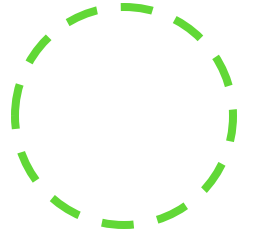




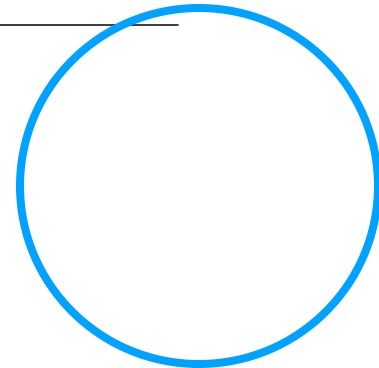
Food and Agriculture
Organization of the
United Nations



Investing in rural people



Rapid assessment of the impact of COVID-19 on food supply chains in the Philippines



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INTRODUCTION AND CONTEXT


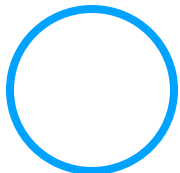
PART ONE

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Scope and framework

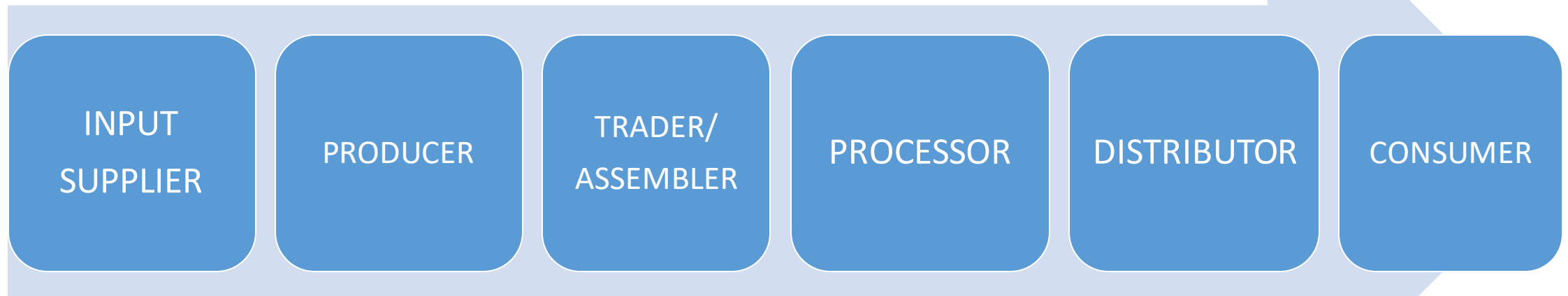


OBJECTIVES OF THE ASSESSMENT

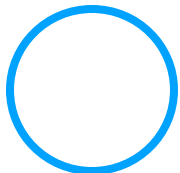
- to **gauge the impact** of COVID19 restrictions on domestic food security and other thematic areas,
 - to understand the extent of **implementation and effectiveness of national circulars** or guidelines on food supply at the local level, and
 - to provide a **basis for plans** of the national government and various actors on response and improved resilience relevant to food and agriculture
- 
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COVERAGE: SUPPLY CHAIN




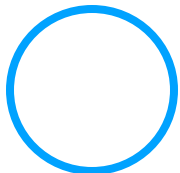
Food security dimensions along the supply chain:

- Availability
 - Accessibility (physical and financial)
 - Utilisation (health, nutrition, food safety)
- 



SCOPE : GEOGRAPHIC

Demand centers


- Luzon: Metro Manila
 - Visayas: Metro Cebu
 - Mindanao:
 - Metro Davao
 - BARMM: Basilan and Marawi City
- 
- 

A decorative graphic consisting of two thick pink arcs that curve from the top-left and top-right towards the bottom. A dashed orange circle is in the top-left, a dashed green circle is in the top-right, and a solid blue circle is in the bottom-right. A small yellow dot is on the left pink arc, and a small cyan dot is on the right pink arc.

