



# Food systems and COVID-19 in Latin America and the Caribbean: Contingency plan for an eventual food supply crisis

Bulletin 6

05/29/2020

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## 1. Editorial



If the health and economic crisis triggered by the current pandemic spreads over time, the region as a whole is likely to experience an unprecedented food supply crisis sooner or later. Such a scenario requires that we take the necessary precautions and prepare strategies to deal with a crisis of this magnitude, regardless of whether it eventually happens or not.

The Sendai Framework for Disaster Risk Reduction 2015-2030 notes that the increasing disaster risk reveals a need to "prepare or review and periodically update disaster preparedness and contingency plans, policies and programmes"(UNDRR, 2015).

Every crisis requires the development of contingency plans, whose primary objective is to predefine and prepare actions in response to the multiple effects of a disaster, catastrophe or crisis.

Concerning the current crisis, contingency plans will allow decision-makers to anticipate as many decisions as possible, promoting early response to warnings. Also, in the event of a worsening of the situation, it makes it easier to establish a roadmap to implement more complex policies for both importing and exporting countries, such as the strengthening of intraregional trade and the creation of food stocks or strategic reserves.

In this edition of the bulletin, we outline a first approach to the development of a contingency plan. Needless to say, this is a preliminary exercise that will gain in depth and appropriateness as definitions become more appropriate and the range of characteristics that make each country in the region unique are considered.

## 2. Key messages



- It is necessary to prepare for the worst-case scenario that may arise in food systems, including the possibility of food shortages in the region.
- The development of a contingency plan allows decision-makers to anticipate as many decisions as possible.
- In order to take action at the right time, it is necessary to monitor and supervise the indicators that allow evidencing the impact level of the COVID-19 crisis.
- In the selection of indicators, in addition to relevance, their frequency and availability should be considered.
- The indicators should allow decision-makers to anticipate impact by taking predefined mitigation measures through the establishment of thresholds.
- In addition to traditional socio-economic indicators, satellite images stand out as an alternative when information collection is limited due to restrictive measures.
- A series of measures and actions are proposed for importing and exporting countries, depending on the level of impact that COVID-19 has on the countries' supply. However, each country must define the parameters or criteria for each level to be able to understand what to monitor and supervise; that is, each country must define when to go from one phase to another.
- In this bulletin, we highlight the importance of analysing the possibility of advancing in carrying out strategic stocks/food stocks and strengthening international trade as a preventive measure in case the impact of COVID-19 on food supply worsens in the future.

### 3. Contingency plan for the agrifood sector



Contingency plans include the procedures, actions, people responsible, and resources to be used when an event, warning or emergency occurs. They are the product of an ex ante planning that allows verifying needs and capacities that contribute to optimize the response time of decision-makers. They allow, in short, to prepare to offer fast, effective and efficient assistance in emergency or crises.

The Agricultural Council of the South (CAS, by its initials in Spanish), with technical cooperation from the Food and Agriculture Organization of the United Nations (FAO), has made great efforts to strengthen the national integrated risk management systems of its member countries (FAO, 2017). One of the results of the joint work was to discover that not all countries have updated contingency plans, or these are not articulated with an early warning system or other instruments to respond to warnings, or emergency or crises (CAS and FAO, undated).

This bulletin features the basic and recommended elements for developing a contingency plan to help face a shortage in the region. One of the objectives of having such a plan is to allow decision-makers to make as many decisions as possible in advance, promoting early response to warnings. Besides, in case the situation worsens, it facilitates the establishment of a road map to implement more complex policies for both importing and exporting countries, such as the strengthening of intraregional trade, and the creation of food stocks or strategic reserves.

It is necessary to consider that the scope of this document is limited, as it offers a generic response to the challenges of the region to face COVID-19. As will be seen later on, it is essential to know the availability and access to data for each country, as well as its locally available resources, in order to design a specific contingency plan for each country.

#### 3.1. Impact levels

It is necessary to establish when an event deserves the action of decision-makers. To do so, it is important to define the impact levels that will allow for the activation of mitigation actions or policies.

Impact levels can be defined according to the country's response capacity to deal with a given shock. The term capacity means more than "available resources", as it implies, for example, existing coordination mechanisms and legal frameworks (see Table 1).

Table 1/ Impact intensity level according to countries' shock-response capacity

<p>Level I</p> <p><b>Mild</b></p> <p>Situation served by routinely available national capacities</p>	<p>Level II</p> <p><b>Medium</b></p> <p>Situation is addressed with additional national capacities, without exceeding the response capacity, but reaching its limit</p>	<p>Level III</p> <p><b>High</b></p> <p>Situation exceeds national response capacity</p>
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Source: Based on the national contingency plans of the Chilean national emergency office (ONEMI, by its initials in Spanish).

However, each country must define the parameters or criteria for each level to be able to understand what to monitor and supervise; that is, each country must define when to go from one phase to another.

## 3.2. Monitoring and surveillance

The selected indicators should reflect the impact level of the COVID-19 crisis on the region's food supply and the countries' response capacity. The indicator should also consider data availability and frequency. This is particularly relevant at the moment, given that restrictive measures have limited the action of officials and professionals responsible for data collection.

The indicators must set triggers or thresholds. These are intended to define the plan implementation. The different thresholds make it possible to establish the moments when we move to a different impact level in the face of a given disaster or crisis. In this case, the triggers must account for the impact or risk to food supply in the region.

It is important to note that since impact levels depend on countries' response capacities, each country must define triggers or thresholds based on an analysis of its capacities. For example, if the country defines the share of unemployed people as an indicator to be monitored, the country must establish what share of unemployed people it can attend to with its usual capacities, or when it requires extra capacities, or when international support has to be requested. The same goes for GDP. If it is assumed that with each point drop in GDP the share of people in poverty increases, the country must define the triggers, based on the number of people in poverty that it can attend to.

The table 2 below summarizes some indicators that are important to monitor for emergency planning:



**Macroeconomic indicators:** can help in monitoring the economic situation of the country, and the purchasing power of households.



