilient Landscapes (P163383)	Active [approved Jul 30, 2018]	100.0	61.9
Rural Productive Safety Net (P163438)	Active [approved Sep 14, 2017]	600.0	10.4
Livestock and Fisheries Sector Development (P159382)	Active [approved Dec 12, 2017]	170.0	122.4
Climate Action Through Landscape Management (P170384)	Active [approved Jun 13, 2019]	500.0	362.1
Lowlands Livelihoods Resilience (P164336)	Active [approved May 23, 2019]	225.0	169.6
Competitiveness and Job Creation (P143302)	Active [approved May 13, 2014]	131.8	20.2
Economic Opportunities Program (P163829)	Active [approved June 26, 2018]	18.2	12.1
National Quality Infrastructure Development (P160279)	Active [approved March 31, 2017]	12.0	9.2
Rural Productive Safety Nets (P163438)	Active [approved Sept 14, 2017]	600.0	10.3
Haiti			
Resilient Productive Landscapes (P162908)	Active [approved Mar 1, 2018]	22.75	8.0
Relaunching Agric: Strengthening Agriculture Public Services (P126744)	Active [approved Dec 1, 2011]	75.0	11.1
Niger			

Project Name / ID	Active	Commitment	Undisbursed balance
Adaptive Safety Nets (P166602)	Active [approved Jan 3, 2019]	80.0	60.8
Climate-Smart Agriculture Support (P153420)	Active [approved May 26, 2016]	111.0	48.3
Youth Employment and Productive Inclusion (P163157)	Active [approved Jun 14, 2018]	30.0	25.2
Agriculture and Livestock Transformation (P164509)	Active [approved Jun 20, 2019]	100.0	102.4
Niger Refugees and Host Communities Support (P164563)	Active [approved Sep 12, 2018]	14.4	12.2
Disaster Risk Management and Urban Development (P145268)	Active [approved Dec 11, 2013]	25.0	4.0
Nigeria			
Multisectoral Crisis Recovery Project for North East Nigeria (P157891)	Active [approved Mar 20, 2017]	41.8	29.8
Transforming Irrigation Management (P123112)	Active [approved Jun 19, 2014]	495.3	223.4
Erosion and Watershed Management (P124905)	Active [approved May 8, 2012]	540.0	26.6
Nigeria Agro-processing Support (P148616)	Active [approved Mar 23, 2017]	200.0	145.9
National Social Safety Nets (P151488)	Active [approved Jun 7, 2016]	500.0	307.6
Kaduna Economic Transformation (P161998)	Active [approved Jun 20, 2017]	35.0	9.0
Rural Access and Marketing Project (P163353)	Active [approved Feb 18, 2020]	112.0	111.0
Ogun State Economic Transformation (P164031)	Active [approved Feb 18, 2020]	250.0	256.9
Somalia			
Shock Responsive Safety Net for Human Capital (P171346)	Active [approved Aug 8, 2019]	65.0	43.4
Water for Agro-pastoral Productivity and Resilience (P167826)	Active [approved July 1, 2019]	42.0	41.2
Yemen			
Yemen Emergency Crisis Response (P159053)	Active [approved July 19, 2016]	840.0	7.5
Total		7,612.8	2,820.8

Annex 3. Partnerships and IDA's Value-Added

A. Partnerships

1. **At the country level, IDA actively engages and coordinates with development partners.** For example, in Mali, the IDA-financed Drylands Project CERC has been activated in the amount of US\$12.5 million to provide emergency food assistance to 650,000 people implemented by the WFP. In Chad, the IDA-financed Climate Resilient Agriculture and Productivity Enhancement Project CERC reallocates about US\$15 million to finance short and medium term interventions consisting of the distribution of food kits and agriculture inputs (seeds and small agriculture equipment); these activities are to be implemented by the WFP (US\$7 million) and FAO (US\$8 million). In the Central Africa Republic, IDA is working with other agencies and donors engaged in agriculture and food security, including AfDB, EU, and IFAD, on a harmonized response to the Government's Emergency Plan implemented through ongoing projects, such as the IDA-financed Agriculture Recovery and Agribusiness Development Project.¹ Additional examples of current and potential IDA-WFP collaboration are provided in Box A3.1.

