

# Panorama of food and nutritional security in Latin America and the Caribbean

## Executive Summary



2009



OBSERVATORIO  
DEL HAMBRE

initiative  
**HUNGER-FREE**  
LATIN AMERICA AND THE CARIBBEAN

# Panorama of Nutrition and Food Security in Latin America and the Caribbean 2009

### Presentation

Between 1990-1992 and 2004-2006, countries in Latin America and the Caribbean managed to reduce the number of hungry people from 53 million to 45 million people, going against the worldwide trend which showed a continual rise in hunger during the same period. However, the combined effects of soaring food prices and the economic and financial crisis have ruined the advances made in just three years. FAO estimates that in 2009 we will have returned to the same levels of hunger that we had at the beginning of the nineties.

The current situation is characterized by great volatility in the prices of *commodities*, especially of food products and the agricultural inputs required to manufacture them, which in turn leads to greater uncertainty and vulnerability to food insecurity for households. In economic terms, in spite of early signs of a global recovery, it seems unquestionable that the international financial crisis will leave lasting after effects on the countries economies and the inhabitants of the Region.

All this adds up to an uncomfortable truth: we are at a critical tuning point, caught in a negative scenario that is marked by growing unemployment and food prices that remain high, generating a lethal combination for the poorest sectors in the Region.

In its 2009 version, the *Panorama of Nutrition and Food Security in Latin America and the Caribbean*, analyzes the outlook for food security in the Region and its key factors (Chapter 1), then it delves into how government's are reacting to this complex scenario as well as proposing public policy measures that can contribute to reducing undernourishment (Chapter 2). Finally, it highlights the action that FAO has taken in response to the overlapping crisis and the recommendations made in support to the efforts that governments have undertaken to eradicate hunger and promote food security (Chapter 3).

## A single crisis

It does not matter whether we talk about the crisis caused by the soaring prices of commodities or if we analyze the financial crisis: the fundamental dimension of food security that is being affected is the access to food. This is the Region's Achilles Heel.

The rise in food prices—phenomenon that began to accelerate starting in 2006 and reaching its peak point in 2008— and the financial crisis that gained strength in the second semester of this year, increased inflation and unemployment, and reduced real income for the poorest sectors of the population, aggravating their already difficult access to a proper diet.

These combined crisis have affected the access to food for the most vulnerable. In that sense, it is children, women and indigenous people—particularly those that live in rural areas or marginal urban areas in the Region— who are likely to be most affected.

## Searching for answers

Latin America and Caribbean governments have adopted various similar strategies to face these crisis. Their actions sought, at first, to control inflation, protect the most vulnerable sectors and increase internal food production. When the financial crisis hit, the focus changed to deal with the credit crunch, recession and the consequent increase in unemployment, as well as the fall in peoples real income due to the slowing of the economy.

However, in many countries these responses faced two vital restrictions: the lack of resources for investment and the absence of agricultural institutions necessary to rapidly expand food production. In countries with limited resources, investment in agriculture depends on international aid. Even if said resources were available, in many cases the lack of proper agricultural institutions made the expansion of food production impossible before the coming of the financial crisis.

## Challenges for public policy

The promotion of food security in Latin America and the Caribbean is directly tied to the rural sector, where half of the indigents in the Region are located. At the same time, in that sector lies great unexploited potential: small scale farmers, who already supply a great deal of the food that is consumed locally, even if they don't have the same levels of productivity as the export oriented sector of agriculture.

Small scale producers could not only cover their own needs, but also contribute to improve food security as well as being catalysts for economic growth. To release this potential, government's—with the support of the international community— need to make key investments in agriculture, to enable small farmers access not only to seeds and fertilizers but also to technology adapted to their needs, infrastructure, financial resources and markets.

These policies allow small farmers to become part of the solution, instead of being—for many—part of the problem. They also contribute to the fundamental goal of public policies: to reduce the asymmetry's in the access to resources such as land, technology, water and machinery, as well as combating poverty and food insecurity.

In these first years of the new millennium we face a critical scenario for food and nutritional security in Latin America and the Caribbean. However, it is in such times that we can join personal and political wills to change the status quo and stop repeating the errors of the past, to build a more prosperous future for all the citizens of our Region.

It's in our hands.

