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Food Security and Food Prices in Latin America and the Caribbean: Current Situation and Prospects

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F O R E W O R D

This is the third document that the Permanent Secretariat of SELA submits for consideration of its Member States on the issue of food security and food prices. The first two papers¹ were discussed during high-level regional meetings on food security in Latin America and the Caribbean (LAC), convened by the organization so that the region could coordinate an appropriate response to the global food crisis and define the role of the Latin American and Caribbean Economic System (SELA) at the regional level. These documents were praised by the Member States for their usefulness, timeliness and valuable proposals.

The conclusions and recommendations of the meeting stressed the need for all LAC governments to maintain a permanent analysis on the different aspects related to the food crisis, underscoring the important role that SELA should play as a body for consultation and coordination in this matter.

In this document, the Permanent Secretariat updates the previous one with recent information on the performance of commodity prices until the first half of 2010. It takes due account of their significant price decrease in comparison with the peak prices recorded during the first half of 2008, as of the second half of that year, and the start of a new recovery from the second quarter of 2009 up to now. The study analyzes the impact of such situation on food security and poverty levels in the various countries and subregions in LAC.

The document also follows up on the main actions and measures adopted by LAC at the national, regional and subregional levels as regards the issue of food security. In addition, it reviews and describes the results of recent regional and international summits, conferences and initiatives in the area of food security.

¹ SELA: "The increase in food prices: SELA's response", (SP/RRAN-SAAALC/DT N° 2-08), May 2008, and "Food crisis in Latin America and the Caribbean. Proposal for action at regional level" (SP/RCC-PAYSAAALC/DT N° 2-09), September 2009.

LAC as a whole is the only net food exporter region of the world. However, 53 million people, or 10% of its population, are suffering from hunger. Hunger and malnutrition in the region are not related to food shortage, but to problems in accessing foodstuff, which are directly related to poverty. The region is considered to have the necessary skills and resources to eradicate this unacceptable situation, if it really intends to do so.

The document also suggests a series of actions that could be undertaken in order to face the food crisis and comply with previous recommendations made by the Member States of SELA. In addition, the study confirms that, in view of its characteristics and farming potential, Latin America and the Caribbean has the possibility to make a significant contribution to solve the global food security problem.

EXECUTIVE SUMMARY

The signs of recovery experienced by the major global economies since the second half of 2009 have triggered once again an increase in food prices in Latin America and the Caribbean and the rest of the world. At present, the food price index of the United Nations Food and Agriculture Organization (FAO) is 50 percent above the values registered prior to the price increases recorded as of 2004, even though they are still far from the record values seen during the first half of 2008. Among the most important reasons for such increase are, once again, the excessive international liquidity due to the low interest rates, the high prices of crude oil and fertilizers, the search for alternatives vis-à-vis the high volatility of the international financial system, specific climate problems and the need to renew food stocks and increase food consumption in several countries with high food consumption rates, particularly developing countries. From the point of view of food supply, there are still record crops of various agricultural products, driven by higher prices, thus alleviating the situation from the standpoint of supply.

Despite increased production and falling foodstuff prices compared to 2008, the international economic crisis, a chronic lack of investment in agricultural development and prices still above their historical average have worsened the plight of millions of people in the world, including the increase to 53 million people suffering hunger in Latin America and the Caribbean since the beginning of the crisis. The increase in the proportion of hungry people in the world since 2008 is the first setback recorded since the 1970s, when one in every three people in developing countries suffered hunger.

From a long-term perspective, it can be said that there have been significant achievements in the food situation in LAC as regards the Millennium Development Goals (MDGs). The proportion of hungry people in the region has dropped from 12 percent in 1990 to 9 percent at present, and the situation has been particularly successful in the cases of Brazil, Ecuador, Nicaragua and Peru, which are very close to achieving the goal of reducing by a half their proportions of hungry people.²

The key factor in this process to reduce hunger reduction is the policies that have been implemented by the governments of each country to use the broad availability of resources and productive capacity of the region to pursue such objective. The region produces over 60 percent of its food needs and has a wide surplus in its food trade balance (with the exception of the Caribbean). Brazil, for instance, through the policies of its Zero Hunger programme and thanks to its strong economic growth, has reduced the proportion of hungry people from 9 to 6 percent and eradicated 73 percent of child malnutrition, in a period of four years.

Despite national efforts in LAC countries, the persistence of the high numbers of hungry people and the setbacks suffered during the crisis of 2008 indicate that it is still necessary to move ahead towards the coordination of regional policies to ensure elimination of hunger in the region.

The processes of forging agreements on food security at the regional and international levels in the wake of the food crisis of 2008 have had valuable results, but it is not possible to expect a substantial decrease in the number of people suffering hunger in Latin

² Although there has been progress at the regional level, FAO has called into question the possibility of achieving the MDG of reducing by half the proportion of hungry people in the world by 2015, in comparison with 1990, particularly in view of the setbacks registered in the last two years.

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America and the Caribbean in the short term if we fail to take concrete actions in order to achieve such objective. In this regard, it should be noted that the Committee on World Food Security of FAO has underscored the critical role of the coordination mechanisms implemented by the regional cooperation agencies and institutions, with the support and funding of multilateral assistance agencies. This approach promoted by FAO has renewed the challenge faced by the governments in Latin America and the Caribbean to achieve the necessary coordination towards a genuine process of regional integration in the area of agricultural development and food security.

The World Summit of Heads of State and Government on food security, held from 16 to 18 November 2009 in Rome, renewed their commitment to comply with the Millennium Development Goals after finding that, far from declining, the number of people with hunger in the world exceeds one billion people, i.e., one-sixth of the world population.

Despite the renewed commitment of the international community and the progress made in improving the governance system of global food security, the international economic crisis has placed the problem of hunger in the background, and has hampered efforts to materialize the commitments to eradicate it. According to FAO estimates, it is necessary to make annual investments of US\$ 83 billion in agriculture in order to increase agricultural production by 70 percent and guarantee access to food for the 9,000 million people that will inhabit the world by 2050. Nevertheless, during the World Summit on Food Security in 2009 no commitments were effectively assumed on investments in agriculture. The final declaration of the Summit urged to take action to eradicate hunger in the world as soon as possible, underscoring the importance of international cooperation and solidarity. Particularly, the second "Principle" agreed to in the Rome final declaration reads as follows: Foster strategic coordination at national, regional and global level to improve governance, promote better allocation of resources, avoid duplication of efforts and identify response gaps. In turn, the activities to promote coordination as regards regional and national food security form part of the commitments of the FAO Committee on World Food Security and will be gradually implemented in the wake of its reform in October 2009.

