



Iraq Covid-19 Food Security Monitor

Bi-weekly Update Issue 27 2 February 2021

Government Decisions

22 January 2021

MoA approved the export of 5,000 tons of tomato crop to the Kingdom of Saudi Arabia (KSA), from the surplus from domestic production, bringing the total of agricultural crops exported to KSA to 12,500 tons in January 2021.¹

I. Key Messages

- Due to the economic crisis, the government has been struggling with distributing payments to farmers who have marketed their production (wheat, barley, corn) to government silos and state companies in 2020. This topic has become a priority in the parliamentary debate on the fiscal budget of 2021. The economic crisis has also affected the food ration distribution under the Public Distribution System (PDS).

- The national price of the four main food commodities has leveled post Iraqi dinar devaluation. The highest rate of increase compared to pre-devaluation was in vegetable oil prices by 36%, followed by wheat flour price by 16%, and 10% increase for both rice and sugar prices.

- WFP mVAM data showed that approximately 2.6 million people in Iraq have insufficient food consumption, an increase of roughly 143,000 people compared to the last week of January, with Babylon leading with highest number of the population with insufficient food consumption.

II. Overview

The novel coronavirus (COVID-19) has continued to spread in Iraq. As of 02 February 2021, the World Health Organization reported 622,755 confirmed cases and 13,068 deaths, a 2.7% percent and 1% increase over the reported period. The Ministry of Health and Environment warned from the underlying risks of the increase in cases of the second wave of Covid-19.

The impact of outbreak of corona virus has resulted in diminishing international oil prices, Iraq has experienced a direct negative effect on the gross domestic product where oil prices experienced an unprecedented fall in early 2020, followed by a modest recovery later this year. Over the past two weeks, Basra heavy oil prices fluctuated lightly between USD 52.98 and USD 54.76 per barrel.

As the parliament negotiates the proposed budget of 2021, the parliamentary committee on agriculture, water and the marshlands has been advocating for the delay in debt re-payments owed by farmers for a year, in addition to blocking the sale of agricultural land for financing government deficit. The committee has also demanded the inclusion of payments owed to farmers who marketed their grains production in 2020 to be paid immediately after the budget is ratified and be included within the operational expenditure of the budget together with state employee salaries.²

In its continuous efforts to curb smuggling of food and agriculture products, the government of Iraq through the Prime Minister's office is leading a team headed

by the National Security Agency and that includes the directorate of Combating Economic Crime within the Ministry of Interior, and representatives of the Directorates of Agriculture and the Federation of Farmer Associations to monitor and confiscate smuggled agricultural crops.³

The Food and Agriculture Organization (FAO), the World Food Programme (WFP), International Fund for Agricultural Development (IFAD) and the World Bank continue to track the impact of this crisis on food security, with a focus on food availability, access, utilization and stability.

III. Food Supply: Production (primarily on farm)

Production. FAO and MoA signed an EU funded project to be implemented in the governorates in Basra, Maysan and Thi Qar for the restoration and strengthening the resilience of agri-food systems in Southern Iraq. The project aims to reconstruct and rehabilitate the rural sector in Southern Iraq, and is expected to support food and nutrition security and income generation in strategic priority value chains for the rural poor while enhancing land and water resources and biodiversity.⁴

Iraq and Jordan agree to strengthen partnership in the agriculture sector. The two countries agreed to provide all possible facilities to increase the volume of agricultural commodities trade, giving priority to animal and plant products, and to facilitate the registration of veterinary medicines and agricultural pesticides in both countries. The two countries also agreed on the transfer of the Jordanian experience in the field of digitizing the agricultural sector, and training Iraqi cadres in the fields of optimal use of water, hydroponics, water harvesting, multiplication of salt-resistant seeds, biological control, use of environmentally friendly pesticides, rural development and women's empowerment.⁵

The Union of Farmers Associations in Iraq has been calling on the government to increase the pace of payment distributions to farmers across Iraq and have been threatening farmers demonstrations in response to the delays and new complex payment mechanism which mandates farmers open bank accounts and receive reduced payments after deducting any debt to government.⁷ Ministry of Trade started distributing payments for marketed wheat in 2020 to farmers in the districts of Hawijeh and Riyadh in the governorate of Kirkuk through the General Company for Grain Trade. Additionally, MoA has been preparing payments of the first installment of financial dues to yellow corn marketing farmers as part of the 2020-2021 agricultural season, through Mesopotamia State Company for Seed Production. These payments represent 15% of overall dues owed to farmers, in Iraq, except for the Kurdistan Region.⁸

¹ <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8890>

² <https://www.ninanews.com/Website/News/Details?key=886593>

³ <https://www.rudaw.net/arabic/business/070220212>

⁴ <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8901>

⁵ <https://www.rudaw.net/arabic/business/29012021>

⁶ <https://www.ninanews.com/Website/News/Details?key=8861813/>

⁷ <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8894>

Other Challenges. The government of Iraq is still working on closing the backlog in payments due to farmers who marketed their wheat and barley production to government silos in 2014 prior to the incursion of ISIL into Iraq. Farmers in Ninewa, Salahudin, Anbar, Kirkuk, Diyala, and Babil were affected by the loss of their marketed produced as ISIL confiscated production from government owned silos. MoA, which has been tasked in addressing the payment backlog to farmers to compensate for unpaid production, announced the disbursement of financial dues to farmers and marketing farmers for wheat and barley crops in Ninewa governorate, who marketed their crops to the sites of the Iraqi Seed Production Company in 2014. The disbursement of financial dues for the 2014-2015 marketing season for 91 farmers was completed after due diligence for any affiliation with ISIS. Additionally, MoA has continued the disbursement of dues to yellow corn producers in Ninewa and Babil governorates, where 12 farmers have been compensated for the financial dues for the 2014-15 marketing seasons after similar due diligence.⁸