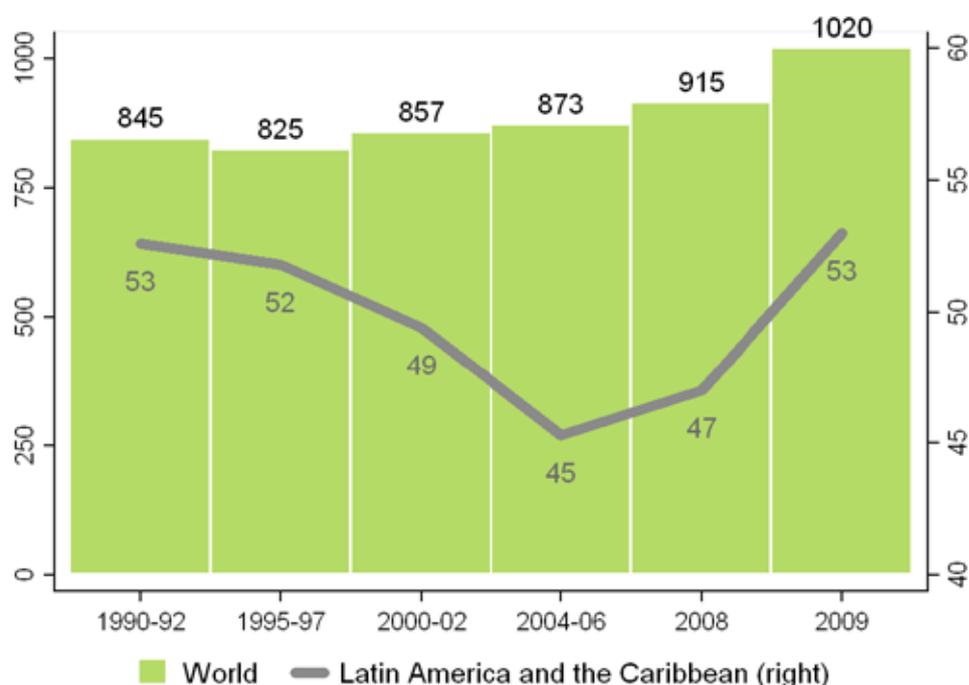


*José Graziano da Silva  
FAO's Regional Representative  
for Latin America and the Caribbean*

## Key messages

**The Region faces a food crisis that has further reduced the access to food** for a large part of the population, and which has erased more than a decade of advances. During 2009, it is estimated that the number of hungry people in Latin America and the Caribbean will reach 53 million, eliminating all progress that had been achieved since (Figure 1).

**Figure 1. Number of undernourished people in Latin American and the Caribbean and the World, 1990-2009**



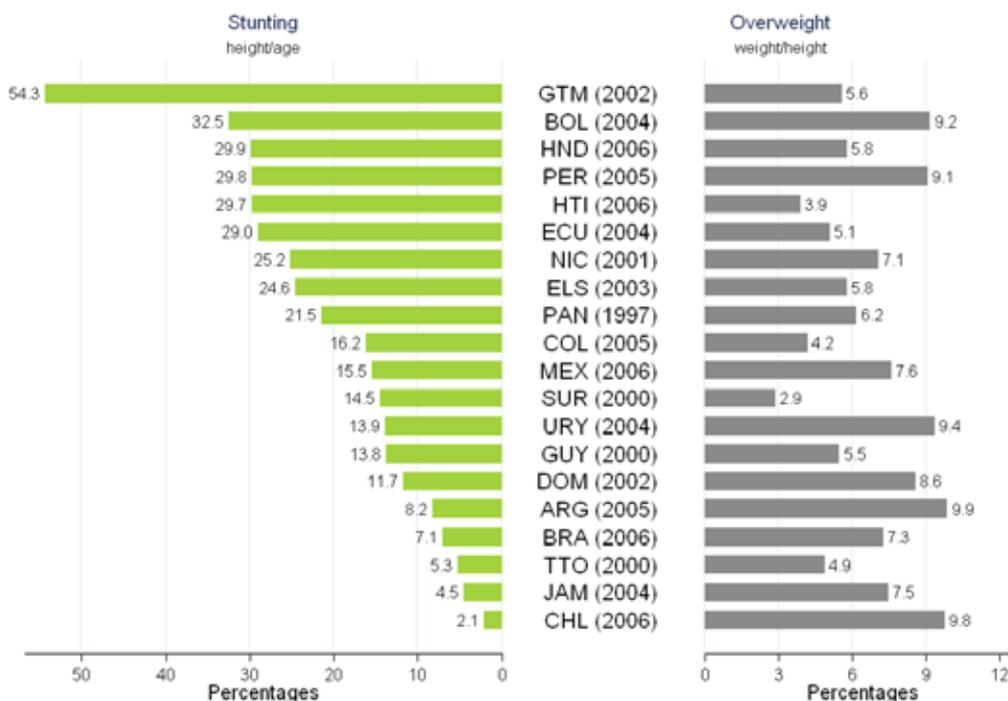
Latin America and the Caribbean had been the only region in the world to reduce hunger during the 1990/92 – 2004/06 period, contrary to the global trend. Before it was hit by the twin crises of rising food prices between 2006 and 2008 and the economic downturn that followed, the number of undernourished people in Latin America had been reduced from 53 million in the beginning of the nineties to 45 million, from 12 percent to 8 percent of the total population.

