

Falling Living Standards and Food Insecurity during the COVID-19 Crisis



Evidence from nine low- and middle- income countries

The COVID-19 pandemic and the social-distancing policies put in place to contain the virus have led to a reduction in economic activity around the world. Families in low- and middle-income countries (LMICs), many of whom work in the informal sector and lack social safety nets, face potentially stark threats to their livelihoods. However, little data exists on how these communities are being affected. **During April-July 2020, researchers collected data on the early socioeconomic effects of COVID-19 using phone surveys of over 30,000 households (containing over 100,000 people) in Bangladesh, Burkina Faso, Colombia, Ghana, Kenya, Nepal, Philippines, Rwanda, and Sierra Leone.**

Key Findings



Across all countries, widespread drops in employment and income were observed. Fifty to eighty percent of respondents in samples from Bangladesh, Burkina Faso, Colombia, Ghana, Kenya, Rwanda, and Sierra Leone report income losses during the COVID-19 period.



In most countries, a large share of respondents reported reduced access to markets, consistent with lockdowns and other mobility restrictions implemented between March and June 2020.



By April, many households were unable to meet basic nutritional needs. Forty eight percent of rural Kenyan households, 69 percent of landless agricultural households in Bangladesh, and 87 percent of rural households in Sierra Leone were forced to miss meals or reduce portion sizes to cope with the crisis.



Social support received varied widely across samples. However, the consistently reported high rate of missed meals and reduced portion sizes suggests that even when these efforts were present, they were insufficient.



Where there is data, results show that firm revenue and profits were approximately halved during the COVID-19 crisis. There was also a pronounced decline in household expenditures. Households appeared to be cutting back non-food consumption in an effort to maintain funds for food.

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TIMELINE

April-June 2020

SECTOR

Health, Social Protection

SOURCE

Egger et al., *Sci. Adv.* 2021; 7

STUDY DESIGN

Quantitative surveys of a combination of nationally and sub-nationally representative samples

Background

Economic activity has contracted around the world due to the COVID-19 pandemic. In industrialized nations, a relatively large proportion of people have some access to safety nets, whether through government protection, employer adjustments to hours or compensation, and/or household savings. In LMICs, however, where access to such social safety nets is limited, declines in economic activity threaten to have particularly adverse effects on people's lives, especially for those working in the informal economy.

Even though the direct health impacts of the virus appear more limited in LMICs overall, international organizations have made dire projections about GDP losses, decreases in remittance flows, and increases in poverty and hunger.

Despite numerous journalistic accounts, data on the economic conditions during the pandemic remains scarce for most LMICs, in part due to limitations of official economic statistics in environments with large informal sectors and subsistence agriculture. Researchers have thus used original, large-sample, representative mobile phone surveys to take a systematic and in-depth look at how the pandemic has affected people's lives in LMICs during the first four months.

The Research

Researchers conducted surveys of 16 nationally or sub-nationally representative household samples in Bangladesh, Burkina Faso, Colombia, Ghana, Kenya, Nepal, Philippines, Rwanda, and Sierra Leone from April-June 2020 after the

outbreak of COVID-19 and the initial implementation of government lockdowns or other social distancing policies. Researchers collected all data via 15-30 minute telephone interviews to minimize in-person contact and comply with government social distancing guidelines.

| Country | Houesholds Sampled | Survey Sample | Dates of Sample |
|--------------|--------------------|---|------------------|
| Bangladesh | 2,229 | Rural sample | May 2-12 |
| Bangladesh | 367 | Rohingya refugees from Myanmar | April 11-17 |
| Bangladesh | 532 | Communities living near refugee camps | April 11-17 |
| Bangladesh | 2,936 | Participants in a lottery for agricultural work permits | April 16-20 |
| Bangladesh | 294 | Landless rural agricultural laborers | May 31-June 2 |
| Burkina Faso | 1,357 | National sample (RECOVR)* | June 6-26 |
| Colombia | 1,507 | National sample (RECOVR)* | May 8-15 |
| Ghana | 1,633 | National sample (RECOVR)* | May 6-22 |
| Kenya | 8,572 | Rural households NGO cash transfer study | April 11-June 27 |
| Kenya | 1,332 | UNHCR refugees | May 14-July 3 |
| Kenya | 4,052 | National sample | May 14-July 3 |
| Nepal | 1,945 | Agricultural households (Western Terai) | April 1-29 |
| Philippines | 1,389 | National sample (RECOVR)* | June 18-July 2 |
| Rwanda | 1,482 | National sample (RECOVR)* | June 4-12 |
| Sierra Leone | 2,439 | Candidate towns for rural electrification | April 30-July 11 |
| Sierra Leone | 1,304 | National sample (RECOVR)* | May 27-June 15 |