2. **The World Bank's response to food security crises is closely aligned with, and complementary to, the efforts of its partners, including as part of the Famine Action Mechanism (FAM).** Led by the World Bank, FAM is a global partnership dedicated to scaling up Anticipatory and Early Action (AEA) to protect lives and livelihoods from emerging food security crises.² The FAM has focused on three areas of collaboration—food security crisis risk analytics, AEA financing, and programming. This work was instrumental to the development of the World Bank's CRW ERF and has helped inform anticipatory action pilots led by OCHA's Central Emergency Response Fund (CERF).³ To date, the FAM has conducted country-level consultations in Afghanistan, Chad, Somalia, South Sudan and Yemen to identify specific challenges and ways to support AEA programming. These engagements kickstarted project-level collaborations between the World Bank and its partners, e.g., Somalia's Shock Responsive Safety Net for Human Capital project and Afghanistan's Early Warning, Early Finance, and Early Action project. The FAM is an important platform for raising awareness and gathering consensus around food security crisis trends, including more recent impacts caused by COVID-19.⁴

¹ AUC and FAO Joint Task Force on the Impact of COVID-19 on Food Security and Nutrition in Africa, October 21, 2020.

² FAM partners include the World Bank, donors (Canada, Denmark, EU, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, UAE, UK, US), UN agencies (FAO, IFAD, OCHA, UNDP, UNICEF, WFP, WHO), ICRC and IFRC, (I)NGOs (Action Against Hunger, Concern, Mercy Corps, Oxfam, Save the Children, START), and data institutions (CILSS, FEWSNET, IPC, UN Centre for Humanitarian Data).

³ See OCHA. 2020. UN Humanitarian Chief to Release Up to US\$140M in CERF Funds for Anticipatory-Action Projects. <https://www.unocha.org/story/un-humanitarian-chief-release-140m-cerf-funds-anticipatory-action-projects>

⁴ On June 4, 2020, the FAM's Global Technical Working Group – comprised of director-level representatives from respective partners – met to discuss the imminent impacts of COVID-19 on food security crises.

Box A3. 1. Examples of Current and Potential IDA and WFP Collaboration

IDA and WFP have systemic long-term cooperation in many countries, including on social safety net delivery systems, school feeding programs, and food security monitoring. In addition, WFP has provided implementation support to many IDA financed operations. Country examples of ongoing and potential IDA-WFP collaboration includes Kenya, Burkina Faso, Sudan, Somalia, DRC, and Bangladesh.

Kenya: IDA is collaborating with WFP through the IDA-financed Kenya National Safety Net Program for Results, and the Kenya Social and Economic Inclusion project. While these IDA-financed operations have been investing in the harmonization of cash transfer programs, institutional capacity building, and payment and grievance redress mechanisms; WFP has helped the government to set up a single beneficiary registry for the national safety net program. The cooperation continues through enhancement of the single registry to build a national social registry of the poor and vulnerable population that would serve as a platform for coordination and targeting of various social protection interventions including those addressing food insecurity.

Burkina-Faso: In July 2020, IDA signed a Memorandum of Understanding (MoU) with WFP that will drive common activities for the period 2020-2023. Through this MoU, IDA and WFP agreed to develop a yearly action plan, the first will be signed on November 24, 2020. It includes activities such as: support to the government to construct a holistic unified social registry, capacity building of national stakeholders in adaptive social protection, strengthening of government capacities in disaster risk financing and forecast based financing, work on early warning systems, institutional support to government entities operating in disaster risk management, and alignment of WFP interventions with the IDA-supported Social Safety Net project, particularly in the area of nutrition.

Sudan: The Sudan Family Support Project (US\$200m IDA grant and US\$200m grant from Sudan Transition and Recovery Support program MDTF) aims at providing cash transfers to selected families, establish delivery systems, and build institutional capacity. The project will be implemented in collaboration with WFP, drawing on WFP's experience with payment and grievance redress systems in Sudan.

