



منظمة الأغذية
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Food
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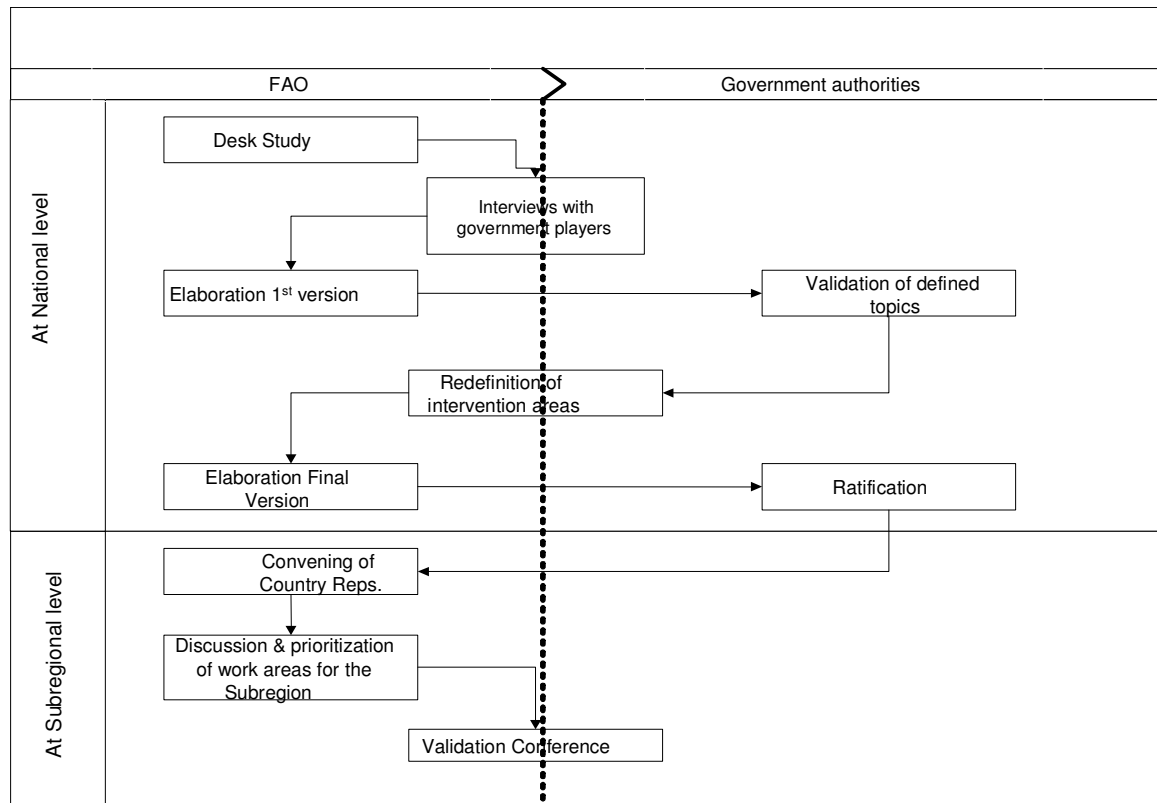
CHALLENGES AND OUTLOOK FOR THE SOUTH AMERICAN SUBREGION

I. INTRODUCTION

1. Since 2009, FAO has conducted an internal process of strategic planning driven by results-based management that has produced a Strategic Framework 2010-2019, and a consequent Medium Term Plan 2010-2013 and Programme of Work and Budget 2010-2011. This work, which is still under way at the level of regional and subregional offices, has involved the whole Organization in defining results, products and services as well as indicators and goals for delivery of the strategic objectives.

2. Planning at country level needs to reflect the needs and priorities of each government in accordance with national production and socio-economic characteristics and institutional capacities. This has led to the definition – in collaboration with government authorities - of National Medium-Term Priority Frameworks (NMPTF) which have subsequently been integrated into the subregional framework presented in this document. Figure 1 illustrates this interactive process:

Figure 1: Process of elaboration of the priorities framework of the FAO Subregional Office for South America



3. The process of identification of priorities at different levels of programming (regional, subregional and national) takes into account the available resources and technical capacities of the Organization. This helps determine those areas in which FAO should concentrate its efforts to achieve concrete and measurable benefits for member countries.

