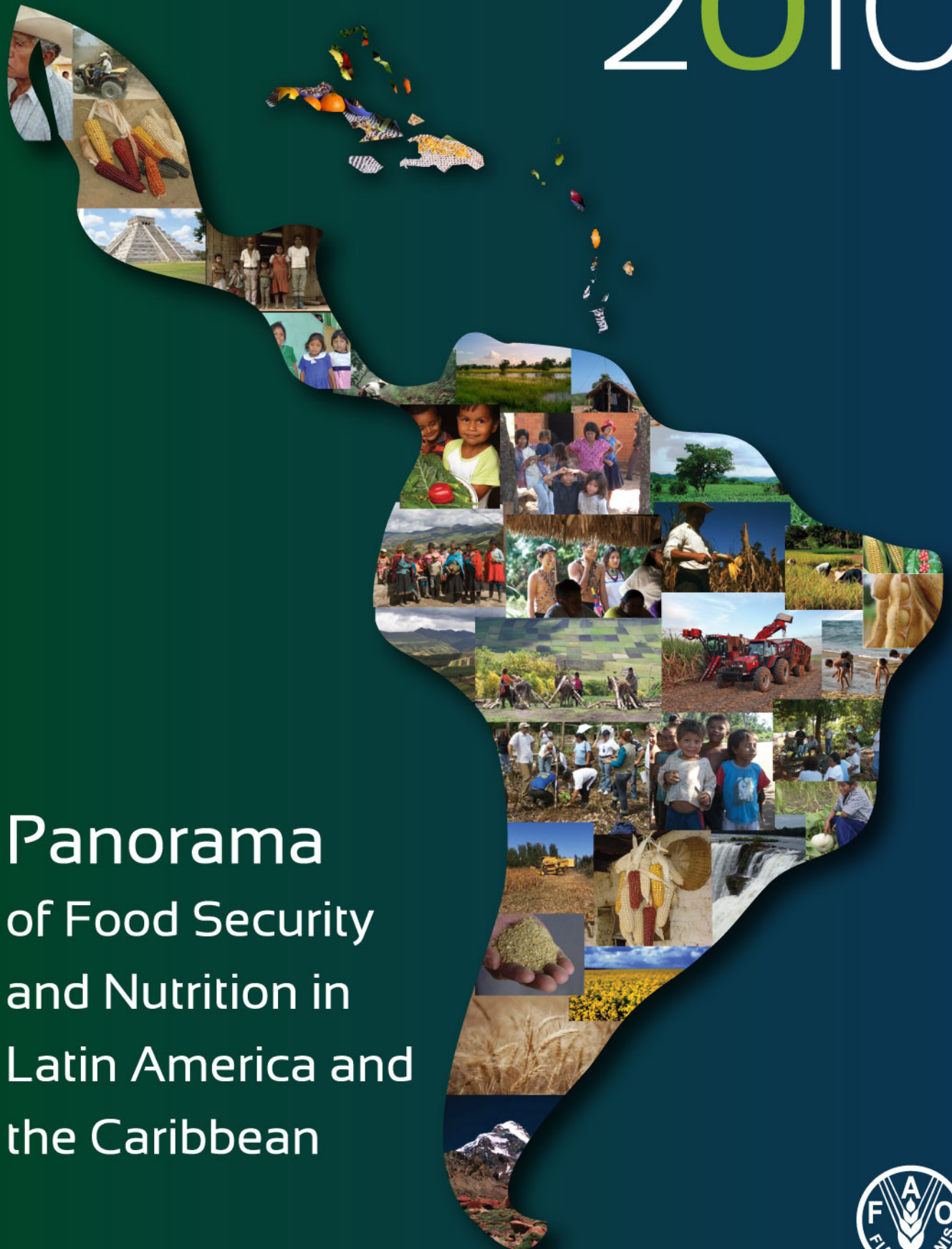


2010



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





Key Messages

The Panorama of Food and Nutrition Security in Latin America and the Caribbean 2009 provided an insight as to how, in just three years -2006 to 2009- all the progress that had been made during 15 years – between 1990-92 and 2005-07-, a period during which the number of hungry people in Latin America and the Caribbean (LAC) dropped from 54 to 47 million, was lost. As a consequence of the rise in the international food prices that began in 2006 and the financial and economic crisis that followed, the number of people living in hunger in the region in 2009 climbed up to 53.1 million people, reaching 1990 levels.

