



Iraq COVID-19 Food Security Monitor

Weekly Update - Issue 20

19 October 2020

Government of Iraq (GoI) Announcements

Date	Government Decision
13 October 2020	The Council of Ministers has decreed that government entities that have outstanding loan programs for farmers delay re-payment of loan principals. The cabinet also decreed the removal of accrued interest on delayed payments on principal until harvest of 2021. ¹
14 October 2020	The Ministry of Agriculture and Water Resources (MoAWR) in Kurdistan Region of Iraq decided to allow the import of tomato, following an increase in local prices due to higher seasonal demand. ²

I. Key Messages

- With fiscal pressure mounting, GOI has moved part of the unused budget from the Ministry of Trade to the Ministry of Agriculture in order to finance the subsidy of seeds and inputs for the upcoming wheat and barley winter planting season.
- In order to decrease government liabilities, the government will deduct outstanding loan repayments owed to the government from the payments due to farmers for the 2019/20 production. Farmers who have defaulted or have not paid their loans will have repayments automatically deducted, as the government consolidates the accounts, production payments and loans under the Agricultural Cooperative Bank starting November 2020.
- The Parliament's Finance Committee estimates that around 15 million Iraqis are affected directly and indirectly by the delay in state transfers to employees and retirees, including around 6 million state employees.
- While flour and rice prices have been relatively stable, sugar, oil and vegetable prices continue to witness severe volatility, especially in northern (Kurdish) and southern governorates.

II. Overview

The novel coronavirus (COVID-19) has continued to spread in Iraq. As of 19 October, the World Health Organization reported 430,678 cases and 10,317 death in Iraq, roughly a 12% and 9% increase respectively over the preceding two weeks.

The global economic slowdown, driven by pandemic containment measures, decreased the demand for crude oil and put downward pressure on prices. In Iraq, oil income accounts for 90% of the government revenue and the drop in oil prices has had a significant impact on country's finances. Over the past two weeks, Basra heavy oil prices have remained stable, fluctuating between USD 39.22 and USD 40.06 per barrel, up from minimum of USD 18.7 per barrel in April 2020, but well below USD 58.4 per barrel, the price recorded roughly one year ago.³

Due to the decline of government revenue, the government has further delayed the transfer of salaries for the month of October for state em-

ployees and pensions for retirees, for the second month in a row. The Ministry of Finance has submitted to the Parliament a law that would allow it to finance its operational budget for the rest of the year by borrowing from state and local banks. The law is still under review within the parliament's finance committee. The finance committee estimates that around 15 million Iraqis are affected directly and indirectly by the delay in state transfers, including around 6 million state employees.⁴

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. The Iraqi government remains committed to supporting the agricultural sector and subsidizing production while managing an unprecedented fiscal tightening resulting from low oil prices. The Council of Ministers has prioritized the provision of agriculture inputs to farmers in preparation for the winter planting season, and the fulfillment of all financial obligations owed to and by farmers.⁵ Council decisions include:

1. Transfer of debt obligations owed by the Ministry of Agriculture and Ministry of Trade to farmers for their wheat and barley production to the state owned Agricultural Cooperative Bank, which will deduct loan payments owed by the farmers to the bank and transfer remaining balance to farmers;
2. Postponement of due interest payments on loan principals owed by farmers to Agricultural Development Bank;
3. Open agriculture bank accounts in the Agricultural Cooperative Bank for farmers cultivating strategic crops;
4. Transfer of future payments owed to farmers to these accounts; and
5. MOA to supply farmers with subsidized seeds and fertilizers, while MOT to transfer costs from its budget to MOA.