Review of Baseline

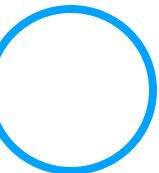
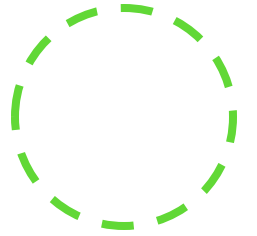


CONSUMPTION DATA

- Consumers depends heavily on the domestic agri-food system
 - Commodities most-imported are the major food groups: rice, meat
 - Filipinos consume more lowland than highland vegetables.
- 

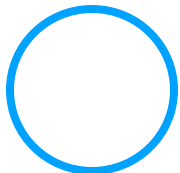
Some regional variations:

- Higher consumption of cassava in Basilan; vegetables and banana in Mindanao centers;
- Low consumption of tilapia in Metro Cebu.
- Mindanao centers tend to consume more lowland vegetables and bananas per capita.




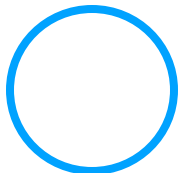


NUTRITION

- Owing to low per capita consumption, vegetables are only a minor source of micronutrients, except carrots for Vitamin A (17 kg per year)
 - Vs. WHO/FAO recommendation: 146 kg per year)
 - Population centers suffer malnutrition problem; poorer regions fare worse
 -
 - A key factor: high cost of nutritious diet relative to household incomes
 - In 8 out of 15 regions, more than 2/3 of households cannot afford a nutritious diet
- 


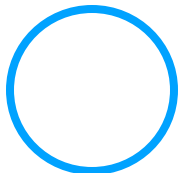


PRODUCTION

- Production of farmed animal products relatively close to the key population centers
 - Marine fish, vegetables, and fruit, relatively far, especially highland vegetables
 - These commodities must make a longer transit to reach bulk of consumers.
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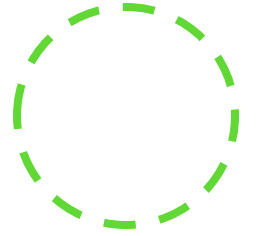


PRODUCTION CENTERS

- Using PSA data: identify the top three production centers in each island group
 - Use 1990 – 2018 data to forecast 2020 growth rate
 - For most items and most production centers, growth rate is high (above population growth rate)
 - Few exceptions with negative outlook
- 
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AGRI - FOOD: SYSTEM UNDER STRESS

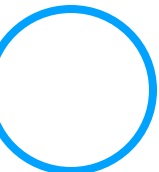


Short-term:

- Disease:
 - African Swine Fever: Luzon, Mindanao;
 - Avian Influenza – Luzon;
- Pest: Fall Armyworm (nationwide);
- Climate: Neutral weather conditions forecasted
- In fact: negative growth in 1Q 2020 (practically pre-COVID)
- Fortunately: global markets (at least cereals) in good shape going into the crisis

Long term:

- Weak growth, low income of producers
- Declining labor supply
- Lack of inputs and finance
- Poor logistics infrastructure
- Disconnect between SFF from value chain
- High cost of nutritious food
- Deteriorating resource base
- *Dependence on concentrated distribution points (urban centers)*