According to FAO estimates for 2010, the number of undernourished people in LAC will fall by only 600,000 in relation to 2009, leaving the number at 52.5 million.

Prospects for Economic Recovery and Vulnerability to Food Insecurity

In spite of the uncertainty that persists regarding the global economic recovery, the prospects for Latin America and the Caribbean are more encouraging than for other regions in the world. According to ECLAC estimates published in July 2010, the regional economic growth rate this year will be of 5.2%. This is a recovery rate even greater than the one that followed previous crises (1994-1995; 2001-2004). However, there is a high degree of heterogeneity between countries in the region. The rate of growth for South America is estimated at an average of 6% per year (7.6% in Brazil), 3.1% for Central America, and a mere 0.9% in the Caribbean¹.

In spite of this relatively rapid recovery rate, expectations regarding the global economy are not very high for the remainder of 2010 and 2011 (ECLAC 2010c), namely because of the lower than expected rate of growth of the US economy, the uncertainty faced by a number of European economies and the necessary adjustments that have to be made, along with the greater volatility of international markets. It is quite likely that these external factors, together with the adoption of certain macroeconomic policies, will lead to a slowdown in the growth rate of the second half of 2010. This will eventually result in the shrinkage of the region's economies to a rate of 3.8% in 2011.

Regarding the food supply and demand, the OECD/FAO 2010-2019 Report is quite optimistic and anticipates increased food production, trade and consumption, due primarily to the growth that is being experienced by developing countries. However, higher prices are also being expected, and concern exists because of their volatility and the risk that per capita food supplies in certain developing countries may not be sufficient to accompany the high rates of population growth.

Therefore, global food costs, which had dropped but still remained above pre-crisis levels, now show an upward trend, namely due to rising wheat prices. It is unlikely that we will experience the same kind of shock of mid-2008; however, considering the current environment of greater volatility, it is probable that food prices will increase, as has been observed, therefore reducing purchasing power and maintaining high levels of food insecurity and vulnerability.

¹ There are seven Caribbean countries (Haiti, Barbados, Dominica, Saint Vincent & The Grenadines, Saint Kitts & Nevis, Grenada, and Antigua & Barbuda) for which ECLAC has estimated negative growth rates.

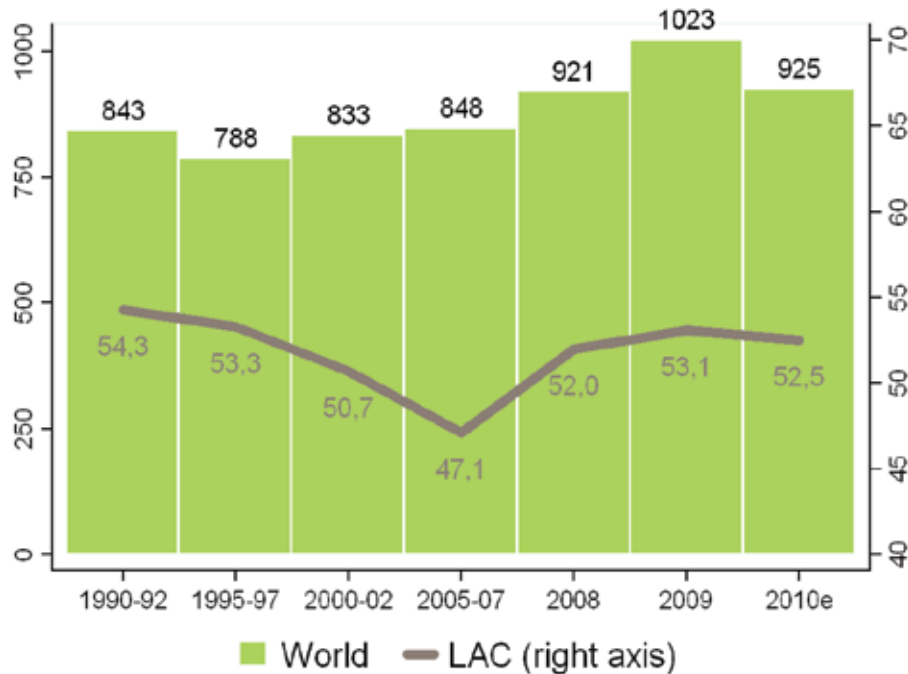
Furthermore, unlike the previous period of inflation, the region is now facing higher public debt (ECLAC 2010c) and, as a result, there are fewer fiscal spaces to absorb its impact with the higher social spending. Countries that are more vulnerable to food insecurity, such as Guatemala, El Salvador, Honduras, and Nicaragua, increased their public debt in 2009 to such a degree that they are now negotiating adjustment programs with the IMF and are likely to see cuts in social spending in 2011.