4. The final document, the NMTPF, is therefore the result of convergence and broad discussion between the Organization and different public bodies operating in areas within FAO's remit. The joint elaboration of the programme document ends with its ratification by both sides, which moves the process forward from policy declaration to concrete technical assistance and cooperation projects.

5. The FAO Regional Conference, as part of the Organization's system of governance, provides an opportunity for broad discussion with countries to validate identified priorities. This serves to better allocate resources and to produce greater operational effectiveness at all levels of the Organization's intervention.

6. This document outlines the results of this process, with an executive summary and an explanation of subregional context, critical areas for attention and policy recommendations.

II. SUBREGIONAL CONTEXT

Economic and financial situation

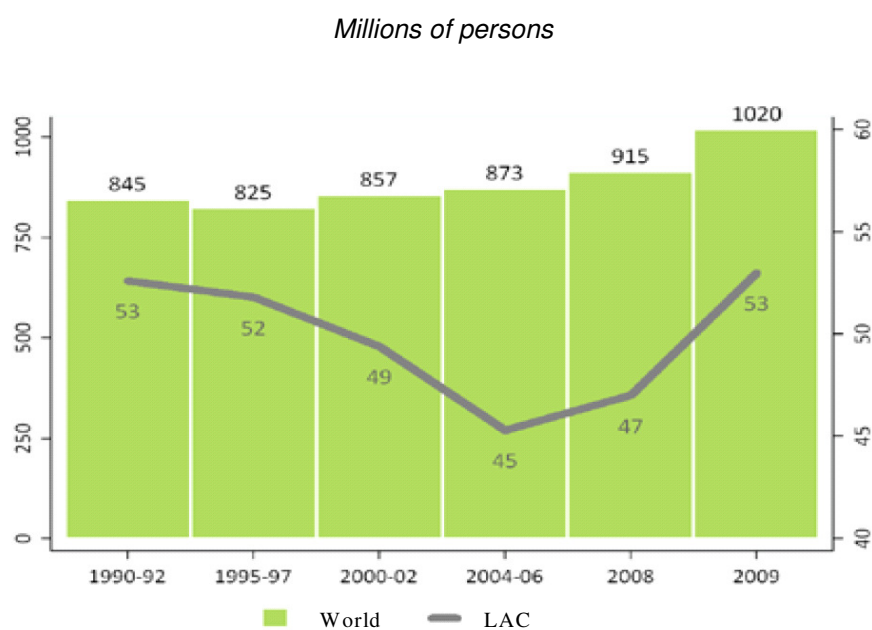
7. The food and financial crisis of 2008 and 2009 has had important consequences not only on the state of destitution, poverty and food security, but also on the changing focus of national public agendas to deal with these challenges. While agricultural prices have fallen 22% since their

peak in June 2008, they remain at double their lowest levels in the early 2000s. The recent fall in agricultural prices (relative to previous highs) reflects the fall in the price of oil – a key component of costs – and the greater stockpiles of basic commodities, including rice, maize and wheat, that have resulted from good harvests and more land given over to essential crops. The reduction is also due to a government agenda that has concentrated on revitalization of the domestic staple food market, risk awareness and management – volatility of prices, natural and financial disasters – and reinforcement of social safety nets.

8. The impact has varied widely; the most affected countries have been those that are net food and energy importers and that have high indices of poverty, which saw a decline in demand for their exports and reduced external financial flows. The situation has been compounded in several countries by the impact of extreme climatic events, including drought and flooding. The crisis has wiped out almost two decades of progress in the fight against hunger. With regard to undernutrition, projections for 2009 indicate 1.020 billion undernourished people in the world, with the figure for Latin America and the Caribbean returning to its level of 1990-1992, i.e. 53 million undernourished people (10% of the regional population).