Somalia, WFP is providing implementation support to the IDA-financed Somalia Shock Responsive Safety Net for Locust Response Project to deliver direct income support to households that experience lost income or price shocks from the impact of locusts on local production and local food availability.

DRC: IDA is exploring a partnership with WFP on high frequency mobile phone-based food price monitoring.

Bangladesh: IDA is in discussion with WFP on operational collaboration on implementation of a milk school feeding program under the IDA financed Livestock and Dairy Development Project, given WFP's experience with school feeding programs.

3. **Multilateral initiatives on social protection:** IDA is an active partner in several multilateral initiatives to strengthen social protection through coordination among different government stakeholders and international partners. *The Rapid Social Response Adaptive and Dynamic Social Protection (RSR-ADSP) Umbrella Program* is a multi-donor program to help IDA-eligible countries to build effective social protection systems for resilience, equity and opportunity. RSR has launched a special COVID-19 call (approximately US\$7.0 million) for gender-focused proposals to promote shared power, control of resources, and decision-making to support women's empowerment and gender equality. The World Bank is co-Chair of the *Social Protection Interagency Cooperation Board (SPIAC-B)*, an inter-agency coordination mechanism, that includes 20 international organizations and bilateral institutions, to enhance global

coordination and advocacy on social protection issues and to coordinate international cooperation in country demand-driven actions. The World Bank is also a co-chair of the Universal Social Protection Global Partnership (USP2030).

4. **Africa Food Security Leadership Dialogue (AFSLD):** Launched in Kigali, Rwanda, in August 2019 by the World Bank Group in partnership with the African Union Commission (AUC), International Fund for Agricultural Development (IFAD), FAO, and the African Development Bank (AfDB), and hosted by the Republic of Rwanda, the AFSLD seeks to galvanize action and mobilize financing to address Africa’s chronic as well as acute food security challenges. The consensus view from AFSLD—articulated in the Kigali Communique on joint action for food security in the face of climate change—stressed on the importance of implementing policies to promote climate-smart agriculture, supported by investments and backed by high-quality research. Ministers of Agriculture, Environment and Water as well as development partners endorsed the Communique and confirmed their commitment to leveraging science in service of a more productive and climate-resilient agriculture and to creating incentives for the private sector to invest in climate-smart agriculture and food systems that meet the dietary needs of the region’s growing population.

5. **Global Agriculture and Food Security Program (GAFSP):** GAFSP is a financing vehicle launched in 2010 by the G20 in response to the 2007-08 food price crisis to reduce poverty and improve food security through agricultural development in IDA-only countries. The World Bank hosts the GAFSP Secretariat and is the program trustee. IDA is one of GAFSP’s seven implementing partners (with regional MDBs and Rome-based Agencies). GAFSP’s US\$1.6 billion portfolio is comprised of US\$1.3 billion in grants, US\$330 million in private sector financing, and US\$13.2 million in producer organization-led investments across 47 countries, more than half of which are classified as FCS. GAFSP investments have benefited over 13 million smallholder farmers and their families, including 5.6 million women. In fiscal year 2020, the GAFSP Private Sector Window approved 11 investment projects in IDA FCS with a total funding of US\$53 million. The leverage ratio (GAFSP funding to non-GAFSP funding for projects) increased to 1:6.1 (i.e., \$323m of additional funding was facilitated by GAFSP participation) from a historical 1:5.4 level. With the launch of a new replenishment process (2020-2025), and US\$300 million in new funding mobilized to date, the Program plans to issue a new call for proposals in early 2021 to fund COVID-19 recovery with support to countries, producer organizations and private sector entities to address food security and strengthen the performance, resilience, and sustainability of their agriculture sector.

