

Nepal COVID-19 Food Security & Vulnerability Update 1

6 April 2020



BACKGROUND/NOTE

As a response to the spread of the novel coronavirus (COVID-19) around the world, the Government of Nepal (GoN) ordered a national lockdown from the 24th of March, urging people to stay at home and closing schools, businesses and markets. While the restrictions on movement and activity in Nepal may be exacerbating food security issues across the country, they are steps designed to slow the spread of COVID-19, and to mitigate potentially devastating economic and social effects in Nepal, and reflect measures taken by most countries.

MACRO-SITUATION

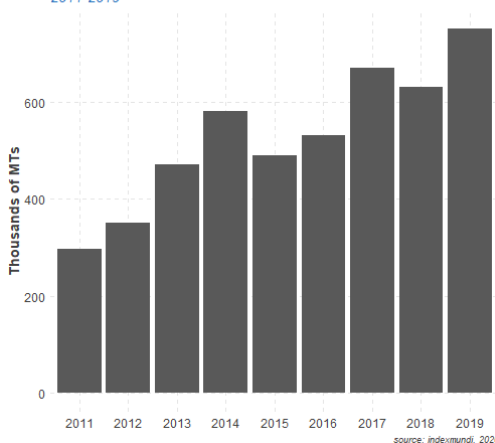
Globally, the COVID-19 crisis [threatens food security](#) as growth slows and cereal markets show fragility. Trade-dependent countries are considered most exposed.

Food Imports and stocks

With a high proportion of Nepal's food requirements filled by imports, shocks to the inflow of food commodities could have ripple effects on food security. It is not im-

Nepal rice imports

2011-2019



mediately clear that overall food imports have suffered during the lockdown in effect since 24 March. While from mid-July 2019 to mid-February 2020 Nepal imported an average of 52,000 MT of rice and 38,000 MT of maize per month, imports from mid-February to mid-March were of [52,352 MT for rice and 30,594 MT for maize](#). A reported 14,457 MT of food goods and [8,312 MT of fresh vegetables](#) have been imported from March 24th to 31st. National food stocks in markets are sufficient to last 3 months overall (see map for a by-district breakdown of market food stocks), while National rice stocks within the Nepal Food Management and Trading Company (FMTC) stand at 23,675 MT with procurement planned for another 10,000 metric tonnes.

