

BRIEF

Food Security Update | Rising Food Insecurity in 2022



Farmers harvesting grains as food insecurity affects more and more countries. Photo: Ray Witlin/World Bank

June 22, 2022 – Many countries are facing growing levels of food insecurity, reversing years of development gains, and threatening the achievement of Sustainable Development Goals by 2030. Even before COVID-19 reduced incomes and disrupted supply chains, chronic and acute hunger were on the rise due to various factors, including conflict, socio-economic conditions, natural hazards, climate change and pests. The impact of the war in Ukraine adds risk to global food security, with food prices likely to remain high for the foreseeable future and expected to push millions of additional people into acute food insecurity. This brief looks at rising food insecurity and World Bank responses to date.

Overview

While the outlook for global food supplies remains favorable, food prices increased sharply due to elevated input prices which, combined with high transport costs and trade disruptions due to the war in Ukraine, are raising import bills. That hits poor and developing countries hardest, as they depend on food imports the most.

As of June 16, 2022, the Agricultural Price Index is 14% higher compared to January 2022. Maize and wheat prices are 27% and 37% higher, respectively, compared to January 2022, while rice prices are about 17% lower. 🐦 (See “pink sheet” data for agricultural commodity and food commodity prices indices, updated monthly.)

Domestic price inflation continues to rise around the world—with 94% of low-income, 89% of lower-middle-income, 83% of upper-middle-income, and 70% of high-income countries experiencing high food price inflation (greater than 5%) and many seeing double-digit inflation. 🐦 In most countries, food price inflation exceeded overall inflation.

According to the World Bank’s April 2022 Commodity Markets Outlook, the war in Ukraine has altered global patterns of trade, production, and consumption of commodities in ways that will keep prices at historically high levels through the end of 2024 🐦 exacerbating food insecurity and inflation.

Numerous countries are experiencing high food price inflation at the retail level, reflecting labor shortages, a sharp rise in the price of fertilizer, currency devaluations, and other factors. Rising food prices have a greater impact on people in low- and middle-income countries since they spend a larger share of their income on food than people in high-income countries.

Food prices were already high before, and the war is driving food prices even higher. Commodities that have been most affected are wheat, maize, edible oils, and fertilizers. Global commodity markets face upside risks through the following channels: reduction in grain supplies, higher energy prices, higher fertilizer prices, and trade disruption due to shutting down of major ports.

Key Food Security Data

World Bank: Commodity prices - including Food Price Index

Agricultural Market Information System (AMIS) Market Monitor

FAO: Domestic Food Prices

WFP Dataviz Vulnerability Analysis and Mapping

IMF Consumer Price Index

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Over the coming months, a major challenge will be access to fertilizers which may impact food production across many crops in different regions. Fertilizer prices surged in March, up nearly 20% since January 2022 and almost three times higher compared to a year ago. Russia and Belarus are major fertilizer exporters, accounting for 38% of potassic fertilizers, 17% of compound fertilizers, and 15% of nitrogenous fertilizers.

On April 13, 2022, The heads of the World Bank Group, International Monetary Fund, United Nations World Food Programme, and World Trade Organization released a joint statement calling on the international community for urgent action to address food insecurity, to keep trade open and support vulnerable countries, including by providing financing to meet the most urgent needs.

Following the start of the war in Ukraine, trade-related policies imposed by countries have surged. As of June 16, 20 countries have implemented 33 food export policy measures affecting 7.07% of calories traded in global markets, and six countries have implemented eight export-limiting measures covering 2.88% of global traded calories.

Globally, hunger levels remain alarmingly high. In 2021, they surpassed all previous records as reported by the Global Report on Food Crises 2022, with close to 193 million people acutely food insecure—nearly 40 million more people than during the previous high reached in 2020. Conflict and insecurity are identified as the main drivers of increased food insecurity. In addition, WFP and FAO warned that acute food insecurity could worsen in 20 countries or areas during June to September 2022.

Rapid phone surveys done by the World Bank in 83 countries show a significant number of people running out of food or reducing their consumption in the first two years of the COVID-19 pandemic. Reduced calorie intake and compromised nutrition threaten gains in poverty reduction and health and could have lasting impacts on the cognitive development of young children.

World Bank Support

In the face of multiple crises, the World Bank is deploying short- and long-term responses to boost food and nutrition security, reduce risks, and strengthen food systems.

On May 18, the World Bank announced actions it plans to take as part of a comprehensive, global response to the ongoing food security crisis, with up to \$30 billion in existing and new projects in areas such as agriculture, nutrition, social protection, water and irrigation. This financing will include efforts to encourage food and fertilizer production, enhance food systems, facilitate greater trade, and support vulnerable households and producers.

