Understanding the impacts of COVID 19 on rural livelihoods

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Expert Group Meeting Inclusive and resilient recovery from COVID-19 for sustainable livelihoods, well-being and dignity for all: eradicating poverty and hunger in all its forms and dimensions to achieve the 2030 Agenda
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Objectives

1. Consolidate existing evidence and literature on the impacts of COVID 19 on rural livelihoods
2. Explore differences in impacts across countries using a food system lens
3. Identify policy options to reduce welfare loss and support an inclusive recovery

Rural spaces are highly vulnerable

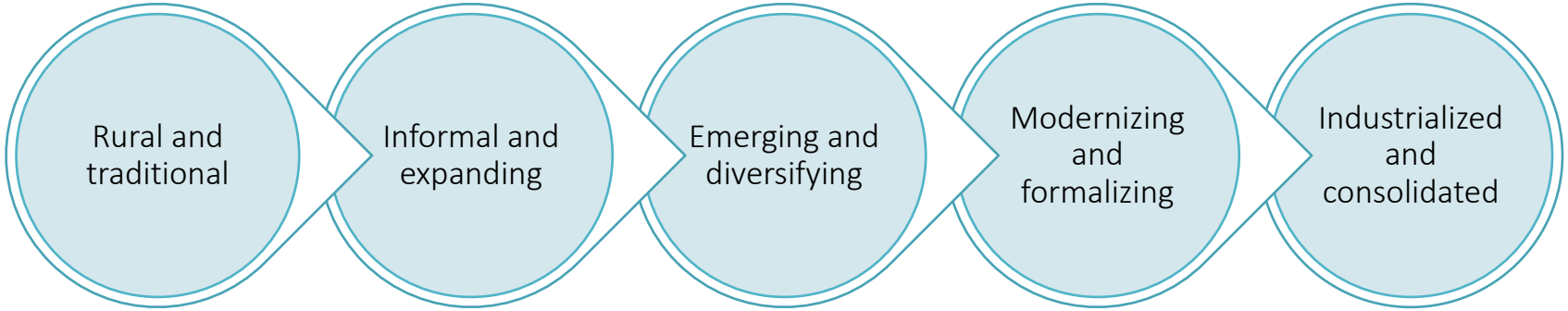
Lockdown measures often focus on urban areas, however

- Rural spaces and rural livelihoods are interwoven into national and global economic systems through complex networks of production, trade, migration, and remittance flows.
- Many rural jobs do not have teleworking options. Mobility is often critical.
- Disproportionately higher levels of pre-pandemic poverty and food insecurity
- Informality is a key feature of rural life in many countries: less likely to have access to contributory social insurance (e.g. health insurance, unemployment benefits) and to other forms of social protection

Food System Typology

Rural livelihoods are closely tied to the broader food systems within which they exist

Vulnerability to welfare loss among rural people is likely to be shaped by prevailing food system features, such as level of formality, level of consolidation, reliance on trade, maturation of institutions, length and complexity of supply chains, etc..



