



## COVID-19 AND FOOD SECURITY – MONTHLY UPDATE

July 2020

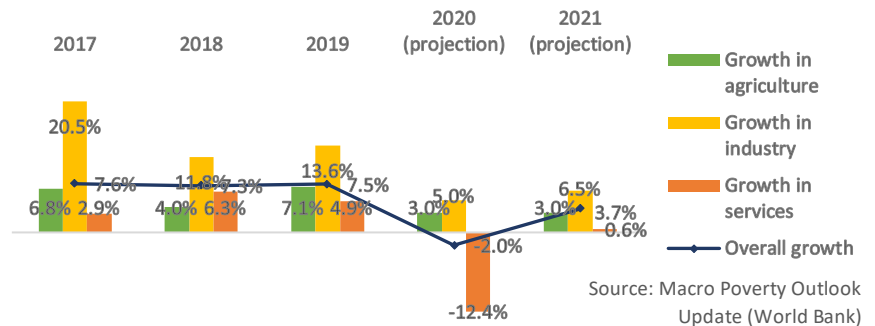
### Key messages

- ❖ **The total harvest of the 2019 cereal crops** is estimated at a near-average level of 1.2 million tonnes. **The planting of the 2020 winter crops** has been finalized, and the harvesting began in June 2020. **Weather conditions have been overall favourable** throughout the growing season for winter crops.
- ❖ **The planting of the 2020 spring crops**, to be harvested beginning in August, is ongoing. According to remote sensing analysis, precipitation conditions were good through May and June 2020 across the crop lands (Figure 2.1). According to data provided by the Agency on Statistics, it is estimated that the total area of planted crops in the first five months of 2020 was almost as large as the area from the same period in 2019 (Figure 2.2).
- ❖ **Given the overall favourable output of the harvest in 2019/20, the import requirements of wheat in 2020 are forecast to be close to the five-year average level.** Imports still account for more than half of the domestic consumption needs of cereals, and wheat represents more than 90 percent of the cereal imports.
- ❖ **However, market prices of basic food items such as wheat flour and potatoes remain high in June amid strong demand due to COVID-19 concerns.** Retail prices of wheat flour, which remained overall stable until February 2020, rose moderately in March–May 2020 due to increased consumer demand amid concerns over the COVID-19. Prices of potatoes, another important food staple, increased particularly in March, reaching levels twice as high as twelve months before.
- ❖ **Deteriorated domestic employment, reduced remittances and food consumption** were reported by World Bank’s Listening to Tajikistan (L2T) survey conducted in May. Data from the Bank of Russia also showed reduced inflow of remittances from the Russian Federation in the first quarter of 2020, reflecting the combined effect of the coronavirus pandemic and devaluated Russian Rouble.

### 1. Socio-economic overview

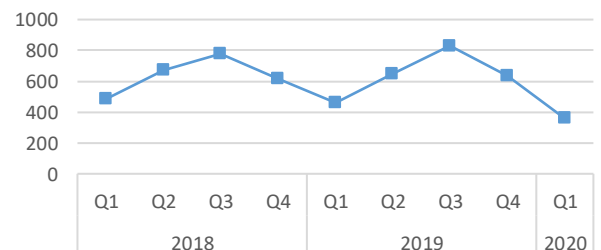
- ❖ The World Bank has revised its **growth forecast** for Tajikistan in 2020 to -2.0 percent from 1.0 percent, after estimated growth of 7.5 percent in 2019. Demand conditions are expected to significantly worsen in 2020, with the pandemic triggering border closures and limiting Tajikistan’s access to the Russian labour market and hence weighing on remittances.

