MAY 2022

PROPOSALS ON STRENGTHENING COLLECTIVE ACTION IN THE AMERICAS TO TACKLE FOOD INSECURITY AND ENSURE SUSTAINABLE DEVELOPMENT

INTRODUCTION

The world is facing an accumulation of economic, health, climate, and geopolitical crises, which are significantly affecting multiple areas, including food insecurity and the proper functioning of agrifood systems, both in the Americas and globally. Bearing in mind the magnitude of these challenges, as well as the impact of the COVID-19 pandemic and the situation in Eastern Europe on the regional reality, this document sets forth concrete recommendations for collective action by the countries of the Americas. Specific actions, with a focus on Latin America and the Caribbean (LAC), are proposed in relation to food systems the opportunities offered by science and technology, the promotion of social inclusion, and the strengthening of regional and international trade.

The agrifood systems of the Americas within the current context[1]

The combined impact of the COVID-19 pandemic and the effects of the crisis in Eastern Europe is substantially changing the context and functioning of the agrifood systems of the Americas, creating a situation that calls for rapid and decisive action, not only in the short term, but also to prepare for a more challenging and unstable world in the future.

The COVID-19 pandemic arrived at a time in which many LAC economies were in recession or stagnation, due to the declining cycle of commodity prices following the spikes in 2008 and 2011. While per capita income in LAC increased at a rate of more than 2% per year during the cycle of rising prices (between 2000 and 2011), it dropped to a meager 0.2% per year in the period up to 2019. The pandemic further compounded the decline in economic growth of already debilitated economies, affecting international trade and the incidence of poverty. Despite major efforts to provide health interventions, social protection and

1. Para una visión sintética del papel de los sistemas agroalimentarios de las Américas en la seguridad alimentaria ambiental global, y de los países de la región, ver Anexo 1 a esta nota conceptual..

employment support, GDP in the region dropped by approximately 7% in 2020, in comparison to the overall average of approximately 2% for all the emerging and developing countries (IMF/WEO data). In addition to the decline in the GDP, the pandemic resulted in a reduction of trade in the region and the closure of more than 2.7 million businesses. At the same time, the fall-off in economic activity fueled unemployment, poverty and food insecurity, causing many indicators to revert to where they were two decades ago. Economic growth resumed in 2021; however, per capita income has still not reached pre-pandemic levels (IMF/WEO).

Nonetheless, agricultural activity proved to be resilient in this adverse environment, experiencing, on average, mild growth in 2020, compared to the sharp decline in overall GDP. Similarly, in general, trade in agricultural and food products in LAC performed better than other sectors (ECLAC, 2021 and ECLAC, FAO, IICA, 2021). Part of this increase in agrifood exports has resulted from the rise in prices of a number of agrifood products, particularly oilseeds and their byproducts. In total, the World Bank nominal food price index in 2021 was 40% higher than in 2019.

Within this scenario, the Eastern European crisis has triggered greater volatility and further price hikes for agricultural products, energy and fertilizers, as well as major disruptions in the logistics of value chains for inputs and agricultural products, given that Ukraine and Russia are major global exporters of wheat, sunflower and sunflower byproducts and corn. Russia is also a strategic exporter of energy (gas and petroleum) and fertilizers. The latest figure in the World Bank nominal food price index shows an increase of more than 72% in April 2022 compared to the pre-pandemic value, thereby reviving concerns about food insecurity, particularly in the most vulnerable sectors and in net food importing countries. Moreover, the impact on petroleum and gas markets has had repercussions not only on fertilizer production, but also on overall production and transportation costs, affecting practically all sectors of the economy. The current difficulties could be further aggravated by a possible decline in the global economy in 2022 and 2023, the deepening debt crises in various developing countries and additional climate problems facing certain agricultural producers. All of this highlights the need to anticipate and resolve potential short-term production problems in the 2022 and 2023 crop cycles, as well as to take a broader view and a more holistic approach towards strengthening and transforming agrifood systems.