It should be noted that the reform of the World Food Security Committee forms part of the restructuring of the governance system of international food security, which has proven not to be consistent with the needs that have emerged in the wake of the food crisis that began in 2008; and this had already been acknowledged by the FAO. Such difficulty is compounded by the fact that investments in agriculture and development assistance in this sector have declined considerably over the past thirty years, both in relative and absolute terms.

Despite food security difficulties in the region, the great potential for food production in Latin America and the Caribbean and the emphasis on solving the problem since 2002 can make it feasible to comply with the MDG target of reducing the proportion of hungry people in LAC by the year 2015, if the appropriate measures are implemented.

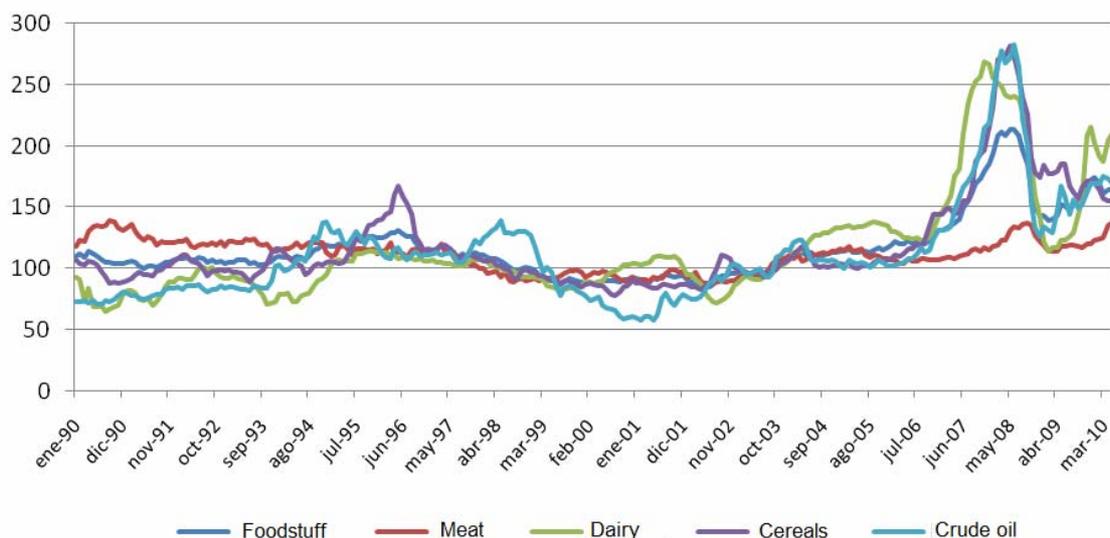
Among the measures that can be possibly adopted is the implementation of a Mechanism for Priority Food Supply (MAPA) among Latin American and Caribbean countries, which has already been proposed by SELA in previous documents. Such a mechanism would have as operating pillars the protection of family farming, the implementation through regional technical cooperation and coordinating institutions, the involvement and active participation of civil society, technical cooperation for better management of natural resources, and the inclusion of important fishery resources in the region into the agreements on food security.

As a coordinating and consulting organization, which brings together all LAC countries, SELA could play the role of coordinating the Mechanism for Priority Food Supply, with a view to creating, in the long term, an Action Committee on Regional Food Security to deal with the problem of hunger from a regional perspective.

I. EVOLUTION AND PROSPECTS OF FOOD PRICES

International food prices have remained above their historical average since late 2006 through the first half of 2010. After the peak recorded in mid-2008, from the second half of 2009 through early 2010, prices have been approximately 50% above the levels they reached during 2002-2004 period.³

Chart 1
FAO monthly food price index from 1990 to 2010
(Base 2002-2004=100)



Source: FAO.

The steep decline in food prices since mid-2008 is mainly the result from the fall in demand due to the international financial crisis unleashed in September 2008, the sharp drop in crude oil prices and, concomitantly, the record harvests of a number of agricultural products that were in short supply due to the price increases. Particularly, the prices of main staple crops in the world (cereals such as rice, corn and wheat) remain above their historical average and have shown a significant degree of variability over the last few decades.

³ At its record high (June 2008), the food price index prepared by FAO peaked 137% over the average from 2000 to 2004, and 75% higher than in 2006.

Table 1
Compared international prices of main agricultural and industrial commodities
(maximum prices, prices by December 2008 and current prices)

Product	Maximum price (US\$/ton.)		Price by December 2008 (US\$/ton.)	Price by August 2009 (US\$/ton.)	Price 2010 (US\$/ton.)
Cheese	December 07	5,500	3,150	2,725	4,025 (May)
Powdered skim milk	July 07	5,150	2,000	2,080	3,500 (May)
Powdered whole milk	October 07	4,950	2,163	2,168	3,963 (May)
Rice	May 08	963	582	565	467.5 (July)
Wheat	March 08	482	235	218	204 (July)
Corn	June 08	281	157	153	158 (July)
Soy	July 08	586	344	440	400 (May)
Bovine meat	October 08	4,940	4,103	3,883	4,428 (May)

Source: FAO.

With respect to the evolution of food prices, FAO-OECD projections suggest that food prices for the next decade will be above the levels registered during the decade before the crisis in 2007 and 2008, both in real and nominal terms, but below the record highs seen in those two years.