Given that it is impossible to predict whether the vulnerability to food insecurity faced by the countries, homes and population of the region will diminish significantly with these economic prospects, public policies will continue to play a crucial role in the immediate future.

LAC is the only region in the world that has not reduced hunger significantly in 2010

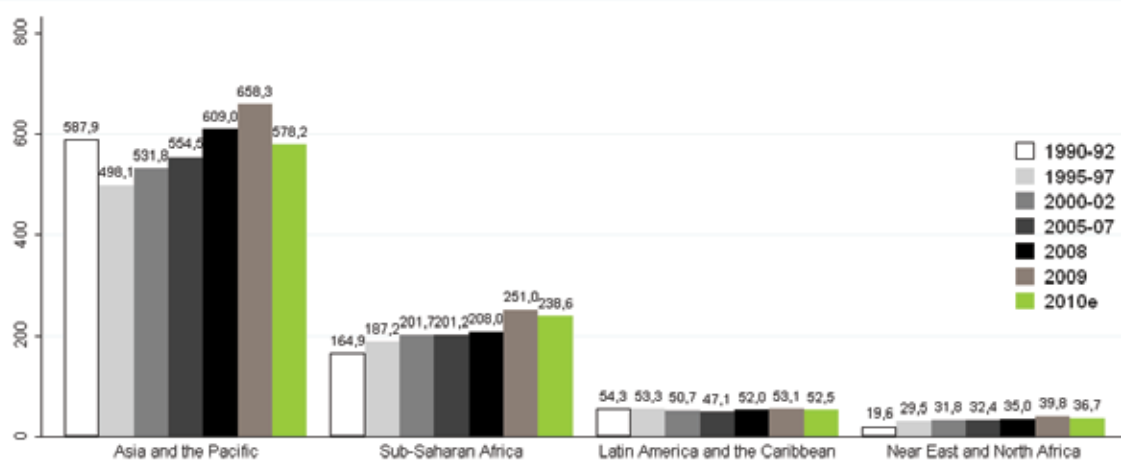
According to FAO estimates (Figures 1 and 2), the number of hungry people worldwide will drop from over one billion in 2009 to 925 million in 2010. Latin America and the Caribbean is the only region in the world where the number of hungry people, around 53 million, has practically remained the same in 2009 and 2010, while in the Asia Pacific region these numbers have fallen from 658 million to 578 million (around 80 million people less), and Sub-Saharan Africa has seen the number of people living in hunger fall by 12 million, from 251 million to 239 million people.

Figure 1. Number of undernourished people in the world and in Latin America and the Caribbean, 1990-92 to 2010
Millions of individuals



e/ Figures are estimated by FAO with input from the USDA Economic Research Service.
Source: FAO-WFP, 2010

Figure 2. Regional trends in the number of undernourished, from 1990-92 to 2010
Millions of individuals



e/ Figures are estimated by FAO with input from the USDA Economic Research Service.
Source: FAO-WFP, 2010

There are at least three factors that could explain the persistently high numbers of hungry people in LAC in 2010:

- According to ECLAC figures², the economic crisis, which was much more severe than initially projected, led to a drop of 1.9% in the gross domestic product, with the ensuing repercussions for the most vulnerable homes in terms of employment and income, along with the lengthy food crisis that devastated the region in mid-2008, and for which there is no foreseeable end. Although employment rates have been gradually improving (estimated growth of 5.2% for 2010), this recovery has been much slower than anticipated; prices have not returned to their pre-crisis levels, hence the cost of the basic food basket has remained consistently high.
- The progress made in reducing poverty, which has doubtlessly been significant, has led us to lose sight of the fact that there is a large portion of the population whose income barely allows them to live above the poverty line (the method most widely used to measure poverty in the region). Rising food prices, which have remained above pre-crisis levels, have increased the cost of the basic food basket used to measure poverty, and this has led to a growing segment of the population not considered poor in the past to fall into this category.
- Many countries in the region did not have the capacity to adequately deal with with the crisis, primarily because of their weak government institutions. The experience of countries that performed better in terms of their anti-crisis policies has demonstrated that the difference lies in the fact that they had a solid and broadly-based public sector.

² Within an international context, with the exception of transitional economies, Latin America and the Caribbean was the region that was hit the hardest by the international crisis in economic activity. ECLAC 2010

It is worth noting that, although the worst of the international economic crisis is behind us, its social repercussions will linger in the region for some time, as they did following the crisis during the mid-eighties, after which it took twelve years for full economic recovery and double that to reach pre-crisis poverty levels. However, as ECLAC (2009) has pointed out, this was due to the fact that the most vulnerable sectors of society were the ones to bear the costs of the crisis, and this can be avoided in the future if governments adopt policies that move away from this paradigm.

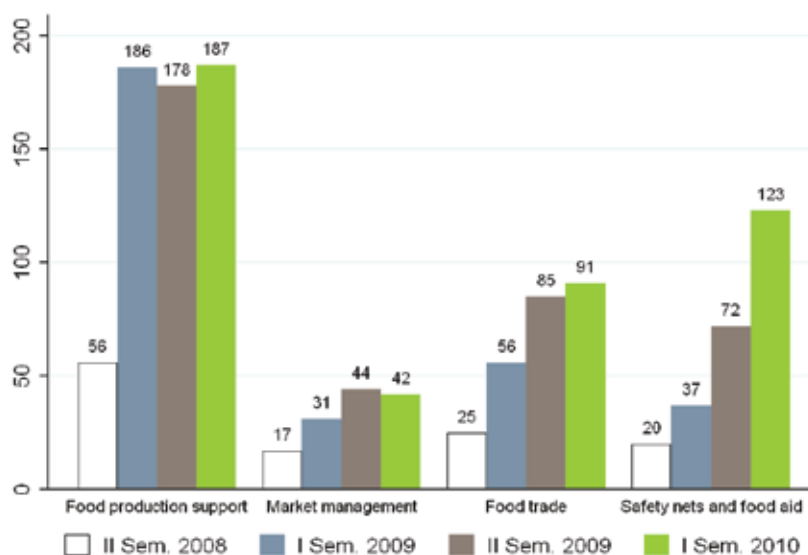
vulnerable population. This will only be possible by strengthening the link between economic growth and social inclusion.

Between the second semester of 2008 and the first semester of 2010, following the soar of international food prices of 2008 and its effects on food security, the countries in the region began dealing with this situation by adopting a series of policy measures³ aimed at addressing the crisis in four of the most relevant areas of Food and Nutrition Security (FNS)] (Figure 3). It should be noted that during this period, the emphasis was aimed primarily at food production and social protection and food assistance.

KEY MESSAGES

- **Government efforts in recent years have not been enough to reduce food and nutrition insecurity significantly among the most**

Figure 3. Food security related policy measures in LAC, II Sem 2008 – I Sem 2010
Number of reported measures



Source: FAO's Regional Office for LAC's Monitoring System.

³ Data regarding country-wide policy measures during this period were obtained from the Policy Monitoring System of the FAO Regional Office for Latin America and the Caribbean.

The experience obtained by adopting these public policies during periods of crisis has taught us some valuable lessons. Namely that, more than applying specific measures, countries that have been able to better absorb the consequences of the crisis have been those where the government was deeply involved in strategic matters, such as the comprehensive promotion of food production for the domestic market, agricultural funding, the supply of food (government procurement, food reserves, food distribution), and social protection programs. Those countries had the capacity to develop strategies aimed at diversifying their sources of imported food by entering bilateral and intra-regional trade agreements.