6. **Consultative Group for International Agricultural Research (CGIAR):** The World Bank has a long and productive partnership with CGIAR. IDA has partnered with CGIAR on its knowledge and analytical work, including on climate-smart agriculture, policy distortions, and repurposing public spending. IDA project design and implementation has drawn on CGIAR experts and technologies (e.g., earlier pioneering programs on Climate-Smart Agriculture in Nigeria and Kenya that helps improve the level and stability of food availability and farm incomes), and indirectly, through formal links with National Agricultural Research Systems supported by CGIAR (e.g., release of wheat varieties resistant to new rust in Ethiopia and elsewhere in Africa; the rollout of high-yielding and nutritious NERICA rice in West Africa; and introduction of biofortified maize in Zambia through the AgResults Initiative) which contribute to

reducing food and nutrition insecurity. A regional program is under preparation through which IDA funds provided to CGIAR, in an amount of US\$60 million, will help accelerate the impacts of CGIAR climate research in IDA countries in Africa by enhancing access to climate information services and climate-smart agriculture technologies.

7. **Nutrition:** WBG is a founding partner of the Scaling Up Nutrition (SUN) movement and has strong nutrition partnerships with bilateral partners (UK, Japan, USAID, Irish, Canada), CSOs, Foundations, and the UN agencies. The World Bank currently manages about US\$185 million of Trust Funds for nutrition, including The Power of Nutrition MDTF, an innovative financing facility that brings in recipient-executed grant resources from the private sector and philanthropic foundations to co-finance nutrition services with IDA. Investments are mainly focused on reducing child stunting and wasting through scaling up high-impact nutrition interventions.

B. IDA's Value Added and Comparative Advantage

8. Section III in the main text (pages 14 and 15) highlights IDA's value added and comparative advantage. One of the elements highlighted is IDA's attention to both short-term measures and the longer-term underlying drivers of food and nutrition insecurity. Examples of this include:

- a. **South Sudan:** IDA is pursuing an integrated approach to conflict prevention to support South Sudan's transition from conflict driven emergency responses to sustained rural development. Upstream analytics are being undertaken to identify viable solutions to inform IDA's short-term emergency response (for locust control and to protect livelihoods) as well as longer-term investment support to build resilient agricultural livelihoods for recovery and prevent future conflict.
- b. **DRC:** IDA is engaged in broad-based consultations with government, donor partners and humanitarian actors to assess the impact of COVID 19 and coordinate an appropriate response focused on a combination of short- and long-term measures. Short term measures include: (i) expanding the distribution of improved seeds and planting material; (ii) providing matching grants and business management training directly to farmers and MSMEs; (iii) organizing awareness campaigns on COVID-19; and (iv) improving access to livelihoods, while preparing to expand cash transfer support into Kinshasa. In addition, IDA has financed high-frequency monitoring of households, firms, and food prices to evaluate impacts and assess responses to provide real-time data critical during a fast-moving crisis. For the long-term, the focus is on developing key value chains (cassava, rice and dairy) and innovative agricultural finance solutions through digitized savings programs for small producers; and financing public infrastructure such as rural roads, electricity, and irrigation schemes, and building storage capacity and agricultural market facilities which are essential for agricultural development.
- c. **Ethiopia:** IDA is financing both short term and long-term interventions. Short term interventions include support to the poultry and dairy value chains which were most affected by COVID-19; provision of input packages (seed/fertilizers and feed) to households affected by flooding; and pasture rehabilitation support to farmers and

pastoralists; supporting transfers in cash and in kind to smooth consumption in food-insecure rural areas and helping urban poor to establish their livelihoods including gardens with vegetables for consumption or sale. IDA support for longer-term interventions are focusing on small scale irrigation and market infrastructure to help increase farm incomes and resilience of food supply.

- d. **Kenya:** In the short-term, IDA is supporting the establishment of a “Food Security War Room” within the Ministry of Agriculture to ensure availability, accessibility and affordability of food and water. IDA is also providing support for subsistence and livestock farmers, and fisherfolks to maintain agricultural output; innovative solutions to ensure markets remain operational; and development of a Digital Food Balance Sheet to track the status of maize stocks (the main food crop) and attract the private sector. In partnership with the UK’s Foreign, Commonwealth and Development Office, IDA is supporting a flagship shock responsiveness safety net, the Hunger Safety Net Program, to expand its coverage, sustainable financing arrangements, and institutional development for timely income support to households. For long term support, IDA is supporting access to agricultural inputs, e-extension, access to markets, value chain support and leveraging digital tools to deliver input and output services through the network of digital innovators and agri-tech startup.