Through these phone surveys, researchers measured the effects of the pandemic on income, employment, access to markets, food security and consumption, delay of health care, receipt of government or NGO support, enterprise profits and revenues, consumer prices, and domestic violence. To further examine the impacts of the pandemic on households, researchers subdivided the analysis by socioeconomic status within the samples.

* IPA's Research for Effective Covid Response (RECOVR)

Findings

Overall, between April and June 2020, respondents reported drops in employment, income, and access to markets and services, translating into high levels of food insecurity.

- » **Results suggest a widespread decline in living standards across the nine countries in the study.** Across the 16 samples, between 8 and 87 percent of respondents reported a drop in income during the crisis period, with a staggering median of 70 percent. Between 6 to 51 percent report a decline in employment, with a median of 29 percent.
- » **The adverse economic effects experienced by individuals surveyed in these countries have been compounded by impediments in livelihood.** In most countries, a large share of respondents reported reduced access to markets, with the median share being 30 percent, consistent with lockdowns and other mobility restriction policies adopted during March through June 2020.
- » **Where data are available, meaningful shares (with a median of 13 percent) of respondents also reported delays or other difficulties accessing health care.**
- » **During the survey period, between 9 and 87 percent (with a median of 45 percent) of respondents were forced to miss or reduce meals.** Poorer households generally reported higher rates of food insecurity, though rates were substantial even among the better off.
- » **Social support in response to the economic effects have been mixed across samples.** The proportion of respondents who reported benefiting from government or NGO crisis support ranges from 1 to 49 percent (with a median of 11 percent). However, the high rate of missed meals and reduced portion sizes suggests that even when these efforts were present, they were insufficient.

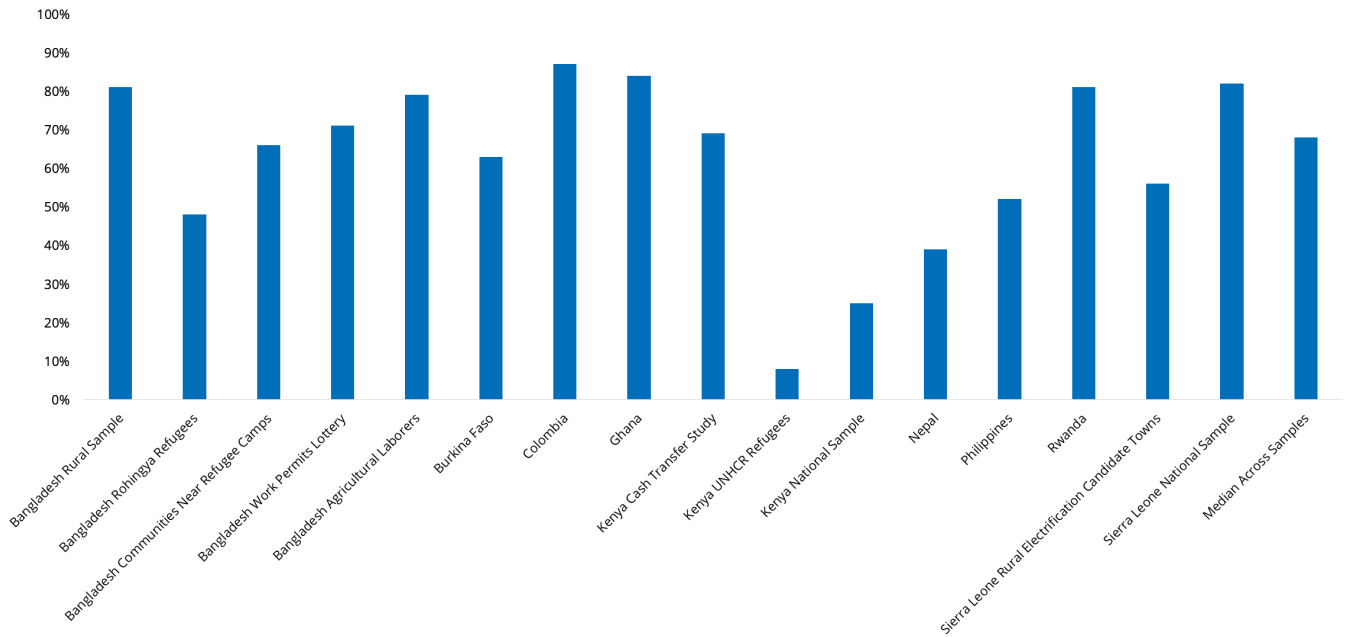
- » **There is no clear pattern across refugee and non-refugee populations.** Data from Bangladesh suggests that the presence of humanitarian organizations in the Rohingya camp areas may have helped to partially buffer the economic effects for refugees relative to the populations of surrounding communities.