• **Employment vulnerability and restricted access to food will likely continue in the region,** given the uncertainty surrounding economic recovery during what is left of 2010 and 2011, considering the trend towards higher inflation rates for food.

Although worldwide unemployment rates have gradually been falling since 2004, the global recession of 2009 could trigger a rise to levels comparable to those observed between 1999 and 2006 (Table 1). Given its economic ties with the rest of the world, LAC has not been able to ward off the negative effects of this economic crisis which, according to the International Labour Office (ILO), could result in the region facing levels unseen since 2005, with women being the hardest hit (ILO, 2010).

Table 1. Global unemployment rates by region, 1999-2010 (Percentages)

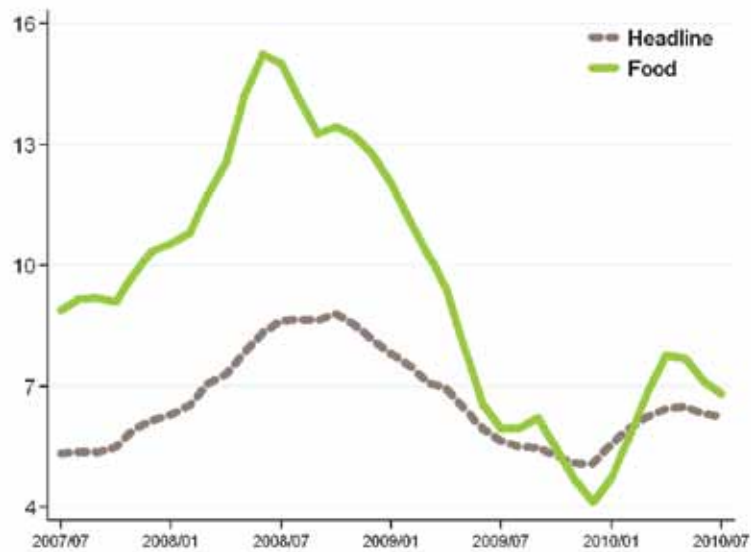
Region	1999-2006 (average)	2007	2008	2009 (estimated)	2010 (estimated)
World	6.26 5	.7 5	.8 6	.6 6	.5
Developed countries and European Union	6.82 5	.7 6	.0 8	.4 8	.9
Latin America and the Caribbean	8.14 7	.0 7	.0 8	.2 8	.0

Source: Global employment trends: January 2010. ILO, 2010
<http://www.ilo.org/public/libdoc/ilo/P/09332/09332%282010-January%29.pdf>

Moreover, a comprehensive analysis of the inter-annual rate of food inflation in LAC has revealed that the rates remained above overall prices during the crises. Even though inflation

rates for food dropped below the overall rate of inflation by the end of 2009, they began to increase gradually in March 2010 (Figure 4)

Figure 4. Annual headline and food inflation rates in LAC, 2007-2010*
Twelve-months % change



**/ PPP weighted average with 11 countries that represents 95% of the regional GDP.
Source: Own elaboration based on official figures

Unfortunately, the most vulnerable countries – Central America, the Caribbean, Bolivia and Paraguay- are more likely to experience slower

economic recovery and greater price volatility, and are more exposed to the impacts of natural disasters.



Other messages of the 2010 Panorama

- The eradication of infant malnutrition (undernourishment and obesity) resulting from the nutritional transition –i.e., changes in food consumption patterns- should be among the top priorities of any public policy on Food and Nutrition Security. Greater emphasis on programs aimed at

eradicating chronic infant undernourishment is crucial in Central American countries, whereas in the countries of South America, where the rate of obesity among children under five years of age has risen sharply in recent years (Figure 5), emphasis must be placed on food education.

Figure 5. Undernutrition and overweight in children under 5 years, 2000 to 2009*



* / Latest figures

Source: Global Health Observatory, WHO, 2010

- The food crisis can also be staved off by restoring the role of family farming in the supply of food. This requires the adoption of differentiated policies to provide better access to productive resources, especially land and water, and to institutional markets, such as government food purchases; support in the adoption of technological innovation;

and by providing a greater range of customized financial services (credit, savings, micro insurance, etc.).

