



Country-based Assessment regarding the  
**Consequences of the COVID 19  
crises on Agricultural Value  
Chains and Market systems**  
in Bangladesh



# INTRODUCTION

## Background

COVID-19 has spread in more than **200 countries**.

**33 million** people worldwide has been affected and more than **1 million** people have died

Triggered devastating impact in **global public health, socio-economic and political crisis** and in **industries**.

Disrupted **agricultural value-chains and market systems** that led to **poor economic performance** of the agricultural sector.

## Objectives

Assess **impact of the COVID** crises on the **economic and social performance** of the **selected agricultural value chains** in Bangladesh and **formulate recommendations**.

- 1** Conduct value chain assessments for selected value chains
- 2** Assess the impact of affected chain performance on social areas
- 3** Provide indications and recommendations on potential responses

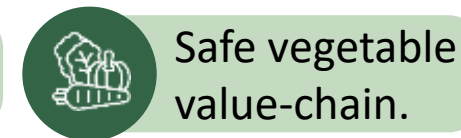
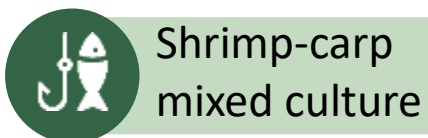


## Selection of value-chains

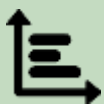
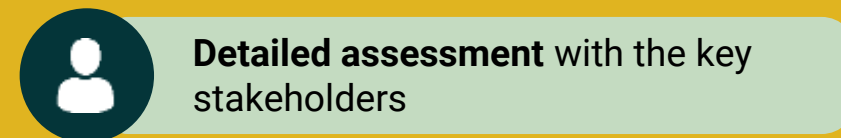
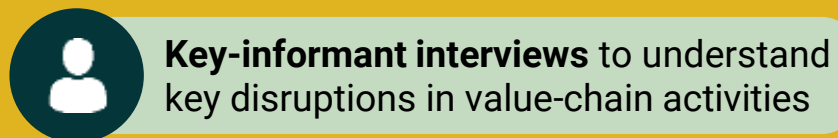
### Criteria

- Level to which the chain is affected by the crisis with a focus on most affected value chains and
- Value chains that are of interest to IFAD in the Bangladesh

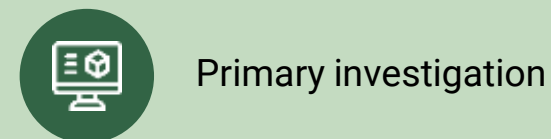
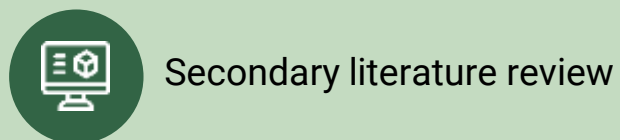
### Selected Value Chains



### Method Qualitative Approach



### Data collection





## Study locations



### **Shrimp-carp value-chain:**

Bagerhat, Jashore, Shatkhira and Khulna districts



### **Livestock value-chain:**

Bhola, Chattogram, Meherpur and Patuakhali districts.