Table 2
Food prices in real terms. Percentage variation during the decade 1997-2006
and projections for 2010-2019

Product	Percentage variation between the averages for 2010-2019 and 1997-2006
Cereals	15%-40%
Vegetable oils	40%
Beef	45%
Dairy products	16%-45%

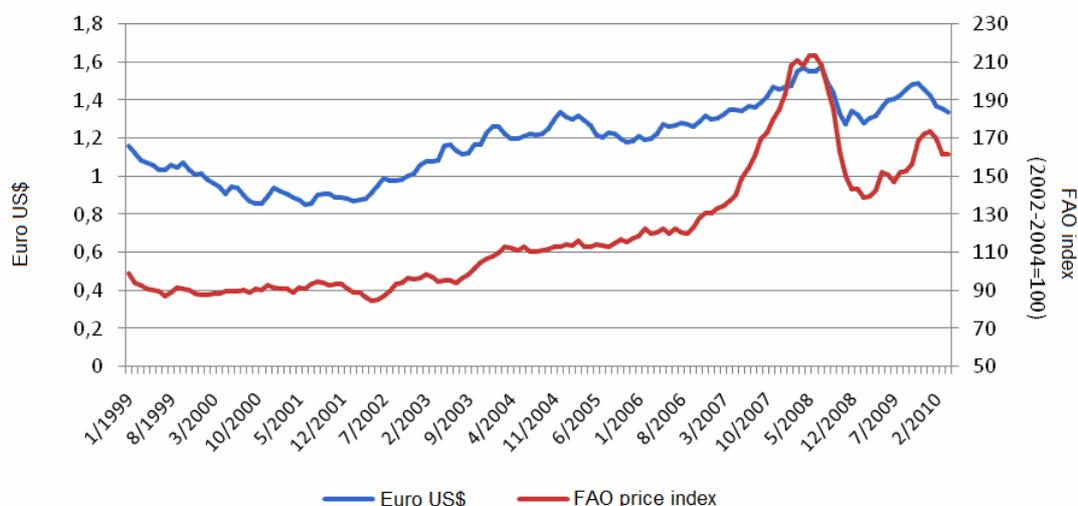
Source: FAO-OECD. *Prospects 2010-2019* (June 2010).

The forecast indicating higher prices for the next decade is mainly due to the persistence of structural factors that have driven price increases, such as population growth, concentration of production and trade in a few countries, the effects of climate change, dietary changes in emerging economies, and poor technological investment in agriculture. On the other hand, certain key economic factors in determining food prices (low stock levels, higher prices of crude oil and other commodities, dollar exchange rates, among others) can be expected to cause further increases in food prices the medium term as well, which would aggravate the food crisis in the region.

1.1. Persistence of structural and short-term factors affecting food prices

Out of the factors analyzed in the study conducted in 2009 by the Permanent Secretariat of SELA about food prices,⁴ special emphasis was made on the importance of the evolution of the U.S. dollar, since it is the reference currency for determining food prices. As can be seen in Chart 2, the changes in value of the U.S. dollar versus the Euro have had a significant correlation with food prices.

Chart 2
Performance of the euro/dollar exchange rate and FAO food price index

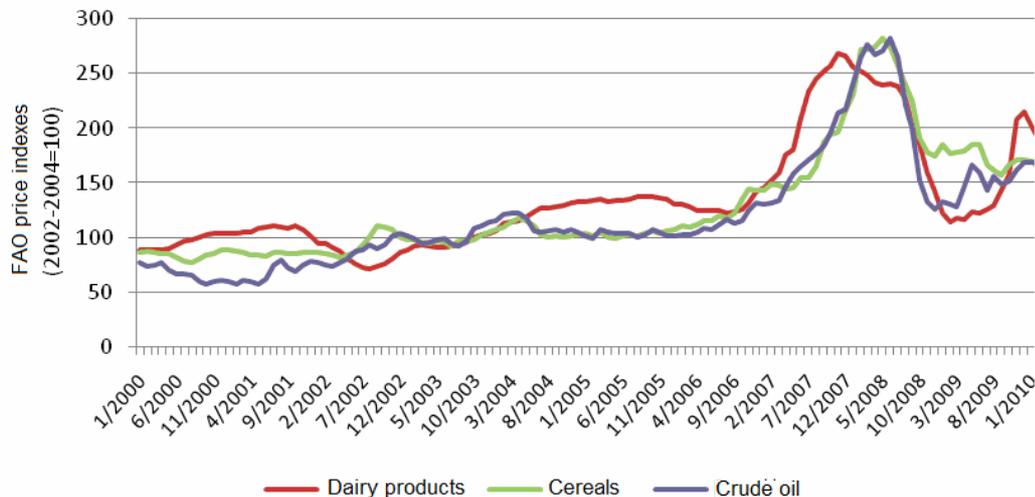


Source: European Central Bank and FAO.

Crude oil prices have been another factor determining the ups and downs of food prices in recent years, since they are an essential component of food production costs. Additionally, the impetus given to biofuels has created a direct relation between the energy and food markets. Chart 3 shows the close link between food prices and oil prices, particularly over the last five years.

⁴ "Food crisis in Latin America and the Caribbean. Proposals for actions at regional level" (SP/RCC-PAYSAAALC/DT N° 2-09), September 2009.

Chart 3
Performance of price indexes for cereals, dairy products and crude oil
(2002-2004=100)

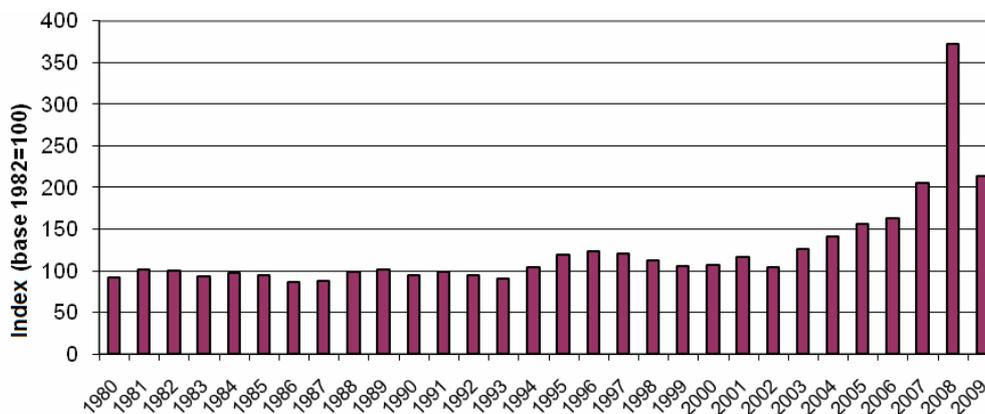


Source: FAO.