Annex 4. What More Can IDA Do?

A. Short-Term Support

1. **Ensure continued international and domestic food trade flows and avoid costly panic reactions.** Continued efforts are needed to monitor and communicate global food market conditions to both IDA and non-IDA countries to help avoid adverse policy reactions, such as export restrictions and unnecessary trade barriers, that can have harmful negative impacts on food security in IDA countries. The World Bank will continue to engage with the G20 Agricultural Market Information System that improves market transparency of major grains and provides a platform for policy coordination and will continue to monitor local food price changes in IDA and non-IDA countries to inform country dialogue. IDA will help keep food moving through some of our operational responses. For example, under an emergency DPF operation under preparation in Comoros, the government has agreed on issuing fast track clearance processes (green lanes) to facilitate cross-border trade of designated food imports.

2. **Lower food import tariffs and taxes to reduce the cost of food.** For example, under the same emergency DPF operation being processed in Comoros, the government will reduce customs duties and taxes by 30 percent on selected food items that are not already subject to a preferential or reduced tax; and in DRC, the government will exempt, for the duration of the crisis, all agriculture inputs and food products from national taxes, provincial taxes and fees, including informal fees collected at road checkpoints.

3. **Protect purchasing power of poor households through cash transfers, supplemented with food where needed.** Support to expand social protection programs to 14 IDA countries are planned for Q2FY21 to Q4FY21, including six FCS as a response to COVID-19. While IDA FCS already had a more dire food insecurity situation prior to the pandemic, IDA non-FCS have also been hard hit by COVID-19. Of the additional 96 million people estimated by WFP to be acutely food insecure in 54 IDA countries by the end-CY2020 due to COVID-19, 55 percent are estimated to be in IDA FCS and 45 percent in IDA non-FCS. Safety net programs are thus important to both groups of countries to help protect purchasing power and food security of poor household. Examples of planned support include strengthening adaptive safety nets in Ethiopia, Haiti, and Madagascar. Social protection projects are also increasingly incorporating resilience-building by helping vulnerable people generate more sustainable livelihoods, diversify sources of incomes, improve their job prospects to mitigate the impacts of shocks and reduce the likelihood of extreme food insecurity at household level.

4. **Help sustain jobs and provide short-term job opportunities while building long-term resilience.** Conditional cash transfers to agribusiness MSMEs on condition of retaining employees could help maintain jobs, reduce associated income losses, while maintaining functional supply chains and local businesses. This is an area to further explore in IDA countries. Continued scaling up of productive safety nets, such as cash or food for work that develops productive agricultural infrastructure, as per the support for irrigation infrastructure rehabilitation and development in Afghanistan, can simultaneously provide short-term relief while building assets to improve long-term resilience. For example, each US\$1 million in labor-intensive irrigation works creates about 70,000 additional workdays.

5. **Monitor and rapidly respond to prevent worsening nutrition among the most vulnerable groups.** Malnutrition is caused by poor dietary quality and insufficient food intake, made worse during the pandemic by disrupted supply chains, higher relative prices for the more nutritious but perishable foods, and disrupted health services. Malnutrition weakens the immune system, increasing susceptibility to infections, which in turn can worsen nutritional status and impede recovery from infection. Monitoring the changing health and nutrition situation of children is a priority to rapidly identify "hotspots" at high risk for irreversible health impairment or mortality. For example, in Tajikistan a Food Insecurity Experience module included in the World Bank's high frequency phone surveys has provided an early warning of the deteriorating dietary quality. Going forward, the availability of flexible and rapid financing, in partnership with other donors, will help intensify targeted support and ensure improved links between health systems and humanitarian response.

6. **Invest in next season's production.** Continued efforts are needed to ensure COVID-19 disruptions do not adversely affect next season's plantings. Reduced crop size could further worsen food insecurity. Projects already approved are providing this support, such as the emergency wheat seed distribution in Afghanistan. Expanding similar support to additional countries is planned in FY21, including support for e-vouchers to improve targeting and access by smallholder farmers to subsidized agricultural inputs in Burkina Faso. Public works programs can also help maintain irrigation infrastructure.