Proper functioning agrifood systems are critical for countries in Latin America and the Caribbean, thus impacting economic development, employment, and exports; the reduction of poverty and inequality; the creation of a dynamic private sector that includes women, minorities and youth; environmental sustainability and climate change resilience; sustainable natural resource management and biodiversity preservation; improved health and nutrition for the population; reduced migration and urban overcrowding; and greater control of the crime and violence that undermine democratic governance.

The previously mentioned shocks have widened the socio-economic gaps within the LAC countries and region, posing a challenge in ensuring access to food that is nutritious and affordable for the entire population, as well as adequate levels of profitability for farmers and agrifood chain operators.

However, the functioning of agrifood systems in the Americas also has global repercussions, both for food security as well as environmental sustainability. The region is the world major net exporter of agricultural products and food, making it a cornerstone of global food security, by contributing to price stability and the availability of these products. At the same time, the agrifood systems of the Americas, and in particular, of LAC, are essential to ensuring environmental sustainability, in a bid to transition to net-zero economies, preserve biodiversity and protect water and oxygen cycles at the global level (see Annex 1).

Underperformance of the agrifood systems of the region will affect not only food security and the sustainability of the planet, but may also generate other negative externalities for the rest of the world, such as migration under stressful conditions and international crime that operates from vulnerable rural areas.

For all of these reasons, proper performance of agrifood systems is a strategic component of food security, environmental sustainability and the search for peace and democratic stability, both in countries in the region and at the global level.

In this regard , IICA is appealing to the people and governments of the Americas to take collective action to tackle food insecurity problems and to strengthen and transform the region's agrifood systems. This calls for short-term actions to tackle the immediate challenges, as well activities that will be more long-term. These issues are discussed below.

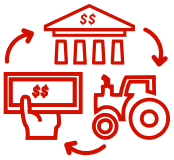
Opportunities for collective action in the Americas

The region has assets that enhance its strategic role in the future, as a region of peace that has an abundance of available natural resources and diverse production systems. On the other hand, it is also characterized by social and production gaps that show the need to modernize agrifood systems, thus contributing to economic development, social inclusion, and environmental sustainability. Given their common challenges, the countries of the Americas have a history of undertaking joint efforts, which must continue in order to strengthen sectoral policy coordination, promoting ***collective action and dialogue for action*** for the benefit of all. In light of uncertain political, economic and trade scenarios and ongoing and increasing volatility, the opportunity lies in the ability of governments, the private sector and rural and agricultural civil society organizations to work together with the objective that the region achieves better performance in production, trade, social and environmental standards.

From an operational perspective and in view of the sixteen messages presented to the United Nations Food Systems Summit by the Ministers of Agriculture of the Americas, as well as the Adjustment to the 2022-2026 Medium-term Plan, IICA is proposing a series of actions to tackle short-term challenges and to create more robust and resilient agrifood systems. The actions are organized under four strategic areas of work, which are supported by the creation of a **Public Policy Observatory for Agrifood Systems (OPSAa)** – a digital technical cooperation tool aiming to assist in changing the way policies are designed in the Americas. The complexity of the current times requires improved analytical capacity and action by governments to design and implement innovative and effective policies. The OPSAa was conceived as a forum for reflection and experience sharing that will help to enhance these capacities, particularly with respect to devising timely responses and developing resilience to future risks. It was designed to **respond to short-term emergencies** arising from shocks such as the pandemic and the war, as well as to address the need to implement a **medium and long-term vision** to fuel post-pandemic recovery and to strengthen and transform agrifood systems in the Americas. The OPSAa will generate analyses, data and updated information on public policies and specific investment projects for decision-makers, in relation to costs and financing in diverse areas of strategic relevance. It will also foster partnerships and promote increased cooperation and experience sharing among diverse stakeholders and countries in the region.

FOR THE SHORT-TERM, THE AIM IS TO:

CREATE public-private forums for price monitoring and ensuring an adequate supply of fertilizers for the 2022-2023 crop cycles.



ORGANIZE proper financing from the banking system, in order to offset increased production costs.

BOLSTER social protection networks and food plans to ensure continued access to healthy diets by lower income and vulnerable populations.

PROMOTE regional trade and integration and facilitate proper functioning of international food trade, safeguarding against greater volatility in global markets.