**Price indicators:** provide information on countries' inflation behaviour and possible effects on household consumption patterns.



**Indicators of food availability:** important for present and future access.

Some examples of the analysis of these indicators can be seen in section 7 – The Pandemic in Numbers – later in this bulletin.

Table 2/ Proposed indicators for monitoring the performance of agrifood markets

Dimension	Indicator	Significance	Frecuency	Source
<b>Macroeconomic</b> 	Gross Domestic Product (GDP)	Provides a broad view of the growth of the country's economy and wealth	Quarterly/ Annual	Central Banks <a href="#">CEPALSTAT</a>
	Unemployment	Accounts for the proportion of people who are not working in the formal economy and therefore no longer receive an income	Quarterly/ Annual	Statistics departments National Institutes of Statistics
<b>Prices</b> 	Wholesale market prices	Inform on prices in wholesale and retail markets	Daily/monthly	Ministries of agriculture National Institutes of Statistics
	Volume of food on the domestic market	Shows the amount of food available for sale in the markets	Weekly/ Monthly/ Annual	Central Banks
	Consumer Price Index	Information on the evolution of the basic food basket, and monitoring of the cost of living	Monthly	<a href="#">GIEWS FPMA Tool</a>
<b>Food availability</b> 	Domestic production	Linked to national offer	Semiannual/ annual	Ministry of agriculture <a href="#">Perspectivas de cosechas y situación alimentaria - FAO (4 veces al año)</a>
	Stocks	Indicator of resilience to trade and food security shocks	Quarterly/ Annual	<a href="#">Perspectivas alimentarias - FAO (bianual)</a>
	Stocks-to-use ratio	Indicator of resilience to trade and food security shocks	Annual	<a href="#">Observación de la Tierra-FAO</a>
	Spatial data of crops and harvests	Indicator of resilience to trade and food security shocks	Monthly/ 10 days	<a href="#">FAO-AMIS</a>
	Trade /Ex and IM	Linked to domestic supply - especially for food importing countries	Monthly / Quarterly	Customs Ministries of agriculture <a href="#">COMTRADE</a>

Note: However, other types of indicators can be monitored more frequently to identify possible crises earlier and more precisely. For example, Guatemala identifies through telephone contacts the price of the products in the basket in six zones defined as strategic.

Source: Prepared by the authors.

## 4. Response measures at different warning levels



Before proposing response measures, it is important to note that Latin America and the Caribbean is a very heterogeneous region in terms of trade flows, so all policies and measures to mitigate the effects of the health crisis must be so (FAO and ECLAC, 2020). The countries in the region can be classified as net importers and net exporters of food products (see Table 3).

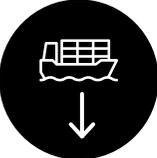
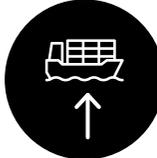
**Table 3/** Summary classification of countries according to their agrifood trade profile in Latin America and the Caribbean

Net exporter of agrifood products	Net importer of agrifood products
Argentina	Antigua and Barbuda
Belize	Bahamas
Bolivia (Plurinational State of)	Barbados
Brazil	Cuba
Chile	Dominica
Colombia	El Salvador
Costa Rica	Grenada
Ecuador	Haiti
Guatemala	Jamaica
Guyana	Panama
Honduras	Dominican Republic
Mexico	Saint Kitts and the Nevis
Nicaragua	Saint Lucia
Paraguay	Saint Vincent and the Grenadines
Peru	Suriname
Uruguay	Trinidad and Tobago
	Venezuela (Bolivarian Republic of)

Source: FAO, based on FAO and CELAC (2020).

Countries should establish when the indicators define warning levels, that is, define their own triggers or thresholds. Warnings trigger early mitigation actions on socio-economic impacts. The indicators and values defined as triggers must allow for the progressive activation of the actions contained in the contingency plan. The measures mentioned below are proposed differently for food importing and exporting countries.

Table 4/ Measures and actions proposed at different warning levels

Impact	Importers 	Exporters 
Level <b>I</b>  <b>Mild</b>	1. Establish stock and price monitoring system 2. Increase liquidity 3. Food delivery as an immediate response 4. Food distribution system 5. Prevention of food loss and waste 6. Crowd control	
	7. Increase internal food availability 8. National public-private round table dialogue 9. Regional support network	10. Maintain and strengthen protection policies in family farming and MSMEs 11. Stimulate public food purchases 12. E-commerce support 13. Strengthen the networks of supply and distribution establishments
Level <b>II</b>  <b>Medium</b>	14. Anti-collusion and anti-speculation policies for food	
	15. Start negotiations with exporting countries 16. Set up alternative food flows 17. Establish a monetary reserve for food purchase	18. Reduce or temporarily defer payment of taxes 19. Evaluate the use of external reserves
Level <b>III</b>  <b>High</b>	20. Massive food delivery	
	21. International support/humanitarian aid 22. Strengthen intraregional trade	23. Public-private partnership to generate strategic stocks/reserves

Source: FAO, based on Torero (2020).

Once the main policies to be implemented have been identified by level of impact and country category, their objectives, challenges, the steps necessary for their implementation, the actors involved, and their impact on the target population are described.