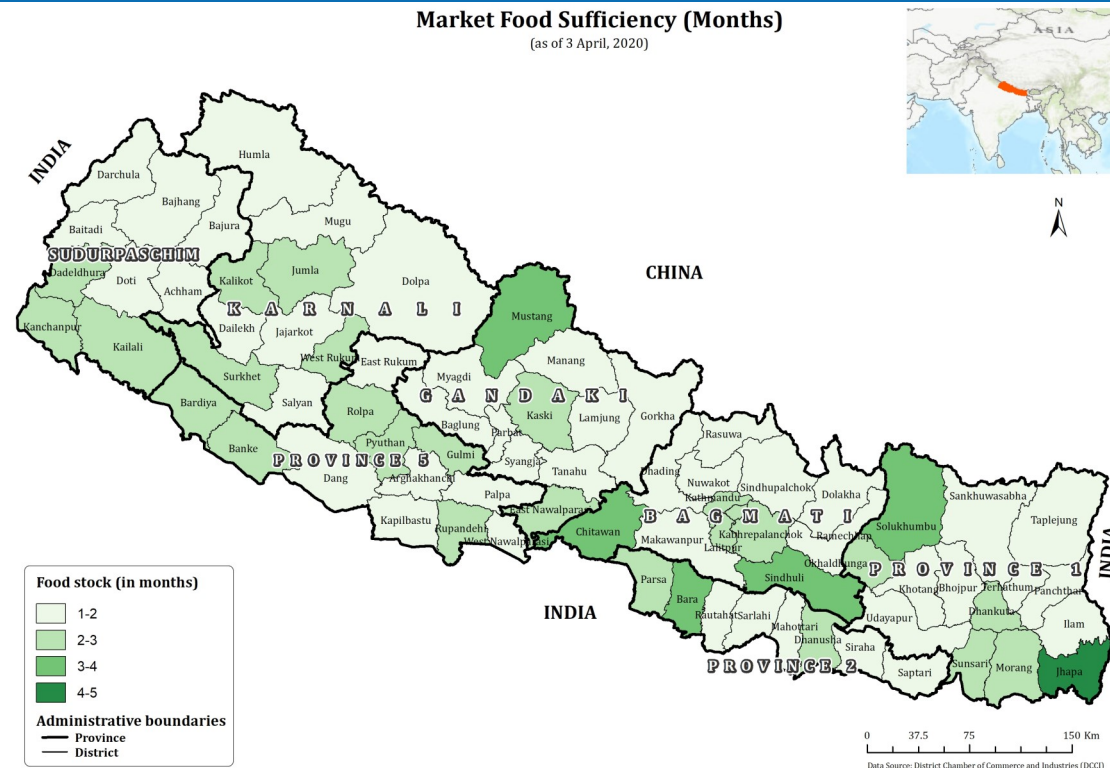
Crop production

Preliminary advance estimates of wheat production in the country using the [CRAFT methodology](#) show a slight increase from last year, driven by favorable rainfall during the planting and maturity periods of crop growth in December-February. Despite recent localized damages due to hailstorms, no significant wheat losses were reported in this period.

This period marks the start of the wheat harvest, but restrictions on movement of people, combined with an absence or shortage of daily agricultural wage labor from other regions could impact the final harvest. The same is true for maize and rice planting in the monsoon season. Significant reductions in the harvest of wheat and winter crops, and in the planting of rice and summer crops could have serious implications for food security in the

Market Food Sufficiency (Months)

(as of 3 April, 2020)



coming months.

Foreign Exchange, CPI and India

The rupee has lost over 5% of its value against the US dollar in the past 6 weeks. The overall inflation rate and CPI in February 2020 was 6.9% and 132.8 respectively. The food and beverage group were at 9.8%, with vegetables at 38.4%.

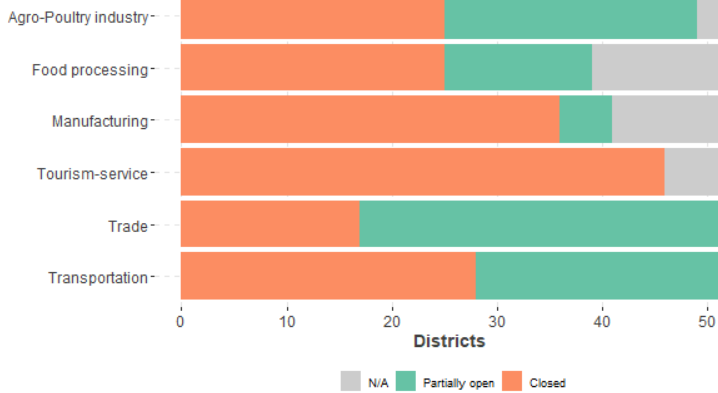
In India, Nepal's largest trade partner and source of financial investment, financial markets are down as global liquidity flees emerging markets. While India retains high food grain stocks a shock to production could impact price and quantity of exports, including to Nepal. Under lockdown, Indian farmers are facing problems

in harvesting winter crops, fruits and vegetable including wheat, maize, and onion.

The COVID-19 induced national lock-down and slowdowns in all major sectors of the economy is expected to affect Nepal's most vulnerable and food insecure populations. Massive slowdowns in the tourism, service and manufacturing sectors has resulted in widespread work stoppages and layoffs. Around 62% of workers in Nepal are employed in the informal sector, with little recourse to social insurance. An [Asian Development Bank analysis](#) predicts that fallout from the COVID-19 crisis could shrink the economy and engender losses of up to \$322 million. Long-term economic slowdown and job loss could compound food

Economic activity levels

During lockdown period, recorded (24 Mar - 5 Apr)



to other districts or export.

Despite recently announced further restrictions, April 2 measures taken by the Government of Nepal's COVID-19 Prevention and Control High-Level Coordination Committee meant to ease the transportation of essential goods and supplies, of which food goods are a part. The Committee decided to open food processing industries

with certain condition of safety measures. This combined with some measures like planned price controls in Province 1, could increase supply and movement of goods while putting downward pressure on prices.

The Ministry of Agriculture and Livestock Development has proposed an emergency package of assistance to small holders cultivating cash crops including vegetables, and small-scale livestock and poultry farmers, which has been submitted for cabinet approval.

COPING, HEALTH, MARGINALIZED GROUPS

Households affected by the lockdown, work stoppages and movement restrictions are in most instances resorting to coping strategies that include relying on less preferred, less expensive foods (for daily wage laborers, in 45 of 51 surveilled districts and for affected agricultural laborers, in 38 of 51 districts), borrowing money or food from friends/relatives (for daily wage laborers, in 25 of 51 surveilled districts and for affected agricultural laborers, in 12 of 51 districts), and re-

ducing the number of meals per day (for daily wage laborers, in 16 of 51 surveilled districts and for affected agricultural laborers, in 4 of 51 districts).

