



INITIATIVE ON
Foresight

Global Crises Since 2019

Impacts on Bangladesh's Agrifood System

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Global Crises

- **Study objective:**

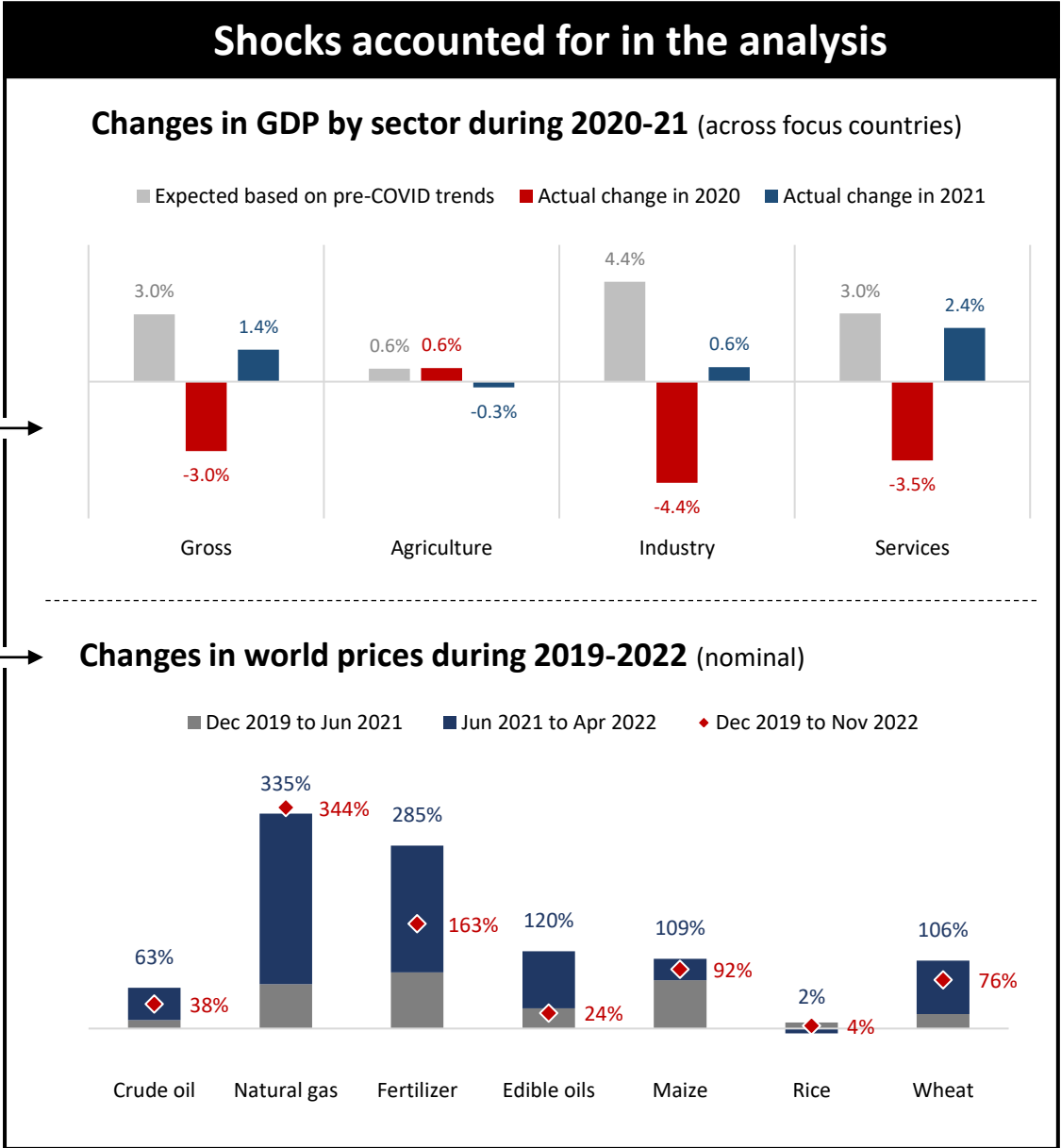
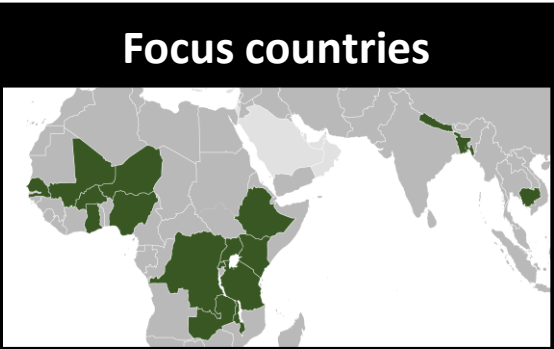
- Focus on low- and lower-middle income countries
- Use IFPRI’s RIAPA model to estimate the impacts of major global crises since 2020, incl. COVID and rising world prices
- Consider slowdown in global economy during 2023