Source: Johns Hopkins University and The Global Alliance for Improved Nutrition

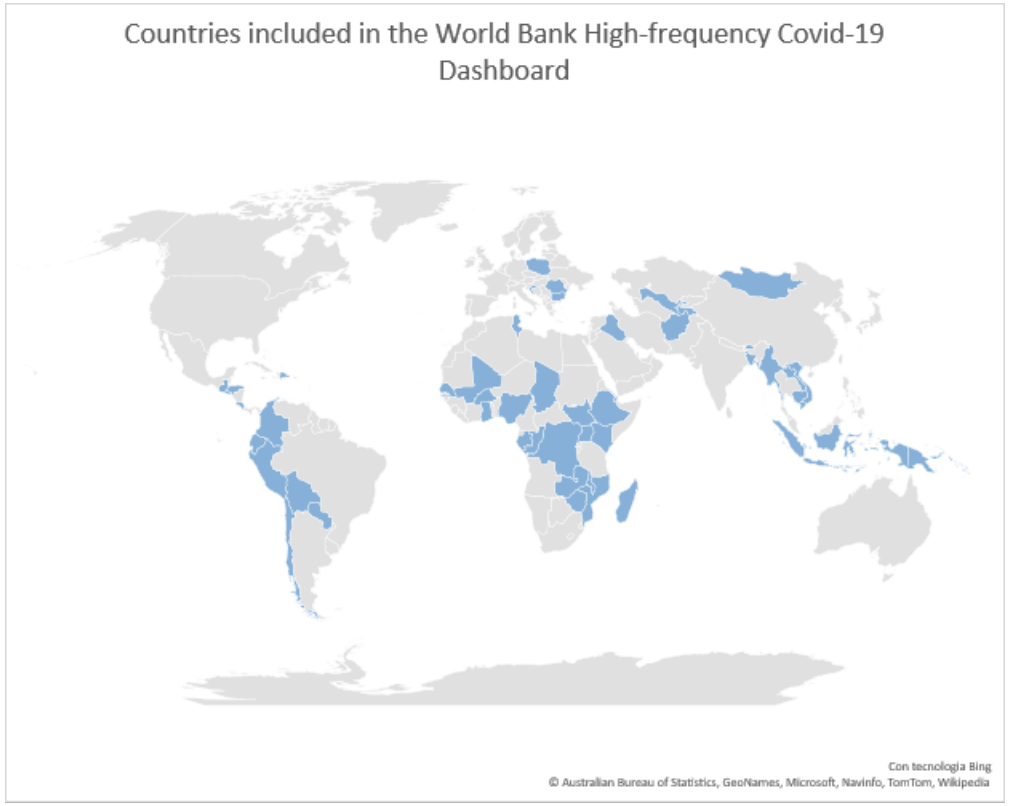
Data sources

Nationally representative household survey data collected by the World Bank and systematized in the COVID-19 High Frequency Monitoring Dashboard

- 13 harmonized indicators across three domains: income, coping, and food security

Complemented by systematic review of existing published evidence

Food System	N
Rural and traditional	23
Informal and expanding	14
Emerging and diversifying	10
Modernizing and formalizing	7
Total	54



Multi-dimensional impacts on rural incomes

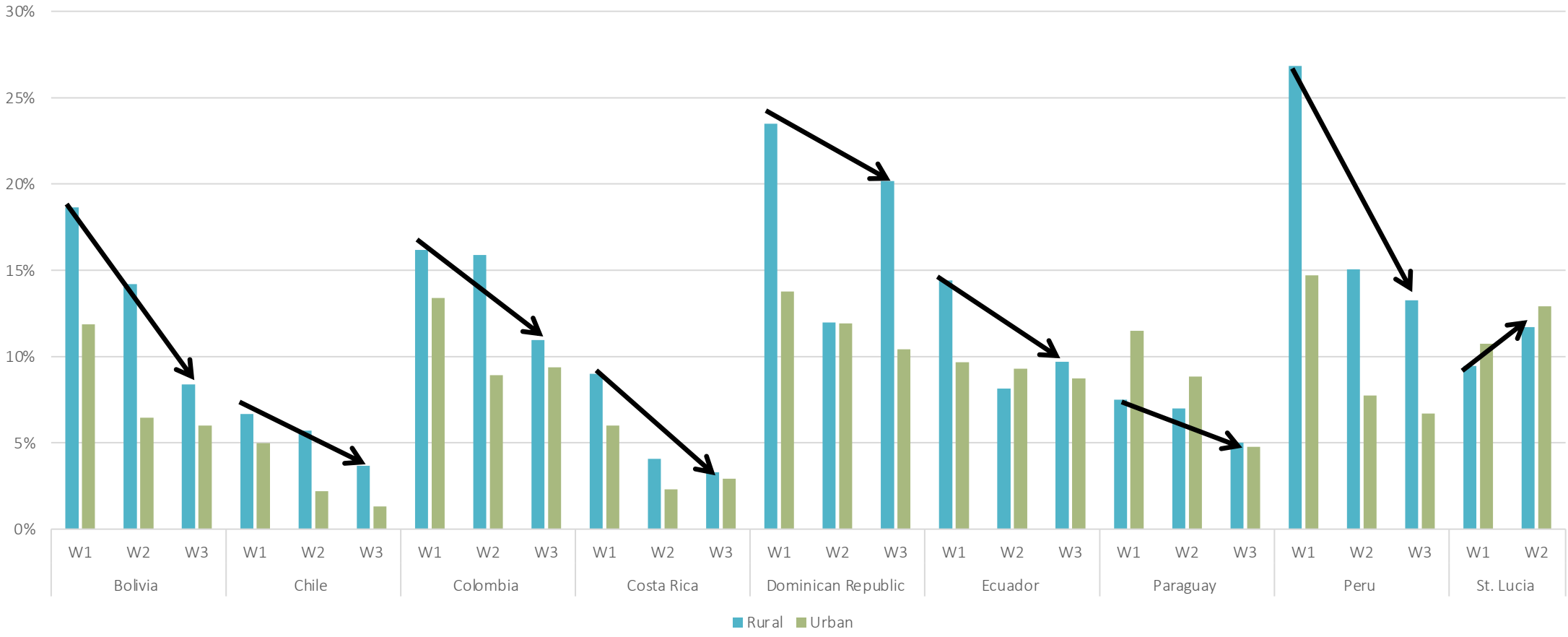
	Wage Income		Remittances		Non-farm family business		Family Farm		Total Income	
Food system Typologies (Media Values)	(% of Households reporting income loss due to COVID 19)									
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
All countries	58	58	72	61	83	84	74	71	66.5	67
Rural & Traditional	57	60	66.5	69	85	80	78	76.5	77	68
Informal & Expanding	57	53	62	50.5	84	88	79	41	55	57
Emerging & Diversifying	58	56.5	72.5	59.5	83	84	76	72	74.5	66.5
Modernizing & Formalizing	49	49	73.5	65.5	83	85	59	61	62	72

