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**Ensuring food
security in LAC
in the context
of Covid-19:**

Challenges and interventions

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"Food security refers to "the situation that exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs for an active and healthy life" (FAO, 2006)."



Ensuring food security in LAC in the context of Covid-19:

Challenges and interventions

The COVID-19 represents a threat to food security in Latin America and the Caribbean (LAC), which has been deteriorating in recent years. In fact, 38.5 million people in the region had been affected by hunger in 2014, whereas such number increased to 42 million people in 2018 (FAO, PAHO, WFP and UNICEF, 2019). This situation suggests that approximately 10% of the population in LAC are undernourished. In addition, there was a significant jump in severe food insecurity index, that increased from 7.6% in 2016, to 9.8% of the population in 2017 (FAO, PAHO, WFP and UNICEF, 2019). **The COVID-19 outbreak could exacerbate this situation in LAC. In fact, according to UN estimates, the global population that faces severe food insecurity could double due to this crisis.**

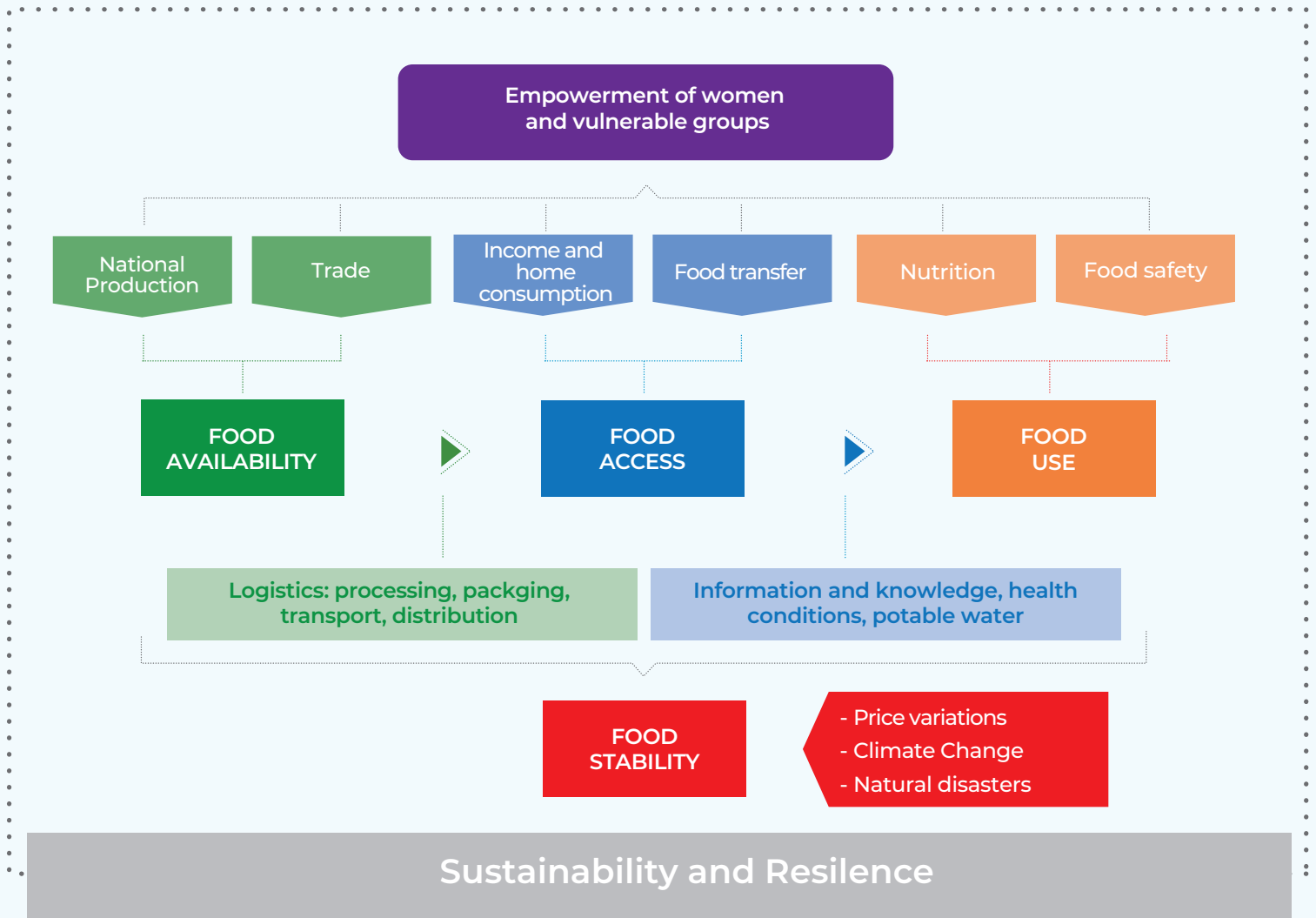
Food security refers to “the situation that exists when all

