



# COVID-19 Impact

## to Food Security and Livelihoods in Asia and the Pacific



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The economic repercussions of the COVID-19 pandemic are being widely felt across Asia and the Pacific. COVID-19 has affected all sectors substantially - disproportionately impacting the poor, the vulnerable, and the services sectors. COVID-19 compounds pre-crisis levels of food insecurity and malnutrition with job losses, supply chain disruptions, and declines in revenue from key exports and remittances (international and domestic).

In the coming months, the economic cost of lockdown measures, knock-on effects through the supply chain, tourism sector disruptions, decreased remittances and capital flights will likely to hurt people's purchasing power and, consequently, people's access to food and the agricultural supply chains. (FAO-WFP)

## COVID-19 Economic Impact

Both short-term and long-term containment measures impose a negative impact in economic growth. As per the Asian Development Bank's (ADB) Development Outlook report, growth in GDP across the region is now projected to grow by only 0.1% in 2020, which would be the lowest regional growth outcome since 1961.

- **Informal sector workers at risk**

Of the total workforce of Asia and the Pacific estimated at 1.9 billion in 2019, around two thirds or 1.3 billion people, are informally employed.<sup>1</sup> Employment in the informal sector characterized by low skills, low productivity, and low capital investment, and subject to a higher risk of job losses. Developing countries, where 50% to 90% of total employment works in the informal economy, will be hard hit because of lower health care capacity, poor governance, and less fiscal space. These informal workers, migrants and displaced people, who are facing a stark trade-off between safeguarding their lives and their livelihoods, are the most vulnerable since they have no protection and are not covered by government benefits nor reached by rescue package.

- **20 per cent decline in remittance and greatly impacting the economic migrants**

The ongoing economic recession caused by COVID 19 takes a severe toll on decline remittances from economic migrants, a vital source of income both from urban and rural poor. According to the World Bank, 41 per cent of all remittances<sup>2</sup> sent in 2019 went to economies in the Asia Pacific. The top three recipient economies were also all in the region: China, India, and the Philippines. The World Bank expects a 20 percent decline (100 Billion USD) in 2020,<sup>3</sup> the sharpest decline in recent history. Additionally, millions of migrants who have no decent working and living conditions; as well as millions of refugees and internally displaced people (IDPs), that are often de-prioritized and/or excluded in the response planning. These will further increase their vulnerability to the COVID-19 aside from stigma and discrimination.

- **Collapse in the tourism sector**

COVID-19 induced the collapse **of the tourism sector**. Data on tourist arrivals available for April 2020, declines from 87% to 100% year on year. With tourism as a hard-hit sector, the higher the share of employment in tourism, the harsher the impact on workers and economies. **In many Asia and Pacific countries, more than three in four workers in the tourism sector are in informal jobs, leaving them especially vulnerable to the negative impacts of the COVID-19 crisis.**



- **Estimated 11 Million people will fall further the poverty line**

The COVID-19 shock will also have a serious impact on poverty reduction across the region, **with an estimated 24 million fewer people escaping poverty in 2020 than would have in the absence of the pandemic** (using a poverty line of US\$5.50/day). If the economic situation were to deteriorate further, **then poverty is estimated to increase by about 11 million people.** (World Bank East Asia and Pacific)

- **Disproportionately negative economic impact on women**

Much more women engage in informal employment are expected to fall into poverty during the COVID-19 pandemic as they face a labour market that offers lower wages and lower quality jobs than those their male counterparts<sup>4</sup>. This is compounded by the underlying gender biases of public policies that consider men as the main heads of households. The COVID-19 pandemic is expected to result in the loss of 158-242 million jobs globally, comprising 70% of the employment losses in the region<sup>5</sup>, where women are the most vulnerable.<sup>6</sup>

1 [https://www.ilo.org/asia/media-centre/news/WCMS\\_627585/lang--en/index.htm](https://www.ilo.org/asia/media-centre/news/WCMS_627585/lang--en/index.htm)