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|--|---|
|  Importers<br> Exporters     | <p>1. <b>Establish stock and price monitoring system:</b> create teams to monitor price, volume and production indicators. The services in charge of monitoring will define the warning levels based on the level of impact on shortages, and provide evidence for decision-makers. The implicit challenge is that many officials in charge of primary data collection have been limited in their ability to collect information as a result of health measures. Therefore, authorities must prioritize the collection and analysis of these indicators as a measure that cannot be discontinued. The institutions recommended for this mission are: national statistics institutes, ministries of agriculture and production, customs, the private sector (producers and wholesale markets), among others. Alternative options are needed for collecting information (telephone surveys, for example), such as establishing partnerships with private companies that have powerful information systems (such as supermarkets).</p>   |
|  Importers<br> Exporters     | <p>2. <b>Increase liquidity:</b> provide policy development support and strengthen government capacities to improve the design and implementation of national cash transfer programmes for people whose livelihood will be disrupted. It is essential to focus efforts on promoting greater consumption of fresh and healthy food, better nutrition, economic development, and agricultural investment, in addition to many other benefits, seeking to generate a long-term impact on the quality of life of many families.</p>   |
|  Importers<br> Exporters | <p>3. <b>Food delivery as an immediate response</b> there is a need to generate coordinated responses and measures aimed at reducing disruptions in food supply chains, boosting capacity to improve emergency food aid, and strengthening safety nets for the most vulnerable population, by delivering kits with basic food basket products. Deliveries are made to homes or existing local food delivery sites, with unrestricted adherence to sanitation protocols for a pandemic with these characteristics. This measure responds to a total lack of supply or lack of purchasing power of a certain population group. It is important to mention that the delivery of food as an immediate response should be implemented only when they cannot be provided with liquidity or there is a total lack of supply in their typical places of purchase. The importance of adding fresh products such as fruits and vegetables should be considered to encourage healthy eating. If possible, public purchase mechanisms should be implemented to favour local family producers and generate income for more vulnerable farmers.</p> |
|  Importers<br> Exporters | <p>4. <b>Food distribution system:</b> develop actions to try to alleviate the consequences of adverse scenarios and guarantee access to food, promote campaigns for responsible purchasing, and encourage the use of technology to facilitate the arrival of food to people with fewer resources. At the same time, it is important to keep markets, fairs, warehouses or retail centres open, taking into account the situation of workers, producers and consumer safety, and respecting health standards. It is also important to generate agreements with digital food supply platforms so that they serve as a link for food purchase by the population.</p>  |
|  Importers<br> Exporters | <p>5. <b>Prevention of food loss and waste:</b> It is essential to ensure efficient coordination of logistics and distribution to mitigate the loss and waste of perishable products, which is projected to be one of the major consequences of the crisis in food systems. The demand for perishable products has decreased because of the restrictions that prevent consumers from going to buy them as often as before, and transport failures that cause goods to remain in the field. This means that the inputs needed to supply and maintain producers' purchasing power are being wasted, and must, therefore, be ensured through preventive policies.</p>  |
|  Importers<br> Exporters | <p>6. <b>Crowd control:</b> it is important to carry out coordinated work among the actors in the food distribution and marketing chain to guarantee sustained supply in all territories, and to regulate the excess of food purchases to avoid shortage of the neediest families. Supermarkets and other commercial establishments should reduce their opening hours, limit access and purchases per person and strengthen their delivery services. In this case, the collaboration of the private sector responsible for the sale of products is indispensable.</p>   |
|  Importers  | <p>7. <b>Increasing domestic food availability:</b> in general, increasing production levels and agricultural surface area should be a sustained and constant policy of the countries. The injection of working capital, technological innovation, genetic improvement, and the technification of production processes, together with the rehabilitation of areas with agricultural potential, can help generate greater food production. This policy, which focuses on small and medium-scale family farming and producers, could unleash the latent potential of the countries of the region.</p>   |



Importers

8. **National public-private round table dialogue:** establish a meeting platform for the public sector, which monitors the crisis, and the private sector, which can be a strategic ally in the search for solutions. The creation of national round tables dialogue is proposed, which will serve as platforms for decision-making, policy prioritization and planning for response and solution to crises.



Importers

9. **Regional support network:** a regional platform meeting is recommended (LAIA, CARICOM, SIECA, SECAC, CAN, MERCOSUR), as it can help establish the first discussions for a mapping of possible food sources within the region for importing countries. Also, preferential trade agreements can be signed, which will facilitate the logistics and customs process to prevent trade disruptions. Another important contribution is the exchange of experiences and innovative good practices.



Importers

10. **Maintain and strengthen protection policies in family farming and Micro, small and medium enterprises (MSMEs):** protection programmes for family farming and micro and small agricultural enterprises must be preserved. Investing in incentives for national food production creates better productive social support networks, strengthens the economy and employment, especially among the most vulnerable populations, such as women, young people, and indigenous and migrant populations. Besides, many family farmers are the main providers of public food programmes and therefore, their production stimulation is important for social protection and to reduce the likelihood of food insecurity. There is a wide range of policies for this sector, such as production bonds, guaranteed minimum prices, local logistics corridors with short marketing circuits, food banks, temporary tax exemptions or exemptions, public purchases, inter alia.



Exporters

11. **Stimulate public purchases of food:** it is important to make an effort to buy food from producers, especially those with difficulties in marketing their products. The destination of this food can be the food supply programmes of public institutions such as prisons, hospitals, the army, among others, as well as to improve access to food for vulnerable groups that have been affected by the crisis, or the sectors of the population that generally receive a social protection benefit through school feeding programmes. Public support can also take the form of public procurement, which guarantees formal employment for vulnerable populations and provides liquidity, facilitating food security.



Exporters

12. **E-commerce support:** policies that aim to encourage digital trade among small rural producers, who would be excluded from traditional supply chains because of restrictive health measures. This measure seeks to shorten the commercialization chain, relating the producer directly to the consumer. Considering the high number of mobile phones and their users in the region, consumer access to the digital market should facilitate local purchases and stimulate the economy. However, to be successful, this policy must guarantee Internet access to small producers in areas with connection difficulties, and support with technical capacities the establishment of e-commerce. Sometimes, a government entity, usually local, can serve as an intermediary, creating a market place that allows producers to offer their products and use their warehouses as collection and distribution centres.



Exporters

13. **Strengthen the networks of supply and distribution establishments:** the aim is to guarantee supplies in a sustained manner, particularly to the most vulnerable. To this end, compliance with health protocols is critical, in order to mitigate risks to logistics and distribution personnel, which is essential in crisis management and supply. It is necessary to ensure that the virus does not spread through contact between workers in the supply chain links, as this can reduce the demand for these products due to fears of contagion. It is also necessary to ensure efficient coordination of logistics and distribution to mitigate the loss and waste of perishable products, as this is projected to be one of the major consequences of the crisis on food systems (they are labour-intensive products). This situation arises after the demand for perishable products has decreased, and in a scenario where practical restrictions discourage frequent purchases and transport flows. This triggers the impossibility of moving products from their production areas, representing an erosion of the inputs necessary to supply and maintain the purchasing power of their producers; therefore, it must be ensured through preventive policies.