Researchers also studied the effect of the pandemic on a subset of samples that featured more detailed panel or repeated cross-sectional data to measure the magnitude and timing of several key outcomes. Respondents reported drops in firm profits and revenues, consumption, and food security, even during the post-harvest period.

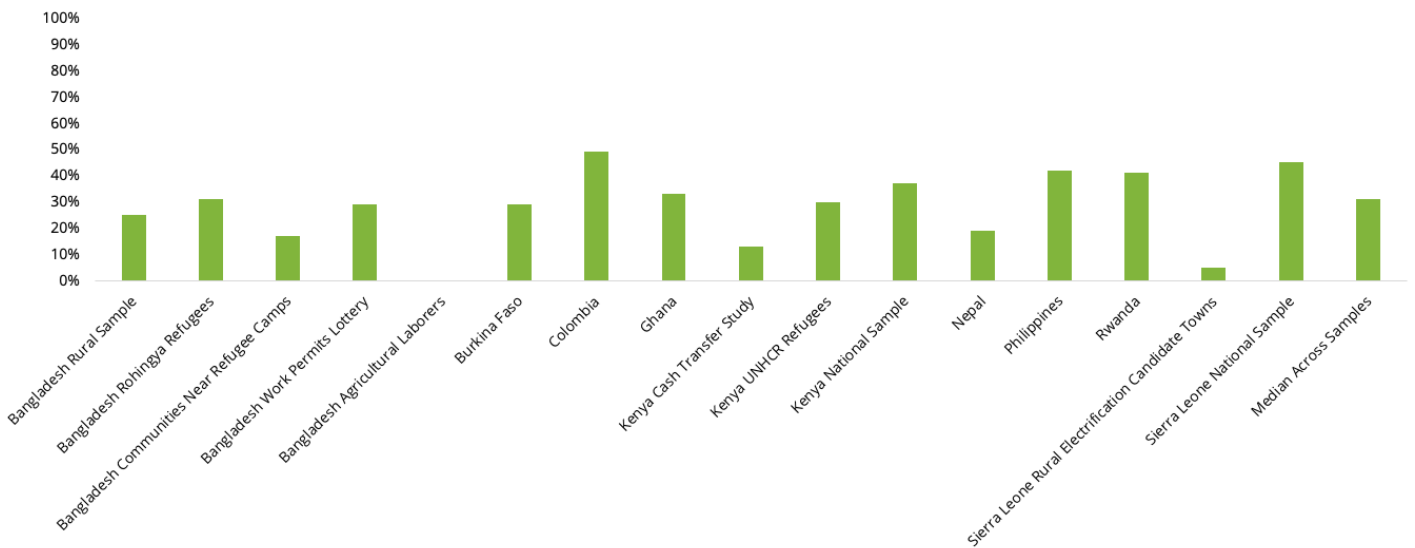
- » In rural Kenya, **average firm profits and revenues dried up**, falling by 51 percent and 44 percent respectively. There was a similar decline in profits (50 percent) in Sierra Leone.
- » **In rural Kenya, there was also a pronounced decline in expenditures during the crisis.** Households appeared to be drastically cutting back non-food consumption in an effort to maintain funds for food.
- » **During the same period, food expenditures in Sierra Leone rose slightly, by 6 percent, which appears to have been driven by higher food prices facing these households (19 percent) rather than quantities.** In contrast, Kenyan prices were largely stable or even fell slightly during the same period.
- » **Examining food insecurity in greater detail, researchers observed rising rates of missed meals and reduced portions during the crisis in both Kenya and Sierra Leone, respectively.** The sharp rise in food insecurity among children was particularly alarming given the potentially large negative long-run effects of under-nutrition on later life outcomes.
- » **Results from Bangladesh and Nepal suggest that levels of food insecurity were far higher during the 2020 crisis than during the same season in previous years.** In both countries, the COVID-19 crisis began during the favorable post-harvest period; levels of deprivation are expected to rise sharply in the final four months of the calendar year.