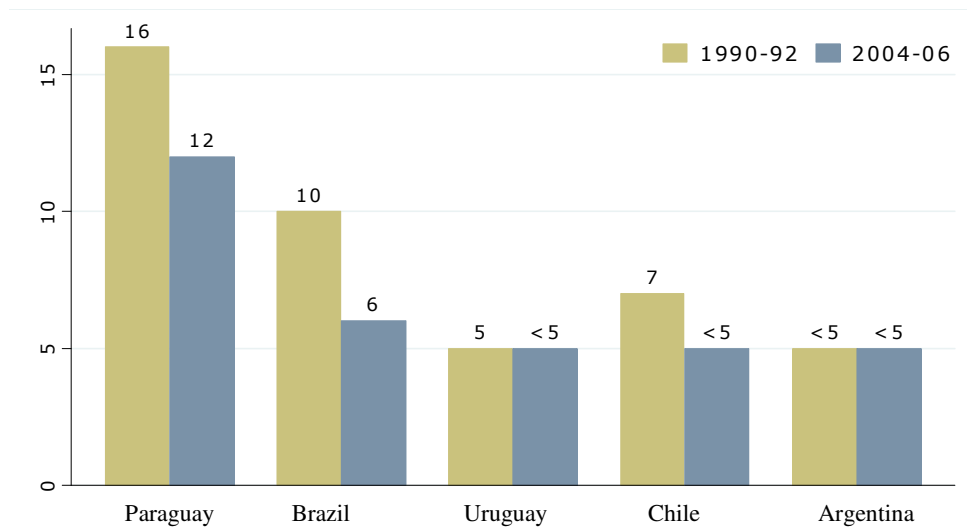
9. The region had shown considerable progress in reducing poverty between 1990 and 2008, with poverty falling 15 percentage points, equivalent to 18 million fewer poor people in 2008 than in 1990. Similarly, the figures for extreme poverty indicated 22 million fewer destitute people during the same period.

Figure 2. Number of undernourished people in the world and Latin America 1990-92 to 2009



10. South America as a whole was the subregion that had made the greatest progress in the fight against hunger before the crisis, reducing the proportion of undernourished population from 12% in 1990-92 to 8% in 2004-06. However, closer analysis and a distinction between Southern Cone countries and Andean countries indicate an obvious disparity of results for the subregion. The best outcome was in the Southern Cone, with virtually no regression but considerable progress. Brazil leads the reduction in hunger, having successfully lifted 4 million people out of undernutrition in 15 years (see Figure 3).

Figure 3. Percentage of undernourished people in the Southern Cone, 1990-92 – 2004-06



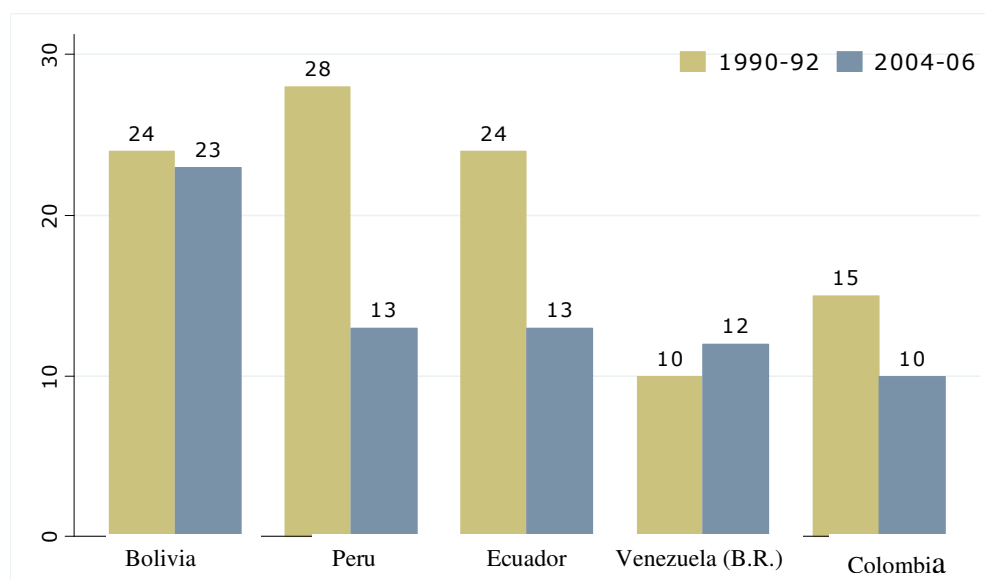
11. The poverty trend improved favourably during the 1990s and until 2007. Most of the countries in this area, with the exception of Paraguay, succeeded in reducing their prevalence of poverty, while all reduced their figures for extreme poverty. In Paraguay, poverty and child malnutrition amount to 60.5% and 11% respectively.

12. Significant progress has also been made in the area that includes the Andean countries, although in some cases the situation worsened between the early 1990s and the middle of the current decade. By ranking, Peru, Colombia and Ecuador are the countries that made the most progress, together helping reduce undernutrition in this area by more than 4 million people.