In other words, 15 years of effort was required to reduce the number of hunger stricken people by 8 million, and in only the past three years, all this progress was lost.

Out of the current 53 million people who now suffer hunger in the Region, between 15% and 20 % are children under 5 years of age, whose development will be greatly impeded unless they are able to have access to a healthy diet. In Guatemala, Bolivia, Peru, Honduras, Haiti and Ecuador, chronic child undernourishment affects more than 30 % of all children. Also worrying is the malnutrition caused by obesity in children: in Argentina and Chile, close to 10 % of children are obese (Figure 2).

Child undernourishment is one of the ways in which poverty is passed on from one generation to the next. This is especially relevant for Latin America and the Caribbean, the most unequal Region in the world.

**Figure 2. Child Malnutrition**



Indigenous people and afro-descendants are particularly vulnerable. The indigenous population of the Region is between 40 and 50 million, while afro-descendants total around 150 million.

For cultural, historical and geographical reasons, indigenous and afro-descendent populations are the hardest hit by poverty, hunger and social exclusion. In countries such as Panama and Guatemala, half of the total indigenous children suffer chronic undernourishment (Figure 3).

**Figure 3. Chronic child undernutrition in indigenous vs. non-indigenous populations in Latin America and the Caribbean**



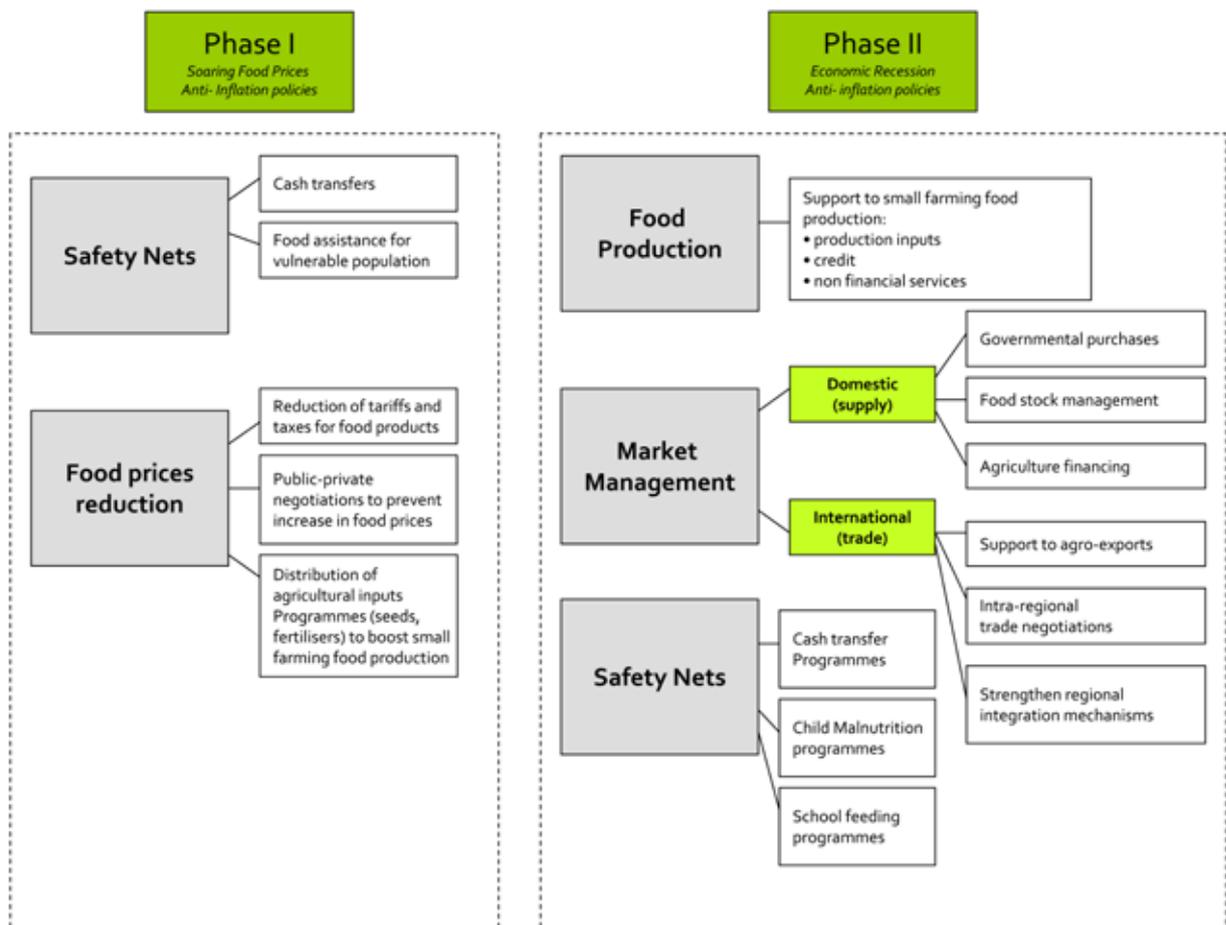
**The impacts of the food crisis are not the same for all countries**, the most affected are net importers of food and fuel, with high poverty levels, that have seen the demand for their export goods fall and the flow of external financial resources reduced (remittances, financing and official development assistance). Several countries of Central and South America have also been affected by a severe drought during 2009.

Confronted with the combined effects of high food prices and financial crisis, countries have responded in various ways.

At the beginning of the crisis, when food prices spiked in 2008, countries strengthened their social protection programs, those who had networks and conditional cash transference programs increased their scope and the amount delivered, and took measures to reduce food prices and control inflation. They also lowered import tariffs for staple foods.

Then, when the financial crisis hit, countries started implementing measures to boost food production, deal with the economic slowdown, , respond to the credit crunch as well as take into consideration the fall in people’s real income. Governments supported small farmers by distributing agricultural inputs, increasing agricultural credit, services, stimulating internal markets, supporting exports, buying production from small farmers and supporting social protection programs as well as school meal programs (Figure 4).

**Figure 4. Policy responses to confront the food crisis**



However, the responses faced two major hurdles: the lack of resources to invest in agriculture and the lack of or weakness of an agricultural institutional framework capable of supporting production.

**Countries with the most social needs face the largest spending restrictions**, amongst other things because of insufficient levels of public revenue, and therefore have a limited capacity to implement programs to support food security (Figure 5).

The social budget of many countries has been further affected by the crisis, since the main source of fiscal revenue for many governments are value added taxes (Figure 5), that have little redistributive effects and tend to diminish during economic crises because of the fall in production and consumption (Figure 6)