¹ Ministry of Agriculture (MOA). <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8621>

² Shafaq News. <https://shafaq.com/ar/%D9%83%D9%88%D8%B1%D8%AF%D8%B3%D9%80%D9%80%D8%AA%D8%A7%D9%86%D9%8A%D8%A7%D8%AA/%D9%82%D9%84%D9%8A%D9%85-%D9%83%D9%88%D8%B1%D8%AF%D8%B3%D8%AA%D8%A7%D9%86-%D9%8A%D8%B3%D9%85%D8%AD-%D8%A8-%D8%B3%D8%AA%D9%8A%D8%B1%D8%A7%D8%AF-%D8%A7%D9%84%D8%B7%D9%85%D8%A7%D8%B7%D9%85>

³ https://oilprice.com/freewidgets/get_oilprices_chart/4400

⁴ (<https://altaghier.tv/2020/10/29/%d8%a7%d9%84%d9%85%d8%a7%d9%84%d9%8a%d8%a9-%d8%a7%d9%84%d9%86%d9%8a%d8%a7%d8%a8%d9%8a%d8%a9-15-%d9%85%d9%84%d9%8a%d9%88%d9%86-%d8%b4%d8%ae%d8%b5-%d8%aa%d8%b6%d8%b1%d8%b1%d9%88%d8%a7-%d9%85%d9%86/>)

⁵ MOA. <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8621>

MoA is preparing for the provision of seeds and agricultural supplies to wheat and barley farmers, to be delivered by October 18. MoA will supply registered farmers with 35 kg of seeds for base grade, 40 kg for registered seeds, and 45 kg for certified seeds. MoA approved the size of areas planted with higher ranks seeds (minimum 40 donums). MOA will subsidize around 70% of the input costs for the upcoming wheat and barley planting season for all registered farmers with MOA.⁶

The Ministry of Agriculture is subsidizing 50% of the costs of animal feed for livestock and fishery owners based on registered herd size. The MOA will distribute the subsidized barley feed to sheep and goat breeders buffalo and cow breeders camel owners and poultry and fish farms.⁷

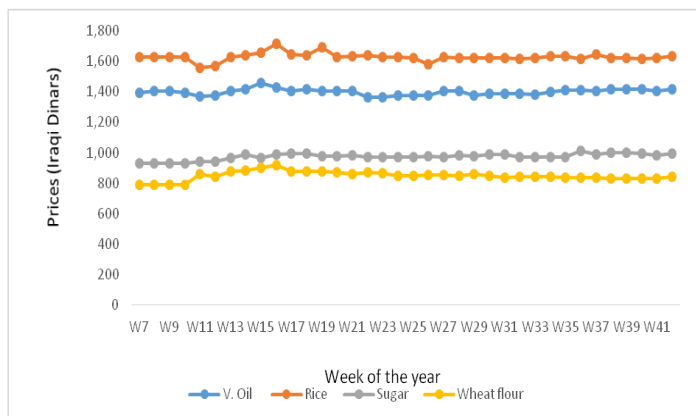


Figure 1. Weekly food prices (national averages) for four staple commodities during the COVID-19 crisis (Source: WFP)

The Ministry of Water Resources announced the development of a joint plan with the Ministry of Agriculture to allocate suitable areas for growing wheat and barley crops. The plan is to irrigate 5 million donums through surface water irrigation.⁸

MOA has recorded farmer deviations from the agreed summer agricultural plan, which allocated specific planting areas for specific crops taking into account water availability and market conditions. Over 3 million donums were planted with wheat and barley beyond the agreed allocations. The government, through MOT and MOA, will withdraw current and future subsidies from violating farmers, with MOA withdrawing its support to provide subsidized fertilizers, seeds, and pesticides. MOT will not purchase any of the production at subsidized prices beyond the agreed allocations.⁹

IV. Food Supply: Markets (farm to market)

During October, the Ministry of Trade (MoT) has resumed the distribution of local wheat to its mills and the provision of rice to the Public Distribution System (PDS) agents in Najaf, Thi-qar, Babil and Anbar.¹⁰