13. Meanwhile, Bolivia and Venezuela are the only two countries of South America that experienced an increase in undernourished population during the same period: 500 000 and one million people respectively. The case of Venezuela is particular in that while the percentage of population suffering from hunger also increased from 10% in 1990-92 to 12% in 2004-06, this was a period immediately after an economic and political crisis that seriously contracted the economy in 2002 and 2003. However, the rapid economic growth of subsequent years is expected to have substantially improved access to food, as the incidence of poverty fell from 19% to 8.5% between 2004 and 2007.

14. The period between 1990 and 2006 was therefore one of significant progress in the eradication of hunger, if we consider that some 8 million people were no longer undernourished in the whole subregion.

Figure 4. Percentage of undernourished people in the Andean countries
1990-92 – 2004-06



State of agriculture, forestry and fisheries

15. In recent years, agriculture in the subregion, especially in the Southern Cone and Bolivia, has experienced an increase in value of exports of cereals and oilseed crops. The highest rise in international prices of these commodities occurred during the period 2006-2008, benefiting Argentina, Paraguay, Uruguay and Brazil. On the other hand, prices of roots, tubers and tropical fruit grew more slowly, with the result that the Andean countries (importers of cereals and oilseed crops) saw a reduction in their agricultural trade flows in 2007-2008.

16. Countries that have specialized in a select number of agricultural exports are especially vulnerable to the impact of volatility. In addition, heightened uncertainty risks discouraging agricultural production and investment, thus weakening local food supply and exacerbating the food security challenge of poorer households.

17. South America is the world leader in beef exports, accounting for 43% of the global total. Beef is also the main item produced by the livestock sector accounting for 62% of its total value. Poultry and pig raising are also significant, at 30% and 7% respectively. Small livestock are less important economically but nevertheless relevant in terms of food and nutritional security because most of the species involved are found on small family farms for which they provide food with high nutritional value.

18. The dairy sector is led by Argentina and Uruguay which account for 56% and 18% of subregional exports respectively. Venezuela, Chile and Brazil are the subregion's main importers of meat and dairy products (excluding Chile for the latter item). Small dairy farms account for a significant share of production in the subregion (60% of the total) and are the main supplier of local markets. However, this sector has difficulty accessing the higher echelons of the value chain, mainly because of technical limitations, lack of commercial capacity and barriers in the form of quality standards.

19. Throughout LAC, and in South America especially, most stockraising is extensive. Grazing techniques in the subregion contribute to soil degradation, with 70% of rangeland under moderate to severe degradation.

20. With regard to forestry, South America's forests covered 831 million hectares in 2005, equivalent to 54.15% of the total forest area of the American continent and more than 20% of global forest area. Chile and Brazil are world leaders in the production and export of industrial roundwood, sawnwood and woodpulp. In addition, non-wood forest products have increased and will continue to grow in the next years, with significant benefits to forest-dwelling communities.

21. However, natural forests are under increased pressure from industrialization policies and from continuing global demand for agricultural, livestock, forest and biofuel products. Annual forest loss in 1990-2005 was -0.44%, while South America lost an annual -0.50% in the period from 2000-2005. Latin America and the Caribbean is responsible for more than half the world's total deforestation, in spite of an expansion of protected areas in the region, and the subregion accounts for more than 90% of this loss.

22. Although several countries have made good progress through their National Forest Programmes, the institutional forest structures of other countries still face challenges because of their limited capacity to sustainably manage forest resources. The subregion as a whole has prospects of growth on account of an improved capacity to sustainably use its wood and non-wood resources and because of its environmental services linked to the carbon credit market.

23. With regard to fisheries, Peru ranks second in the world and Chile sixth. Chile is also among the world leaders in aquaculture, with an annual output of more than 800 000 tonnes.

24. While aquaculture has experienced accelerated growth, many of the region's important fisheries have reached their production limit. Aquaculture therefore presents considerable untapped potential for providing the population with high-nutritional value but low-cost food.

25. Nevertheless, aquaculture has encountered problems, including outbreaks of disease resulting from environmentally inappropriate agricultural practices. In addition, the higher price of inputs, particularly feed and fuel, have affected small aquaculture activities with limited resources.