**Figure 5. Underweight child and per capita public expenditure, 2000-2006**

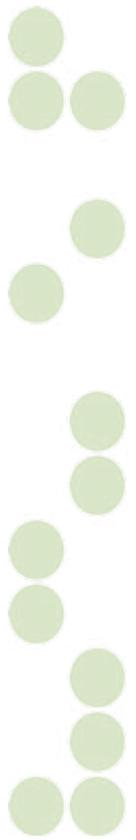
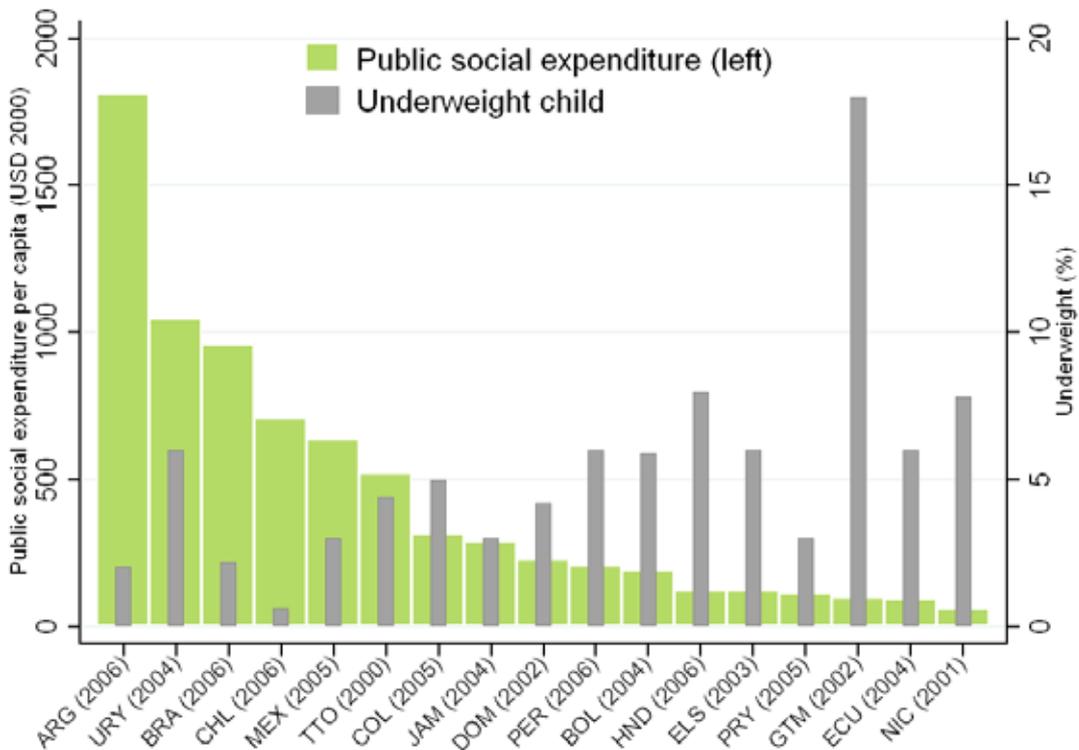
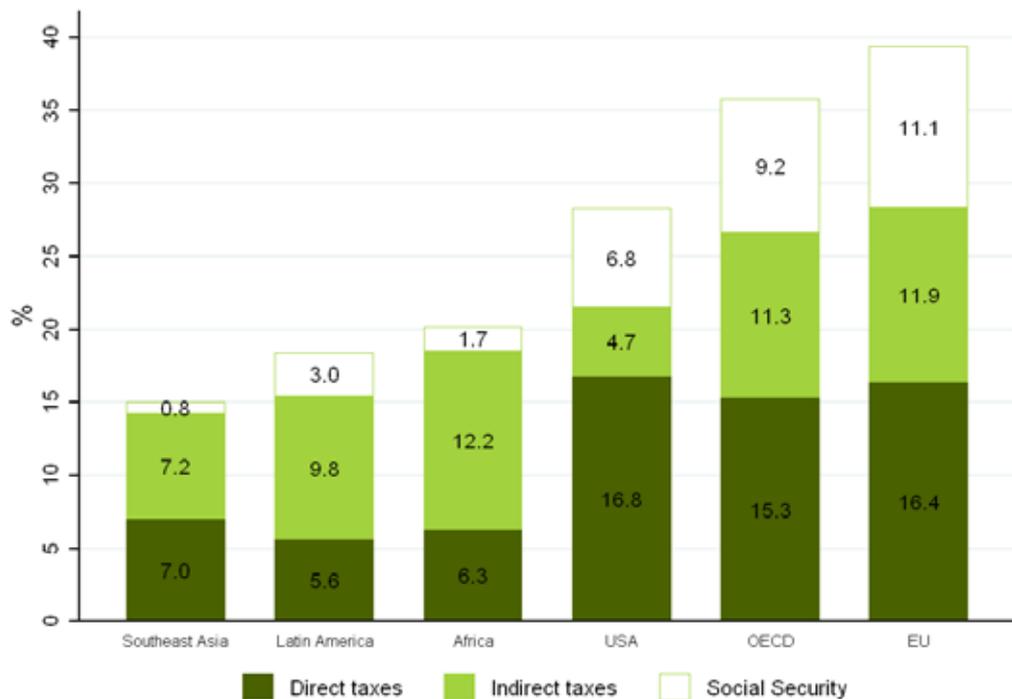