V. Food Demand (markets to consumers)

Prices. At the national level, prices of the four main food commodities (i.e. vegetable oil, rice, sugar and wheat flour) did not see any significant changes since October 5, albeit some local price volatility was observed within governorates. The Governorate of Dohuk in the Kurd-

ish Region of Iraq recorded sharp price increases of 17% (IQD 1500 to 1750 per kg) for rice prices and 25% (IQD 1000 to 1250 per kg) for wheat flour. Vegetable oil and sugar prices on the other hand, were volatile in some governorates, even though the national average prices stayed at 1417 IQD and 994 IQD respectively. While the vegetable oil prices increased by 20% (IQD 1250 to 1500 per kg) in Duhok and Qaidisya, it decreased by 17% in Kirkuk and by 14% in Salahudin. Sugar prices increased in Duhok by 20% (IQD 1250 to 1500 per kg) and by 10% (IQD 1000 to 1100 per kg) in Sulaimaniya, but decreased by 25% (IQD 1000 to 750 per kg) in Thi-qar and by 11% (IQD 900 to 800 per kg) in Kirkuk.

Vegetables continued their seasonal fluctuations and recorded distinct patterns within the country. Compared with the first week of October, tomato prices fluctuated in 16 governorates. While it increased by around 50% (IQD 931 to around 1400 per kg) in 11 governorates, it decreased by 25% in only three governorates. Onion prices, at national average increased by 11% (IQD 660 to 700 per kg), with sharp increases recorded in the governorates of; Babil, Muthanna, Nineva and Wasit (50%), and Diyala and Kerbala (33%).

Consumption Patterns.

WFPs Hunger Monitoring System (mVAM) data analysis for Syrian Refugees from September revealed that around 19.2% Syrian refugees (47,508 out of 247,440) are with insufficient food consumption. Around 41% (101,450 people) adopted negative coping strategies (consumption based), which is calculated using a standard consumption based Coping Strategy Index (rCSI). Relying on less expensive food is the most commonly used coping strategy (62.7%). Around 36.7% Syrian refugees reported challenges to access markets while 45.6% reported challenges to access health facilities with around 60% of those households reporting the lack of money as the main challenge.

VI. Food Supply Chain for Vulnerable Populations

Food Security Cluster partners have provided agricultural inputs to 558 returnee households in Mosul, Hamdanyia and Tilkaef districts in Nineva. Additionally, Cluster partners have assisted 2,089 host community members through emergency cash-for-work in Basrah and Baghdad governorates.

In October 2020, WFP targeted approximately 260,000 IDPs (including a COVID19 caseload of 7,500 people) and over 69,000 refugees (including a new caseload of around 34,000). WFP continues to utilize different cash delivery instruments including Mobile Money Transfers (MMT), Money Transfer Agents (MTA), Electronic Vouchers (EV), cashless transactions etc. in addition to in-kind modalities based on needs.

⁶Ministry of Agriculture (MOA). <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8623>

⁷MOA. <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8620>

⁸https://www.ina.iq/113984/_%d8%a7%d9%84%d9%85%d9%88%d8%a7%d8%b1%d8%af_%d8%a7%d9%84%d9%85%d8%a7%d8%a6%d9%8a%d8%a9_%d8%aa%d9%83%d8%b4%d9%81_%d8%b9%d9%86_%d9%85%d8%b9%d9%88%d9%82%d8%a7%d8%aa_%d8%b2%d9%8a%d8%a7%d8%af%d8%a9_%d8%a7%d9%84%d9%85%d8%b3%d8%a7%d8%ad%d8%a7%d8%aa_%d8%a7%d9%84%d8%b2%d8%b1%d8%a7%d8%b9%d9%8a%d8%a9

⁹<https://economy-news.net/content.php?id=22168>

¹⁰ Ministry of Trade (MOT). <https://www.facebook.com/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%AA%D8%AC%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%B1%D8%A7%D9%82%D9%8A%D8%A9-1611368825806977/>