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- 14. Anti-collusion and anti-speculation policies:** in order to prevent speculation in the least accessible food channels and to mitigate total food shortages, countries should impose sanctions and fines for massive stockpiling and artificial price increases. To this end, constant monitoring of the behaviour of food prices in the markets is essential. Only by using existing information systems at the national level can market transparency be maintained, possible speculation scenarios reduced, and consumers protected. Price setting should be temporarily considered for certain products of essential use in households – only after a thorough assessment of the particularities of local agrifood chains and the impact that the different actors have on them.
- 15. Start negotiations with exporting countries:** food-importing countries are constantly looking for suppliers. In an anomalous situation, like the one we are currently living, surely the countries that supply or export food will seek to make the most of it. It is essential to facilitate, from now on, the approaches between the parties for the definition of future trade agreements in the exchange of commodities. It is necessary to define the countries that could be food suppliers, monitor international prices and seek financing alternatives, in order to make the exchange transparent and reduce possible speculative phenomena in times of emergency. In this case, the competent public institutions would be responsible for mobilizing to initiate these processes of studies and identification of interregional or international partners, such as the Ministries of Agriculture, Economy or Finance, and export promotion offices. Therefore, countries need to immediately review their trade and fiscal policy options and their likely impacts, to create an enabling environment for food trade.
- 16. Set up alternative food flows:** in the face of depleted domestic stocks and low availability of food in traditional foreign trade flows, importing countries should establish new ties with alternative partners to replace deficit flows.
- 17. Establish a monetary reserve for food purchase:** for those countries that do not have a strategic physical food reserve. They may have a food reserve, for example, emergency funds to deal with disasters or health emergencies, which are activated to purchase food to ensure timely and relevant access to food for the population.
- 18. Reduce or temporarily defer payment of taxes:** temporarily reduce taxes to mitigate economic impacts on producers. Although several countries have reduced their exports to prevent food from leaving the country, restrictive trade and export policies threaten the income of producers and the supply of importing countries. In this crisis, open trade policy is key to avoiding food shortages. On the other hand, given the strong impacts of unemployment on the purchasing power of consumers, and lack of demand for producers, countries should consider alleviating or temporarily postponing taxes on imports, and temporarily reducing VAT to stimulate production and consumption.
- 19. Evaluate the use of external reserves:** by monitoring COVID-19's public policy expenditures, countries can evaluate their fiscal limits and alternative financing reserves. The use of external reserves should be considered when the country is in a situation of low liquidity.

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20. **Massive food delivery:** in case of massive food shortages caused by the lack of purchasing power of large groups of the population or by a lack of food, emergency food packages - from national reserves or purchased abroad - should be distributed to the population. This measure should be taken only if it is not possible to provide liquidity or if traditional purchasing centres are exhausted, for it is a sustainable emergency measure until the reserves are exhausted, and the population is dependent on them as it cannot dispose and manage finances independently.
21. **International support/humanitarian aid:** given the total shortage caused by the lack of liquidity of the importing country, it is necessary to manage cooperation actions with international agencies for liquidity in emergencies such as the International Monetary Fund (IMF) or the World Food Programme (WFP). If there is no debt capacity of the country, it will be necessary to receive humanitarian aid focused on food.
22. **Strengthen intraregional trade:** develop joint actions aimed at facilitating food trade among the countries of the region and thus ensure food security. It is also necessary to optimize communication and information channels in Latin America and the Caribbean, to monitor trade and demand for agrifood products. Deepening regional integration is a critical policy during this crisis, as it promotes the emergence of new markets and alternative partners that help mitigate or cancel out losses due to lack of demand from traditional partners, increasing food security and preventing the loss and waste of agricultural products. For the region, moreover, international trade is also an opportunity – post-COVID-19 – to reduce its dependence on the volatility of global agricultural commodity prices.
23. **Public-private partnership to generate strategic stocks/reserves:** carry out public-private partnerships for the creation of food stocks that could serve to mitigate catastrophic or speculative phenomena. One way of implementing this type of policy could be public contracting of private operators to carry out the service of basic grain storage. There must be a process of coordination and negotiation between private operators, producers and the state. This type of measure is of vital importance for the territory, especially if the state purchases grains from small producers and indigenous populations.

## 5. Good practices



**Public-private alliance to generate strategic stocks/reserves:** concerning good practices implemented by the countries, Honduras has known how to manage its Public Food Supply and Commercialization System (SPAA, by its initials in Spanish), guaranteeing through its strategic reserve of basic grains timely access to food by consumers, and generating market opportunities for local producers.



Source: UN World Map, February 2020, modified by the authors.

Currently, the Honduran Institute of agricultural markets (IHMA, by its initials in Spanish) has a strategic reserve of red beans and corn, which represent 3 percent and 2 percent of national demand, respectively. Despite these relatively low proportions, their impact on maintaining the balance of consumer prices is very effective, to anticipate and protect themselves from speculative phenomena that may arise in the national market.

This result is obtained thanks to continuous price monitoring, which allows the release of a certain amount of grains to mitigate and redirect market prices to justified values.

Also, the strategic reserve makes it possible to deal with health emergency scenarios or catastrophic events, guaranteeing food availability as an immediate response measure. To this end, the supply system is coordinated and structured by the national company BANASUPRO, which distributes basic grains to the national population through 103 distribution points throughout the country.

On the producers' side, the IHMA makes direct purchases from more than 15 thousand small and medium producers nationwide. The products purchased go to the strategic grain reserve. The purchase price is approximately 20 percent higher than the market price, which encourages national production, generation of decent employment, and strengthens the local economy. This policy of guaranteed minimum prices has made it possible to increase national bean production by 25 percent, making Honduras a self-sufficient country as far as this commodity is concerned.