people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs for an active and healthy life” (FAO, 2006).

The COVID-19 can affect food security in all its dimensions: **(i) food availability** (food supply at national or local level, through the country's agricultural production or trade); **(ii) food access** (availability of financial and physical resources for households to obtain an appropriate quantity of food); **(iii) food use** (food quality to attain an adequate nutritional status); **(iv) food stability** (ability to maintain a constant access to food). These dimensions represent the pillars of the agri-food system, including all the links and actors that conform the supply chain (i.e. input suppliers, producers, transporters, and traders).

Figure 1 shows the scheme of the agri-food system.

Figure 1. FOOD SYSTEM



In rural areas the situation is highly distressing since there are approximately 54 million rural workers characterized by high informality (76.8%) and vulnerability in Latin America (ILO, 2020).

It is important to take preventative measures to avoid the implementation of restrictive trade measures that might cause food shortages and threaten food security.

Access.

In LAC, the first impact of COVID-19 on food security was caused by a negative shock in food demand. The lockdown imposed during the containment phase, restricted the movement of people who were prevented from performing working activities and, consequently, disposable income dropped. This income fall affected food demand. In particular, recent studies confirm that COVID-19 containment strategies have caused lower-income households to reduce their food intake, experience hunger, and shift towards less nutritious diets.



Specifically, in the past two months almost 40% of the poorest households have experienced hunger, and almost 50% have shifted their consumption to less healthy diets. (Cornell University and IDB, 2020). In rural areas, the situation is highly distressing since there are approximately 54 million rural workers characterized by high informality (76.8%) and vulnerability in Latin America (ILO, 2020). This precariousness will surely be increased by the COVID-19, affecting the levels of poverty and food insecurity of millions of rural workers.

The COVID-19 crisis worsens the situation in LAC, which in recent years has already been experiencing a decrease in food access, mainly due to an upward trend in poverty that has been taking place since 2015. To this date, about 30.1% of the population are facing poverty in the region (10.7% in extreme poverty) (ECLAC, 2019). **According to recent estimates, the COVID-19 crisis would further aggravate the poverty problem in LAC, increasing poverty to 35% of the population in LAC (220 million people) and extreme poverty to almost 14% (90 million people) (ECLAC, 2020).** This could further diminish food access by the most vulnerable populations, worsening undernourishment and increasing inequality. Thus, immediately after the containment phase, additional measures to support food security of the most vulnerable and the poor must be implemented. **Special attention should be placed in countries with high rates of undernourishment, above or close to the regional average (Bolivia, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Panama and Venezuela) as well as among the vulnerable populations (such as women and Indigenous People) since they are already more likely to be in a situation of food insecurity.**

Anticipating an income reduction by the most vulnerable households, countries in the region have prioritized the expansion of social protection



programs, mainly through income transfers. However, the scope of these interventions might not be able to reach vulnerable families who do not have access to financial services, are not included in these programs' registry, or are located in remote areas. Hence, to provide physical food access to these families, it is necessary to implement complementary measures to these social protection programs.