Oil prices reached historical highs in mid-2008 (US\$ 140 per barrel) and then suffered a sharp drop of 70 percent to less than US\$ 40 in a period of six months, following the strong downwards economic cycle in the wake of the international economic crisis. At present, oil prices are around US\$ 80 per barrel, despite the persistence of the economic depression in developed countries. In this connection, oil prices are expected to remain above their historical average and may even exceed US\$ 100 per barrel as soon as there is a stable economic recovery.

Furthermore, prices of other inputs such as fertilizers and pesticides have lagged behind the increased food prices in recent years. Chart 4 shows the evolution of the prices of fertilizers since 1980, indicating a sharp increase since 2003 and a record peak in 2008. While the prices of these products (as in the case of oil) have fallen, their current level is almost double that of 2002.

Chart 4
Evolution of fertilizers' price index (1982=100)



Source: USDA (2009 estimates).

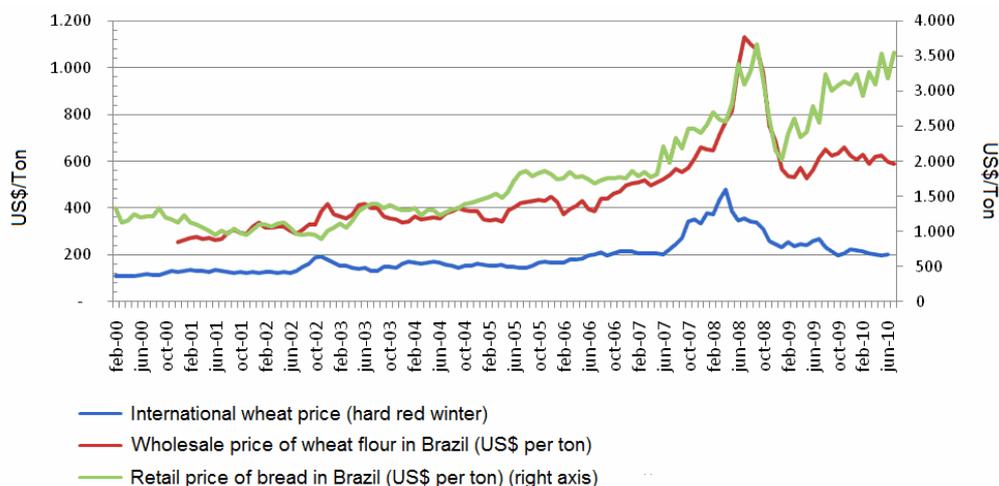
Finally, the climate change and trade policy are still factors that affect food prices. In recent weeks, the combination of high temperatures, droughts and forest fires in Russia led to a ban on wheat exports from that country for several months. Since this country is the third largest producer of wheat, the ban caused an immediate increase in the price of futures of this grain, reaching record peaks since 2008.

I.2. Market failures in consumer pricing at the national level

It is important to bear in mind that the downward trend in international commodity prices does not necessarily mean that consumer prices of those products derived from commodities have evolved in the same direction in every Latin American and Caribbean country. The existence of monopolies, oligopolies or oligopsonies in food markets on a national or regional scale could be a factor behind the price levels of basic foodstuffs, regardless of the conditions of supply, demand and prices in international markets. This factor can have serious consequences on the policies to be adopted for reducing food prices, because the lack of access to foodstuffs could be due to certain market failures at the local level after the production stage, which would seriously affect consumers' purchasing power. In addition, it could lead producers to receive a much lower proportion compared to international prices, thus damaging their capacity to survive as producers in the medium term.

By way of example, Chart 5 shows the prices of bread in Brazil, which have taken a completely different direction from those of flour and wheat since 2009. Although this study is not intended to make a detailed analysis of the factors behind that fact, it was found that this situation also occurs in many LAC countries, and for this reason the performance of international food commodity prices might be far from representing the capacity to access products derived from commodities in every country. This factor could be the subject of analysis in future studies, so as to determine whether the differences in the evolution of international commodity prices with respect to prices of local products derived from those commodities are a permanent trend or the result of temporary conditions in recent years.

Chart 5
Monthly performance of international wheat prices compared with flour and bread prices in Brazil (all variables in current US\$/ton)



Source: FAO.

II. FOOD SECURITY IN LATIN AMERICA AND THE CARIBBEAN

The Latin American and Caribbean region has a large surplus in terms of the daily needs of its population for foodstuffs. According to FAO data, the region produces 60 percent of calories over the minimum requirement per person (FAO 2009). In addition, the largest country in the region, Brazil, with 180 million people (slightly less than 3 percent of the global population), is expected to become the world's largest producer of food in the next decade (FAO, OECD, 2010), thanks to a projected 40 percent increase in its agricultural output by 2019. Particularly, with Brazil as the leading producer, the increases in agricultural production and productivity in emerging economies will allow for achieving the necessary volumes of food to feed a population of 9,000 million people by 2050.

Despite the potential of Latin America and the Caribbean to cover supply for the world's population,⁵ at present, 53 million people living in the region (i.e., 9 percent of its total population) are below the minimum nutritional needs. This situation turns out to be paradoxical in view of the increased purchasing power seen in the markets demanding products from Latin America and the Caribbean (the United States, Europe and Asia). Therefore, it can be concluded that the problem lies mostly in access to food, not availability of foodstuff. Consequently, the current challenge is mainly securing access to food for the poorest sectors of the population. One possible response to this problem is to consider the proposal made by the Permanent Secretariat of SELA during the High-Level Regional Meeting on Food Security in Latin America and the Caribbean (Caracas, 30 May 2008) as regards the establishment of a Mechanism for Priority Food Supply.⁶

Such proposal is closely related to the guidelines contained in the reform of the FAO Committee on World Food Security, adopted in 2009. As part of this reform process, it was deemed advisable to coordinate the various initiatives at the continental level for food cooperation. It must be noted that the new approach used by FAO after the reform of the Committee on World Food Security attaches top priority to supporting national and regional cooperation mechanisms in the area of food security.