These policies, which intervene comprehensively in the management of strategic reserves, have as their main limitation the financial budget allocated by the state, which also impacts on: the poor maintenance of storage infrastructure, logistical deficiencies (grains transport), and scarce institutional proximity to the producer in the territories.

The Honduran government has expressed interest in strengthening its strategic reserve system, through a national decree, in response to the COVID-19 emergency, in order to:

- expand the provision of basic grains to new social programs at the national level;
- rotate the grain reserve for food processing in agreement with the national industry; and
- generate synergies with other national institutions to promote joint actions that expand IHMA's work at the national level.

**Strengthening intraregional trade:** developing joint actions to guarantee food supply, through trade between the countries of the region, is one of the FAO recommendations that some countries of the region are implementing with concrete results at sight.

To achieve this objective, it is necessary to optimize communication and information channels in the region, in order to monitor trade and demand for agrifood products.



Deepening regional integration is ideal in the face of the crisis, as it will help accelerate recovery by increasing the potential number of new markets and alternative partners. In turn, interregional integration offers greater food security and avoids the loss and waste of agricultural products.

International trade represents a viable opportunity in the post-COVID-19 recovery, as it will make the region less dependent on global agricultural commodity price volatility, and facilitate a faster recovery.

These concepts were present at a meeting held at the end of April between Chile's Minister of Agriculture, Antonio Walker, and FAO authorities, to understand in detail the trans-Andean country's response to COVID-19. This gave rise to the idea of greater coordination at a regional level. Walker quickly formally requested the Inter-American Institute for Cooperation on Agriculture (IICA, by its initials in Spanish) and FAO to facilitate the meeting.

In an unprecedented event, 34 ministers and secretaries of livestock, agriculture and fisheries of Latin America and the Caribbean held the Hemispheric Ministerial Meeting by remote means to share their policies, actions and plans in response to the impact of the COVID-19 pandemic on their populations' food security, on agriculture, food systems, and the rural world.

On that occasion, the Mexican Secretary of Agriculture and Rural Development, Victor Villalobos, highlighted the importance of avoiding unilateral actions that affect the food flow and establishing international and interregional communication channels to market food. The Mexican authority also proposed to create a joint task force to face both the pandemic and the post-pandemic.

As a result of this initiative, a hemispheric workgroup is now in operation, with support from FAO and IICA in the technical secretariat. In addition to this unprecedented effort at regional collaboration, two important measures have emerged from this dialogue.

The first one: after seven months of closure, the Mexican market will be reopened for Uruguayan rice. Mexico's Ministry of Agriculture and Rural Development reported that the country would once again admit rice produced and exported by Uruguay. To this end, the agricultural services of the Ministry of Livestock, Agriculture and Fisheries are working on a protocol, since exports from the South American country to the Aztec country had been interrupted due to the appearance of a pest in some containers. It is worth mentioning that Mexico had been one of the main destinations of Uruguayan rice between 2017 and 2019, so recovering this market, even if the sales of Uruguayan rice have not suffered much impact from the crisis, is an effective and concrete way to strengthen the Uruguayan export supply.

On the other hand, Mexico awarded Argentina a quota of 100 000 tonnes of black beans per year. This means about USD 140 million for the provinces of Northwest Argentina. Mexico normally applies a tariff of 45 percent to Argentina's imports, but with the definition of this quota, a zero-tariff is applied and the country can thus be competitive. Usually, Mexico's largest supplier is the United States of America, beyond the fact that the country has a large domestic production of black beans. Another concrete action that demonstrates the existing potential of intraregional trade.

FAO, IICA and the countries of the region continue to move forward to make these experiences the first of many, which will strengthen trade and food security in the hemisphere.

## 6. Interview with Peru's Minister of Agriculture and Irrigation



Jorge Montenegro Chavesta,  
Peruvian Minister of Agriculture  
and Irrigation



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### **In Peru, do you think that the agrifood sector is more resilient or vulnerable to the impacts of this crisis? Why?**

The crisis has affected all the productive sectors of the country. In Peru, the agrifood sector has shown resilience in the sense that the policies implemented have allowed the food supply chain to remain in place, avoiding market shortages. During the first quarter of the year, the sector has grown 2.9 percent. This growth has been supported by a higher production of quinoa, paprika, rice, potatoes, as well as an increase in chicken production. All this has contributed to the supply of national markets.

However, as the government has prioritized life and health over economic outcomes, the mobility restrictions imposed for the control of the pandemic – especially land transport restrictions – have affected the supply chain for production inputs. While it is true that there is an economic impact on the sector, the government's efforts have focused on maintaining supplies, and securing the next planting season.

### **Your ministry is implementing a series of measures to address the COVID-19 health emergency in the agricultural sector. What are the main problems this package of measures is addressing?**

The main problems that this package of measures seeks to address are as follows:

1. The first package of measures seeks to reduce the vulnerability of small poor and extremely poor farmers by providing them with economic resources to cover their basic needs, allowing them to subsist and continue working in the fields.
2. The second package of measures seeks to eliminate the risk of food shortages, guaranteeing the transport of the same Minagri De la Chacra a la Olla markets, with new health protocols, prioritizing the population's health, and promoting a fair price for farmers. Besides, a communication campaign has been developed that seeks to promote direct purchase from the producer, eliminating intermediary costs in many cases and helping farmers to sell their products directly in the cities.
3. The third package of measures seeks to reduce the risk of affecting the next food-planting season by providing farmers with soft loans.
4. The fourth package of measures seeks to diminish the effect of the crisis on demand, through sensitive food consumption campaigns.

As the crisis is dynamic, proposals are being worked on that evolve according to the progression of the pandemic.

### **What are the most urgent measures for the agrifood sector?**

In the current crisis scenario we are living, the agrifood sector is facing the situation through the following measures:

To reduce the vulnerability of small poor and extremely poor farmers:

- rural subsidy which allocates S/. 760 for 1 098 000 households in rural areas; and
- S/ 150 million to generate temporary employment at a national level during 90 days in irrigation infrastructure works through the executing centres.