PROPOSE at the relevant multilateral forums the need to disassociate the war in Eastern Europe from the dynamics of production, exportation and the supply of food.

CONTINUE to advocate for greater assistance from international financial organizations in resolving debt and external financing problems for developing countries, including middle-income countries, such as most of those in LAC, and for the poorest countries and food importers.

Promote investment in science, technology and innovation, and in particular, the use of the type of fertilizers, precision agriculture, and management practices that reduce greenhouse gas emissions, and boost productivity.

Introduce incentives to encourage the adoption of technology and best practices, the diversification of consumption, production and trade, as well as the development of mechanisms to manage production, climate and financial risks.

FOR **MEDIUM- AND LONG-TERM EFFORTS**, AND IN LINE WITH THE SIXTEEN MESSAGES OF THE MINISTERS OF AGRICULTURE OF THE AMERICAS, IICA IS PROPOSING **FOUR STRATEGIC AREAS OF WORK:**

1 Strengthening and transformation of agrifood systems of the Americas

The first area is the **recovery, strengthening and transformation of agrifood systems of the Americas.** This will consider both short-term needs to overcome the effects of the pandemic and to deal with the current disruptions arising from Russia's invasion of Ukraine, as well as the implementation of a medium-term vision for agrifood systems in the region, in line with the sixteen messages of the Ministries of Agriculture.. This vision highlights the essential role of agrifood systems in economic development, decent employment and exports, based on a dynamic private sector; the promotion of nutrition and healthy and affordable diets for a growing population; poverty eradication and improved food security; climate change mitigation and adaptation with the aim of achieving net-zero carbon emissions; protection of the environment, water, soils and biodiversity; and finally, increased production using fewer resources, while ensuring greater energy efficiency. All of this will be achieved through the ongoing support of science, technology and innovation throughout the agrifood system. These transformed food systems will also help to reduce migration and to foster the development of dynamic and safe rural areas without open

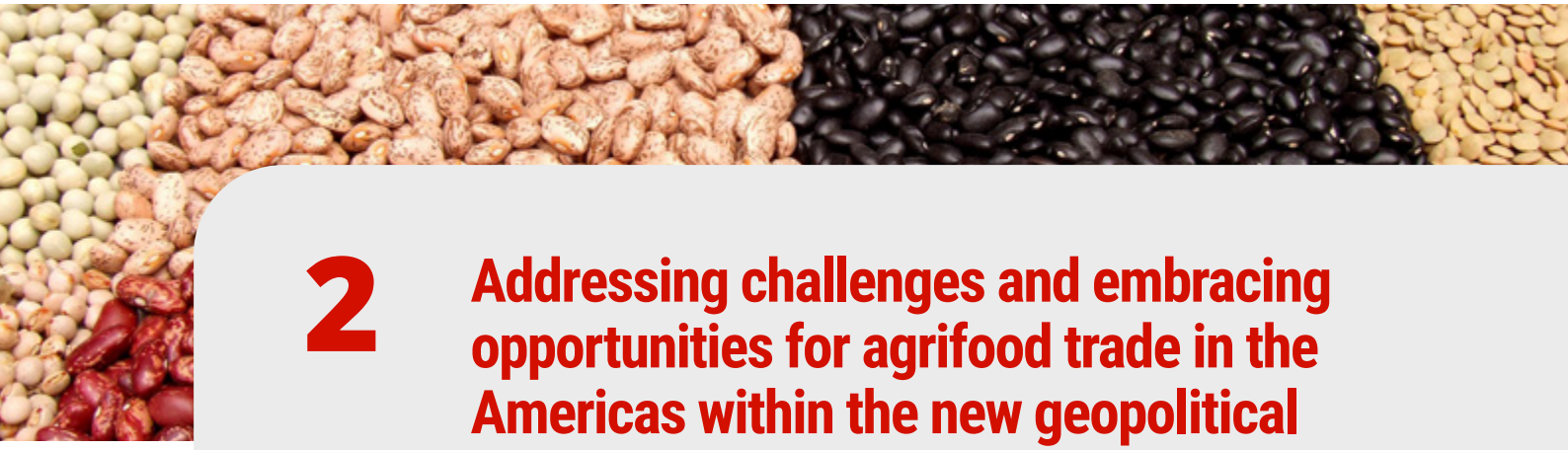
spaces that harbor criminal activity and political violence or encourage the presence of international anti-democratic actors. Finally, all of this reinforces the central role of the Americas in achieving food and environmental security at the global level.