Figure 1.1 Real GDP growth, including contributions by sector



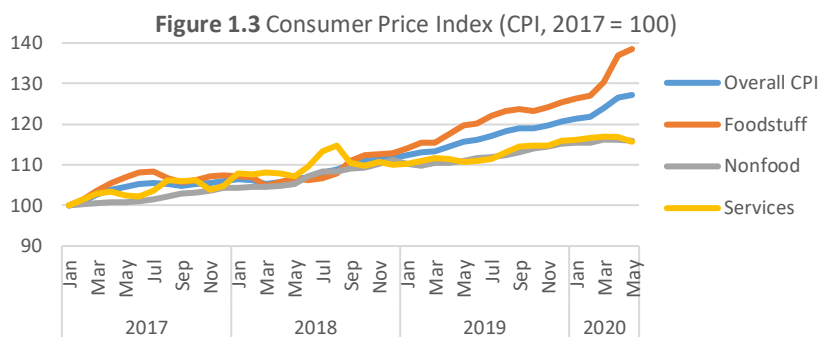
- ❖ The **remittance inflow** from the Russian Federation in the first quarter of 2020 was 22 percent lower than the same period in 2019, in terms of US dollars. This reflects the combined effect of the coronavirus pandemic, the slowed economy in the Russian Federation and devaluated Russian Rouble. Remittances amounted to nearly one-third of the country's GDP in 2019, and increases in remittances have contributed to increased household consumption, a reduction in poverty, rising wages and a narrowing national deficit.
- ❖ **The national currency** has been devaluated by around 6 percent since the beginning of 2020.

Figure 1.2 Money transfers from Russia to Tajikistan made by individuals (million US dollars)



Source: Bank of Russia

- ❖ **The consumer price index for foodstuffs** increased sharply in April and May 2020, up by 5.2 and 1.0 percent respectively (month-on-month increase). This was mainly due to increased prices of wheat flour, potatoes and eggs. The CPI for non-food items and services during the same period went down by 0.3 and 1.0 percent respectively, driven by the drop in prices of gasoline and diesel.

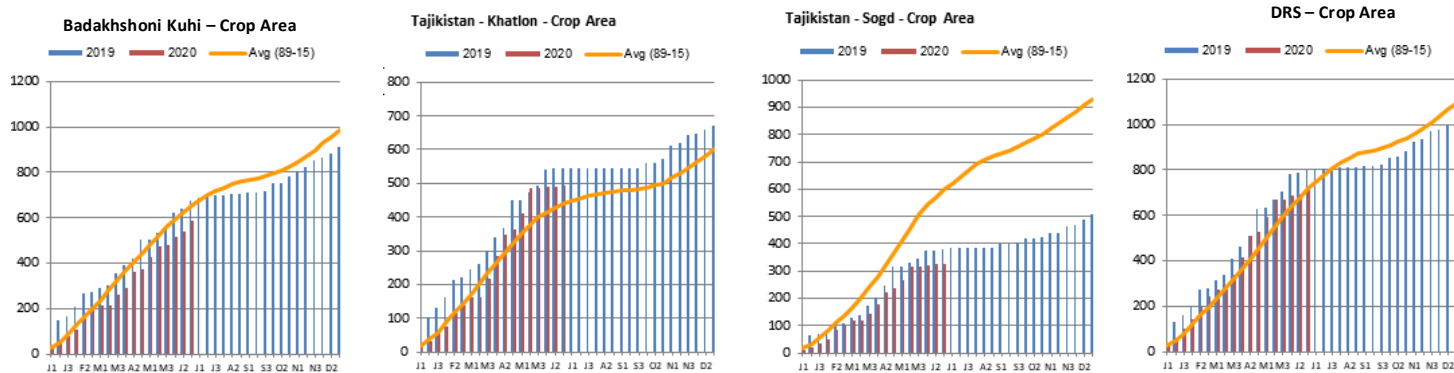


Source: Tajikistan Agency on Statistics

## 2. Food availability

- ❖ **The planting of the 2020 winter crops** has been finalized, and the harvesting began in June 2020. **Weather conditions have been overall favourable** throughout the growing season for winter crops. **The harvesting of the 2019 cereal crops**, mainly wheat, was completed in September 2019, and the total harvest is estimated at a near-average level of 1.2 million tonnes.
- ❖ **The planting of the 2020 spring crops**, to be harvested beginning in August, is ongoing. According to remote sensing analysis and information, precipitation conditions were good through May and June 2020 across the crop lands (Figure 2.1). According to data provided by the Agency on Statistics, it is estimated that the total area of planted crops in the first five months of 2020 was almost as large as the area from the same period in 2019 (Figure 2.2).