To eliminate the risk of food shortage:

- food supply in wholesale markets;
- market regulation of producers and fumigation of critical cities; and
- implementation of itinerant markets Minagri De la Chacra a la Olla (From the Farm to the Pot).

To reduce the risk of affecting the next food planting campaign:

- rescheduling of loans from the Agroperu Fund; and
- credits for the reactivation of the agricultural sector.

To diminish the effect of the crisis on the demand for sensitive food, Minagri has been implementing consumption campaigns that seek to stimulate the demand for products that have been affected by social immobilization. For example, the Papea Peru campaign has been promoted to encourage potato consumption.

### **What do you think will be the biggest challenge for the sector in the medium and long term?**

For sure, it will be to maintain the progress made in the fight against poverty in our sector. This pandemic will make us go backwards in that sense and the main challenge will be to keep our farmers out of the poverty zone, inserting them in the markets so that they can continue their activity in an auspicious way, with decent incomes. At present, poverty has remained below 21.5 percent of the population, and we hope to continue to strive for a further decrease.

### **We have learned through the press that many food products originally intended for the tourism and service sector are being lost. Is this true?**

The paralysis of the tourism and service sector has affected the demand for vulnerable crops due to their productive condition and their periods of maximum production, which have coincided with the quarantine period. In response to this, campaigns to promote the consumption of sensitive products such as potatoes, rice, and legumes, among other crops, are planned for the coming months, as well as commitments to restaurants that will be authorized to operate.

### **What do you think about the proposal of some agriculture ministers to strengthen interregional trade with integration measures?**

In general, the South American region has a high production capacity for food and agricultural products, making us important suppliers of these products both within our region and internationally.

It should be noted that in 2019, 51.5 percent of agricultural product imports made by the South American region were acquired from the region itself, amounting to USD 19 billion. This is a clear indicator of the importance of intraregional trade, so its strengthening is vital to ensure supply in the region, especially for the consumption of cereals, vegetables, legumes and meat products.

Strengthening intraregional food trade guarantees food security by meeting the region's demand, taking into account, on the one hand, the interests of regional agricultural producers and, on the other, the regional need to improve access to food.

In that regard, it is necessary to reach an agreement between sister countries, united by history and geography, so that our farmers can obtain competitive prices that will allow them to compete on equal terms and without the unfair competition of the existing subsidies in the region. This situation is not only detrimental to the free flow of food, but it directly harms producers and consumers throughout the region, who cannot obtain better prices for higher quality products.

### **What would it take to make this proposal a reality?**

What is urgently needed is an awakening about the subsidies that governments give to their agricultural products. To maintain competitive products, equal conditions must be maintained for all to compete. In Peru we have shown that we can compete without problems; however, the rules of that competition are to the detriment of our products.

We export USD 7 thousand million to the world, and we continue to grow. Our path is to become global food suppliers, but with fair trade, without bureaucratic barriers, and appealing to the competitiveness of our farmers.

In order to continue on this path, it is necessary to strengthen all our customs and health service areas, ensuring the safety and traceability of the products to be entered into the various countries of the region. Likewise, a strong articulation between regional and provincial governments, and armed forces and national police, is required to maintain the transit of trucks with basic products for the family food basket, and ensure these can reach larger areas.

Itinerant markets are being implemented in the country, in compliance with the main biosecurity protocols. This model could be imitated in the countries of the region to articulate agricultural producers and final consumers, being also a window for products from neighbour countries.

Additionally, it is necessary to complement the interventions in the regional market, through digital tools that allow getting real information about surpluses or shortages of products, with intelligent systems of price information.

<sup>1</sup>Tariff chapters 01 to 24 were taken into account, except for 03 and 16, which correspond to fishery.

## 7. The pandemic in numbers



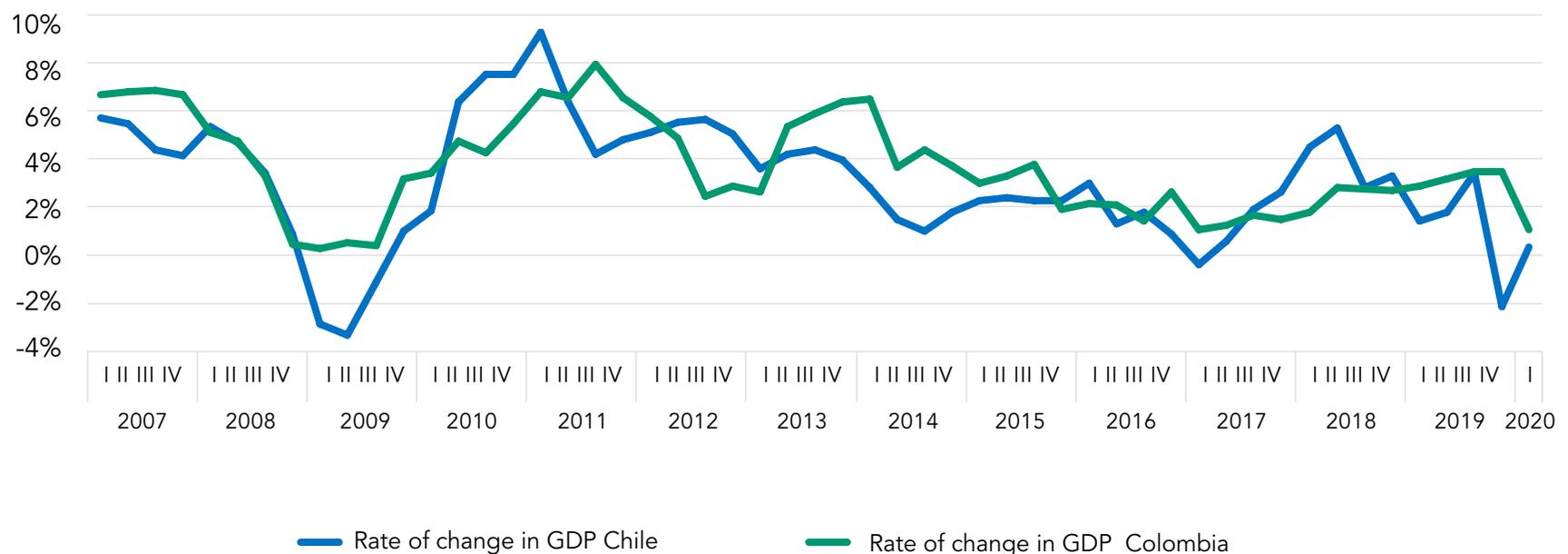
The following are some indicators that make it possible to follow up and monitor the risks of food shortages in the countries of the region.