Figure 6. Public revenues



For these reasons, international help is still indispensable for many countries. However, official development aid for agriculture has also fallen in the past decades: from 17 % of total international assistance in 1980 to 3% in 2006. In real terms, this represents a 58 % drop from 1980 to 2005, from USD 8 billion to 3. 4 billion.

Even where resources might have been available, many governments did not have the means or mechanisms needed to support agriculture and were unable to respond to higher food prices by incrementing their production. This is a result of the gradual dismantling of agricultural institutions and the reduced participation of the State in agricultural affairs that has taken place during the past couple of decades.

The impacts resulting from the surge in international food prices crisis has led to the questioning of the paradigm that has been adopted in the Region since the 80's. Following the "Washington Consensus", governments dismantled the public agencies that focused on agriculture, granting farmers access to land, credit, inputs and support for cooperative organizations.

Minimizing the role of the State should have created open and self regulated markets, but no such thing has happened. Instead, incomplete markets and unequal access affected the development and wellbeing of small farmers, augmenting the breach in productivity and income between the mayor producers and small farmers, which, in turn, has led to greater social exclusion and inequity.

In addition, in spite of the considerable subsidies that have been distributed in the past year (agricultural inputs, subsidized credit,) **cereal production in the 2008/09 period will not increase as expected** (Chart 1). The main reasons for this relate to the faulty transmission of international prices to producer levels, the result of oligopolic market structures (agro industry, agricultural inputs) and the frailty of agricultural institutions when it comes to designing and implementing policy.

**Chart 1 World Cereal Production 2008-2009**  
Millions of Tons

	<b>2008 (Estimated)</b>	<b>2009 (Expected)</b>	<b>Var. %</b>
Asia	968.7	980.2	1.2
Africa	148.4	156.8	5.7
Mexico, Central America and the Caribbean	41.8	40.4	-3.3
South America	134.8	116.4	-13.6
North America	457	431.9	-5.5
Oceania	34.4	35.3	2.5
<b>World</b>	<b>2 285.5</b>	<b>2 208.5</b>	<b>-3.4</b>

Source: FAO, 2009

**In this crisis, agriculture and food security have been highlighted in the public agenda.** In a mid and long term perspective, there are three main topics in this new agenda: stimulation of the internal basic food markets; risk management (price volatility, climate and financial turmoil); and the strengthening of social protection systems.

This is the positive aspect in an otherwise negative scenario that the Region faces. The combined food price and financial crisis have brought agriculture to the forefront of public and media attention, and have called attention to the fact that a “*New Deal*” for agriculture is needed. This “*New Deal*” will have to deal with the growing uncertainty in food markets due to climate changes and economic factors, the need to provide a safety net for the Region’s poor, especially the rural poor, and to strengthen and support internal food production.





Several measures can be taken at policy level to make the most of a new agenda. Short term measures include stimulating basic food production with supplies, credit and other non-financial services.

Market creation is especially important, and this can be done with policies that allow governments to buy goods from small farmers to develop strategic food reserves that help stabilize internal food prices or to respond to emergency situations. They also provide minimum prices for farmers to help deal with market volatility.

In terms of credit, the Region has suffered an important reduction of its financial inflows, remittances and foreign investment. The access to credit has also been reduced, and governments have reinforced their public financial systems and made credit more available to agriculture.

Policies to further trade and exports, such as the lowering of tariffs and stimulus for exports have been implemented, as well as coordinated Regional or sub-Regional efforts to make joint food and fertilizer purchases, harmonizing commercial and agricultural policies and promoting the sharing of technology.