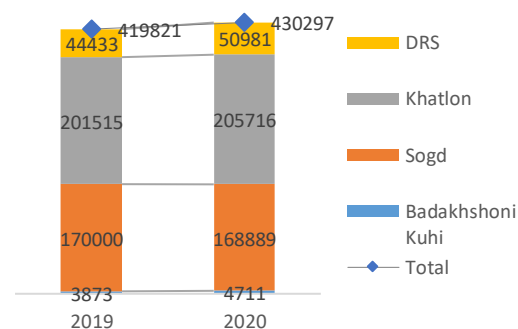
Figure 2.1 Accumulated estimated precipitation, by region, 2019–2020



Source: FAO GIEWS Earth Observation, European Centre for Medium-Range Weather Forecasts

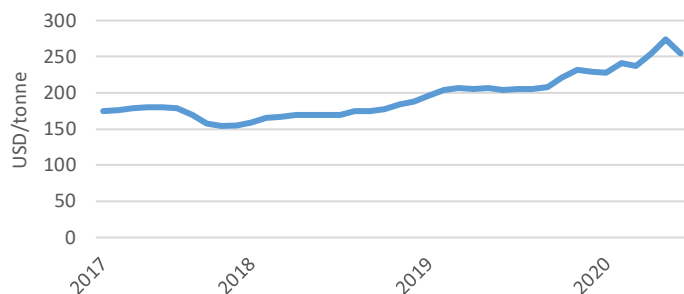
- ❖ As of mid-July 2020, **the situation with locust is considered stable**. During May–June estimated pastureland area of 17,000 hectares was affected by local Moroccan locust in south Dangara and Wakhsh areas
- ❖ **The import requirements of wheat in 2020** are forecast to be close to the five-year average level (1.1 million tonnes), given the overall favourable output of the harvest in 2019/20. Imports still account for more than half of the domestic consumption needs of cereals, and wheat represents more than 90 percent of the cereal imports.
- ❖ **The export prices of wheat from Kazakhstan**, the main supplier of wheat to Tajikistan, increased sharply in February–May 2020, and the price in May 2020 was about 30 percent higher than in May 2019 (Figure 2.3). The higher year-on-year prices are mainly due to a reduced harvest of wheat in 2019. Figure 2.4 shows that the recent increases in export prices in Kazakhstan have been directly transferred to import prices in Tajikistan. The price in May 2020 was about 15 percent higher than a year earlier.

Figure 2.2 Area of spring crops in agriculture enterprises and dehqan farms as of 1 June 2020, hectares