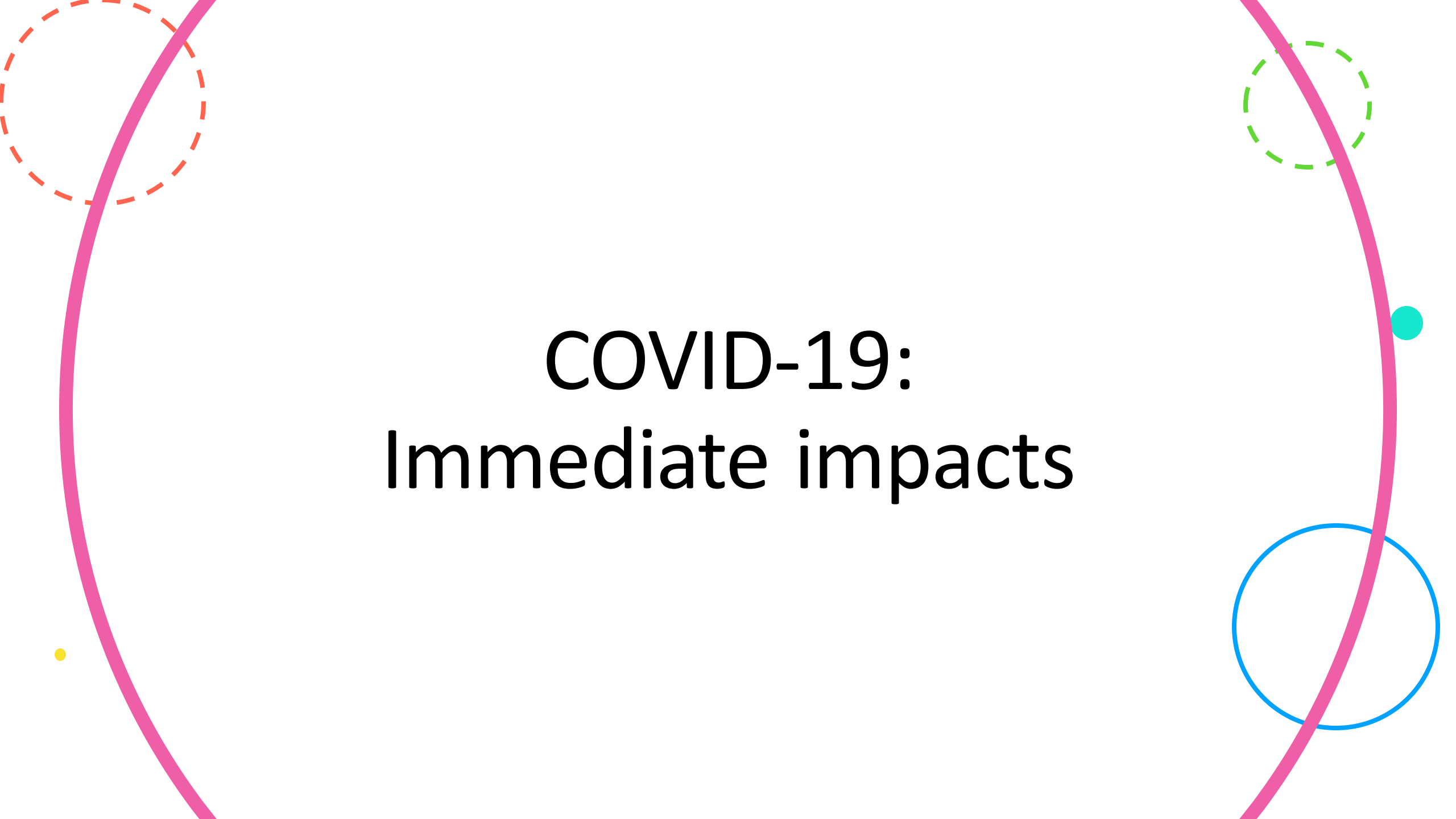
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Q & A SESSION

A decorative graphic featuring a large pink circle on the left and right sides, partially cut off. Inside the pink circle on the left is a dashed orange circle. Inside the pink circle on the right is a dashed green circle. A solid cyan circle is positioned on the right side of the pink circle. A solid blue circle is positioned at the bottom right of the pink circle. A small yellow dot is located on the left side of the pink circle.