- **Scenarios:**

- What was the economic effect of COVID, incl social distancing?
- How did rising world fuel, food and fertilizer prices affect local markets, consumers, and farmers?
- What if, in 2023, export prices fall (as global demand weakens) and import prices rise (as the dollar strengthens)?

- **Outcomes reported:**

- **Economy:** National and agri-food system GDP
- **Population:** Poverty and food security



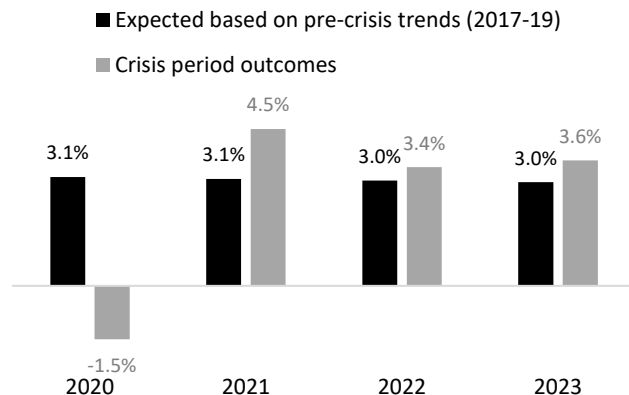
Bangladesh Case Study | Interpreting Results

Walkthrough of Bangladesh Modeling Results

Growth:

- **2020:** COVID reversed GDP growth trends
- **2021:** Faster-than-trend growth as economy started to recover
- **2022:** Recovery slowed as world prices spiked
- **2023:** Recovery may be further hampered by a slowdown in the global economy

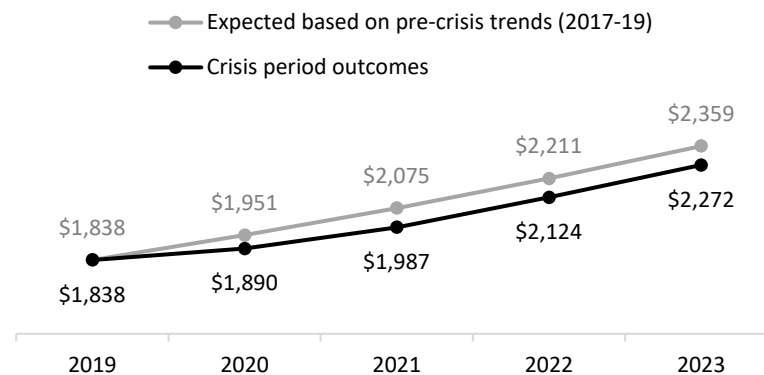
Annual per capita GDP growth rates



Incomes:

- Recovery was not enough to return per capita GDP to pre-COVID levels (i.e., roughly a year of economic growth was lost to COVID)
- Income gap persists into 2023

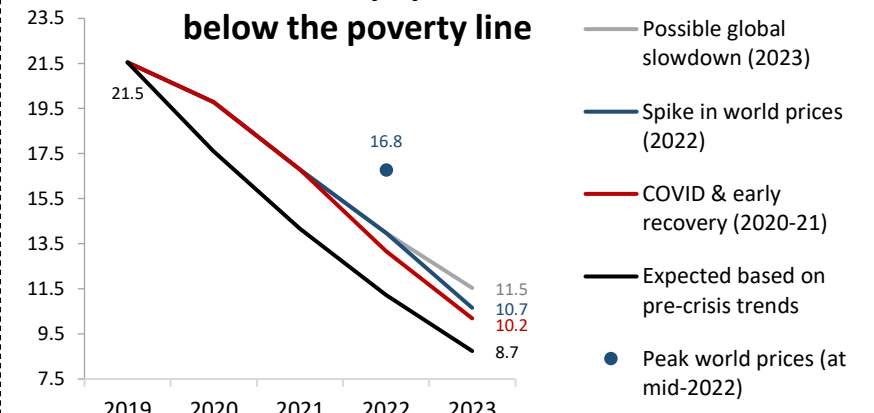
Per capita GDP



Poverty:

- Poverty has continued to decline since 2020
- Poverty was higher than expected in 2020-21 as COVID constrained economic activity and reduced incomes
- Poverty was exacerbated in 2022 as global food prices spiked
- A slowdown in the global economy in 2023 would set Bangladesh back even further

Share of the population below the poverty line

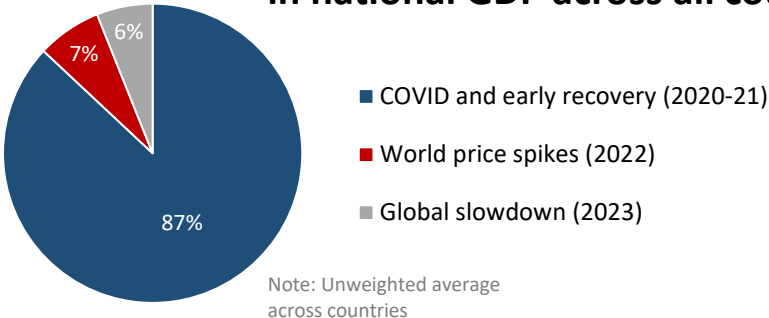


Results on next slides report deviations between scenario outcomes at end-2023

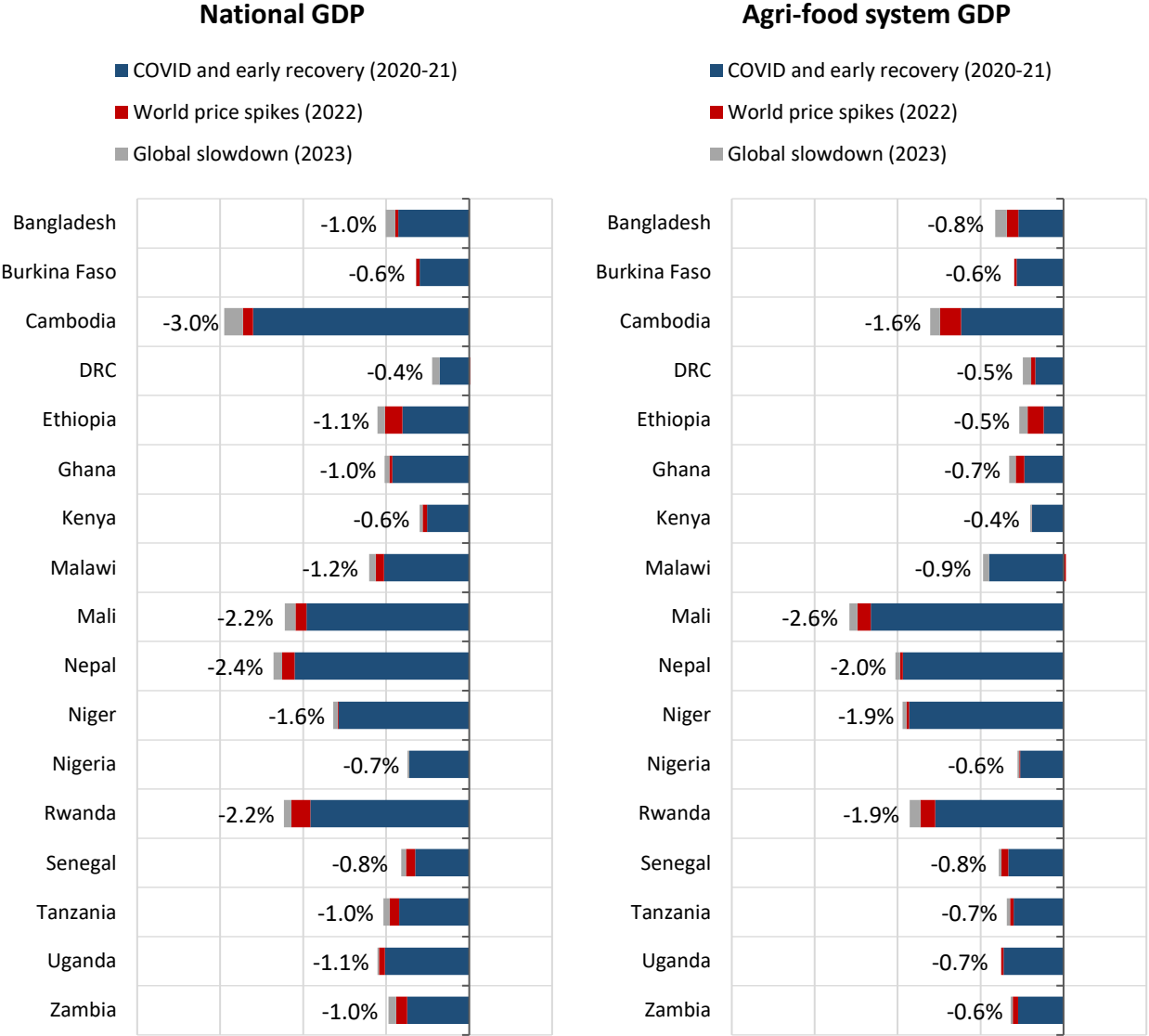
Cross-Country | GDP Impacts

- **Size of impacts varies across countries**
 - Bangladesh’s GDP contracts, but not the worst affected