A reduction in public hospital and health services, resulting in difficulties in receiving regular care in districts like Humla, Doti, Sarlahi and Rupandehi, poses a threat to the health of the most vulnerable even as alternative outpatient treatment centres are still fully operating in some areas. Notably, interruptions in regular gynecological services within healthcare facilities are reported in Rautahat, Sunsari, Morang and Jhapa districts, posing additional challenges to women and girls' access to medical treatment.

Secondary effects of the COVID-19 crisis may disproportionately affect marginalized communities, generally more dependent on precarious labor. Local government efforts to quantify those likely affected by ongoing events, including vulnerable communities have identified large numbers of Dalit, Musahar, Chepang, Batar, Bote, Mallah and other socially marginalized groups as in need of assistance. Reported interruptions in social grant distribution in at least two districts (Makwanpur and Jhapa) could further increase food insecurity among already-vulnerable communities.

MIGRANT LABOR RETURNEES

As Indian economic activity has slowed and factories close, Nepali labor migrants to India have returned to Nepal in large numbers. Estimates are of over a half million returnees in the weeks be-

fore and since the lockdown. Many returnees have come back to border districts, while traditional centres of Indian seasonal migration in Sudurpaschim Province have seen large inflows of returnees. Following two positive tests of COVID-19 among migrant labor returnees from India local governments have announced more widespread testing and stricter quarantines for returnees in the west of the country.

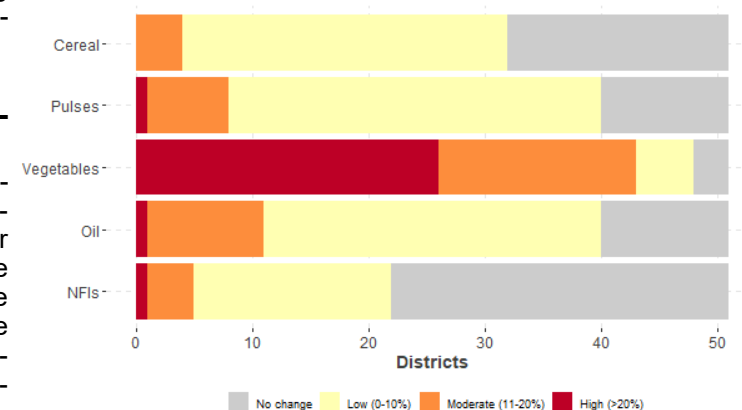
In some cases, returnee migrants have been stopped both at the Nepal border and within the country, caught in the movement restrictions and forced to find temporary shelter and survive on supplies carried with them. Migrant households have foregone a large portion of expected remittances and are expected to be particularly vulnerable.

GOVERNMENT RESPONSE

The cabinet's March 29 decisions regarding the COVID crisis outline steps to ensure short-term support to specific groups, including: social assistance to informal sector laborers, an expansion to the PM Employment Program to employ returnee migrants and migrant permit-holders, priority refinancing for affected small businesses, discounted staple foods through the FMTC,

Market price increases

Increases during lockdown period (24 Mar - 5 Apr)