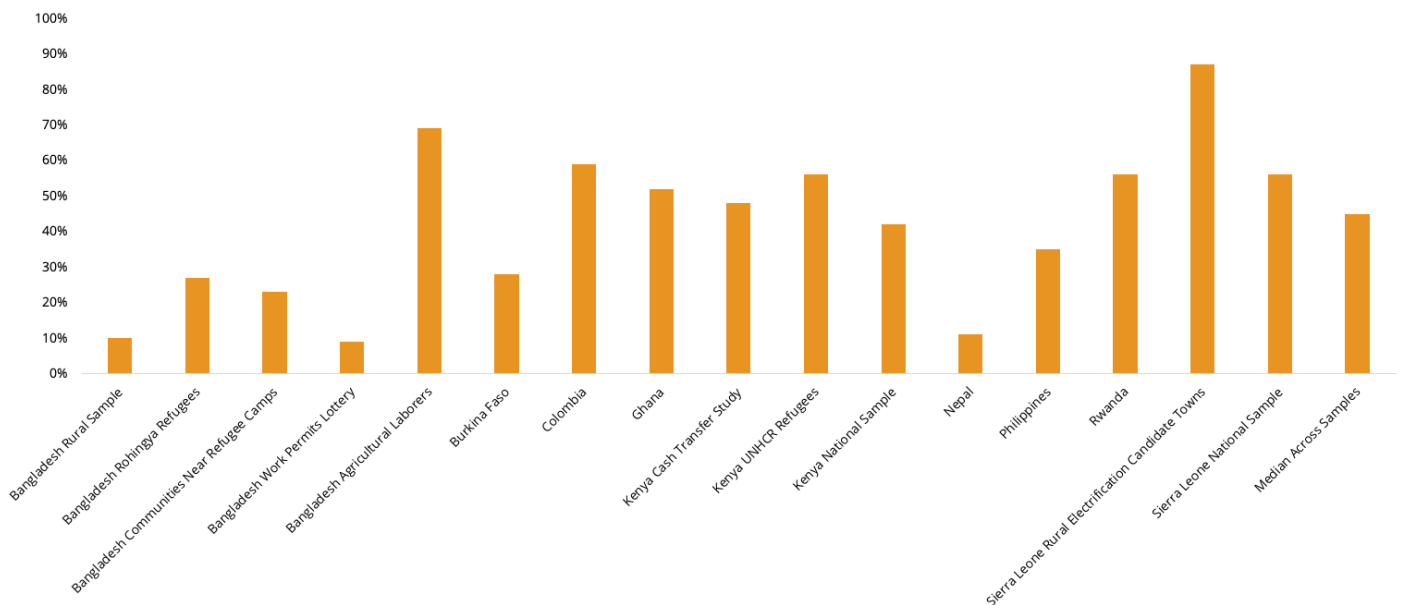
Share of Households Experiencing Drops in Income