26. South America's natural resources have a fundamental mitigation and adaptation role to play in countering climate change. Key mitigation actions include determination of gas emissions from production sectors, clean food production measures (CDM) and energy saving.

27. Although the countries of the subregion have introduced adaptation measures, the impact of natural disasters - which have occurred with greater frequency and intensity - continues to burden livelihoods and food security. By way of example, there has been an upsurge in flooding (Ecuador), drought (Southern Cone) and extreme cold (Andean countries). Although there have been few assessments of the damage caused, ECLAC estimates a material loss of about 7 000 million USD and an average of 4.5 million people affected each year by natural disasters in Latin America and the Caribbean.

28. Under these circumstances, food security has been affected in all its dimensions, especially availability and access. In terms of availability, impact on food production affects food distribution at global and local level. Globally, higher yields are expected in temperate zones and lower yields in tropical zones. This is very serious for low-income countries that have limited financial capacity for trade and are highly dependent on domestic production, as they will be unable to respond to lower yields and will have to depend increasingly on food aid. As regards access, impacts on all forms of agricultural production affect the livelihoods of producers who depend on the sector, especially poorer producers with limited adaptation capacity (FAO, 2008).

29. Some countries have focused on Disaster Risk Management (DRM) as a strategy of adaptation to climate change. They have done this through the institutional strengthening of national and subnational systems of risk management in agriculture and forestry, as a complement to existing civil protection systems. These systems have changed the paradigm from crisis management to risk management (prevention, mitigation, warning, response, recovery and development). As part of DRM, there has been encouragement to adopt the production practices

of Disaster Risk Reduction (DRR) at local level through training, systematic application of good practices, inclusion and transfer of traditional knowledge.

30. Although the countries of this subregion have undoubtedly pursued their commitments under the United Nations Framework Convention on Climate Change (UNFCCC), challenges continue to exist in the development and implementation of corresponding actions at subnational and local level.

III. CRITICAL AREAS OF ATTENTION

31. Different priority areas of attention have been established in accordance with the process illustrated in Figure 1. This has produced a coordinated framework of action for FAO and its counterpart national institutions. The priority areas are summarized in Table 1.

Table 1. Areas and priorities defined for the subregion

Thematic area	Priority
1. Food and nutritional security	1.1 Family farming
	1.2 Public policies to reduce hunger and child malnutrition
	1.3 Urban and periurban agriculture
2. Sustainable rural development	2.1 Recovery of traditional technologies and products
	2.2 Sustainable development of aquaculture and fisheries
	2.3 Sustainable development of livestock production
	2.4 Sustainable forest management
3. Agrifood quality and safety	3.1 Food control systems
	3.2. Public food safety policies

4. Plant, animal, aquaculture and forest health	4.1. Transboundary animal pests and diseases
	4.2. Diseases in organisms of importance to aquaculture
5. Climate change, natural resource management and disaster risk management	5.1 Conservation and sustainable use of genetic resources, soil and water for food and agriculture
	5.2 Adaptation and mitigation of environmental challenges from climate change
	5.3 Disaster risk management as a national and subnational priority and adoption of local disaster risk reduction practices

Food and nutritional security

Family farming (FF)

32. Family farming is of great importance to the subregion, primarily because of its contribution to sectoral employment, amounting to 77% in Brazil, 57% in Chile and 57% in Colombia. As regards holdings, FF accounts for almost 90% of total farm holdings in these same countries, but despite its contribution to rural employment and overall number of holdings, its contribution to sectoral production value is significantly lower: 38% in Brazil, 27% in Chile and 41% in Colombia. This indicates that FF is faced not so much with a problem of employment but more with a challenge of low incomes associated with low productivity. Few private assets, and limited access to public goods and services and to funding are some of the factors affecting its productivity and competitiveness.

33. It is essential to note that FF is highly heterogeneous on account of its socio-demographic characteristics, spatial location, uneven access to public and private assets and its income generation strategies, all of which tells us that there is no single recipe for policy-making. It is important to differentiate between subsistence, transitional and consolidated FF when providing assistance to programmes of access to credit, transfer of assets, building of capacity and provisional employment and assistance to vulnerable households and social safety nets.

34. New ways of sustainably encouraging agricultural production promote self-management and self-sufficiency of small and medium farmers, supporting their inclusion in local and international markets.