Availability

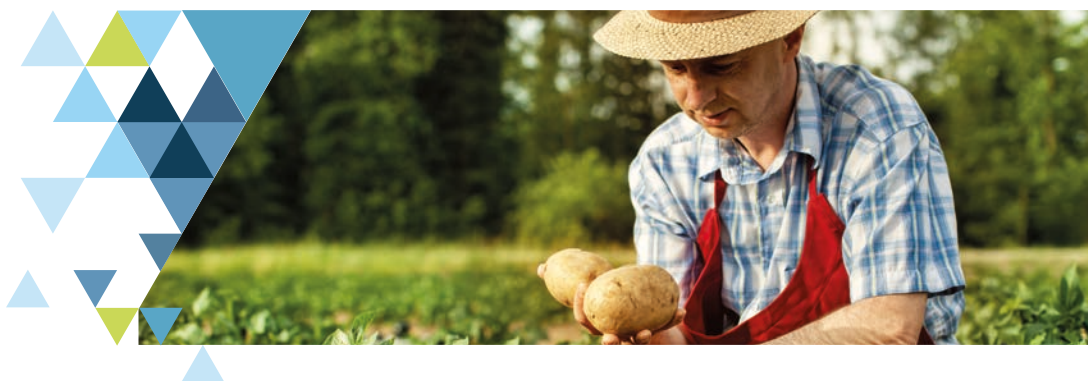
The second impact of the COVID-19 crisis on food security might occur through food availability, as a direct or indirect consequence of containment measures.

Although LAC is not facing generalized food shortages, the region faces three major threats to food availability: reductions in national or local production, disruptions in domestic distribution of food, and restrictions on international trade. Depending on the food system structure, these threats affect each country in different ways.

Reductions in national or local production.

Food production faces two main challenges: The first is **lack of liquidity**, indirectly caused by the pandemic containment measures. This problem emerges by reductions in agricultural income (caused by the fall in food demand), non-agricultural income and remittances (both caused by the generalized economic crisis). This is an acute problem because liquidity constraints in rural areas could limit farmers access to productive inputs and transport services in a timely manner or when agroclimatic conditions require it. In consequence, harvest or planting seasons could be missed, production could be lost or reduced, and agricultural cycles could be disrupted. **Surveys** collected to small and medium producers, by the

Inter-American Development Bank (IDB), found that, although most of the respondents mention that their production has not been affected by the COVID-19¹ crisis (77%), mainly because planting activities were already performed, the presence of liquidity constraints is evident. In fact, 65% of producers have experienced a decline in sales and 70% of them have had to rely on selling assets, using savings, or requesting credits to overcome the crisis. This lack of liquidity can create a vicious circle: lack of liquidity to purchase inputs or pay for transport services may reduce food production, which in turn might cause food shortages and increased food prices, further decreasing food demand (lower food access) and agricultural income.



¹ Surveys were conducted to 105 agricultural producers in Bolivia, Paraguay, Argentina, the Dominican Republic and Peru. However, they are not representative of the regional or national context but try to provide an overview of the current situation.

The second challenge to food production is related to **labor shortages** generated by the confinement and restrictions on the movement of people. Specifically, planting and harvesting activities are expected to be negatively affected by this restriction, especially in those countries that specialized on producing perishable food items, which are known to be labor-intensive (i.e., fruits and vegetables).

Disruption of food distribution channels. Food availability could also be hampered by transport disruptions, a key factor to connect producers and consumers. As of today, as a direct consequence of the containment measures, 69% of the surveyed producers have experienced problems with the transport of agricultural production (IDB, 2020).

The difficulty for accessing transport services in a timely manner is mainly caused by liquidity constraints faced by producers, increased costs of transport services, and disruptions in the supply of transport services.

Estimates by the IDB suggest that, without additional financial support for working capital, the current drop of sales (40%) could cause for half of the land transportation companies in LAC (81% of them are MSMEs) to be financially insolvent in the next four months (Sánchez, Bedoya and Calatayud, 2020).



Restrictions on international trade. Ultimately, food supply could also be threatened by trade distortions or restrictions. International trade is essential both to reduce volatility in the food supply and to satisfy the demand of those countries for which national production is insufficient to feed their population. **Therefore, the implementation of restrictive trade measures can lead to food shortages and food prices increases.** In this regard, it is worth remembering the food crisis of 2007-2008, when 33 countries decided to restrict food exports, causing food prices to increase by 36% on average, and generating more than 40 social conflicts worldwide (CMI, 2011). As of May 13, 2020, 15 countries around the world have implemented international trade restrictions, including Honduras and El Salvador, which limited the export of legumes (IFPRI, 2020). Thus, it is crucial to implement preventative measures to avoid the implementation of restrictive trade measures that might lead to food shortages and ultimately, threaten food security.