IV. Food Supply: Markets (farm to market)

The Ministry of Trade (MoT) has kicked off its first round of distributions under the Public Distribution System (PDS) on February 9. The first round of distribution included rice, sugar and vegetable oil.⁹

Iraq has issued an international tender to buy 30,000 tons of rice, which is scheduled to close in early February. Iraq needs to import around 1.25 million tons of rice annually for PDS. MOT had around 190,000 tons of rice available in their warehouses, and has been struggling with budgetary resources to finance imports.¹⁰

MOT has also issued a tender to buy around 80,000 tons of sugar from local suppliers for distribution through PDS.¹¹

V. Food Demand (markets to consumers)

Prices. Although the national average for basic food commodity prices remained relatively stable compared to the last week of January, specific governorates and commodities witnessed price changes. In Thi-qar, vegetable oil prices increased 25% (from IQD 2,000 to 2,500 per liter), and in Duhok sugar and wheat flour prices increased 25% (from IQD 1,000 to 1,250 per kg), while the price of sugar decreased by 20% (IQD 1,250 to 1,000 per kg) in Kerbala and Diwaniya,. Meanwhile in Muthanna wheat flour price decreased by around 8% (from IQD 600 to 550 per kg).

The national price of the four main food commodities has leveled post Iraqi dinar devaluation. The highest rate of increase compared to pre-devaluation was in vegetable oil prices by 36% (from IQD 1556 to 2111 per liter), followed by wheat flour price increase by 16% (IQD 825 to 960 per kg), and 10% increase for both rice (from IQD 633 to 803 per kg) and sugar prices (from IQD 950 to 1040 per kg).

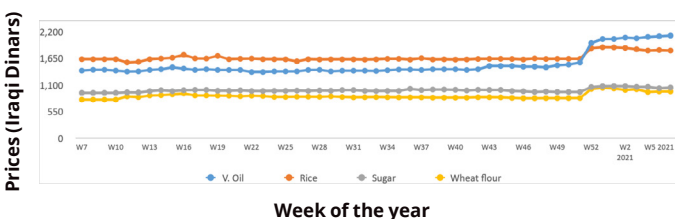


Figure 1. Weekly food prices (national averages) for four staple commodities during the COVID-19 crisis (Source: WFP)

Consumption Patterns. On February 14,, WFP mVAM data indicated that approximately 2.6 million people in Iraq have insufficient food consumption, an increase of roughly 143,000 people compared to the last week of January. Out of 18 governorates, only Babylon had high prevalence of insufficient food consumption with 34% of the population. Additionally, the data revealed that 9.9% of the Iraqi population(3.8 million people) adopted negative food-based coping strategies, a decrease of around 100,000 individuals compared with last week of January. The most common used copying strategy by 34% households was relying on less expensive food.¹²

Compared with the last week of January, households who reported barriers to accessing markets remained at the 14.7% of the population, with around 14% of those households (roughly half million people) reporting other reasons such as lack of money as primary issue to accessing markets, rather than movement restrictions or concern of COVID-19. Households facing difficulties accessing health facilities remained at around 29% of the population.

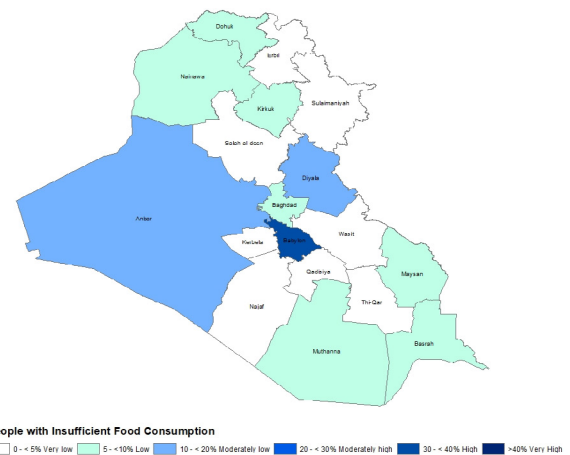


Figure 2. Distribution of people with insufficient food consumption. Where insufficient consumption refers to those with poor and borderline food consumption according to Food Consumption Score (FCS) using a seven-day recall (Source: WFP).

⁸ <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8918> , <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8917>
⁹ http://mot.gov.iq/index.php?name=News&countpage=0¤tpage=0&new_topic=0
¹⁰ <https://www.rudaw.net/arabic/business/27012021>
¹¹ <https://www.ninanews.com/Website/News/Details?key=885552>
¹² The estimates were based on a statistically significant sample of 1,620 people interviewed telephonically.