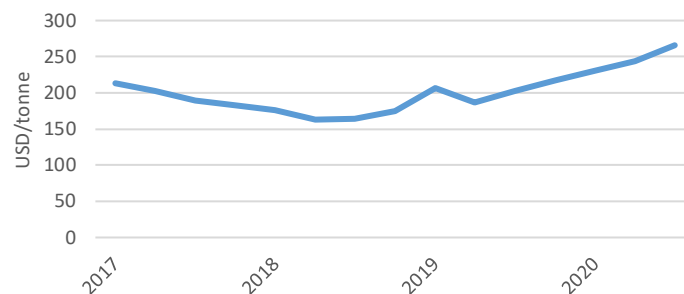
Source: Tajikistan Agency on Statistics

**Figure 2.3** Wheat export prices in Kazakhstan (milling, Saryagash station), USD/tonne



Source: FAO GIEWS Food Price Monitoring and Analysis

**Figure 2.4** Wheat import prices in Tajikistan (USD/tonne)



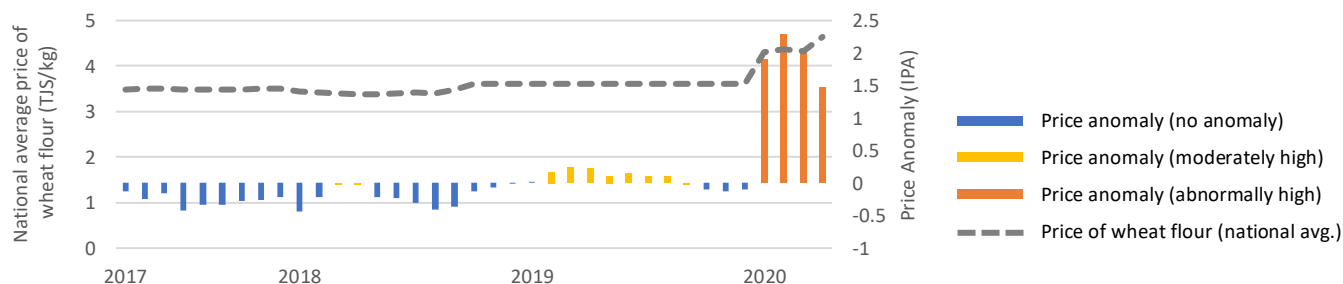
Source: Tajikistan Agency on Statistics

- ❖ **Wheat imports have increased slightly** according to the data provided by Tajikistan Agency of Statistics. The cumulative quantity of imports from January to May 2020 totalled 406 479 metric tonnes, 2.6 percent more than the average quantity imported during the period for the past three years (2017–2019).
- ❖ According to World Food Programme supply chain monitoring, **milling companies have been operational**. In May and June, production was reportedly increased from previous months due to high demand.
- ❖ **Agricultural inputs** such as fertilizers, seeds and pesticides are largely imported, mainly from China, Kazakhstan, Kyrgyzstan, Russian Federation, Turkey and Uzbekistan. The use of agricultural inputs, particularly fertilizers for wheat production, is price sensitive. Farmers often use less fertilizers even with only slight increases in prices, leading to decreased yields and a consequent reduction of available food stocks. However, there is no established system for the monitoring of agricultural input prices. According to interviews with farmers in the Tajikistan Districts of Republican Subordination, the prices of mineral fertilizers have increased by 50–60 percent (based on 50 kg compound bags) since the beginning of the year. Similarly, the prices of biological additives have increased by 35–40 percent.

### 3. Food access

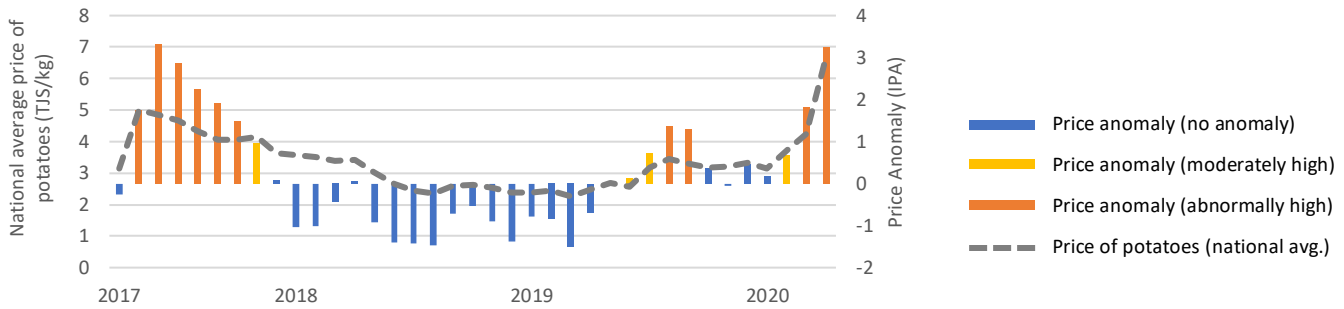
- ❖ **Market prices of wheat flour**, which had remained overall stable for the past three years, started to rise in March due to increased consumer demand amid concerns over the COVID-19 pandemic, export quotas introduced by Kazakhstan, and the depreciation of the national currency. The **national currency** has been devaluated by around 6 percent since the beginning of 2020. On average, imports account for more than half of the country's domestic consumption of wheat.
- ❖ **Market prices of potatoes**, another important food staple, seasonally increased between November 2019 and March 2020. Prices have increased particularly since March 2020 – reaching levels twice as high as 12 months before – due to strong demand from consumers who feared supply shortages due to the pandemic. The prices went down in May.
- ❖ **Prices of beef meat** also have been increasing gradually since mid-2019. The price in April 2020 was 26 percent higher than the same month in 2019.