Public policies to reduce hunger and child malnutrition

35. Current policy-making and project formulation in this field includes characteristics that ensure inclusive, cross-sectoral and multi-dimensional actions. When designing policy for food and nutritional security, agencies and organizations consider elements such as decentralization, institutional capacity building (regional, national, local), knowledge management and citizen participation.

36. The identified priority is integral to achievement of the first Millennium Goal, for which FAO provides assistance in the design, evaluation and generation of information at national, subnational and local level, with a focus on the more vulnerable groups. The need for national food and nutritional security policy in the subregion offers scope for actions to facilitate the sustainable intensification of production, food safety and the promotion of urban and periurban agriculture (especially in the Andean countries).

Urban and periurban agriculture

37. The development of urban and periurban agriculture complements the self-sufficiency of resource-poor families, either through food for home consumption or income from local sale. This form of production allows families to reduce their food expenditures and thus to release funds for other purposes, and to engage in small local businesses that remain outside the dynamics of wholesale markets.

38. The Organization plays its part by providing support to the design and implementation of policies at national and local level, capacity building, processing and exchange of experiences, and promotion of the subregional network on urban and periurban agriculture.

Negotiations on international trade of agricultural and forest products

39. The promotion of food security is directed not only towards increasing production but also towards obtaining foods that meet international standards, thus providing equality of status among the countries of the subregion. Public policies must therefore incorporate food safety as an intervention area. In this context, FAO supports work with national, regional and transboundary

mechanisms for the control of animal diseases and agricultural pests, providing subregional organizations and ministries with greater capacity to generate and negotiate agreements on international trade of agricultural and forest commodities.

Sustainable rural development

Recovery of traditional technologies and products

40. Family farming and the recovery of traditional technologies and products will enable beneficiary communities and families of prioritized territories to sustainably increase their production and consumption of traditional products. Aspects such as land tenure and a legal framework of support to indigenous communities have been, and are, areas of work in different countries of South America and a focus of strong interagency cooperation.

41. A contribution to strengthening technologies, coupled with the development of systems of agricultural information and certification (fair trade, pesticide management, institutional strengthening and a system of conservation of native germplasm) are all aspects of work aimed at providing adequate conditions for the self-sustainable development of family farming.

Sustainable development of aquaculture and fisheries

42. The exploitation of fishery resources has increased, with Ecuador, Bolivia, Peru and Chile directing their actions towards the sustainable development of small-scale, artisanal fisheries and aquaculture. The subregion has focused on strengthening the institutional framework for fisheries and small-scale fishers in order to ensure their self-sufficiency and sustainability of production.

43. Efforts are being concentrated on production systems that incorporate responsible fisheries and good aquaculture practices (GAPs) in national policy. Actions are therefore being taken to incorporate technical guidelines for certification, to increase native fish species produced in sustainable culture systems and to promote systems of land-use management that include aquaculture zoning.

Sustainable development of livestock production

44. Livestock production will benefit from the growth of domestic and global demand for animal-based products, while small-scale production will provide employment and food security to millions of people. However, any increase in productivity must also consider the need to reduce environmental impact.

45. Good Livestock Production Practices (GLPPs) need to be incorporated into national policies and production on different scales, calling for the adoption of a regional/subregional strategy to rehabilitate degraded rangelands and to sustainably intensify production under integrated systems.

Sustainable forest management

46. Safeguarding each country's forest resources is an integral part of reforestation under the National Forest Programmes. Peru and Ecuador are noticeably active in combating illegal logging through forest traceability programmes and programmes to control desertification and forest degradation. Sustainable forest use promotes alternative benefits, including non-wood resources, environmental services and ecosystem conservation.

47. Institutional strengthening centres on the continuation of successful policies involving forest stakeholders and institutions in the sustainable management of forests and protected areas, with Good Forest Practices (GFPs) incorporated into national policy frameworks and applied by producers in the countries of the subregion.

Agrifood quality and safety

Food control systems

48. Agrifood products need to adhere to international standards for both agricultural exports and domestic consumption. Emphasis is therefore placed on the equivalence of control systems to ensure food quality and safety and to apply internationally harmonized standards.

Public food safety policies

49. Given the importance of food safety in the context of food and nutritional security, emphasis is placed on incorporating food safety into national FNS policies and generating agreed plans of action in this area.