Despite the inherent difficulties faced by a developing region such as LAC and the marked decline in food security, as evidenced in 2008, it can be stated that the region is going through a structural reduction in the proportion of people suffering food insecurity in the long term. As shown in Table 3, LAC has made great strides towards the goal of reducing the proportion of hungry people by half compared to 1990, in accordance with the Millennium Development Goals, especially since in 2003 with the implementation of policies aimed at reducing poverty and malnutrition in the region. The enormous potential for agricultural development in the region, and particularly its condition as a net food exporter (with the exception of Central American and Caribbean countries), have made it possible to achieve a significant reduction in malnutrition between 1990 and 2006, from 12 to 8 percent.

⁵ The document of the Permanent Secretariat of SELA (2009) underscores the fact that agricultural resources (land and water) are largely available in Latin America and the Caribbean, compared to other regions, the region's importance in global food production, and its food surplus as reflected in its positive trade balance as regards food.

⁶ SELA, "The Increase in Food Prices: SELA's Response" (SP/RRAN-SAALC/DT N° 2-08), May 2008.

Table 3
Proportion of people suffering hunger in LAC (percentage of total population) and percentage of compliance with MDG 1 (Goal 1C)

Country	1990-1992	2000-2002	2004-2006 *	% Compliance with MDG 1*
Antigua and Barbuda	12	30	27	...
Netherland Antilles	12	...	...	129%
Bahamas	7	5	6	67%
Belize	5	...	...	...
Bolivia	24	20	23	8%
Brazil	10	9	6	80%
Chile	7	...	...	86%
Colombia	15	10	10	67%
Cuba	5	...	...	120%
Ecuador	24	19	13	92%
El Salvador	9	9	10	-22%
Grenada	14	24	23	-311%
Guatemala	14	17	16	-29%
Guyana	18	5	6	143%
Haiti	63	53	58	16%
Honduras	19	13	12	74%
Jamaica	11	5	5	109%
Nicaragua	52	27	21	119%
Panama	18	19	17	11%
Paraguay	16	11	12	50%
Peru	28	12	13	107%
Dominican Republic	27	23	21	44%
Saint Kitts and Nevis	10	15	15	-31%
Saint Vincent and the Grenadines	18	12	6	145%
Saint Lucia	9	8	8	0%
Suriname	11	8	7	92%
Trinidad and Tobago	11	11	10	18%
Uruguay	5	...	...	114%
Venezuela	10	13	12	-40%
Latin America and the Caribbean	12	9	8	55%

Source: ECLAC and FAO.
(*latest data available).

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Among the most successful countries in fighting hunger in the region, Brazil stands out, as it has reduced poverty from about 9 percent to 6 percent, getting very close to Goal number one of the MDGs, nine years before the deadline. Also noteworthy are the successful experiences of Peru, Ecuador, Honduras and Nicaragua, which have also come close to the MDG target well before the deadline and just a few years into the implementation of active policies to solve the problem. In addition, according to ECLAC estimates, the proportion of people living in poverty in the region dropped from 48 percent to 33 percent between 1990 and 2008 (and from 42.5 percent in 2000), with a very good performance in Brazil, a country that has significantly reduced the proportion of poor people since 1990.⁷

III. ACTIONS AND INITIATIVES FOR FOOD SECURITY IN LATIN AMERICA AND THE CARIBBEAN

III.1 National initiatives for food and nutritional security in Latin America and the Caribbean: The case of Brazil's Zero Hunger programme

At the national level, there are several initiatives in LAC countries on food security that are supported by specialized international organizations and, particularly, by the United Nations Food and Agriculture Organization (FAO). One of the most successful national experiences at the regional level is the "Zero Hunger" Programme, launched by the government of Brazilian President Ignacio Lula da Silva in 2003.

Based on a comprehensive (non-sectoral) perspective and on an approach favouring participation to solve the problem of Food and Nutritional Security, the pillars of the measures foreseen in the Zero Hunger Programme are as follows:

a) Access to food

Access to food in the Zero Hunger Programme has two main components. The first one is the "income transfer" through various feeding programmes, nutritional supplementation (vitamins and minerals), water distribution, nutritional education and resource management for underserved sectors of the population. The second component includes tax incentives such as tax cuts for staple foodstuffs. A special characteristic of many of the programmes to ensure access to food is that they are subject to performance targets. For instance, one of the main programmes called "*Bolsa Família*" provides a certain amount of money provided that household members comply with certain goals as regards sanitary conditions and/or education of its members.

b) Generation of income

This pillar of the Zero Hunger Programme includes the provision of microcredits for small enterprises, as well as education and training to undertake such ventures (including encouragement for productive organization of communities) and work with civil society organizations for a productive inclusion into a solidarity-based economy in enterprises. This has been reinforced by the strong growth and stability of the Brazilian economy over the past seven years, which has allowed for rising wages, while reducing unemployment in the country and increasing budgets for social plans.

⁷ It should be noted that the first Millennium Development Goal refers to the reduction of poverty by half by the year 2015. As part of it, the specific objective of reducing the proportion of hungry people was also defined.

c) Coordination, mobilization and participation of civil society

Since the start of the series of initiatives under the "Zero Hunger" Programme, the Brazilian government has attached a crucial role to civil society participation in implementing these programmes. Such involvement ranges from the inclusion of community representatives into local committees to manage feeding programmes, as well as civic education for a better diet and use of resources. The programme also includes agreements with companies as regards prices of food supplies and donations to specific communities or to solve critical situations.

d) Strengthening family farming

The Zero Hunger Programme makes special emphasis on supporting family farming as a fundamental factor in the fight against hunger. In this regard, programmes for economic support, insurance and financing to family farmers have been implemented. Furthermore, in order to avoid losses of commercial value within the supply chain in terms of marketing, a programme to purchase foodstuffs produced by family farmers was included. Thus, small-scale family farmers (many of whom belong to the poorest sectors of the country's population) can get a higher profit from their products which, in turn, are distributed by the government through the food assistance programmes (school feeding, food bank, among others).

In conclusion, thanks to the strong economic growth in this country and the definition of a comprehensive policy to solve the problem of hunger, the proportion of people suffering hunger has been reduced from 9 to 6 percent and child malnutrition has decreased by 73 percent in only four years. In its World Food Summit, held in November 2009, FAO underscored the success of the Zero Hunger Programme as an example for other countries in the region and the world. Similar initiatives are now being implemented in Bolivia and Nicaragua, while some African nations are analyzing and promoting their implementation.