**Figure 3.1** Retail prices of wheat flour and price anomalies indicated by IFPA (see Box 1 for the methodology)



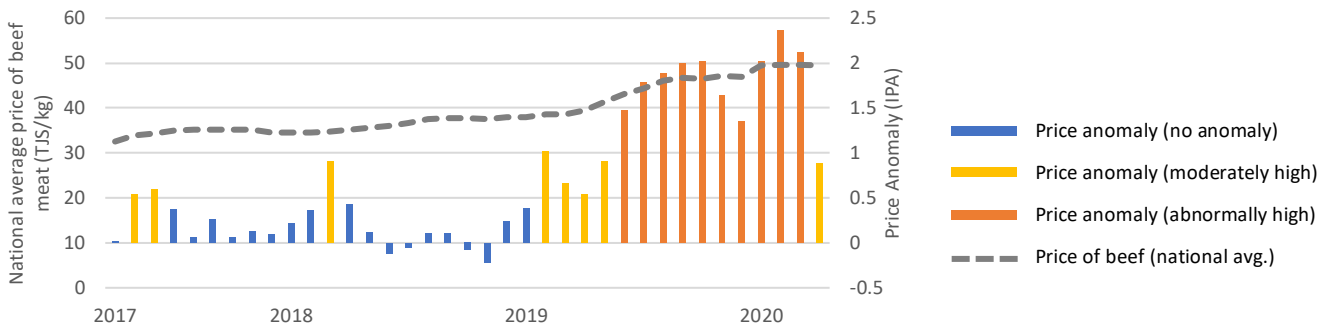
Source: FAO GIEWS Food Price Monitoring and Analysis

**Figure 3.2** Retail prices of potatoes and price anomalies indicated by IFPA (see Box 1 for the methodology)



Source: FAO GIEWS Food Price Monitoring and Analysis

**Figure 3.3** Retail prices of beef and price anomalies indicated by IFPA (see Box 1 for the methodology)



Source: FAO GIEWS Food Price Monitoring and Analysis

**Box 1: The indicator of food price anomalies**

The indicator of food price anomalies (IFPA) is a global indicator for measuring the progress towards Target 2.c of the Sustainability Development Goals to adopt measures to ensure the proper functioning of food commodity markets. IFPA can be used to understand whether a change in price is abnormal for any particular period.

The thresholds for the IFPA are expressed as the normalized difference of the compound growth rate of prices from their historical mean for the predefined period of time. Three ranges are established:

- 1) a difference from the historical mean of less than half of a standard deviation is considered normal;
- 2) a difference that is at least half but less than one standard deviation is considered moderately high; and
- 3) a difference that is at least one standard deviation greater than the historical mean is considered abnormally high.

IFPA is regularly disseminated through FAO’s Food Price Monitoring and Analysis Tool. The indicator feeds into FAO’s Global Information and Early Warning System. The indicator is calculated based on statistical price information provided by national governments.

For more information on the methodology, see the metadata of **SDG indicator 2.c.1**: <https://unstats.un.org/sdgs/metadata/files/Metadata-02-0C-01.pdf>

❖ **The food basket cost** remained high during the reporting month. According to the World Food Programme Alert for Price Spikes (see the methodology in Box 2), the food basket cost has been rated as “crisis” for the four consecutive months: March, April, May and June 2020. By region, the food basket cost is the highest in Khorog market in June 2020, the remote region of the country, where it is 20 percent higher than the national average. The increased rates in the basket cost in June 2020 compared to June 2019 were higher in Gharm, Bokhtar and Khujand markets, at 10-34 percent.