2 <https://blogs.worldbank.org/peoplemove/data-release-remittances-low-and-middle-income-countries-track-reach-551-billion-2019>

3 World Bank expects a 20 per cent decline

4 <https://data.unwomen.org/resources/surveys-show-covid-19-has-gendered-effects-asia-and-pacific>

5 <https://www.adb.org/news/covid-19-economic-impact-could-reach-8-8-trillion-globally-new-adb-report>

6 <https://www2.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2020/03/ap-giha-wg-advocacy.pdf?la=en&vs=2145>



## Addressing socioeconomic Impact of COVID-19:

### LIVELIHOODS INTERVENTIONS COVID19

The COVID19 pandemic is not only a health issue, it is a profound shock to our societies and economies with a direct impact on peoples' capacity to satisfy daily needs, food, health and continue their livelihoods activities.

<b>EMERGENCY RESPONSE</b>		
<p><b>BASIC NEEDS AND LIVELIHOODS PROTECTION</b></p> <p>Provision of <b>multipurpose cash and vouchers assistance or in-kind aid</b> to</p>	<p>support the most vulnerable meet their basic needs, prevent assets depletion and protect livelihoods activities.</p> <p>Provision of <b>cash-based assistance</b> for housing related needs, rent, utilities, etc., and maintenance of livelihoods.</p>	<p><b>Early Warning</b> in case of new upcoming disasters (e.g. hurricane season) to enable people take early action to protect lives and livelihoods.</p>
<b>EARLY RECOVERY</b>		
<p><b>STARTUP CASH GRANTS</b></p> <p>Provision of basic start-up <b>cash grants or in-kind</b> inputs to restart livelihoods activities or create new micro-small and medium-sized enterprises.</p>	<p><b>EARLY EMPLOYABILITY SUPPORT</b></p> <p>Business orientation and individual coaching to facilitate <b>adaptation to current labour</b> and market needs.</p>	<p><b>LOCAL MARKET REESTABLISHMENT</b></p> <p>Setting up and strengthening <b>market linkages</b> between the local, small business and consumers to support economic recovery and markets functionality.</p>
<p><b>ACCESS TO FORMAL AND INFORMAL CREDIT</b></p> <p>Facilitate <b>access to loans</b> for individuals, groups, small/medium businesses, and restoring community-based <b>microfinance</b> systems (saving groups, Mother clubs).</p>	<p><b>PRIMARY PRODUCTION ASSISTANCE</b></p> <p>Provide assistance to affected communities to restore production and <b>secure the upcoming campaign</b> (e.g. inputs for farming, animal health, fodder production, fishing assets etc.).</p>	<p><b>Livelihoods Centre</b>  <small>TECHNOLOGY ENABLED   PROFESSIONAL   SHARING   KNOWLEDGE NETWORKING</small>  <b>+CIFRC</b>  <a href="http://www.livelihoodscentre.org">www.livelihoodscentre.org</a> </p>

## Our opportunities

### Community-centric Approach for Socio-Economic Empowerment

- Invest in Community Based Institutions in reaching out to the most vulnerable
- Invest in Partnership for skills transfer and building resilience
- Advocate and strengthen linkages to Social Protection

### NS Preparedness in FSL, while being mindful of the absorption capacity

- Strengthen capacity on needs analysis – household economic analysis
- Cash and Market-based programming
  - Multipurpose Cash to address – household level stress
  - Livelihood Programming – towards early recovery and resilience

Quote from the ongoing COVID-10 Regional Impact Assessment:

- “Economic impact is massive. Suddenly (we) see people selling stuff at the traffic lights” - KII respondent, Indonesia.



**The International Federation of Red Cross and Red Crescent Societies (IFRC)** is the world's largest humanitarian network, with 192 National Red Cross and Red Crescent Societies and around 14 million volunteers. Our volunteers are present in communities before, during and after a crisis or disaster. We work in the most hard to reach and complex settings in the world, saving lives and promoting human dignity. We support communities to become stronger and more resilient places where people can live safe and healthy lives, and have opportunities to thrive.

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