- The type of policy measures that provide assistance for food production that have dominated the agenda in most countries (distribution of supplies

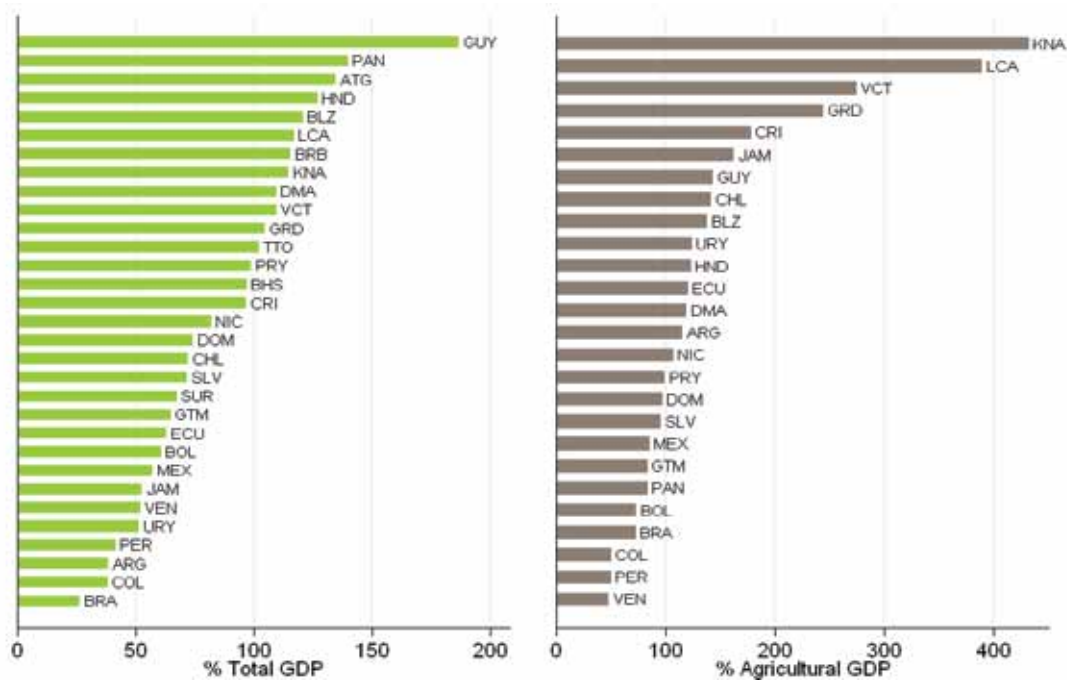
and provision of credit) are proving to be ineffective in raising production levels. This is due in part to the weak institutional capacity to supplement these measures with technology transfers and marketing support.

- The lack of regulation and supervision policies for agricultural and rural employment markets is directly associated with the persistence of poverty

in rural areas. There is an institutional gap (neither Labor nor Agriculture Ministers enact legislation or oversee the enforcement of labor laws) that must be addressed in these policies and given top priority.

- The countries that were able to overcome with greater ease the most dramatic effects of extreme poverty and hunger during the period of crisis were those with better-prepared government institutions

Figure 6. Importance of total trade and agricultural trade in the countries of the region



Source: Own elaboration based on information from FAO and the World Bank

that implemented counter cyclical policies. This has become evident in countries that supported family farming even before the crisis, and also had a healthy financial sector and well-established system of social protection.

- Income transfers and consumer-oriented food subsidies are essential but insufficient if they are not implemented in conjunction with other complementary actions. Had these social programs not been extended, poverty and inequality indicators would undoubtedly have been worse.

- A public policies agenda for food security with medium-term goals should link economic growth with social inclusion. The three central themes should be cross-sectoral integration and the territorialization of these policies (agricultural, financial, employment, health, education, social protection) along with broader social participation in order to create an extensive network of social protection for the poor.
- FAO does not only provides the tools and methodologies to improve household FNS, but also provides governments and agencies involved in food and nutrition security with know-how in technical assistance in coordination with sectoral policies at municipal, regional and national levels, to assist them in the formulation of laws on food and nutrition security and the operation of National FNS Councils.