Figure 1 presents information on the accumulated evolution of the quarterly Gross Domestic Product (GDP) for Chile and Colombia. The evolution of Colombia's GDP shows a reduction in the growth rate of the first quarter of the year in relation to the previous year; however, the National Administrative Department of Statistics (DANE, by its initials in Spanish), highlights that the agriculture, livestock, hunting, forestry and fishing sector is the one that contributed most to the growth of the GDP in the first quarter of 2020 (DANE, 2020).

For Chile, in the same quarter, GDP has a positive growth rate compared to the previous quarter. This is due to the fact that the fourth quarter of 2019 was affected by the disruptions associated with the social crisis that began in October 2019 (Central Bank of Chile, 2019). Even so, the Central Bank of Chile points out that the GDP of the first quarter of 2020 was affected by the measures taken in March – whether these were decreed by the health authority or adopted voluntarily by the population – to contain the spread of COVID-19 (Central Bank of Chile, 2020).

Falling GDP and rising unemployment would have a direct negative effect on households' income and their ability to have sufficient resources to meet basic needs, which would increase the likelihood of food insecurity (ECLAC, 2020b).

Figure 1/ GDP cumulative evolution, every four quarters, for Chile and Colombia (in %), 2007-2020

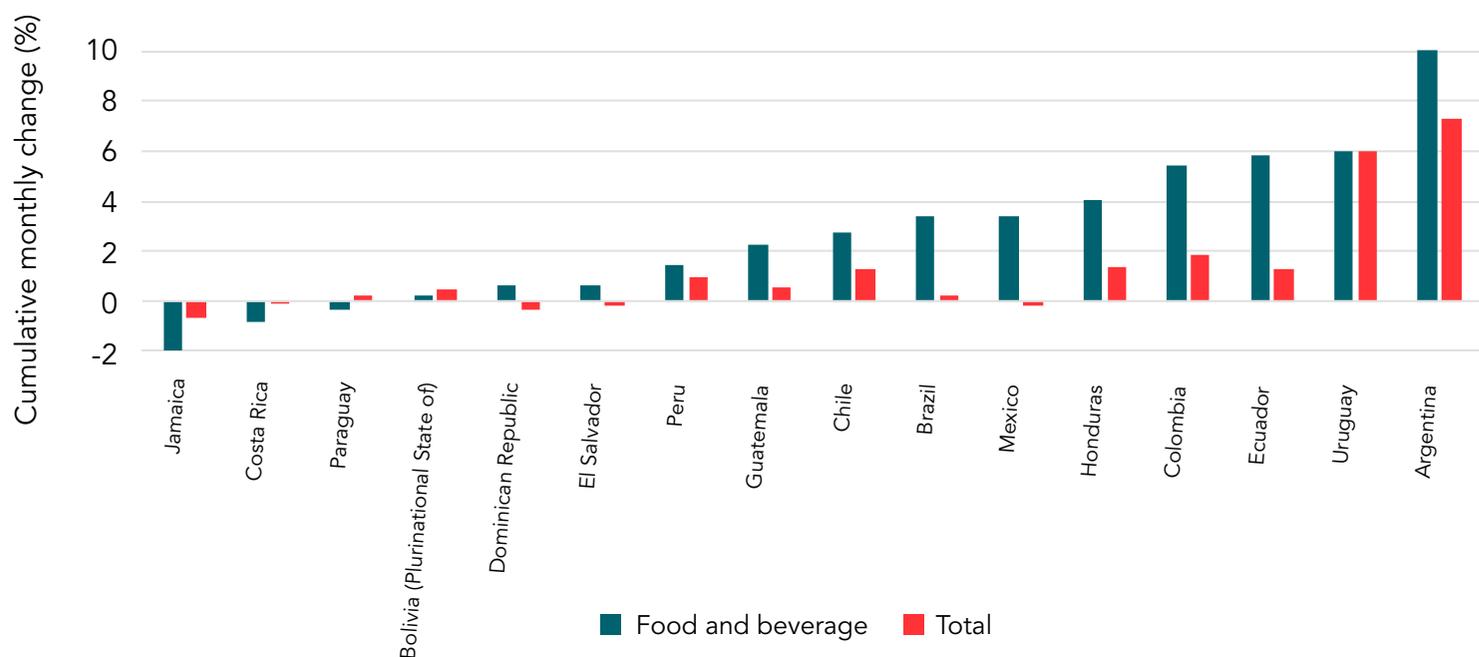


Source: FAO, based on ECLAC (2020).

On the other hand, the consumer price index (CPI) is an indicator that allows monitoring the monthly changes in the price level of the economy. Moreover, this indicator is available at the total level (prices of a basket of goods and services representative of household consumption), but also at the level of product and good groups. One of the categories is food and beverages, which provides country-specific information on food price behaviour. For example, Figure 2 shows the cumulative monthly change in the CPI for food and beverages so far in 2020, recording a larger change than the total basket of goods and services. Among the countries in Figure 2, those with the largest difference in the cumulative monthly change in the food and beverage CPI relative to the total CPI are Ecuador, Brazil, Colombia, and Mexico.

<sup>2</sup> Countries with information available for the first quarter of 2020 (as of 20 May).