Share of Households Experiencing Drops in Employment



Share of Households Experiencing Drops in Food Security



Conclusion

Overall, employment, income, and food security declined substantially since April 2020 across the nine LMICs. The economic distress caused by the COVID-19 pandemic has had an immediate cost in terms of food security in LMICs. The pandemic and accompanying measures have also undermined several other aspects of household wellbeing. Schools in all sample countries were closed during most or all of the duration. Respondents also reported reduced access to health services, including prenatal care and vaccinations. The combination of a lengthy period of food insecurity, closed schools, and limited health care may be particularly damaging in the long-run for children from poorer households who do not have alternative resources to make these critical human capital investments. Food ration programs focused on families with young children, or the reinstatement of school feeding or deworming programs before school instruction resumes, could help partly mitigate these adverse impacts.

Current circumstances may call for social protection programs that prioritize addressing immediate poverty and under-nutrition before tackling deeper underlying causes. Innovations to quickly and safely identify the poor using mobile phones or satellite data and deliver funds remotely through mobile money transfers hold promise.

Cash transfers have been effective across multiple contexts and boost food security and overall economic well-being for the poor. Mobile money transfers could be one delivery method option, as many countries are providing more flexible measures to open a mobile money account and making mobile money transfers free.

Other options for supporting vulnerable individuals include utilities support, which countries are using to provide subsidies and removal of penalties for water and electricity bills, reduction of costs of solar panel kits for poor households, and subsidies on water and electricity costs for market vendors. In order to identify individuals who would benefit from support, governments could consider the use of big data, leveraging previously collected national surveys, cell phone data, and satellite imaging to target recipients. They could also consider self-enrollment, or work with local community groups to identify beneficiaries.

Findings in the data highlight a fundamental link between disease containment and immediate economic relief. Households facing acute food shortages may be less willing to adhere to social distancing rules than others in order to find income-generating opportunities that may be in crowded physical spaces. Cash or food transfers that allay this direct need could thus double as tools to address disease spread by discouraging such interactions.

The rate of households' depleting savings also indicated that they would likely not be able to save for other household investments, from improved agricultural inputs to new small business opportunities. This lack of investment could transmit the economic fallout of the pandemic into the future.

Policymakers will thus need to develop long-term income-generating activities in case COVID-19 persists for a prolonged period. For instance, "graduation programs" that provide livestock and training can promote a source of livelihood that requires limited external contact, and have shown potential to reduce poverty in different contexts.



This research was supported by grants from the U.S. National Science Foundation, the Weiss Family Fund, the International Growth Centre, Private Enterprise Development in Low-Income Countries, the Mulago Foundation, the Bill & Melinda Gates Foundation, the UK Department for International Development (awarded through IPA's Peace & Recovery Program), UBS Optimus Foundation, the Yale Program on Refugees, Forced Displacement, and Humanitarian Responses (PRFDHR), The World Bank, GAGE/ODI (UK Aid), the Golub Capital Social Impact Lab at Stanford, the Applied Research Programme on Energy for Economic Growth (EEG) led by Oxford Policy Management and funded by the UK Government through UK Aid, and Anonymous Donors to IPA. IPA thanks Northwestern University Global Poverty Research Lab for support in building our phone surveying capacity.

This project was funded with UK Aid from the UK government. The Applied Research Programme on Energy for Economic Growth (EEG) is led by Oxford Policy Management. The programme is funded by the UK Government, through UK Aid. The Applied Research Programme on Energy and Economic Growth (EEG) produces cutting edge research on the links between energy and economic growth, working closely with policy makers in Sub-Saharan Africa and South Asia to build more sustainable, efficient, reliable and equitable energy systems. EEG is a five-year programme, led by Oxford Policy Management (OPM) and funded by the Foreign, Commonwealth & Development Office. For more information visit: www.energyeconomicgrowth.org. The views expressed in this brief do not necessarily reflect the UK government's official policies

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FEBRUARY 2021

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