III.2 Regional actions for Food Security

The definition of food and nutritional security as a priority issue for governments in Latin America and the Caribbean got a major boost from the FAO "World Food Summit: Five years later", held in 2002 as a continuation of the 1996 World Food Summit. The 2002 Summit set a goal to halve food insecurity by the year 2015. In turn, as mentioned above, this target was also included in the first Millennium Development Goal adopted in 2000: to reduce by half the proportion of people suffering hunger in the world by the year 2015.

Since then and particularly after the 2008 food crisis, both at the national level and through its various integration and cooperation organizations, Latin American and Caribbean countries have reached numerous agreements on food security. In addition, the governments of the region started to create legal and institutional frameworks to achieve food security and ensure the supply of foodstuffs to people as a priority right.

Despite the priority attached to food security, the measures actually taken sometimes have not been in line with the joint declarations or the definition of frameworks, even in situations of extreme emergency as regards food supply, as was the case in Haiti after the earthquake on 12 January 2010. The lack of funds and the institutional constraints to implement agreements can be considered as significant difficulties to undertake the necessary actions in order to accomplish the Millennium Development Goals.

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The most important regional experience as regards cooperation in the area of food supply is "Hunger-Free Latin America by 2015", promoted since 2005 by FAO and supported by the governments of Spain, Brazil and Guatemala. Its main objective is monitoring and building capacities as regards the MDGs in order to eradicate hunger in the region.

In addition, as part of this initiative, a regional Parliamentary Front against Hunger (FPH) was established, and its first Working Forum was held in March 2010. That forum discussed the legal guidelines for the enforcement of the right to food, the consolidation of food security programmes on the basis of different national experiences (Brazil, in particular), the role of citizens' participation in the fight against hunger, and the possible actions among developing countries. The final declaration of the Parliamentary Forum against Hunger included a commitment to encourage the elimination of barriers to the commercialization of products derived from family farming, which account for 60 percent of the food produced in the region. Additionally, an agreement was reached to strengthen South-South Cooperation and triangular cooperation within the framework of food and nutritional security.

Other integration groups undertaking initiatives to achieve food security are ALBA and the Andean Community. In 2004, the Andean Community (CAN) defined the "Guidelines for a Regional Food Security Policy in the Andean Community", based on which each member country established its own National Strategies for Food Security (ENSA). The priorities of the guidelines of the Andean Community are: institutional strengthening of the agricultural and livestock sector, reinforcing the generation and dissemination of information as well as capacity building on food security, deepening trade integration processes, increased agricultural research, and monitoring and evaluating the impact of the policies adopted in each country. At the national level, Bolivia Colombia and Ecuador have established their own food security strategies based on the regional strategy of the block.

In the case of ALBA, efforts as regards food security have focused on generating regional cooperation initiatives through the grand-national food projects, including fisheries. While it is still in the process of consolidation, the ALBA Grand National Food initiative allows for conducting joint projects for agricultural production, food processing and food distribution. ALBA is currently operating the Pescalba Grand National project, initially started by Cuba and Venezuela and dedicated to tuna fishing and related activities. Other projects promoted by ALBA are the establishment of a Food Bank, the creation of a network for regional food marketing, and cooperation in joint projects related to food security.

Other regional integration and cooperation organizations have developed their own strategies and agreements to achieve food security in the region. Such is the case of MERCOSUR, CARICOM, SELA, the Agricultural Council of the South and the Central American Agricultural Council, among others, as shown in Table 4.⁸ The agreements have several points in common, such as increased investment in rural development as well as research and development related to agriculture, the need for immediate attention in case of food supply emergencies, increased technical and economic cooperation in this area, and the consolidation of increased regional trade integration as a means to improve access to food.

⁸ A more detailed description of the various agreements is available in "Food crisis in Latin America and the Caribbean. Proposals for actions at regional level" (SP/RCC-PAYSAAALC/DT N° 2-09), September 2009.

Particularly, the proposal made by the Permanent Secretariat during the Meeting for Consultation and Coordination on Food Prices and Food Security in Latin America and the Caribbean (Caracas, 17 and 18 September 2009) contained the following eight objectives:

- 1) Strengthening food security and disaster relief networks in the region.
- 2) Stabilisation of markets linked to food products and creation of stocks.
- 3) Measures to increase productivity in the agricultural and livestock sector.
- 4) Reduction of trade barriers for food products by decreasing domestic tariffs and taxes.
- 5) Strengthening International cooperation in the region to increase agricultural productivity and count again on development assistance adjusted to the Millennium Development Goals.
- 6) Strengthening regional cooperation for food security among LAC countries.
- 7) Increasing investment in research and development.
- 8) Strengthening consultation and coordination mechanisms.

It is worthwhile mentioning that the first item of the proposal submitted by the Permanent Secretariat of SELA included outlining an agreement on priority food supply within the framework of a possible Action Committee on Regional Food Security, as well as the creation of a Regional Cooperation Programme for Food Security.

Table 4
Regional actions and initiatives against hunger in Latin America and the Caribbean