FINDINGS AND RECOMMENDATIONS

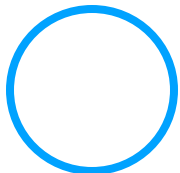
PART TWO

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COVID-19: Immediate impacts



COVID-19 PUBLIC HEALTH MEASURES

- Movement restrictions + Social distancing requirements (Community Quarantine)
 - Beginning 3rd – 4th week of March, ECQ in Luzon, high population provinces in Visayas and Mindanao
 - Exception for essential sectors: includes food and its supply chain; cargo delivery (air, sea, land)
 - Retail of food (grocery, wet market, delivery) permitted, but with social distancing rules (limited access to markets, quarantine pass, etc.)
 - Among essential sectors: production level restricted to skeleton capacity
- 



DA RESPONSE

Issuance of food pass

Upscaling of Kadiwa

Expanded price freeze

Urban agriculture project

Social amelioration program – palay farmers (pre-COVID)

Pre-positioning of rice stocks (NFA)



Public assistance helpline + COVID-19 Food Resiliency Task Force

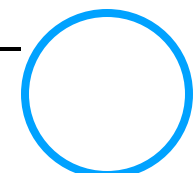


8.5 billion released so far for:

ALPAS KONTRA SA COVID-19





Item	Allocation (B)
NFA 30-day buffer stock	8.24
Rice resiliency	1.75
Corn-Livestock integration and corporative farming	1.0
Fisheries resiliency	1.2
Expanded SURE Aid and Recovery	3.0
Upscaling of Kadiwa ni Ani at Kita	1.0
Expanded small ruminants and poultry project	1.0
Urban agriculture project	0.5
Revitalised Gulayan project	1.0
Sustained IEC	0.05
Logistical support to frontline essential services	0.5

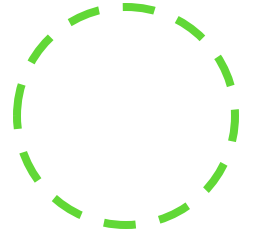



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Available secondary data on COVID-19 impacts



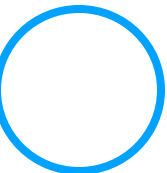
RETAIL PRICES IN METRO MANILA: MARCH – JUNE, 2020



- Chicken eggs, rice: unchanged at 6.50/pc and Php 40 per kg, respectively
 - General pattern: erratic leading up to and immediately following CQ implementation
 - Stabilised within one month; return to “normal” volatility
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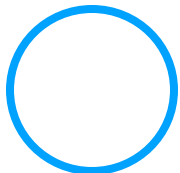
Compare with price ceilings:

- Rice – compliant
- Chicken – Php 130 per kg
- Bangus – Php 162 per kg
- Tilapia – Php 120 per kg




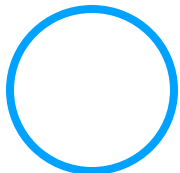


SUPPLY CHAIN DISRUPTIONS

- Case of livestock and rice locations where disruptions were reported lie on major transport routes for key commodities → potential to impede flows of these products
 - Widely acknowledged that NG initiatives (DA food pass + IATF pass) resolved most problems within 2 – 4 weeks of lockdown
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DIRECT HOUSEHOLD STUDIES

- Available only for BARMM (Basilan, Marawi, Lanao del Sur, Maguindanao)
 - During CQ period:
 - Households recording food shortage: 66% in Marawi; 36% in Basilan
 - Households with acceptable food consumption score (FCS): 57% Marawi; 89% Basilan
 - Divided by IDP status: acceptable FCS is 75% for non-IDP households, but only 53% for IDP households
 - Households whose usual income activity ceased: 73% Marawi, 51% Basilan
 - Households who cite food as their biggest problem in next 10 days: 95% Marawi, 64% Basilan
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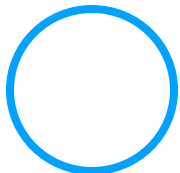
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Key informant interviews