To help countries to implement the Declaration of the Ministers of Agriculture of the Americas, the Institute will seek to support the formulation of evidence-based policies that can be translated into national programs and investment projects to bring about the desired transformation of agrifood systems. The planned activities include:

- The determination of quantitative objectives to transform agrifood systems;
- Analysis of technologies, institutions, investments, policies, regulations and other required interventions to achieve these objectives;
- Institutional strengthening for the implementation of the planned interventions and activities;
- Estimation of costs for the programs, projects and investments needed to facilitate the transformation of food systems; and
- Identification and mobilization of the necessary financial resources to implement these programs, projects and investments (including a detailed analysis of public budgets and the functioning of banking systems and capital markets to guide the process of financing the transformation of food systems in the region).

This work will also assist in advancing the National Pathways agreed at the UN Food Systems Summit (September 2021) and fulfilling obligations assumed in climate change negotiations (expressed in the Nationally Determined Contributions, NDCs, and the National Adaptation Plans, NAPs), within the framework of the 2015 Paris Agreement and COP26 in Glasgow (November 2021). This is particularly relevant in view of the health, economic and social crises triggered by the COVID-19 pandemic. The pandemic has also demonstrated the importance of modifying agrifood systems to build resilience against future risks.

This strategic area of work will also help to develop a solid portfolio of specific projects and to identify other opportunities for investment (impact investment funds, green bonds and other instruments) to facilitate the transformation of agrifood systems in the region, in keeping with the Sustainable Development Goals and climate change commitments. It will also consider options for financing the designed programs, including climate change financial commitments that were reiterated during COP26.



2 Addressing challenges and embracing opportunities for agrifood trade in the Americas within the new geopolitical context

Agrifood trade and food security in the region have been negatively impacted by COVID-19 and more recently and more forcefully by the crisis ensuing from the war in Eastern Europe. On the one hand, as discussed above, the war has triggered an increase in international food prices, negatively affecting food security in some countries in the region and parts of the developing world. At the same time, the conflict has also had an important geopolitical impact, promoting new political realignment that could weaken multilateral trade. Additionally, it has magnified a trend that had already begun before the COVID-19 pandemic, which was the relocation of global value chains and agroindustrial trade, prioritizing the security of the supply and the political affiliations of countries engaging in that trade ("friendshoring").

Given this new context, the American hemisphere, as an important food producer and exporter, is faced with three major challenges in ensuring the political and economic stability of the region and the world. To address these challenges, the hemisphere must:

- Develop a financial support program, in partnership with credit organizations in the region, to facilitate imports and strengthen national food programs for sectors with the fewest resources, as a means of assisting the poorest countries and net food importers.
- Respond to the new trade trends by promoting and facilitating intraregional food trade, by capitalizing on opportunities that are untapped, due to insufficient infrastructure and logistics, weaknesses in regional integration and the absence of sufficient regulatory convergence.
- Recognize that, as a major player in international trade and global food security, it should play a key role in preserving and expanding rules and institutional mechanisms that promote multilateralism and regional integration. IICA is collaborating with the countries in the analysis of negotiations of the World Trade Organization.