**Figure 3.4** Cost of food basket and price anomalies indicated by Alert for Price Spikes



## Box 2: Alert for Price Spikes

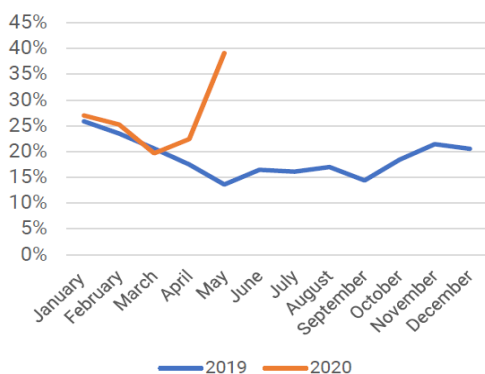
Food Prices Early Warning is performed using Alert for Price Spikes (ALPS) indicators that monitor the extent to which local food prices are at abnormally high levels. ALPS provides a sense of the intensity of the price difference between the trend and the market price. The higher the difference, the more severe the alert. In Figure 3.4, estimated prices are shown as a seasonally adjusted trend line (red line) against which actual price values (collected prices, blue line) are compared.

The five Food Prices Early Warning categories are calculated with the ALPS indicators and are defined as follows:

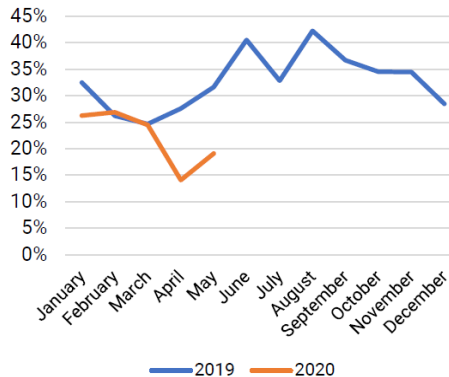
- **Crisis:** A market is considered to be in a crisis phase at a given time if the gap between the observed price and the trend value is greater than two standard deviations of the error terms.
- **Alert:** A market is considered to be in an alert phase at a given time if the gap between the observed price and the trend value is between one and two standard deviations of the error terms.
- **Stress:** A market is considered to be in a stress phase at a given time if the gap between the observed price and the trend value is between a quarter and one standard deviation of the error terms.
- **Normal:** A market is considered to be in a normal phase at a given time if the gap between the observed price and the trend value is less than a quarter of a standard deviation of the error terms.

The ALPS indicator was developed by the World Food Programme based on empirical work undertaken at the Centre for Studies and Research on Economic Development (CERDI). For details on methodology and price data/analysis, see the WFP's Safety Nets Alert Platform (SNAP) website at <https://snap.vam.wfp.org/main/>.

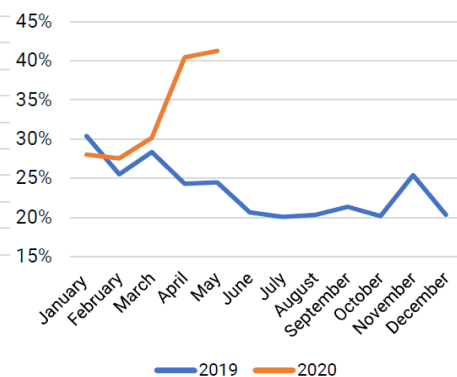
**Figure 3.5** % of households reporting that no member had worked in the preceding 7 days



**Figure 3.6** % of households who received remittance in the past 10 days



**Figure 3.7** % of households who reduced food consumed to cope with economic difficulties

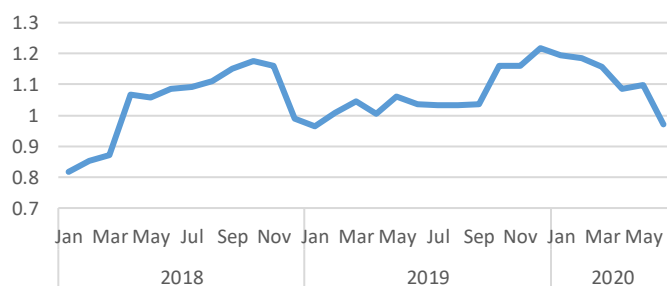


Source: Listening to Tajikistan (World Bank)