<i>Initiative / Organization</i>	<i>Start year of the initiative / agreement</i>	<i>Main actions / agreements / goals against .hunger in Latin America and the Caribbean</i>
Hunger-Free Latin America and the Caribbean Initiative	2005	<ul style="list-style-type: none"> - Raise awareness on the problem of hunger and the right for food both among governments of the region and within the appropriate international organizations - Build the needed capacities to implement the specific public policies aimed at eradicating hunger - Regional Parliamentary Front against Hunger (FPH) - Orchards against Hunger Programme
Bolivarian Alliance for the Peoples of the Americas (ALBA) and PETROCARIBE	2007	<ul style="list-style-type: none"> - Creation of the Food Bank - Creation of the Grand National Food Production Company - Agreement for the Implementation of Food Sovereignty and Food Security Cooperation Programmes - Establishment of the ALBA Food Merchandising Network - Creation of the ALBA Food Security Fund - ALBA-Food Initiative
MERCOSUR	2008	<ul style="list-style-type: none"> - Generating and classifying national policies designed to reinforce food security, and turning them into government policies. This shall include providing small producers with the required support and guidance as well as ensuring access to food to the entire population - Fostering the development of regional policies for food security in the member countries of MERCOSUR
Andean Community (CAN)	2004	<ul style="list-style-type: none"> - Agreement on the "Guidelines for a Regional Food Security Policy in the Andean Community" - National programmes supported through the FAO project "Strategies and Instruments to Improve Food Security in Countries from the Andean Community"
Caribbean Community (CARICOM)	2009	<ul style="list-style-type: none"> - Liliendaal Declaration on Agriculture and Food Security: Commitment to better coordinate national policies and to furnish financial resources
Inter-American Institute for Cooperation on Agriculture (IICA)	2009	<ul style="list-style-type: none"> - Adoption of the Strategy for Technical Cooperation for Food Security
Agricultural Council of the South (CAS)	2008	<ul style="list-style-type: none"> - Commitment by the Ministers to work in a coordinated manner towards the implementation of the appropriate actions to help boost production by small farmers, which should lead to an increase in food supply for those who need it most. A further decision was made to strengthen investment in agriculture-oriented technologies and streamline information systems so that producers can be brought into a closer connection with the market
Central American Integration System (SICA)	2009	<ul style="list-style-type: none"> - Regional Programme for Food Security in Central America (PRESANCA)

<i>Initiative / Organization</i>	<i>Start year of the initiative / agreement</i>	<i>Main actions / agreements / goals against .hunger in Latin America and the Caribbean</i>
Central American Bank for Economic Integration (CABEI)	2008	- Programme for Strengthening Food Security in Central America
Central American Agricultural Council (CAC)	2008	- Agro-Environmental and Health Regional Strategy (ERAS) - Emergency Plan to expand the production of basic grains in Central America
Inter-American Development Bank (IDB)	2008	- Fast-track approval of a US\$ 500 million credit line for the mitigation of the food crisis impact - Re-orientation of IDB programmes to fight poverty in order to reduce the effects of the food crisis on the region

Source: Prepared on the basis of SELA's "Food crisis in Latin America and the Caribbean. Proposal for actions at regional level" (SP/RCC-PAYSAAALC/DT N° 2-09) September 2009.

III.3 International initiatives with actions in Latin America and the Caribbean

Outside Latin America and the Caribbean, the international community has stepped up its efforts in pursuing the Millennium Development Goals. For several years now, there have been programmes for long-term international cooperation such as the FAO Special Programme for Food Security (FAO-SPFS), the International Fund for Agricultural Development (IFAD) and the World Food Programme (UN-WFP). The food crisis in 2008 gave fresh impetus to international efforts in various fields. From the standpoint of the governance of the international food security system, the most important developments were the establishment of the High-Level Task Force (HLTF) on the Global Food Security Crisis by the UN Chief Executives Board in 2008 and the Reform of the Committee on World Food Security of FAO. Multilateral institutions (such as the World Bank and the International Monetary Fund) also renewed their commitment to financing programmes to support food security in the most affected countries.

Another international initiative that emerged in the wake of the 2008 food crisis was the "European Food Mechanism", created by the European Union with the purpose of funding programmes to support countries with food problems in the medium term. Some of the projects of this mechanism are being applied in LAC countries.

It should be noted that the international initiatives to offset the increase in food prices in 2008 were overshadowed by the impacts of the severe financial and economic crisis, which still linger on. Developed countries, in particular, had to use all their resources to overcome the crisis, and played down the food situation in poor countries on the agendas of various international summits in order to support their own domestic economic growth and employment. By way of example, in the wake of the debt crisis in Greece in April 2010 the Greek government launched an aid package of US\$ 145,000 million, funded in part by the International Monetary Fund and the European Union. This adds to the aid packages to the financial system that the U.S. government and several European countries have implemented since 2008 of hundreds of billions of dollars each. In contrast, the G-8 reached only one agreement during its meeting in L'Aquila in July 2009 to allocate US\$ 20,000 million for the fight against hunger in the medium and long

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term, compared with the annual amount of US\$ 83,000 million actually needed, in accordance with FAO estimates. Although the effort undertaken by the G-8 is quite significant, it has not materialized into concrete programmes so far.

III.4 International Summits on food security

Since mid-2008 there have been several high-level international conferences convened mainly by FAO and the United Nations with the purpose of agreeing on specific measures to deal with the international food crisis. The most outstanding ones are the FAO High Level Conference, held in 2008, and the World Food Summit of 2009.

Table 5
International Summits on food security since 2008

<i>Meeting / Organization</i>	<i>Year</i>	<i>Main agreements /actions</i>
FAO High-Level Conference	2008	Commitment to comply with the MDGs. Agreement to adopt immediate and short-term measures, as well as medium and long-term measures
UN High-Level Meeting n Food Security for All UN / Government of Spain	2009	Launching of the Initiative for the creation of a "Global Partnership for Agriculture, Food Security and Nutrition"
Special Conference FAO	2008	"Immediate Plan of Action" for FAO's growth reform by the year 2011
FAO World Summit on Food Security	2009	Five Basic Principles on the measures to be adopted for Sustainable Global Food Security Call to create the "Global Partnership for Agriculture, Food Security and Nutrition"

Source: Prepared by the author.

During the FAO High-Level Conference in June 2008, the international community renewed its commitment to eradicate hunger in the world and agreed on immediate and short-term measures to ensure access to food to those countries facing emergency situations, and to support trade and food production in developing countries. In addition, participants agreed on measures to foster increased productivity through inputs such as seeds and technical assistance, particularly for small farm producers. For the medium and long term, they agreed to make emphasis on investments in agriculture, as well as social inclusion of disadvantaged sectors of the population in each country, considering the effects of climate change and the use of biofuels on agriculture and food security.