- **GDP losses mainly driven by COVID**
 - Lockdown policies caused large declines in employment, incomes, and consumer demand
 - FDI and exports also fell (e.g., tourism)
- **Impacts on food systems are generally smaller than impacts on the overall economy**
 - Agriculture was less affected by lockdowns, etc.
 - But world price spikes had larger impact on food systems

Contribution of global crises to average decline in national GDP across all countries



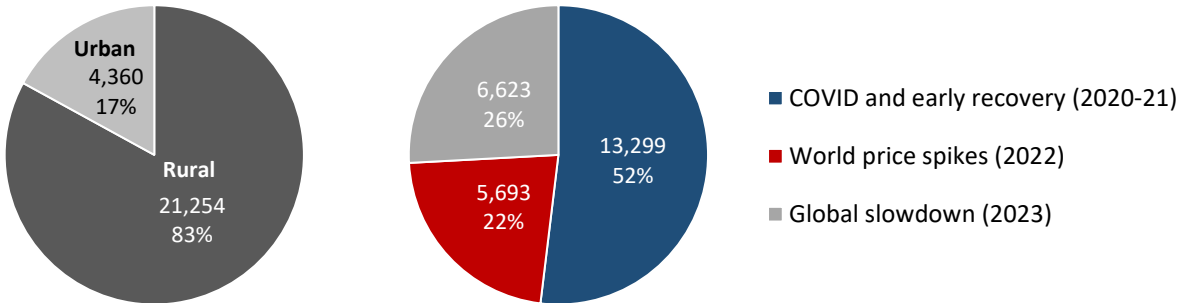
Impact of global crises on national and agri-food GDP by end-2023
(%-point deviation from business-as-usual scenario that continues pre-COVID growth trends)