- ❖ **The World Bank's Listening to Tajikistan (L2T) survey reports that domestic employment sharply deteriorated in May.** The share of household reporting that no member had worked in the preceding 7 days spiked from 20 percent in March to nearly 40 percent in May. The share of respondents reporting a deterioration in their family's finances spiked from 8 percent in March to nearly 23 percent in May. L2T data also shows that **remittance income fell dramatically in April** but recovered some lost ground in May. More than 61 percent of recipient households reported a decline in remittances in April, more than 39 percentage point higher than the same time last year. L2T survey also reports that 41 percent of respondents reported reduced food consumption in May.

- ❖ **Unskilled wage labour**, which is among the main sources of income of the poor, is limited in its availability, and wage rates have remained low. Figure 3.5 shows the trend of the ratio of the daily unskilled wage terms of trade to the daily cost of a household food basket. Typically, beginning in March, wage rates increase as more wage labour opportunities become available. This year, however, rates dropped and remained low from March onwards. As of June 2020, the wage for one day's labour would be no longer enough to purchase a nutritious food basket for a family for a day.

**Figure 3.8** Terms of Trade daily wage (unskilled) to the daily cost of household food basket



Source: WFP Market Monitoring

## 4. Policy responses (trade restriction/facilitation, agricultural production, social protection)

- ❖ **A temporary export ban** on a number of food staples, including wheat grain and wheat flour, legumes, rice, eggs, potatoes and all kinds of meat, was introduced by the Government of Tajikistan in April 2020. The ban is meant to ensure adequate domestic supplies and curb price increases.
- ❖ On 15 April 2020, **Kazakhstan** announced that its export ban remains effective for buckwheat, white sugar, potatoes and onions. The ban was lifted on 1 June 2020, with the exception of sunflower oil seeds for which a special export permission certificate should be obtained from the Ministry of Agriculture. Kazakhstan also imposed a ban on the export of live cattle, sheep and goats (effective until 25 October 2020).
- ❖ **Russian Federation** ended the non-tariff quota for the export of grain crops to non-member states of the Eurasian Economic Union (EAEU) on 30 June 2020. The policy had begun on 1 April 2020. The restriction on sunflower exports outside the EAEU, which was originally set for 12 April to 30 June, has been extended until 1 September 2020.
- ❖ **Assessment of locust damage** and relevant agro-technical measures is necessary in the autumn of 2020 to prepare for potential locust invasion in the beginning of 2021.
- ❖ **Price stabilization** measures by the government have been observed, including releasing staple foods from strategic reserves to be sold in markets throughout the country at cheaper prices and setting purchase quotas to mitigate panic purchases.
- ❖ The Government endorsed the **social protection** system's COVID-19 preparedness and response plan. The plan has three key areas of support – cash-based transfers, social services and in-kind support – and a total budget of USD 115 million. On 31 March 2020, the Government introduced a supplementary temporary cash benefit to certain categories of beneficiaries of the targeted social assistance programme.



This Update has been prepared by FAO Representation Office and WFP Country Office in Tajikistan, with information from official and unofficial sources. None of the information in this Update should be regarded as statements of governmental views. The Update provides short description on potential effects of COVID-19 on food security developing in Tajikistan. This also alerts the international community on measures to be taken. Since conditions may change rapidly, please contact the undersigned for further information if required.

More reports on COVID 19 and food security are available at:

<http://www.fao.org/2019-ncov/en/> FAO and Coronavirus pandemic

<http://www.fao.org/europe/en/> FAO Regional Office for Europe and Central Asia

<https://www.wfp.org/publications/covid-19-situation-reports> WFP COVID-19 Situation reports

[https://dataviz.vam.wfp.org/Reports\\_Explorer](https://dataviz.vam.wfp.org/Reports_Explorer) WFP Tajikistan Weekly Market Situation Update

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