B. Longer-Term Resilience and Sustainability

7. **Regenerate incomes.** An IDA19 policy commitment is at least 66 percent of agriculture and agribusiness projects in IDA countries include support for participation in value chains with high potential for growth and jobs creation. This will help regenerate incomes and purchasing power, and thereby improve food security. Examples of projects under preparation include support for dairy producers in the Kyrgyz Republic, rural economic development in Bangladesh, Liberia, and Mozambique, and agricultural value chain and commercialization projects in Zambia, the Gambia, Ghana, and Rwanda.

8. **Strengthen early warning systems for early action.** Early warning systems that make real-time assessments of crop performance and provide early alerts about potential food shocks can identify risks before they materialize and help facilitate proactive risk-mitigation. In this respect, the World Bank will continue to help strengthen National Agricultural Observatories that it helped establish in Ethiopia, Kenya, Uganda, Zambia, and Zimbabwe. The World Bank has also been developing a model to predict food crises with sufficient lead time for preventative action reflected in the World Bank Policy Research Working Paper on *Predicting Food Crises*. There are ongoing efforts to expand the IDA country coverage of these modeling efforts, and integrate them with the Agricultural Observatory and ongoing food price monitoring to establish an Early Action for Early Warning Food Security Hub. More support is also needed to develop or strengthen food security crisis management systems.

9. **Promote climate-resilient productivity growth.** Building resilience is critical for longer-term food and nutrition security. In Sub-Saharan Africa, per capita food production shocks related to climate events such as droughts and floods have increased from occurring every 12.5 years (average for 1982 to 2006) to once every 2.5 years (average for 2007 to 2016). Maintaining long-

term per capita food production growth becomes increasingly difficult when countries are more frequently being set back by production shocks. A regional program under preparation aims to accelerate the impacts of CGIAR climate research in IDA countries in Africa enhancing access to climate information services and climate-smart agriculture technologies. There has also been almost US\$400 million in new commitments since March 2020 to improve irrigation, with almost US\$300 million in disbursement from existing projects over the same time period. Support is needed to innovate and improve service delivery to avoid irrigation disrepair and backlog, and to ensure continuity of irrigated production, as in recent programs in Cameroon, Uganda, and Zambia. Longer-term attention is needed on improving water efficiency and financial sustainability of irrigation services.

10. Strengthen capacity for prevention of crop and livestock pests and disease: Locust outbreaks, fall army worm, wheat rust, and Africa Swine Flu, among others, can have substantial negative impacts on food security. Effectively identifying and responding to local threats requires local capacity which is often weak in IDA countries. A systematic, comprehensive, and gradual approach to strengthening capacity for finding and treating threats; strengthening veterinary services and livestock disease surveillance and preparedness; and reducing risk of pathogen transmission from animals-to-humans, including improvements to food safety, through a One Health approach is needed. Only 5 percent of the COVID-19 Strategic Preparedness and Response Program financing has so far gone towards One Health investments. Pipeline projects to address some of these aspects include the second Regional Sahel Pastoralism Support Project.

11. Improve natural resource management (water and land governance): Natural resource degradation can be a source of income decline, increased food insecurity, and conflict. For example, livestock overgrazing can lead to encroachment of pastoralists onto crop lands causing increased tension and conflict between these groups; and degraded water catchments from deforestation affects the quality, quantity, and timing of water flow, and excessive extractions and water depletion can lead to conflicts among users, of which agriculture is the largest user. Key drivers of land degradation include lack of land tenure security, lack of (output, input, and financial) market access, and lack of knowledge of improved management practices. Examples of planned investments to address some of these aspects include the second Regional Sahel Pastoralism Support project, the Nigeria Agro-Climatic Resilience in Semi-Arid Landscapes project, the Senegal Cadaster and Land Tenure Improvement project, additional financing for the Tanzania Land Tenure Improvement project, and integrated landscape management approaches that recognize the interactions between forests, water catchment management, and agriculture through matching investments through the GEF FOLOUR program in 14 IDA countries.