Source: Covid-19 High Frequency Phone Survey data.
https://www.worldbank.org/en/data/interactive/2020/11/11/covid-19-high-frequency-monitoring-dashboard

Farm production

	Hired Labour	Sales	Productive Inputs
Food System Typologies (ranges)	(% of Households Reporting Challenges Due to COVID 19)		
	Rural	Rural	Rural
All countries	21 - 84	5 - 100	11 - 85
Rural & Traditional (n=7)	21 -84	5 - 56	11 - 33
Informal & Expanding (n=5)	34 - 54	6 - 52	20 - 62
Emerging & Diversifying (n=1)	27 - 60	88 - 100	40 - 85
Modernizing & Formalizing (n=2)	N/A	N/A	20 - 62
Industrialized & Consolidated (n=1)	N/A	N/A	N/A

Food Security: In the last 30 days, went without eating for a whole day due to lack of money (% of HHs) (LAC)



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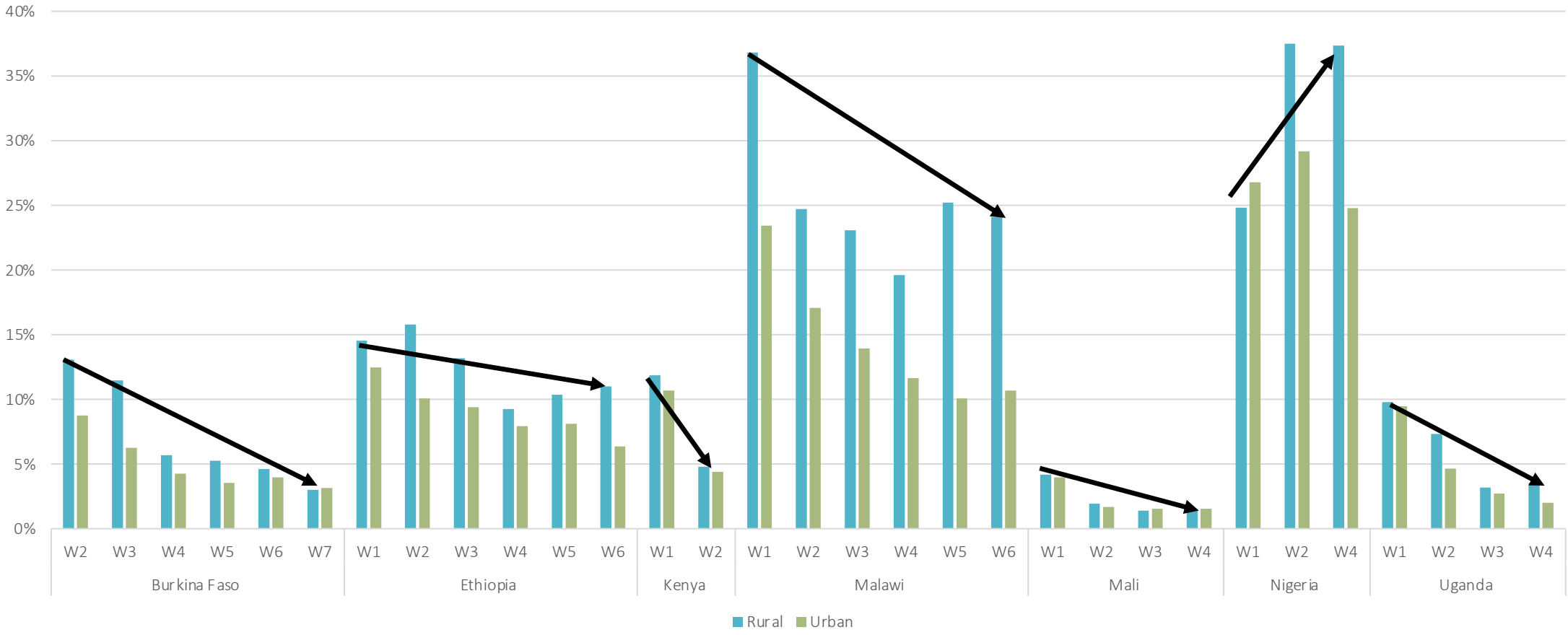