Figure 2/ Cumulative change in the food and beverage CPI, and total (in %), 2020

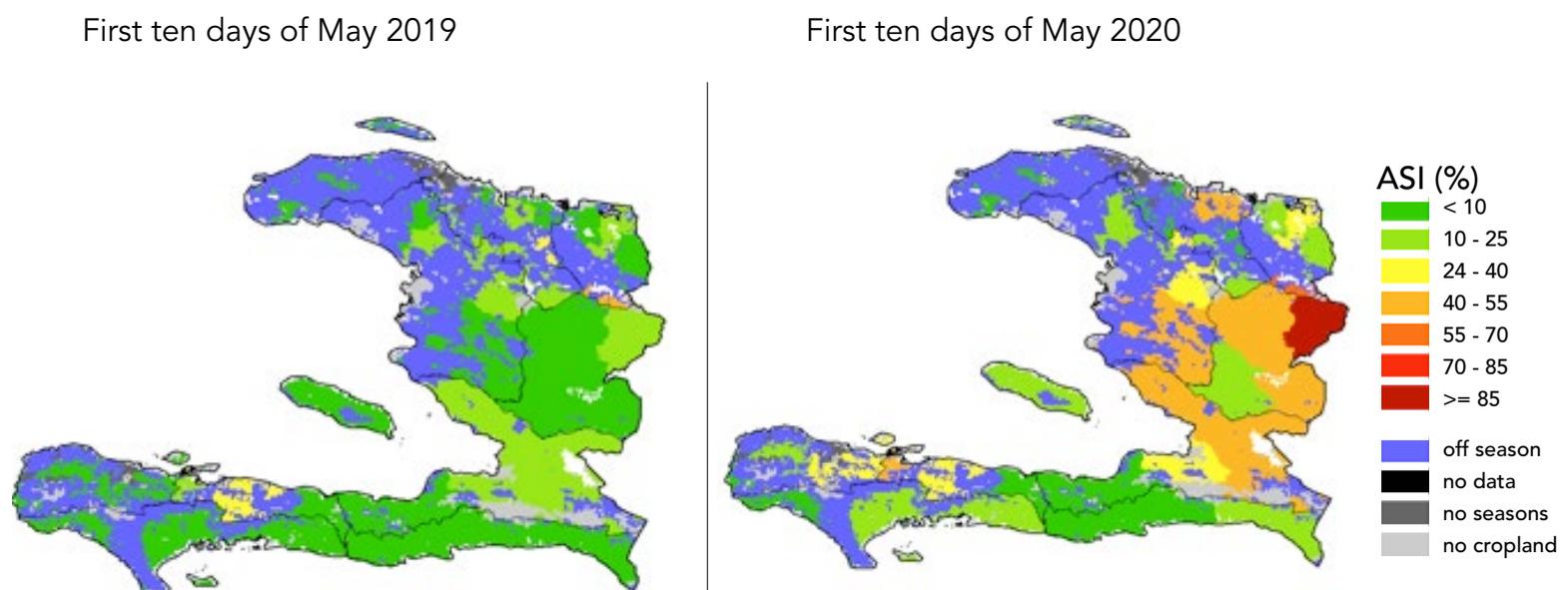


Note: The variations accumulated up to the CPI of April were considered, except for Argentina, El Salvador, Jamaica and the Dominican Republic, for which the accumulated variation up to March was considered. Information revised on May 20 in CEPALSTAT.

Source: FAO, based on ECLAC (2020).

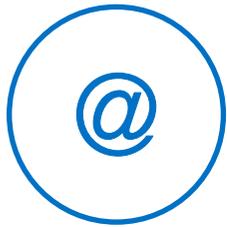
Finally, it is worth mentioning that, to measure food availability (for purchase), spatial data on crops and harvests are increasingly relevant as a source of prior and useful information in the face of external and internal shocks. FAO's Earth Observation platform has high-frequency data on a wide range of variables relevant to agricultural production. It can be seen, for example, that the agricultural stress indicator (ASI) has been high in some border and inland areas of Haiti in the first weeks of May (see Figure 3) (FAO, 2020). The calculation of the Normalized Difference Vegetation Index (NDVI) is another similar indicator which allows decisions to be made to adequately distribute resources allocated to crops, minimizing expenses, and managing to control and optimize production cycles to develop sustainable agriculture.

Figure 3/ Agricultural Stress Indicator (ASI), Haiti, first ten days of May 2019 and 2020



Source: FAO (2020).

## 8. Resources



In this section, we provide you with different digital sources that will allow you to access databases, studies and general information related to COVID-19 and food systems in the region.

### WFP

#### Hunger Map Live and COVID-19 Data <https://hungermap.wfp.org>

HungerMap, is a website that allows you to monitor in real time the food security situation in more than 90 countries. It also has a series of indicators that allow visualizing the impact of the COVID-19 by country.



### CEPALSTAT

#### Statistical databases and publications

#### <https://cepalstat-prod.cepal.org/cepalstat/Portada.html>

Website providing access to more than 2 000 internationally comparable statistics and indicators for Latin American and Caribbean countries.



### UN Comtrade Database

#### United Nations International Trade Statistics Database <https://comtrade.un.org>

United Nations trade statistics database. More than 170 countries provide annual data on international trade statistics detailed by product, services and partner countries categories.



### FAO

#### Earth Observation

#### <http://www.fao.org/giews/earthobservation/index.jsp?lang=es>

Website of the Global Information and Early Warning System (GIEWS), which monitors the state of the world's major food crops to assess production prospects.



### FAO

#### GIEWS FPMA Food Price Monitoring and Analysis Tool <https://fpma.apps.fao.org/giews/food-prices/tool/public/#/home>

Website where you can access information on domestic and international food prices.



### WTO

#### World Trade Organization Data <https://timeseries.wto.org>

This data portal provides access to statistical indicators related to the World Trade Organization (WTO), such as: trade in goods and services, market access (consolidated, applied and preferential tariffs), non-tariff information, among other indicators..



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FAO and ECLAC. 2020. *Food systems and COVID-19 in Latin America and the Caribbean: Contingency plan for an eventual food supply crisis*. Bulletin 6. Santiago, FAO. <https://doi.org/10.4060/ca9333en>