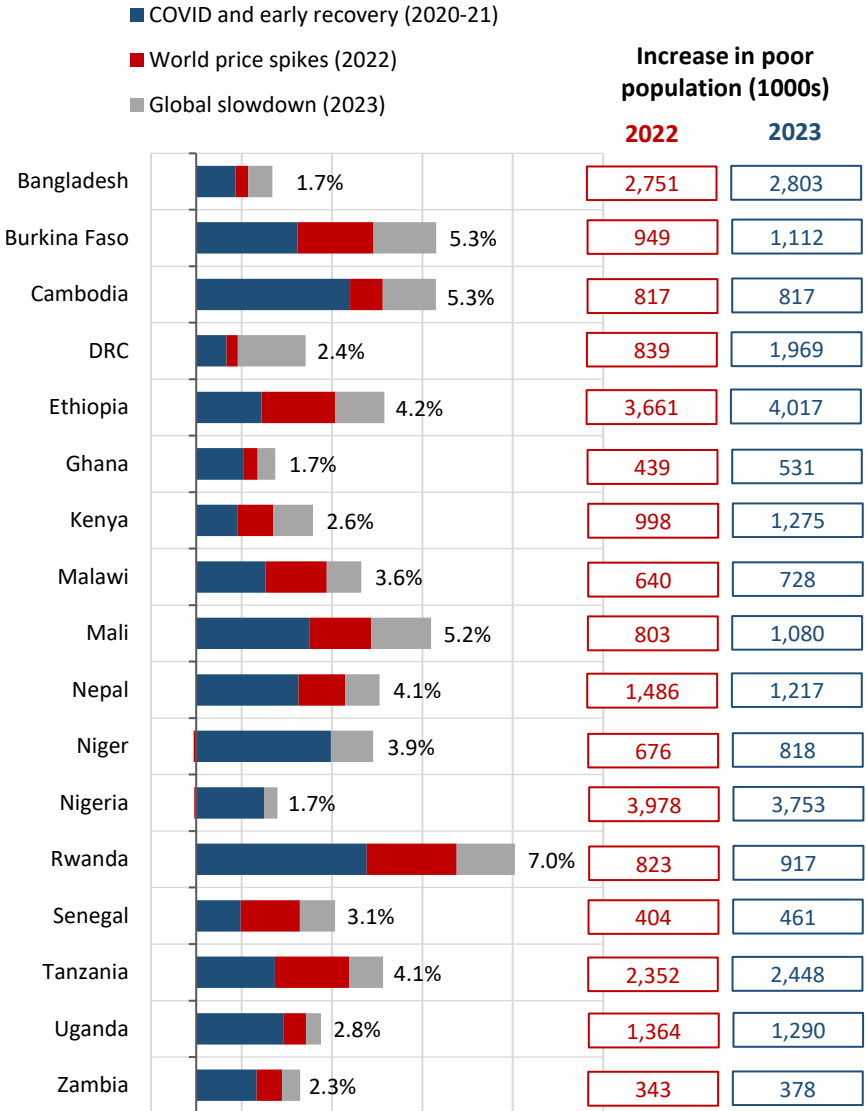
Cross-Country | Poverty Impacts

- **Poverty in 2022 is higher-than-expected due to the crises**
 - Additional **2.8 million** more poor people in Bangladesh
- **COVID-19 was the main driver of higher poverty**
 - But world prices spike in 2022 directly raised the cost of living for many households (accounts for more of rising poverty than GDP losses)
- **A global slowdown in 2023 might further worsen poverty**
 - Poor population could increase by another **50,000** in Bangladesh
- **Most people falling into poverty are in rural areas**

Contribution to total increase in poor population (1000s people)



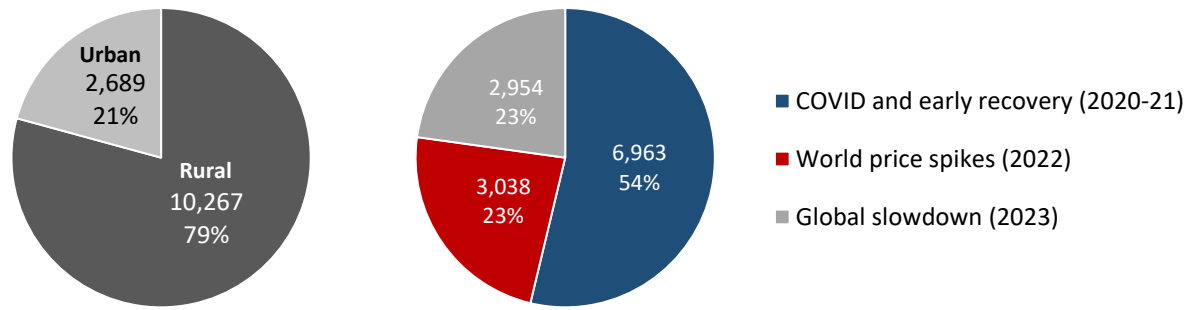
Impact of global crises on poverty rate by end-2023
(%-point deviation from business-as-usual scenario that continues pre-COVID trends)