The main objective of the World Food Summit, held by FAO in November 2009, was to reach an agreement on key actions to be undertaken in order to address the international food crisis. The summit's final declaration called for urgent action to reduce the number of hungry people by half by the year 2015, stressing the need to improve and make a better use of existing structures in the area of food security, and to materialize a Global Alliance for Agriculture, Food Security and Nutrition. According to the declaration stemming from this summit, the actions to be taken should be based on five fundamental principles:

- 1) To invest in projects at the national and regional levels, by channelling aid towards well-designed programmes aimed at concrete results;
- 2) To promote coordination at the national, regional and global levels in order to improve governance, promote a better distribution of resources, avoid duplication of efforts and identify problems in responding to food emergencies;
- 3) Support the use of a dual approach to food security. The first one to take direct action in order to eradicate hunger in emergency situations, and the second one to eliminate the root causes of food insecurity through medium and long-term programmes. Such measures include a more equitable distribution of income among the population and improve access to best practices for production, training and provision of inputs to small farmers in developing countries. In addition, efforts should be undertaken to support national, regional and international initiatives and programmes on food security;
- 4) To ensure a strong role for the multilateral system by improving its institutions: and
- 5) To take on a sustained and substantial commitment to increase investments in agriculture and food and nutritional security.

Despite all the well-intended expressions stemming from the various international summits held since the beginning of the food crisis in 2008, an objective assessment of the implementation of the various proposals shows a scenario marred by poor performance.

IV. SELA'S PROPOSAL FOR THE IMPLEMENTATION OF THE MECHANISM FOR PRIORITY FOOD SUPPLY (MAPA)

The final report of the XXXV Regular Meeting of the Latin American Council, held in October 2009, provides an account of the food security initiatives launched by the Permanent Secretariat of SELA in recent years. Among these initiatives are the efforts made in November 2008 to develop a Regional Cooperation Programme on Food Security in LAC. This cooperation programme in turn includes the initiative to implement a Mechanism for Priority Food Supply (MAPA). This section of the document is aimed at developing a proposal for implementation of the MAPA.

Considering the first Millennium Development Goal, the inclusion of food as a basic right in the legislation of several countries in the region and the results of the various summits and international agreements on food security, the main objective of the MAPA would primarily be to ensure population access to food, taking into account that there is more than enough food in the region. This mechanism would be particularly useful to alleviate the effects of price increases due to natural disasters or situations of high volatility of prices in international markets, where production complementarity of the various countries in the region would avoid food shortages and achieve the urgent support to family farming in the aid recipient country. In this context, the MAPA could include a field of action to deal with specific food emergency situations and a permanent operating area to face chronic food deficit situations in certain areas and target populations.

IV.1 Characteristics and functioning of the MAPA

Strengthening a mechanism such as the MAPA requires the authorities to consider the possible unwanted side effects this might have on food market and small rural producers in both aid donor and recipient countries. They should also take into account the

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interaction of the MAPA with policies implemented by governments in each country to eradicate food insecurity.

To ensure proper food supply and avoid the possible distortions for the fragile economies of family farming in the region, the following six “pillars” for the functioning of the MAPA may be considered:

1) First, it is essential to protect family farming in aid recipient countries in a food deficit situation and in aid donor countries. This could be achieved through intervention mechanisms in the regional markets where family farming plays a role, and not in the context of large food companies or donations from non-regional markets. This means that food purchases should be primarily made from small farmers in aid recipient countries or neighbouring countries so as to ensure that revenues from purchases under the MAPA are entirely intended to support income in this sector of the rural population. This would prevent farmers from exiting the market and become part of the food insecure population. This, together with the implementation of another set of measures to support the incorporation of technologies and best practices by small farmers, would help solve the problem of hunger in the medium term without weakening the conditions for food security preservation in the long term.

2) Second, based on the guidelines set forth in the reform of the FAO Committee on World Food Security, the MAPA should be implemented in coordination with this organization under the management of regional cooperation institutions. Moreover, actions could be implemented in the way of “triangular cooperation”, whereby the funding of multilateral agencies and developed countries could be channelled through the MAPA, which would be responsible for implementing the actions defined at the regional level. The triangular cooperation would also avoid excessive pressure on national public funds, weakening the fiscal position of some countries in the region.

3) Well beyond the necessary implementation of the MAPA through a special regional committee on food security, civil society participation in determining the needs of the target population is of fundamental importance to ensure a better understanding of specific problems affecting each population group. This involves the direct participation of civil society in making decisions about the identification of needs and allocation of resources to alleviate emergency situations at the local level.

4) The redistribution of food among LAC countries in the event of food emergency situations cannot be subject to conditions or compensations by the aid recipient population. However, in non-emergency situations, compensations should be established in the area of health and/or education, so that food aid has structural effects in the long term. Among possible compensations to direct food aid is the presence of aid recipients or their family at schools and health centres. At the regional level, conditions to priority food supply could include a commitment of aid recipient countries in order to implement comprehensive programmes for food security at the national level.

5) For the proper functioning of the MAPA, the measures taken should be included in a comprehensive food security programme that considers technical cooperation to improve the use of resources, including water management, land management, use of agrochemicals and high-quality seeds. Furthermore, the MAPA and related actions will have greater chances of success in the context of proper macroeconomic performance and the decline in inequality in the population of the region. In this connection, specific policies on employment and income redistribution would strengthen efforts made through the MAPA and could be considered requirements for its success.

6) Usually, the huge fishery resources in the region are not taken into account in plans for cooperation in the area of food in LAC. In this connection, the MAPA applied in the fishery sector could contribute to its development from a regional perspective by incorporating its by-products. This would result in benefits from these products to the population's food supply, as well as job creation and increased output in the sector and national economies.

IV.2 The possible role of SELA in the implementation of the MAPA

Given the various situations in the area of food in the region, particularly the food deficit in the Caribbean countries, the implementation of the MAPA requires a joint and balanced participation of all countries in LAC. In this connection, SELA, as the only body that brings together all LAC countries, could play the role of coordinator of the MAPA. This role would also be useful to coordinate positions in international forums and organizations in order to achieve institutional and financial support for a better functioning of the MAPA.

The role of SELA would be part of the renewed importance attached to regional organizations for the implementation of initiatives to promote food security from the reform of the FAO Committee on World Food Security, started in November 2009.

Taking into account the efforts made by SELA to find specific solutions to the issue of food security since the outbreak of the food crisis in 2008, the organization could also provide technical advice and look for coordination of national policies implemented by countries in the region. It could also propose and implement other initiatives to complement the role of the MAPA in food security in the region, such as the creation of an Action Committee on Food Security with a regional scope.

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