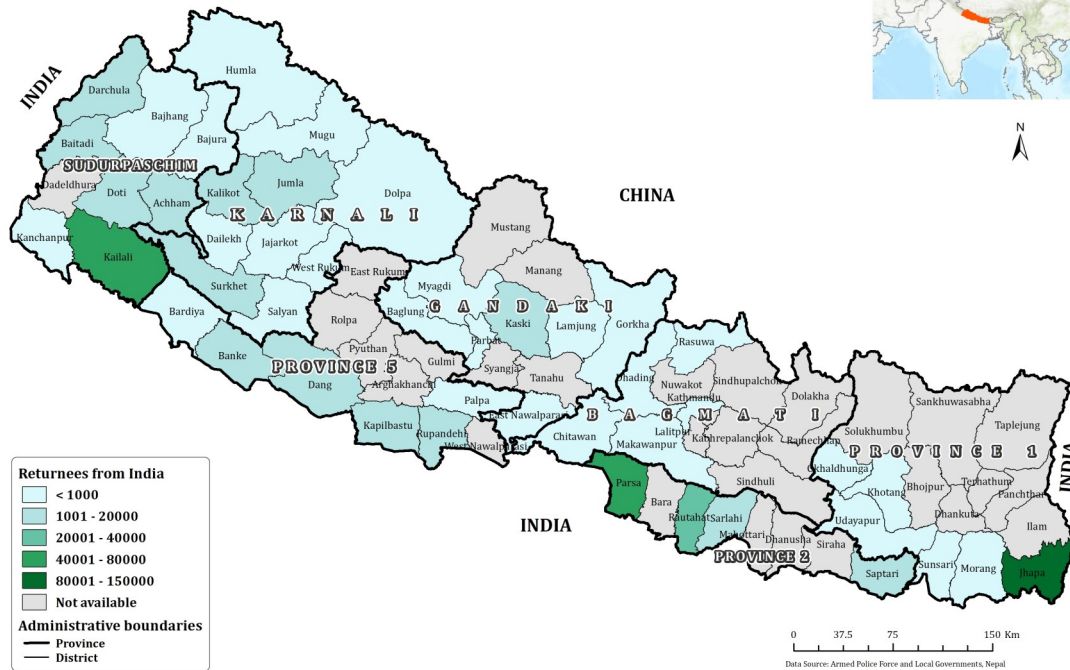
price and availability issues, leading to widespread food insecurity.

MARKETS

Markets remained open in most cases at reduced hours (2-4 hours per day) across the country. Food commodity prices have increased during the lockdown period. In most districts surveilled increases in cereals and pulses were moderate, rarely exceeding 20%. However, vegetable prices more than doubled in several districts. The price increase is attributed to a slowdown in market supply, as a low circulation of goods leads to scarcity, and supply cannot keep up with demand. While market supplies are sufficient overall for the time being, if this situation were to continue beyond a month, a subsequent depletion of cereal and pulses stock, especially in remote markets, could push staple prices even higher.

Price increases due to the lockdown are creating market failure, with instances of farmers having goods spoil at farm gate even as market prices soar. 15,000 farmers in Ilam district are estimated to be losing 1.5 million NPR daily from spoiling vegetable stock they are unable to move

Migrant Labor Returnees from India
(as of 3 April, 2020)



and reinforcement of the Social Security Fund among others.

BY-PROVINCE UPDATES

Provincial updates were collected for the first two weeks of the lockdown period through extensive government, private sector and civil society consultations across the country (see methodology section).

PROVINCE-1

Food stock in the market is sufficient for 1-3 months (as of 24 March), with mountain and hill districts having less stock than terai districts. The price of food items has gone up by 20-50% as cross-border trade has slowed. Local governments have started closely monitoring markets and instituting price controls namely on vege-

table goods over the past few days. Some 5,700 wage workers have reported being out of work and facing food shortages in Ilam district, while large numbers of returnees of India, also vulnerable to food insecurity, have arrived in Jhapa district.

PROVINCE-2

The most food insecure households identified in Sarlahi Saptari, Siraha are reportedly coping by consuming less preferred foods (puffed rice and soya bean). Marginalized communities affected include the Musahar, close to 5,000 of whom have been identified thus far in Saptari and Rautahat districts and are facing extreme food shortages, despite some assistance received in Rautahat.

While market stocks are sufficient, household food stocks are estimated to last less than a month in the areas bordering with Indian markets in Rautahat, Sarlahi, Mahottari, Siraha and Saptari districts. Market stocks are highest in Bara and Parsa (4-5 months) due to the presence of big rice mills there, but the situation is notably worse in neighboring districts.

BAGMATI PROVINCE

The Provincial government has increased its Covid-19 relief fund from NPR 100 to 500 million in the space of a few days, with fund allocations between NPR 1 and 2 million to different Palikas (Rural Municipality, Municipality, and Sub-metropolitan and Metropolitan Cities) as Covid-19 support funds.

Indigenous/marginalized communities are identified as especially vulnerable, notably the Chepang community which has low land and productive asset ownership and a very high proportion of whom rely on daily wage labor and are currently out of work. These households often smooth consumption by borrowing against their future labor or harvests during the maize and millet off seasons, potentially exposing them to further food insecurity if summer crop planting is disturbed. Market stocks range within 1-3 months (4 months in Chitwan and Sindhuli). Limited food and vegetable shops are open, with the price of vegetable and fruits up by 50-80%.