12. Address the interlocking characteristics constraining development in FCS: In IDA FCS, food security programs need to increasingly address the interlocking characteristics constraining development in these situations, including reducing conflict risks; improving social cohesion, and citizen perception of state legitimacy; developing the private sector and jobs; and providing livelihoods for displaced people and refugees that can all help further improve food security. This includes improving accountability, transparency, predictability and targeting in food distribution, subsidy programs, and public investments; inclusion of vulnerable people and lagging regions; repairing and strengthening national, local government, and community-based institutions; resilient and sustainable resource management; and improving the enabling environment including restoring, building, and protecting, capital stock as detailed in the

forthcoming World Bank publication on *Building Stronger Food Systems in Fragile, Conflict, and Violence Situations*.

C. Areas Amplified by COVID-19 that Need Attention and Provide Opportunities for “Building-Back-Better”

13. **Repurposing agricultural public policies and support to create the incentives for private actors (farmers and agribusinesses) to build-back a more resilient food system.** The private sector produces, trades, processes, and delivers food to final consumers making it critical to ensure that public policy and support provide appropriate incentives for private investment that can transform food systems to become more productive, resilient and environmentally sustainable, while strengthening food security, and addressing the underlying causes of zoonotic diseases. The severe fiscal stress that the COVID-19 crisis has imposed also presents opportunities for countries to review and repurpose public spending priorities to leverage private investment to “build back better”. Upstream advisory and technical assistance work is starting on this agenda in 5 IDA countries. Additional IDA resources would be used to scale up this effort in other IDA countries.

14. **Mainstreaming One Health approaches:** COVID-19 has amplified the urgency of mainstreaming One Health approaches to improve the resilience and sustainability of food systems at the animal-human-ecosystem interface, and to reduce the risk of future zoonotic disease outbreaks. Due to the inter- and multidisciplinary nature of One Health, IDA has a significant comparative advantage to address and lead this critical public goods agenda. Urgent efforts are also needed to prevent new COVID-19 reservoirs from emerging in animal populations, which risk spilling back to humans in the future. Priority interventions include support for establishing early warning and prevention systems; control and eradication strategies proposed by individual countries to cover their short, medium or long-term needs. Activities to be supported would include: (i) enhancing infectious diseases prevention and preparedness capability; (ii) strengthening veterinary services, diagnostic capacity and applied research on animal health; (iii) strengthening disease control programs, response and outbreak containment capacity; and (iv) improving biosecurity in livestock production and trade.

15. **Making nutrient-adequate diets affordable** for better nutrition outcomes. Recent FAO estimates indicate that the average cost of a nutrient adequate diet in IDA countries is US\$2.26 per person per day compared to the US\$0.79 per person per day for an energy-sufficient diet, and the US\$1.90 per day poverty line. Support for the production of pulses, vegetables, fruits, and fish as outlined in recent nutrition-smart agriculture profiles developed by the World Bank and partners for DRC, Guatemala, Haiti, and Mozambique can help improve diversity of production and lower the local prices of non-staple nutritious foods. IDA projects have been giving more explicit attention to nutrition-sensitive agriculture, but more attention is needed to help reduce the cost of nutrient-adequate diets and ensure access by the most vulnerable women children and refugees.

16. **Investing in better nutrition outcomes.** This includes support to diversify diets; increase access to micronutrients by promoting the planting of bio-fortified crops; fortification of core staples at processing; and reduction of VAT and tariffs on imported fortified products. Improving the environment for processing, storage and transport of perishable goods, including investment in cold storage and support to locally sourced and produced goods can also promote positive nutrition outcomes. In addition, supporting the provision of basic health and nutrition services can