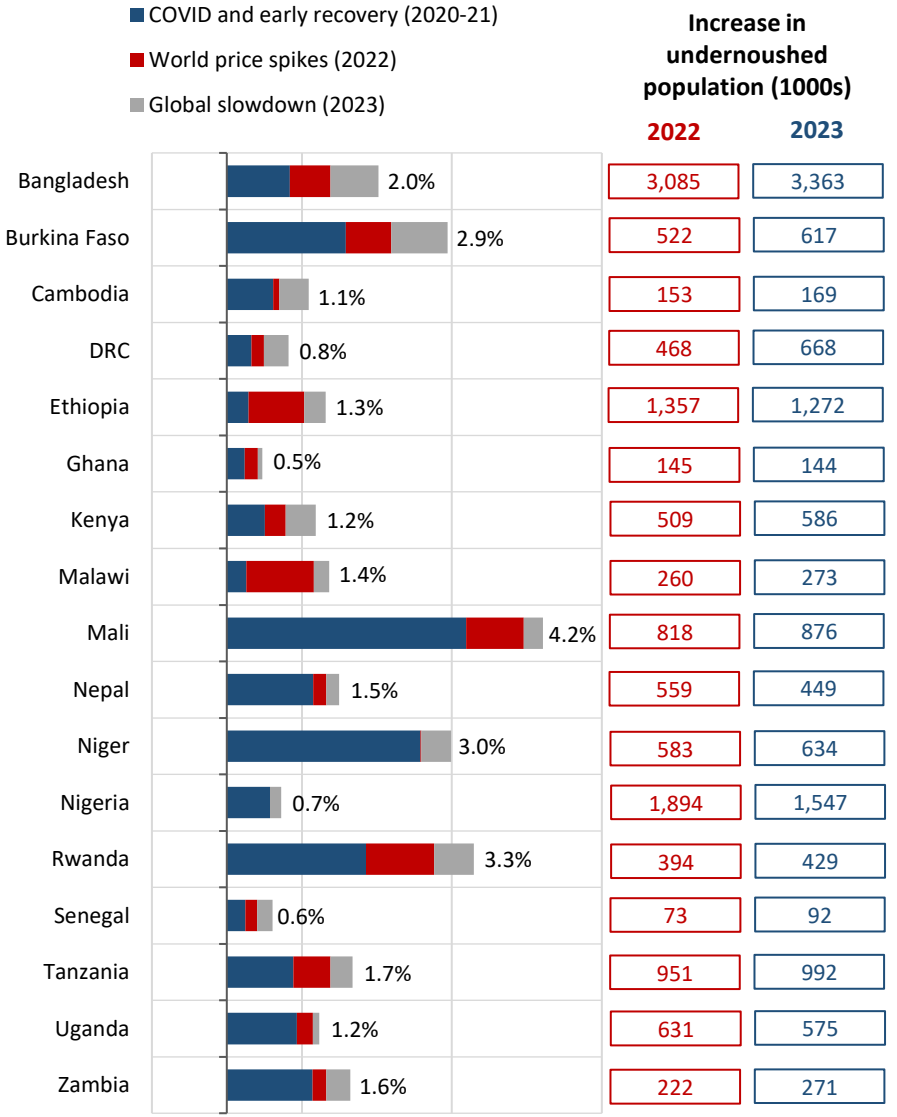
Cross-Country | Hunger Impacts

- **Undernourishment worsened in all countries in 2022**
 - Additional **3.1 million** undernourished people in Bangladesh
 - Rises to **3.3 million** in 2023 if there is a global economic slowdown
- **World price spikes are also more important for hunger than for GDP**
 - COVID caused across-the-board income losses, whereas rising world prices directly raised food prices and reduced households' food access
- **Worsening hunger is also mostly in rural areas**

Contribution to total increase in undernourished population (1000s people)



Impact of global crises on the prevalence of undernourishment by end of 2023
 (%-point deviation from business-as-usual scenario that continues pre-COVID trends)



Summary

- **Agricultural transformation introduces new sources of vulnerability for Bangladesh's agrifood system**
 - More AFS sectors beyond the farm that are exposed to a wider range of shocks and crises
- **Recent crises had quite different implications for Bangladesh's agrifood system**
 - COVID had a large impact on the overall economy, but was less detrimental to primary agriculture
 - COVID had a bigger impact on off-farm agrifood system components (esp. food services)
 - Spike in global prices in 2020 more directly affected food systems, leading to relatively larger poverty and hunger impacts
- **Agrifood system transformation means that a more complex set of policies are needed to manage crises**
 - In addition to policies that mitigate direct shocks to primary agriculture (e.g., flooding and droughts)