The World Bank Group and the G7 Presidency co-convened the Global Alliance for Food Security on May 19, which aims to catalyze an immediate and concerted response to the unfolding global hunger crisis.

Examples of the World Bank's support to countries to alleviate food insecurity include:

- The \$2.3 billion Food Systems Resilience Program for Eastern and Southern Africa, approved on June 21, 2022, helps countries in Eastern and Southern Africa increase the resilience of the region's food systems and ability to tackle growing food insecurity. The program will enhance inter-agency food crisis response also boost medium- and long-term efforts for resilient agricultural production, sustainable development of natural resources, expanded market access, and a greater focus on food systems resilience in policymaking.
- In Bangladesh, an Emergency Action Plan, mobilized as part of a Livestock Dairy Development project, provided US\$87.8 million in cash transfers to 407,000 vulnerable dairy and poultry farmers to support their businesses. Financing also went towards providing personal protection equipment, farm equipment and enhanced veterinary services through the procurement of 64 mobile veterinary clinics.
- In Bhutan, the World Bank re-aligned its portfolio to support food distribution in the short term and enhance food production in the medium term through inputs supply and irrigation.
- In Chad, \$30 million in emergency financing was mobilized to provide food assistance through the free distribution of food kits to 437,000 vulnerable people experiencing severe food and nutritional insecurity located in both urban and rural areas and provided seeds and small agricultural equipment to 25,000 poor and vulnerable smallholder farmers to preserve their productive capacity for the imminent growing season.
- In Guatemala, the Responding to COVID-19: Modern and Resilient Agri-food Value Chains project aims to provide emergency response to COVID-19 and increase economic

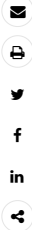


and climate resilience by improving the efficiency of key agricultural value chains and investing in modern technologies and practices.

- In Haiti, the Resilient Productive Landscape project mobilized emergency funding to help over 16,000 farmers access seeds and fertilizer and safeguard production for the next two cropping seasons.
- In India, women's self-help groups, supported under the National Rural Livelihoods Mission co-financed by the World Bank, mobilized to meet shortages in masks and sanitizers, run community kitchens and restore fresh food supplies, provide food and support to vulnerable and high-risk families, provide financial services in rural areas, and disseminate COVID-19 advisories among rural communities. These self-help groups, built over a period of 15 years, tap the skills of about 62 million women across India.
- In the Kyrgyz Republic, the World Bank-supported, GAFSP-funded Agricultural Productivity and Nutrition Improvement Project, which focuses primarily on improving water infrastructure and developing the capacity of water users' associations (WUAs), distributed US\$1.1 million in agricultural inputs such as seeds and fertilizer through 30 project WUAs to address vulnerable populations.
- In Rwanda, the Sustainable Agricultural Intensification and Food Security Project received additional financing to help address the impacts of COVID-19 lockdowns. The Bank's existing Social Protection project was also adjusted to be COVID-19 responsive.
- In Senegal, a \$150 million IDA credit is helping increase exports of high-value crops such as shelled groundnuts and horticultural products, increase dairy farming productivity, and reduce the mortality rate of small ruminants, mitigating the negative impacts of the pandemic while investing in more productive and resilient practices.
- In Sierra Leone, emergency financing under the ongoing Smallholder Commercialization and Agribusiness Development Project is supporting government COVID-19 response initiatives with inputs, land mechanization services, and extension services to support rice farmers. The World Bank-financed Social Safety Net Project also scaled up its cash transfer system to provide support to the most vulnerable households.
- In Tajikistan, through an existing Targeted Social Assistance system, the Bank financed cash transfers to food-insecure households with children under the age of 3 to mitigate the effects of increases in food prices and to protect children's nutrition.
- In 2021, the Bank approved a \$570 million regional program in West Africa to improve food system resilience, promote intraregional value chains, and build regional capacity to manage agricultural risks.
- We're also committed to helping countries prevent the next zoonotic disease from turning into a pandemic and be better prepared when risks materialize through a "One Health" approach. In India, for example, the COVID-19 Emergency Response and Health Systems Preparedness Project will improve disease surveillance systems in humans and animals and health information systems across the country. In China, a new project will improve risk-based surveillance systems for zoonotic and other emerging health threats. It will strengthen the capacity for risk assessment, diagnosis and monitoring of human, animal, and wildlife diseases. It will also improve protocols for information sharing between relevant agencies.

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