Stability

A third impact of the COVID-19 crisis on food security can be manifested by increased food instability. This problem could emerge by excessive increases in food prices and/ or the occurrence of natural disasters. Specifically, increases in food prices can occur due to: (i) reduced agricultural production; (ii) restrictions in international trade; (iii) increased price of productive inputs; and / or (iv) increased transportation costs. Food supply variability could cause large increases in the prices of basic foods, affecting the most vulnerable populations and those who are located afar from the markets. Moreover, the exchange rate instability and / or the inputs shortage that might occur during or after the emergency, could create a vicious cycle of high production costs, reduced agricultural production and, therefore, less food availability.



It is worth mentioning that food supply variability in LAC countries is higher than the world average and it is mainly threatened by natural disasters and climate change (Salazar and Muñoz, 2018; FAO 2017). **Although, there is not a generalized increase in food prices currently, there is evidence of price increases for some specific items. This situation may be exacerbated if countries adopt export restrictions or if speculative dynamics take place.** On the other hand, natural disasters may lead to greater instability of food supply and access. In fact, one of the factors to consider is the hurricane season in the Caribbean, which begins its cycle in June.

Use

Lastly, in the context of COVID-19, food security could be affected by inappropriate food use. Lack of access or availability of nutritious and safe food can threaten healthy diets. This can be caused by: (i) shortages in the supply of nutritious food, fruits and vegetables have more complex distribution chains which can limit their availability; (ii) reduction of household income can limit access to safe and nutritious food and increase the consumption of high caloric foods with low nutritional levels and / or reduce food consumption diversity (i.e. vegetables, fruits, proteins); and / or (iii) misinformation on the adequate levels of nutrition that must be maintained for a healthy lifestyle. This can be aggravated in the LAC context where the triple burden of malnutrition, which refers to the coexistence of undernourishment, lack of micronutrients and obesity, is one of the main concerns in regards to food use. Also, the COVID-19 outbreak may reduce the scope of nutritional and / or micronutrient provision programs in children and pregnant women.

Furthermore, recent analysis show that approximately 50% of the poorest households in LAC are changing their consumption habits towards less healthy diets due to the COVID-19 crisis (Cornell University and IDB, 2020).





The COVID-19 can affect food security in the region through food instability. This can be caused by an excessive increase in food prices and / or the occurrence of natural disasters.

Actions to overcome this crisis should aim to safeguard food security for households in the LAC region. This could be accomplished by maintaining adequate levels of food availability, access, stability and use through actions that support consumption, production, distribution and food trade.

The potential problems and therefore, the policy actions required to maintain food security in LAC is context specific and depend on: (i) the typology of countries in terms of trade; and (ii) the portfolio of agricultural crops. The problems associated with each typology are summarized in Table 1.

Table 1. POTENTIAL PROBLEMS BY COUNTRY TYPOLOGY

Country typology	Potential Problems
 Net food producers (e.g. Southern Cone)	-Decrease in food demand can lead to a drop in exports. -Increase in the cost of food transport and input costs.
 Net food importers (e.g. Caribbean)	-Decrease in food supply if international trade restrictions are implemented which might cause problems of food availability . -An increase in food prices or a fall in tourism income can generate a fall in food demand or decrease food access.
 Producers of staple commodities (e.g. Southern Cone)	-High costs of transportation or storage disruptions. -Labor restrictions are not a major risk since these crops are highly technical and not labor-intensive.
 Producers of perishable crops such as fruits and vegetables (e.g. Andean countries)	-Restrictions on the movement of people can impact the production and harvest of these labor-intensive crops. -Transport restrictions or disruptions may increase production losses of perishable foods , since distribution and logistics are complex and require of maintaining the cold chain. -Demand issues associated with restaurants shut down and / or the drop in income could generate a change in consumption patterns, which may lead to greater losses of perishable products. -Adaptation of storage and transformation schemes will be necessary to open new markets.