Plant, animal, aquaculture and forest health

Transboundary animal pests and diseases

50. Subregional concern for plant and animal health is very apparent in Chile, Ecuador and Bolivia, with the latter two implementing a plan for the eradication of foot-and-mouth disease. Work is also under way on safeguarding the genetic pool of species at risk, seeking their sustainable use and conservation and ensuring better management of food security.

51. Countries need to be involved in the regional plan for the prevention of HPAI, and national regulatory monitoring and evaluation systems need to be strengthened to reinforce subregional and national mechanisms of control of animal diseases and pests. Finally, special attention should be given to assistance to the eradication of foot-and-mouth disease, through national plans and rapid response plans for FMD.

Diseases in organisms of importance to aquaculture

52. Given the importance of aquaculture, especially in vulnerable coastal communities, emphasis is placed on strengthening disease prevention through harmonized certification systems and standards on the translocation of aquatic organisms.

Climate change, management of natural resources and disaster risk management

Conservation and sustainable use of genetic resources, soil and water for food and agriculture.

53. The national programmes of Bolivia, Peru and Colombia are improving the sustainable management and recovery of catchment basins, adding to the institutional strengthening of their corresponding organizations.

54. The broad natural diversity that exists in the subregion poses a number of challenges for natural resource management, including:

- responsible environmental management of livestock systems;
- promotion of natural resource management and adaptation to climate change;
- management of wetlands;
- biodiverse agricultural systems managed and used sustainably by local communities;
- preservation of genetic pool in areas at risk;
- improved management of agricultural residues;
- integrated pest management.

Adaptation and mitigation of environmental challenges from climate change

55. Within the United Nations Framework Convention on Climate Change, the countries need to have a climate change plan of action that will produce policies and strategies of adaptation and mitigation for crop cultivation, livestock production, forestry, fisheries and aquaculture.

Disaster risk management (GRM) as a national and subnational priority and adoption of local practices for disaster risk reduction (DRR)

56. There has been an appreciable advance in DRM and DRR in the countries of the subregion. Important for disaster risk management has been the institutional strengthening of national systems, while local practices have been promoted for disaster risk reduction. Where there has clearly been a shift from crisis management to risk management, challenges still exist regarding the institutional stability of the risk management approach; the generation and dissemination of information on threats and vulnerability factors at all levels; the exchange of knowledge and culture change; and improved preparation for emergencies.

IV. PUBLIC POLICY RECOMMENDATIONS

57. Small and medium agriculture are therefore important drivers of the agricultural and forestry economy. The potential that exists in Latin America for increasing yield per agricultural area should be harnessed and stimulated through policies that promote access to research, development and innovation in the different rural zones.

58. Small and medium agriculture need to be integrated into the agrifood chains to establish rural business models, using and improving traditional technologies and thus enhancing the food and nutritional security of communities. In addition, efficient land use requires appropriate technology, so public and private investment needs to be directed towards appropriate irrigation techniques for water demand and sustainable use.

59. Priority attention to climate change is an ongoing global and local concern, requiring the development of national adaptation and mitigation plans within stable institutional structures that provide for capacity building, research, innovation and the generation of incentives.

60. Emergency situations from natural hazards (droughts, cold waves, floods, etc.) and man-made disasters (social unrest and armed conflict) are increasingly frequent. This calls for a strengthening of disaster risk management to prevent and mitigate the impact of disasters and to promote risk reduction practices in order to bolster community resilience and protect livelihoods.

61. Livestock production could contribute to the safeguarding of the environment and the rural world without entailing loss of profitability, but that will require greater investment in technology, research and development. It will also mean coordinating efforts for disease control (animal health) and involving small-, medium- and large-scale producers. Livestock production will thus move centre stage in strengthening FNS, reducing poverty and enhancing natural resource management.

62. Small-scale aquaculture needs to be boosted to help alleviate poverty and improve FNS by promoting business know-how and facilitating access to capital, fixed assets and inputs. This will require consideration of an ecosystem approach for the sustainable exploitation and conservation of fishery resources.

63. Globalization opens a competitive divide between rural producers. Observance of food quality and safety standards is therefore fundamental for small and medium producers.

64. The conservation and valuation of forests and forest products should be improved, with actions taken to combat climate change through payment for environmental services, supply of non-wood forest products and production of biofuels (cellulosic ethanol).

65. Ensuring harmony between the biological, production and social factors that exist in a territory – land-use management – is a vital ingredient of sustainable policies for agriculture and forestry.