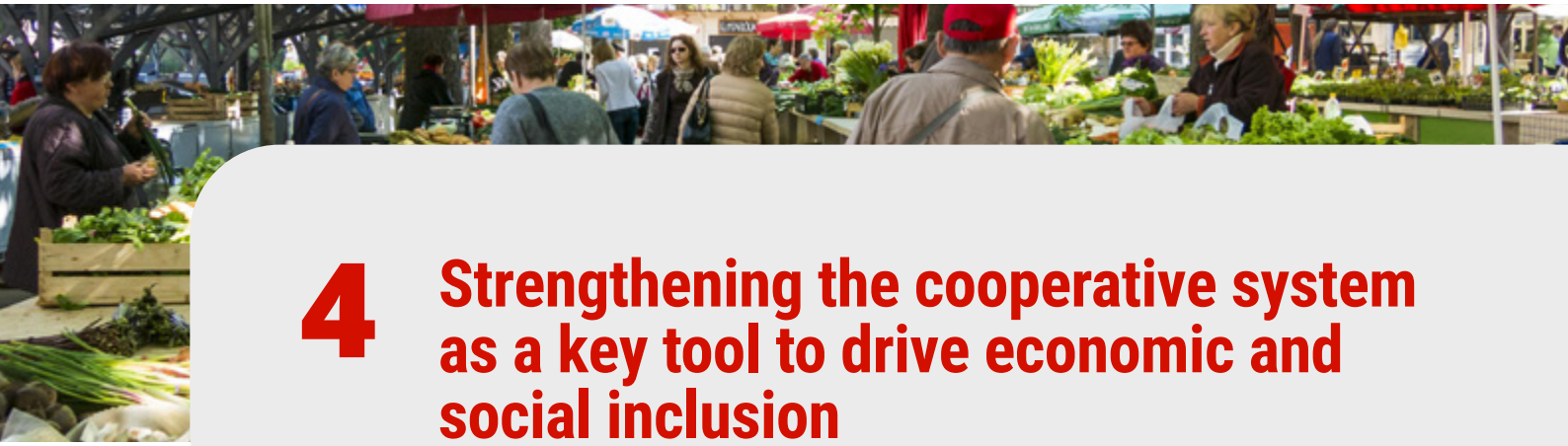
3 Science, technology and innovation as key tools for efficient and sustainable agroindustrial production

This third area of work will seek to take advantage of the opportunities afforded by current **science, technology and innovation** scenarios to bridge productivity gaps and ensure that new production strategies meet the need for greater sustainability, while addressing the shorter-term challenges triggered by the current crisis.

Technology provides a means of adapting to climate change and contributing to environmental sustainability while capitalizing on production potential. It also allows more prompt responses to the need of adapting production strategies to the changes in relative prices triggered by the current crisis. However, in order to achieve progress in this regard, it is crucial to facilitate access to knowledge and technologies. This requires overcoming the strategic constraints of low levels of investment in R&D, particularly in the smaller countries of the tropics , and of institutional and regulatory systems that are outdated when considering the nature of the new technologies. To this end, five areas of joint work among the countries of the region are proposed:

- Together with various stakeholders of national and international science, technology and innovation systems, establish new commitments to increase the levels of investment in these areas, at both the national and international levels.
- Encourage the restructuring of research, development and innovation (RDI) institutions to better adapt them to the characteristics and requirements of current science and technology scenarios.
- Establish mechanisms for the exchange of information, experiences and best practices related to the design and implementation of policies and regulations on science, technology and innovation systems.

- Identify, design and implement joint work initiatives in areas of common interest at the regional and/or subregional level, including the use of gene editing technologies, tropical agriculture, agricultural digitalization, and promotion of entrepreneurship, among others.
- Establish regional platforms to better capitalize on global RDI initiatives developed as a follow-up to the United Nations Food Systems Summit and COP26, such as the Agriculture Innovation Mission for Climate (AIM for Climate / AIM4C), particularly with respect to the objectives of fostering greater investment, facilitating coordination, and increasing cooperation in critical agricultural research areas of common interest to countries; the Coalition for Sustainable Productivity Growth for Food Security and Resource Conservation; and the Global Methane Pledge, among others.



4 Strengthening the cooperative system as a key tool to drive economic and social inclusion

This fourth area of work will strengthen **cooperative and associative undertakings** as a means to foster **economic and social inclusion**, with special emphasis on family farming.

The current crisis is exerting new pressures on an already burdened family farming sector –pressures that will likely increase in the short and medium term, as its effects become more widespread. Agricultural cooperative enterprises, which provide services for the agricultural production sector, such as marketing, packaging, value adding, financing, transportation and logistics or technical assistance, are a strategic tool that enables family farms to improve their productivity standards, economic and bargaining power and, ultimately, their competitiveness in the value chains in which they participate. The presence of agricultural cooperative enterprises in rural economies is particularly relevant in a context of uncertainty and price and market volatility, such as the one we are currently experiencing and will likely experience in the future.