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Conclusions

1) The impacts of COVID-19 on rural economies and livelihoods have been as bad, or worse than in urban areas.
2) Impacts occur through multiple channels and are undermining multiple facets of rural livelihoods: Important implications for rural transformation processes, resilience, and future investments
3) Heterogeneity is a key feature: highlights variations in levels of formality of labour and enterprises, sensitivity of supply chains to restrictions, access to and responsiveness of social protection, stringency of lockdown measures, and pre-pandemic structural inequalities

Policy Implications

- **Rural non-farm enterprises**: these are a key engine for employment generation and create substantial income multipliers in rural economies
  - Many of these enterprises are small scale and informal.
  - They do not rely on formal credit and thus do not benefit from traditional macroeconomic stimulus policies.
  - Creative loan and grant schemes will be required to support these enterprises to recover
- **Farm enterprises**: disruptions and uncertainty in supply chains, prices, and labour markets undermine farm incentives and encourage myopic decision making
  - Worrying implications for future investments in productivity growth and conservation measures
  - Urgent need to reduce income risks and support future investments at farm level
    - Economic inclusion programmes that bundle cash with training and inputs
  - Investments to restart and de-risk investments in upstream and downstream supply chains
- **Wages**: High levels of informality and need for mobility in rural employment creates livelihoods and health risk
  - Expanding coverage of social protection to informal and seasonal rural workers is critical
- **Remittances:** The loss of remittances reflects a broad dynamic of return migration and loss of income diversification
  - Policies to support reintegration of return migrants and to leverage their skills

Thank you

A food system typology

Rural livelihoods are closely tied to the broader food systems within which they exist

Vulnerability to welfare loss among rural people is likely to be shaped by prevailing food system features, such as level of formality, level of consolidation, reliance on trade, maturation of institutions

	Agricultural value added per worker, constant 2010 USD	Share of dietary energy from staples	Number of supermarkets per 100,000 population	Percent of total population living in urban areas
Food system typologies	Mean (interquartile ranges)			
Rural and traditional	814 (522 – 1,218)	0.67 (0.58 – 0.71)	0.34 (0.24 – 0.45)	0.34 (0.24 – 0.37)
Informal and expanding	2,428 (1,559 – 3,344)	0.58 (0.51 – 0.62)	0.65 (0.51 – 1.83)	0.52 (0.43 – 0.59)
Emerging and diversifying	5,511 (3,907 – 6,955)	0.46 (0.41 – 0.51)	4.00 (2.02 – 5.85)	0.57 (0.50 – 0.68)
Modernizing and formalizing	14,382 (10,519 – 20,331)	0.39 (0.35 – 0.43)	7.15 (3.92 – 14.25)	0.76 (0.66 – 0.84)
Industrialized and consolidated	53,180 (27,842 – 80,456)	0.29 (0.27 – 0.31)	13.97 (10.73 – 22.70)	0.83 (0.77 – 0.91)