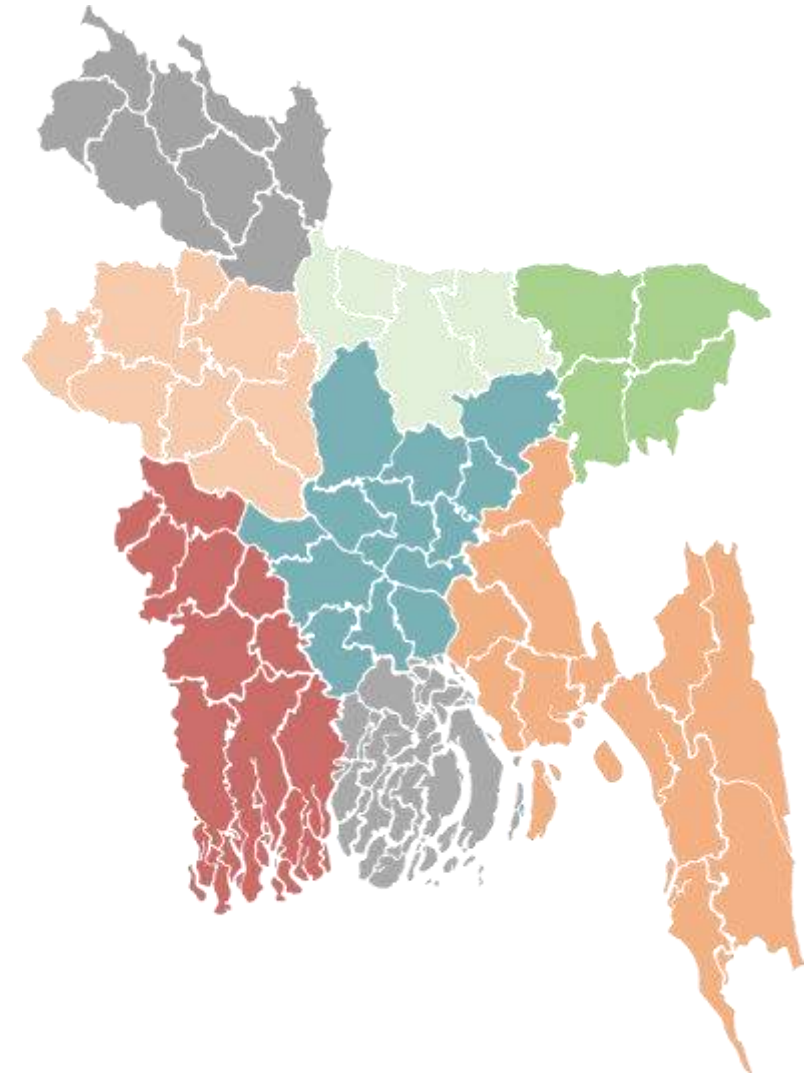
### **Native chicken value-chain:**

Bogura and Tangail districts.



### **Safe vegetable value-chain:**

Bogura, Dhaka, Fardipur, Manikganj, Pabna and Shariatpur districts.





# **DISRUPTION IN CHAIN ACTIVITIES AND ITS IMPACT**

Timeline- 2020		February	March	April	May	June	July	August
Impact of COVID crisis								
Natural disasters								
Impact in livelihood and business (Across all value chains)				Drop in HH income and sales. Increase in input price and drop in product price. Depleted HH savings. Increased loan burden Trading was halted			Product price and sales are recovering (early stage) Trading is at early recovery stage	
Shrimp-carp	Production cycle: March-April to October December		Pond preparation and Release of PLs and carps. PL and input supply disrupted and price increased.		Production →			
	Impact on chain actors			Most affected actors: input retailers, producers and hatcheries				
Native chicken	Production cycle: Year-round			Demand of chicken eggs, pullets and chicks dropped. Trading affected. Production decreased.			Demand of pullets and eggs is increasing and trading is recovering	
	Impact on chain actors			Most affected actors: Model farmers, smallholder farmers and traders				
Safe vegetable	Production cycle: Usually 2-4 cycles in a year	Sowing season: inputs were available		Harvesting season: Sharp drop in product price. Trading was halted.		Sowing season: inputs sales affected		Harvesting
	Impact on chain actors			Most affected actors: Smallholder farmers, small traders.				
Livestock	Buffalo production cycle: Milk production for 6 months			Sharp drop in milk price and demand. Sweet and curd shops remain closed.				
		Milk Production season						Breeding season
	Impact on chain actors			Most affected actors: Smallholder farmers, sweet and curd shop owners, small traders.				
	Goat production cycle: year-round			Price of input increased. Trading dropped significantly. Paravets were unable to provide services.				Goat sales recovered significantly
	Impact on chain actors			Most affected actors: smallholder farmers and village-level traders				

Value chains	Impact	
	Immediate/short-term impact	Long-term impact/ Possible future implications
<b>Shrimp-carp</b>	<ul style="list-style-type: none"> <li>• Reduced production of PL</li> <li>• Unavailability of shrimp PL, brood, probiotics and shrimp feed</li> <li>• Input and output trading was halted</li> <li>• Service delivery hampered</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced shrimp production this year</li> <li>• Reduced growth of shrimps</li> <li>• Disruption in shrimp trading</li> </ul>
<b>Native chicken</b>	<ul style="list-style-type: none"> <li>• Reduced investment on pullets and chicks by the farmers</li> <li>• Input and output trading was halted</li> <li>• Service delivery hampered</li> <li>• Model farmers incurred significant loss</li> </ul>	<ul style="list-style-type: none"> <li>• Production will be reduced</li> <li>• Chicken growth will be hampered</li> <li>• Many smallholder farmers had to stop chicken rearing and might not be able to resume</li> </ul>
<b>Safe vegetable</b>	<ul style="list-style-type: none"> <li>• Price fluctuation of vegetables</li> <li>• Input supply disrupted</li> <li>• Product wastage</li> <li>• Input and output trading was halted</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers might shift to safer product cultivation, such as- paddy</li> <li>• Vegetable production might get reduced</li> </ul>
<b>Livestock</b>	<ul style="list-style-type: none"> <li>• Wastage of milk</li> <li>• Buffalo milk price significantly dropped</li> <li>• Sweet makers incurred a significant loss</li> <li>• Goat trading affected</li> <li>• Goat feed price increased</li> </ul>	<ul style="list-style-type: none"> <li>• Number of sweet and curd shops may reduce</li> <li>• Buffalo farmers may shift to other businesses due to the heavy loss incurred this year</li> </ul>