Within this framework, IICA will:

- Consolidate its strategic partnership with Cooperatives of the Americas by developing actions of a hemispheric scope, aimed at driving the digital modernization of cooperative services and supporting family farming units. To this end, consolidated and well-managed cooperatives of a higher economic and organizational level will offer and transfer digital technologies to smaller, isolated cooperatives in rural territories that are less developed from a business standpoint.
- Promote the establishment of six technological cooperation projects (three in the Southern Cone and three in Central America) and a Center for Capacity-building in Cooperative Digital Technologies to identify, develop, provide training in, and facilitate access to, new digital technologies for the modernization of family farming.
- Together with ALADI and Cooperatives of the Americas, move forward with the development of an ongoing program of business roundtables between cooperative and non-cooperative enterprises, to begin in October 2022 and continue at least throughout 2023.
- Broaden the scope of digital training, education and literacy courses for cooperative leaders, which have already been implemented over the past two years.

Looking to the future: the objective of collective action for food security and sustainable development in the Americas

The aforementioned short-, medium- and long-term activities will be implemented in coordination with international funding, technical cooperation and research institutions in the region; academic and policy analysis networks; and private sector and civil society organizations. South-South collaboration will be encouraged both within and outside of the LAC region.

As a whole, the actions that IICA is undertaking to overcome the current crisis are aimed at fostering and supporting collective action among countries to strengthen their agrifood systems, so that they may take full advantage of all the opportunities afforded by their wealth of natural resources. This, in turn, would enable them to further **diversify their products** and reduce vulnerability; increase the competitiveness of their production systems and strengthen their trade strategies to seize emerging opportunities; consolidate **food security, health and nutritional quality;** contribute to the **environmental sustainability** of agricultural production systems utilizing technology to adapt to and mitigate **climate change;** foster the **economic and labor inclusion** of food system stakeholders, especially those who are most vulnerable, in order to drive economic development and social peace; and increase the resilience of agrifood systems and various agricultural actors in the face of climate events and external shocks.

Achieving these objectives will yield significant economic, social and environmental benefits, as well as result in democratic consolidation in the Americas. The strengthening and transformation of the region's food systems are also crucial for global food security and environmental sustainability, and for reducing negative externalities for the rest of the world, such as migration under conditions of stress and international crime.

It is essential to act urgently on this call to collective action as part of a new vision for the Americas. The current difficult conditions do not have to become a humanitarian crisis if the countries of the region work together. Not only will improvements in the economic and social conditions of our countries depend on this, but also democratic stability and peace on the continent.

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Annex 1:

An overview of the role of agrifood systems of the Americas in the environmental and food security of the region and the world

The agriculture sector and agrifood systems of the Americas are a strategic component of food security, environmental sustainability and the search for peace and stability, both globally and in the countries of the region.

On the one hand, the Americas account for 24% of global agricultural production: Latin America and the Caribbean (LAC) accounts for 13% and the United States and Canada for almost 11%.[1] The Americas also account for more than 28% of global exports of agricultural products and the same proportion of food products. With respect to net exports (exports minus imports), the Americas are the world's leading source of agricultural products, in the amount of USD 143 billion, and of food products, totaling approximately USD 113 billion, on average over the past five years. Within the Americas, LAC accounts for 84% of net agricultural exports and 89% of net food exports[2]. In fact, LAC is the largest net exporter of agricultural and food products, exceeding the net exports of the United States, Canada, the European Union, Australia and New Zealand as a whole[3]. LAC's export dynamism can be attributed to its good performance in agricultural and food production over the past 30 years, with a number of countries having undergone a production revolution, in many cases achieving productivity increases under conservationist agricultural schemes.