In the medium and long term, one of the most important policy measures that the Panorama highlights focus on stimulating internal basic food markets. In that sense, the Panorama states that **small farming is part of the solution to the Region's hunger problem**. The spiral of increases in food prices during 2008, and their tendency to remain high compared to the previous period has generated a new awareness about the importance of basic food production in many countries, which in turn represents an opportunity to strengthen small farming, turning a problem (the rural poverty that characterizes this sector) into part of the solution (national supply of the main foods that the local population includes in it's diet).

Food security in the Region is hardest to achieve in rural areas, where most of the poor population is concentrated. To promote food security it will be necessary to tap into the unexploited potential that small farmers represent, since even today they supply most of the food that is consumed locally, even if they do not have the same productivity and efficiency that the Region's export driven agriculture boasts.

Small farmers can not only cover their basic needs but can also be catalysts for greater economic growth and a vital support for food security. To release this potential, government's -with the help of the international community- need to:

- promote key investments in agriculture;
- provide access to quality agricultural inputs and appropriate technologies;
- provide better access to credit;
- improve infrastructure; and
- support small farmers' access to markets.

Other medium and long term measures should focus on:

- creating more competitive, efficient and equal agricultural markets;
- improving public market information systems;
- forming public/private alliances;
- stimulating the formation of grain reserves;
- improving the agricultural labor market, since employment in agriculture is a vital source of income for a large part of the poorest households in the Region; and
- Implementing ways to reduce and manage risk uncertainty, a task that requires public involvement, and is key to improving access to credit, reducing the impacts of natural disasters and managing price volatility.

The current crisis has highlighted the need to advance and strengthen social protection systems, such as cash transference programs, since they reduce the impact that the increase in unemployment have on the incomes of poor rural households. School Meal Programs have also shown to have a positive impact on child nutrition as well as lowering the number of school absentees.

**FAO contributes to food security in the Region by strengthening national programmes to fight hunger and child malnutrition.** Although it is a primary responsibility of the national governments to ensure the right to food, this task is a shared challenge for the whole community, including international agencies.

FAO's contribution consists of a series of interventions, which range from field activities to the support in the elaboration of laws and public policies, and include short term emergency responses as well as mid and long term initiatives that allow beneficiaries to become the main protagonists of their development.

Through national and Regional programmes, FAO gives technical assistance to:

- boost small farmer's basic food production;
- support urban and peri-urban agriculture;
- intensify sustainable agricultural production;
- rescue traditional food resources;
- stimulate non agricultural enterprises;
- promote equality for minorities and gender issues;
- manage market and environmental risks;
- improve food quality and safety; and
- strengthen national programmes to fight hunger and child malnutrition.

**The Hunger Free Latin America and the Caribbean (HFLAC) Initiative has been gaining support in the Region.**

This Initiative is an effort of the countries in the Region, with FAO's support, to eradicate hunger, reduce malnutrition and promote the Right to Food through actions at the Regional, sub-Regional, national, and local levels. The HFLAC Initiative reinforces the countries capacities to implement public policy and hunger eradication programs and also monitors the state of food and nutritional security in the Region.

In the *Salvador, Bahia Declaration* released during the *Latin America and the Caribbean Development and Integration Summit*, held in December 2008, Heads of State and Government of the Region gave their full support to HFLAC Initiative. This was also the first time a Regional forum of such importance incorporated Food and Nutritional Security as a priority issue of its common agenda.



panorama de la seguridad  
alimentaria y nutricional

2009  
en américa latina y el caribe



Between 1990-1992 and 2004-2006, Latin America and the Caribbean managed to reduce the number of hungry people to 45 million, challenging a worldwide trend that showed a continual rise in hunger during the same period. However, in just three years, the combined effects of soaring food prices and the economic and financial crisis ruined the regional advances.

FAO projects that by the end of 2009 the number of undernourished people will reach 1.02 billion in the world and 53 million in Latin America and the Caribbean, the same number of hungry people that the region had at the beginning of the nineties.

The 2009 edition of the Panorama of Nutrition and Food Security in Latin America and the Caribbean, analyzes the food security outlook in the region and its key factors, then it describes how governments are reacting to this complex scenario and proposes public policy measures that can contribute to reducing undernourishment. Finally, it highlights the action that FAO has taken in response to the overlapping crisis and the recommendations made in support to the efforts that governments have undertaken to eradicate hunger and promote food security. ↵