Source: Johns Hopkins University and The Global Alliance for Improved Nutrition

Multi-dimensional impacts on rural

	Wage Income		Remittances		Non-farm family business		Family Farm		Total Income	
Food system Typologies					(% of Households)					
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
All countries (range)	27-76	32 -74	42 - 86	40 -86	32 - 94	33 -93	41 - 84	0 - 89	26 - 90	30 - 85
Median	(58)	(58)	(72)	(61)	(83)	(84)	(74)	(71)	(66.5)	(67)
Rural & Traditional (range)	32 -76	39 - 72	66 - 67	54 - 64	79 - 93	40 - 87	62 - 84	70 - 83	62 -83	62 - 81
Median	(57)	(60)	(66.50)	(69)	(85)	(80)	(78)	(76.5)	(77)	(68)
Informal & Expanding (range)	57 -71	52 - 66	56 - 68	40 - 61	69 - 91	80 - 90	74-84	0 -82	26 - 71	30 - 72
Median	(57)	(53)	(62)	(50.5)	(84)	(88)	(79)	(41)	(55)	(57)
Emerging & Diversifying (range)	57 -75	45 - 62	58 - 77	54 - 72	32 - 94	33 - 93	71 - 81	65 - 81	59 - 90	51 - 81
Median	(58)	(56.5)	(72.5)	(59.5)	(83)	(84)	(76)	(72)	(74.5)	(66.5)
Modernizing & Formalizing (range)	27 -76	32 - 74	42 - 86	45 - 86	45 - 94	76 - 93	41 - 74	40 - 89	46 - 83	51 - 85
Median	(49)	(49)	(73.5)	(65.5)	(83)	(85)	(59)	(61)	(62)	(72)

Source: Covid-19 High Frequency Phone Survey data.
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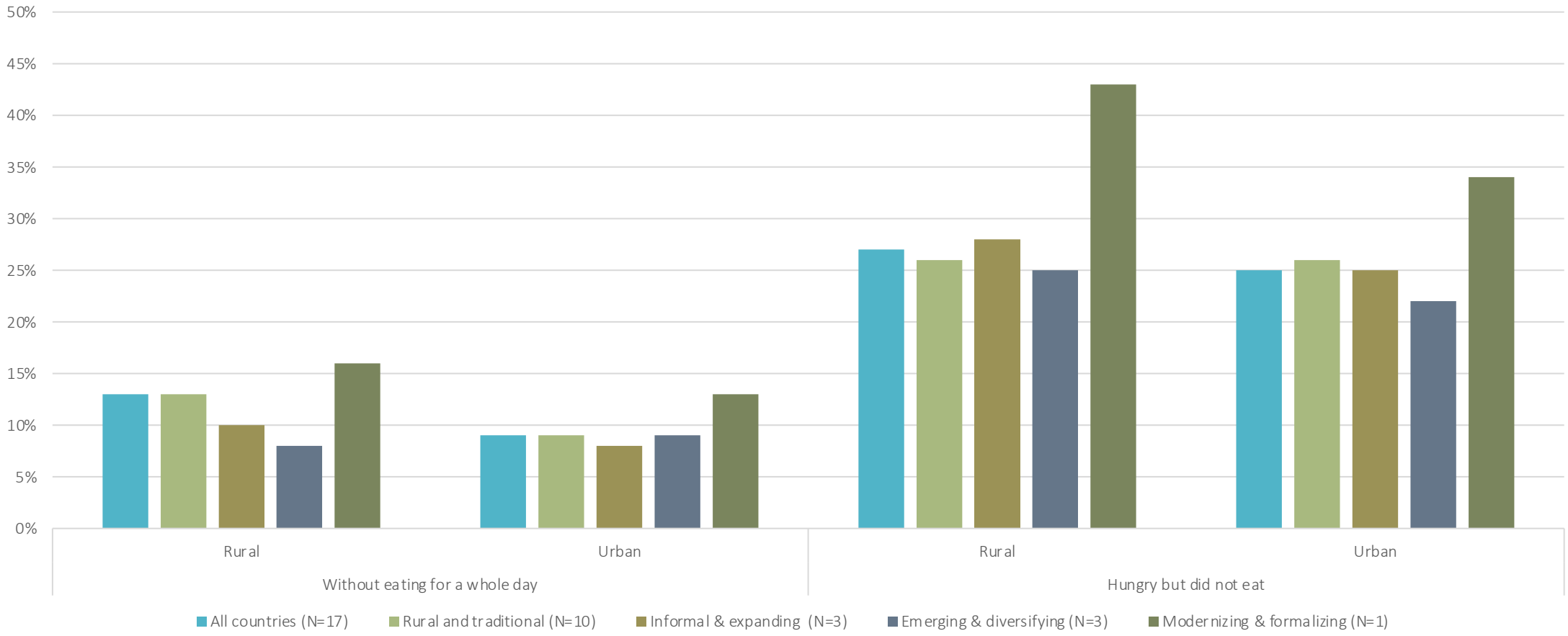
Coping Strategies