The region also plays a strategic role in global environmental security. Given its wealth of natural resources, the agrifood system of the Americas, and of LAC in particular, is of key importance for environmental sustainability, the achievement of net-zero economies, the protection of biodiversity, and global water and oxygen cycles. LAC accounts for 16% of the planet's farming land; 33% of land that is suitable for, but not currently dedicated to agriculture; 23% of the forest area; 50% of biodiversity resources; 22% of drinking water; and 31% of the planet's fresh water (ECLAC, FAO, IICA 2019). The region's forests represent the world's largest CO_2 stocks (36% of global reserves) and play a fundamental role as a carbon sink and in the planet's oxygen and water cycles. Moreover, although LAC is responsible for just 9% of total global GHG emissions, it accounts for 17% and 21% of emissions from food systems and from agriculture and land-use activities, respectively (Crippa et al, 2021).

1. Measured in equivalent purchasing power; average data for the past five years by FAOSTAT.

2. Data by FAOSTAT.

3. LAC generates USD 120.5 billion and USD 102.8 billion in net agricultural exports and net food exports, respectively, compared to the other countries in total, which generate USD 113.2 billion and USD 98.8 billion in those two areas.

For all these reasons, the Americas, and LAC in particular, is of crucial importance for global food security and for the environmental sustainability of the planet, due largely to the operation of food systems on the continent (Díaz-Bonilla, 2019; Díaz-Bonilla and Echeverría, 2021).

Moreover, agrifood systems (from the primary sector to the final consumer, including all direct primary production activities, equipment and inputs, as well as processing, transportation and marketing) are of key importance for the economies of LAC countries. While the agricultural, forestry and fisheries GDP represents about 5.7% of the total average for the past five years (according to the World Bank's World Development Indicators), this percentage rises to just over 34% when including the agro-industrial processing sector (food, tobacco and beverages) of countries where this data is available[4]. Agriculture alone employs approximately 40 million people (representing 14% of total employment) and about 120 million people (20% of the population) live in rural areas.

The operation of agrifood systems also has a relevant impact on poverty and nutrition. On the one hand, some of the poorest populations in LAC countries are employed by agrifood systems, such as rural workers, subsistence farmers, street vendors, and workers and operators of small informal enterprises related to food transport, processing and marketing, among other activities. Women and vulnerable ethnic groups are particularly affected by low income levels and limited opportunities in these activities.

Moreover, food systems have an impact on the price and accessibility of diets – key aspects in determining the poverty line. The price of the food basket, which provides the minimum daily energy requirement per capita, is used to determine the extreme poverty line. Based on the current poverty line of USD 1.90 a day per capita in PPP terms (as a proxy for the extreme poverty line), extreme poverty in the region lowered from 14-15% between the 1980s and 1990s to an average of 4.5% in the 2010s, up until the onset of the pandemic.

The cost and diversity of diets also have an impact on overall nutrition, health and human capital. FAO, IFAD, UNICEF, WFP and WHO (2021) estimated that, in 2019, approximately 113 million people in the region (or 19.3% of the total population) were unable to access a healthy diet. At the same time, the percentage of obese adults in LAC, even among poor populations had risen to 24.1%, given the lower costs of food with empty calories and minimal nutritional value, driving an increase in non-communicable diseases (Popkin and Reardon, 2018).

Furthermore, agriculture and agrifood systems play a key role in rural and territorial development as well as the well-being and development of rural populations. LAC's close to 120 million rural dwellers are affected by poverty, food insecurity or malnutrition, triggered by traditional issues associated with small-scale agriculture (low yields, weak infrastructure and market linkages,

4. Mexico, Brazil, Peru, Argentina, Colombia, Chile, Costa Rica, Uruguay and Ecuador.

lack of financing) and the new challenges posed by climate change. Inequalities with respect to income and opportunities between urban centers and rural areas result in migration (such as from Central American and other LAC countries to the United States), which, in turn, has led to urban overcrowding in the region's largest cities. The causes of migration are complex and involve both push and pull factors (Congressional Research Service, 2021), but, in general, issues associated with poverty, food insecurity, climate shocks[5], and crime in rural areas[6] are important drivers of migration, especially to the United States.

5. Extreme climate events (including droughts and hurricanes) augment migration, especially among youth. (Baez et al, 2017).

6. Previous analyses have demonstrated that a significant percentage of Central American migrants to the U.S. come from rural areas (ECLAC, 2018).