improve screening and preventive services to control disease outbreaks, reduce the mortality risk of increased malnutrition, as well as maintain gains in maternal and child health and human capital. Integration of nutrition, health, and hygiene services in adequately designed and targeted safety net programs can increase reach to the most vulnerable populations. Longer-term investments to reduce the growing epidemic of overweight/obesity is also critical to build future resilience against pandemics such as COVID-19 as new evidence suggests that obesity can increase the risk of COVID-19-related death by almost 50 percent.¹ After several years of strong WBG commitment to the nutrition agenda (about US\$1.0 billion IDA/IBRD for each of FY18 and FY19), attention declined in FY20. During this period of critical need for short- and medium-term response, increased focus on nutrition needs to be one of the core areas of IDA's engagement to ensure a balanced approach to food and nutrition security. With the emergency COVID-19 response operations focused on other immediate economic imperatives, and very few new interventions in the pipeline in a constrained resource environment, additional IDA will be critical to fill this gap.

17. **Expanding the use of digital technologies.** The inefficiencies and fragility in the food system brought to light by the COVID-19 lockdowns also offer an opportunity to build back a better and build more resilient food systems. Digital technologies offer a promising tool to overcome the transaction heavy traditional market linkages and information channels, as outlined in the World Bank's forthcoming publication on *Accelerating the Digital Transformation of Agriculture*. Innovative digital applications helped many countries around the world overcome the early disruptions caused by COVID-19 and can be scaled up in many IDA countries to leap-frog the traditional market transformation pathways. Support activities could include: (i) improving access to digital infrastructure; (ii) promoting an innovation ecosystem for digital agriculture (e.g., open datasets, digital platforms, digital entrepreneurship, digital payment systems, and digital skills); (iii) addressing data governance and competition concerns; and (iii) ensuring equitable access to the benefits of digital agriculture.

18. **Developing more efficient agri-logistics.** As a result of COVID-19 induced disruptions to transactions along food supply chains, demands on agri-logistics has risen, especially in perishable and high value products—such as fruits, vegetables, livestock products, and dairy—that have been subjected to high levels of post-harvest losses due to inability to get to markets. Efficient agri-logistics require adequate infrastructure, energy and water to enable products to reach markets economically, competitively and be of good quality. Digital technologies can help, but improvements in market infrastructure, collection centers, and warehouse or cold chain storage centers (especially for perishable products) are also needed. Public sector investments are needed, together with operation models that encourage private investment. IDA financing can help scale up agri-logistics investment, improve supply chain transactions and movement of food, and improve local value addition to producer associations and SMEs.

¹ Popkin BM, Du S, Green WD, et al. "Individuals with obesity and COVID-19: A global perspective on the epidemiology and biological relationships." *Obesity Reviews*. 21(11) (2020):1–17.
<https://doi.org/10.1111/obr.13128>

19. **Improving the management of markets.** In addition to physical infrastructure, support for better management of markets, particularly ‘wet markets’ and capacity building of traders can improve market efficiency, effectiveness, and hygiene for better health outcomes and pandemic prevention. Most retail trade in food in IDA countries are at traditional or ‘wet markets’, and most traders are women. Improving management of markets during the COVID-19 pandemic through improved hygiene sets a foundation for building back better, and well managed traditional markets help them compete with modern retail markets.

20. **Strengthening micro, small, and medium size agri-business enterprises, including traders, access to financial services by scaling up innovative financing instruments.** These would include support to: (a) ensure continued flow of financing through remittances and Community-Based Financial Institutions (CBFI), for example, by classifying them as ‘essential’ services for continued operations, providing exceptional liquidity assistance to qualified CBFI, etc.; (b) support for the functioning and expansion of individual transaction accounts, including digital payment options, to facilitate relief payments and remittances; (c) use mobile technology to reach women-owned businesses, including through provision of mobile phones to women, and targeting relief payments to the more vulnerable women; and (d) restore credit flows to boost investment such as SME credit guarantees schemes, expanded credit factoring programs and quick payment of government contracts with SMEs. In addition, support for regulatory and fiscal reforms can promote SMEs’ investments, including considerations for: (i) calibrating tax incentives to promote investment, such as payroll tax breaks, accelerated depreciation for capital investments, incentives for investment in innovation; (ii) tax deduction for expenses on worker training, business development services, technology adoption; (iii) easing SME participation in public procurement and public works; and (iv) programs for promoting SME productivity growth.