In order to respond to this juncture, both during the emergency and in the following phases, policies with a food security approach, that encompasses the entire agri-food system, are necessary. These actions should aim to safeguard food security in LAC by maintaining food availability, access, stability and use, through interventions that support food consumption, production, distribution and trade.



Table 2 shows the interventions that may contribute to maintain food security in LAC during the COVID-19 outbreak and in the subsequent economic recovery phases. Specific actions for each dimension are identified.

**Table 2. INTERVENTIONS TO SAFEGUARD
LAC'S FOOD SECURITY IN THE CONTEXT OF COVID-19.**

CONTAINMENT PHASE	•Lessen demand shock and maintain food access. •Maintain operational food supply chain	i. Cash transfers to vulnerable households. ii. Information systems to identify vulnerable households with low food availability. iii. The agri-food sector is declared essential to maintain food security.
ACCESS	•Maintain food demand	i. Distribution of direct staple foods, prioritizing the purchase of local production from small and medium landholders. ii. Provision of vouchers for food purchases to vulnerable population, prioritizing local production whenever possible. iii. Implementation of e-commerce strategies for direct marketing of food, prioritizing small and medium producers. iv. Alternative mechanisms to school food programs in order to maintain adequate food consumption by children. v. Mass communication campaigns to provide timely information about the operations and requirements for new programs and policies.
	•Reduce food losses	i. Adequacy or rapid deployment of investments to ensure storage of staple foods. ii. Incentives to facilitate the food supply dynamics between supermarkets and food banks, through information systems and / or ICTs use. iii. Implementation of short circuits of production and consumption and creation of regional and sub-regional food hubs. iv. Incentives for entrepreneurship, that seek to generate / extend food distribution models in the last mile.

•Ensure food production

- i. Reduce liquidity restrictions for the purchase of productive inputs by smallholders.
- ii. Reduce liquidity restrictions for medium and large producers through credits and matching-grants.
- iii. Provide liquidity to input providers and food suppliers to ensure food availability and markets stability.

•Maintain operational the food supply chain

- i. Implementation of sanitary and biosecurity protocols for input transporters and food distributors.
- ii. Establishment of fast corridors to facilitate the transport and distribution of essential food products, with biosecurity checkpoints.
- iii. Financial support for the payment of transport services payment in the first mile, for small and medium producers.
- iv. Establishment of centralized distribution points for the acquisition and transport of food in rural areas (optimizing and / or using available infrastructure).

•Support international trade of food and input supplies.

- i. Strengthening border services and infrastructure to ensure food safety.
- ii. Establishment of infrastructure and expedited inspection processes for food and input flows, ensuring the cold chain for perishable products.
- iii. Identification and implementation of non-intrusive technologies for food inspection.
- iv. Establishment of efficient communication channels to provide information on changes in the requirements for food/input exports and imports. Communication process can incorporate web pages or social media, among other tools.



STABILITY

•Support the resilience of food and input supply chains at the national and local levels.

i. Financing for MSMEs in the food, transport and input sectors to ease liquidity constraints, prioritizing micro and small companies.

ii. Create / extend virtual platforms that merge the demand and supply of food transportation in both the first and last miles.

iii. Digitalization of procedures related to food and input transport.

•Strengthen information systems

i. Establishment and / or strengthening of trade flow information systems.

ii. Virtual information and communication schemes with food producers, distributors, marketers, input suppliers, and transport and logistics services providers.

iii. Information system to monitor food prices, input supplies and transport services.

USE

•Improve food quality and nutrition.

i. Strengthening food safety systems through improved laboratory equipment and communication campaigns.

ii. Strengthening the traceability (tracking) systems for food and inputs.

iii. Promotion of good agricultural, husbandry and manufacturing practices including biosecurity protocols.

iv. Promotion of investments that facilitate access to potable water.

v. Promotion of nutrition-sensitive agriculture interventions (i.e. school gardens, biofortified crops, etc.).

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