	Reduced consumption of goods during the pandemic		Sold assets to pay for basic living expenses during the pandemic		Used emergency savings to cover basic living expenses during the pandemic	
	(% of Households)					
	Rural	Urban	Rural	Urban	Rural	Urban
All countries	2 - 82	5 - 79	0 - 21	0 - 28	3 - 59	4 - 57
median	(42)	(42)	(4)	(2)	(15)	(16)
Rural and Traditional	2 - 78	5 - 71	0 - 16	0 - 28	3 - 40	5 - 37
median	(42)	(42)	(4)	(2)	(15)	(16)
Informal and Expanding	40 - 82	42 - 79	1 - 21	0 - 13	11 - 59	11 - 57
median	(45)	(44)	(4)	(2)	(15)	(16)
Emerging and Diversifying	14 - 64	19 - 63	1 - 12	0 - 5	4 - 26	5 - 32
median	(41)	(42)	(7)	(3)	(20)	(16)
Modernizing and Formalizing	14 - 54	11 - 57	1 - 5	0 - 3	5 - 23	4 - 27
median	(46)	(42)	(2)	(2)	(9)	(10)

Food Security: % of HHs Food Insecure (Medians by Food System Typology)



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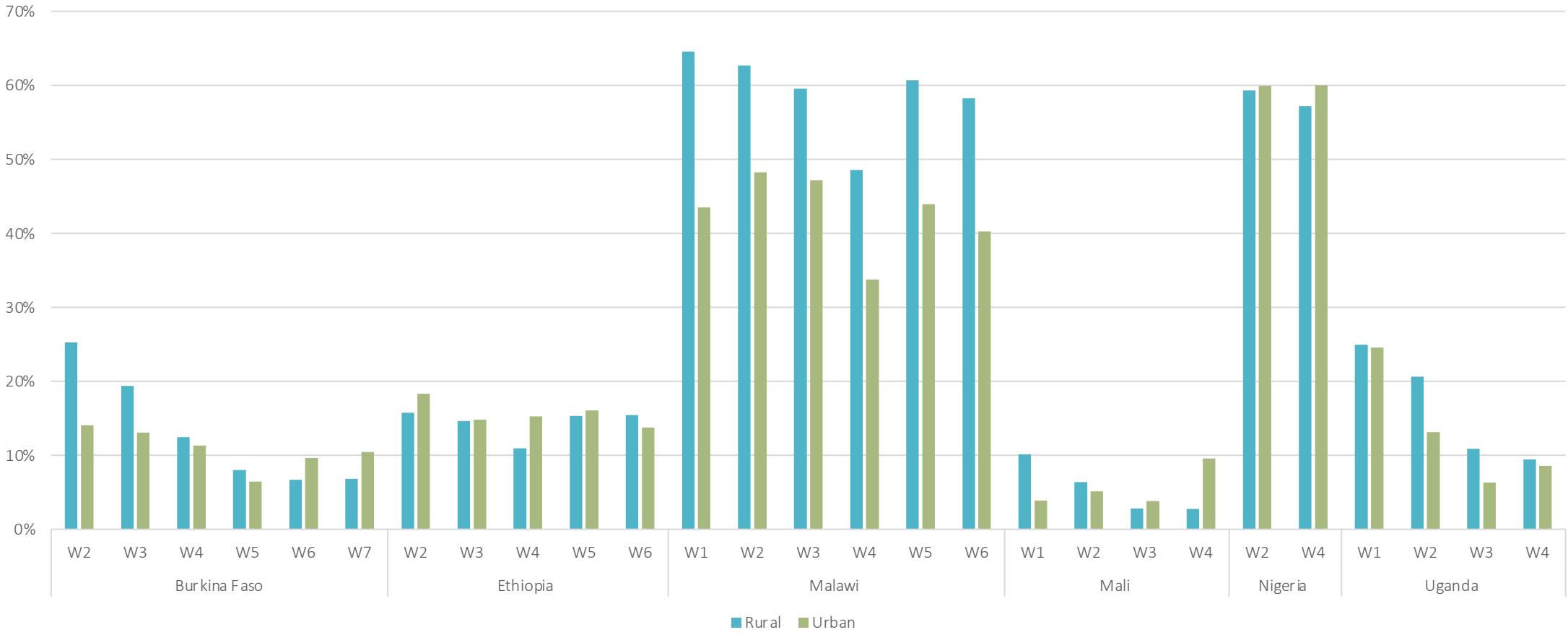
Note that all data is from June 2020