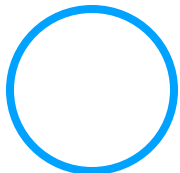
CONSUMER AND RETAIL



- Immediately preceding CQ: panic-buying in Metro Manila; followed by inconsistent policies between national and local level – accounts for erratic prices up to and immediately following CQ
 - Volatility persisted for 2 weeks (up to one month in some places)
 - Price ceiling cannot really be imposed at retail level if the wholesale is not also capped
 - Manufacturers seem to have anticipated lockdown – provided stocks to the top 5 – 6 supermarket chains: up to 140% higher sales vs previous year
 - But small retailers were left out – no stocks
 - For Basilan: closure of shipping required emergency response from military to secure food needs of the island
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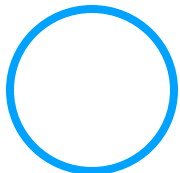


CONSUMER AND RETAIL

- In wet markets: some remain closed (senior citizen operators; staff unable to come to work)
 - Those that remain open: usually have stay-in workers, usually single (workers with families opt to stay home)
 - Operators/staff continue to deploy both male and female workers
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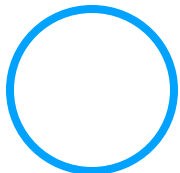


CONSUMER AND RETAIL

- Difficulty in transportation owing to LGU restrictions (quarantine pass, inconsistent treatment of food lane pass, IATF/Rapid Pass, health certificate, quarantine requirements, etc.) – introduce delays in transportation
 - Biggest problem – and outlasts CQ – is social distancing restrictions in wet markets: equivalent to an off-day, everyday
 - In Marawi: 20 – 50% of vegetables in market suffered damage owing to unsold inventory (consumers went to street peddlers)
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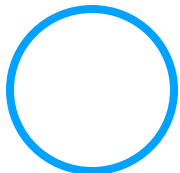
RETAIL

- Small-scale farmers are able to find market by participating in Kadiwa; margin is higher but not by much, because price is controlled by DA
 - LGUs have reported procurement of Php 3 billion to support relief program
 - Medium and large agribusiness much more successful in shifting to online retail – for two companies sales have ben gone up (consumers prefer to order from the safety of their own homes)
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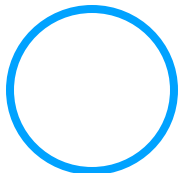
AGRICULTURAL MARKETING, PROCESSING



- Restaurant closure means low demand; some suppliers (e.g. chicken) specifically geared towards food chains, not easy to shift to retail
 - If buyer is another establishment: unable to collect receivables
 - Social distancing affects also trading posts
 - Case of pork: lack of supply owing to ASF
 - Inter-island shipping of highland vegetable - Delays degrade quality of produce (lower price): unavoidable as passenger trips have been suspended
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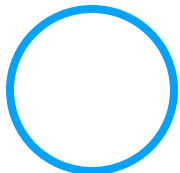


AGRICULTURAL MARKETING

- Owing to low demand: chicken traders/producers have been forced to incur higher storage cost
 - Case of bangus: running out of domestic fry as most fry is imported by air from Indonesia
 - Palay and rice milling – no problem as harvest season had ended; LGUs had strong demand for rice to supply relief goods
- 
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PRODUCTION

- In terms of production activity, biggest problem: restriction in movement of labour – due to quarantine regulation, or suspension of public transport
 - Some problem in obtaining feeds, other inputs – many agro-trading shops closed
 - Processing companies – able to introduce social distancing and work safety protocols – owing to decrease in number of workers reporting for duty
 - Production and processing workers balanced males and females, similar effect on both (stay-in workers usually single)
 - Farmers have little information about DA programs; not informed by LGU extension workers
- 
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PRODUCTION SUPPORT PROGRAM KONTRA SA COVID - 19: URBAN AGRICULTURE (UA)

“UA complemented with zero-waste management when properly planned and implemented, it becomes an alternative source of food and income for the Metropolis.”