GANDAKI PROVINCE

Tourism, one of the main economic and livelihood activities in the Province, is highly affected by the ongoing situation: an estimated 20,000 vulnerable wage workers have been identified thus far in Pokhara Metropolitan City alone. The Metropolitan City has allocated NPR 250

million for food support to needy people. Further, some 3,000 squatter households of Musahar, Majhi and Bote communities are considered highly food insecure.

Market stocks are sufficient for 1-4 months in general, though not equally distributed across the province. There was noticeable price increase in vegetables—Cauliflower by 100% (Gorkha and Pokhara) and tomatoes by 50-100% (Pokhara, Baglung and Gorkha). Simultaneously farmers have had problems selling vegetables and milk in the market due to inadequate transportation.

PROVINCE-5

Market food stocks in the province are available for 1-2.5 months on average, but are of less than a month in Rukum East and Arghakhanchi districts. Province 5 market prices have been relatively more stable than elsewhere: the price of vegetables has increased by only 20-30%, and the supply of food is generally on par with normal levels. This is due to the border with India being open and operational with inflows of food and medical supplies. With the lockdown, internal labor migrants have sometimes been caught unable to return to their home districts: approximately 2,000 daily wage workers from different districts are still stuck in Rupandehi district (in Butwal, Lumbini, and Debdaha).

KARNALI PROVINCE

The lockdown has been punctured by low levels of goods movements in the mid-high hill and mountain regions of the province. Food stocks, sufficient for 1-2 months, have decreased over the past two weeks of lockdown, with fruit and vegetable stocks almost depleted. The price of rice and oil has increased in certain areas by 20-30%; that of price vegetables have gone up by 30-60%. Despite price hikes, farmers are often unable to sell their products in the market.

SUDURPASCHIM PROVINCE

Movement restrictions are expected to be more strictly reinforced after the discovery of additional positive cases of COVID-19 in the Province. Restrictions on movement have already affected local farmers' ability to sell their product and market openings. While market food stock is sufficient for 1-2 months, as in Karnali Province, stocks are rapidly decreasing due to a supply constraint from limited transport services.

In addition to COVID-19-related food insecurity, at least two municipalities in Bajura district have been affected by hailstorms in the past two weeks, resulting in losses of up to 80% of the winter crop in some areas (mainly wheat and barley).

IDENTIFYING THE VULNERABLE

If present trends continue, food security is expected to increase among: households engaged in informal labor, precarious labor, service sector and daily wage work, as well as households with return migrants and income losses. Vulnerability must also be understood in terms of market functionality and the stability of access to affordable food; of access to health, water and sanitation services, and of underlying vulnerabilities engendered by social marginalization and poverty.

Mitigating disruptions in crop harvesting and planting and ensuring freedoms of circulation for food goods will contribute to ensuring food security in the coming months.

As local governments begin to tally the

numbers of vulnerable populations (daily wage labor, premature returnee migrants, marginalized communities and other affected peoples), WFP is tracking this progress by district. The map shown below represents the relative concentration of vulnerable people identified by the different local governments; this work remains ongoing however and revised estimates are expected to be available once local governments finalize the identification.

METHODOLOGY

- Field insights were collected through exhaustive consultations of a broad list of stakeholders (and working documents produced and shared by them) including: Provincial ministries, Provincial Health Service Divisions, District Administrative Offices, District Public Health Offices, Agricultural Knowledge Centres, District Chambers of Commerce and Industry, Provincial Emergency Operations Centres, District Emergency Operations Centres, the Nepal Police, District Disaster Coordination Committees, the Nepal Red Cross Society, trade unions, factories networks, journalists, food commodities traders, hotels associations.

- Market estimations specifically are the result of consultations taken place from the 27th of March to the 5th of April and cover the period of the first two weeks of the lockdown, from the 24th of March to the 5th of April.

- CRAFT advance wheat production estimates follow the CRAFT methodology but are based on the planted area in 2018 as latest area estimates are not yet available. Updated production estimate figures will be generated when new planted area data is available.

ABOUT AND CONTACT

This series of food security update reports has been prepared to track Nepal's food security situation as the novel coronavirus and its secondary economic impacts become felt in Nepal.

Globally, WFP is working to monitor how vulnerable populations and the world's poorest may be affected by the virus, ancillary stoppages in economic activity and trade, and a downturn in the world economy [through a food security framework](#).

WFP Nepal's Evidence, Policy and Innovation Unit works to support national food security monitoring systems and track food insecurity across the country, through household surveys, market monitoring and close consultation with government and other partners country-wide.

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Estimated Vulnerable Population (% of population)
(as of 3 April, 2020)