Food Security: In the last 30 days, were hungry but did not eat due to lack of money (% of HHs) (SSA)



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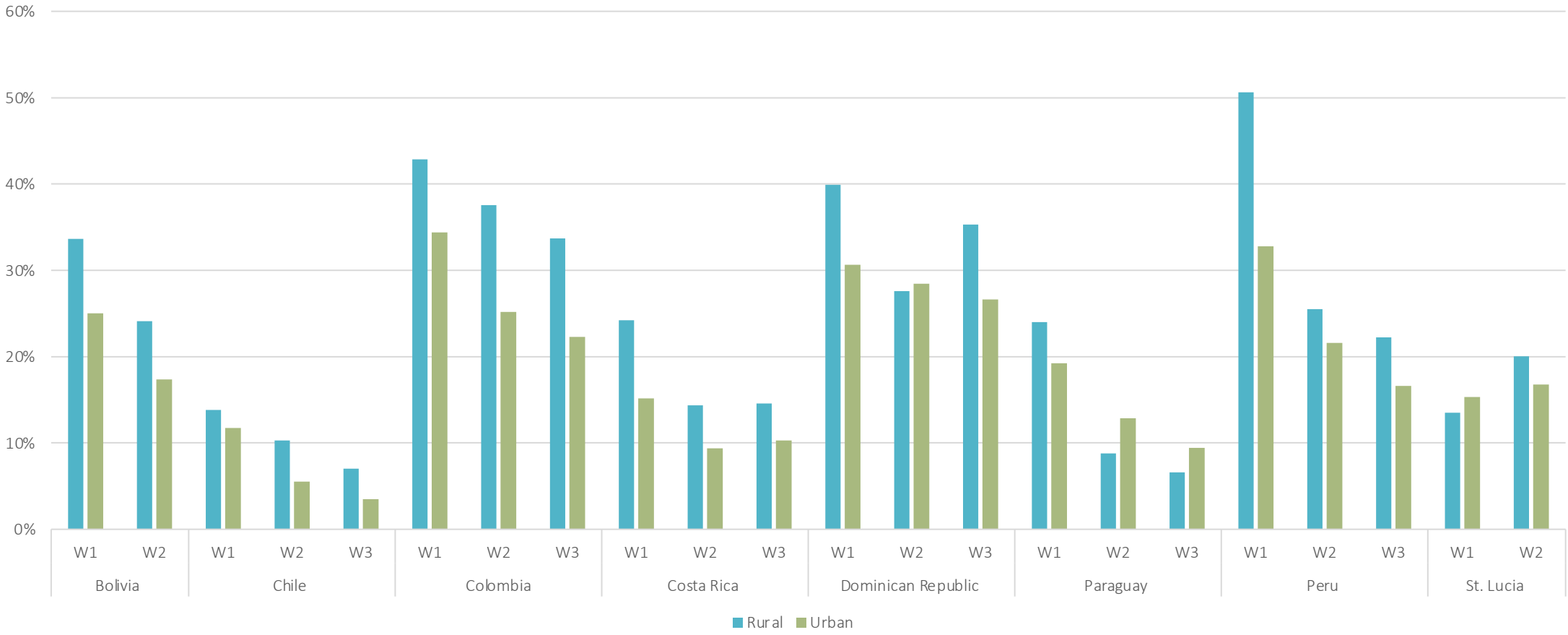

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