Aims:

To establish UA demo farms in MMIA

To establish UA demo farm in other Metro Cities

To establish UA demo farms in every agency of DA in NCR

To capacitate beneficiaries on value adding to their produce

To create community livelihood in the areas of the UA program

To provide incentives to the UA program beneficiaries

Preferred beneficiaries:

- Barangays, Public Schools and Universities, other government offices

Incentives:

- Starter inputs
- Small tools
- Technical assistance, capacity building, livelihood training
- Cash prizes



BACK-OF-THE-ENVELOPE :

Land requirements for 10% share of UA in NCR consumption

	Yield (tons/ha)	Area harvested requirement (ha)	Physical area required (ha)
Eggplant	11	421	105
Squash	15	151	38
Tomato	13	365	6
Total (ha)			149

How much land is available for UA? Where is it?

How likely to shift to gardening in a sustained way?


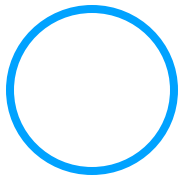
Can land be found further out, i.e. in periurban space?

Support for displaced vegetable production in rural space?





IMPORTS

- Concern from producers is openness to imports in the face of supply gluts
 - Imports have been a perennial issue for (uncompetitive) domestic producers, not just during COVID-19
 - Some observers doubt reliability of international market
 - In fact:
 - International logistics also faces hurdles: local buyers will likely prefer local suppliers
 - Supply glut due to low demand will dampen both importation and domestic supply
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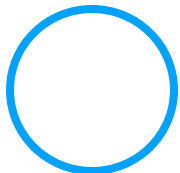


SUMMARY

COVID-19 hit an agri-food system already confronting serious short-term and long-term challenges.

Despite these weaknesses, outlook was favorable leading up to COVID-19.


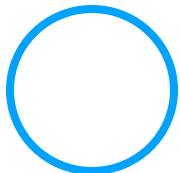
After an initial period of confusion, supply chain chains had largely been resolved as early as end of April, partly due to resiliency measures already in place.

- Food lane pass an existing program but quickly adapted to public health emergency
 - Remaining product flow problems due to disconnect between national and local government policy (province, municipality, barangays).
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SUMMARY


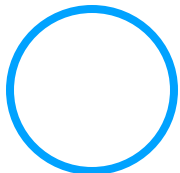
The crisis has led to a new and persistent problem for the agri-food sector, namely limited market demand.

- Exports – global economic squeeze
 - Local
 - Absence of purchasing power due to economic lockdown
 - Inaccessibility of concentrated distribution points
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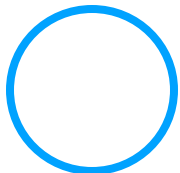
SUMMARY

Grounds for tempered optimism:

- Food consumption is an expenditure which will suffer least (One company planning to continue expansion plan re Bangus culture)
 - Shift towards e-commerce for agriculture (at least two companies making the shift and benefiting from it)
 - In some places, farmgate prices have increased (e.g. Benguet)
 - Crisis response measures meet the challenge of supply disruption and even address underlying supply-side issues, but not those on demand side.
 - Outlook for agri will depend on economic recovery as a whole, though prospects for the sector are more favorable compared to industry and services.
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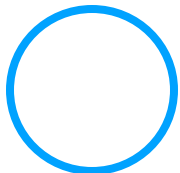


RECOMMENDATIONS

1. Prepare for the next crisis - Future public health emergencies are inevitable. The question is can the Philippines maintain its food security in case of 2nd wave or another global pandemic?
 2. Need to support transformation of agri-food system towards dispersed distribution: mobile markets, **e-commerce**
 - Emerging opportunity in e-commerce
 - But: digital divide vis-à-vis SFF
 3. Recovery will entail strong partnership between public and private sector action; in the initial recovery phase the role of the public sector will be larger.
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RECOMMENDATIONS

3. The expanded role of the public sector will imply a greater demand for quality data and planning.
 - Updated nutrition data
 - Policy coherence of UAP – see simple back-of-the-envelope calculation
 - Possible crowding-out of private sector action
 - Unsustainable fiscal outlays
 4. Caution should be taken to avoid unintended consequences of aggressive public sector action.
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Q & A SESSION