## Disruptions in activities

### Value-chain services

### Value chains

#### Shrimp-carp

- Shortage in PL production and supply
- PL price increased from BDT 1,000-1,200 to 3,000-4,000 per 1000 PL and price of feed increased from BDT 1,000-1,100/25 Kg to BDT 1,200-1,250/25 Kg during April-June.
- Input retailers incurred an average loss of BDT 100,000-150,000 during April-June, 2020

#### Native chicken

- Input retailers and LSPs reported a 30-50% drop in ready-made feed sales
- Feed price increased from BDT 1950/50 Kg sack to BDT 2000-2100/50 Kg sack
- Input suppliers had incurred an average loss of BDT 200,000-300,000 during April-July, 2020

#### Safe vegetable

- Retailers shortened their business hours from 10-12 hours/day to 3-4 hours/day
- Input retailers incurred an average loss of BDT 50,000-100,000 during April-May, 2020

#### Livestock

- Medicine and vaccine sales was dropped by 40-50% during April-May, 2020

### Input supply

Value-chain services	Disruptions in activities			
	Value chains			
	Shrimp-carp	Native chicken	Safe vegetable	Livestock
<b>Production</b>	Production is expected to be reduced to one-third compared to the usual this year.	Reduced production due to- Farmers were afraid that the virus may spread through the chickens and they will be unable to afford the rearing cost as their household income was hit	Average production dropped from 16,682 kg to 15,664 kg and sales dropped from 15,537 kg to 9,716 kg/season	Farmers had to dump 800-2000 liters of milk during April-May, 2020.  The sale is yet not returned back to the usual volume.
<b>Output trading</b>	Usual sales volume of traders during April-May is 1,000-1,500 Kg/day and this year the average sales is around 200-500 Kg/day.	Demand of chicken eggs, pullets and chicks dropped significantly during April-July, 2020  Change in sales volume: 2019: 259,500 pieces 2020 (until August)- 13,961 pieces	Price dropped from BDT 29.82/kg to BDT 20.51/kg (average)- during April-May, 2020  Farmers had to dump vegetables due to absence of traders Vegetable price was dropped to as low as BDT 1-5/Kg	Farmers usually sell milk at a rate of BDT 80-100/Liter, during April-June, 2020, milk was sold at a rate of BDT 40-60/Liter  Sweet price changed from BDT 180-200/Kg to BDT 230-280/Kg, curd price changed from BDT 100/Kg to BDT 150/Kg Sales loss/month- Large traders: 780-950 pieces; Village-level traders: 13-15 pieces.
<b>Support service</b>	Service delivery was halted during April-June LSPs incurred loss of an average amount of BDT 30,000-50,000 during these three months.	During April and May, 2020, the vaccination campaign by LSPs was halted	SAAOs could not conduct field visits during April-May, 2020	Local paravets, vaccinators and LSPs could not perform during April-May, 2020



## **KEY FINDINGS AND CONCLUSION**



- | **Natural disasters** (flood during May-June) and **Cyclone Amphan** (May) amidst the COVID crisis compounded the difficulties of the chain actors. Some farmers **had to stop production due to disaster shocks**.
- | **Shrimp farmers will be the worst-hit** as they run one cycle of production per year. In case of other value-chains, **temporary disruption affected chain activities and was in early recovery stage** at the time of the assessment. **Goat value-chain was least affected** (comparative) as farmers were able to sell their goats during Eid-ul-Adha.
- | Chain actors, especially **smallholder farmers, retailers and village-level traders** were **affected the most** as depleted savings impacted business investments.
- | Production, market activities and support services **started returning back to usual after the withdrawn of general lockdown** by GoB in June, 2020.
- | **Household savings and MFI loans** supported the actors **to sustain** during the crisis and to **reinvest** (although in small scale) in business. **Reduced savings and increase in loan burden make the chain actors more vulnerable to subsequent shocks**.
- | Worst-hit chain actors require monetary/loan support for full-recovery of the loss incurred during April-July, 2020 or to take business activities to usual volume.



# RECOMMENDATIONS

## Overall Recommendations

### Recommendations



- Design financial instruments targeting the worst-hit actors (long-term loan, disaster loans etc.)
- Investment in infrastructural facilities (preservation facilities, price stabilization)
- Diversification of market (E-commerce platforms)

### Key institutions for collaboration



- Government agricultural institutions (DAE, DLS, DoF)
- District, Upazila and Union administration
- Banks and MFIs
- Private agro companies (Pran, Bengal meat etc.)
- Traders' associations
- E-commerce platforms (Chaaldaal, Swapno etc.)

## Value-chain specific recommendations

### Shrimp-carp



- Arrangement of long-term loan support for next production cycle
- Support the hatcheries to encourage brood farming
- Maintain shrimp price stabilization

### Native chicken



- Monetary support for model and smallholder farmers
- Facilitate trading activities

### Safe vegetable



- Establishing preservation facilities
- Arrangement of monetary support to small traders

### Livestock



- Monetary support smallholder buffalo farmers to recover the loss
- Facilitate trading activities

**THANK YOU!**