Poverty and Food Security in East Asia and the Pacific (EAP)

June 2022
EAP Countries Achieved a Remarkable Progress in Poverty Reduction since 1990

Due to the economic distress caused by COVID-19 crisis, poverty in the region stopped declining for the first time in 20 years preventing 32 million people from escaping poverty (at the $5.50 PPP/day line)

Note: THA Poverty rate for 2021 is based on preliminary estimates for January to June 2021.
Many households suffered from food insecurity during the pandemic.

In most EAP countries food insecurity was higher in rural areas.

Proportion of households experiencing food insecurity (%)

Food prices in EAP countries have been increasing, in line with global trends.

Note: Data for food CPI in selected EAP countries are re-indexed to 100 at the August 2020 value. For Cambodia, Mongolia, Myanmar, and Thailand, the data covers both food and non-alcoholic beverages. Also, the Cambodia data covers only the Phenom Penh area – not the whole country.
A significant share of the EAP population continues to be vulnerable to food insecurity and is living below the national poverty line. Food inflation is hitting them the hardest.

Headcount ratio at national poverty line ( % of total population)

Prevalance of food insecurity and undernourishment in the total population (avg. 2018-2020)

Source: WB staff estimates using data from FAOSTAT

Note: Severe food insecurity data is not available for China, Papua New Guinea, and Timor-Leste. The estimate for China’s undernourishment is less than 2.5%. Pacific Islands data for food insecurity and undernourishment is an average of Fiji, Kiribati, Samoa, Tonga, and Vanuatu. Poverty val recent year. Cambodia, Papua New Guinea, and Timor-Leste are excluded from the chart as their most recent data are before 2015. average for Pacific Islands, values for selected individuals are shown as the most recent countries many Pacific Islands are before 2015. While only 24.8% of Myanmar’s population was estimated to be below the poverty line in 2017, the UNDP estimated that the figure could be doubled by 2.
Food represents an important share in spending of the poor

Over 50% of the consumption spending by the poor are usually on food. In Vietnam, food spending account for 41% of households spending in rural areas and 34% in urban areas.

The near-term outlook is not encouraging. Current policy responses could add to the pressures.

- Global “real” food prices (price of food relative to other commodities) at the highest level since 2005 – expected second-round effects from fuel and fertilizer price increases

- Governments are keen to protect the poor and vulnerable from this highly regressive development, however, the protection is provided through trade restrictions, price controls, and subsidies (rather than targeted – possibly progressive - social transfers)

- The number of countries imposing export restrictions on food has climbed from 3 to 23 (as of late April 2022). (In contrast, most countries refrained from restrictive actions for Covid-19).

- Export restrictions now affect 36 percent of wheat exports, 55 percent of palm oil exports, 17 percent of maize exports, 78 percent of sunflower oil exports, and 6 percent of soybean oil exports. Export restrictions put additional pressure on available food stocks, push prices up and potentially threaten food security for the poor.

- Additional price controls and subsidies will aggravate the distortions and fiscal inefficiencies that are already impeding structural transformation of the agri-food system
Global fertilizer prices have been on upward trajectory since around mid-2021.

World Bank recommendations

**Domestic Markets**
- More effective use of existing market mechanisms; avoidance of price curbs, rationing
- Use of digital technologies to facilitate trade logistics and compliance with SPS standards

**International Trade**
- Facilitate international trade flows of food, efficient management of food reserves
- Support policy dialogue including regional and bilateral engagement with leaders on potential negative impacts of export restrictions on farmers, traders and exporters
- Build capacity of clients to diagnose bottlenecks to the use of internal, regional and global trade in food and agricultural inputs more efficiently and effectively (checkpoints, tolls, and hindrances to the movement of food),
Supporting consumers and agribusinesses

Consumers
- Scale up and adjust social protection programs for food price changes
- Adopt innovative approaches to reach those in the informal sector such as seasonal agriculture workers;
- Review targeting of safety net systems to ensure nutritionally vulnerable groups (women and children) are reached
- Support food security crisis preparedness planning.

Agribusinesses
- Provide short term finance (subsidized loans/credit) to agribusinesses, SMEs, and MSMEs to increase their working capital provision, maintain trade flows and prevent supply contraction
- Strengthen domestic food and agriculture value chains disrupted by spiking prices and logistical bottlenecks, by leveraging private investments in digital approaches and technologies
- De-risk private sector investments in agriculture