

Economic Shock and Hunger Index:

Potential Impact on Most Vulnerable of Global Financial Crisis and Economic Slowdown

March-April 2009

Context

- ◆ Global financial crisis and economic slowdown is hurting countries across the board.
- ◆ High food and fuel price shocks impacted countries through the “price effect” while global financial crisis is mostly about “income effect.”
- ◆ A relatively small financial and economic shock in the poorer countries can be potentially more devastating than a big shock in relatively richer countries.
- ◆ Challenge is to identify countries likely to be most effected both in terms of incidence and depth of food insecurity.

Methodology

- ◆ Hypothesis: Countries are affected through:
 - ◆ Potential decrease in:
 - ◆ Remittances
 - ◆ Trade
 - ◆ Foreign Direct Investment
 - ◆ Official Development Assistance
 - ◆ Currency Values
 - ◆ Tourism
 - ◆ Potential increase in:
 - ◆ Current Account Deficits
 - ◆ Debt Servicing
 - ◆ Unemployment

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Methodology

Expenditure, External Reserves, Imports, and Imports (EERIE)

◆ ESHI Variables

- 1) Current Account Balances as percent of GDP;
- 2) Foreign Exchange Reserves in number of months of Imports;
- 3) Remittance inflows as percent of GDP;
- 4) Merchandise Trade as percent of GDP;
- 5) Foreign Direct Investment as percent of GDP;
- 6) Debt Servicing as percent of GNI;
- 7) Official Development Assistance and Official Aid as percent of GDP; and
- 8) Percent change in the national currency exchange rates per US\$; and
- 9) Per capita GDP in purchasing-power-parity (PPP).

◆ Food Insecurity Control Variables

- 1) Country “Low Income Food Deficit” Status
- 2) Percent of population under-nourished; and
- 3) Percent of underweight children under 5.

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- ◆ **Country Selection**
 - Analyzed 126 countries;
 - All high income countries excluded; and
 - All non-food deficit upper middle income countries with a HDI rating of 0.75 and debt classification of “not severely indebted” also excluded

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► **► Countries selected based on Hunger Index (2011)**

► **40 countries likely to be most affected**

Afghanistan	Guinea-Bissau	Solomon Islands
Belarus	Guyana	Somalia
Bulgaria	Haiti	St. Kitts and Nevis
Burundi	Jamaica	Suriname
Dominica	Jordan	Swaziland
Dominican Republic	Lesotho	Tajikistan
El Salvador	Liberia	Timor-Leste
Equatorial Guinea	Malawi	Togo
Eritrea	Moldova	Tonga
Estonia	Nicaragua	Vietnam
Gambia	Pakistan	Zambia
Ghana	São Tomé	Zimbabwe
Grenada	Seychelles	
Guinea	Sierra Leone	

Note: Countries highlighted in red represent those with undernourished population > 20%

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Countries in red are where under-nourishment is greater than 20 percent.

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Initial Findings

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40 affected countries were identified for food insecurity and malnutrition

40 countries likely to be most affected

<p>Afghanistan Albania Bangladesh Benin Cambodia Congo, Dem. Rep. DRC Ethiopia Guatemala Georgia Ghana Guatemala Guinea Guinea-Bissau</p>	<p>Guyana Haiti Honduras Kenya Kyrgyz Republic Lesotho Liberia Malawi Moldova Mongolia Nepal Nicaragua Niger Pakistan</p>	<p>Philippines Sierra Leone Solomon Islands Somalia Sri Lanka Swaziland Tajikistan Timor-Leste Togo Vietnam Zambia Zimbabwe</p>
<p>Note: Countries highlighted in red represent those with undernourished population > 20%</p>		

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Next Steps

- ◆ Undertake field assessments in select countries to capture on the ground impact;
- ◆ Identify key monitoring indicators needed to detect changes in food insecurity levels on a regular basis; and
- ◆ Provide technical and financial support to country offices in the implementation of sustainable food security monitoring systems.

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