APPENDIX I. MOST RECENT INDICATORS OF HUNGER, MALNUTRITION AND POVERTY IN LAC COUNTRIES

	Subnutrition 1990-1992		Subnutrition 2005-2007		Target trends		Malnutrition in children under 5 ^a (%)				Extreme poverty	
	Millions of people	% in relation to total pop.	Millions of people	% in relation to total pop.	WFS	MDG	Year	Global undernourishment or underweight	Chronic undernourishment	Obesity	Year	%
WORLD	843.4	16	847.7	13	▲	▼						
DEVELOPING COUNTRIES	826.6	20	835.4	16	▲	▼						
LATIN AMÉRICA & CARIBBEAN	54.3	12	47.1	9	▼	▼					2008	12.9
Mexico & Central America	9.4	8	9.7	7	▲	▼						
Mexico	ns	<5	ns	<5	na	na	2006	3.4	15.5	7.6	2008	11.2
Costa Rica	ns	<5	ns	<5	na	na	1996	4.5	9.0	9.6	2008	5.5
El Salvador	0.7	13	0.6	9	▼	▼	2003	6.1	24.6	5.8	2004	19.0
Guatemala	1.4	15	2.7	21	▲	▲	2002	17.7	54.3	5.6	2006	29.1
Honduras	1.0	19	0.9	12	▼	▼	2006	8.6	29.9	5.8	2007	45.6
Nicaragua	2.1	50	1.1	19	▼	▼	2004	4.3	18.8	5.2	2005	31.9
Panama	0.5	18	0.5	15	◄►	▼	2008	3.9	19.1	6.2 ^b	2008	13.5
The Caribbean	7.6	26	8.1	24	▲	▼						
Cuba	0.6	6	ns	<5	na	na	2000	3.9	4.6	na	na	nd
Dominican Republic	2.1	28	2.3	24	▲	▼	2007	3.4	10.1	8.3	2008	22.6
Haiti	4.6	63	5.5	57	▲	▼	2006	18.9	29.7	3.9	na	nd
Jamaica	0.3	11	0.1	5	▼	▼	2007	2.2	3.7	7.5 ^c	na	nd
Trinidad & Tobago	0.1	11	0.1	11	◄►	◄►	2000	4.4	5.3	4.9	na	nd
South America	37.3	12	29.2	8	▼	▼						
Argentina	ns	<5	ns	<5	na	na	2005	2.3	8.2	9.9	2006	7.2
Bolivia	2.0	29	2.5	27	▲	▼	2008	4.3	27.1	8.5	2007	31.2
Brazil	17.1	11	12.1	6	▼	▼	2007	2.2	7.1	7.3	2008	7.3
Chile	0.9	7	ns	<5	na	na	2008	0.5	2.0	9.5	2006	3.2
Colombia	5.2	15	4.3	10	▼	▼	2005	5.1	16.2	4.2	2008	22.9
Ecuador	2.4	23	2.0	15	▼	▼	2004	6.2	29.0	5.1	2008	14.2
Guyana	0.2	20	0.1	7	▼	▼	2007	10.8	18.2	6.8	na	nd
Paraguay	0.7	16	0.7	11	◄►	▼	1990	2.8	18.3	6.3	2008	30.8
Peru	6.1	27	4.3	15	▼	▼	2005	5.4	29.8	9.1	2008	12.6
Surinam	0.1	14	0.1	14	◄►	◄►	2000	11.4	14.5	2.9	na	nd
Uruguay	0.2	5	ns	<5	na	na	2004	6.0	13.9	9.4	2008	3.5
Venezuela, BR	2.1	10	2.1	9	▲	▼	2007	3.7	15.6	6.1	2008	9.9

PNB: ns= statistically non-significant data / na=data not available

a/Source: World Health Observatory. WHO, 2010. b/ 1997 figures c/ 2004 figures. d/ Source: CEPALSTAT, ECLAC, 2010. The figures for Argentina are based on surveys conducted in urban areas

